



YASKAWA

YASKAWA ELECTRIC CORPORATION

ANNUAL REPORT 2008

Year Ended March 20, 2008



YASKAWA ELECTRIC CORPORATION

PROFILE

Since the founding in 1915, Yaskawa Electric has always provided support for the key industries of the times. Started from motors, then factory automation, and now mechatronics*, our history runs in parallel with the modernization of industry. Further strengthening our core businesses of servomotors, controllers, AC drives and industrial robots, we will commit ourselves to contributing to the development of society by providing new solutions that utilize to the maximum the strength of Yaskawa's core technologies.

* : Yaskawa Electric led the world in putting forward the term "mechatronics" in the late 1960s. This concept evolved when we combined our customers' machinery with Yaskawa's electronic products to create superior quality and function.

About the Front Cover

Yaskawa Electric was the first in the industry to mass produce new-generation robots capable of producing human-like motions, and has already shipped roughly 1,000 units of these robots. The MOTOMAN-SDA10 shown on the cover is the latest robot model, featuring seven joints and a 10-kg payload for each arm. Taking advantage of its high-speed motion and slim profile, the MOTOMAN-SDA10 has been used mainly for assembly and handling operations in the automobile, electrical and physical distribution industries. Future applications of these robots will not be limited to the manufacturing industries, but will extend to new and unconventional fields, toward a future society in which robots and humans live together in harmony.



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Note: As for the descriptions in this annual report up to page 38, amounts of less than one million yen have been omitted, as permitted by the Securities and Exchange Law of Japan. However, in preparing the consolidated financial statements starting on page 39, certain reclassifications and rearrangements have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more familiar to readers outside Japan. As a result, the amounts in the consolidated financial statements do not necessarily agree with the ones that are shown on the preceding pages.

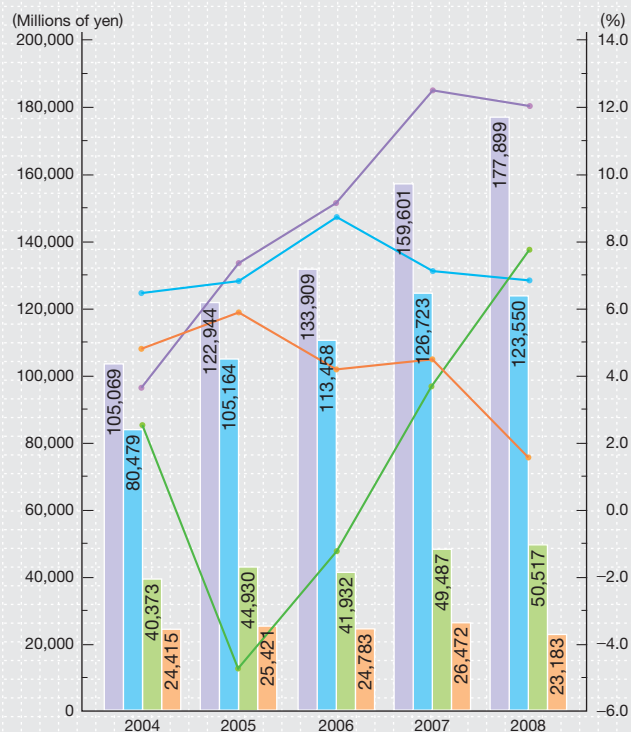
Consolidated Financial Highlights

Year Ended 20th March

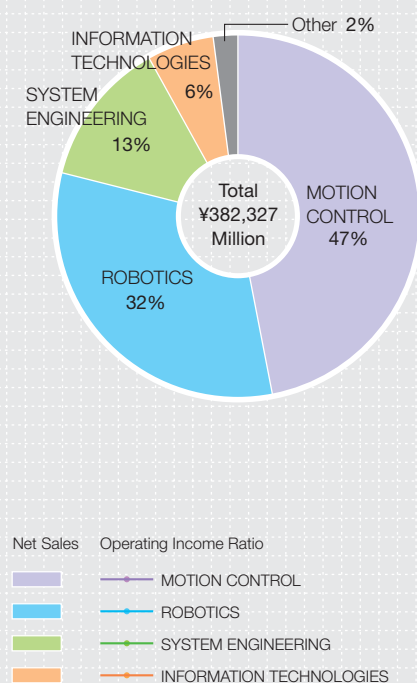
Yaskawa Electric Corporation and Consolidated Subsidiaries

(Millions of yen)	2004	2005	2006	2007	2008
Net sales	263,045	309,615	322,916	368,971	382,327
Operating income	12,407	17,527	24,486	33,564	36,487
Ordinary income	12,010	17,414	24,331	33,383	35,212
Net income	5,819	1,860	10,157	18,982	20,242
Shareholders' equity	36,715	38,366	52,750	80,787	100,862
Interest-bearing debt	79,962	77,807	62,556	46,750	33,829
Inventories	54,345	52,681	58,177	58,136	57,902
[Turnover (months)]	2.5	2.0	2.2	1.9	1.8
Per share (Yen)					
Earnings (basic)	24.80	7.80	43.18	81.12	81.46
Earnings (diluted)	23.32	7.30	39.72	75.29	80.50
Dividend	3.0	0.0	6.0	6.0	10.0
Ordinary Income Ratio	4.6%	5.6%	7.5%	9.0%	9.2%
Shareholders' equity ratio	14.7%	15.1%	20.7%	29.6%	34.9%
ROE (Return on equity)	17.3%	5.0%	22.3%	28.4%	22.3%
Number of employees	7,635	7,620	7,754	8,056	8,347

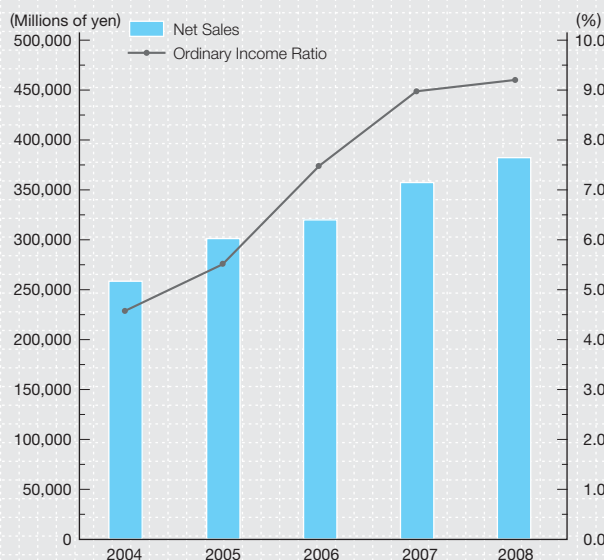
Net Sales and Operating Income Ratio by Business Segment



Breakdown of Consolidated Net Sales by Business Segment (Year Ended 20th March, 2008)



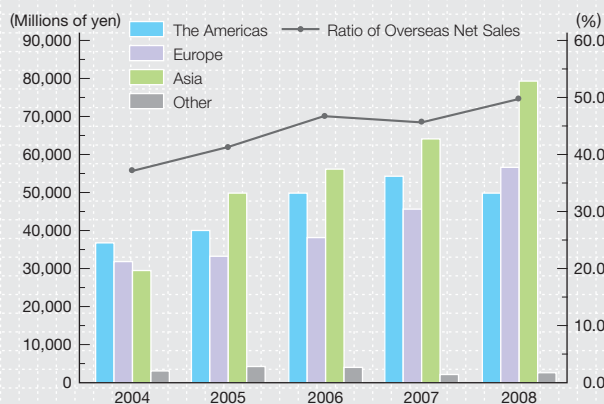
Consolidated Net Sales and Ordinary Income Ratio



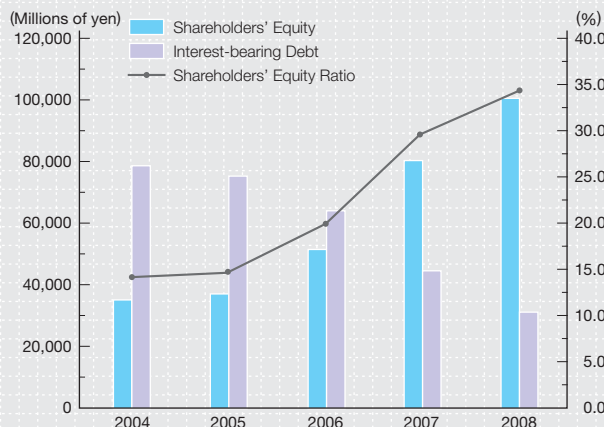
Consolidated business results in FY2007 marked new record highs in all of net sales, operating income, ordinary income, and net income. Net sales in Europe and Asia particularly increased, raising the ratio of overseas sales in consolidated net sales to 50% from 46% in the previous fiscal year.

Despite the impact of the dollar's sharp fall near the end of the fiscal year, ordinary income increased because the growth in net sales and high-value-added system products for iron and steel plants contributed to revenue.

Overseas Net Sales and Ratio of Overseas Net Sales in Consolidated Net Sales



Shareholders' Equity, Shareholders' Equity Ratio and Interest-bearing Debt



As a result of the complete conversion of the Euroyen convertible bonds issued in 2004 into stocks, shareholders' equity exceeded 100 billion yen in the year ended March 2008, significantly increasing the shareholders' equity ratio. At the same time interest-bearing debt decreased and financial structure greatly improved.

To our Stakeholders



Shin Nakayama
Chairman of the Board

Koji Toshima
President

This report outlines the performance and activities of the Yaskawa Group, including its subsidiaries and affiliates, for the term.

During the first half of the year the global economy was sound overall, but in the second half there was a general slowdown due to diverse factors including the subprime mortgage crisis in the United States, sharp fluctuations in currency exchange rates and soaring oil prices. A breakdown of major industry sectors served by the Group is as follows:

- The air conditioning and steel-making industries were strong, and the electronic components and automotive industries were robust.
- The liquid crystal display industry underwent some adjustment in the first half of the term, but investment picked up in the second half.
- Investment into facilities and equipment in the semiconductor industry remained tight.

Within this business environment, the Yaskawa Group implemented the following measures, continuing the process of laying the foundation toward attainment of the objectives defined in our “DASH 100” mid-term business plan. This term marked the second year of the Plan, which calls for establishing businesses that are truly global No.1 in market share, size and profitability, starting up and developing new businesses, and realizing ordinary income ratio of 10% as soon as possible.

- In the mechatronics product group, including AC servomotors and controllers, AC drives and robots, we released new products with enhanced added value and competitiveness, increasing sales and expanding our share.
- Construction was completed on the new inverter plant (Drive Center) during the term, and production lines underwent major enhancements in automation and efficiency, providing significant improvements in production capacity and production efficiency.
- Ongoing programs to improve product quality and train personnel were continued and intensified.

As a result of these measures, group performance set new records for net sales, operating income, ordinary income and net income, marking the sixth straight year with increased revenues and profits.

Based on these results, the dividend at the end of the year was set at ¥5 per share. Together with the interim dividend of ¥5 paid previously, the total annual cash dividend for fiscal 2007 was ¥10 per share.

As the final year of the “DASH 100” mid-term business plan, we will implement the following measures in fiscal 2008:

- In the Motion Control segment, we will continue to expand our product line-up, adding to the new servomotors and AC drives released in fiscal 2007, and leverage our unsurpassed product strength to expand global sales. In the Robotics segment we will focus on the liquid crystal display industry, which is expected to show increased investment, fine-tune strategies to address specific applications and regions, and boost profitability through the release of new products.
- We will hone our strategies for the high-growth Chinese and other Asian markets, strengthen our approach to emerging markets such as India, and accelerate business growth.
- To continue to contribute to the resolution of social issues such as environmental problems, energy consumption, and labor shortages in Japan caused by the declining birthrate as a good corporate citizen, we will actively develop application of our automation and energy-saving technologies, as well as new businesses such as new-generation robots, and commercialize them as soon as possible.
- We will continue to educate and train our human resources, including encouraging personnel to participate in continuing education programs for self-improvement.

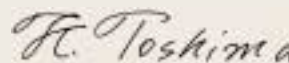
In spite of a range of potential risks including the slowdown in the economy, primarily in the United States, abrupt fluctuations in exchange rates and rising costs for oil and other materials, we will continue to improve revenues and profits through the above strategies.

We appreciate the continued support and understanding of all of our stakeholders.

June 2008



Shin Nakayama
Chairman of the Board



Koji Toshima
President

A New Performance Record: Revenues and Profits Up for the 6th Straight Year

Steady Gains Fueled by a Shift in Strategy Ranging from Self-Improvement to Aggressive Management

Under the Win21 Plus mid-term business plan launched in FY2003, the Yaskawa Group has worked toward its goal of becoming a high-earnings enterprise, steadily improving growth, profitability and financial stability.

We have grown by shifting our focus to high-growth markets such as semiconductor, LCD, and automobile industries, and to Asian markets including China, and also by reorienting our business focus toward motion control, and robotics in the mechatronics sector, as well as by reducing our dependence on the heavy industry sector. Simultaneously we completely revamped our business cost structure, and developed new value-added content to enable sustained growth and higher profitability. These efforts bore fruit in FY2005, the final year of the plan, which saw major improvements in corporate performance.

The DASH100 mid-term business plan beginning in FY2006 laid out three basic objectives:

[Establish businesses that are truly global No.1 (No.1 in market share, size and profitability)], [Develop and start up new businesses], [Realize ordinary income ratio of 10% as soon as possible.]

As the global economy and the market environment both enter favorable periods, we have launched an aggressive management approach to further bolster the growth potential and profitability attained under Win21 plus, and have worked to make that achievement a part of our corporate culture. I believe that the improvements in revenues and profits produced six terms in a row demonstrate that our management policies have taken root, and that they are thriving.



Management Geared for Sustained Growth Under the DASH100 Plan

Part of the aggressive management stance defined in DASH100 is to provide functionality and performance that our competitors cannot match, and to develop a succession of new products to stay ahead of emerging market needs. We have leveraged our superlative product strength to increase our global market share while actively pioneering new markets. New products in the servomotor and drive sectors have contributed greatly to this share expansion. Development and design innovations in these new products have improved profitability, and the shift to these products has further contributed to corporate profit.

We have also accelerated our approach to overseas markets, especially the Chinese and other Asian markets that are the keys to continued expansion for the Group. Growth in Europe and Asia in FY2007 was excellent, with revenues jumping to 26% and 43%, respectively, over FY2006. As a result, the percentage of Group overseas revenues within total revenues rose from 46% to 50%. The increase in Group revenues on a global level clearly indicates a rising demand for solutions to problems such as the labor shortage in Japan, and energy and environmental issues worldwide.

Highlights of FY2007 Performance

In FY2007, the global economy and market environment exhibited significantly more instability than in the prior years, due to factors including the subprime loan crisis, abrupt foreign exchange shifts, and soaring petroleum and materials costs. In spite of this difficult business environment, we increased both



Automatic manufacturing line using Yaskawa's industrial robots

revenues and profits, thanks to the Group-wide adoption of the sustained growth targeted in our DASH100 business plan.

On a revenue basis, the Motion Control segment showed a 12% increase over last year, contributing significantly to corporate revenue growth. Drive's revenues increased significantly in European and Asian markets, and servomotors were sound overall. In terms of profitability, the System Engineering segment enjoyed a major rise in profits due to electrical systems for steelmaking plants, also making a large contribution to overall corporate profitability.

Results for FY2007, however, were not comprehensively successful. In the Robotics segment, while business in the automotive sector was sound, reduced capital expenditures in the LCD and semiconductor markets resulted in reduced revenues and profits. In the Information Technologies segment, while significant strides have been made in improving business performance, the downturn in the LCD and semiconductor markets had a damping effect, and we were unable to reach our desired targets.



New Inverter Plant "Drive Center" (Fukuoka, Japan)

Strong Products for Growth Markets: Achieving Revenue and Profit Growth for the 7th Straight Year

FY2008 is the Year the Finishing Touches are Added to DASH100

Although the global economy appears to be slowing down in FY 2008, the Group has established performance targets in keeping with its “sustained growth” target: We plan to boost revenues and profits for the 7th straight year, hitting consolidated net sales of 400 billion yen and ordinary income of 38 billion yen. DASH100 calls for a profit margin of 10%, in other words, ordinary income of 40 billion yen. However, we have adjusted our plan to 38 billion yen in recognition of the current market situation and exchange rates. The macroeconomic environment, however, is expected to show a mild recovery in the second half, and we believe it may be possible to achieve the goal set in DASH100, depending on exchange rates during the term.

Core Motion Control and Robotics segments to Support Higher Revenues and Profits in FY2008, Despite Currency Exchange Issues

The LCD market is expected to surge beyond its prior peak of FY2004 this term, and the automotive market will also enjoy continued investment, driving expanded utilization of assembly and distribution robots. Consolidated performance for the term will be supported by both the Motion Control and Robotics segments, and we expect that the term will see major growth in new-generation robots, as well as continued high growth in drive sales to Chinese and other Asian markets. In System Engineering, overseas investments by Japanese-capitalized steelmaking companies is rising, which will lead to increased bookings.

On a regional basis, business in Europe is healthy in air conditioning, automobiles and general machinery industries, though the Americas may be headed for a decline in investment in the automotive sector. Strong internal demand in China and other Asian countries, however, is expected to support continued economic growth.

New Market Development the Key Theme for the Term

We have established three key objectives for this term, stressing new market development:

[Double-digit growth in bookings], [Establish the foundation for new business], [Human resources development]

In Robotics, we have set the booking target for new-generation robots at about three times last year’s performance, and established the New Robotics Business Division to drive the effort. We will propose new applications based on new-generation robots to existing customers and, at the same time, work actively with customers who do not currently use robots to develop new business.

In Motion Control, the Solution Sales Department has been established to improve sales performance in new markets. It is engaged in value-added activities, proposing solutions and systems that reach across traditional business segment boundaries.

A manager has also been appointed to handle new business, accelerating the identification of potential new business, and helping to realize that potential while driving new product development.

I will again take charge of human resources development, essential in assuring the continued growth of the Group, and will continue to improve and advance the program.



Actively Addressing Social Issues

Contributing to Society and Daily Life through Yaskawa Group Technologies

From the mid-range viewpoint, there is increasing social awareness of environmental and energy consumption issues, along with problems such as the labor shortage caused by the aging population. Yaskawa is responding to these issues by finding ways to apply its unique technical strengths to contribute to society, helping to resolve these and other social problems. We provide more than components, machinery and equipment. We are also providing solutions to help enrich people's lives, and are determined to remain a trusted and trustworthy corporation.

Returns to Our Shareholders: Approaches to the Use of Cash Flow

Utilizing Ample Shareholders' Equity Effectively

Through its management policies, the Group has improved its performance and financial strength, achieving a healthy shareholders' equity ratio. To effectively utilize this capital to further develop our business we are investing in equipment and facilities, along with R&D, while evaluating potential corporate alliances. We plan to continue to increase dividends to our shareholders accordingly, while maintaining a reasonable balance with our investments.



Board of Directors



Toshihiro Sawa
Managing Director
General Manager,
Motion Control Div.

Masao Kito
Managing Director
General Manager,
Production Management &
Operations Div.

Shin Nakayama
Chairman of the Board

Koji Toshima
President

Koichi Takei
Executive Vice
President

Sadahiro Iwata
Managing Director
General Manager,
Finance & Accounting Div.

Directors



Mitsuaki Sato
Director (External)
Executive Vice President,
Kyushu Electric Power Co., Inc.



Norio Miyahara
Director
General Manager,
Technology & Development Div.



Yoshifumi Shimizu
Director
General Manager,
System Engineering Div.



Noboru Usami
Director
Deputy General Manager,
Motion Control Div.



Hideki Goto
Director
General Manager,
Corporate Marketing Div.



Junji Tsuda
Director
General Manager,
Robotics Div.



Koki Nakamura
Director
General Manager,
Semiconductor Robotics Div.



Hiroshi Ogasawara
Director
General Manager,
Drives Div.



Osamu Motomatsu
Director
Deputy General Manager,
Robotics Div.



Shuji Murakami
Director
General Manager,
Corporate Planning Div.



Yoshikatsu Minami
Director
Chairman & CEO
Yaskawa Electric Europe GmbH

Auditors



Tadakazu Hotta
Standing Auditor



Toshifumi Sanematsu
Auditor



Hiroshi Eguchi
Auditor (External)
Director
Krosaki Harima Corporation



Yasunari Mitsui
Auditor (External)
Senior Executive Vice President
Mitsui High-tec Inc.



YASKAWA

Review of Operations

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and Drive Business Strategy
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 - Motion Control
 - Robotics
 - System Engineering
 - Information Technologies

Development of “1000 Series” and Drive Business Strategy

Yaskawa’s AC Drive 1000 Series brings the ultimate in compact size and energy-saving operation, offering solutions for further reductions in CO₂ emissions.

Q : Following release of the V1000, the first in our AC drive 1000 series, in December 2006, J1000 was launched in December 2007 and A1000 in June 2008. Why were the new lines of AC drives named the 1000 series?

A : Conventionally our naming was indicative of the generation, such as Varispeed-616G3 for the third generation, VARISPEED-616G5 for the fifth generation, and Varispeed G7 for the seventh generation. We made a dramatic about-face and named the new series 1000 to convey clearly that these products were born out of new positioning and development concepts completely different from conventional products.



Hiroshi Ogasawara, General Manager of Drives Division

Q : What are the new concepts for the 1000 series?

A : First, AC drives of the 1000 series can control not only induction motors but synchronous motors as well. Any AC drive, regardless of brand or model, features energy conservation as a merit of its application. To differentiate Yaskawa’s AC drives from other brands, we made the series available for controlling synchronous motors in addition to induction motors so that they can be used to deliver a compact design (smallest in the world) and energy saving operations. As a result, a synergetic effect can be expected from the use with synchronous motors for their compactness and high efficiency, while maintenance work efficiency can be enhanced through unification of AC

drives to be used. This concept is unprecedented in the world and is the innovation brought about by the Yaskawa’s AC drives.

Second, unlike conventional methods of developing individually for each type, the product planning and development of AC drives to be commercialized as the



Slope Car



Crane

1000 series were conducted simultaneously on a global level. Therefore, the product planning for A1000 was practically completed within 2006. Through repeated and detailed exchanges of opinions and ideas among Japan, the U.S., Europe and China, we constructed the globally common technical platform for hardware and software. Then with an outlook on the entire 1000 series, the parts that should be designated as common and those that should be modularized were defined, to promote ultimate standardization. As a result, standardization of the manufacturing process has become possible as well as improvement in product quality and development speed.

In fact, the standardization of the manufacturing process bears more significance for AC drives that sell more units in overseas markets than in domestic market. Specifically, standardized processes in the manufacturing line were shifted from human labor to automation using Yaskawa’s industrial robots. Moreover, where manual assembling operation by manpower is required, an electronic support system was employed. We have thus established a universal production system to be used commonly throughout the world, which features highly efficient production lines with ensured



YASKAWA AC Drive A1000

smooth flow of both information and work. We succeeded in launching the 1000 series production line simultaneously at our production bases in the U.K., China, and the U.S., as well as at the new inverter plant “Drive Center,” which started full-scale operation in Fukuoka prefecture in September 2007.



Pump

HVAC

Q : What are the position of the A1000 in the series and its major applications and market?

A : The A1000 is positioned as the core of the 1000 series as it comes in a wide range of capacities, from 0.4 to 630 kW. Major applications are air conditioners, fans, pumps, conveyors, cranes, elevators, and cement facilities. However, the AC drives will prove to be beneficial not only in these applications but also in any equipment where a motor is used.

Sales are almost evenly distributed among Europe, the U.S., Asia and Japan. Recently, however, sales volume is rapidly increasing in India.

Q : What was the difficulty encountered during the development?

A : It was sticking to the technical platform, which was the new and key concept for the 1000 series. Conventionally, developers created new technology and products by changing what we already had. However, with this structure of platform, specifications should not be changed. In developing the 1000 series, the developers felt it as constraints and were caught in a dilemma since they were not familiar with that structure. To clearly delineate what should be changed and what should not be changed is the key concept for the development of the 1000 series, and the concept of this platform has huge benefits in terms

of costs, quality, and time needed for development. We will make full use of it for future development.

Q : With the 1000 series, what contribution will Yaskawa make to society?

A : At present reduction of CO₂ emissions is a global issue. In the G8 Hokkaido Toyako Summit held in July 2008, the Cool Earth 50 initiative was proposed and agreed on. It is geared toward realization of a low carbon society through such efforts as reduction of worldwide greenhouse gas emissions by at least half by 2050. To achieve this goal it is becoming more and more important to promote energy conservation with adoption of AC drives.

In the future, we are hoping to take advantage of the 1000 series platform to develop products that can work for new energy sources such as wind power and solar power. To realize this ambition, it is necessary to generate creative ideas that can bring innovations to forms and applications beyond the frameworks of AC drives. In 2007 Yaskawa's electric equipment was employed for research of wind power generation. While making the best of AC drive technology that we have developed so far, we will take up challenges to make more contributions to energy conservation and CO₂ cuts.



Key Products

MOTION CONTROL

Main Applications

- Injection Molding Machine
- Electrical-parts Assembly/ Mounting
- Semiconductor/ Liquid Crystal Manufacturing
- Robots
- Metal Processing
- Machine Tools
- Pumps, Fans, Blowers
- Carriages
- Food-packing Machine
- General-purpose Machines



New M&C Products

Experience the Reliable Performance Realized with this Compact Drive
Yaskawa's J1000 AC Drive

Climate change arising from burgeoning energy consumption has been a common concern worldwide and the necessity for countermeasures is recognized down to the grass-roots level. In industrial system equipment, greater expectations are placed on general-purpose AC drives as energy saving devices and their applications are expanding. In the compact AC drive market, in particular, size and cost reduction is strongly required for AC drives themselves with the downsizing demand for machines. Against the backdrop of such needs, we commercialized the J1000 series AC drives, following the V1000 released as the first series in the new line of AC drives in December 2006. The J1000 can realize optimum drive more economically with simpler operation, compared with the V1000.

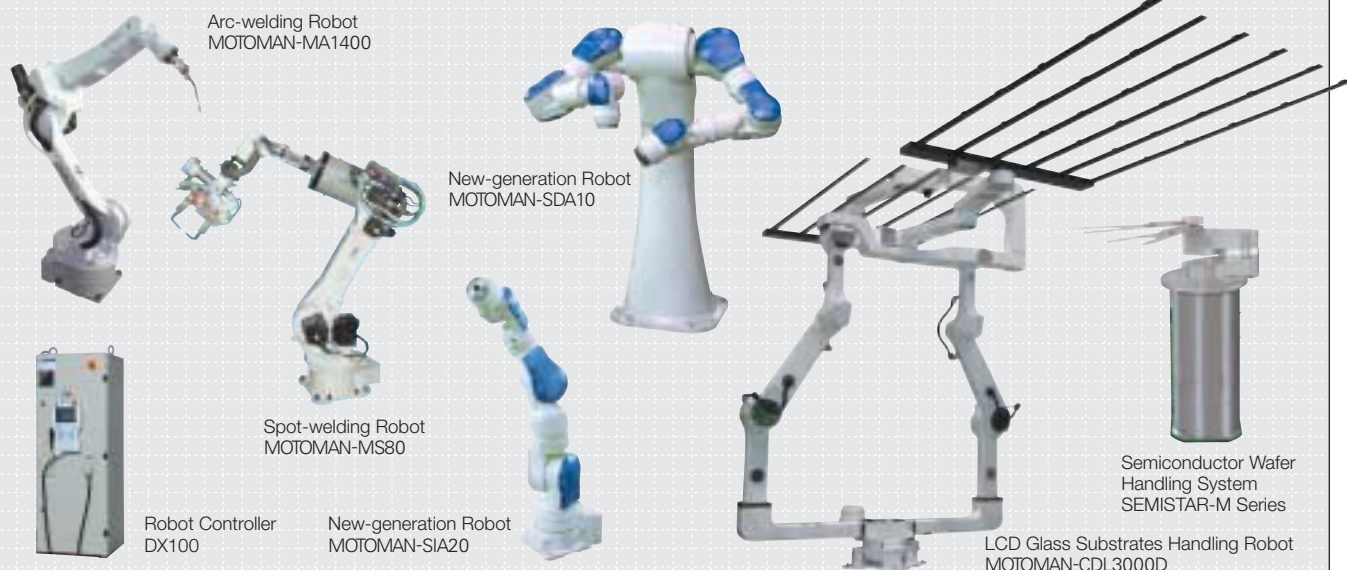
In addition to extreme compactness and simple setting and operation, the Yaskawa J1000 series features compliance with the RoHS directive (the restriction of the use of certain hazardous substances in electrical and electronic equipment) for environmental protection as standard specifications. Thus, this new series of AC drives satisfy needs for further energy conservation.

Compact, General-purpose AC Drive
J1000

ROBOTICS

Main Applications

- Semiconductor/
Liquid Crystal Manufacturing
- Handling
- Arc Welding
- Sealing
- Spot Welding
- Transfer
- Painting



New Robotics Products

The MOTOMAN-VA1400, the world's first 7-axis robot optimized for arc welding.

This new robot is provided with a revolution axis (θ axis) in the middle part of the lower arm as found on a conventional 6-axis robot. With 7 axes, the robot has broader range of freedom in its posture, and can therefore maintain the optimum welding posture in accordance with the shape of the workpiece at all times. With this operational characteristic and the world's fastest motion speed, the MOTOMAN-VA1400 greatly improves productivity. Furthermore, installation space can be minimized as this new robot allows highly dense positioning between units.

MOTOMAN-VA1400



TOPIC

Our MOTOMAN-CDL3000D, a robot for handling glass substrates for flat panel displays, won the grand prize in the manufacturing equipment category of the 13th Advanced Display of the Year (ADY2008) awards*.



ADY Awards Ceremony



* : The ADY Awards are presented for superior FPD (flat panel display)-related products, to promote the development of FPD-related technology and the FPD market.

SYSTEM ENGINEERING

Main Applications

- Iron and Steel Plants
- Water Treatment Plants
- Fluid Machinery
(Energy-saving for Fans, Pumps and Blowers)
- Paper-making/Printing/Fiber/Film
- Port Cargo Handling



EI-integrated Plant
Operator Station CP-5800



Human-machine
Interface CP-519

Medium-/Large-capacity Digital
Thyristor Converter
VARISPEED-590



Super Energy Saving
Medium-voltage AC Drive
FSDrive-MV1S



System Controller
CP-312



System Controller
CP-3550



Large-Capacity
IGBT AC Drive
VARISPEED-676H5



Medium-voltage
Matrix Converter
FSDrive-MX1

TOPIC

Medium-voltage Matrix Converter Delivered for Use in a Skin Pass Mill Facility

As the world's first application to line drive, we delivered a medium-voltage matrix converter for the No.2 skin pass mill facility of Nakayama Steel Works, Ltd. Nakayama Steel Works installed the No.2 skin pass mill in addition to the existing No.1 to increase production and raise the ratio of high-grade steel products. The medium-voltage matrix converter FSDrive-MX1H was used to drive the tension reel (750 kW) of the facility.

Since October 2007, the converter has been operating smoothly in the production facility and contributing to manufacturing of quality products.



Skin Pass Mill Facility at Nakayama Steel Works, Ltd.

INFORMATION TECHNOLOGIES

Main Applications

- Multi-card Reader/Writer
- Two-dimensional Code Marking/Reading Device
- Information Software and Service
- OA Equipment



Multi Card Reader to Support the New Generation ExpressCard Slot ExpressCard Reader 5 in 1



High-performance Intelligent LSI Intesse D2Core



Touch-panel Liquid Crystal Terminal Intesse xP-5000DX



General Purpose Board with a Touch Panel Intesse xP-5000



Appliance Server for High-performance Web Filtering NetSHAKER for i-FILTER



Exposure Unit for Laser Marking System



Finger-Pointing Input Interface

TOPICS

Non-contact Information Input Device Finger-Pointing Input Interface Developed

Yaskawa Information Systems Corporation and the Fukuoka Industrial Technology Center have jointly developed the Finger-Pointing Input Interface by combining the technologies of object recognition and distance measuring with camera imaging established through the development of consumer robots. The Finger-Pointing Input Interface allows information to be input for equipment operation by non-contact finger pointing at the target information. Unlike touch-panel input devices, which require touching the monitor screen to input information, you can input information without touching the panel of the device at all. The camera inside the device recognizes your finger tip and the area pointed to by your finger. This device is expected to be widely used in healthcare facilities and manufacturing plants that require information input in a highly safe and hygienic environment.

New Model of Compact Photo Kiosk Terminal Released

YE Data Inc. and Hokuryou Photo Co., Ltd. have jointly developed the HYE-PS6000 compact photo kiosk terminal, and launched the sale of this new terminal to convenience stores. Equipped with the new YD-8V39 3.5-inch memory card reader, the HYE-PS6000 has achieved superior reliability and user-friendliness.



HYE-PS6000 Compact Photo Kiosk Terminal

Motion Control

Business Overview

The Motion Control segment consists of the drive business as well as the business for motion and control (M&C).

The M&C business offers new solutions for machinery and systems by providing motion control products and technology including AC servomotors, controllers, and linear servomotors. Although these products initially saw limited use with textile machines, machine tools, robots, printing machines, and food and packaging machines, their outstanding performance has drawn the attention of other industries. Today they are also widely used in semiconductor manufacturing machines and chip mounters. The application of our motion control products as sustainable energy alternatives is expanding into areas such as machine presses and injection molding machines, which require considerable force, conventionally supplied by hydraulic servo systems.

An AC drive is a device that can freely change source power frequency of a motor to control revolution speed of the motor. AC drive uses and applications are not only expanding in the industrial machinery market but also in the consumer-products market. New applications include home appliances such as air conditioners, refrigerators, and washing machines, and devices used in health care and amusement industries. Furthermore AC drives may also be found in transport equipment such as elevators and cranes as well as in energy resources drilling equipment. In recent years, more focus is being placed on energy conservation as a way to counter the effects of global warming. In addition to industrial facilities, large commercial facilities such as office buildings and department stores are now required to implement effective energy management systems. This trend has thrust the AC drive into the limelight as an energy saving device.

These two categories of businesses are closely related to the trends in investments in social infrastructure and in capital expenditures across a broad range of markets, and have been contributing to the enhancement of production efficiency and energy conservation in both the industrial and consumer-products markets.

Review of Operations for Motion Control FY2007

In FY2007, the Motion Control segment achieved net sales of 177.8 billion yen (11.5% up from the previous term) and operating income of 21.3 billion yen (7.8% up from the previous term).

The M&C business remained strong with increased sales of products for the electronic components market and recovery of the LCD market in the latter half of the fiscal year. The Σ (Sigma) series is the key product line of our servo drives. In April 2007, we released the latest in the series, Σ -V (Sigma-Five). Focusing on the solutions made up by combining the Σ -V servo drives and MP controllers, we promoted sales to increase our share in the domestic market. For servo products, network support and some other requirements vary from region to region in the world. In order to more quickly respond to needs of individual regions, we strengthened existing overseas development bases and established new ones. At the three major overseas production bases of the Americas, Europe and China, we implemented local production to further shorten lead time to deliver products and enhance cost competitiveness. At the same time we reinforced the domestic production system and advanced automated production by such means as employment of our latest robots into production lines. Thus we achieved shortened lead time to deliver products.

The drive business significantly increased sales around the world, especially in Europe and Asia, with worldwide growth in capital expenditures and energy conservation demands. Among others, sales in China saw an over 41% increase, significantly surpassing the growth of the market. The regional composition of our AC drive sales was well



AC Servo Application : Chip Mounter

balanced with Japan, Asia including China, the Americas, and Europe contributing 25% each. We were able to take full advantage of the globally expanding market. In November 2007, we launched the “J1000” series, the second in our AC drive “1000” series family.

Future Outlook for M&C and AC Drives

The net sales of this segment in FY2008 are projected to be 187 billion yen (5.1% up from the previous term), with operating income 21.4 billion yen (0.1% up from the previous term).

For the M&C business, most of its primary markets, such as the markets of LCDs, electronic components, and machine tools, are forecasted to stay positive generally at the same level as the previous fiscal year. In the meantime, the semiconductor market entered a correctional phase for capital expenditures in the latter half of the previous year, and is yet to recover. The soaring prices of materials and parts will remain to be risk factors. We promote cost reduction to minimize their negative effects.

Our conventional product strategy for motion and control was to drive a machine by using a motor in combination with various mechanical devices. In our new strategy, a motor will be integrated with peripheral mechanical devices to configure an integrated mechanical unit with the motor at the core. In line with this strategy, we will develop innovative products that realize a simplified structure, downsizing, weight reduction and higher performance of machines and systems. Proposals of higher added value solutions will be the main tool to approach and cultivate new customers and markets. We will also work on the further reduction of energy consumption of the servomotors themselves. In addition, in order to speedily capture the needs of overseas markets, we will implement local development and production in many parts of the world for global expansion of core products, and reinforce sales operations outside Japan.

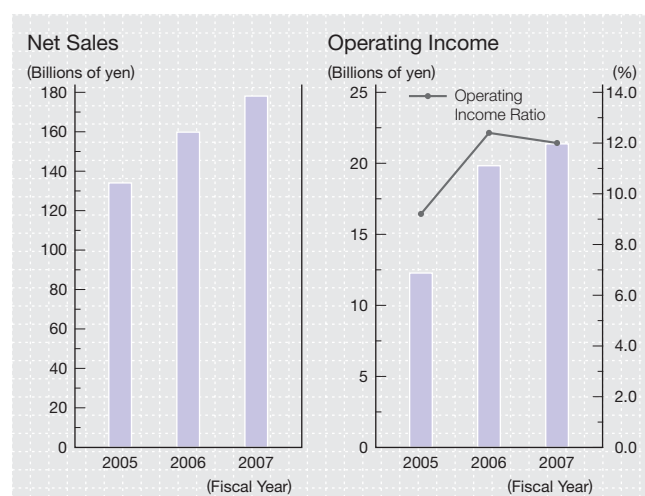
The drive business will focus on the reinforcement of sales in Chinese market booming with growing capital expenditures as well as in emerging Indian market. In European and American markets, we will actively promote sales of new products targeting an increased share in these markets. In Japan where market presents sluggish growth in new residential construction starts, the dedicated task force will continue its operations to beef up sales and market cultivation activities.

We will strengthen global production and quality assurance systems in which Drive Center completed in September 2007



AC Drive Application
Yaskawa's AC drives are used in the wind-lens windmills constructed in China (Wuwei, Gansu Province) to promote CO₂ reduction.

will take the lead as the mother factory. We are determined to increase our global market share at twice the market growth rate by promoting sales of superlative performance, differentiated AC drive products. Furthermore, to solidify our Number 1 position in the global AC drive market, we will work to cultivate sales in BRIC countries (Brazil, Russia, India and China), for which formation of alliances is a possibility, to achieve 20% of the world market share in a long-term perspective. At the same time, by applying our AC drive technology, we aim to expand business domain with energy conservation and the environment at the core.



ROBOTICS

Robotics

Business Overview

The Robotics segment has been contributing to the automation of manufacturing processes with the use of robots in the various industries as well as the automobile-related and electrical machinery-related markets. The typically automated processes by robots include arc welding, spot welding, painting, handling, and flat panel display (FPD) glass substrate handling. Our industrial robot MOTOMAN is backed by our unique servo technology, which has won the largest share in the global market. With enormous support for MOTOMAN from customers, the robotics business has steadily grown to be one of the main pillars of Yaskawa Electric.

In the semiconductor market, shorter designing and development periods are required for wafer handling systems while maintaining their high reliability. In response, we offer the SEMISTAR-M series consisting of modularized clean robots, vacuum robots, and handling system products. With the flexibility of this series of modularized products, we can meet the users' requirement specifications within a short period of time.

According to results compiled by the Japan Robot Association, the robot market is forecasted to grow, not only in manufacturing but also in bio-industry and lifestyle-related fields (including home use, living-assistance services, and education), healthcare and nursing, and many other areas. The size of this market is expected to expand to 1.8 trillion yen in 2010 and to 6.2 trillion yen in 2025. We are developing new robots, such as dual-arm "new-generation robots" that provide a solution to labor shortages resulting from the declining birthrate and aging population, as well as rehabilitation support robots for medical use. Through an aggressive approach to future technologies, we will continue to develop and commercialize new robots that, along with contributing to the industrial sector, will serve to better society as a whole.

Review of Operations for Robotics FY2007

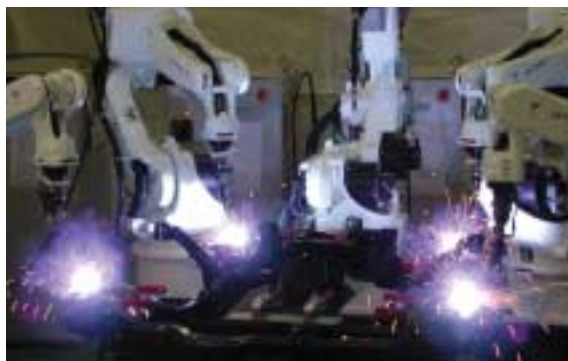
Net sales of this segment in FY2007 were 123.5 billion yen (2.5% down from the previous term), and operating income 8.5 billion yen (4.5% down from the previous term).

This segment's key products, robots for use in general and automobile industries, saw robust demand in Japan and Europe and favorable demand in Asia, but decline in the U.S. due to the downturn in the economy. Despite these differences by the region, overall global demands for these robots were positive. In the market for the LCD glass substrate handling robots, capital expenditures recovered in the second half of the fiscal year. Our sales for the semiconductor market were affected by continued capital expenditure adjustments and the FY2006 sale of our U.S. affiliate that had been engaged in the robot business for semiconductor manufacturing equipment.

Recently in the BRIC countries (Brazil, Russia, India and China) and other emerging nations, robots are more widely used for quality improvement in manufacturing. We have reinforced marketing activities in these regions where a significant growth in demand is expected in the future.



Painting of Auto Body Side Panels



Coordinated Welding Operation using Multiple Robots

Future Outlook for Robotics

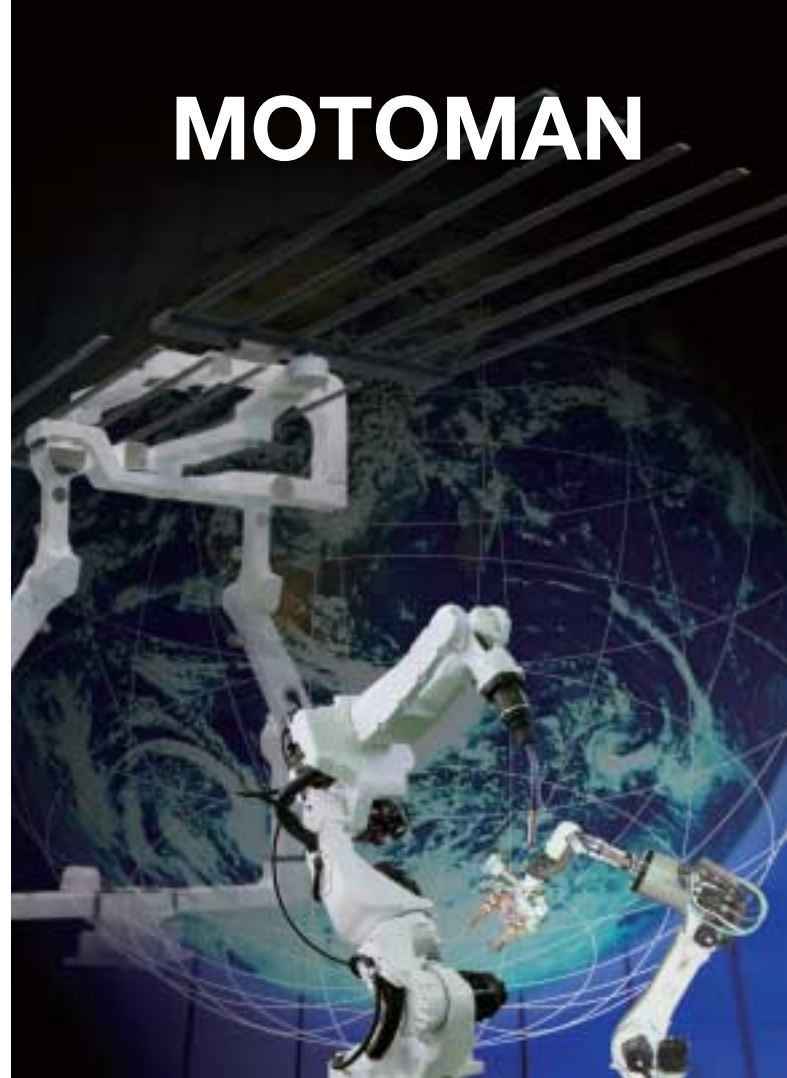
Net sales of this segment in FY2008 are expected to be 134 billion yen (8.5% up from the previous term), and operating income 10.7 billion yen (24.8% up from the previous term).

In the existing markets for robotics, an unfavorable economic climate with soaring crude oil and material prices has affected the behavior of general consumers, who are the end users. The automobile market is expected to maintain an overall positive demand for capital expenditures as compact car demand is increasing despite the sharp downturn in large vehicle demand. We forecast that European and Japanese automobile industries will continue vigorous capital expenditures, and demand for robots in the U.S. market is expected to recover in the latter half of FY2008. The LCD market is expected to remain strong, mainly with the capital expenditures for manufacturing large 10th-generation glass substrates. The semiconductor market is still undergoing capital expenditure adjustments. We believe that the cause of the ongoing slump is not recession but is a result of buyers' cautious views of their prospects in light of the DRAM and NAND flash markets. Hoping for the recovery of the semiconductor market in the second half of the fiscal year, we will work on the improvement of technology development and production capacities and on strengthening market competitiveness.

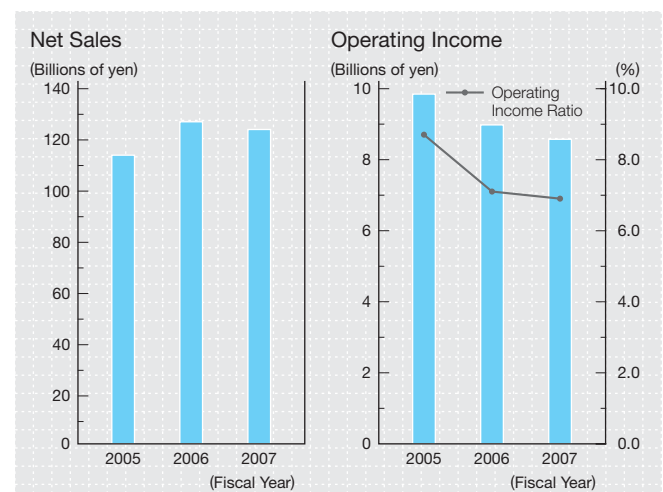
As our product strategy in FY2008, we will beef up the next key robot lineup by incorporating the concept of 7 axes even for ordinary robots. These next robots will allow the same conventional manufacturing to be carried out within half the space and at a higher speed, thereby contributing to significant improvement in production efficiency and energy conservation over the entire process line.

The electrical, food and other manufacturing industries, particularly those industries in European and North American nations, show a growing trend of using highly versatile robots, which can respond quickly to the changes in market needs, for handling and other such applications. We will promote market development by taking advantage of our broad line of robots, including the new-generation robots, available for diverse applications. In addition to handling operations, the applications include assembling work for which conventional robots could not be used.

As to the 7-axis robots, dual arm robots, and other such new-generation robots characterized by a higher degree of freedom, we are in the position of creating their market. With



the development of applications mainly targeting the automobile industries where robots have been widely used for quite some time, we are expecting roughly threefold increase of orders in FY2008 compared with the previous fiscal year. In Europe as well, research of new-generation robots having a higher degree of freedom and activities for their dissemination have been conducted in earnest. We are strengthening market cultivation and sales activities for further dissemination of new-generation robots in this region.



SYSTEM ENGINEERING

System Engineering**Business Overview**

The major fields for which System Engineering provides solutions are varieties of large-scale plant facilities used in iron and steel plants and water treatment plants where stable operation is an absolute requirement, as well as large-scale crane facilities. We are involved in projects from the facility planning stage and provide support throughout the facility's life cycle by offering everything from technical proposals to after-sales services. This has earned us a solid reputation for reliability among our customers.

In recent years, the steel industry, one of the primary markets of this segment, has been active in facility enhancement and replacement to expand production capacity and improve quality. This trend has been spurred by the rapid growth of infrastructure investment in China and the booming businesses of the automobile and shipbuilding industries, and it is vitally necessary to implement renovation and replacement within a short period of time while maintaining a high plant utilization rate.

These days, the movement toward energy conservation is prevailing worldwide. There has been a growing demand for medium-voltage AC drives not only in Japan but also from overseas for their significant energy saving effect in use for pumps, blowers, and other such wind or water force machinery and facilities that use a particularly large amount of electricity. As a result, overseas orders for these AC drives have been on the rise.

In the public water and sewage treatment plant system business, we take advantage of our vast accumulated technology to propose and utilize solutions that meet the national policies of "water works vision" and "sewage works vision 2100." These solutions include energy saving and optimal operation control (sewage water quality simulator) systems, handy terminal control systems, and rainwater inflow prediction systems and have been contributing to the improvement of water environments.

Review of Operations for System Engineering FY2007

In FY2007, the System Engineering segment achieved net sales of 50.5 billion yen (2.1% up from the previous term) and operating income of 3.9 billion yen (117.2% up from the previous term).

The business performance of this segment in FY2007 was driven by the iron and steel plant system business. This business saw increases in both orders and sales with the growth of capital expenditures by iron and steel manufacturers supported by the high demands for steel sheets for automobile manufacturing and thick plates. On the other hand, the unstable situation by reason of changes in its environment has continued in the water treatment market, in which the primary demands are from the government and public offices. Due to the slump in orders, our sales of water treatment plant systems decreased. Our efforts to promote medium-voltage AC drives overseas by focusing on their energy saving applications bore fruit, and orders from overseas in FY2007 increased 1.7 times over the previous year.

Our two-year effort in business structural reforms and strengthened project management for profitability improvement for iron and steel plant orders yielded a significant increase in profits.

As a result, this segment in FY2007 exceeded the record high net sales and operating income marked in FY2006.

Future Outlook for System Engineering

The net sales of this segment in FY2008 are projected to be 47.5 billion yen (6.0% down from the previous term), with operating income 3.1 billion yen (21.3% down from the previous term).

Although there are some uncertain factors such as soaring material prices and resistance to raising automobile prices, the iron and steel industry is expected to continue a high level of capital expenditures spurred by the high demand for steel sheets for automobile manufacturing and thick plates and steel products for shipbuilding. In the domestic market for our iron and steel plant business, we aim to increase our market share and orders by aggressive marketing activities attuned to the trend of the capital expenditures of iron and steel manufacturers and also through proposals of system solutions to new fields with the applications of medium-voltage AC drive technology and new products.

The medium-voltage AC drive market is expected to grow because of increased demand for energy savings and global calls for cuts in CO₂ emissions. In overseas markets, particularly in Asia and, North and South America, we will reinforce cooperation with the local partners to advance market development. At the same time, focusing on targets, we will work on securing orders. In Japan, we will beef up marketing activities to reach new customers, such as end product manufacturers and energy saving system integrators, to increase orders.

The public water and sewage treatment plant business is projected to see a slight downward trend in capital expenditures mainly for equipment replacement and renovation. On the other hand, expenditures for sophisticated

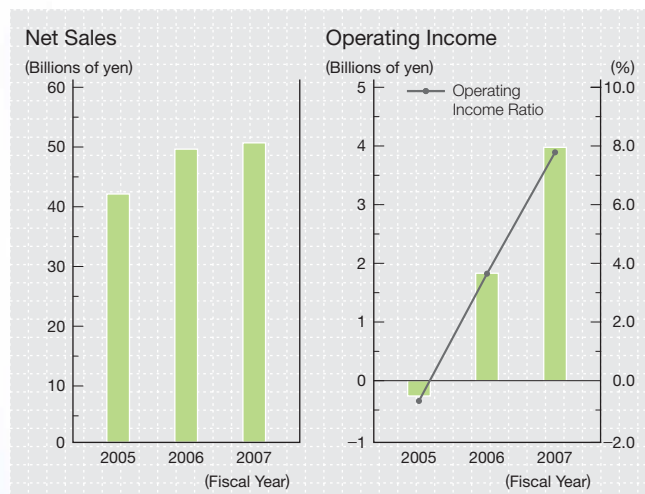


Sewage Treatment Facility and Control Room



treatment, flood prevention, resource recovery and energy conservation are on an upward trend. In order to meet these changes in markets, we will work to improve our order receiving and technological proposal activities and to strengthen and streamline our business structure.

We look to FY2008 as the period for establishing a solid foothold for the existing businesses based on prediction of changes in the market environment for each business field, in order to build up a business environment that will continue to steadily yield profits. In the medium and long terms, we will embark on activities toward cultivation of environment and energy conservation businesses.



Information Technologies Segment

Business Overview

The entire business of Yaskawa Information Systems and YE Data, which are two of the listed companies of the Yaskawa Group, together with information-related technological developments of Yaskawa Electric, constitute the Information Technologies segment. The business of this segment is mainly carried out by these two subsidiaries, while Yaskawa Electric assumes the role of developing new technology and new business.

The IT segment, in which the two listed subsidiaries play the central part, pursues group synergy through close coordination in all activities, with each individual player bringing out their own unique qualities in an effort to broaden the scope of business based on information technology.

YASKAWA INFORMATION SYSTEMS CORPORATION

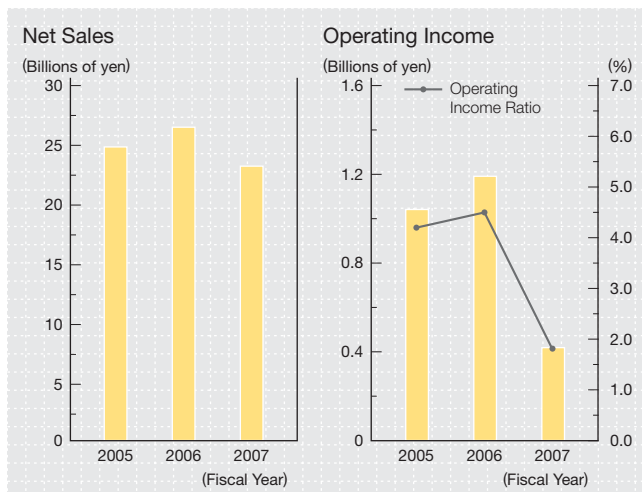
Since its establishment, the Yaskawa Group has applied engineering technology for manufacturing to software development in order to improve productivity and enhance the quality of developed software. The group named this software development and production system “Engineered IT Solutions,” and it forms the guiding principle of business operations. The major lines of business at present are in these three areas:

- Business Solutions
- Embedded Solutions
- Total Solutions

Review of Operations for FY2007 and Future Outlook

In FY 2007 we worked to transform ourselves into a corporation with a management structure that can endure and adapt to environmental changes, focusing on reform of the business structure, production structure, and financial structure. However, due to a late start in business structure reform and for other such reasons, reform did not bring about satisfactory achievements. In addition, although the business solution division held steady, demands from the customers declined in the embedded solution and total solution divisions. As a result, business performance in FY2007 fell short compared to the previous year.

While strong demands are expected for IT-related products and services, continued and careful observation will be necessary for the future trends in capital expenditures and consumer spending. Reflecting on the last fiscal year, we will reorganize and address the remaining issues to continue and carry through the reform of the business, production, and financial structures and speed up our move toward improvement and reinforcement of the corporate structure.



YE DATA INC.

Since its establishment, under the motto “contribution to the information society with technology and trust,” YE Data has been developing products that meet users’ requirements through pursuit of original technology and by building trust. This corporate culture that started with the development of the first made-in-Japan FDD in 1974 has been maintained in the individual areas of our widened business including multimedia, laser marking, data recovery services, rotary encoders, our new KIOSK terminal business, and our galvano scanner system. Our major lines of business are currently in the following four areas:

- Multimedia
- Marking Systems
- Data Recovery Services
- New Businesses

Review of Operations for FY2007 and Future Outlook

Transformation of the business structure has resulted in some achievements including a full-fledged startup of the new KIOSK terminal business. Yet, business performance in FY2007 showed a decline from the previous fiscal year. This was attributable to the further accelerated shrinkage of the FDD market and deferred capital expenditures in the LCD panel industry affecting the marking system business.

The business environment is predicted to be severe with increasing uncertainty worldwide, triggered by the slowdown in the U.S. economy. In addition, with the soaring crude oil and material prices, the knife-edge situation is forecasted to continue in IT-related markets including even more intensified price-cutting competition. Under these circumstances, we intend to focus on launching new products and cultivation of new markets to advance business structure transformation and establish a corporate structure that allows for stable and sustainable growth.



YASKAWA

Corporate Activities

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Management Philosophy and Corporate Activity Standards

Yaskawa Electric will celebrate its 100th anniversary of its foundation in 2015. We are all grateful to those who provided support over the years, including customers, suppliers, employees, shareholders, the local community, and many others. The present-day idea of CSR (Corporate Social Responsibility) is inherent in our corporate DNA, as our management philosophy advocates our company's mission is to contribute to the progress of society and the welfare of mankind through business performance. We aspire to become a company with global competitiveness and a brand that meets the expectations of various stakeholders on a long-term perspective by providing solutions suited to the changes of society and the industrial structure.

Principles of Management

Our company's mission is to contribute to the evolution of society and the welfare of mankind through the performance of its business. In order to achieve this mission, we particularly affirm the following three principles and will endeavor to realize them.

1. To emphasize the importance of quality of products and constantly develop and improve technologies in which we can take pride throughout the world.
2. To improve the efficiency of operation and secure profits necessary for the survival and continued growth of the company.
3. To endeavor to keep a market-oriented attitude, to meet the needs of the market and do our utmost to serve our customers in the best way possible.

Yaskawa Electric Corporate Activity Standards

Yaskawa Electric's management policy advocates contribution to the development of society and the welfare of mankind through the performance of its business.

We will build a solid and trustful relationship with the society by fully recognizing corporate citizenship, and by operating a conscientious and fair business. We thus respect human rights and conduct ourselves in a socially responsible manner toward the creation of a sustainable society, observe both the spirit as well as the letter of all laws and regulations applying to our activities both in Japan and abroad in accordance with the following ten principles.

1. We, by the development and provision of socially beneficial goods and services in a safe and environmentally friendly manner, shall contribute to the improvement of people's lives and to the economic and social development, while taking necessary measures to protect personal data and customer related information
2. We shall work to protect the environment more proactively with a broad perspective in our overall business activities.
3. We shall engage in communication not only with shareholders but also with members of society at large, including active and fair disclosure of corporate information.
4. As "a good corporate citizen," we shall actively engage in philanthropic activities, and other activities of social benefit.
5. We shall strive to respect diversity, individuality and differences of the employees, to promote safe and comfortable workplaces, and to ensure the mental and physical well-being of the employees.
6. We shall observe laws and regulations applying to our overseas activities and respect the culture and customs of other nations and strive to manage our overseas activities in such a way as to promote and contribute to the development of local communities.
7. We shall operate businesses based on fair, transparent, free competition and sound trade, which strictly observe all laws and never violate social norms.
8. We shall reject all contacts with organizations involved in activities in violation of the law or accepted standards of responsible social behavior.
9. Top management shall assume the responsibility for implementing these standards and for taking all necessary action in order to raise awareness in its corporation and inform its group companies and business partners of its responsibility. Management shall also promote the development and implementation of systems that will contribute to the achievement of business ethics.
10. In the case of incidents contrary to the principles of these standards, top management must work to solve the problems caused by these incidents, investigate the cause for the incident, and develop reforms to prevent recurrence. After the prompt public disclosure of information regarding the incident, responsibility for the event and its effects should be clarified and disciplinary action should be taken, including the highest levels of management where necessary.

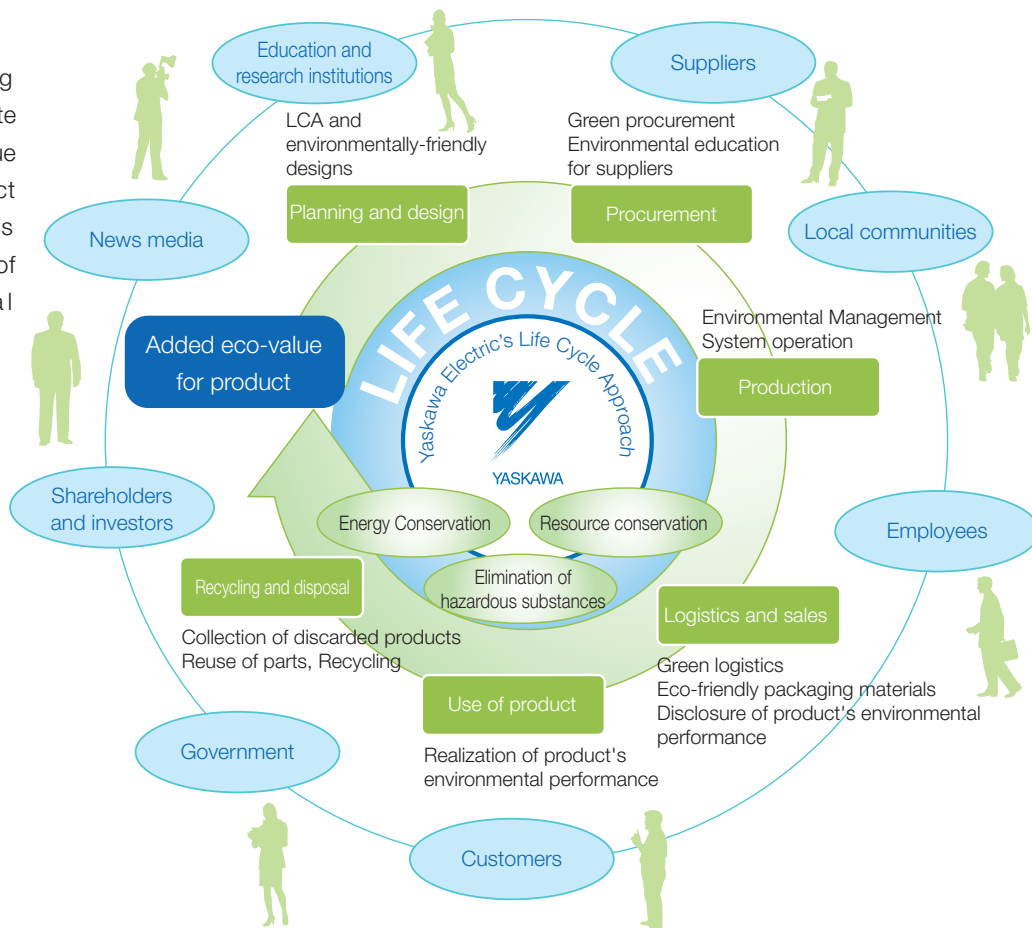
Environmental Activities

Application and Development of Environmental Management System

Conservation of the global environment is one very important issue common to us all upon which we have been working from all aspects of corporate activities. Starting from the certification of ISO 14001 for Iruma Plant in August 1998, all production plants were certified by April 2001. Furthermore, in order to comprehensively propel environmental management by the Yaskawa Group as a whole, efforts are being made to expand the environmental management scope to include the administration and clerical department in branch offices and sales offices, as well as affiliated companies.

Pro-environmental Products

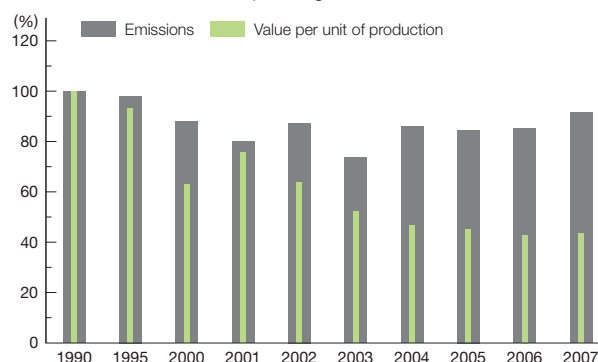
In planning and designing products, we compute and evaluate any environmental impact to pursue and promote eco-friendly product manufacturing and business attitudes for the entire life cycle of the products from material procurement to disposal.



Efforts to Control Global Warming

In response to the effectuation of the Kyoto Protocol, further energy saving activities have been carried out in various industrial sectors as well as others. We as a member of the industrial sector are making efforts in energy savings from various aspects within our business activities. Reduction in CO₂ emissions is promoted through efficient production, active employment of energy-saving equipment, the steady and determined involvement of the employees, and other efforts.

CO₂ Emissions * Ratios compared against the 1990 emission



Corporate Social Responsibility (CSR)

Communication with Stakeholders

As a corporate citizen living together with local communities and society, the Yaskawa Group places great importance on relationships with its various stakeholders as well as customers.

Customers



- Customer Satisfaction (CS)
- Responses to the survey on contained chemicals (Eg. Lead-free activities)
- Product Development

“To maintain a market-oriented spirit, meet the needs of the market and do our utmost to serve our customers in the best way possible” is one of the three pillars of Yaskawa Electric’s management policy. We offer solutions optimum to the individual customers by mainly utilizing our core technology, mechatronics.



Call Center

Suppliers



- Activity policy guidance session
- Green procurement

We hold procurement policy seminars for our suppliers and promote green procurement activities while enhancing mutual trust and close partnerships with our suppliers.



Procurement Policy Seminar

Employees



- Support for self-actualization and skill development
- Work-life balance programs
- Health and safety
- Employee satisfaction (ES)

Utmost effort is given to provide our employees with safe and comfortable working environments as well as respecting their diversity, individuality and differences, to help them realize mental and physical well-being. From the standpoint that human resources are the greatest assets of our company, we have been promoting corporate-wide human resources development activities since FY2007, with implementation of diverse personnel training programs.



Employees exchange dialogue with President

Shareholders and Investors



- Shareholders’ general meeting
- IR (Investors Relations)
- Corporate governance

We place great importance on Investor Relations (IR), and disclose relevant information in a timely and fair manner to help shareholders and investors better understand the operation of our company.



Performance Results Briefing

Local Communities



- Community events
- Community cleanups and environmental activities
- Factory tours
- Social studies

We actively contribute to local communities and participate in projects that inspire dynamism of the area. It is an expression of our gratitude to the local communities and residents for their support since the establishment. At the same time, we are aware that it is the responsibility of a good corporate citizen to help enhance the attractive values of the communities.



Community cleanup activity

Yaskawa Robots participating in Kokura Gion Daiko Competition

Educational and Research Organizations



- Lectures on industry-university cooperation
- Internship program
- Sponsoring educational events

We are proactive in participating in business-academia collaboration projects and joint research with universities, building channels of communication with markets and other companies, and adopting ideas for innovation from outside research institutions. In order to foster next-generation human resources, we sponsor and cooperate in many different education events. Since 2008, we offer robotics lectures in collaboration with universities and technical colleges.



Welcoming student tour groups

Supporting robot competition for students

Mass Media



- Cooperation on media coverage
- News release
- Trade shows

We take a quite open and positive position in conducting public relations activities and appropriate disclosure of information including cooperation on various media coverage, responding to surveys, and participation in exhibitions.



Media coverage at an exhibition

Administration



- Compliance with both local and international statutes and pollution-control measures
- Reports and notification
- Collaboration with local government

We ensure compliance with laws and regulations and pollution-control measures, and collaborate with the local government in various activities.



Strengthened collaboration with Kitakyushu City on the promotion of the robotics industry

Corporate Governance and Compliance

Corporate Governance

Basic Premise on Corporate Governance

Yaskawa Electric gives high priority to corporate ethics based on legal compliance. While the social and economic conditions surrounding our businesses are ever changing, we aim to respond to these changes with quick decision-making. We also work for sound business operations and consider these activities to be important to increase shareholder value.

At the same time, we commit ourselves to establishing better relationships with all of our stakeholders or supporters, including our shareholders/investors, customers, suppliers, local community residents, and employees. We will enrich the Company's corporate governance in accordance with the law as we strengthen, improve and further develop the internal control system and also the system of how our current shareholders' meetings, board of directors and auditors, and accounting audits operate.

Furthermore, we will ensure swift and accurate disclosure of a wide range of information to our shareholders and other capital providers, and will thereby increase the transparency of the Company's management.

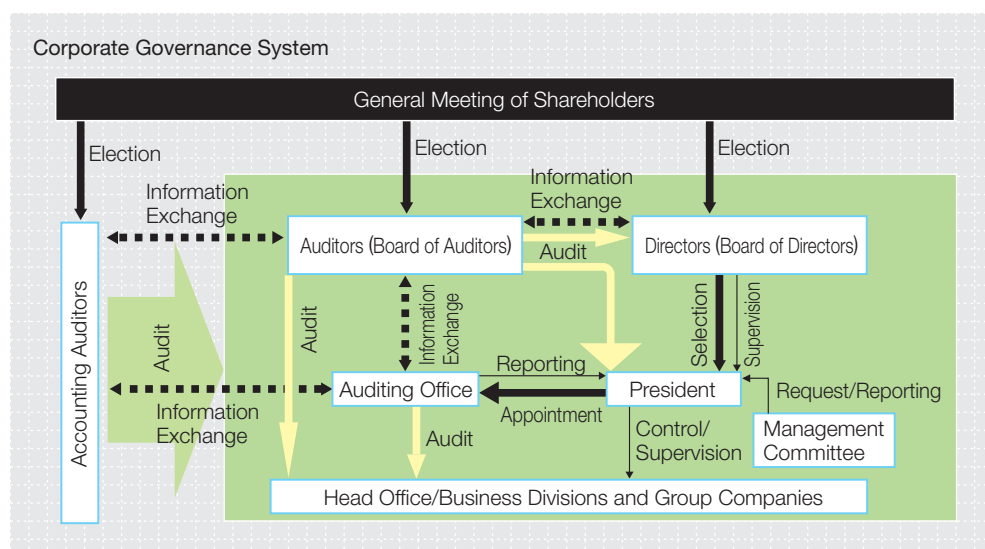
Activities for Enhanced Corporate Governance

During the past fiscal year, the Board of Directors met a total of 10 times to make decisions on important managerial and legal issues, and to oversee the business operations.

Yaskawa Electric adopts an external director in order to assure compliance.

Corporate auditors regularly meet with accounting auditors and internal auditors to exchange information that each of them has learned according to their position. Also, in order to ensure transparency and enable multidimensional auditing, two external auditors are appointed.

In FY 2007, Ernst & Young ShinNihon LLC is the auditing firm for Yaskawa Electric. As part of the contract for auditing services, we are required to provide accurate management information. The auditors are provided with an environment in which an open and impartial point of view can be attained. In any situation where the accounting auditors' judgment is necessary, we will consult with them to receive the necessary support.



Activities for Internal Control System

In order to upgrade and enhance the Company's internal control system, Business System Reengineering Division is working on standardization of our business, and aims at building highly objective and transparent business processes. In accordance with the Board of Directors' resolution on the establishment of an internal control system required under Corporation Law, the Company continues to work for further enrichment and upgrading of the system.

Compliance for Fair Business Operations

For ensured compliance with laws and social norms, we have formulated the Corporate Charter and the Yaskawa Electric Corporate Activity Standards, and is carrying out their corporate-wide education and observance. The Compliance Guidelines were distributed to all employees and the in-house information section was set up. A Corporate Social Responsibility Promotion Committee was established, and its subordinate committees are working to strengthen the Company's activities related to corporate social responsibility, such as compliance, risk management, environmental protection, and appropriate corporate communications.

Protection of personal information is a very large corporate responsibility. We formulated the Privacy Policy, the Rules for Dealing with Personal Information, and the Information Security Policy to protect personal information, and have been educating employees of these policies.

Yaskawa Group also set up and has been adhering to Compliance Program (CP) to observe export-control related laws and international rules, not only in letter but in spirit, from the standpoint of maintenance of international security.

TOPICS

Status of an "Authorized Exporter" Granted

Yaskawa Electric was granted the status of an "authorized exporter" under the Authorized Exporters' Program* by Tokyo Customs on March 31, 2008, and received the certificate on April 21, 2008 at Tokyo Customs.

Motoman Inc. is a Yaskawa Group company engaged in the manufacture and sales of robots in the U.S. Last year the company was recognized as a certified member of Customs-Trade Partnership Against Terrorism (C-TPAT), which is a U.S. version of Japan's Authorized Exporters' Program, and import procedures on the U.S. side have been simplified. Now that we have gained the status of an "authorized exporter," export procedures from Yaskawa to Motoman Inc. are simplified and the lead time is further shortened. Another Yaskawa group company, Yaskawa Logistec Corporation, has filed an application for the "authorized exporter" status. Other affiliates that are heavily involved in exporting will also initiate activities targeting the acquisition of this status within this fiscal year.



Masao Kito, Managing Director and Manager of the Export Administration Div., received the "authorized exporter" status certificate from Mr. Keizo Hamada (Left), Director-General of Tokyo Customs.

Selected for Social Responsibility Investment (SRI) Index

Social Responsibility Investment (SRI) promotes investment in companies proactively fulfilling their CSR including environmental protection and social contribution. In recognition of its activities, the Yaskawa Electric Group has been included in the companies listed in FTSE4GOOD Global Index, an international SRI index, consecutively since March 2004.



* : Authorized Exporters' Program is a system established to beef up security measures while facilitating sophisticated international logistics operations, by granting the status of "authorized exporters" to exporters compliant with the laws and cargo security standards. Companies that have won the status of "authorized exporters" from the Japanese Customs are allowed to have simplified export customs clearance procedures for efficiency of export. Furthermore, international mutual recognition arrangements on "authorized exporters" are being discussed. This is to simplify future customs clearance procedures in destination countries to facilitate the import of cargo from "authorized exporters."

Technology Development /Intellectual Property

Research & Development

Overview and Policy

Yaskawa Electric is active in the development of human and eco-friendly mechatronics for advancing the core technology in existing businesses such as motion control, robotics and other mechatronics products, and semiconductor system electrical equipment. Other important themes include the pursuit and development of new technologies that facilitate generation of new businesses. In particular, focus is placed on R&D activities that can contribute to society well into the future, including eco-friendly products and technologies, and new robots that provide solutions to labor shortages caused by the low birthrate and the graying population. At the same time, each business division has been promoting the development and pursuit of new technologies in the overseas development bases in order to meet the globalization of products.

FY2007 Achievements and Topics

In the field of motion control, we developed various technologies including new control methods, MECHATROLINK-III high-speed network, high-performance autotuning system, and applied the achievements to a number of new products. In the area of robotics, we worked on the enhancement of application and element technologies for robotics, such as improvement in teaching methods for dual-arm robots, development of vision sensors for robots. In addition, we implemented experimental demonstrations of the SmartPal V service robot, and the airport porter and guide robot, to advance development toward practical use.



SmartPal V



Demonstration at Robot Industry matching Fair in Kitakyushu



Airport Porter and Guide Robot

Intellectual Property Strategy

At Yaskawa Electric, we make use of our intellectual property rights for protection of our products, in order to maintain competitiveness of our products and to ensure customer confidence.

Intellectual Property Strategies in Management

Within the framework of the Strategic Corporate Management Trinity consisting of business, R&D, and intellectual property strategies, the focus of our activities regarding intellectual property rights has shifted from quantity to quality to avoid product risks and promote product differentiation. At the same time, we have been implementing a pro-patent cycle of creating, protecting, and using our intellectual properties.

Activities for Intellectual Property Rights

Pro-patent activities closely linked with research and development have been promoted through collaboration between the intellectual property division, which provides company-wide supervision, and the pro-patent promoters assigned to the R&D division and the business divisions.



JIII Kyushu Block Ceremony of Commendation for Invention in 2007

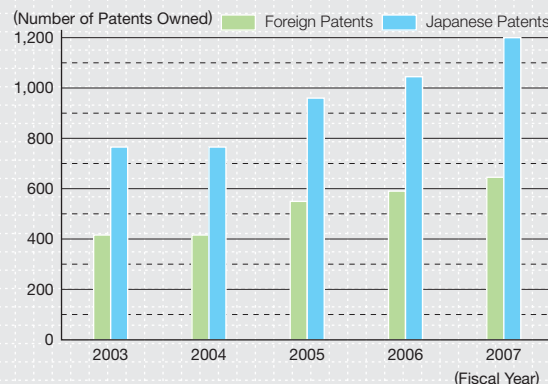
We received many awards from JIII* Kyushu Block Commendation for Invention in 2007 including the Director-General of Kyushu Bureau of Economy, Trade and Industry award (for AC Drive Unit Patent No. 3694843), which is a part of achievements gained through these activities.

JIII*: Japan Institute of Invention and Innovation

Policy and Status of Intellectual Property Rights

Our activities regarding intellectual property rights focus on ensuring full coverage of our products. Taking advantage of our more than 1900 patents (total of both domestic and foreign), we promote protection of our products and elimination of similar products to ours.

Number of Patents Owned by Yaskawa Electric





YASKAWA

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Business Environment and Measures Focused in FY2007

The global economy generally held steady in the first half of FY2007. However, the perceived slowdown in economic growth increased in the second half due to such factors as the impact of the U.S. subprime loan crisis, sharp exchange rate fluctuations, and soaring crude oil prices.

The trends of the major industries to which the products of the Yaskawa Group are sold were as follows:

- The air-conditioning industry and iron & steel industry remained strong, while the electronic parts industry and automobile industry held positive.
- The LCD industry showed movement toward a resumption of capital expenditures in the second half of the fiscal year, although adjustments continued during the first half.
- Restraint in capital expenditures continued within the semiconductor industry.

We at Yaskawa looked to FY2007, the second year of the mid-term business plan DASH100, as the period for building a solid basis for attaining our goals. The basic goals of DASH100 are to establish businesses that are truly global No.1 in market share, size, and profitability, to develop and start up new businesses, and to realize ordinary income ratio of 10% as soon as possible. Thus we implemented the following measures;

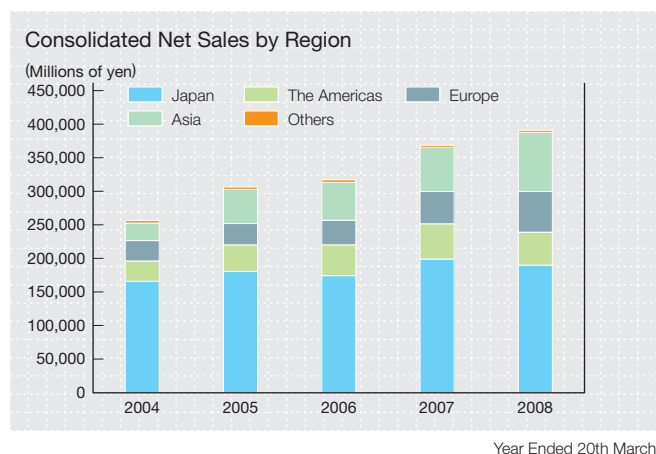
- For AC servo controllers, AC drives, robots, and other such mechatronics products, new highly value added and highly competitive products were launched to accelerate expansion of sales and market shares.
- Broadly automated and efficient production lines were implemented in the new inverter plant, Drive Center, completed during FY2007, to realize improvement in production capacity and efficiency.
- Activities for enhancement of product quality and human resources development were beefed up more than ever before.

Group Overview

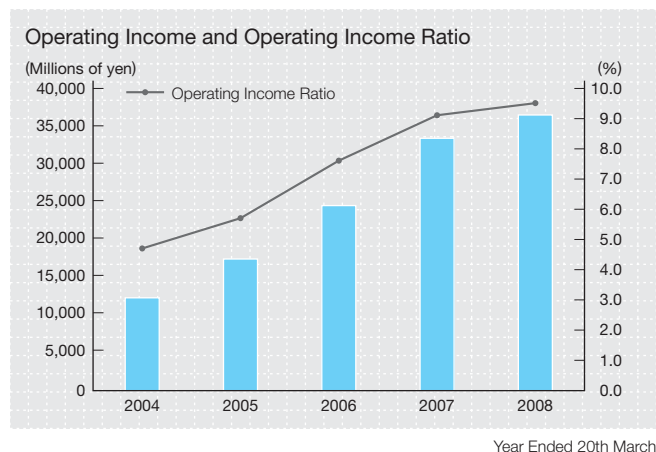
Yaskawa Group includes 78 subsidiaries and 20 affiliated companies. As of March 20, 2008, Yaskawa Group comprises 61 consolidated subsidiaries, of which Yaskawa Information Systems Corporation and YE Data Inc. are listed in the second section of Tokyo Stock Exchange. There are three non-consolidated subsidiaries and 14 affiliated companies to which equity method accounting is applied.

Profit and Loss

Consolidated net sales in FY2007 were ¥382,327 million, which was up by 3.6% from the previous fiscal year. It increased for the sixth straight fiscal year and hit a record high for the fourth straight fiscal year. Regional sales in Europe and Asia greatly increased from the previous fiscal year, and the ratio of overseas sales increased to 50%.



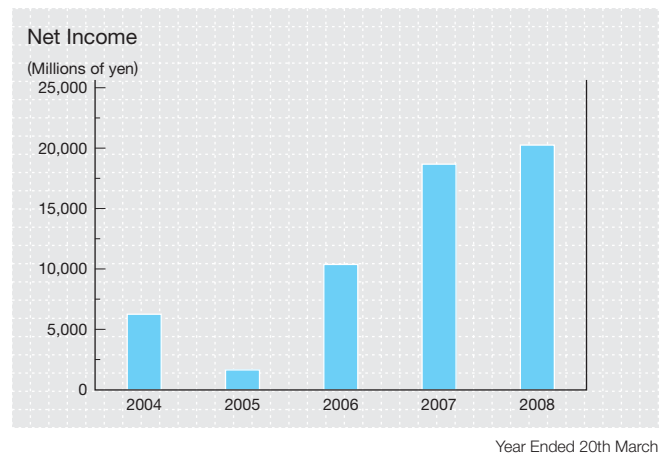
Cost of sales in FY2007 amounted to ¥271,725 million, 2.9% greater than the previous fiscal year. The ratio of cost of sales to net sales decreased by 0.5 points to 71.1%. Selling, general and administrative (SG&A) expenses rose by 3.9% to ¥74,113 million. The percentage of SG&A expenses against net sales increased by 0.1 point to 19.4%. As a result, operating income increased by 8.7% to ¥36,487 million, and operating income ratio reached 9.5%, which was up by 0.4 points from the previous fiscal year.



Non-operating income increased by 19.4% to ¥2,230 million due to increase in equity in earnings of affiliated companies and subsidiaries. Non-operating expenses also increased by 71.1% to ¥3,505 million due to increase in foreign exchange losses. As a result, ordinary income was ¥35,212 million, up by 5.5% from the previous fiscal year.

Extraordinary income decreased by ¥2,927 million from the previous fiscal year to ¥149 million due to decrease in the proceeds from sales of fixed assets and securities of affiliates. Extraordinary losses decreased by ¥5,420 million to ¥1,066 million.

As a result of the above, net income before taxes and minority interests totaled ¥34,295 million, up by 14.4% from the previous fiscal year. Net income after deducting income taxes and recording minority interests amounted to ¥20,242 million, up by 6.6% from the previous fiscal year. Net income per share increased from ¥81.12 in the previous fiscal year to ¥81.46 this fiscal year. ROE (return on equity), one of our key management indicators, in FY2007 was 22.3%, down by 6.1 points from the previous fiscal year.



Segment Information

Yaskawa Group is organized into five main business segments, each with businesses such as production, sales, installation, maintenance, and engineering. These segments are Motion Control, Robotics, System Engineering, Information Technologies, and Other. The business performance of each segment is as follows.

● Motion Control

In the Motion Control segment, the business of AC servomotors and controllers held steady in the electronic components market and saw some signs of recovering demand in the LCD market, which are partly attributable to the effect of launching new products and reinforced sales expansion efforts. European and Asian markets held strong for these products. The drive business continued to be robust in domestic and overseas air conditioning markets, with an expanding trend of infrastructure investment in overseas markets.

The overall results for the Motion Control segment, compared to the previous fiscal year, showed net sales increasing by 11.5% to ¥177,899 million and operating income increasing by 7.8% to ¥21,370 million. These results marked record highs.

● Robotics

The business of welding and handling robots mainly for the automobile industry held steady in the domestic and European markets, while movement toward resumption of capital expenditures for robots began in the LCD market in the latter half of the fiscal year. However, the business of robots for the semiconductor manufacturing machine market was greatly affected by restricted capital expenditures and also by the sale of our U.S. subsidiary in the previous fiscal year.

The overall results for the Robotics segment, compared with the previous fiscal year, showed net sales decreasing by 2.5% to ¥123,550 million and operating income decreasing by 4.5% to ¥8,576 million.

● System Engineering

The System Engineering segment greatly expanded its profit by securing the increased capital expenditures of the continuously strong iron and steel industry.

As overall results for the System Engineering segment, despite the very slight increase in net sales, 2.1%, from the previous fiscal year to ¥50,517 million, operating income rose to ¥3,940 million, 2.17 times over that of the previous fiscal year.

● Information Technologies

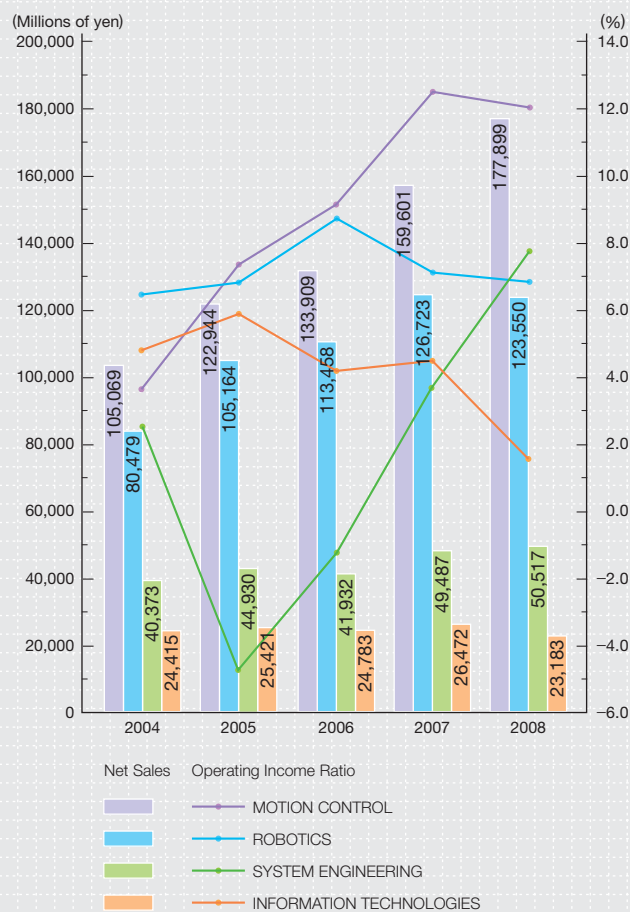
In the Information Technologies segment, the business of production and sales management system integration for the manufacturing industry and system integration for mobile phone business operators held steady. However, business performance was greatly affected by sluggish demand in the semiconductor and LCD markets and the decreased number of IT infrastructure building projects of local governments.

As a result, net sales decreased to ¥23,183 million and operating income declined to ¥420 million, down by 12.4% and by 64.7% respectively from the previous fiscal year.

● Other

The Other segment includes such businesses as logistic services and temporary staffing services. Compared to the previous fiscal year, net sales of this segment increased by 7.3% to ¥7,176 million and operating income increased by 10.1% to ¥2,064 million.

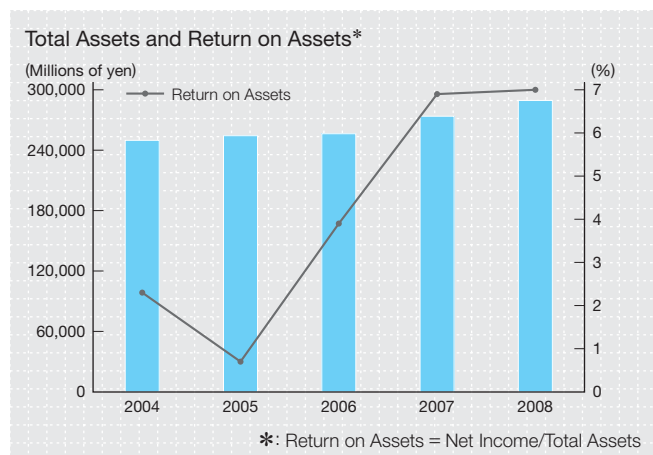
Net Sales and Operating Income Ratio by Business Segment



Year Ended 20th March

Balance Sheet Highlights

Total assets increased by ¥16,026 million to ¥289,206 million, as trade notes and accounts receivable increased by ¥11,242 million over the previous fiscal year.



As of 20th March

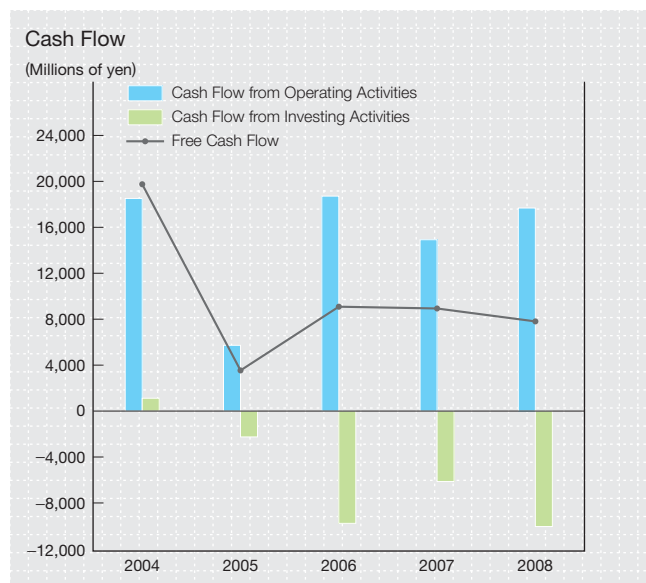
Total liabilities decreased by ¥4,186 million to ¥182,751 million, as trade notes and accounts payable increased by ¥5,051 million and short-term bank loans by ¥3,144 million, and bonds due within one year and convertible bonds decreased by ¥10,000 million and ¥6,200 million respectively.

Total net assets amounted to ¥106,454 million, as common stock increased by ¥3,108 million because of conversion of bonds. Additional paid-in capital and retained earnings also increased by ¥3,163 million and ¥18,252 million respectively.

Cash Flow

The balance of cash and cash equivalents at the end of the fiscal year was ¥11,864 million, down by ¥1,350 million from the corresponding date of the previous year. Net cash provided by operating activities was ¥17,688 million. Its rough breakdown is net income before income taxes and minority interests of ¥34,295 million, depreciation and amortization of ¥7,676 million, increase of trade receivables by ¥17,795 million, increase of trade payables by ¥5,549 million, and income taxes paid of ¥10,876 million. Net cash used in investing activities was ¥9,933 million, primarily due to expenditures for purchases of property, plant and equipment.

Free cash flow, which is the sum of cash flow from operating and investing activities, resulted in an income of ¥7,754 million.



Year Ended 20th March

Net cash used in financing activities was ¥8,790 million, primarily due to expenditures for the redemption of bonds.

Risk Factors

There are risks, such as those listed below, which may affect Yaskawa Group's business performance and financial position. Any forward-looking statements made as follows were based on the judgments as of June 19, 2008, when the securities report was submitted. Yaskawa Group takes all possible measures to prevent outbreak of these risks and take appropriate measures in case of occurrence.

(1) Risks related to economic trends

Yaskawa Group's sales are affected by the economic trends in Japan, the Americas, Europe and Asia (especially China) where our products are sold. We are also affected by the trends in capital expenditures of markets such as semiconductor, LCD, electronic components and automobile industries. Yaskawa Group is greatly affected especially by the trends in capital expenditures, and a fall in capital expenditures of these industries may have a negative impact on the Group's business performance and financial position.

(2) Risks related to foreign exchange fluctuations

Yaskawa Group exports products on a local currency basis in U.S. dollars and Euros, therefore foreign exchange fluctuations may affect the Group's business performance. We set the exchange rates of a U.S. dollar at 100 yen and a euro at 150 yen for the fiscal year 2008. Yen being much stronger than our estimates may lower the competitiveness of our products and affect the Group's business performance and financial position negatively.

(3) Risks related to fluctuations in interest rates

Yaskawa Group has been working on reducing interest-bearing debt, and as of March 20, 2008, it was reduced to ¥33,800 million (down by ¥12,900 million from the corresponding date of previous fiscal year), however, depending on the trends of market interest rates, their fluctuations may affect the Group's business performance and financial position negatively.

(4) Risks related to intensifying competition

Yaskawa Group's each business area is faced with competition. There is no guarantee that we can continue to compete with advantage in the future even in the areas where our products hold large market share if faced with intense competition especially in prices. Fierce price competition may affect the Group's business performance and financial position negatively.

(5) Risks related to changes in market environment

Yaskawa Group's main products, such as AC servomotors and controllers, LCD glass handling robots, and clean-room

and vacuum robots for semiconductor manufacturing equipments, are affected greatly by the trends of semiconductor, LCD, and electronic components industries. If the demand from these industries declines, it may affect the Group's business performance and financial position negatively.

(6) Risks related to procurement of raw materials

Yaskawa Group procures raw materials such as steel and electronic components from various suppliers, however, soaring procurement cost and demand may inhibit us from continuously procuring the necessary amounts. This may affect the Group's production and may have a negative impact on its business performance and financial position.

(7) Risks related to outbreaks of disasters

Yaskawa Group runs businesses globally and in case a large-scale disaster occurs in the regions where we operate, our production base may be shut down, which may have a major impact on our production capacity. It may affect the Group's business performance and financial position negatively.

(8) Risks related to quality problems

Yaskawa Group manufactures products globally in accordance with the Japanese and other countries' quality standards and takes all possible measures for quality control to prevent occurrence of any quality problems. However, there is no guarantee that there is no defect in any of our products and that we are never held liable for our products. Yaskawa Group is insured against product liability, however in case the insurance fails to cover all the costs, it may affect the Group's business performance and financial position negatively.

(9) Risks related to seasonal fluctuations

Yaskawa Group's sales and income have a tendency to gather in the second half of fiscal year as more product deliveries related to private and public capital expenditures are made in that period. Depending on the economic conditions and execution of public work projects in the second half of fiscal year, the Group's business performance and financial position may be affected.

(10) Risks related to lawsuits regarding intellectual property rights

Yaskawa Group utilizes its own intellectual property rights and those licensed to it in its businesses. In the event that the Group is sued by any third party in connection with these rights or any of its business activities, the Group's business performance and financial position may be affected negatively.

Consolidated Balance Sheets

Yaskawa Electric Corporation and Consolidated Subsidiaries

	20th March,		
	2008	2007	2008
Assets	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Current assets:			
Cash and cash equivalents	¥11,864	¥13,215	\$118,973
Short-term investments (Note 5)	161	168	1,614
Trade receivables			
Notes	18,697	16,490	187,495
Accounts (Note 7)	91,777	82,742	920,347
Allowance for doubtful accounts	(978)	(998)	(9,807)
Inventories (Notes 6 and 7)	57,902	58,137	580,646
Deferred tax assets (Note 9)	7,504	6,944	75,251
Other current assets	17,635	11,063	176,845
Total current assets	204,562	187,761	2,051,364
Property, plant and equipment, at cost (Notes 7 and 15):			
Land	7,551	7,768	75,722
Buildings and structures	39,693	38,435	398,045
Machinery and equipment	34,871	33,883	349,689
Other	24,365	24,514	244,334
	106,480	104,600	1,067,790
Less accumulated depreciation	(65,400)	(64,804)	(655,837)
Net property, plant and equipment	41,080	39,796	411,953
Investments and other assets:			
Investment securities (Note 5)	13,847	18,153	138,859
Investments in and advances to unconsolidated subsidiaries and affiliates	5,614	5,024	56,298
Deferred tax assets (Note 9)	13,791	11,790	138,297
Other assets	10,313	10,657	103,420
Total investments and other assets	43,565	45,624	436,874
Total assets	¥289,207	¥273,181	\$2,900,191

	20th March,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 7)	¥21,587	¥18,276	\$216,476
Current portion of long-term debt (Note 7)	4,669	14,836	46,821
Trade payables			
Notes	12,983	10,912	130,195
Accounts	61,388	58,407	615,604
Accrued income taxes (Note 9)	8,337	5,600	83,604
Accrued expenses	19,153	19,084	192,068
Accrued bonuses to directors	223	154	2,236
Other current liabilities	11,866	10,010	118,993
Total current liabilities	140,206	137,279	1,405,997
Long-term liabilities:			
Long-term debt (Note 7)	7,574	13,640	75,953
Accrued retirement benefits for employees (Note 8)	33,607	34,912	337,014
Accrued directors' retirement benefits	824	701	8,263
Deferred tax liabilities (Note 9)	215	36	2,156
Other long-term liabilities	326	371	3,269
Total long-term liabilities	42,546	49,660	426,655
Contingent liabilities (Note 10)			
Net assets:			
Shareholders' equity (Note 11):			
Common stock:			
Authorised: 560,000,000 shares			
Issued: 252,331,938 shares in 2008			
243,953,569 shares in 2007	23,062	19,954	231,267
Capital surplus	18,653	15,489	187,054
Retained earnings	56,988	38,736	571,480
Treasury stock, at cost: 622,312 shares in 2008;			
574,704 shares in 2007	(359)	(282)	(3,600)
Total shareholders' equity	98,344	73,897	986,201
Valuation and translation adjustments:			
Net unrealized holding gain on other securities	1,607	4,619	16,115
Net deferred hedge losses	(11)	(9)	(110)
Foreign currency translation adjustments	922	2,281	9,246
Total valuation and translation adjustments	2,518	6,891	25,251
Minority interests	5,593	5,454	56,087
Total net assets	106,455	86,242	1,067,539
Total liabilities and net assets	¥289,207	¥273,181	\$2,900,191

See notes to consolidated financial statements.

Consolidated Statements of Income

Yaskawa Electric Corporation and Consolidated Subsidiaries

	Year ended 20th March,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Net sales	¥382,327	¥368,971	\$3,834,005
Cost of sale (Note 12)	271,726	264,085	2,724,890
Gross profit	110,601	104,886	1,109,115
Selling, general and administrative expenses (Note 12)	74,114	71,322	743,221
Operating income	36,487	33,564	365,894
Other income (expenses):			
Interest and dividend income	537	512	5,385
Interest expense	(1,138)	(1,207)	(11,412)
Other, net (Note 13)	(1,590)	(2,896)	(15,944)
Income before income taxes and minority interests	34,296	29,973	343,923
Income taxes (Note 9):			
Current	13,774	10,948	138,127
Deferred	(39)	(795)	(391)
Income before minority interests	20,561	19,820	206,187
Minority interests	318	837	3,189
Net income	¥20,243	¥18,983	\$202,998
Per share of common stock			
	(yen)		(U.S. dollars) (Note 4)
Net income – basic	¥81.46	¥81.12	\$0.817
Net income – diluted	80.50	75.29	0.807
Cash dividends	10.00	6.00	0.100

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Yaskawa Electric Corporation and Consolidated Subsidiaries

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at 20th March 2007	¥19,954	¥15,489	¥38,736	¥(282)	¥73,897
Changes during the year					
Exercise of stock acquisition rights	3,108	3,092	—	—	6,200
Cash dividends	—	—	(1,991)	—	(1,991)
Net income	—	—	20,243	—	20,243
Acquisition of treasury stock	—	—	—	(103)	(103)
Disposition of treasury stock	—	72	—	26	98
Effect of increase in consolidated subsidiaries	—	—	0	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during the year	3,108	3,164	18,252	(77)	24,447
Balance at 20th March 2008	¥23,062	¥18,653	¥56,988	¥(359)	¥98,344

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at 20th March 2007	\$200,100	\$155,325	\$388,448	\$(2,828)	\$741,045
Changes during the year					
Exercise of stock acquisition rights	31,167	31,007	—	—	62,174
Cash dividends	—	—	(19,966)	—	(19,966)
Net income	—	—	202,998	—	202,998
Acquisition of treasury stock	—	—	—	(1,033)	(1,033)
Disposition of treasury stock	—	722	—	261	983
Effect of increase in consolidated subsidiaries	—	—	0	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during the year	31,167	31,729	183,032	(772)	245,156
Balance at 20th March 2008	\$231,267	\$187,054	\$571,480	\$(3,600)	\$986,201

(Millions of yen)

Valuation and Translation Adjustments					
Net Unrealized Gains on Other Securities	Net Deferred Hedge Losses	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interests	Total Net Assets
¥4,619	¥(9)	¥2,281	¥6,891	¥5,454	¥86,242
—	—	—	—	—	6,200
—	—	—	—	—	(1,991)
—	—	—	—	—	20,243
—	—	—	—	—	(103)
—	—	—	—	—	98
—	—	—	—	—	0
(3,012)	(2)	(1,359)	(4,373)	139	(4,234)
(3,012)	(2)	(1,359)	(4,373)	139	20,213
¥1,607	¥(11)	¥922	¥2,518	¥5,593	¥106,455

(Thousands of U.S. dollars) (Note 4)

Valuation and Translation Adjustments					
Net Unrealized Gains on Other Securities	Net Deferred Hedge Losses	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interests	Total Net Assets
\$46,319	\$(90)	\$22,874	\$69,103	\$54,693	\$864,841
—	—	—	—	—	62,174
—	—	—	—	—	(19,966)
—	—	—	—	—	202,998
—	—	—	—	—	(1,033)
—	—	—	—	—	983
—	—	—	—	—	0
(30,204)	(20)	(13,628)	(43,852)	1,394	(42,458)
(30,204)	(20)	(13,628)	(43,852)	1,394	202,698
\$16,115	\$(110)	\$9,246	\$25,251	\$56,087	\$1,067,539

Consolidated Statement of Changes in Net Assets

Yaskawa Electric Corporation and Consolidated Subsidiaries

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at 20th March 2006	¥15,859	¥11,329	¥20,368	¥(309)	¥47,247
Changes during the year					
Exercise of stock acquisition rights	4,095	4,073	—	—	8,168
Cash dividends	—	—	(2,093)	—	(2,093)
Bonuses to directors and corporate auditors	—	—	(170)	—	(170)
Net income	—	—	18,983	—	18,983
Acquisition of treasury stock	—	—	—	(62)	(62)
Disposition of treasury stock	—	87	—	89	176
Effect of increase in consolidated subsidiaries	—	—	1,225	—	1,225
Effect of decrease in consolidated subsidiaries	—	—	1,461	—	1,461
Effect of increase in affiliates accounted for by the equity-method	—	—	141	—	141
Effect of decrease in affiliates accounted for by the equity-method	—	—	(1,179)	—	(1,179)
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during the year	4,095	4,160	18,368	27	26,650
Balance at 20th March 2007	¥19,954	¥15,489	¥38,736	¥(282)	¥73,897

See notes to consolidated financial statements.

(Millions of yen)

Valuation and Translation Adjustments					
Net Unrealized Gains on Other Securities	Net Deferred Hedge Losses	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interests	Total Net Assets
¥4,739	¥—	¥764	¥5,503	¥4,090	¥56,840
—	—	—	—	—	8,168
—	—	—	—	—	(2,093)
—	—	—	—	—	(170)
—	—	—	—	—	18,983
—	—	—	—	—	(62)
—	—	—	—	—	176
—	—	—	—	—	1,225
—	—	—	—	—	1,461
—	—	—	—	—	141
—	—	—	—	—	(1,179)
(120)	(9)	1,517	1,388	1,364	2,752
(120)	(9)	1,517	1,388	1,364	29,402
¥4,619	¥(9)	¥2,281	¥6,891	¥5,454	¥86,242

Consolidated Statements of Cash Flows

Yaskawa Electric Corporation and Consolidated Subsidiaries

	Year ended 20th March,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 4)
Cash flows from operating activities			
Income before income taxes and minority interests	¥34,296	¥29,973	\$343,923
Depreciation and amortization	7,676	6,963	76,976
Impairment losses on fixed assets	301	2,168	3,018
Gain on sales of property, plant and equipment	(3)	(974)	(30)
Loss on devaluation of investment securities	150	728	1,504
Gain on sales of investment securities	(24)	(120)	(241)
Gain on sales of investments in affiliates	—	(1,857)	—
Interest and dividend income	(537)	(512)	(5,385)
Interest expense	1,138	1,207	11,412
Provision for employees' retirement benefits, net of payments	(1,342)	(1,123)	(13,458)
Provision for directors' retirement benefits, net of payments	16	701	160
Increase in trade receivables	(17,795)	(12,017)	(178,449)
(Increase) decrease in inventories	(715)	802	(7,170)
Increase in trade payables	5,450	1,101	54,653
Other, net	137	(1,326)	1,374
Subtotal	28,748	25,714	288,287
Interest and dividends received	960	695	9,627
Interest paid	(1,143)	(1,271)	(11,462)
Income taxes paid	(10,877)	(10,147)	(109,075)
Net cash provided by operating activities	17,688	14,991	177,377
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(9,117)	(8,430)	(91,426)
Proceeds from sales of property, plant and equipment and intangible assets	175	1,104	1,755
Purchases of investment securities	(1,253)	(586)	(12,565)
Proceeds from sales of investment securities	51	208	511
Proceeds from sales of investments in affiliates resulting in change in scope of consolidation	—	1,802	—
Proceeds from acquisition of subsidiary's stock resulting in change in scope of consolidation	166	—	1,665
Other, net	45	(217)	451
Net cash used in investing activities	(9,933)	(6,119)	(99,609)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	3,287	(4,517)	32,962
Proceeds from long-term debt	5,435	3,716	54,503
Repayments of long-term debt	(15,360)	(6,063)	(154,032)
Dividends paid to stockholders of the Company	(1,991)	(2,093)	(19,966)
Dividends paid to minority shareholders	(180)	(162)	(1,805)
Other, net	18	158	181
Net cash used in financing activities	(8,791)	(8,961)	(88,157)
Effect of exchange rate changes on cash and cash equivalents	(342)	227	(3,430)
Net (decrease) increase in cash and cash equivalents	(1,378)	138	(13,819)
Cash and cash equivalents at beginning of year	13,215	12,102	132,521
Increase due to inclusion of subsidiaries in consolidation	27	975	271
Cash and cash equivalents at end of year	¥11,864	¥13,215	\$118,973

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yaskawa Electric Corporation and Consolidated Subsidiaries

1. Basis of Preparation

YASKAWA ELECTRIC CORPORATION (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instrument and Exchange Law of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions are eliminated in consolidation.

The excess of cost over underlying net assets at fair value as of the dates of acquisition is amortised over a period of 5 years on a straight-line basis.

Investments in subsidiaries and affiliates, which are not consolidated or accounted for by the equity method, are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Certain subsidiaries are consolidated on the basis of fiscal periods ending 20th December, 31st December or the end of February, which differ from that of the Company. The necessary adjustments are made to the financial statements of such subsidiaries to reflect any significant transactions from their respective fiscal year ends to 20th March.

(b) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet dates. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or charged to income.

The revenue and expense accounts of the foreign subsidiaries are translated into yen at the average exchange rates for the period. Except for the components of net assets excluding minority interests, the balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date. The components of net assets excluding minority interests are translated at their historical exchange rates. Translation adjustments are presented as a component of valuation and translation adjustments and minority interests in the accompanying consolidated financial statements.

(d) Securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortised cost. The Company had neither trading nor held-to-maturity securities as of 20th March, 2008 and 2007. Marketable securities classified as other securities are carried at fair value with changes in unrealised holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are principally carried at cost. Cost of securities sold is principally determined by the moving average method.

(e) Inventories

Ordered finished products and work in process are mainly stated at cost determined by the specific identification method. Standard finished products, semi-finished products and raw materials are mainly stated at cost determined by the average method.

(f) Allowance for doubtful receivables

The allowance for doubtful receivables is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

- (g) Property, plant and equipment
- Depreciation of property, plant and equipment is determined primarily by the declining-balance method, except for buildings of the Company and certain subsidiaries on which depreciation is computed primarily by the straight-line method, at rates based on the estimated useful lives of the respective assets.
- The useful lives of property, plant and equipment are summarised as follows:
- | | |
|--------------------------|---------------|
| Buildings and structures | 3 to 60 years |
| Machinery and equipment | 3 to 17 years |
- Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.
- (h) Intangible fixed assets
- Intangible fixed assets are amortised by the straight-line method.
- Goodwill recorded by the Company's U.S. consolidated subsidiaries has been accounted for in accordance with SFAS No.142, "Goodwill and Other Intangible Assets." Under SFAS No.142, goodwill and certain other intangible assets which have an indefinite useful life are not amortised, but are devalued for impairment on an annual basis and between annual tests as well if an event occurs or circumstances change that would more likely than not reduce the fair value below the carrying amount.
- Capitalised costs of computer software for internal use are amortised over a period of five years.
- (i) Accrued bonuses to directors
- Accrued bonuses to directors are provided mainly at an amount estimated to be paid for the current year's services subsequent to the balance sheet dates.
- (j) Accrued retirement benefits for employees
- Accrued retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognised prior service cost and unrecognised actuarial gain or loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of employees.
- Prior service cost is amortised as incurred over the average remaining years of services of employees by the straight-line method. Actuarial gain or loss is amortised in the year following the year in which the gain or loss is recognised primarily by the straight-line method over the average remaining years of service of the employees.
- (k) Accrued directors' retirement benefits
- Accrued directors' retirement benefits is provided mainly at an amount estimated to be paid at the balance sheet dates based on the Company's internal regulations.
- (l) Leases
- Non-cancelable lease transactions are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.
- (m) Research and development expenses and advertising costs
- Research and development expenses and advertising costs are charged to income as incurred.
- (n) Income taxes
- Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.
- (o) Amounts per share
- Basic net income per share is computed based on the net income attributable to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income attributable to the shareholders and the weighted average number of shares of common stock outstanding during each year assuming full exercise of stock acquisition rights.
- Cash dividends per share represent the cash dividends declared as applicable to the respective years.
- (p) Derivative financial instruments
- The Company has entered into various derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are carried at fair value with changes in unrealised gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealised gain or loss is deferred and presented as net deferred hedge gains (losses), net of the applicable income taxes, in valuation and translation adjustments. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

3. Accounting Changes

(a) Accrued bonuses to directors

Effective the year ended 20th March, 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for directors' bonuses, which requires that such bonuses be recorded as an expense in the year incurred.

The effect of adoption of this standard was to decrease operating income and income before income taxes and minority interests by ¥156 million for the year ended 20th March, 2007 from the corresponding amounts which would have been recorded under the previous method.

The effect of this change on the segment information is described in Note 17.

(b) Accrued directors' retirement benefits

Effective the year ended 20th March, 2007, the Company and some of its domestic consolidated subsidiaries changed their method of accounting for directors' retirement benefits from a cash basis to an accrual basis in order to present operating results more accurately as well as to establish a solid financial position.

As a result, directors' retirement benefits attributable to the current year of ¥125 million were recorded in selling, general and administrative expenses, and those attributable to the prior years of ¥391 million were included in other expenses.

The effect of this change was to decrease operating income by ¥125 million and income before income taxes and minority interests by ¥516 million for the year ended 20th March, 2007 from the corresponding amounts which would have been recorded under the previous method.

The effect of this change on the segment information is described in Note 17.

(c) Accounting standard for impairment of fixed assets

Effective the year ended 20th March, 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for the impairment of fixed assets and the related implementation guidance. This standard requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Companies are required to recognize an impairment loss in their income statement if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset.

The Group bases its grouping for assessing impairment losses on fixed assets on its business segments. However, the Group determines whether or not an asset is impaired on an individual asset basis for the rental assets and the asset which is deemed idle.

As a result of the adoption of this new accounting standard, the Company and certain domestic consolidated subsidiaries recognized impairment losses in the aggregate amount of ¥2,168 million mainly on idle assets (land and buildings) due to a significant decline in their market value by reducing their book value to the respective net realizable value of each asset. Accordingly, income before income taxes and minority interests decreased by the same amount for the year ended 20th March, 2007.

(d) Accounting standards for business combinations and business divestitures

Effective the year ended 20th March, 2008, the Company adopted new accounting standards for business combinations and for business divestitures and the related implementation guidance.

4. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥99.72 = US\$1.00, the exchange rate prevailing on 20th March, 2008. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

5. Securities

a) Information regarding marketable securities classified as other securities as of 20th March, 2008 and 2007 is as follows:

20th March, 2008						
	Acquisition Cost	Carrying Value	Difference	Acquisition Cost	Carrying Value	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥5,357	¥8,676	¥3,319	\$53,721	\$87,004	\$33,283
Bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	¥5,357	¥8,676	¥3,319	\$53,721	\$87,004	\$33,283
Securities whose acquisition cost exceeds their carrying value:						
Stocks	¥3,690	¥2,899	¥(791)	\$37,003	\$29,071	\$(7,932)
Bonds	18	18	—	181	181	—
Others	513	389	(124)	5,144	3,901	(1,243)
Subtotal	¥4,221	¥3,306	¥(915)	\$42,328	\$33,153	\$(9,175)
Total	¥9,578	¥11,982	¥2,404	\$96,049	\$120,157	\$24,108

20th March, 2007			
	Acquisition Cost	Carrying Value	Difference
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥7,213	¥15,136	¥7,923
Bonds	—	—	—
Others	39	58	19
Subtotal	¥7,252	¥15,194	¥7,942
Securities whose acquisition cost exceeds their carrying value:			
Stocks	¥795	¥692	¥(103)
Bonds	18	18	—
Others	500	415	(85)
Subtotal	¥1,313	¥1,125	¥(188)
Total	¥8,565	¥16,319	¥7,754

b) Sales of securities classified as other securities for the years ended 20th March, 2008 and 2007 is summarised as follows:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Proceeds from sales	¥51	¥199	\$511
Gains on sales	24	120	241
Losses on sales	0	(217)	0

c) The redemption schedule for securities with maturity dates classified as other securities as of 20th March, 2008 is summarised as follows:

20th March, 2008								
	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years and within 10 years	Due after 10 years
	(Millions of yen)				(Thousands of U.S. dollars)			
Bonds	—	—	¥18	—	—	—	\$181	—
Others	¥20	—	—	—	\$201	—	—	—
Total	¥20	—	¥18	—	\$201	—	\$181	—

6. Inventories

Inventories at 20th March, 2008 and 2007 consisted of the following:

	2008	2007	2008 (Thousands of U.S. dollars)
	(Millions of yen)		
Finished products	¥27,454	¥27,442	\$275,311
Semifinished products and work in process	11,361	12,815	113,929
Raw materials	19,087	17,880	191,406
	¥57,902	¥58,137	\$580,646

7. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans at 20th March, 2008 and 2007 consisted of following:

	2008	2007	2008 (Thousands of U.S. dollars)
	(Millions of yen)		
Secured	¥207	¥295	\$2,076
Unsecured	21,380	17,981	214,400
	¥21,587	¥18,276	\$216,476

Long-term debt at 20th March, 2008 and 2007 consisted of the following:

	2008	2007	2008 (Thousands of U.S. dollars)
	(Millions of yen)		
Unsecured 0.0% bonds in yen due 2009 with stock acquisition rights	¥—	¥6,200	\$—
Unsecured 1.66% bonds in yen due 2008	—	10,000	—
Bank loans with interest rates ranging from 0.75% to 6.88%, due, in installments, through 2013:			
Secured	1,382	2,022	13,859
Unsecured	10,861	10,254	108,915
	12,243	28,476	122,774
Current portion of long-term debt	(4,669)	(14,836)	(46,821)
	¥7,574	¥13,640	\$75,953

The aggregate annual maturities of long-term debt subsequent to 20th March, 2008 are summarised as follows:

Year ending 20th March,	(Millions of yen)	(Thousands of U.S. dollars)
2009	¥4,669	\$46,821
2010	2,972	29,803
2011	1,847	18,522
2012	1,468	14,721
2013	1,161	11,643
2014 and thereafter	126	1,264
	¥12,243	\$122,774

The assets pledged as collateral for short-term bank loans and long-term bank loans at 20th March, 2008 and 2007 were as follows:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Accounts receivable	¥ 3,145	¥ 3,687	\$31,538
Inventories	4,984	3,629	49,980
Property, plant and equipment, at net book value	2,522	3,016	25,291
	¥10,651	¥10,332	\$106,809

8. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of 20th March, 2008 and 2007 for the Company's and the consolidated subsidiaries' defined benefit plans:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefit obligation	¥(74,500)	¥(75,868)	\$(747,092)
Plan assets at fair value	27,299	29,868	273,757
Unfunded retirement benefit obligation	(47,201)	(46,000)	(473,335)
Unrecognized actuarial loss	17,695	15,225	177,447
Unrecognized prior service cost	(3,702)	(4,011)	(37,124)
Net amount	(33,208)	(34,786)	(333,012)
Prepaid pension expenses	(399)	(126)	(4,002)
Accrued retirement benefits for employees	¥(33,607)	¥(34,912)	\$(337,014)

The components of retirement benefit expenses for the years ended 20th March, 2008 and 2007 are outlined as follows:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥2,408	¥2,322	\$24,148
Interest cost	1,862	1,902	18,672
Expected return on plan assets	(741)	(685)	(7,431)
Amortization of net actuarial loss	1,389	1,470	13,929
Amortization of prior service cost	(309)	(309)	(3,099)
Total	¥4,609	¥4,700	\$46,219

The assumptions used in the accounting for the above plans are as follows:

	2008	2007
Discount rate	2.5%	2.5%
Expected return on plan assets	2.5%	2.5%

9. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, enterprise tax and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.4% for both the years ended 20th March, 2008 and 2007. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rate reflected in the consolidated statement of income for the year ended 20th March, 2007 differs from the statutory tax rate for the following reasons:

	2007
Statutory tax rate	40.4%
Effect of:	
Expenses not deductible for income tax purposes	1.3
Elimination of dividend income from overseas subsidiaries	6.4
Equity in earnings or losses of unconsolidated subsidiaries and affiliates	(0.7)
Changes in valuation allowance	(5.0)
Tax credits	(5.3)
Difference between the Company's and its subsidiaries' tax rates	(3.1)
Other, net	(0.1)
Effective tax rate	33.9%

The difference between the effective tax rate and the statutory tax rate reflected in the accompanying consolidated statement of income for the year ended 20th March, 2008 is less than 5% and, therefore, no reconciliation has been disclosed.

The significant components of deferred tax assets and liabilities as of 20th March, 2008 and 2007 were as follows:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Allowance for doubtful accounts	¥433	¥114	\$4,342
Accrued bonus	2,906	2,695	29,142
Accrued retirement benefits for employees	13,307	13,851	133,444
Accrued directors' retirement benefits	282	283	2,828
Investment securities	855	935	8,574
Constructive dividend	248	241	2,487
Inventories	885	1,105	8,875
Impairment losses on fixed assets	854	791	8,564
Tax loss carryforwards	252	334	2,527
Other	5,751	5,056	57,671
Total gross deferred tax assets	25,773	25,405	258,454
Valuation allowance	(3,427)	(3,400)	(34,366)
Total deferred tax assets	22,346	22,005	224,088
Deferred tax liabilities:			
Net unrealised holding gain on securities	(824)	(3,110)	(8,263)
Other	(442)	(205)	(4,433)
Total deferred tax liabilities	(1,266)	(3,315)	(12,696)
Net deferred tax assets	¥21,080	¥18,690	\$211,392

10. Contingent Liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at 20th March, 2008:

	(Millions of yen)	(Thousands of U.S. dollars)
Trade notes receivable discounted with banks	¥526	\$5,275
Beneficiary certificates of notes receivable trusts transferred	3,064	30,726
Guarantor of indebtedness of employees	151	1,514
Guarantor of indebtedness of Yaskawa Elétrico do Brasil	13	130
Guarantor of indebtedness of others	891	8,935

11. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be distributed as a distribution of earnings be appropriated to a capital reserve or a legal reserve until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. No legal reserve was recorded at 20th March, 2008 and 2007.

The Law provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

Under the Law, however, such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

12. Research and Development Expenses

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended 20th March, 2008 and 2007 amounted to ¥9,739 million (\$97,663 thousand) and ¥8,417 million, respectively.

13. Other Income (Expenses)

Other income (expenses) – other, net for the years ended 20th March, 2008 and 2007 consisted of the following:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Gain on sales of investment securities	¥24	¥120	\$241
Gain on sales of investments in affiliates	—	1,857	—
Foreign exchange loss	(2,066)	(6)	(20,718)
Equity in earnings of affiliates	1,195	524	11,984
Gain on sales of property, plant and equipment	3	974	30
Loss on devaluation of investment securities	(150)	(728)	(1,504)
Impairment losses on fixed assets	(301)	(2,168)	(3,018)
Business restructuring costs	—	(1,846)	—
Loss on sales of trade receivables	(158)	(248)	(1,585)
Other, net	(137)	(1,375)	(1,374)
	<u>¥(1,590)</u>	<u>¥(2,896)</u>	<u>\$ (15,944)</u>

14. Derivative Financial Instruments

The Company has entered into forward foreign exchange contracts and interest rate swaps in order to hedge risks of adverse fluctuations in foreign currency exchange rates and interest rates associated with export-import transactions and financial liabilities, but does not enter into such transactions for speculative purposes.

The Company is exposed to credit risk in the event of nonperformance by the counterparties to the derivative transactions, but any such loss would not be material because the Company enters into transactions only with financial institutions with high credit ratings.

Execution of all derivative transactions is conducted pursuant to the internal management rule for derivatives which includes limitation of transaction amounts. A derivative transaction is executed by the treasury group in accordance with a policy approved by the officer in charge of Treasury, and the treasury group keeps records of the transactions and reconciles the balances with the counterparties. In addition, the treasury group reports details of the transactions and related balances to the officer in charge of Treasury and the accounting group.

The fair value of the Company's derivative financial instruments at 20th March, 2008 and 2007 were as follows:

20th March, 2008						
	Contract amount	Fair value	Unrealised gains (losses)	Contract amount	Fair value	Unrealised gains (losses)
	(Millions of yen)			(Thousands of U.S. dollars)		
Forward foreign exchange contracts:						
Sell						
U.S. dollars	¥4,147	¥3,863	¥284	\$41,586	\$38,738	\$2,848
Euro	7,185	7,162	23	72,052	71,821	231
Won	577	533	44	5,786	5,345	441
Total	¥11,909	¥11,558	¥351	\$119,424	\$115,904	\$3,520
Buy						
U.S. dollars	¥189	¥189	¥—	\$1,895	\$1,895	\$—
Euro	685	660	(25)	6,870	6,619	(251)
Yen	572	582	10	5,736	5,836	100
Total	¥1,446	¥1,431	¥ (15)	\$14,501	\$14,350	\$ (151)
Currency options:						
Sell call options						
Euro	¥1,084			\$10,871		
(Premium)	(27)	132	¥ (105)	(271)	\$1,324	\$(1,053)
U.S. dollars	150			1,504		
(Premium)	(3)	5	(2)	(30)	50	(20)
Buy put options						
Euro	1,084			10,871		
(Premium)	(26)	(29)	3	(261)	(291)	30
U.S. dollars	150			1,504		
(Premium)	(3)	(7)	4	(30)	(70)	40
Total	¥2,468			\$24,750		
(Premium)	(1)	¥101	¥ (100)	(10)	\$1,013	\$(1,003)

	20th March, 2007		
	Contract amount	Fair value	Unrealised gains (losses)
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell			
U.S. dollars	¥5,878	¥5,879	¥(1)
Euro	1,296	1,293	3
Won	180	179	1
Total	¥7,354	¥7,351	¥3
Buy			
U.S. dollars	¥2,341	¥2,301	¥(40)
Euro	3,192	3,199	7
Yen	350	349	(1)
Total	¥5,883	¥5,849	¥(34)
Currency options:			
Sell call options			
Euro	¥2,613		
(Premium)	(44)	¥107	¥(63)
Buy put options			
Euro	2,613		
(Premium)	(44)	(58)	14
Total	¥5,226		
(Premium)	—	¥49	¥(49)

Note: The contract amounts of the forward foreign exchange contracts presented above exclude those entered into to hedge receivables and payables denominated in foreign currencies which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets, but include those entered into to hedge intercompany receivables and payables which have been eliminated in consolidation. In addition, disclosure of fair value of derivatives accounted for as hedges has been omitted.

15. Leases

a) Lessors' accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of leased assets relating to finance leases accounted for as operating leases at 20th March, 2008 and 2007:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Acquisition costs:			
Tools, furniture and fixtures	¥242	¥265	\$2,427
Accumulated depreciation:			
Tools, furniture and fixtures	158	138	1,585
Net book value:			
Tools, furniture and fixtures	¥84	¥127	\$842

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥40 million (\$401 thousand) and ¥40 million for the years ended 20th March, 2008 and 2007, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥40 million (\$401 thousand) and ¥40 million for the years ended 20th March, 2008 and 2007, respectively.

Future minimum lease income subsequent to 20th March, 2008 from finance leases accounted for as operating leases is summarised as follows:

Year ending 20th March,	(Millions of yen)	(Thousands of U.S. dollars)
2009	¥38	\$381
2010 and thereafter	46	461
Total	¥84	\$842

b) Lessees' accounting

The following pro forma amounts represent the acquisition costs (including the interest portion), accumulated depreciation and net book value of the leased property as of 20th March, 2008 and 2007 which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Acquisition costs:			
Tools, furniture and fixtures	¥4,005	¥4,063	\$40,162
Software	862	936	8,645
Other	398	440	3,991
	¥5,265	¥5,439	\$52,798
Accumulated depreciation:			
Tools, furniture and fixtures	¥2,044	¥2,004	\$20,497
Software	529	484	5,305
Other	207	228	2,076
	¥2,780	¥2,716	\$27,878
Net book value:			
Tools, furniture and fixtures	¥1,961	¥2,059	\$19,665
Software	333	452	3,340
Other	191	212	1,915
	¥2,485	¥2,723	\$24,920

Lease payments relating to finance leases accounted for as operating leases amounted to ¥1,052 million (\$10,550 thousand) and ¥1,030 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the respective lease terms, for the years ended 20th March, 2008 and 2007, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to 20th March, 2008 on non-cancelable operating leases and finance leases accounted for as operating leases are summarised as follows:

Year ending 20th March,	Finance leases	Operating leases	Finance leases	Operating leases
	(Millions of yen)		(Thousands of U.S. dollars)	
2009	¥882	¥737	\$8,845	\$7,391
2010 and thereafter	1,603	3,436	16,075	34,456
Total	¥2,485	¥4,173	\$24,920	\$41,847

16. Supplementary Cash Flow Information

The following is a summary of the transferred assets and liabilities, relevant selling prices and net cash inflows resulting from the sales of stock in a major subsidiary for the year ended 20th March, 2007:

	2007
	(Millions of yen)
Current assets	¥2,343
Non-current assets	815
Current liabilities	(4,425)
Non-current liabilities	(30)
Translation adjustments	(50)
Unrealised profits, etc.	(255)
Increase in retained earnings due to exclusion from consolidation	1,602
Gain on sales of subsidiary's stock	1,857
Proceeds from sales of stock	1,857
Cash and cash equivalents held by subsidiary	(75)
Net cash inflows	¥1,782

17. Segment Information

Business segments

The business segment information for the Company and its consolidated subsidiaries for the years ended 20th March, 2008 and 2007 is outlined as follows:

	Year ended 20th March, 2008							
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations or Corporate	Consoli- dated
	(Millions of yen)							
Net sales								
Sales to third parties	¥177,899	¥123,550	¥50,518	¥23,184	¥7,176	¥382,327	¥ —	¥382,327
Inter-segment sales and transfers	18,933	419	2,500	3,806	19,125	44,783	(44,783)	—
Total sales	196,832	123,969	53,018	26,990	26,301	427,110	(44,783)	382,327
Operating costs and expenses	175,462	115,393	49,077	26,569	24,236	390,737	(44,897)	345,840
Operating income	¥21,370	¥8,576	¥3,941	¥421	¥2,065	¥36,373	¥114	¥36,487
Total assets	¥117,520	¥84,226	¥38,418	¥19,603	¥13,995	¥273,762	¥15,445	¥289,207
Depreciation	5,181	1,405	744	255	194	7,779	(103)	7,676
Impairment losses	—	—	—	—	—	—	301	301
Capital expenditures	7,181	1,536	512	275	126	9,630	(509)	9,121

Year ended 20th March, 2008

	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations or Corporate	Consolidated
	(Thousands of U.S. dollars)							
Net sales								
Sales to third parties	\$1,783,985	\$1,238,969	\$506,599	\$232,491	\$71,961	\$3,834,005	\$ —	\$3,834,005
Inter-segment sales and transfers	189,861	4,202	25,070	38,167	191,787	449,087	(449,087)	—
Total sales	1,973,846	1,243,171	531,669	270,658	263,748	4,283,092	(449,087)	3,834,005
Operating costs and expenses	1,759,546	1,157,170	492,148	266,436	243,041	3,918,341	(450,230)	3,468,111
Operating income	\$214,300	\$86,001	\$39,521	\$4,222	\$20,707	\$364,751	\$1,143	\$365,894
Total assets	\$1,178,500	\$844,625	\$385,259	\$196,580	\$140,343	\$2,745,307	\$154,884	\$2,900,191
Depreciation	51,956	14,089	7,461	2,557	1,945	78,008	(1,032)	76,976
Impairment losses	—	—	—	—	—	—	3,018	3,018
Capital expenditures	72,012	15,403	5,134	2,758	1,263	96,570	(5,104)	91,466

Year ended 20th March, 2007

	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations or Corporate	Consolidated
	(Millions of yen)							
Net sales								
Sales to third parties	¥159,601	¥126,724	¥49,487	¥26,472	¥6,687	¥368,971	¥ —	¥368,971
Inter-segment sales and transfers	18,331	433	2,682	3,364	18,559	43,369	(43,369)	—
Total sales	177,932	127,157	52,169	29,836	25,246	412,340	(43,369)	368,971
Operating costs and expenses	158,100	118,173	50,355	28,644	23,371	378,643	(43,236)	335,407
Operating income	¥19,832	¥8,984	¥1,814	¥1,192	¥1,875	¥33,697	¥(133)	¥33,564
Total assets	¥104,022	¥84,053	¥35,125	¥22,754	¥13,260	¥259,214	¥13,967	¥273,181
Depreciation	4,301	1,567	793	215	196	7,072	(109)	6,963
Impairment losses	—	—	—	—	—	—	2,168	2,168
Capital expenditures	5,658	1,776	757	281	150	8,622	(169)	8,453

Notes: 1) The business segments are classified based on similarity of product nature and manufacturing methods and selling methods, etc.

2) Corporate assets included in "Eliminations or Corporate" at 20th March, 2008 and 2007 amounted to ¥26,505 million (\$265,794 thousand) and ¥26,817 million, respectively. Those assets principally consisted of excess funds (cash and cash equivalents and short-term investments) and long-term investments (investment securities) of the Company.

3) Depreciation and capital expenditures include amortisation of and additions to long-term prepaid expenses.

4) As described in Note 3(a), effective the year ended 20th March, 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for directors' bonuses.

As a result, operating expenses of the respective business segments increased by the following amounts and their operating income decrease by the same amounts for the year ended 20th March, 2007, compared with the corresponding amounts which would have been recorded under the previous method:

Motion Control	¥67 million
Robotics	¥35 million
System Engineering	¥19 million
Information Technologies	¥14 million
Other	¥21 million

5) As described in Note 3(b), effective the year ended 20th March, 2007, the Company and some of its domestic consolidated subsidiaries changed their method of accounting for directors' retirement benefits from a cash basis to an accrual basis.

As a result of this change, operating expenses of the respective business segments increased by the following amounts and their operating income decreased by the same amounts for the year ended 20th March, 2007, compared with the corresponding amounts which would have been reported under the previous method:

Motion Control	¥57 million
Robotics	¥36 million
System Engineering	¥25 million
Other	¥7 million

Geographical areas

The geographical segment information for the Company and its consolidated subsidiaries for the years ended 20th March, 2008 and 2007 is outlined as follows:

Year ended 20th March, 2008						
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate
	(Millions of yen)					Consolidated
Net sales						
Sales to third parties	¥235,678	¥46,736	¥57,308	¥42,605	¥382,327	¥ —
Inter-segment sales and transfers	62,400	196	425	9,498	72,519	(72,519)
Total sales	298,078	46,932	57,733	52,103	454,846	(72,519)
Operating costs and expenses	275,967	42,356	52,738	47,323	418,384	(72,544)
Operating income	¥22,111	¥4,576	¥4,995	¥4,780	¥36,462	¥25
Total assets	¥204,895	¥21,693	¥34,918	¥29,178	¥290,684	¥(1,477)

Year ended 20th March, 2008						
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate
	(Thousands of U.S. dollars)					Consolidated
Net sales						
Sales to third parties	\$2,363,398	\$468,672	\$574,689	\$427,246	\$3,834,005	\$ —
Inter-segment sales and transfers	625,752	1,965	4,262	95,247	727,226	(727,226)
Total sales	2,989,150	470,637	578,951	522,493	4,561,231	(727,226)
Operating costs and expenses	2,767,419	424,749	528,861	474,559	4,195,588	(727,477)
Operating income	\$221,731	\$45,888	\$50,090	\$47,934	\$365,643	\$251
Total assets	\$2,054,703	\$217,539	\$350,161	\$292,599	\$2,915,002	\$(14,811)

Year ended 20th March, 2007						
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate
	(Millions of yen)					Consolidated
Net sales						
Sales to third parties	¥243,128	¥50,635	¥45,505	¥29,703	¥368,971	¥ —
Inter-segment sales and transfers	53,816	515	289	10,717	65,337	(65,337)
Total sales	296,944	51,150	45,794	40,420	434,308	(65,337)
Operating costs and expenses	274,481	46,192	43,350	36,482	400,505	(65,098)
Operating income	¥22,463	¥4,958	¥2,444	¥3,938	¥33,803	¥(239)
Total assets	¥195,476	¥22,479	¥27,929	¥22,902	¥268,786	¥4,395

- Notes: 1) Geographical areas are divided into categories based on their geographical proximity.
- 2) Major nations or regions included in each geographical area are as follows:
- (1) The Americas – the U.S.A. and other
 - (2) Europe – Germany, Sweden, the United Kingdom
 - (3) Asia – Singapore, Korea, the People's Republic of China
- 3) Corporate assets included in "Eliminations or Corporate" at 20th March, 2008 and 2007 amounted to ¥26,505 million (\$265,794 thousand) and ¥26,817 million, respectively. Those assets principally consisted of excess funds (cash and cash equivalents and short-term investments) and long-term investments (investment securities) of the Company.
- 4) As described in Note 3(a), effective the year ended 20th March, 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for directors' bonuses.
As a result, operating expenses of the "Japan" segment increased by ¥156 million and its operating income decreased by the same amount for the year ended 20th March, 2007, compared with the corresponding amounts which would have been recorded under the previous method.
- 5) As described in Note 3(b), effective the year ended 20th March 2007, the Company and some of its domestic consolidated subsidiaries changed their method of accounting for directors' retirement benefits from a cash basis to an accrual basis.
As a result of this change, operating expenses of the "Japan" segment increased ¥125 million and its operating income decreased by the same amount for the year ended 20th March, 2007, compared with the corresponding amounts which would have been recorded under the previous method.

Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended 20th March, 2008 and 2007 are summarised as follows:

	Year ended 20th March, 2008				
	The Americas	Europe	Asia	Other	Total
	(Millions of yen)				
Overseas sales	¥50,948	¥58,424	¥80,870	¥1,265	¥191,507
Consolidated net sales	—	—	—	—	382,327
	(Thousands of U.S. dollars)				
Overseas sales	\$510,911	\$585,880	\$810,971	\$12,685	\$1,920,447
Consolidated net sales	—	—	—	—	3,834,005
Overseas sales as a percentage of consolidated net sales	13.3%	15.3%	21.2%	0.3%	50.1%

	Year ended 20th March, 2007				
	The Americas	Europe	Asia	Other	Total
			(Millions of yen)		
Overseas sales	¥55,344	¥46,567	¥65,249	¥1,539	¥168,699
Consolidated net sales	—	—	—	—	368,971
Overseas sales as a percentage of consolidated net sales	15.0%	12.6%	17.7%	0.4%	45.7%

Notes: 1) Geographical areas are divided into categories based on their geographical proximity.

2) Major nations or regions included in each geographical area are as follows:

- (1) The Americas – the U.S.A. and other
- (2) Europe – Germany, Sweden, the United Kingdom
- (3) Asia – Singapore, Korea, the People's Republic of China
- (4) Other – Australia

18. Related Party Transactions

The Company sold goods for resale in the amount of ¥8,429 million (\$84,527 thousand) to Yaskawa Brooks Automation, Inc., accounted for by the equity method, for the year ended 20th March, 2008. The balance of trade receivables was ¥3,307 million (\$33,163 thousand) at 20th March, 2008. The selling prices were negotiated on an arm's length basis based on market prices.

19. Subsequent Events

- a) At a meeting of the Board of Directors of the Company held on 9th May, 2008, a resolution was approved authorising the Company to enter into partnership with Shenyang City of Liaoning Province with the aim of cultivating the market in the Huanbohai area, which is a large potential market for the Company's products, and to establish a wholly-owned subsidiary in Shenyang City, which is to be engaged in the production and sale of servomotors and servo amplifiers for the Chinese market, with an initial investment of approximately ¥710 million (\$7,120 thousand) in June 2008.
- b) The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended 20th March, 2007, was approved by the shareholders at a meeting held on 18th June, 2008:

	(Millions of yen)	(Thousands of U.S. dollars)
Year-end cash dividends (¥5 = U.S.\$0.050 per share)	¥1,260	\$12,635

Report of Independent Auditors

The Board of Directors
YASKAWA ELECTRIC CORPORATION

We have audited the accompanying consolidated balance sheets of YASKAWA ELECTRIC CORPORATION and consolidated subsidiaries as of 20th March, 2008 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of YASKAWA ELECTRIC CORPORATION and consolidated subsidiaries at 20th March, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 3(b), effective the year ended 20th March, 2007, the Company and some of its domestic consolidated subsidiaries changed their method of accounting for directors' retirement benefits from a cash basis to an accrual basis.

As described in Note 3(c), effective the year ended 20th March, 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for the impairment of fixed assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 20th March, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4.

Ernst & Young ShinNihon



Fukuoka, Japan
18th June, 2008

Yaskawa Group in Japan

**YASKAWA INFORMATION SYSTEMS CORPORATION**

● Kitakyushu, Fukuoka

TEL.093-622-6111 FAX.093-622-6121

<http://www.ysknet.co.jp/>

Information processing, software development, and sales of system equipment

YASKAWA ELECTRIC ENGINEERING CORPORATION

● Kitakyushu, Fukuoka

TEL.093-521-4301 FAX.093-521-4302

<http://www.yaskawa-eng.co.jp/>

Maintenance, test run, and adjustment of electrical equipment as well as technical training

YASKAWA CONTROLS CO., LTD.

● Yukuhashi, Fukuoka

TEL.0930-24-4601 FAX.0930-24-7131

<http://www.yaskawa-control.co.jp>

Manufacturing and sales of electrical equipment and related instruments and parts

OJI ELECTRIC CO., LTD.

● Kawaguchi, Saitama

TEL.048-291-2860 FAX.048-298-8650

<http://www.ojielelectric.co.jp>

Manufacturing and sales of electrical equipment

YASKAWA SIEMENS AUTOMATION & DRIVES CORPORATION

● Koto-ku, Tokyo

TEL.03-3570-3023 FAX.03-3570-3061

<http://www.ysad.co.jp/>

Design, sales, maintenance, and modification of industrial electrical equipment and systems

YASKAWA MOTOR CORPORATION

● Kitakyushu, Fukuoka

TEL.093-288-4440 FAX.093-288-4452

<http://www.yaskawa.co.jp/subsidia/ym/>

Design, manufacturing, sales, maintenance, and modification of motors, generators, and motor applications

**YE DATA INC.**

● Iruma, Saitama

TEL.04-2932-9850 FAX.04-2932-9881

<http://www.yedata.co.jp/>

Manufacturing and sales of computer peripheral and terminal equipment as well as Ontrack Data Recovery services.

YASKAWA LOGISTEC CORPORATION

● Kitakyushu, Fukuoka

TEL.093-512-0882 FAX.093-512-0885

<http://www.ylnet.co.jp/>

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YASKAWA OBVIOUS COMMUNICATIONS INC.

● Kitakyushu, Fukuoka

TEL.093-662-8700 FAX.093-662-8711

<http://www.y-obvious.com/>

Public-relations planning, advertisement and publications; production of catalogs and technical documents

YASKAWA BUSINESS STAFF CO., LTD.

● Kitakyushu, Fukuoka

TEL.093-645-5886 FAX.093-645-5309

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

Temporary employment staffing specialists

YASKAWA MECHATREC CORPORATION

● Minato-ku, Tokyo

TEL.03-5441-5980 FAX.03-5441-5961

<http://www.ym-c.co.jp/>

Sales of electrical equipment and other machines and instruments

YASKAWA BROOKS AUTOMATION, INC.

● Yokohama, Kanagawa

TEL.045-478-7370 FAX.045-478-7371

<http://www.yaskawabrooks.co.jp/>

Sales and service of semiconductor wafer handling robots and related products

Main Subsidiaries Overseas



The Americas

- ① **YASKAWA ELECTRIC AMERICA, INC.** (U.S.A.)
TEL.+1-847-887-7000 FAX.+1-847-887-7370
<http://www.yaskawa.com/>
Import, manufacturing, sales, and after-sales service of electrical equipment
- ② **MOTOMAN INC.** (U.S.A.)
TEL.+1-937-847-6200 FAX.+1-937-847-6277
<http://www.motoman.com/>
Manufacturing, sales, and after-sales service of robots and robotic systems
- ③ **YASKAWA MOTOMAN CANADA, LTD.** (Canada)
TEL.+1-905-569-6686 FAX.+1-905-569-2240
Manufacturing, sales, and after-sales service of robots and robotic systems

- ④ **YASKAWA ELÉTRICO DO BRASIL LTDA.** (Brazil)
TEL.+55-11-3585-1100 FAX.+55-11-5581-8795
<http://www.yaskawa.com.br/>
Import, manufacturing, sales, and after-sales service of electrical equipment

Europe

- ⑤ **YASKAWA ELECTRIC EUROPE GMBH** (Germany)
TEL.+49-6196-569-300 FAX.+49-6196-569-398
<http://www.yaskawa.eu.com/>
Import, manufacturing, sales, and after-sales service of electrical equipment
- ⑥ **MOTOMAN ROBOTEC GMBH** (Germany)
TEL.+49-8166-90100 FAX.+49-8166-90103
<http://www.motoman.de/>
Manufacturing, sales, and after-sales service of robots and robotic systems
- ⑦ **MOTOMAN ROBOTICS EUROPE AB** (Sweden)
TEL.+46-480-417800 FAX.+46-480-417999
<http://www.motoman.se/>
Manufacturing, sales, and after-sales service of robots and robotic systems

Asia

- ⑩ **YASKAWA ELECTRIC (SHANGHAI) CO., LTD.** (China)
TEL.+86-21-5385-2200 FAX.+86-21-5385-3299
<http://www.yaskawa.com.cn/>
Import, sales, and after-sales service of electrical equipment
- ⑪ **SHANGHAI YASKAWA DRIVE CO., LTD.** (China)
TEL.+86-21-5990-3067 FAX.+86-21-5990-3467
Manufacturing and sales of electrical equipment and devices
- ⑫ **YASKAWA ELECTRIC (SINGAPORE) PTE. LTD.** (Singapore)
TEL.+65-6282-3003 FAX.+65-6289-3003
<http://www.yaskawa.com.sg/>
Import, sales, and after-sales service of electrical equipment
- ⑬ **YASKAWA ELECTRIC KOREA CORPORATION** (Korea)
TEL.+82-2-784-7844 FAX.+82-2-784-8495
<http://www.yaskawa.co.kr/>
Import, sales, and after-sales service of electrical equipment
- ⑭ **YASKAWA ELECTRIC TAIWAN CORPORATION** (Taiwan)
TEL.+886-2-2502-5003 FAX.+886-2-2505-1280
Sales, technical support, and after-sales service of mechatronic products
- ⑮ **SHOUGANG MOTOMAN ROBOT CO., LTD.** (China)
TEL.+86-10-67880551 FAX.+86-10-67882878
<http://www.sg-motoman.com.cn/>
Manufacturing, sales, and after-sales service of robots and robotic systems
- ⑯ **MOTOMAN MOTHERSON ROBOTICS LTD.** (India)
TEL.+91-124-414-8514 FAX.+91-124-414-8016
Sales and after-sales service of robots and robotic systems



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