

YASKAWA ELECTRIC CORPORATION
ANNUAL REPORT 2011

Year Ended March 20, 2011



Profile

Taking up the challenge of excelling in such new business fields as Environmental Energy and Robotics Human Assist both integral to the growth and development of humankind

Since its founding in 1915, and based on its management principle of contributing to the evolution of society and the welfare of humankind through the performance of its business, Yaskawa Electric has provided continuing support for the key industries of the times from motors and factory automation to the mechatronics* of today.

As we approach 2015, the year in which we will celebrate 100 years of operation, we dedicate ourselves to the efficient use of green energy as well as to the establishment of a society wherein human beings and robots coexist through the use of technologies backed up with our mechatronic products boasting the world's top market share.

* 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.

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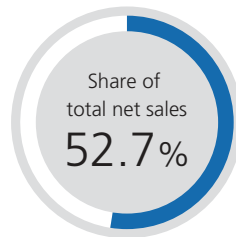
Notes:

1. Figures under one million yen presented in this Annual Report are rounded down unless otherwise stated.
2. Forward-looking statements are based on information available to management at the time this Annual Report was prepared as well as assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.

Overview and Main Products of Each Business Segment

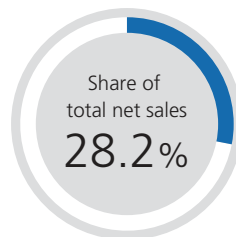
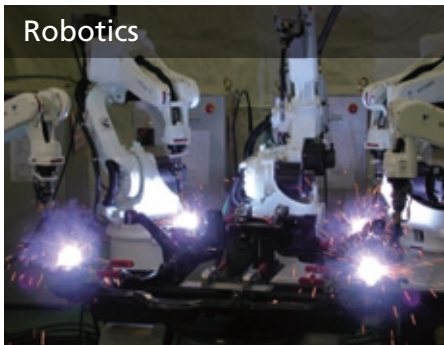
The business of the Yaskawa Group broadly covers the segments of Motion Control, Robotics, System Engineering, and Information Technologies. We engage in manufacturing, sales, installation, maintenance, engineering, and other business activities in each of these segments. An overview and details of the main products of each business segment are presented as follows.

Motion Control



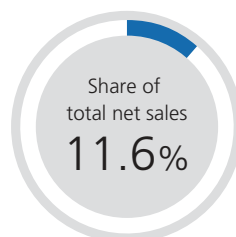
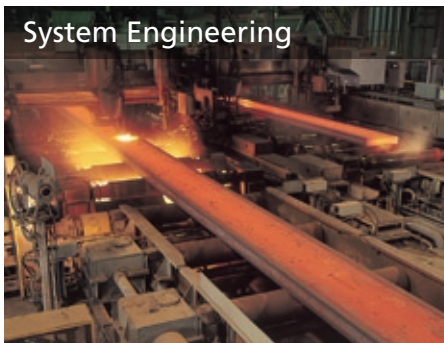
This area consists of products such as AC servo motors, controllers and AC drives. Servo motors are widely used in semiconductor/FPD manufacturing machines, chip mounters, machine tools, food processing and packaging machines, textile machines, robots, etc. Demand is growing for AC drives as energy-saving devices; these products are used not only in industrial machinery but also in consumer goods like air conditioners, refrigerators and washing machines, as well as in transport equipment like elevators and cranes.

Robotics



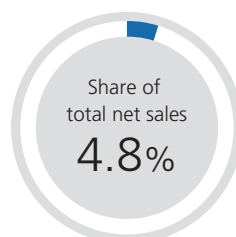
Robots help to automate various production processes, including welding, painting, handling and assembly, especially in the automobile and electrical equipment industries. Also, substrate-handling robots are used in semiconductor and FPD production processes. Additionally, because Yaskawa Electric seeks to achieve a society where humans and robots coexist, we are taking initiatives with robots used in the service and other non-manufacturing fields.

System Engineering



The System Engineering business supports the stable operation of large-scale plant system facilities critical to modern life, such as steel manufacturing and water treatment plants. Demand is also increasing for medium-voltage AC drives as a way to conserve energy with pumps, blowers and other wind and hydropower machinery and facilities. Using our drive technology, we have also marketed the Enewin Series of electrical products for large-scale wind power generation to promote the use of natural energy.

Information Technologies



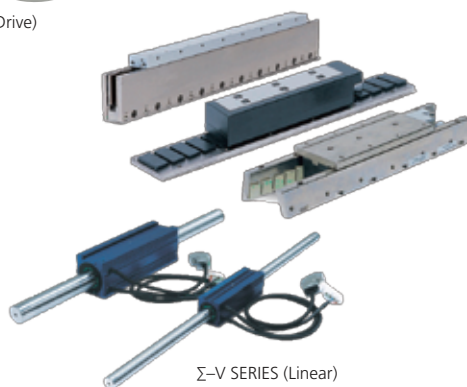
Yaskawa Information Systems Corporation and YE Data Inc., which are engaged in the information business, together with information-related technological developments of Yaskawa Electric, constitute the Information Technologies segment. The two Group companies above head up our business pursuits in this area, while Yaskawa Electric develops new technologies and new business in the information field.

Global No.1

No.1



Σ-V SERIES (Direct Drive)



Σ-V SERIES (Linear)



Σ-V SERIES (Rotational)

01 : AC Servo Motors and Controllers

Global Share
18.3%*

AC servo drives are devices that enable fast follow-up control at specified points or speeds. They are particularly useful when repeated high-speed movement to a specified position is required. Because of these unique characteristics, AC servo drives are in demand for factory and automation applications where high-speed and high-precision performance is a requirement, such as in semiconductor and FPD manufacturing equipment, chip mounters (electronic component mounting equipment), machine tools, robots, food processing and packaging machinery, printing machines, and textile machinery. Thanks to their combination of advanced technology and high product quality, Yaskawa Electric's AC servo drives have captured the No.1 share in the world market.

* Monetary amounts as of FY2009. Estimates from various research agencies and the Company's own research.



A1000



V1000



J1000

02 : AC Drives

Global Share

15.8%*

AC drives are units that enable control of the rotation speed of a motor by changing the source power frequency. The use of AC drives is becoming increasingly widespread, not only for industrial applications, but also in consumer appliances such as air-conditioners, refrigerators, and washing machines, as well as medical equipment, amusement equipment, and other fields. For example, the use of AC drives to control airflow in air-conditioning systems allows a reduction in excessive energy consumption compared with the traditional damper control systems, contributing to overall energy conservation. The breakdown of our sales of AC drives shows a good balance, with sales spread across the markets in Japan, Asia (notably China), the Americas, and Europe. Yaskawa Electric boasts the world No.1 market share in these products, satisfying user demand growing across the entire globe.

* Monetary amounts as of FY2009. Estimates from various research agencies and the Company's own research.

No. 1

No. 1

03 : Robotics

Global Share
20.0%*

Since launching Japan's first industrial all-electric robot in 1977, Yaskawa Electric has gone on to develop robots that meet customer needs for automation in a wide range of fields, including welding, painting, assembly, and handling. Leveraging our proprietary and industry-leading servo technology, we have developed our own mechanical components for our robots, as well as robot controllers. Our high ratio of in-house procurement gives us great flexibility in new product development, enabling us to precisely meet our customers' increasingly sophisticated demands for optimization in a variety of robot applications. It is this ability that has earned us the world No.1 market share.

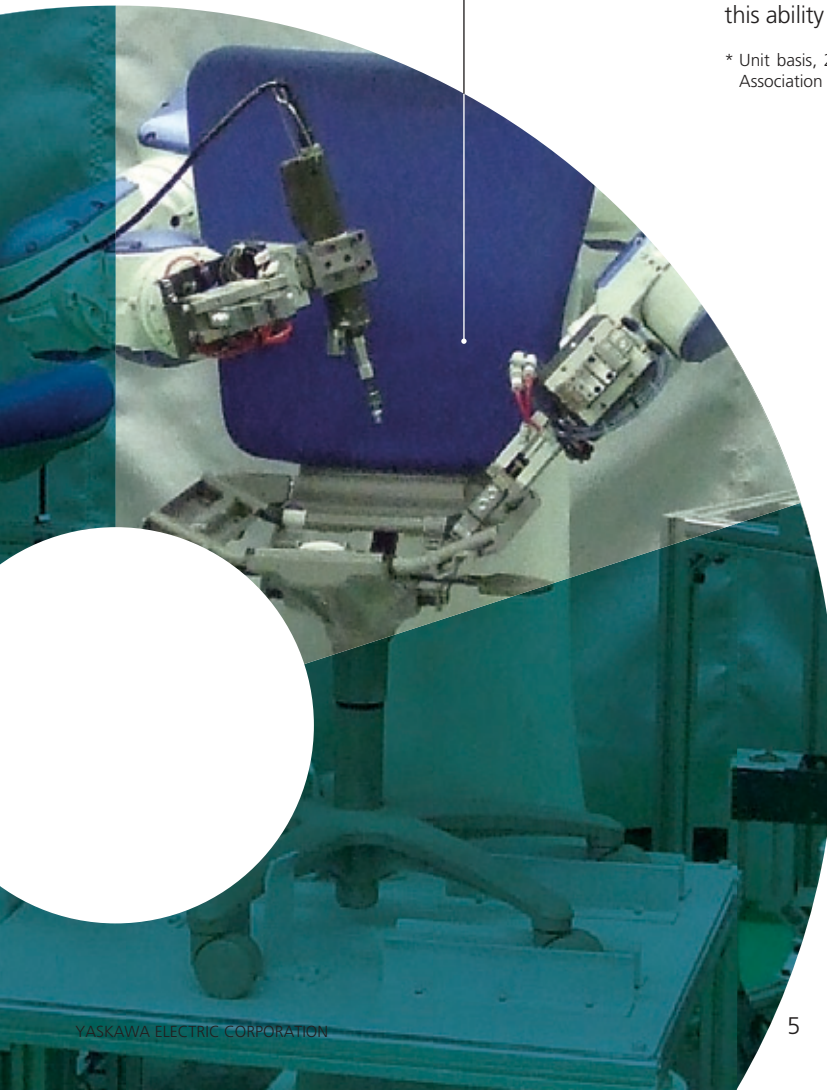
* Unit basis, 2009. Estimates from International Federation of Robotics, Japan Robot Association data and our own research.



7-axis Robot Optimized for Arc Welding
MOTOMAN-VA1400



Delta Robot for High-speed
Material Handling
MOTOMAN-MPP3



Dual-arm Robot
MOTOMAN-SDA10D



Semiconductor Wafer
Handling Clean Robot
SEMISTAR-M122

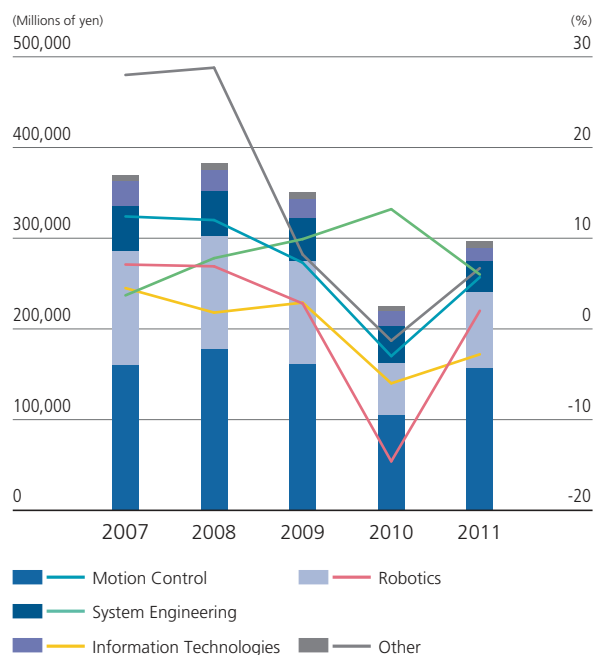
Consolidated Financial Highlights

Yaskawa Electric Corporation and Consolidated Subsidiaries
Years ended March 20 or as of March 20

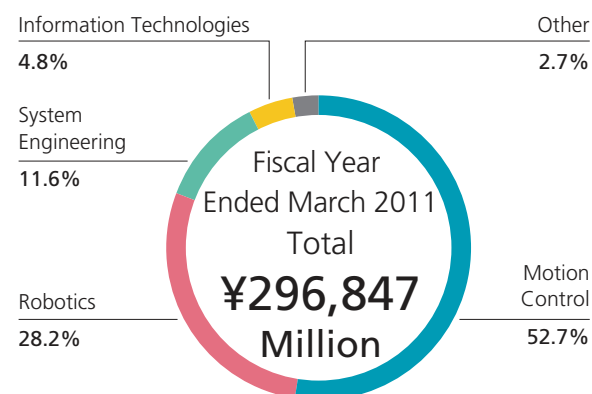
	2007	2008	2009	2010	(Millions of yen) 2011
Net sales	368,971	382,327	350,249	224,710	296,847
Gross profit	104,886	110,601	91,708	50,903	77,032
Selling, general and administrative expenses	71,322	74,113	70,901	57,880	64,157
Operating income (loss)	33,564	36,487	20,806	(6,977)	12,874
Net income (loss)	18,982	20,242	6,892	(5,699)	6,544
Shareholders' equity	80,787	100,862	97,068	88,459	93,220
Interest-bearing debt	46,750	33,829	32,894	42,236	41,439
Capital expenditure	8,452	9,121	8,611	4,119	6,655
Research and development expenses	8,417	9,738	9,705	8,494	9,724
Amortization	6,962	7,676	8,028	7,840	7,057
					(Yen)
Earnings (loss) per share (basic)	81.12	81.46	27.38	(22.64)	26.00
Earnings per share (diluted)	75.29	80.50	—	—	—
Dividend	6.0	10.0	13.0	3.0	6.0
Shareholders' equity ratio	29.6%	34.9%	39.0%	36.6%	35.2%
ROE: Return (loss) on equity	28.4%	22.3%	7.0%	(6.1%)	7.2%
Debt-to-equity ratio (Times)	0.6	0.3	0.3	0.5	0.4
Number of employees*	8,056 [5,167]	8,347 [5,504]	8,463 [5,198]	8,176 [4,501]	8,085 [5,543]

* The average annual number of temporary employees (part-timers, temp staff, and temporary contracted workers) is shown in the brackets.

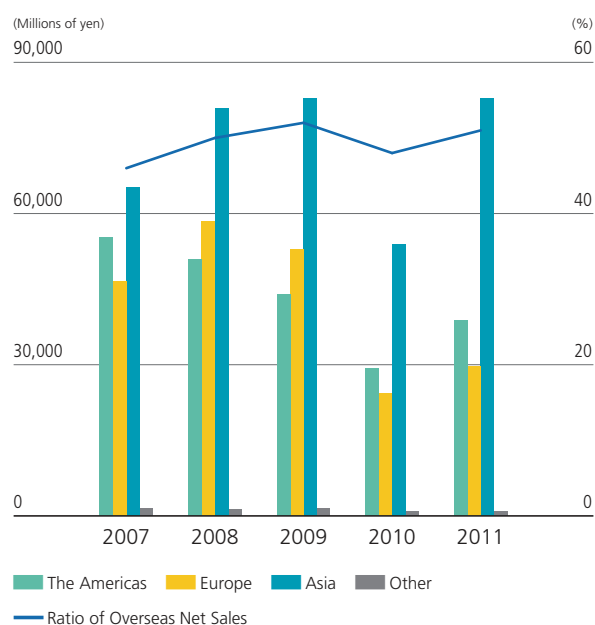
Net Sales and Operating Income (Loss) Ratio by Business Segment



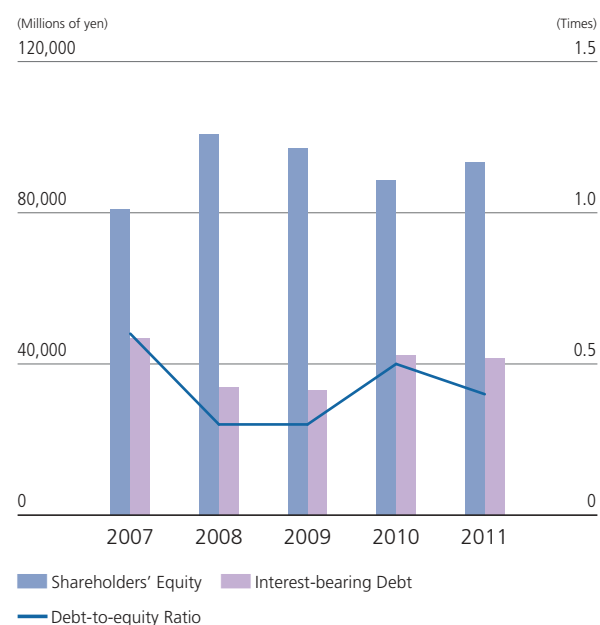
Breakdown of Consolidated Net Sales by Business Segment



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



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



Years ended March 20 or as of March 20

Message from the President

By making efficient use of natural energy sources and bringing robotics more into people's daily lives, we are creating new value and markets, and accelerating the development of businesses targeting growth regions and markets.

Junji Tsuda
President



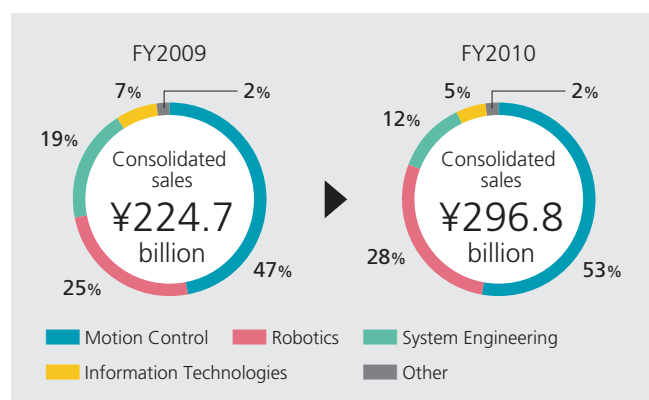
The massive earthquake and tsunami that struck Japan on March 11, 2011 took a huge toll in lives and caused extensive damage to property, particularly in the Tohoku Region. On behalf of all the management and employees of the Yaskawa Group, I would like to take this opportunity to express my deepest sympathy for the victims of this tragedy, as well as my heartfelt wishes for a speedy recovery of the region and the lives of those affected. The Yaskawa Group has positioned the recovery of the disaster-hit Tohoku Region as a top priority, and is providing support in a variety of ways, including sending teams of specialists to assist in the restoration of 70 or so water treatment facilities that were damaged in the disaster.

The earthquake and tsunami caused only minimal damage to the Group's production facilities, and all our factories both in Japan and overseas are operating as normal. Interruption to our procurement of certain components as a result of the disaster has caused delays in delivery of some items, and is expected to necessitate consultation with customers over the use of alternative components. However, we have prioritized measures to maintain production levels, and the recovery of production by certain component makers—including the use of replacement parts—should allow us to maintain stable production and deliveries. The impact of the Great East Japan Earthquake on the Group's business performance for fiscal 2010 (year ended March 2011) was minimal.

Highlights of FY2010 Business Performance

The Group's business performance rebounded from a low in fiscal 2009 caused by the global recession. Our performance figures recorded a sharp upturn on the back of demand from China and other Asian markets, which posted strong growth, as well as from our principal customers in Japan, notably machinery makers, who enjoyed brisk exports.

Our core business areas of Motion Control and Robotics posted particularly sharp growth in sales, with both up nearly 50% over the previous term, making a major contribution to the overall performance improvement. These two core businesses also accounted for a much higher proportion of total sales. As of the fourth quarter of fiscal 2010, sales for the Motion Control segment had recovered to 90% of their peak level prior to the bankruptcy of Lehman Brothers in late 2008, while sales of the Robotics segment were back up to 80% of the peak level. In the System Engineering and Information Technologies segments, where the proportion of sales to customers in Japan is comparatively larger, the ratio to the Group's total sales declined.



In a breakdown of business performance by segment, demand for our Motion Control products in China and other Asian markets grew, and we strengthened our production system and worked to improve efficiency to enable us to cope with a sudden upsurge in orders. In the Robotics business, demand from overseas automakers was robust, while in Japan sales posted a recovery centered on orders from a wide range of industries. During the term we worked to realize operations with a prime emphasis on profitability, and were rewarded with sharp improvements in both sales and profits.

In the System Engineering business, sales declined as fiscal 2010 was a slack demand period for the Japanese steel industry, but at the earnings level cost reductions and rigorous profitability management enabled us to secure black-ink figures. The Information Technologies segment suffered from customers' reluctance to invest in the information field, but we managed to reduce the amount of loss compared with the previous term.

Overall, sales increased both in Japan and overseas. Notable

sales growth of 81% year on year was recorded in Asian markets, with particular progress seen in Korea, Taiwan, and Thailand. In Japan, total sales rose 25%, but combined sales of our two core business areas of Motion Control and Robotics grew even more sharply, by 51%.

Important Measures

Shifting Our Focus to Asia

In fiscal 2010 we adopted the policy of shifting our operational focus to Asian markets, particularly China. In June we started production of AC servo motors at our factory in Shenyang, in northeast China, while the annual production capacity at our AC drive plant in Shanghai was expanded threefold to 500,000 units. We also set up a robotics marketing and operational promotion office in Shanghai to bolster our ability to propose systems employing robots, partly by increasing our collaboration with system integration companies. This office will supplement our Beijing system integration joint venture with a local company.

We have been accelerating our shift of production to the point of demand. In fiscal 2010, 61% of our AC servo motors sold in China were produced locally, but we plan to raise the local production ratio to 90% in fiscal 2011. For AC drives, the corresponding figure for fiscal 2010 was 62%, and we plan to raise this to 80% during the current term.

We also took steps to step up the pace of growth of our sales and market shares in India, whose economy is growing fast. We set up a local subsidiary in August 2010 to expand our sales of motion control products in that market, and commenced local production of AC drives in March 2011. Also in March, we made an Indian joint-venture robotics sales company into a wholly owned subsidiary. Thanks to such aggressive business expansion, we expect sales in the Indian market to reach ¥3.0 billion in fiscal 2011.

Response to Yen's Appreciation

In addition to the above-described expansion of local production in overseas markets, in December 2010 we set up a dedicated office to oversee an increase in local procurement in China as a countermeasure against the rise in the yen's exchange rate. We aim to seek out and cultivate more overseas suppliers to raise our overseas procurement rate from 26.5% in fiscal 2010 to 50% in fiscal 2012.

Environmental Energy

Regarding the environmental energy business, during the 2010-2011 period we are engaged in building the foundations for achieving our target of ¥15,000 million in sales for fiscal 2012. In May 2010 we began sales of products for large-scale wind power generation under our Enewin Series brand name, and are having these products evaluated by potential customers.

In fiscal 2010 we launched 10kW and 100kW modules of our business-use power conditioners for solar power generation, and these were well received on the market. In fiscal 2011 we plan to market versions for household use. In fiscal 2010, responsibility for drive systems for electric vehicles was transferred from the Technology & Development Division to the Drives Division. This is the prelude to full-scale commercialization of these products, and expansion of the lineup from light vehicles to sedans. We will work to reduce costs, and will develop test models for our top-priority customers and conduct performance evaluation trials.

Outlook for FY2011

In fiscal 2011, there will unavoidably be a slowdown in domestic market demand over the short term, as a consequence of the March 2011 earthquake and tsunami. On the other hand, prospects for the world economy seem good, with continued strong growth expected in China and other Asian markets, while the European and American economies are also likely to remain robust. Against this backdrop, we plan to steadily pursue the measures set out below so as to post a second straight year of growth in revenues and earnings.

1. Focus on Growing Markets

(shifting management resources to emerging economies)

We plan to bolster our operational base in China and to expand the market for our products there. Specifically, we will expand our factory in Shenyang, which commenced production in fiscal 2010. We also plan to establish a robotics plant in Shanghai to satisfy the rapidly growing demand for robotics products in China, and will aim to take the lead in strengthening robotics operations in China by revamping operation systems. At the same time, we will prepare the ground for the establishment of a system to oversee all our operations in the country. In India, meanwhile, we will exert stronger control over our local operations, and will target other vigorously growing regions and markets for future development of our business.

2. Stronger Countermeasures Against the Yen's Appreciation

We plan to increase local production in markets where our products are in demand, with the target of raising the proportion of total production at overseas plants to approximately 25% in fiscal 2011 compared with 20% in fiscal 2010. Simultaneously, we aim to increase our overseas procurement ratio from 26.5% in fiscal 2010 to around 30% in fiscal 2011. These measures should enable us to secure adequate profits in spite of the yen's high exchange rate.

3. Nurturing New Businesses and Accelerating their Growth

The move to make more use of renewable natural energy sources is gathering momentum, and in fiscal 2011 we plan to expand our lineup of products in the fields of power conditioners and batteries for use in solar power generation, as well as micro-grid controllers, to be ready for the anticipated increase in demand.

Plans include overseas development of our large-scale wind power generation business, where customers are expected to demand higher-capacity facilities in the near future, and we will also conduct application tests of electrical drive systems for use in electric vehicles. At the same time, to expand our sphere of operations in the Robotics Human Assist business domain, we plan to develop robots to automate factory work currently being performed manually.

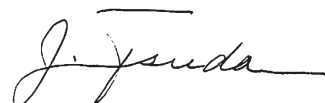
4. Active Investments Pave Way for Global Expansion

The Yaskawa Group plans to make optimal use of information technology to realize faster and more efficient business operations through the Groupwide sharing of management information. As for overseas sites, we will begin by investing in the necessary information infrastructure in Asian countries where we operate, and we plan to speed up our hiring and training of the staff we need to make the most of business opportunities in the emerging economies. We will simultaneously leverage our human resources to strengthen product development capabilities. Specifically, we will apply staff rotation systems more widely and more frequently, and will send newly-hired staff on practical training courses at our business bases overseas. We have also set up a system whereby employees with management potential at Group companies overseas can come to Japan for training.

Fiscal 2011 will be the crucial year for ensuring we meet the targets under Challenge 100, our current medium-term business plan, which lasts until the end of fiscal 2012. We aim to overcome the adverse impact of the earthquake and tsunami as quickly as possible, and to achieve improved business performance figures and enhanced enterprise value. From a longer-term viewpoint, we will seek out areas where our management goals overlap with the needs of society, and will work to realize the vision we have proclaimed for Yaskawa in 2015, of "using the Group's core technologies to solve emerging global problems."

On behalf of the management of Yaskawa Electric, I look forward to receiving the continued support and encouragement of our shareholders and other investors in our future endeavors.

June 2011



Junji Tsuda, President

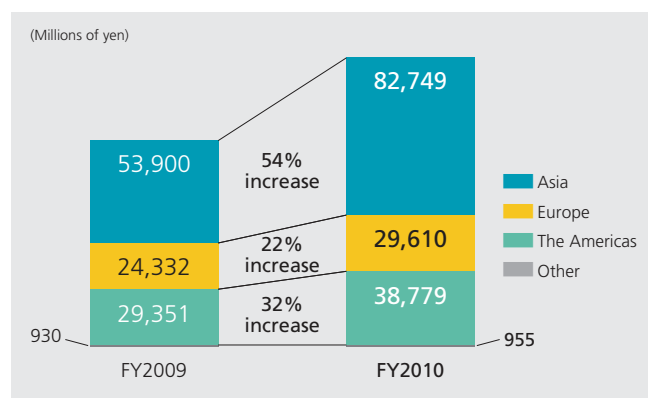
We are strengthening our global competitiveness, enabling Yaskawa Electric to evolve into a still more effective contributor to development in China and other high-growth Asian countries.

Background to our "Shifting Our Focus to Asia" strategy

The Group is speeding up the pace of its global development. We are positioning ourselves to serve areas and markets with strong demand potential, under our mid-term business plan "Challenge 100" covering the four years between fiscal 2009 and fiscal 2012. A range of global policies in the areas of product development, production and marketing are being rolled out, even as we improve efficiency across the board, enhance added value and increase product differentiation.

Since the collapse of Lehman Brothers, recovery momentum in the global economy has been driven mainly by growth in China and other Asian markets. For us to survive in such globalized competition, we must find ways of consolidating our position and expanding our share in these markets. To do this, we launched a full-scale "Shifting Our Focus to Asia" strategy in fiscal 2010.

Overseas Sales



"Shifting Our Focus to Asia": the policies

To strengthen its global competitiveness, the Group is taking measures all over Asia under the following six policies.

Deepen localization of operations	Strengthen production in demand markets
Strengthen the local procurement of overseas units	Increase localization of staff, while dispatching key staff from Japan
More centralized control of regional operations	Globalize personnel development

In the Asian region, we are positioning ourselves for rapid localization of operations to meet local needs in our motion and control and AC Drive businesses. In our Robotics segment, we plan to develop new products and increase order volumes based on accurate appraisal of market needs in Asia and emerging economies. Turning to production, we sent out technical experts from Japan during fiscal 2010 to establish a development and purchasing team for expansion of local procurement in China. We also established and reinforced production bases in China and India. In fiscal 2009, we deployed officers in Shanghai and Singapore to take charge of all China operations and other Asian operations, respectively. As part of an overhaul of Group companies, we also converted local joint ventures in China and India into subsidiaries through purchase of their stock. To speed up the pace of our "Shifting Our Focus to Asia" strategy, we are developing personnel specializing in meeting business needs of the emerging markets.

china



We will seek to remain a company that is highly valued in China, which is entering a period of industrial transition.

- Total sales across China rose 37% year on year.
- We will help promote China's national policy and achieve sustainable business growth.

Market environment

In fiscal 2010, the Motion Control and Robotics segments expanded their business on the back of a buoyant automotive market, posting total sales growth in China of 37% year on year. In recent years, demand from electronics manufacturers has also become robust as LCD, semiconductor and LED manufacturers from Taiwan join the China market.

In fiscal 2011, as China enters a period of industrial transition, we will take advantage of the opportunities while considering the possible risks including a credit crunch, electricity shortages, and a strong Chinese yuan.

We believe that China's national policy of promoting high technology and energy saving will support the growth of our businesses.

Current Initiatives

Our AC drives and servo motors have demonstrated their effectiveness in China in controlling machines for use in infrastructure and automotive manufacturing, such as elevators, cranes, and machine tools.

As production of machines used for manufacturing electronic items including semiconductors, LCDs and LEDs has been expanding rapidly in recent years, we are moving quickly to develop our business in such new fields.

High technology is being introduced in both conventional and new machinery and devices. In response, we are stepping up sales of products by setting up an R&D division tailored to differing needs, cutting product manufacturing costs to ensure wide market penetration, and enhancing sales channels for these products.

More and more companies are using robots to deal with shortages of human resources and rising labor costs and to ensure product quality.

In these circumstances, we are promoting the use of robots, collaborating with companies capable of leveraging robot applications including a leading Chinese welding equipment manufacturer, and strengthening sales and production systems.

In response to demand for energy saving, we are undertaking a range of activities as a corporate group that boasts comprehensive technologies in this area, such as providing energy-saving services for local and Japanese companies. We are also expanding sales of AC drives, key components in energy-saving systems.

Interview

» Hideki Gotoh
Director, and Regional Manager, China



Q What long-term vision do you have for the Company's business in China?

A China's 12th five-year plan clearly shows that China will seek to introduce high-tech equipment to become a manufacturing superpower, and will focus on energy saving to cope with energy issues.

Those are fields in which we excel. We believe that we will be able to contribute with our key technologies and products.

I believe that we can mitigate risks, expand opportunities, and achieve sustainable growth by remaining a highly valued company that provides cutting-edge technologies and products, rooted deeply in the local market.



Shanghai Yaskawa Drive Co., Ltd.
An AC drive production site in China



Our goal is top market share in all regions and businesses we operate in, based on an understanding of differing market conditions in each country.

- Sales in Asia increased 81% year on year.
- We will focus our management resources in India, which is considered a promising consumer market, and will bolster our production and sales activities there.

Market environment

Excluding China, our sales increased by 81% year on year in fiscal 2010 due to a dramatic pickup in demand across the whole region. By country, sales in South Korea grew 222%, the highest rise, with YASKAWA ELECTRIC KOREA CORPORATION booking its highest-ever earnings. In other areas, we saw particular growth in the Motion Control segment on demand from semiconductor companies in Taiwan, and in the Robotics segment from demand in the automobile-related industries in Thailand, where many companies are boosting their production capacity. Sales were also strong in loading equipment for harbor facilities in Singapore, which has a program of proactive public investment.

Current Initiatives

Apart from China, the other Asian market worthy of particular note is India. India has the potential to overtake China and become the world's biggest consumer market in light of its population growth trends. We expect infrastructure suppliers to

grow their business there. While strengthening our alliance with Larsen & Toubro Limited, our sales partner in India, we plan to launch full-scale production of AC drives at YASKAWA Electric India Private Limited, and centralize corporate resources in India at that company.

We have set up marketing teams in motion and control products for each country of the Association of Southeast Asian Nations (ASEAN), where demand for our products is rising following the transfer of production to Thailand, Malaysia and Indonesia to avoid risk of strong yen and overconcentration of businesses in China. In addition, we have set up a marketing office in Singapore to provide cross-organizational support to all businesses in the ASEAN area, and have significantly strengthened marketing networks.

In the Robotics segment, we are focusing on proposal-based marketing in Thailand and Indonesia, which we expect to see emerging as centers of automotive production for the entire ASEAN region, where demand is booming, and in South Korea and Malaysia, which continue to perform robustly.

Interview

Shigeto Yanase
Director, and Regional Manager, Asia



Production at YASKAWA Electric India

Q What is your long-term vision for Asia?

A Within Asia, there are many major differences of race, business customs and tax regulations. It is more important than ever to instill in senior executives an understanding of the corporate DNA of Yaskawa Electric, to enable them to establish local units in Asia and contribute to growth in the region. We are investing on a 10-year horizon, including personnel development. We aim to win top share in all regions and businesses we are involved in by understanding conditions in each market and strengthening our marketing capabilities.

Summary of Activities in Asia

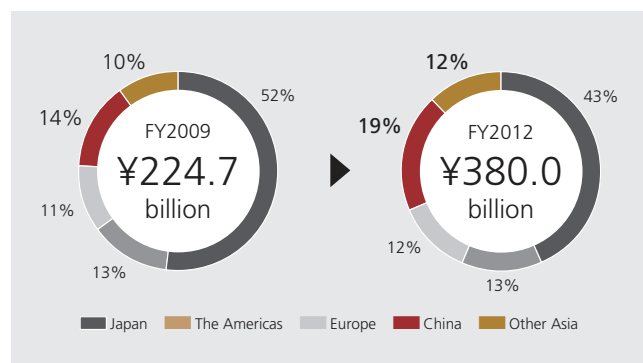


Rooted in, and contributing to, local communities

Based on a plan of focusing on growth regions and markets, the Company is aggressively expanding localized production in China and the rest of Asia, upgrading marketing organizations, and building up a product development system. Our goal is for China and other Asian sales to account for 31% of all sales by fiscal 2012.

In the increasingly important China and Asian markets, the key to improving our earnings and enterprise value will be increasing our strength as a Group by evolving into a company that can contribute to each host country through activities rooted in local markets.

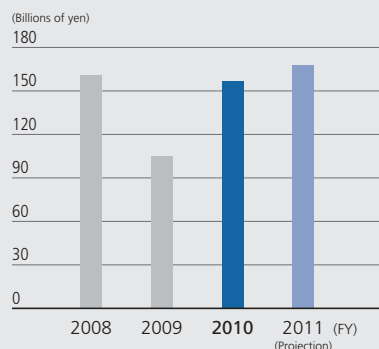
Projected Sales by Region



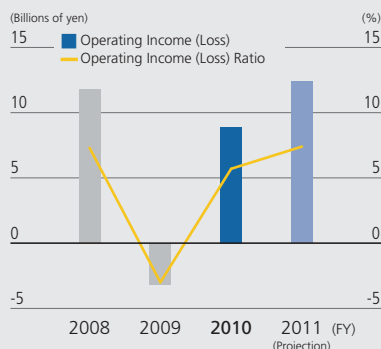
Review of Operations

Motion Control

Net Sales
¥156.4 billion



Operating Income
¥8.9 billion



Σ-V Series Safety Module, shown together with the "First in Asia" functional safety certification awarded to Yaskawa Electric, and a commemorative trophy

Business Overview

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

The M&C business offers solutions to innovate customers' machinery and systems by providing motion control products including AC servo drives, controllers, and linear motors, as well as application know-how. Servo drives are used in a wide range of applications including semiconductor/FPD manufacturing machines, chip mounters, machine tools, robots, food processing and packaging machines, printing machines, and textile machines.

AC drives are units that enable control of the rotation speed of a motor by changing the source power frequency. The use of AC drives is becoming increasingly widespread, not only for industrial applications, but also in consumer appliances such as air-conditioners, refrigerators, and washing machines, as well as medical equipment, amusement equipment, and other fields. Against the background of rising concern over global warming, AC drives have recently been attracting attention as energy-saving equipment for installation in large-scale commercial facilities such as office buildings, department stores, and so on. Accordingly, we have launched the environmental energy business aiming to strengthen our presence in the energy generation field, which uses our power electronics systems, the core of our AC drive technologies. We have been expanding our lineup of equipment for small-scale decentralized power systems utilizing renewable forms of energy such as solar power, wind power, and water power. Our M&C and AC drive products have earned the top shares in their respective world markets, thanks to their advanced technology and high quality. Trends in this segment are closely tied to developments in social infrastructure investments as well as capital investments across a broad range of markets, and our products have made a significant contribution to improved production efficiency, energy conservation, and the use of renewable energy sources in both the industrial and consumer markets.

Review of FY2010 Operations

The volume of orders received by this segment rose to a high level from the start of fiscal 2010, and business performance recovered sharply as the global economy began to come out of the recession it had entered in late 2008.

In the M&C business, demand for semiconductors for use in smartphones and tablet PCs led to strong orders for our products from makers of semiconductor manufacturing equipment, while sales to FPD and LED manufacturers in Taiwan and South Korea were also brisk. Thanks to strong demand from emerging nations, notably China, as well as other Asian markets, we posted a record-high number of servo motors sold. On the production front, we succeeded in further raising the automation level of production operations at our Tokyo Plant in Saitama Prefecture, which serves as our principal manufacturing center for servo drives, and in June 2010 we commenced production at our new plant in Shenyang, China. Regarding new products, in our Σ-V (Sigma-Five) series of AC servo drives, which conform to international safety standards, our safety module became the first such product in Asia to receive functional safety certification.

Our AC drive business also enjoyed increased demand from Asian countries, notably China, as well as a sharp recovery in the Americas, and sales volume recovered to post an all-time high. We commenced production in India, where demand is forecast to grow over the near term, and boosted the production capacity of our plant in Shanghai. With regard to the fields of application of our AC drives, demand is being led by energy conservation needs, and we have been expanding the application of our AC drives to fans, pumps, and compressors by offering solutions in which the drives are combined with high-efficiency motors. In the environmental energy business, we enjoyed a higher market profile, with our medium-scale industrial-use power conditioners for solar power generation capturing a domestic market share of around 10% by our estimate. During the reporting period,



Fast battery
charger for
electric vehicles
Enewell-CEV

SiC-QMET, motor (left) and AC drive (right) for electric vehicles employing a next-generation SiC semiconductor device

we took steps to accelerate the expansion of our environmental energy business. For example, **we developed an electric drive system for electric vehicles employing silicon carbide (SiC) devices, which are regarded as the next generation in semiconductor devices.** We also enhanced our lineup of electric drive systems for mini vehicles (YMEV), and put **a fast battery charger for electric vehicle use into production.**

Outlook

During fiscal 2011 we will be pursuing initiatives to expand sales of the M&C business in Asian countries, particularly in China, whose economy is expected to continue growing. Specifically, we will expand our plant **in Shenyang**, where we commenced production last year. This will give us a production system capable of fully meeting the growth in local demand.

We also plan to reinforce our local development system in China to enable us to offer system products in that country, including customizing and controllers. We plan to speed up our planning and development of new products in addition to our current mainline Σ -V Series.

In our AC drive business, we will be working to leverage our “1000 Series” of AC drive products, consisting of both general-purpose AC drives and others for specific applications, to boost our

sales volume in Asian markets, especially China. We are also building a global system that will enable us to rapidly develop and supply AC drives customized to individual customers, using product platforms based on the 1000 Series. We will increase our local production by expanding our Shanghai Plant and moving to full operation of our **new plant in India**. This move will improve our ability to meet changing customer needs, and will also lessen the impact of exchange rate fluctuations. By these means, we hope to post record sales for our AC drive business in fiscal 2011.

In the field of renewable energy, through partnerships with municipalities like the city of Kitakyushu, designated by the Ministry of Economy, Trade and Industry as a “Next-Generation Energy and Social System Demonstration Area,” we are strengthening our abilities in energy management, and are putting efforts into the development of power storage equipment and so on in preparation for the realization of the “smart grid” concept. We also plan to increase the capacities of our power conditioners for solar and wind power generation, and to expand their applications from industrial use to home use. Over the long term, we aim to truly cement our position as the global No. 1 company in this market by bolstering our marketing and development structures in various parts of the world, including through the conclusion of business alliances where appropriate. In this way, we are targeting a 20% share of the world market for AC drives.



Yaskawa Electric (Shenyang) Co., Ltd. (Shenyang Economic & Technological Development Zone, Liaoning Province, China)

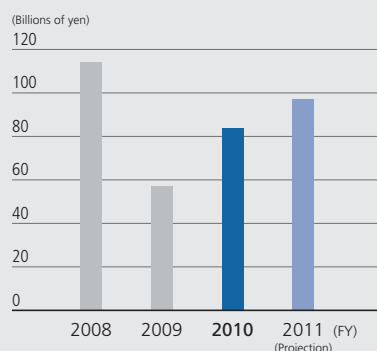


YASKAWA Electric India Private Limited, where production of AC drives commenced in March 2011

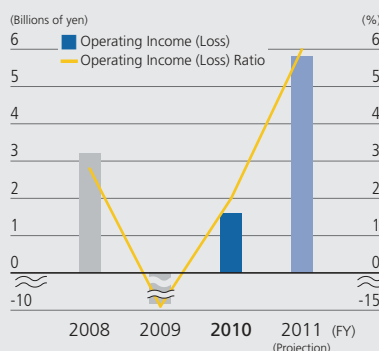
Review of Operations

Robotics

Net Sales
¥83.8 billion



Operating Income
¥1.6 billion



Business Overview

Our Robotics segment contributes to the automation of various industrial processes — including arc welding, spot welding, painting, assembly, and handling — particularly in the automobile and electrical equipment markets. We also help support the progress of technology in the semiconductor and flat panel display (FPD) markets through the timely supply of robots and handling systems.

We use our proprietary servo technology, which enjoys the largest share in the global market, to develop our own mechanical components and controllers for robots. Thanks to the high rate of in-house procurement, we can develop products flexibly, enabling us to optimize our robots for a wide range of applications and precisely meet our customers' demanding requirements. Yaskawa Electric is the world's leading manufacturer of robots, with cumulative shipments surpassing 230,000 in fiscal 2010.

Recently, we have been actively leveraging the robotics technology we have built up over the years to develop non-manufacturing applications for our robots, such as in the service sector.

Review of FY2010 Operations

During fiscal 2010 this segment benefited from the economic recovery, with both orders and sales posting sharp growth, bringing earnings back into the black.

The recovery in demand for semiconductors used in smartphones and netbooks (mini-notebook computers) led to an early increase in orders for robots for semiconductor manufacturing. In addition, we received large-lot orders for large-scale robots used in vacuum environments thanks to the fully-fledged startup of the new market for organic light-emitting diodes (OLEDs). In the automobile industry, one of our principal markets, the year saw active capital investments to expand production capacity, including the construction of new

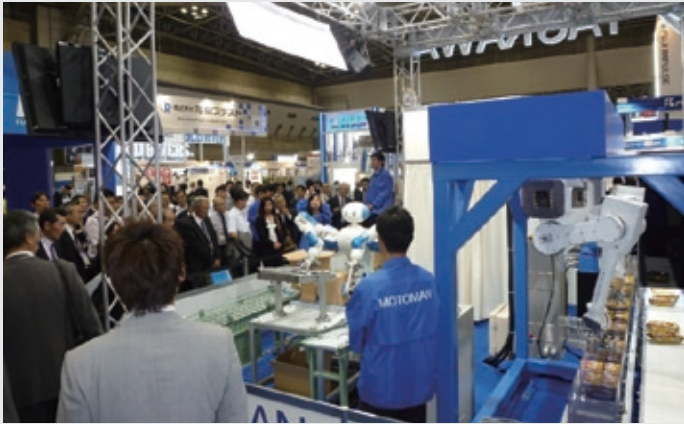
production lines, notably in China and other Asian countries. We also enjoyed an increase in demand for production facility renewal projects in Europe and America. These factors made a major contribution to the segment's improved business performance.

On the marketing front, we strengthened our marketing and service system in China with the establishment in Shanghai of a sales and business promotion division for robots. In India, where we anticipate strong growth over the near future, we acquired a 100% stake in our local joint-venture company to facilitate flexible and speedy decision-making with the goal of strengthening our brand power. In Korea, meanwhile, we took steps to reinforce our robotics service network.

We enhanced our lineup of products for the handling and transportation sector, where automation needs have been increasing in recent years, and we also expanded our range of handling robots for the distribution industry to meet the rising need for products that can handle large and/or heavy loads as well as for higher operating speeds. In the consumer products field, we developed a number of products that offer users greater convenience of operation, including new types of picking and packing robots ideal for high-speed packaging of small items.

Yaskawa Electric displayed its products for the first time at the **Tokyo International Packaging Exhibition 2010**. We introduced total robotics solutions for picking, packing, and palletizing processes. Visitors to the show were very impressed with Yaskawa Electric's handling robot technology, and our booth attracted considerable attention.

In the field of painting robots, we developed a robot for painting small products and components, targeted at a wide range of non-specialized industries, which has the merit of allowing a reduction in the size of paint booths.



Our booth at the Tokyo International Packaging Exhibition 2010



Delta Robot for high-speed material handling
MOTOMAN-MPP3

For the FPD industry we launched a robot for vacuum-environment work on large-size glass substrates, which was particularly well-received by OLED makers.

Outlook

During fiscal 2011 we plan to focus our efforts on expanding sales to overseas automakers, who are expected to continue enjoying strong business results. We will also work actively to expand sales of our painting and handling robots, which we launched on the market in fiscal 2010, to industries other than automobiles.

We aim to continue developing and launching new products to precisely meet market needs in Asian countries and emerging nations elsewhere, where demand is expected to grow strongly. We are drawing up plans to bolster our local solution proposal capabilities so as to expand orders. We will review our business management structure with the goal of strengthening our marketing system and after-sales services in that country, and we are also preparing for the scheduled start-up of production in China in 2012.

As one example of our efforts to build up our sales of robots for non-specialized applications, we plan to launch a **Delta robot** on the market to expand orders for handling robots from the food industry in Europe, America, and Japan, where demand is rising. We hope to raise our competitiveness by marketing these robots as a package together with newly-developed peripheral equipment such as compact controllers and optimum sensors.

In addition to our extensive lineup of painting robots, we are also

developing new peripheral equipment with an eye to offering our customers easy-to-use painting robot packages.

In Japan, as part of efforts to cultivate new customers by promoting a greater understanding of robots, we plan to open **the Kanto Robot Center** in Saitama City (Saitama Pref.) in September 2011. Visitors to the Center will be able to see and touch a variety of robots, and watch them in action.

From the long-term perspective, while developing products targeted at overseas markets where the use of robots is increasing, leveraging our manufacturing expertise, and strengthening our global marketing capabilities, we also hope to play an important part in expanding the field of application of service robots that can be of assistance to people in a variety of day-to-day situations.

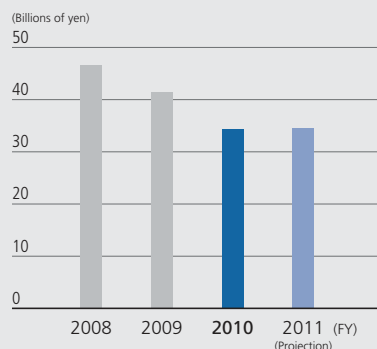


A rendering of
the Kanto Robot Center

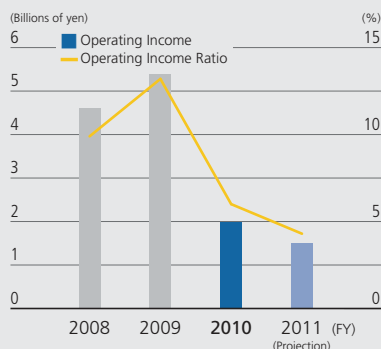
Review of Operations

System Engineering

Net Sales
¥34.3 billion



Operating Income
¥2.0 billion



FSDrive-MV1000

Business Overview

The major fields for which the System Engineering business provides solutions are large-scale plant facilities used in steel plants and water treatment plants, where stable operation is an absolute requirement, as well as large-scale crane facilities. Yaskawa Electric is involved in projects from the facility planning stage, and provides support throughout each facility's life cycle, offering everything from technical proposals to aftersales services. This has earned us an excellent reputation for reliability.

In the steel industry, one of this segment's major customer sectors, demand for steel is expected to decline in the Japanese market. Conversely, capital expenditures are rising in China, which has continued to post rapid economic growth, as well as in Southeast Asia and India, where strong growth is forecast over the next few years. At Yaskawa Electric we plan to take advantage of this anticipated capital investment by steelmakers to offer high-performance systems with advanced functions, leveraging our expertise in energy conservation and AC drive technologies.

In the water supply and sewage treatment plant business, on the basis of the Japanese government's "Waterworks Vision" and "Sewerage Vision 2100," we have drawn up a vision encompassing water circulation systems and energy conservation, and are promoting technology development to create solutions to the issues involved.

In the environmental energy system business, in the field of new energy creation we are focusing on the marketing of equipment for large-scale wind-generation, and are developing a global business in our medium-voltage inverters, which have proved to be highly effective in energy conservation.

Review of FY2010 Operations

In fiscal 2010 our steel plant system business recorded year-on-year declines in both orders and sales. Crude steel production in Japan recovered almost to the previous peak level, but steelmakers

remained reluctant to make capital investments in the face of the high prices of raw materials as well as the lingering impact of the bankruptcy of Lehman Brothers. In our water processing system business, we experienced decreased demand for facility renewal, and price competition with rival companies became increasingly severe. However, the year-on-year decline in orders and sales was held down to a minimum thanks to our system proposals and improvements. In the industrial electrical equipment business, the market recovered by comparison with fiscal 2009, but orders and sales rose only slightly due to the yen's appreciation. In the medium-voltage drive business and industrial motors business, growing environmental awareness worldwide led to steady orders for our energy conservation products.

As a result of the above, sales of this segment recorded a decline of 17.2% from the previous business term, to ¥34,349 million. We took steps to cut costs, particularly in the water treatment system field, thanks to which we posted operating income of ¥2,061 million, securing an operating income ratio of 6.0%.

Among new products, we launched the **CP-F3000 Multi-CPU System**, a system controller with enhanced functions but offering the same high performance and reliability as our previous models. It employs programming language compatible with the IEC's international standards, and we have designed it to be used with large-scale application systems. As processing is performed by two independent CPU modules, if a CPU module fails, control bumpless switching keeps operations going, and modules can be switched out while online, thus ensuring high reliability.

In our medium-voltage drive business, we developed the **FSDrive-MV1000** and began selling it globally. This product is an environmentally friendly medium-voltage AC drive that conserves energy and helps reduce CO₂ emissions, thereby contributing to global environmental preservation. It is the world's most compact such AC drive, and offers stable operations with advanced functions and high reliability. This high-efficiency, energy-saving product is



System controller Control Pack CP-F3000 (Multi CPU system)



Enewin Series
Converter for large-scale wind power generation



Enewin Series
Large-scale wind power generator

available in 2.4kV and 4.16kV models.

In the environmental energy system business, we have commercialized and begun sales of **the Enewin Series of electrical products for large-scale wind power generation**. We leveraged our proprietary medium-voltage matrix converter technology to develop converters and incorporated our permanent magnet motor technology to develop electrical generators, both for use in large-scale wind power generation facilities. We put to good use our accumulated technological expertise in the fields of drives and generators to meet the entire spectrum of needs peculiar to large-scale wind power generation, including functionality, structure, and weatherability.

Outlook

The Japanese steel industry is expected to implement approximately the same level of investment in fiscal 2011 as in fiscal 2010. Steel firms are forecast to make especially aggressive overseas investments, as well as invest in energy conservation and environmental measures. Amid such market conditions, our steel plant system business will aim to expand its market share and order value by taking advantage of the steelmakers' anticipated active capital investments, leveraging its proprietary know-how in the field of medium-voltage drives as well as newly-developed products to propose system applications in new areas. Additionally, we plan to speed up our global developments while keeping a close eye on Japanese steelmakers' investments in emerging nations, and to aggressively promote integrated marketing-and-technology activities to secure increased orders.

In the water treatment plant system business, we expect capital investment to remain firm, centered on improved environmental measures, as well as facility renewals and improvement. We also anticipate increased investment in high-quality water treatment facilities, as well as in addressing issues such as inundation damage due to flooding, resource recovery, and solutions to energy issues. While strengthening our technology development efforts and technology proposal activities in response to such changes in market

trends, we will also forge ahead with further improvements in our business processes to realize greater efficiency. We will be making preparations for our entry into overseas water-related markets, and at the same time will provide support for the early recovery of water treatment facilities damaged by the Great East Japan Earthquake.

Governments all around the world are expected to focus increasingly on the promotion of investments in tackling the issues of environmental protection and energy conservation, principally as a means of reducing atmospheric CO₂ levels. Against this backdrop, in our medium-voltage AC drive business we plan aggressive marketing activities on a global scale, particularly in China and Indonesia. At the same time, we will be bolstering our production system for the FSDrive-MV1000, which was launched in fiscal 2010, commencing local production in the major demand markets of China and the United States.

In the industrial motor business, we are conducting initiatives to expand our sales of compact, highly efficient variable speed drives and direct drives using our ECOiPM series of synchronous motors with permanent magnets and ECOhiM series of high-efficiency induction motors, which we have developed and launched to meet global needs for high efficiency.

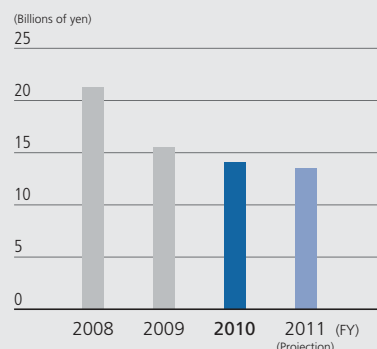
In our environmental energy system business, we will put additional effort into product development with the goal of expanding orders for our Enewin series of large-scale wind power generation products. We will work especially to raise our market profile in China, where demand growth potential is high, and hope to translate these efforts into increased orders.

In this segment, we are using energy-saving products grounded in our system engineering and drive technology and know-how, built up over many years, to generate steady earnings in the existing fields of steel and water treatment industries. At the same time, we are working to develop a global business centered on the new business domain of environmental energy, with the aim of achieving sustainable growth.

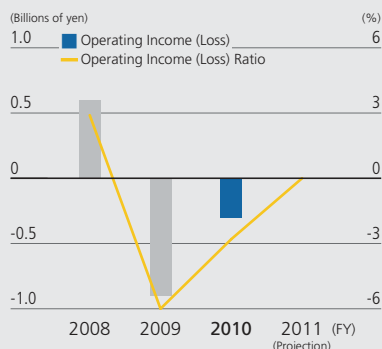
Review of Operations

Information Technologies

Net Sales
¥14.1 billion



Operating Loss
¥0.3 billion



Joint development and verification of IT systems that support greater driving safety, and greater penetration, of electric vehicles
(YASKAWA INFORMATION SYSTEMS Corporation)

Business Overview

The Information Technologies segment comprises all business operations of Yaskawa Information Systems and Y-E Data, which are two of the listed companies of the Yaskawa Group, together with information-related technological development operations conducted by Yaskawa Electric.

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 its own unique qualities to the mix so as to create new business opportunities under the theme of information technology.

YASKAWA INFORMATION SYSTEMS Corporation

- Data-processing software and services

Review of FY2010 Operations and Outlook

From the start of fiscal 2010 the Yaskawa Information Systems Group has been implementing a new mid-term business plan, called "Renovate 21," covering the fiscal years 2010-2012. Under this plan, we aim to "renovate" our existing business model and establish ourselves as a partner in the field of information technology (IT) that can create new value for its customers and users.

In fiscal 2010, the first year under the new mid-term plan, we worked to uncover new customer needs by integrating our marketing and technology development and realizing closer collaboration with our existing customers.

As part of our broader efforts to develop new businesses, we conducted active development aimed at promoting the further utilization of IT in the environmental energy field, such as electric vehicles as well as power generation and distribution.

Our operating revenue followed a gradual improvement trend, but companies remained very selective with respect to investment in IT. They continued to hold down prices and perform work in-house when feasible. We received a smaller number of orders with a contraction in the average order value, and revenue decreased from the previous year. Regrettably, we recorded a

loss for the term.

The business environment in fiscal 2011 is being affected by curbs and delays in IT investment in the aftermath of the Great East Japan Earthquake, and the outlook remains uncertain.

In the IT service field, the forecast for the Japanese IT service market has been revised sharply downward from 0.5% growth prior to the earthquake on March 11 to negative growth of 4.5%. This is thought to be because companies are giving priority to the recovery of pre-quake production levels, and thus putting off non-urgent IT investments until later. Nonetheless, we expect new demand for IT services to arise.

Despite this difficult operating environment, at the Yaskawa Information Systems Group we remain committed to Renovate 21, under which we are strengthening solutions proposal capabilities for existing customers and taking new initiatives, with the goal of achieving an early improvement in earnings.

In particular, the recent disaster has forced Japanese society to seriously reconsider its policies on energy issues. The increased utilization of renewable forms of energy, which have been touted as the "energy of the 21st Century," is being promoted, as well as the introduction of a "smart grid" (next-generation power



NetSHAKER ProxyBox
(YASKAWA INFORMATION SYSTEMS Corporation)



High-power laser scanner head
(Y-E Data Inc.)



High-precision spray coater
(Y-E Data Inc.)

distribution grid), and these will require the adoption of new forms of information technology.

The Yaskawa Information Systems Group is already making inroads into the renewable energy and electric power fields as new businesses. We plan to aggressively leverage our proprietary

technologies and unique services to develop new business opportunities in these promising areas.

Y-E Data Inc.

- Information products and services (optomechatronics, data security, information multimedia)

Review of FY2010 Operations and Outlook

In fiscal 2010, to realize progress in nurturing the optomechatronics solutions field — which we see as the replacement for our FDD business as FDDs are now coming to the end of their cycle — into a new core business, the Y-E Data Group reinforced collaboration in the production and marketing fields with YD Mechatro Solutions Inc. (Mechasol) and RayResearch Corporation. Both companies had become members of the Group in fiscal 2009. As a result, sales of the Company's laser marking units and of Mechasol's devices posted growth, and overall demand growth also made a positive contribution. Sales on a consolidated basis recovered from the previous business term, at ¥5,529 million, for a year-on-year increase of 25.4%. At the earnings level, the recovery in sales and our success in cutting fixed costs through organizational simplification and workforce downsizing realized a reduction in overall costs. Thanks to this, we posted both an operating income and ordinary income of ¥33 million and ¥74 million, respectively.

In fiscal 2011, the Y-E Data Group plans to implement the following measures with the aim of becoming a corporate group that can post stable earnings, centered on its optomechatronics solutions business.

1. Rigorous cost-cutting and improved profitability through value analysis and engineering

We will improve the rate of value-added and secure adequate profitability through rigorous cost-cutting across design, production and procurement, while also continuing to hold down expenses by raising efficiency and productivity.

2. Integrated management of the optomechatronics solutions business across the entire group

We will integrate the management of all aspects of this business, including marketing, technology development and production. We aim to build a solid base for this business as the core of the group. We will seek to realize group synergy, including expanded sales of the products of RayResearch Corporation.

3. Launching and promotion of new businesses

We will take specific steps to advance and expand our network business service operations. We will also be working together with Yaskawa Electric to enter new markets, such as robotics application systems.

4. Vigorous pursuit of QCD (Quality, Cost, Delivery), as being crucial to our core competence as a device manufacturer

5. Ensuring the continued profitability of our existing businesses

Technology Development and Intellectual Property Strategy

Research & Development

Overview and Policy on R&D Initiatives

Yaskawa Electric is working to strengthen its responsiveness to the global market in such existing business fields as motion control and robotics, and to harness the success of these efforts in the development of new products. We are additionally pursuing research and development (R&D) that will contribute to society well into the future, including the development of technologies and products in the "Environmental & Energy" business domain, which includes renewable energy systems, electric products for cars, etc., as well as technologies and products that help humans and robots to coexist in the "Robotics Human Assist" business domain.

FY2010 Results and Topics

In the motion control field, the company developed a rapid charger, harnessing the strength of its expertise in power conversion technologies. In addition, Yaskawa Electric developed SiC-QMET, a highly efficient motor driving system for electric vehicles. A world's first, SiC-QMET uses silicon carbide (SiC)-based power semiconductor devices that significantly help realize more compact and higher-efficiency motors and inverters. The company also developed Yaskawa Motordrive for Electric Vehicles (YMEV), a driving system for commuter and compact EVs, augmenting its highly efficient motor driving system lineup. In the robotics field, Yaskawa Electric took steps to enhance the accuracy and precision of its 3D measuring units that serve as a vision tool for its lineup of robots.

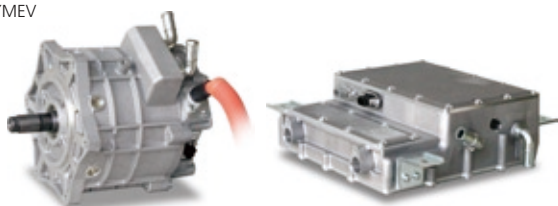
Rapid charger



SiC-QMET



YMEV



Intellectual Property Strategy

Yaskawa Electric respects third-party intellectual property while using its own intellectual property to actively protect its products giving them a market edge.

Intellectual Property Management Strategies

Within the framework of a strategic corporate management trinity that encompasses business, R&D and intellectual property strategies, the focus of our activities regarding intellectual property rights has shifted from quantity to quality. At the same time, we have been implementing a proactive patent cycle of the creation, protection and utilization of our intellectual property.

Intellectual Property Activities

We pursue proactive patent activities closely linked to R&D by collaborating with the intellectual property division, which provides company-wide supervision, and the proactive patent promoters assigned to the R&D division and other business divisions. As a measure of our achievements, we received many awards at the JIII Kyushu Block Commendation for Invention in fiscal 2010, one of which was the Commendation for Invention from the Governor of Fukuoka Prefecture (for Patent No. 4161811, which encompasses motor control equipment and the method used to set control parameters).

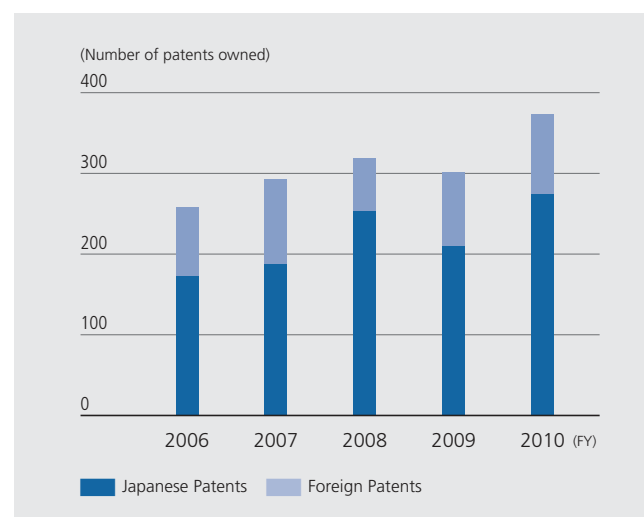


JIII Kyushu Block Commendation for Invention awards ceremony, 2010

The Status of Intellectual Property Rights

Yaskawa Electric uses its intellectual property rights to protect its products around the world.

The Number of Patents Owned by Yaskawa Electric



Management Principles and Corporate Activity Standards

Yaskawa Electric will celebrate the 100th anniversary of the foundation in 2015. We are grateful to all those who have 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.

Management Principles

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 Group Corporate Activity Standards (established March 21, 2010)

Because our Management Principles require that we contribute to the development of society and the welfare of mankind through our business performance, as well as seek to build a solid and trustful relationship with society by fully recognizing corporate citizenship and operating a conscientious and fair business, we, the members of the Yaskawa Group, respect human rights and conduct ourselves in a socially responsible manner as we work to build a sustainable society, observing both the spirit and the letter of all laws and international rules applying to our activities in Japan and abroad in accordance with the following ten principles.

1. We, by the development and provision of socially beneficial products and services in a safe and environmentally friendly manner, shall contribute to the improvement of people's lives and to economic and social development, taking all necessary measures to protect personal data and customer information.
2. We shall work to protect the environment 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, making every effort to prevent insider trading.
4. As "a good corporate citizen," we shall actively engage in philanthropic activities, and other activities of social benefit.
5. We shall respect diversity, individuality and differences of the employees, to secure 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, respect the local culture and customs, 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, and 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 realizing the spirit of these standards and for taking the initiative in all necessary actions to raise awareness in the group, inform its business partners of this responsibility, establish effective internal systems and ensure thoroughgoing corporate 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.

Note: On the establishment of the Yaskawa Group Corporate Activity Standards

In 1997, Yaskawa Electric composed the Yaskawa Electric Corporate Activity Standards, which declared our intention to manage our business based on legal and ethical compliance as a member of society. Subsequently, as we realized the need for establishing a compliance program, we made a number of revisions to the standards in order to increase awareness and furthermore took initiatives to improve compliance.

The community and the outside world in recent years increasingly view and judge enterprises in terms of their entire corporate groups, and for its part, Yaskawa Electric has espoused consolidated group management and global expansion.

To meet the needs of these new times, we have redesigned the Corporate Activity Standards. Since March 21, 2010, these standards no longer apply just to the parent company Yaskawa Electric, but to our entire Group, including subsidiaries in Japan and abroad.

Corporate Governance

Fundamental Stance on Corporate Governance

Yaskawa Electric places a high priority on corporate ethics based on legal compliance. We aim to respond to changes in the social and economic environment with quick decision-making, while also working for sound business operations, and we consider these activities to be important in increasing shareholder value.

We commit ourselves to establishing better relationships with all of our stakeholders or supporters, including our shareholders, customers, suppliers, the local community, and our employees. At the same time, we are working to further enhance the Company's corporate governance by strengthening the functions of our current governance structure, including shareholders' meetings, meetings of the board of directors and corporate auditors, and our accounting auditors. Furthermore, we will increase the transparency of the Company's management by ensuring swift and accurate disclosure of a wide range of information to our shareholders and other capital providers.

Details of the specific organizational structures that we have created and are operating to raise shareholder value are provided in the following section.

Overview of Corporate Governance System

In the case of Yaskawa Electric, the corporate management system involved in decision making, execution of decisions, and oversight of said execution comprises principally the Board of Directors, whose members include one external director, as well as the Board of Corporate Auditors, which is charged with responsibility for the oversight and supervision of business operations.

The directors of the Company, including an external director, reciprocally engage in oversight and supervision. The corporate

auditors, including external auditors, attend meetings of the Board of Directors, and perform supervisory functions through meetings of the Board of Corporate Auditors, including oversight of all decisions relating to important managerial or legal issues, as well as the execution of business operations.

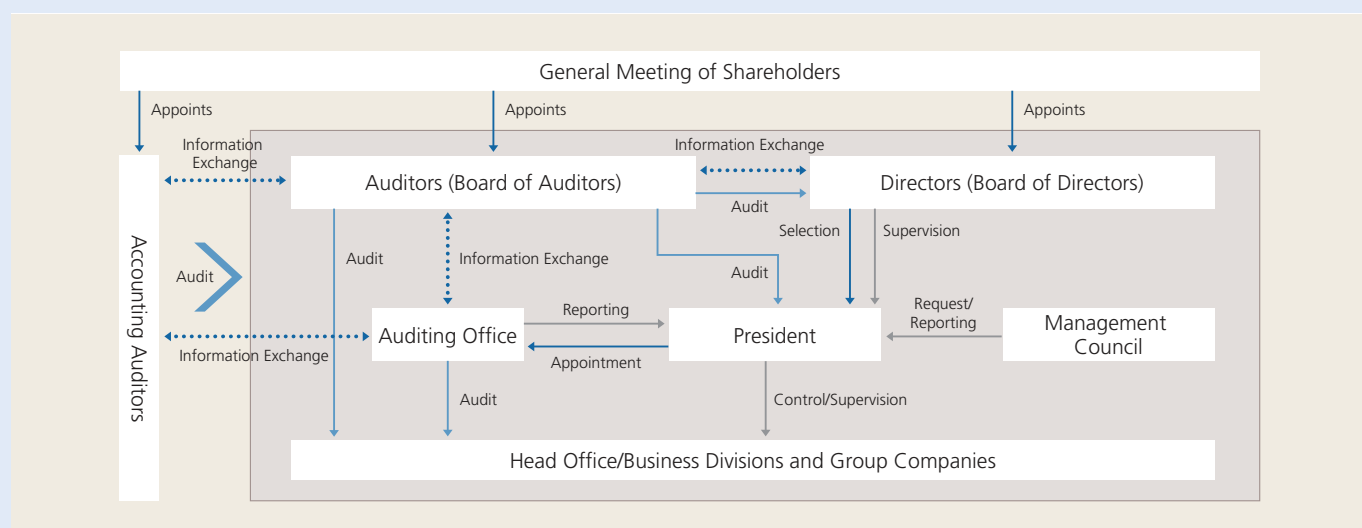
The Board of Directors of Yaskawa Electric comprises 15 members, 14 standing directors and one external director. At the Company's 90th Regular General Meeting of Shareholders held on June 16, 2006, the Company's articles of incorporation were amended to reduce the term of office of directors from two years to one year, in order to clarify management responsibilities and facilitate prompt response to a rapidly changing operating environment.

In addition to regular meetings of the Board of Directors, extraordinary meetings may be called when deemed necessary, at which the directors discuss and make decisions on issues resulting from legislation or other issues of importance to the management of the Company, as well as supervise the execution of business operations. During the reporting fiscal year, the Board of Directors held nine meetings, at which decisions were made relating to issues of management importance and issues stipulated by legislation, and supervision of the operation of the Company was conducted.

The Board of Corporate Auditors comprises four members, two standing auditors and two external auditors. During the reporting fiscal year, the Board of Corporate Auditors held 11 meetings.

We have also created a system to facilitate speedy decision-making by the Company's directors, including the formation of a management council which holds regular meetings twice per month as well as extraordinary meetings whenever deemed necessary.

Corporate Governance System



Status of Internal Control System

In accordance with the Companies Act, which came into force on May 1, 2006, the Company is obligated to create “a system to ensure that the duties of directors of the company are carried out in conformity with the law and with the company’s articles of incorporation, as well as other systems deemed necessary to ensure the appropriate conduct of business as a joint-stock corporation as stipulated by ordinances of the Ministry of Justice.” Accordingly, by resolution of a meeting of the Board of Directors of Yaskawa Electric held on May 8, 2006, the Company adopted a fundamental policy under which it will create and maintain an internal control system applicable to the Yaskawa Electric Group, consisting of the Company and its subsidiaries.

Subsequently, in conformity with the stipulations of the Financial Instruments and Exchange Law relating to internal control systems with respect to financial reporting, and with the aim of strengthening the Company’s legal compliance, a resolution establishing an internal control system was passed by the Board of Directors on March 6, 2009.

To reinforce internal control across the entire Group, we revised the “Yaskawa Electric Corporate Activity Standards” under the name of the “Yaskawa Electric Group Corporate Activity Standards,” which is applicable to the entire Group. Subsequently, having confirmed that these standards were fully known and accepted by all Group members, the change of name was made official by resolution of the Board of Directors on March 10, 2011.

Initiatives to Strengthen Corporate Governance

FY1997	<ul style="list-style-type: none"> ● Formulation of Yaskawa Electric Corporate Activity Standards
FY2003	<ul style="list-style-type: none"> ● Formulation of Compliance Guidelines ● Creation of “Compliance Emergency Number” internal alert system
FY2006	<ul style="list-style-type: none"> ● To clarify management responsibilities and enable a speedy and effective response to sudden changes in the business environment, the term of office of directors of the Company was reduced from two years to one year.
FY2010	<ul style="list-style-type: none"> ● The application of the existing “Yaskawa Electric Corporate Activity Standards” was expanded to cover the entire corporate Group, including all the Company’s subsidiaries, and the standards were renamed the “Yaskawa Electric Group Corporate Activity Standards.”

Relationships with External Directors and External Corporate Auditors

To ensure the legality of the Company’s business operations, Yaskawa Electric appoints external directors and corporate auditors who are able to observe its operations from a viewpoint closer to investors, customers and society in general. As of June 17, 2011, the Company has one external director (Mr. Yoshinori Fukahori) and two external corporate auditors (Mr. Yasunari Mitsui and Mr. Makoto Ishimaru).

Mr. Yoshinori Fukahori, the Company’s external director, is an Executive Vice President of Kyushu Electric Power Co., Inc. Kyushu Electric Power is a company with which Yaskawa Electric has a trading relationship involving the sale of electrical products, but the scale of this business is immaterial in comparison to the business scale of either of the two parties.

External Corporate Auditor Yasunari Mitsui is President and Representative Director of Mitsui High-tec Inc., with which Yaskawa Electric has a trading relationship involving the purchase of electric motor components, but the scale of this business is immaterial in comparison to the business scale of either of the two parties.

There are no particular conflicts of interest between the Company and external Corporate Auditor Makoto Ishimaru. Mr. Ishimaru possesses considerable experience and knowledge in his capacity as the general manager of the administration division of a business corporation, and we believe that he will bring this experience and knowledge to bear on the business of the Company’s auditing system.

Neither the abovementioned external director nor the two external corporate auditors serve as operating officers or in equivalent posts at significant trading partners or shareholders of the Company, and we therefore judge that there is no likelihood of any conflict arising between the performance of their duties by these three officers and the interests of the Company’s general shareholders. We have, therefore, notified the Tokyo Stock Exchange to the effect that these three officers have been appointed in the capacity of independent executives as stipulated by the regulations of the Tokyo Stock Exchange.

Compensation Paid to the Company’s Directors and Corporate Auditors

Classification	Number of Officers	Compensation
Directors	18	¥394 million
Corporate Auditors	6	¥58 million
Total (of which, external officers)	24 (4)	¥453 million (¥19 million)

Note: The above includes two directors and two corporate auditors (including one external corporate auditor) who retired as of the end of the 94th Regular General Meeting of Shareholders held on June 17, 2010.

Remarks from the External Director

In its global activities, Yaskawa Electric is increasingly expected to establish globally recognized corporate governance mechanisms and maintain transparency in business operations.

Against this background, I see my role as External Director as one of checking up on the legality and operational propriety of decision-making by management, from an objective perspective as an independent member of the management team with an executive role, while making full use of my experience as a manager.

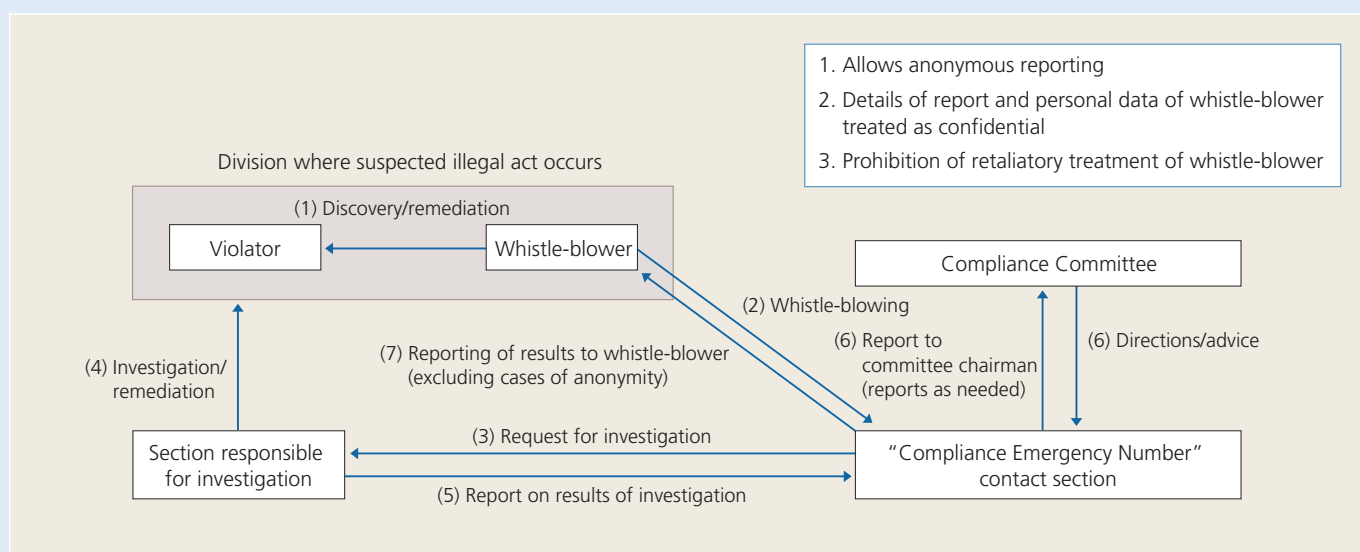
My advice and proposals are aimed at further strengthening our management system, to ensure decisions are rooted in a corporate philosophy of “supporting the development of society and contributing to the welfare of humanity through our business activities,” and in the “Yaskawa Electric Group Corporate Activity Standards.”

Yoshinori Fukahori
External Director

Compliance

We have formulated the Corporate Charter and the Yaskawa Electric Group Corporate Activity Standards, and we work to ensure that employees of the Company and of all Group members observe these rules and implement Company-wide education to ensure compliance with laws and social norms. We also distribute the Compliance Guidelines to all employees, and have instituted an in-house reporting (whistle-blowing) system with compliance emergency number for both the Company and its subsidiaries, enabling employees to report violations of compliance rules to a dedicated in-house section or an outside third party.

“Compliance Emergency Number” Internal Alert System



Status of Risk Management System

With regard to the Company-wide creation of a risk management system, we have established the Compliance Committee to oversee the observance of the Yaskawa Electric Group Corporate Activity Standards, education of employees in the Standards, and the Company-wide development of the Company's legal compliance system. We have also established the Risk Management Committee to draw up plans relating to risk management and manage the system, as well as to raise awareness of risk management and carry out Company-wide education in risk management.

The Company's management also consults with its corporate lawyers when it requires advice on legal issues.

Investor Relations Activities

We hold regular briefing sessions for analysts and institutional investors, as well as two results briefings per year, presided over by the Company's President.

We also hold regular briefings specifically for overseas investors, and pay individual visits to major overseas institutional investors.

We post IR information on our website and make timely disclosure of account settlement and other information including financial reports, quarterly reports, results briefing materials, and annual reports, among others.

We have appointed an officer with special responsibility for investor relations at our Tokyo Administration Division.

Corporate Policy with Regard to Criminal Organizations

In conformity with the Yaskawa Electric Group Corporate Activity Standards, the Company adopts an uncompromising stance toward criminal organizations (referred to as "anti-social forces" in Japan) in which the Company completely abjures all relationships with such organizations. We have set up a dedicated section to oversee the Company's attitude to such organizations. We participate in a corporate association set up to liaise over undue claims, and while working to collect and collate data on criminal organizations, we maintain close liaison on such issues with the police and other governmental bodies. We have also drawn up a guidebook on how to deal with advances from criminal organizations and have distributed it throughout the Company.

Anti-Takeover Measures

Yaskawa Electric has no particular basic policy regarding who shall be responsible for management decisions relating to the Company's finances or business operations. However, in view of the fact that such a basic policy would be of great importance not only to the Company itself but also to its shareholders, customers, employees, and all other persons having a material interest in the Company, we intend to debate this issue thoroughly with a prime focus on enhancing the Company's enterprise value.

Environmental Initiatives

In the belief that protecting the planet is one of the most important issues shared by mankind, Yaskawa Electric takes care to safeguard the environment in all of its business activities.

Environment-friendly Product Development

Life Cycle Assessment (LCA) has been introduced at the product planning and design stage. We are pursuing ways of manufacturing and doing business that reduce the burden on the environment at each stage of the product life cycle, from procurement of materials to disposal.

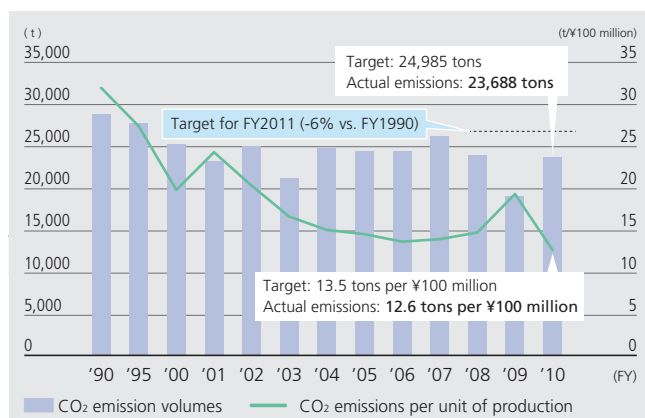
History of our LCA system

FY2007	Creation of project team for introduction of LCA enables the detailed appraisal and evaluation of product environmental load in major product categories
FY2008	Deployment of LCA standardization project team enables standardization of LCA implementation methods, development of an LCA datacenter (Eco-bridge) and third-party reviews of LCA quality levels
FY2009	Launch of project team to promote LCA efficiency, ensure quality in LCA activities, and reduce operational burden from implementation of LCA
FY2010	Establishment of mechanism for enabling visual measurement of environmental load in LCA, using pre-established standards and the datacenter at our design department. Product development now takes due account of environment-friendly design

CO₂ emissions per production unit

During fiscal 2010, CO₂ emissions have risen compared with fiscal 2009 due to increased output. Emissions per unit of production totaled 12.6 tons per ¥100 million of output, compared with a target of 13.5 tons.

CO₂ emissions per production unit

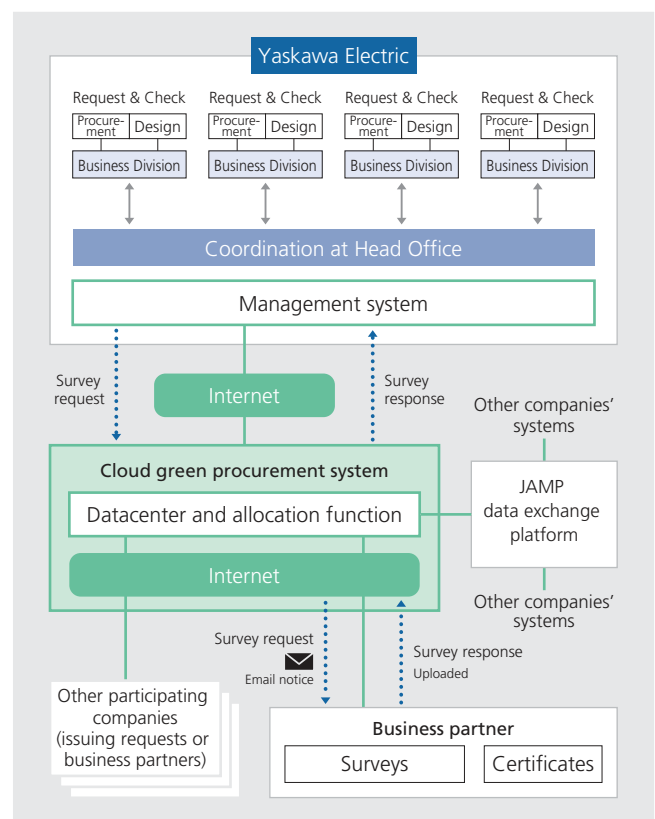


Introduction of new green procurement system

To effectively and promptly respond to increasingly sophisticated antipollution measures such as the European REACH regulations in all their details, we have introduced a cloud-based chemical substance management system as a means of sharing information with business partners in this issue. The following features enable significant reduction of operational burden at business partners providing data.

- Enables flows of registered information to different customers, since it is a two-way information-sharing system for members
- Supports sector surveys by Japan Green Procurement Survey Standardization Initiative, Joint Article Management Promotion — consortium (JAMP), Japan Automobile Manufacturers Association, Inc., and other research organizations
- Globalization of data through presentation in Japanese, English and Chinese
- Dedicated support services

New green procurement system



Social Activities

As a corporate citizen both of the local communities in which we operate and of society as a whole, we at the Yaskawa Group greatly value our relationships with the Group's customers and all our various stakeholders.

Customers

We employ customer satisfaction (CS) surveys, meetings with our agencies to exchange information, and CS-Kaizen activities, to realize an overall improvement in customer satisfaction.

Shareholders and Investors

In fiscal 2010 we made a total of 893 presentations to approximately 1,800 institutional investors, both in Japan and overseas. We work to make information continuously available through visits to overseas investors, active participation in conferences organized by securities companies, and telephone conferencing.



Presentation meeting for investors on the environmental energy business

Employees

Our personnel system draws a clear picture of the type of employees we are looking for: people who can contribute to the development of society and the welfare of humankind. We also host events that bring employees' families together, seeking to promote a good work-life balance and help nurture the next generation.



The New Year's Ekiden Support Tour, at our Iruma Plant in Saitama Prefecture

Suppliers

To ensure that the products we purchase meet our standards for quality, cost, and delivery, we adopt a policy that includes an openness policy, fair and honest trading, green procurement and a focus on corporate social responsibility. On this basis, we maintain and enhance good and mutually beneficial relations with our suppliers, featuring reciprocal trust and cooperation.

Local Communities

We interact with other members of the community through participation in local events and by hosting factory tours. We further contribute to society by conducting local clean-up activities and environmental protection initiatives, and by promoting sports through our track and field team.



Participation in Monozukuri Taikan Stadium, an educational event for children organized by Nikkan Kogyo Shimbun, Ltd.



Volunteer cleanup activities at the seaside

Educational and Research Organizations

We work to foster the human resources of the next generation, supporting students, accepting students from overseas, and conducting joint research with educational institutions, among other activities.



Holding of the Yaskawa Cup technology competition at Shanghai JiaoTong University

For further details of the environmental and social activities described on pages 29 and 30, please refer to our Social and Environmental Report which can be downloaded from our website. Social and Environmental Report URL  <http://www.yaskawa.co.jp/en/company/csr02.html>

Board of Directors and Corporate Auditors

As of June 16, 2011



Koji Toshima
Chairman of the Board

Junji Tsuda
President

Masao Kitoh
Executive Managing Director



Toshihiro Sawa
Managing Director
General Manager,
Technology & Development Div.



Noboru Usami
Managing Director
General Manager,
Personnel, General Affairs,
Finance & Accounting



Koki Nakamura
Managing Director
General Manager,
System Engineering Div.

Directors



Yoshinori Fukahori
Director (External)
Executive Vice President
KYUSHU ELECTRIC POWER CO., INC.



Hideki Gotoh
Director
Regional Manager, China



Hiroshi Ogasawara
Director
General Manager,
Motion Control Div.



Osamu Motomatsu
Director
General Manager,
Tokyo Administration Div.



Shuji Murakami
Director
General Manager,
Corporate Planning Div.



Yoshikatsu Minami
Director
General Manager,
Robotics Div.



Shigeto Yanase
Director
Regional Manager, Asia



Yuji Nakayama
Director
General Manager,
Finance & Accounting Div.



Koichi Takamiya
Director
Regional Manager, Europe

Corporate Auditors



Sadahiro Iwata
Standing Auditor



Manabu Ichikawa
Auditor



Yasunari Mitsui
Auditor (External)
President and
Representative Director
Mitsui High-tec Inc.



Makoto Ishimaru
Auditor (External)
Managing Corporate Officer
KROSAKI HARIMA CORPORATION

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Consolidated Financial Review

The financial section hereunder was prepared on the basis of "Consolidated Results for the Fiscal Year Ended March 20, 2011 (unaudited)" announced on April 20, 2011, and is provided for the convenience of investors.

For the Company's security report under the terms of the Financial Instruments and Exchange Act, please see the Company's website and the Electronic Disclosure for Investors NETwork (EDINET).

Business Environment and Principal Measures in Fiscal 2010

In spite of the impact of a major appreciation of the yen, the Yaskawa Group enjoyed improved business performance during fiscal 2010, thanks mainly to firm demand on overseas markets, centered on China and other Asian countries, as well as a recovery in business performance by the Group's principal customers in Japan.

In response to these market growth trends, and with the goal of improving its business performance figures, the Yaskawa Group took the following measures during the reporting period in line with the growth strategies from the mid-term business plan "Challenge 100."

- Increased speed of product sales in growing markets, including China and other Asian nations, and emerging nations
- Promoted and expanded the environmental energy business
- Maintained the Group's rigorous cost-cutting policy

As a result of the robust business environment described above, as well as the various measures taken by the Group, we posted growth in orders received, particularly in the motion control and robotics segments. Both sales and earnings also recorded significant growth and improvement over the previous fiscal year.

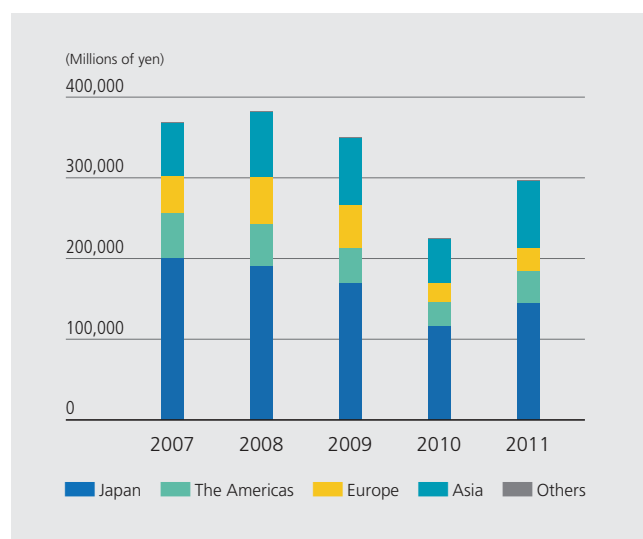
Group Overview

As of March 20, 2011 the Yaskawa Group comprised 75 subsidiaries, 20 affiliate companies, including 62 consolidated subsidiaries, of which Yaskawa Information Systems Corporation and Y-E Data Inc. are listed on the second section of the Tokyo Stock Exchange. The equity method is applied to 14 affiliated companies. The equity method is not applied to any non-consolidated subsidiaries.

Earnings

Consolidated net sales for fiscal 2010 came to ¥296,847 million, an increase of 32.1% over the previous fiscal year. Sales to Asia — notably Korea, Taiwan and Thailand — rose 81% year on year, while overseas sales accounted for 51% of total consolidated net sales, up from 48% for the previous fiscal year.

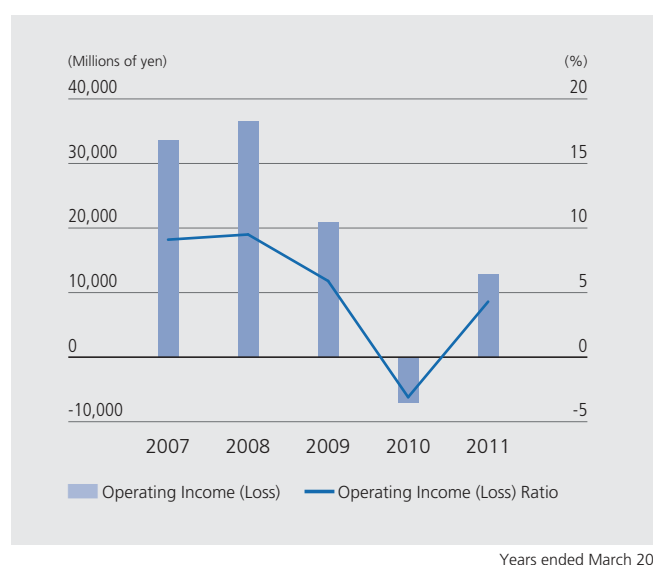
Consolidated Net Sales by Region



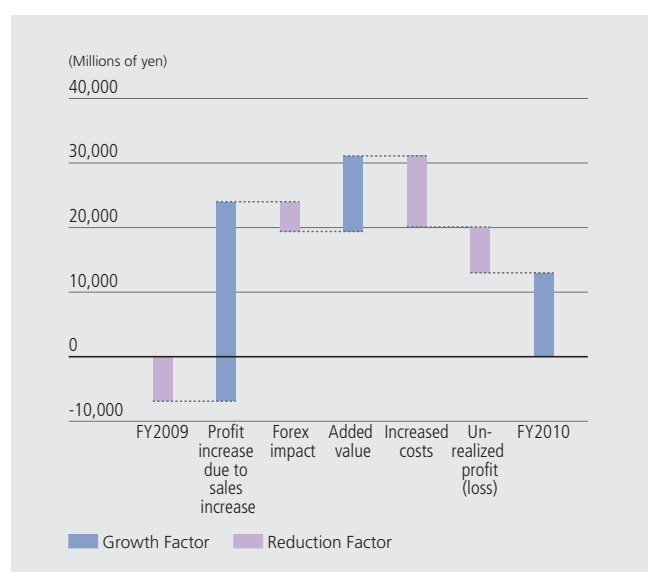
Years ended March 20

Cost of sales in fiscal 2010 amounted to ¥219,815 million, 26.5% higher than the previous fiscal year. The ratio of cost of sales to net sales decreased by 3.3 points to 74.0%. Selling, general and administrative (SG&A) expenses increased by 10.8% to ¥64,157 million. The percentage of SG&A expenses against net sales decreased by 4.2 points to 21.6%. As a result, operating income came to ¥12,874 million, an improvement of ¥19,851 million from the operating loss recorded for the previous fiscal year.

Operating Income (Loss) and Operating Income (Loss) Ratio



Breakdown of Changes in Operating Income (FY2009 to FY2010)

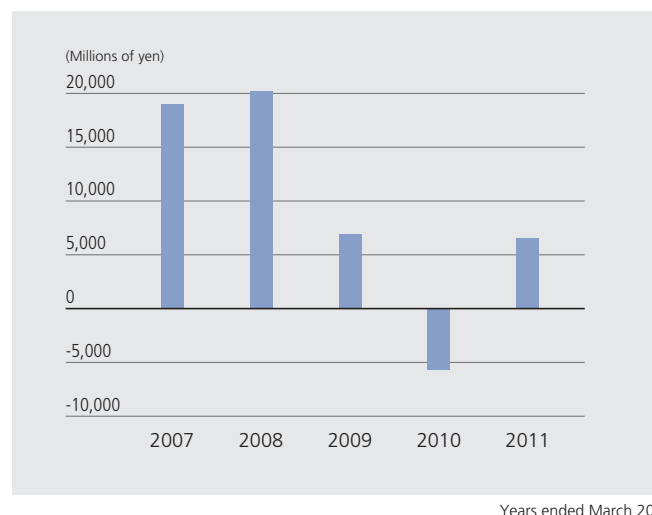


Non-operating income decreased by 23.5% from the previous fiscal year, to ¥1,735 million, due to a decline in the employment adjustment subsidy, among other factors. Non-operating expenses decreased by 12.0% to ¥1,180 million, due to decreases in interest expense and foreign exchange losses. As a result, an ordinary income of ¥13,429 million was posted, for an improvement of ¥19,479 million compared with the ordinary loss registered for the previous fiscal year.

Extraordinary profit posted an increase of 141% over the previous fiscal year, to ¥118 million, due to increased gains on the sale of investment securities. Extraordinary losses decreased by ¥1,882 million to ¥1,488 million.

As a result of the above, net income before taxes and other adjustment totaled ¥12,060 million, for an increase of ¥21,430 million over the previous fiscal year. Net income after deducting income taxes and recording minority interests amounted to ¥6,544 million, for an increase of ¥12,243 million over the previous fiscal year. Net income per share came to ¥26.00, compared with a net loss per share of ¥22.64 for the previous fiscal year. ROE (return on equity), one of our key management indicators, was 7.2% in fiscal 2010, an improvement of 13.3 points from the previous fiscal year.

Net Income (Loss)



Balance Sheet Highlights

As of March 20, 2011, total assets stood at ¥264,594 million, for an increase of ¥22,945 million from the previous fiscal year-end. This was due to an increase of ¥26,111 million in current assets, mainly resulting from increases in trade notes and accounts receivable and inventories, and a decline of ¥3,166 million in fixed assets.

Total liabilities increased ¥18,205 million to ¥166,565 million. Current liabilities increased by ¥21,505 million, mainly as a result of an increase in trade notes and accounts payable. Long-term liabilities decreased by ¥3,300 million, primarily as a result of a decrease in long-term debt.

Net assets increased by ¥4,740 million to ¥98,029 million. This is attributable to a ¥5,729 million increase in shareholders' equity resulting mostly from an increase in retained earnings.

Total Assets and Return (Loss) on Assets*



* Return on Assets = Net Income/Total Assets

As of March 20

Cash Flow

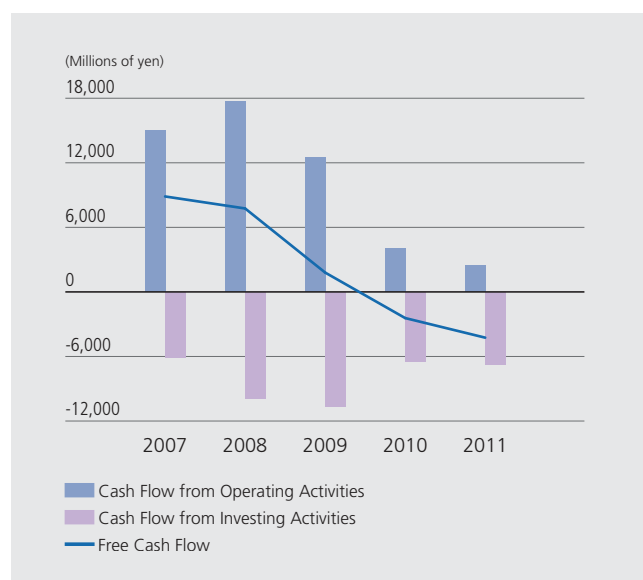
Cash and cash equivalents totaled ¥11,885 million as of March 20, 2011, a net decrease of ¥4,410 million compared with the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥2,489 million. The major components were net income before income taxes and other adjustment of ¥12,060 million, depreciation and amortization of ¥7,057 million, and increases of ¥19,549 million in trade receivables, ¥13,425 million in inventories, and ¥13,869 in trade payables.

Net cash used in investing activities amounted to ¥6,741 million. The primary use of cash was expenditures of ¥6,266 million for purchases of property, plant and equipment, as well as intangible assets. Free cash flows, the sum of cash flows from operating and investing activities, amounted to a cash outflow of ¥4,252 million.

Net cash used in financing activities amounted to ¥786 million. Major components were a ¥2,991 million increase in short-term debt, proceeds of ¥1,050 million from long-term debt, repayments of long-term debt in the amount of ¥3,922 million, and dividend payments in the amount of ¥881 million.

Cash Flow



Years ended March 20

Consolidated Balance Sheets

Yaskawa Electric Corporation and Consolidated Subsidiaries
Years ended March 20, 2010 and 2011

	(Millions of yen)	
	2010	2011
Assets		
Current assets		
Cash and time deposits	16,430	12,032
Trade notes and accounts receivable	81,024	93,073
Merchandise and finished goods	30,747	36,783
Goods in process	5,935	8,494
Raw materials and supplies	9,517	12,787
Deferred tax assets	6,505	7,378
Other	13,426	19,289
Allowance for doubtful accounts	(1,550)	(1,691)
Total current assets	162,036	188,148
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	16,139	15,833
Machinery and transportation equipment, net	8,258	8,331
Land	8,130	7,952
Other, net	3,862	3,611
Total property, plant and equipment	36,390	35,729
Intangible assets		
Software	4,147	4,162
Other	1,054	1,687
Total intangible assets	5,202	5,849
Investments and other assets		
Investments	16,428	16,773
Long-term loans	225	194
Deferred tax assets	16,146	14,500
Other	5,709	3,908
Allowance for doubtful accounts	(489)	(509)
Total investments and other assets	38,019	34,867
Total fixed assets	79,612	76,446
Total Assets	241,649	264,594

	(Millions of yen)	
	2010	2011
Liabilities		
Current liabilities		
Trade notes and accounts payable	51,082	63,235
Short-term bank loans	31,830	33,697
Accrued expenses	15,796	17,691
Income taxes payable	—	3,257
Accrued directors' bonus	44	56
Other	6,498	8,819
Total current liabilities	105,252	126,758
Long-term liabilities		
Long-term debt	10,405	7,742
Provision for employees' retirement benefits	31,337	30,662
Provision for directors' retirement benefits	278	293
Other	1,085	1,109
Total long-term liabilities	43,107	39,807
Total liabilities	148,359	166,565
Net assets		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,682	18,682
Retained earnings	51,534	57,281
Treasury stock, at cost	(407)	(425)
Total shareholders' equity	92,871	98,600
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,241	1,731
Deferred gains (losses) on hedges	(11)	—
Foreign currency translation adjustments	(5,641)	(7,111)
Total valuation and translation adjustments	(4,412)	(5,380)
Minority interests	4,830	4,808
Total net assets	93,289	98,029
Total liabilities and net assets	241,649	264,594

Consolidated Statements of Income

Yaskawa Electric Corporation and Consolidated Subsidiaries
Years ended March 20, 2010 and 2011

	(Millions of yen)	
	2010	2011
Net sales	224,710	296,847
Cost of sales	173,807	219,815
Gross profit	50,903	77,032
Selling, general and administrative expenses	57,880	64,157
Operating income (loss)	(6,977)	12,874
Non-operating income		
Interest income	74	73
Dividends received	232	270
Government subsidies for employment adjustment	1,128	284
Equity in earnings of associated companies	—	442
Miscellaneous income	834	665
Total non-operating income	2,268	1,735
Non-operating expenses		
Interest expense	688	647
Equity in losses of associated companies	2	—
Foreign exchange loss	344	232
Miscellaneous expenses	305	301
Total non-operating expenses	1,341	1,180
Ordinary income (loss)	(6,049)	13,429
Extraordinary gains		
Gain on sales of fixed assets	49	46
Gain on sales of investment securities	—	39
Other	—	32
Total extraordinary gains	49	118
Extraordinary losses		
Loss on sales and disposal of fixed assets	159	82
Loss on devaluation of investment securities	31	1,084
Loss on valuation of inventories	2,138	—
Impairment loss	32	14
Other	1,008	306
Total extraordinary losses	3,370	1,488
Income (loss) before income taxes and minority interests	(9,370)	12,060
Provision for income taxes - current	1,228	4,374
Income taxes for prior periods	348	—
Reversal of income taxes payable for previous periods	(139)	—
Provision for income taxes - deferred	(4,786)	1,131
Total income taxes	(3,349)	5,505
Minority interests in income (loss)	(321)	11
Net income (loss)	(5,699)	6,544

Consolidated Statements of Changes in Net Assets

Yaskawa Electric Corporation and Consolidated Subsidiaries
Years ended March 20, 2010 and 2011

	(Millions of yen)	
	2010	2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	23,062	23,062
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	23,062	23,062
Additional paid-in capital		
Balance at the end of previous period	18,681	18,682
Changes of items during the period		
Disposition of treasury stock	0	0
Total changes of items during the period	0	0
Balance at the end of current period	18,682	18,682
Retained earnings		
Balance at the end of previous period	60,983	51,534
Increase (decrease) due to changes in accounting treatment at foreign subsidiaries	(1,330)	—
Changes of items during the period		
Cash dividends	(2,015)	(881)
Net income (loss)	(5,699)	6,544
Change of scope of consolidation	(422)	85
Change of scope of equity method	18	—
Total changes of items during the period	(8,119)	5,747
Balance at the end of current period	51,534	57,281
Treasury stock		
Balance at the end of previous period	(357)	(407)
Changes of items during the period		
Acquisition of treasury stock	(55)	(22)
Disposition of treasury stock	2	3
Change of scope of equity method	4	—
Total changes of items during the period	(49)	(18)
Balance at the end of current period	(407)	(425)
Total shareholders' equity		
Balance at the end of previous period	102,369	92,871
Increase (decrease) due to changes in accounting treatment at foreign subsidiaries	(1,330)	—
Changes of items during the period		
Cash dividends	(2,015)	(881)
Net income (loss)	(5,699)	6,544
Acquisition of treasury stock	(55)	(22)
Disposition of treasury stock	2	4
Change of scope of consolidation	(422)	85
Change of scope of equity method	22	—
Total changes of items during the period	(8,167)	5,729
Balance at the end of current period	92,871	98,600

	(Millions of yen)	
	2010	2011
Valuation and translation adjustments		
Net unrealized holding gain (loss) on securities		
Balance at the end of previous period	(113)	1,241
Changes of items during the period		
Net changes of items other than shareholders' equity	1,355	490
Total changes of items during the period	1,355	490
Balance at the end of current period	1,241	1,731
Deferred gains (losses) on hedges		
Balance at the end of previous period	(67)	(11)
Changes of items during the period		
Net changes of items other than shareholders' equity	55	11
Total changes of items during the period	55	11
Balance at the end of current period	(11)	—
Foreign currency translation adjustments		
Balance at the end of previous period	(5,119)	(5,641)
Changes of items during the period		
Net changes of items other than shareholders' equity	(521)	(1,470)
Total changes of items during the period	(521)	(1,470)
Balance at the end of current period	(5,641)	(7,111)
Total valuation and translation adjustments		
Balance at the end of previous period	(5,301)	(4,412)
Changes of items during the period		
Net changes of items other than shareholders' equity	889	(968)
Total changes of items during the period	889	(968)
Balance at the end of current period	(4,412)	(5,380)
Minority interests		
Balance at the end of previous period	5,353	4,830
Changes of items during the period		
Net changes of items other than shareholders' equity	(522)	(21)
Total changes of items during the period	(522)	(21)
Balance at the end of current period	4,830	4,808
Total net assets		
Balance at the end of previous period	102,421	93,289
Increase (decrease) due to changes in accounting treatment at foreign subsidiaries	(1,330)	—
Changes of items during the period		
Cash dividends	(2,015)	(881)
Net income (loss)	(5,699)	6,544
Acquisition of treasury stock	(55)	(22)
Disposition of treasury stock	2	4
Change of scope of consolidation	(422)	85
Change of scope of equity method	22	—
Net changes of items other than shareholders' equity	366	(989)
Total changes of items during the period	(7,801)	4,740
Balance at the end of current period	93,289	98,029

Consolidated Statements of Cash Flows

Yaskawa Electric Corporation and Consolidated Subsidiaries
Years ended March 20, 2010 and 2011

	(Millions of yen)	
	2010	2011
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(9,370)	12,060
Depreciation and amortization	7,840	7,057
Loss on valuation of inventories	2,138	—
Impairment loss	32	14
Increase (decrease) in provision for employees' retirement benefits, net of payments	(680)	(633)
Loss (gain) on sales of investment securities	0	(39)
Loss (gain) on valuation of investment securities	31	1,084
Interest and dividend income	(306)	(344)
Interest expense	688	647
(Increase) decrease in trade receivables	3,369	(19,549)
(Increase) decrease in inventories	5,532	(13,425)
Increase (decrease) in trade payables	(2,780)	13,869
Increase (decrease) in accrued expenses	(514)	305
Other, net	(1,915)	2,043
Subtotal	4,065	3,090
Interest and dividends received	487	439
Interest paid	(689)	(651)
Income taxes paid	(2,726)	(1,509)
Income taxes refund	2,897	1,120
Net cash provided by (used in) operating activities	4,035	2,489
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,866)	(6,266)
Proceeds from sales of property, plant and equipment and intangible assets	113	230
Purchases of investment securities	(1,497)	(668)
Proceeds from sales of investment securities	0	39
Other, net	(216)	(75)
Net cash provided by (used in) investing activities	(6,466)	(6,741)
Cash flows from financing activities		
Increase (decrease) in short-term debt	4,209	2,991
Proceeds from long-term debt	10,310	1,050
Repayments of long-term debt	(4,361)	(3,922)
Dividends paid	(2,015)	(881)
Dividends paid to minority shareholders	(116)	(7)
Other, net	(10)	(16)
Net cash provided by (used in) financing activities	8,015	(786)
Effect of exchange rate changes on cash and cash equivalents	(5)	(298)
Net increase (decrease) in cash and cash equivalents	5,580	(5,337)
Cash and cash equivalents at beginning of year	10,629	16,296
Increase due to inclusion of subsidiaries in consolidation	87	926
Cash and cash equivalents at end of current period	16,296	11,885

Notes to Consolidated Financial Statements

1. Basis of Presentation of Consolidated Financial Statements

Scope of Consolidation

(1) Scope of consolidation and application of the equity method

There are 62 consolidated subsidiaries and 14 companies accounted for using the equity method

(2) Changes in the scope of consolidation and application of the equity method

Consolidation

New: 1 company Eliminated: 3 companies

Equity method

New: — Eliminated: —

With respect to matters other than the aforementioned, and excluding matters recorded under “Changes in the Basis of Presentation of Consolidated Financial Statements,” there have been no important changes to those items recorded in the Company’s securities report filed on June 18, 2010. Accordingly, the disclosure of details has been omitted.

2. Changes in the Basis of Presentation of Consolidated Financial Statements

Changes in the Accounting Standard for Recording Construction Revenues and Costs of Completed Works

Previously, earnings from construction contracts had been recognized under the completed-contract method. Effective from the fiscal year under review, the Company has applied the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, issued on December 27, 2007). Accordingly, with regard to construction contracts commenced during the fiscal year under review, the percentage-of-completion method is applied if the outcome of construction activities can be accurately estimated as of the end of the fiscal year under review (the rate of progress is estimated using the cost-ratio method). The completed-construction method has been applied to all other projects. The impact on net sales as well as income and loss is nominal.

Changes in the Accounting Standard for Retirement Benefits

Effective from the fiscal year under review, the Company has applied the Partial Amendments to Accounting Standards for Retirement Benefits (Part 3) (ASBJ Statement No. 19, issued on July 31, 2008). There was no impact on income and loss.

3. Notes to Consolidated Financial Statements

Omission of Disclosure

Notes to lease transactions, transactions with related parties, tax effect accounting, marketable securities, derivative transactions, retirement benefits and other items are recorded in the Company’s securities report filed on June 17, 2011. Details can be viewed via the Electronic Disclosure for Investors’ NETwork (EDINET) System, a medium that encompasses disclosure documents including securities reports in accordance with the Financial Instruments and Exchange Law.

Corporate Information

As of March 20, 2011

Corporate Name: YASKAWA Electric Corporation
Founded: July 16, 1915
Employees: Consolidated 8,085 [5,543*]
 * The average annual number of temporary employees
Head Office: 2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004, Japan
 Phone +81-93-645-8801
 Fax. +81-93-631-8837



Head Office Building

Tokyo Office: New Pier Takeshiba South Tower, 1-16-1 Kaigan, Minato-ku, Tokyo 105-6891, Japan
 Phone +81-3-5402-4502
 Fax. +81-3-5402-4580
Sales Offices:
 Nagoya Office Phone +81-52-581-2761
 Fax. +81-52-581-2274
 Osaka Office Phone +81-6-6346-4500
 Fax. +81-6-6346-4555
 Kyushu Office Phone +81-92-714-5331
 Fax. +81-92-714-5799
Plants: Yahata-nishi Plant, Yahata-higashi Plant, Yukuhashi Plant, Tokyo Plant
Laboratories: Corporate Research & Development Center (Kokura Plant), Tsukuba Research Laboratory

Group Companies

JAPAN

Y-E DATA INC.
 Manufacturing, sales, and after-sales service of information-related products (optomechatronics, information security and information multimedia)
YASKAWA INFORMATION SYSTEMS CORPORATION
 Information processing, software development, sales of system equipment
YASKAWA CONTROLS CO., LTD.
 Manufacturing and sales of electric machines, and parts
YASKAWA ELECTRIC ENGINEERING CORPORATION
 Maintenance, test operation and adjustment of electric machines and facilities and technical training
YASKAWA LOGISTEC CORPORATION
 General product distribution
YASKAWA MOTOR CORPORATION
 Design, manufacturing, sales and maintenance of motors, generators and motor applications

EUROPE

YASKAWA EUROPE GmbH (Germany)
 Sales of AC drives, servo motors and controllers. Sales and after-sales service of robots
YASKAWA NORDIC AB (Sweden)
 Sales and after-sales service of robots
YASKAWA ELECTRIC UK LTD. (U.K.)
 Manufacturing, sales, and after-sales service of AC drives
YASKAWA EUROPE TECHNOLOGY LTD. (Israel)
 Development, manufacturing, sales, and after-sales service of servo motors and controllers. Sales and after-sales service of robots

ASIA

YASKAWA ELECTRIC (SHANGHAI) CO., LTD. (China)
 Sales and after-sales service of AC drives, servo motors and controllers
SHANGHAI YASKAWA DRIVE CO., LTD. (China)
 Manufacturing and sales of AC drives, servo motors and controllers
SG-MOTOMAN ROBOTIC CO., LTD. (China)
 Sales and after-sales service of robots
YASKAWA ELECTRIC (SHENYANG) CO., LTD. (China)
 Manufacturing, sales, and after-sales service of servo motors and controllers
YASKAWA ELECTRIC (SINGAPORE) PTE. LTD. (Singapore)
 Sales and after-sales service of AC drives, servo motors, controllers and robots
YASKAWA ELECTRIC KOREA CORPORATION (Korea)
 Sales and after-sales service of AC drives, servo motors, controllers and robots
YASKAWA ELECTRIC TAIWAN CORPORATION (Taiwan)
 Sales and after-sales service of AC drives, servo motors and controllers. After-sales service of robots
YASKAWA Robotics India Limited (India)
 Sales and after-sales service of robots

THE AMERICAS

YASKAWA AMERICA INC. (U.S.A.)
 Manufacturing, sales, and after-sales service of AC drives, servo motors and controllers. Sales and after-sales service of robots
YASKAWA MOTOMAN CANADA, LTD. (Canada)
 After-sales service of AC drives, servo motors and controllers. Sales and after-sales service of robots
YASKAWA ELÉTRICO DO BRASIL LTDA. (Brazil)
 Sales and after-sales service of AC drives, servo motors and controllers

Stock Information

As of March 20, 2011

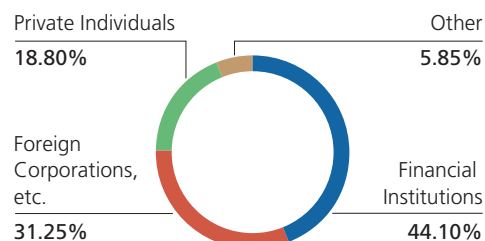
Number of authorized shares:	560,000 thousand
Number of shares outstanding:	252,331 thousand
Common stock:	23,062 million yen
Number of shareholders:	20,912
Stock code:	6506 (Japan)

Major shareholders

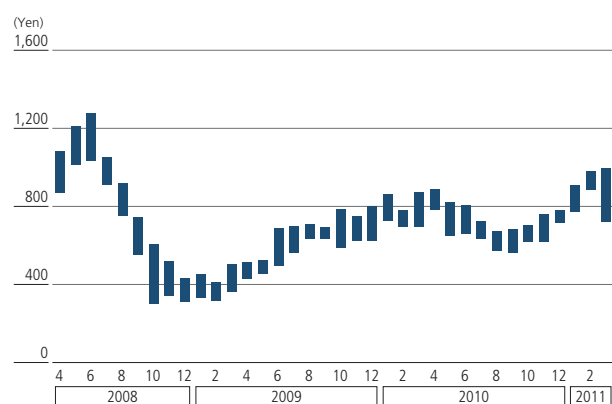
Major shareholders (top 10 shareholders)	Number of shares (1,000s)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,227	5.65%
Japan Trustee Services Bank, Ltd. (Trust Account)	10,285	4.08%
Mizuho Corporate Bank, Ltd.	9,473	3.76%
Japan Trustee Services Bank, Ltd. (The Chuo Mitsui Trust and Banking Company, Limited (Employee Retirement Benefit Trust Account))	7,970	3.16%
Meiji Yasuda Life Insurance Company	7,774	3.09%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Re-trust Account, The Bank of Fukuoka, Ltd. Employee Retirement Benefit Trust Account)	6,375	2.53%
Sajap	6,308	2.50%
Nippon Life Insurance Company	4,247	1.69%
National Mutual Insurance Federation of Agricultural Cooperatives	4,150	1.65%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	3,680	1.46%

Note: Treasury stock is deducted in the calculation of the shareholding ratio.

Share Distribution by Shareholder Type



Company Share Price



Note: The prices displayed are the monthly high and low prices traded at Tokyo Stock Exchange.

Effective March 29, 2011, the Company's stock has been selected for the Nikkei Stock Average.



YASKAWA Electric Corporation

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