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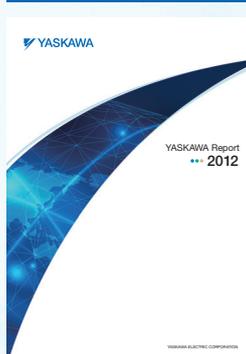
YASKAWA Report  
●●● 2012

## Introduction

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\*<sup>1</sup> of today.

At present we are working toward the first centenary of Yaskawa Electric's founding in 2015 by taking on the challenges of high-efficiency utilization of natural energy and the realization of a society in which people and robots coexist. Our mechatronic products hold the top share in the global market, and we will make use of the technology underlying this achievement to contribute to solutions for issues that are emerging on a global scale.

### Yaskawa Report Issued



Yaskawa Electric has been disclosing primarily financial information in Annual Reports oriented toward our shareholders and investors. We have also been issuing reports such as the Environmental and Social Report\*<sup>2</sup> on the Yaskawa Group's activities in environmental and social matters and other such non-financial information.

This year we are combining all of those reports into one report entitled, the Yaskawa Report. This report will integrate those various perspectives and provide a single source of comprehensive information about the Yaskawa Group for our broad range of stakeholders.

\*<sup>1</sup> 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.

\*<sup>2</sup> This is the title of the FY2011 edition.

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### Notes:

1. Figures under one million yen presented in this Yaskawa Report are rounded down unless otherwise stated.
2. Forward-looking statements are based on information available to management at the time this Yaskawa 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.
3. The organizations covered by this report are the 63 consolidated subsidiaries of Yaskawa Electric and the 13 affiliated companies to which the equity method is applied.
4. Fiscal year 2011 means the consolidated fiscal year from March 21, 2011 to March 20, 2012.

# Our Unique Foundation

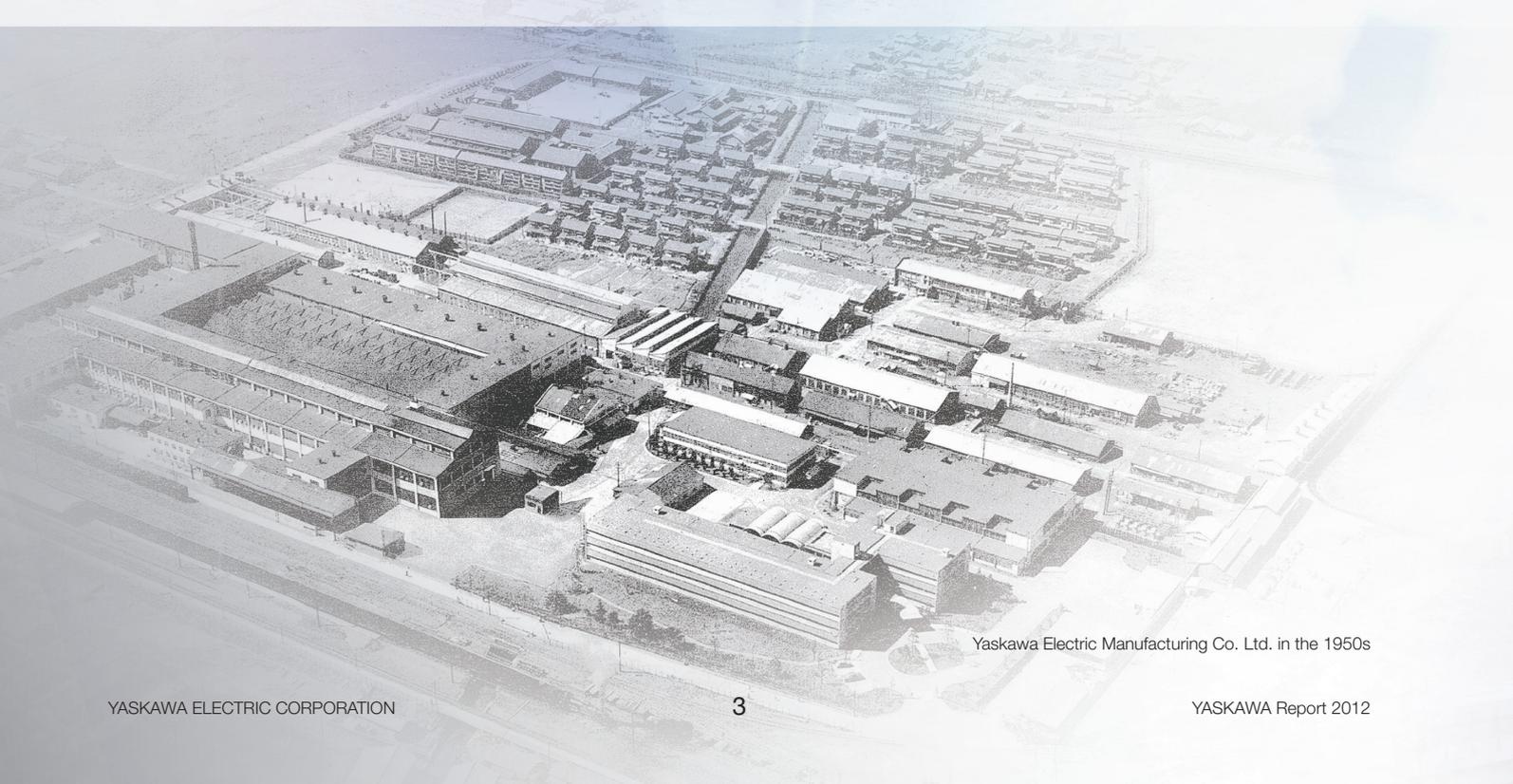
We will make maximum use of Yaskawa Electric's own unique strengths in Kitakyushu to further expand our global business and achieve sustainable growth.

Kitakyushu, the site of Yaskawa Electric's head office, is one of the few coal-producing regions in Japan. The government-operated Yawata Steel Works (now the Yawata Works of the Nippon Steel Corporation) began operation there in 1901 and that opened the way for various industries to take hold. Kitakyushu has achieved growth as "a city of manufacturing" that supports Japan.

Yaskawa Electric came into being in 1915, in the Kurosaki district of Kitakyushu, as "Yaskawa as a motor manufacturer" that manufactured motors for use in transporting coal. We provided the government-operated Yawata Steel Works with systems to transport the iron ore and coke that are the raw ingredients of steel, while refining our technology related to motors and their control. By responding to the new needs that emerged over time in the steel industry for such things as streamlined facilities and pollution countermeasures, we cultivated our technological capabilities. After that, we used our motor drive technology effectively to become "Yaskawa as an automation company" and then "Yaskawa

as a mechatronics and a robotics company" With Kitakyushu as our axis, we have achieved growth by supporting the leading-edge industries of the times.

The establishment of Yaskawa America in 1967 marked the start of our full-scale expansion into other countries. Since then, our policy has been to handle production in the areas where the demand is, in order to develop global management with roots in various local areas. At present we have business bases in 27 countries, and we have located production bases in nine countries while keeping our foot firmly planted in Kitakyushu, where we conduct management and technology development. In recent years, we have used the advantages of the Kitakyushu location effectively in active efforts to strengthen business bases in growth regions, centered particularly on China and Asia, and we are accelerating the construction of a business infrastructure that will stand strong against exchange rate fluctuations and disasters, as well as other factors.



Yaskawa Electric Manufacturing Co. Ltd. in the 1950s



In 2015, we will celebrate one hundred years of business since Yaskawa Electric was established. Our vision for this special year calls for us to engage in problem solving using our core technologies to address the issues we find emerging on a global scale. These include declining birthrates in aging societies in developed countries and issues of environment and energy. Meanwhile, the city of Kitakyushu is one of nine locations in Japan that have been recognized as environmental model cities. Kitakyushu is the only city in Asia to be named a model city of green growth. It also received other recognitions that show Kitakyushu's engagement in new activities as a city that is advanced in environmental matters, such as being designated a Smart Community Creation Project Demonstration Area and a Green Asia International Strategic Comprehensive Special Zone. We will match our motor drive and energy conversion technologies that are the particular achievements of Yaskawa Electric with the initiatives of Kitakyushu, contributing to the vitalization of local industry while we further refine vital technologies for the next generation.

The Yaskawa Group has built a firm presence to date in Kitakyushu, a location offering accessibility to Asian markets centered on high-growth China, together with its potential as an environmentally advanced city. We have put these and other unique strengths of Kitakyushu to maximum use as we promote the "glocal" management that is typical of Yaskawa, where we seek to establish roots in every region of the world. Through these efforts, we will further enhance the Yaskawa brand and will achieve sustained growth as a global corporation.



# Consolidated Financial Highlights

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

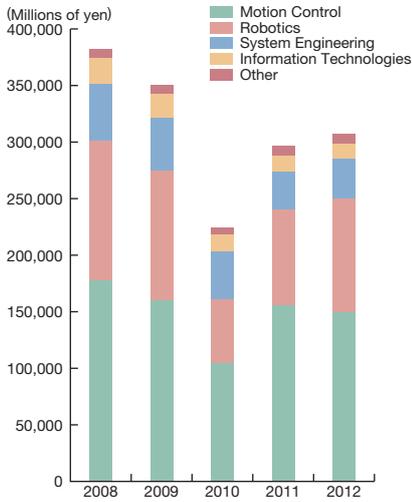
(Millions of yen)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Net Sales</b>	226,143	263,045	309,615	322,916	368,971	382,327	350,249	224,710	296,847	307,111	
<b>Operating Income</b>	6,308	12,407	17,527	24,486	33,564	36,487	20,806	(6,977)	12,874	14,818	
<b>Operating Income Ratio</b>	2.8%	4.7%	5.7%	7.6%	9.1%	9.5%	5.9%	(3.1%)	4.3%	4.8%	
<b>Ordinary Income</b>	4,008	12,010	17,414	24,331	33,383	35,212	20,024	(6,049)	13,429	15,626	
<b>Ordinary Income Ratio</b>	1.8%	4.6%	5.6%	7.5%	9.0%	9.2%	5.7%	(2.7%)	4.5%	5.1%	
<b>Net Income</b>	(2,524)	5,819	1,860	10,157	18,982	20,242	6,892	(5,699)	6,544	8,432	
<b>Net Income Ratio</b>	(1.1%)	2.2%	0.6%	3.1%	5.1%	5.3%	2.0%	(2.5%)	2.2%	2.7%	
<b>Sales and Profit by Business Segment</b>											
<b>Motion Control</b>	Net Sales	86,314	105,069	122,944	133,909	159,601	177,899	160,848	104,814	156,450	149,410
	Operating Income	305	4,037	9,121	12,278	19,832	21,370	11,755	(3,169)	8,980	5,824
	Operating Income Ratio	0.4%	3.8%	7.4%	9.2%	12.4%	12.0%	7.3%	(3.0%)	5.7%	3.9%
<b>Robotics*1</b>	Net Sales	67,094	80,479	105,164	113,458	126,723	123,550	114,124	57,084	83,843	101,065
	Operating Income	2,985	5,266	7,282	9,850	8,983	8,576	3,200	(8,327)	1,673	7,014
	Operating Income Ratio	4.4%	6.5%	6.9%	8.7%	7.1%	6.9%	2.8%	(14.6%)	2.0%	6.9%
<b>System Engineering</b>	Net Sales	39,509	40,373	44,930	41,932	49,487	50,517	46,768	41,498	34,349	35,520
	Operating Income	1,259	958	(2,092)	(259)	1,814	3,940	4,637	5,476	2,061	1,917
	Operating Income Ratio	3.2%	2.4%	(4.7%)	(0.6%)	3.7%	7.8%	9.9%	13.2%	6.0%	5.4%
<b>Information Technologies</b>	Net Sales	23,595	24,415	25,421	24,783	26,472	23,183	21,342	15,546	14,132	12,826
	Operating Income	1,806	1,172	1,500	1,042	1,192	420	616	(934)	(398)	(139)
	Operating Income Ratio	7.7%	4.8%	5.9%	4.2%	4.5%	1.8%	2.9%	(6.0%)	(2.8%)	(1.1%)
<b>Overseas Sales</b>											
<b>Japan</b>	138,744	164,563	179,362	171,569	200,275	190,822	169,086	116,197	144,754	143,021	
<b>The Americas*2</b>	33,489	34,456	40,725	51,286	55,343	50,947	43,943	29,351	38,779	43,985	
<b>Europe</b>	27,123	31,233	34,588	39,766	46,566	58,424	52,887	24,332	29,610	33,939	
<b>Asia</b>	22,801	30,356	51,538	58,310	65,249	80,869	82,830	53,900	82,749	85,276	
<b>Other</b>	3,986	2,437	3,402	1,985	1,538	1,265	1,503	930	955	890	
<b>Overseas Sales Ratio</b>	38.6%	37.4%	42.1%	46.9%	45.7%	50.1%	51.7%	48.3%	51.2%	53.4%	
<b>Per Share Information (yen)</b>											
<b>Earning - basic</b>	(11.00)	24.80	7.80	43.18	81.12	81.46	27.38	(22.64)	26.00	33.51	
<b>Earning - diluted</b>	–	23.32	7.30	39.72	75.29	80.50	–	–	–	–	
<b>Dividends</b>	0.0	3.0	0.0	6.0	6.0	10.0	13.0	3.0	6.0	10.0	
<b>Shareholders' Equity</b>	30,631	36,715	38,366	52,750	80,787	100,862	97,068	88,459	93,220	100,109	
<b>Shareholders' Equity Ratio</b>	12.9%	14.7%	15.1%	20.7%	29.6%	34.9%	39.0%	36.6%	35.2%	35.9%	
<b>ROE: Return on Equity</b>	(7.5%)	17.3%	5.0%	22.3%	28.4%	22.3%	7.0%	(6.1%)	7.2%	8.7%	
<b>Interest-bearing Debt</b>	99,195	79,962	77,807	62,556	46,750	33,829	32,894	42,235	41,439	58,612	
<b>Debt-to-equity Ratio (times)</b>	3.2	2.2	2.0	1.2	0.6	0.3	0.3	0.5	0.4	0.6	
<b>Inventories</b>	54,161	54,345	52,681	58,177	58,136	57,902	54,705	46,200	58,066	63,798	
<b>Inventory Turnover (months)</b>	2.9	2.5	2.1	2.1	1.9	1.8	1.9	2.7	2.1	2.4	
<b>Capital Expenditures</b>	6,071	6,887	7,918	9,154	8,452	9,121	8,611	4,119	6,655	9,908	
<b>Depreciation and Amortization</b>	6,752	6,047	6,499	6,699	6,962	7,676	8,028	7,840	7,057	7,606	
<b>Number of Employees (persons)</b>	7,720	7,635	7,620	7,754	8,056	8,347	8,463	8,176	8,085	8,246	

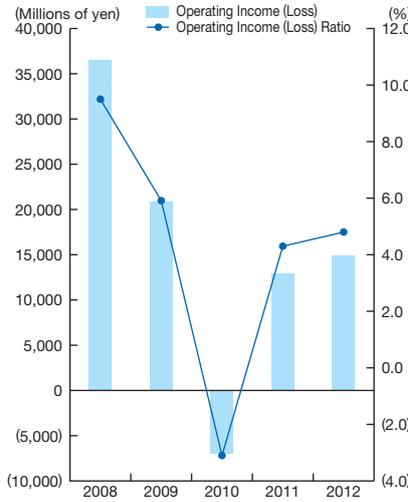
\*1 The segment name was changed from "Robotics Automation" to "Robotics." (effective the year ended March 2007)

\*2 The segment name was changed from "North America" to "the Americas." Sales for Brazil, previously included in "Other," are included in "the Americas" (effective the year ended March 2006).

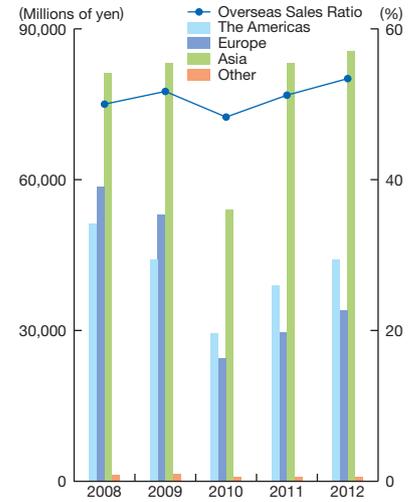
### Net Sales: Breakdown by Business Segment



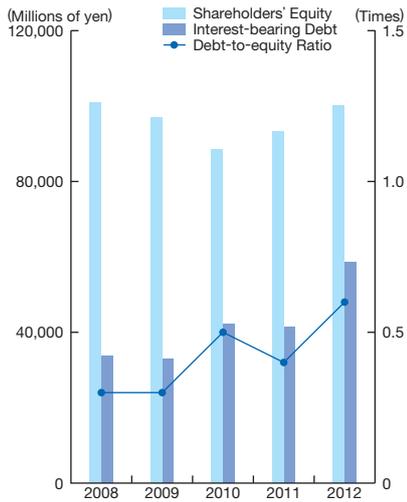
### Operating Income (Loss) and Operating Income (Loss) Ratio



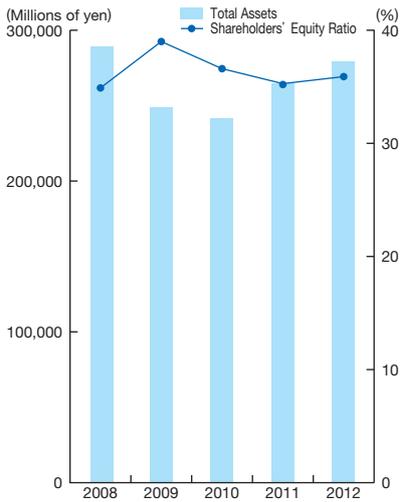
### Overseas Sales and Overseas Sales Ratio



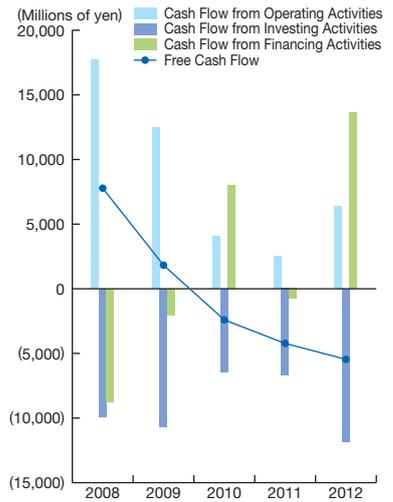
### Shareholders' Equity, Interest-bearing Debt and Debt-to-equity Ratio



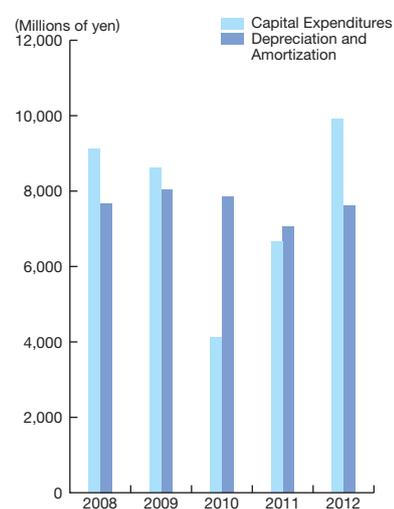
### Total Assets and Shareholders' Equity Ratio



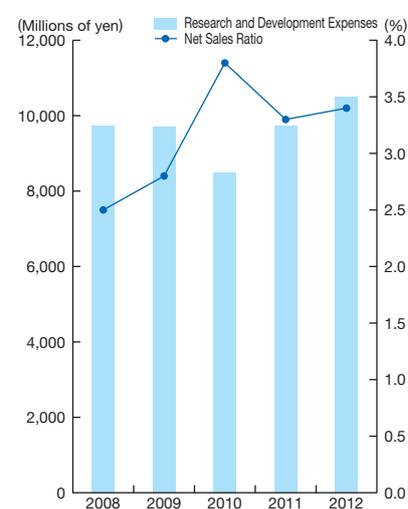
### Cash Flows



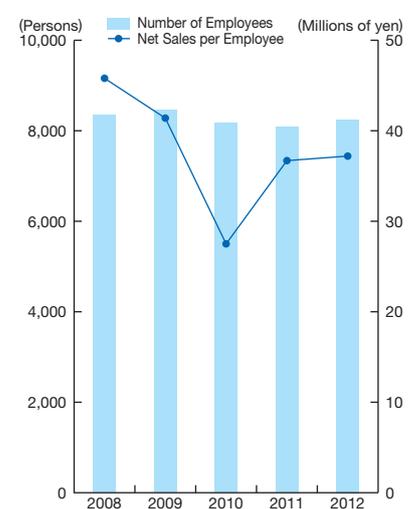
### Capital Expenditures and Depreciation and Amortization



### Research and Development Expenses and Net Sales Ratio



### Number of Employees and Net Sales per Employee



# Message from the President

**FY2012 is the final fiscal year of our mid-term business plan "Challenge 100" and the year in which we will prepare for a new mid-term business plan. We will take steps to realize a high profitability structure as a global corporation by carrying out "selection and concentration" as well as by reviewing our expense structure.**



**Junji Tsuda**  
Representative Director  
President

I would like to take this opportunity first to express our warmest thanks to our customers, our suppliers, our shareholders and investors, and the members of the local communities for the continued support and understanding you have given the Yaskawa Group. Now I would like to present our report on FY2011 and our policies for FY2012.

## Performance in FY2011

The business environment faced by the Yaskawa Group in FY2011 in Japan was characterized by our rapid recovery from the disruption of the supply chain due to the impact of the East Japan Great Earthquake. We also started with steady demand from China and other regions of Asia. Moving into the second half, the environment changed completely as the Chinese economy slowed, Europe entered an economic slump, and the semiconductor and liquid crystal markets, where the Yaskawa Group has captured large shares, went stagnant. The extremely high yen and rapid increases in the cost of rare earths had an additional major impact on FY2011 earnings.

Under these circumstances, the Yaskawa Group pursued sales activities with a priority on profitability, further expanded overseas production and overseas procurement as countermeasures to the high yen, promoted expense administration suited to the level of orders, and took other such measures. Looking by segment under these circumstances, earnings of robotics segment expanded significantly as we followed capital investment demand in overseas automobile markets, and by region, our business in Europe and America progressed steadily. As a result, our performance in FY2011 achieved increases in both net sales of 307.1 billion yen (a 3.5% increase over FY2010) and operating income of 14.8 billion yen (a 15.1% increase over FY2010).

## Policies and Activities in FY2012

In FY2012, we anticipate a gradual recovery of the economy in Japan, a recovery in China from the sudden slowdown experienced in the last half of FY2011, and steady demand in the United States. However, the yen is expected to remain high due to the sovereign risk in Europe, and the economic outlook appears likely to remain opaque. We will pursue a policy of realizing a high profitability as a global corporation by carrying out "selection and concentration" as well as by reviewing our expenses. Taking this course, our policy for this fiscal year is to increase the profit ratio of our core businesses, make focused investments of our resources in new businesses, and continue evolving our development, production, and sales capabilities.

We will accelerate our measures to counter the high yen by securing solid sales in strong markets and recovering markets, while also further expanding procurement and production in China. We will also further improve efficiency in the expense structure of the Yaskawa Group as a whole.

At the same time, we will actively put our resources into the creation of new markets and new businesses in order to build the pillars of business that will uphold the next generation of the Yaskawa Group as well as maintain high value-added production in Japan. Specifically, we will accelerate our environmental energy

business with electric drive systems for vehicles, photovoltaic generation systems, and large-scale wind-power generation systems. In the service robot field, we will reinforce our efforts to explore the formation of new businesses.

What we mean by evolving our development, production, and sales capabilities is building the arrangements by which we will be able to do business more efficiently tomorrow and even more efficiently next month and next year. We are aiming for product development capabilities that can rapidly respond to market demands, production capability that can continuously increase productivity, and sales capability that better satisfies customer expectations. We will achieve these through utilization of IT in business operations, improvement of applied development functionality in demand regions, rational reorganization of plants, automation using robots, and reinforced human resource development.

Our aim, by fully engaging in these measures, is to achieve net sales of 310 billion yen in FY2012 (up 0.9% from FY2011) and an operating income of 16 billion yen (up 7.9% from FY2011). We have had no choice but to set our business results projections at a level below the consolidated financial goals given in the "Challenge 100" mid-term business plan (sales of 380 billion yen and operating income of 38 billion yen in FY2012). We will, however, achieve the evolved structure called for in the plan, and we will go on to build a Yaskawa Group that continues growing in a sustained manner in the global economy.

### The Yaskawa Group's Vision of a Global Corporation

The Yaskawa Group's strength, as I see it, has always been and will always be that we value our dialogue with customers in every country and every region, and we are able to provide them with solutions that are founded in our deep understanding of the applications and the markets involved. We will conduct local development, production, and marketing adapted to differences in local cultures and economies at various different locations around the world, building on a foundation of core parts developed and refined in Japan. The combination of global and local in "glocal" is the best term for expressing what we think the Yaskawa Group should be, and going forward, we will conduct locally rooted operations at all of our locations.

### Toward the Realization of a Sustainable Society

We will celebrate the first centenary of the founding of Yaskawa Electric in 2015. The growth of the Yaskawa Group so far has come entirely through the support of our customers, suppliers, shareholders, investors, members of local communities, employees, and other stakeholders, and we are grateful. Since 1915, when Yaskawa Electric had its start manufacturing motors for use in coal mines, the Yaskawa Group has played a leading role in the development of motion control technologies and motors, which are said to account for approximately one-half of annual electric power usage worldwide. At the start we were known as "Yaskawa as a motor manufacturer" and in the 1970s as "Yaskawa as an

automation company" and in recent years we have been known as "Yaskawa as a mechatronics and a robotics company." Yaskawa Group desires to become a corporation that makes effective use of motor technology, power conversion technology, motion control technology, and robot technology, as well as the experience and technology we have built up in applications, to increase the breadth of our contributions not only in the manufacturing industries, but also in sectors of non-manufacturing industry, and so to engage in the sustained creation of value.

Our management philosophy states that "Our company's mission is to contribute to the evolution of society and the welfare of humankind through the performance of its business." We consider it the mission of the Yaskawa Group to solve environmental and energy problems that have become issues for humankind, as well as the problems of an aging society, which Japan has been among the first to experience and which will eventually become a global issue. Through our business, we will contribute to the solution of issues from a global perspective

We will maintain and improve our global competitiveness and brand power, and we will continue providing solutions that conform to society's values as well as to changes and evolution in the structure of industries. As we see it, to do this is in itself to contribute to the fulfillment of our social responsibility to the stakeholders of the Yaskawa Group.

The Yaskawa Report informs a wide range of stakeholders about the Yaskawa Group's business strategy and our social and environmental activities, as well as our business performance and financial status. We will be happy to receive your frank views about the report so that the Yaskawa Group can develop in company with you and remain a valued and necessary member of the community. We thank you and hope to continue receiving unchanging support and guidance from you, our stakeholders, as before.

July, 2012

Representative Director  
President



Junji Tsuda

# Special Feature: Robotics Business Growth Strategies

## Contributing to industry and society as the No. 1 global corporation in industrial robotics and achieving sustainable growth

### No.1\* Global Share: Pride of Yaskawa's Robotics Business

Yaskawa Electric has developed various products that lead the technological evolution and automation of industries since its founding in 1915. In recent years, we have been providing total solutions that are optimal for each customer and that keep pace with changes in society and industry. We are also expanding our business by focusing on the three product groups in which we are proud to have a No. 1 global share – AC servo drives, AC drives, and industrial robots.

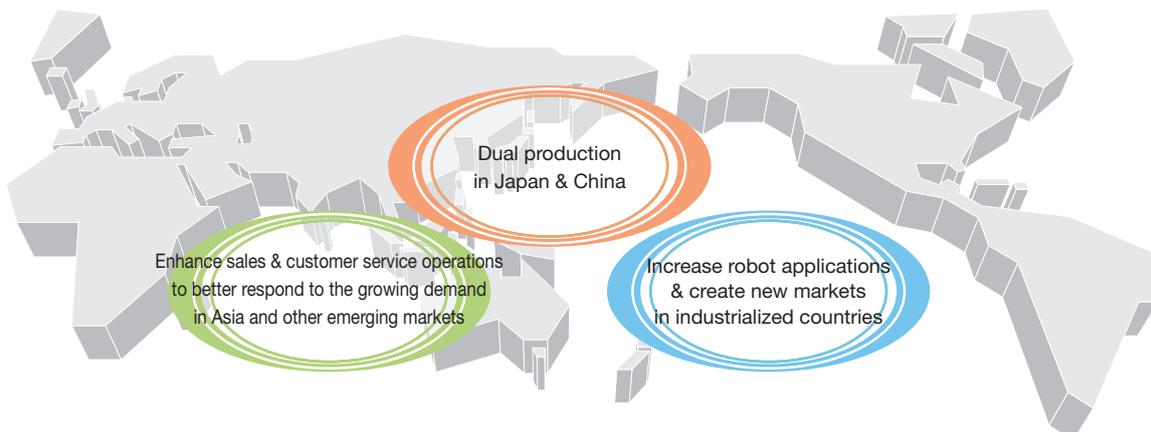
Since the 1980 when the practical application of robots first became widespread, the robotics business has continued to grow through a widespread use of robots primarily in the automotive industry. Our robotics business has been developing industrial robots suitable for the wide-ranging applications required by our customers. In recent years, we have supplied our industrial robots extensively to the automotive industry, and to the FPD and semiconductor industries as well as the food, pharmaceutical, and cosmetic markets. Furthermore, we are expanding industrial robot applications to new markets, such as the services industry. In fiscal 2011, the cumulative total number of shipped industrial robots reached 250,000. Yaskawa Electric continues to broaden the range of activities as a world leader in industrial robotics.

The Yaskawa Group has been promoting global implementation to reinforce its response capabilities in rapidly growing regions and markets under the mid-term business plan "Challenge 100," which is a four-year plan that ends in fiscal 2012.

In fiscal 2011, we were faced with problems, such as a disruption in our supply chains in the aftermath of the East Japan Great Earthquake and the flooding in Thailand, the continued high appreciation of the yen, and the high prices of magnets. We have since overcome these problems and are now aiming at expanding our robotics business by accelerating global implementation and cultivating new business domains for further improvements in efficiency and profitability.

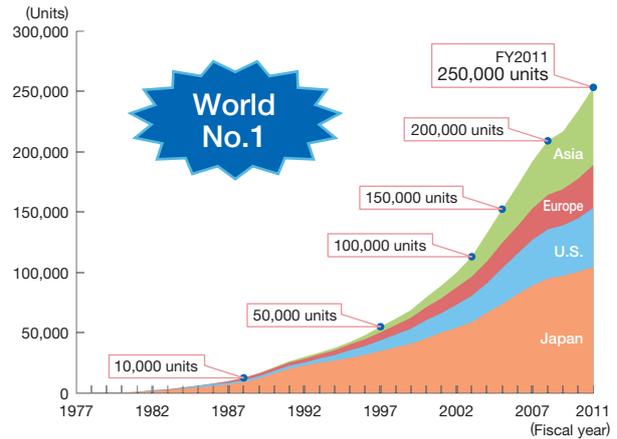
To be more specific, we are taking appropriate measures along with the following policies.

#### Measures for Robotics Business Expansion

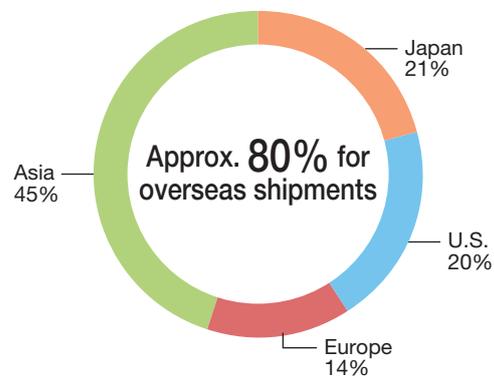


\* Estimates from various research agencies and the Company's own research

#### Cumulative Total Number of Industrial Robots Shipped



#### Breakdown of Regions for FY2011 Shipments





## China and Other Asian Regions with a Fast-Growing, Widespread Use of Robots

The robotics business has been accelerating reinforcement of its industrial robot sales and services framework in the Asia region with the focus mainly on China, which is enjoying significant growth.

In July 2011, we established a new plant to manufacture robotic systems that combine robots with peripheral devices in order to double this supply capacity in China. In November 2011, a joint venture company engaged in the robotics business in Beijing was transformed into a consolidated subsidiary and the name of this company was changed to "Yaskawa Shougang Robot Co., Ltd." These changes were made to ensure quicker decision making and to thoroughly carry out Yaskawa's strategies in the rapidly changing Chinese market. We have enhanced our sales and customer service framework to cover China overall, and have also upgraded the framework that allows us to expand applications to meet the needs of the Chinese market together with Yaskawa Electric (China) Co., Ltd., which is Yaskawa's Chinese headquarters.



Shanghai branch, Yaskawa Shougang Robot Co., Ltd. (robotic system plant)

In February 2012, Orix Rentec Corporation and Yaskawa Electric (China) Co., Ltd. jointly opened the Robot Technical Center in Shanghai for the purpose of starting an industrial robot rental business. With such activities, we have taken up a new challenge in expanding the use of industrial robots in China.

In the Indian market, we have established "Yaskawa India Private Limited" by consolidating Yaskawa Robotics India Limited (a robotics sales company which was turned into a subsidiary wholly owned by Yaskawa in February 2011) and Yaskawa Electric India Private Limited (a motion control production and sales company). In this way, we are creating solutions that cover a wide variety of business segments and making them available to our customers, while improving management efficiency.



Arc Welding Robot:  
MOTOMAN-MA1400  
Sales accelerating in China

## Expansion of Robot Applications in Japan, U.S. and Europe

In industrialized countries such as Japan, the U.S. and some European nations, we are pushing forward with pursuing further potential for automation in the automotive industry, as well as other industries, discovering new customer needs by disseminating information actively, and creating new markets.

In September 2011, we opened the Kanto Robotics Center in Saitama city, Japan. Since the launch of this center, it has become easier to provide information, training and other support to systems integrators (SI), who take on the task of systematizing production equipment of customers. This has also strengthened our relationship with the SIs. As a result, it has become easier for the SIs to install robots in customers' systems, and expansion of the robot applications is moving forward.



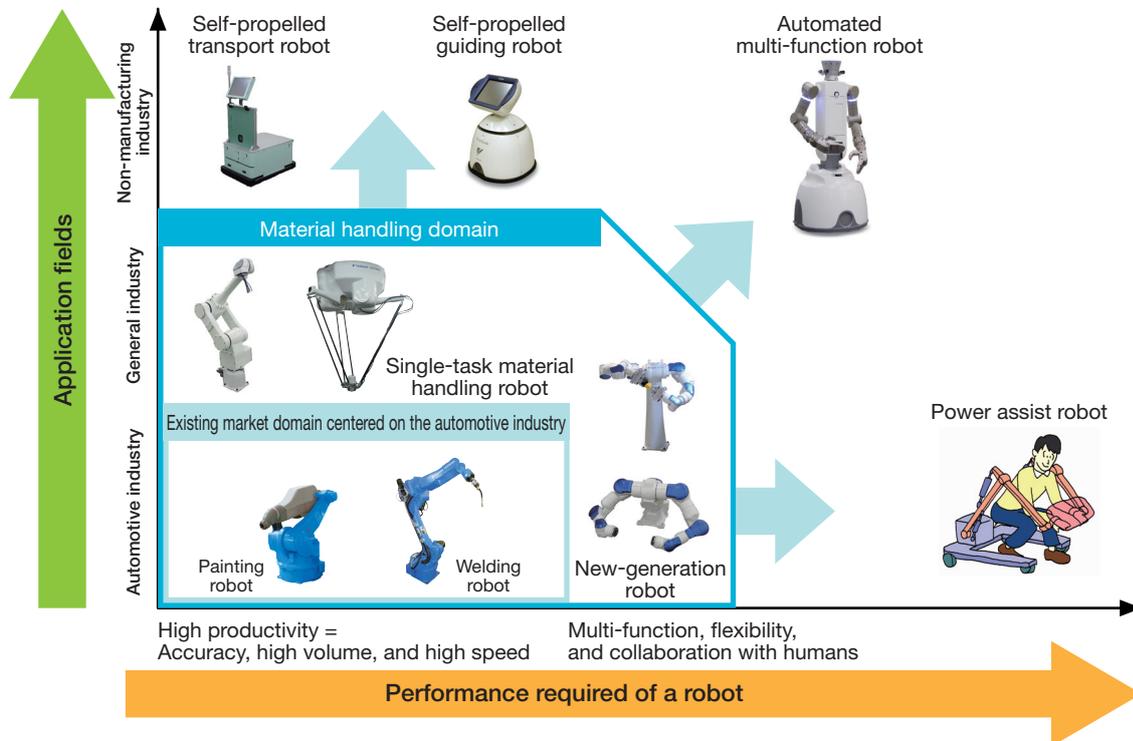
Kanto Robotics Center (Saitama city in Japan)

In the U.S. and Europe, where a significant increase in the demand for robots is expected in fields other than the automotive industry, Yaskawa is robustly pushing forward with reinforcement of the customer service framework in order to improve customer satisfaction with a similar aim. In June 2011, we consolidated the bases of the robotics business division into a new facility in the U.S. In October 2012, we are planning to establish a new base for the robotics business division in Europe by consolidating existing sites into one new facility.

In the markets of these industrialized countries, we intend to maintain a detailed service system for customers in the automobile-related industries, and also retain and secure the high demand for our products that we have enjoyed until now. At the same time, we will effectively introduce new models in general industries and non-manufacturing fields, starting with the food, pharmaceutical, and cosmetic markets, where there is a significant potential for expanding demand in the future, and accurately grasp changing market needs. Regarding the expansion into new markets, we will develop technology targeted at the biomedical market, where there has been a growing need for robot applications in recent years. We are also pouring our efforts into creating other new markets.



## Expanding the Robotics Business Domain



### Establishing a Dual Production in Japan and China

Yaskawa will improve and expand its production framework in order to respond securely to the demand for robots which is expected to increase significantly in the medium- and long-term.

In Japan, we will invest approximately 10 billion yen into establishing a new robotics plant, including reorganizing the headquarters. This new plant will manufacture robots for the FPD and semiconductor manufacturing equipment industry, as well as new type of robots for use in clean rooms for the food, biomedical, and other fields.

Until now, Yaskawa has centralized its production of main body of robots in Japan. After reviewing risk management by taking various issues into consideration (for example, the continuous high appreciation of the yen in recent years, the deterioration of profitability due to the steep rise in the cost of raw materials, and the disruption of supply chains as a result of natural disasters), we decided to construct a dual production scheme in Japan and China by establishing a new plant for manufacturing robots in China. We will establish a new plant in Changzhou, China and plan to start operation there in March 2013. We plan to respond to the rapidly growing demand for robots in China and the Asian regions by securing a high percentage of local procurement and by implementing a production framework that is not significantly affected by exchange-rate fluctuations.

### Aiming at Sustainable Growth of the Robotics Business

Yaskawa is endeavoring to strengthen its development, production, and sales capabilities with an aim toward improving the profitability of the robotics business for the medium and long terms. With regard to our development capability, we will pour our efforts into the development of elemental technology in order to maintain and improve our competitive edge far into the future. We will also improve our development efficiency by "selection and concentration." Regarding our production capability, we are working to improve profitability by accelerating global production and procurement. As for our sales capability, we are trying to improve profitability through an expansion of the sales and after-sales service business by reinforcing our relationship with systems integrators (SIs).

Furthermore, we have designated the entire Yahata-Nishi plant, including our head office in Kitakyushu and the robotics plant, as a "Robot Village," where we open up our facilities to customers and residents in local areas, as well as to schools and research institutions. We plan to showcase our technologies and skills by disseminating information on robotics technology and also to offer a space where visitors can become more familiar with robots.

We will continue to expand the fields in which the Yaskawa Group can play an active role as a leader in industrial robotics not only in the manufacturing industry, while actively disseminating information from Kitakyushu where we are based, so that our global presence will improve and we can achieve the expansion and sustainable growth of our robotics business.

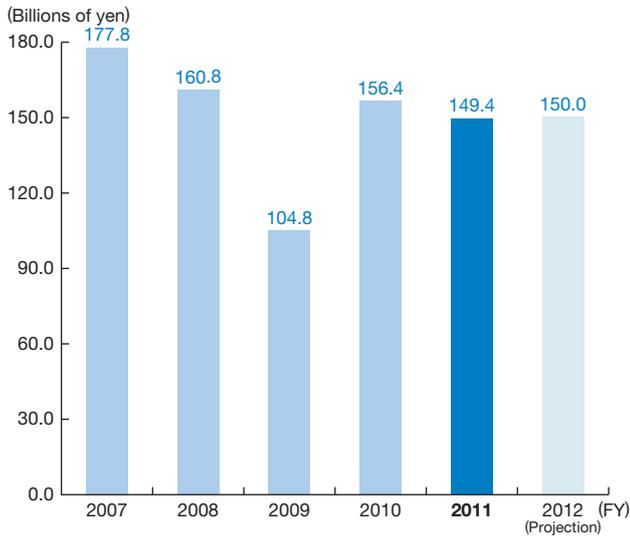
# Business Report

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# Motion Control

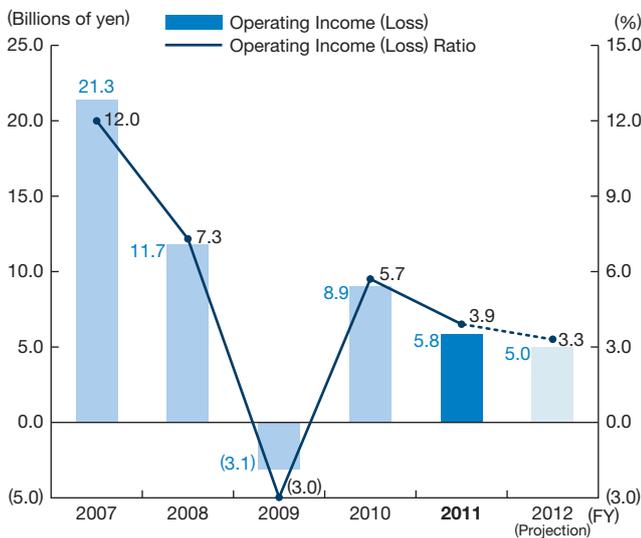
## Net Sales

¥ 149.4 billion



## Operating Income

¥ 5.8 billion



## Business Overview

The Motion Control segment consists of the motion and control (M&C) business and the 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 rotational speed of a motor by changing the power source frequency. AC drives are used not only in industrial machines, but also in industrial air conditioners, refrigerators and washing machines, as well as transportation equipment such as elevators and cranes. The use of AC drives makes more detailed and precise motor control possible, which improves the productivity of machines and equipment. At the same time it contributes to energy conservation by rotating a motor only when necessary and only at the required speeds. With the electricity supply facing shortages since 2011, people's awareness of the effective use of energy has increased once again. There is a brighter spotlight than ever on the AC drive as an "energy conservation device." In recent years, the application of power electronics (the core technology of the AC drive) has accelerated the expansion of new business domains, such as power conversion devices for small-scale decentralized power systems using renewable natural energy such as solar and wind, and motor drive systems used to power automobiles and so on. Our M&C and AC drive products have earned top shares in their respective global markets for their advanced technology and high quality.

Trends in this segment are closely tied to developments in social infrastructure investments as well as capital expenditure across a broad range of markets, and our products are making a significant contribution to improved production efficiency, energy conservation, and energy creation in both the industrial and consumer markets.



Ultra small and ultra low-capacity AC servo drives  $\Sigma$ -Vmini series (3.3W to 30W)  
Released in August 2011



High-capacity  $\Sigma$ -V series (22kW to 55kW)  
Released in April 2012

## Review of FY2011 Operations

The business performance of fiscal 2011 for the motion control segment was favorable due to demand related to recovery efforts in the aftermath of the 2011 East Japan Great Earthquake and to sales in China and other countries in the Asian region. In the latter half of fiscal 2011, however, the business environment deteriorated sharply and the Yaskawa Group suffered decreases in revenue and profit due to the effects of a slowdown in the Chinese economy, the high appreciation of the yen, and the high price of magnets.

In the M&C business, orders have remained firm for manufacturing equipment of semiconductors and electronic components as a result of the demand for semiconductors used in smartphones and tablet PCs. As a measure against the continuing high appreciation of the yen, we have expanded local production at the point of demand by fully utilizing our factory in Shenyang. To cope with the high price of magnets, we have developed motors that use lower amounts of rare earth elements, and even motors using no rare earth elements.

On the other hand, the drive business began with an uncertain situation concerning the outlook for securing the procurement of components in the aftermath of the 2011 East Japan Great Earthquake. Even after the initial stages, the severe business environment continued, due to a recession in the world economy, originating in Europe, and to the yen's high appreciation. The sales revenues of the drive business, however, have increased for two consecutive years. In China, which is considered to be the most strategically important region, we upgraded our product development capability locally in order to introduce new products quickly. At the same time, we constructed sales channels that can provide detailed support to customers in each region and market. We also strengthened collaboration between sales and production by introducing a production-control system for central management of all information. In India, where future growth is expected, production and shipment of AC drives have begun at Yaskawa Electric India, which was set up in 2010. Along these lines, we are steadily reinforcing the framework of our business operations.

In the energy creation business domain, the Group has expanded its product lineup and increased orders through efforts such as launching sales of a 100-kW power conditioner for photovoltaic generation for medium/large-capacity industrial use and 4.5- and 5.8-kW power conditioners for home use.

Furthermore, we have installed a 220kW photovoltaic generation system at the Iruma Plant, which is the base of operations for the M&C business, as a part of our efforts in energy conservation. This system uses Yaskawa's PV1000 power conditioners to provide approximately 10% of the peak power at the plant.

## Outlook

In fiscal 2012, the Yaskawa Group will reinforce its endeavors in the M&C business for sales expansion, particularly in the smartphone and automobile-related markets of the Asian region where continued growth is expected. At the same time, we will reinforce our overseas product development framework in order to customize our products on a global scale and provide solutions including controllers. At our second Shenyang plant, currently under construction, we are planning to install a machining line for major motor components, in addition to production of spindle motors for machine tools. We will also place a greater emphasis on the development of a product that will be our mainstay in the next term, which will use a reduced amount of rare earth elements and will be optimized for global production. We will continue to retain and improve a global competitive edge by taking advantage of and evolving our combined knowledge of motor, ASIC, and software technologies.

In the drive business, the importance of global growth markets centered on China is expected to become progressively stronger. Yaskawa will make an effort to increase orders through detailed sales activities by categorizing regions according to applications and improving response to customers by means of reinforced local development capabilities. Meanwhile, we expect favorable sales to continue in the U.S.

Under increasing demand for energy conservation, we intend to promote energy conservation solutions that enable effective use of regenerated power and dispersion of peak electricity consumption by combining AC drives with storage batteries. For production, we will improve our cost competitiveness by responding to increasing overseas demands with overseas production at the point of demand, such as at our plants in Shanghai and India. We will also build a robust business structure that will not be affected by exchange rates. From the long-term perspective of establishing the world No.1 position in the motion control business far ahead of other companies, we will reinforce the sales and product development framework of each region with an eye toward partnerships, and aim for a drive business with a 20% global share.

In the energy creation business domain, Yaskawa will push forward with the expansion of its product lineup of photovoltaic power conditioners. At the same time, we will target the implementation of optimal energy management solutions for our customers by combining energy creation, energy storage, and energy conservation through a reinforced partnership with municipalities such as Kitakyushu, which has been designated a "Next-Generation Energy and Social System Demonstration Area."



Integrated Machine Controller MP3200  
integrates vision, robot and controller  
Released in December 2011



Model for home use (4.5/5.8 kW)  
Released in April 2012



Model for medium/large-capacity  
industrial use (100 kW)  
Released in November 2011



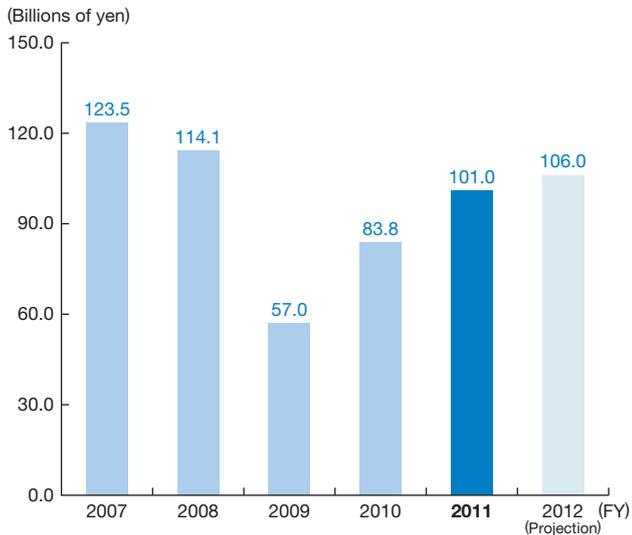
Power conditioner  
for photovoltaic generation  
PV1000

Model for  
industrial use (10 kW)  
Released in September 2010

# Robotics

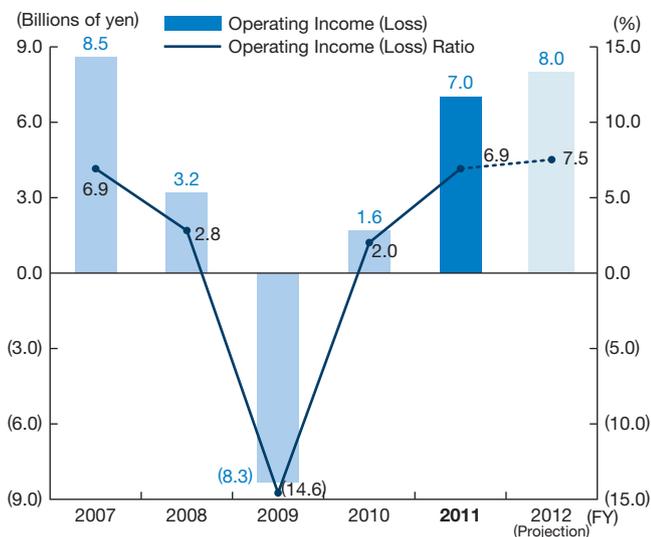
## Net Sales

¥ 101.0 billion



## Operating Income

¥ 7.0 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 develop mechanical components and robot controllers in-house by using Yaskawa's technology of AC servo drives which have the largest share in the market. 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 is the world's leading manufacturer of robots, with cumulative shipments surpassing 250,000 in fiscal 2011.

Yaskawa has recently been developing non-manufacturing applications for our robots, such as in the service sector, using our expertise in industrial robotic technology that we have built up over the years.

Delta robot for high-speed material handling  
MOTOMAN-MPP3  
Released in June 2011



Optimal robot for painting small components  
MOTOMAN-EPX1250  
Released in April 2011

## Review of FY2011 Operations

Business results for the robotics segment for fiscal 2011 improved significantly in both orders received and sales by overcoming the aftermath of the East Japan Great Earthquake that occurred at the end of fiscal 2010.

In the automobile-related sector, which is a major market for robotics, the Yaskawa Group was able to improve its business results considerably due to a brisk investment in capacity expansion that has been ongoing since fiscal 2010, such as building new production lines overseas.

To improve our ability to respond to increased demand for robots overseas and to changes in the market, Yaskawa has reinforced its overseas organizations by transforming a joint sales company in China into a consolidated subsidiary, constructing a robotic system plant in Shanghai, and improving efficiency by opening a new company building of a subsidiary in the U.S., among others.

For the manufacturing industry of small products for general consumers, Yaskawa has introduced a robot that is ideal for high-speed packaging and a small-scale painting robot that makes it possible to construct a compact painting booth.

In Japan, we opened the Kanto Robotics Center in Saitama city, Saitama Prefecture. Visitors to the Center will be able to see and touch a variety of robots, and watch them in action. This Center was set up for the purpose of promoting a greater understanding of robots by focusing on customers in manufacturing industries such as food, medicine, and cosmetics, which are expected to implement more factory automation using robots in the coming years. This Center offers an environment in which a systems integrator (SI) who brings various types of production equipment together into systems and delivers them to a factory can freely perform tests using robots and can introduce robots more easily. We intend to expand the fields in which robots can be adopted by reinforcing our relationship with SIs.

Furthermore, we are actively pushing forward with the development of energy conservation technology, which has become more in demand in recent years, and robotics technology for collaboration with humans, which is indispensable to achieve a more widespread use of robots in the future. We participated in the International Robot Exhibition 2011, where our booth attracted a large number of visitors.



CS Plaza for trial testing in Kanto Robotics Center  
(Established in September 2011)

## Outlook

In fiscal 2012, Yaskawa will speed up reinforcement of local groups and organizations overseas, where a significant increase in demand is expected to continue. As the use of robots increases worldwide, we will work proactively to expand our overseas service framework so that we can continue to satisfy the needs of our customers.

Concerning robots for automobile markets, we will continue to develop new technology in robotics as well as in related applications, such as arc welding and spot welding, and laser welding technologies, in order to maintain our high competitive edge.

Concerning robots for the general industry sector, beginning with the food industry, a potential market for robots that is likely to expand, we intend to introduce new models proactively, focusing on picking tasks to steadily meet changing market needs.

Concerning robots that support a clean environment, we will provide cutting-edge technologies and products in the flat panel and semiconductor manufacturing sectors, centered on the organic light-emitting diodes (OLEDS) market, which is a growing industry.

Furthermore, we will create a new market by developing technologies for the biomedical market, where there is a steadily increasing need for the use of robots.

Yaskawa will improve and construct its production system in order to cope securely with an increase in orders in the future, as the demand for robots is expected to increase significantly in the long term. To meet diversifying customer needs and quickly move ahead with development, we will also continue to reinforce our sales and service frameworks. At the same time, we will reinforce our efforts to develop basic technologies in order to maintain and improve our mid-term and long-term competitive edge in the global market.

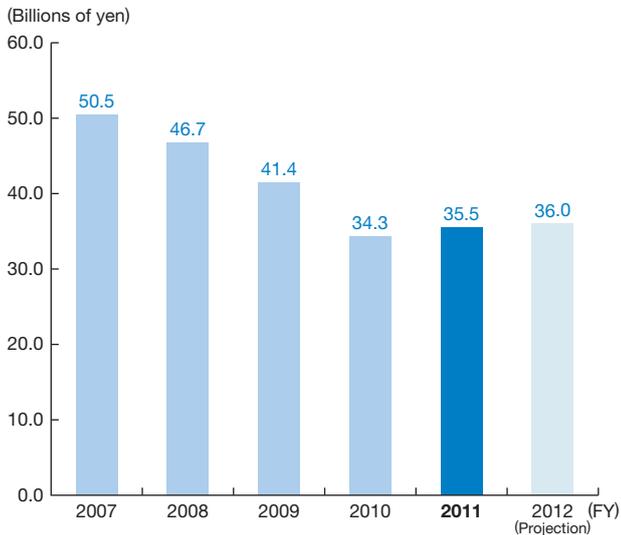


International Robot Exhibition 2011

# System Engineering

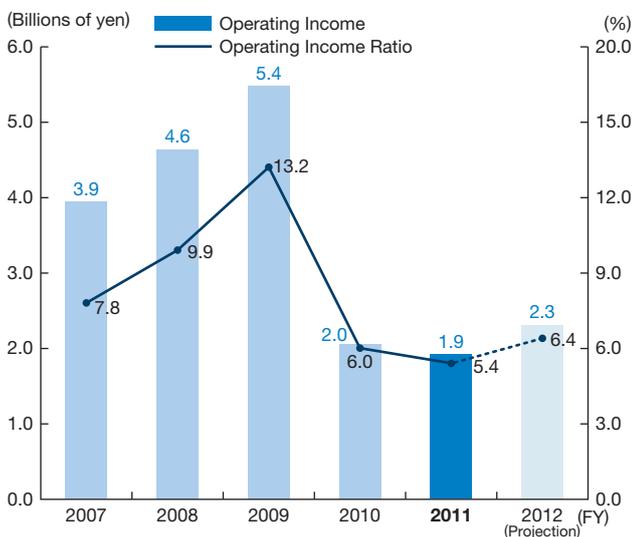
## Net Sales

¥ 35.5 billion



## Operating Income

¥ 1.9 billion



## Business Overview

The major fields for which the System Engineering segment 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. We are involved in projects from the facility planning stage, provide support throughout each facility's life cycle, and offer everything from technical proposals to after-sales service. This has earned us an excellent reputation for reliability.

In the steel industry, one of our major markets, our products and technologies have been adopted in all blast furnaces operating in Japan. Although there is concern about a decline in the demand for steel in Japan, capital expenditure is expected to take place in China, which is growing at a rapid pace, and in Southeast Asia and India, which are projected to grow in the coming years. Yaskawa will provide systems that take full advantage of our strength in energy-conservation drive technologies.

Concerning the social system business, Yaskawa provides systems for infrastructure facility applications such as water treatment. We are pushing forward with the development of technologies that resolve issues such as water circulation and energy conservation. At the same time, we are taking up the challenge in new social system fields, based on technologies we have developed through our water treatment system business over the years.

The System Engineering segment also makes the best use of the technologies Yaskawa has developed over the years in its global forays in the environmental energy field with such products as equipment for large-scale wind-power generation, a hybrid generation system that combines photovoltaic and wind-power generation, and an energy management system and medium-voltage AC drive that produces a high energy conservation effect.

**Enewin**

Enewin series  
Electrical products for large-scale  
wind-power generation



Large-scale wind-power generator



Converter for large-scale wind-power generation

## Review of FY2011 Operations

In fiscal 2011, we began business operations under conditions that made it difficult to procure components due to the damage caused by the East Japan Great Earthquake. We put the highest priority on the procurement of components to assure stability of our production and were able to resolve the problem within a short period of time. Although our mainstay products for the steel industry and water treatment facilities were affected by the East Japan Great Earthquake, the System Engineering segment itself attained the almost same levels of sales and operating income as the previous year.

For our activities in fiscal 2011 we organized and dispatched a disaster recovery team to provide emergency support for water treatment facilities in the hardest-hit Tohoku area in the confusion during the aftermath of the disaster, and helped in the recovery and startup of steel plant facilities in the earthquake-damaged region. We applied our maximum organizational capabilities, technological competence, and ability to deliver products on short lead times with a mission to secure early recovery of infrastructure and plant facilities that support society. As a result, we earned recognition for our efforts in providing distinguished services for the East Japan Great Earthquake from the Japan Sewage Works Agency.

In terms of each business of the segment, investments in the steel industry were sluggish, partly due to the effects of the disaster, the yen's high appreciation, and a steep rise in raw material prices. In the social system business, orders received by Yaskawa declined considerably because of the disaster and intensified price competition. In the industrial electrical device business, which includes medium-voltage AC drives, the market price has dropped more than expected. Orders received for energy conservation products, however, remained firm due to our efforts to secure new customers under conditions of heightened worldwide environmental awareness.

Regarding our products, we have completed our lineup of medium-voltage AC drives, the FSDrive-MV1000, which features a high energy-conservation function and can be operated on the voltages used by all countries. We have also launched production of these drives in China. We developed the CP-F300 system controller for small-scale systems to expand the product lineup containing the CP-F3000 system controller, which is used in an open-based system with five programming languages and compliant with international standard IEC61131-3. Both have the same reliability and superior performance of the preceding products.

In the environmental energy business, we put a great deal of effort into developing a product lineup featuring Enewin series electrical products for large-scale wind-power generation to be used with the large-scale wind turbines that are currently being developed. Among these products, the flat, medium-speed Permanent Magnet (PM) generator for large-scale wind-power generation has received an award of excellence for FY2012 electric industry technology researchers, sponsored by the Japan Electrical Manufacturers' Association (JEMA).

## Outlook

In fiscal 2012, the System Engineering segment intends to pour more effort into businesses for the steel industry and water treatment facilities, which are the pillars of this segment. At the same time, we will actively work to expand sales of the FSDrive-MV1000 medium-voltage AC drive, following the completion of that product lineup in September 2011.

In the steel industry, positive investments by these manufacturers in offshore markets, as well as in energy conservation and environmental measures, are expected to increase. Under these conditions, we will target an increase in shares and expansion of orders by offering systems in new fields, armed with our medium-voltage drive technology and new products and with a focus on trends in the capital expenditures of this industry. We will also work to expand our global sales and production organizations, while keeping a close watch on the investments of Japanese steel manufacturers in newly emerging countries.

Furthermore, we intend to step up expansion of our business field by folding the environmental energy system business (such as hybrid power generation systems that combine photovoltaic and wind-power generation and energy management systems) into the conventional social system business, which focuses on water treatment. Capital expenditure is likely to continue at a steady pace, centered on environmental improvement measures and renewal/reconstruction. Investment in sophisticated treatments, measures against flooding, resource recovery, and energy issues is trending upward. We will roll out ventures into private sector and offshore markets, in addition to the public sector, in the coming years.

Yaskawa is anticipating a worldwide increase in the demand for medium-voltage drives due to investments in environmental protection and energy conservation with a goal to reduced CO<sub>2</sub> emissions, with the leadership and support from the governments of various countries. To realize quality, cost and delivery time (QCD) that let us stay on top of global competition, we will reinforce our production capacity in China and other countries for the FSDrive-MV1000, which is the core product of our System Engineering business.

We will also reinforce our lineup of Enewin series electrical products for large-scale wind-power generation, which is a strategic product of the environmental energy business. We will work on promoting the Enewin series, particularly in China where there is high potential growth, and ensure that such efforts result in orders.

In the System Engineering segment, we will expand product and technology applications toward the development of new applications and the expansion of shares, in order to expand our business fields and secure profits. We will also enhance our sales, development, and production capabilities to support the business and advance product development, anticipating future needs and global implementation of each business.

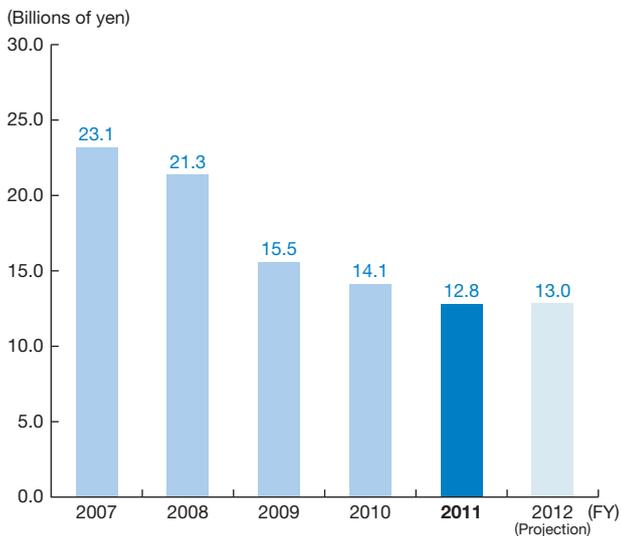
Super energy-saving medium-voltage AC drive  
FSDrive-MV1000  
(2 kV, 3 kV, 4 kV, 6 kV, 11 kV class)  
Released in March 2011



# Information Technologies

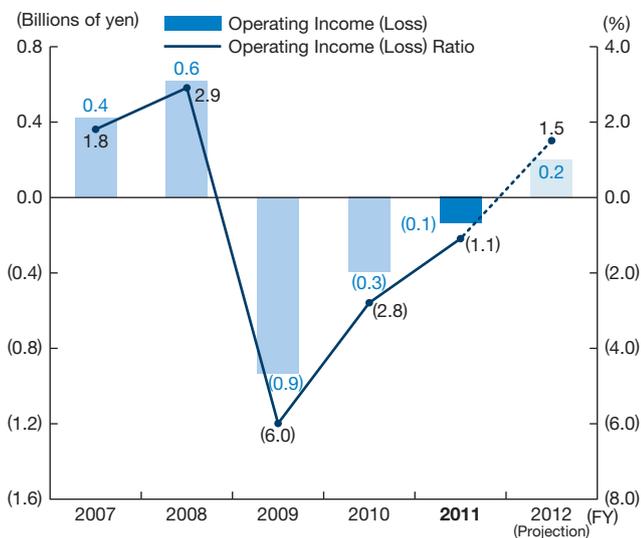
## Net Sales

¥ 12.8 billion



## Operating Loss

¥ 0.1 billion



## Business Overview

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

The IT segment, in which the two listed subsidiaries play the central part, pursues group synergy through close coordination with each individual player bringing its own unique qualities to the mix so as to create new business opportunities in information technology.

## Yaskawa Information Systems Corporation

Information processing, software development, sales of system equipment

## FY2011 Review and Future Outlook

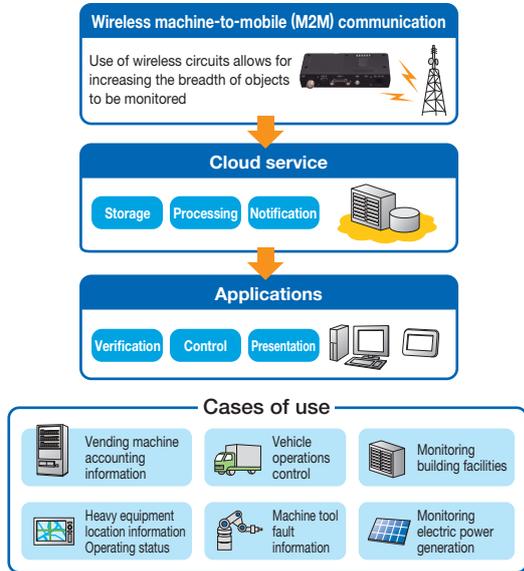
In FY2011, the Yaskawa Information Systems Group faced continuing harsh circumstances as market growth rates dropped far into the negative range due to the impact of the earthquake, economies slowed in other countries, and the high yen rate caused an uncertainty about future prospects that resulted in even stricter selection and suppression of IT-related investment. This coincided with the second year of our mid-term business plan "Renovate 21," which covers fiscal years 2010-2012 and targets bringing earnings back into the black as the most important goal. We have accordingly worked to maintain orders and sales and improve profitability.

In the promotion of new business, in particular, we have participated jointly in development and verification initiatives being pursued regionally in the environmental energy market field. In the telecommunications field, we put the technology developed by Yaskawa Information Systems to effective use and began proposing machine-to-mobile solutions that enable remote monitoring of devices inside and outside Japan by means of mobile telecommunications networks for mobile phones.

Given the severe state of the climate for orders, net sales remained at the same level as the previous year. However, we did achieve a return to profitability by taking every measure possible.

The information technology service industry in FY2012 is anticipated to experience market and demand expansion in the telecommunications field, and there should be some movement in reconstruction demand as well as in renewal demand from postponed and constrained projects. However, the reluctance to make IT-related investments will continue as before, and we expect to enter an era of unmitigated low growth.

The Yaskawa Information Systems Group will mark the final fiscal year of the "Renovate 21" mid-term business plan under these conditions. We intend to pursue customer value and concentrate activity in growth fields in order to survive market competition and take steps toward growth in business. We will also engage in thorough business structural reform in order to improve our added value and establish a stable profitability structure.



**Machine-to-mobile solutions;**  
Yaskawa's global M2M service that provides seamless one-stop remote monitoring whether in Japan or other countries

## YE Data Inc.

Information-related products and services (Optomechatronics and information-and-telecommunications)

### FY2011 Review and Future Outlook

Although the Japanese economy has been making a low-key recovery from the effects of the East Japan Great Earthquake in FY2011, it is also being affected by the prolonged high yen and downward drag in the global economy, while the unemployment rate remains high. There are many causes for concern, and we have been working in severely trying circumstances.

Under these circumstances, the YE Data Group is seeing expansion in the scale of business in galvano-scanner systems, the field of optomechatronic solutions that we are aiming to make into a core business. Our laser marking devices also held steady, with a focus on the maintenance and service fields. However, YD Mechatro Solutions Inc., an affiliate established three years ago to serve as the cornerstone of this field expansion, has seen sluggish growth in its flagship products, a spray coater and an electrode coating device, due to the influence of extended capital investment in the Taiwan market and domestic market, among other factors. As a result, FY2011 net sales posted a decline. At the earnings level, the entire company joined in measures to cut costs and reduce expenses, but the results did not make up for the decline in sales, and we were forced to post a loss.

The business environment is expected to show steady movement

toward recovery, buoyed by reconstruction assistance and other measures of various kinds that are propping up the economy. However, it can be assumed that concerns about the downward drag of the global economy and other such factors will tend to dampen capital expenditures, and these unforgiving circumstances can be expected to continue.

Within this context, the YE Data Group will complete the ongoing reform of its business structure. We will implement an integrated group management matched to the new business structure (visible consolidated management) and stimulate group earnings.

Specific measures include the following.

- (1) We will take steps to obtain earnings by thorough cost cutting and productivity increases
- (2) Returning to the starting point of emphasizing quality, we will engage in consistent quality assurance activities.
- (3) We will take steps to expand the volume of sales by promoting new business and actively deploying our technology.

In line with the above measures, we have been implementing cuts in directors' compensation and wages to employees and taking other special expense reduction measures since April 2012.

### Capital Partnership with General Packer

YE Data entered into a capital partnership with General Packer Co., Ltd., a total planner of packaging systems, in January 2012. We will take steps for a full-fledged entry into the market for food, pharmaceuticals, and other such products by making use of their strengths, including their know-how in such areas as technology and manufacturing of machines related to these products, business of packaging systems, and their networks in these areas.



Robot Caser  
(Box Packing Machine)

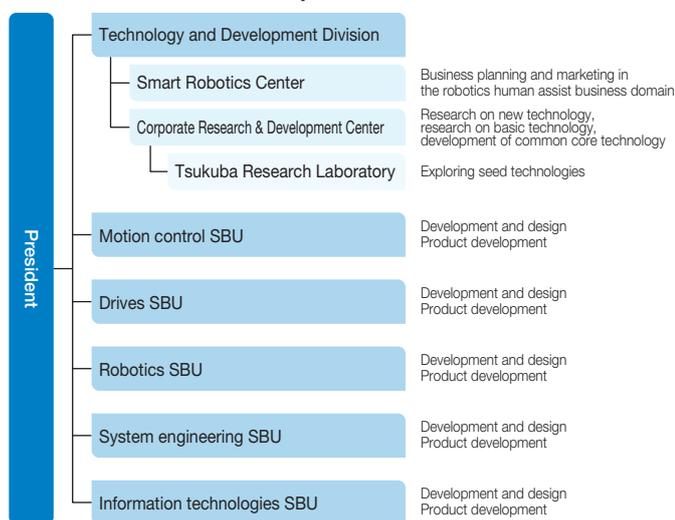
# Technology Development and Intellectual Property

## Technology Development

### Policy and Items of Research and Development

The Yaskawa Group 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 such products as renewable energy systems and on-board electric products, as well as technologies and products that help humans and robots to coexist in the "Robotics Human Assist" business domain.

### Research and Development Structure



### FY2011 Achievements and Topics

In the motion control field, we developed power electronics technology to achieve energy conservation, high efficiency, and smaller sizes, with the global environment in mind. In the robotics field, we developed the SmartPal VII, which is a next-generation platform, and demonstrated its whole-body cooperative control technology and remote operation at the International Robot Exhibition. We also established the Smart Robotics Center, with strengthened marketing and business planning functions for exploring and creating new markets in the robotics human assist business field. In addition, we opened the renovated T-beat Square technology display space as a venue where we can enable clients to experience the beat of the future from the Corporate Research & Development Center.



SmartPal VII



T-beat Square



## Intellectual Property

### Intellectual Property Strategy

Yaskawa Electric respects third-party intellectual property while using our own intellectual property to actively protect our products, giving them an edge on the market.

### Intellectual Property Management Strategies

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

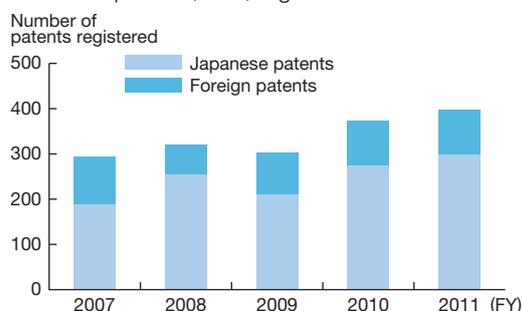
### Intellectual Property Activities

We pursue proactive patent activities closely linked to R&D by collaborating with the intellectual property division, which provides company-wide supervision, and with the pro-patents assigned to the R&D division and other business divisions.

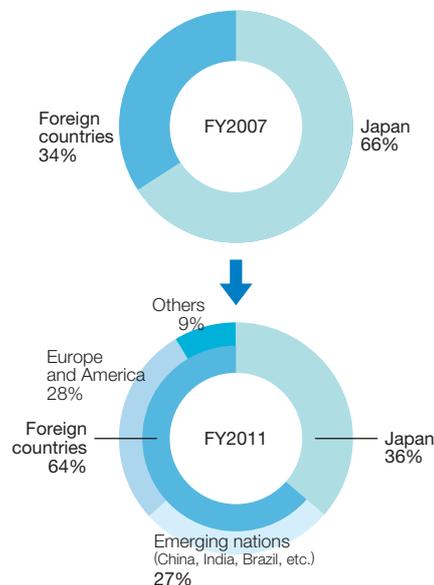
### Status of Intellectual Property Rights

We promote activities that protect our products around the world using intellectual property rights. We are reinforcing our patent application and rights acquisition activities in emerging nations in order to secure the superiority of our own products there, particularly as they are becoming increasingly important as future production sites and markets.

#### Number of patents, etc., registered to Yaskawa Electric



#### Comparison of patent application rates (FY2007 and FY2011)



# CSR Report

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## Scope of Environmental Report (P36-P41)

Period: March 21, 2011 to March 20, 2012

Organizations: Yaskawa Electric and the following affiliates

Yaskawa Manufacturing Corporation / Yaskawa Electric Engineering Corporation / Yaskawa Logistec Corporation / Yaskawa Information Systems Corporation / Yaskawa Controls Co., Ltd. / Yaskawa Siemens Automation & Drives Corp. / Yaskawa Motor Corporation / DOEI Corporation / Yaskawa Obvious Communications Inc. / Yaskawa Business Staff Co., Ltd. / Yaskawa Techno Plate Corporation / Field Techno Co., Ltd.

## The Yaskawa Group will continue to be a corporation that meets the expectations of our stakeholders.

From the founding of the Yaskawa Group in 1915 up to today, we have grown with the support of our customers, suppliers, shareholders, investors, members of local communities, employees, and other stakeholders. I would like to take this opportunity to express our gratitude, and to say that we hope to be a corporation that will continue growing with our stakeholders into the future.

The corporate social responsibility (CSR) demanded of corporations in recent years may have differing definitions or interpretations according to the region or the people involved. When we position the corporation on a level with the people who make up society, however, then I think there are two main types of responsibility that the corporation should fulfill.

The first is the accountability that the corporation is obligated to observe, the responsibility for corporate governance, corporate compliance, and so on. This is corporate responsibility from the perspective of regulation in the context of environmental destruction, exploitation of workers, fraudulent accounting, or other such misconduct by the corporation. As far as the Yaskawa Group is concerned, there is no question that these rules of society must be strictly observed as a matter of course. We will incorporate objective perspectives from outside the corporation and, while voluntarily reconsidering our views of what the Yaskawa Group should be, we will meet the expectations of our stakeholders.

In connection with corporate governance, we adopted an executive officer system in June 2012. We strengthened the management decision-making and supervision of business operations, which are functions of the board of directors, and took steps to augment the functions as well as to assign responsibilities for business operations to the executive officers.

The second responsibility has to do with taking positive action to meet society's expectations so that the community the corporation belongs to can continue growing as a healthy, well-balanced society. The Yaskawa Group has so far contributed to solution for problems faced by society through our energy saving

and energy creating businesses, for example, and through the use of industrial robots to free people from "3K" jobs (a Japanese term referring to jobs that are considered tough, dirty, and dangerous). We will continue to work from the same perspective while adding still further breadth to our contributions. We are also taking active measures to reduce our environmental impact and save resources through Yaskawa Group business activities and product design, and we are committed to continuing with this in the future. At the same time, we will take positive action to contribute as a corporate citizen by means of local vitalization, support for the next generation, who are the leaders of the future, and other such activities that make it possible for us to continue growing with society.

One example of local vitalization is our activities in Kitakyushu city, where the Yaskawa Electric head office is located. We have included our robot plant on the industrial tourism route that Kitakyushu city is actively promoting, and we have accepted many tours to the plant. We have also been joining in the sponsorship of a local soccer team as a way of contributing to the advancement of sports culture in the community. In addition, we consider it a part of corporate responsibility to encourage Yaskawa Group employees to take positive roles in developing the community. By communication and participation in events, we are working to form an in-house corporate climate. We intend to implement activities such as these not only in the Kitakyushu region, where our key facilities are concentrated, but also in every area of the world where Yaskawa Group business is being conducted, in forms suited to those areas.

The following pages of the Yaskawa report introduce our view of the Yaskawa Group's place in society, the structures and systems of the Yaskawa Group that are based on the above conceptual approach, and cases of our initiatives. The Yaskawa Group will move forward in our future activities, united in the understanding that a corporation can only exist when the stakeholders concerned recognize its social value.

**Noboru Usami**  
Director  
Corporate Senior Vice President



# 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, shareholders and investors, the local community, employees, 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 corporation 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 (Revised 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.

# Board of Directors and Corporate Auditors

As of June 19, 2012

## Directors



**Koji Toshima**  
Representative Director  
Chairman of the Board

**Junji Tsuda**  
Representative Director  
President

**Masao Kito**  
Representative Director  
Corporate Executive Vice President



**Toshihiro Sawa**  
Director  
Corporate Senior  
Vice President



**Noboru Usami**  
Director  
Corporate Senior  
Vice President



**Shuji Murakami**  
Director  
Corporate Vice President



**Yoshiki Akita**  
External Director

## Auditors



**Manabu Ichikawa**  
Auditor



**Naoto Shimozono**  
Auditor



**Makoto Ishimaru**  
External Auditor



**Kazumasa Tatsumi**  
External Auditor

## Corporate Vice Presidents

**Koki Nakamura**  
Corporate Senior  
Vice President

**Hiroshi Ogasawara**  
Corporate Senior  
Vice President

**Hideki Goto**  
Corporate Vice President

**Osamu Motomatsu**  
Corporate Vice President

**Yoshikatsu Minami**  
Corporate Vice President

**Shigeto Yanase**  
Corporate Vice President

**Yuji Nakayama**  
Corporate Vice President

**Koichi Takamiya**  
Corporate Vice President

**Konosuke Noda**  
Corporate Vice President

**Michihiko Zenke**  
Corporate Vice President

**Masahiro Ogawa**  
Corporate Vice President

# Corporate Governance

Yaskawa Electric is engaged in activities to strengthen compliance and enhance corporate governance in order to earn greater trust from all of our stakeholders while also maximizing shareholder value by improving the efficiency and soundness of management.

We are striving to improve management transparency and achieve fair and timely information disclosure to shareholders and investors by means of financial results briefings, IR meetings, our company website, and other avenues.

## Management System

### Directors and the Board of Directors

Yaskawa Electric has selected internal directors and an appropriate external director with relevant knowledge for our corporate management system, which is concerned with decision-making related to management as well as conduct and oversight of operations. In this way, we enable rational and efficient decision-making.

Since June 2012, the Yaskawa Electric Board of Directors has been made up of seven members - six internal directors and one external director. Their term of office has been set at one year in order to create a system capable of responding promptly to a rapidly changing business environment. In addition to regular meetings, the Board of Directors may hold extraordinary meetings as necessary, at which they decide matters prescribed by statute and important management issues and conduct sequential regulatory oversight of operations.

As of June 21, 2012, we appointed one external director (Mr. Yoshiaki Akita). External directors work from an objective perspective, independent of those in top management, who conduct business operations, while also making use of their own experience as managers. This guarantees the legality of decisions regarding company management and decision-making regarding the conduct of business.

#### External Director

Name	Present Position	Reason for Appointment
Yoshiaki Akita	Chairman and Representative Director, Layers Consulting Co., Ltd.	<p>Possessing a wealth of knowledge and experience as a certified public accountant and as representative director of a consulting firm, he is also in an independent and objective position with regard to management. We therefore consider that he has a great deal to contribute to the management of Yaskawa Electric as an external director.</p> <p>He is not an operating officer of any Yaskawa Electric main suppliers or main shareholders, and we judge that he is unlikely to have any conflict of interest with respect to our general shareholders. We have therefore notified the Tokyo Stock Exchange that he is an independent executive as defined by the Exchange.</p>

### The Management Committee and the Executive Officer System

We have established a Management Committee made up of directors and executive officers for decision-making related to the execution of business operations. As a rule, the committee holds regular meetings twice a month, and in addition holds extraordinary meetings as necessary in order to form a flexible and expeditious system for executing business operations.

In order to respond quickly and surely to the rapidly changing business environment and expanding range of business, Yaskawa Electric introduced an executive officer system in June 2012. We are taking steps to increase our speed in executing business operations and to strengthen our efficient management system.

### The Board of Auditors and Auditors

The Board of Auditors is made up of four members, two full-time internal auditors and two external auditors (Makoto Ishimaru and Kazumasa Tatsumi).

Auditors attend meetings of the Board of Directors, the Management Committee, and other important company meetings, and read over important documents in order to collect information. Auditors also create and operate oversight functions for the Board of Auditors, and conduct oversight of the Board of Director's decisions on important managerial and legal issues as well as of its execution of business operations.

#### External Auditors

Name	Present Position	Reason for Appointment
Makoto Ishimaru	Director and Managing Corporate Officer, Krosaki Harima Corporation	<p>He has gained considerable experience, achievements, and knowledge in his capacity as general manager of the administration division of a business corporation, and we believe that these will be utilized to good effect in strengthening the Yaskawa Electric auditing system.</p> <p>He is not an operating officer of any Yaskawa Electric main suppliers or main shareholders, and we judge that he is unlikely to have any conflict of interest with respect to our general shareholders. We have therefore notified the Tokyo Stock Exchange that he is an independent executive as defined by the Exchange.</p>
Kazumasa Tatsumi	Attorney and President, Kazumasa Tatsumi Law Office	<p>He has acquired specialized knowledge and experience as a lawyer, and we believe that these will be utilized to good effect in strengthening the Yaskawa Electric auditing system.</p> <p>He is not an operating officer of any Yaskawa Electric main suppliers or main shareholders, and we judge that he is unlikely to have any conflict of interest with respect to our general shareholders. We have therefore notified the Tokyo Stock Exchange that he is an independent executive as defined by the Exchange.</p>

### Internal Control System

Yaskawa Electric has charged the board of directors, management committee, and other bodies with carrying out appropriate business operations in order to provide for appropriate and efficient operation of the corporation. In addition, the board of directors issues resolutions regarding basic policy for upgrading and enhancing the articles of incorporation, information disclosure, risk management systems, division of duties, operational authority, group company management, and other such systems (internal control systems).

Yaskawa Electric has also responded to the need for internal control systems related to financial reporting as governed by the Financial Instruments and Exchange Law and for a strengthening of our legal compliance, and the board of directors has made revisions.

The Yaskawa Group has also acted to strengthen internal control systems by revising the former Yaskawa Electric Corporate Activity Standards to form the Yaskawa Group Corporate Activity Standards, which are directed at the group as a whole. The revisions to the language in question were done by the board of directors and disseminated widely throughout the group.

## Compliance Systems

We have defined norms for corporate actions by formulating the Corporate Charter and the Yaskawa Group Corporate Activity Standards. We have taken action to ensure compliance by Yaskawa Electric and every Group company, as well as for deploying and promoting educational and statutory compliance systems. We have also established a Compliance Committee to carry out company-wide deployment and promotion of measures for compliance of the Yaskawa Group Corporate Activity Standards, education of employees in the Standards, and reinforcement of the legal compliance system. Yaskawa Electric has further instituted an in-house reporting (whistle-blowing) system with a "Compliance Emergency Number" internal alert system that enables employees of Yaskawa Electric, subsidiaries, and affiliates to report violations of compliance rules to an in-house contact point or an outside third-party organization.

For compliance education, we are taking such measures as distributing a pamphlet called Compliance Guidelines in order to heighten awareness of compliance activities and to act upon these guidelines. We also conduct questionnaire surveys regarding compliance, identify issues, carry out improvements, and take other such steps to raise the level of compliance awareness.

## Risk Management Systems

We have established the Risk Management Committee to draw up and promote policies related to risk management and to provide follow-up support for the management system, as well as to raise awareness of and carry out education in risk management. Based on "Basic Regulations for Risk Management," this Committee sets forth explicit basic policies for day-to-day preparation for emergency and for when crisis occur, builds company-wide risk management systems, and conducts company-wide risk management.

## Policy on Director Compensation and Amount

The cap on director compensation was decided at the 96th Regular General Meeting of Shareholders held on June 19, 2012, as the total of the fixed amount (a) shown below and the profit-linked amount (b). (This does not include employee wages.)

(a) Annual amount up to 430 million yen

Directors (external directors excluded) bear the responsibility for increasing corporate value, and all the directors are therefore paid certain amounts according to their performance evaluation and grade. External directors bear the responsibility for oversight of the execution of duties, and they are therefore paid a fixed amount that is determined in advance.

(b) Percentage of consolidated net income for previous fiscal year

To clearly establish a link with consolidated business results, directors (excluding external directors) are to be paid up to 1.0% of consolidated net income for the fiscal year prior to that of the General Meeting of Shareholders at which the director was appointed or reappointed. This is not to be paid to external directors.

• Compensation Paid to the Company's Directors and Corporate Auditors in FY 2011

Classification	Number of Officers	Compensation
Directors	16	466 million yen
Corporate Auditors	4	61 million yen
Total	20	528 million yen
(of which are external officers)	(3)	(19 million yen)

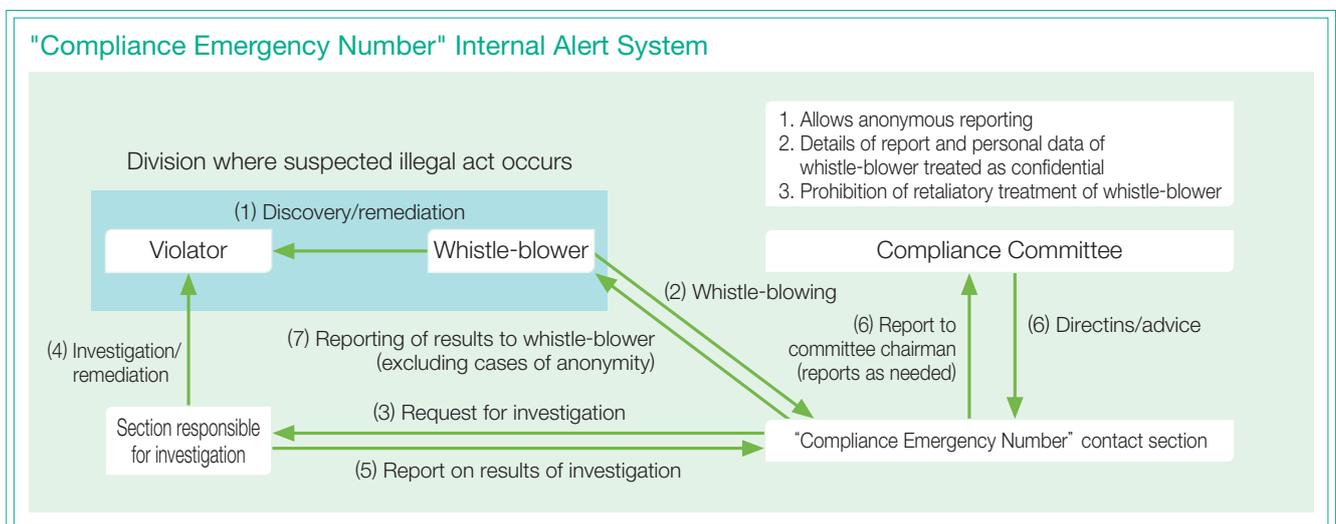
## In-House System for Information Disclosure

Yaskawa Electric has established the Yaskawa Group Corporate Activity Standards, which state our basic policies. These policies are 1) "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," and 2) "We shall operate businesses based on fair, transparent, and free competition and sound trade, which strictly observe all laws and never violate social norms."

Based on these policies, we maintain a timely and accurate understanding of company operations (facts about decisions made and actual events, information about financial results, etc.), including those of subsidiaries, in the various responsible divisions, and we strive to conduct timely and appropriate information disclosure with regard to investors and other such parties and with regard to financial instrument exchanges.

We have also appointed a person in charge of information handling and a person in charge of information disclosure with regard to the handling of company information in accordance with the Securities Listing Regulations set forth by the Tokyo Stock Exchange. When timely disclosure of information is to take place, we obtain approval from parties with the authority to approve the release, based on in-house regulations.

### "Compliance Emergency Number" Internal Alert System



# Relations with Customers

## We aim for improving customer satisfaction by putting quality first and assuring safety and security.

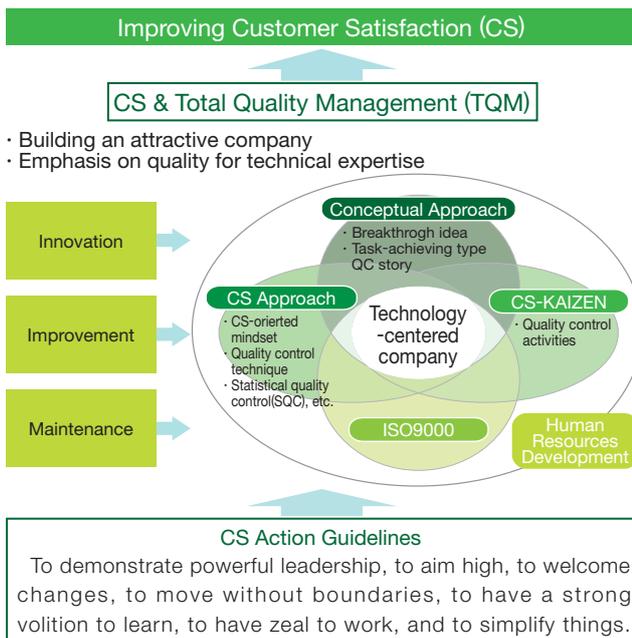
One of the mainstays of our management philosophy is emphasis on quality. This was originated in the founder's beliefs, and the tradition continues today. As a polar precept, it is stipulated in the employee code of conduct. The Yaskawa Group aims to achieve total customer satisfaction (CS) by offering not only the quality of products but also quality of service and solutions tailored to the customer's needs.

### Programs for Delivering Satisfaction

#### Practicing Management Based on CS Principles

Yaskawa Electric aims for the improvement of our corporate value through management based on CS principles. This will lead to the greater emphasis on prioritizing quality and result in the customer being placed first. We are also holding interactive gatherings between executives and employees, among other such measures, to disseminate the CS philosophy.

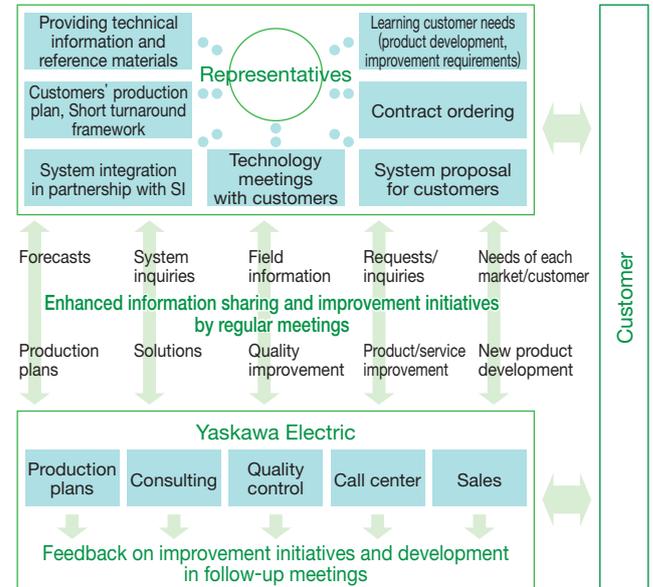
- CS-based Management and Quality Improvement



#### Taking Customers' Opinions into Account in Doing Business

Yaskawa Electric believes that sharing information with our customers in partnership with our representatives and having our salespeople hear customer opinions directly are very useful, since customer opinions can help us improve our business activities. We also hold periodic meetings (twice a year) with our representatives to exchange views, while our business divisions hold follow-up meetings once a month, as we seek to step up our initiatives for improvement and make further enhancements.

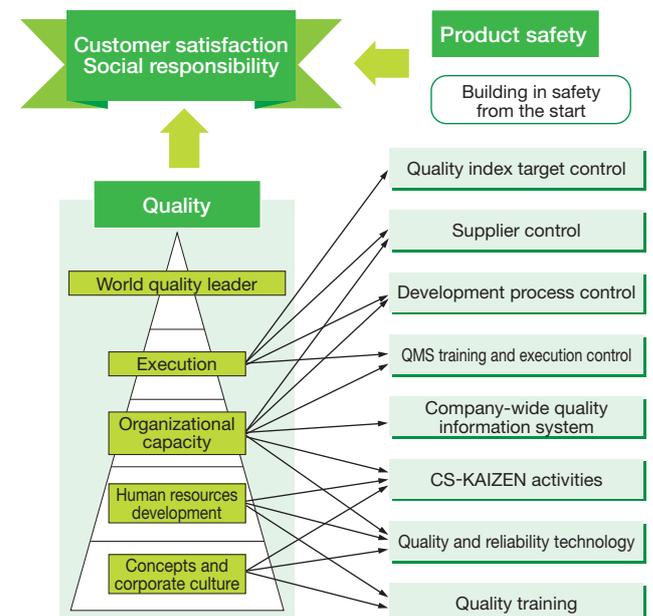
- Information Sharing and Improvement Initiatives in Partnership with Representatives



### Initiatives to Ensure Safe Use

#### Developing Quality First Awareness

We fulfill our social responsibility as we develop a culture and capacity for quality and enhance customer satisfaction. In particular, we aim to increase our capacity for quality based on a foundation of greater quality improvement initiatives and stronger human resources development, and to build quality into our products through an emphasis on process control.



## CS-KAIZEN Activities

Yaskawa Electric promotes a corporate culture of making repeated improvements on a daily basis based on themes that are integral to our work with the primary target of reinforcing our ability to make improvements. At the same time, we continue to revitalize the development of our human resources as well as communications. Our ultimate goal in conducting CS-KAIZEN activities is the improvement of Customer Satisfaction (CS) and corporate values.

A total of six themes were introduced at the CS-KAIZEN meetings held in the first half of fiscal 2012: three from the production division, one from the quality control division, one from the technology division and one from the administrative division. The winning themes are to be presented outside the company. Mr. Koga from the KOSÉ Corporation, who was invited to the seminar, gave us a special lecture entitled "The Development of Human Resources and Worksite Vitality," which contained valuable and interesting information.

In fiscal 2012, we will conduct CS-KAIZEN activities under priority measures, such as the enhancement of QC training, development of in-house instructors, strengthening managers' involvement in CS-KAIZEN activities, and support for revitalizing Yaskawa Group activities inside and outside Japan.



## Product Safety

In order to make sure that our customers use our products with confidence, the most important thing for us is product safety assurance from the very beginning. This is why at the product development stage we perform risk assessments to make sure that products are sufficiently safe, make our products compliant with international standards, verify them and hold safety inspection meetings, among other initiatives.

We also respond immediately in case of trouble and have a global emergency communications network in place.

We also do internal training and provide activities to raise awareness of product liability. Our Buds of PL improvement initiative\* is a continuous activity that aims to bring an awareness of problems to internal and external safety information and constantly pursue high targets.

\* Buds of PL (product liability) is a program for fostering a culture that uses near-accidents, etc., to nip product liability problems in the bud (i.e., develop a product safety culture) and thereby fulfill our product responsibility; it is also a general name for all safety improvement initiatives.

The basis of these efforts is to take quality problems that occur in the market, as well as those moments when one becomes aware of a safety problem in one's day-to-day activities, provide them to upstream processes as feedback, and thereby work to achieve safer products and a safer work environment in a cycle of continuous improvement.

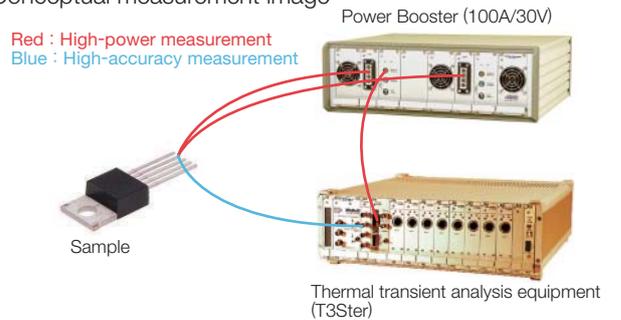
## Quality Improvement

Customer information about nonconformities is collected and analyzed online by our Company-Wide Field Quality Information System and reflected in quality improvement initiatives. In particular, this process leads to cross-organizational deployment to prevent recurrence and initiatives to prevent problems during new product development.

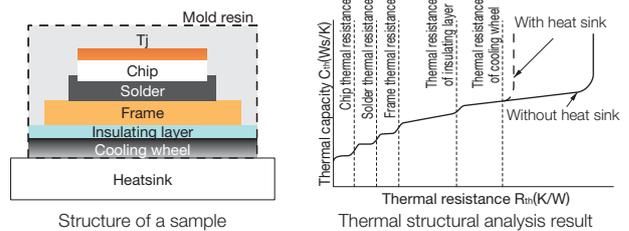
## Thermal Transient Analysis Equipment

We have introduced thermal transient analysis equipment at the Reliability Technology Center in order to improve the level of quality and reliability built into product design by evaluating and verifying the thermal characteristics inside a semiconductor package and improving the accuracy of thermal design.

### • Conceptual measurement image



Thermal parameter measurement and thermal structural analysis



## User School

For users to get the most performance out of our products and use them safely, the most important thing is basic knowledge. We offer Motion Control School for customers of our AC drive and servo (general-purpose) products. We teach two ways: the school-like training in which an instructor explains a product directly; and e-learning, where customers learn over the Internet. Details are available at our e-Mechatronics site (<http://www.emechatronics.com/>).

Yaskawa Motoman Engineering Corporation moreover offers Robot School, teaching operation and maintenance of robots and robotic related products.

## Test Runs and Service

Adjustments and test runs by our trained engineers are available to check the compatibility of the customer's equipment with our products as well as to improve overall machine/equipment performance. The entire Yaskawa Group renders support on a global basis for preventive maintenance and recovery at the time of any failure.

## After the Production Stoppage

In principle, repair parts for discontinued products are not distributed. However, long term maintenance for customer's equipment can be arranged in cooperation with Yaskawa Group companies and our affiliated service companies.

# Relations with Suppliers

**We build better partnerships and fulfill our corporate social responsibility together with our suppliers.**

## Procurement Policy

We continually strive to improve our procurement system to ensure that the products we purchase meet our standards of quality, cost, and delivery, as well as to build relationships of mutual trust, cooperation, and true mutual benefit with our suppliers.

### Open Door Policy

We provide equal and fair trading opportunities based on free competition in transactions by opening widely the door to the world in search of new suppliers.

### Fair Trade

We practice fair trade founded on a basic trade contract to ensure that both Yaskawa and our suppliers fulfill our respective social responsibility for compliance and environmental protection.

We select new suppliers based on an evaluation of the quality, price, delivery, management information and environmental requirements.

### Green Procurement

We formulated the Green Procurement Guidelines for the purpose of procuring materials with low environmental impact, and we work with our suppliers to conserve the global environment. We also closely control hazardous substances following our environmental management system.

### CSR-Based Procurement

Through fair trade that complies with corporate social responsibility (CSR) and the law, we work to build partnerships with our suppliers.

## ■ Compliance with EU REACH Regulation

Yaskawa Electric has issued a revised version of the Green Procurement Guidelines and updated the green procurement system in order to ensure compliance with the EU REACH regulation.

Furthermore, we have accelerated preparation for our new procurement system to accommodate EU REACH regulations by completing written agreements with our suppliers to cooperate on green procurement, in accordance with the new Green Procurement Guidelines.

Since implementation of the new framework, the number of our suppliers' responses to our hazardous substance survey request regarding their components and materials reached a significantly high rate of about 90%. Yaskawa Electric and our suppliers are working together to assure compliance with EU REACH regulations.

## ■ Eco-Conscious Procurement

We have promoted the expansion of the use of electronic data distribution systems of our company to accelerate the conversion of paper documents to electric versions of order forms and other documents sent to suppliers.

After obtaining each supplier's agreement, we registered them in the system. As a result, we have been able to reduce our use of paper by approximately 4,000 sheets per month.

Furthermore, our suppliers have expressed the view that distribution of documents in electronic format makes their business operations more efficient. We are making an effort to conserve the global environment by accelerating the distribution of documents in electronic format together with our suppliers.

# Relations with Employees

Human resources are the key to achieving growth and evolution in a corporation. Therefore, human resource development is one of the major components essential to the growth of any company. Yaskawa is carrying out various projects to foster human resources and a corporate climate to take up the challenge. At the same time, we are committed to providing welfare benefits to employees, so they can focus and work to the best of their ability without any distractions. Our health and safety initiatives and health promotion efforts help to build a safe and comfortable place to work.

## Policy and Activities for Employment

Yaskawa's employment policy aims to assign the right personnel in the right number in accordance with the structure and scale of the business operations of each company in the Yaskawa Group. We are trying to achieve the goal by exchanging personnel within the Group for enhancement of human resource. As the development of our business overseas accelerates, we are also making an effort to secure and foster global human resources.

## Organization of Employees

All-Group consolidated figure: Number of employees by business segment (As of March 20, 2012)

Business Segments	Number of Employees*
Motion Control	3,068 [3,213]
Robotics	2,161 [1,102]
System Engineering	681 [285]
Information Technologies	1,011 [8]
Other	591 [1,370]
Corporate	734 [81]
Total	8,246 [6,059]

Number of Yaskawa Electric employees only (As of March 20, 2012)

Number of Employees*	Avg. Age
2,781 [723]	41.2
Avg. Number of Years in Employment	Resignation Rate of After 3 Yrs of Work
19.2	1.4%

\* The annual average figures of the numbers of part-time employees, temporary staff and part-time employees on short-term contracts are indicated separately in the brackets.

## Promoting Supportive Work Environment

Yaskawa Electric has a variety of programs that provide support in the workplace, so that all employees can fully make the most of their abilities, regardless of gender, disability, and nationality, and have both a good working life as well as a good family life. Our efforts to provide our employees with a comfortable work environment have been formally recognized, and we have been authorized to use the mark of the "Kurumin" granted under the "Act for Advancement of Measures to Support Raising the Next Generation of Children."

\* A national system of merit in which companies are recognized for meeting specific criteria in providing support to families raising children as part of a campaign to encourage a higher birthrate in Japan.

## Employment Status of the Elderly, People with Disabilities, and Non-Japanese Employees

	FY2007	FY2008	FY2009	FY2010	FY2011
No. of employees rehired*1	65	106	164	199	239
People with disabilities employed (%)	1.56	1.62	1.75	1.85	1.65
No. of non-Japanese employees*2	12	14	16	14	19

\*1 Number of regular employees and temporary contracted workers aged 60-64  
\*2 Regular employees and contract employees

## Use of Parental Leave Program

	FY2007	FY2008	FY2009	FY2010	FY2011
No. of Females/Use Rate	7/100%	3/100%	5/100%	2/100%	5/100%
No. of Males	0	2	1	1	4

## Average Amount of Paid Leave Taken per year

	FY2007	FY2008	FY2009	FY2010	FY2011
No. of days/person	12.26	12.44	8.69	12.30	12.81

## Employee Family Communication Activities

To promote work-life balance and the proper development of the next generation, each plant plans a number of events to bring families in touch with us and each other. Many employee families take part in each event, which lets us actively pursue communication not just with our employees but also their families.



In Iruma: Support for Yaskawa's athletes at New Year's Ekiden race



In Tokyo: Tour of Railway Museum & Kanto Robotics Center

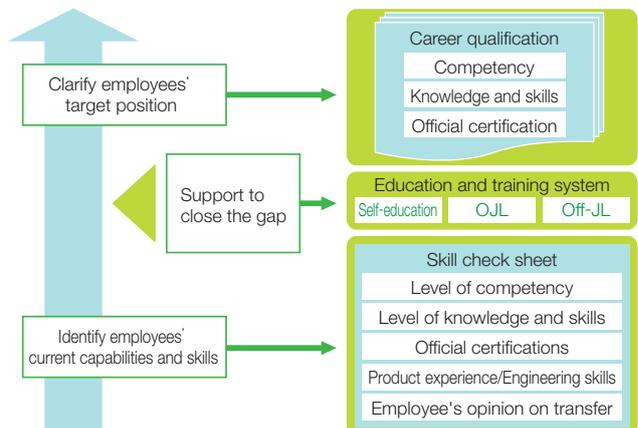
In Yahata: Summer festival 2011

## Human Resources Development and Deployment System

Human resources development forms the foundation for producing good products, providing good service, and being a good company. We take original approaches to human resource development, which is essential to the growth of the company.

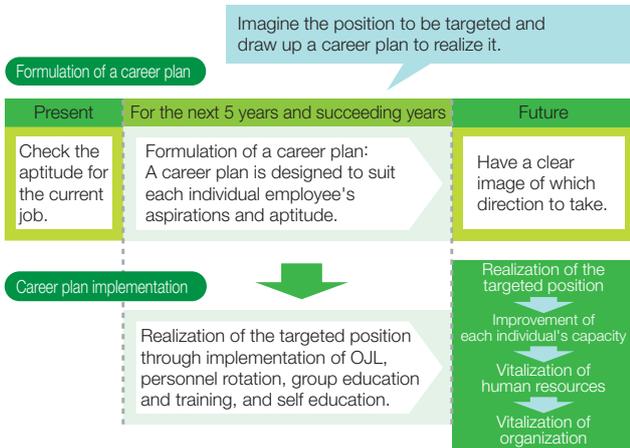
## Educational System

In accordance with our personnel guidelines, our educational system places value on autonomy and calls on individuals to be the actors in their own growth. Based on the descriptions of desirable and required traits as defined in the Career Qualifications, employees can check their current traits, such as the skills they have, and the company will support them in education and training that will allow them to attain the desirable and required skills and traits.



## Career Plan System

The Career Plan System includes formulation of a mid- and long-term development plan tailored to meet the aspirations and aptitude of each individual. Plans for human resources development are implemented in accordance with the mid- and long-term development plans.

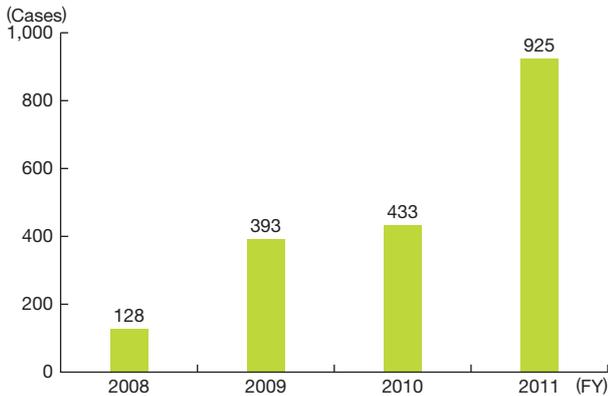


## Health and Safety Initiatives

We engage in health and safety programs based on our fundamental policy of "creating a safe, friendly, and supportive workplace."

Starting with the development of work standards that are the key for safety, we are actively engaged in a hazard prediction program (KY Activities) and near-accident activities. We are also generating risk assessments based on information gathered from disasters that occurred in the past, workplace inspections, and other such.

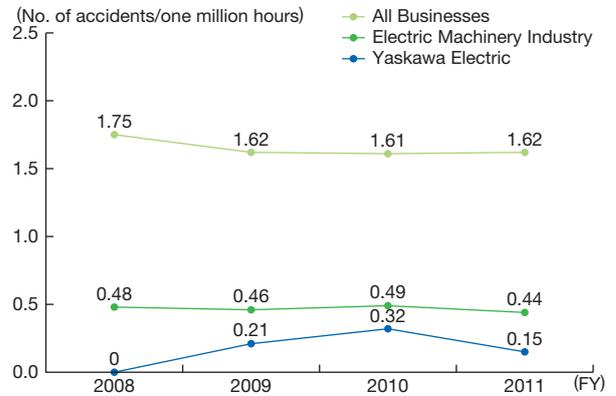
### Number of risks reduced after risk assessment



### Priority Activity Headings (FY2012)

- 1 Complete work standards.
- 2 Enrich occupational health and safety education.
- 3 Implement risk assessment.
- 4 Make use of case examples of how past disasters occurred.
- 5 Conduct safety audits.
- 6 Expand mental health care programs.
- 7 Conduct thoroughgoing health checks.
- 8 Follow up on health of overworked employees after their medical checkup.
- 9 Promote the prevention of lifestyle-related diseases.

### Frequency of Occupational Accidents and Injuries (only those Resulting in Absence from Work)



## Major Health Promotion Programs

### Mental-health Care

#### By Individual

To encourage individual mental health while protecting personal privacy, we use GHQ28\* and an occupational stress questionnaire to evaluate the psychological status of employees. We provide counsel from an industrial physician or other follow-up care depending on the results.



\* GHQ: General Health Questionnaire, a questionnaire used to assess one's mental health.

#### At Work

Mental health seminars are incorporated into training sessions for newly appointed supervisors and other management personnel to foster better working environments.

We also conduct workplace stress surveys and take countermeasures in high-risk workplaces.

#### By Industrial Healthcare Staff in Plants

Industrial healthcare staff (industrial physicians, nurses, etc.) at the clinics in each plant play a central role in supporting employee health.

#### By Outside Resources

Each plant has a system for easy referral to specialists appointed by the plant.

### Support Return to the Workplace

We provide guidance to employees who are on sick leave due to mental or physical illnesses to help prepare them for return to the workplace, and we also provide support after their return to the workplace.

### Medical Checkup for Overwork

When overtime hours have exceeded a prescribed criterion, a physical examination, stress testing, and fatigue level testing are given by an industrial physician.

According to the results, detailed advice and guidance are provided including prescription of overtime hour limit, and the patient's progress is carefully monitored.

### Lifestyle-related Disease Prevention

Employees found to have indications of any abnormality in a medical examination are provided with periodical follow-up observation and health guidance by an industrial physician or nurse.

# Relations with Shareholders and Investors

Yaskawa Electric aims to be a corporation that is trusted by shareholders, investors, and all its other stakeholders. To that end, we are working to realize management with a high degree of transparency by means of prompt, appropriate, and fair information disclosure.

## Promoting Investor Relations (IR)

Yaskawa Electric follows Yaskawa Group Corporate Activity Standards, which state: "We shall engage in broad communication not only with shareholders, but also with members of society at large, including active and fair disclosure of corporate information." With this policy, we strive to heighten management transparency and build trust with our shareholders, investors, and other stakeholders by engaging in activities that will develop positive investor relations.

## Investor Relations in FY2011

The Yaskawa Group positions IR activities as two-way communication with shareholders and investors. At the same time that we engage in prompt, appropriate, and fair information disclosure, we also provide the opinions of shareholders, investors, and other stakeholders as feedback to management. In this way, we strive to improve our corporate value.

We are focusing on providing stakeholders with a deeper understanding of Yaskawa Electric and putting still more of their opinions to use in management. In FY2011, we responded to a total of approximately 750 requests for interviews involving approximately 1,700 people from institutional investors in Japan and other countries. We also hold biannual briefings on financial results for institutional investors and securities analysts. In order to provide a deeper understanding of Yaskawa Electric, we followed a briefing on the environmental energy business of FY2010 with a briefing on the robotics business in FY2011. We are also working to provide opportunities for our products to be seen closed up on plant tours, at booths in trade shows, and at other such events.



Financial results briefing



Briefing on the robotics business

Everyday communication with shareholders and investors overseas is difficult, so we manage information exchange through visits to investors in Asia, the U.S., and Europe. We also participate in conferences organized by securities companies, and actively respond to requests for interviews over TV and international telephone.

We are strengthening our relationship with our shareholders and investors, including private investors, by continually updating information on the IR page of Yaskawa's website.

## Major IR Activities in FY2011

- A financial results briefing (biannual & annual)
- Small meetings after the release of quarterly financial results
- Briefing on the robotics business
- Plant and facility tours and IR presentations in Japan and other countries
- Visits to overseas investors (United States, United Kingdom, Hong Kong, Singapore)
- Conferences sponsored by securities firms, etc.

## Adoption of a Socially Responsible Investment (SRI) Index



FTSE4Good

The Yaskawa Group has earned praise for its environmental, social and other CSR endeavors. Our stock has been a constituent of the "FTSE4Good Global Index," an international SRI index, since March 2004.

In addition, Yaskawa Electric was selected as one of the stocks included in the Nikkei Stock Average as of March 29, 2011.

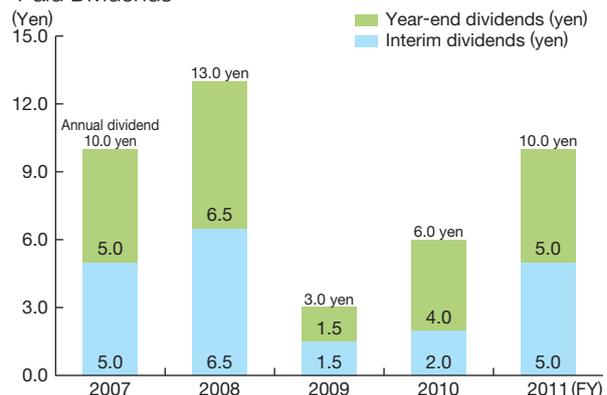
## Returns to Shareholders

Our basic principles include providing stable and continual dividends to our shareholders, enriching our management base, and retaining earnings for future expansion of our business. In addition, we make our decisions based on overall consideration of factors such as our performance, the business environment, and our financial picture.

In the fiscal year ended March 2012, we paid an interim dividend of 5 yen per share. Together with the year-end dividend of 5 yen per share, the cash dividend for the year was 10 yen per share.

As regards uses for internal reserves, we have determined that the decision should take circumstances into account, and that basically we will channel the reserves into preparation for future business expansion and into research and development expenses in order to respond to anticipated changes in the business and management environment.

### • Paid Dividends



# Relations with Local Community and Society

To continue our company's evolution as a corporate citizen working together with society, we are pushing forward with revitalizing local communities and providing support to the young people, who will play an active role in the future.

## Community Exchange

Yaskawa Electric strives to interact with the community and build a better relationship with people in local communities. To do this, we hold plant and office tours as well as firsthand work experience workshops, offer sponsorship of the local soccer team and active participation in local events.

## Tours of Plants and Offices

Our robotics plant is part of the industry tour itinerary that is actively promoted by Kitakyushu city, where our head office is located. Yaskawa Electric offers a wide range of plant and office tours for children and adults. Visitors thus become better acquainted with our robot and other manufacturing sites. In FY2011, we welcomed more than 9,000 visitors.



## Sponsoring Giravanz Kitakyushu

We have supported the Kitakyushu-based professional soccer team, Giravanz Kitakyushu, since 2009. We also provide support by fostering young people through the promotion of sports in the local region. Our sponsor logo has also been displayed on the chest of the team uniforms in FY2012 and Yaskawa Group employees are supporting the team as a unified force.



Employee supporters with replica Giravanz uniform

## Participating in the Wasshoi Hyakuman Natsumatsuri

A dance team of 150 Yaskawa Group employees participated in the Hyakuman odori (summer dance), which is part of the Wasshoi Hyakuman Natsumatsuri, a summer festival for the residents of Kikakyushu. Although our team was unable to win the Grand Prix award, it did win an award for excellence. Active involvement of our employees in local events contributes to vitalizing local communities, while helping to strengthen the bonds among employees.



## Displaying Yaskawa-Kun at Various Special Events

Yaskawa-kun, an ice-cream vending robot, debuted in the summer of 2010 and continues to be exhibited at various events. Many adults as well as children, who ordinarily have little opportunity to see an industrial robot, are enjoying it greatly.



Displayed at the Iruma Lantern Festival in Iruma, Saitama Prefecture (October 2011)

Displayed at New Chitose Airport (December 2011)



Displayed at "Robosquare" robot exhibition facility in Fukuoka city (July 2011)

## Education

We provide support for students, accept foreign students, conduct joint research with educational institutions, and engage in other such activities to foster the human resources that will lead the next generation.

### Supporting Robot Competition for Students

Since 2005, Yaskawa Electric has co-sponsored the annual Technical College Students' Robot Contest, popularly known as the Kosen RoboCon, in which engineers-to-be from around Japan compete in contests focusing on robot production ideas and technology as well as robot performance. 2011 marked RoboCon's 24th anniversary.

As a company in the robotics business, we support this educational opportunity in order to encourage many young students to get involved in manufacturing and in hopes of fostering the next generation of talent.



Technical College Students' Robot Contest 2011

### Yaskawa Cup Engineering Contest at Shanghai Jiao Tong University

Yaskawa Electric and Shanghai Jiao Tong University opened a joint laboratory on the school campus in 2008. We work together to research service robots and support the development of mechatronics engineers. We held the Yaskawa Cup Engineering Contest in April 2011 in order to choose a team from the University to participate in the International Design Contest (IDC) Robocon held at the Massachusetts Institute of Technology (MIT) in July 2011.



The winning team

## Arts

### Production of Master Shiko Munakata Calendar

Each year since 1958, Yaskawa Electric has produced a calendar decorated with woodblock prints by Master Shiko Munakata. Since the artist's passing, we have continued to work with the Munakata Foundation to produce these calendars, helping to introduce more people to the master's work.

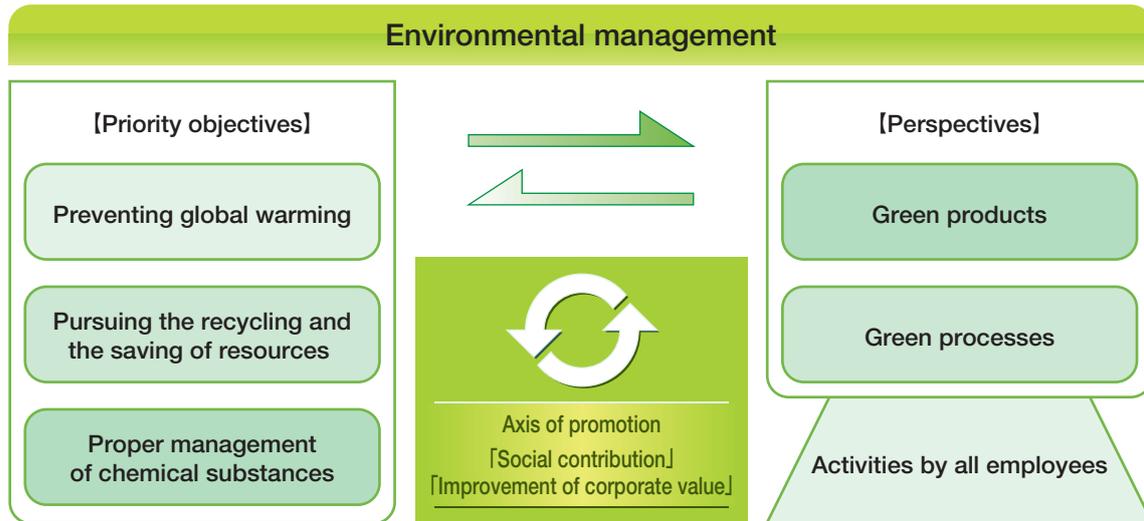
We also loan out works from the Yaskawa collection for exhibitions.



# Environmental Management

## Yaskawa Electric is promoting environmental management in order to pass on the bounty of the earth's blessings to the next generation.

In order to achieve a low-carbon society and a resource-recycling society, the Yaskawa Group is promoting environmental management by taking measures against global warming, by pursuing the recycling and the saving of resources, and by ensuring proper management of chemical substances as our priority objectives. Environmental management done by all employees is simultaneously oriented to both social contribution and improvement of corporate value, and it incorporates both green products and green processes in its perspective.



### Voluntary Action Plan Targets and Achievements

Category	Midterm Targets	FY2011 Targets	Results	Self Evaluation*	
Reduction of greenhouse gas emissions	6% reduction of CO <sub>2</sub> emissions from the FY1990 level for Yaskawa production plants in Japan by FY2012	23% reduction of emissions, 58% reduction per unit of production from the FY1990 level	Worked to reduce CO <sub>2</sub> emissions by optimizing energy management and running "Green 1000" environmental activities in which all staff participate; achieved 26% reduction in emissions, 59% reduction per unit of production.	A	
Reduction of total waste (including revenue-generating waste)	Reduction of final disposal rate of total waste to 3% or less for Yaskawa production plants in Japan by FY2011	Final disposal rate of total waste: 1.1% or less	Improved shift from waste plastics to revenue-generating waste: 1.12%	B	
	Final disposal rate of industrial waste: 1% or less	Final disposal rate of industrial waste: 1% or less	Improved separation of waste: 0.55%	SA	
Hazardous chemical substances control	Reduction of volatile organic compounds (VOC)	30% reduction in emissions from the FY2000 level	Analysis of emissions Drawing up of priority measures	Only a 24.6% reduction because of increased production of models with paints containing VOCs	B
	Green products	Bring the percentage of Green Procurement for new products to 80% or more on a company-wide scale by FY2011.	Implement Green Procurement compliant with REACH regulations	Implemented Green Procurement of new procurement goods Implementation rate: 83%	A
	Disposal of PCB-containing equipment	Proper disposition by 2016	Disposal of electrical equipment in storage containing high concentrations of PCB: 90% complete	1,677 kg treated and 92% completed	A
Environmental management	Environmental management system	Maintenance of ISO 14001 and continuous improvements in environmental performance indexes	Applicable plants pass audit under ISO 14001:2004	No findings from renewal reassessments or annual reassessments at plants in Japan	A
	Design for environment	100% implementation of eco-conscious evaluations using life cycle assessment (LCA) of environmentally strategic products by FY2011	LCA implementation rate of environmentally strategic products: 100%	Put standardized implementation standards into operation Achieved 100% LCA implementation rate	A

\*Self-evaluated achievement ratios to targets: SA - 130% or more, A - 100% or more, B - 50% or more, C - under 50%

# Contribution through Products and Services

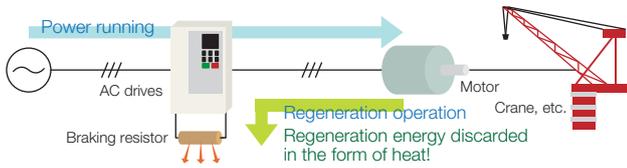
A stable power supply is indispensable for production activities and our livelihoods as a part of the social infrastructure. In Japan, the importance of power conservation and energy conservation has been in the spotlight recently because of the current pressing power shortage situation. Energy conservation and the effective use of natural energy are also being promoted in other countries because of issues such as global warming and the exhaustion of petroleum resources. Against the background of this global social environment, Yaskawa Electric is committed to creating a sustainable society and contributing to the society through its products and services.

## Energy Conservation

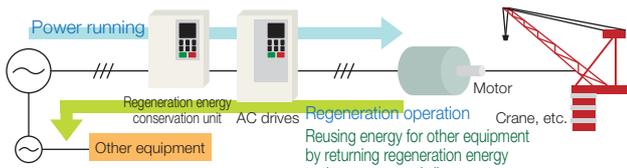
### Regeneration Energy Conservation Unit Series

A motor operates as a generator when its speed is reduced. The regeneration energy that is produced when a motor slows down used to be discarded in the form of heat. This product helps conserve energy by effectively utilizing this discarded energy.

#### Conventional Braking Resistor System

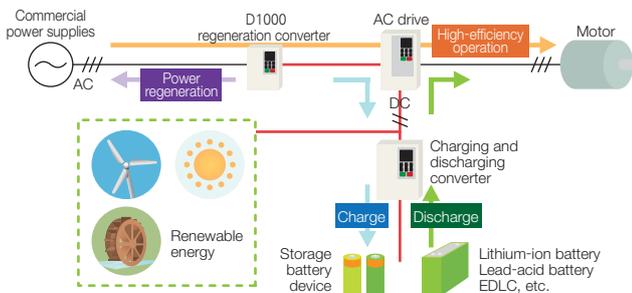


#### Power Regeneration System



### DC Multi-Link Drive

This technology allows optimal utilization of power by providing a DC (direct current) circuit link with AC drives, converters, and servomotors so that DC energy, which is easier to store, can be used efficiently. This technology implements the pico smart grid, which enables "intelligent=smart" utilization of energy by extracting and using the DC energy stored in a battery when it is required, and saving power by converting surplus energy into AC and returning it to the power supply line.



## Energy Creation

### Enewell-SOL Power Conditioner for Photovoltaic Generation

This power conditioner equipment converts DC power generated by photovoltaic panels into high-grade AC power that can be used for general electrical equipment or sent to system power supplies of power companies. To flexibly meet our customers' differing needs, we offer a wide variety of power conditioners, such as a 10-kW model optimal for medium- and small-scale industrial applications, a 100-kW model that can be also used for large-scale photovoltaic generation and compact and high-efficiency general home-use models (4.5/5.8 kW).



Power conditioners for photovoltaic generation

### Small-Scale Wind-Power and Hydropower Generation Equipment

Yaskawa Electric has introduced the Enewell-GD generation control driver and Enewell-GC interconnected converter to the market. Both are highly effective for small-scale wind-power and hydropower generation. There is high potential for the use of this equipment, which is falling behind in market penetration. There are expectations also for the utilization of small-scale wind-power and hydropower in a microgrid, which can be considered local production for the local consumption of energy. Therefore, we expect the market to expand in coming years.

### Large-Scale Wind-Power Generation Equipment

There is increasing demand for higher voltage and higher efficiency equipment for large-scale wind-power generation as wind turbines become larger, with greater capacity. To meet these needs, we have developed the Enewin series for large-scale wind-power generation equipment.

Enewin uses a high-efficiency power generator and power generation converter to convert the energy collected from large-scale wind turbines into high-grade AC power in sync with system power supplies of power companies, and then output this power. Our power generation converters use medium-voltage matrix converter technology, which is the only such technology that has been out to practical use in the world. This technology achieves a high power conversion efficiency of approximately 98%.

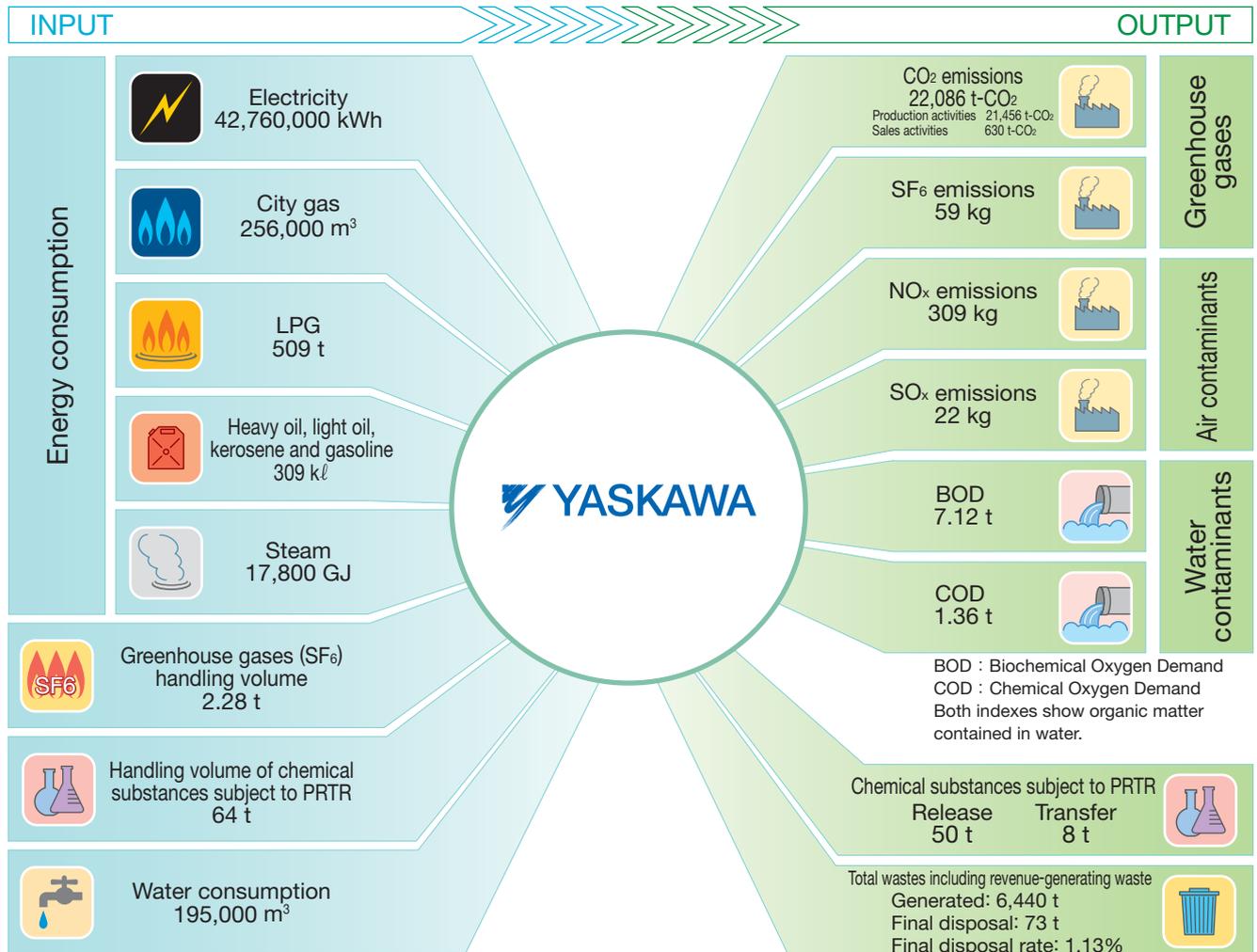


Enewin-MX1 medium-voltage matrix converter for large-scale wind-power generation

Enewin-generator for large-scale wind-power generation

# Contribution through Production and Sales

## Environmental Impact Data Summary (FY2011)



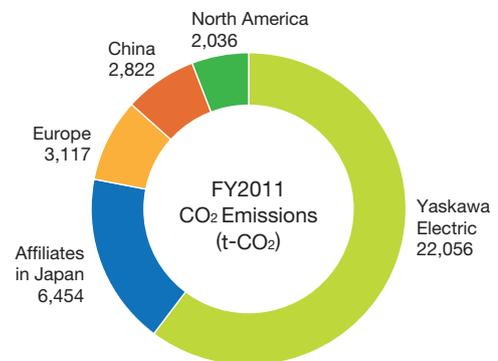
Yaskawa Electric uses energy (electricity, gas, etc.), components, and resources such as materials and water for engineering, manufacturing and sales of electrical products and systems, and other related businesses. As a result, we generate CO<sub>2</sub> and waste materials. The above figure shows the status of the environmental impact of our production and sales activities.

We are also engaged in the management of environmental data (amount of energy used and CO<sub>2</sub> emissions volume) for the Yaskawa Group's global business activities.

As of FY2011, we have extended the scope of this management to group companies that use the most energy (approximately 90% of group companies).

Going forward, we will promote expansion of the scope of management and reduction of the environmental impact as the number of business centers and the amount of energy used increase.

The graph below shows FY2011 CO<sub>2</sub> emissions by Yaskawa Group.



## Preventing Global Warming

### Energy Conservation and Saving Electric Power through Production Activities

Yaskawa Electric is taking measures to reduce CO<sub>2</sub> emissions in order to prevent global warming.

Most of the CO<sub>2</sub> emissions from Yaskawa Electric are energy-derived.

The largest component in the amount of energy used in CO<sub>2</sub> equivalents in fiscal year 2011 was electric power at 82% of the total. We implemented measures to reduce the amount of electric power used and to increase the efficiency of our facilities.

Total CO<sub>2</sub> emissions performance by production in FY2011 amounted to 21,456 t-CO<sub>2</sub>. This was a 26% reduction relative to FY1990, and our performance per unit of production was 13.1 t-CO<sub>2</sub>/100 million yen, which was a 59% reduction compared to FY1990.

Everyone at Yaskawa Electric joined in on measures to save electric power during the summer and winter as part of our contribution to domestic efforts to improve electric power supply and demand. We carried out a wide range of measures, including stringently controlling air-conditioning temperatures, turning off alternate lights, changing over to energy-conserving production facilities, and introducing in-house power generators. As a result, we were able to reduce our maximum electric power usage relative to FY2010 by 17.3% in the summer and 10.3% in the winter.

Yaskawa Electric's new measures to conserve energy and create energy in FY2011 included the introduction of photovoltaic generation systems and a shift to LEDs for lighting.

We also introduced systems at all production sites to enable visual measurement of electric power usage, and made it possible for all employees to check the status of electric power usage over the company intranet.

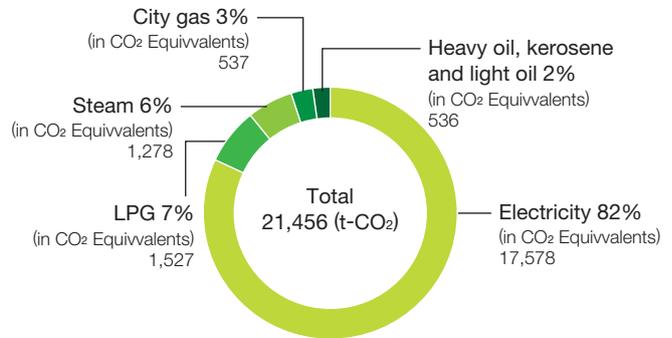
In FY2012, we will expand the scope of activities to cover our sales offices. At the same time, we will create an energy management system that uses this visualization system to improve our measures to conserve energy and save electric power.

### Reducing CO<sub>2</sub> emissions in Logistics

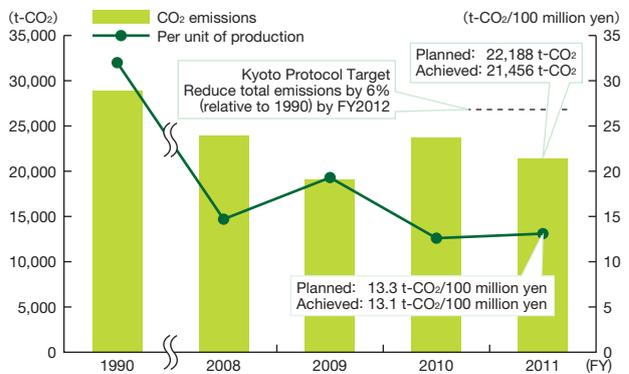
Yaskawa Electric began managing CO<sub>2</sub> emissions volume per basic unit in our logistics from FY2010.

We will make a 4% improvement in CO<sub>2</sub> emissions volume per basic unit in FY2013 relative to FY2010, and we are proceeding with efforts to reach the improvement target of 5.78 kg-CO<sub>2</sub> per item or activity. In FY2011, CO<sub>2</sub> emissions volume per basic unit increased by 0.22 kg-CO<sub>2</sub> per item or activity because of increased long-distance transportation of equipment by truck to support recovery in East Japan.

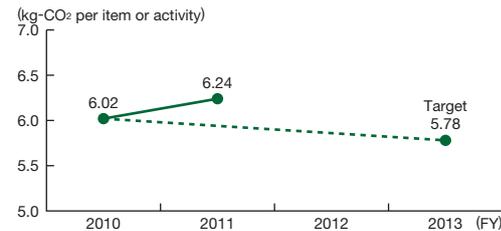
- Energy consumption in production for FY2011 (in CO<sub>2</sub> equivalents)



- Total CO<sub>2</sub> emissions and CO<sub>2</sub> per unit of production



- CO<sub>2</sub> emissions volume per basic unit in logistics activities (per item/activity unit)



## Cases of In-House Performance

### Increased Lighting Efficiency

- 350 mercury lamps switched to ceramic metal halide lamps
- 310 lights in offices, etc., switched to LED lights

### Installed Photovoltaic System

- Started photovoltaic generation at the Iruma plant and Kanto Robotics Center



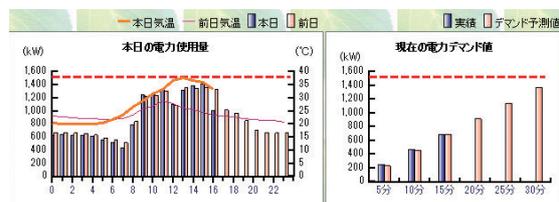
Iruma plant (220 kW generating capacity)



Monitor for checking amount of power generated

### Introduced Visual Displays of Electric Power Usage

- Introduction of systems at all production sites has made it a simple matter to check the status of electric power usage.



Hourly electric power usage and projected maximum electric power

## Reduction in Resources Used

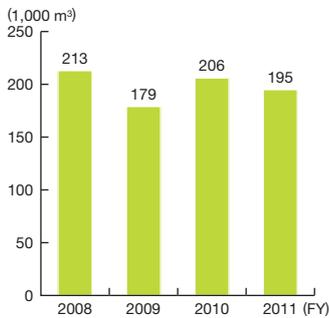
### Initiatives for Water and Paper Resources Conservation

To ensure effective utilization of limited resources, we have been working on reducing the amount of water, paper and other resources we use.

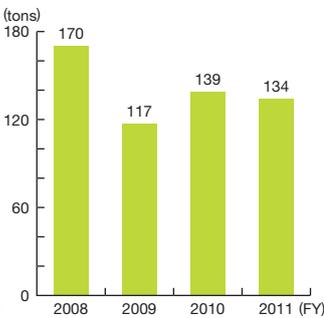
The introduction of water-saving toilets, adoption of a printing authorization system, and other such measures in FY2011 resulted in a reduction in the amounts of both water and paper used compared to the previous fiscal year.

In FY2012, we will start full-scale use of the printing authorization system, make better use of the printer's functions to prevent waste, and other measures to promote a further reduction in the amount of paper used.

#### Amount of water used



#### Amount of paper used



### Initiatives for Plastic Materials Conservation

Yaskawa Electric has been recovering the plastic materials used to pack purchased components and converting these materials into solid fuel.

In FY2011, we started separating, and recovering clean waste plastics made of the same materials for resin products.

#### Separation method



## Reduction of Industrial Waste

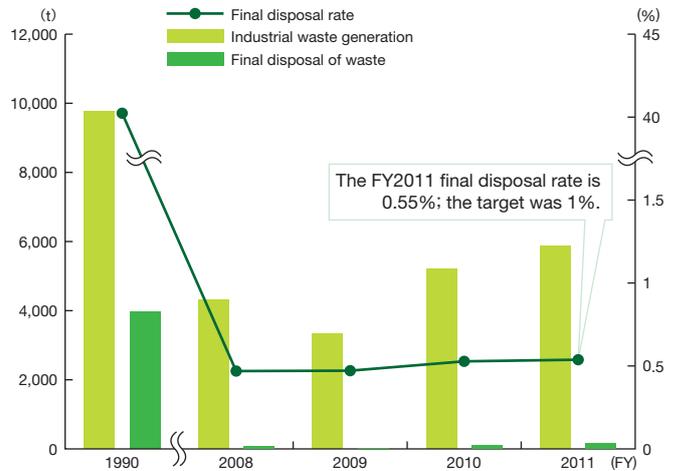
We have been taking steps towards reducing waste generated in our plants as well as enforcing the sorting in waste collection to facilitate the effective utilization of these waste.

In FY2011, we achieved a final disposal rate of 0.55%, maintaining a target level of 1% or less.

One of the ways we are reducing the final disposal is our initiative to recover waste plastics for later use in our products.

In FY2012, we will strive to recover more industrial waste more efficiently to later be reused in production and promote an improvement in the final disposal rate of waste, including general waste material.

#### Industrial waste generation and final disposal of waste



## Reducing the Impact of Chemical Substances

### PRTR Management

We are strengthening our management of chemical substances in accordance with the PRTR Act as amended in FY2010. We have been reporting to the government every year on class 1 designated chemical substances with an annual handling quantity of one or more tons and on specific class 1 designated chemical substances with an annual handling quantity of 0.5 tons or more on an individual plant basis.

The volume of substances subject to PRTR Act in FY2011 increased compared to FY2010. This was due to increased production on the painting and cleansing lines and in other such areas. We will introduce new equipment and controls and take other steps to facilitate more efficient utilization and the use of alternatives.

#### Release and transfer of substances designated under the PRTR Act in FY2011

Chemical Substance	FY2011 (t/year)		
	Release and Transfer	Release	Transfer
Toluene	35.93	32.70	3.20
Xylene	8.75	6.62	2.13
Lead or its compounds	1.05	0.00	0.01
Styrene	4.59	0.25	0.46
Ethyl benzene	3.66	3.30	0.36
2-Diethylaminoethanol	0.03	0.00	0.00
Di-n-butyl phthalate	0.02	0.02	0.00
1-Bromopropanet	9.48	7.34	2.14
Normal hexane	0.05	0.05	0.00
Total	63.54	50.27	8.29

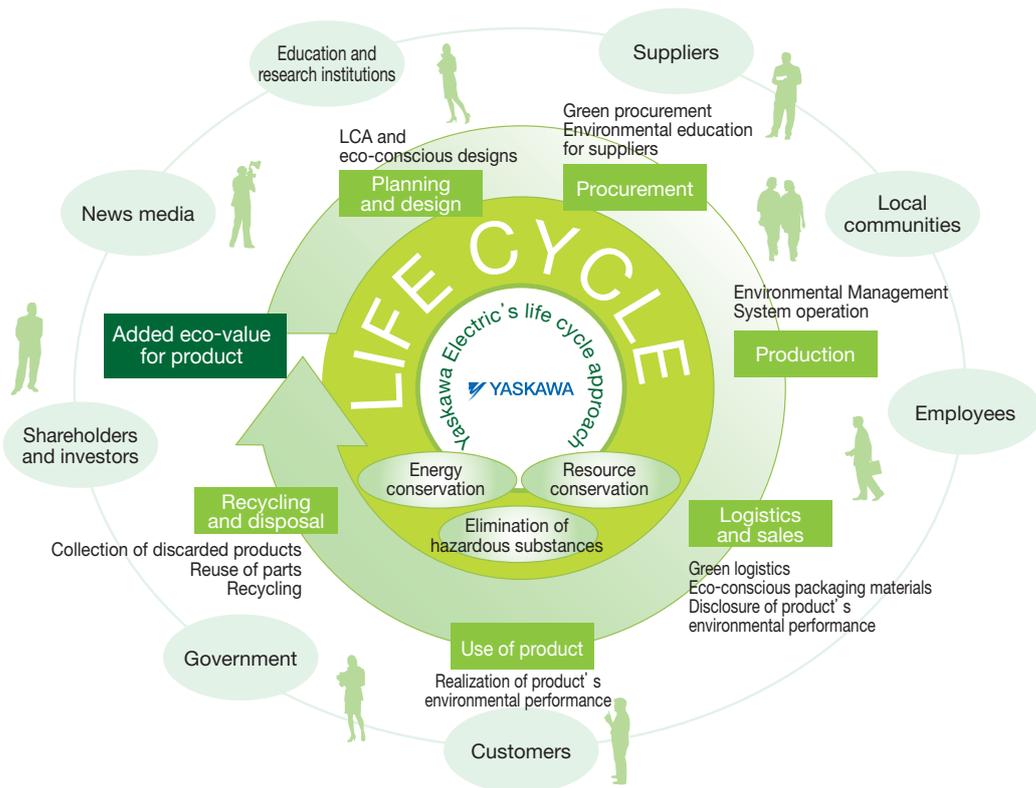
# Consideration for the Environment in Our Products

## Taking Measures in Product Development

We are accelerating the reduction of the environmental impact of Yaskawa Electric's products by making energy conservation, the recycling and saving of resources, and proper management of chemical substances into priority objectives. These objectives apply throughout the entire life cycle of a product, not just during production but also when products are used and when they are recycled and disposed of.

In product development, Yaskawa Electric has formulated product assessment regulations and set up a system to verify that eco-

conscious design is being used and to prevent the release of products that do not achieve a certain level. By introducing life cycle assessment (LCA) practices, we have also enabled visual measurement of environmental impact at every stage in a product's life cycle. This clarifies product issues and has made it possible to verify the effectiveness of countermeasures. We intend to make use of these arrangements to continue reducing the environmental impact of our products even more throughout their entire life cycle.

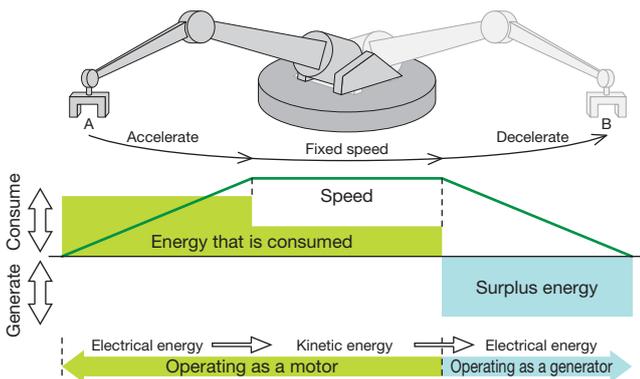


## Eco-Conscious Technology (Cases)

### Setting up Arrangements for Energy Recovery and Reuse in Industrial Robots

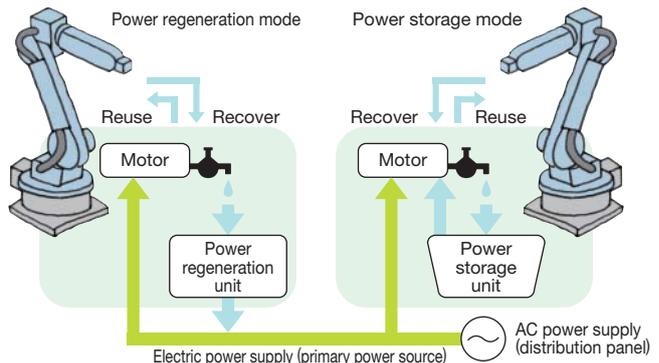
Industrial robots execute complex movements that are realized using multiple motors and their control systems. When robots decelerate operation, the motors function as generators and produce regenerative energy.

- Principles of regenerative energy production



Robots formerly used resistors to wastefully discharge energy, which can be regenerated, as heat. The latest models, however, have systems in place for recovering this energy and reusing it. This has achieved energy conservation rate of approximately 30%.\*

- Recovering and reusing regenerative energy



\* Differs with operating conditions

# Financial Report

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The financial statements hereafter was prepared on the basis of "Consolidated Results for the Fiscal Year Ended March 20, 2012 (unaudited)" announced on April 20, 2012, 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).

# Consolidated Balance Sheets

Yaskawa Electric Corporation and Consolidated Subsidiaries As of March 20, 2011 and 2012

	(Millions of yen)	
	2011	2012
<b>Assets</b>		
<b>Current assets</b>		
Cash and time deposits	12,032	20,343
Trade notes and accounts receivable	93,073	91,411
Merchandise and finished goods	36,783	41,869
Goods in process	8,494	7,793
Raw materials and supplies	12,787	14,136
Deferred tax assets	7,378	6,223
Other	19,289	19,234
Allowance for doubtful accounts	(1,691)	(1,440)
<b>Total current assets</b>	<b>188,148</b>	<b>199,572</b>
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	15,833	15,398
Machinery and transportation equipment, net	8,331	8,183
Land	7,952	8,312
Other, net	3,611	5,589
<b>Total property, plant and equipment</b>	<b>35,729</b>	<b>37,484</b>
Intangible assets		
Software	4,162	4,502
Other	1,687	2,232
<b>Total intangible assets</b>	<b>5,849</b>	<b>6,734</b>
Investments and other assets		
Investments	16,773	18,595
Long-term loans	194	168
Deferred tax assets	14,500	12,383
Other	3,908	4,511
Allowance for doubtful accounts	(509)	(377)
<b>Total investments and other assets</b>	<b>34,867</b>	<b>35,280</b>
<b>Total fixed assets</b>	<b>76,446</b>	<b>79,499</b>
<b>Total assets</b>	<b>264,594</b>	<b>279,072</b>

	(Millions of yen)	
	2011	2012
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	63,235	53,073
Short-term bank loans	33,697	34,042
Accrued expenses	17,691	17,632
Income taxes payable	3,257	370
Accrued directors' bonus	56	57
Other	8,819	11,934
<b>Total current liabilities</b>	<b>126,758</b>	<b>117,111</b>
<b>Long-term liabilities</b>		
Bonds with warrants	-	15,000
Long-term debt	7,742	9,029
Provision for employees' retirement benefits	30,662	30,535
Provision for directors' retirement benefits	293	299
Other	1,109	2,589
<b>Total long-term liabilities</b>	<b>39,807</b>	<b>57,453</b>
<b>Total liabilities</b>	<b>166,565</b>	<b>174,564</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	23,062	23,062
Additional paid-in capital	18,682	18,684
Retained earnings	57,281	63,363
Treasury stock, at cost	(425)	(440)
<b>Total shareholders' equity</b>	<b>98,600</b>	<b>104,669</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gain on securities	1,731	2,547
Foreign currency translation adjustments	(7,111)	(7,107)
<b>Total accumulated other comprehensive income</b>	<b>(5,380)</b>	<b>(4,559)</b>
<b>Minority interests</b>	<b>4,808</b>	<b>4,398</b>
<b>Total net assets</b>	<b>98,029</b>	<b>104,507</b>
<b>Total liabilities and net assets</b>	<b>264,594</b>	<b>279,072</b>

# Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Yaskawa Electric Corporation and Consolidated Subsidiaries Years ended March 20, 2011 and 2012

	(Millions of yen)	
	2011	2012
<b>Consolidated Statements of Income</b>		
<b>Net sales</b>	296,847	307,111
Cost of sales	219,815	227,540
<b>Gross profit</b>	77,032	79,571
Selling, general and administrative expenses	64,157	64,752
<b>Operating income</b>	12,874	14,818
<b>Non-operating income</b>		
Interest income	73	62
Dividends received	270	329
Government subsidies for employment adjustment	284	152
Equity in earnings of associated companies	442	760
Foreign exchange gains	–	61
Miscellaneous income	665	399
Total non-operating income	1,735	1,764
<b>Non-operating expenses</b>		
Interest expenses	647	727
Foreign exchange losses	232	–
Miscellaneous expenses	301	230
Total non-operating expenses	1,180	957
<b>Ordinary income</b>	13,429	15,626
<b>Extraordinary gains</b>		
Gain on sales of fixed assets	46	24
Gain on sales of investment securities	39	8
Reversal of allowance for doubtful accounts	–	65
Gain on negative goodwill	–	1,091
Other	32	58
Total extraordinary gains	118	1,284
<b>Extraordinary losses</b>		
Loss on sales and disposal of fixed assets	82	112
Loss on devaluation of investment securities	1,084	170
Impairment loss	14	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	332
Loss on step acquisitions	–	146
Other	306	759
Total extraordinary losses	1,488	1,521
<b>Income before income taxes and minority interests</b>	12,060	15,353
Provision for income taxes-current	4,374	4,076
Provision for income taxes-deferred	1,131	2,684
<b>Total income taxes</b>	5,505	6,760
Income before minority interests	–	8,592
Minority interests in income	11	160
<b>Net income</b>	6,544	8,432
<b>Consolidated Statements of Comprehensive Income</b>		
Income before minority interests	–	8,592
<b>Other comprehensive income</b>		
Net unrealized holding gain on securities	–	807
Foreign currency translation adjustment	–	(102)
Share of other comprehensive income of associates accounted for using equity method	–	104
Total other comprehensive income	–	808
<b>Comprehensive income</b>	–	9,401
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	–	9,271
Comprehensive income attributable to minority interests	–	130

# Consolidated Statements of Changes in Net Assets

Yaskawa Electric Corporation and Consolidated Subsidiaries Years ended March 20, 2011 and 2012

	(Millions of yen)	
	2011	2012
<b>Shareholders' equity</b>		
<b>Common stock</b>		
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
<b>Additional paid-in capital</b>		
Balance at the end of previous period	18,682	18,682
Changes of items during the period		
Disposition of treasury stock	0	1
Total changes of items during the period	0	1
Balance at the end of current period	18,682	18,684
<b>Retained earnings</b>		
Balance at the end of previous period	51,534	57,281
Changes of items during the period		
Cash dividends	(881)	(2,267)
Net income	6,544	8,432
Change in scope of consolidation	85	249
Change in scope of equity method	–	(331)
Total changes of items during the period	5,747	6,081
Balance at the end of current period	57,281	63,363
<b>Treasury stock</b>		
Balance at the end of previous period	(407)	(425)
Changes of items during the period		
Acquisition of treasury stock	(22)	(18)
Disposition of treasury stock	3	3
Total changes of items during the period	(18)	(14)
Balance at the end of current period	(425)	(440)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	92,871	98,600
Changes of items during the period		
Cash dividends	(881)	(2,267)
Net income	6,544	8,432
Acquisition of treasury stock	(22)	(18)
Disposition of treasury stock	4	4
Change in scope of consolidation	85	249
Change in scope of equity method	–	(331)
Total changes of items during the period	5,729	6,068
Balance at the end of current period	98,600	104,669

	(Millions of yen)	
	2011	2012
<b>Accumulated other comprehensive income</b>		
<b>Net unrealized holding gain on securities</b>		
Balance at the end of previous period	1,241	1,731
Changes of items during the period		
Net changes of items other than shareholders' equity	490	815
Total changes of items during the period	490	815
Balance at the end of current period	1,731	2,547
<b>Deferred gains (losses) on hedges</b>		
Balance at the end of previous period	(11)	–
Changes of items during the period		
Net changes of items other than shareholders' equity	11	–
Total changes of items during the period	11	–
Balance at the end of current period	–	–
<b>Foreign currency translation adjustments</b>		
Balance at the end of previous period	(5,641)	(7,111)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,470)	4
Total changes of items during the period	(1,470)	4
Balance at the end of current period	(7,111)	(7,107)
<b>Total accumulated other comprehensive income</b>		
Balance at the end of previous period	(4,412)	(5,380)
Changes of items during the period		
Net changes of items other than shareholders' equity	(968)	820
Total changes of items during the period	(968)	820
Balance at the end of current period	(5,380)	(4,559)
<b>Minority interests</b>		
Balance at the end of previous period	4,830	4,808
Changes of items during the period		
Net changes of items other than shareholders' equity	(21)	(410)
Total changes of items during the period	(21)	(410)
Balance at the end of current period	4,808	4,398
<b>Total net assets</b>		
Balance at the end of previous period	93,289	98,029
Changes of items during the period		
Cash dividends	(881)	(2,267)
Net income	6,544	8,432
Acquisition of treasury stock	(22)	(18)
Disposition of treasury stock	4	4
Change of scope of consolidation	85	249
Change of scope of equity method	–	(331)
Net changes of items other than shareholder' equity	(989)	409
Total changes of items during the period	4,740	6,478
Balance at the end of current period	98,029	104,507

# Consolidated Statements of Cash Flows

Yaskawa Electric Corporation and Consolidated Subsidiaries Years ended March 20, 2011 and 2012

	(Millions of yen)	
	2011	2012
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	12,060	15,353
Depreciation and amortization	7,057	7,606
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	332
Loss on step acquisitions	–	146
Gain on negative goodwill	–	(1,091)
Impairment loss	14	–
Decrease in allowance for doubtful accounts	–	(436)
Decrease in provision for employees' retirement benefits	(633)	(111)
Increase in provision for directors' retirement benefits	–	6
Loss on sales and retirement of fixed assets	–	87
Loss (gain) on sales of investment securities	(39)	12
Loss on valuation of investment securities	1,084	170
Interest and dividend income	(344)	(391)
Interest expense	647	727
(Increase) decrease in trade receivables	(19,549)	1,858
Increase in inventories	(13,425)	(2,632)
Increase (decrease) in trade payables	13,869	(10,289)
Increase in accrued expenses	305	111
Other, net	2,043	655
Subtotal	3,090	12,115
Interest and dividends received	439	549
Interest paid	(651)	(706)
Income taxes paid	(1,509)	(5,566)
Income taxes refund	1,120	–
Net cash provided by operating activities	2,489	6,391
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(6,266)	(9,863)
Proceeds from sales of property, plant and equipment and intangible assets	230	77
Purchases of investment securities	(668)	(1,837)
Proceeds from sales of investment securities	39	23
Proceeds from purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	–	198
Other, net	(75)	(472)
Net cash used in investing activities	(6,741)	(11,874)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term debt	2,991	(936)
Proceeds from long-term debt	1,050	5,424
Repayments of long-term debt	(3,922)	(3,536)
Proceeds from issuance of bonds	–	15,000
Dividends paid	(881)	(2,267)
Dividends paid to minority shareholders	(7)	(68)
Other, net	(16)	(24)
Net cash provided by (used in) financing activities	(786)	13,592
Effect of exchange rate changes on cash and cash equivalents	(298)	(39)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,337)</b>	<b>8,068</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16,296</b>	<b>11,885</b>
<b>Increase due to inclusion of subsidiaries in consolidation</b>	<b>926</b>	<b>251</b>
<b>Cash and cash equivalents at the end of period</b>	<b>11,885</b>	<b>20,206</b>

# Notes to Consolidated Financial Statements

## 1 Basis of Presentation of Consolidated Financial Statements

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

There are 63 consolidated subsidiaries and 13 companies accounted for using the equity method.

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

Consolidation

New: 2 companies    Eliminated: 1 company

Equity method

New: None    Eliminated: 1 company

No further information is provided, except the information in "Changes in Basis of Presentation of Consolidated Financial Statements," because there have been no significant changes since the most recent Securities Report (released on June 17, 2011).

## 2 Changes in Basis of Presentation of Consolidated Financial Statements

### Application of "Accounting Standard for Asset Retirement Obligations"

Starting with the current fiscal year, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008) have been applied.

This change resulted in decreases of ¥8 million each in the fiscal year's operating income and ordinary income and decreases of ¥341 million in the income before income taxes and minority interests.

### Application of "Accounting Standard for Equity-Method Accounting" and "Practical Solution on Accounting Treatment for Equity-Method Affiliates"

Starting with the current fiscal year, "Accounting Standard for Equity-Method Accounting" (ASBJ Statement No.16, announced on March 10, 2008) and "Practical Solution on Accounting Treatment for Equity-Method Affiliates" (PITF No.24, March 10, 2008) have been applied.

This change had no effect on earnings.

## 3 Notes to the Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

Year ended March 20, 2012

Comprehensive income in prior fiscal year

Comprehensive income attributable to shareholders of the Company    5,772 million yen

Comprehensive income attributable to minority interests    (16) million yen

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Total    5,755 million yen

Other comprehensive income in prior fiscal year

Net unrealized holding gain on securities    471 million yen

Foreign currency translation adjustment    (1,200) million yen

Share of other comprehensive income of associates accounted for using    (70) million yen

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Total    (799) million yen

# Corporate Information

As of March 20, 2012

**Corporate Name** YASKAWA Electric Corporation  
**Founded** July 16, 1915  
**Employees** Consolidated 8,246 [6,059\*]  
 \*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  
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**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, Iruma Plant

**Laboratories** Corporate Research & Development Center  
 (Kokura Plant), Tsukuba Research Laboratory

## Group Companies

### Japan

#### YE DATA INC.

Information-related products and services (optomechatronics and information-and-telecommunications)

#### 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

#### YASKAWA MECHATREC CORPORATION

Sales of electric machines and other machinery

### 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 (CHINA) 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

#### YASKAWA SHOUGANG ROBOT 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 ELECTRIC INDIA PVT. LTD. (India)

Manufacturing and sales of AC drives

#### YASKAWA ROBOTICS INDIA LTD. (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

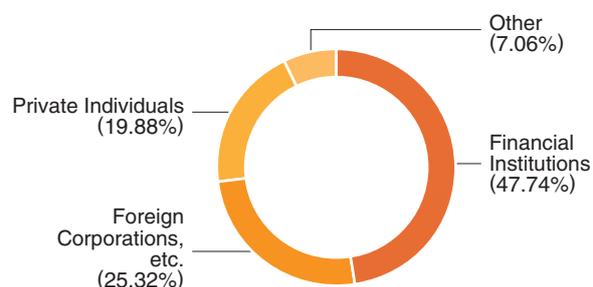
Number of authorized shares	560,000 thousand
Number of shares outstanding	252,331 thousand
Common stock	23,062 million yen
Number of shareholders	22,153
Stock code	6506 (Japan)

## Major shareholders

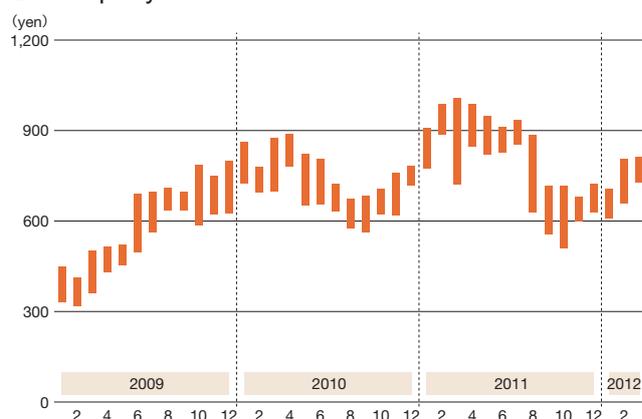
Major shareholders (top 10 shareholders)	Number of shares (1,000s)	Shareholding ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	16,281	6.46%
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,069	6.38%
Mizuho Corporate Bank, Ltd.	8,100	3.22%
Japan Trustee Services Bank, Ltd. (The Chuo Mitsui 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	6,240	2.48%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	5,220	2.07%
Nippon Life Insurance Company	4,247	1.69%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	4,181	1.66%

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.

The Company's stock has been selected for the Nikkei Stock Average.



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