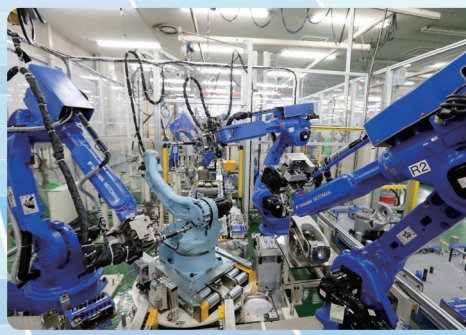
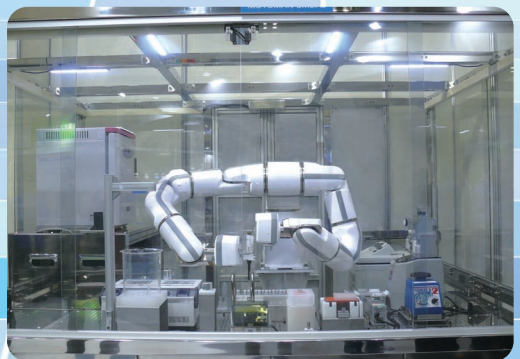
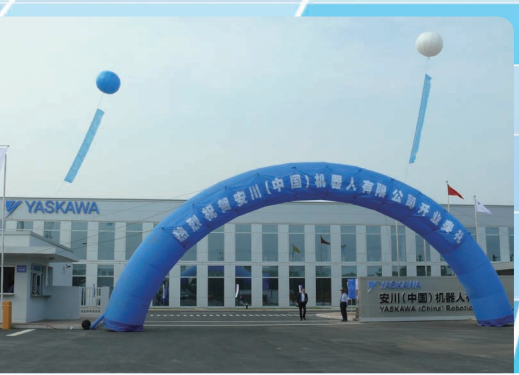
YASKAWA

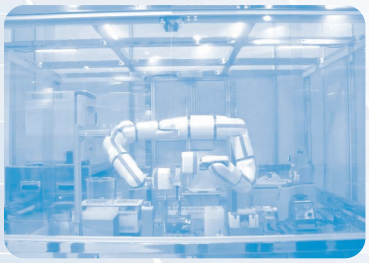
YASKAWA Report 2014







YASKAWA ELECTRIC CORPORATION



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* of today.

We are currently working toward the centenary of Yaskawa Electric 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, and at the same time, rolling out global businesses with bases in 28 countries around the world. Our mechatronic products hold the top share in the global market. We will continue to make use of technology underlying this achievement and contribute on a global scale offering solutions to issues that are emerging.

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

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Notes:

1. Figures under one million yen presented in this 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 70 consolidated subsidiaries of Yaskawa Electric and the 19 affiliated companies to which the equity method is applied.
4. Fiscal year 2013 means the consolidated fiscal year from March 21, 2013 to March 20, 2014.
5. Scope of Environmental Report (P33-P45)
   Period: March 21, 2013 to March 20, 2014 Organizations: Yaskawa Electric and the following affiliates
   Yaskawa Manufacturing Corporation / YE DATA INC. / 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 Techno Plate Corporation / Field Techno Co., Ltd., / SHANGHAI YASKAWA DRIVE CO.,LTD. / YASKAWA AMERICA, INC. / YASKAWA NORDIC AB / YASKAWA ELECTRIC UK LTD. / YASKAWA EUROPE GmbH

Consolidated Financial Highlights

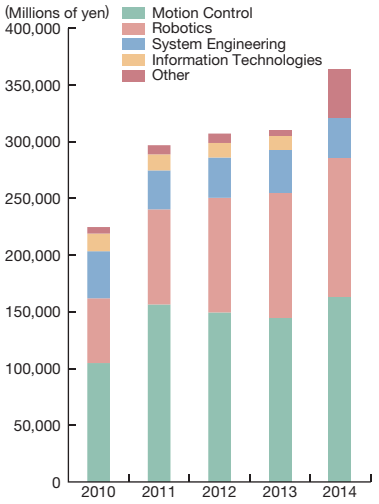
Yaskawa Electric Corporation and Consolidated Subsidiaries
Years ended March 20 or as of March 20

(Millions of yen)

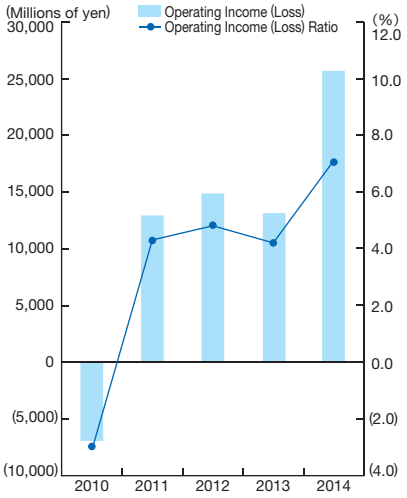
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Sales		309,615	322,916	368,971	382,327	350,249	224,710	296,847	307,111	310,383	363,570
Operating Income		17,527	24,486	33,564	36,487	20,806	(6,977)	12,874	14,818	13,070	25,702
Operating Income Ratio		5.7%	7.6%	9.1%	9.5%	5.9%	(3.1%)	4.3%	4.8%	4.2%	7.1%
Ordinary Income		17,414	24,331	33,383	35,212	20,024	(6,049)	13,429	15,626	14,053	27,084
Ordinary Income Ratio		5.6%	7.5%	9.0%	9.2%	5.7%	(2.7%)	4.5%	5.1%	4.5%	7.4%
Net Income		1,860	10,157	18,982	20,242	6,892	(5,699)	6,544	8,432	6,800	16,964
Net Income Ratio		0.6%	3.1%	5.1%	5.3%	2.0%	(2.5%)	2.2%	2.7%	2.2%	4.7%
Sales and Profit by Business Segment*1											
Motion Control	Net Sales	122,944	133,909	159,601	177,899	160,848	104,814	156,450	149,410	144,333	162,346
	Operating Income	9,121	12,278	19,832	21,370	11,755	(3,169)	8,980	5,824	3,248	16,444
	Operating Income Ratio	7.4%	9.2%	12.4%	12.0%	7.3%	(3.0%)	5.7%	3.9%	2.3%	10.1%
Robotics*2	Net Sales	105,164	113,458	126,723	123,550	114,124	57,084	83,843	101,065	110,223	122,543
	Operating Income	7,282	9,850	8,983	8,576	3,200	(8,327)	1,673	7,014	8,365	9,511
	Operating Income Ratio	6.9%	8.7%	7.1%	6.9%	2.8%	(14.6%)	2.0%	6.9%	7.6%	7.8%
System Engineering	Net Sales	44,930	41,932	49,487	50,517	46,768	41,498	34,349	35,520	37,263	35,327
	Operating Income	(2,092)	(259)	1,814	3,940	4,637	5,476	2,061	1,917	1,504	(0)
	Operating Income Ratio	(4.7%)	(0.6%)	3.7%	7.8%	9.9%	13.2%	6.0%	5.4%	4.0%	(0.0%)
Information Technologies	Net Sales	25,421	24,783	26,472	23,183	21,342	15,546	14,132	12,826	12,786	–
	Operating Income	1,500	1,042	1,192	420	616	(934)	(398)	(139)	(241)	–
	Operating Income Ratio	5.9%	4.2%	4.5%	1.8%	2.9%	(6.0%)	(2.8%)	(1.1%)	(1.9%)	–
Other	Net Sales	11,154	8,833	6,686	7,176	7,166	5,765	8,072	8,289	5,776	43,353
	Operating Income	1,739	1,686	1,875	2,064	588	(74)	542	526	345	1,111
	Operating Income Ratio	15.6%	19.1%	28.0%	28.8%	8.2%	(1.3%)	6.7%	6.3%	6.0%	2.6%
Sales by Destination											
Japan		179,362	171,569	200,275	190,822	169,086	116,197	144,754	143,019	143,456	150,101
The Americas*3		40,725	51,286	55,343	50,947	43,943	29,351	38,779	43,985	51,113	58,481
Europe		34,588	39,766	46,566	58,424	52,887	24,332	29,610	33,939	32,047	42,499
Asia		51,538	58,310	65,249	80,869	82,830	53,900	82,749	85,276	81,308	108,595
Other		3,402	1,985	1,538	1,265	1,503	930	955	890	2,456	3,892
Overseas Sales Ratio		42.1%	46.9%	45.7%	50.1%	51.7%	48.3%	51.2%	53.4%	53.8%	58.7%
Per Share Information (yen)											
Earning - basic		7.80	43.18	81.12	81.46	27.38	(22.64)	26.00	33.51	27.03	67.42
Earning - diluted		7.30	39.72	75.29	80.50	–	–	–	–	25.65	63.98
Dividends		0.0	6.0	6.0	10.0	13.0	3.0	6.0	10.0	10.0	12.00
Shareholders' Equity		38,366	52,750	80,787	100,862	97,068	88,459	93,220	100,109	112,218	134,076
Shareholders' Equity Ratio		15.1%	20.7%	29.6%	34.9%	39.0%	36.6%	35.2%	35.9%	37.1%	39.4%
ROE: Return on Equity		5.0%	22.3%	28.4%	22.3%	7.0%	(6.1%)	7.2%	8.7%	6.4%	13.8%
Interest-bearing Debt		77,807	62,556	46,750	33,829	32,894	42,235	41,439	58,612	54,684	55,528
Debt-to-equity Ratio (times)		2.0	1.2	0.6	0.3	0.3	0.5	0.4	0.6	0.5	0.4
Inventories		52,681	58,177	58,136	57,902	54,705	46,200	58,066	63,798	64,325	78,364
Inventory Turnover (months)		2.1	2.1	1.9	1.8	1.9	2.7	2.1	2.4	2.5	2.6
Capital Expenditures		7,918	9,154	8,452	9,121	8,611	4,119	6,655	9,908	15,895	16,981
Depreciation and Amortization		6,499	6,699	6,962	7,676	8,028	7,840	7,057	7,606	8,114	9,215
Research and Development Expenses		7,738	8,073	8,417	9,738	9,704	8,493	9,724	10,398	10,731	14,033
Number of Employees (persons)		7,620	7,754	8,056	8,347	8,463	8,176	8,085	8,246	10,383	11,463

*1 Starting the fiscal year ended March 2014, reportable segments changed to the following 3 segments: Motion Control, Robotics, and System Engineering. The Information Technologies segment is included in Other. There have also been partial changes in the division of businesses within these segments. Value and profit ratios of each segment for the period up until March 2013 are based on figures before the change was implemented.
*2 The segment name was changed from "Robotics Automation" to "Robotics." (effective the year ended March 2007)
*3 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).

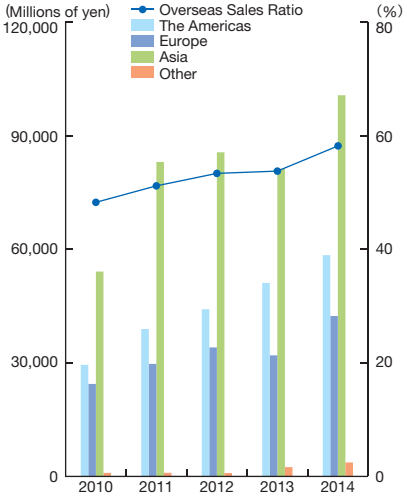
Net Sales: Breakdown by Business Segment



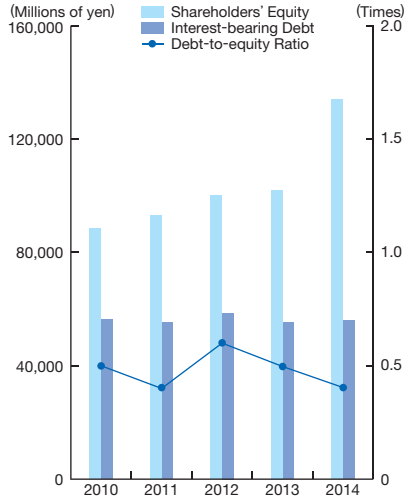
Operating Income (Loss) and Operating Income (Loss) Ratio



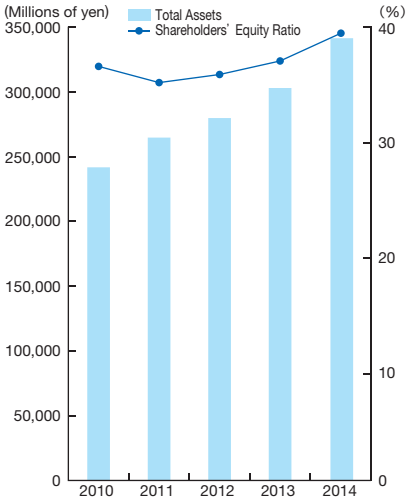
Overseas Sales and Overseas Sales Ratio



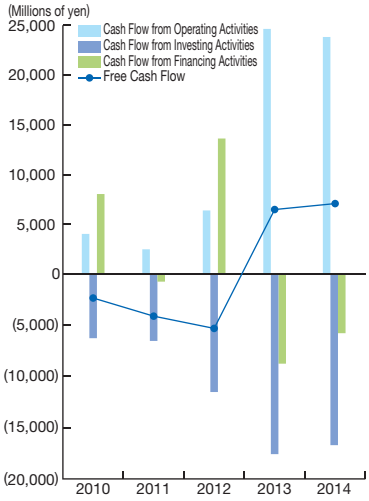
Shareholders' Equity, Interest-bearing Debt and Debt-to-equity Ratio



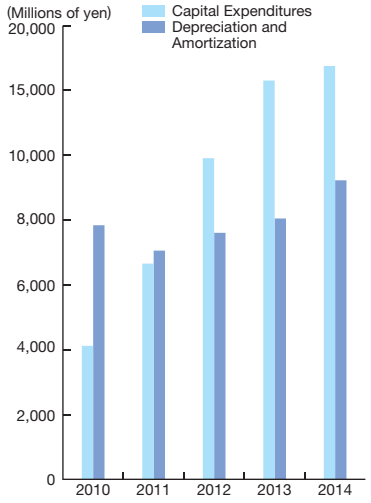
Total Assets and Shareholders' Equity Ratio



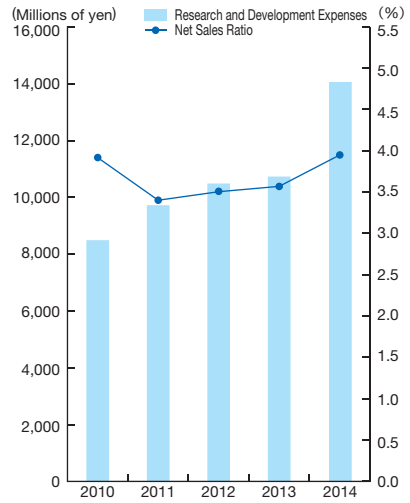
Cash Flows



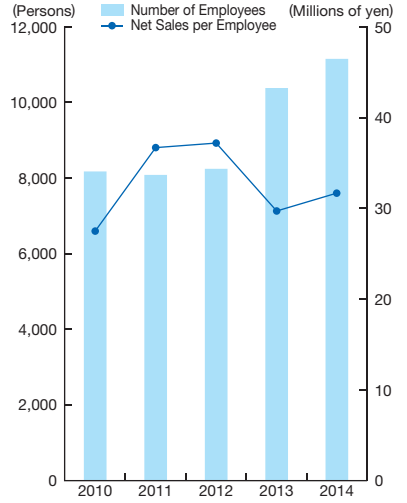
Capital Expenditures and Depreciation and Amortization



Research and Development Expenses and Net Sales Ratio



Number of Employees and Net Sales per Employee



Interview with the President

We will further accelerate improvement in profitability for the future, focusing on strengthening development, production, and sales capabilities, toward the 100th anniversary of our foundation in 2015.

Junji Tsuda
Representative Director
Chairman of the Board
President

In FY2013 falling on the first year of our mid-term business plan (mid-term plan) "Realize 100," significant increases in sales and profit were realized beyond initial targets.

In FY2014, we will strive to strengthen our ability to realize growth with the objective of building a high-profitability structure even against the backdrop of unpredictable situations around the world, including deceleration of growth in developing countries and political tension in various regions.

While offering innovative products and services by continuously strengthening our development, production, and sales capabilities, we will foster "glocal" management* allowing it to take root in places all over the world, and aspire to become an "overriding global leader" in our core businesses.

At the same time, we will proceed with aggressive M&As and expansion of business areas into new growth fields to realize continued growth.

* Glocal (global+local) management is a coined term meaning a system that allows for an optimized response rooted in any local region around the world in addition to management with a global mindset.

Q1: In FY2013 as the first year of the mid-term plan "Realize 100," significant increases in sales and profit were achieved compared to FY2012. Looking back, what sort of a year was it?

In FY2013, the strong yen that had seriously hampered Japan's economy since the onset of the Lehman Shock in the fall of 2009 underwent a significant correction, and the overseas business environment for Japanese companies greatly improved, and we were also beneficiaries.

In the motion control business, while investments in production equipment boomed in China against the backdrop of expanding demand for smartphones and tablets in particular, the AC servo business exhibited significant growth due in part to the production contribution from the Shenyang Plant in China. Furthermore, under the "Feed-in Tariff" initiative for renewable energy, such as solar energy, photovoltaic power conditioners business expanded successfully in FY2013 as net sales totaled 13,000 million yen (FY2012 net sales: 7,600 million yen), and the drives business also produced favorable results.

In addition, in the robotics business, there were steady advancements as investments in the automobile-related industries remained high on a global level, centering on China and Southeast Asia.

Growth in earnings from core businesses resulted in significant increases in sales and profit compared to FY2012 as net sales totaled 363,570 million yen (17.1% increase over the previous year); operating income totaled 25,702 million yen (96.6% increase over the previous year); ordinary income totaled 27,084 million yen (92.7% increase over the previous year); and net income totaled 16,964 million yen (149.4% increase over the previous year). Furthermore, with increasing international sales, the overseas sales ratio for consolidated net sales expanded greatly from 54% in FY2012 to 59% in FY2013.

Q2 : FY2014 entering the second year of the mid-term plan "Realize 100" is an important year for achieving our goal. How do you see the market trending in your favor in FY2014?

We cannot take an optimistic view of the market environment surrounding our Group in FY2014 due to a slowdown in economic growth in developing countries particularly in China, political tension across regions all over the world, etc. Based on such unpredictable world situations, the consensus is that basically there will be no significant market growth from FY2013. And any further favorable turn via correction of the yen's appreciation cannot be expected.

Under the circumstances, we are still in need of greater leverage to expand business. Therefore, we will further accelerate investments to strengthen our development, production, and sales capabilities in FY2014 toward the final year of the mid-term plan in FY2015.

Q3 : Tell us about specific commitments to strengthening development, production, and sales capabilities.

We are proceeding with strengthening our development, production, and sales capabilities for the future as pillars of the mid-term plan "Realize 100." Under this policy, we will further accelerate the deployment of each measure in FY2014.

First, in order to strengthen our development capability, centering around the promotion of "glocal management," local development will be globally enhanced in each area. In particular, in the fast-growing Chinese market, the system for addressing local needs will be reinforced through the establishment of the "China Development Center" in FY2013, etc.

For more efficient development, we will proceed with upgrades of our IT infrastructure hardware and software, and also improve our analysis and test equipment to ensure reliability.

Second, in order to strengthen our production capability, we are working on enhancing overseas production and improving productivity centering on automatization.

In enhancing overseas production, production in regions at the point of demand is taken as a basic policy, on which Chinese production is expanding to keep up with increasing demand in the Chinese market. In the motion control business, Chinese production of the new AC servo product Σ-7, distribution of which started in FY2013 in Japan, will be launched in the second half of FY2014. In the robotics business, the production of robots at the plant in Changzhou, China, which was launched in May 2013, will be ramped up as annual production of approximately 4,000 units and annual production of approximately 6,000 units are planned for FY2014 and FY2015, respectively.

While continuing to expand overseas production to keep up with increasing overseas demand, we will also ramp up domestic productivity by significantly increasing the rate of automatization.

Third, we will globally strengthen our sales capability, centering on expanding growth markets.

In the motion control business, we will accelerate the creation of synergistic effects with VIPA that we acquired in FY2012. Through VIPA's sales network, we will increase our shares in the European and Chinese markets by selling VIPA's PLCs* and our products in combination. Furthermore, we will accelerate our collaboration in terms of development to further enhance these synergies.

In the robotics business, in order to expand the use of robots not only in the thriving automobile-related markets but also in non-automotive fields, "robotics centers" will be globally deployed as the existing 30 robotics centers will be expanded to approximately 40 by FY2015. The robotics centers will aim to widen robot applications by offering know-how required for the introduction of robots to system integrators involved in automatization across various fields and constructing a network of system integrators with highly specialized knowledge about the use of robots. Therefore, we are accelerating sales expansion in non-automotive fields by bringing the functions of "robotics center" to our sales bases and aggressively moving into areas with prospective demand simultaneously.

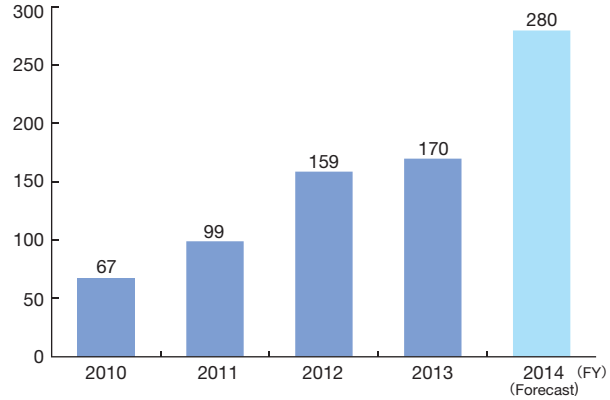
* Programmable Logic Controller

Q4 : Tell us about the capital investment plan for FY2014.

Under the mid-term plan "Realize 100," we will invest aggressively to strengthen our development, production, and sales capabilities for the future, including enhancement of overseas production and sales networks in growth areas, the acceleration of development of next-generation products, and moreover the implementation of M&As toward accelerating the expansion of our Environment & Energy business.

In addition, investments in the reorganization of business facilities in the head office including the robot plant toward the 100th anniversary of our foundation will reach its peak in FY2014 under the plan with a high level of capital investment of 28,000 million yen.

Transition of Capital Expenditures
(100 million yen)



Q5 : What is your take on business performance for FY2014?

The business performance for FY2014 is planned to be 380,000 million yen (4.5% increase over the previous year) in net sales by maximizing the effects of previous measures for sales expansion in addition to exchange rate stability that took a favorable turn in FY2013.

Meanwhile, in terms of profits, operating income of 27,500 million yen (7.0% increase over the previous year), ordinary income of 28,000 million yen (3.4% increase over the previous year), and net income of 17,500 million yen (3.2% increase over the previous year) are planned through expansion of positive investments for the future, acceleration of development of next-generation products, aggressive M&As, etc.

Q6 : How will "Realize 100" progress?

Regarding the first policy "establishment of a high-profitability structure by building efficient development, production, and sales systems," it is anticipated that profits will increase smoothly through the acceleration of production in regions of demand, centering on China. In addition, we will strive to achieve the FY2015 target of an operating income ratio of 10% or more by promoting automatization in domestic production, taking cost-cutting measures on a company-wide basis, etc.

Regarding the second policy "realization of glocal management," we are promoting the enhancement of local development on a region-by-region basis according to each region's needs. At the "China Development Center" that was established in FY2013, there is a plan to increase local development personnel to approximately 40 by the end of FY2014 and to 100 by the end of FY2015.

Due to effects from such aggressive glocal management, the overseas sales ratio increased substantially from 54% in FY2012 to 59% in FY2013. We aim at growth up to 65% in FY2015 to become the "overriding global leader" in each core business.

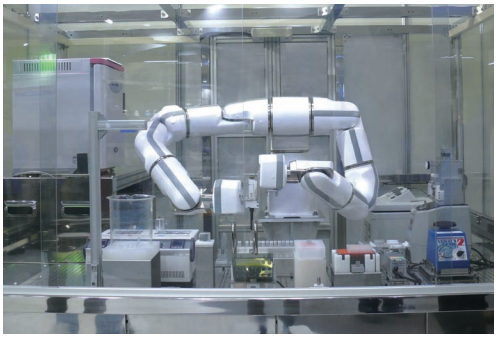
Regarding the third policy "creation of new businesses and transforming them into core businesses," although the photovoltaic power conditioner business, the sales of which significantly expanded in FY2013 from FY2012, is in a challenging environment in FY2014 due to fierce market competition, etc., we aim to increase profits by introducing new products and implement cost-cutting measures. Moreover, we will make a full-scale entry into the U.S. market by acquiring Solectria Renewables, LLC., in our drive toward growth from FY2015 onward.

As for the electronic components business for large-scale wind turbine, we are accelerating full-scale commercialization by acquiring The Switch Engineering Oy (hereinafter referred to as The Switch) with which a tie-up was announced in FY2013, etc. We will maximize synergies with them by use of the proven The Switch's sales network and collaborate with them in development.

In the biomedical robotics business, we started distribution of robots for preprocessing operations of reagent and specimen analysis in medical and biological research fields in FY2013. We are accelerating our commitment to transform it into a core business by setting up a business division in FY2014.

We are also working actively toward sales expansion in other prospective growth fields, such as nursing care, medical care and welfare as well as EV.

Lower-limb rehabilitation equipment LR^2



Robot for biomedical field
MOTOMAN-BMDA3

Q7 : Tell us about shareholder returns.

For "Realize 100," under the policy of increasing profits by strengthening the ability to accomplish our business objectives, we have been striving to improve profits. Shareholder returns are determined on the basis of stable and continuous dividends and internal reserves for enhancement of management foundations and business expansion for the future with comprehensive consideration given to business performance, management environment, financial situation, etc. Under this policy, there is a plan to increase dividends by 2 yen from 12 yen per share in FY2013 to 14 yen per share in FY2014.

Q8 : Lastly, what would you like to mention to stakeholders?

The year 2015, falling on the final year of the mid-term plan "Realize 100" and entering into the 100th anniversary of our foundation, is approaching. Reaching the milestone of the 100th anniversary of our foundation, the business facilities at the head office in Kurosaki, Kitakyushu are undergoing a reorganization that we have named "Robot Village Project." This "Robot Village," as a place where every stakeholder can experience not only robots but also the awe and inspiration of manufacturing, is intended to create opportunities to vitalize Kitakyushu and local communities and to showcase Japan's "manufacturing capabilities" again to the world.

Conceptual drawing of visitor area at Robot Village

The advent of a society in which people and robots coexist is becoming a reality due to rapidly evolving and expanding IT and advancements in other technologies. We will strive to hone our skills as a leading company of industrial robots, and contribute to social and industrial evolution by spreading the use of robots in various fields.

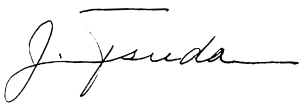
At the same time, we will contribute to solving global-scale social issues we confront such as environmental issues, declining birth rates and an aging population, based on our "manufacturing capabilities," including motion control technologies and abilities to make components and provide solutions, which are the strengths of our Group.

From these perspectives, we will pursue improvement in corporate value and realization of continued growth through further creation and expansion of businesses and fulfillment of social contributions through our businesses.

I would appreciate our stakeholders' continued support and patronage.

July 2014

Representative Director
Chairman of the Board
President



Junji Tsuda

Special Feature:

Evolving Robotics Business with an Eye toward the Mid-term Business Plan "Realize 100" and beyond

Providing the market with the highest value and building a brand selected as No.1 upholding the motto "High Quality & Best Service"

Yoshikatsu Minami
Corporate Vice President
General Manager, Robotics Div.
General Manager, Biomedical Business Div.

Entering into the second year of the mid-term business plan (mid-term plan) "Realize 100" announced in FY2013, the Yaskawa Electric Group has been implementing measures in accordance with the three basic policies: "establishment of a high-profitability structure with evolving ability to accomplish our business objectives," "realization of glocal management," and "creation of new businesses and transforming them into core businesses" to achieve our targets.

In the robotics business, for further expansion of the global market, we are aggressively investing in future growth, such as global deployment of robotics centers, production startup of robots in Changzhou, China, and a capital tie-up with Hangzhou Kaierda Robot Technology. Yoshikatsu Minami, corporate vice president-the general manager of the robotics division, will discuss the issues which the robotics business confronts and countermeasures as well as their state of implementation, and also current commitments and strategies that look further ahead entering into FY2015, the 100th anniversary of our foundation and the final year of "Realize 100."

Toward realization of steady growth

Industrial robots have made significant advancements and in particular, are widely used throughout the automobile industry. Therefore, there is a great reliance on the automobile industry, and concern that demand is largely impacted by investment in automobile plants. In addition, there are cases where profitability actually worsens because when large system projects related to automobile manufacturing assembly lines are invented, profits improve temporarily, but when the project is finished, excess resources are shouldered. For this reason, the extent of fluctuation in demand is extremely large, and profits prove unstable.

Therefore, we have been shifting our policy to concentrating our energies on application systems (arc welding and painting) which we excel at rather than large-scale systems for the automobile industry, and distribution of discrete robots in collaboration with system integrators (SI)* for other systems.

Regarding the application of robots outside the automobile industry, collaboration with SIs has also been indispensable because undertaking systems in fields in which our level of know-how has not quite reached industry proficiency could lead to a worsening of profitability.

Through collaboration with SIs and promotion of distribution of discrete robots, we will realize ① avoidance of fluctuation in profits by large-scale system projects, ② improvement in highly-profitable after-sales service ratio, and ③ expansion of the application of robots outside the automobile industry.

Under such a large policy change, in the robotics business, it is necessary to take not only short-term measures to achieve our targets set for "Realize 100" up to FY2015 but also measures that look ahead to issues from a medium- and long-term point of view. Therefore, we are taking measures to improve our competitiveness in future businesses holding fast to our motto "High Quality & Best Service," considering our major points from three aspects: "sales capability," "production capability," and "development capability."

* System integrators:
Engineers and companies who construct systems for production lines, etc., in which automatic equipment is combined

Issues and measures related to "sales capability"

As part of our commitment to further expand the industrial robot market from the automobile industry, which is our conventional main user, to other fields, we are accelerating global deployment of "robotics centers." With needs for further automatization and labor-savings, the fields in which robots play an active role are quickly spreading outside automobile-related industries. However, there have been difficulties in their proliferation stemming from the short history of use of robots and the small number of engineers who are familiar with handling robots. Therefore, robotics centers are being globally deployed as facilities for the world to actually observe industrial robots and deepen understanding of their applications. We position our facilities with the following four functions as "robotics centers."

❶Demonstration function for observation of the movements of robots and image of introduction in customer in-house lines

❷Test function for observing if work can be actually performed by robots as expected (solution testing)

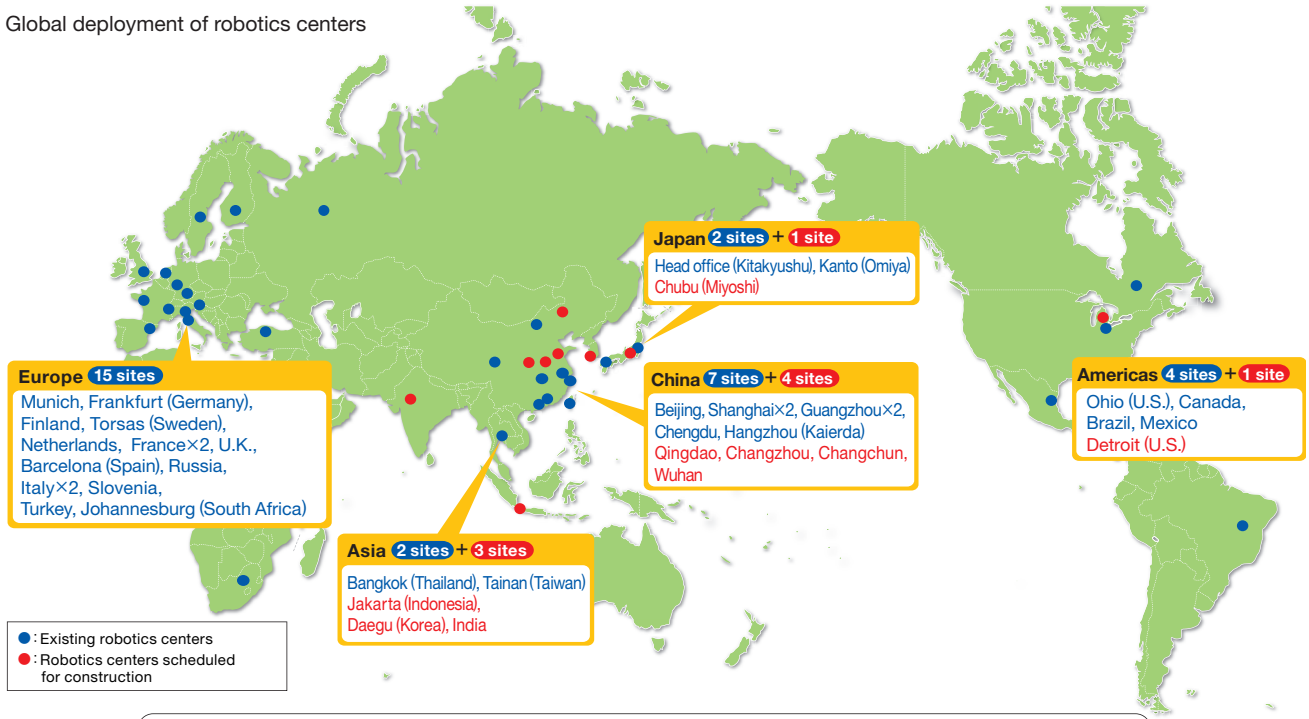
❸Laboratory function for SIs to learn automatization using robots and actually construct and verify systems

❹Education function for customers who have purchased robots about operations and maintenance

❶ to ❸ are functions of before-sales services that are offered prior to the actual introduction of robots and ❹ is the function of after-sales services that are offered after the introduction. Thus, at the robotics centers, substantial before-sales services are provided to help the customer consider the introduction of robots. This is to realize our stated motto for the robotics business, "Best Service."

In Japan, starting with the establishment of the "Kanto Robotics Center" (Saitama) in 2011, the "Yaskawa Robotics Center," functioning as the core of our robotics centers around the world, opened in the business facilities of our head office (Kitakyushu, Fukuoka) in FY2013. In FY2014, we are scheduled to open the doors of the "Chubu Robotics Center" in Aichi, which will form a 3-base system in Japan. Globally, robotics centers have already been operating at 30 sites as of the end of FY2013, and we are scheduled to increase these centers to 39 sites by the end of FY2015. There is also a plan to increase these centers to 50 sites during the period of the next mid-term plan. In developed countries, robots are targeted to spread outside the automobile industry, however, in developing countries with a short history of use even in the automobile industry, services will still primarily be targeted for automobile-related operations. By increasing contacts with customers while using the infrastructure of the robotics centers, we will accelerate proliferation into fields in which the use of robots has not yet advanced very much.

■ Global deployment of robotics centers



30 sites (at the end of FY2013) + **9 sites** (by FY2015) ; **39 sites** (The goal at the end of FY2015)

Issues and measures related to "production capability"

Previously, we have produced robot bodies only in Japan (Kitakyushu), but in June 2013, a robot plant was put into operation in Changzhou, China for the first overseas production as a Japanese-affiliated industrial robot manufacturer. In line with our basic practice of "production in regions of demand," local production in China commenced due to the necessity for strengthening production capacity in China, where demand for robots is rapidly growing in the automobile industry, and for other transportation purposes, as well as feasibility of local procurement of parts, etc. This has led to the construction of a dual-site production structure while maintaining a balance between Japan and China with the intention of distributing disaster risk by a single supply source and risk by fluctuations in exchange rates and orders.

The profitability of domestic production was greatly improved as a result of the considerable correction of the strong yen between the second half of FY2012 and FY2013. So, the breakdown of our production plan as of 2015 has changed from domestic production of 1600 units per month and Chinese production of 900 units per month to domestic production of 2000 units per month and Chinese production of 500 units per month by shifting part of the Chinese production plan to domestic production.

Also, we have just completed construction of a second plant in the form of consolidating multiple domestic clean plants producing robots for the semiconductor and liquid crystal fields, and significantly increased the automatization ratio of production lines of compact robots for general industries to realize improvement in productivity. This has changed our domestic production structure from the previous system comprised of two main plants to the first-to-third plant production structure. Furthermore, we will increase the ratio of self-manufacture including machining by adding machining centers in the future to further improve the profitability of domestic production.

We have constructed a competitive production structure that can reliably respond to future increases in demand for robots by making the most of the dual-site production structure between Japan and China and expanding production capacity while distributing potential risks.

Robot production base in China "Yaskawa (China) Robotics Co., Ltd."


Automatic parts machining line in China plant


Automatic assembly line of arc welding robots in China plant

Issues and measures related to "development capability"

In FY2013, we released new models of robots for arc welding, spot welding, and material handling with new controllers adopted. In the 2013 models, maintainability has been improved by promoting reduction in the number of components and their commonalization while pursuing high performance as before. Meanwhile, in FY2012, in order to considerably strengthen our competitiveness in products from a medium and long-term perspective, we launched a new division of basic technologies development in addition to conventional product development. New technologies which turn out products in an evolutionary process require time to verify reliability and safety, and we had previously confronted installation issues related to breakthrough technologies for products because conventional development cycles of new technologies and products had not been linked successfully.

Integration of new technologies the reliability of which is verified by this basic technologies development division into products enables us to build breakthrough products with high quality, and realizes our stated motto for the robotics business, "High Quality & Best Service."

The basic technologies development division is working on wide-ranging development of robot materials, motors, speed reducers, cables, communications, applications, etc., in collaboration with not only the robotics division but also Yaskawa Electric's other business divisions and corporate R&D center and its initial success will be reflected in the new model. By constructing a system to enhance the competitiveness of products themselves as just described, we aim at linking excellent products with the manufacturing and sales departments and bringing about significant advantages to business operations from "Realize 100" onward.

Business expansion by active use of external resources

Besides measures and investment to strengthen the Group that have been discussed up to this point, positive consideration is also being given to the use of outside forces, such as M&As, as a choice. This is a means necessary for aiming at becoming an overriding global leader in the robotics business.

One example of such investment is our November 2013 tie-up with Hangzhou Kaierda Robot Technology. We found advantages in the matchup with Hangzhou Kaierda Robot Technology which was looking to increase sales by distribution of Yaskawa-labeled robots and Yaskawa Electric having expectations toward increasing sales through the sales network of the Kaierda Group, a welding machine manufacturer. Also, in June 2013, Yaskawa America acquired Agile Planet that develops robot control solutions to further strengthen glocal development capability.

We will continue to make positive strides in relation to M&As and capital tie-ups to supplement "sales capability" and "development capability" as a means for reinforcing our businesses in the future.

Aggressive deployment to new markets

We also devote our energies to cultivating robot applications in new areas in non-manufacturing industrial markets. One of these is the development of robots for the biomedical field. In life sciences, including the development of new medicines and gene analysis, many researchers are hindered by the repetitive tasks involved in performing prolonged experiments, and there are problems in securing credibility of experimental results due to the intervention of hand work, and issues such as risks of contact with dangerous drugs, etc. In order to solve such issues, a dual-arm robot for the biomedical field was jointly developed with the National Institute of Advanced Industrial Science and Technology and introduced in FY2013, which is applied at sites of research and development, such as blood testing, drug development, pharmaceutical production, and clinical testing. This robot designed in consideration of co-work with people at research sites was successfully brought online with significant weight reduction by an "endoskeletal framework" with use of a resin-made exterior. Also, from FY2014, we aim at expansion to a multibillion-yen-scale business within the period of this mid-term plan by setting up a business division directed at a full-scale biomedical business.

As mentioned above, we will also proceed with transformation into businesses through joint development and positive introduction of resources in fields expected to grow in the future.

Aiming at realizing the targets of the mid-term plan "Realize 100"

In the robotics business, our achievements of FY2013 were as follows: net sales of 122,543 million yen, operating income of 9,511 million yen, and an operating income ratio of 7.8%. Those of FY2014 are planned to expand smoothly as net sales of 131,500 million yen (7.3% increase over the previous year), operating income of 11,300 million yen (18.8% increase over the previous year), and an operating income ratio of 8.6%.

Our plan is to connect the above to realization of an operating income ratio of 10% or more, which is targeted for FY2015, while maximizing the effects of aggressive investment.

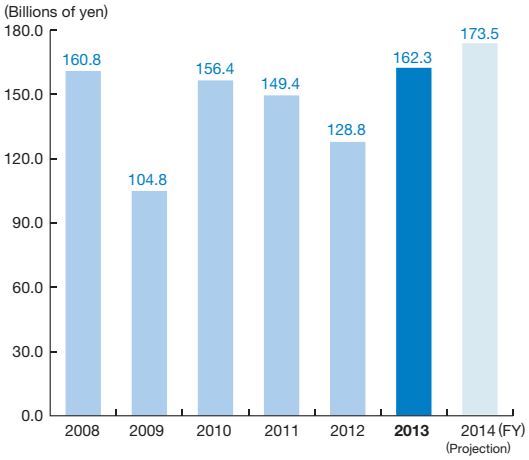
Significant increase in the rate of automation of production by using robots (Robot Plant No.1 in Japan)

Aiming toward an overriding global leader

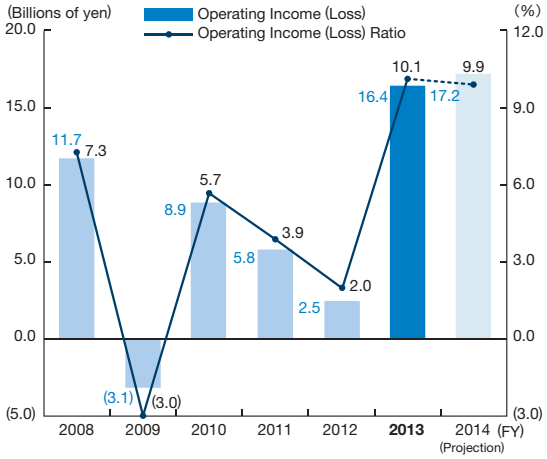
At present, in the industrial robot global market, each of the top four companies including Yaskawa holds a share of around 20%. Although we boast of the highest cumulative shipping performance among our competitors, we have a desire to be an overriding leader by realizing a 30% share of the global market after achieving the targets of "Realize 100" in FY2015. Measures to enhance "sales capability," "production capability," and "development capability" described above are important investments for linking to the next measures of "Realize 100." Under the motto "High Quality & Best Service," we will establish a robotics business that provides the market with the highest value and build a brand which is selected as No.1.

Motion Control

Net Sales
¥ 162.3 billion



Operating Income (Loss)
¥ 16.4 billion



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This segment consists of our Motion and Control (hereinafter referred to as "M&C") business and Drives business. In FY2013, the segment increased significantly both in net sales and operating income due to a high level of sales in general under steady domestic and international market circumstances. For FY2014, we expect increases in sales and profit due to our main markets continuing to operate under favorable conditions. Respective businesses are explained below.

Motion & Control Business

Our M&C business provides solutions for innovation of customers' machinery and systems, leveraging motion control products such as AC servo drives, controllers, and linear motors, and our know-how in a variety of applications. We hold the highest global market share as our products in the M&C business are widely used for semiconductor and LCD manufacturing equipment, chip mounters, machine tools, robots, food processing and packaging machines, printing machines, textile machines, etc.

Review of FY2013 Operations

In FY2013, our M&C business considerably expanded in earnings in response to the rapid expansion of domestic and international smartphone-related markets, strong orders for automobile-related markets, and also robust demand in these markets with full operating use of the Shenyang Plant.

In November, we launched new products Σ-7 and MP3300 after an interval of 7 years. Not only were these smoothly substituted for the previous model Σ-V while realizing industry-leading high performance, but were also adopted for cloud services to realize high levels of efficiency for both customers' and our own operations. As recognition for these first industry approaches, Σ-7 won the FY2013 Nikkan Kogyo Shimbun's Best Ten New Products Awards "Nippon Brand" Prize. Market response has also been superb since the release of the products.

Internationally, we strengthened collaboration in development and distribution with VIPA in Europe, and enhanced commitments to general industries, such as the food industry, in addition to the semiconductor industry we excel at in the U.S., as well as our local development capability in China.

Domestically, we gained medical device certification with the lower-limb rehabilitation equipment LR^2 focusing on new business opportunities. Also, as an existing business, Yokogawa Electric's direct drive motor business was transferred to us.

Lower-limb rehabilitation equipment LR^2

Outlook

For FY2014, strong conditions are expected to continue globally in the first half of the year with prospects for continuing favorable conditions in the smartphone and tablet-related markets, steadiness of markets in Europe, the U.S., and Japan, and also resumption of capital investment in Korea. In reaction to the favorable market winds, we will enhance our activities to expand sales and widen existing businesses by ensuring expansion of the lineup of Σ-7 and reviewing the domestic sales system in FY2014. We will also concentrate our energies on promotion of new businesses, such as market capture of big OEMs in Europe and the U.S., distribution of rehabilitation equipment LR^2 in China, and exploration of the servo business in new areas in collaboration with plants. In order to ensure achievement of the targets of the mid-term business plan "Realize 100," we will link our previous commitments to increasing orders, aiming at achieving our largest earnings ever as the M&C business in FY2014.

Drives Business

An AC drive is a device that controls the rotation speed of a motor by flexibly changing the power supply frequency of the motor. Besides industrial machinery, it is used in air conditioners and washing machines as well as elevators and escalators in office buildings and department stores, etc. Using an AC drive enables finer control of the motor and boosts productivity of machinery and equipment while helping to significantly conserve energy as the motor is rotated only when necessary. While effective use of energy is required globally, AC drives as an energy-saving device are increasingly gaining the spotlight. Thanks to our advanced technological capabilities and quality, our AC drive products hold the highest share in the global market. We are expanding our business areas into power conditioners that convert renewable natural energy, such as sunlight, wind, or water power, into electricity by applying power conversion, which is the core technology of AC drives, as well as motor drive systems used for automobiles, etc.

Review of FY2013 Operations

In FY2013, as the first year of the mid-term business plan "Realize 100," we strived to strengthen our sales capability on a global basis. Although the economy remained restrained in our dominant areas, such as China and the U.S., sales increased due to our finely-tuned response to market needs and enhancement of our sales network, and achieved record-setting performance in the Drives business. In February 2014, the cumulative number of AC drives shipped broke the industry's first 20,000,000 mark. As for products, we released the power regeneration unit "R1000" to enhance the lineup of the regeneration energy-saving unit series. With the proliferation of photovoltaic power generation accelerating through the initiatives of the Japan's Feed-in Tariff scheme for renewable energy, our power conditioners expanded smoothly in sales, meeting wide-ranging market needs with a new lineup of outdoor installation type power conditioners that were offered in June 2013.

Outdoor installation type power conditioner
Enewell-SOL 4.5 kW/5.8 kW

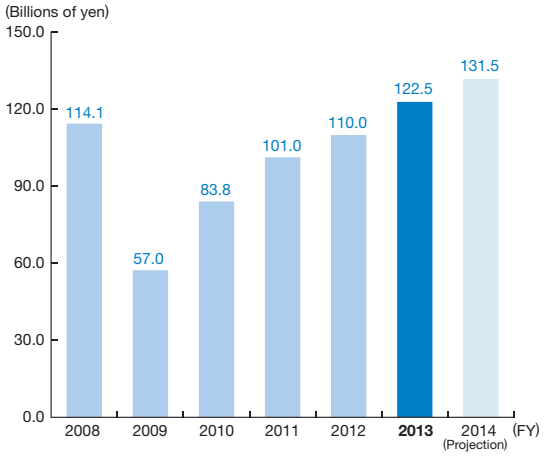
Outlook

For FY2014, there is still a concern about the economic recovery in developing countries, but favorable performance is expected in the U.S. market. We will release new products and further enhance our sales network and sales system in global areas to increase our global market share and expand our sales. Equipped with our unique differentiated product U1000 (new matrix converter) that was released in April to meet the regeneration/harmonicless market needs as an all-in-one, we offer solutions suited to the needs of each target market, such as applications requiring better power environments. On the other hand, as for photovoltaic power conditioners, targeting the low-voltage middle solar market, we will accelerate our activities to increase our market share by introducing timely strategic new products to meet market needs.

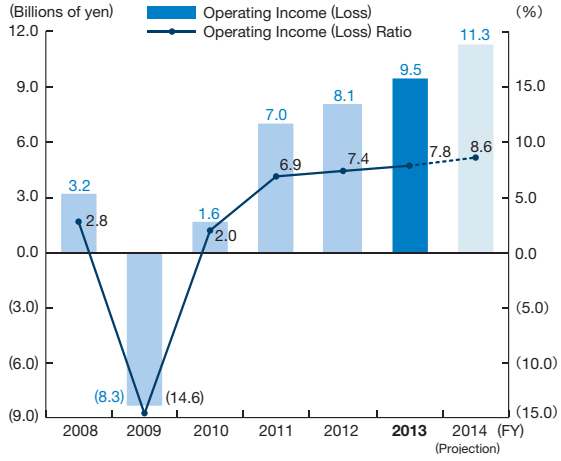
Matrix Converter U1000

Robotics

Net Sales
¥ 122.5 billion



Operating Income (Loss)
¥ 9.5 billion



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Business Overview

This segment contributes to robotic automation of production processes including arc welding, spot welding, painting, assembly, and conveyance in various industrial fields particularly in the automobile, electrical machinery and semiconductor-related markets.

We develop mechanical components comprising robots and robot controllers in-house based on our own servo technology which holds an industry-leading share. The high rate of in-house procurement enables flexible development, and while finely meeting our customers' advanced demands by optimizing our robots for various applications, Yaskawa retains its place as a leading manufacturer, with cumulative shipments surpassing 290,000 in fiscal 2013.

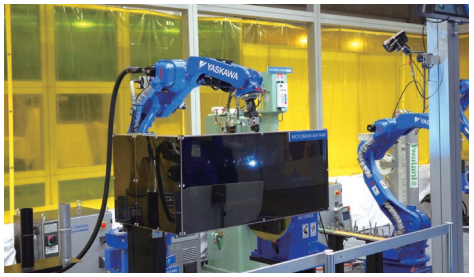
Yaskawa has recently actively committed to robots used in non-manufacturing fields, such as the biomedical and service industries, using our industrial robotic technologies we have built up over the years.

Review of FY2013 Operations

In the business environment of this segment in FY2013, demand for robots remained strong mainly for automobiles both domestically and internationally. The semiconductor market that had been sluggish in the previous year shifted to recovery, with the result that both net sales and operating income increased from the previous year.

For automobile and general industry markets, we released a new series of industrial robot MOTOMAN incorporating our new controller "DX200." Also, in order to significantly reduce the amount of spatter in arc welding, we developed the EAGL method (Enhanced Arc weldinG for Low spatter)* by applying our own servo technology in response to customer needs with high-value added products.

*EAGL method : Method for minimizing spatter by our own servo control technology



Demonstration of EAGL method in which the amount of spatter in arc welding is significantly reduced

For non-automobile markets, we focused our efforts on robotics centers where customers and system integrators (SI) could actually use our robots and consider automation systems as a place of exchange, and we opened the Yaskawa Robotics Center (Kitakyushu) in FY2013. We also opened overseas robotics centers in Thailand (Bangkok) and China (Chengdu) to provide locations where customers could come into contact and familiarize themselves with robots.

Yaskawa Robotics Center

From the aspect of production, we started production of robots in China (Changzhou) in May 2013 to construct a supply system for the local market with rapidly increasing demand for robots. In November, a second new plant was put into operation in Japan, which reached a record volume of production together with the Changzhou plant. The launch of the plant in China enabled business operations that make the most of the dual-site robot production structure together with that in Kitakyushu.

As for "creation of new businesses," one of the basic policies of the mid-term business plan "Realize100," we are making new commitments in the biomedical field. We are working toward transforming this field into new core businesses by proceeding with development of products specializing in this market in collaboration with universities, hospitals, and research departments of medical suppliers, etc., while promoting overseas expansion into Europe and the U.S.

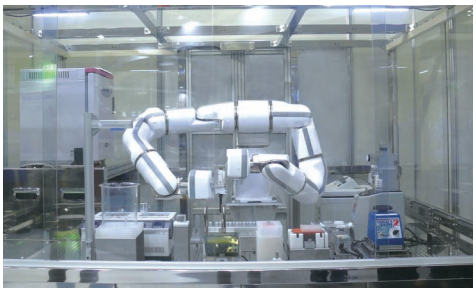
Outlook

For FY2014, we expect strong demand to continue in the automobile industry. Committed to the slogan of "High Quality & Best Service" as outlined by the mid-term business plan, the sales system of this segment will continue to be strengthened in order to respond to increasing demand primarily overseas through expanding markets, and the service system will likewise be strengthened to satisfy our customers who have purchased our robots around the world.

As for Robotics Centers where our customers and SI can learn and operate Yaskawa robots in a casual environment and thoughtfully consider adoption, two more centers are scheduled to be opened in Indonesia (Jakarta) and China (Tsingtao) in addition to the Chubu District (Aichi) in FY2014 to construct a support system by which our customers who develop businesses globally can feel more secure.

In terms of products, we will accelerate the expansion of the lineup of the new series of MOTOMAN incorporating new controller "DX200" to meet various applications and needs. In addition, we will continue to develop key technologies to maintain and strengthen the medium and long-term product competitiveness.

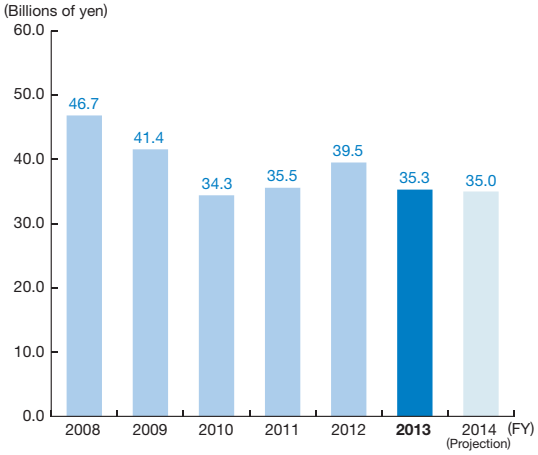
Also, in order to enhance our commitment to the in biomedical field that is expected to be a new robotics market, we set up a new biomedical business division in FY2014. We will enhance our commitment to marketing, sales, and development toward transformation into core businesses in the "robotics human assist business area."



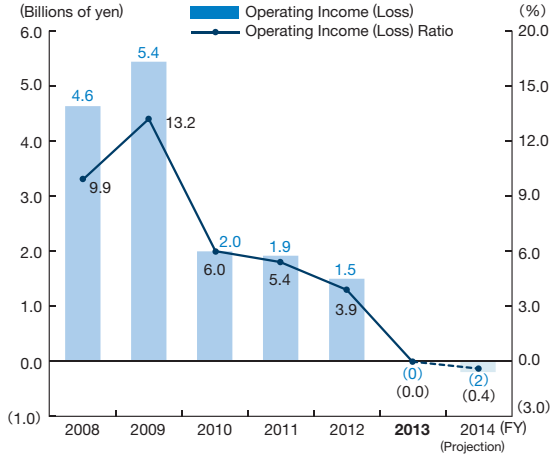
Robot cell for biomedical field

System Engineering

Net Sales
¥ 35.3 billion



Operating Income (Loss)
¥ (0) billion



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Business Overview

The major markets of this segment are large-scale plant facilities used in steel plants and water treatment plants, where stable operations is an absolute requirement, as well as large-scale crane facilities. We are involved in projects from the facility planning stage, and provide support throughout each facility's life cycle from technical proposals to after-sales service, having received valued recognition and trust.

This segment is comprised of five businesses: Steel Plants, Social Systems, Environment & Energy, Electrical Power, and Industrial Electronics.

The main market of our Steel Plants business is the steel industry. Our products and technologies are adopted in every blast furnace operating in Japan. We build highly reliable systems and provide advanced systems that leverage our drive technologies and capabilities, which are our company's greatest strengths.

Our Social Systems business provides systems for infrastructure such as water treatment. We develop technologies to provide solutions to challenges such as water circulation, energy conservation, and disaster prevention, while using our technological expertise having been cultivated over the years to take on new challenges such as reducing sludge volume. This business unit also handles mega-solar systems, hybrid electrical generation systems that combine solar and wind power, and energy management systems, among others.

This segment also includes our Environment & Energy business, which mainly handles large-scale wind power generation equipment; Electrical Power business, which handles devices such as pole-mounted gas-insulated switchgears; and Industrial Electronics business which deals with crane equipment. Furthermore, the segment's technologies are used across a wide range of industries and operates worldwide equipped with our highly energy efficient, high-voltage drive devices.

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 FY2013 Operations

In FY2013, although there was a tendency for domestic capital investment to increase due to economic recovery, due to influences brought on by changes in our business environment, such as a decrease in new investments through elimination and consolidation of domestic steel plant facilities, and slowdown in the Chinese economy from the second half of the year. On the other hand, however, we are moving toward our next performance boost with global expansion of the high-voltage drive business and steady progress of new businesses, such as large-scale wind power generation systems and environmental energy systems.

In the Steel Plants business, we have realized reliable start-up with operability and maintainability improved while shortening the construction periods in new construction of blast furnace facilities for overseas plants and large-scale upgrading of domestic blast furnace facilities and continuous casting facilities.

In the Social Systems business, we received orders for monitoring control systems and remote monitoring control facilities for water purification by PPP (public private partnership). For local governments, we proposed eco-friendly evacuation facilities "Smart Shelter" securing power in disaster situations and realizing energy conservation and power conservation in normal times. Our products and technologies are steadily adopted in systems for social infrastructure requiring improvement in disaster resistance in diversified investment styles and management forms. Also, we are proceeding with verification tests on the "sludge reduction system" by which the sludge generated by sewage treatment and industrial effluent treatment is effectively reduced.

In the Environment & Energy business, we concluded a business tie-up contract for complementary supply of products with The Switch Engineering Oy (hereinafter referred to as The Switch) in Finland, having an excellent worldwide track record in electrical components for large-scale wind turbines. This completed a full lineup of the Enewin series combining The Switch's low-voltage products into our high-voltage products for large-scale wind power generation.

Our high-voltage drive devices have achieved cumulative sales of 2,000 around the world since the commencement of sales in 1995. We have adjusted our supply system to meet expanding global demand with the plant in the U.S. that started production in the previous year and also other production bases in China and Japan. Adoption of high-voltage drive devices is also spreading in new markets around the world for overseas shale gas excavation facilities, electric products on ships, power-supply facilities in ports, etc. Our medium-voltage AC drive FSDrive-MV1000 won the 34th (FY2013) Excellence in Energy Efficiency; the Japan Machinery Federation Chairman's Award, where its excellent energy-savings performance was recognized.

In the Electrical Power business, we are making contributions to stable operations of commercial systems through the delivery of 22kV distribution towers for interconnected power systems corresponding to the rapid increase in wind, mega-solar, and other power generation facilities based on our technological expertise having been cultivated in switchgears for domestic and international electric power companies.

Outlook

For FY2014, we expect increased domestic public investment and growth in demand for high-voltage drives in China, the U.S., and Southeast Asia. While domestic investment in the steel market has fallen off, we expect aggressive investment in overseas markets and energy-savings and environmental measures.

Under these circumstances, we aim to increase our market share and orders by actively proposing our systems to new areas equipped with high-voltage drive technologies and new products in the Steel Plants business.

In the Social Systems business, we will accelerate expansion of business areas, such as hybrid power generation systems of mega-solar, photovoltaic, and wind power generation, energy management systems, and sludge reduction systems. This business will spread not only into the public sector but also the private sector and overseas markets, with the prospect that capital investment mainly in environmental improvements and renewal/reconstruction will remain strong with a propensity toward investment in advanced treatments, anti-inundation measures, resource recovery, and energy issues.

In the Environmental & Energy business, in collaboration with The Switch we acquired in July and the full lineup of complementary products by both companies, we aim to receive orders for mass production of electrical components for large-scale wind turbines. In the Drives business, leveraging the synergy with The Switch, we also aim at increasing orders by excavating new customers with large-capacity drive solutions from low voltage to high voltage and entering into new fields such as marine and other markets. Moreover, we will further enhance the production in regions of demand to create a highly-profitable system capable of quickly responding to environmental changes as a result of exchange rates, etc.

This segment will widen the fields to which our products and technologies are applied for determining new uses and increasing our market share to expand our business areas and secure profits. In addition, we will enhance business-support sales, development and production capabilities, and promote product development and global business deployment anticipating future needs.

FSDrive-MV1000

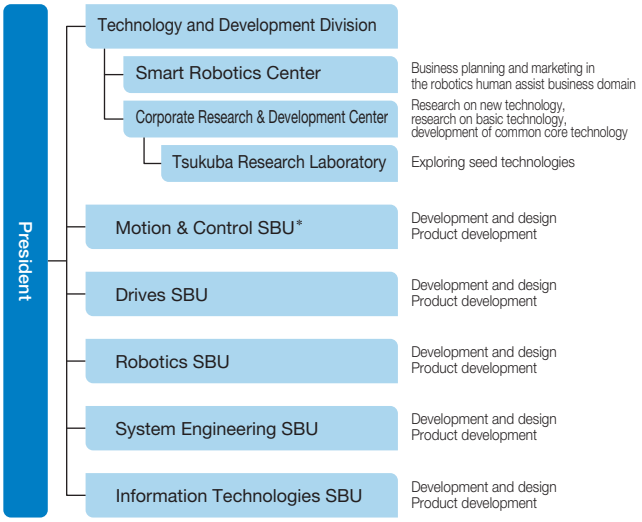
Technology Development and Intellectual Property

Technology Development

Policy and Items of Research and Development

We are working to strengthen our ability to develop and secure global businesses in such existing business fields as motion control and robotics and to turn success into further product development. In addition, we are pursuing research and development 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, and in the "Robotics Human Assist" business domain, which relates to robots coexisting with humans.

Research and Development Structure



*SBU : Strategic Business Unit

FY2013 Achievements and Topics

As part of our "robotics human assist business," we have been advocating application of our motion control technologies and robotic technologies to advance rehabilitation of stroke patients. As an example, we have developed "equipment for exercising the upper extremities" for rehabilitation by a repetitive facilitative exercise program (Kawahira method). We are also proceeding with activities to create new businesses in medical and welfare fields through the development of the "ankle assist walking device" that is expected to improve gait and recover the ability to walk to counter difficulties in walking.

Equipment for exercising upper extremities by repetitive facilitative exercise program (Kawahira method)

Ankle assist walking device

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.

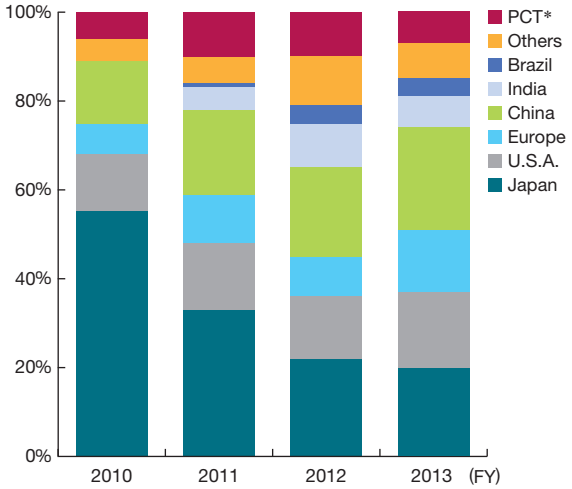
Intellectual Property Activities

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.

• Patent application rates by country



* Filed an international application under the Patent Cooperation Treaty

Message from the Director in Charge of CSR

The Yaskawa Electric Group is accelerating its commitments to 2015 in preparation of the 100th anniversary since our foundation with a further expansion of the range of social contributions.

Toshihiro Sawa
Representative Director
Corporate Executive Vice President

In 2015, Yaskawa Electric will celebrate the 100th anniversary since our foundation. It has been our desire over these last 100 years to grow together with society supporting and being supported by communities as presented in our management philosophy: "Our mission is to widely contribute to the advancement of society and the welfare of mankind through business performance."

It goes without saying that our customers are highly valued as stakeholders supporting our activities, but our suppliers aiming at improving customer satisfaction together with us are equally valued partners. While our activities are supported by funding from our shareholders and financial institutions, it is necessary to gain their trust for continued investment and financing. Therefore, our company should not only conduct business but also foster human resources that can contribute to society. Taking each employee's awareness of social responsibility and fulfillment of that responsibility as part of CSR, the employees of Yaskawa Electric and the entire Group stand shoulder to shoulder with each other and consider how to contribute to the world.

At present, we are moving forward with our launch of new businesses based on the vision 2015. Considering that corporate diversity is critically important for us to further expand the fields in which we can contribute to society and to continue to evolve, we established the "Human Resources Diversity Promotion PT" last year. We promote diversity in-house as a project headed by the President. In the future, we will promote suggestions and plans made by the PT on a company-wide basis seeking to build an organization in which diverse human resources can make full use of their capabilities.

While the societal demands for enhancement of corporate governance are increasing, the revised Companies Act prompting companies to appoint external directors will go into effect in 2015. We have already laid out a governance system in recognition of the importance of the roles of external directors and auditors in audits of compliance and business direction.

Activities incorporating external perspectives are not limited to management but addressed in the form of open innovation in technology and product development. With core technologies retained in-house, we will build up and globally supply what is needed through diverse markets in collaboration with outside organizations.

We look to establish relationships of co-existence and co-prosperity with communities. Yaskawa Electric's robotics plant and corporate R&D center, where we welcomed more than 10,000 visitors in FY2013, are included in the industrial tourism list of destinations promoted by Kitakyushu city. We provide children with opportunities to come into contact with cutting-edge technologies, such as robots, and contribute to fostering future human resources. In 2015 in commemoration of the 100th anniversary since our foundation, a project to upgrade the business facilities in the head office to a "Robot Village" will be completed in expectation of increasing visitors. At the Robot Village, we intend to transmit the awe and inspiration of manufacturing by providing facilities open to the public called "Robot Miraikan (tentative name)" and also publicize our ideas related to nature by providing a greenbelt called "YASKAWA-no-Mori (forest)."

We aim at improving our corporate value through assertive public relations and communications activities while opening up to society to improve familiarity and recognition of our name and recruitment-related index, etc. With importance placed on these activities as a means of realizing "co-existence and co-prosperity" between society and our organization, we will continue to actively communicate with society.

In terms of business, we have been actively working on reductions in environmental loads through our products such that our drives, one of our main products contributing to energy conservation, reached the industry's first 20,000,000 shipments in February 2014, and also Matrix Converter "U1000," our latest product using cutting-edge technology, has proven to be well-received in the market. In commitments to wind power generation, which is our new business, we will accelerate contributions to energy creation with The Switch Engineering Oy in Finland having joined our Group. In addition, in continuing ISO14001 for 2014, our company-wide unified standards were reviewed for certification, and received high evaluation.

In the following pages of this YASKAWA Report, we will introduce our relationships with various stakeholders who support the Yaskawa Electric Group in its daily continuous efforts to be a successful public entity, our management structure, and our commitments to corporate activities with consideration given to environment. Through these comprehensive CSR activities, we will continue to offer higher added value to society while improving our corporate value. The Yaskawa Electric Group looks forward to your continued support and guidance.

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

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

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

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

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

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

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

Corporate Governance

We engage 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

Board of Directors

The Board of Directors is comprised of seven directors who deliberate and decide matters as prescribed by laws and regulations and important management issues as well as conduct sequential oversight of the status of execution of business operations.

As of June 21, 2014, one of our directors has been an external director (Yoshiki Akita), forming a system in which opinions from an objective perspective independent of top management can be reflected in our decision-making process.

• External Director

Name	Present Position	Reason for Appointment
Yoshiki Akita	Chairman and Representative Director, Layers Consulting Co., Ltd.	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. 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.

Management Committee

The Yaskawa Electric Group Management Committee is comprised of executive directors, executive officers, etc., who deliberate on important decision-making matters regarding the execution of business operations. The Management Committee is held once a month in principle and extraordinarily as needed in the formation of a flexible and agile business execution system.

Board of Auditors

The Board of Auditors is made up of four members:two internal auditors (full-time) and two external auditors (Makoto Ishimaru and Kazumasa Tatsumi), to audit the execution of business operations.

In order to ensure the effectiveness of these audits, each auditor attends meetings of the Board of Directors and the Management Committee, and other important company meetings, and also reads over important documents for information collection.

• External Auditors

Name	Present Position	Reason for Appointment
Makoto Ishimaru	Director and Managing Corporate Officer, Krosaki Harima Corporation	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. 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.
Kazumasa Tatsumi	Attorney and President, Kazumasa Tatsumi Law Office	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. 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.

Internal Control System

We have charged the board of directors, management committee, and other bodies with carrying out appropriate administration of business operations to ensure the company's business runs properly and efficiently. In addition, the board of directors issues resolutions regarding basic policy for improving and maintaining internal control systems including the articles of incorporation, information disclosure policy, risk management systems, division of duties, operational authority, and group company management, and revises them as needed.

Compliance Systems

As norms for corporate actions, we have formulated the "Yaskawa Electric Group Corporate Activity Standards" to ensure their penetration, and the Compliance Committee holds regularly twice a year meetings for deliberation and decision-making regarding policies on compliance activities and their deployment.

Also, for the purpose of preventing compliance violations and taking prompt corrective actions, we have instituted a direct reporting system with a "Compliance Emergency Number" to an in-house contact point or an outside firm (law firm).

For compliance education, we have distributed a pamphlet called "Compliance Guidelines" to all employees in order to heighten awareness of compliance, while incorporating education by managerial level and by job level.

In particular, in FY2013, we held a company-wide seminar on insider trading regulations by inviting an instructor from the Tokyo Stock Exchange (current Japan Exchange Group) to further improve awareness of compliance.

Seminar on insider trading

Risk Management Systems

We have established the Risk Management Committee to formulate 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. This Committee sets forth explicit basic policies for day-to-day emergency preparedness and for when crisis occur, builds company-wide risk management systems, and conducts company-wide risk management in accordance with "Basic Regulations for Risk Management".

Director and Auditor Compensation

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) One percent or less 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.

The amount of compensation for auditors was decided at the 82nd General Meeting of Shareholders held on June 18, 1998 to not exceed 6 million yen per month.

• Compensation Paid to Directors and Auditors in FY2013

Classification	Number of Officers	Compensation
Directors (external directors excluded)	8	379 million yen
Auditors (external auditors excluded)	2	43 million yen
External Officers	3	19 million yen

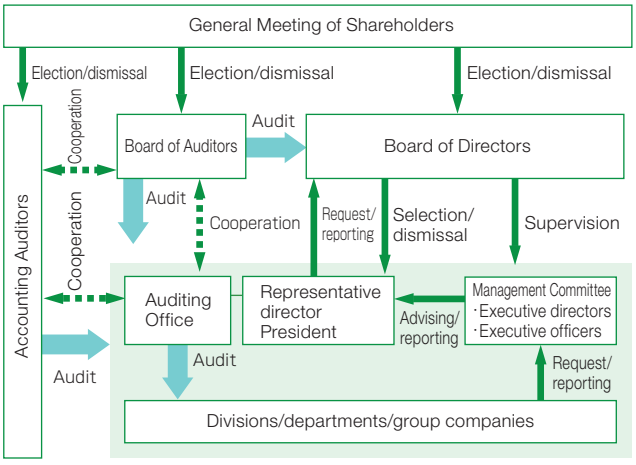
In-House System for Information Disclosure

We have 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 (such as facts about decisions made and actual events, information about financial results) within every responsible division, including those of subsidiaries, and we strive to conduct timely and appropriate information disclosure with regard to investors, various business partners, and financial instrument exchanges.

Handling of corporate information is carried out in accordance with the Securities Listing Regulations set forth by the Tokyo Stock Exchange, upon obtaining approval from parties with the authority to approve the release, based on in-house regulations.

Corporate Governance System



Board of Directors and Corporate Auditors

As of June 18, 2014

Directors

Noboru Usami
Representative Director
Senior Executive Vice President

Junji Tsuda
Representative Director
Chairman of the Board
President

Toshihiro Sawa
Representative Director
Corporate Executive Vice President

Hiroshi Ogasawara
Director
Corporate Senior
Vice President

Shuji Murakami
Director
Corporate Senior
Vice President

Yuji Nakayama
Director
Corporate Vice President

Yoshiki Akita
External Director

Auditors

Naoto Shimozono
Auditor

Masahiko Oda
Auditor

Makoto Ishimaru
External Auditor

Kazumasa Tatsumi
External Auditor

Corporate Vice Presidents

Hiroyuki Ougi
Corporate Senior
Vice President

Yoshikatsu Minami
Corporate Vice President

Koichi Takamiya
Corporate Vice President

Konosuke Noda
Corporate Vice President

Michihiko Zenke
Corporate Vice President

Masahiro Ogawa
Corporate Vice President

Kazuaki Yoshida
Corporate Vice President

Takeshi Ikuyama
Corporate Vice President

Masanori Imahuku
Corporate Vice President

Akira Kumagae
Corporate Vice President

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

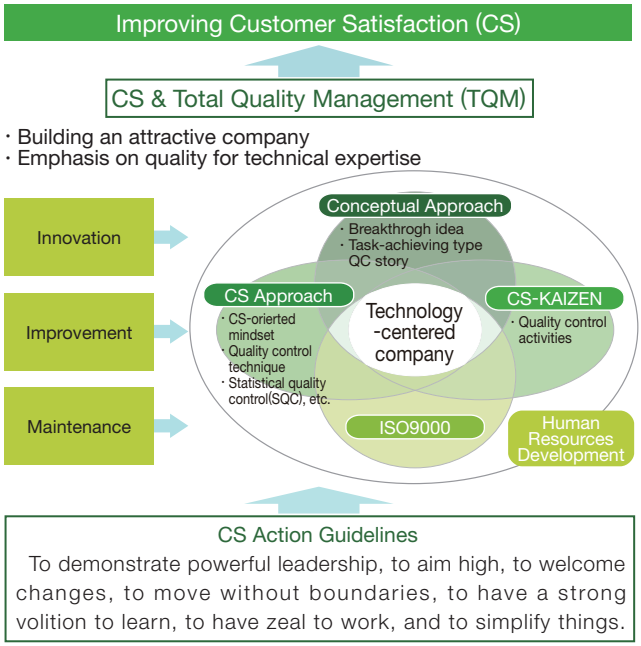
One of the mainstays of our management philosophy is emphasis on quality. This was originated in the founder's beliefs, and the tradition continues today. As a polar precept, it is stipulated in the employee code of conduct. The Yaskawa Group aims to achieve total customer satisfaction (CS) by offering 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

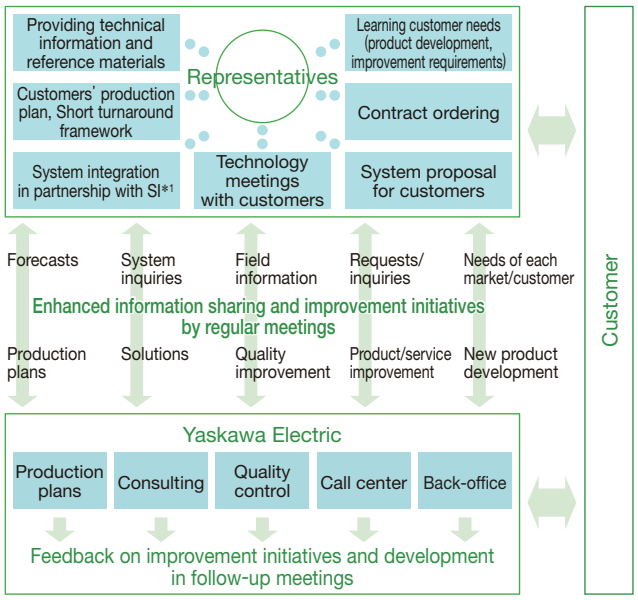


Reflecting Customers' Opinions in Business Activities

In order to incorporate customer opinion for improvement in our business activities, we share market and customer needs in partnership with our representatives and train our salespeople to seek out and record customer opinion directly.

We also hold periodic meetings to exchange information with our representatives, and strengthen proposal-based sales to our markets and customers through our sales back-office in collaboration with the corporate marketing division and each business division, aiming at further CS improvement.

• Information Sharing and Improvement Initiatives in Partnership with Representatives

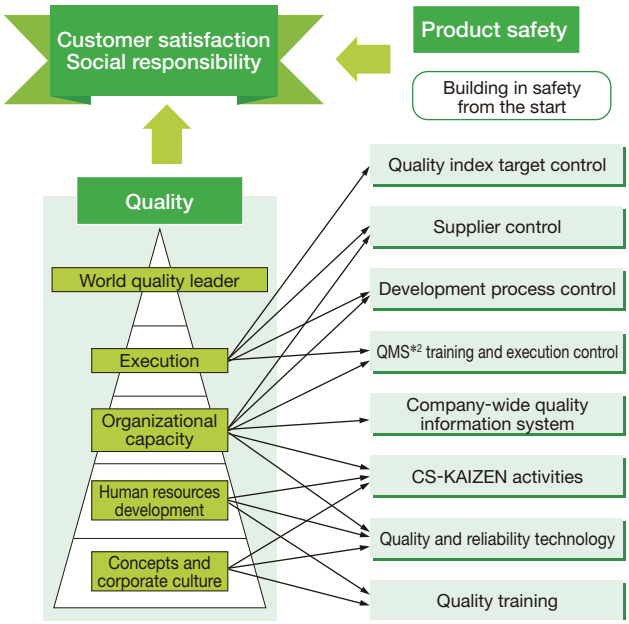


✻ 1 System Integrators

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 processes.



✻ 2 Quality Management System

CS-KAIZEN Activities

We build up a culture that fosters constant improvements on a daily basis by working on themes common to our operations with the primary objective of reinforcing our ability to make improvements. At the same time, we revitalize the development of our human resources as well as communications. Our ultimate goal in conducting activities is improvement in Customer Satisfaction (CS) and corporate value.

The winner circle of the top prize in our FY2013 CS-KAIZEN competition was honored with the Regional Manager's Prize and Prefectural Governor's Prize in the competition between QC circles in the northern Kyushu region, which was also evaluated externally.

In 2013, we held a third meeting to exchange presentations with our production base in China, proceeding with globalization of the presentation meeting.

In 2014, we started to prepare for revitalization of CS-KAIZEN activities at our production bases around the world and through exchange at a commemorative meeting for FY2015 celebrating the 100th anniversary since our foundation.

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.

Introduction of New Facilities in FY2013 (reinforcement of environmental test facilities)

In the business domains of robotics human assist and environment & energy promoted by the mid-term business plan "Realize 100," we introduced sulfidizing gas test equipment and combined gas (4 components mixture) test equipment for incorporation and verification of quality of reliability.

This has enabled us to conduct international standards-compliant tests for vehicle installation in-house.

Sulfidizing gas test equipment

Mixed gas test equipment

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.

Basic policy for procurement

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 good business relationships with our suppliers for mutual trust, cooperation, and true mutual benefit.

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.

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.

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.

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 Conflict Minerals Statutory Provision

We have prepared "Conflict Minerals Statutory Provision–Compliant Guidelines" for the purpose of responding to the Provision.

Furthermore, we have exchanged confirmation with our suppliers based on the Conflict Minerals Statutory Provision-Compliant Guidelines, accelerating our system maintenance for compliance with the Conflict Minerals Statutory Provision both internally and externally.

Briefing on compliance with the Conflict Minerals Statutory Provision

We held supplier briefings for understanding of our policy and future compliance as we consider that cooperation with and from our suppliers is indispensable for compliance with the Conflict Minerals Statutory Provision.

Our suppliers have reached an agreement on cooperation for future activities toward compliance with the Conflict Minerals Statutory Provision.

Supplier Briefing

We held a briefing 7 times at our head office and the Tokyo plant, in which 327 companies (413 people) participated.

Supplier briefing held at head office

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, 2014)

Business Segments	Number of Employees*
Motion Control	4,392 [1,462]
Robotics	3,304 [505]
System Engineering	919 [252]
Other	1,990 [782]
Corporate	858 [115]
Total	11,463 [3,116]

- Number of Yaskawa Electric employees only

(As of March 20, 2014)

Number of Employees*	Avg. Age
2,721 [339]	40.9
Avg. Number of Years in Employment	**Resignation Rate of After 3 Yrs of Work**
18.4	2.04%

* 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

	FY2009	FY2010	FY2011	FY2012	FY2013
No. of employees rehired*1	164	199	239	246	236
People with disabilities employed (%)	1.75	1.85	1.65	2.15	2.15
No. of non-Japanese employees*2	16	14	19	18	20

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

Use of Parental Leave Program

	FY2009	FY2010	FY2011	FY2012	FY2013
No. of Females/Use Rate	5/100%	2/100%	5/100%	5/83%	7/100%
No. of Males	1	1	4	1	1

Average Amount of Paid Leave Taken per year

	FY2009	FY2010	FY2011	FY2012	FY2013
No. of days/person	8.69	12.30	12.81	12.44	12.49

Employee Family Communication Activities

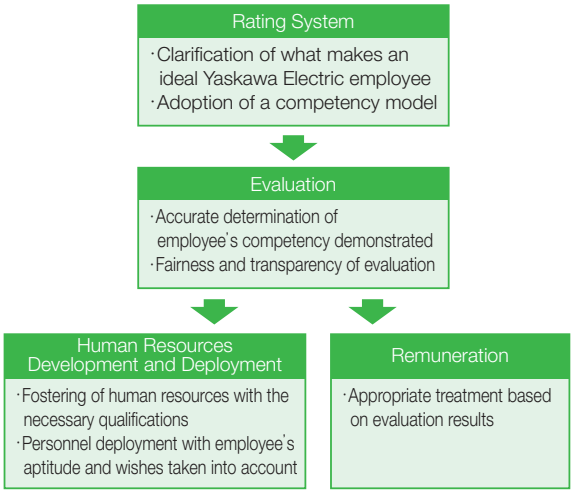
To promote work-life balance and the proper development of the next generation, each plant plans a number of events to bring families in touch with us and each other. Many employee families take part in each event, which lets us actively pursue communication not just with our employees but also their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

Tokyo Office; Tokyo Bay Grand Fireworks Festival viewing

Osaka Office; Bowling festa

Personnel System

Yaskawa's personnel system stresses action leading to concrete results and equitable treatment of employees while aiming at thorough implementation of a merit-based personnel system, dissemination of CS principles, and enhancement of employee satisfaction (ES). In an effort to establish a merit-based personnel system with an emphasis on process, we have adopted the concept of competency and revised our system to consist of a rating system, an evaluation system, a remuneration system, and a human resources development and deployment system based on a competency model.

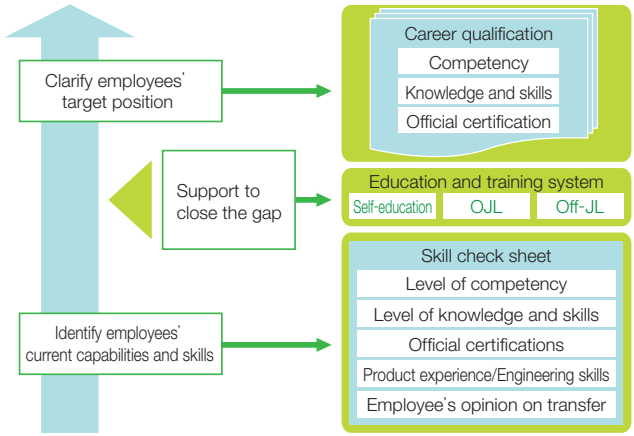


Human Resources Development and Deployment System

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.

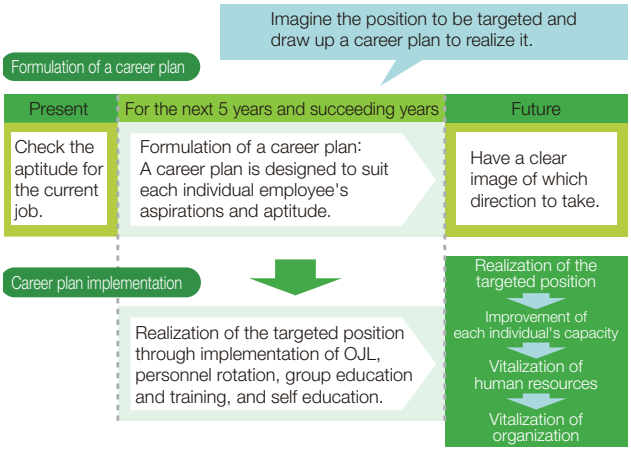
Educational System

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.



Work Safety and Health

Under our fundamental policy of "creating a safe, friendly, and supportive workplace", we strive to build a workplace environment where employees can maintain health and vigor whether at work or at home and live a full life.

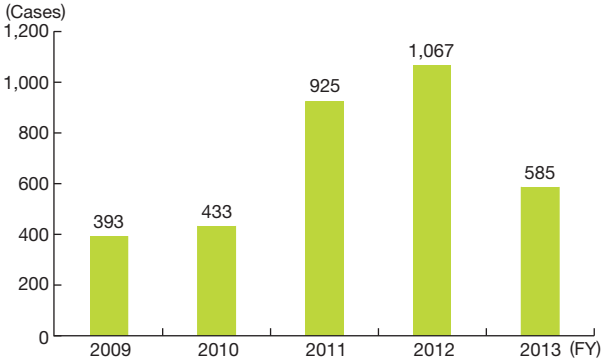
Striving for a Higher Level of Safety and Health

At each workplace, we provide work standards and training to ensure that work is carried out safely, perform risk assessments to eliminate hazards, and carry out Kiken Yochi activities to prevent accidents in daily operations. Internal audits are also carried out to determine whether the results of these activities meet health and safety policies and targets, and those results are reflected in subsequent quarterly or yearly plans.

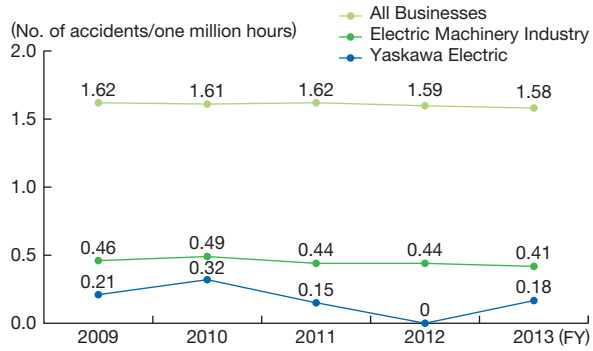
In the last several years, due to aggressive initiatives related to risk assessment activities, the frequency of occupational accidents and injuries at Yaskawa are well below the industry average.

In order to further improve the level of safety and health, we are proceeding this fiscal year with preparations for activities incorporating the structure of the occupational safety and health management system.

• Number of risks reduced after risk assessment



• Frequency of Occupational Accidents and Injuries



Employee Health Support

Employee general and special physical exams are carried out organically and efficiently, from ascertaining the work environment and selecting the right exams for the right employees, to performing tests and follow-up care, while giving ample consideration to relevant laws and regulations and various tests characteristics. This results in not only preventing work-related illness, but also works to educate and provide health care guidance with an emphasis on lifestyle and occupational support.

As part of our initiatives to prevent health problems due to overworking, workers who work over a certain amount of overtime see an occupational health physician who provides health guidance to the worker and feedback to his or her department head on necessary measures to take.

Mental Health Care

We recognize that mental diseases and disorders are just like physical diseases and can be potentially contracted by anyone. Therefore, we provide everyday living and occupational support.

In addition to mental illness, psychological stress can also impact one's health and lifestyle in a number of ways. As part of our measures to minimize stress, questionnaires are handed out to employees and feedback is provided to them and their department based on the results.

Support for Returning to Work from Sick Leave

When employees who are forced to take leave due to illness or injury are ready to return to work, the employee consults with their department's management and doctor to ensure that a supportive physical environment and human support structure is provided to the extent possible.

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.

Basic Rationale on Information Disclosure

Yaskawa Electric follows the 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." Based on this policy, we engage in prompt, appropriate, and fair information disclosure, strive to heighten management transparency, and build trust with our shareholders, the media, suppliers, business partners, and other stakeholders through proactive public relations and investor relation efforts, as well as through our website.

Investor Relations in FY2013

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.

In fiscal 2013, we worked to exchange information with institutional investors within and outside Japan by holding a total of roughly 900 meetings with approximately 1,700 investors. We also hold briefings on financial results for institutional investors and securities analysts twice a year. And in order to provide a deeper understanding of Yaskawa, we provide opportunities to see our products and services up close through encouraging visits to our locations both within and outside Japan, plant tours, and booths in trade shows.

Financial Results Briefing

In order to exchange information with shareholders and investors that pose difficulties in communicating on a daily basis outside of Japan, we have visited their offices, participated in conferences organized by broker-dealers in Asia, the U.S., and Europe, and also actively responded to requests for interviews mainly by teleconference in Japan.

We also strengthen responses to shareholders and investors including personal investors by continuously upgrading information disclosed on the website for shareholders and investors.

Adoption of a Socially Responsible Investment (SRI) Index

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, 2012, and also the "JPX-Nikkei Index 400" selected for capital efficiency, such as ROE, as of August 30, 2013.

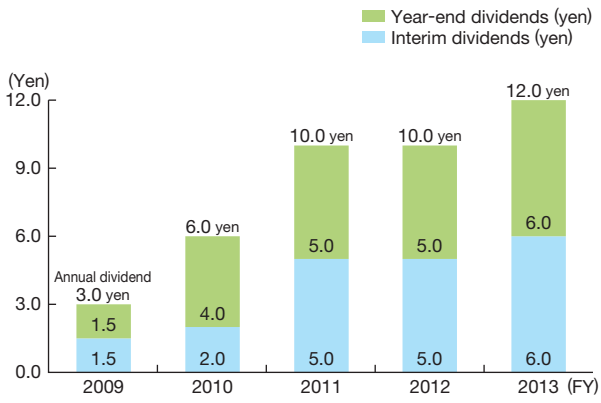
Returns to Shareholders

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 2014, totaling an interim dividend of 6 yen per share and a year-end dividend of 6 yen per share, the cash dividend was 12 yen per share, which was a dividend increase by 2 yen from 10 yen in the fiscal year ended March 2013.

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



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 FY2013, we welcomed more than 10,000 visitors.

Participating in the Wasshoi Hyakuman Natsumatsuri

A dance team of 170 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 Kitakyushu city, where it won a Hustle Award. Through active involvement of our employees in local events, we promote interaction with local communities and communication among employees.

Wasshoi Hyakuman Natsumatsuri

Volunteer Activities at "Kitakyushu Marathon 2014"

In February 2014, a full marathon was held for the first time in Kitakyushu city for the finale of the commemorative events of the 50th anniversary of its municipalization. Not only did we support the event as a main sponsor but our track team and many other employees ran in the marathon. Also, more than 160 employees and their families volunteered to contribute to local revitalization.

Water station volunteers at "Kitakyushu Marathon 2014"

Start location

Sponsoring Giravanz Kitakyushu

We have supported the Kitakyushu-based professional soccer team, Giravanz Kitakyushu, since 2009. We also contribute to the cultivation of young people by promoting sports in the local region. Our sponsor logo is displayed on the back of the team uniforms in FY2013 and everyone in the Yaskawa Group is rooting for them.

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.

Philanthropic Activities

We engage in a number of philanthropic activities including volunteer activities, events, and donating to a variety of organizations.

Yaskawa Mirai Club Initiatives

The Yaskawa Mirai (Future) Club was established on Yaskawa Electric's 90th anniversary in 2005 for the purpose of expressing our gratitude to all of our supporters including our customers, shareholders, and local residents, as well as further contributing to society.

Specific activities of the club, which is comprised of our employees who endorse the club's goals and voluntarily become a member, include their setting aside a portion of their salary to support groups involved in fields such as "medicine and welfare," "sound upbringing of youth," and "environmental protection and greening."

In the future we plan to expand the club's activities by gathering ideas from members on new activities and groups to support. While the amount contributed by each person may be modest, the accumulated contribution of many employees contributes greatly to the community. We will continue to recruit new members to help make a difference in the community.

Yaskawa Mirai Club agriculture experience activities

Yaskawa Mirai Club volunteers for flood recovery in Hoshinomura

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. 2013 marked RoboCon's 26th 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

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 engineers in mechatronics. In April 2014, we held the Yaskawa Cup Engineering Contest in order to choose a team from the University to participate in the International Design Contest (IDC) held in Rabat, Morocco in July 2014.

The winning team

We are promoting environmental management in order to pass on the bounty of the earth's blessings to the next generation.

Yaskawa Electric Environmental Management

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 warning, 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.

FY2020 Targets

Climate Change Prevention

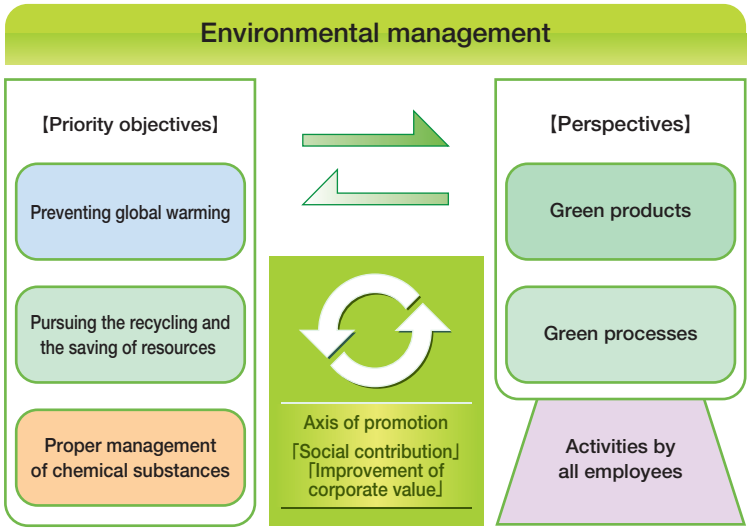
- Reduce CO_2 emissions through products and services
- Improve energy (and overall) efficiency
- Reduce specific energy consumption 10% (based on FY2012 results)
- Reduce peak power consumption 20% (based on FY2010 results)
- Adopt renewable energy and cut overall energy consumption rate at least 4%

Explore options for recycling and conserving resources

- Reduce use of scarce resources
- Achieve zero emissions
  Reduce final waste disposal rate to 0.5% or less
- Reduce paper volume 30% (compared with FY2011)

Proper management of chemical substances

- Practice global management to promote green procurement.
  Achieve 100% green procurement rate for all new procurements.



Voluntary Action Plan Targets and Achievements

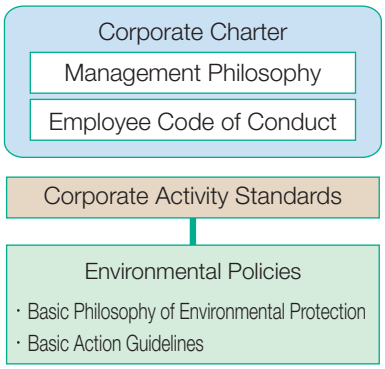
Category		Midterm Targets	FY2013 Targets	Results	Self Evaluation
Reduction of greenhouse gas emissions		4% reduction by FY2015 and 10% reduction by 2020 in emissions per basic unit of energy production output at production plants (from FY2012 level)	1% reduction in emissions per basic unit of energy production output from FY2012 level	Worked to reduce energy usage by replacing old facilities, and installing LED lights and photovoltaic power generation systems, etc.; achieved 4.3% reduction in emissions per basic unit of production output.	SA
Reduction of total waste (including revenue-generating waste)		Final disposal rate of waste materials: 0.8% or less (FY2015 target)	Final disposal rate of waste materials and valuables: 1% or less	Reduced the amount of final disposal by revising the intermediate and final disposal methods of waste materials; achieved the FY2015 midterm target ahead of schedule. Final disposal rate: 0.74% (company-wide)	SA
Hazardous chemical substances control	Reduction of volatile organic compounds (VOC)	Maintaining 30% reduction from FY2000 level	Detailed analysis of emissions Drawing up of reduction measures	30.2% reduction from FY2000 level Improvement by changing painting equipment	A
	Green products	Implementation of green procurement on a global basis, promotion of green products, and compliance with international standard (IEC62474)	Promotion of green procurement: Quick response to customer requirements, such as RoHS and REACH, and compliance with the laws of each country.	Completed handling of the latest controlled substances by system upgrades to JGPSSI Ver. 4.3.	A
	Disposal of PCB-containing equipment	· Material containing high concentrations of PCBs:Proper disposal by 2016 · Material containing trace amounts of PCBs:Implementation from disposable equipment as needed	Proper storage of material containing high concentrations of PCBs Commencement of disposal of material containing trace amounts of PCBs.	Material containing high concentrations of PCBs: Proper storage by removing stabilizers during use in accordance with in-house regulations [approximately 0.5 (t)] Material containing trace amounts of PCBs: Disposal of PCB-containing oil [approximately 7.7 (t)]	A
Environmental management	Environmental management system	· Improvement in environmental management capability (enhancement of ISO environmental management system integration function --- Midterm plan 2015)	· Passing ISO14001 inspections at applicable plants · Implementation of ISO14001 certification integration plan of five production plants in Japan (target: passing inspection of integration in May 2014)	· Passed all reassessments and periodic inspections at each plant in Japan; received only one finding. · We are reviewing our management system and regulations to prepare for integration of ISO14001 certifications, and conducting operational trials as planned.	A

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

Environmental Policies

Corporate Standards and Environmental Protection

Compliance System



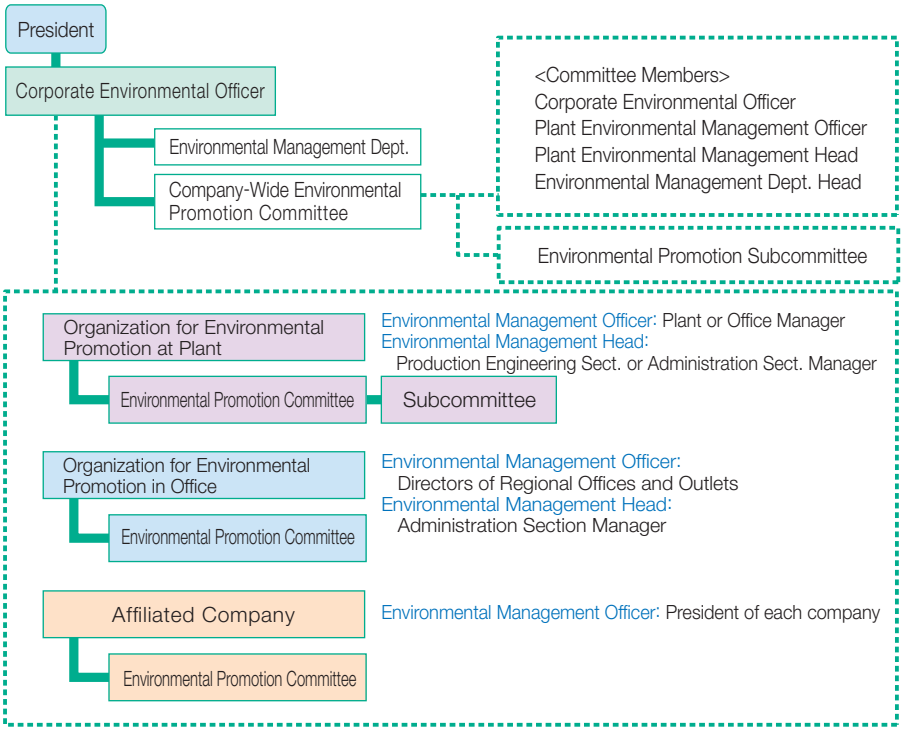
Basic Philosophy of Environmental Protection

Our management philosophy is that our company's mission is to contribute to the evolution of society and the welfare of humankind through our business activities.
The Yaskawa Group recognizes that the protection of the environment is one of the most important issues for all humankind. In every aspect of business, we must consider and act in ways to protect the environment, and in doing so, we will be in agreement with our own management philosophy and serving our duty to society.

Basic Action Guidelines

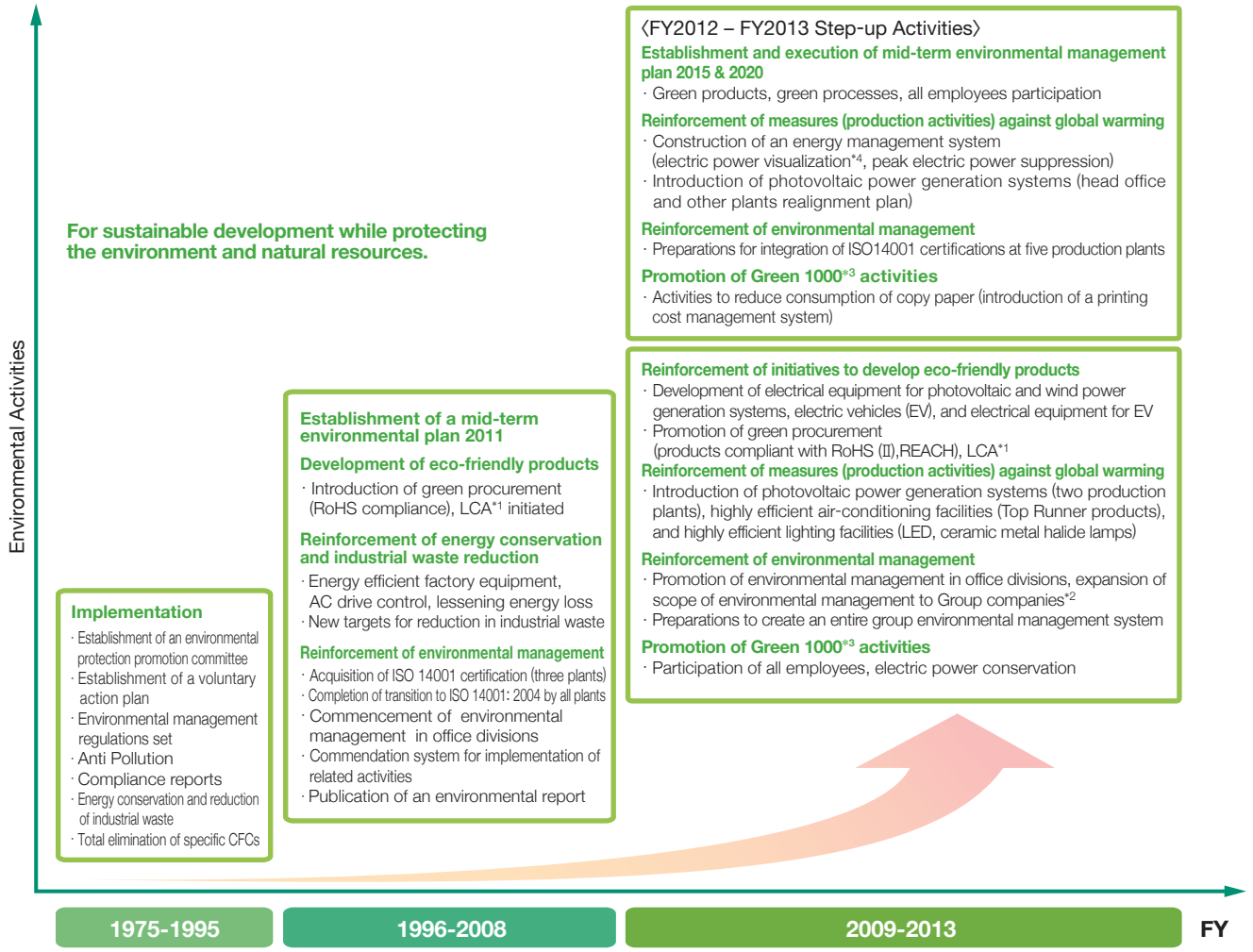
1. Seek to realize a sustainable society by positioning the problem of the global environment as one of our most important management issues and engaging in company-wide environmental protection activities.
2. Assess the environmental impact of our business activities and product development and strive to reduce the burden on the environment in each of the phases of the product's lifecycle from research and development to design, material procurement, manufacturing, distribution, use, and disposal.
3. Observe environmental laws and regulations and furthermore, set our own standards and strive to continuously raise the level of our environmental management.
4. Take on the challenge of innovation in environmental and energy technology and strive to develop and supply next-generation products and services that will resolve environmental issues.
5. Implement environmental education and awareness-raising activities, increasing the awareness of all employees regarding environmental protection while also taking steps toward harmonious coexistence with local communities by means of environmental protection programs.
6. Provide for thoroughgoing commitment by all employees to our environmental policies, and actively make our environmental policies and information accessible to the public at large.

Organization for Environmental Promotion



Yaskawa and affiliated companies have continued to promote the environmental programs in accordance with group-wide policies and implementation plans that have been deliberated and decided by the Company-Wide Environmental Promotion Committee.

Saving the Environmental



*1 LCA (Life Cycle Assessment): We are quantitatively ascertaining and evaluating the environmental impact of the entire life cycle of products, and pursuing efforts to reduce the environmental impact of products and services.
*2 Expansion of scope of environmental management to Group companies: We are implementing management of objectives using environmental data (energy, waste).
*3 Green 1000: Company-wide activities started in FY2009 in which all employees participate to build a workplace environment aimed at environmental friendliness and cost reduction.
*4 Electric power visualization: We are taking steps to further stimulate electric power conservation activities by shifting to AC drive control in facilities and equipment, introducing LED lighting, solar power generation and other systems, as well as by utilizing a system for demonstrating power consumption to proactively present, and make available for personal experience, the results of employees' company-wide energy conservation efforts.

ISO 14001 Activities

Receiving international standard ISO 14001 certification at all domestic plants by April 2001, we have been promoting initiatives on environmental issues as a global standardized company that is environmentally aware and can continuously improve environmental loads. For further expansion, we are carrying out activities that parallel ISO14001, which was obtained plant by plant until FY2013, with the aim of obtaining company-wide integrated certification in FY2014.

This will allow a strengthening of top management capabilities and improve the level of environmental management under the administration department of the head office. Since it also facilitates expansion of the scope of activities, which can spread to sales divisions and affiliated companies, we will work toward Yaskawa Group-Wide activities in a united effort.

• Plants with ISO 14001 Certification and the FY2013 Reassessment Results

Location (Certification number)	Date Certified/ Date Assessed	Registered Entities	Scope of Registered Activities Including Products, Processes, and Services
Iruma Plant (JQA-EM0202)	Aug. 14, 1998 Renewal reassessment August 2013	- Iruma plant - Yaskawa Manufacturing Corporation, Kanto Company - Yaskawa Logistec Corporation, Kanto Division, Saitama Office	Development, design, and manufacture of servomotors and electronic control equipment No suggestions
Yukuhashi Plant (JQA-EM0498)	Aug. 13, 1999 Annual reassessment July 2013	- Yukuhashi plant - Yaskawa Techno Plate Corporation - Yaskawa Controls Co., Ltd. - Yaskawa Manufacturing Corporation, Yukuhashi Office - Yaskawa Logistec Corporation, Yukuhashi plant - Yaskawa Siemens Automation & Drives Corporation, Yukuhashi plant - Yaskawa Electric Engineering Corporation, Yukuhashi Repair Factory, Yukuhashi Repair Shop - Okazumi Industry Corporation - Suematsu Kyuki Co., Ltd. - Nomiyama Electric Corporation	Design, development & manufacture of system products, control panels, AC drives, electrical-equipment housings, mechatronic equipment, lead switches, and water cleaners. Installation, test operation and incidental service (maintenance, repairs and upgrades) for electric devices. No suggestions
Yahata Plant (JQA-EM0924)	July 7, 2000 Annual reassessment June 2013	- Yahata plant - Yahata-higashi plant - Yaskawa Motor Corporation - Yaskawa Manufacturing Corporation, Seikou Company - Yaskawa Manufacturing Corporation, Yahata Company - Yaskawa Logistec Corporation, Robots Office - Yaskawa Logistec Corporation, Yahata Office	Design, development, and manufacture of medium and large motors, mechatronic equipment, industrial robots and robot control devices, as well as physical distribution services No suggestions
Kokura Plant (JQA-EM1469)	March 30, 2001 Renewal reassessment February 2013	- Kokura plant	Planning, research, and development of mechatronic systems. No suggestions
Nakama Plant (JQA-EM1532)	April 20, 2001 Renewal reassessment March 2013	- Nakama plant	Manufacture of semiconductor manufacturing equipment and cast parts and welding parts for motors and industrial robots. No suggestions

• Status of ISO 14001 Certification Acquisition by Affiliated Companies

Affiliated Companies that Have Acquired Certification	Certification Number (Date of Acquisition)	Scope of Registered Activities, Including Products, Processes, and Services
YE Data Inc. (Including YD Mechatro Solutions Inc.)	JQA-EM0778 (March 17, 2000)	· The design, development and sales of information multimedia products · The design, development and manufacturing of optomechatronics products · Data recovery services
Yaskawa Logistec Corporation (including Kyushu Logistics Center, Kanto Logistics Center)	JQA-EM2127 (February 8, 2002)	· The providing of logistics services (transportation, storage, domestic and export packaging and value added distribution) · The design and providing of packaging materials
Yaskawa Mechatrec Corporation	JQA-EM4536 (February 10, 2005)	Sales and service of electrical equipment and machinery
Yaskawa Information Systems Corporation	JQA-EM4922 (September 22, 2005)	The software development, the development, design, and sales of electronic control devices, and integrating server products The development and sales of software
YASKAWA AMERICA, INC. MOTOMAN ROBOTICS DIV. (America)	EAGLE-No. 3141 (August 18, 2006)	The design, manufacture, servicing and refurbishment of standard and custom robotic systems, the procurement of spare parts
SHANGHAI YASKAWA DRIVE CO., LTD. (China)	CQC-00111E20732R0 M/3100 (June 1, 2011)	Motors for air-conditioning, servomotors, IPM motors, AC drives, gas-blast load-break switch
Yaskawa Nordic AB (Sweden)	BureauVeritas-SE003495-1 (October 11, 2013)	The supply of industrial robots for automation of industrial and material conveying systems, machine modules, engineering services, robotized turnkey systems
Yaskawa Electric UK Limited (U.K.)	BSI-EMS608238 (February 24, 2014)	The design, development, and manufacturing of drives and servo controller products

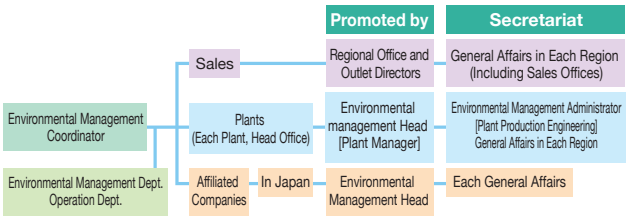
Consciousness-Raising Programs for Employees

"Green 1000" Environmental Activities by All Employees

Using the Green 1000 event started in 2009 - in which all employees participate - as a springboard, Yaskawa is redoubling its environmental management efforts. Our aim is to enhance each member's environmental awareness as well as to create a Green Office and Green Factory that both care for the environment and cut costs by setting energy conservation and resource-saving targets.

Moreover, Yaskawa has devised a system of environmental patrols for collectively verifying energy and resource conservation efforts being carried out on-site.

- **Initiatives Framework**



- **[Target] Reduce CO_2 emissions by 1 kg per person per day; no paper trash, no waste, but no backlog of work**

Utilization of Digital Signage*

We have introduced digital signage on the first floor of our Yahata-nishi Robot Plant No. 2 for awareness of environmental promotion activities.

Case of eco-friendly products introduced in the plant and real-time area-to-area electricity consumption are publicized to help improve website audience awareness of power-saving and energy conservation.

*Digital signage: equipment that can deliver information externally as it is connected to a network to offer guidance information people nearby and passerby.

Digital signage


Digital signage installation area

Compliance with Environmental Laws and Regulations

We provide confirmation and guidance based on our in-house regulations for thorough compliance with environmentally-relevant laws and regulations.

In FY2013, we found no violation of laws or regulations or penalties.

On-site Confirmation of Waste Disposal Companies

In FY2013, we started periodic on-site confirmation of waste disposal companies to strengthen compliance with regulatory requirements. Targeting waste collection and disposal companies under contract with our production plants, we performed document and site confirmations by using our common audit check sheet.

As a result, we found that none of our contractors violated laws or regulations.


On-site confirmation

Use of Electronic Manifest

In order to enhance efficiency of operations and compliance with laws and regulations, we promote the introduction of an electronic manifest, which is currently used at approximately 80% of our production plants. We will perform activities with the aim of using the electronic manifest at all of our production plants.

Contributing to the Environment through Products and Services

As part of our vision for the year 2015, when our company will celebrate the 100th anniversary since its foundation, we will leverage our core technologies to tackle such global challenges as declining birthrates and a rapidly aging population in developed counties as well as environmental energy problems. In the environmental energy business field, we will evolve our motor drive technology and energy conversion technology - our fields of expertise - to offer products and services that can contribute to both energy conservation and energy creation.

Introduction of Application Example of DC Multilink

What is DC Multilink?

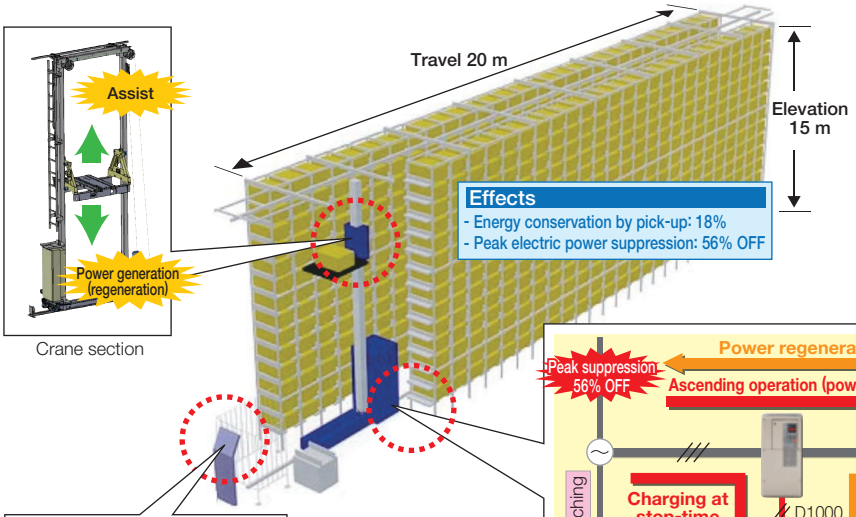
DC multilink is a system which connects existing electrical machinery with direct current (DC) having less conversion loss. The regenerative energy of a motor or natural energy generated by solar power or wind power is directly charged in a capacitor, and the charged power is used for emergency power supply, or peak shift, peak cut, or peak electric power assist as it is direct current (DC) with the expectation of an increased power-saving effect.

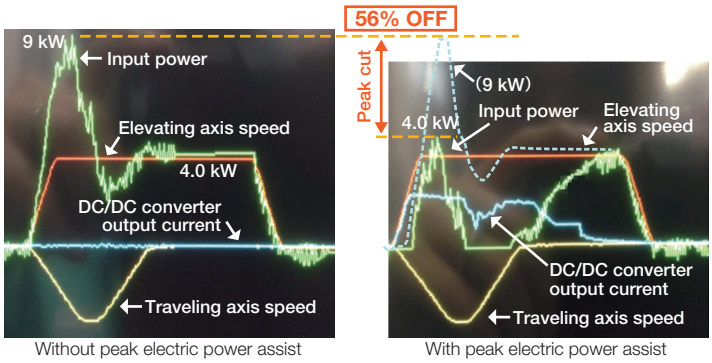
Automated Warehouse Generating Electricity

We applied the DC multilink to the automated warehouse (stacker crane) in operation at our at Robot Plant No.2, and verified the regenerative power control technology*. When rotating by itself, a motor consumes electric power, but when the motor is rotated, electric power is generated, which is called regenerative electric power.

In this case, the regenerative power produced by rotating the motor when the crane descends is charged, and it is discharged when the crane ascends to assist the starting power.

The manner of adding conventionally discarded regenerative energy to "energy conservation by pick-up" and performing "peak electric power suppression" at start-time is visualized on a real-time monitor to provide opportunities to consider the use of regenerative energy for our customers' facilities.





Comparison between with and without peak electric power assist

For verification, evaluations are still going on at present with functions included to safely use equipment, such as the stop charge mode for reliable peak electric power assist and automatic avoidance mode to continue operations even when the charge capacitor is abnormal.

* We conduct verification by using <Kitakyushu environmental future technology development grants>.

FSDrive-MV1000 recognized for “Excellence in Energy Efficient Equipment”

Our super energy-saving high-voltage drive FSDrive-MV1000 won the 34th (FY2013) Excellence in Energy Efficiency; the Japan Machinery Federation Chairman's Award.

Our award-winning product FSDrive-MV1000 realized an industry-leading energy-saving effect (efficiency : approximately 97%, power factor : approximately 95%) by combining a three-level cell of low-voltage drive technology and our own smart harmonics technology in series multiplex type high-voltage drive. It also realized the world's smallest drive installation area and substantial shortening of maintenance time (50% reduction compared with conventional product).

FSDrive-MV1000

優秀省エネルギー機器

Awards ceremony

The world's highest level of FSDrive-MV1000 performance

❶efficiency 97% ❷power factor 95% ❸smallest dimension (60% reduction compared with the conventional product)
❹shortening of maintenance time (50% reduction compared with the conventional product)

Since this product is capable of responding to a wide range of power supply voltages (2.4 kV - 11 kV) and international standards, we offer an excellent record of adoption in energy-saving equipment across diverse applications, including fans, pumps, and testing machines, not only in Japan but also in various countries around the world.

As a result, this product received an award in recognition of its highly evaluated expectations for contributions to further energy conservation.

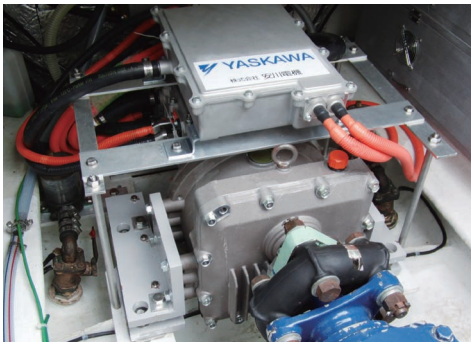
Introduction of Application Example of EV Motor

Rapid Charging Battery-powered Boat “RAICHO”

Our EV technology has been adopted for the rapid charging battery-powered boat “RAICHO” built by Tokyo University of Marine Science and Technology.

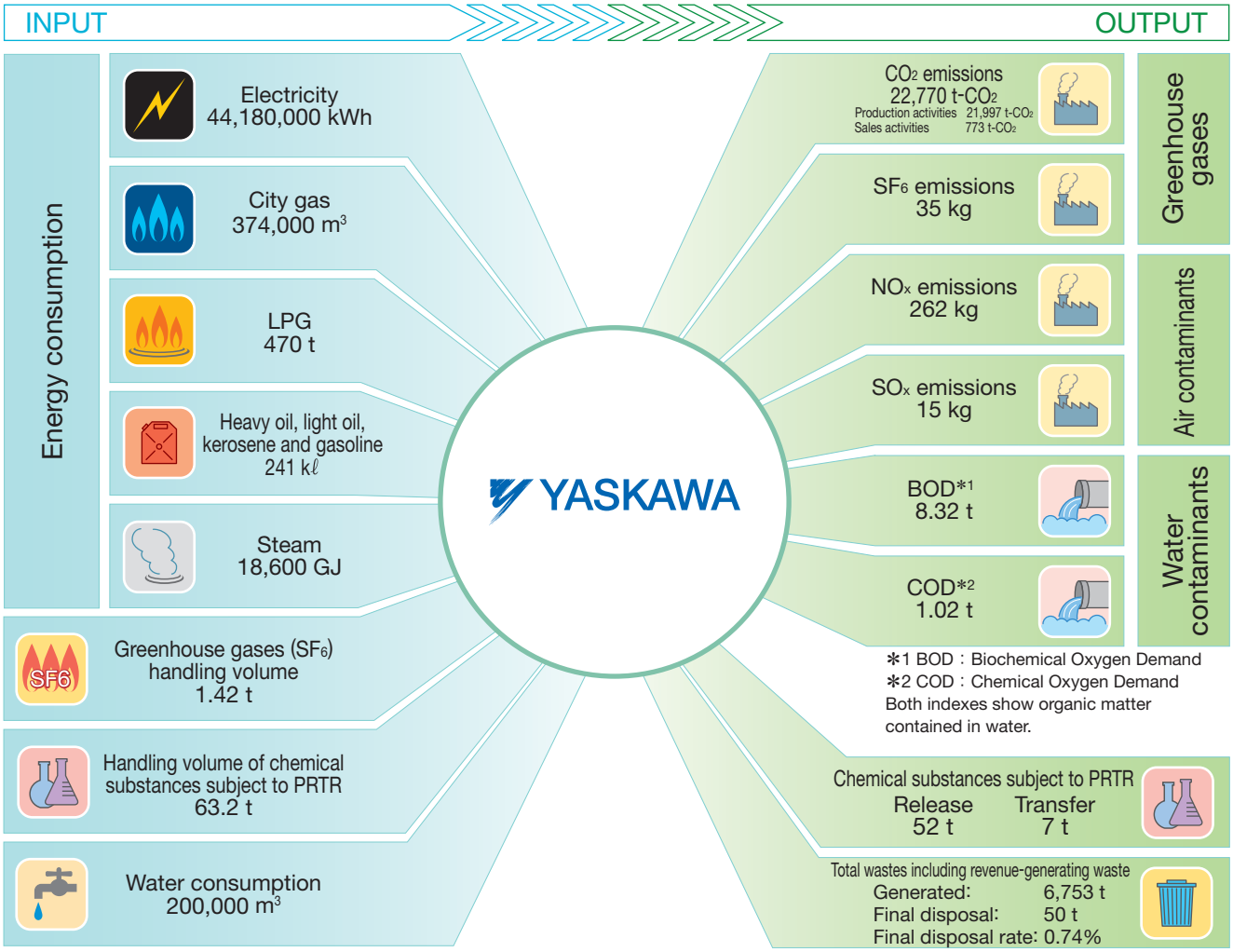
This battery-powered boat realizes “low noise and low vibration,” “no exhaust or CO_2 emissions while cruising,” “high output and short charging time,” etc., with use of a lithium-ion battery and propulsion motor.

Rapid charging battery-powered boat “RAICHO”



Our EV drive system

Environmental Impact Data Summary (FY2013)

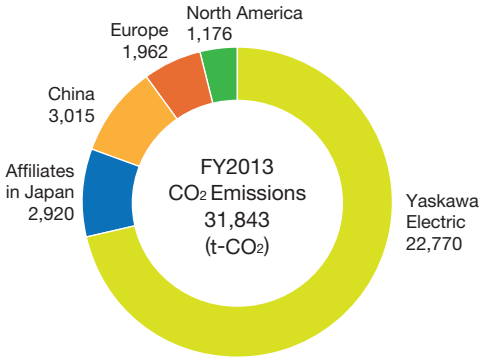


As a result of using energy such as electricity and gas, components, and resources such as materials and water for manufacturing, sales and engineering of electrical products and systems, and other related businesses, our group emits CO_2 and waste materials. The above figure presents the status of environmental loads of our production and sales activities.

We also manage the amount of energy used, CO_2 emissions, waste materials, and valuables from business activities of our domestic and international group companies. The management targets at companies that use a large amount of energy (accounting for approximately 90% of the energy used by the entire group).

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

The graph below shows FY2013 Yaskawa Group's energy-derived CO_2 emissions.



Preventing Global Warming

Initiatives to Save Energy

Most of the CO_2 emissions from Yaskawa Electric are energy-derived. The largest source of CO_2 emissions in FY2013 was electric power-accounting for 78% of total emissions, and we furthered efforts to reduce the amount of electric power used and to increase the efficiency of our facilities.

Total CO_2 emissions from production activities amounted to 21,997 t-CO_2-a 610 t-CO_2 increase compared to the previous year, while the result per basic unit of production output was 13.7 t-CO_2/100 million yen,-a 4.8% reduction compared to the previous year. The amount of energy used was 12,817 kℓ -a 423 kℓ increase compared to the previous year, while the result per basic unit of production output was 8.0 kℓ /100 million yen-a 4.3% reduction compared to the previous year, achieving the FY2013 target of 1% reduction (compared to FY2012).

As means to save energy, we pushed forward with replacing old, inefficient air conditioning units and installing LED lights. In addition, at the Yahata-nishi Plant, we installed photovoltaic power generation systems on roofs of a newly built factory and welfare building.

Initiatives to Save Electric Power

Since FY2011, we have been making efforts to save electric power on a company-wide basis in order to contribute to improving demand for electric power in summer and winter.

In FY2013, we proceeded with a reduction in usage of electric power by changing air-conditioning units consuming large electric power to units of gas heat pump type.

Also, we used an energy management system that had been installed at production bases as a power-saving tool. When electric power usage reached an alarm range, it was indicated by e-mail and on-site broadcasting and the persons in charge took power-saving actions. As a result, we reduced the maximum use of electric power by 19.3% in summer and 16.0% in winter compared to FY2010.

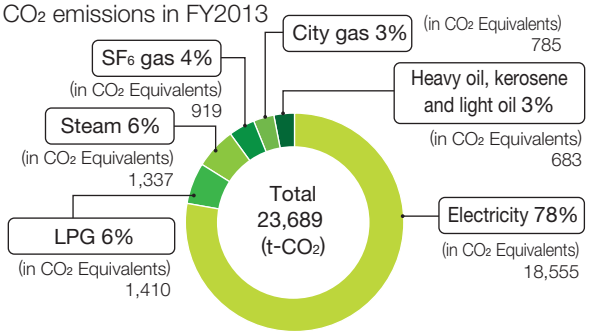
Initiatives to Reduce CO_2 Emissions in Logistics

For the management of CO_2 emissions per basic unit in logistics activities that was initiated in FY2010, we have been making efforts to achieve the target of 4% reduction in CO_2 emissions per basic unit in FY2013 compared to FY2010. The result of FY2013 was a 4.3% reduction, which achieved the target.

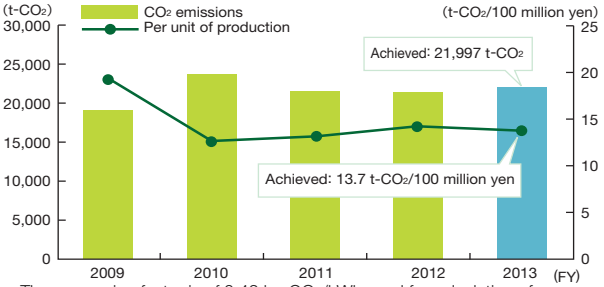
For FY2014, we will move forward with improvements, targeting a 1% reduction in CO_2 emissions per basic unit compared to FY2013.

While CO_2 emissions from logistics activities account for 50% and 45% of emissions for transportation and packing, we are making such efforts so as to improve the loading ratio in transportation, and reduce empty trucks and packing materials.

• CO_2 emissions in FY2013

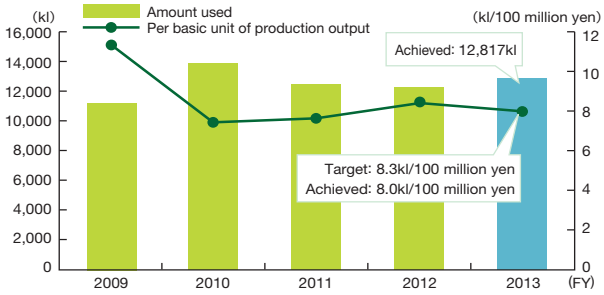


• Total CO_2 emissions and CO_2 per unit of production

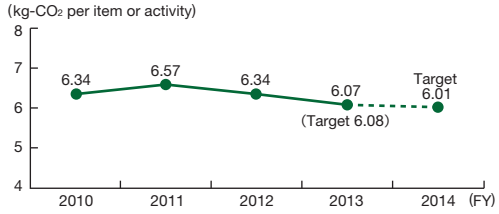


∗ The conversion factor is of 0.42 kg-CO_2/kWh used for calculation of CO_2 emissions from electric power.

• Transition in the amount of energy used in production activities and the amount of energy per basic unit of production output



• CO_2 emissions volume per basic unit in logistics activities (per item/activity unit)



Cases of In-House Performance

Improvement in air-conditioning efficiency

At the Iruma Plant and Yahata-nishi Plant, we changed the central air-conditioning units to units of a gas heat pump type, aiming at energy conservation and power-saving effect by heat source exchange.

Improvement in lighting efficiency

We changed the 2890 fluorescent lights in offices and production lines to LED lights.

LED lights installed in offices and production lines

Use of renewable energy

We installed photovoltaic power generation systems of 174 kW and 162 kW in power-generating capacity on roofs of the second robot factory and welfare building newly built at the Yahata-nishi Plant.

Photovoltaic power generation system and our power conditioner PV-1000

Reduction in Resources Used

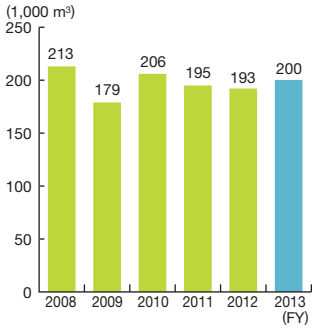
Initiatives for Water and Paper Resources Conservation

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

Compared to the previous year, water usage increased 3%, and paper usage was on the same level. When observed from the basic unit of production output, 5% and 7% improvements were made in water and paper.

In the future, we will enhance reduction activities by using an internally-constructed system that visualizes the amount used for printing, etc.

• Amount of water used



• Amount of paper used

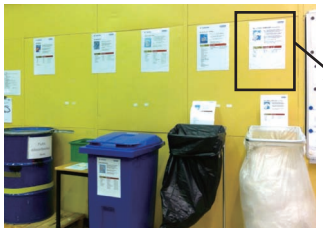
Measures to Reduce Waste Materials Overseas

YASKAWA Nordic AB in Sweden sorts waste generation in 25 categories. For cardboard and soft plastic compactors are used for recycle efficiency.

The categories and rules are posted on both sorting boxes and place for sorting box . The information are including not only things that are supposed to be sorted in category, but also example of things that belongs in other sorting categories. Correct category is included as example if it is easy for people to misunderstand which recycling category is the correct one.

The information also includes how people should handle the waste at YNR and what happens with the waste when it is taken careof by waste partner.

We believe that such information educates employees, and encourage about separation awareness for recycling.



Posted rules for sorting

Plastic compactor

Compressed plastics carried into a recycling company

Reduction in Paint

In the solvent painting line at the Yukuhashi Plant, we reduced paint usage by 70% by changing spray gun type painting machines to electrostatic gun type painting machines which are high in coating efficiency.

As a result, we realized a reduction in VOC and paint sludge contained in paint. We will continue to cut down on the use of resources.

Painting

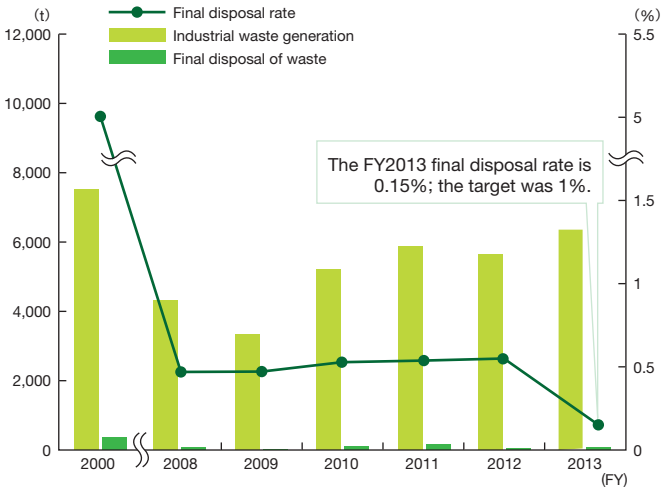
Reduction of Industrial Waste

We are striving to expand efficient use of resources by reducing industrial waste materials and enforcing waste sorting.

The final disposal rate for FY2013 came to 0.15% - maintaining a target of 1%. This was because of changes in the final disposal methods, such as recycling burned residue to base course material, etc.

For FY2014, we will further work on recycling of waste materials through promotion of treatment of industrial waste materials as valuables and changing waste disposal methods.

• Industrial waste generation and final disposal of waste

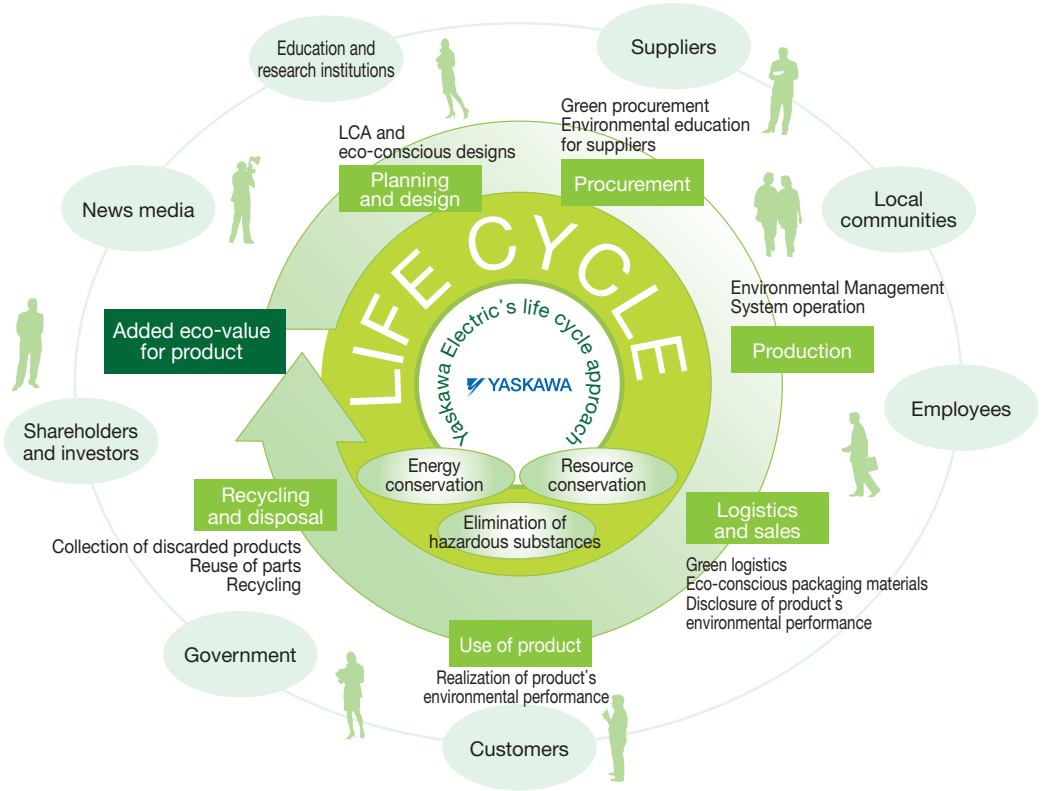


Consideration for the Environment in Our Products

Taking Measures in Product Development

We are accelerating efforts to reduce 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 every stage of the product lifecycle—from materials procurement, manufacturing, and sales, to actual use and recycle or disposal.

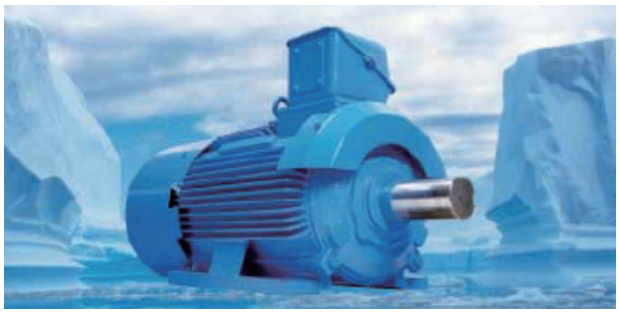
In product development, Yaskawa Electric has formulated product assessment regulations and set up a system to verify that eco-conscious design is being used and to prevent the release of products that do not achieve a certain level. By introducing life cycle assessment (LCA) practices, we have also enabled 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.



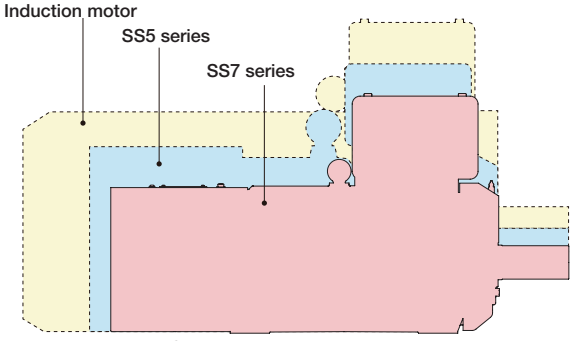
Eco-Conscious Technology

Conventionally, IPM motors* would contribute to enhancement of performance and miniaturization of machinery by making use of the advantages of their energy saving and space saving characteristics. We developed and started the sale of the SS7 series of IPM motors with advantageous characteristics further strengthened. With an ultrahigh efficiency close to super premium efficiency, we realized up to a 30% reduction in volume and up to a 35% reduction in mass compared with the conventional SS5 series, greatly contributing to a reduction in environmental load by saving electric power and material. In addition, these are rare-earth-element-saving motors as efforts have been made to reduce rare earth elements used for magnets.

* Interior Permanent Magnet Motor



SS7 series of eco PM motor



Comparison of outer shape

Environmental Performance Data

Environmental Accounting

With a view to promote environmental management, we are working on "environmental accounting" to sum up and analyze our own environmental conservation investments and reflect return on investment in decision-making for management.

With FY2013 environmental conservation investments, we expanded the setup of the electric power visualization system, installed photovoltaic power generation facilities, regenerative power control for automated warehouse, LED lights, and Top-Runner-spec air conditioning units, and laid anti-heat paint on roofs of factory buildings, etc. In addition, research and development of electric drive systems for electric vehicles, photovoltaic and wind power generation systems, etc., cost approximately 1,200 million yen (increased approximately 200 million yen compared to the previous year). The total (investments + costs) was approximately 1,750 million yen.

As the effects of environmental conservation, environmental load was reduced by 1,927 t-CO_2 (approximately 9% of the total emissions of the previous year) by use of energy-saving, energy-creating, and power-saving system facilities and through promotion activities, and contract electricity was reduced by 1,104 kW by peak electric power suppression.

We also realized economic effects of 94,730,000 yen in energy costs and 107,880,000 yen in waste disposal by charging it.

Environmental conservation costs

〔10,000 yen〕

Item		FY2012		FY2013	
		Investment	Cost	Investment	Cost
Costs in business area	Antipollution cost	0	496	0	442
	Global environmental conservation cost	8,486	12,486	27,848	18,063
	Resource circulation cost	0	8,659	0	8,854
	(Subtotal)	8,486	21,641	27,848	27,359
Upstream / downstream cost		0	0	0	0
Management activities cost		0	2,707	0	2,064
Research and development cost		0	101,507	0	117,865
Social activities cost		0	19	0	24
Environmental damage restoration cost		0	0	0	0
(Total)		8,486	125,874	27,848	147,312

Effects of environmental conservation

Classification of effects of environmental conservation	Environmental performance indicator [Unit]	FY2012	FY2013
Effects of conservation regarding environmental load and waste materials from business activities	Amount of CO_2 emissions reduced in business places [t-CO_2]	1,095	1,927

Economic effects

〔10,000 yen〕

Item		FY2012	FY2013
Intra-corporate economic effects	Energy cost	4,892	9,473
	Waste disposal cost	5,650	10,788

＊Environmental conservation costs, effects of environmental conservation, and economic effects of our six production plants in Japan are summed up based on the Ministry of the Environment's "Environmental Accounting Guidelines 2005."

List of Environmental Data

We are working toward self-action objectives on a daily basis in order to inspire commitment toward environmental load reduction. The environmental data (results) from FY2008 to FY2013 is listed below.

Input item			Unit	FY2008	FY2009	FY2010	FY2011*	FY2012*	FY2013*
Input energy	Production and sales	Electricity	10,000kWh	4,735	3,819	4,660	4,276	4,246	4,418
		City gas amount	10,000m^3	37	24	38	26	31	37
		Liquefied petroleum gas	t	489	372	467	509	482	470
		Heavy oil, light oil, kerosene, gasoline	kl	99	68	94	309	210	241
		Steam and heat	TJ	21.7	17.0	23.3	17.8	22.4	18.6
	Logistics		TJ	71.0	31.8	48.7	51.0	50.2	47.9
Amount of greenhouse gas (SF_6) handled			t	2.27	2.01	2.23	2.28	1.86	1.42
Amount of chemicals handled subject to the PRTR law			t	57.3	49.1	54.1	63.5	52.2	63.2
Amount of water used	Production and sales		1,000m^3	206	175	203	195	193	200
Paper resources	Production and sales		t	170	117	139	137	123	124

Output item			Unit	FY2008	FY2009	FY2010	FY2011*	FY2012*	FY2013*
Greenhouse gas	CO_2 emissions	Production and sales	t-CO_2	23,954	19,053	23,688	22,086	22,138	22,770
		Logistics	t-CO_2	4,871	2,184	3,338	3,497	3,445	3,283
	SF_6 emissions		kg	56	52	58	59	45	35
Air pollutants	NOx		kg	425	491	698	309	372	262
	SOx		kg	80	6	42	22	49	15
Water pollutants	BOD		t	5.50	5.11	7.17	7.12	5.21	8.32
	COD		t	1.06	0.83	1.26	1.36	1.03	1.02
PRTR	Release		t	37.8	17.5	30.0	50.3	38.4	52.2
	Transfer		t	6.8	13.7	3.5	8.3	7.6	7.2
Industrial waste and valuables	Amount of generation		t	4,327	3,343	5,198	5,870	5,642	6,367
	Amount of final disposal		t	21	16	28	35	31	9
	Final disposal rate		%	0.49	0.48	0.54	0.59	0.55	0.15
Waste and valuables	Production and sales	Amount of generation	t	5,777	4,171	5,911	6,440	6,246	6,753
		Amount of final disposal	t	78	53	71	75	72	50
		Final disposal rate	%	1.35	1.27	1.21	1.16	1.15	0.74

*Including sales bases from FY2011.

Financial Report

The financial statements were prepared on the basis of "Consolidated Results for the Fiscal Year Ended March 20, 2014 (unaudited)" announced on April 21, 2014, 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, 2013 and 2014

(Millions of yen)

	2013	2014
Assets		
Current assets		
Cash and deposits	19,493	**23,104**
Trade notes and accounts receivable	99,729	**108,706**
Merchandise and finished goods	39,208	**48,251**
Goods in process	9,530	**11,637**
Raw materials and supplies	15,586	**18,476**
Deferred tax assets	7,757	**8,671**
Other	18,504	**19,848**
Allowance for doubtful accounts	(1,306)	**(1,626)**
Total current assets	208,505	**237,068**
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	17,193	**22,467**
Machinery and transportation equipment, net	8,841	**10,891**
Land	8,172	**7,848**
Other, net	6,659	**9,378**
Total property, plant and equipment	40,866	**50,586**
Intangible assets		
Software	4,788	**6,218**
Other	8,818	**8,824**
Total intangible assets	13,607	**15,043**
Investments and other assets		
Investments	20,343	**24,259**
Long-term loans	167	**178**
Deferred tax assets	10,914	**8,104**
Other	8,485	**5,578**
Allowance for doubtful accounts	(372)	**(313)**
Total investments and other assets	39,539	**37,807**
Total fixed assets	94,013	**103,437**
Total assets	302,518	**340,506**

(Millions of yen)

	2013	2014
Liabilities		
Current liabilities		
Trade notes and accounts payable	58,718	**67,999**
Short-term loans	24,262	**24,395**
Accrued expenses	20,009	**23,223**
Income taxes payable	1,660	**2,535**
Accrued directors' bonus	47	**39**
Other	15,766	**16,280**
Total current liabilities	120,464	**134,474**
Long-term liabilities		
Convertible bonds	15,000	**15,000**
Long-term debt	14,899	**15,357**
Provision for employees' retirement benefits	25,741	**26,234**
Provision for directors' retirement benefits	227	**232**
Other	8,719	**9,335**
Total long-term liabilities	64,588	**66,160**
Total liabilities	185,052	**200,635**
Net assets		
Shareholders' equity		
Common stock	23,062	**23,062**
Additional paid-in capital	18,684	**18,689**
Retained earnings	67,599	**81,431**
Treasury stock, at cost	(449)	**(476)**
Total shareholders' equity	108,896	**122,706**
Accumulated other comprehensive income		
Net unrealized holding gain on securities	3,749	**5,286**
Foreign currency translation adjustments	(427)	**6,083**
Total accumulated other comprehensive income	3,322	**11,370**
Minority interests	5,247	**5,794**
Total net assets	117,465	**139,870**
Total liabilities and net assets	302,518	**340,506**

◎Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Yaskawa Electric Corporation and Consolidated Subsidiaries　Years ended March 20, 2013 and 2014

(Millions of yen)

Consolidated Statements of Income	2013	2014
Net sales	310,383	**363,570**
Cost of sales	228,274	**255,431**
Gross profit	82,108	**108,139**
Selling, general and administrative expenses	69,037	**82,436**
Operating income	13,070	**25,702**
Non-operating income		
Interest income	114	**181**
Dividends received	420	**375**
Equity in earnings of associated companies	975	**855**
Foreign exchange gains	–	**329**
Subsidy income	112	**611**
Miscellaneous income	450	**233**
Total non-operating income	2,073	**2,586**
Non-operating expenses		
Interest expenses	620	**789**
Foreign exchange losses	277	–
Miscellaneous expenses	193	**414**
Total non-operating expenses	1,091	**1,204**
Ordinary income	14,053	**27,084**
Extraordinary gains		
Gain on sales of fixed assets	113	**266**
Gain on sales of investment securities	51	–
Gain on sales of shares of affilicated companies	172	–
Gain on sales of investment in affilicated companies	–	**30**
Gain on step acquisitions	162	–
Gain on revision of retirement benefit scheme	67	–
Other	9	–
Total extraordinary gains	577	**296**
Extraordinary losses		
Loss on sales and disposal of fixed assets	218	**332**
Loss on devaluation of investment securities	219	**1**
Impairment loss	286	**374**
Reorganization costs	1,540	**840**
Other	239	**113**
Total extraordinary losses	2,505	**1,663**
Income before income taxes and minority interests	12,125	**25,717**
Provision for income taxes- current	4,812	**7,206**
Provision for income taxes- deferred	(110)	**894**
Total income taxes	4,702	**8,100**
Income before minority interests	7,423	**17,617**
Minority interests in income	622	**652**
Net income	6,800	**16,964**

(Millions of yen)

Consolidated Statements of Comprehensive Income	2013	2014
Income before minority interests	7,423	**17,617**
Other comprehensive income		
Net unrealized holding gain on securities	1,232	**1,519**
Foreign currency translation adjustment	6,741	**5,798**
Share of other comprehensive income of associates accounted for using equity method	141	**371**
Total other comprehensive income	8,115	**7,688**
Comprehensive income	15,539	**25,306**
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	14,682	**24,473**
Comprehensive income attributable to minority interests	856	**832**

◎Consolidated Statements of Changes in Net Assets

Yaskawa Electric Corporation and Consolidated Subsidiaries Years ended March 20, 2013 and 2014

(Millions of yen)

	2013	2014
Shareholders' equity		
Common stock		
Balance at the beginning of current period	23,062	**23,062**
Changes of items during the period		
Total changes of items during the period	–	**–**
Balance at the end of current period	23,062	**23,062**
Additional paid-in capital		
Balance at the beginning of current period	18,684	**18,684**
Changes of items during the period		
Disposition of treasury stock	–	**5**
Total changes of items during the period	–	**5**
Balance at the end of current period	18,684	**18,689**
Retained earnings		
Balance at the beginning of current period	63,363	**67,599**
Changes of items during the period		
Cash dividends	(2,519)	**(2,771)**
Net income	6,800	**16,964**
Change in scope of consolidation	(45)	**(361)**
Total changes of items during the period	4,236	**13,832**
Balance at the end of current period	67,599	**81,431**
Treasury stock		
Balance at the beginning of current period	(440)	**(449)**
Changes of items during the period		
Acquisition of treasury stock	(9)	**(35)**
Disposition of treasury stock	–	**8**
Total changes of items during the period	(9)	**(27)**
Balance at the end of current period	(449)	**(476)**
Total shareholders' equity		
Balance at the beginning of current period	104,669	**108,896**
Changes of items during the period		
Cash dividends	(2,519)	**(2,771)**
Net income	6,800	**16,964**
Acquisition of treasury stock	(9)	**(35)**
Disposition of treasury stock	–	**13**
Change in scope of consolidation	(45)	**(361)**
Total changes of items during the period	4,226	**13,810**
Balance at the end of current period	108,896	**122,706**

(Millions of yen)

	2013	2014
Accumulated other comprehensive income		
Net unrealized holding gain on securities		
Balance at the beginning of current period	2,547	**3,749**
Changes of items during the period		
Net changes of items other than shareholders' equity	1,202	**1,536**
Total changes of items during the period	1,202	**1,536**
Balance at the end of current period	3,749	**5,286**
Foreign currency translation adjustments		
Balance at the end of previous period	(7,107)	**(427)**
Changes of items during the period		
Net changes of items other than shareholders' equity	6,679	**6,511**
Total changes of items during the period	6,679	**6,511**
Balance at the end of current period	(427)	**6,083**
Total accumulated other comprehensive income		
Balance at the end of previous period	(4,559)	**3,322**
Changes of items during the period		
Net changes of items other than shareholders' equity	7,882	**8,047**
Total changes of items during the period	7,882	**8,047**
Balance at the end of current period	3,322	**11,370**
Minority interests		
Balance at the end of previous period	4,398	**5,247**
Changes of items during the period		
Net changes of items other than shareholders' equity	848	**547**
Total changes of items during the period	848	**547**
Balance at the end of current period	5,247	**5,794**
Total net assets		
Balance at the end of previous period	104,507	**117,465**
Changes of items during the period		
Cash dividends	(2,519)	**(2,771)**
Net income	6,800	**16,964**
Acquisition of treasury stock	(9)	**(35)**
Disposition of treasury stock	–	**13**
Change of scope of consolidation	(45)	**(361)**
Net changes of items other than shareholders' equity	8,730	**8,595**
Total changes of items during the period	12,957	**22,405**
Balance at the end of current period	117,465	**139,870**

◎Consolidated Statements of Cash Flows

Yaskawa Electric Corporation and Consolidated Subsidiaries　Years ended March 20, 2013 and 2014

(Millions of yen)

	2013	2014
Cash flows from operating activities		
Income before income taxes and minority interests	12,125	**25,717**
Depreciation and amortization	8,114	**9,214**
Gain on step acquisitions	(162)	**–**
Impairment loss	286	**374**
Increase (decrease) in allowance for doubtful accounts	(225)	**161**
Increase (decrease) in provision for employees' retirement benefits	(4,909)	**392**
Increase (decrease) in provision for directors' retirement benefits	(72)	**4**
Loss on sales and retirement of fixed assets	105	**66**
Gain on sales of investment securities	(51)	**–**
Gain on sales of shares of affiliated companies	(172)	**–**
Gain on sales of investment in affiliated companies	–	**(30)**
Loss on valuation of investment securities	219	**1**
Interest and dividend income	(535)	**(556)**
Interest expense	620	**789**
(Increase) decrease in trade receivables	171	**(1,945)**
(Increase) decrease in inventories	7,084	**(8,375)**
Increase (decrease) in trade payables	(1,128)	**3,430**
Increase in accrued expenses	1,176	**77**
(Increase) decrease in consumption tax receivable	634	**(516)**
Other	4,640	**1,259**
Subtotal	27,921	**30,067**
Interest and dividends received	983	**1,097**
Interest paid	(618)	**(780)**
Income taxes paid	(3,646)	**(6,411)**
Net cash provided by operating activities	24,640	**23,972**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(11,278)	**(15,898)**
Proceeds from sales of property, plant and equipment and intangible assets	167	**572**
Purchases of investment securities	(2,453)	**(1,432)**
Proceeds from sales of investment securities	139	**30**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,242)	**(100)**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	90	**–**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	158	**–**
Other	(641)	**(112)**
Net cash used in investing activities	(18,058)	**(16,942)**
Cash flows from financing activities		
Decrease in short-term debt	(12,146)	**(3,911)**
Proceeds from long-term debt	10,538	**5,886**
Repayments of long-term debt	(4,802)	**(4,794)**
Dividends paid	(2,519)	**(2,771)**
Dividends paid to minority shareholders	(86)	**(301)**
Other	(36)	**(92)**
Net cash used in financing activities	(9,053)	**(5,983)**
Effect of exchange rate changes on cash and cash equivalents	1,339	**1,315**
Net increase (decrease) in cash and cash equivalents	(1,131)	**2,361**
Cash and cash equivalents at beginning of year	20,206	**19,389**
Increase due to inclusion of subsidiaries in consolidation	36	**1,183**
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	277	**58**
Cash and cash equivalents at the end of period	19,389	**22,992**

Basis of Presentation of Consolidated Financial Statements

(1) Scope of consolidation and application of equity method

There are 70 consolidated subsidiaries and 19 companies accounted for using the equity method.

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

Consolidation

New: 6 companies　Eliminated: 3 companies

Equity method

New: 1 company　Eliminated: None

No further information is provided, except the information provided above, because there have been no significant changes since the most recent Securities Report (released on June 19, 2013).

◎Corporate Information

As of March 20, 2014

Corporate Name YASKAWA Electric Corporation

Founded July 16, 1915

Employees Consolidated 11,463
Non-consolidated 2,721

Head Office 2-1 Kurosakishiroishi, Yahatanishi-ku,
Kitakyushu 806-0004, Japan
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Kaigan, Minato-ku, Tokyo 105-6891, Japan
Phone +81-3-5402-4511
Fax. +81-3-5402-4580

Sales Offices

Nagoya Office	Phone +81-52-581-2761 Fax. +81-52-581-2274
Osaka Office	Phone +81-6-6346-4500 Fax. +81-6-6346-4555
Kyushu Office	Phone +81-92-714-5331 Fax. +81-92-714-5799

Plants Yahata-nishi Plant, Yahata-higashi Plant,
Yukuhashi Plant, Iruma Plant

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

Group Companies

Japan

YE DATA INC.
Information-related products and services (optomechatronics, Information security and information multimedia)

YASKAWA INFORMATION SYSTEMS CORPORATION
Information processing, software development, sales of system equipment

YASAKWA 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)
Manufacturing, sales, and after-sales service 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

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, controllers and robots

YASKAWA ELECTRIC INDIA PVT. LTD. (India)
Manufacturing and sales of AC drives.
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 CANADA, INC. (Canada)
Sales and after-sales service of AC drives, servo motors, controllers and robots

YASKAWA ELÉTRICO DO BRASIL LTDA. (Brazil)
Sales and after-sales service of AC drives, servo motors and controllers

MOTOMAN ROBOTICA DO BRASIL, LTDA. (Brazil)
Sales and after-sales service of robots

◎Stock Information

As of March 20, 2014

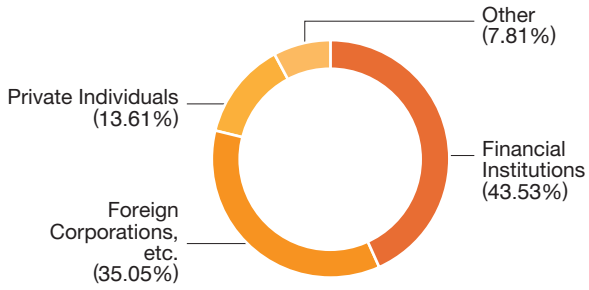
Number of authorized shares	560,000 thousand
Number of shares outstanding	252,331 thousand
Common stock	23,062 million yen
Number of shareholders	16,626
Stock code	6506 (Japan)

Major shareholders

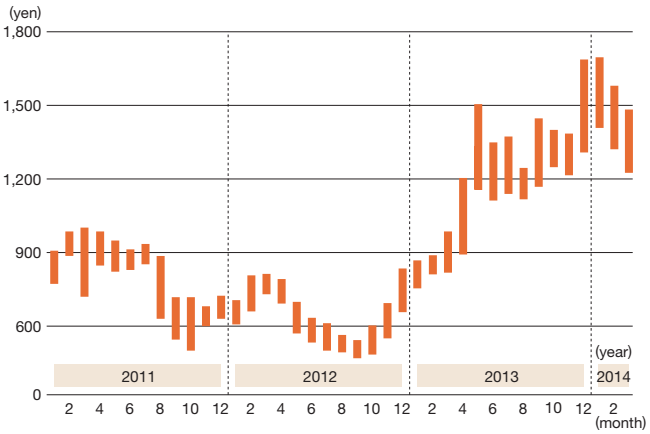
Major shareholders (top 10 shareholders)	Number of shares (1,000s)	Share-holding ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	14,401	5.72%
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,134	5.61%
Mizuho Bank, Ltd. (MHBK)	8,100	3.22%
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited (Employee Retirement Benefit Trust Account))	7,970	3.16%
Meiji Yasuda Life Insurance Company	7,774	3.09%
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Re-trust Account, The Bank of Fukuoka, Ltd. Employee Retirement Benefit Trust Account)	6,375	2.53%
SAJAP	5,070	2.01%
STATE STREET BANK AND TRUST COMPANY 505225	4,524	1.80%
STATE STREET BANK WEST CLIENT — TREATY	3,829	1.52%
Nippon Life Insurance Company	3,631	1.44%

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.

YASKAWA ELECTRIC CORPORATION

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