

Summary of Consolidated Business Results for the Nine Months Ended December 20, 2008

January 22, 2009

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

President: Koji Toshima

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

1. Summary of Results for the Third Quarter of Fiscal Year 2008 (March 21, 2008 to December 20, 2008)

(Note: This document was translated from the financial statement submitted to the Tokyo Stock Exchange for the period stated above. The figures under one million are rounded down.)

(1) Consolidated Statements of Income

	(Millions of yen, except per share data)				
	Nine months ended December 20, 2008	Change	Nine months ended December 20, 2007	Change	Year ended March 20, 2008
Net sales	272,379	(0.9%)	274,956	3.8%	382,327
Operating income	20,224	(19.3%)	25,048	10.6%	36,487
Ordinary income	19,488	(23.4%)	25,438	11.0%	35,212
Net income	9,807	(32.7%)	14,570	8.0%	20,242
Earnings per share (basic, Yen)	38.96		58.86		81.46
Earnings per share (diluted, Yen)	-		57.88		80.50

(2) Consolidated Financial Position

	(Millions of yen, except ratio and per share data)		
	As of December 20, 2008	As of December 20, 2007	As of March 20, 2008
Total assets	272,453	280,059	289,206
Net assets	106,270	103,003	106,454
Shareholders' equity ratio (%)	36.9	34.8	34.9
Net assets per share (Yen)	399.56	387.27	400.71

(3) Consolidated Statements of Cash Flows

	(Millions of yen)		
	Nine months ended December 20, 2008	Nine months ended December 20, 2007	Year ended March 20, 2008
Net cash provided by (used in) operating activities	8,841	12,807	17,688
Net cash provided by (used in) investing activities	(9,258)	(6,800)	(9,933)
Net cash provided by (used in) financing activities	(2,425)	(7,604)	(8,790)
Cash and cash equivalents at end of period	7,985	11,486	11,864

2. Dividend Distribution

		Year Ended March 20, 2008	Year Ending March 20, 2009	Year Ending March 20, 2009 (forecast)
Dividend per share (Yen)	Interim	5.00	6.50	-
	Year-end	5.00	-	6.50
	Annual total	10.00	-	13.00

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2009

(Millions of yen)		
	Year ending March 20, 2009	Change
Net sales	350,000	(8.5%)
Operating income	20,000	(45.2%)
Ordinary income	19,000	(46.0%)
Net income	9,000	(55.5%)
Earnings per share (Yen)	35.75	

4. Other

- (1) Changes in scope of consolidation: None
(2) Simplification of accounting methods: Yes
(3) Changes in accounting methods from the most recent fiscal year: None
(Note: Please refer to "4.Other" on page 6 for details.)

(Reference)

1. Summary of Non-Consolidated Results for the Third Quarter of Fiscal Year 2008 (March 21, 2008 to December 20, 2008)

(1) Non-Consolidated Statements of Income

(Millions of yen, except per share data)					
	Nine months ended December 20, 2008	Change	Nine months ended December 20, 2007	Change	Year ended March 20, 2008
Net sales	146,842	(6.0%)	156,297	2.1%	219,693
Operating income	4,839	(51.9%)	10,053	32.5%	15,576
Ordinary income	11,389	(25.6%)	15,301	16.2%	20,434
Net income	7,500	(27.8%)	10,394	10.1%	14,583
Earnings per share (basic, Yen)	29.76		41.94		58.61

(2) Non-Consolidated Financial Position

(Millions of yen, except ratio and per share data)			
	As of December 20, 2008	As of December 20, 2007	As of March 20, 2008
Total assets	175,508	187,551	195,334
Net assets	72,569	66,971	69,961
Shareholders' equity ratio (%)	41.4	35.7	35.8
Net assets per share (Yen)	288.00	265.77	277.64

2. Projected Non-Consolidated Results for the Fiscal Year Ending March 20, 2009

	(Millions of yen)	
	Year ending March 20, 2009	Change
Net sales	190,000	(13.5%)
Operating income	3,500	(77.5%)
Ordinary income	10,000	(51.1%)
Net income	7,000	(52.0%)
Earnings per share (Yen)	27.78	

About the Appropriate Use of Business Forecasts

1. The consolidated and non-consolidated projected results disclosed on October 15, 2008 are revised.
2. The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties.

Business Results and Financial Statements

1. Overview on Consolidated Business Performance

The economic conditions during the first half of the fiscal year 2008 were relatively positive. However, since the second half of the fiscal year started, the business environment surrounding the Yaskawa Group is rapidly becoming severe as the actual global economy is sharply affected by the financial crisis which started in the U.S.

In this economic environment, the Yaskawa Group has strengthened its sales operations for the strong markets and customers with competitive products released since last year.

The business results of the first nine months of the fiscal year 2008 were strongly affected negatively by the sharp appreciation of yen although the sales of industrial robots and those for the Asian market increased. As a result, net sales were 272,379 million yen (down by 0.9% from the corresponding period last year), operating income was 20,224 million yen (down by 19.3%), ordinary income was 19,488 million yen (down by 23.4%), and net income was 9,807 million yen (down by 32.7%).

The business results of each business segment are as follows.

Business segment	Nine Months Ended December 20, 2008	
	Net sales (change from the corresponding period previous fiscal year)	Operating income (change from the corresponding period previous fiscal year)
Motion Control	¥130,476 million (down by ¥1,911 million)	¥12,605 million (down by ¥3,530 million)
Robotics	¥90,760 million (up by ¥1,156 million)	¥5,243 million (down by ¥857 million)
System Engineering	¥29,804 million (down by ¥2,611 million)	¥1,417 million (down by ¥83 million)
Information Technologies	¥15,628 million (up by ¥369 million)	¥445 million (up by ¥583 million)
Other	¥5,709 million (up by ¥419 million)	¥513 million (down by ¥1,037 million)

■ Motion Control

As for AC servo drives and controllers, their sales for the electronic component market and FPD market were positive in the first quarter. However, the orders saw a sudden decrease since the beginning of the second half of the fiscal year because of the reduced capital expenditures of the industry. As for AC drives, although the business conditions were positive in the first half of the fiscal year, the orders were later affected negatively by the inventory adjustments in the industry. Sales were about the same level as the corresponding period last year, thanks to the contribution of high-level orders received in the first half of the fiscal year.

■ Robotics

Although the orders were affected negatively by the restrained and postponed capital expenditures in the automobile and FPD industry, the sales increased thanks to orders for the European market received in the first half of the fiscal year of welding and handling robots mainly for the automobile industry. The record-high orders of FPD robots received in the first half of the fiscal year contributed to sales recording in the second half. However, the business was greatly affected by prolonged restraint of capital expenditures in the semiconductor manufacturing equipment market.

■ System Engineering

Although the sales recording was in the trough in the first half of the fiscal year, the steel industry continued to be robust and the orders received were positive.

■ Information Technologies

Although the sales were about the same as the corresponding period last year, the business moved into the black due to improvements made in profitability.

2. Overview on Financial Condition

(1) Balance Sheet Highlights

Total assets decreased by ¥7,605 million to ¥272,453 million from the end of the third quarter of the previous fiscal year. This is because current assets decreased by ¥3,076 million due to decrease in trade notes and accounts receivable, and also because fixed assets decreased by ¥4,529 million due to depreciation of shares caused by decline in stock market prices.

Total liabilities decreased by ¥10,872 million to ¥166,183 million from the end of the third quarter of the previous fiscal year, as corporate bonds redeemable within a year decreased by ¥10,000 million.

Total net assets increased by ¥3,267 million to ¥106,270 million yen from the end of the third quarter of the previous fiscal year. This is because retained earnings increased by ¥12,581 million, while evaluation and translation adjustments decreased by ¥9,471 million because of depreciation of shares and changes in exchange rates.

(2) Cash Flows

The balance of cash and cash equivalents at the end of the third quarter decreased by ¥3,501 million from the end of the third quarter of the previous fiscal year to ¥7,985 million.

Net cash provided by operating activities was ¥8,841 million. Its rough breakdown is income before income taxes and minority interests of ¥18,108 million, depreciation and amortization of ¥5,879, and income taxes paid of ¥14,306 million.

Net cash used in investing activities was ¥9,258 million as a result of purchases of property, plant and equipment of ¥6,891 million and purchases of investment securities of ¥2,029 million.

Free cash flow, which is a sum of cash flows from operating and investing activities, resulted in an outflow of ¥416 million.

Net cash used in financing activities was ¥2,425 million as cash dividends of ¥2,897 million were paid.

3. Overview on projected consolidated results

The business environment surrounding the Yaskawa Group is rapidly becoming severe. The actual global economy is sharply affected by the financial crisis which started in the U.S., which have led to restrained capital expenditures at the customers' at a level beyond expectation and the sharp rise in the value of the yen.

Therefore, the financial forecast for the fiscal year 2008 is revised as follows.

Assumed exchange rates from December 21, 2008 to March 20, 2009 are 90 yen/dollar and 120 yen/euro.

	Fiscal Year 2008 (forecast)	Year-on-year Change
Net sales	¥350,000 million	Down by ¥32,327 million (8.5%)
Operating income	¥20,000 million	Down by ¥16,487 million (45.2%)
Ordinary income	¥19,000 million	Down by ¥16,212 million (46.0%)
Net income	¥9,000 million	Down by ¥11,242 million (55.5%)

4. Other

(1) Changes in scope of consolidation: N/A

(2) Simplification of accounting methods:

Some simplified methods are applied in depreciation of fixed assets and in valuation of inventory.

(3) Changes in accounting methods from the most recent fiscal year: N/A

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet (Summary)

	As of December 20, 2007		As of December 20, 2008		Change	As of March 20, 2008	
	(A)	% of Total	(B)	% of Total	(B) - (A)		% of Total
(Millions of Yen)							
Assets							
Current assets							
Cash and time deposits	11,635		8,149		(3,486)	12,004	
Trade notes and accounts receivable	95,916		93,076		(2,839)	110,473	
Inventories	65,269		69,886		4,616	57,902	
Other current assets	20,906		19,539		(1,367)	24,181	
Total current assets	193,728	69.2	190,652	70.0	(3,076)	204,561	70.7
Fixed assets							
Property, plant and equipment	41,447		40,563		(884)	41,079	
Intangible fixed assets	6,797		6,689		(108)	6,788	
Investments and other assets	38,085		34,549		(3,536)	36,776	
Total fixed assets	86,331	30.8	81,801	30.0	(4,529)	84,644	29.3
Total Assets	280,059	100.0	272,453	100.0	(7,605)	289,206	100.0
Liabilities							
Current liabilities							
Trade notes and accounts payable	70,670		69,126		(1,544)	74,370	
Short-term bank loans	20,338		26,095		5,756	26,256	
Corporate bonds redeemable within a year	10,000		-		(10,000)	-	
Other current liabilities	35,332		30,744		(4,588)	39,578	
Total current liabilities	136,342	48.7	125,966	46.2	(10,375)	140,205	48.5
Long-term liabilities							
Long-term debt	4,930		6,134		1,204	7,573	
Accrued retirement benefits for employees	34,213		32,625		(1,588)	33,607	
Other long-term liabilities	1,569		1,456		(113)	1,365	
Total long-term liabilities	40,713	14.5	40,216	14.8	(496)	42,546	14.7
Total liabilities	177,056	63.2	166,183	61.0	(10,872)	182,751	63.2
Net assets							
Shareholders' equity							
Common stock	23,062		23,062		-	23,062	
Additional paid-in capital	18,651		18,649		(2)	18,652	
Retained earnings	51,316		63,897		12,581	56,988	
Treasury stock, at cost	(352)		(355)		(2)	(359)	
Total shareholders' equity	92,677	33.1	105,253	38.6	12,575	98,343	34.0
Evaluation and translation adjustments							
Net unrealized holding gain on securities	2,884		(421)		(3,306)	1,607	
Deferred hedge income	(0)		(6)		(7)	(10)	
Foreign currency translation adjustments	1,918		(4,238)		(6,157)	921	
Total evaluation and translation adjustments	4,804	1.7	(4,667)	(1.7)	(9,471)	2,518	0.9
Minority interests	5,521	2.0	5,684	2.1	163	5,592	1.9
Total net assets	103,003	36.8	106,270	39.0	3,267	106,454	36.8
Total liabilities and net assets	280,059	100.0	272,453	100.0	(7,605)	289,206	100.0

(2) Consolidated Statements of Income (Summary)

	(Millions of yen)					
	Nine Months Ended December 20, 2007		Nine Months Ended December 20, 2008		Change	Change (%)
	(A)	% of Total	(B)	% of Total	(B) - (A)	(B) / (A)
Net sales	274,956	100.0	272,379	100.0	(2,576)	99.1
Cost of sales	195,075	70.9	196,705	72.2	1,630	100.8
Gross profit	79,880	29.1	75,674	27.8	(4,206)	94.7
Selling, general and administrative expenses	54,831	19.9	55,449	20.4	617	101.1
Operating income	25,048	9.1	20,224	7.4	(4,824)	80.7
Non-operating income						
Interest and dividends received	483		478		(5)	
Equity in earnings of affiliates	1,048		292		(755)	
Miscellaneous income	362		595		232	
Total non-operating income	1,894	0.7	1,366	0.5	(527)	72.1
Non-operating expenses						
Interest expense	882		752		(129)	
Foreign exchange loss	374		752		377	
Miscellaneous expenses	247		597		350	
Total non-operating expenses	1,504	0.5	2,103	0.7	598	139.8
Ordinary income	25,438	9.3	19,488	7.2	(5,950)	76.6
Extraordinary gains	122	0.0	67	0.0	(55)	54.9
Extraordinary losses	619	0.2	1,446	0.6	826	233.3
Income before income taxes and minority interests	24,941	9.1	18,108	6.6	(6,832)	72.6
Provision for income taxes- current	8,526	3.1	5,939	2.1	(2,586)	69.7
Provision for income taxes- deferred	1,578	0.6	2,101	0.8	523	133.2
Minority interests	266	0.1	260	0.1	(6)	97.7
Net income	14,570	5.3	9,807	3.6	(4,763)	67.3

(3) Consolidated Statements of Cash Flows (Summary)

	(Millions of yen)		
	Nine Months Ended December 20, 2007	Nine Months Ended December 20, 2008	Change
	(A)	(B)	(B) - (A)
Cash flows from operating activities			
Income before income taxes and minority interests	24,941	18,108	(6,832)
Depreciation and amortization	5,492	5,879	386
Impairment loss on fixed assets	301	-	(301)
(Increase) decrease in trade receivables	(1,045)	14,567	15,612
(Increase) decrease in inventories	(7,342)	(15,821)	(8,479)
Increase (decrease) in trade payables	1,041	(709)	(1,750)
Income taxes paid	(10,048)	(14,306)	(4,258)
Other, net	(532)	1,124	1,657
Net cash provided by (used in) operating activities	<u>12,807</u>	<u>8,841</u>	<u>(3,965)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	(6,094)	(6,891)	(796)
Proceeds from sales of property, plant and equipment	168	34	(134)
Purchases of investment securities	(1,224)	(2,029)	(805)
Proceeds from sales of investment securities	50	8	(41)
Acquisition of securities of affiliates, which changed the scope of consolidation	165	-	(165)
Other, net	132	(381)	(513)
Net cash provided by (used in) investing activities	<u>(6,800)</u>	<u>(9,258)</u>	<u>(2,457)</u>
Cash flows from financing activities			
Increase (decrease) in short-term debt	(1,433)	3,689	5,123
Proceeds from long-term debt	335	661	326
Repayments of long-term debt	(4,309)	(3,711)	597
Dividends paid to shareholders of the Company	(1,990)	(2,897)	(907)
Dividends paid to minority shareholders	(180)	(151)	29
Other, net	(24)	(15)	9
Net cash provided by (used in) financing activities	<u>(7,604)</u>	<u>(2,425)</u>	<u>5,178</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(157)</u>	<u>(1,038)</u>	<u>(880)</u>
Net increase (decrease) in cash and cash equivalents	(1,755)	(3,880)	(2,124)
Cash and cash equivalents at beginning of year	13,214	11,864	(1,350)
Increase due to inclusion of subsidiaries in consolidation	<u>27</u>	<u>1</u>	<u>(25)</u>
Cash and cash equivalents at end of term	<u><u>11,486</u></u>	<u><u>7,985</u></u>	<u><u>(3,501)</u></u>

(4) Segment Information

Business Segments

	Nine months ended December 20, 2007						(Millions of yen)	
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	132,387	89,603	32,415	15,259	5,289	274,956	-	274,956
Intersegment sales and transfers	15,860	312	1,994	2,390	14,292	34,849	(34,849)	-
Total sales	148,248	89,915	34,409	17,649	19,582	309,805	(34,849)	274,956
Operating costs and expenses	132,112	83,815	32,908	17,787	18,030	284,654	(34,747)	249,907
Operating income (loss)	16,136	6,100	1,501	(138)	1,551	25,151	(102)	25,048

(Note) 1. Business segments are divided according to the classification adopted for internal management.

	Nine months ended December 20, 2008						(Millions of yen)	
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	130,476	90,760	29,804	15,628	5,709	272,379	-	272,379
Intersegment sales and transfers	13,045	460	1,545	2,361	5,565	22,978	(22,978)	-
Total sales	143,522	91,221	31,349	17,990	11,274	295,358	(22,978)	272,379
Operating costs and expenses	130,916	85,978	29,931	17,544	10,760	275,131	(22,977)	252,154
Operating income (loss)	12,605	5,243	1,417	445	513	20,226	(1)	20,224

(Note) 1. Business segments are divided according to the classification adopted for internal management.

2. The profits and expenses of logistics services accounted for by each segment, which previously were included in the "Other" segment, are distributed to each segment starting the first half of this fiscal year. This change is made in order to disclose segments' profit-loss information in a more appropriate form as we became prepared to measure logistics service costs of each segment. As a result of this change, operating costs and expenses decreased for Motion Control by 663 million yen, Robotics by 381 million yen, and System Engineering by 58 million yen. Operating income increased as much for each segment. Meanwhile, net sales, operating costs and expenses, and operating income of Other segment decreased by 9,190 million yen, 8,088 million yen, and 1,101 million yen respectively.

Geographical Areas

	Nine months ended December 20, 2007					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	168,803	35,216	41,250	29,686	274,956	-	274,956
Intersegment sales and transfers	45,097	127	329	7,609	53,163	(53,163)	-
Total sales	213,900	35,343	41,579	37,295	328,119	(53,163)	274,956
Operating costs and expenses	198,892	31,959	38,136	34,020	303,008	(53,101)	249,907
Operating income	15,008	3,383	3,443	3,274	25,110	(61)	25,048

(Note) 1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

The Americas - U.S.A., etc

Europe - Germany, Sweden, The United Kingdom, etc

Asia - The People's Republic of China, Singapore, Korea, etc

	Nine months ended December 20, 2008					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	160,077	33,758	43,547	34,996	272,379	-	272,379
Intersegment sales and transfers	44,063	248	341	5,879	50,532	(50,532)	-
Total sales	204,140	34,006	43,889	40,876	322,912	(50,532)	272,379
Operating costs and expenses	193,428	31,065	40,614	37,707	302,815	(50,661)	252,154
Operating income	10,712	2,940	3,275	3,168	20,096	128	20,224

(Note) 1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

The Americas - U.S.A., etc

Europe – Germany, Sweden, The United Kingdom, etc

Asia – The People’s Republic of China, Singapore, Korea, etc

Overseas Sales

	Nine months ended December 20, 2007				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	39,310	42,275	56,166	905	138,658
Consolidated sales	-	-	-	-	274,956
Percentage of overseas sales in consolidated sales	14%	15%	21%	0%	50%

(Note) 1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

The Americas - U.S.A., etc

Europe – Germany, Sweden, The United Kingdom, etc

Asia – The People’s Republic of China, Singapore, Korea, etc

Other – Australia, etc

3. Overseas sales are sales made by Yaskawa Electric and its subsidiaries to countries and regions excluding Japan.

	Nine months ended December 20, 2008				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	35,050	44,184	65,800	1,061	146,097
Consolidated sales	-	-	-	-	272,379
Percentage of overseas sales in consolidated sales	13%	16%	24%	1%	54%

(Note) 1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

The Americas - U.S.A., etc

Europe – Germany, Sweden, The United Kingdom, etc

Asia – The People’s Republic of China, Singapore, Korea, etc

Other – Australia, etc

3. Overseas sales are sales made by Yaskawa Electric and its subsidiaries to countries and regions excluding Japan.