YASKAWA Electric Corporation
(TSE 6506)

• First Half of FY2010 Financial Results Summary
  (Ended September 20, 2010)
• FY2010 Financial Forecasts Summary
  (Ending March 20, 2011)

Presented by Junji Tsuda, President

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. YASKAWA Electric Corporation undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.
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(Reference)
  - Capital expenditure, R&D investment, Forex rates
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## Sales Breakdown by Destination

### FY2010 First Half
Consolidated sales 139.4 billion yen

### Asia
**Major plants**
- Shanghai Yaskawa Drive Co., Ltd. (China)
- YASKAWA Electric (Shenyang) Co., Ltd. (China)
- Shougang Motoman Robot Co., Ltd. (China)
- MOTOMAN Motherson Robotics Ltd. (India)
- YASKAWA India Private Ltd. (India)

### Europe
**Major plants**
- YASKAWA Europe GmbH Robotics Div. (Germany)
- YASKAWA Electric UK Ltd. (U.K.)
- YASKAWA Nordic AB (Sweden)
- YASKAWA Ristro d.o.o. (Slovenia)

### The Americas
**Major plants**
- YASKAWA America, Inc. Drives & Motion Div. (U.S.)
- YASKAWA America, Inc. Motoman Robotics Div. (U.S.)
- YASKAWA Elétrico do Brasil Ltda. (Brazil)
- YASKAWA Motoman Canada, Ltd. (Canada)
- YASKAWA Motoman Mexico, S.A. de C.V. (Mexico)

Note: As of June 1st, 2010, Yaskawa Electric combined its subsidiaries in the Americas and Europe, and changed their names.
The Americas: YASKAWA Electric America, Inc. and MOTOMAN, Inc. were combined and changed its name to YASKAWA America, Inc.
Europe: YASKAWA Electric Europe GmbH and MOTOMAN Robotec GmbH were combined and changed its name to YASKAWA Europe GmbH

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Sales and profits increased significantly mainly in the (M) Motion Control and (R) Robotics segments with the robust Chinese and Asian markets and business recovery of the major customers in Japan.

(M) Robust in China and other Asian countries. The demand for AC drives in infrastructure and air conditioning for energy saving, and the demand for AC servo drives in the industries of semiconductor, FPD and chip mounters led sales growth.

(R) Robust in the automobile industry in China and other Asian countries. Sales recovery with businesses for non-automobile industries. Semiconductor and FPD industries were strong.

(S) Remained profitable even for the drop-off period in the steel industry

(IT) Loss decreased with cost reduction measures

### FY2010 First Half Financial Highlights

<table>
<thead>
<tr>
<th>FY2010 First Half</th>
<th>Change from FY2009 First Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>¥139.4 billion + 41.8%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥3.4 billion + ¥11.9 billion</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥3.4 billion + ¥11.6 billion</td>
</tr>
<tr>
<td>Net income</td>
<td>¥1.7 billion + ¥8.0 billion</td>
</tr>
</tbody>
</table>

Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies
## FY2010 First Half Results by Business Segment

### Exceeded the revised forecast with business recovery in (M) Motion Control

<table>
<thead>
<tr>
<th></th>
<th>FY2010 first half</th>
<th>Change from forecast</th>
<th>FY2009 first half</th>
<th>Change from FY2009 first half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>Revised forecast</td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(R) Robotics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technologies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(R) Robotics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technologies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unit: billion yen / %

Note: Revised forecast was disclosed on July 15, 2010
Steady recovery from FY09/1Q

China and other Asian countries are the growth drivers. Steady recovery in Japan and the Americas.

Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies
(M) & (R) Quarterly Sales Trends by Region

Steady growth in China and other Asian countries
High-level recovery in Japan and the Americas

Robust in China and other Asian countries
Full-scale recovery in the Americas
Heading for recovery in Japan and Europe

Note: (M) = Motion Control (R) = Robotics
Breakdown of Changes in Operating Income (FY2009 First Half to FY2010 First Half)

- Profit increase due to sales increase: (8.3) billion yen
- Added value: 3.4 billion yen
- Increase in expenses: +11.9 billion yen
- Unrealized profit and loss: 3.4 billion yen

(Unit: billion yen)
Forecast on FY2010 Second Half Business Environment

High growth in China and other Asian countries as well as the demand growth related to new energy continue. Automobile industry is on track for recovery, while the semiconductor and FPD related markets are in the adjustment phase.

Note: Trend from FY2010 first half to FY2010 second half

<table>
<thead>
<tr>
<th>Market environment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductor</td>
<td>Capital expenditure slows down. Mobile phone business is steady.</td>
</tr>
<tr>
<td>FPD</td>
<td>Steady capital expenditures in China and other Asian countries. Signs of cautiousness. Growth in capital expenditures for organic EL.</td>
</tr>
<tr>
<td>Automobile</td>
<td>Robust in China and South Korea. Capital expenditures in Japan, Europe, and the U.S. are on track for recovery.</td>
</tr>
<tr>
<td>Steel</td>
<td>Large investments are in a trough. Environment-related investments will continue.</td>
</tr>
<tr>
<td>New energy</td>
<td>The demand for energy conservation and new energy continues to grow.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regional trends</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Americas</td>
<td>Capital expenditures continue to recover.</td>
</tr>
<tr>
<td>Europe</td>
<td>Gradual recovery overall with varying degrees in different industries.</td>
</tr>
<tr>
<td>China and other Asian countries</td>
<td>Growing with strong regional demand stimulated by progress in automation and robotization</td>
</tr>
</tbody>
</table>

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FY2000-FY2010 Consolidated Sales and Operating Income

Sharp recovery in sales of FY2010 (Recovery from FY2001 took three years.)

Profit structure improved significantly with qualitative improvement and cost reduction.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (billion yen)</th>
<th>Operating Income (billion yen)</th>
<th>Operating Income Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>266.0</td>
<td>12</td>
<td>4.5</td>
</tr>
<tr>
<td>2001</td>
<td>222.7</td>
<td>3.7</td>
<td>1.7</td>
</tr>
<tr>
<td>2002</td>
<td>226.1</td>
<td>6.3</td>
<td>2.8</td>
</tr>
<tr>
<td>2003</td>
<td>263.0</td>
<td>12.4</td>
<td>4.7</td>
</tr>
<tr>
<td>2004</td>
<td>309.6</td>
<td>17.5</td>
<td>5.7</td>
</tr>
<tr>
<td>2005</td>
<td>322.9</td>
<td>24.4</td>
<td>7.6</td>
</tr>
<tr>
<td>2006</td>
<td>368.9</td>
<td>33.5</td>
<td>9.1</td>
</tr>
<tr>
<td>2007</td>
<td>382.3</td>
<td>36.4</td>
<td>9.5</td>
</tr>
<tr>
<td>2008</td>
<td>350.2</td>
<td>20.8</td>
<td>5.9</td>
</tr>
<tr>
<td>2009</td>
<td>224.7</td>
<td>6.9</td>
<td>3.1</td>
</tr>
<tr>
<td>2010E</td>
<td>270.0</td>
<td>8.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Mid-term Business Plan
- Win21
- Win21 Plus
- DASH100
- Challenge100

Forecast
- Initial forecast
- Revised forecast

Challenge100
FY2010 Financial Forecast: Main Points - 1

The second-half and full-year forecasts are revised with the initiative to speed up our shift to China/Asia and for smooth manufacturing operation, while the management environment continues to be difficult with appreciation of the yen and the slow recovery of the Japanese market.

<table>
<thead>
<tr>
<th>FY2010</th>
<th>First half</th>
<th>Second half</th>
<th>Initial forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>¥295.0 b</td>
<td>¥139.4 b</td>
<td>¥155.5 b</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥12.5 b</td>
<td>¥3.4 b</td>
<td>¥9.0 b</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥12.5 b</td>
<td>¥3.4 b</td>
<td>¥9.0 b</td>
</tr>
<tr>
<td>Net income</td>
<td>¥6.5 b</td>
<td>¥1.7 b</td>
<td>¥4.8 b</td>
</tr>
</tbody>
</table>

(M) Sales and profits increase with the steady order volume and high-level backlog orders. Secure sales of AC drives mainly in China and other Asian countries.

Sales and profits grow for AC servo motors with overseas demand and shipment of backlog orders.

(R) Sales growth supported by the robust automobile industry outside Japan, recovering orders in Japan, and high-level orders from the FPD and semiconductor industries. Focus on profitability.

(S) Secure planned volume of sales and profits while the sales to the steel industry decline.

(IT) Turn profitable in the second half, but not enough to cover the first half loss

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Promotion of shifts to Asian markets, especially China

- Start of operation of AC servo motor plant in Shenyang (June, 2010)
  - Promoting sales to the machine tool industry and setting up production for the start of full-scale operation in 2011

- Expansion of production capacity at AC drive plant in Shanghai
  - Triple production capacity (from 300 thousand units/year at initial plan to 500 thousand units)

- Establish sales and business promotion division for robots in Shanghai
  - Strengthen and expand sales and after-sales services in China

- Upgrade measures to increase sales in China
  - AC servo motor: expand sales to machine tool, textile/spinning machine, semiconductor/electronics industries
  - AC drive: expand sales to fan/pump/blower and large-capacity markets, and strengthen local development

- Establishment of a local subsidiary to expand sales of motion control products in India (August 2010)
  - Setting up a plant and starting AC drive production (January 2011)
Countermeasures against appreciation of the yen

- Further expansion of local production
  - Promotion of local production including China where regional demands exist
  - Start up of new production sites in China and other Asian countries
- Cost reduction of procured goods from outside Japan
  - Discount imported goods, import goods procured locally in China, and promote out-out operation
- Improvement of gross margin (improve selling prices)
  - Promote switching to the core models, raise prices of old products, and improve selling prices
- Minimize operating costs and expenses
  - Minimize operating costs in Japan and allocate resources to businesses outside Japan

Business expansion in the new energy domain

- Increase orders for electrical products for large-scale wind power generation
  - Capture businesses for target customers and orders involving volume production
- Expand sales of photovoltaic power conditioner
  - Upgrade the sales network of agents, target SIers, and intensify approach to solar panel manufacturers in and outside Japan.
- Launch the business of EV motor drive system
  - Carry out development of prototype and evaluation tests for priority customers

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Breakdown of Changes in Operating Income (FY2010 First Half to FY2010 Second Half)

Profit increase due to sales increase 3.4
Effects of changes in forex rates
Added value
Increase in expenses
Unrealized profit and loss
FY2010 second half 9.0

+5.5

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## Capital expenditure (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>8.61</td>
<td>4.12</td>
<td>7.50</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8.02</td>
<td>7.84</td>
<td>8.00</td>
</tr>
</tbody>
</table>

## R&D investment (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>9.70</td>
<td>8.49</td>
<td>10.00</td>
</tr>
</tbody>
</table>

## Forex rates (Non-consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
<th>Full year (assumed rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td>¥105.6</td>
<td>¥101.5</td>
<td>¥95.6</td>
<td>¥89.6</td>
</tr>
<tr>
<td>Euro</td>
<td>¥163.1</td>
<td>¥148.4</td>
<td>¥132.1</td>
<td>¥114.9</td>
</tr>
</tbody>
</table>

(Note) Average rate during the period

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