

Mid-term Business Plan “DASH 100”

[Summary]

- Previous mid-term business plan “Win21 Plus” greatly improved our business results with its focus on the growing markets (semiconductor-related, LCD-related, automobile-related, China and Asian markets) and its effect of drastic reform in the cost structure (reduced fixed costs and made them variable)(Sales ¥226.1billion → ¥322.9billion(Up by 43%), Ordinary income ratio 7.5% (Up by 5.7 points), D/E ratio 3.2 → 1.2(Improved by 2 points), All of these are comparison between FY2002 and FY2005)
- With our new mid-term business plan “DASH 100”, YASKAWA Group will enhance growth by expanding global market share in the core businesses and developing peripheral markets. We will also make sure to continue sales and income growth by increasing added-value and making further cost reductions. Sales target is set to ¥400 billion(Up by 24% compared to FY 2005) and the target for operating income ratio is set to 10%.
- Based on our ability to develop technologies/products in motion control and robotics, YASKAWA Group will aim for a corporate group that realize market - and customer-optimization and value creation. We will thereby enhance growth and profitability for the Company’s 100th anniversary in 2015.

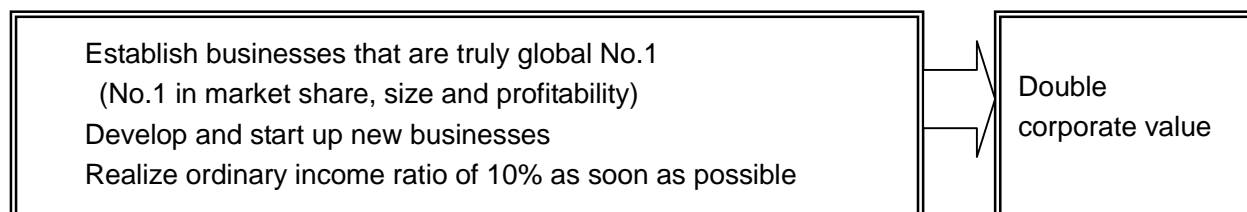
Kitakyushu-City, Fukuoka Pref., Japan, April 27, 2006 - YASKAWA Electric Corporation (President: Koji Toshima; Head office: Kitakyushu-City, Fukuoka Pref. Japan; “YASKAWA”) has worked out a new mid-term business plan called “DASH 100” which lasts for three years from 2006 to 2008. YASKAWA Group started its implementation on March 21, 2006.

Aiming for turning YASKAWA Group into a “high-earnings enterprise”, we have worked on improving its growth, profitability and financial structure with previous mid-term business plan “Win21 Plus” which started in the fiscal year 2003. “Win21 Plus” greatly improved our business results compared to the fiscal year 2002, and left us with a firm basis to further expand our businesses.

YASKAWA Group will strengthen its global No.1 position in the core businesses and develop new businesses. The three years of “DASH 100” are positioned as the first stage of 10 years till YASKAWA Electric’s 100th anniversary in 2015. We will take advantage of the positive market conditions, and make a strong start in implementing growth-oriented policies.

1. New mid-term business plan “DASH 100”

(1) Main objectives



(2) Financial goals (Consolidated)

	FY 2005	FY 2008 outlook
Sales (billion yen)	323	400
Ordinary income (billion yen)	24	40
Ordinary income ratio (%)	7.5%	10%
Shareholders' equity ratio (%)	20.7%	30%

2. Action plans of the new mid-term plan “DASH 100”

YASKAWA Group will focus on the measures shown below to achieve the main objectives and financial targets.

Main objectives	Action Plans	Implementation
1) Establish businesses that are truly global No.1 2) Develop and start up new businesses 3) Realize ordinary income ratio of 10% as soon as possible <Basic stance> ◆ Focus on growth ◆ Establish growth and profitability as corporate DNA	Enhance business structure (Reform) Strengthen existing businesses Expand business areas Accelerate the start-up of new businesses Continuous reform in the profit structure Higher added-value Cost reduction	5 reforms to enhance corporate power HR / Group management / CS・Brand Work process / Balance sheet structure Enhance implementation in sales, technology development (creativity) and production Optimize and subdivide management units. Clarify the persons in charge of implementation

(1) Enhancement of business structure(Reform): ”Development of peripheral markets and market creation by increasing market share and introduction of new products”

Strengthen existing businesses

Core businesses: Increase market share by enhancing product/market/regional strategies and benchmarking

System Engineering: Focus on profitable areas of business

Information Technologies: Rebuild a strategy for speeding-up business expansion

Expand business areas

Develop new markets by introducing new products that utilize to the maximum the strength of YASKAWA's core technologies (new generation robots)

Foster new businesses

Accelerate the fostering and start-up of new businesses by clarifying the focus of businesses and converging investments

(2) Continuous reform in the profit structure: “Enhancement of added-value and thorough cost reduction”

Higher added value

Value-added sales: Focus on sales of profitable products / regions / markets, and improve selling prices

In-sourcing of bottleneck processes: In view of improving and protecting quality, delivery and technology

Cost reduction

Cost reduction in products: Profitability higher than 20% for new products. Maximize sales of new products. As for the existing products, reduce costs in procurement and enhance value engineering.

Minimize expenses by improving productivity

Total cost reduction as a corporate group

(3) 5 reforms to enhance corporate power “Mechanism to establish growth and profitability as corporate DNA”

“Human resource”	} Powerful drive for the creation of customer value and competitive advantage
“Group management”	
“CS / brand”	Built on quality, and enhance growth and corporate power
“Work Process”	Enhance management efficiency and speed

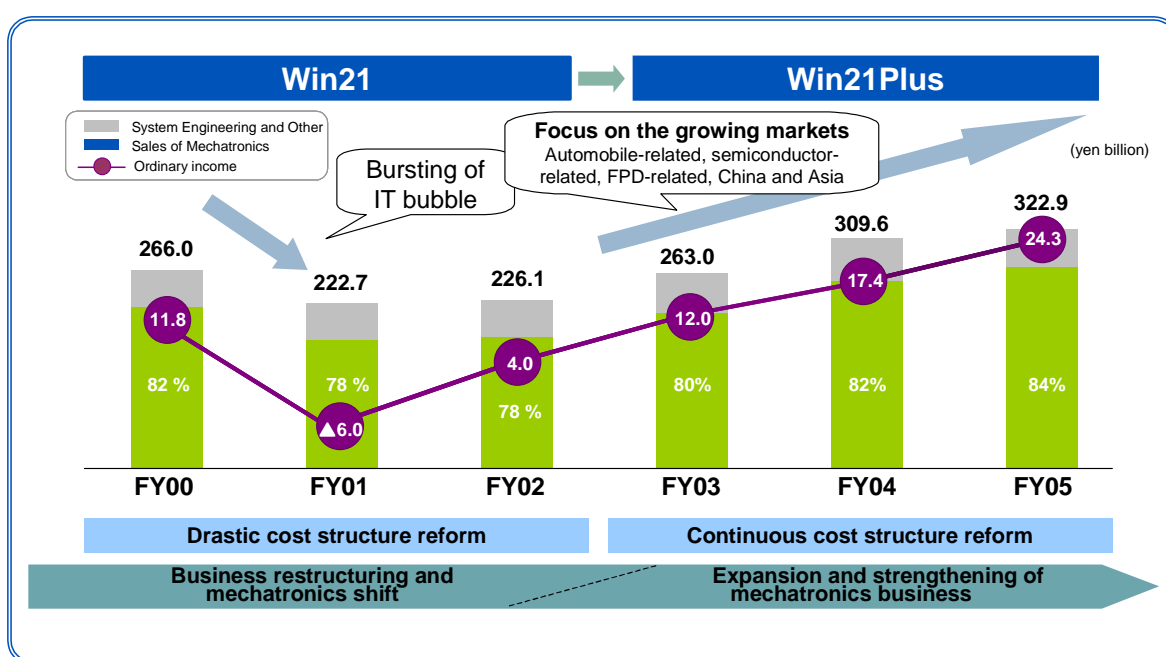
“Balance sheet structure” Results of the reform in work process, management efficiency and speedup

In order to enhance implementation in sales, technology development (creativity) and production as well as corporate power, YASKAWA Group will draw concrete action plans. At the same time, management units are optimized and subdivided to clarify the persons in charge of implementation, and we will monitor their performance.

【Appendix】

Achievements of “Win21 Plus”

The basic policy of the previous mid-term business plan “Win 21 Plus” (FY2003-FY2005) was to “expand and strengthen post-mechatronics shift businesses”. We also worked on drastic reform in the cost structure (reduction of fixed costs and making them variable), increased added-value, and focused on the growing markets, such as semiconductor-related, LCD-related, automobile-related markets, China and other Asian countries. As a result, we achieved growth in sales and income for the four consecutive fiscal years. In 2005, we set record highs for sales and income for two consecutive years.



Results of Win21 Plus (Consolidated)

	FY 02 Results	FY 05		Evaluation	FY 02	FY 05
		Targets	Results			
Sales (billion yen)	226.1	300	322.9		Up by ¥96.8 billion (43%)	
Ordinary income ratio (%)	1.8%	10%	7.5%		Up by 5.7 points	
D/E ratio	3.2	less than 1.0	1.2		Improved by 2 points	
Interest incurring debt (billion yen)	99.1	55.7	62.5		Reduced by 37%	

Business strategies of “DASH 100”

We will ensure continuous growth and improve profitability for core businesses, which will be established as truly global No.1 businesses. We will also foster and start-up new businesses.

Targets per business segment (Consolidated) (billion yen)

	FY 2005		FY 2008 outlook	
	Sales	Operating income ratio	Sales	Operating income ratio
Motion Control	133.9	9.2%	160	12%
Robotics	113.4	8.7%	150	12%
System Engineering	41.9	0.6%	36	5%
Information Technologies	24.7	4.2%	36	10%
Other	8.8	-	18	-
Sum	322.9	7.6%	400	10%

【Motion Control】

Establish businesses of AC servomotors and inverters as truly global No.1 businesses

[Global market share target ¹] Ac servomotors : 20% (No.1) , Inverters : 15% (No.1)

[Basic strategies]

- Promote globalization: Localization of businesses, strengthen sales structure, focus on the growing regions
- Strengthen product strategy and expand business areas: Introduction of new products and improve product lineup (Actuators, etc)
- Strengthen mechatronics solutions
- Increase added value: Focus on profitable markets, regions and new products. Improve selling prices.
1 : revenue basis

【Robotics】

Establish robotics business as a truly global No.1 business

[Global market share target ²] Industrial robots : 30% (No.1) , Semiconductor robots : 40% (No.1)

[Basic strategies]

- Promote market- and application-optimizing strategies
Handling robots: Expansion in Europe, Spot-welding robots: capture the demand of automakers, Arc-welding robots: Increase sales for overseas customers and smaller-scale industries, Semiconductor robots: Strengthen robots for vacuum environments
- Product strategies (Introduction of new robots for arc-welding and spot-welding, Introduction of high speed LCD-transfer robots and improve product lineup.)
- Increase added-value by expanding system business.
2 : Unit basis for industrial robots and revenue basis for semiconductor robots

【System Engineering】

Focus on the profitable areas of business, and achieve stability and profitability (5%)

[Basic strategies]

- Complete structural reform (Lean cost structure and complete outsourcing of hardware production)
- Narrow down to profitable businesses and take in the demand for renovation

【Information Technologies】

Rebuild a strategy for speeding-up business expansion

[Basic strategies]

- Y-E Data: Expand sales of main businesses (Memories, Data recovery service, etc)
Achieve stability and profitability of laser marking business
- Yaskawa Information Systems: Reinforce businesses of integrated software and business systems
Improve business structure (quality, project management, and cost reduction)

【New businesses】

Business development in the peripheral areas of core businesses and in new markets

[Basic strategies]

- Foster new businesses in the areas where the strength of our core technology can be utilized
robots for non-manufacturing sectors, environment/energy, electric equipments
in automobiles, health/medical/welfare, IT
- Accelerate start-up of new businesses by including the possibilities of alliance and M&A, and enter into new markets
- Management by project teams and new business groups