

Consolidated Business Results for the Nine Months Ended December 20, 2005

(Quarterly financial statements are not audited.)

February 3, 2006

Listed company name: Yaskawa Electric Corporation

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

President: Koji Toshima

Stock exchange listings: Tokyo, Fukuoka

Stock ticker number: 6506

Preparation of Summary Third-Quarter Results

Simplification of accounting methods: Yes. Some simplified methods are applied in depreciation of property and in valuation of fixed assets.

Changes in consolidated accounting methods from the most recent fiscal year: Yes.

Changes in scope of consolidation and application of equity method: None.

1. Summary of Results for the Third Quarter of Fiscal Year 2005 (March 21, 2005 to December 20, 2005)

(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 off.)

(1) Summary of Consolidated Statements of Income

	(Millions of yen, except for per share data)			
	Nine months ended December 20, 2005	Change (%)	Nine months ended December 20, 2004	Year ended March 20, 2005
Net sales	228,179	4.0	219,332	309,615
Operating income	13,915	28.7	10,810	17,527
Ordinary income	14,021	29.0	10,873	17,414
Net income	5,761	23.6	4,662	1,860
Net income per share (Yen)				
Basic	24.91	-	20.15	7.80
Diluted	22.90	-	18.52	7.30

The global economy including our main markets in Europe, North America and Asia continued to be generally positive during these three quarters (nine months ended December, 2005). The economic recovery in Japan also gained strength with increased capital expenditures, improvements in employment conditions, and a gain in personal consumption. The positive economic condition continued also through the third quarter.

In this economic environment, the Yaskawa Group has focused on policies targeted at increasing added value and expanding business through market strategy and innovation. We also strengthened our sales operations, introduced strategic new products in a timely manner, and focused our promotion efforts in high-profit markets and customers to raise profitability.

As a result, net sales at the end of the third quarter rose by 4.0% from the corresponding period last year to 228,179 million yen. Ordinary income rose by 29.0% to 14,021 million yen, and net income also rose by 23.6% to 5,761 million yen.

Segment Results

- Motion Control

Regarding the Motion Control segment, the sales of AC servomotors and controllers were robust as demand recovery in semiconductor- and LCD-related markets gained strength in the third quarter. The sales of inverters were also positive especially outside Japan.

As a result, net sales in this segment at the end of the third quarter rose by 5.1% to 98,354 million yen and operating income rose by 3.1% to 8,194 million yen compared to the corresponding period last year.

- Robotics Automation

As for the Robotics Automation segment, even though the sales to the automobile-related market showed a little slowdown due to temporary fall in capital expenditures, the sales of robots for LCD panel transfer continued to be robust.

As a result, net sales in this segment at the end of the third quarter rose by 13.1% to 84,921 million yen, compared to the corresponding period last year, and operating income was up by 47.4% at 7,030 million yen.

- System Engineering

The System Engineering segment progressed reforms in the profit structure by focusing especially on its core businesses and competitive business areas. Although the business of automation systems for wastewater process equipments was affected by intense competition, we took in the demand for steel plant renovation. We also promoted new system instruments such as high-voltage inverters and control systems for elevators to develop new markets.

As a result, net sales in this segment at the end of the third quarter were down by 10.9% at 21,994 million yen compared to the corresponding period last year. Although an operating loss of 2,533 million yen occurred, it improved by 718 million yen.

- Information Technologies

The Information Technologies segment was affected by intense competition and reduced sales in high added-value businesses in information services. The computer peripherals market also showed a decrease in demand for floppy disk drives, however the sales of other products recovered.

As a result, net sales in this segment at the end of the third quarter were down by 3.7% at 16,109 million yen compared to the corresponding period last year. Although an operating loss of 40 million yen occurred, it improved by 51 million yen.

- Other

Net sales for the Other segment at the end of the third quarter fell by 26.2% to 6,800 million yen, and operating income was 1,264 million yen, down by 7.7% compared to the corresponding period last year.

(2) Summary of Consolidated Financial Position

	(Millions of yen, except for ratio and per share data)		
	As of December 20, 2005	As of December 20, 2004	As of March 20, 2005
Total assets	249,789	268,246	254,438
Shareholders' equity	48,137	40,383	38,366
Shareholders' equity ratio (%)	19.3	15.1	15.1
Shareholders' equity per share (Yen)	208.12	174.56	165.63

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)		
	Nine months ended December 20, 2005	Nine months ended December 20, 2004	Year ended March 20, 2005
Net cash provided by (used in) operating activities	7,972	(9,609)	5,789
Net cash provided by (used in) investing activities	(5,962)	(3,888)	(2,242)
Net cash provided by (used in) financing activities	(9,001)	11,990	(2,823)
Cash and cash equivalents at end of period	11,144	15,612	17,906

Cash flows from operating activities during the third quarter of fiscal year 2005 showed a decrease in trade payables and an increase in the payment of income tax. However, more trade receivables were collected. As a result, cash flows from operating activities in the third quarter were at a positive 7,972 million yen.

Cash flows from investing activities were at a negative 5,962 million yen due to the acquisition of tangible fixed assets.

As a result, free cash flows, which are a sum of cash flows from operating activities and investing activities, amounted to a positive 2,010 million yen.

Cash flows from financing activities were at a negative 9,001 million yen as repayments were made for interest-incurring debt.

As a result, cash and cash equivalents totaled 11,144 million yen at the end of the third quarter, a decrease of 6,762 million yen from the end of last fiscal year.

2. Projected Consolidated Results for the Fiscal Year Ending March 20, 2006

At this moment, no changes are made to the full-year projection disclosed on October 31, 2005.

	<u>(Millions of yen)</u>
	<u>Year ending</u>
	<u>March 20, 2006</u>
Net sales	314,000
Ordinary income	22,000
Net income	<u>8,000</u>

Note: Net income per share is projected to be 34.59 yen at the end of the fiscal year

Warning

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 undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Appendix I

Third Quarter Consolidated Balance Sheet (Summary)

	(Millions of Yen)				
	As of December 20, 2005		As of September 20, 2005		Difference
	(A)	% of Total	(B)	% of Total	(A) - (B)
Assets					
Current assets					
Cash and time deposits	11,187		16,317		(5,130)
Trade notes and accounts receivable	73,256		76,488		(3,231)
Inventories	63,738		59,092		4,646
Other current assets	16,489		13,817		2,672
Total current assets	164,672	65.9	165,716	67.1	(1,043)
Fixed assets					
Property, plant and equipment	39,183		38,037		1,145
Intangible fixed assets	8,611		8,799		(187)
Investments and other assets	37,321		34,296		3,025
Total fixed assets	164,672	34.1	81,133	32.9	3,983
Total Assets	249,789	100.0	246,849	100.0	2,939
Liabilities					
Current liabilities					
Trade notes and accounts payable	61,739		60,415		(6,851)
Short-term bank loans	34,357		35,960		4,638
Other current liabilities	28,279		31,586		(5,951)
Total current liabilities	124,376	49.7	127,962	51.8	(8,164)
Long-term liabilities					
Corporate bonds	10,000		10,000		-
Convertible bonds	15,000		15,000		-
Long-term debt	10,556		11,305		(748)
Accrued retirement benefits for employees	35,219		34,154		1,064
Other long-term liabilities	2,577		2,318		258
Total long-term liabilities	73,353	29.4	72,778	29.5	574
Total liabilities	197,729	79.1	200,741	81.3	(3,011)
Minority interests	3,921	1.6	3,988	1.6	(66)
Shareholders' equity					
Common stock	15,541	6.2	15,541	6.3	-
Additional paid-in capital	11,013	4.4	11,012	4.5	-
Retained earnings	15,971	6.4	12,959	5.2	3,012
Net unrealized holding gain on securities	4,734	1.9	2,656	1.1	2,077
Foreign currency translation adjustments	1,179	0.5	242	0.1	937
Treasury stock, at cost	(303)	(0.1)	(292)	(0.1)	(10)
Total shareholders' equity	48,137	19.3	42,120	17.1	6,017
Total liabilities, shareholders' equity	249,789	100.0	246,849	100.0	2,939

Appendix II

Third Quarter Consolidated Statements of Income (Summary)

	Nine Months Ended 20 December, 05		Nine Months Ended 20 December, 04		(Millions of yen) Difference
	(A)	% of Total	(B)	% of Total	(A) - (B)
Net sales	228,179	100.0	219,332	100.0	8,847
Cost of sales	165,867	72.7	162,390	74.0	3,476
Gross profit	62,312	27.3	56,941	26.0	5,370
Selling, general and administrative expenses	48,396	21.2	46,131	21.1	2,265
Operating income	13,915	6.1	10,810	4.9	3,105
Non-operating income					
Interest and dividends received	253		279		
Miscellaneous income	1,217		1,128		
Total non-operating income	1,471	0.6	1,408	0.7	63
Non-operating expenses					
Interest expense	966		999		
Miscellaneous expenses	399		345		
Total non-operating expenses	1,366	0.6	1,344	0.6	21
Ordinary income	14,021	6.1	10,873	5.0	3,147
Extraordinary gains	206	0.1	2,014	0.9	(1,808)
Extraordinary losses	4,758	2.1	4,385	2.0	372
Income before income taxes and minority interests	9,469	4.1	8,502	3.9	966
Provision for income taxes- current	4,983	2.2	4,811	2.2	172
Provision for income taxes- deferred	(1,319)	(0.6)	(806)	(0.4)	(512)
Minority interests	43	0.0	(164)	0.0	208
Net income (loss)	5,761	2.5	4,662	2.1	1,099

Appendix III

Third Quarter Consolidated Statements of Cash Flows (Summary)

	(Millions of yen)		
	Nine Months Ended 20 December 2005	Nine Months Ended 20 December 2004	Difference
	(A)	(B)	(A) - (B)
Cash flows from operating activities			
Income before income taxes and minority interests	9,469	8,502	966
Depreciation and amortization	5,097	4,782	315
Gain (loss) on sales of investment securities	(80)	(338)	257
(Increase) decrease in trade receivables	18,405	(6,431)	24,836
(Increase) decrease in inventories	(9,418)	(10,876)	1,457
Increase (decrease) in trade payables	(5,543)	729	(6,272)
Income taxes paid	(10,474)	(4,393)	(6,080)
Other, net	516	(1,584)	2,100
Net cash provided by (used in) operating activities	7,972	(9,609)	17,581
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(6,199)	(4,866)	(1,333)
Proceeds from sales of property, plant and equipment	338	2,484	(2,145)
Purchases of investment securities	(95)	(1,168)	1,073
Proceeds from sales of investment securities	213	459	(245)
Other, net	(219)	(796)	577
Net cash provided by (used in) investing activities	(5,962)	(3,888)	(2,074)
Cash flows from financing activities			
Increase (decrease) in short-term debt	(4,881)	996	(5,877)
Proceeds from long-term debt	20	672	(652)
Repayments of long-term debt	(3,920)	(3,706)	(214)
Proceeds from issuance of convertible bonds, net	-	14,903	(14,903)
Other, net	(218)	(875)	657
Net cash provided by (used in) financing activities	(9,001)	11,990	(20,991)
Effect of exchange rate changes on cash and cash equivalents	228	21	207
Net increase (decrease) in cash and cash equivalents	(6,762)	(1,486)	(5,276)
Cash and cash equivalents at beginning of year	17,906	17,098	808
Cash and cash equivalents at end of year	11,144	15,612	(4,467)

Appendix IV Segment Information

Business Segments

(Millions of yen)

Nine months ended December 20, 2005								
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	98,354	84,921	21,994	16,109	6,800	228,179	-	228,179
Intersegment sales and transfers	12,370	949	2,089	1,729	16,841	33,981	(33,981)	-
Total sales	110,725	85,871	24,084	17,838	23,642	262,160	(33,981)	228,179
Operating costs and expenses	102,530	78,840	26,617	17,879	22,377	248,244	(33,980)	214,263
Operating income (loss)	8,194	7,030	(2,533)	(40)	1,264	13,916	(1)	13,915

Nine months ended December 20, 2004								
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	93,616	75,075	24,693	16,731	9,215	219,332	-	219,332
Intersegment sales and transfers	11,780	1,506	1,240	2,080	15,019	31,626	(31,626)	-
Total sales	105,396	76,581	25,934	18,811	24,234	250,958	(31,626)	219,332
Operating costs and expenses	97,446	71,810	29,186	18,903	22,865	240,211	(31,626)	208,521
Operating income (loss)	7,950	4,770	(3,251)	(91)	1,369	10,747	63	10,810

Geographical Areas

(Millions of yen)

Nine months ended December 20, 2005							
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	144,809	37,273	28,509	17,586	228,179	-	228,179
Intersegment sales and transfers	33,780	262	247	5,830	40,120	(40,120)	-
Total sales	178,590	37,536	28,756	23,417	268,300	(40,120)	228,179
Operating costs and expenses	171,174	34,286	26,409	21,552	253,423	(39,159)	214,263
Operating income	7,415	3,250	2,346	1,864	14,877	(961)	13,915

Nine months ended December 20, 2004							
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	148,960	31,926	24,765	13,679	219,332	-	219,332
Intersegment sales and transfers	31,455	85	364	3,808	35,715	(35,715)	-
Total sales	180,416	32,012	25,130	17,488	255,047	(35,715)	219,332
Operating costs and expenses	174,909	29,445	23,484	16,286	244,126	(35,604)	208,521
Operating income	5,507	2,566	1,645	1,201	10,920	(110)	10,810