



YASKAWA

YASKAWA Electric Corporation

(TSE 6506)

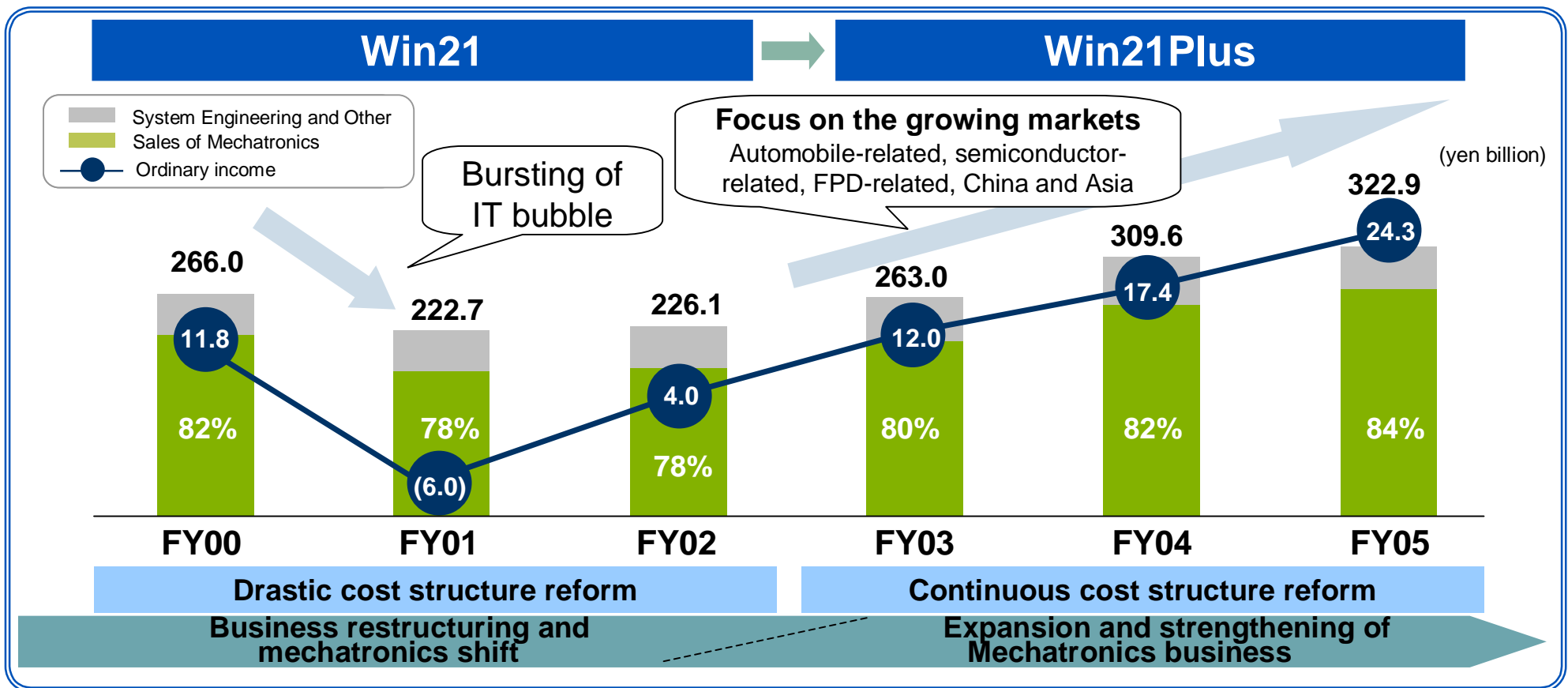
Mid-term Business Plan “DASH 100”

Koji Toshima, President

- 1. Achievements and remaining challenges of “Win21 Plus” P 1- 3**
- 2. Summary of new mid-term business plan “DASH 100” P 4- 9**

May 2006

Sustainable Growth and Higher Profitability after a V-shaped Recovery



Challenges	Businesses falling short of targets	Development of new businesses
	<ul style="list-style-type: none"> □ System Engineering □ Semiconductor robots □ Information Technologies 	Improvement of asset efficiency
		<ul style="list-style-type: none"> □ D/E ratio did not reach the target

Win21Plus: Corporate Results

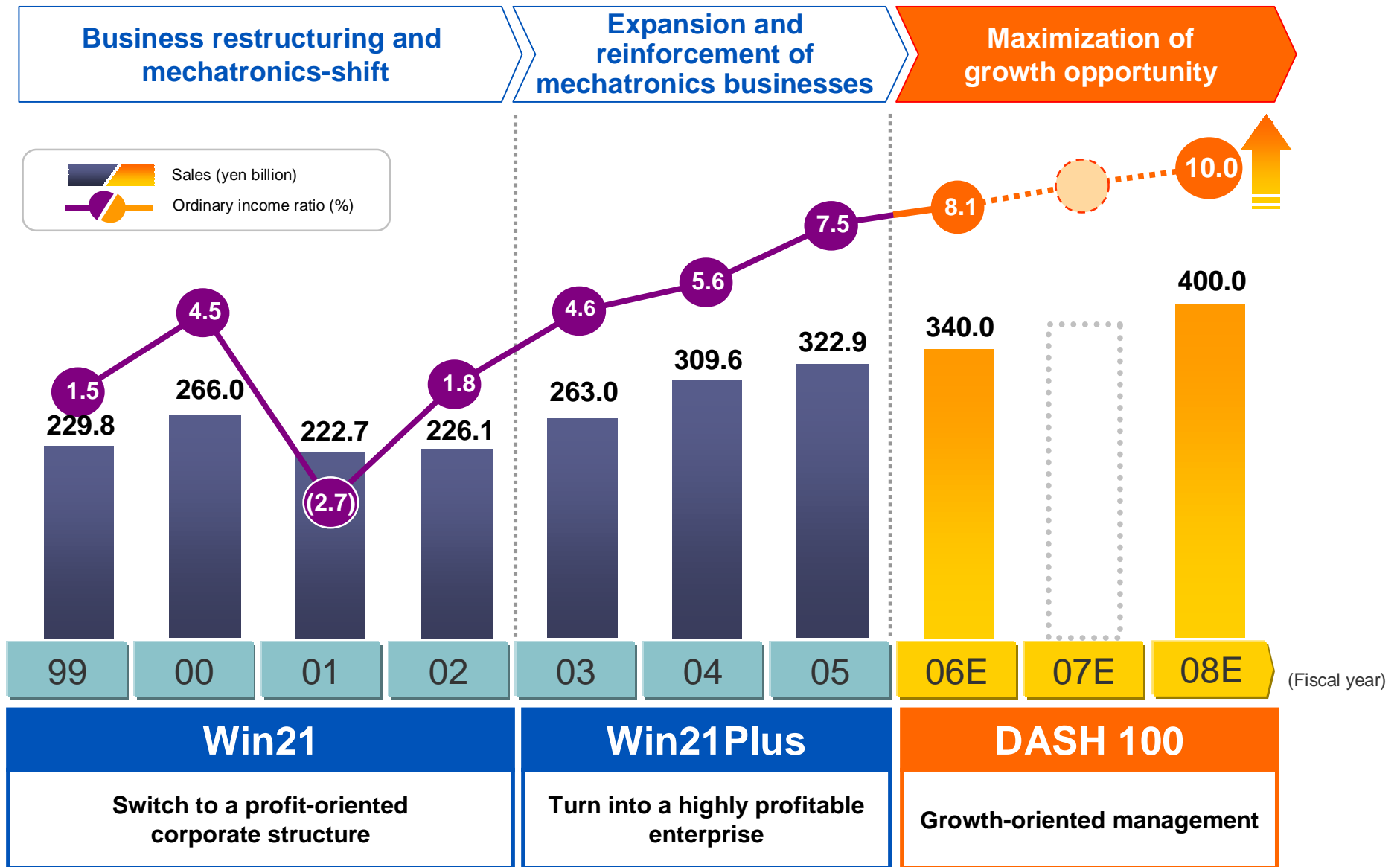
	FY2002	FY2005		Evaluation
		Targets	Results	
(unit: yen billion,%)				
Sales	226.1	300.0	322.9	Reached the target by focusing on the growing markets. Up by 43% compared to FY2002.
Ordinary income (ratio)	4.0 (1.8%)	30.0 (10.0%)	24.3 (7.5%)	Up by 5.7% by increasing added-value in core businesses, however did not reach the target as challenges remained on other businesses.
D/E ratio	3.2	1.0	1.2	Improved by 2 points although could not reach the target by 0.2 points
[Reference]				
Personnel (Sales per person)	7,981 (¥28.3 million)	7,450 (¥40.3 million)	7,445 (¥43.3 million)	Reached the target. Sales per person was up by more than 50% compared to FY2002.

Win21Plus: Results by Business Segment

(unit: yen billion,%)

	FY2002		FY2005				Evaluation
			Targets		Results		
	Sales	Operating income (ratio)	Sales	Operating income (ratio)	Sales	Operating income (ratio)	
Motion Control	86.3	0.3 (0.4%)	110.0	11.0 (10%)	133.9	12.2 (9.2%)	Targets reached for sales and operating income. Operating income ratio up by 8.8 points.
Robotics Automation	67.0	2.9 (4.4%)	100.0	10.0 (10%)	113.4	9.8 (8.7%)	Sales reached the target. Operating income ratio up by 4.3 points.
System Engineering	39.5	1.2 (3.2%)	43.6	3.7 (8.5%)	41.9	(0.2) (-0.6%)	Challenges remained in its profitability and stability.
Information Technologies	23.5	1.8 (7.7%)	41.0	4.1 (10%)	24.7	1.0 (4.2%)	Needs to be reinforced.
Consolidated	226.1	6.3 (2.8%)	300.0	30.0 (10%)	322.9	24.4 (7.6%)	Sales reached the target one year ahead of schedule. Operating income ratio improved by 4.8 points.

Establish businesses that are truly global No.1



Long-term Visions

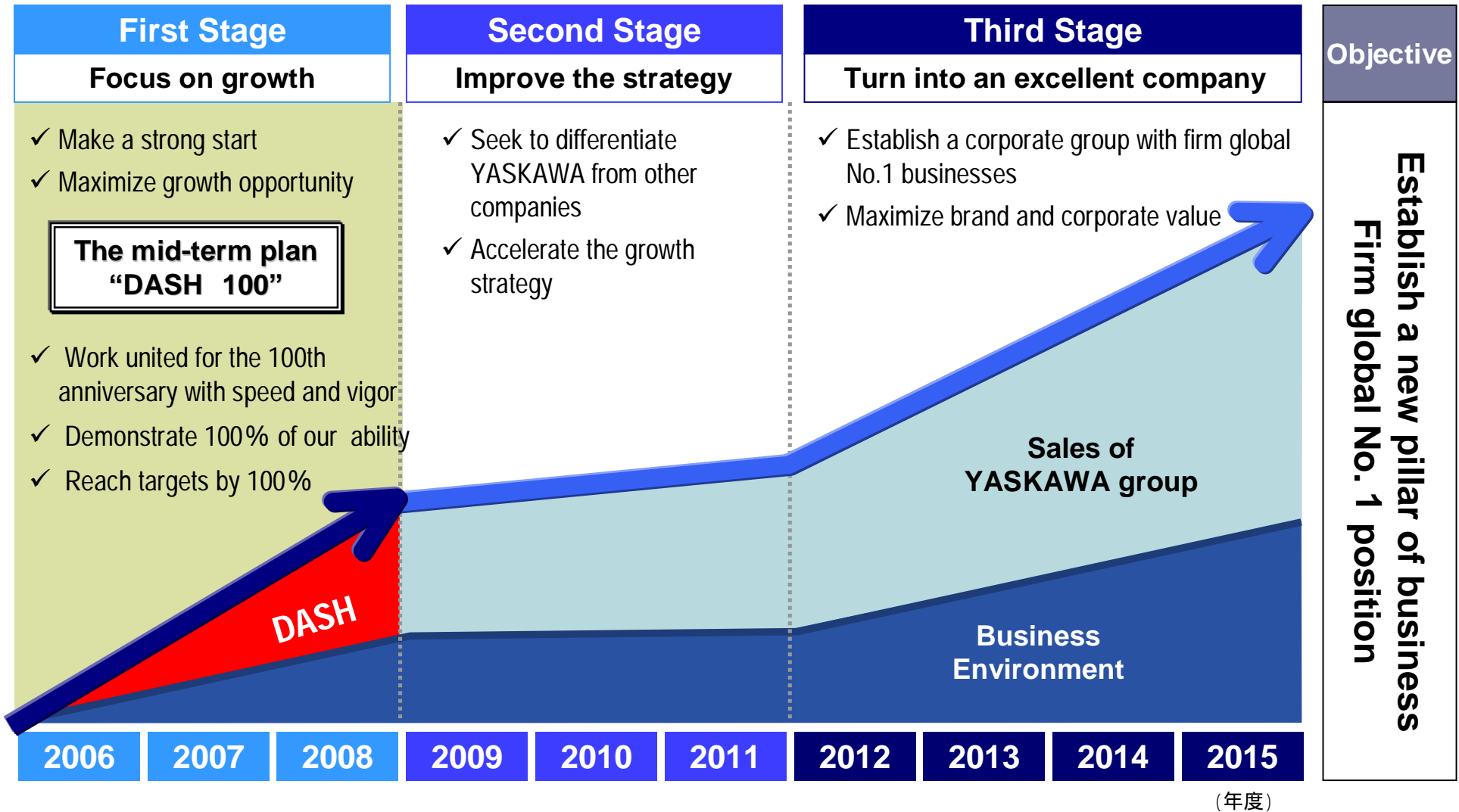
Management Policies

YASKAWA Electric Corporation, along with its subsidiaries and affiliated companies, has long held to its policy of committing ourselves to the development of society and the well-being of all people through business achievements. To accomplish these goals, YASKAWA Group follows three principles below.

- 1 . giving priority to product quality and developing cutting-edge technology in which we can take price throughout the world
- 2 . improving management efficiency and ensuring enough profit to stay competitive
- 3 . responding to the market needs and committing ourselves to serving the customers the best we can



Three Stages Until the Year 2015



“DASH100” Outline

Main objectives	Action Plans	Implementation
<p>1) Establish businesses that are truly global No.1</p> <p>2) Develop and start up new businesses</p> <p>3) Realize ordinary income ratio of 10% as soon as possible</p> <p>< Basic stance ></p> <ul style="list-style-type: none"> ◆ Focus on growth ◆ Establish growth and profitability as corporate DNA 	<p>Enhance business structure (Reform)</p> <ul style="list-style-type: none"> Strengthen existing businesses Expand business areas Accelerate the start-up of new businesses <p>Continuous reform in the profit structure</p> <ul style="list-style-type: none"> Higher added-value Cost reduction 	<p>5 reforms to enhance corporate power HR / Group management / CS · Brand Work process / Balance sheet structure</p> <p>Enhance implementation in sales, technology development (creativity) and production</p> <p>Optimize and subdivide management units. Clarify the persons in charge of implementation</p>

Financial Goals

	FY2005	FY2008 Targets	Outlook
Sales	¥322.9 billion	¥400.0 billion	Maximize growth opportunity Average growth rate for the three years: 7.4%
Ordinary income (margin)	¥24.3 billion (7.5%)	¥40.0 billion (10%)	Realize ordinary income ratio of 10% as soon as possible Higher than 10% in FY2008.
Shareholders' equity ratio (billion yen)	20.7 % (¥52.7 billion)	30 % (¥100.0 billion)	Gain sufficient capital Target: higher than 30% (¥100 billion)
ROE	22.3%	20 %	Maintain 20% by enhancing profit while shareholders' equity increases
[Reference]			
Personnel (Sales per person)	7,530 (¥42.9 million)	8,000 (¥50.0 million)	Realize sales expansion with minimum personnel Sales per person increase by 16%
Assumed exchange rates	\$1 = ¥113 €1 = ¥138	\$1 = ¥110 €1 = ¥135	

ROE = net income / average shareholders' equity of the period

Financial Targets by Business Segment

	FY2005		FY2008 Outlook		
	Sales (component ratio)	Operating income (ratio)	Sales (component ratio)	Operating income (ratio)	CAGR
(unit: yen billion,%)					
Motion Control	133.9	12.2 (9.2%)	160.0	19.2 (12%)	6.1%
Robotics Name changed in FY06	113.4	9.8 (8.7%)	150.0	18.0 (12%)	9.8%
System Engineering	41.9	(0.2) (-0.6%)	36.0	1.8 (5%)	-
Information Technologies	24.7	1.0 (4.2%)	36.0	3.6 (10%)	13.3%
Consolidated	322.9	24.4 (7.6%)	400.0	40.0 (10%)	7.4%

Note

Disclaimer:

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.