



June 15, 2009

To Our Shareholders

Company: Yokogawa Electric Corporation
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The Company's Opinion on the Recommendation by Institutional Shareholder Services, Inc. (ISS) to
Oppose Item 5 on the Agenda of Yokogawa Electric's 133rd Ordinary General Meeting of
Shareholders

We have been informed by certain shareholders and investors that Institutional Shareholder Services, Inc. (ISS) is recommending against item 5: "Renewal of Countermeasures to Large-scale Acquisition of Yokogawa Electric Shares (Takeover Defense Measures)" on the agenda of the 133rd Ordinary General Meeting of Shareholders, scheduled to be held on June 29.

It is the Company's understanding that ISS has made this recommendation due to doubts about the independence of Nobuo Katsumata (current Chairman of Marubeni Corporation), who is a candidate to become an Outside Director of the Company and a candidate to become a member of the Independent Committee for the Takeover Defense Measures.

However, as the transactions between the Yokogawa Group and the Marubeni Group are minimal, as outlined below, the Company believes that Mr. Katsumata is independent from its current management and is suitably qualified for the Outside Director and Independent Committee positions.

We ask that shareholders and investors understand and approve all agenda items including item 5 at the general meeting of shareholders.

1. Sales from the Yokogawa Group to the Marubeni Group

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|--|---------------------|
| Sales to the Marubeni Group in 2008: | JPY 30 million |
| Total consolidated sales in 2008: | JPY 376,534 million |
| Percentage of sales to the Marubeni Group in relation to total consolidated sales: | 0.0079% |

2. Other business relationships between the Yokogawa Group and the Marubeni Group

(1) Purchase of Marubeni Infotec Corporation shares

In order to develop the information services business into a key business second only to the control and measurement businesses, the Company had planned to launch this business by FY2005. It was eventually determined that it would be difficult for this business to become independently profitable, so this business was downscaled and integrated into the industrial automation business in FY2006.

The Company had purchased 10.9% of the shares of Marubeni Infotec Corporation in October 2002 with the objective of collaborating with Marubeni Infotec Corporation on the quick launch of this information services business. With the downscaling of the information services business, all of these shares were sold in September 2007.

(2) Establishment of Marubeni Yokogawa Medical Engineering Corporation

This company was established in January 2001 (Yokogawa stake: 40%) and its principal activity was maintenance of expensive medical equipment such as robotic radiotherapy machines. The business was eventually deemed unviable and the company was liquidated in October 2003.