Contributing to Society While Growing Further as a Global Corporation Continuously Dedicated to Creating Technology

The following interview provides a review of the initiatives and results in the 151st fiscal term (the fiscal year ended May 31, 2012), the final year of the Company's three-year Challenge Up medium-term management plan, and an outline of our future business development under the new medium-term management plan.

August 2012

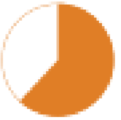
Hiroshi Tsuchida
President

Q Please tell us about business conditions and results for fiscal 2011.

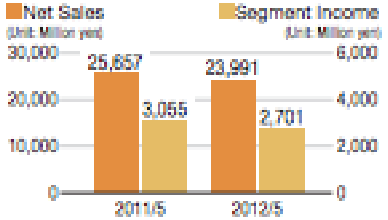
A We achieved increased revenue and profits as a whole thanks to favorable results in the Industrial Systems segment and Information Equipment Systems segment, while the Transportation Systems segment remained slightly stagnant.

Economic conditions in Japan remained sluggish as a whole in fiscal 2011, the fiscal year ended May 31, 2012, though signs of improvement of the domestic economy appeared thanks to the

Transportation Systems — Percentage of total net sales 62.2%

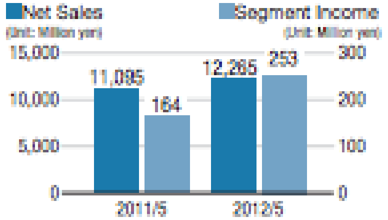


Net Sales:
23,991 million yen (Down 6.5% year on year)
Segment Income:
2,701 million yen (Down 11.6% year on year)



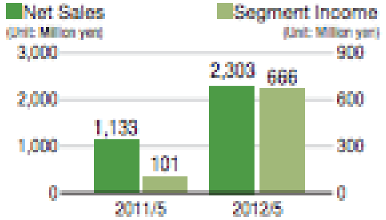
Industrial Systems — Percentage of total net sales 31.8%

Net Sales:
12,265 million yen (Up 10.5% year on year)
Segment Income:
253 million yen (Up 54.3% year on year)



Information Equipment Systems — Percentage of total net sales 6.0%

Net Sales:
2,303 million yen (UP 103.3% year on year)
Segment Income:
666 million yen (UP 559.4% year on year)



demand for earthquake restoration and other factors. This stagnancy was largely attributable to the impacts of the prolonged high value of the yen, a slowdown in the European and U.S. economies, and weaker rates of economic growth in developing countries. We successfully achieved increased revenue and profits even under these stringent circumstances, thanks mainly to better performance in the Industrial Systems segment and Information Equipment Systems segment, though revenue and profits decreased in the Transportation Systems segment.

Looking at results by business segment, orders received for the Transportation Systems segment decreased outside of Japan under the impact of the strong yen. Net sales in this segment decreased year on year due to decreased sales in Japan.

Orders received and net sales in the Industrial Systems segment both improved thanks to increases in capital investment in and outside of Japan. In the automotive electric equipment business launched in fiscal 2011, we have embarked on the commercial production of motors and inverters for construction equipment and are striving to receive new orders.

Orders received and net sales in the Information Equipment Systems segment jumped, propelled mainly by a significant increase in orders for IC card-compatible equipment launched as new products relating particularly to railway station operations. Expansion in this segment also had a positive effect on income, pushing it up as a whole.

Q What issues do you believe the Company will confront and what measures do you plan to implement as the Company strives for improved business results?

A We will continue to promote measures for increasing orders received in each segment under our overall plan for system improvement across the Group through organizational restructuring.

First of all, on a Group-wide basis, we improved our systems by implementing an organizational restructuring effective on June 1, 2012 in a bid to strengthen our management strategy planning capability, reinforce our Group management ability, and accelerate overseas business expansion. Meanwhile, we improved our research and development system with a view to further enhancing our capability to generate new businesses and products. These changes in our organizational structure were coordinated phases of our initiatives toward strengthening the implementation of our Dash 2015 medium-term management plan, as described later.

In the Transportation Systems segment we face the major task of improving our order-receiving capability for overseas railway orders mainly in China, a market with still-vigorous demand for railway infrastructure. We will expand our systems for receiving orders and maintenance in China by strengthening cooperation between Japan and local Chinese manufacturing facilities, including Toyo Denki (Beijing) Co., Ltd., our core China facility founded in August 2011. In Japan, on the other hand, we will work to reinforce the production system at our manufacturing subsidiary Toyokouki Co., Ltd. to ensure that we meet the demand for equipment renewal for rail vehicles for JR and private railway companies.

In the Industrial Systems segment we face the challenge of actively responding to the recovery and expansion of corporate capital investment both in and outside of Japan. We will strengthen our approach to automobile manufacturers and parts manufacturers with a main focus on marketing for our main testing equipment for automobile development in Japan. At the same time, we will focus on receiving orders in China and Southeast Asia by establishing systems for product supply and services outside of Japan. Our new initiatives planned will include a market launch of our High-Efficiency, Rare-Earth-less Permanent Magnet Motor (a motor that requires no rare earth) and enhancement of the pace of commercial production of our hybrid vehicle (HV) electronic equipment for construction machinery.

In the Information Equipment Systems segment we will continue to focus on expanding equipment relating particularly to railway station operating equipment. We will also receive new orders, including orders for systems to facilitate visualization of electric power and orders for our Monitoring Support System for the Elderly using remote monitoring systems. In parallel, we will aggressively participate in Smart City orders for reconstruction support and the promotion of smart grid in the future.

Q Please tell us about development of the new medium-term management plan.

A We have started Dash 2015 to follow a growth path chiefly by expanding overseas sales.

Under the Challenge Up Plan, the former three-year medium-term management plan concluded in fiscal 2011, we aimed to secure new growth opportunities based on essential themes such as "Increasing the corporate value of the Group," "Reinforcing overseas expansion," and "Developing new businesses." When summarizing our efforts and results for the three years covered, we regrettably found that the Group fell short of achieving its business

result targets, including its net sales target of 42.0 billion yen and its operating income target of 3.0 billion yen, mainly due to the impacts of unforeseeable external factors such as the record-high yen and earthquake. Despite these stringent circumstances, we secured our highest net sales since 2000 and attained an overseas net sales ratio of 34.4%, surpassing our target figure of 30%. We managed to achieve definite headway toward expanding businesses.

Based on these results, we have developed Dash 2015, our new three-year medium-term management plan, and will be starting it in the current fiscal term (the fiscal year ending on May 2013). Under its long-term vision, the Toyo Denki Group will strive to contribute to the realization of an environmental-compatibility-based society through global business development by fusing advanced breakthrough technologies together with the excellent motor drive technologies it has cultivated since its foundation. Based on the foundation established by its former medium-term management plan, the Toyo Denki Group will pursue further growth towards the achievement of its long-term vision.

Under Dash 2015 we will be promoting five issues as a fundamental policy: (1) Strengthen business overseas, (2) Increase market share in Japan, (3) Develop new business and products, (4) Promote alliance strategy, and (5) Be consistent for efficient management.

We position "Strengthen business overseas" as the most critical of these tasks and aim to establish a global business promotion system in both our Transportation Systems segment and Industrial Systems segment. Specifically, we will strengthen our systems for receiving orders and maintenance for electrical equipment for railways in existing facilities in China and North America. In addition, we will also establish an order-receiving system for electrical equipment for Indian railways in and around our Representative office in India to be installed in the near future. In the Industrial Systems segment we plan to increase orders received for industrial systems products in Chinese and Southeast Asian markets mainly by planning local production systems, while simultaneously expanding demand in Japan.

Through these initiatives we hope to achieve net sales of 52.0 billion yen in fiscal 2014 (the fiscal year ending May 31, 2015), the last fiscal year of the plan, and to grow our overseas net sales to 26.0 billion yen (an overseas net sales ratio of no less than 50%). Regarding other managerial numerical targets, we aim for operating income of 3.6 billion yen (operating income ratio of 7%), ordinary income of 3.6 billion yen, net income of 1.8 billion yen, and an ROE of 8% or higher. (For details on Dash 2015, please see pages 5 and 6.)

Q What is the outlook for the current fiscal year ending May 31, 2013?

A Orders received will significantly increase thanks mainly to increases in the Transportation System segment and Industrial Systems segment, while net sales and income are expected to remain unchanged.

For the orders received environment overall, we expect the domestic economy to continue improving thanks to the full-fledged demand for earthquake restoration in Japan, and we anticipate that overseas investments for infrastructure in China and Asian developing nations will remain at a high level.

Moving to forecasts by business segment, in the Transportation System segment we will be striving for significant increases in orders received through new orders from North America and China and increased supply of renewal parts from existing transactions in China, together with steady demand for renewal in Japan. In the Industrial Systems segment we expect to increase both orders received and net sales by capitalizing on recovery in domestic corporate capital investments and expanded infrastructure investments and capital investments overseas. As activities to increase orders received, we will strive to increase both orders received and net sales to the utmost during the same fiscal year through strengthened operating activities. In the Information Equipment Systems segment, we expect orders received and sales to both decrease as a consequence of moves to counteract new product launches in fiscal 2011.

For our consolidated business results, we expect sales and income to remain mostly unchanged. While orders received for fiscal 2012 are anticipated to increase 36.6% year on year to 45.0 billion yen, we are projecting net sales of 38.5 billion yen (down 0.2% year on year), operating income of 1.7 billion yen (down 0.1% year on year), ordinary income of 1.7 billion yen (down 5.0% year on year), and net income of 0.8 billion yen (up 1.8% year on year).

Q Do you have any comments you would like make to shareholders?

A We plan to move our head office in September 2012. We will address the steady growth of our domestic businesses and global development on a new note.

The Toyo Denki Group is committed to working in unison to achieve the goals of Dash 2015 as a significant step to 2018, the 100th anniversary of its foundation. The Toyo Denki Group will contribute to society while it strives to grow further as a global corporation continuously dedicated to creating technology in pursuit of the realization of an environmental-compatibility-based society, as shown in its long-term vision.

The head office will relocate in September 2012. All employees, including those in the head office, are committed to addressing the steady growth of our domestic businesses and global development on a new note, in order to strive to expand our businesses.

We kindly ask for the continued support and understanding of all shareholders.

Special Features

The Dash 2015 medium-term management plan begins!

[Scheduled period: fiscal 2012 to fiscal 2014]

On June 1, 2012, the Toyo Denki Group launched its new three-year medium-term management plan.
Below we present an outline of the plan and describe the core plan strategies for securing our further growth with a focus on expanding overseas business.

Fundamental Policy

The Toyo Denki Group is committed to drastically improving its corporate value while thoroughly strengthening its management foundation, in order to become a Group well adapted to the new era as it approaches 2018, the 100th anniversary of its foundation.

- (1) Strengthen business overseas
- (2) Increase market share in Japan
- (3) Develop new businesses and products
- (4) Promote alliance strategy
- (5) Be consistent for efficient management

Principal Measures

1 Establish a global business promotion system

We will expand into India and Southeast Asia while further cultivating and expanding our markets in China, the U.S., South Korea, and Taiwan. We will also expand and newly establish overseas production bases and fortify alliances.

2 Promote automotive electric equipment business

We will establish the commercial production of automotive electric equipment. We will also open up new business fields suited to the trends of "wise use of electrical operation" and "environmental suitability."

3 Develop new products and new technologies

We will focus on development of new strategic products while reorganizing and expanding our research and development departments. We also intend to acquire certification through international attestation.

4 Pursue cost reduction, high quality, and high reliability

We will strengthen our cash-generating potential by implementing drastic cost reductions in production and management departments as a whole and by improving asset efficiency. In addition, we will strengthen our quality control systems.

5 Promote CSR activities

We will establish CSR activities and expand their sphere.

6 Establish and promote dynamic corporate culture

We will improve the pleasant environment of each workplace. Furthermore, we will procure next-generation human resources and capacity-development systems.

《Management Targets》

	Fiscal 2011 results	Fiscal 2014 forecast
Net sales	¥38,500	¥52,000
Operating income / Operating income ratio	¥1,700 / 4.4%	¥3,600 / 7%
Overseas net sales ratio	34.4%	50% or higher
ROE (Return on equity)	5.4%	8% or higher

	Fiscal 2011 results		Fiscal 2014 forecast	
	Net sales	Segment income	Net sales	Segment income
Transportation Systems segment	¥24,000	¥2,700	¥2,800 / +¥4,000	¥3,500 / +¥800
Industrial Systems segment	¥12,200	¥250	¥21,000 / +¥8,800	¥1,550 / +¥1,300
Information Equipment Systems segment	¥2,300	¥660	¥3,000 / +¥700	¥550 / ¥(110)
Adjustment and other	—	¥(1,920)	—	¥(2,000)

(Unit: Million yen)

Strategy by Business Segment

Transportation Systems segment

Strengthen international business development

Raise our competitiveness in receiving orders in China, North America, India, Southeast Asia, and other areas.

Beijing Subway Line 10

Develop products

Develop a noise-reducing and vibration-reducing driving gear unit, etc.

Industrial Systems segment

Shift management resources to focused markets

Strengthen testing equipment for automotive development, power source facilities, power-generating equipment systems, and international markets

Testing equipment for automotive development

Establish overseas supply and service systems

Information Equipment Systems segment

Develop and sell a next-generation multi-functional issuing machine

Organizational Strategy

Organizational changes were put into effect on June 1, 2012 to strengthen the implementation of Dash 2015.

Strengthen functions to enhance our capability to plan business strategies and our capability to manage the Group.

- Management Planning Division / Group Administration Office: Strengthen our capability to manage the Group
- Production Planning Division: Develop a company-wide production system
- Materials Center: Promote Group procurement and global procurement

Improve and expand systems to accelerate international business development

- Industrial Business Unit / International Strategy Division: Strengthen our operating capabilities in China and Southeast Asia

Enhance systems to strengthen our capability to generate new technologies and our capability to generate new products

- Laboratory: Speed-up by bolstering research staff, etc.