



President Kenzo Terashima

Chairman Hiroshi Tsuchida

Striving to promote overseas development and expand profits under the basis of medium-term management plan.

In the business environment which began to become favorable from the second half of fiscal 2012, “Dash 2015,” the Toyo Denki Group’s medium-term management plan, finished its first fiscal year. Here are explanations on these efforts and future development by Chairman Hiroshi Tsuchida and President Kenzo Terashima, nominated at the 152nd Ordinary General Meeting of Shareholders and the meeting of the Board of Directors which followed.

August 2013

Chairman **Hiroshi Tsuchida**
 President **Kenzo Terashima**

Q Please tell us about the business conditions and results for fiscal 2012.

A Orders received increased for the first time in three fiscal terms due to growth in the Transportation Systems segment. Although revenue and profits decreased, we achieved improvement of profits in the Industrial Systems segment.

In fiscal 2012, the fiscal year ending May 31, 2013, first of all, starting with the status of orders received, orders received in the Industrial Systems segment decreased due to customer companies’ careful stance towards investment and intensifying competition. Orders received in the Information Equipment Systems segment also decreased due to market saturation of the ticket issuing handy terminals that were a breakthrough in the previous fiscal year. However, in the Transportation Systems segment, orders received was favorable with a 19.6% increase compared to the previous fiscal year. As a result, orders received by the Company overall increased 3.9% compared to the previous fiscal year, the first time we have achieved an increase in three fiscal terms. In the Transportation Systems segment, break out from the cyclically low period of domestic demand for renewals, and orders for electrical equipment for the LRV (Light Rail Vehicle) in North America have contributed to the increase in the number of orders received.

From a sales perspective, due to a sharp decline in Chinese projects, in addition to stagnant domestic demand in the Transportation Systems segment, net sales decreased by 27.8% compared to the previous fiscal year and results in the Industrial Systems and the Information Equipment Systems segments also fell from the previous fiscal year.

From a profits perspective, although the Transportation Systems segment faced a large, unavoidable decrease in profits, in the Industrial Systems segment an increase in testing equipment for automobile development and a price decline in rare earth raw materials (neodymium magnets) used in motors have linked to improvement of profits. However, in the Information Equipment Systems segment, declining profit margin has expanded due to increased burden from development expenses of the next-generation multi-functional issuing machine which will be launched in the future.

In addition, foreign exchange gains emerged from the progression of the yen depreciation since the second half of fiscal 2012, and since this was recorded as non-operating income, the decrease in profits has lessened in ordinary income and net income.

Q Please explain how you have addressed efforts to achieve the medium-term management plan goals and the outlook for the current fiscal term (the fiscal year ending May 31, 2014).

A We are continuing to further expand overseas development while expanding profits. In the current fiscal term, all three business segments are expected to see increased revenue and profits.

“Dash 2015,” our three-year medium-term management plan which started in fiscal 2012, aims for net sales of 52.0 billion yen in fiscal 2014 (the fiscal year ending May 31, 2015), an overseas net sales ratio of no less than 50% (26.0 billion yen), an operating income of 3.6 billion yen (operating income ratio of 7%), an ordinary income of 3.6 billion yen, a net income of 1.8 billion yen and an ROE of 8% or higher. In an environment where it is hoped what we call “Abenomics effect” will bring economic recovery, to realize these goals, the Company is striving to further promote overseas development as well as domestically in the Transportation Systems and Industrial Systems segments.

In the current fiscal term, the demand for renewals in the domestic railway market shifted to recovery, and overseas, in addition to start of the shipping of aforementioned electrical equipment for LRV in North America, we have secured high-speed railroads projects and subway line projects backed by the strong Chinese market. Therefore, we expect successful expansion of sales in the Transportation Systems segment. In sales activities overseas, while China and North America continue to be our most important targets, we are also entering into the Indian and Southeast Asian markets mainly from TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE in India established in August 2012.

In the Industrial Systems segment, we expect recovery in capital investments due to upturn of domestic economy along with a large increase in orders for testing equipment for automobile development. Furthermore, to strengthen Southeast Asian development in motors and inverters for production facilities, we plan to set up liaison offices in Southeast Asia such as in Thailand during the current fiscal term. On the other hand, since the summer of 2012, the development of motors and inverters for construction equipment has also been well underway. Through these efforts, we plan to secure a greater profit increase in the Industrial Systems segment for the current fiscal term.

In the Information Equipment Systems segment, we will make use of the increased customers gained through the development of the ticket issuing handy terminals, and respond actively to demands from support for revision of consumption tax for railway station operating equipment.

For the current fiscal term, we expect all three business segments to see increased revenue and profits. For our consolidated business results, we

project net sales of 36.0 billion yen, operating income of 1.5 billion yen, ordinary income of 1.5 billion yen and net income of 0.75 billion yen.

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

A Along with sustainable growth, we will work together with our many stakeholders to build mutually beneficial, ongoing relationships.

The Company aims to contribute to the society through its business development which supports the development of transportation infrastructure and industries, alongside seeking increased profits and sustainable growth. In this, we value our mutually beneficial, ongoing relationships with many stakeholders such as our shareholders, customers, business partners, local society and employees.

Based on this belief, we place emphasis on maintaining a stable return of profits to our shareholders. We have set the fiscal year-end dividend at six yen per share (the same as the previous fiscal year).

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

Career summary of the new President

Name	Kenzo Terashima
Birth place	Kyoto, Japan
Date of Birth	August 18, 1948
Education	March 1972 Graduated from the College of Science and Engineering, Ritsumeikan University
Major positions	April 1972 Joined Toyo Denki Seizo K.K., and assigned to Design Department in Totsuka Plant
	July 2001 General Manager of Overseas Sales Department, Transportation System Business Unit
	June 2002 Deputy General Manager of Sales Unit
	August 2002 Operating Officer; Deputy General Manager of Sales Unit
	August 2004 Director; General Manager of Sales Unit
	August 2008 Managing Director; General Manager of Transportation Business Unit
	August 2009 Senior Managing Director; General Manager of Transportation Business Unit
	August 2012 Representative Director, Executive Vice President
	August 2013 Assumed the office of Representative Director, President
Memorable Work	<ul style="list-style-type: none"> •Technical discussions with high-level manufacturers in the same industry at design meetings for Shinkansen bullet train equipment in the Japan National Railways era (1970s) •Design of towing locomotives for the Panama Canal and the onsite start-up (around 1999)
Motto	Increase sensitivity, analyze logically and decide.
Interests	Travelling abroad, reading

Results of the Questionnaire to Shareholders

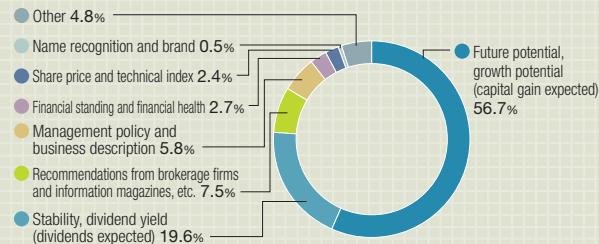
The Company attached a questionnaire to the 152nd Business Report for the Second Quarter "To the Shareholders" published in early February 2013. From this we gathered valuable opinions from our shareholders. Here the questionnaire results are presented in a simple format. These replies and opinions will be used as a reference in our future corporate management and Investor Relations (IR) activities.

We are deeply grateful for your cooperation.

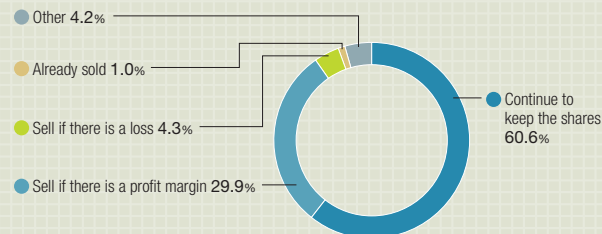
Questionnaire to Shareholders background information

(1) Survey period	Friday, February 1, 2013 to Friday, March 15, 2013
(2) Method	Postal survey via postcard attached to the 152nd Business Report for the Second Quarter
(3) Persons eligible	7,714 shareholders as of November 30, 2012
(4) Number of Response	445 (collection rate 5.8%)
(5) Male/Female Ratio	Male 81.6%, Female 18.4%

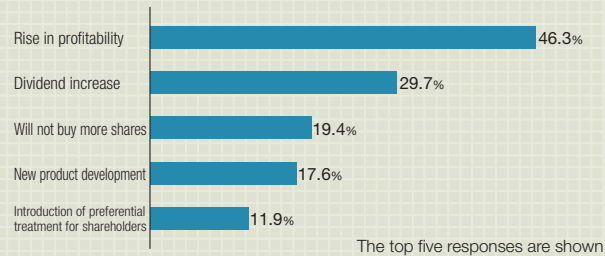
Q1. What was most important when you bought shares of the Company? (Choose one response only)



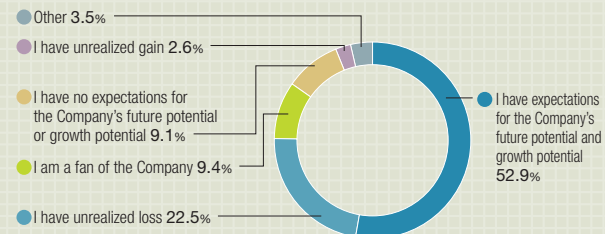
Q3. Please tell us about your future plans for your shares of the Company. (Choose one response only)



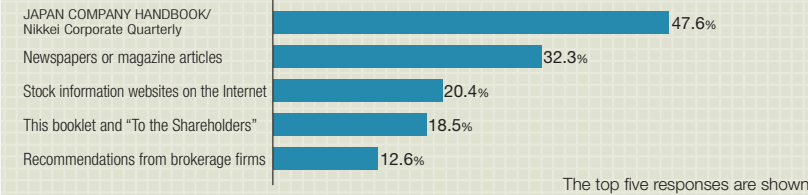
Q2. What will be important when considering buying more shares in the Company? (Choose all appropriate responses)



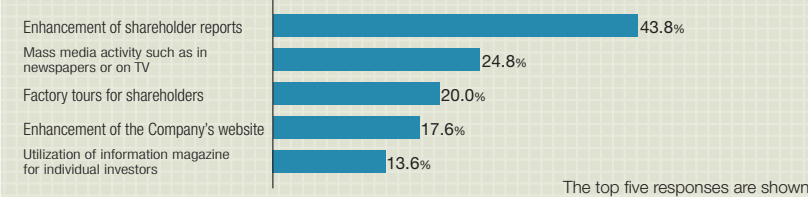
Q4. Please give a reason for your response to Question 3. (Choose one response only)



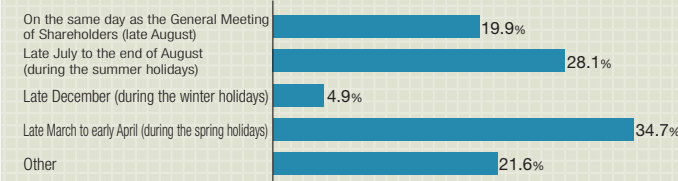
Q5. How do you receive information about the Company? (Choose all appropriate responses)



Q6. Please tell us what you hope for from the Company's Investor Relations activities. (Choose all appropriate responses)



Q7. In the event that the Company held factory tours for shareholders, when would be the best time? (Choose all appropriate responses)



Opinions and Requests

- I think that the partnership with Hitachi is not reflected in business performance. The Company should be more proactive in overseas infrastructure.
- I hope that new products useful to society will be developed, and the Company will grow along with society, utilizing the current strengths.
- Do not be limited to rail vehicles only, develop and utilize technology and expand to the BRICs.

For more detailed questionnaire results please refer to our website. (Japanese version only)
http://www.toyodenki.co.jp/html/images/survey_results_152_2q.pdf

Future IR Activities Aimed at Individual Investors

Based on the questionnaire results, we will be carrying out IR activities aimed at individual investors in the following ways.

Establishment of a Website Aimed at Individual Investors

In June 2013, we established an easy to understand webpage with summary page of the Company Profile and changes in our performance in the IR Information section of the Company website.

Publication of an Integrated Report

In October 2013, we will publish an Integrated Report of financial information and other non-financial information such as CSR information.

Holding of Factory Tours for Shareholders

In the spring of 2014, we will hold a factory tour of Yokohama Works, the Company's major production base. We will notify shareholders of the application guidelines in the Business Report that will be sent to shareholders in early February 2014.

Holding of Company Briefings for Individual Investors

You can find out about the plans for these briefings on our website, or contact us by telephone or email.

Inquiries

PR, IR and CSR Department, Management Planning Division
 TEL : 03-5202-8122
 Email : contact@toyodenki.co.jp

TOPICS



Overseas Development

Operations have begun at the TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE in India

We have started operations at the TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE in India, which was established as the facility for information collection and sales support to expand and reinforce the business activities of the Transportation Systems segment.

Name:	TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE
Official opening date:	Monday, June 3, 2013
Address	301-A 3rd Floor Rectangle-1 District Centre Saket, New Delhi 110017



Inside the office



Social Initiatives

Joint factory tour with Seaside Line was held.

We held a "Seaside Line Collaboration Plan Premium Exploration Tour" together with YOKOHAMA NEW TRANSIT Co., Ltd., a tour of the Yokohama Works.

Date	Wednesday, December 26, 2012 10:15 AM - 11:45 AM
Tour background information	There was a request to hold a joint tour from YOKOHAMA NEW TRANSIT Co., Ltd.
Number of participants	42 participants from the public



During the factory tour



Exhibition Information

Participated in electric vehicles related exhibition the 9th IEVE CHINA 2013

We participated in an electric vehicles, hybrid electric vehicles and charging stations exhibition held in Beijing, China.

Exhibition's Name	The 9th Beijing International Pure Electric Vehicles, Hybrid Electric Vehicles and Charging Station Exhibition 2013(IEVE CHINA 2013)
Venue	China International Exhibition Center (Old Hall)
Dates	Saturday, July 6, 2013 to Monday, July 8, 2013
Details of the Company's Exhibit	1) EV and HEV Drive System (Motor and Inverter, etc.) 2) Dynamo equipment for testing equipment for automobile development 3) Door system for bus



The Company's exhibition booth