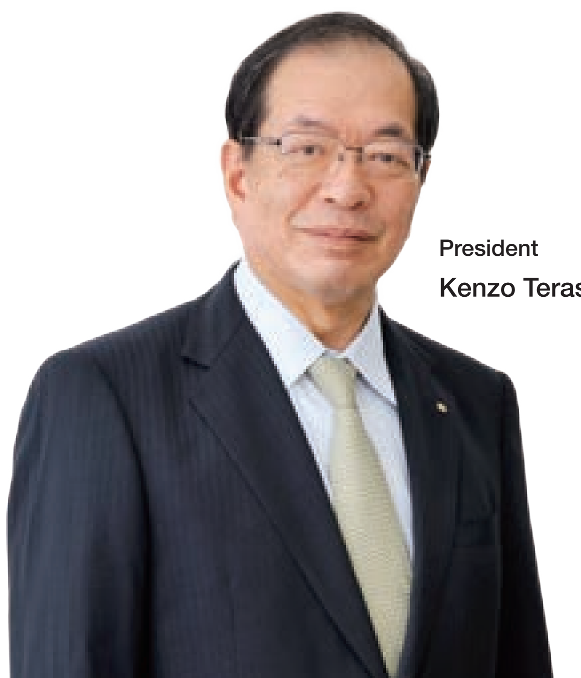
Expanding businesses globally that supports transportation and social infrastructure and the industry, while contributing to environmental conservation

Although both revenue and operating income increased, profit did not reach planned figures. Orders received reached a record-high level.

Although we were able to largely meet our revenue growth plan in fiscal year ended May 31, 2014 as the growth in the Transportation Systems segment made up for the decreased revenue in the Industrial Systems segment, we failed to achieve our profit plan due to factors such as development and design costs being recorded in advance for increased number of new contracts in the Transportation Systems segment. Orders received reached a record-high level due to the robust Transportation Systems segment, and we are in a situation where an increase in revenue for this fiscal year (fiscal year ending May 31, 2015) can be expected.

Both revenue and profits for the Transportation Systems segment increased significantly, backed by the recovery in demand for rail vehicles in Japan and strong maintenance demand for high-speed railroad networks and city transit networks mainly in China and the U.S. Overseas railroad contracts including electrical equipment for a new type of light rail vehicle (LRV) in Los Angeles, U.S., for which the order was received in the previous fiscal year and driving gear units for the Chinese high-speed railroads, contributed to the expansion of sales, and we have newly received orders for electrical equipment for increased rail vehicles on Beijing Subway Line 10.



President

Kenzo Terashima

In the Industrial Systems segment, while the testing equipment for automobile development was strong, production facilities including printing equipment and processing equipment was weak and overall revenue declined. Nevertheless, we were able to maintain an increase in profits due to the effects of improved profitability of factories. Overseas, we proceeded with business development of factory system solutions, such as high-efficiency motors and inverters, in order to capture rising demand for energy saving at manufacturing sites centering on the Southeast Asian market.

Both sales and profits expanded for the Information Equipment Systems segment through reprogramming of railway station operating equipment, etc. corresponding to the increase in consumption tax.

New three-year medium-term management plan “NEXT 100: Beyond 100 years” has been launched. We will accelerate our overseas expansion to achieve net sales of 50.0 billion yen.

Although we promoted our three-year medium-term management plan “DASH 2015” for two years, we have formulated a new medium-term management plan “NEXT 100: Beyond 100 years,” with the fiscal year ending May 31, 2017 as its final year, after reviewing our strategies and goals based on the changes in the business environment and new challenges facing the Company.

In “NEXT 100,” we plan to achieve net sales of 50.0 billion yen and operating income of 3.0 billion yen (operating income ratio of 6%) through promotion of globalization and increase our overseas net sales ratio to 50% from the current 27.3%. Also, by implementing the six principal measures, we will build the base for “next” growth focusing on the year of our 100th anniversary of founding to come in 2018 (see page 6 for details).

Going forward, to promote globalization, we will accelerate overseas expansion of the Transportation Systems and Industrial Systems segments, while implementing measures such as strengthening production capacity, increasing the number of employees, developing suppliers, and improving quality and capabilities.

In the Transportation Systems segment, we plan to proceed with our global operations of the Japanese and overseas rail vehicle manufacturers mainly from our business bases in China, the U.S., Southeast Asia, and India, and enter the local rail vehicle maintenance business.

In the Industrial Systems segment, while promoting increased sales of factory systems in Southeast Asia from our base at the representative office in Thailand, we will launch two new businesses. One is the sales of biomass power generation system mainly focusing on the Philippines. This is a circulating energy system that generates power from strained lees of sugar canes emitted by sugar mills, and that enables utilization of generated power and refined ethanol at sugar mills. The other business is mechanicalizing of presses, molds, and other production facility equipment. Leveraging our strength in servo-control technologies using permanent magnet motors, we will advance the business in collaboration with machine manufacturers.

We aim to increase our level of contribution to the society by our businesses and achieve sustainable corporate growth through promoting globalization.

Looking from the perspective of relationships with the society, our businesses not only play the role of supporting the development of transportation and social infrastructure and the industry through the offering of superior and highly reliable products, but also largely contribute to protecting the environment through electrification and energy-conservation technologies.

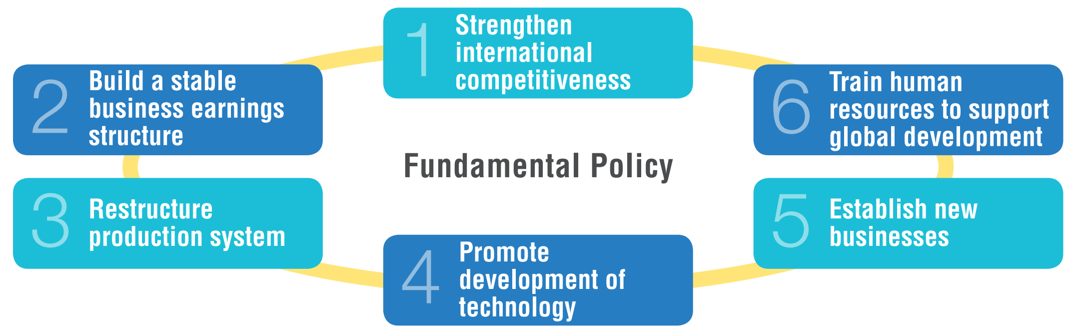
As such, we aim to promote our business, in which such relationships play a key role, through overseas expansion and increasing our level of contribution to the society while further improving efficiency and reducing environmental burden with respect to our production activities. We will also aim to promote globalization and diversification of our organization, through such means as hiring foreign employees at our head office, and hiring locals at our overseas offices. We believe that, going forward, these initiatives will be vital themes for our CSR as well as essential elements for achieving sustainable corporate growth.

We would like to ask for the continued support of our stakeholders as we continue our commitment to meeting your expectations for future business development.

New three-year medium-term management plan <Fiscal 2014 to Fiscal 2016>

“NEXT 100: Beyond 100 years”

The Toyo Denki Group is committed to drastically enhancing its corporate value and thoroughly strengthening its management foundation in order to become a Group well adapted to the new era in anticipation of the year of our 100th anniversary of founding in 2018 and beyond.



Numerical Targets (Billions of yen)

	Fiscal 2013 (Actual Results)	Fiscal 2016 (Forecast)
Net sales	34.95	50.00
Operating income	1.07	3.00
Operating income ratio	3.1%	6.0%
Ordinary income	1.03	3.20
Net income	0.64	1.90
Overseas net sales	9.56	25.00
Overseas net sales ratio	27.3%	50.0%

Segment Net Sales (Billions of yen)

	Fiscal 2013 (Actual Results)	Fiscal 2016 (Forecast)
Transportation Systems Segment	22.20	31.00
Industrial Systems Segment	10.92	16.00
Information Equipment Systems Segment	1.83	3.00