

Financial Results Briefing

Fiscal 2008 (Ended May 2009)

July 17, 2009

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- Briefing on Financial Results

1. Overview of Financial Results for Year Ended May 2009
2. Outlook for Financial Results for Year Ended May 2010
3. Outlook on an Individual Business Segment Basis
4. A New R&D Facility and CSR

- The New Medium-Term Management Plan
About the “Challenge Up Plan”

- Business Alliance with Fuji Electric Systems Co., Ltd.

- Q&A: 30 minutes

1. Overview of Financial Results for Year Ended May 2009

1-1. Overview of Consolidated Financial Results

(Unit: Million yen)

	Fiscal 2007	Fiscal 2008	YoY change	Notes
Orders received	38,873	36,464	-2,409	Firm results in the Transportation Business
Net sales	38,130	33,226	-4,904	Transportation Business results remain flat, decrease in the Industrial and Information Systems segments
Operating income	1,391	1,396	+5	
%	3.6%	4.2%		
Ordinary income	1,197	1,267	+70	
%	3.1%	3.8%		
Net income	532	103	-428	
%	1.4%	0.3%		
Net income per share (yen)	+11.84	+2.32	-9.52	

1. Overview of Financial Results for Year Ended May 2009

1-2. Ordered Received, Sales, and Operating Income by Business Segment

(Unit: Million yen)

		Transportation Business	Industrial Systems	Information Systems	Total
Orders received	Fiscal 2007	21,932	14,623	2,318	38,873
	Fiscal 2008	24,353	10,036	2,073	36,464
	YoY change	+2,421	-4,587	-245	-2,409
Sales	Fiscal 2007	19,781	15,901	2,447	38,130
	Fiscal 2008	19,122	12,399	1,704	33,226
	YoY change	-659	-3,502	-743	-4,904
Operating income	Fiscal 2007	544	798	49	1,391
	Fiscal 2008	1,501	10	(115)	1,396
	YoY change	+957	-788	-164	+5

1. Overview of Financial Results for Year Ended May 2009

1-3. Key Factors Contributing to Changes in Consolidated Operating Income

Factor	Details	
Drop in revenue	Transportation Business: Industrial Systems: Information Systems:	Down 200 million yen Down 1000 million yen Down 200 million yen
Improvements in gross profit	Transportation Business In line with changes in accounting standards	Up 800 million yen
Manufacturing efficiency, other	Transportation Business Improvements in manufacturing efficiency Industrial Systems Reductions in personnel and operating expenses	Up 400 million yen Up 200 million yen

1. Overview of Financial Results for Year Ended May 2009

1-4. Consolidated Financial Position

(Unit: Million yen)

	May 31, 2008	May 31, 2009	YoY change	Notes
Total assets	35,371	32,780	-2,591	
Current assets	21,705	20,205	-1,500	
Fixed assets	13,665	12,575	-1,090	
Total liabilities	21,641	20,316	-1,325	
Of which, interest bearing debt	5,505	6,361	+856	
Net assets	13,729	12,464	-1,265	<ul style="list-style-type: none"> ■ Differences in evaluation of other marketable securities
Equity ratio	38.8%	38.0%	--	<ul style="list-style-type: none"> ■ Acquisition of treasury stock
Net assets per share (yen)	308.51	282.40	-26.11	

2. Outlook for Financial Results for Year Ending May 2010

2-1. Consolidated Forecast

(Unit: Million yen)

	Fiscal 2008	Fiscal 2009	YoY change	Notes
Orders received	36,464	40,000	+3,536	■ Increase in the Transportation Business
Net sales	33,226	35,000	+1,774	■ Increase in the Transportation Business
Operating income	1,396	1,300	-96	
%	4.2%	3.7%		
Ordinary income	1,267	1,200	-67	
%	3.8%	3.1%		
Net income	103	600	+497	
%	0.3%	1.7%		
Net income per share (yen)	2.32	13.59	+11.27	

2. Outlook for Financial Results for Year Ending May 2010

2-2. Ordered Received, Sales, and Operating Income by Business Segment

(Unit: Million yen)

		Transportation Business	Industrial Systems	Information Systems	New Business	Total
Orders received	Fiscal 2008	24,353	10,036	2,073	--	36,464
	Fiscal 2009	26,700	11,000	2,000	300	40,000
	YoY change	+2,347	+964	-73	--	+3,536
Sales	Fiscal 2008	19,122	12,399	1,704	--	33,226
	Fiscal 2009	22,500	10,000	2,200	300	35,000
	YoY change	+3,378	-2,399	+496	--	+1,774
Operating income	Fiscal 2008	1,501	10	-115	--	1,396
	Fiscal 2009	1,650	(300)	50	(100)	1,300
	YoY change	+149	-310	+165	--	-96

2. Outlook for Financial Results for Year Ending May 2010

2-3. Order Environment

	Comments
Market overall	<ul style="list-style-type: none">(1) Triggered by the sub-prime loan crisis, fluctuations in the U.S. economy contribute to the worldwide recession. Recovery not anticipated until the beginning of 2010(2) Pickup in global rail infrastructure investment
Transportation Business	<ul style="list-style-type: none">(1) Firm domestic market(2) Robust overseas demand for high-speed railway systems as well as urban transportation networks
Industrial Systems	<ul style="list-style-type: none">(1) Recovery in capital investment from 2010(2) Structural decline in social infrastructure demand
Information Systems	<ul style="list-style-type: none">(1) Little or no change in market scale for IC card-compatible equipment relating to railway station operations

2. Outlook for Financial Results for Year Ending May 2010

2-4. Key Factors Contributing to Changes in Consolidated Operating Income

Factor	Details	
Increase/Drop in revenue	Transportation Business: Industrial Systems:	Up 600 million yen Down 700 million yen
Fixed Expenses	Transportation Business: Increase in personnel and operating expenses Industrial Systems: Decrease in personnel and operating expenses	Down 600 million yen Up 500 million yen
Manufacturing efficiency, other	Transportation Business: Industrial Systems: Consolidated subsidiaries	Up 200 million yen Down 100 million yen

2. Outlook for Financial Results for Year Ending May 2010

2-5. Dividends

- (1) Toyo Denki's fundamental policy calls for a stable dividend
- (2) In addition to strategic allocation to research and development, capital expenditure, and overseas expansion with the objectives of future business expansion and strengthening of the management base, internal reserves are used to strengthen the company's financial position

(Unit: Yen)

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Annual dividend per share	5.00	6.00	6.00	6.00	6.00

(Forecast)

Note: Toyo Denki holds approximately 5.2% of its common stock issued and outstanding.

3. Outlook on an Individual Business Segment Basis

3-1. Transportation Business Division

(1) Consolidated financial results for fiscal 2008

	Fiscal 2007	Fiscal 2008	YoY change
Orders received	21,932	24,353	+2,421
Net sales	19,781	19,122	△659
Operating income	544	1,501	+957
%	2.8%	7.8%	

Comments

- Orders received: Increase in domestic orders received
- Net sales: Overseas orders received showing current signs of having settled down
- Operating income: Steps to address changes in accounting standards Improvement in manufacturing efficiency

(2) Forecast for consolidated financial results for fiscal 2009 (Unit: Million yen)

	Fiscal 2009	YoY change
Orders received	26,700	+2,347
Net sales	22,500	+3,378
Operating income	1,650	+149
%	7.3%	

Comments

- Orders received: Substantial increase in overseas orders received
- Net sales: Increase in overseas sales
- Operating income: Improvement in manufacturing efficiency Improvement in overseas subsidiary profitability

3. Outlook on an Individual Business Segment Basis

3-1. Transportation Business Division — Topics —

(1) Received order for electrical equipment for JR East E5 Series Shinkansen (bullet train) cars

- In preparation for the opening of Tohoku Shinkansen Shin-Aomori Station, JR East is working to complete a next-generation Shinkansen car capable of speeds up to 320 kilometers per hour
- Received orders for traction motors, drive gear units, auxiliary power supply apparatus, pantographs, etc.



Shin-Aomori -Hachinohe
Scheduled for completion
the end of fiscal 2010

The Tohoku
Shinkansen
connection Morioka
with Shin-Aomori



3. Outlook on an Individual Business Segment Basis

3-1. Transportation Business Division — Topics —

(2) Received large-volume order for drive gear units for a high-speed rail service connecting Wuhan and Guangzhou

- Received orders from **CSR Sifang Locomotive and Rolling Stock Co., Ltd.** (Qingdao City), manufacturer of rail cars under the supervision of the China Rail Ministry
- Manufacture of 720 sets of drive gear units for 30 trains (each train consisting of eight cars) capable of speeds up to 350 kilometers per hour for the approximate 1,000 kilometer route linking Guangzhou and Wuhan
- Progressive delivery from summer 2009 through to railway line opening in 2010



3. Outlook on an Individual Business Segment Basis

3-1. Transportation Business Division — Topics —

(3) Electrical equipment for the Chengdu Subway Line 1

- Progressive delivery through to line opening in autumn 2010
- Products for delivery

Electrical equipment for rail cars (speed control units, traction motors, drive gear units, low-pressure power supply apparatus, transmission equipment)
Braking systems for rail cars



Chengdu Metro Line 1

3. Outlook on an Individual Business Segment Basis

3-2. Industry Business Division

(1) Consolidated financial results for fiscal 2008

	Fiscal 2007	Fiscal 2008	YoY change
Orders received	14,623	10,036	-4,587
Net sales	15,901	12,399	-3,502
Operating income	798	10	-788
%	5.0%	0.1%	

Comments

- Orders received: Sharp decline from the second half
- Net sales: Decline from the second half
- Operating income: Positive earnings despite the decline in sales
Reduction in personnel and operating costs

(Unit: Million yen)

(2) Forecast for consolidated financial results for fiscal 2009

	Fiscal 2009	YoY change
Orders received	11,000	+964
Net sales	10,000	-2,399
Operating income	(300)	-310
%	--	

Comments

- Orders received: Recovery from the beginning of 2010
- Net sales: Difficult conditions in the first half
- Operating income: Forecast loss due to lower sales
Breakeven point 11 billion yen

3. Outlook on an Individual Business Segment Basis

3-3. IT Business Division

(1) Consolidated financial results for fiscal 2008

	Fiscal 2007	Fiscal 2008	YoY change
Orders received	2,318	2,073	-245
Net sales	2,447	1,704	-743
Operating income	49	(115)	-164
%	2.0%	--	

Comments

- Orders received: Settled conditions for IC compatible equipment
- Net sales: As above
- Operating income: Loss attributable to lower sales

(2) Forecast for consolidated financial results for fiscal 2009 (Unit: Million yen)

	Fiscal 2009	YoY change
Orders received	2,000	-73
Net sales	2,200	+496
Operating income	50	+165
%	2.3%	

Comments

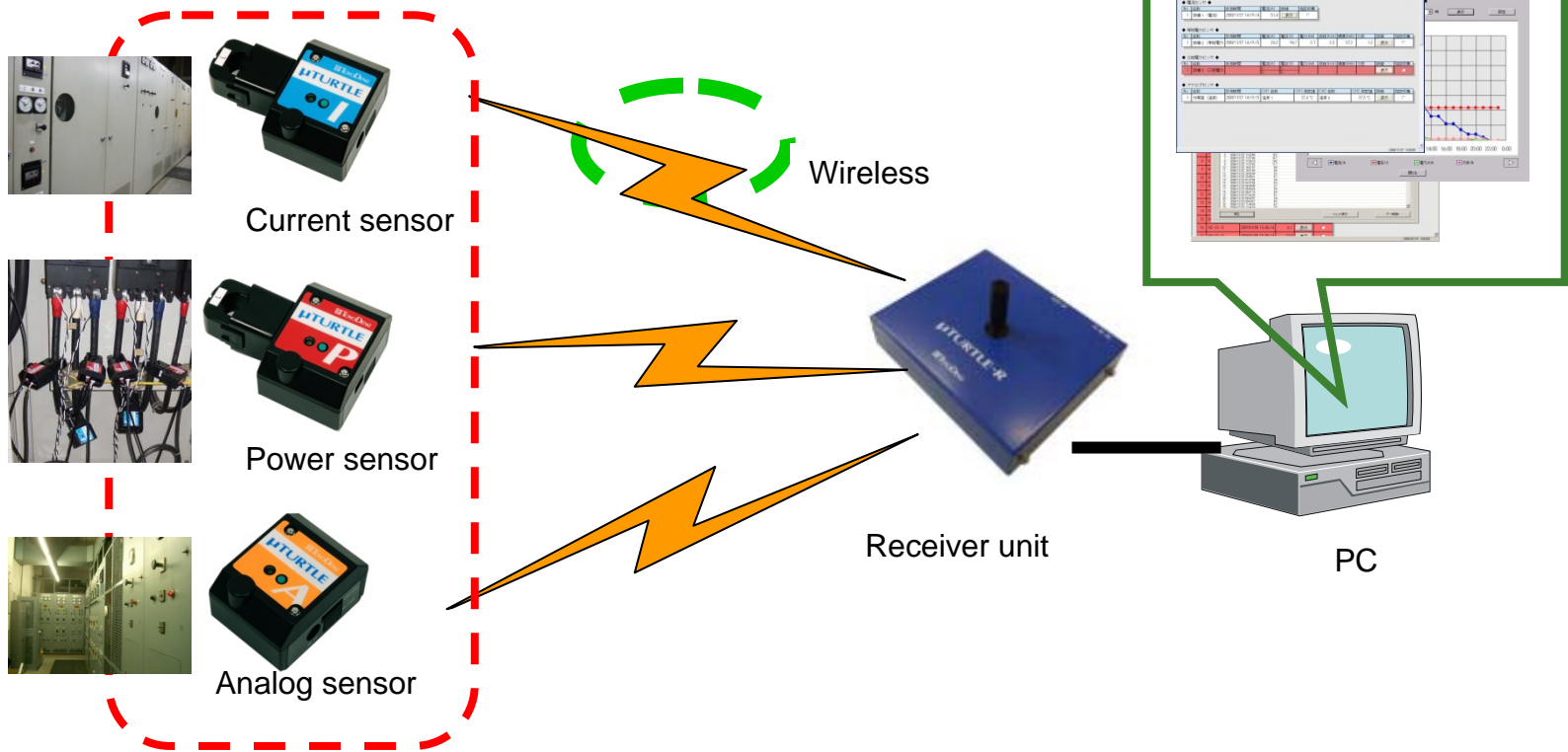
- Orders received: Increase in sales of remote monitoring systems
- Net sales: Increase in remote monitoring systems
- Operating income: Positive earnings on the back of increased sales

3. Outlook on an Individual Business Segment Basis

3-3. IT Business Division — Topics —

■ Sales of the Toyo Wireless Measurement System, a radio facility data collection system commenced in July 2009

- Easy installation with batteryless and wireless design
- Possible application in measuring energy-saving effects in the facilities and equipment monitoring fields



3. Outlook on an Individual Business Segment Basis

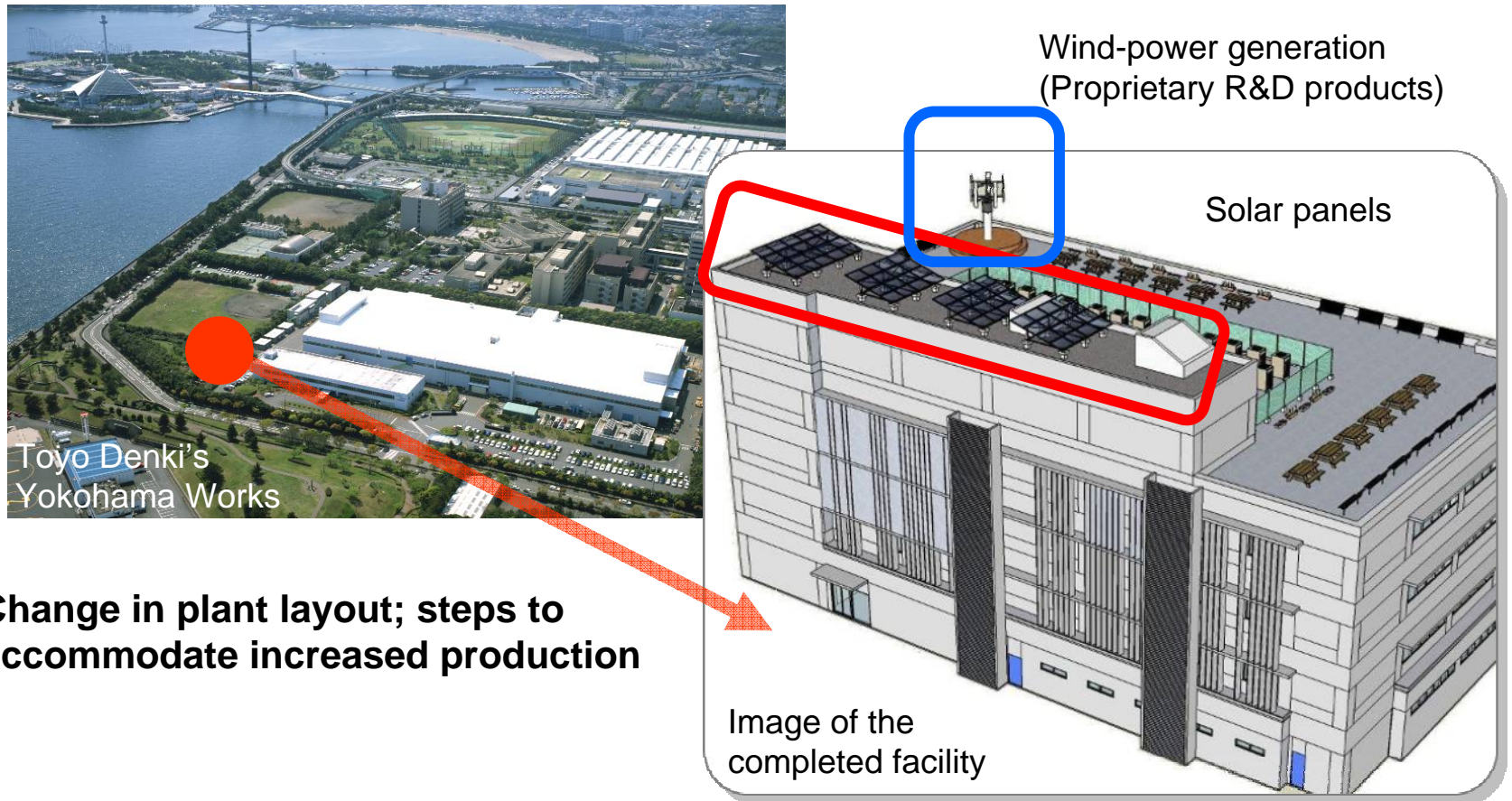
3-4. Business Development Division (New Business)

- Business Development Division established to pursue the commercialization of EV systems from June 2009



4. A New R&D Facility and CSR

- (1) A new R&D and design facility under construction at the Company's Yokohama Works (construction completion scheduled for December 2009); Solar and wind power generation facilities to be installed



- (2) Change in plant layout; steps to accommodate increased production

The New Medium-Term Management Plan The “Challenge Up Plan”

Fiscal 2009 to Fiscal 2011



Key Policies of the “Challenge Up Plan”

(1) Further increase Group corporate value

(2) Fortify the Group’s efforts toward overseas expansion

(3) Generate new businesses

(4) Develop new products

(5) Bolster CSR activities

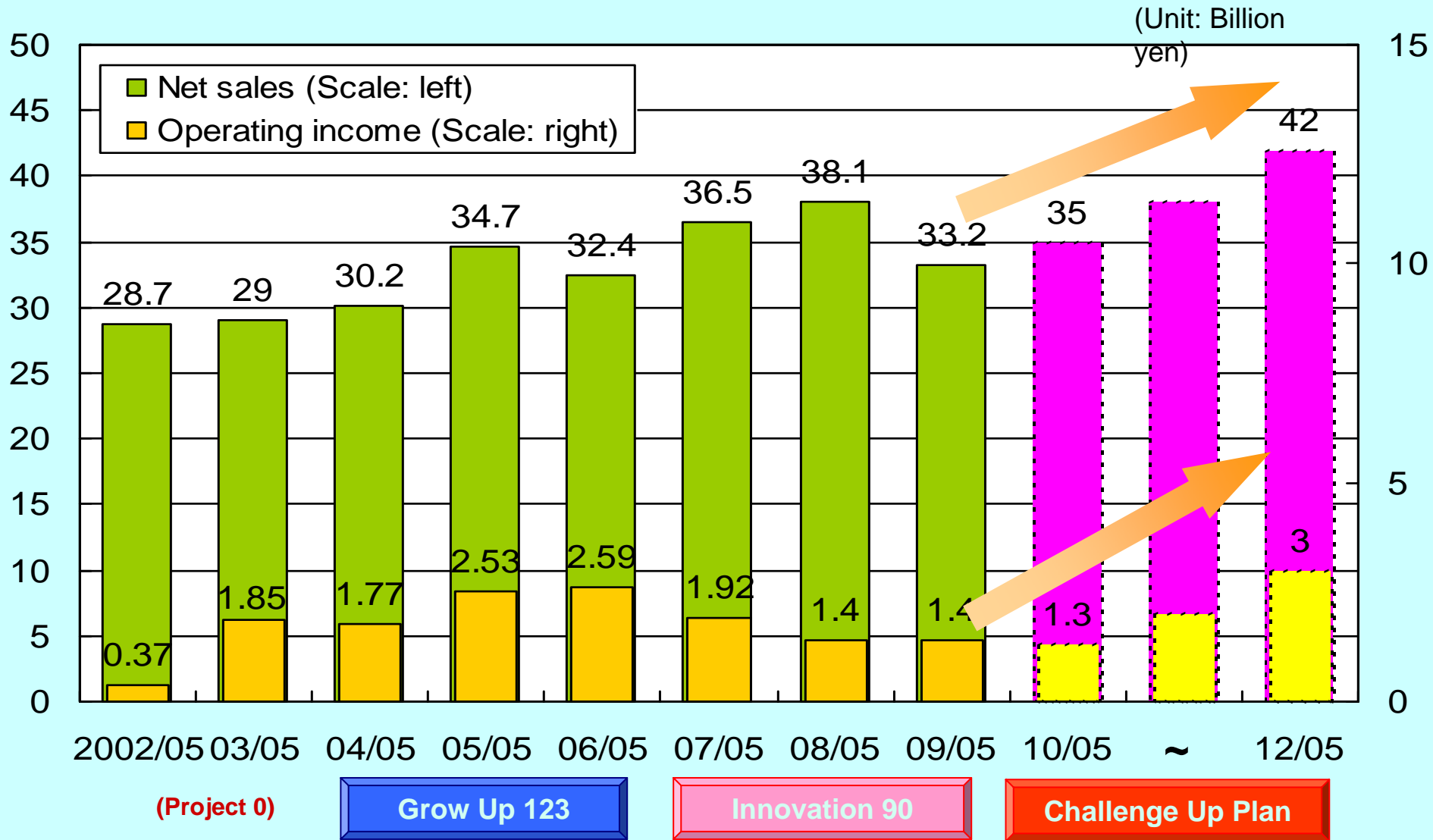
(6) Establish and promote a dynamic corporate culture

「Numerical Targets under the “Challenge Up Plan”

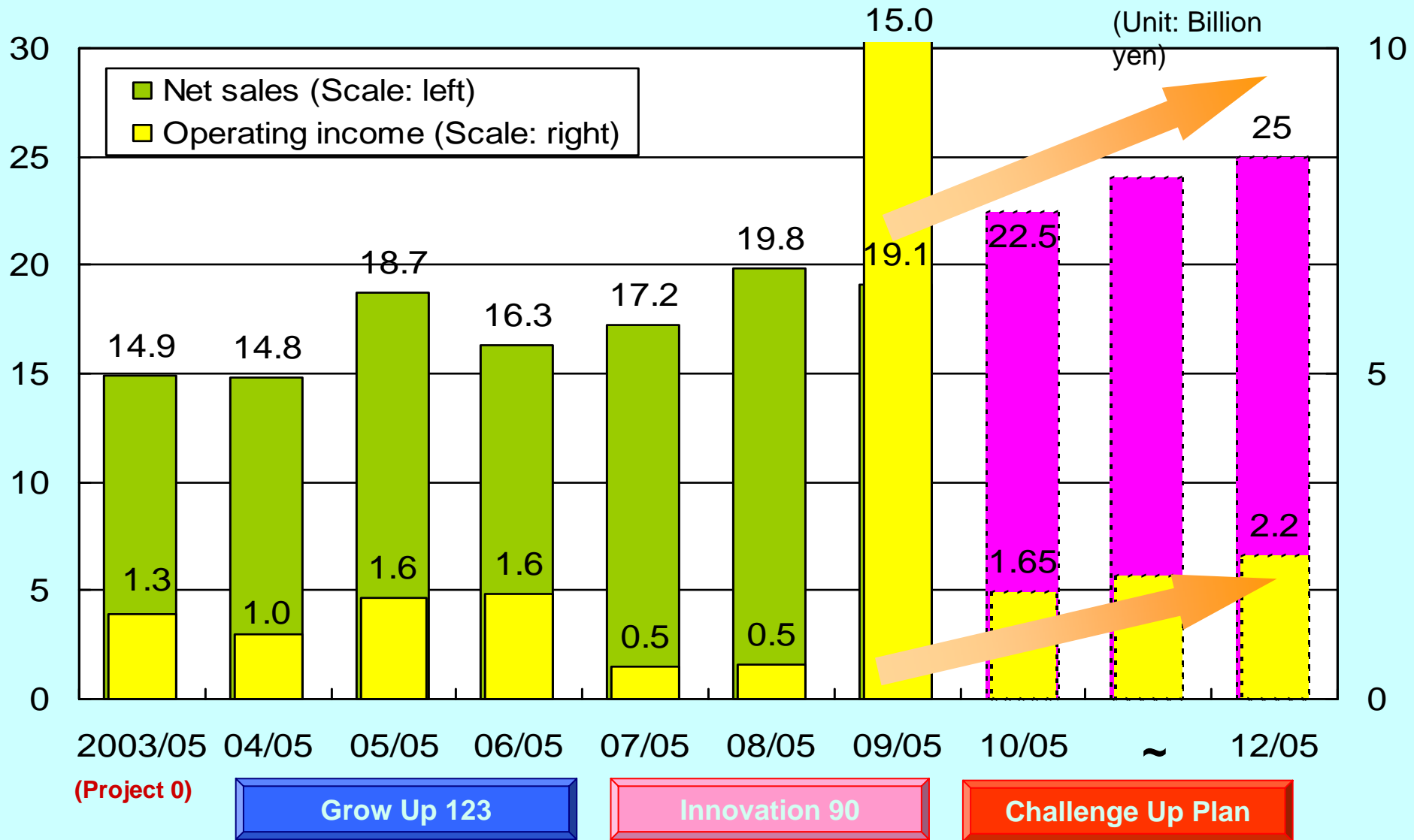
(Unit: Million yen)

	Fiscal 2008 Actual	Fiscal 2011 Targets
Net sales	33,226	42,000
Operating income	1,396	3,000
(%)	4.2%	7.2%
Ordinary income	1,267	2,800
Net income	103	1,500

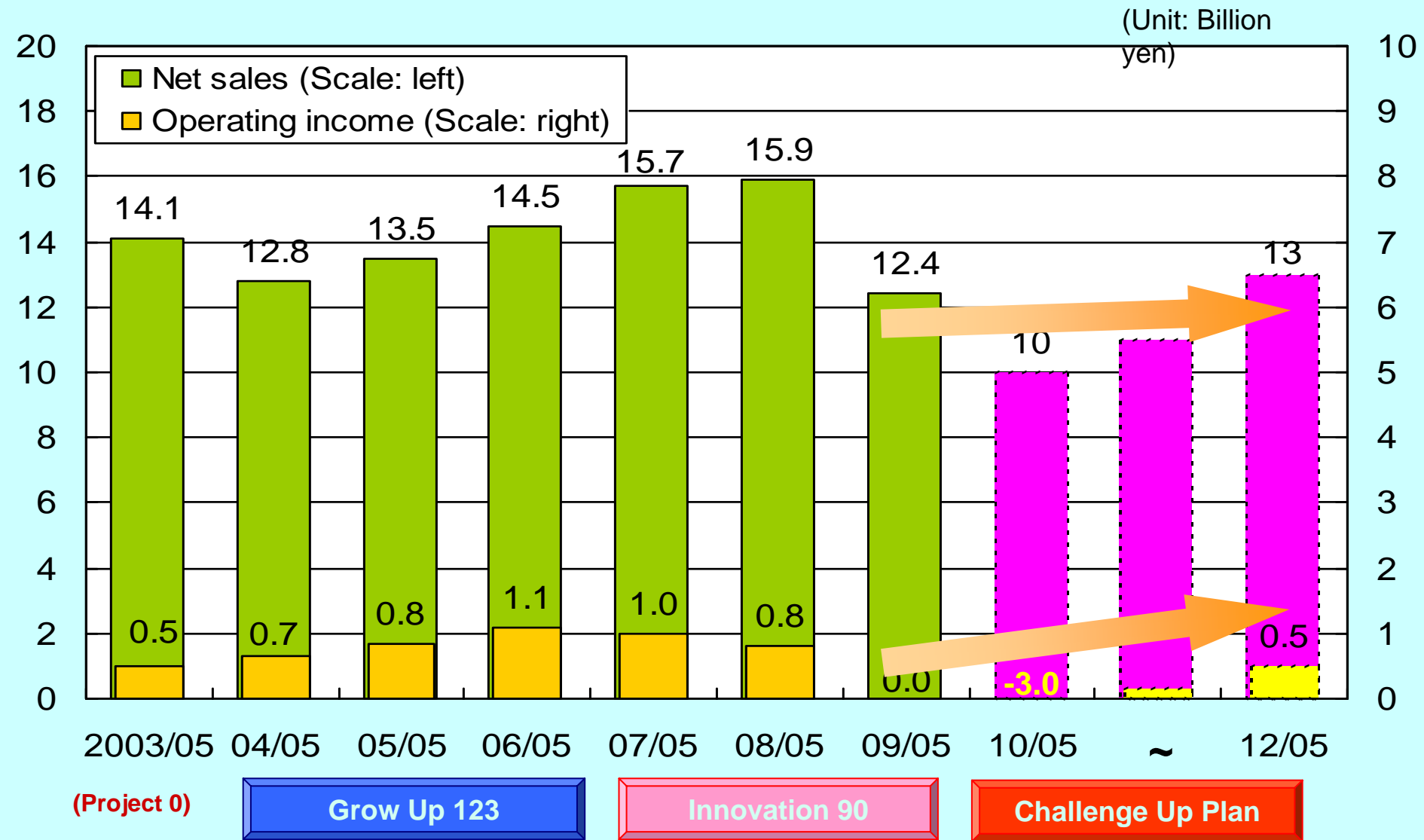
Reference: Change in Consolidated Net sales and Operating income, and Forecast



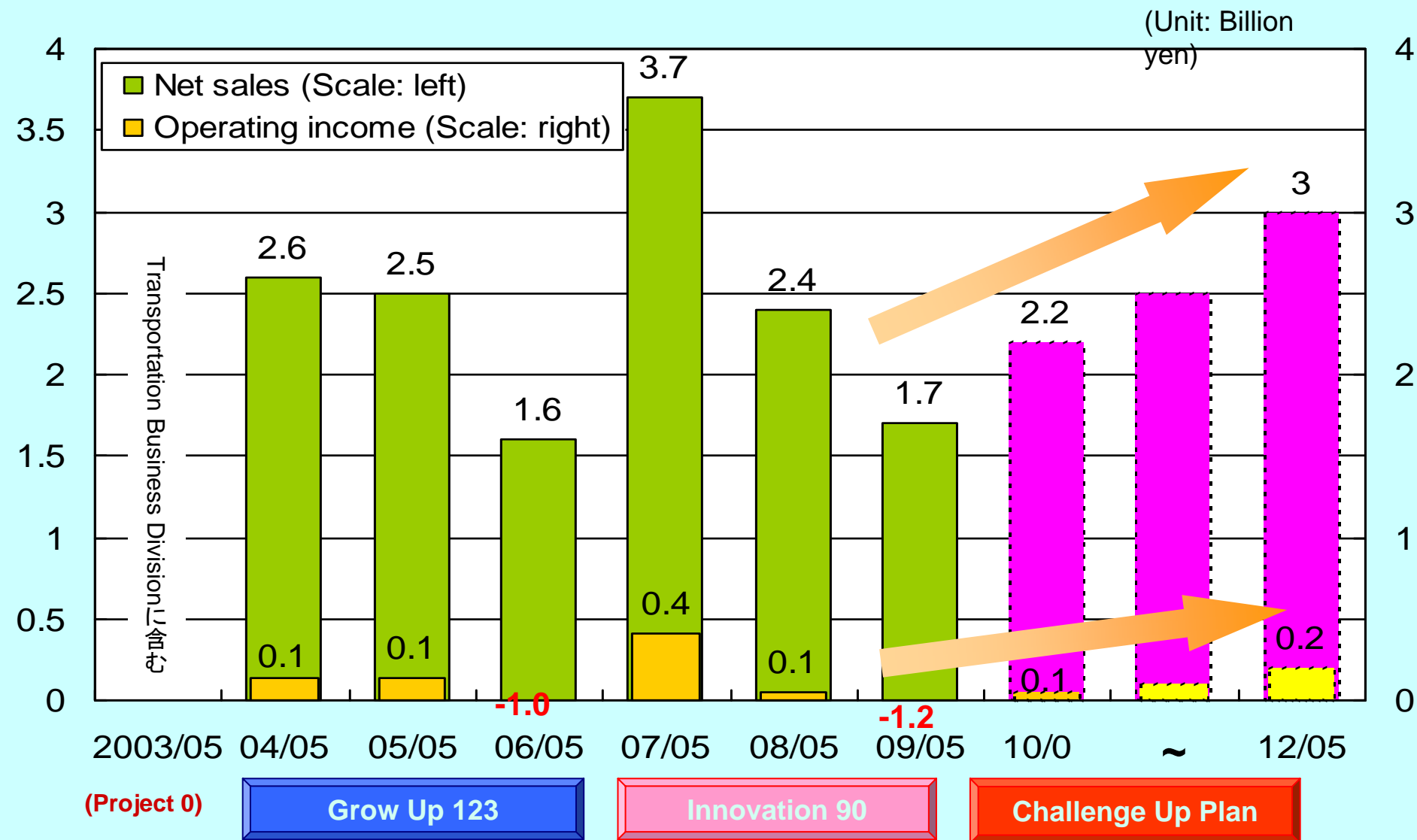
Reference: Performance Trends in the Transportation Business Division



Reference: Performance Trends in the Industry Business Division

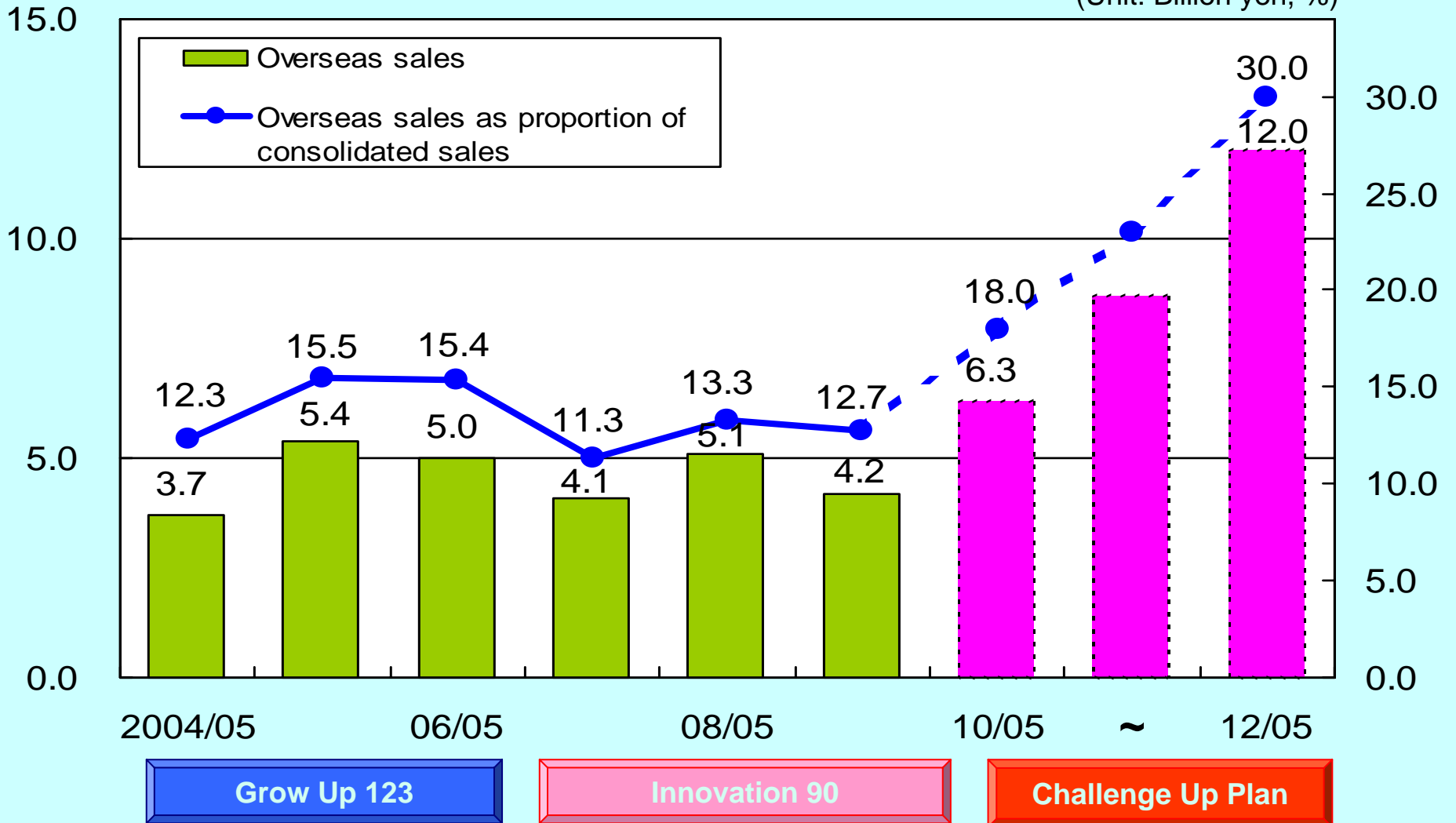


Reference: Performance Trends in the IT Business Division



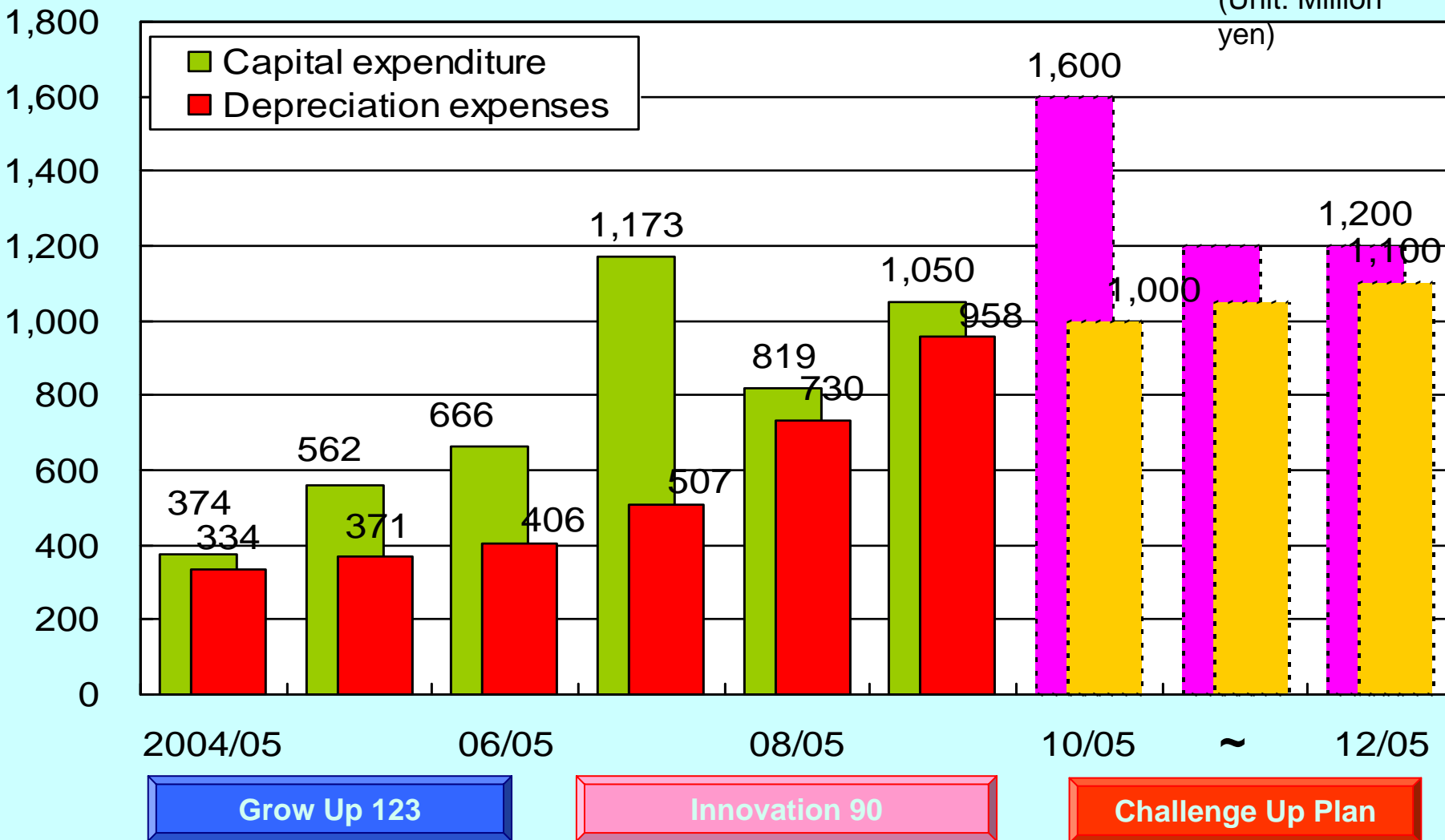
Reference: Trends in Overseas Sales

(Unit: Billion yen, %)



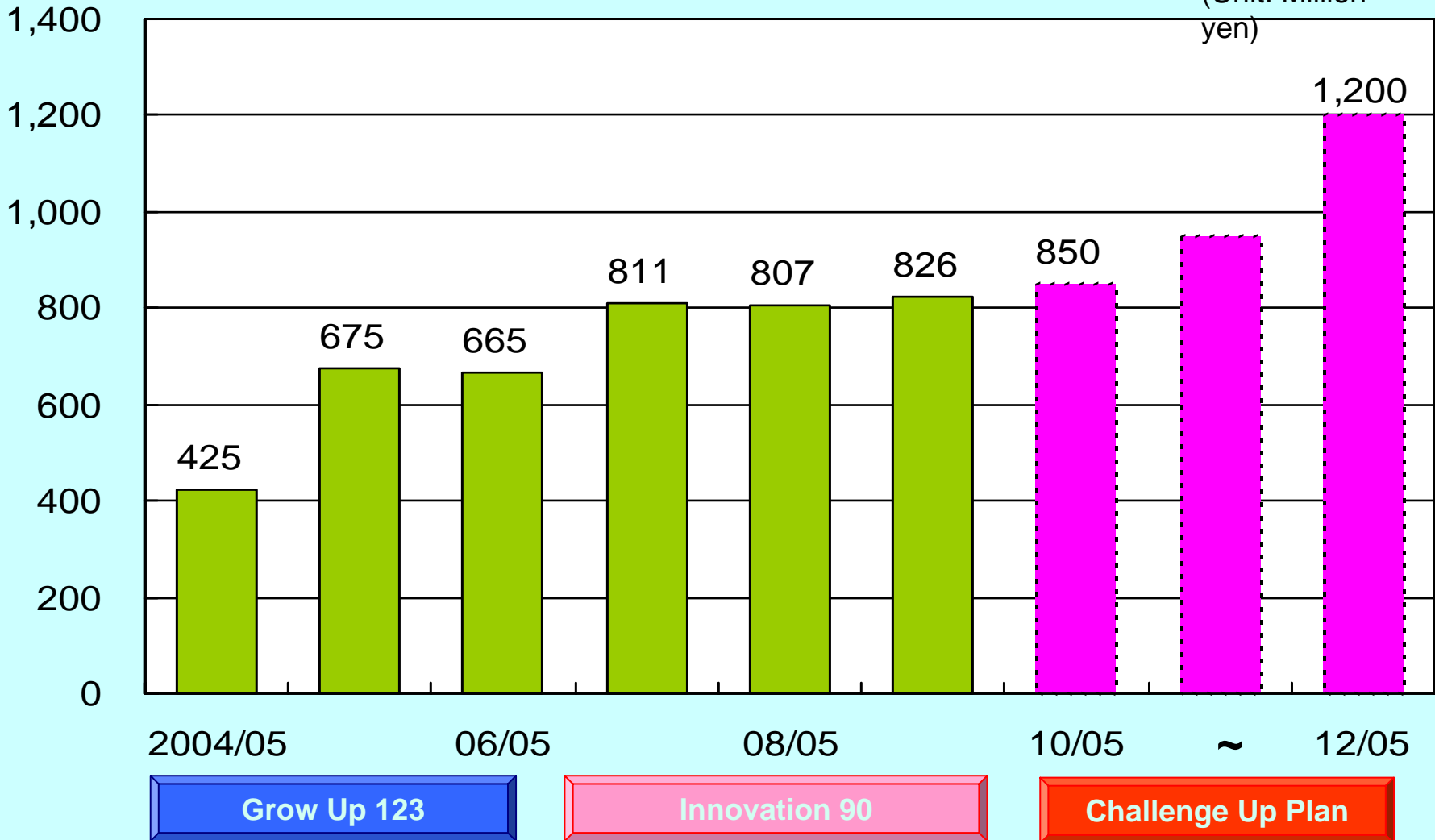
Reference: Changes in Consolidated Capital Expenditure and Depreciation Expenses

(Unit: Million yen)



Reference: Changes in Consolidated Research and Development Expenses

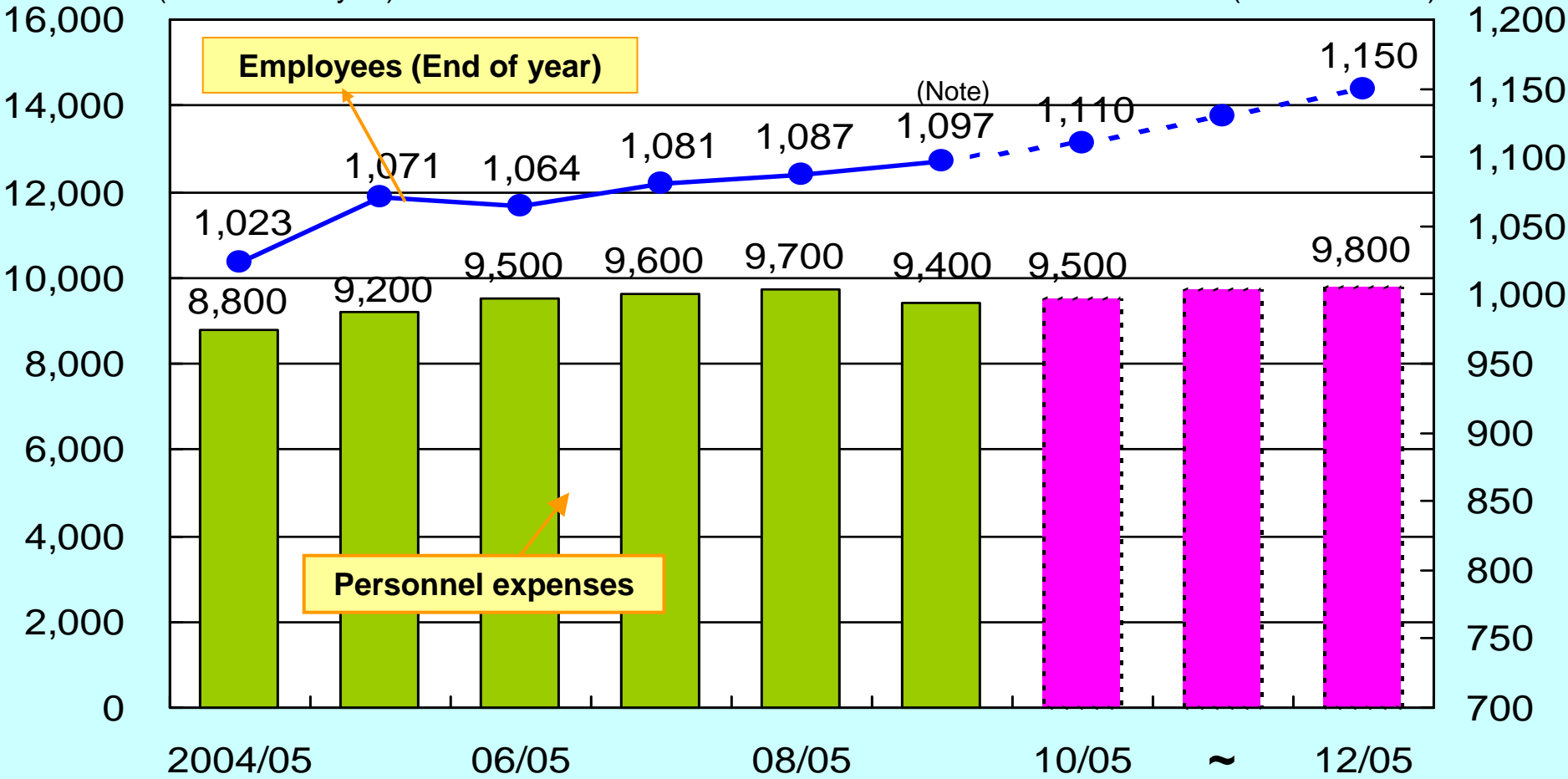
(Unit: Million yen)



Reference: Changes in Consolidated Personnel Expenses and Number of Employees

(Unit: Million yen)

(Unit: Persons)



Grow Up 123

Innovation 90

Challenge Up Plan

Note: Including approximately 50 contract employees

Business alliance with Fuji Electric Systems Co., Ltd. encompassing electrical equipment and components for rail cars

- Potential to supply a comprehensive lineup of electrical equipment and components for rail cars including **alternating devices**
- Potential to supply a full range of electrical equipment and component systems for rail cars to such overseas markets as the United States, China, India and Russia

Areas of collaboration

1. Procurement
2. Joint research and development
3. Complementary products
4. Engineering services
5. Service collaboration