



An Interview with the President

Under the leadership of new management, the Toyo Denki Group commenced its new three-year medium-term management plan, the “Challenge Up Plan,” from fiscal 2009, the fiscal year ending May 31, 2010. With this Plan as its base, the Group is making steady progress toward consolidating its business platform to take a significant leap forward as it enters a period of further growth. In the following pages, Hiroshi Tsuchida, President of Toyo Denki Seizo K.K., provides details of the Group’s current status and outlook together with his thoughts to employees and shareholders.

Hiroshi Tsuchida

President

Q Looking back over the period since your appointment as president, please reiterate your thoughts toward and aspirations for the Company, as well as anything that stands out from a management perspective?

Six months have now passed since I was newly appointed as president of Toyo Denki in August 2009. Prior to this, I was involved for a long time in the rail and related industries, including management of a West Japan Railway affiliated company. As a result, I was very familiar with Toyo Denki, its advanced technological expertise, and long history as a manufacturer of motors and pantographs.

Over the past half year, I spent a great deal of time calling on customers both in Japan and China. This has given me a first-hand appreciation of the high esteem in which the Company’s technological capabilities and after-care services are held by railway operators. Walking through the Company’s manufacturing facilities, I have also been greatly impressed by the dedicated manner in which each and every employee carries out his or her duties. I can fully appreciate that Toyo Denki’s manufacturing techniques are being used to maximum advantage.

Clearly the Company’s ongoing development can be attributed to three core factors. The first is Toyo Denki’s frontier spirit. This spirit underpins the Company’s unwavering efforts to uncover new technologies ahead of competitors, rather than relying solely on efforts to hone existing capabilities. The second factor is Toyo Denki’s ability to get things done, bringing to fruition innovative ideas and concepts. Finally, the Company’s dedicated approach toward thorough after-care service is the third factor that rounds out Toyo Denki’s positive growth. Inheriting this corporate culture that has supported the Company for more than 90 years, my goals are to increase earnings while further enhancing Toyo Denki’s profile and presence.

Looking at the Company’s workplace environment, employees are earnestly carrying out their duties with a strong sense of urgency. This is extremely pleasing. I would, however, like to add another feature to Toyo Denki’s corporate style, and that is a greater sense of energy and vitality. It is important to build a dynamic atmosphere, to create a vibrant buzz and promote enjoyment. In this manner, the passion that comes from within each and every employee will serve to drive the Company forward toward increased growth. In the future, I will be looking for this type of evolution and change.

Turning to operating results over the past half year, we are yet to see any meaningful recovery or bottoming out of the steady decline in net sales. Conditions surrounding the Industrial Systems segment are characterized by a general unwillingness to invest in industry. Nevertheless, results in the Transportation Systems segment remain robust with sales slightly in excess of plans. Taking into consideration the recent upswing in orders as well as the carry forward of certain projects into the next period resulting in the postponement of sales, we see little need to revise full fiscal year forecasts.

Q What direction will Toyo Denki take as it strives to secure future growth? And, what are the Company’s prospects and plans for business development?

This goes back to the pioneering spirit that I mentioned earlier, and the Company’s commitment to consistently take up new challenges. Following on the heels of Toyo Denki’s mainstay Transportation Systems and Industrial Systems businesses, we will focus on new businesses in next-generation fields including Information Systems, which encompass remote monitoring and the Toyo Wireless Measurement systems, as well as electric vehicle (EV) systems. Harnessing the strengths of our inherent technological capabilities, these initiatives will fulfill our insatiable need to broaden the scope of our business activities. Through these means, Toyo Denki will build a solid platform from which it will secure future corporate growth.

Speed is vital when developing the technologies required to advance ahead in the fields of information technology, environmental protection and energy conservation. In addition, today’s demands extend well beyond stand-alone technologies. Market requirements call for the provision of total-package systems and the ability to adjust to wide-ranging needs. In this regard, Toyo Denki has abandoned its previous approach of completing tasks on its own. We will proactively seek out collaboration with business partners outside our industry as we go about implementing business initiatives.

From the perspective of increasing the scope and scale of earnings, efforts to bolster overseas business development are integral to the Company going forward. One component of our endeavors in this area is the business alliance with Fuji Electric Systems, executed in July 2009. This alliance encompasses the supply of electrical equipment and components for rail vehicles to overseas markets.

Currently, a succession of large-scale railway-related projects are proceeding in such countries as China, the United States, Brazil and India. Toyo Denki has secured major orders for the Beijing subway network up to the second quarter of the current fiscal year, which indicates the importance of China to the Company as a key business target. Buoyed by the swift and decisive actions of China’s political leaders, massive amounts of investment funds are being channeled into national projects. China is accordingly enjoying robust rates of economic growth

commensurate with the nation’s sense of unity and solidarity. Recognizing the momentum generated by neighboring countries as a business opportunity, we will continue to reinforce our marketing efforts and initiatives.

These basic policies of fortifying our efforts toward overseas expansion as well as generating new businesses are key components of the Toyo Denki Group’s three-year medium-term management plan. While the Challenge Up Plan was formulated prior to my appointment as president, I am committed to taking over and achieving the Plan’s established goals. Having said this, and acknowledging that targets are not beyond our reach, specific details of individual objectives are indeed bold. In the initial fiscal year of the Plan, I will be looking to achieve the identified first-year goals. Thereafter, I would hope that we can attain wherever possible the numerical targets in advance of established schedules.

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

Operating conditions are projected to remain harsh for the foreseeable future. Undeterred, Toyo Denki will aggressively pursue business development with the aims of securing earnings growth while further enhancing corporate value. In appreciation of the support provided to the Company by its shareholders, we plan to maintain existing returns through the consistent payment of cash dividends. Looking ahead, we will make every effort to improve the Group’s performance in order to increase the amount of cash dividends paid.

The success or failure of the Group’s endeavors will be reflected in and evaluated by its numerical results. In the meantime, Toyo Denki will continue to disclose information relevant to its business operations and conduct through appropriate and timely IR activities. In addition, we will direct the attention of shareholders and investors toward newspapers and other media, which often report on the Group’s activities and particularly its transportation and EV system businesses. As the Toyo Denki Group works toward achieving its established goals, focusing largely on such areas as overseas business development and new business incubation, we hope that shareholders will hold high expectations of the Group’s potential while watching closely over its business activities.

I would like to take this opportunity to express my profound appreciation for the understanding of shareholders and ask for their ongoing, long-term support.



Located within the Yokohama Works, the Engineering Center was completed in January 2010.

GENES REMOTE — A Remote Monitoring System Applicable in Wide-Ranging Situations

Toyo Denki's Internet-Compatible Remote Monitoring System — GENES REMOTE — Is an Easy-to-Use System That Makes Data More Visible

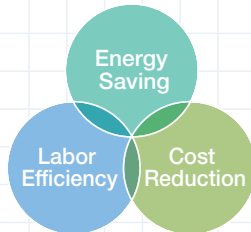
Remote Monitoring Systems Represent a New Business Pillar for the Information Systems Segment

Toyo Denki's Information Systems segment is comprised of business operations that handle railway station operation equipment as well as the Toyo Wireless Measurement System.

Fueled by an upswing in energy efficiency and needs to reduce costs and labor expenses, the market scale of remote monitoring systems is expected to expand. Drawing on the Company's substantial reserves of highly sophisticated communication and control technologies, this special feature introduces Toyo Denki's remote monitoring systems that are used extensively across wide-ranging situations.



Remote monitor terminal "μTOP" (pronounced "micro-top")



Examples of Toyo Denki's Remote Monitoring System in Use

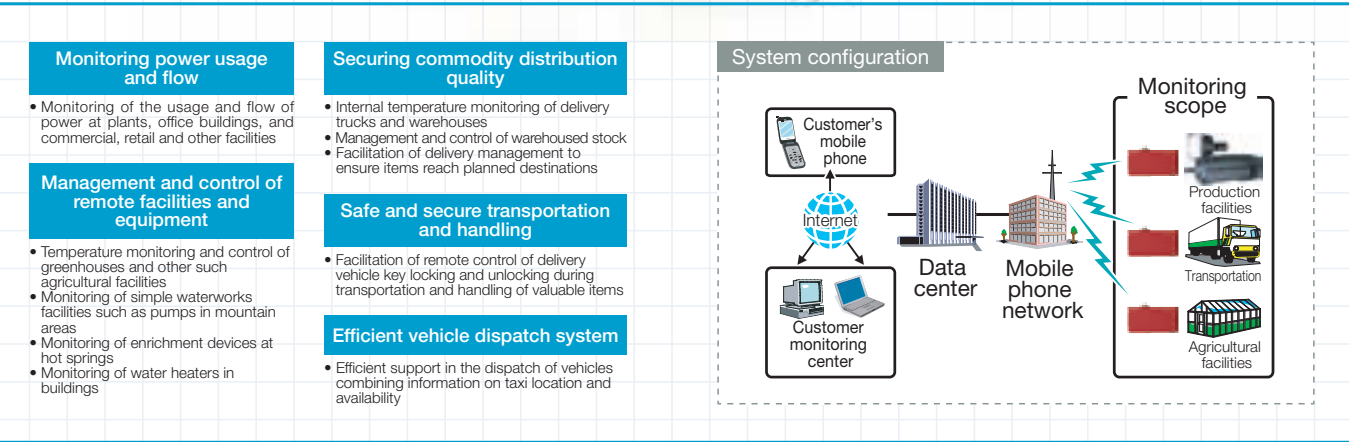
Using Toyo Denki's Remote Monitoring System, remote monitoring can be undertaken anytime and anywhere through a personal computer or mobile phone connected to the Internet. A dedicated server is not required. Users need only provide a personal computer with Internet access. The system requires a low initial cost and can be flexibly customized as required. Toyo Denki's Remote Monitoring System can be used effectively in the situations indicated at right.

Enhancing security through the remote control of key locking and unlocking

Reducing costs through the use of efficient dispatch systems

Realizing energy saving by visually displaying and monitoring power usage and flow

Raising transportation and handling quality through temperature and delivery management



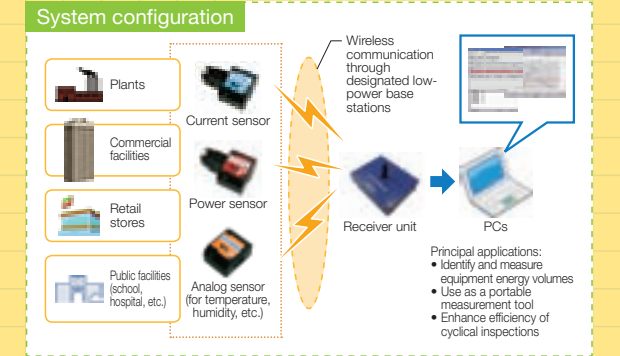
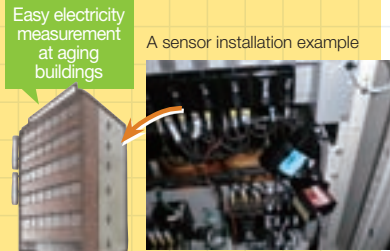
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Batteryless and wireless measurement system to visually display power usage and flow

Toyo Wireless Measurement System

The Toyo Wireless Measurement System facilitates simple and easy data collection at plants, office buildings and a wide spectrum of facilities. By receiving data from the three types of sensors—current, power and analog—through a wireless communication unit, the system minimizes the amount of electrical work required, thereby substantially reducing installation costs.

- Features**
- Batteryless
 - Wireless
 - Easy installation
 - Collected data can be stored in a personal computer



The system has also been installed at the Company's Engineering Center, a research, development and design facility completed in January 2010. Electricity monitoring demonstrations are being conducted at the Center.