Message from the Chairman and President

Business Results for Fiscal 2009 and Initiatives in Fiscal 2010

The world economy declined abruptly in the year ended March 31, 2009 (fiscal 2009), as the worsening of the real economy spread beyond Europe and the United States to emerging countries, reflecting the severe impact of the global financial crisis.

To respond to this changing external environment, since spring 2008 the Toyota Industries Group has adopted out-of-the-box thinking with a set of new values based on the recognition that “times have changed” in order to enhance the Group’s overall capabilities. In response to a sharp decline in net sales from autumn 2008, the entire Toyota Industries Group has made collective efforts since December 2008 to quickly and systematically implement comprehensive measures to achieve a recovery in earnings. Nevertheless, these measures were unable to compensate for the unprecedented speed at which markets have contracted, and Toyota Industries inevitably recorded steep declines in sales and profits, as illustrated by a ¥416.3 billion decline in consolidated net sales year-on-year to ¥1,584.2 billion. Meanwhile, we posted an operating loss of ¥6.6 billion, a decrease of ¥103.4 billion, whereas ordinary income declined ¥112.1 billion to ¥14.3 billion.

Although we ultimately posted disappointing business results, Toyota Industries’ management keenly felt the pain of this downturn and quickly seized the initiative to achieve a recovery in our earnings. We believe this decisive response has yielded a number of positive results, such as prompting a change in the mindset of every employee and stimulating
concerted Group-wide efforts to vigorously tackle the various challenges we face.

Looking ahead to the fiscal year ending March 31, 2010 (fiscal 2010), we expect the operating environment surrounding the Toyota Industries Group to deteriorate further amid concerns about a protracted global slowdown as well as foreign exchange and stock market trends. The current economic turmoil is said to be a “once-in-a-century” crisis. Therefore, we must be prepared for this recession to be prolonged. Even when the economy eventually rebounds, society and industry could conceivably undergo significant structural changes in the aftermath of the turmoil. As these anticipated external changes unfold, the Toyota Industries Group must go back to the basics and vigorously promote its own structural reforms and adopt new ways of thinking as it fortifies its management foundation based on new values and concepts.

In working to accomplish these goals, our most urgent tasks will be to reform our business and cost structures and raise our profitability. We will streamline our corporate structure and lower our break-even point to build a solid foundation capable of securing profits even without sales growth. Specific measures will include bolstering and enhancing profit-improvement activities launched in late 2008 and making exhaustive efforts to lower fixed costs.

Along with these steps, we will formulate a range of measures for expanding sales, which include introducing new products and promoting sales expansion activities.

Setting our sights on medium- to long-term growth, we will accelerate our preparations for a future leap forward by planning and developing products from the perspective of customers. We will also promote the development of advanced technologies in order to provide high value-added products that anticipate customer needs. At the same time, we will strengthen and expand our sales and service networks as well as our value chain. With regards to technological development in particular, we will strive to accurately identify changes in the market and operating environment and swiftly examine technological themes that will form the core of our future growth, backed by the total commitment of all members of the Toyota Industries Group through the cooperation of each division.

### Future Business Strategies

In the Materials Handling Equipment Segment, we will increase our competitiveness by standardizing internally developed key components and enhancing the product appeal of our electric lift trucks, for which we foresee increased demand in line with the rising importance of protecting the global environment. We will further bolster our lineup of lift trucks in December 2009 with the planned launch of a new hybrid lift truck that combines a diesel engine, electric motor and battery. Realized through the collective competencies of the Toyota Group, this innovative new product is just one way in which we will continue to lead the industry in environmental technologies.

On the sales front, we will focus on leveraging the strengths of the sales structure created through the integration of the TOYOTA- and BT-brand sales channels in Europe and other regions to expand our share in those countries, especially in Europe, the world’s largest market. We will also fortify marketing functions to ensure timely response to rising demand in emerging countries, particularly BRICs (Brazil, Russia, India and China) markets.

In the Automobile Segment, we are actively developing and manufacturing products which meet growing demand for lightweight, compact, fuel-efficient, low-cost vehicles as well as in response to the expanding market for hybrid vehicles. In the Vehicle Business, we plan to reinforce our outstanding capabilities in QCD (quality, cost and delivery) for manufacturing compact vehicles to pursue the development of reasonably priced, high-quality products. Another task will be to accelerate development and aim for early commercialization of lightweight vehicle technologies, such as plastic glazing, that are essential for enhancing fuel efficiency.

In the Engine Business, we will enhance the product competitiveness of our clean diesel engines, which are one means for realizing a low-carbon society, while expanding sales of gasoline engines and industrial-use engines.

In the Car Air-Conditioning Compressor Business, we will solidify our overwhelmingly competitive advantage in fuel-efficient air-conditioning compressors for internal-combustion engine vehicles. We also plan to offer a series of electrically driven air-conditioning compressors for the Toyota Prius and other hybrid vehicles, which are expected to enjoy a large rise in demand. We anticipate these measures will enable
us to solidify our position as a top manufacturer of car air-conditioning compressors.

In the Car Electronics Business, converters for auxiliary equipment developed and manufactured by Toyota Industries have been fitted in numerous hybrid vehicles, most notably the Toyota Prius. The latest model launched in May 2009 also integrates a newly developed direct cooling system for the power control unit in addition to a converter for auxiliary equipment. Aided by such positive factors as tax breaks for eco-car purchases and the introduction of scrap incentives, we believe the field of hybrid vehicles, plug-in hybrid vehicles and electric vehicles to be one of the most promising markets. Looking ahead, we aim to build our Car Electronics Business into a core business by broadening our product domains in this field.

At Toyota Industries, we define 3Es to be energy, environmental protection and ecological thinking that are incorporated into our products and operating activities. We believe these 3Es are key to promoting environmental conservation and sustainable development globally. As such, we will emphasize these elements in our product development, with plans to further accelerate the electrification of industrial vehicles and automobiles. Toyota Industries stands firmly positioned to respond to this trend backed by its deep reservoir of electromotive technologies and know-how cultivated in the development of electric lift trucks as well as its comprehensive automotive technologies spanning vehicles, engines and components. We intend to integrate these element technologies to realize synergies for creating products that are ecological and benefit society throughout the world.

Environmental Conservation

Recognizing the growing importance of environmental protection, Toyota Industries actively undertakes environmental conservation activities in its role as a company involved in manufacturing. These activities are based on its corporate principle of "Toyota Industries believes that
economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe and of high quality.”

As specific initiatives, we have designated curbing global warming and resource utilization as priority issues in our Fourth Environmental Action Plan. In addressing these issues, we are working to minimize environmental loads in all phases of our operations, from the product design and procurement stages through to production processes, logistics, product use and recycling.

The Toyota Industries Group strives for balance between protecting the earth’s environment and economic development. In working toward this goal, management and all employees act together to realize “environmental management.”

Social Contributions
As a responsible corporate citizen, Toyota Industries carries out wide-ranging social contribution activities focused on the local communities in which we do business. Responding to requests from regional governments and various organizations, Toyota Industries is proactively involved in a host of activities that include providing human resources for welfare facilities and traffic safety activities. We also make donations for welfare-related events as well as youth development, community, sports and environmental conservation activities, and open our facilities to the public for use as venues for various community events.

In Japan, we further demonstrated our commitment to enhancing our social contribution activities by opening the Heartful Volunteer Support Center in July 2008 for undertaking a variety of community-oriented efforts. The center disseminates volunteer-related information to employees along with relevant information to the residents of local communities. It also provides learning opportunities concerning volunteering for events and support for participants in volunteer activities.

We are also committed to engaging in local social contribution activities globally. Examples include the cleanup of nearby highways and participating in tree-planting activities in parks by employees at our U.S. subsidiaries. Also, after the Sichuan earthquake in China, we donated monetary aid and our lift trucks and sent relief supplies.

We will continue to broaden and enhance our social contribution activities throughout the world.

Human Resources Development
Within today’s rapidly changing business environment, we believe that human resources development will play an unprecedented and important role in ensuring the sustainable growth of the Toyota Industries Group. As part of activities to commemorate the 80th anniversary of our founding, we established the Hazu Academy, a global learning center, in Aichi Prefecture. The academy functions as a venue for nurturing independent-minded personnel who take the initiative to think, learn and act, and thereby bear the torch to ensure the growth of the Toyota Industries Group in the future. Targeting management and employees from inside and outside of Japan, the academy provides training for promoting the penetration of Toyota Industries’ management philosophy, formulating management strategies from a global perspective and enhancing problem-solving capabilities.

Looking to the future, we remain committed to further raising corporate value while aiming for sustainable growth in harmony with society. In closing, we truly appreciate the loyal support of all our stakeholders, including shareholders, customers, business partners, local communities and employees and their families, and ask for their continued guidance and understanding.

August 2009

Tadashi Ishikawa
Chairman

Tetsuro Toyoda
President