

In this section, we review the highlights of Toyota Industries' activities from April to October 2002.

N E W P L A N T S

Commencement of Higashiura Plant

In July 2002, Higashiura Plant started operations to manufacture parts for car air-conditioning compressors. The market demand for our compressors is expected to rise, and in order to cope with this increase, we are reinforcing the production capacity of our facilities in Japan, North America and Europe. In Japan, now that we have completed our Higashiura Plant, we have a three-plant structure — in Kariya, Obu and Higashiura.

Under the concept of using natural energy and attaining harmony with the surrounding environment, we constructed Higashiura Plant to consume 20% less electricity than conventional plants of comparable size and production capacity. We installed clean energy systems such as wind and solar power generators as well as a cogeneration system. We also installed a water recycling system and a rainwater utilization system to conserve water resources.



Local Production and Sale of Forklift Trucks in China

In anticipation of expanding demand in China, TOYOTA Material Handling Company ("TMHC") is constructing a new forklift truck assembly plant within the premises of Toyota Industry (Kunshan) Co., Ltd. ("TIK"), which is engaged in the production of foundry parts in Kunshan, Jiangsu Province, China. TMHC is slated to begin local production and sale of forklift trucks in April 2003. To begin with, the local plant will assemble 1-3 ton internal combustion forklift trucks, top sellers in China, with an annual production capacity of 550 units. Closely monitoring the trend in demand, TMHC will gradually increase unit production as well as the number of models manufactured in China.

Local Production of Diesel Engines in Poland

In October 2002, we established Toyota Motor Industries Poland Sp.zo.o. ("TMIP") jointly with Toyota Motor Corporation ("TMC") to manufacture diesel engines in Jelcz-Laskowice, Poland. The Company's equity share is 40%. To accommodate an expected expansion of demand in Europe, TMIP will engage in the production of 2000cc-class diesel engines. TMIP is expected to start operations in 2005, with an annual production capacity of 120,000 units. The total investment in this enterprise is expected to be 170 million euros.

N E W P R O D U C T S

Introduction of Electric Pallet Trucks into Japanese Market

In May 2002, TMHC started selling BT Industries' electric pallet trucks (BT MINIMOVER and BT ORION, but both sold as "Minimover" under the "TOYOTA L&F*" brand name) in Japan, as part of its pursuit of synergistic benefits with BT Industries, a world leader in warehouse trucks. Although Japan's warehouse truck market is still small, TMHC expects the marketing of the

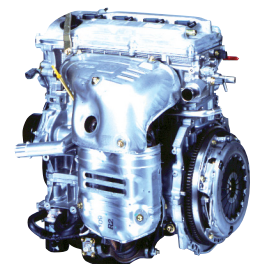


products of BT Industries, already highly regarded in Europe and the U.S., will lead to a realization of potential demand in Japan.

* L&F stands for "Logistics and Forklifts," and refers to materials handling systems, and industrial vehicles and equipment.

Production Start-Up of 2AZ-FE Gasoline Engines

In August 2002, we started production of the 2400cc 2AZ gasoline engine with aluminum block and variable valve timing under consignment from TMC. This engine is fitted in the Estima (Previa) for Japan, Europe and Australia.



Exhibition of Materials Handling Equipment at Hannover Messe 2002

In April 2002, Hannover Messe, one of the world's largest industrial technology trade fairs, was held in Hannover, Germany, with the participation of more than 7,000 companies from 80 countries around the world. Both Toyota Industrial Equipment Europe, S.A.R.L. ("TIEE"), the European division of TMHC, and BT Industries exhibited their own brand products at CeMAT 2002, an exhibition within "The World Fair for Material Handling and Logistics," one of seven specialized fairs at Hannover Messe.

TIEE showed mainly electric trucks such as the Easymover electric pallet truck, the 7FBRE reach truck and the 7FBMF electric counterbalanced forklift truck, showcasing its wide-ranging product lineup and its capacity for finely-tuned after-service. Under the theme of "Share Our Strength," TIEE is confident of success in promoting its ability to cater precisely to a broad range of materials handling needs.

BT Industries displayed a full range of products including the CARGO counterbalanced trucks, as well as warehouse trucks such as the BT IXION stacker truck, BT ORION/MINIMOVER electric pallet trucks and BT VECTOR very narrow aisle truck. Under the theme of "Don't Buy Trucks," BT Industries emphasized the benefits of long-term rental and its capability to provide full maintenance services.



BT Booth



TOYOTA 7FBMF
Electric
Counterbalanced
Forklift Truck

Cutting-Edge Textile Machinery Showcased at CITME2002

From October 15 to 19, 2002, the 8th China International Textile Machinery Exhibition (CITME2002) was held in Beijing, China. We displayed three units of the JAT610, our best-selling

air-jet loom since its introduction in 1996, the JAT710 air-jet loom, to be marketed in January 2003, and the LW600 water-jet loom. Also displayed was a three-dimensional cut-model of a compact spinning system, which enables spinning of high-grade compact yarn with higher strength, less hairiness and improved evenness. The RX240NEW-EST, which is equipped with this system, has been on the market since October 2002.



JAT710 Air-Jet Loom



Advanced, Environment-Friendly Technology at Tokyo Motor Show 2002

We displayed a selection of our advanced auto technologies at the 36th Tokyo Motor Show, held from October 29 to November 3, 2002 at the Makuhari Messe, Chiba, on the outskirts of Tokyo. Under our show theme of "Toyota Industries Corporation supports transportation to accommodate people around the world," we displayed our product lineup with emphasis on environmental safety, high efficiency and reduced costs in a variety of materials handling situations. We also introduced key devices and environmental and electronics technologies that back up these products.

We showcased car air-conditioning compressors, including the CO₂ refrigerant compressor (displayed for the first time in Japan) and continuous variable displacement compressors, as well as electronic parts such as a battery charging system for electric vehicles, DC-DC converter for hybrid vehicles and super compact radio tuner module. In the materials handling field, we exhibited a hand pallet truck and electric hand pallet trucks, provided by BT Industries on an OEM basis, as well as Aichi Corporation's truck-mounted aerial lift.



Environmental Report 2002

In July 2002, we published the latest edition of our Environmental Report, produced annually since 1999. Written with reference to guidelines established by the



Ministry of the Environment, the report explains our environmental protection activities in detail. In our 2002 edition, we detail the progress of our Third Environmental Action Plan (April 2001 to March 2006), as well as development of environment-friendly products through the

implementation of LCA (Life Cycle Assessment). We also outline our collective efforts to reduce the release of pollutants during production processes and their impact on the environment through efficient use of energy and resources. In addition, the report contains environmental accounting data, calculated in accordance with the guidelines laid down by the Japanese Ministry of the Environment.

The contents of the latest Environmental Report, together with details of our recent activities and related matters, are also posted on our Web site at <http://www.toyota-industries.com/environment/>.