

Passion for Future Growth —Medium-Term Management Vision—

To ensure future growth and achieve a stable increase in corporate value, Toyota Industries formulated a Medium-Term Management Vision, introduced in May 2001. We set out the highly ambitious targets of consolidated net sales of more than ¥1.2 trillion and consolidated ordinary income of ¥80.0 billion for fiscal 2006 (ending March 2006). Although we are not certain whether we will reach these targets in the rapidly changing business environment, we are nonetheless doing our very best to achieve it.

Details of the thinking embodied in the business strategies that form the basis of our Medium-Term Management Vision are as follows.

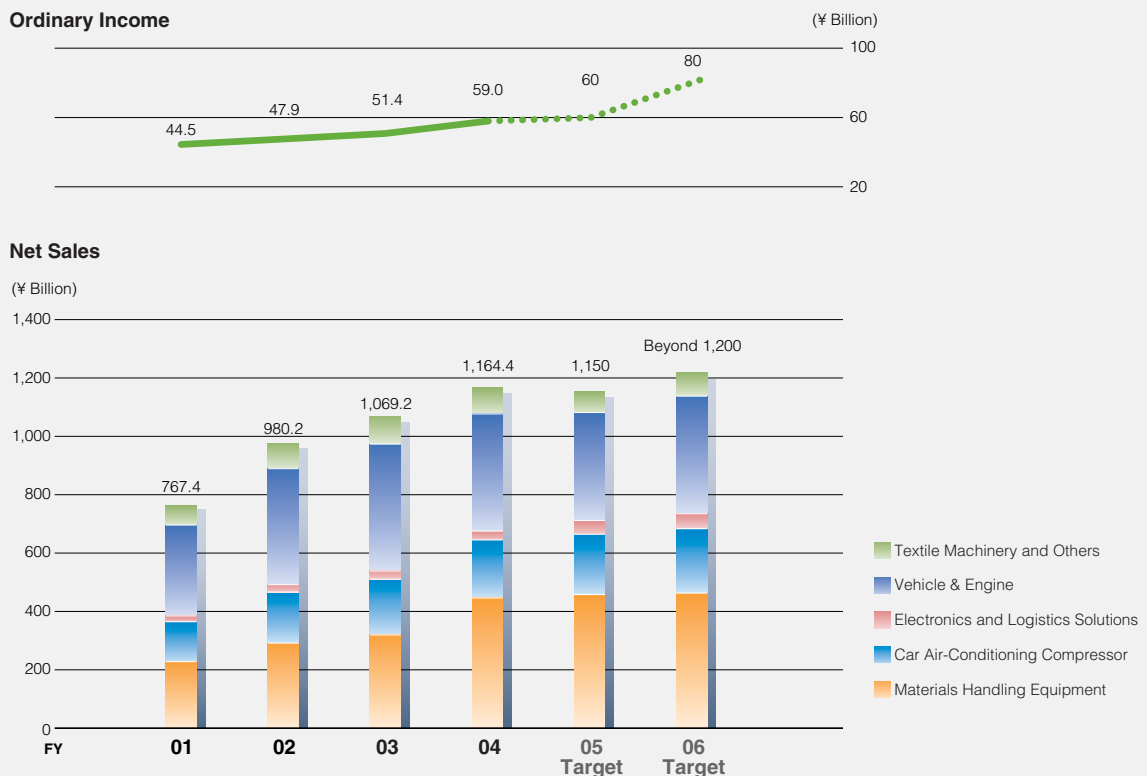
Materials Handling Equipment and Car Air-Conditioning Compressor Fields: Strong Competitive Edge and Global Strategies

Toyota Industries is striving to further consolidate its leading share of the Japanese market as well as expand its top share of the global market for materials handling equipment. Highlighting its determination to attain this objective, Toyota Industries acquired BT Industries AB ("BT Industries"), a Swedish warehouse truck manufacturer, and integrated the sales and service functions of Toyota Motor Corporation's ("TMC") forklift truck and logistics engineering businesses into its own operations. Through the mutual supply of products in addition to

reciprocal transfers of production and sales know-how, the acquisition of BT Industries is steadily yielding synergies that we expect will become even more apparent in the future.

Toyota Industries and BT Industries are supplying each other to augment mutual product lineups. TOYOTA Material Handling Company ("TMHC") supplies its counterbalanced forklift trucks to BT Industries, while introducing various types of BT Industries' warehouse trucks in its own markets in Europe, the U.S. and Japan. Also, we are making full-fledged efforts to introduce the Toyota Production System (TPS), TMC's manufacturing technique that we also use, to BT Industries. Concurrently, we are incorporating BT Industries' outstanding solution proposal-

Medium-Term Sales and Income Targets (Consolidated Base)



based sales techniques into our own sales activities. In particular, we have begun offering BT Industries' fleet management program to customers in Japan. Additionally, we are promoting personnel and technology exchanges as well as joint component purchases and product development as part of our efforts to generate further synergies as quickly as possible.

In another noteworthy development, in May 2003 Aichi Corporation ("Aichi") became a Toyota Industries subsidiary. Aichi is a leading manufacturer of special-purpose vehicles, commanding an approximately 66% share of the Japanese market for aerial work platforms in fiscal 2004. This consolidation will allow the Materials Handling Equipment Segment to augment its product line in sectors other than forklift trucks.

The Materials Handling Equipment Segment will carry out strategic marketing on a global basis that will include its sales and service activities and the development of products that meet customer/market needs, as we strive to maximize customer satisfaction and business performance.

Determined to reinforce our position as the world's leading manufacturer of car air-conditioning compressors, we will continue to vigorously develop new products that ensure customer satisfaction. In our Car Air-Conditioning Compressor Business, we operate a global tri-polar production structure, with manufacturing bases in the world's three principal markets of Japan, the U.S. and Europe (Germany). By manufacturing close to our customers, we are well positioned to produce products that reflect market needs, reduce distribution costs and minimize exchange rate risks. In view of an expected continued increase in the proportion of cars in Europe equipped with air-conditioning systems, we will proceed with aggressive sales activities targeting European automakers. At the same time, we will work to expand sales in the North American market.

The Materials Handling Equipment Segment and the Car Air-Conditioning Compressor Business represent Toyota Industries' core operations as well as strategic businesses driving our efforts to achieve the objectives of our Medium-Term Management Vision. Considering the dim prospects for a sharp increase in demand in the mature Japanese market, we will strive to further develop our operations globally as a means of securing ongoing growth in the scale of our business.

Electronics and Logistics Solutions: Future Core Businesses

Although relatively small in scale at present, we believe our Electronics Business has high potential to drive our growth over the long term. The nucleus of our Electronics Business consists of the Corporate Technical Center (an in-house organization); ST Liquid Crystal Display Corp. ("ST-LCD"), a joint venture with Sony Corporation that manufactures low-temperature polysilicon (poly-Si) TFT-LCD panels; and TIBC Corporation ("TIBC"), a joint venture with Ibiden Co., Ltd. that manufactures ball grid array plastic package substrates.

The Corporate Technical Center engages in the development and commercialization of leading-edge technologies and products, including those related to power electronics parts for automobiles as well as radio tuners, wireless LAN modules and

white organic light-emitting diodes.

ST-LCD manufactures small and medium-sized low-temperature poly-Si TFT-LCDs for use mainly in video cameras, digital still cameras, personal digital assistants and mobile phones. ST-LCD's products have such characteristics as high numerical aperture, high resolution and reduced power consumption — features that are underpinning increased demand for applications in digital cameras and mobile phones. In fall 2001, ST-LCD invested approximately ¥75.0 billion and established a second production line, boosting its monthly production capacity to 32,000 panels. Expecting further growth in demand, ST-LCD plans to make additional capital investment of ¥10.0 billion in 2004, with the aim of raising monthly production capacity to 40,000 panels (600 x 720 mm size) from April 2005.

TIBC will focus on efficiently producing high-quality, cutting-edge technologies/products attuned to customer needs, such as high-performance package substrates, while further raising productivity and strengthening competitiveness.

Toyota Industries has entered the Logistics Solutions Business, which encompasses commissioned logistics operations of warehouses and third party logistics, with the aim of addressing customer needs for cost reductions and improvements in their logistics operations. Our entry into this sector is being facilitated by our accumulated experiences in the production and sales of materials handling equipment — such as forklift trucks and automated storage and retrieval systems — as well as our production know-how, as exemplified by the TPS.

Toyota Industries views the electronics and logistics solutions markets as being highly attractive, with huge medium- to long-term growth potential. Accordingly, we will intensively invest management resources in the Electronics and Logistics Solutions businesses to position them as future core businesses, and do our utmost to ensure the success of these businesses. Toyota Industries will also aggressively explore and cultivate promising new technologies and businesses to ensure stable growth over the medium to long term.

Vehicle and Engine Businesses: Cost Reduction and Higher Productivity for Solid Business Foundation

Our Vehicle Business, one of the manufacturing bases for the Toyota Group's small cars, will work to raise the value of TOYOTA cars by further enhancing product quality and cost efficiency. In addition, the Vehicle Business strives to contribute to car production by the Toyota Group by continually improving its production technologies.

In the Engine Business, we will cooperate closely with TMC while working to develop highly functional engines with outstanding environment-friendly features.

With TMC determined to increase its presence in the European market, it is especially crucial to meet needs related to diesel-engine vehicles. We expect that Toyota Motor Industries Poland Sp.zo.o., established jointly with TMC, and our Engine Business will play a vital role in TMC's Europe business strategy by functioning as the bases for supplying diesel engines to TMC.

Also, we started supplying aluminum die cast components for transmissions to TMC's Innovative International Multi-Purpose Vehicle (IMV) Project through an Indian subsidiary. While contributing to TMC's overseas business development, we aim to expand our own vehicle-related business through increased production of foundry parts and commencement of production of stamping dies for automobiles in China.

Our Vehicle and Engine businesses are dedicated mainly to commissioned production for TMC. Our production is therefore dependent on TMC's production plans and outsourcing policies. We seek to strengthen our sales link to TMC through ceaseless quality enhancement, cost-reduction activities and flexible production. Our goal is for TMC to entrust us with the assembly of, and employ our engines in, a wider range of models.

Our Vehicle and Engine businesses are a source of stable revenues. We intend to improve cost competitiveness and build stronger revenue foundations.

Implementing Cost-Reduction Measures

The wave of global mega-competition has triggered brutal price competition. To ensure our survival in this environment, it is imperative that we continually enhance our revenue structure by introducing appealing new products and implementing sustained cost-reduction activities. We are taking measures to continually reduce costs throughout the Company. A project team in each division carries out systematic and well-planned cost-reduction activities. Beside strengthening our ongoing value engineering (VE) and value analysis (VA) activities, our cost-reduction activities also include optimized global procurement of materials and components, and reductions in general expenses and head office fixed costs.

Developing Global Businesses

We realize that further business expansion cannot be achieved by depending solely on the Japanese market. Toyota Industries has therefore steadily globalized its operations. For example, we established production bases for forklift trucks and car air-conditioning compressors in North America and Europe, commenced production of foundry parts and forklift trucks in China, and acquired BT Industries. Guided by our belief that globalization is paramount for expanding business and raising corporate value, we will provide customers worldwide with excellent products, procure high-quality, price-competitive parts from worldwide sources, and manufacture products close to our customers around the world. We are also strengthening the sales network for forklift trucks and other industrial vehicles.

Strengthening Approach to Information Technology

We recognize that the deployment of information technology (IT) is a crucial strategic issue in determining corporate competitiveness, and are thus pushing ahead with the strategic utilization of IT. We have introduced the enterprise resource planning (ERP) program into our corporate accounting system, and are installing three-dimensional CAD systems. The greater use of IT has already yielded reductions in development times and enhanced productivity among non-manufacturing divisions.

In May 2002, we opened "e-Lab," an information technology research laboratory for various IT-related R&D activities, as a base station for the information system department. Its wide range of research activities encompasses research on digital simulation technologies to cut product development times and reduce production lead-times, from development to manufacture and shipment. E-lab is also engaged in the development of an optimal network system for joint development of parts with suppliers, and for parts procurement.

Cultivating Employee Skills

Toyota Industries manufactures a diverse range of products. We maintain our strong competitiveness by producing high-quality products through efficient production. TPS is one vital source of our competitiveness and represents know-how that supports efficient production. The keys to further bolstering our competitiveness are to continually refine TPS and cultivate staff with a deep understanding of the system. To this end, we have established a specialized section to foster the development of qualified personnel. We are also actively promoting the development of excellent personnel through training courses covering worker skills and quality control.



Technical Training Center
The Technical Training Center opened on April 1, 2004 in order to strengthen education for workers who engage in Toyota Industries' production activities and to raise its international competitiveness through higher levels of employee skills. A variety of employees take training courses at the Center to improve their skill levels.

Maximizing Benefits of Synergy

Toyota Industries has cultivated new markets and achieved growth in its businesses by pushing forward with technological innovation based on its long-accumulated key technologies. Today, Toyota Industries operates many divisions, each having its own core technologies and markets. It will be necessary to develop new technologies that will function as cores of new business spheres and next-generation products. These

technologies must also create added value by strategically and organically combining the technologies and markets of individual divisions. We believe that such cooperation among divisions will help raise the value of Toyota Industries as a whole and expand our businesses.

Basic Philosophy

The following is a statement of Toyota Industries' basic philosophy. This basic philosophy constitutes the expressly stated beliefs of the management and serves as a guide for corporate behavior.

Respect for the Law

Toyota Industries is determined to comply with the letter and spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.

Respect for Others

Toyota Industries is respectful of the people, culture and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those regions and countries.

Respect for the Natural Environment

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.

Respect for Customers

Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.

Respect for Employees

Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that both employees and the Company can realize their full potential.

Five Values

We also have Five Values that form an action guide for our employees to enforce our basic philosophy.

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Global Perspective
 Learning from the best in the world, we aim to become the best in the world.
- 
Customer First
 We forge partnerships with our customers and strive to exceed their expectations.
- 
Welcoming New Challenges
 Unbound by convention, we embrace the challenge of creation.
- 
Encouraging Professional Excellence
 We develop our strengths, and think and act responsibly.
- 
Encouraging Effective Teamwork
 We recognize the human worth of each individual and collaborate to achieve goals.

