

Medium-Term Management Vision

In May 2001, we launched our medium-term strategy for growth, targeting consolidated sales of more than ¥1 trillion and consolidated ordinary income of ¥80 billion in fiscal 2006. Through consistent implementation of the strategy, we believe we can expand our corporate value. As part of a concerted push toward this goal, we reorganized the functions of the headquarters in January 2002.

Securing Global Leadership in the Materials Handling Equipment and Car Air-Conditioning Compressor Fields

Toyota Industries is determined to retain the No. 1 market share in Japan and achieve global leadership among manufacturers of forklift trucks and other industrial equipment. Steps already taken to achieve that goal include the acquisition of BT Industries AB ("BT Industries") and the transfer of Toyota Motor Corporation's ("TMC's") Industrial Equipment Sales Division to the Company. These measures will enable swifter decision-making and more dynamic business management in reflecting customer needs and responding to market changes on a global scale.

We expect that our acquisition of BT Industries will bring benefits of synergy. We have started to supply counterbalanced forklift trucks to BT Industries on an OEM basis. We are also distributing BT Industries' various warehouse trucks not only in Japan but also in the U.S. and Europe. These exchanges will be broadened to include other products. We intend to introduce our manufacturing technique, the Toyota Production System ("TPS"), to BT Industries. In return, we are drawing on BT Industries' wealth of sales know-how, in particular their solution-proposal sales technique. We have begun to introduce BT Industries' fleet management program to reinforce our sales activities in Japan. We will also work together in joint component purchase, technology exchange and product development.

The Materials Handling Equipment Segment is striving to adopt a global perspective in monitoring changes in demand, developing products that meet market needs and enhancing service activities in order to maximize customer satisfaction.

To consolidate our leading international position in the car air-conditioning compressor manufacturing field, we

established TD Deutsche Klimakompressor GmbH ("TDDK") as a joint venture with DENSO Corporation. In April 2000, TDDK began operations at its factory in Sachsen, Germany. We now manufacture car air-conditioning compressors in Japan, the U.S. and Europe. This tri-polar system allows us to stay close to customers, meet their needs more precisely and reduce exchange rate risks. The proportion of cars in Europe fitted with air-conditioning systems is expected to rise and we aim to make the most of this opportunity. We shall also seek to increase sales in the North American market.

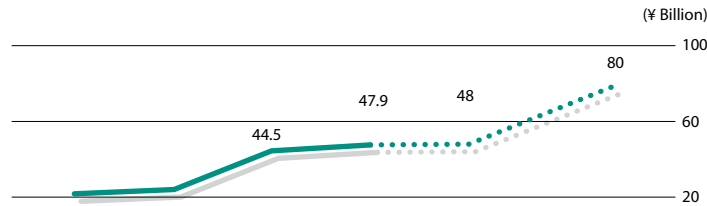
In summary, the Materials Handling Equipment Segment and the Car Air-Conditioning Compressor Business are core operations, and serve as the driving force in the achievement of our medium-term corporate objectives. As we cannot expect a great increase in demand in the maturing Japanese market, it is vital that we expand our global presence to ensure business expansion, and we shall commit resources to these fields on an appropriate scale.

Fostering New Core Businesses, Including Electronics

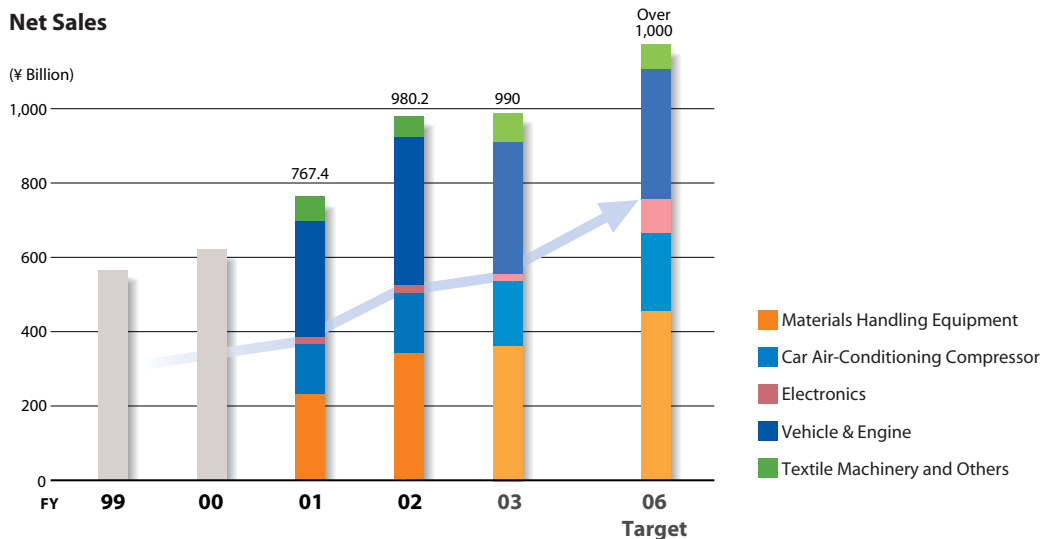
We intend our electronics operations, which are now comparatively small, to play an important part in our future growth. The opportunities in this field are substantial. The core of our Electronics Business includes ST Liquid Crystal Display Corp. ("ST-LCD"), a joint venture with Sony Corporation; TIBC Corporation ("TIBC"), a joint venture with Ibiden Co., Ltd.; and the Technology Development Center (an in-house organization).

ST-LCD manufactures low-temperature poly-Si TFT-LCDs, which have considerable growth potential as the next-generation LCD, while TIBC produces ball grid array (BGA) plastic package substrates for IC chipsets. As a result of using TPS, ST-LCD's quality levels and production volume have improved substantially. The bursting of the IT bubble forced ST-LCD to temporarily lower its output. However, the excellent functionality of ST-LCD's products, including high numerical aperture, high resolution and energy efficiency, is expected to generate increased demand for applications in digital cameras, mobile phones and personal digital assistants (PDAs). To expand business in line with the medium-term

Ordinary Income



Net Sales



business plan, ST-LCD began a ¥75 billion capital investment program for additional facilities in the fall of 2001. Looking closely and flexibly at the pattern of demand, ST-LCD plans to start operations at the new facilities and increase its production capacity.

TIBC also suffered from the worldwide IT slump. However, once the IT-related inventory clears, we expect TIBC to revert to full operation.

As we believe the growth potential of the Electronics Business in the medium to long term is promising, we see it as one of our core businesses. We intend to allocate management resources accordingly in anticipation of a successful future for our LCD and other electronics-related businesses. We will also aggressively engage in the exploration and development of promising new technologies and businesses.

Further Cost Reduction and Enhanced Manufacturing Quality in the Vehicle and Engine Businesses

The Vehicle (automobile assembly) and Engine businesses provide stable revenues for the Automobile Segment. In the medium term, we aim to improve cost management and so maintain profitability in these fields.

Our Vehicle Business, one of the manufacturing bases of the Toyota Group's compact cars, strives constantly to enhance the attractiveness of TOYOTA-brand cars by further improving product quality and cost efficiency, making proposals for the design and launch of new compact and other cars, and improving production technology.

In the Engine Business, we work constantly to enhance the environment-friendly features of our engines without compromising their performance, and to contribute to the improvement in the overall performance of TOYOTA-brand cars.

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

We are also strengthening our research and development capabilities to play a more active part in product development for TOYOTA vehicles and engines. Our overall aim in the Vehicle and Engine businesses is to secure stable revenues through an efficient production system.

Extensive Cost Reduction Campaign

To survive ruthless price competition worldwide, it is essential to regularly market attractive products, implement sustained cost reduction programs and reform our revenue structure. In April 2001, we began an ambitious three-year cost reduction program to substantially reduce operating and other costs. A project team in each business division promotes VE (Value Engineering), VA (Value Analysis) and other cost reduction activities in order to achieve an even higher level of overall efficiency. Measures to be taken include optimizing a system of global procurement of materials and components, reducing expenses and cutting back fixed costs at the head office.

Promoting a Global Presence

It is impossible to rely solely on the Japanese market in seeking further business expansion. Toyota Industries has established production bases for forklift trucks and car air-conditioning compressors in North America and Europe. In June 2000, we also acquired BT Industries, a Swedish warehouse truck manufacturer, as part of our globalization scheme. Based on our belief that globalization is essential for expansion in terms of business scale and corporate value, we will strive to provide our customers worldwide with superior products, procure high-quality and price-competitive parts from the world, and engage in production close to our customers.

Harnessing the Power of Information Technology

The Internet, PCs, mobile communications and so on are already having a major influence on corporate activity. We recognize the importance of IT as a key factor in corporate competitiveness, and we are accelerating its application accordingly. Utilizing IT, we are overhauling our traditional way of doing business to achieve speedier management processes, reduction in fixed costs and increased customer satisfaction. To date, improvement is most evident in shorter product lead-times and enhanced productivity among non-manufacturing divisions.

In May 2002, Toyota Industries opened "e-Lab," our information technology research laboratory, as a key organization for the information system division as well as our R&D facility for information technology. E-Lab is responsible for researching digital simulation technologies with a view to reducing lead-times from development to manufacture to shipment. It is also involved in developing an optimal network system for joint development of parts with suppliers, and for parts procurement.

Fostering Personnel

Toyota Industries creates and makes a wide range of products. We maintain our excellent competitiveness by manufacturing high-quality products through efficient production. TPS serves as one of the essential sources of our know-how in maintaining efficient production and competitiveness. By improving TPS and familiarizing more employees with the system, we can further enhance efficiency and competitiveness. To this end, we have established a specialized department within the Corporate Center to foster the development of qualified personnel.

Maximizing Benefits of Synergy

Throughout our long history, we have continually pushed forward with technological innovation, explored new markets and achieved substantial growth for each of our businesses. Toyota Industries has become a conglomerate, each of whose divisions possesses core technologies and markets. By transcending divisional boundaries, we are taking advantage of these assets to develop technologies that will be the basis of the next generation of business sectors and products, and to create added values. We believe the strategic cooperation among divisions will enhance the value of the Company as a whole and offer great opportunities for expanded business operations.