



Focus on Business

Materials Handling Equipment

Share Our Strength

The Materials Handling Equipment Business is fortifying its global No. 1 position through the Toyota Material Handling Group (TMHG), a new organization that integrates TOYOTA Material Handling Company (TMHC), the global leader in counterbalanced lift trucks, and the BT Industries Group, the world's top name in warehouse trucks. The BT Industries Group of companies were acquired and became subsidiaries of the Toyota Industries Group in 2000.

Initiating full-scale activities in April 2006, TMHG is already steadily generating a wide range of noteworthy achievements. We believe that TMHG meets customers' logistics needs by providing one-stop shopping for products and services that combine a broad scope of materials handling equipment with optimal business solutions. This approach enables the Company to enhance customers' logistics efficiency worldwide, further strengthening Toyota Industries' position as a world-leading supplier of materials handling equipment.

The Materials Handling Equipment Business also includes Aichi Corporation, a subsidiary that commands the dominant share of Japan's market for aerial work platforms.

Market Overview for Materials Handling Equipment

Market for Materials Handling Equipment Continues to Expand

Having experienced continuous growth since calendar year 2002 in tandem with a general economic recovery, the global market for materials handling equipment grew by around 12% in calendar year 2006. Despite concerns about soaring prices for crude oil and steel materials, the outlook from calendar year 2007 onward is also for relatively high growth in emerging markets, particularly in the BRICs (Brazil, Russia, India and China) countries. Modest expansion in such key markets as Europe, North America and Japan is also expected.

Rising Safety and Environmental Consciousness

Customer needs within these markets reflect a growing global awareness of safety and the environment, as evidenced by steadily rising demand for materials handling equipment that not only minimizes such dangers as rollover accidents but also stresses ergonomics, low noise and low vibration, as well as reduced exhaust emissions.

As a noteworthy response to customer needs, our new generation of engine-powered lift trucks represents a significant

advance over previous models and incorporates original systems that contribute to marked improvements in terms of reduced noise and vibration along with both operator safety and comfort and operating efficiency. Production of the newly improved model got underway in Japan in September 2006 and in the United States in January 2007, and will begin in Europe in September 2007. The new generation of lift trucks is sold as the GENE0 in Japan, the 8-Series in North America and International, and the Toyota Tonero in Europe.

By improving our previous engines, as a leading manufacturer we are able to offer a new series of lift trucks that not only meets strict exhaust emissions regulations in Japan one year in advance of required implementation but also incorporates leading-edge technologies that satisfy stringent 2010 emissions regulations in the United States three years ahead of schedule and meets new European emissions standards that will take effect in 2008.

In addition, a new hand pallet truck based on a new-type pump and manufactured on an entirely new production line was introduced in Europe. This truck delivers improved performance and is manufactured in an environment-friendly manner that reduces the impact on the environment in terms of chemical usage, lower energy consumption and highly efficient production processes.

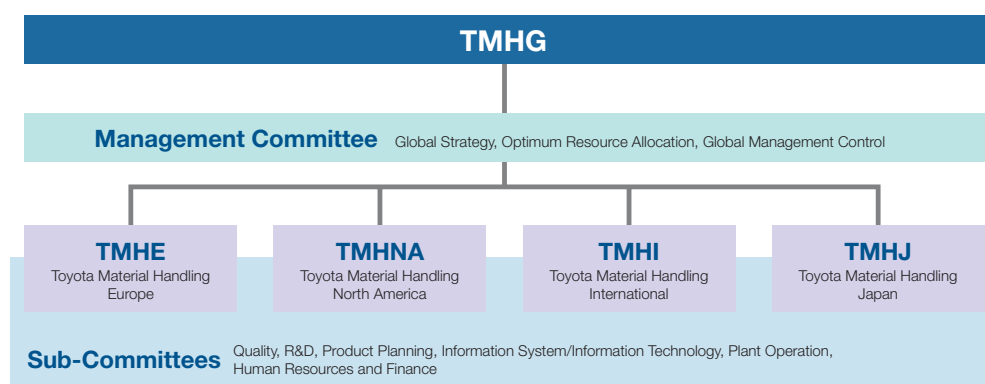
Integration of TMHG

Since becoming partners in 2000, TMHC and the BT Industries Group have continued to examine each other's strengths in the pursuit of synergies that include mutually supplying respective brand products, sharing sales and production know-how, exchanging resources and jointly procuring products. Determining that the time was ripe for maximizing synergies via the full-scale integration of operations, TMHG became operational from April 2006 as a new framework integrating TMHC and the BT Industries Group.

In managing and carrying out its operations, TMHG has divided its global markets into four regions—Europe, North America, International and Japan—and established a Board as the decision-making body within each of these four regional organizations. A Management Committee composed of TMHG top management and representatives of each regional organization oversees the formulation of strategies and manages TMHG as a whole.

TMHG has also set up Sub-Committees comprising functional

Organizational Chart of Toyota Material Handling Group



sections of each regional organization to handle such principal functions as Quality, R&D, Product Planning, Information System/Information Technology, Plant Operation, Human Resources and Finance. Cross-sectional linkages permeating the entire organization facilitate the sharing of best practices and know-how cultivated regionally as well as globally.

We are currently pushing ahead with measures aimed at realizing our target of becoming “Undisputed No. 1” in the global industrial truck market, and each of these initiatives has already begun to steadily yield important results. Examples of the growing synergies already created include joint product development (e.g., three-wheel electric lift truck for the European market), development of our own key components, strengthening of our production structure through the horizontal deployment of the Toyota Production System (TPS) throughout the entire group, the reorganization of sales structures in a number of regions and enhanced development efficiency through the sharing of systems.

While the BT and Raymond brands wield strong brand power in Europe and North America, respectively, the TOYOTA brand has achieved a solid position in Japan, the United States, Europe and several International markets (e.g., Australia and a number of Asian countries). In its operations, TMHG intends to firmly maintain its core TOYOTA, BT and Raymond brands while solidifying the optimal brand and sales structures in each region to ensure that the power of each brand is fully utilized.

Through the implementation of these measures, we plan to work toward capturing an even higher global market share while aiming for a further increase in profitability.

TMHG's Sales in 2006

TMHG achieved record-high sales of almost 190,000 industrial trucks in calendar year 2006. Besides supplying cutting-edge products manufactured in Japan, North America, Europe and China, TMHG also provides top-quality services worldwide.

Business Activities in Fiscal 2007 by Geographic Region

Japanese Market

Amid a stable Japanese market, unit sales in the overall lift truck market increased 5% to 86,000 units in fiscal 2007.

Calendar year 2006 marked the 50th anniversary since we commenced sales of lift trucks in Japan. Commemorating this occasion, Toyota Material Handling Japan (TMHJ) put more energy into sales promotion activities, which resulted in an impressive 43% market share for domestic sales of lift trucks in fiscal 2007. This means we have maintained the top position in the Japanese lift truck industry for the 41st consecutive year. In September 2006, TMHJ commenced sales of the new generation of engine-powered 1- to 3.5-ton internal combustion counterbalanced lift trucks (sold as the GENE0 in Japan) following a full model change. As its mainstay product, the GENE0 provides dramatically greater product value in terms of safety, environmental attributes and ease of operation, and is expected to contribute significantly to the performance of the Materials Handling Equipment Business.

Aichi Corporation, which is involved in the manufacture and sales of aerial work platforms, posted increases in both sales and earnings due to a brisk investment climate as Japanese companies continued to enjoy strong sales.

The year 2006 also marked the 20th anniversary since we started sales of materials handling systems. In response to greater demand for automatic guided vehicles (AGVs), during fiscal 2007 we upgraded our product lineup with the introduction of the Tugcart, a compact yet highly powerful AGV that enables a reduction in customers' logistics personnel as well as improvements in logistics processes.

Capitalizing on its comprehensive product lineup for materials handling, TMHJ intends to continue to offer products closely tailored to customer needs and provide solid logistics-related solutions.

Launch of the Tugcart AGV

Sales of the Tugcart AGV commenced in February 2007 in Japan. Developed in response to a heightened need for AGVs that enable customers to reduce their logistics personnel and improve their logistics processes, the Tugcart is easy to introduce, plus courses can be set up or changed by simply affixing magnetic tape on guidepaths. It can also be used with existing carts without the need for drastic modifications, and though only 19 cm high, boasts high power with a maximum 1-ton towing capacity. Although the Tugcart AGV is primarily utilized on factory floors within the manufacturing industry at present, its wide range of applications extend from components manufacturers seeking to increase automation to product transport in the light manufacturing industry and tray services at hospitals. Accordingly, sales expansion will be targeted by proposing these and other uses.



Tugcart AGV

North American Market

Toyota Material Handling North America (TMHNA) increased its lead as the No. 1 materials handling company in North America for the fifth consecutive year. Of significant note was the TOYOTA brand's 2006 growth rate, which was nearly double that of the entire U.S. market for industrial trucks. In addition, TMHNA launched the highly anticipated new generation of engine-powered lift trucks (sold as the 8-Series in North America).

The 8-Series, with 70% less smog-forming emissions than the 2007 U.S. Environmental



8-Series
Internal combustion
counterbalanced lift truck

Protection Agency (EPA) federal emissions standards, is just one environmentally focused initiative TMHNA is employing to distinguish itself from its competitors. Another key initiative is fuel-cell lift trucks. A prototype of the industry's first fuel-cell lift truck was proudly displayed at ProMat 2007. The TOYOTA prototype uses hydrogen as its main power source and produces electricity without combustion, generating zero CO₂ emissions. Additionally, Raymond received a contract from the New York State Energy Research and Development Authority (NYSERDA) for a hydrogen fuel-cell feasibility study at a manufacturing facility of Toyota Material Handling Manufacturing North America (TMHMNA) in Greene, New York, which we believe will expedite the commercialization of our environment-friendly technology. TMHMNA also continued implementation of TPS at its manufacturing facilities in Greene, New York; Muscatine, Iowa; Brantford, Ontario; and Columbus, Indiana. We believe this will enable improvement of our already strong reputation for product quality and reliability. Furthermore, TMHMNA continued efforts to competitively supply high-quality products; as part of this effort, the procurement department was centralized at its facility in Greene, New York, which we believe will enable more cost-effective production of lift trucks.

Many other significant events took place during the fiscal year under review. Raymond received an award for its human resources development policies from the New York Management Council in recognition of its best practices in health and safety that are part of its unsurpassed safety program. Additionally, Raymond will celebrate the production of its 300,000th Raymond-brand lift truck during 2007. Meanwhile, the TMHMNA manufacturing plant in Indiana received the Indiana Governor's Award for Environmental Excellence and celebrated the production of its 250,000th TOYOTA-brand lift truck.

European Market

The overall European market for industrial trucks continued to show significant growth, with especially strong growth recorded in the markets of Central and Eastern Europe. Accordingly, Toyota

Material Handling Europe (TMHE) established a new sales record for TOYOTA-, BT- and CESAB-brand units.

TMHE took steps to both further develop its central organizational structure and launch new, unified sales and marketing organizations in a number of European markets. Centrally, TMHE unveiled a new management structure and identified areas—including sales, service and marketing—where customers will be better served by integrating these support functions.

European customers, particularly those with large fleets, are increasingly looking for materials handling suppliers who can provide them with a full range of products, supported by services, fleet management systems, as well as the flexibility of lease and rental programs. To address these evolving market demands, TMHE created a new European Key Accounts (EKA) Department combining the previous Toyota and BT major account teams. The EKA Department provides our largest customers with a consistent, comprehensive offering of TOYOTA and BT products and services.

TMHE has also studied each European market to determine the best approach to strengthen customer relationships and improve customer contact. TMHE has launched unified Marketing & Sales Companies in a number of European markets, including the Nordic countries, Germany and the United Kingdom, each of which will provide its market with a complete range of TOYOTA and BT products and services.

At the same time, TMHE has taken steps to increase the number of fully owned distribution companies by acquiring independent distributors, such as Toyota distributors in Austria, Finland, Greece, the Netherlands and Spain.

In terms of its available products, TMHE had very positive results for its new range of three-wheel, 24-volt electric counterbalanced trucks marketed under the TOYOTA, BT and CESAB brands. This range was developed by engineers in Europe in close collaboration with their colleagues in Japan and is an excellent example of our global coordination and synergy building. The success of these trucks, which are produced at TMHE's manufacturing facility in Bologna, Italy, demonstrates the kind of benefits that can be realized by further integration.

Furthermore, a new range of compact TOYOTA electric tow tractors was introduced, and a number of BT-brand products were launched in 2006, including the market's fastest horizontal transport truck that delivers driving speeds of nearly 20 km/h with three loaded full-sized pallets. A new BT-brand truck designed for customers needing to stack and load/unload two pallets on top of each other was also released to market along with a new hand pallet truck that uses the newly developed pump production line in Mjölby, Sweden. The new pumps further enhance the durability of the truck and reduce the environmental impact.

Other highlights included the power truck division in Mjölby reaching a milestone in 2006 with the shipment of its 500,000th unit, an electric pallet truck. The factory in Ancenis, France, celebrated

10 years of production and 100,000 units of cumulative production, and the factory in Bologna, Italy, earned the International Best Factory Award for excellence in such areas as quality, lead-times and innovation.

International Market

These markets include Africa, Asia, the Middle East, Oceania and South America—areas where economic expansion is creating growing demand for materials handling equipment. Prominent among these areas are the BRICs countries, where Toyota Material Handling International (TMHI) is concentrating major efforts on meeting expanding requirements for its products and services. The ability to offer a full range of counterbalanced lift trucks and warehouse trucks is of vital importance in this process.

TMHI's activities have included the strengthening of its production, sales and service capabilities at its bases in China. Specific measures there include a structured training process of its sales and service network to ensure a high level of product knowledge so that customers can gain support in all areas of materials handling, including major investment projects where TMHI can offer sophisticated software systems designed to maximize utilization of space. For distribution centers and other complex applications, its own regional experts in Shanghai support the national dealer network. In Brazil, TMHI is enhancing its sales

network to meet growing demand, while in the Middle East, efforts are being carried out to rationalize and strengthen operations. The establishment of a sales and service base in India is also a key focus in view of a growing need for materials handling equipment and quality solutions for customers' planned distribution centers. With the proliferation of local production plants for a variety of industries including car manufacturers and suppliers for these plants, TMHI will work to ensure quality products will be available to meet these needs.

In addition to activities in the marketplace, we have also focused on internal structures in order to ensure the organizational infrastructure is in place to support our business across the substantial number of markets under our responsibility. To this end, we have rationalized key management areas to integrate the skills within our international operations. This enables us to drive our business in an ever more coherent fashion, as well as increase our efficiencies and competencies.

These and other measures have contributed to continued favorable results in International markets.

September 2006 marked the start of imports from Japan of the new generation of engine-powered lift trucks (sold as the 8-Series in International). The enhanced safety and environmental performance of the 8-Series have earned this lift truck especially high acclaim, which is underscored by a steady increase in unit sales.

Looking Ahead

Japanese Market

In 2007, we anticipate a stable business environment supported by sustained growth in the Japanese industrial truck market.

Against this backdrop, TMHJ aims to expand industrial truck sales in the domestic market by highlighting the product value of the new generation of engine-powered lift trucks launched in September 2006. We also realize it is increasingly important to provide the kinds of services that comprehensively support customers' logistics not only through sales of materials handling products but also by providing solutions. Keeping this in mind, we intend to deploy solution-based sales with TPS at the core and respond to customer needs from both the hardware and software aspects.

We established the TMHG Training Center as the organization overseeing the nurturing of professionals with high levels of expertise and abilities in the areas of sales and services at both domestic and overseas distributors. We have already devised new training curricula



TMHG Training Center

and commenced training for distributors worldwide. A specialized training facility is under construction in Handa, Aichi Prefecture, and we will continue to actively engage in human resources development to ensure the future growth of Toyota Industries.

North American Market

TMHNA anticipates that the general industrial truck market in North America will slow down in 2007, but that the market for electric lift trucks will remain strong. The continued strength of the latter market coincides with TMHNA's continued environmental focus. With several environmental accolades already under its belt, TMHNA will again make this important business and social issue a top priority. Several new electric lift trucks will be launched under the TOYOTA brand in 2007, including a tow tractor and a Class 3 AC-powered truck. Recognizing that the strongest segment of the electric truck market consists of companies where warehousing, distribution or order fulfillment are critical success factors (e.g., wholesale and retail distribution), ongoing investment in the development of more reliable, high-performance, Raymond-brand electric lift trucks will continue to play a key role in enabling distributors to both trim costs and increase throughput.

Through both of TMHNA's market-leading TOYOTA and Raymond brands, we remain committed to helping our customers improve their business. Under the TOYOTA brand, for example, we are set to launch the new "Toyota Fleet Solution" fleet management program, a data-driven, comprehensive approach to fleet management designed to deliver better bottom-line business performance to customers. Under the Raymond brand, we plan to continue to focus on anticipating customers' needs and developing warehousing solutions to improve Raymond's position as the leading provider of materials handling equipment to this large market segment.

The year 2007 also marks the 40-year anniversary of establishing TOYOTA-brand lift truck operations in the United States. From the first lift truck, a cushion tire 6,000-pound capacity internal combustion model introduced nearly four decades ago, to the new generation of engine-powered lift trucks (sold as the 8-Series in North America), Toyota continues to push the bounds of product and technology innovation with its full line of high-quality lift trucks.

European Market

There are some concerns that the rate of growth in the European market will slow down due to the persistent strength of the euro and the effects of a decelerating U.S. economy. Nevertheless, we foresee robust demand, particularly in Central and Eastern European countries.

During fiscal 2008, TMHE intends to continue to integrate a number of central support functions as well as local operations in countries where it has determined this would allow operations to improve service to its customers.

We believe that our commitment to investment in product development will lead to several new and renewed items in our warehouse and counterbalanced product ranges, including the launch of the new generation of engine-powered lift trucks (sold as the Toyota Tonero in Europe). These 1.5- to 3.5-ton internal combustion counterbalanced lift trucks demonstrate the best of Toyota's global research and development capabilities and give European customers a European-produced truck that addresses their specific needs in terms

of safety, productivity, durability, comfort and the environment. The new lift trucks will offer a formula (known as the Tonero+ formula) that allows customers to specify additional features in the areas of safety, productivity, comfort and durability in order to fulfill their individual business needs.

In addition, several truck models will be equipped with a built-in wireless communication system. This innovative system will provide customers with remote access to performance data from the trucks and will allow monitoring of the battery status, with collision sensors providing additional data.

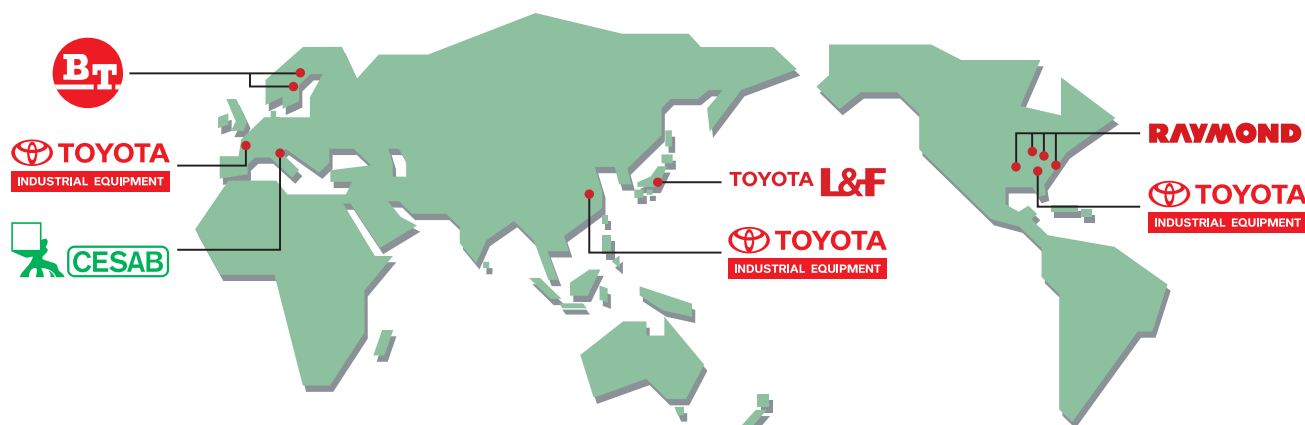
International Market

TMHI sees continuing and significant growth potential in International markets—a trend that has been further developing over the 12 months ended March 31, 2007 and shows no sign of abating. This trend underlines the development of many markets, and confirms the importance of efficient logistics for industrial and commercial partners. Where customers seek to build and invest in a business, the need for an informed supplier to deliver good solutions, products and support services is paramount. Strong growth in fiscal 2007 in the fields of third-party logistics and warehousing/distribution centers emphasizes this point, and is a key component of business planning.

Our focus continues to be directed at improving internal structures to ensure the right levels of support to our market operations. We look to continue our commitment in key markets to provide high-quality sales and service operations and to ensure that local skill levels are further developed through carefully planned training courses. We strive to underpin our position as a market leader by developing products that accurately ascertain the needs of different markets and by establishing optimal sales and service structures in all markets, with a strong focus on market coverage and on quality of products and support to ensure customer satisfaction.

TMHI remains dedicated to providing the optimum solutions for its customers.

Worldwide Manufacturing Bases of TMHG



Topics

Toyota Industries Displays Hybrid Lift Trucks at EVS 22

In October 2006, Toyota Industries displayed its hybrid lift truck prototypes, developed jointly with Toyota Motor Corporation, at the 22nd International Battery, Hybrid and Fuel Cell Electric Vehicle Symposium & Exposition (EVS 22). This is the world's largest international symposium for electric vehicles, which covers such fields as electric vehicles, hybrid cars and fuel-cell cars. The event attracted participants from a vast range of sectors, spanning not only manufacturers and ordinary users from around the world but also representatives of national and municipal government bodies, research institutes and the media. Amid a rising tide of global interest in electric vehicles, this exhibition served as an excellent forum for extolling the benefits of our future technologies.



Toyota Factory Celebrates Production Milestone

In September 2006, the Toyota Industrial Equipment plant in Ancenis, France, celebrated 10 years of operation and cumulative production of 100,000 units. The Ancenis facility produces electric and engine-powered counterbalanced lift trucks for the European market, and since beginning production in 1996 has established itself as a world-class manufacturing plant.

Raymond Celebrates 85th Anniversary

Increases in population and evolving lifestyles have spurred increased demand for warehouses and delivery capabilities. In responding to this trend, Raymond has continually developed high-performance lift trucks, thus playing a key role in enabling shippers to trim costs and



raise processing capabilities. Upon the occasion of its 85th anniversary in 2006, Raymond remains committed to responding to customer needs as a leader in both offering materials handling equipment and providing solutions.

Raymond Receives Award for Human Resources Development Policies

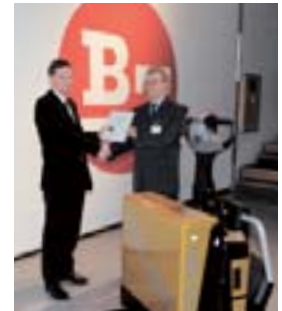
In October 2006, Raymond received an award for its human resources development policies from the New York Management Council in recognition of its best practices in health and safety that are part of its unsurpassed safety program. Raymond provides its employees with a safety program comprised of five different principal categories: policies and procedures, practice, problem

awareness and solutions, communication, and remuneration and awareness. The management of Raymond is making its best efforts to ensure this program functions efficiently.



BT Attains Cumulative Production of 500,000 Warehouse Trucks

The BT power truck division in Mjölby, Sweden, achieved cumulative production of 500,000 units in November 2006. While it took 28 years to reach cumulative production of its first 100,000 units since commencing production 60 years ago, BT subsequently accelerated production to produce its most recent 100,000 units over a period of just three years. Although attaining aggregate production of 500,000 units represents a significant milestone, BT will continue working to establish a structure that will allow the annual production of 60,000 units in line with plans to further expand sales.



BT New Compact Three-Wheel Counterbalanced Lift Truck Earns Safety Award

In October 2006, BT's compact three-wheel counterbalanced lift truck earned recognition as a lift truck with the highest standard of safety at the Préventica exhibition in France. This biennial exhibition focuses on safety and ergonomics, and the most recent exhibition attracted 6,000 visitors. The BT-brand series of C3E-R electric lift trucks was awarded the Innovation Prize, winning high acclaim for such features as the C3E-R's automatic speed reduction on cornering and drive-wheel direction indicator. The C3E-R was developed by engineers in Europe in close collaboration with their colleagues in Japan and is an excellent example of global coordination and synergy building in the Toyota Material Handling Group.

Cesab Wins International Best Factory Award

Cesab's factory in Bologna, Italy, earned the International Best Factory Award, which is presented to excellent production plants in Italy. Sponsored by Bocconi University's SDA Bocconi, one of the world's authoritative institutions in economics and business administration, as well as *Sole 24 Ore*, a leading economic newspaper, this award is presented based on a comprehensive evaluation that encompasses quality, lead-times, flexibility and innovation. Cesab has achieved high name recognition internationally.

Products for the Japanese Market



Industrial Vehicles



GENEO (8FG25)
Internal combustion
counterbalanced lift truck



GENEO-B (7FB15)
Electric counterbalanced
lift truck



GENEO-E (7FBE15)
Three-wheel electric
counterbalanced lift truck



GENEO-R (7FBR15)
Electric reach truck

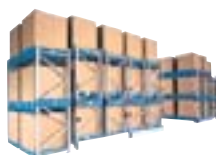


Tow Tractor
(2TD25)



Skid Steer Loader
(4SDKL8)

Materials Handling Systems



Partner Rack
Rail-less mobile rack



Rack Sorter B
Automated storage and
retrieval system
(Plastic container type)



Rack Sorter P
Automated storage and
retrieval system
(Pallet type)



Tugcart
Automatic guided
vehicle system



2AFBR15
Automatic guided
lift truck
(Pallet type)



APLB8
Automatic guided
pallet truck



Please visit www.aichi-corp.jp for more information.

Truck Mount Aerial Work Platforms



SH15B



SE08C



TZ-10A type "RR"



SC40A

Self-Propelled Aerial Work Platforms



SR-18AJ



RX07B

Note: Although Aichi Corporation is not integrated into the Toyota Material Handling Group, it comprises an important part of the Materials Handling Equipment Business.

Products for the North American Market



Please visit www.toyotaforklift.com for more information.



7FGU70
Internal combustion pneumatic tire counterbalanced lift truck



8FGCU25
Internal combustion cushion tire counterbalanced lift truck



7FGCU55-BCS
Internal combustion cushion tire counterbalanced lift truck—boxcar special model



8FGU25
Internal combustion pneumatic tire counterbalanced lift truck



7FBEU20
Three-wheel electric counterbalanced lift truck



7FBCU25
Electric cushion tire counterbalanced lift truck



7BPUE15
Electric order picker



Please visit www.raymondcorp.com for more information.



Raymond Model 7400 Reach-Fork Truck
Reach truck



Raymond Model 4200 Stand-Up Counterbalanced Truck
Electric counterbalanced truck



Raymond Model 8400 Pallet Truck
Electric pallet truck



Raymond Model 5600 Orderpicker
Order picking truck



Raymond Swing-Reach Truck
Very narrow aisle truck

Products for the European Market



Please visit www.toyota-forklifts.eu for more information.



TONERO
Internal combustion counterbalanced
lift truck (1.5-3.5 ton)
*Launched in calendar year 2007



7FG/D35
Internal combustion counterbalanced
lift truck (3.5-5 ton)



7FBMF25
Electric counterbalanced lift truck (80V)



7FBEF15
Three-wheel electric counterbalanced
lift truck (48V)



TRIGO
Three-wheel electric counterbalanced
lift truck (24V)



4CBT2
Electric tow tractor



Please visit www.toyota-forklifts.eu for more information.



Vector
Very narrow aisle truck with
shuttle forks



Reflex
Reach truck



Stratos
Powered stacker truck with
stand-in cab



Ixion
Support arm stacker truck



Minimover
Powered stacker truck



Opus
Low-level order picking truck



Orion
Powered pallet truck



Pro Lifter
Hand pallet truck



Focus on Business

Car Air-Conditioning Compressor

Car Air-Conditioning Compressors Top 20 Million Units to Lead the Global Market

With annual sales exceeding 20 million units, Toyota Industries commands the world's No. 1 share for car air-conditioning compressors—testimony to the high reliability of these products. Underlying this leading position is our ability to develop new products that we believe anticipate the needs of the times as well as outstanding technological capabilities that support product development. In maintaining the top global position, we remain committed to addressing the need for car air-conditioning compressors that are more compact, lighter in weight and offer higher performance, thereby enhancing the comfort of vehicles.

Toyota Industries Achieves Record Sales of 20.45 Million Units

The Car Air-Conditioning Compressor Business is one core business of the Automobile Segment as well as an important strategic business of Toyota Industries. Tapping excellent development and technological capabilities, Toyota Industries develops and manufactures high-quality, efficient products that it supplies not only to Toyota Motor Corporation (TMC), but also to other premier automakers worldwide. In so doing, we believe we are making valuable contributions to technological advances, improvements in comfort and fuel efficiency of vehicles.

Thanks to the development of products that anticipate user needs and to our proactive sales expansion activities, Toyota Industries' total sales of car air-conditioning compressors in fiscal 2007 reached an all-time high of 20.45 million units, an increase of 1.34 million units from the previous fiscal year. In gearing up to meet increased demand, we made further strides in strengthening our optimal global production structure during the fiscal year. Among the more noteworthy achievements, in April 2006 Toyota Industries began producing variable-displacement compressors at our fourth overseas compressor manufacturing subsidiary, TD Automotive Compressor Kunshan Co., Ltd. (TACK) in Kunshan, China. In North America, we strengthened our production capacity for variable-displacement compressors at TD Automotive Compressor Georgia, LLC (TACG), while in Japan we completed renovation of our Obu Plant in May 2006.

All of Toyota Industries' car air-conditioning compressors are supplied to DENSO Corporation (DENSO), which in turn sells them to leading automakers worldwide.



TD Automotive Compressor Kunshan Co., Ltd.

Product Development Capabilities that Respond to Global Needs Focusing on Basic Performance

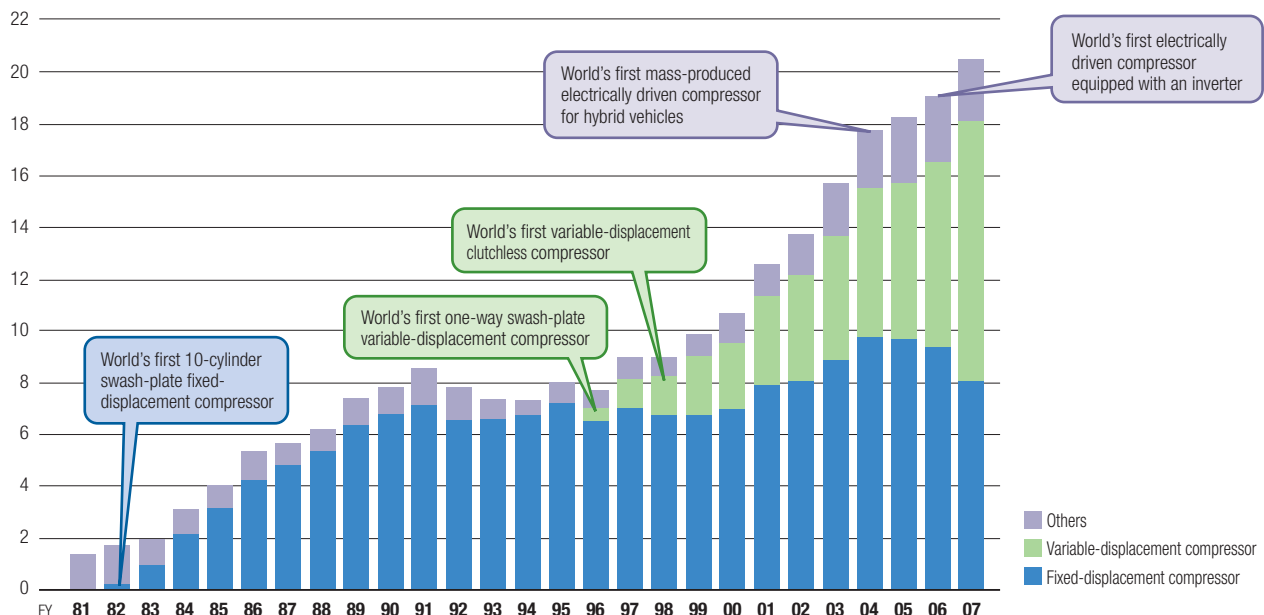
Toyota Industries' car air-conditioning compressors continually anticipate the latest user needs, earning high acclaim for our products from TMC and other leading automakers worldwide.

We have compiled a solid record of ongoing achievements in developing technologically advanced car air-conditioning compressors, with strong emphasis on basic performance requirements, including reliability at high operating speeds, quiet operation, compactness, light weight and fuel efficiency. Moreover, because our customers are leading global automakers, we engage in well-honed product development to closely tailor our compressors to diverse customer needs while vigorously promoting product development with a view to the future.

As excellent examples of major world-first technological developments, in 1981 Toyota Industries developed a compact, lightweight 10-cylinder swash-plate fixed-displacement compressor with an excellent reputation for quietness and superb reliability at high operating speeds. Adding to our achievements, in 1995

Compressor Sales

(Million units)



we addressed growing concerns about the environment with the development of an internally controlled one-way swash-plate variable-displacement compressor that contributes to lower CO₂ emissions and energy savings by reducing the load on the engine to increase fuel efficiency. In 1997, Toyota Industries once again broke new ground by successfully developing an externally controlled continuous variable-displacement clutchless compressor that enhances acceleration and reduces energy consumption by changing displacement in response to the heat load and engine revolutions. Subsequently, in 2003 we collaborated with DENSO to develop an electrically driven compressor for hybrid vehicles. This compressor allows the air conditioner to be operated even when a hybrid vehicle's engine is stopped, thus realizing an optimal balance between fuel efficiency and comfort. In 2005, Toyota Industries developed a new compact electrically driven compressor equipped with an inverter.

We believe that each of these car air-conditioning compressors offers irrefutable proof of the technological and competitive superiority that has propelled Toyota Industries to the world's top position in terms of unit sales and market share.

Looking to the future, we intend to continue our active approach to developing cutting-edge technologies and new products that contribute to the development of new cars by automakers worldwide, not only for conventional engine-powered vehicles but also for hybrid vehicles, for which global demand is expected to rise amid soaring energy prices and mounting concern for environmental protection.

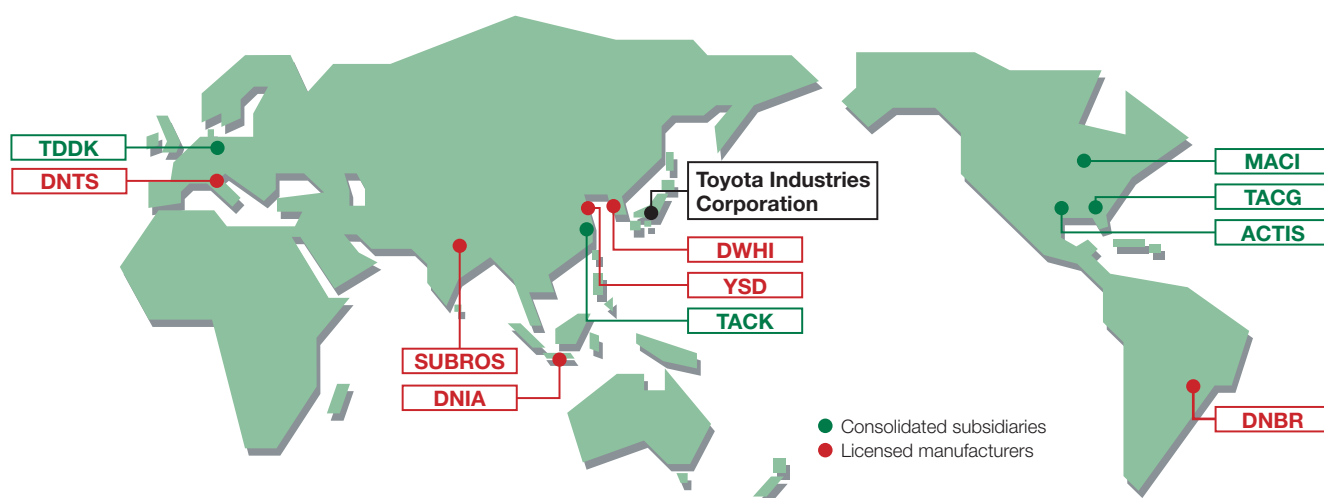
Operating an Optimal Global Production Structure

Underscoring our firm commitment to meeting the needs of customers worldwide, Toyota Industries has been striving to realize a flexible global production structure for its Car Air-Conditioning Compressor Business.

Toyota Industries currently operates a far-reaching network of production bases spanning Japan, North America, Europe and Asia. In Japan, our largest production base, we have built an integrated production structure encompassing molds, die casts, processing and assembly centered on the Kariya, Obu and Higashiura plants. These three facilities play a key role as mother plants for our domestic and overseas subsidiaries. As one example, these plants' highly advanced aluminum die-cast technologies and technologies for automating production lines utilizing robots are being deployed at production bases in Japan and overseas, enabling major achievements.

In North America, Michigan Automotive Compressor, Inc. (MACI), based in the U.S. state of Michigan, has been producing swash-plate fixed-displacement compressors since 1990. In December 2005, TACG, which is located in the U.S. state of Georgia, began production of variable-displacement compressors as our second North American compressor production base. Although fixed-displacement compressors are currently the mainstream compressor used in North America, we anticipate that greater global environmental awareness will drive increased demand for variable-

Worldwide Manufacturing Bases of Car Air-Conditioning Compressor



Toyota Industries produces compressors through a global tripolar structure encompassing Europe, the United States and Asia (including Japan), established through direct investments. We also license production in Asia (excluding Japan) and South America. By carrying out production near our markets, we believe we are better able to supply products precisely tailored to local market needs while reducing shipment costs and exchange rate risks.

displacement compressors, which enable excellent energy efficiency.

In Europe, where environmental awareness is high, TD Deutsche Klimakompressor GmbH (TDDK) has been producing swash-plate variable-displacement compressors since 2000.

In China, where the automobile market is recording remarkable growth, we began producing variable-displacement compressors at TACK in April 2006.

As these examples illustrate, Toyota Industries is making significant progress in further strengthening its global production structure.

Reflecting our determination to contribute to reducing the environmental load and reusing resources, we also remanufacture compressors for the aftermarket (auto replacement parts and supplies market) at Texas-based ACTIS Manufacturing, Ltd., LLC in the United States.

Regarding future trends, we foresee increased demand for compressors in line with a rise in automobile sales. Consequently, Toyota Industries will push forward with initiatives to upgrade its global production structure to respond to customer needs for globally optimal production and procurement.

* Remanufacturing involves repairing and recycling products to give them the same functions as new products by overhauling rebuilt, used and malfunctioning products and exchanging components.

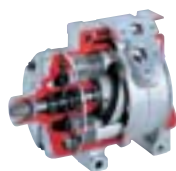
Topics

Obu Plant Renovation Completed

In fiscal 2007, we completed the phased renovation of the Obu Plant in Japan that began in 2000. The Obu Plant carries out integrated production encompassing the manufacture of molds for aluminum die-cast products and aluminum die casts as well as component processing. The Obu Plant plays a key role both as the Materials Development Center and as the mother plant for production bases in Japan and overseas.



Fixed-Displacement Type



10S17 compressor
(Swash-plate type)



SCS06 compressor
(Scroll type)



SV07 compressor
(Vane type)

Continuous Variable-Displacement Type



7SBU16 compressor
(Swash-plate type)



7SEU17 compressor
(Externally controlled,
clutchless type)

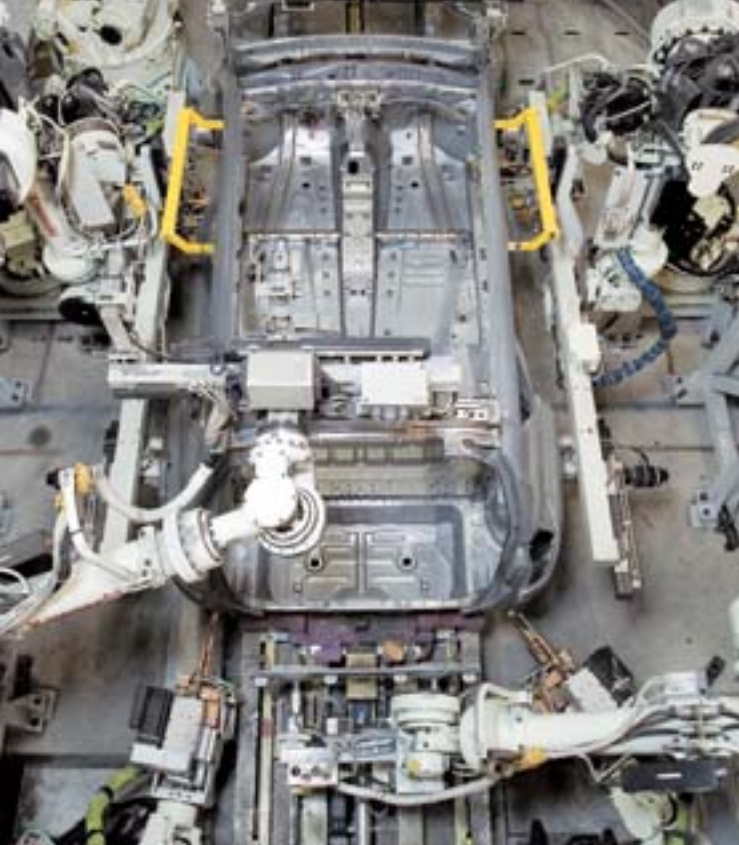
For Hybrid Vehicles



ES27 electric compressor
(Hermetic scroll type)



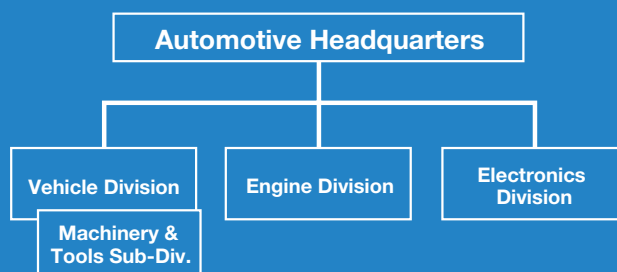
ES34 electric compressor
(Hermetic scroll type)



Automobile

A Key Role in Toyota Motor Corporation's Global Production

Toyota Industries supports Toyota Motor Corporation's (TMC) global operations by assembling compact and midsize automobiles as one of the Toyota Group's vehicle assembly arms. We also contribute to TMC's operations on a multiplicity of other fronts. These include proactive participation in TMC's new car development, development and production of diesel engines as well as power electronics and other car electronics products, and manufacture of stamping dies. In January 2007, we established the Automotive Headquarters to further strengthen this segment as a pillar of our operations on par with the Materials Handling Equipment Segment.



Vehicle

Manufacturing TMC's Global Models

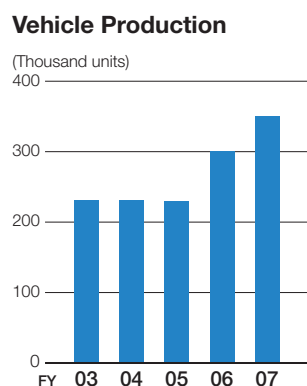
Toyota Industries has compiled a stellar record of achievement during the 40 years since commencing vehicle production under consignment from TMC in 1967. At present, Toyota Industries manufactures two Toyota models, the Vitz (Yaris outside Japan) and the RAV4 for overseas markets. Additionally, as an automobile body manufacturer, we participate in the development of new Toyota vehicles, handling both the development and design of automobile bodies.

Record-High Production of 350,000 Vehicles Achieved

In fiscal 2007, Toyota Industries achieved record-high production of 350,000 vehicles, which was supported by robust sales of the RAV4 in overseas markets.

Since commencing vehicle assembly operations under consignment from TMC in 1967, Toyota Industries has produced such vehicles as the Starlet, Sprinter Carib and Corolla (van). In 1999, we started manufacturing the Vitz as the successor model of the Starlet. The first-generation Vitz (Yaris) sparked an expansion in the compact car market in Japan and subsequently attained a position as a global-standard compact car. Undergoing a full model change in 2005, the second-generation Vitz (Yaris) integrates the most-advanced safety and environmental technologies, earning extensive acclaim worldwide as a compact car of the highest quality. Sales of the Vitz (Yaris) were launched in the United States in 2006.

Toyota Industries commenced production of the RAV4 in 2001. Relaunched



upon a full model change in 2005, the third-generation RAV4 offers an even roomier interior, superb driving performance and world-class environmental and safety performance. Of particular note, we participated in TMC's development project for the RAV4 for Europe from the initial phase. Moreover, the RAV4 is also equipped with Toyota Industries' AD diesel engine produced at the Hekinan Plant.

A Vital Role in TMC's Global Operations

Toyota Industries' vehicle assembly operations have also been lauded for maintaining the Toyota Group's top-class quality, cost and delivery (QCD) and capabilities in making quick production launches. In fiscal 2007, we received the Superior Quality Performance Award from TMC in recognition of our efficient, high-quality production carried out under the Toyota Production System as well as for our daily improvement activities.

Annual global production of the Vitz (Yaris) tops more than 500,000 vehicles, more than one-third of which is produced by our Nagakusa Plant. Meanwhile, production of the RAV4 is carried out at the Nagakusa Plant and TMC's Tahara Plant. The Nagakusa Plant is also supporting preparations for production at Toyota Motor Manufacturing Canada Inc., which is set to begin production of the RAV4 in 2008.

Determined to continue playing an important role in TMC's global business, Toyota Industries intends to maintain its top-level QCD, while expanding its business domains that contribute to TMC, including further increasing its role in the development of new vehicles and supporting the quick start-up of new vehicle production at overseas production plants.

Topics

Toyota Industries Receives Superior Quality Performance Award

In February 2007, the Vehicle Division and Machinery & Tools Sub-Division (stamping dies) received the Superior Quality Performance Award from TMC. This marks the seventh time the Vehicle Division has earned this award in the past 10 years and the eighth time for the Machinery & Tools Sub-Division over the same period.

Vehicles



Vitz
(Yaris outside Japan)



RAV4

Engine

Sharp Increase in Diesel Engine Sales Lift Production to Record High

Toyota Industries' Engine Business manufactures diesel and gasoline engines. In addition to manufacturing engines for vehicles under consignment from TMC, Toyota Industries manufactures engines for lift trucks and other materials handling equipment. As another important activity, we engage in the joint development of new diesel engines with TMC.

Favorable Results for New Diesel Engines with Outstanding Environmental Performance

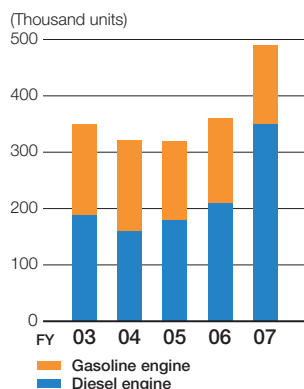
In fiscal 2007, Toyota Industries achieved record-high sales of 490,000 engines (unit sales to outside customers) on the back of increased sales of AD diesel engines fitted in TMC's RAV4 for the European market and the Lexus IS as well as KD diesel engines for TMC's Innovative International Multi-Purpose Vehicle (IMV).

Our new diesel engines, noted for their superb environmental performance, are particularly attracting attention. Toyota Industries manufactures AD diesel engines jointly developed with TMC, which comply with Europe's strict EURO 4 environmental regulations on exhaust emissions. The advantages of diesel engines in comparison with gasoline engines lie in high fuel efficiency and low CO₂

emissions—a key reason diesel engines are in high demand in Europe. In the North American market as well, the number of pickup trucks fitted with diesel engines is expected to rise amid rapidly increasing energy prices.

Reflecting our firm commitment to becoming a top manufacturer of diesel engines within the Toyota Group, in fiscal

Engine Production



2007 we constructed a new testing center to bolster our diesel engine development capabilities. Looking ahead, we will seek to make further contributions through actively participating in the joint development and production of diesel engines with TMC.

Toyota Industries also engages in broad-ranging production of engines for industrial equipment, including engines for lift trucks that offer high power output and excellent environmental performance, as well as engines for other materials handling equipment and gas engine-driven heat pumps. Toyota Industries' engines represent the source of competitiveness of its lift trucks, which have secured the No. 1 global market share.

At our production bases worldwide, we also manufacture a broad assortment of engine parts that include engine blocks, heads, camshafts and crankshafts.



New Testing center

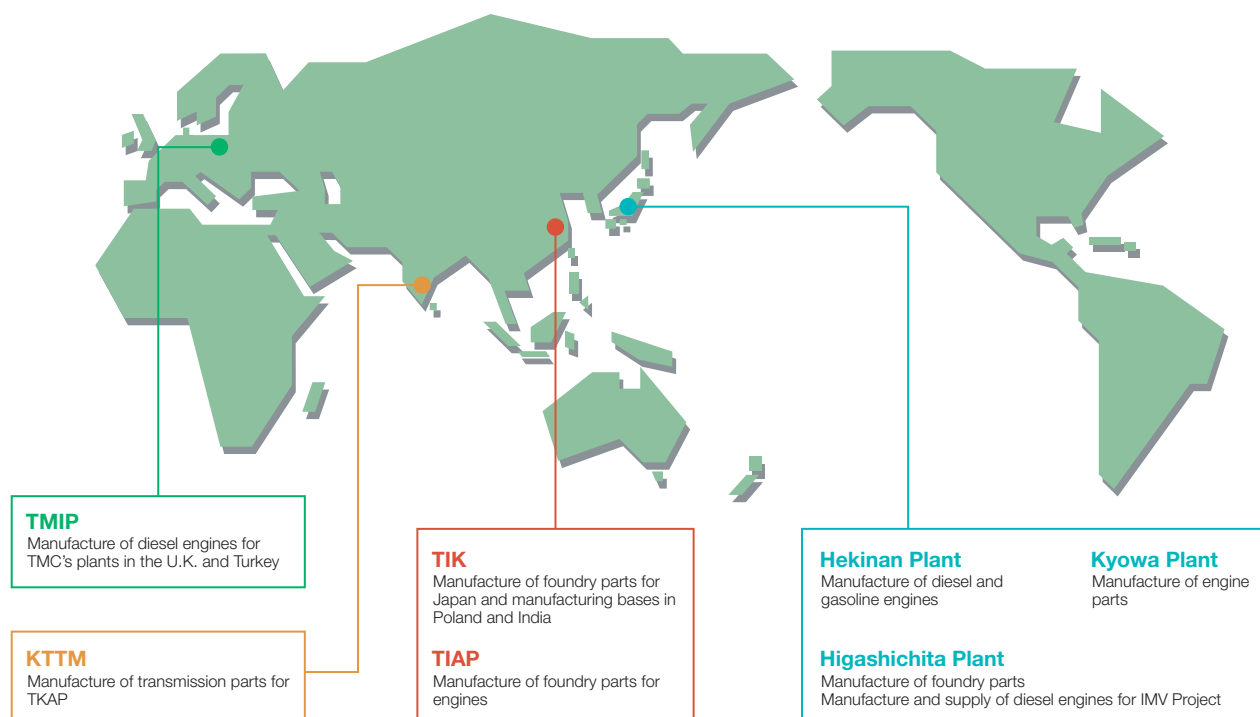
Developing Global Business through Domestic and Overseas Collaboration

Our engine production operations have garnered strong praise not just for responding quickly to changes due to flexible production lines utilizing automatic guided vehicles but also for the ability to start up production in short time periods.

Following the 1994 establishment of Toyota Industry (Kunshan) Co., Ltd. (TIK), an engine foundry parts production company in China, we have steadily strengthened our engine production capabilities overseas. At present, we operate production bases for engines and engine parts at TIK and Toyota Industry Automotive Parts (Kunshan) Co., Ltd. (TIAP) in China, Kirloskar Toyoda Textile Machinery Private Limited (KTTM) in India and Toyota Motor Industries Poland Sp. z o.o. (TMIP) in Poland, allowing us to further contribute to TMC's global development.

In Japan, the Hekinan Plant (engine assembly and parts processing), together with the Kyowa Plant (engine parts processing) and Higashichita Plant (foundry parts, aluminum die casts, engine assembly and parts processing) function as mother plants for overseas production bases in providing support for plant start-ups and operations. Through this global cooperation, we believe we are able to assure QCD at the highest levels and raise productivity at each of our overseas plants.

Worldwide Manufacturing Bases of Engine



Engines



2AD diesel engine
(Displacement: 2.2 liters, used in the Avensis, RAV4, Corolla Verso and Lexus IS)



2KD diesel engine
(Displacement: 2.5 liters, used in the Hilux Vigo)



2AZ-FE gasoline engine
(Displacement: 2.4 liters, used in the Estima)



1FZ-FE gasoline engine
(Displacement: 4.5 liters, used in the Land Cruiser)



4Y gasoline engine
(Displacement: 2.2 liters, used in lift trucks)



Cylinder block for AD diesel engine



Cylinder head for AD diesel engine

Car Electronics Stamping Dies

Manufacturing Key Parts for Hybrid Vehicles and Stamping Dies

Utilizing power electronics circuit technologies and electric drive system development capabilities cultivated through its experience with electric lift trucks, Toyota Industries develops and manufactures electronic components and devices for automobiles, including hybrid vehicles. Toyota Industries also boasts an abundance of experience in manufacturing high-quality automotive stamping dies.

Newly Developed DC-DC Converters for the Toyota Camry Hybrid

Fitted in TMC's Prius, Toyota Industries' DC-DC converters are key devices for hybrid vehicles. These converters down-convert the high-

voltage direct current (DC) of the main battery to a lower voltage to recharge the auxiliary battery and supply power for lights, wipers, the horn and other in-car devices. We also develop and manufacture compact, low-cost DC-DC converters for electric power steering systems for hybrid vehicles.

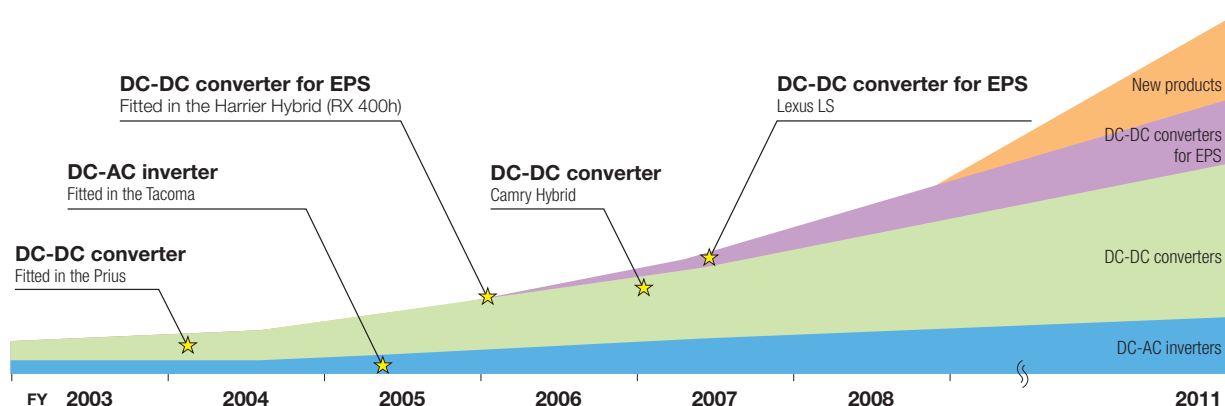
A wide selection of Toyota Industries' products also includes DC-AC inverters for cars with hybrid and conventional engines. The inverter is capable of converting currents into the same voltage as household electricity, thereby allowing the use of various household electronic appliances.

In fiscal 2007, Toyota Industries began shipments of numerous products through a serialization of existing products such as DC-DC converters for the Camry Hybrid for North America and DC-DC converters for electric power steering (EPS) for the Lexus LS.

Amid growing worldwide interest in environmental protection, we expect that demand for hybrid vehicles will steadily increase. In preparing to meet this demand, we are augmenting an advanced development structure. This will enable us to develop not only products for hybrid vehicles but also controllers for electric lift trucks, power supply devices for hybrid lift trucks and others that will raise the competitiveness of our materials handling equipment and textile machinery. To expand our selection of automotive products, we are planning to put more energy into the development of key components in addition to the current lineup of auxiliary components such as converters. We are also pressing forward with the preparations for mass production at a new plant in order to handle expansion of the hybrid vehicle market.



Major Car Electronics Products



Car Electronics



DC-DC converter for the Prius



DC-DC converter for electric power steering for the Harrier Hybrid (RX 400h)



DC-DC converter for Camry Hybrid



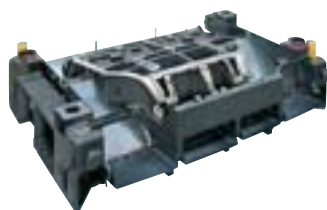
DC-AC inverter for the Tacoma (400W)

Manufacture and Quick Delivery of High-Quality Automotive Stamping Dies

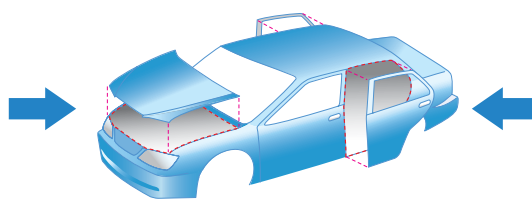
Toyota Industries undertakes the design and manufacture of automotive stamping dies mainly for TMC vehicles (Toyota and Lexus brands) as well as stamping dies for our own lift trucks and other materials handling equipment. Combining advanced skills with leading-edge simulation technologies, Toyota Industries has earned high marks from customers for quick delivery times and top quality. In fiscal 2007, we won TMC's Superior Quality Performance Award

in recognition of the high quality of our stamping dies as well as our ongoing daily improvement activities.

We are also making important progress in bolstering our overseas operations. Toyota Industries established Lio Fung Tool & Die (Kunshan) Co., Ltd. (LFTD, in which Toyota Industries has a 35% stake) in Kunshan, China, as a joint venture with Taiwan-based Lioho Machine Works, Ltd. LFTD produces stamping dies for TMC vehicles manufactured in China as well as for Toyota Industries lift trucks.



Trim die for engine hood



Draw die for rear door



Focus on Business

Logistics

Supporting the Optimization of Overall Logistics

Toyota Industries is engaged in proposing optimal overall logistics solutions from customers' perspectives. We handle customers' logistics by combining our extensive business experience in lift trucks, automated storage and retrieval systems and other materials handling equipment with our production and logistics know-how, as well as the Toyota Production System cultivated in pursuit of the most efficient methods of manufacturing. In so doing, we propose so-called market-in logistics that supply only "what is needed, when it is needed, and in the amount needed!"

Making Optimal Logistics Proposals as a Group of Specialists

In fiscal 2007, net sales of the Logistics Segment increased sharply by 37% to ¥89.4 billion.

Toyota Industries' Logistics Business is centered on the three business pillars of planning, design and operation of distribution centers, high value-added services and distribution of automotive parts. Planning, design and operation of distribution centers are carried out mainly through the Advanced Logistics Division. Specifically, this business aims to reduce companies' logistics costs through Advanced Logistics Solutions Co., Ltd. (ALSO), a wholly owned subsidiary, as well as through joint ventures with customers and logistics operators. Meanwhile, high value-added services are provided through two subsidiaries, Asahi Security Co., Ltd. (Asahi Security) and Wanbishi Archives Co., Ltd. (Wanbishi Archives), whereas the Taikoh Transportation Group handles distribution of automotive parts.

Since entering the logistics solutions field in 2002, we have achieved continuous growth and development. We intend to aim for higher added value and efficiency. To this end, we are pursuing synergies internally and externally by strengthening collaboration with the Materials Handling Equipment Business, which handles lift trucks and automated storage and retrieval systems, as well as by sharing logistics businesses with our customers. In tandem, we are also focusing our efforts on reinforcing the earnings structure of the Logistics Business through continuous improvements.

In fiscal 2007, we acquired a 50.5% stake from Nissen Co., Ltd. (Nissen), a leading mail-order company, in Nissen Logistics Service Co., Ltd., which became a subsidiary and was renamed Mail & e Business Logistics Service Co., Ltd. (Mail & e Business Logistics). This move reflects Nissen's decision to utilize Toyota Industries' logistics solutions in an effort to improve this area of operations

by discontinuing its policy of handling logistics internally. With the acquisition of this stake in Mail & e Business Logistics, Toyota Industries and Nissen will work together in promoting mail-order logistics reforms by optimizing the flow of the entire logistics process from procurement to delivery to customers.

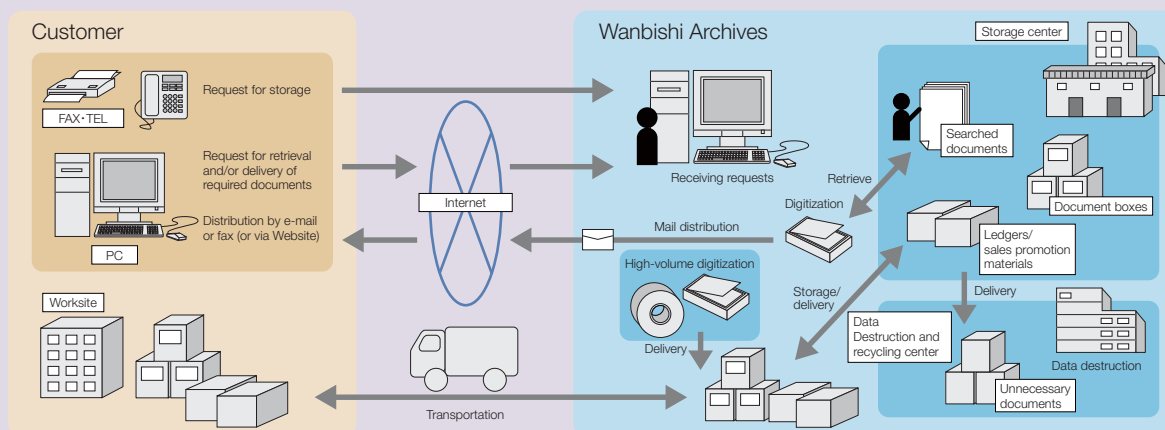
Business Models Offering High Value-Added Services

Toyota Industries regards logistics as a process that continues until a product passes the checkout counter at a retail store and is delivered to the customer. We are building proprietary business models that aim to optimize this overall flow, which involves not only the management of the flow of "goods" but also the flow of "cash" and the flow of "information."

As part of these efforts, Asahi Security, which became a subsidiary in March 2005, offers cash management outsourcing services including cash collection and cash proceeds management services for the retail, services and transportation sectors. Wanbishi Archives, in which we acquired a stake in January 2006, provides highly advanced risk-related services that include storing and managing important data for companies and government agencies and providing data backup services in the event of disasters. In May 2007, we raised our stake in Wanbishi Archives to 100%, making it a wholly owned subsidiary, as we aim to expand this business by benefiting from such trends as the implementation of the Japanese version of the U.S. Sarbanes-Oxley Act (J-SOX) and the Personal Information Protection Act.

Using these wide-reaching service-related technologies as a foundation, we are firmly poised to expand the scope of our high value-added services that address the outsourcing needs of companies.

Business Model for Wanbishi Archives



Textile Machinery

Sales of Air-Jet Looms Surpass 10,000 Units to an All-Time High

The history of the Toyota Group began with the invention of an automatic weaving machine by Toyota Industries founder Sakichi Toyoda. With a long history dating back to the origin of Toyota Industries, the Textile Machinery Business, as an industry leader, has built an integrated structure that encompasses functions ranging from development to sales. Our air-jet looms have maintained the top global market share, while our ring spinning frames, roving frames and other spinning machinery have garnered high acclaim from customers worldwide.



Weaving Machinery

Toyota Industries manufactures and sells two types of weaving machinery: air-jet looms, which insert weft yarns using air, and water-jet looms, which use water for the same purpose. Our state-of-the-art weaving machinery, excellent in basic performance requirements for high speed and reliability, incorporates such advanced functions as monitoring and remote setting via the Internet, earning high praise from customers around the world.

In fiscal 2007, sales of air-jet looms, our mainstay product, reached a record-high 10,600 units, supported by a large increase in sales in China. Up until roughly five years ago, total worldwide demand for air-jet looms stood at around 10,000 units, but this

demand subsequently surged to over 20,000 units from around 2002. This increase was driven by a confluence of several factors, including improvements in productivity for our air-jet looms and development of air-jet looms that enable the production of woven fabrics previously difficult to produce, in addition to a shift in textile production to China. Consequently, Toyota Industries supplied roughly half of all global demand in fiscal 2007. In March 2007, we further expanded our product offerings when we initiated production of a new water-jet loom. Rounding out our product lineup, we also manufacture and sell such preparatory machinery for weaving as sizing machines for yarns.

Weaving Machinery



JAT710 air-jet loom



LWT710 water-jet loom



**Mackee
Sizing machine for spun yarn**



**Filamaster
Sizing machine for filament yarn**

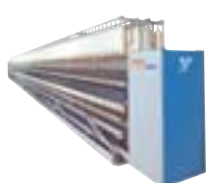
Spinning Machinery

The Spinning Machinery Business meets a broad range of customer needs by offering an extensive lineup of spinning machinery, including high-speed ring spinning frames and roving frames, capable of both spinning high-quality yarns and providing superior productivity. We

also produce and sell combers and drawing frames.

Overseas, Kirloskar Toyoda Textile Machinery Private Limited (KTTM), our subsidiary in India, manufactures ring spinning frames for the local market.

Spinning Machinery



RX240NEW ring spinning frame



FL100 roving frame



DX8 drawing frame



VC5A comber

Topics

KTTM Marks its 10th Anniversary

In 2006, KTTM marked the 10th anniversary of its establishment in India. Founded as a joint venture with India's Kirloskar Group, KTTM began production and sales of spinning frames in 1997. In 2004, KTTM commenced production of aluminum die-cast components for manual transmissions for Toyota Motor Corporation's Innovative International Multi-Purpose Vehicle Project. KTTM further expanded its scope of activities in 2006 when it began engaging in after-service and sales of lift trucks in the Bangalore District.





Electronics

On the Cutting Edge of Providing High-Quality Electronics Products

*Toyota Industries engages in the manufacture of semiconductor package substrates through TIBC Corporation (TIBC)^{*1}. We are also actively involved in the manufacture of low-temperature polysilicon TFT-LCD panels at ST Liquid Crystal Display Corp. (STLCD)^{*2} and ST Mobile Display Co., Ltd. (STMD)^{*3}. Utilizing our expertise rooted in the Toyota Production System—a source of Toyota Industries’ competitiveness—we quickly provide a stable supply of high-quality electronics products.*

^{*1} A joint venture with Ibiden Co., Ltd. (Ibiden)

^{*2, *3} Joint ventures with Sony Corporation (Sony) accounted for as equity-method affiliates, with Toyota Industries holding a 50% stake in STLCD and a 20% stake in STMD.

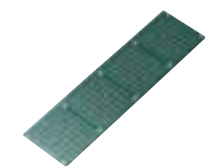
Plastic Package Substrates for High-Performance Semiconductors and Substrates for IC Cards

TIBC manufactures leading-edge semiconductor package substrates to enable more compact, lighter weight PCs, mobile phones and other electronic devices. Specifically, TIBC currently manufactures plastic package substrates, including flip chip (FC) package substrates and wire bonding package substrates, for high-performance semiconductors, as well as flexible printed circuit (FPC) substrates for IC cards. TIBC is able to supply high-quality, high-

performance products by achieving synergies derived from the quality management and production technology capabilities of Toyota Industries and Ibiden, an industry leader in this field.

TIBC's semiconductor plastic package substrates are sold through Ibiden to the world's premier semiconductor manufacturers and semiconductor-packaging companies for such applications as PCs and mobile phones. At the same time, TIBC's FPC substrates are also marketed through Ibiden to SIM card and smart card suppliers mainly in Europe and China for integration into credit cards and telephone cards.

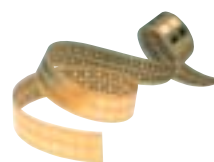
TIBC



Wire bonding
package substrate



Flip chip
package substrate



Flexible printed circuit
package substrate

Low-Temperature Polysilicon TFT-LCD Panels for Mobile Devices

STLCD and STMD manufacture small- and medium-sized low-temperature polysilicon (poly-Si) TFT-LCD panels, primarily for such applications as video and digital still cameras, and mobile phones. These TFT-LCD panels are noted for such outstanding basic features as high-quality, high-resolution images and low energy consumption. In addition, Sony is promoting its system-on-glass technology that integrates the display device and its driver circuits onto a single glass substrate (panel). This technology enables highly reliable, lightweight and miniaturized display modules, and in turn contributes to both companies' proactive efforts to develop display devices for compact, lightweight mobile products.

Through synergies that fully utilize Sony's technological capabilities and Toyota Industries' production technologies, STLCD and STMD have built optimal production systems for creating globally competitive products. The products manufactured by these

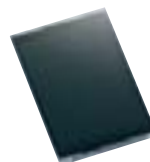
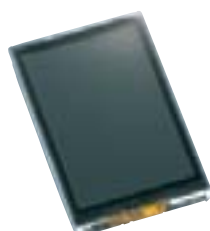
companies are used in the mobile devices of Sony and other high-tech device manufacturers worldwide.

Since commencing mass production in 1999, STLCD has achieved cumulative production of 200 million panels as of August 2006. STMD, our second manufacturing base after STLCD, began mass production of panels on schedule in April 2006.



ST Liquid Crystal Display Corp.

STLCD



Low-temperature polysilicon TFT-LCDs