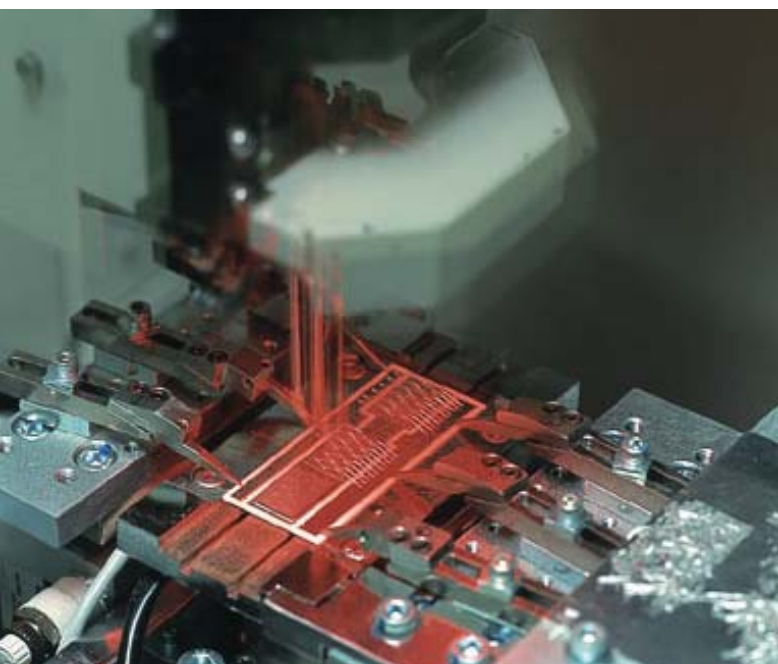


Electronics Business — A Key to Future Growth

Toyota Industries is confident that its Electronics Business has the growth potential to make it a main business pillar of future operations. We intend to allocate the necessary capital and management resources to turn this potential into reality. We are also committed to pioneering new technologies and business models in the electronics field by vigorously investigating opportunities for technological collaboration and capital participation.



LCD Business

In October 1997, Toyota Industries and Sony Corporation established ST Liquid Crystal Display Corp. ("ST-LCD") as a 50-50 joint venture. ST-LCD manufactures low-temperature polysilicon TFT-LCD panels. ST-LCD benefits from Sony's advanced LCD development technologies and Toyota Industries' superior quality control and manufacturing technologies.

Since our investment in ST-LCD is not a majority stake, we do not include it as a subsidiary. Nevertheless, we consider ST-LCD as the core of our Electronics Business. Since it began mass production in April 1999, ST-LCD has expanded production to meet rising market demand. A unique

production line that incorporates the Toyota Production System ("TPS") ensures that quality keeps pace with output. Although the worldwide IT slump in the second half of 2001 and the terrorist attacks on the U.S. in September of that year drastically reduced demand in the electronics-related field, as inventory readjustment proceeds and business picks up again within the IT industry, the demand for low-temperature poly-Si TFT-LCD panels will increase.

Toyota Industries believes that the outstanding features of the low-temperature poly-Si TFT-LCD panel give it significant potential to spur greater demand in the medium to long term. ST-LCD is now producing the LCD panel for mainly digital still and video cameras, and personal digital assistants (PDAs). The panels are supplied to customers through Sony. The low-temperature poly-Si TFT-LCD panels are energy-efficient, and offer high resolution as well as high numerical aperture. They also facilitate the integration of the display device and its driver circuits into a single TFT glass base plate. The resultant reduction in cost and miniaturization of the display unit allows the LCD panels to be used in a wide range of applications, including in-car monitors. They are also suitable for wide-band mobile phones, where they allow easy exchange of large volumes of data for video and still images. We expect that demand for low-temperature poly-Si TFT-LCD panels will increase further as their application in high-definition displays extends to ever smaller, lighter mobile phones and PDAs.

Anticipating a sharp increase in demand for the panels over the medium to long term, in the fall of 2001 ST-LCD invested ¥75 billion to establish a second production line, and increased the capacity of its first production line. In total, ST-LCD has increased its monthly capacity to 32,000 base plates (600mm x 720mm). To help fund this investment, Sony and Toyota Industries each injected ¥10 billion into ST-LCD, increasing its capital to ¥50 billion. Looking closely and flexibly at the pattern of demand, ST-LCD plans to put the second line into operation sometime after the summer of 2002. Sony, Toyota Industries and ST-LCD regard the low-temperature poly-Si TFT-LCD as a key device in the field of compact displays, and are collaborating to develop and manufacture superior products for further expansion of the business.



Package Substrate Business

Toyota Industries entered the electronic substrate business through its subsidiary, TIBC Corporation ("TIBC"), a joint venture with Ibiden Co., Ltd. ("Ibiden"). TIBC manufactures ball grid array (BGA) plastic package substrates and flexible printed circuit (FPC) substrates for smart cards. TIBC substrates are supplied through Ibiden to IDMs (Integrated Device Manufacturers) and IC packaging and assembly houses worldwide for incorporation in a variety of electronics and information devices.

TIBC suffered from the depressed business conditions of 2001, but as inventory within the IT industry was almost cleared in the first half of 2002, the demand for TIBC's substrates is showing signs of recovery.

Technology Development Center

Toyota Industries' Technology Development Center develops and manufactures power electronics parts for automobiles, and engages in research and development of various electronics technologies. The Center also serves as Toyota Industries' R&D facility and its production base for a vast array of electronics parts, so accumulating know-how in product manufacture.

Joint Development through Business Collaboration

We developed an ultra-compact radio tuner for AM/FM/teletext broadcasts jointly with Niigata Seimitsu Co., Ltd. as part of a business collaboration agreement, and displayed the product at the Tokyo Motor Show in October 2001. Based on advanced CMOS (Complementary Metal Oxide Semiconductor), RF (Radio Frequency) and IC (Integrated Circuit) technologies, this is the world's first radio tuner that incorporates both analog and digital circuits. In addition to facilitating the design of ultra-compact car radio systems, this product will enable mobile phones and PDAs to receive radio and teletext broadcasts, opening the way for application in a wide range of information devices.



Radio tuner module