Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based on information known to management as of June 28, 2001.

Further, this Management's Discussion and Analysis of Financial Condition and Results of Operations includes forward-looking statements concerning the expected future performance of Toyota Industries Corporation ("Toyota Industries"). Please refer to "Cautionary Statement with Respect to Forward-Looking Statements" at the beginning of this annual report. This cautionary statement pertains to the report as a whole.

Finance

Toyota Industries' financial policy is to ensure sufficient funds for its business activities, to maintain appropriate liquidity and to sustain healthy balance sheets.

Currently, in principle, funds for capital expenditures and other long-term capital needs are raised from retained earnings and long-term debt, and working capital needs are met through short-term bank loans. Long-term debt financing is carried out mainly through issuances of bonds, including convertible bonds.

The 7.4 billion Swedish krona (¥89.2 billion) used for the acquisition of BT Industries AB ("BT Industries") in June 2000 was raised temporarily through issuances of commercial paper, to be replaced later through issuances of bonds and new shares. Toyota Industries issued ¥80.0 billion in commercial paper for the tender offer. Then, in July 2000, Toyota Industries carried out its eighth and ninth issuances of bonds without collateral, ¥20.0 billion each for a total of ¥40.0 billion. The funds raised in this way were used mainly to redeem ¥60.0 billion in commercial paper. In addition, in October 2000, Toyota Industries carried out a capital increase by issuing 30 million shares, comprising 20 million shares for distribution in Japan and 10 million for distribution outside Japan, at the market price. This raised a total of ¥55.7 billion. Part of these funds was used to redeem the remaining ¥20.0 billion in commercial paper. The decision to issue the new shares was made based on a comprehensive management evaluation made from a medium-term perspective. The intention was to maintain a sound financial condition and expand Toyota Industries' range of shareholders and investors worldwide. Part of the funds raised through the issuance of new shares has been appropriated as capital expenditures for the car air-conditioning compressor business and for other operations.

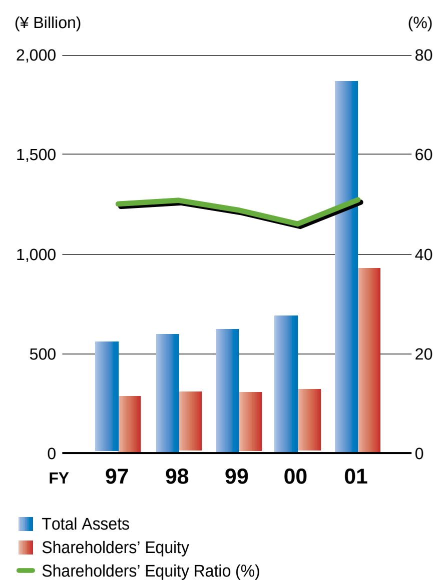
Toyota Industries' financial condition remains solid. Through the use of cash and cash equivalents, short-term investments and other current assets, as well as free cash flows and fund-raising from financial institutions, Toyota industries believes that it will be able to provide sufficient funds for the working capital necessary to expand existing operations and develop new projects, and for future capital expenditures.

Financial Position

Total assets as of the end of the fiscal year ended March 31, 2001 stood at ¥1,896.6 billion (of which BT Industries accounted for ¥193.8 billion), an increase of ¥1,183.7 billion (172.6%) from the previous fiscal year. This is due largely to a sharp increase in the valuation of investment in securities following the application of new accounting standards for financial instruments (fair value accounting). It also reflects an increase in assets and liabilities accounts that accompanied the consolidation of BT Industries.

Current assets increased ¥106.1 billion (54.3%) to ¥301.4 billion (of which BT Industries accounted for ¥65.9 billion). This is attributable mainly to increases in trade notes and accounts receivable, inventories, and cash and cash equivalents that accompanied the consolidation of BT Industries. Trade notes and accounts receivable increased ¥31.0 billion (46.6%) to ¥97.5 billion. Inventories increased ¥22.6 billion (74.6%) to ¥52.8 billion, while the inventory turnover period increased from 16.8 days to 19.7 days. Cash and cash equivalents increased ¥18.0 billion (23.2%) to ¥95.3 billion.

Total Assets, Shareholders' Equity and Shareholders' Equity Ratio



Property, plant and equipment increased ¥36.0 billion (13.9%) to ¥294.7 billion (including BT Industries' ¥19.1 billion). More than half of this increase is attributable to an increase in machinery, equipment and vehicles, and buildings and structures due to the addition, after consolidation, of BT Industries' machinery, equipment and vehicles, and buildings and structures.

In intangible assets, due to the acquisition of BT Industries, goodwill is newly accounted for at ¥86.4 billion (including BT Industries' portion, and reflecting ¥2.3 billion in amortization of goodwill during the fiscal year). Goodwill for the acquisition of BT Industries will be amortized using the straight-line method over a period of 20 years.

Investments and other assets increased ¥965.9 billion (439.6%) to ¥1,185.6 billion (including BT Industries' ¥22.2 billion). This is attributable largely to a reevaluation (¥950.4 billion effect, gross of tax) at market prices as of March 30, 2001 of shares of Toyota Group companies, including Toyota Motor Corporation ("TMC"), and other shares held by Toyota Industries, due to the adoption of fair value accounting. These shares had been valued at their acquisition cost up to the previous fiscal year. In total, investment in securities increased ¥954.0 billion (498.9%) to ¥1,145.2 billion.

Toyota Industries, primarily in its Automobile Segment, has a very close business relationship with each of the Toyota Group companies, and it recognizes that holding securities of each of these business partners contributes to mutual management stability. From a long-term point of view, Toyota Industries firmly believes that maintaining and improving the competitive strength of the Toyota Group raises its profitability and contributes to increasing its corporate value.

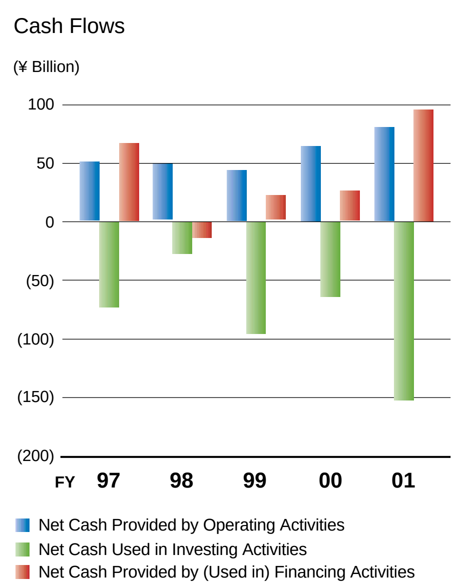
Current liabilities increased ¥67.7 billion (46.4%) from the previous fiscal year to ¥213.6 billion (including BT Industries' ¥42.7 billion). This is due mainly to increases in trade notes and accounts payable and short-term bank loans reflecting the consolidation of BT Industries. Trade notes and accounts payable was ¥103.4 billion, an increase of ¥25.3 billion (32.4%). Short-term bank loans increased by ¥12.9 billion (125.2%) to ¥23.2 billion.

Long-term liabilities were ¥686.6 billion (including BT Industries' ¥50.5 billion), an increase of ¥483.2 billion (237.5%) from the previous fiscal year. The main reason for this increase is the application of fair value accounting, which added an amount of ¥391.6 billion, and increased deferred tax liabilities by ¥385.5 billion. Other significant factors in this increase are ¥40.0 billion in issuances of bonds without collateral, and an increase in long-term bank loans accompanying the consolidation of BT Industries. Long-term debt increased ¥87.4 billion (48.3%) to ¥268.5 billion.

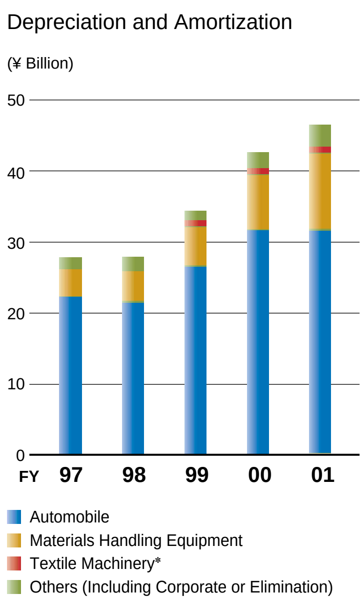
Shareholders' equity increased ¥635.0 billion (200.8%) to ¥951.3 billion (including BT Industries' ¥99.7 billion). This is due mainly to the application of fair value accounting and an accompanying net unrealized gain on other securities of ¥558.7 billion (net of tax). The capital increase by issuance of new shares at market price resulted in an addition of ¥27.8 billion each to common stock and capital surplus, making a combined addition of ¥55.7 billion to shareholders' equity. Shareholders' equity per share increased to ¥3,036.77 from ¥1,116.62 as of March 31, 2000.

Cash Flows

Net cash provided by operating activities was ¥78.4 billion, an increase of ¥10.3 billion (15.2%) over the previous fiscal year. Net cash used in investing activities increased ¥88.7 billion (132.0%) to ¥155.9 billion. Net cash provided by financing activities increased ¥67.0 billion (243.5%) to ¥94.5 billion. As a result, cash and cash equivalents increases ¥18.0 billion (23.2%) to ¥95.3 billion, which includes a slight upward adjustment for the effect of translation adjustments of cash and cash equivalents.

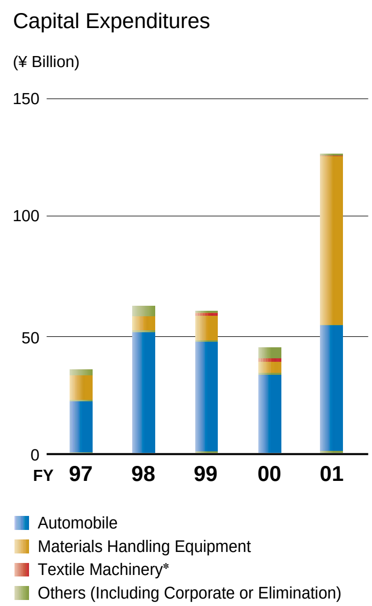


The increase in net cash provided by operating activities reflects the following: factors reducing cash and cash equivalents were outweighed by factors augmenting cash and cash equivalents. Reducing factors include a reduced increase in payables and a decrease in equity in net loss of affiliates, while augmenting factors include an increase in income before income taxes, an increase in net payments of allowance for retirement benefits (included in others, net), a rise in increase in receivables, and an increase in depreciation and amortization (including amortization of goodwill). The increase in net payments of allowance for retirement benefits is the result of the requirement to compensate for the aggregate funding shortfall in retirement benefit obligation that accompanied the application of new accounting standards for retirement benefits, as well as the addition of provision for retirement and severance benefits for directors and corporate auditors that accompanied a change in accounting. Depreciation and amortization increased ¥3.7 billion (8.7%) to ¥46.5 billion.



An amount of ¥86.1 billion, more than 50% of the net cash flow used in investing activities, is accounted for by payments for acquisition of subsidiaries' stock resulting in a change in scope of consolidation. Of this amount, ¥86.0 billion was utilized for the acquisition of BT Industries' shares. This type of payment did not occur in the previous fiscal year. Payments for purchases of tangible assets were ¥55.1 billion, an increase of ¥3.0 billion (5.8%).

In this connection, capital expenditures increased ¥82.6 billion to ¥127.3 billion (184.4%). This figure includes the amount recorded in goodwill pertaining to the acquisition of BT Industries. By principal segment, capital expenditures includes the following: in the Automobile Segment, ¥54.7 billion, an increase of ¥21.7 billion (65.6%); in the Materials Handling Equipment Segment, ¥70.7 billion, an increase of ¥65.3 billion (1,202.5%); and in the Textile Machinery Segment, ¥0.3 billion, a decrease of ¥0.7 billion (69.3%). In the Automobile Segment, more than half of the amount was used to strengthen Toyota Industries' production capability for car air-conditioning compressors, while most of the amount in the Materials Handling Equipment Segment was accounted for by ¥61.6 billion recorded in goodwill pertaining to the acquisition of BT Industries. Payments for purchases of investment securities were ¥9.7 billion, a decrease of ¥6.4 billion (40.0%). Approximately half of this amount was for additional purchases of shares of Toyota Group companies, such as DENSO Corporation. About a quarter was for purchases of bonds.



Net cash provided by financing activities includes ¥55.2 billion in proceeds from issuances of common stock. There were no such proceeds in the previous fiscal year. In addition, proceeds from issuances of bonds increased ¥10.0 billion (33.3%) to ¥39.8 billion. In this connection, ¥80.0 billion received from issuances of commercial paper in June 2000 was fully redeemed by October 2000 using the proceeds from the issuances of bonds and common stock. These funds were raised primarily for the acquisition of BT Industries. In addition, Toyota Industries paid ¥5.0 billion in cash dividends (including for minority shareholders).

Overview of Performance

Management of Foreign Exchange Risks

The average exchange rate of the yen to the U.S. dollar (TTM) in the fiscal year ended March 31, 2001 was ¥110.58, a year-on-year appreciation of ¥1.04 (0.9%).

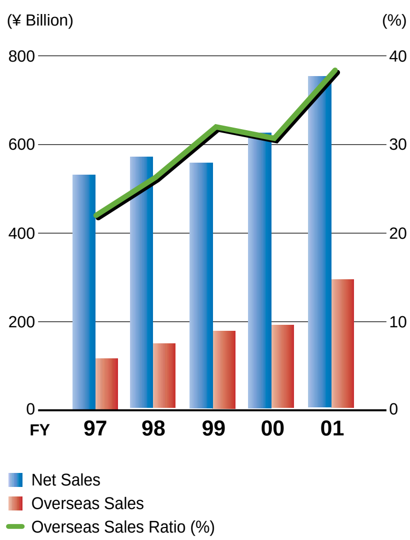
Overseas sales increased ¥106.8 billion (55.6%) over the previous year to ¥298.8 billion, and account for 38.9% of total sales, an increase of 8.2 percentage points. This sharp rise in the ratio to total sales is due primarily to the large expansion of sales in Europe and North America which accompanied the consolidation of BT Industries' results into

* *From fiscal 1999, the Textile Machinery Segment has been separated from the Others Segment.*

Toyota Industries' accounts, which started in the second half of the fiscal year under review.

For the future, as the pace of globalization accelerates, Toyota Industries expects the consolidation of BT Industries into its annual accounts and the integration of production and sales in the materials handling equipment business to result in an upward trend in overseas sales and a further rise in the ratio of overseas sales to total sales. To hedge foreign exchange risks arising from the export and import of materials, parts and products, Toyota Industries uses derivative instruments (interest rate swaps and foreign currency forwards). Toyota Industries will also expand efforts to procure materials and parts and engage in production in areas closer to overseas markets in order to reduce inventories and cut costs.

Net Sales, Overseas Sales and Overseas Sales Ratio



Operating Performance

Although private sector capital investment in Japan showed signs of a slight recovery during the first half of the fiscal year under review, in the second half of the year an economic slowdown in the United States and a slump in the Japanese stock market dampened corporate production activity. These factors, coupled with sluggish consumer spending and other negative factors, led to continued stagnation of the Japanese economy. Outside Japan, although the booming U.S. economy began to falter, the European and Asian economies generally held firm.

In this operating environment, Toyota Industries focused its efforts on product quality and retaining the trust of its customers. It also made efforts to strengthen its corporate structure by stepping up the development of attractive products, aggressively conducting sales promotions, and carrying out a company-wide program to reduce costs. In addition, as a result of the consolidation of BT Industries' results starting in the second half of the fiscal year, Toyota Industries' net sales increased 22.6% and operating income increased 63.9%—for the second consecutive year. Both sales and profit recorded historic highs. The increase in net sales is due primarily to the consolidation of BT Industries and healthy growth in the production of car air-conditioning compressors. The increase in operating income is due largely to the growth in net sales, the success of efforts to reduce costs and raise productivity, and the consolidation of BT Industries.

Net Sales

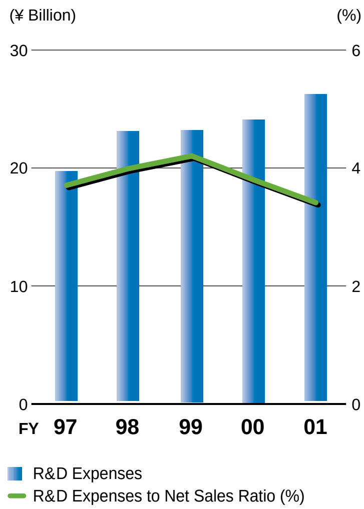
As a result of the factors mentioned above, net sales increased ¥141.6 billion (22.6%) from the previous fiscal year to ¥767.4 billion. BT Industries' net sales contributed ¥69.3 billion to this figure.

Cost of Sales and Selling, General and Administrative Expenses

Due mainly to the consolidation of BT Industries' ¥49.8 billion in cost of sales, Toyota Industries' cost of sales for the fiscal year under review increased ¥105.4 billion (18.9%) to ¥663.0 billion. The ratio of cost of sales to net sales improved from 89.1% to 86.4%, due primarily to the effects of rises in productivity and capacity utilization ratio driven by increased production, cost reduction activities and the consolidation of BT Industries. Selling, general and administrative expenses increased ¥17.7 billion (45.0%) to ¥57.1 billion. (BT Industries accounted for ¥16.2 billion of this figure.) The ratio of selling, general and administrative expenses to net sales increased from 6.3% to 7.4%, largely as a result of the consolidation of BT Industries. These expenses include ¥7.1 billion for labor and ¥3.1 billion for advertising and publicity. The consolidation of BT Industries brought amortization of goodwill for the fiscal year under review (including BT Industries' portion) to ¥2.3 billion.

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing cost, increased ¥2.1 billion (8.9%) to ¥26.2 billion, representing 3.4% of net sales. By principal segment, research and development expenses were ¥16.3 billion in the Automobile Segment, ¥7.9 billion in the Materials Handling Equipment Segment (of which BT Industries accounted for ¥1.3 billion) and ¥0.6 billion in the Textile Machinery Segment.

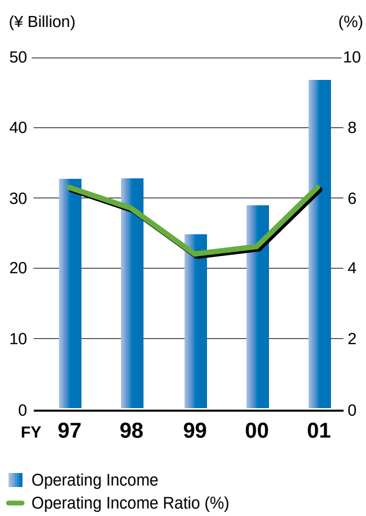
R&D Expenses and
R&D Expenses to Net Sales Ratio



Operating Income

Due to the factors summarized above, operating income for the fiscal year under review increased ¥18.4 billion (63.9%) to ¥47.3 billion. (After deducting amortization of goodwill, BT Industries' contribution was ¥3.3 billion.) The operating income ratio increased from 4.6% to 6.2%.

Operating Income and
Operating Income Ratio



Operating Performance Highlights by Business Segment

The performances of Toyota Industries' main business segments are described below.

In the Automobile Segment, net sales were ¥457.6 billion, an increase of ¥34.2 billion (8.1%), due to increases in sales both in Japan and outside of Japan. In the vehicle business, although the number of Sprinter Carib (Corolla Wagon) units sold decreased from the previous fiscal year, production of the Vitz (Yaris) increased and sales continued to grow, which led to a ¥4.4 billion (2.3%) increase in net sales for this business to ¥195.9 billion. In the engine business, the start of production in August 2000 of the 2UZ-type gasoline engine contributed significantly to the ¥10.2 billion (11.1%) increase in net sales to ¥102.1 billion. In addition, an increase in production capacity in Japan and sales expansion in North America and Europe led to strong growth in the car air-conditioning compressor business, whose net sales rose ¥19.3 billion (16.0%) to ¥139.6 billion. As a result, operating income in the Automobile Segment increased ¥4.1 billion (16.8%) to ¥28.5 billion.

In the Materials Handling Equipment Segment, sales in Japan recovered and steady growth was achieved in sales in North America and Europe. Continued healthy demand in European and North American markets led to an increase in the revenue and earnings of BT Industries, which was consolidated into Toyota Industries accounts starting in the second half of the fiscal year under review. As a result of the above, net sales increased ¥87.4 billion (58.6%) to ¥236.5 billion. Operating income for this segment increased ¥8.8 billion (153.0%) to ¥14.5 billion.

In the Textile Machinery Segment, a recovery in capital investment in Asia, Toyota Industries' leading market, created a positive operating environment. Toyota Industries' energetic sales and service activities led to increased exports to China, Indonesia and Pakistan. As a result, net sales increased ¥10.1 billion (43.7%) to ¥33.2 billion. The increase in net sales plus a major streamlining of operations leading to reduced costs and expenses resulted in operating income, for the first time in many years, of ¥35 million. This compares with an operating loss of ¥3.0 billion for the previous fiscal year.

Non-Operating Income and Expenses

Non-operating income for the fiscal year under review decreased ¥69 million (0.4%) to ¥16.2 billion. Realized gains on sales of securities decreased ¥5.1 billion (87.5%) to ¥0.7 billion. However, including BT Industries' contribution of ¥3.3 billion, interest income increased ¥3.3 billion (370.8%) to ¥4.2 billion.

Non-operating expenses increased ¥1.0 billion (5.6%) from the previous fiscal year to ¥19.0 billion. Although equity in net loss of affiliates decreased ¥4.0 billion (80.7%) to ¥1.0 billion, interest expenses increased ¥3.9 billion (154.6%) to ¥6.4 billion. This latter increase was largely the result of ¥3.3 billion in interest expenses due to the consolidation of BT Industries and ¥0.6 billion in interest expenses for the eighth and ninth issuances of bonds without collateral. The large decrease in equity in net loss of affiliates is due primarily to a better performance, including expanded production volume and improved rejection rate of products, at ST Liquid Crystal Display Corp.

Ordinary Income

Ordinary income increased ¥17.3 billion (63.9%) over the previous fiscal year to ¥44.5 billion. This included ¥3.4 billion contributed by BT Industries after deducting amortization of goodwill.

Extraordinary Gains and Losses

The adoption of new accounting standards for retirement benefits, which became effective in the fiscal year started April 1, 2000, led to an aggregate funding shortfall of ¥19.1 billion in retirement benefit obligation, and the whole shortfall was disposed of as an extraordinary loss ("cumulative effect of change in accounting standards for retirement benefits"). To compensate for this loss, ¥15.1 billion was posted as an extraordinary gain ("gain on securities contribution to employee retirement benefit trust") by an employee retirement benefit trust established through the contribution of certain investment securities held by Toyota Industries.

Also, a change was made in the treatment of Toyota Industries' retirement and severance benefits for directors and corporate auditors. This had been treated as an expense recorded at the time of payment. In order to make period earnings more appropriate and the financial statements healthier from the fiscal year under review, Toyota Industries changed the accounting method to provide for actual amounts payable during the term based on its internal rules. Accordingly, a ¥2.3 billion provision for retirement and severance benefits for directors and corporate auditors was recorded as an extraordinary loss.

Disposition of the Shortfall in Retirement Benefit Obligation

In accordance with new accounting standards for retirement benefits, the present total amount of Toyota Industries' benefit obligation (including lump-sum severance payment obligation) as of April 1, 2000 was calculated at ¥62.0 billion. As of the same date, the aggregate fair market value of Toyota Industries' pension assets was ¥24.2 billion, and the amount of allowance for retirement benefits recorded in the consolidated balance sheets was ¥18.8 billion. Accordingly, the aggregate funding shortfall in retirement benefit obligation as of that date was ¥19.1 billion. Toyota Industries disposed of the whole shortfall by recording the total amount as "cumulative effect of change in accounting standards for retirement benefits." To compensate, a portion of Toyota Industries' shares in DENSO Corporation was contributed to an employee retirement benefit trust and accounted for as a pension asset. The difference between the fair value and acquisition cost of these shares, ¥15.1 billion, was recorded as gain on securities contribution to employee retirement benefit trust. As a result of this disposition of the shortfall in retirement benefit obligation, income before income taxes decreased ¥4.0 billion.

Income before Income Taxes

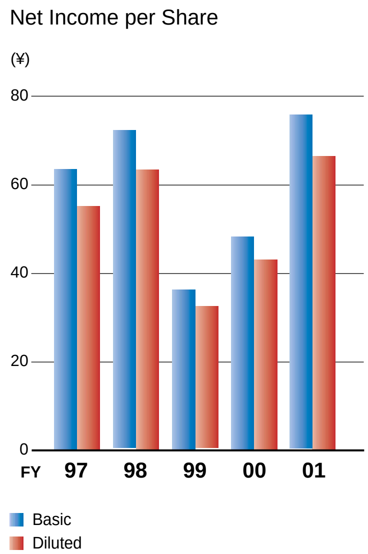
Income before income taxes was ¥38.2 billion (including BT Industries' contribution of ¥3.4 billion after deducting amortization of goodwill), an increase of ¥11.0 billion (40.7%) over the previous fiscal year.

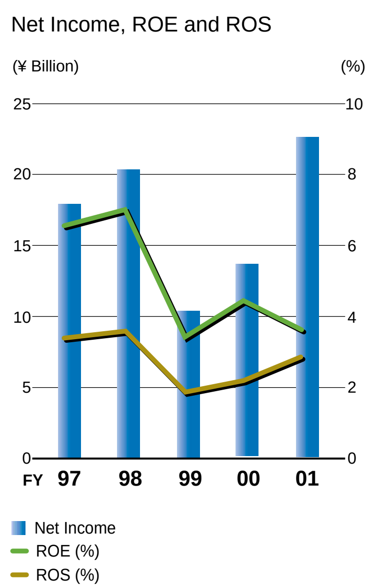
Income Taxes

Net of current and deferred income taxes was ¥14.8 billion, up ¥2.2 billion (17.8%) over the previous fiscal year. The ratio of income taxes to income before income taxes, i.e., effective income tax rate, decreased from 46.3% to 38.8%.

Net Income

Net income for the fiscal year under review was ¥22.6 billion (including BT Industries' contribution of ¥2.0 billion after deducting amortization of goodwill), an increase of ¥8.9 billion (65.4%). The ratio of net income to net sales, i.e., return on sales (ROS), increased from 2.2% in the previous fiscal year to 2.9%. However, the ratio of net income to shareholders' equity (using the average of such amounts at the end of the fiscal year under review and the previous fiscal year), i.e., return on equity (ROE), decreased from 4.4% to 3.6%. This is because the application of fair value accounting resulted in a sharp increase in shareholders' equity. Net income per share (EPS) increased from ¥48.32 to ¥75.90, and diluted net income per share increased from ¥43.18 to ¥67.77.





Strategies and Projections

Business Strategies

Since its establishment as a textile machinery manufacturer 75 years ago, Toyota Industries has expanded the scope of its business activities. Following successful diversification, Toyota Industries is poised for innovation and growth in the 21st century. Toyota Industries' strategic lines of business are currently classified into three categories on the basis of their specific characteristics. The operational strategies for these categories are based on the mission assigned to each.

First Category: Vehicle Business and Engine Business

<Mission>

As a member of the Toyota Group, to contribute to the high quality and technological advances of TOYOTA-brand cars.

Second Category: Car Air-Conditioning Compressor Business, Materials Handling Equipment Business and Textile Machinery Business

<Mission>

To aggressively expand global markets through the development of products using Toyota Industries' unique technologies.

Third category: Electronics Business

<Mission>

To be a key source of Toyota Industries' future growth

The first category, the vehicle business and the engine business, handles mainly the production of vehicles consigned by TMC and production of engines for TOYOTA-brand cars. To play a more important role in the Toyota Group, Toyota Industries is making continual efforts to improve its production technologies and strengthen quality control. For Toyota Industries, this field of business provides a stable platform for its own growth, while also contributing to the success of the Toyota Group. Aiming to play a more important role in the development and production of TOYOTA-brand cars and engines, Toyota Industries will step up its efforts to strengthen its research and development capability and improve productivity. In its work in this category for TMC, Toyota Industries will also make proposals for the design and launch of auto parts and compact cars, and actively work to ensure that such proposals are adopted.

The second category, which comprises the car air-conditioning compressor business, the materials handling equipment business and the textile machinery business, is identified as a business field in which Toyota Industries must cultivate further development of global markets by precisely grasping customers' needs and developing and marketing state-of-the-art products that meet these needs through the application of original technologies. Firmly believing that technological improvement is the key to competitiveness, Toyota Industries strives to strengthen its technological development capabilities by fostering the training and development of superior engineers. Since the car air-conditioning compressor business and the materials handling equipment business are positioned as core businesses, Toyota Industries places a priority on them in its allocation of management resources. In addition, on April 1, 2001, Toyota Industries established TOYOTA Material

Handling Company as a uniquely independent company within the larger company. The main purpose of this move was to strengthen independent management in the unit by giving it the authority needed to respond flexibly and speedily to changes in the business environment and to emerge a winner in the face of intensifying global competition.

The third category, the electronics business, which includes the production of LCDs, will also be made a priority in Toyota Industries' allocation of management resources in order to develop this activity into a core business in the future. This is a field characterized by rapid advances in technological innovation. Toyota Industries recognizes that it must strengthen its research and development capability to maintain competitiveness in this field. Continuing capital expenditures will be required to do this. Swift decision-making is also required for success in this business, which depends on rapidly getting production on track, improving the rejection rate of products and achieving a return on investment. Aiming to participate in the electronics business and expand operations in the short term, and to diversify risks by entering new areas of this business, Toyota Industries has not only carried out independent product development, but has also entered into joint ventures with both Sony Corporation and Ibiden Co., Ltd. Toyota Industries believes that this strategy has been successful to date and views this category as a key source for future corporate growth.

Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2002

Despite continuing deregulation and further pump-priming measures that may be taken by the Japanese government, the short-term outlook for the Japanese economy remains problematic. In the face of deflation and rising unemployment, it is uncertain whether consumer confidence will increase enough to kick-start the economy into growth. There is a fear that a sustained economic slowdown in the United States will adversely affect Japan and other exporting countries.

For the fiscal year ending March 31, 2002, Toyota Industries projects a 19.9% year-on-year increase in net sales to ¥920 billion. Income before income taxes will increase 38.7% to ¥53 billion and net income will increase 36.9% to ¥31 billion. Toyota Industries expects these increases to be achieved by all-out efforts in launching new products, energetic sales and service activities, and improvements in costs and expenses. In addition, Toyota Industries anticipates that the consolidation of BT Industries for a complete fiscal year and the integration of production and sales in the materials handling equipment business will also contribute to these increases. Toyota Industries also projects ¥93 billion in capital expenditures and ¥52 billion in depreciation and amortization.

Dividend Policy

Toyota Industries' dividend policy is based on the underlying goals of strengthening competitiveness, augmenting corporate value and maintaining stable dividends. Toyota Industries gives full consideration to business performance, its dividend payout ratio and other factors as it makes every effort to meet the expectations of shareholders. Toyota Industries views retained earnings as an important resource for securing future profits for its shareholders, and it intends to strategically invest portions of those earnings in research and development and future growth, and to aggressively pursue business expansion and strengthen its corporate constitution.

A year-end cash dividend of ¥9.0 per share was approved at Toyota Industries' Ordinary General Meeting of Shareholders held on June 28, 2001. Including the interim cash dividend of ¥8.0 per share, cash dividends for the year totaled ¥17.0 per share, an increase of ¥1.0 per share over the previous fiscal year. The dividend payout ratio was 24.4%.

Change in Share Trading Unit

To broaden the range of investors in Toyota Industries' stock and to promote the trading of its shares, effective August 1, 2001, Toyota Industries lowered the minimum trading unit of its shares from 1,000 to 100. This alteration was made in accordance with a partial revision of Toyota Industries' Articles of Incorporation approved at the Ordinary General Meeting of Shareholders held on June 28, 2001. As a result, starting on August 1, 2001, Toyota Industries' shares listed on Tokyo and Nagoya Stock Exchanges and Osaka Securities Exchange have been traded in units of 100 shares.