

May 23, 2012
Topy Industries, LTD.

Regarding Topy Industries Group New Mid-term Consolidated Management Plan,
“Growth & Change 2015 (G&C 2015)”
–“Growth” on a Global Scale and “Transformation” for High Profitability Structure–

The Topy Industries Group have formulated a Mid-term Consolidated Management Plan “Growth & Change 2015 (G&C 2015)” to be implemented during the terms from 2012 to 2015. This notice is to announce the commencement of such plans.

1. Review of Previous Mid-term Consolidated Management Plan “MS-2007”

The Topy Industries Group have been working on the mid-term consolidated management plan “MS-2007” that targeted the period from 2007 to 2009. In the “MS-2007” we set our 6 main topics to be “Enhancement of Integrated Production Ability into New Growing Business Areas”, “Development of New Products and New Production Methods”, “Progression of Consolidated Management to a New Stage”, “Strengthening Financial Structures”, “New Profit Distribution Policy”, and “Continue Measures based on Long-term Plans”, and have worked toward further progressions. However, during this period, global economic conditions drastically declined, and under conditions of severe demand decrease, the Topy Industries Group was also severely affected and was forced to review our plans. Under such circumstances, the Topy Industries Group has taken emergency measures to limit effects on our profit to a minimum. Furthermore, management improvement plans were included in each Group company’s business strengthening plan where fixed assets were decreased and optimum manufacturing structures re-established. Matters under strategic investments in “MS-2007” are being performed after being narrowed down with regards to its importance.

【Major Policies Implemented】

<Steel Business>

- Enhancement of special steel production capacity (June 2008)

<Automobile·Industrial Machinery Components Business : Wheels>

- Enhancement of wheel production capacity for ultra-large dump trucks used in mines (October 2009)
- Development of light weight steel wheels using high tensile strength steel (November 2009)
- Mass production of wheels for light weight ISO system trucks and buses (March 2010)
- 100% subsidiary acquisition of passenger car wheel manufacturing site in China (June 2010)

<Automobile·Industrial Machinery Components Business : Shoes · Tracks>

- Expansion of link processing and heat treatment lines (November 2007)
- Expansion of shoe heat treatment line (June 2008)
- Enhancement at track manufacturing site in China (January 2011)

2. Regarding New Mid-term Consolidated Management Plan “Growth & Change 2015 (G&C 2015)”

1) Fundamental Policy

The current business condition that surrounds the Topy Industries Group is growth at one end from overseas demand expansion centered around developing countries, and yet staggering domestic demand at the other end due to decreasing population and labor force as Japan becomes a graying society. Tough conditions are expected in the long-run.

The fundamental policy of the New Mid-term Consolidated Management Plan “Growth & Change 2015 (G&C 2015)” is “Growth” on a global scale and “Transformation” for high profitability structures. The goal is to further grow by strengthening our business base in order to respond to expanding demand in developing countries and to respond to the maturing domestic economy. We will establish a strong business structure that can withstand the rapidly changing environment by making full use of the Topy Industries Group product identity, by active business development into overseas markets where growth can be expected, and by establishing a solid domestic manufacturing base.

2) Profit Plan and Target

(1) Numerical Targets

	Actual Values	Target Values	Difference
	2011	2015	
Operating Profit Ratio	4.4%	6.4%	+2.0%
Return On Equity (ROE)	4.8%	9.6%	+4.8%
Return On Assets (ROA)	5.3%	7.3%	+2.0%
D/E Ratio	0.71	0.66	△0.05

(2) Numerical Plan

	Actual Values	Target Values	Difference
	2011	2015	
Sales	240.5 billion Yen	281.5 billion Yen	+41 billion Yen
(Percentage of Oversea Sales)	21%	25%	+4%
Operating Income	10.6 billion Yen	18 billion Yen	+7.4 billion Yen
Current Net Earnings	3.9 billion Yen	10 billion Yen	+6.1 billion Yen

Investment is scheduled to be approximately 67 billion Yen during the 4 years. Of which, enhancement to the steel making facility is expected to be approximately 28 billion Yen and approximately 18 billion Yen for overseas investment.

3) Focus Themes

(1) Expansion of Oversea Business (Quantitative Growth)

Currently, in developing countries, there is strong propulsion for infrastructure construction resulting in demand increase for construction machinery and automobile. In the automobile · industrial machinery components business, the main business area for the Topy Industries Group, we produce top share products of tracks for construction machinery undercarriage components, wheels for ultra-large dump trucks used in mines, and wheels for automobiles. In “G&C 2015”, we will strengthen the supply system to maintain and expand share, and cost competitiveness for global demand of

these products.

- Topy Undercarriage (China) Co., Ltd. operation begins (October 2012)
- Tianjin Topy Machinery Co., Ltd. operation begins (October 2012)
- Topy Fasteners Vietnam Co., Ltd. operation begins (November 2012)
- Strengthening relationship with oversea allies
- Strengthening global supply structure to respond to oversea expansion of main customers.

(2) Strengthening Domestic Business Base (Quality Transformation)

Although domestic demand is expected to stagnate, we will make full use of our product design and manufacture technology that we have acquired over the long-term to further strengthen our competitiveness in the domestic market. We will tackle to reduce cost by enhancement of our steel making facility and other manufacture cost reductions to improve productivity (“manufacture transformation”). Furthermore, we will strive to develop and expand sales of strategic and high added value products that are unique to the Topy Industries Group.

- Start of enhancement of steel making facilities at Toyohashi Factory (April 2015)
- Expansion of special steel, ultra-large wheels used in mines, ultra-light wheels, high added value fasteners, synthetic mica and robot sales.

(3) Management Up-grade

We will pursue up-grading of global Group management through improvement of business processes. We will further strive to deepen our risk management system and strengthen our technology to be able to compete in the global market by development of new products and manufacturing processes.

4) Matters by Business Segment

(1) Steel Business

With the enhancement of our steel making facility, we will be able to improve productivity and quality with extremely low electricity cost, and with other environmental cost reductions, we will achieve a completely self-sustaining steel source that will enable us to strengthen our cost competitiveness. Furthermore, we will strive to improve profitability by promoting efficiency throughout the Group as a whole, and by reducing integrated manufacture cost from raw material purchase to product shipment.

We will ensure top level domestic cost competitiveness and set out to becoming a leading company in the special steel industry.

(2) Automobile • Industrial Machinery Components Business

We will strive to expand sales by responding to increasing oversea demand, localization of manufacturing sites and strengthening production capability, and by strengthening oversea partnerships. Also, we will strengthen our business base by product development in response to customer needs and establishment of high productivity manufacture lines.

We will strengthen our position as a leading and world top class general wheel and shoe • track manufacturer by securing domestic business profit and progression of

oversea business development for a profitable business structure.

(3) Others

We will continue product development and expansion of sales in response to our customer needs in all our diverse business areas of science, energy, and services.