



Dear stakeholders

**Toward the creation of new added value,
TOKYO KEIKI introduces a company-based organization.**

On behalf of all members of TOKYO KEIKI, may I express our appreciation to all of our valued customers and associates for the generous support and assistance you provide to us.

On the occasion of the restoration of the TOKYO KEIKI company name from TOKIMEC in fiscal 2008, we drafted and implemented a 5-year midterm management policy and our first growth strategy which emphasized the strengthening of existing businesses through better efficiencies and higher value added as well as the construction an endogenous 'cycle of growth' that reduces the organization's susceptibility to the influences of the external environment. This resulted in the development of new products that meet the expectations of the future. We are also in the process of upgrading our manufacturing, sales, and service structures that will be key to achieving a competitive edge.

In fiscal 2013, we will embark on a 3-year midterm business plan in line with our new 5-year midterm management policy. As our second growth strategy, this plan promotes globalization with focus on the development of emerging markets where sustained growth is anticipated and expansion of our business areas as we address issues demanded by the times and society. Our midterm management policy is aimed at responding to the demands and expectations of our stakeholders by honing and utilizing assets, both tangible and intangible, that the Group has nurtured over long years and with the ongoing creation of unique value added and achievement of competitive dominance, as well as enhancing corporate value through sustained growth and long-term expansion.

In effort to further accelerate our growth strategy to realize our midterm business plan in accordance with our midterm management policy, we will implement a company-based organizational structure on April 1, 2013. Our past organization embraced an overall Group management philosophy based on mutually complementary relationships among our Group businesses, where certain businesses facing difficulties due to adverse environmental conditions would be bolstered by other members of the Group who were in better shape. However it became apparent that a reform of our organizational structure toward one which would promote greater autonomy and efficiencies of our individual businesses was necessary in order to respond to the powerful forces of rapid change shaping the environment and to prevail under the circumstances of ever intensifying global competition.

With the transition from a division-based organization to a company-based organizational structure and transfer of substantial authority to individual companies, each company will be able to undertake timely and appropriate resource investments in people, material, and funding as they deem necessary. The closer proximity of individual companies to its market and customers will also enable faster decision making to cope with changing conditions and needs and promote flexibility in response. We will leverage the greater autonomy and efficiencies achieved as well as further consolidate our unified control structure that encompasses development, manufacturing, sales and service and enhance global competitiveness. The objective of the company-based organizational structure is to maximize the value of individual businesses which will result in maximizing corporate value of the whole group.

However, company-based organizational structures have a tendency to prioritize optimization of individual companies to the detriment of the pursuit of inter-company synergy and optimization of the collective group. As such we will strengthen corporate functions in order to optimize both individual companies as well as the entire group. From an overall perspective, this task will involve selectivity and focusing of existing businesses and augmentation of management resource shortcomings through M&A, etc., as well as promoting the creation of new businesses based on new ideas and the combination of technologies, products, and sales channels across our lines of businesses which may be difficult to generate under a vertically oriented company hierarchy. Thus the TOKYO KEIKI company-based organizational structure being introduced may perhaps be considered a unique, improved version of organization compared to other conventional type company structures. This new organizational structure will provide us with better customer perspective and enable us to work closely with customers in resolving issues and also facilitate providing products and services in a timely manner – aspects which will further enhance customer satisfaction.

As a public entity in society committed to honesty in our business activities, TOKYO KEIKI contributes broadly to society through craftsmanship in manufacturing based on the development of human resources and in the process, we shall strive to achieve an unassailable global standing and brand respected by all. As such we look forward to your continued support and patronage.

Sincerely,

1 April 2013
 President & CEO
 Kenichi Waki

Outline of the company-based structure

Name	Business Description
Marine Systems Company	Manufacture, sales and service of marine equipment
Measurement Systems Company	Manufacture, sales and service of fluid measurement equipment
Fluid Power & Control Systems Company	Manufacture, sales and service of hydraulic and control equipment
Electronics Systems Company	Manufacture, sales and service of defense-related equipment, maritime traffic systems-related equipment, measurement and automatic control equipment for road and tunnel machinery, sensors and communications equipment.
Inspection Systems Company	Manufacture, sales and service of inspection systems for printing equipment, etc.