November 12, 2012

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Securities code: 1860
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Notice Regarding Revision of Medium-term Management Plan

Toda Corporation, along with its Group companies, rolled out its Medium-term Management Plan effective from the current fiscal year ending March 31, 2013, and has been implementing initiatives aimed at promptly improving earnings and creating new value. The Company, however, expects a major deterioration in its business performance for this fiscal year, as announced in "Notice Regarding Reversal of Deferred Tax Assets and Revisions to Earnings and Dividend Forecasts" on October 31, 2012.

Having taken these circumstances seriously, the Company has reassessed the environment and issues which the Company and its Group companies has been faced with, made adjustments to the performance targets and revised the Medium-term Management Plan to reinforce priority measures. The entire Group is committed to implementing structural reforms in accordance with the revised Plan and will work to achieve the medium- and long-term management strategy (announced on May 14, 2012).

1. Revisions to Performance Targets

The Group will target consolidated net sales of approximately ¥400.0 billion by promoting an appropriate scale for its domestic architectural construction business. The target date is extended one year to FY2015.

(Billions of yen)

	Before revision	After revision	(Reference) FY2012 forecast
	FY2014	**FY2015**	
Consolidated net sales	500.0 more or less	**400.0** more or less	509.8
Operating income ratio	2.0% and higher	2.0% and higher	-3.8%

2. Reinforcement of Priority Measures

(1) Improving profit from construction work—Emergency measures

The Group will ensure profits are recognized in the next fiscal year by improving profitability through selecting orders, improving construction management structure, and revising cost structure.

(i) Make Selection of Orders More Stringent

- Make selection of orders more stringent based on a profitability-oriented policy.
- Set the annual target for orders received in the architectural construction business at approximately ¥250.0 billion (non-consolidated) for the time being. (Results for FY2011: ¥329.4 billion)

(ii) Improve management structure of construction work

(Management structure at order receipt)

- Establish a new Cost Management Control Center by integrating the estimation department and the purchasing department.
- Establish a Committee for Review on Judgments Taken at Order Receipt to improve the effectiveness of the approval process.

(Management structure during construction work)

- The Architectural Construction Department of Head Office identifies purchasing status, labor shortages, and other factors on a timely basis and reflects the findings in guidance given to branches.
- The Accounting Department monitors the status of improvements to profit from construction work.

(Financial management structure)

- Ensure proper cost management at operational sites, clarify unclear matters, and promptly take the necessary action.
- The Architectural Construction Department of Head Office identifies actual state, guides and improves analytical skills on financial matters.

(iii) Companywide cost reductions

- Promote rationalization of organization and operations, including organizational reforms of head office and branches.
- Maintain SG&A expenses at approximately ¥18.0 billion (non-consolidated) in FY2013. (Results for FY2011: ¥20.9 billion)

(2) Groupwide growth strategy—Medium-term measures

The Group will shift from an individual project-oriented approach of pursuing business scale to a solution-oriented approach of deepening relationships with customers to secure earnings continuously from every stage of the construction lifecycle.

Basic Strategies

- ➢ Concentrate management resources on medium-sized projects.
- ➢ Reinforce aftercare business for completed construction (maintenance and management, renovation, and other services).
- ➢ Build an earnings base to complement the domestic architectural construction business.

(i) Business structural reform

- Focus on attracting orders from medium-size private hospitals, schools, production facilities, and office buildings. Limit large-scale projects to sectors that require involvement from upstream process (e.g. redevelopment projects).
- Establish a new organization to manage the aftercare business.
- Localize the Brazilian affiliate and promote expansion of business activities. Furthermore, exploit markets (countries and regions) in Southeast Asia and expand earnings base.
- Shorten real estate investment and purchasing processes and promote increased earnings from the real estate business.

Performance targets of overseas and real estate businesses (consolidated)

(Billions of yen)

	Before revision	After revision	(Reference) FY2012 forecast
	FY2014	**FY2015**	
Overseas net sales	35.0 more or less	**30.0** more or less	21.0
Income from real estate etc.	4.0 more or less	4.0 more or less	3.5

(ii) Organization and cost reforms

- Promote further streamlining and maintain a ¥18.0 billion SG&A expenses structure at the (non-consolidated).
- Revise the personnel system and promote flexible manpower allocation including Group companies.
- Increase centralized purchasing levels by the Cost Control Center and from overseas.
- Reduce costs in collaboration with subcontractors.

(iii) Governance reforms

- Revise authority standards for orders received, and promote involvement from the Board of Directors and the management committee.
- Rebuild a matrix management mechanism by branch and by business.
- In addition to the current system of employee performance assessments, implement multidimensional and 360-degree evaluation system for managerial staffs.

3. Promotion Structure

The Company establishes a Structural Reform Committee headed by the President in an effort to execute various measures in a timely manner under a top-down approach.

4. Reducing Compensation of Directors and Executive Officers

The Company has decided to reduce the compensation of corporate officers as follows in conjunction with the revised annual dividend (reduction of annual dividend per share of ¥1 from initial forecast to ¥5) and considerable downward revision of business performance (deficit) announced as of October 31, 2012.

- Reduction of up to 40% in the monthly compensation of directors and executive officers (for a period of four months starting in December 2012)

Note: The presentation material (Results Briefing) regarding the contents described herein will be made available on the Company’s website on Wednesday, November 14, 2012.

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