

TOTO Group Corporate Philosophy

The TOTO Group strives to create a great company, trusted by people all around the world, and contributing to the betterment of society.

To achieve our philosophy, TOTO will:

- Create an enriched and more comfortable lifestyle and culture built on our plumbing products
- Pursue customer satisfaction by exceeding expectations with our products and services
- Provide high-quality products and services through ongoing research and development
- Protect the global environment by conserving finite natural resources and energy
- Create an employee friendly work environment that respects the individuality of each employee

More detailed information is available at our website:

<http://www.toto.co.jp/en/>

Cover photo: Tree planting in Fukuchi-machi, Tagawa-gun, Fukuoka Prefecture on April 26, 2008 as part of the TOTO Acorn Reforestation project, environmental activities carried out by all employees of the TOTO Group.

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CSR Report 2008

Digest



TOTO

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In this pamphlet we introduce TOTO's history and the new steps TOTO is taking, mixed with the voices of stakeholders, on the company's way to its centennial anniversary. Please hold it in your hands and feel the energy of the TOTO Group.

TOTO celebrated its 90th anniversary on May 15, 2007. The company was born at a time when the concept of sewage systems had yet to permeate Japanese society. Thanks to our many customers over the years and the understanding and support of our stakeholders we have been able to achieve much over the course of our 90-year history, and I would like to thank you again.

Continuing to be a company indispensable to our customers and society

The products we supply are used by our customers on a daily basis. For this reason we maintain awareness of the customer's standpoint in all processes from product development to manufacturing and sales. The TOTO Group aims to continue being indispensable to our customers and society even more so than before. As a company that creates and offers lifestyle value, we will propose new ideas for everyday life that exceed expectations, leading to a bright future.

TOTO President,

Teruo Kise

木瀬 照雄



Japan's first Western-style ceramic flush toilet bowl

The history of TOTO began in 1912 when Kazuchika Okura established a chinaware laboratory to develop sanitary ware. Okura was the president of Nippon Toki Gomei Kaisha (now Noritake Co., Limited), a manufacturer and exporter of china tableware.

At a time in Japan before flush toilets became mainstream and water supply and sewage systems had not been built, Okura invested his own money to establish the chinaware laboratory after having come into contact with a more advanced lifestyle when he went overseas for his work. He was determined to "provide Japan with sanitary home living spaces."



1912
Chinaware laboratory established, 25 or so employees. Research areas included molds, forming, firing and glazing



1914
The first Japanese-made sanitary ware. "Everyone was overjoyed that after so many failures we finally had something that was worthy of being a product," said its developer.

Two years later, in 1914, after a process of trial and error, the laboratory successfully completed Japan's first Western-style flush toilet. "Toyo Toki Kabushiki Gaisha," the forerunner of TOTO, was founded in 1917 to disseminate this new product.

TOTO took its first steps as a sanitary ware manufacturer through the strong wish of Mr. Okura, the company's founder, "to improve the lifestyle culture of the Japanese people" based on his firm belief that the spread of sanitary ceramic toilet bowls would contribute to society's advancement.

Overcoming great obstacles – the Great Depression and a major earthquake – to build the foundation for a business

In 1920, the sharp decline of the stock market led to a great financial panic that hit TOTO hard soon after its establishment, when it became extremely difficult to maintain operations.

In 1923 the Great Kanto Earthquake struck, and approximately 40% of the Tokyo urban area burned to the ground. The ensuing fires burned down the Tokyo office, among the damages the company suffered. But as the Showa period began (in 1926), demand for sanitary ware increased due to recovery efforts after the Great Kanto Earthquake, and progress in the urban sewage system.



1918
In the tableware division, many products were made and these received wide acclaim, but production was halted in 1970 after a full 50 years.



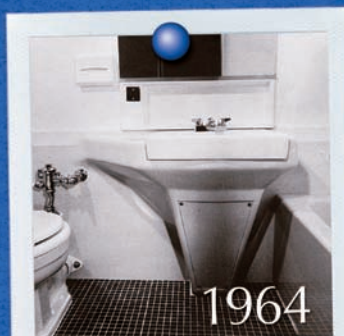
1946
Much trial and error took place until stable quality was achieved in the production of water faucet fittings.

At the same time, demand was burgeoning for water faucet fittings, which affect the performance of sanitary ware, and in 1946 production of water faucet fittings finally began at TOTO. Because the raw materials and production methods were entirely different from chinaware, the company faced some severe struggles, but with technological innovations and improvements in production efficiency, water faucet fittings became a flagship product that supported quality in TOTO's sanitary ware. The technologies to cast and precision process fittings, together with the technology to manufacture sanitary ware from the raw material of clay, became the basis for TOTO's business.

Creating new lifestyles Taking TOTO's founding spirit into the future

In the era of high economic growth before and after the Tokyo Olympics, TOTO pioneered new fields, with Japan's first FRP (Fiberglass Reinforced Plastic) bathtub, the unit bathroom construction technique, bathroom sink/vanities, and enameled cast iron hollow bathtubs.

In 1970 we changed our corporate name from "Toyo Toki Kabushiki Kaisha" to "TOTO Kiki Kabushiki Kaisha." We took a big step toward becoming a comprehensive manufacturer of residential facilities and equipment. In the latter half of the 1970s, there was a diversification in needs for housing and residential fixtures, and TOTO developed products from the new perspectives of "proposing living environments" and "environment and well-being." The Washlet, which is emblematic of those trends, greatly changed the lifestyle of the Japanese.



The unit bathroom construction technique was developed prior to hosting the Tokyo Olympics, in order to complete 1,044 bathrooms at the Hotel New Otani.



Our bottoms want washing as well.

The Washlet was a huge hit, together with the ad slogan "Our bottoms want washing as well."

Currently, we are working in our corporate activities from the perspective of "whether things have value for customers and society," such as research on universal design, development of "eco" (environmental) products, and providing comprehensive service to our customers throughout their lives.

Furthermore, we are working to expand our business into fields of advanced technology (such as photocatalysts) which support our customers' lifestyles from behind the scenes, by applying the engineering skills we have developed through many years of making products.

Commemorative events held for TOTO's 90th anniversary

We celebrated the company's 90th anniversary in May 2007. To once more communicate our gratitude to all of our stakeholders and to provide a sense of the technological strength that TOTO has built up and our potential for the future, we established a 90th anniversary commemorative booth at the TDY Remodel Style Fair '06-07 held at the Tokyo Big Sight exhibition center in April 2007. In May we held a 90th anniversary commemorative event at the Chigasaki Plant. A history display introduced TOTO's products as they changed



with the times, along with other valuable materials, and a future display proposed a plumbing environment of the near future. Both attracted great interest among visitors and also stimulated interest in the company as it heads toward its 100th anniversary.

TOTO History Museum

In order for the TOTO Group to continue prospering and developing together with society, it is important to understand how the company's early leaders emphasized the value of supplying quality products and providing satisfaction to the consumer, along with the tireless efforts later put forth. This has to be communicated to future generations. The TOTO History Museum, which opened in 2007, fulfills this role as a place for disseminating information, where products and materials from earlier times are kept and displayed to the public. Among the exhibits are sanitary ware from the early Taisho period to early Showa period (about 1912 to 1930), the first-generation Washlet, and fixtures actually used at the residence of a former Japanese Prime Minister. The exhibits provide visitors an encounter with 90 years of production history at TOTO, and give a good picture of the changes that took place over time in water fixtures in Japan.





Creating a society in which everyone can live in comfort

We believe that the mission of the TOTO Group is to contribute to the development of society by proposing a healthy, comfortable living environment.

Taking universal design and ecology in everyday life as key themes, we will deepen ties with our customers to build a lifelong relationship, so that we can create a society where all people of the world can always live in comfort.



Missions ●

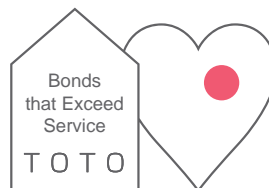
TOTO



TOTO works towards the development of plumbing-related products and spaces that can be utilized safely and comfortably regardless of age or physical mobility



TOTO works towards the development of ecologically friendly products and technologies that contribute to environmental consciousness in everyday living



TOTO considers the viewpoints of customers as it works towards strengthening everlasting relationships of trust

Pursuing a truly easy-to-use toilet space

Making a toilet from the child's standpoint and from the standpoint of protecting the child

In October 2007, TOTO began selling a new water-related fixture for children, the "Kids' Toilet Space." The toilet space at a kindergarten or nursery school is an important place for children's growth. This product was developed through an exhaustive study of what is truly needed at children's facilities by verifying the child-rearing experience and existing products.

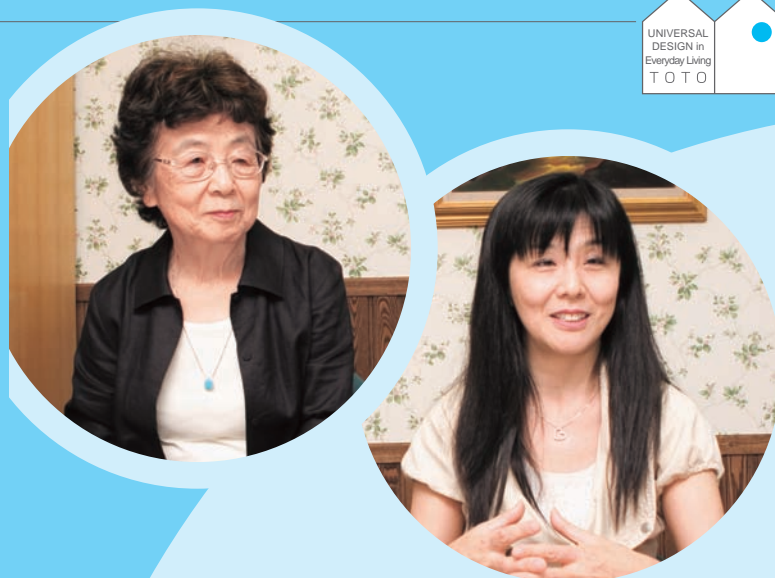
In order to study the problems with existing children's toilets, a working group was launched. Observation and interviews were carried out at kindergartens and nursery schools, and even a nursery school was reproduced at TOTO's UD Research Center for the study. The resulting product was a toilet good for both children and the adults who support the child going to the toilet.

The working group members were quite enthusiastic, expressing the belief that "a toilet that is safe and easy for children to use can also be made for adults. We would like to help TOTO's products become more user friendly." Efforts to design a kids' toilet became merged with the concept of universal design, and were taken to the next step.



Winner of the First Kids Design Award

Our "Kids' Toilet Space" toilet bowl for children and four other products received the first Kids Design Award. Also recognized by an award were our "TOTO KIDS" site (in the communication division) and our "research and survey efforts in regard to plumbing product areas for children" at the UD Research Center (in the research division).



We would like to see more spaces created where children can learn good toilet habits.

Futaba Nursery School

Principal (left), Kazue Koike

Vice Principal (right), Midori Yokochi

We consider the toilet at the kindergarten a place that encourages development. At a time when the child wants to try things and enjoys doing things for the first time, wiping one's bottom by oneself or washing one's hands by oneself is an important thing. That is why equipment at kindergarten facilities should be set at the right height and arranged in a way that is easy to use for that stage of the child's growth. This product that TOTO has released is quite nice because it has plenty of functions that encourage a child's independence, is easy to clean, and is designed to save water. Recently, with the increasing popularity of paper diapers, the toilet training period has become delayed. In the future we would like to see more kids' toilets at department stores, commercial facilities, and the like, and more spaces created where children can learn good toilet habits around the time when they are able to stand and take their first steps.

A base for research on universal design to connect with the community



The UD Research Center, where universal design is promoted from three viewpoints: to create, cultivate, and consider



Employee training, simulating aging using TOTO's original aging simulator



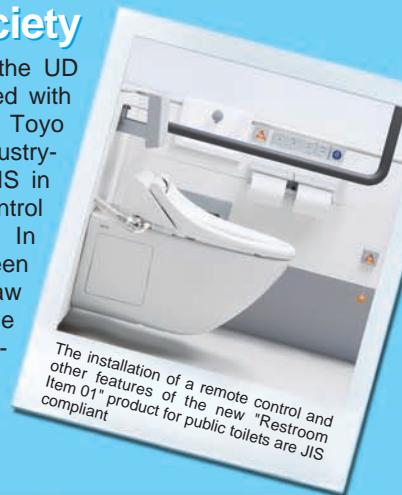
Studio for verifying lifestyle situations where dialog and observation are carried out with the cooperation of people serving as monitors

Here we create new products together with customers, through extensive dialog and verification. We cultivate wisdom in universal design through training and simulated experiences. And through a global network that includes research institutions, government, and other industries, we consider ways that new proposals can be realized.

At the UD Research Center, built within the Chigasaki Plant in February 2006, we carry out research on universal design with the cooperation of many customers and people serving as monitors, utilizing a studio that is able to recreate various plumbing environments. We actively notify the broader society of those results, and aim to achieve plumbing environments which as many people as possible can use in safety and comfort.

Joint Industry-Academic Research to create standards for society

Based on joint research that the UD Research Center has conducted with Professor Gihei Takahashi of Toyo University on public toilets, industry-wide rules were enacted by JIS in 2007 for the placement of control equipment in public toilets. In 2008, those JIS rules have been adopted as guidelines for the Law for Promoting Easily Accessible Public Transportation Infrastructure for the Aged and the Disabled (Transportation Accessibility Improvement Law).



The installation of a remote control and other features of the new "Restroom compliant" product for public toilets are JIS

SPRINO system bathroom for everyone's safety

This is a system bathroom that actively incorporates universal design concepts, such as a stepless doorway, or a bathtub set at an easy height to straddle. The new SPRINO line went on sale in February 2008, offering more advanced universal design features.



Soft "karari" floor

A new feeling underfoot in the bathroom. With the softness of tatami mats, it feels good and prevents slipping for extra safety.

Bench counter

A convenient counter that provides a bench-like sitting area is also available. Sit to wash one's body, seat a child, or just rest while in the bathroom; the design offers many uses.



Creating products that protect the global environment as we live

Wash efficiently with a small amount of water! Improve your life and the environment through the toilet

The NEOREST HYBRID tankless toilet series went on sale in August 2007. The toilet can even be installed in high-rise buildings and other situations with low water pressure. The "hybrid ecology system" is a new, world's first technology that allows flushing with just 4.5 or 5.5 liters of water for a short or long flush, which is the best in the industry. The system can help people lead ecological, economical lives.

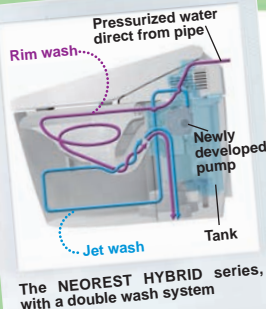
The designers struggled to find ways to preserve a stylish design with the NEOREST while meeting people's requests for a toilet with a quiet flush that could be installed in low water pressure situations. In designing this hybrid system, the development team was assisted by the efforts of many people in other divisions, including manufacturing, sales, and advertising.

"Finally we have been able to communicate the appeal of the NEOREST to all customers," says one team member. Reflecting the tremendous response in the marketplace, the designers have already begun collecting customers' impressions to help in identifying issues for the next design challenge.



A World's First! "Hybrid Ecology System"

The hybrid ecology system combines a "rim wash" with direct flushing from the water pipe and a "jet wash" that washes the tank using a newly developed pump to perform powerfully with a low volume of water. This washing system is a new technology only from TOTO.



We want to communicate the appeal of a 5.5-liter flush to meet people's interest in saving water

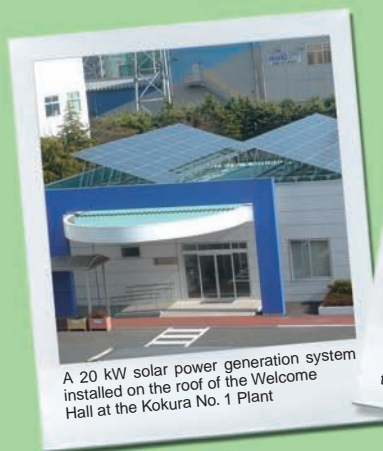
**Reform Design Co., Ltd., President,
Nobuyoshi Nakayama**

The sewage water rates are high in Yokohama, where the Remodel Club store is located, and interest in saving water is probably higher in this area than in others. The 5.5-liter flush of the NEOREST HYBRID is quite attractive, naturally, and is a significant selling point. When I recommend it to customers, I start by explaining that it uses only about 35% of the water of a conventional tank. But the appeal of the NEOREST HYBRID doesn't stop there. The CeFiONtect coating and Tornado flushing system are also superb. It is designed to keep from getting dirty to begin with, and then uses a whirlpool-like flush to wash thoroughly. These two technologies are what makes it possible to flush using a small amount of water. It's a wonderful product and I would like more people to learn about it.

Preventing Global Warming by Reducing CO₂

At TOTO, our entire group is working as a team to reduce CO₂ and prevent global warming, through efforts such as fuel switching, energy conservation, and improving energy efficiency, primarily centered on the Manufacturing Department. In fiscal 2007, fuel conversion work was completed at the Nakatsu Plant, and a solar power generation system was introduced at the Kokura No. 1 Plant. In 16 locations we also participated in a nationwide event known as "Black Illumination" to turn off all lighting of facilities.

We also registered in 2005 as a participant in the "Team Minus 6%" national movement, and all of our employees are making efforts to help prevent global warming, starting with their immediate surroundings, such as wearing "cool biz" clothing in the summer and holding office energy conservation contests.

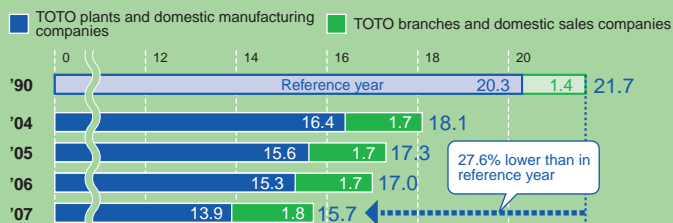


A 20 kW solar power generation system installed on the roof of the Welcome Hall at the Kokura No. 1 Plant



Recording the room temperature to keep it at a minimum of 28°C when cooling in the summer

CO₂ emissions of TOTO domestic group (unit: 10 thousand tons)



CO₂ conversion factor uses the coefficient from the Law Concerning the Promotion of the Measures to Cope with Global Warming.
For power, 0.378 kg-CO₂/kWh was used as the basic unit.
Estimates are used for some past data.

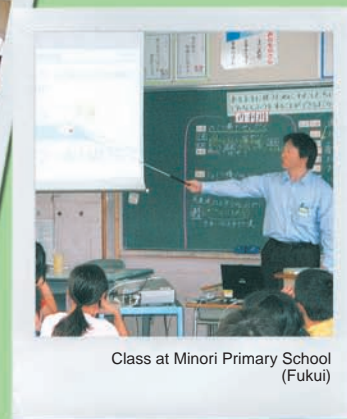
Environmental Education for Children

Classes were held at local primary schools on how to save water to help children become aware of saving water and learn to practice it in their daily lives. In the classes they discussed two things especially that children are familiar with – flushing the toilet and taking a shower – and compared how much water is used depending on how these actions are performed. The classes were designed to give children a feeling of what it means to be wasteful.

"You save a little water each time, but I was surprised at how much water you save when you use it every day," said one of the many children who shared their views.



Class at Aruka Primary School (Kanagawa)



Class at Minori Primary School (Fukui)

TOTO's recycled stationery draws interest at Eco-Products 2007



To promote TOTO's recycling activities, at our booth at the Eco-Products 2007 show we gave away adhesive runners whose outer plastic was made from recycled Washlets taken from the Chigasaki Plant. We will continue disseminating information about TOTO's recycling activities.



Pursuing customer understanding, trust and satisfaction

New bonds develop from sharing the customer's viewpoint

A "Toilet Remodel Fair" held in Tohoku by TOTO and Remodel Club stores drew on extensive discussion from a "Toilet Remodeling Study Seminar" in which the participants included Remodel Club store managers and representatives, and TOTO sales and showroom advisors, and attracted many visitors.

"First, we have to get customers excited about remodeling their toilet space." Based on these words of the chairman of one Remodel Club store, TOTO and the Remodel Club store held discussions, both from the "customer's viewpoint," pooled knowledge, and decided on how to host the Remodel Fair.

"To prepare for the fair each person in sales had to think about what would make customers happy and we came up with many ideas," said one team member from the Tohoku branch. These activities are developed horizontally with other branches as well, leading to remodeling activities that provide customers with satisfaction beyond their expectations in different parts of Japan.



Japan's Largest Remodeling Network

The Remodel Club stores are a 5,000-strong network of community-based home improvement companies that include plumbing and construction firms and remodeling stores. The network provides home improvement ideas along with comprehensive support, including construction and repair work and after-sales service, earning the trust of a great many customers.

Criteria for joining the TOTO Remodel Club

- Running a healthy business that has earned the trust of people in the area
- The minimum knowledge and skills needed for residential work
- The ability to propose ideas for home improvement and the ability to carry out local sales



We ask what we can do for the customer and join closely with them in our remodeling activities.

Ofuro Kobo (Bath Studio) Yamagishi Co., Ltd., Director, Hiroyuki Yamagishi

Sharing the common desire to make customers happy, TOTO and the Remodel Club store network came together to launch toilet remodeling study seminars. At this kind of seminar we are able to hear and feel what customers think up close. Sometimes we even take the customers' standpoint and express harsh opinions of TOTO. For even a single leaflet to advertise a remodeling fair we generate ideas, and introduce many examples of construction with prices. Also we post the picture of each employee, so people can come and consult with us without any worry. Ongoing communication is very important for responding to the various needs of customers, so I would like to continue doing remodeling activities, sharing the same point of view as TOTO.

Contact with Customers through the Showroom

There are 106 TOTO showrooms throughout Japan (as of March 2008). Efforts are being made to improve consultation services and increase the number of displays that help customers to choose products easily. We try to do more than merely explain functions. We ask customers what they are looking for, and suggest spaces and living styles that might suit their needs.

Various fairs and events are held at each showroom, such as remodeling consultation days and new product announcement events. Through two-way communication we are able to deepen our bonds with customers.



A "Wai-wai Summer Festival" held at the Nishinomiya Showroom, at which all of the staff wore aloha shirts



Events are held at every showroom to communicate the appeal of TOTO kitchens



The Kochi Showroom solicited drawings and essays from primary school children on their "dream toilet" and displayed them at the showroom

We turn "I've got a problem" into "I'm glad I discussed it with you"

A Customer Consultation Center was established to allow customers who have purchased or are considering purchasing TOTO products to consult with us. We answer any and all questions about TOTO products. We have a maintenance support system that includes TOTO maintenance, "Suisai" plumbing convenience stores, and a parts center, for handling customers' requests for maintenance after purchase. We take calls 365 days a year for repair or improvement work, so customers never have to worry.



The Customer Consultation Center, where we turn "I've got a problem" into "I'm glad I discussed it with you"



TOTO maintenance, listening closely to customers and proposing various solutions

Using questionnaires to improve customer satisfaction

At TOTO showrooms, after contact with the customer, the advisor will ask the customer to fill out a short questionnaire. The information from the responses is shared internally as an index for measuring customer satisfaction.

In addition, the vivid comments are put into a form that can be viewed by everyone from division managers to advisors, which leads to across-the-board implementation in matters regarded favorably and rapid improvement in matters commented upon harshly. The words of praise that customers give provide the greatest encouragement to showroom staff.

Working hand in hand with our stakeholders everyday

The TOTO Group has close relationships with all of its many stakeholders – customers, employees, shareholders, business partners, and society at large. We create opportunities for communication in various forms, disclose corporate information, ask people what they think and what they want, and try to reflect that in our business activities.

A forum for interaction with customers: Stakeholder Dialogues

From September to November, 2007, in six cities around Japan, "Stakeholder Dialogue 2007" meetings were held, to which the public and residents near our plants were invited. These meetings have been held since fiscal 2004 as a forum for customers (who are the company's stakeholders) to exchange ideas with representatives at TOTO regarding the company's efforts to fulfill its corporate social responsibility (CSR).

"Where are you placing emphasis in order to continue to create a positive corporate image?" "Should overseas business development be more actively pursued?" We received these and other questions and comments – more than ever before – about our corporate stance. The meetings gave us a direct feel for how CSR affects people and clarified many new issues.



Dialogues with the public were held in Tokyo, Osaka, Nagoya and Fukuoka



Dialogues were held with residents near our plants in Oita and Gifu

Efforts to communicate TOTO's policy regarding production

In order to communicate to people how TOTO approaches the production of goods, factory tours are held at all of the plants in the TOTO Group. Visitors to TOTO's Kokura No. 1 Plant in fiscal 2007 topped 10,000. Over 7,000 people visited the TOTO History Museum. TOTO warmly communicates its care to people of all ages – primary school children on social studies field trips to visits from specialists.



Creating a stimulating work environment that respects individuals



Sun-Aqua TOTO is a workplace that allows every person to work to the best of their ability

Currently, TOTO has approximately 40,000 people working for the group in 13 countries. We are putting various support systems into place to enable employees to achieve a work/life balance that suits their individual personalities and allows them to choose how they wish to work.

In December 2007, TOTO revised the criteria for its "employment status step-up" system. As a result, approximately 550 contract

employees were hired as permanent employees. Starting in fiscal 2008, a new employee system is being launched that offers better transparency and clearer rules.



TOTO INDONESIA staff member



TOTO MEXICO staff member



TOTO USA staff members



TOTO (DALIEN) staff members

"Kirameki Activities" for Stepping Up

Creating products and services that make customers happy is the most important thing for enabling all of the people working at TOTO to feel fulfilled and able to continue working with energy and enthusiasm.

In 2005 we began promoting "Kirameki Activities," which have expanded opportunities for female employees, who have rich life experience, offering them the chance to participate in product planning, sales promotion, and similar activities. It is now common to see men and women working together in the company to develop products and services that customers need.

These creative activities not only lead to new products and services, they also help to create an atmosphere in which men and women respect each other's capabilities, leading to improvements in the work environment.



"We cannot afford to neglect the diversity of perspectives that women have to offer," says the Planning Section manager at the Yokohama branch



A women's leader's group was formed at the Yokohama branch for designing additional value for customers

Raising Awareness of Compliance

In order to raise each employee's awareness of compliance, to prevent illegal or wrongful conduct, and to rigorously manage legal adherence, we carry out workplace training on an ongoing basis. Training and testing through e-learning, with a focus on relevant laws and examples of legal infractions, are carried out for all group employees. For overseas offices, training programs are tailored to the conditions in each country.

Gaining the understanding and cooperation of suppliers

Since fiscal 2004, when full-fledged CSR activities began, TOTO has sought the understanding and cooperation of suppliers (vendors or firms that supply raw materials, parts, services, etc.) with surveys and interviews to assess conditions at the suppliers and with the pursuit of education in phases regarding procurement and purchasing activities from the perspective of CSR. Starting in fiscal

2006, a "TOTO Group helpline" was set up to receive calls from suppliers, allowing them to "speak up," which has been helping to further strengthen these relationships built on trust. In fiscal 2007, we carried out a survey on business conditions at overseas suppliers and drafted a "Raw Materials Procurement Policy" with the aim of promoting the sustainable procurement of natural resources while taking the environment and society into consideration. These actions will lead to improved risk management.

In the future, focused monitoring of suppliers deemed to have a strong potential for affecting the business activities of the TOTO Group will be carried out. The level of interaction with those suppliers will be improved and subsequent evaluations and management will also include secondary suppliers.



Procurement activities are explained from a CSR standpoint with examples of concrete steps at a dialogue meeting



TOTO (SHANGHAI)'s main supplier, Asahi Gongye Keji (Shanghai) Youxian Gongsi, is a company that conducts strict quality control according to TOTO criteria



"We will pursue CSR, taking TOTO as the model," says Guo Haizhu, the president of Eijing Trend Industrial Ceramics Co., Ltd., a major supplier of TOTO (BEIJING)

Building close relationships with all of our shareholders and investors

At TOTO we carry out IR (investor relations) activities with transparency and fairness to give our shareholders and investors a closer look at and feel for the company. For example, when announcing our financial results, the president of TOTO himself presents an overview of the company. The frequency of visits to overseas institutional investors is also on the rise. TOTO executives visited 52 companies in fiscal 2007 that are institutional investors in the West and Asia and explained the direction in which TOTO is moving, including our remodeling business and global business.

A deeper understanding of TOTO's products and business activities is being promoted through the hosting of factory and research center study tours for institutional investors, along with small meetings to provide detailed follow-up on financial results announcements. We also proactively disclose information to individual investors through seminars and on the company Web site.



Vice President Nishimura explains business activities to investors in Hong Kong

Communication using Showrooms



Explanatory meetings were held for individual investors in fiscal 2007 using TOTO's showrooms. Investors get a good sense of the plumbing-related spaces that TOTO proposes, which provides an understanding of the growth of our remodeling strategy and other facets of business development.

Support for local activities connected with the future of water and living



Volunteer cleanup at TOTO (SHANGHAI) with university students

We carry out activities as a corporate citizen that contributes to the community at every business facility in the TOTO Group.

The "TOTO Water Environment Fund" was established in 2005 with the goal of supporting water-related activities of NPOs and civic groups. In fiscal 2007, the third year of the program, as part of TOTO's 90th anniversary activities, the program was expanded, with a large increase in subsidies. The targeted areas were expanded to overseas, and subsidies were also expanded to include multi-year projects. The selection committee, comprised of TOTO Group employees,

examines submitted documents and visits locations to assess projects. Last year, 29 groups were selected from 131 applicants from all over Japan, and 80.51 million yen was distributed. Employees of the TOTO Group also participate as volunteers in the activities of the various subsidized groups.

Since fiscal 2006, the TOTO Acorn Reforestation project has been carried out across the company, giving every person the chance to participate in activities that protect the environment. At present, approximately 15,000 seedlings are being raised from acorns by group employees. With the cooperation of the government and NPOs, our employees have begun to replant the seedlings in forests with their own hands.



TOTO employees join a rice-planting event using a no-tilling farming technique, sponsored by Yume Kobo, an organization subsidized by the TOTO Water Environment Fund



Acorn planting event held in Miyoshi City, Hiroshima Prefecture, joined by TOTO employees and their families, with a total of about 40 people

Disseminating information on lifestyle culture, as only TOTO could

"GALLERY·MA" opened in 1985 as a specialty gallery for architecture and interior design. The gallery presents the ideas and philosophies of Japanese and foreign architects and designers through independently planned exhibitions, lectures, and other events, disseminating quality information. The gallery has attracted the attention not only of the architecture community and students who aspire to be architects, but also of ordinary customers as society's interest in design grows, as shown in the last few years, and the gallery attracts a large number of visitors from the general public. Together with GALLERY·MA, TOTO Publications contributes to society by publishing various types of information in book form, focusing on architecture, design, and lifestyle culture.



"Realize - Emerging from China to the World" by Keiichiro Sako and Hironori Matsubara
Photo by Nacasa & Partners



"Kazuhiro Kojima + Kazuko Akamatsu CAT Exhibition Cultivate"
Photo by Nacasa & Partners

GALLERY·MA website : <http://www.toto.co.jp/gallerma/>

Lecture by Tadao Ando in Taiwan

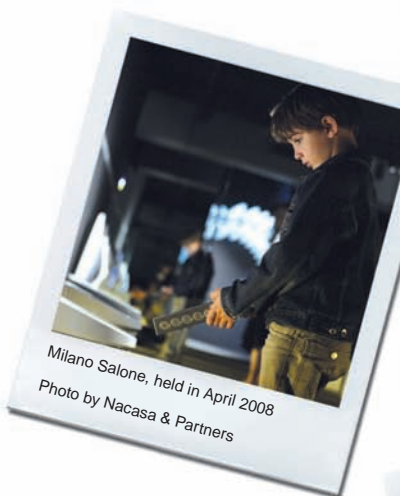
In June 2007, to commemorate Taiwan TOTO's 20th anniversary, the world-renowned architect Tadao Ando gave a lecture for charity, entitled "Are you living your youth in pursuit of your dreams?" The event attracted 30,000 applications for 11,000 seats. For a lecture by an architect, this scale of enthusiasm was unprecedented. Part of the proceeds from the lecture was donated to public welfare facilities in Taiwan.



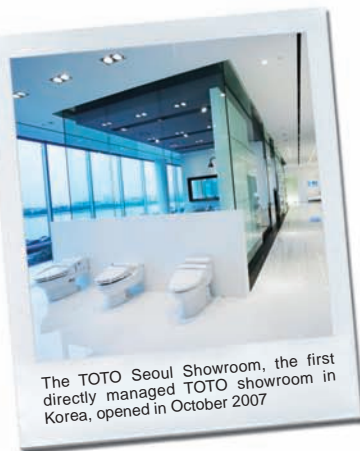
The TOTO brand is surging into the world

The TOTO Group carries out corporate activities to be helpful in people's lives overseas as well with an understanding of the customers and market in each region.

Our water-saving technologies are already an industry standard, and TOTO's presence is growing steadily in the field of design, with high acclaim being earned at major international exhibitions such as Milano Salone, the world's largest international trade show.



Exhibition at Milano Salone 2007 using LUMINIST (TOTO's original crystal counter material)
Photo by Nacasa & Partners



TOTO showrooms around the world offer product space exhibits combined with demonstrations of products that feature high functionality to introduce TOTO's advanced technologies and product performance and build recognition of the TOTO brand. Various seminars and talks are held for architectural designers, and by offering events for customers such as new product announcements we are able to develop new markets and offer lifestyle culture proposals as only a manufacturer of plumbing products could.

To our customers worldwide

TOTO Mexico was established in February 2008 to boost production capacity for the North American market. TOTO Europe was established in April to establish a business foundation for the European market.

To improve people's lifestyles around the world, TOTO will continue carrying out CSR activities from a global perspective.



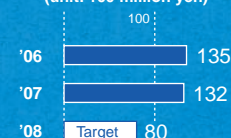
Corporate Data (as of March, 2008)

Company Name	TOTO LTD.
Date of Establishment	May 15, 1917
Common Stock	¥35,579 million
Headquarters	1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu, Fukuoka, Japan
Number of Employees	21,005 (Consolidated) 7,385 (Nonconsolidated)
TOTO Group and Affiliates	77 companies (of which 58 are consolidated subsidiaries)

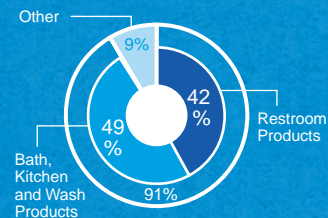
Net sales (unit: 100 million yen)



Net income for the year (unit: 100 million yen)



Composition of Net Sales by Product Category (FY2007)



Distribution Ratio of Overseas Sales (FY2007)

