TOTO CORPORATE REPORT2010

Financial & CSR Section

TOTO

TOTO Corporate Report 2010 Financial & CSR Section Contents

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Main publication TOTO Group Corporate Report 2010 Contents

Period Covered by Report

From April 1, 2009 to March 31, 2010 (shown as "fiscal year ended March 2010" or "2010")

Forward-Looking Statements

This report contains forward-looking statements, including information about business plans, earnings forecasts and strategies. Such statements reflect estimates and assumptions based on information available at the time of writing. The accuracy of such statements is inherently uncertain because it is affected by future macroeconomic trends and business environment developments, including consumption trends and competitive challenges.

Six-Year Summary of Selected Financial Data

TOTO LTD. and Consolidated Subsidiaries

Year ended March	2005	2006	2007	2008	2009	2010	2010
	Millions of yen						Thousands of U.S. dollars*4
Net sales	¥484,192	¥494,785	¥512,200	¥501,060	¥ 464,505	¥421,929	$4,534,920
Cost of sales	308,067	321,214	337,735	330,782	311,765	275,639	2,962,586
Cost of sales ratio	63.6%	64.9%	65.9%	66.0%	67.1%	65.3%	—
Gross profit	176,125	173,571	174,465	170,278	152,740	146,290	1,572,334
Selling, general and administrative (SG&A) expenses	145,706	148,407	148,277	147,555	146,174	139,700	1,501,505
SG&A ratio	30.1%	30.0%	28.9%	29.4%	31.5%	33.1%	—
Operating income	30,419	25,164	26,188	22,723	6,566	6,590	70,829
Operating margin	6.3%	5.1%	5.1%	4.5%	1.4%	1.6%	—
Income before income taxes and minority interests	23,455	21,972	21,829	15,853	(14,470)	5,296	56,922
Net income	13,059	12,997	13,544	13,240	(26,261)	879	9,448
Capital investment	20,059	22,397	22,260	24,191	16,297	11,607	124,752
R&D costs	11,786	11,722	11,752	12,001	13,087	13,113	140,939
R&D costs ratio to net sales	2.4%	2.4%	2.3%	2.4%	2.8%	3.1%	—
Cash flow*1	(15,448)	4,292	(7,250)	2,490	(311)	6,698	71,990
Total assets	¥460,950	¥474,824	¥466,736	¥451,744	¥ 388,645	¥378,266	$4,065,628
Return on assets*2	2.8%	2.8%	2.9%	2.9%	-6.2%	0.2%	—
Total current assets	218,598	214,130	217,780	210,126	187,690	180,150	1,936,264
Total noncurrent assets	242,352	260,694	248,956	241,618	200,955	198,116	2,129,364
Net property, plant and equipment	163,126	166,757	161,045	157,925	133,168	125,047	1,344,014
Total investments and other assets	79,226	93,937	87,911	83,693	67,787	73,069	785,350
Total liabilities	¥250,684	¥241,272	¥233,494	¥220,214	¥ 203,751	¥189,717	$2,039,091
Total current liabilities	158,870	154,249	181,951	160,297	146,789	138,491	1,488,511
Total long-term liabilities	91,814	87,023	51,543	59,917	56,962	51,226	550,580
Net assets*3	199,372	233,552	233,242	231,530	184,894	188,549	2,026,537
Return on equity*2	6.7%	6.2%	6.0%	5.8%	-12.9%	0.5%	—

	2005	2006	2007	2008	2009	2010	2010
	Yen						U.S. dollars*4
Basic net income per share	¥ 37.29	¥ 37.12	¥ 39.07	¥ 38.21	¥(75.80)	¥ 2.54	$ 0.03
Net assets per share*3	574.43	638.38	659.68	652.84	520.36	530.35	5.70
Cash dividends per share applicable to the year	11.50	12.00	13.00	14.00	10.00	10.00	0.11

*1. Cash flow = Net increase (decrease) in cash and cash equivalents.
*2. ROA = Net income / Total assets (yearly average) ROE = Net income / Net Assets (yearly average)
*3. Effective the fiscal year ended March 31, 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance. Consequently, total shareholders' equity for the fiscal year ended March 31, 2006 has been restated as net assets to conform to the new accounting standard. Net assets from the fiscal years ended March 31, 2002 to 2005 are equivalent to total shareholders' equity based on the previous accounting standard.
*4. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.04 = US$1, the approximate Tokyo foreign exchange market rate as of March 31, 2010.

Management's Discussion and Analysis of Operations

Market Environment

During the consolidated accounting period (April 1, 2009 to March 31, 2010) under review, the Japanese economy continued to experience difficult conditions with a high unemployment rate and moderately deflationary prices. On a positive note, exports to Asia and corporate production activities increased while the domestic economy began to show signs of recovery due to domestic and overseas economic stimulus measures.

In the domestic housing industry, new housing starts on individual homes began to improve in November 2009 compared with the same month of the previous period. Signs indicate that the decline in housing investment has ceased as a result of the introduction of various measures to increase tax breaks for home mortgages and to promote sales of environmentally friendly houses. However, new housing starts in 2009 fell below 800,000 units on a full-year basis for the first time in 45 years due to a sharp decline in demand for housing. Demand for remodeling also remained weak due to worsening of the employment situation, incomes remaining static, personal consumption not recovering and weaker business confidence.

In July 2009, TOTO announced its "TOTO V-Plan 2017," a long-term vision for the future through which the Company aims to become a "truly global company" by 2017, the year in which TOTO will commemorate its 100th year since its foundation. Under current business conditions and in accordance with this plan, the TOTO Group has begun to drastically reform its cost structure including business restructuring. Reducing inventories and cutting costs through a review of its production system and curbing expenses through improvements in operating efficiency were also measures undertaken. In Japan, the TOTO Group promoted "activities to achieve a renaissance in remodeling" by utilizing various contact points with customers including showrooms, plants and after-sales services throughout Japan. Internationally, TOTO has continued to build its presence under a Five-Polar global structure encompassing Japan, the United States, China, the Asia/Oceania region and Europe. The Company has taken a proactive approach to sales to build a distinguished global brand.

Business Results

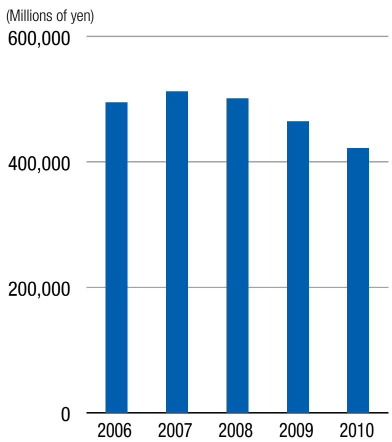
Net Sales

Consolidated net sales for the fiscal year under review fell 9.2% year on year to ¥421.9 billion.

By area of demand, sales related to housing starts decreased 21% from the previous year to ¥119.8 billion, a significant decline due to the impact of a severe decline in demand for new housing. Remodeling sales stood at ¥240.0 billion, down 2% from the previous year, due to weak demand especially during calendar year 2009 amid worsening economic conditions and despite stimulating demand through various measures at showrooms. Overseas sales totaled ¥55.9 billion, down 5% from the previous year, as deteriorating global business confidence affected sales in North and Central America and other regions in spite of continued strong sales in China.

Sales in all major product lines were down from the previous year. By product, sales of restroom products declined 7.9% year on year to ¥184.2 billion attributable to a significant drop in new housing sales and a continued slump in demand for

Net Sales



Sales Growth by Product Category

Product	Results (YoY)
Sanitary ware	–6%
Washlet	–8%
Restroom Products Total	–8%
System bathrooms	–12%
Fittings	–9%
Modular kitchens	–13%
Vanity units	–9%
Bath, Kitchen and Wash Products Total	–11%
Ceramics	–36%
Total	–9%

remodeling. Sales of bath, kitchen and wash products declined 10.6% year on year to ¥206.9 billion.

Operating Income

Despite the overall decline in sales, operating income increased 0.4% compared with the previous year to ¥6.6 billion due to company-wide efforts to reduce costs, cut management expenses including selling, general and administrative (SG&A) expenses and curtailing investment for sales activities. The operating income margin was up 0.2 percentage point to 1.6%, which was roughly on par with the previous year.

Net Income

TOTO posted net income of ¥0.9 billion due to the recording of extraordinary losses comprising showroom renovation costs, write-off of production facilities and loss on devaluation of securities.

Financial Position

As of March 31, 2010, consolidated total assets amounted to ¥378.3 billion, down ¥10.4 billion from the previous fiscal year-end.

Current assets fell ¥7.5 billion from ¥187.7 billion at the previous fiscal year-end to ¥180.2 billion. This mainly reflected a decrease in inventories of ¥12.6 billion.

Total non-current assets declined ¥2.8 billion to ¥191.8 billion compared with ¥201.0 billion at the previous fiscal year-end. Key factors were a decrease in machinery and equipment of ¥3.3 billion and a decrease in buildings and structures of ¥1.4 billion.

Consolidated total liabilities declined ¥14.0 billion to ¥189.7 billion versus ¥203.8 billion at the previous fiscal year-end. This is mainly attributable to a decrease in short-term bank loans of ¥17.8 billion and a decrease in long-term debt and finance lease obligations of ¥4.7 billion.

Total net assets at the end of the year totaled ¥188.5 billion, up ¥3.7 billion from ¥184.9 billion at the previous fiscal year-end. This mainly reflected an increase in net unrealized holding losses on securities of ¥4.8 billion and the recording of retained earnings from translation adjustments and net income.

The equity ratio (net assets minus minority interests, divided by total assets) rose 2.2 percentage points year on year to 48.6%. Net assets per share, based on the weighted-average number of shares outstanding during the fiscal year under review, were ¥530.35.

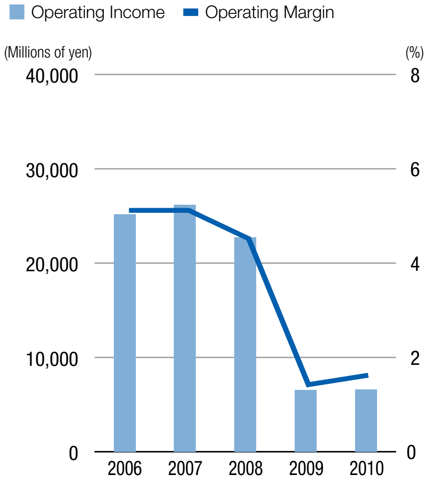
R&D Costs

Based on its mission to develop core technologies for creating new lifestyles, as well as technologies that contribute to a reduction in CO_2 emissions via water conservation and air purification, the R&D Division works to develop TOTO's proprietary "Only One" technologies to continue being a company needed by society.

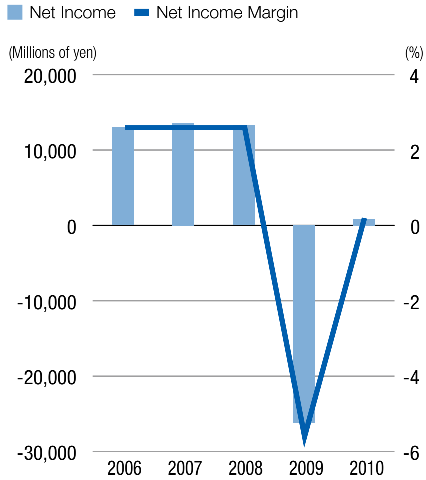
With regard to solid oxide fuel cells (SOFCs), which are gaining attention as a new eco-friendly energy source, TOTO is continuing with R&D that applies accumulated ceramic technology. We specialize in the development of power generation modules with exceptional power generating performance and are conducting ongoing verification testing directed toward commercialization.

Additionally, we developed the new NEOREST Hybrid

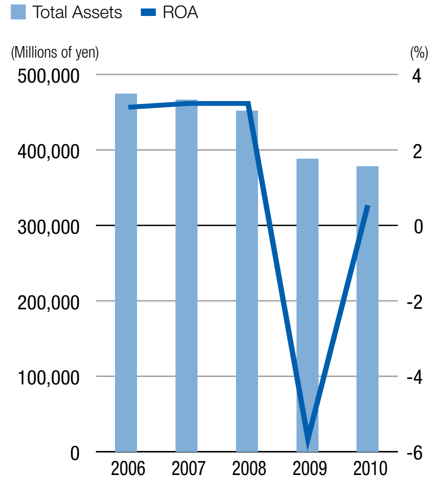
Operating Income/Operating Margin



Net Income/Net Income Margin



Total Assets/ROA



Financial Data

Series of toilets and GG tank toilets, which realize 4.8 liters per flush (full flush) for exceptional water-saving effects. We are also conducting R&D into "Only One" technologies with a view to ongoing global business development.

Consolidated R&D costs (included in SG&A expenses) totaled ¥13.1 billion. By business segment, R&D expenses totaled ¥9.9 billion in Equipment for Construction and ¥1.0 billion in the Other segment. A total of ¥2.2 billion was unallocated to a specific business.

Capital Investment and Depreciation

In the fiscal year under review, the Group's capital investment totaled ¥11.6 billion. Capital investment by business segment was as follows.

In Equipment for Construction, capital expenditures totaled ¥10.2 billion, including outlays for the purchase of molds and other production equipment at TOTO Bath Create LTD., TOTO High Living LTD. and TOTO Washlet Techno LTD., and rearranging showroom displays for system bathrooms and modular kitchens.

Other segment capital expenditures totaled ¥0.5 billion, including for the installation of ceramic production equipment. Company-wide capital investment (excluding business segments) amounted to ¥0.9 billion, including outlays for the purchase of R&D equipment.

The major facilities completed in the fiscal year under review included renovation of showrooms nationwide. All necessary funds were provided internally.

Depreciation and amortization for the fiscal year under review was down ¥1.8 billion to ¥20.6 billion.

Cash Flows

Cash flows in the fiscal year ended March 31, 2010 were as follows.

Net Cash Provided by Operating Activities
Net cash provided by operating activities amounted to ¥33.6 billion. The main sources of cash included depreciation and amortization of ¥20.6 billion and a decrease in inventories of ¥12.9 billion.

Net Cash Used in Investing Activities
Net cash used in investing activities totaled ¥14.8 billion. This was mainly due to an outlay of ¥10.0 billion for purchases of property, plant and equipment.

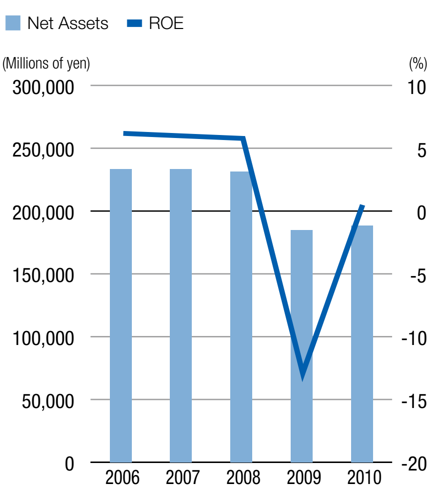
Net Cash Used in Financing Activities
Net cash used in financing activities was ¥12.2 billion. Cash-decreasing factors included a decrease in bank loans of ¥17.9 billion, redemption of commercial paper of ¥10.0 billion and cash dividends paid of ¥3.5 billion, while cash-increasing factors included proceeds from issuance of commercial paper totaling ¥20.0 billion.

As a result, cash and cash equivalents at the end of the fiscal year totaled ¥50.6 billion, up ¥6.7 billion from ¥43.9 billion at the previous fiscal year-end.

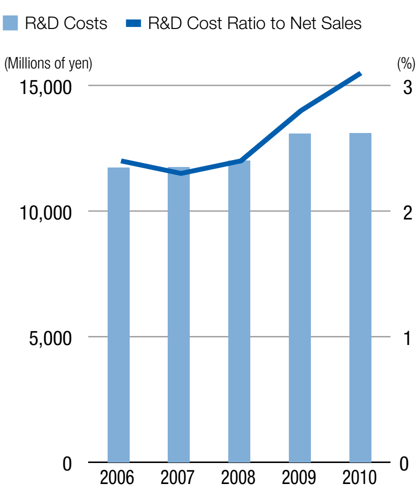
Business Risk

The following is a list of some of the major risk factors that could potentially impact the TOTO Group's business performance and

Net Assets/ROE



R&D Costs/R&D Cost Ratio to Net Sales



financial position. The risks described below do not constitute the entire range of risks that should be considered when investing in the Company's stock.

Forward-looking statements are based on assumptions made by the Group's management from information available at the time of issuance of the annual securities report (June 30, 2010).

1. Risks Related to Operating Environment

1) Changes in Economic Situation

Demand for TOTO's products and services may be affected by general economic trends in the countries or regions in which they are sold. Economic downturns and resulting declines in demand in TOTO's markets worldwide may thus adversely affect the Group's business, financial condition and operating results.

2) Currency Exchange Rate Fluctuations

Foreign exchange rate fluctuations may adversely affect the TOTO Group's business, financial condition and operating results because the Group conducts international business transactions, while production, sales and other operating activities overseas are handled in foreign currencies. In addition, the assets and liabilities of overseas consolidated subsidiaries are translated into yen on the consolidated balance sheets.

3) Decrease in Stock Value

The TOTO Group holds stock as part of its investment securities. If the book value of such stocks drops significantly, this would cause the Company to record losses on the valuation of the stock, which may adversely affect the Group's business, financial condition and operating results.

4) Interest Rate Fluctuations

TOTO is exposed to interest rate fluctuation risks, which may affect its operational costs, interest expenses, interest income and the value of financial assets and liabilities. Accordingly, interest rate fluctuations may adversely affect the Group's business, financial condition and operating results.

5) Changes in Market Environment

Drastic fluctuations in demand in housing-related fields, in which the TOTO Group conducts its main business activities, may adversely affect the Group's business, financial condition and operating results.

2. Risks Related to TOTO's Business Activities

1) Competition in the Industry

The TOTO Group develops, produces and markets a broad range of products and services, and therefore faces many different types of competitors. Although the Group will implement various measures to maintain and strengthen competitiveness going forward, it may not be able to maintain a dominant position in the market in the future.

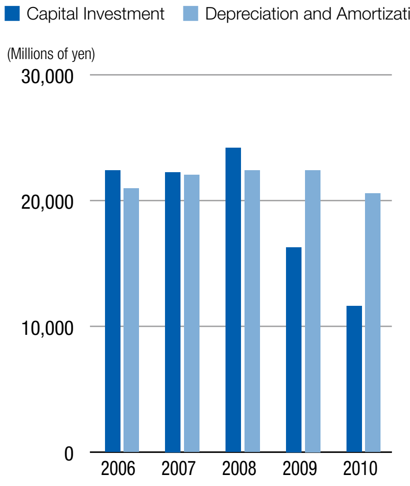
2) Rapid Declines in Product Prices

The TOTO Group works aggressively to develop high value-added products and reduce costs. However, the Group is also subject to fierce competition in markets worldwide, and if downward pressure on prices outweighs corporate efforts, this may seriously affect the ability of the Group to secure profits.

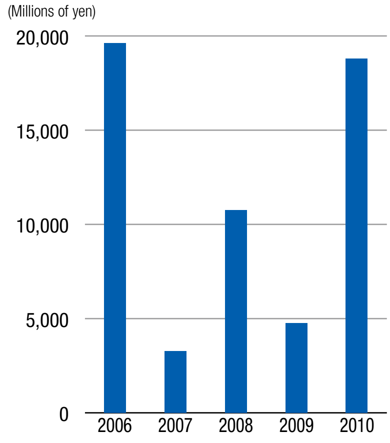
3) Barriers to International Business Operations

One of the TOTO Group's business strategies is business expansion in overseas markets. In these markets, TOTO may face various political, economic and legal barriers such

Capital Investment/Depreciation and Amortization



Free Cash Flow



as currency exchange risk, political instability, economic uncertainty, religious and cultural differences, barriers related to business practices, revisions to regulations regarding, for example, investment, international money transfer, import/export and foreign currency exchange, as well as changes in tax systems, which may affect the Group's business, financial condition and operating results.

4) Importance of Technological Innovation

Technological innovation driving development of new technologies and products is critical to enable sustained growth and enhance competitiveness of the TOTO Group. Inability to respond suitably to changing market needs in the future may affect the future growth and profitability of the Group.

5) Corporate Acquisition and Business Alliances with Other Companies

The TOTO Group develops its business by forming alliances and making investments in other companies that include corporate acquisition and capital participation in order to increase business efficiency and reinforce competitiveness. While such partnerships are crucial to the TOTO Group's goal of introducing new products and services, the Group may not be able to successfully collaborate or achieve expected synergies with its partners. In addition, if these partners change their business strategies, the TOTO Group may have difficulty maintaining these relationships or equity investments.

6) Procurement of Materials, etc.

The TOTO Group's manufacturing operations depend on obtaining materials and parts of high quality and in a stable and timely manner. For that purpose, the Company promotes procurement activities after selecting suppliers that it can trust. However, if a supplier ceases supply, or there is a sudden increase in industry demand, or changes in the supply and demand situation, purchase prices may rise steeply. In such cases, it may be difficult for the TOTO Group to substitute one supplier for another, increase the number of suppliers or change one component or material for another in a timely manner, which may adversely affect the Group's business, financial condition and operating results.

7) Financial Condition of Distributors, etc.

Distributors of the TOTO Group purchase their products and services on payment terms that may not provide for immediate payment. If distributors from whom the Group has substantial accounts receivable encounter financial difficulties and are unable to make payments on time, the Group's business, financial condition and operating results may be adversely affected.

3. Risks Related to the TOTO Group's Mid- to Long-Term Management Plan

1) Achieving Objectives of Mid- to Long-Term Management Plan

The TOTO Group is implementing "TOTO V-Plan 2017" with the aim of becoming a truly global company by 2017, the year of its centenary. Despite executing various measures to achieve the goals of this plan, the Group may not be successful in achieving all targets or in realizing the expected benefits because of various factors including, among other conditions, further deterioration of the business environment.

2) Business Structural Reforms

In order to drive sustained growth and further enhance profitability, the TOTO Group promotes the selection and concentration of business and works towards more efficient management operation. Expenses may increase in the process of implementing business reorganization or business structural reforms, however, which may adversely affect the Group's business, financial condition and operating results.

4. Risks Related to Legal Restrictions and Litigation

1) Product Defects

The TOTO Group pays particular attention to ensuring product quality based on strict, independent quality standards. The occurrence of defects in TOTO products, however, could make the Group liable for damages, caused either directly or indirectly by the defect, which are not covered by product and liability insurance, whereby the Group could incur significant expense for undertaking countermeasures. Negative publicity concerning these problems could also lead to a decline in the TOTO Group's brand image and the loss of customers, which may adversely affect the Group's business, financial condition and operating results.

2) Protection of Intellectual Property Rights

The TOTO Group strives to protect its intellectual property rights concerning the products and technologies it develops in order to secure a competitive edge in business. However, patents may not be granted or may not be of sufficient scope or force to provide the TOTO Group with adequate protection. Third parties may also develop technologies that are protected by intellectual property rights, which make such technologies unavailable or available only on terms unfavorable to the Group. Litigation may also be necessary to enforce the Group's intellectual property rights or to defend against intellectual property infringement claims brought against the Group by third parties. In such cases, the TOTO Group may incur significant expenses for such lawsuits. Furthermore, the Group may be prohibited from using certain important technologies or be liable for significant damages in cases of where the Group is found to be in violation of intellectual property rights of other parties.

3) Changes in Accounting Standards and Tax Systems

Introduction of new accounting standards or tax systems, or changes thereof, may have an adverse effect on the TOTO Group's operating results and financial condition. In addition, due to revisions to tax systems or if tax authorities have different opinions from the Company's tax declarations, the TOTO Group may need to make larger tax payments than estimated.

4) Environmental Laws and Regulations

The TOTO Group is subject to environmental laws and regulations such as those relating to air pollution, water pollution, soil and groundwater contamination, handling and elimination of harmful substances and waste management. Although the Group pays close attention to these laws and regulations in conducting its business activities, an increase in expenses related to environmental preservation or the payment of compensation for past, present or future business activities may adversely affect the TOTO Group's business, financial condition and operating results.

5) Regulations Related to Climate Change

Laws and other regulations are being strengthened in order to minimize climate change, including streamlining of energy consumption and measures to combat global warming worldwide. New tax burdens and increased expenses incurred in responding to changes to materials, fuel or facilities in business activities in line with tighter regulations may adversely affect the Group's business, financial condition and operating results.

6) Information Leaks

In the normal course of business, the TOTO Group possesses confidential information mainly about customers regarding credit worthiness and other information, as well as confidential information about companies and other third parties. Although the Group pays close attention to protecting this confidential information and works to the best of its ability to appropriately manage said information so that it is not leaked, such information may be leaked due to an unforeseen event. If such is the case, it may result in significant expense to compensate for the damage and adversely affect the TOTO Group's business activities and brand image. Moreover, there is a risk that the TOTO Group's trade secrets may be illegally leaked to a third party, which may adversely affect the Group's business, financial condition and operating results.

7) Other Laws and Regulations, etc.

The TOTO Group is subject to governmental laws and regulations in Japan and other countries and regions in which it conducts its business. The business activities of the TOTO Group may be restricted as these laws and regulations tighten and licensing procedures become stricter, whereby expenses may increase in order to comply with stipulated laws and regulations. In addition, if the TOTO Group responds in an inappropriate manner or is in gross violation of a regulation, the Group's business and brand image may be adversely affected.

5. Risks Related to Disasters or Other Unpredictable Events

The TOTO Group's business facilities are located in Japan and other parts of the world. If natural disasters, such as an earthquake, typhoon or flood, or other calamities, such as war, a terrorist attack or major industrial accident, occur, or an infectious disease such as a highly-pathogenic influenza strain becomes a pandemic, it could significantly impact valuable human resources in addition to damaging the TOTO Group's facilities, which may cause partial or substantial disruption to the Group's business operations. In addition, the TOTO Group could incur significant expense to repair damaged facilities, which may adversely affect the Group's business, financial condition and operating results.

6. Other Risks

1) Pension Plans

TOTO and certain Group companies have contributory, funded benefit pension plans. A decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also affect the return on plan assets. As a result, the actuarial loss may increase, leading to an increase in future net periodic benefit costs of these pension plans.

2) Impairment Loss on Fixed Assets

The TOTO Group periodically calculates future cash flows from the assets it holds, and recognizes and measures impairment losses in accordance with accounting standards related to the impairment of fixed assets. As a result, the Group may record impairment losses on fixed assets, which may adversely affect the Group's financial condition and operating results.

3) Deferred Tax Assets

The calculation of deferred tax assets is based on various forecasts and assumptions, including future taxable income. Actual results may differ from forecasts and assumptions due mainly to deterioration in business conditions or the results of tax inspections. Accordingly, in case it is deemed difficult to recover all or part of deferred tax assets based on forecasts and assumptions of future taxable income, the value of such deferred tax assets will be written down, which may adversely affect the Group's financial condition and operating results.

Consolidated Balance Sheets

TOTO LTD. and Consolidated Subsidiaries
March 31, 2009 and 2010

Assets	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2010
Current assets:			
Cash and cash equivalents (Note 15)	¥ 43,866	**¥ 50,564**	**$ 543,465**
Short-term investments (Note 16)	2,385	**2,464**	**26,483**
Notes and accounts receivable:			
Trade (Note 15)	72,646	**69,720**	**749,355**
Allowance for doubtful receivables	(642)	**(577)**	**(6,202)**
	72,004	**69,143**	**743,153**
Inventories (Note 4)	55,923	**43,360**	**466,036**
Deferred tax assets (Note 9)	3,355	**3,371**	**36,232**
Other current assets	10,157	**11,248**	**120,895**
Total current assets	187,690	**180,150**	**1,936,264**
Property, plant and equipment (Note 6)**:**			
Land	39,534	**39,285**	**422,238**
Buildings and structures	161,183	**159,798**	**1,717,519**
Machinery and equipment	138,057	**134,771**	**1,448,528**
Construction in progress	2,205	**2,847**	**30,600**
Other	65,933	**66,831**	**718,304**
	406,912	**403,532**	**4,337,189**
Accumulated depreciation	(273,744)	**(278,485)**	**(2,993,175)**
Property, plant and equipment, net	133,168	**125,047**	**1,344,014**
Investments and other assets:			
Investment securities (Notes 6, 15 and 16)	24,705	**29,227**	**314,134**
Investments in unconsolidated subsidiaries and affiliates (Note 15)	4,083	**5,829**	**62,650**
Long-term loans receivable	215	**169**	**1,816**
Guaranty money deposited	6,017	**5,840**	**62,769**
Deferred tax assets (Note 9)	17,089	**16,404**	**176,311**
Goodwill	557	**175**	**1,881**
Other	15,121	**15,425**	**165,789**
Total investments and other assets	67,787	**73,069**	**785,350**
Total assets	¥388,645	**¥378,266**	**$4,065,628**

See notes to consolidated financial statements.

Liabilities and net assets	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2010
Current liabilities:			
Notes and accounts payable:			
Trade (Note 15)	¥ 51,785	**¥ 47,714**	**$ 512,833**
Property and equipment	2,929	**2,295**	**24,667**
	54,714	**50,009**	**537,500**
Short-term bank loans (Notes 5 and 15)	49,514	**31,709**	**340,810**
Current portion of long-term debt and finance lease obligations (Notes 5 and 6)	410	**5,086**	**54,665**
Commercial paper (Note 5)	5,000	**15,000**	**161,221**
Other accounts payable	5,796	**5,916**	**63,586**
Accrued income taxes (Note 9)	1,782	**1,668**	**17,928**
Accrued expenses	16,392	**16,785**	**180,406**
Accrual for loss on inspection and repair of products	1,090	**239**	**2,569**
Accrual for loss on business restructuring	—	**614**	**6,599**
Other current liabilities (Note 9)	12,091	**11,465**	**123,227**
Total current liabilities	146,789	**138,491**	**1,488,511**
Long-term liabilities:			
Long-term debt and finance lease obligations (Notes 5 and 6)	15,154	**10,424**	**112,038**
Accrued retirement benefits for employees (Note 10)	40,369	**39,315**	**422,560**
Other (Note 9)	1,439	**1,487**	**15,982**
Total long-term liabilities	56,962	**51,226**	**550,580**
Contingent liabilities (Note 14)			
Net assets:			
Shareholders' equity (Notes 7 and 19)**:**			
Common stock without par value			
Authorized — 1,400,000,000 shares			
Issued — 371,662,595 shares in 2009, and 371,662,595 shares in 2010	35,579	**35,579**	**382,405**
Capital surplus	29,505	**29,506**	**317,132**
Retained earnings	144,323	**141,646**	**1,522,420**
Less treasury stock, at cost; 25,280,760 shares in 2009 and 25,341,868 shares in 2010	(14,456)	**(14,530)**	**(156,169)**
Total shareholders' equity	194,951	**192,201**	**2,065,788**
Valuation and translation adjustments:			
Net unrealized holding losses on securities	(5,006)	**(254)**	**(2,730)**
Deferred gains on hedges	—	**231**	**2,483**
Translation adjustments	(9,701)	**(8,506)**	**(91,423)**
Total valuation and translation adjustments	(14,707)	**(8,529)**	**(91,670)**
Share subscription rights (Note 8)	221	**299**	**3,214**
Minority interests	4,429	**4,578**	**49,205**
Total net assets	184,894	**188,549**	**2,026,537**
Total liabilities and net assets	¥388,645	**¥378,266**	**$4,065,628**

Consolidated Statements of Income

TOTO LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
Net sales	¥464,505	¥421,929	$4,534,920
Cost of sales	311,765	275,639	2,962,586
Gross profit	152,740	146,290	1,572,334
Selling, general and administrative expenses (Note 11)	146,174	139,700	1,501,505
Operating income	6,566	6,590	70,829
Other income (expenses):			
Interest and dividend income	1,355	955	10,264
Interest expense	(897)	(705)	(7,577)
Gain (loss) on sales and disposal of property, plant and equipment, net	1,109	(553)	(5,944)
Gain on sales of investment securities, net	22	193	2,074
Gain on sales of investment in affiliates, net	—	11	118
Loss on devaluation of securities	(2,144)	(265)	(2,848)
Foreign exchange loss, net	(493)	(316)	(3,395)
Sales discounts	(1,131)	(875)	(9,405)
Loss on impairment of fixed assets	(13,305)	(367)	(3,945)
Loss on devaluation of memberships	(17)	(126)	(1,354)
Equity in earnings of unconsolidated subsidiaries and affiliates	689	1,298	13,951
Loss on inspection and repair of products	(2,090)	—	—
Loss on business restructuring	—	(1,532)	(16,466)
Loss on devaluation of inventories	(4,586)	—	—
Other, net	452	988	10,620
(Loss) income before income taxes and minority interests	(14,470)	5,296	56,922
Income taxes (Note 9):			
Current	3,451	3,201	34,404
Deferred	7,752	508	5,460
	11,203	3,709	39,864
Minority interests	(588)	(708)	(7,610)
Net (loss) income (Note 12)	¥ (26,261)	¥ 879	$ 9,448

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

TOTO LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2010

Millions of yen

	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains on hedges	Translation adjustments	Share sub-scription rights	Minority interests	Total net assets
Balance at March 31, 2008	371,662,595	¥35,579	¥29,467	¥174,899	¥(14,275)	¥1,077	¥ —	¥ (506)	¥135	¥5,154	¥231,530
Effect of changes in accounting policies applied to foreign consolidated subsidiaries	—	—	—	(156)	—	—	—	—	—	—	(156)
Net loss	—	—	—	(26,261)	—	—	—	—	—	—	(26,261)
Cash dividends paid	—	—	—	(4,159)	—	—	—	—	—	—	(4,159)
Purchases of treasury stock	—	—	—	—	(373)	—	—	—	—	—	(373)
Disposition of treasury stock	—	—	38	—	192	—	—	—	—	—	230
Net changes in items other than shareholders' equity	—	—	—	—	—	(6,083)	—	(9,195)	86	(725)	(15,917)
Balance at March 31, 2009	371,662,595	35,579	29,505	144,323	(14,456)	(5,006)	—	(9,701)	221	4,429	184,894
Net income	**—**	**—**	**—**	**879**	**—**	**—**	**—**	**—**	**—**	**—**	**879**
Cash dividends paid	**—**	**—**	**—**	**(3,465)**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,465)**
Purchases of treasury stock	**—**	**—**	**—**	**—**	**(117)**	**—**	**—**	**—**	**—**	**—**	**(117)**
Disposition of treasury stock	**—**	**—**	**1**	**—**	**20**	**—**	**—**	**—**	**—**	**—**	**21**
Change of scope of equity method	**—**	**—**	**—**	**(91)**	**23**	**—**	**—**	**—**	**—**	**—**	**(68)**
Net changes in items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**	**4,752**	**231**	**1,195**	**78**	**149**	**6,405**
Balance at March 31, 2010	**371,662,595**	**¥35,579**	**¥29,506**	**¥ 141,646**	**¥(14,530)**	**¥ (254)**	**¥231**	**¥(8,506)**	**¥299**	**¥4,578**	**¥188,549**

Thousands of U.S. dollars (Note 3)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gains on hedges	Translation adjustments	Share sub-scription rights	Minority interests	Total net assets
Balance at March 31, 2009	$382,405	$317,122	$1,551,193	$(155,374)	$(53,805)	$ —	$(104,267)	$2,375	$47,604	$1,987,253
Net income	**—**	**—**	**9,448**	**—**	**—**	**—**	**—**	**—**	**—**	**9,448**
Cash dividends paid	**—**	**—**	**(37,242)**	**—**	**—**	**—**	**—**	**—**	**—**	**(37,242)**
Purchases of treasury stock	**—**	**—**	**—**	**(1,258)**	**—**	**—**	**—**	**—**	**—**	**(1,258)**
Disposition of treasury stock	**—**	**10**	**—**	**215**	**—**	**—**	**—**	**—**	**—**	**5225**
Change of scope of equity method	**—**	**—**	**(979)**	**248**	**—**	**—**	**—**	**—**	**—**	**(731)**
Net changes in items other than shareholders' equity	**—**	**—**	**—**	**—**	**51,075**	**2,483**	**12,844**	**839**	**1,601**	**68,842**
Balance at March 31, 2010	**$382,405**	**$317,132**	**$1,522,420**	**$(156,169)**	**$ (2,730)**	**$2,483**	**$ (91,423)**	**$3,214**	**$49,205**	**$2,026,537**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOTO LTD. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2010	2010
Operating activities			
(Loss) income before income taxes and minority interests	¥(14,470)	**¥ 5,296**	**$ 56,922**
Depreciation and amortization	22,425	**20,576**	**221,152**
Loss on impairment of fixed assets	13,305	**367**	**3,945**
Loss on devaluation of inventories	4,586	**—**	**—**
Interest and dividend income	(1,355)	**(955)**	**(10,264)**
Interest expense	897	**705**	**7,577**
Provision for directors' bonuses	(69)	**—**	**—**
Provision for loss on inspection and repair of products	(22)	**(850)**	**(9,136)**
Provision for loss on business restructuring	—	**614**	**6,599**
Employees' retirement benefits paid, net of provision	(2,721)	**(1,059)**	**(11,382)**
(Gain) loss on sales and disposal of property, plant and equipment, net	(1,109)	**553**	**5,944**
Gain on sales of investment securities, net	(22)	**(193)**	**(2,074)**
Gain on sales of investment in affiliates, net	—	**(11)**	**(118)**
Loss on devaluation of securities	2,144	**265**	**2,848**
Loss on devaluation of memberships	17	**126**	**1,354**
Notes and accounts receivable	11,010	**2,324**	**24,979**
Inventories	3,690	**12,859**	**138,209**
Notes and accounts payable	(7,244)	**(4,145)**	**(44,551)**
Other	(5,366)	**100**	**1,074**
Subtotal	25,696	**36,572**	**393,078**
Interest and dividend income received	2,080	**1,262**	**13,564**
Interest expense paid	(842)	**(751)**	**(8,072)**
Income taxes paid	(3,531)	**(3,455)**	**(37,135)**
Net cash provided by operating activities	23,403	**33,628**	**361,435**
Investing activities			
Purchases of property, plant and equipment	(16,182)	**(10,045)**	**(107,964)**
Proceeds from sales of property, plant and equipment	5,814	**314**	**3,375**
Increase in marketable and investment securities	(2,278)	**(533)**	**(5,729)**
Increase in time deposits	(2,314)	**(23)**	**(247)**
Acquisition of subsidiaries' stock resulting in changes in the scope of consolidation	385	**—**	**—**
Other	(4,054)	**(4,542)**	**(48,818)**
Net cash used in investing activities	(18,629)	**(14,829)**	**(159,383)**
Financing activities			
Increase (decrease) in bank loans	7,705	**(17,937)**	**(192,788)**
Proceeds from issuance of commercial paper	40,000	**20,000**	**214,961**
Redemption of commercial paper	(45,000)	**(10,000)**	**(107,481)**
Cash dividends paid	(4,159)	**(3,465)**	**(37,242)**
Purchases of treasury stock	(367)	**(117)**	**(1,258)**
Other	(394)	**(705)**	**(7,576)**
Net cash used in financing activities	(2,215)	**(12,224)**	**(131,384)**
Effect of exchange rate changes on cash and cash equivalents	(2,870)	**123**	**1,322**
Net (decrease) increase in cash and cash equivalents	(311)	**6,698**	**71,990**
Cash and cash equivalents at beginning of the year	43,674	**43,866**	**471,475**
Increase due to inclusion of subsidiaries in consolidation	503	**—**	**—**
Cash and cash equivalents at end of the year	¥43,866	**¥50,564**	**$543,465**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TOTO LTD. and Consolidated Subsidiaries
March 31, 2010

1. Basis of Preparation

TOTO LTD. (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and, therefore, have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

Certain foreign subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differ from that of the Company; however, the significant effect of the difference in fiscal periods has been properly adjusted in consolidation.

Goodwill, which represents the difference between the cost and the underlying equity in the net assets at fair value at the date of acquisition, is being amortized principally over a period of five years.

(b) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

(c) Securities

In general, securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Securities held by the Company and its consolidated subsidiaries are all classified as other securities. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Derivatives

Derivatives are stated based on a fair value method.

(e) Inventories

Finished products, semifinished products and work in process
Stated at cost, determined by the first-in, first-out method (In cases where the profitability has declined, the book value is reduced accordingly.)

Raw materials and supplies
Stated at cost, determined by the gross average cost method (In cases where the profitability has declined, the book value is reduced accordingly.)

Contracts in progress
Stated at cost, determined by the specific identification method (In cases where the profitability has declined, the book value is reduced accordingly.)

(Change of accounting policy)
Effective the year ended March 31, 2009, the Company has applied "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No.9; July 5, 2006).

As a result, in the year ended March 31, 2009, operating income decreased by ¥1,303 million, and loss before income taxes and minority interests increased by ¥5,889 million compared with the formerly applied method.

The effect of this change on segment information is explained in Note 18.

(f) Allowance for doubtful receivables

The allowance for doubtful receivables is provided for possible bad debt at the amount estimated based on the past bad debt experience for normal receivables plus uncollectible amounts determined by reference to the collectability of individual accounts for doubtful receivables.

(g) Accrual for loss on inspection and repair of products

Accrual for loss on inspection and repair of products is provided at an amount based on the cost estimated to be incurred for activities related to the inspection and repair of products subsequent to the balance sheet date.

(h) Accrual for loss on business restructuring

Accrual for loss on business restructuring is provided at an amount based on the cost estimated to be incurred for activities related to the business restructuring subsequent to the balance sheet date.

(i) Depreciation and amortization

Depreciation of property, plant and equipment (except for leased assets) of the Company and its domestic consolidated subsidiaries is mainly calculated by the declining-balance method at rates based on the estimated useful lives of the respective assets. Depreciation of foreign consolidated subsidiaries is mainly calculated by the straight-line method over the estimated useful lives of the respective assets. The useful lives of property, plant and equipment are summarized as follows:

Buildings and structures	3 to 50 years
Machinery and equipment	4 to 15 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.

Computer software capitalized is being amortized over a period of five years.

For lease transactions that do not transfer ownership, leased assets are depreciated over their useful lives using the straight-line method with a zero residual value.

(Change of accounting policy)

Formerly, finance lease transactions that did not transfer ownership were accounted for in a manner similar to the accounting treatment for operating lease transactions. However, effective from the fiscal year ended March 31, 2009, the Company has applied "Accounting Standard for Lease Transactions" (ASBJ Statement No.13; Business Accounting Council Committee No.1, June 17, 1993; revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16; the Japanese Institute of Certified Public Accountants, Accounting Committee, January 18, 1994; revised on March 30, 2007). Such transactions are now accounted for as ordinary sale and purchase transactions.

There was no effect as a result of the change.

The Company continues to account for finance lease transactions that do not transfer ownership, concluded prior to April 1, 2008, in a manner similar to the accounting treatment for ordinary operating lease transactions.

(Change in estimated useful lives of tangible fixed assets)

The Company and its domestic consolidated subsidiaries revised the useful lives of the machinery and equipment as per revisions to the Corporation Tax Law, and have applied the revised useful lives during the year ended March 31, 2009.

As a result, in the year ended March 31, 2009, operating income decreased by ¥603 million and loss before income taxes and minority interests increased by the same amount, compared with the corresponding amounts which would have been reported under the previous method.

The effect of this change on segment information is explained in Note 18.

(j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or charged to income.

The revenue and expense accounts of the foreign subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Except for the components of net assets excluding minority interests, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of net assets excluding minority interests are translated at their historical exchange rates.

(k) Research and development costs

Research and development costs are charged to income as incurred.

(l) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(m) Retirement benefits

Accrued retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method principally over 16 years. Prior service cost is being amortized by the straight-line method principally over 16 years.

(Change of accounting policy)

Effective the year ended March 31, 2010, the Company has applied "Partial Amendments to Accounting Standard for Retirements Benefits (Part 3)" (Accounting Standard Board of Japan Statement No.19; July 31, 2008). The application does not have any influence on the earnings and retirement benefit obligations for the fiscal year under review.

(n) Hedge accounting

1) Hedge accounting
   The Company has adopted deferral hedge accounting.
2) Hedging instruments and hedged items
   Hedging instruments: Commodity swap
   Hedging items: Procurement dealings of raw materials
3) Policy of hedging
   The Company enters into derivatives, including commodity swap transactions to hedge raw material price fluctuations risk.
4) Evaluation of hedge effectiveness
   Hedge effectiveness is evaluated by comparing the cumulative changes in cash flows or fair values from the hedging instruments with those from the hedged items.

(o) Adoption of new accounting standard

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements)

Effective from the year ended March 31, 2009, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No.18, May 17, 2006) and amended the consolidated financial statements as required.

The effect of this change is immaterial.

(Recognizing revenues and costs of construction contracts)

Until the year ended March 31, 2009, revenues and costs of construction contracts were recognized by the completed-contract method. Effective April 1, 2009, the Company and its consolidated subsidiaries have applied a new accounting standard and related implementation guidance for construction contracts. Under the new accounting standard and guidance, revenues and costs of construction contracts that commenced on or after April 1, 2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost. The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

The effect of this change was immaterial.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥93.04 = US$1.00, the exchange rate prevailing on March 31, 2010. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Inventories

Inventories at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Finished products and semifinished products	¥33,653	**¥25,529**	**$274,387**
Work in process and contracts in progress	10,265	**7,536**	**80,998**
Raw materials and supplies	12,005	**10,295**	**110,651**
	¥55,923	**¥43,360**	**$466,036**

5. Short-Term Bank Loans, Commercial Paper, Long-Term Debt and Finance Lease Obligations

Short-term bank loans generally represent overdrafts and notes. The weighted average annual interest rates applicable to such short-term loans outstanding at March 31, 2009 and 2010 were 1.2% and 0.6%, respectively. Commercial paper is due within one year with annual interests of 0.3% and 0.2% as of March 31, 2009 and 2010, respectively.

Long-term debt at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
1.4% unsecured bonds due 2012	¥10,000	**¥10,000**	**$107,481**
0.8% unsecured bonds due 2010	50	**—**	**—**
Bank loans maturing through 2015 at interest rates ranging from 1.24% to 2.72%:			
Secured	327	**—**	**—**
Unsecured	5,050	**5,305**	**57,019**
Finance lease obligations	137	**205**	**2,203**
	15,564	**15,510**	**166,703**
Less current portion	410	**5,086**	**54,665**
	¥15,154	**¥10,424**	**¥112,038**

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 5,021	$ 53,966
2012	7	76
2013	10,269	110,372
2014	4	43
2015	4	43
2016 and thereafter	—	—
	¥15,305	$164,500

The aggregate annual maturities of finance lease obligations subsequent to March 31, 2010 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 66	$ 709
2012	66	709
2013	51	548
2014	17	183
2015	5	54
2016 and thereafter	0	0
	¥205	$2,203

6. Pledged Assets

The assets pledged as collateral for long-term debt at March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Property, plant and equipment, at net book value	¥228	**¥—**	**$—**

In addition to the above, investment securities in the amount of ¥7 million ($75 thousand) were utilized as security deposits at March 31, 2010.

7. Capital Surplus and Retained Earnings

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as a distribution of earnings be appropriated to a legal reserve until the total of such reserve and the capital surplus account equals 25% of the common stock account. The legal reserve amounted to ¥8,291 million ($89,112 thousand) as of both March 31, 2009 and 2010.

The Law provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

Under the Law, however, such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

8. Stock Options

Stock option plan	2007 Stock option	2008 Stock option	2009 Stock option
Number of individuals covered by the plan:			
Directors	14	14	14
Corporate auditors	2	2	2
Officers	16	16	15
Total	32	32	31
Type and numbers of shares to be issued upon exercise of stock subscription rights	Common stock 168,000 shares	Common stock 167,000 shares	Common stock 162,000 shares
Granted date	August 17, 2007	July 18, 2008	July 17, 2009
Exercise period	August 18, 2007 – August 17, 2037	July 19, 2008 – July 18, 2038	July 18, 2009 – July 17, 2039
Non-vested stock options (Number of shares):			
Outstanding at March 31, 2009	—	—	—
Granted	—	—	162,000 shares
Forfeited	—	—	—
Vested	—	—	—
Outstanding at March 31, 2010	—	—	162,000 shares
Vested stock options (Number of shares):			
Outstanding at March 31, 2009	168,000 shares	162,000 shares	—
Vested	—	—	162,000 shares
Exercised	—	—	—
Forfeited	—	—	3,000 shares
Outstanding at March 31, 2010	168,000 shares	162,000 shares	159,000 shares
Exercise price (yen)	¥ 1	¥ 1	¥ 1
Weighted average exercise price (yen)	¥ —	¥ —	¥ —
Fair value per stock at the granted date (yen)	¥804	¥531	¥491

Stock option expenses included in selling, general and administrative expenses for the years ended March 31, 2009 and 2010 amounted to ¥103 million and ¥79 million ($849 thousand), respectively. The fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

	2009 stock options
Expected volatility	35.314%
Expected holding period	15 years
Expected dividend	¥10 per share
Risk-free rate	1.810%

9. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, enterprise tax and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of 40.4% for 2009 and 2010. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statement of income for the year ended March 31, 2010 differ from the statutory tax rate for the following reasons:

	2010
Statutory tax rate	40.4%
Effect of:	
Expenses not deductible for income tax purposes	3.4
Dividend income deductible for income tax purposes	(1.7)
Per capita taxes	4.3
Change in valuation allowance	22.1
Other, net	1.5
Effective tax rate	70.0%

A reconciliation of the difference between statutory and effective tax rates for the year ended March 31, 2009 was not presented because a net loss was recorded.

The significant components of deferred tax assets and liabilities as of March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Deferred tax assets:			
Accrued bonus	¥ 2,451	**¥ 2,699**	**$ 29,009**
Retirement allowances	16,199	**15,564**	**167,283**
Net operating loss carry forwards	14,125	**16,701**	**179,503**
Other	14,037	**12,194**	**131,062**
Total gross deferred tax assets	46,812	**47,158**	**506,857**
Valuation allowance	(24,309)	**(25,293)**	**(271,851)**
Total deferred tax assets	22,503	**21,865**	**235,006**
Deferred tax liabilities:			
Reserve under Special Taxation Measures Law	(1,965)	**(1,882)**	**(20,228)**
Other	(596)	**(701)**	**(7,534)**
Total deferred tax liabilities	(2,561)	**(2,583)**	**(27,762)**
Net deferred tax assets	¥19,942	**¥19,282**	**$207,244**

10. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, such as company pension fund plans (cash balance plan), tax-qualified pension plans, lump-sum payment plans, and other types of defined benefit plans covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2009 and 2010 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Retirement benefit obligation	¥(149,293)	**¥(148,841)**	**$(1,599,753)**
Plan assets at fair value	72,734	**83,865**	**901,387**
Unfunded retirement benefit obligation	(76,559)	**(64,976)**	**(698,366)**
Unrecognized actuarial loss	39,092	**28,260**	**303,740**
Unrecognized prior service cost	(2,352)	**(2,067)**	**(22,216)**
Net retirement benefit obligation	(39,819)	**(38,783)**	**(416,842)**
Prepaid pension cost	550	**532**	**5,718**
Accrued retirement benefits	¥ (40,369)	**¥ (39,315)**	**$ (422,560)**

The components of retirement benefit expenses for the years ended March 31, 2009 and 2010 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Service cost	¥4,801	**¥4,733**	**$50,871**
Interest cost	3,662	**3,649**	**39,220**
Expected return on plan assets	(2,964)	**(2,505)**	**(26,924)**
Amortization of actuarial loss	1,858	**2,926**	**31,448**
Amortization of prior service cost	(268)	**(267)**	**(2,870)**
Total	¥7,089	**¥8,536**	**$91,745**

The assumptions used in the accounting for the above plans are as follows:

	2009	**2010**
Discount rate	2.5%	**2.5%**
Expected return on plan assets	3.5%	**3.5%**

11. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2009 and 2010 amounted to ¥13,088 million and ¥13,113 million ($140,939 thousand), respectively.

12. Amounts Per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds.

Amounts per share of net assets is computed based on net assets excluding minority interests and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends declared as applicable to the respective years, together with the interim cash dividends paid.

	Yen		U.S. dollars
	2009	**2010**	**2010**
Net (loss) income:			
Basic	¥ (75.80)	**¥ 2.54**	**$0.03**
Diluted	—	**2.53**	**0.03**
Net assets	520.36	**530.35**	**5.70**
Cash dividends applicable to the year	10.00	**10.00**	**0.11**

Diluted net income per share is not presented, for the year ended March 31, 2009, because a net loss was recorded for the period even though dilutive shares are outstanding.

13. Leases

(a) Finance leases

Finance leases commencing on or before March 31, 2008 continue to be accounted for in the same manner as operating leases.

The following pro forma amounts represent the acquisition costs (including the interest portion), accumulated depreciation and net book value of the leased property as of March 31, 2009 and 2010 which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
	2009	**2010**	**2010**
Acquisition costs:			
Buildings and structures	¥ 958	**¥ 958**	**$10,296**
Machinery and equipment	302	**248**	**2,666**
Other assets	3,611	**2,196**	**23,603**
	¥4,871	**¥3,402**	**$36,565**
Accumulated depreciation:			
Buildings and structures	¥ 326	**¥ 387**	**$ 4,160**
Machinery and equipment	216	**213**	**2,289**
Other assets	2,836	**1,830**	**19,669**
	¥3,378	**¥2,430**	**$26,118**
Net book value:			
Buildings and structures	¥ 632	**¥ 571**	**$ 6,136**
Machinery and equipment	86	**35**	**377**
Other assets	775	**366**	**3,934**
	¥1,493	**¥ 972**	**$10,447**

Lease payments relating to finance leases accounted for as operating leases amounted to ¥742 million and ¥498 million ($5,353 thousand) for the years ended March 31, 2009 and 2010, respectively. The depreciation expense of the leased assets computed by the declining-balance method (except buildings, which are depreciated by the straight-line method) over the respective lease terms amounted to ¥565 million and ¥311 million ($3,343 thousand) for the years ended March 31, 2009 and 2010, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2010 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 309	$ 3,321
2012 and thereafter	1,177	12,650
Total	¥1,486	$15,971

(b) Operating leases

Future minimum operating lease payments subsequent to March 31, 2010 for non-cancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 999	$10,737
2012 and thereafter	3,887	41,778
Total	¥4,886	$52,515

14. Contingent Liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 2010:

	Millions of yen	Thousands of U.S. dollars
Trade notes receivable endorsed	**¥ 2**	**$ 21**
Guarantor of indebtedness of others	**50**	**537**

15. Financial Instruments

Effective the year ended March 31, 2010, a new accounting standard for financial instruments and related implementation guidance have been adopted.

For the year ended March 31, 2010

Overview

(1) Policy for financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") manage temporary cash surpluses through short-term deposits, mainly. Further, the Group raises short-term capital through bank loans. It is the Group's policy to use derivatives only for the purpose of reducing risks associated with fluctuations in raw materials prices. The Group does not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments and related risk

Trade receivables—notes and accounts receivable—are exposed to credit risk in relation to customers.

Investment securities and investment in affiliates are exposed to market risk. These are composed of mainly the shares of common stock of other companies with which the Group has business relationships.

Substantially all trade payables—notes and accounts payable—have payment due dates within one year. Short-term loans are raised mainly in connection with business activities. These are exposed to liquidity risk.

Regarding derivatives, the Company enters into commodity swap transactions to hedge raw material price fluctuations risk.

Information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities is explained in Note 2 (n).

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group also believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a high credit rating.

(b) Monitoring of market risks (the risks arising from fluctuations in stock prices and others)

For investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies and carries out the derivative transactions with internal authority's approvals.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on the report from each division, the Group prepares and updates its cash flow plans on at timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 17 Derivative Transactions are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains (losses) are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below).

			Millions of yen
As of March 31, 2010	Carrying value	Estimated fair value	Unrealized gain (loss)
Assets			
1) Cash and cash equivalents	¥ 50,564	¥ 50,564	¥ —
2) Short-term investments	2,464	2,464	—
3) Notes and accounts receivable	69,720	69,720	—
4) Investment securities	28,280	28,280	—
5) Investment in affiliates	2,089	1,712	(377)
Total Assets	¥153,117	¥152,740	¥(377)
Liabilities			
1) Notes and accounts payable	¥ 47,714	¥ 47,714	¥ —
2) Short-term bank loans	31,709	31,709	—
Total Liabilities	¥ 79,423	¥ 79,423	¥ —
Derivatives*	¥ 388	¥ 388	¥ —

			Thousands of U.S. dollars
As of March 31, 2010	Carrying value	Estimated fair value	Unrealized gain (loss)
Assets			
1) Cash and cash equivalents	$ 543,465	$ 543,465	$ —
2) Short-term investments	26,483	26,483	—
3) Notes and accounts receivable	749,355	749,355	—
4) Investment securities	303,955	303,955	—
5) Investment in affiliates	22,453	18,401	(4,052)
Total Assets	$1,645,711	$1,641,659	$(4,052)
Liabilities			
1) Notes and accounts payable	$ 512,833	$ 512,833	$ —
2) Short-term bank loans	340,810	340,810	—
Total Liabilities	$ 853,643	$ 853,643	$ —
Derivatives*	$ 4,170	$ 4,170	$ —

*The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Notes: 1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Cash and cash equivalents, Short-term investments and Notes and accounts receivable

Short-term investments include time deposits with maturity of over three month. Since these items are settled in a short period of time, their carrying value approximates fair value.

Investment securities and Investment in affiliates

The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, please refer to Note 16 Securities of the notes to the consolidated financial statements.

Notes and accounts payable and Short-term bank loans

Since these items are settled in a short period of time, their carrying value approximates fair value.

Derivatives transactions

Please refer to Note 17 Derivatives of the notes to the consolidated financial statements.

2. Financial instruments for which it is extremely difficult to determine the fair value

As of March 31, 2010	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥4,688	$50,387

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

3. Redemption schedule for receivables and securities with maturities at March 31, 2010

As of March 31, 2010	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 50,395	¥—	¥—	¥—
Short-term investments	2,464	—	—	—
Notes and accounts receivable	69,720	—	—	—
Investment securities				
Other securities				
Bonds (other)	—	20	—	—
Total	¥122,579	¥20	¥—	¥—

As of March 31, 2010	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 541,649	$ —	$—	$—
Short-term investments	26,483	—	—	—
Notes and accounts receivable	749,355	—	—	—
Investment securities				
Other securities				
Bonds (other)	—	215	—	—
Total	$1,317,487	$215	$—	$—

16. Securities

As of March 31, 2009

a) Information regarding marketable securities classified as other securities is as follows:

March 31, 2009	Millions of yen		
	Acquisition cost	Carrying value	Gross unrealized holding gains (losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 5,329	¥ 6,751	¥ 1,422
Subtotal	¥ 5,329	¥ 6,751	¥ 1,422
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	¥23,561	¥17,111	¥(6,450)
Subtotal	¥23,561	¥17,111	¥(6,450)
Total	¥28,890	¥23,862	¥(5,028)

b) Information regarding sales of securities classified as other securities is as follows:

2009	Millions of yen
Proceeds from sales	¥30
Gains on sales	22

As of March 31, 2010

a) Information regarding securities classified as other securities is as follows:

March 31, 2010	Millions of yen		
	Carrying value	Acquisition cost	Gross unrealized holding gains (losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	**¥16,415**	**¥13,548**	**¥2,867**
Subtotal	**¥16,415**	**¥13,548**	**¥2,867**
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	**¥11,845**	**¥14,955**	**¥(3,110)**
Bonds (other)	**20**	**20**	**—**
Subtotal	**¥11,865**	**¥14,975**	**¥(3,110)**
Total	**¥28,280**	**¥28,523**	**¥ (243)**

March 31, 2010	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Gross unrealized holding gains (losses)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	**$176,429**	**$145,615**	**$30,814**
Subtotal	**$176,429**	**$145,615**	**$30,814**
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	**$127,311**	**$160,737**	**$(33,426)**
Bonds (other)	**215**	**215**	**—**
Subtotal	**$127,526**	**$160,952**	**$(33,426)**
Total	**$303,955**	**$306,567**	**$ (2,612)**

Note: Unlisted stocks are not included in the above table because there were no quoted market prices available and they are extremely difficult to determine the fair value.

b) Information regarding sales of securities classified as other securities is as follows:

2010	Millions of yen	Thousands of U.S. dollars
Proceeds from sales	**¥635**	**$6,825**
Gains on sales	**198**	**2,128**
Losses on sales	**5**	**54**

17. Derivative Transactions

Summarized below are the notional amounts and the estimated fair value of the derivative instruments outstanding at March 31, 2010, for which deferral hedged accounting has been applied.

	Millions of yen	Thousands of U.S. dollars
Commodity swap transactions, accounted for as part of accounts payable		
Notional Amount		
Maturing within one year	¥2,319	$24,925
Maturing after one year	—	—
Fair Value	388	4,170

Note: Calculation of fair value is based on the discounted cash flows and others.

18. Segment Information

As net sales and operating income of the equipment for construction business constituted more than 90% of the consolidated totals, the disclosure of business segment information has been omitted for the years ended March 31, 2009 and 2010.

The geographical segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2010 is as follows:

Millions of yen

Year ended March 31, 2009	Japan	North and Central America	China	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	¥408,582	¥23,972	¥21,887	¥10,064	¥464,505	¥ —	¥464,505
Intra-group sales and transfers	10,474	56	11,707	9,423	31,660	(31,660)	—
Total sales	419,056	24,028	33,594	19,487	496,165	(31,660)	464,505
Operating expenses	407,787	22,155	27,617	18,366	475,925	(17,986)	457,939
Operating income	¥ 11,269	¥ 1,873	¥ 5,977	¥ 1,121	¥ 20,240	¥(13,674)	¥ 6,566
II. Assets	¥259,317	¥18,588	¥28,575	¥17,012	¥323,492	¥ 65,153	¥388,645

Millions of yen

Year ended March 31, 2010	Japan	North and Central America	China	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	**¥367,597**	**¥19,798**	**¥24,097**	**¥10,437**	**¥421,929**	**¥ —**	**¥421,929**
Intra-group sales and transfers	**9,912**	**6**	**8,809**	**8,648**	**27,375**	**(27,375)**	**—**
Total sales	**377,509**	**19,804**	**32,906**	**19,085**	**449,304**	**(27,375)**	**421,929**
Operating expenses	**365,239**	**18,841**	**26,049**	**19,213**	**429,342**	**(14,003)**	**415,339**
Operating income (loss)	**¥ 12,270**	**¥ 963**	**¥ 6,857**	**¥ (128)**	**¥ 19,962**	**¥(13,372)**	**¥ 6,590**
II. Assets	**¥241,499**	**¥17,892**	**¥33,474**	**¥17,344**	**¥310,209**	**¥ 68,057**	**¥378,266**

Thousands of U.S. dollars

Year ended March 31, 2010	Japan	North and Central America	China	Other	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:							
Sales to third parties	**$3,950,956**	**$212,790**	**$258,996**	**$112,178**	**$4,534,920**	**$ —**	**$4,534,920**
Intra-group sales and transfers	**106,535**	**65**	**94,680**	**92,949**	**294,229**	**(294,229)**	**—**
Total sales	**4,057,491**	**212,855**	**353,676**	**205,127**	**4,829,149**	**(294,229)**	**4,534,920**
Operating expenses	**3,925,612**	**202,505**	**279,977**	**206,502**	**4,614,596**	**(150,505)**	**4,464,091**
Operating income (loss)	**$ 131,879**	**$ 10,350**	**$ 73,699**	**$ (1,375)**	**$ 214,553**	**$(143,724)**	**$ 70,829**
II. Assets	**$2,595,647**	**$192,304**	**$359,781**	**$186,415**	**$3,334,147**	**$ 731,481**	**$4,065,628**

Notes: 1 Geographical segments are divided into categories based on their geographical proximity.

2 Major nations or regions included in each geographical area are as follows:

North and Central America: U.S.A., Mexico, others

Other: Taiwan, Malaysia, Korea, Vietnam, Singapore, Europe, others

As described in Note 2 (e), the Company and its domestic consolidated subsidiaries have adopted the new accounting standard for measurement of inventories effective the year ended March 31, 2009. As a result, cost of sales increased by ¥1,303 million in the Japan segment and operating income decreased by the same amount over the corresponding amount which would have been reported under the previous method for the year ended March 31, 2009.

As described in Note 2 (i), in accordance with the revision to the Corporate Tax Law of Japan which went into effect on April 1, 2008, effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have partially revised estimated useful lives of machinery and equipment. As a result, cost of sales increased by ¥532 million in the Japan segment and by ¥71 million in the Eliminations or Corporate segment and operating income decreased by the same amounts over the corresponding amounts which would have been reported under the previous method for the year then ended March 31, 2009.

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended March 31, 2009 and 2010 are summarized as follows:

	Millions of yen			
Year ended March 31, 2009	North and Central America	China	Other	Total
Overseas sales	¥23,732	¥22,057	¥13,256	¥ 59,045
Consolidated net sales	—	—	—	464,505
Overseas sales as a percentage of consolidated net sales	5.1%	4.7%	2.9%	12.7%

	Millions of yen			
Year ended March 31, 2010	North and Central America	China	Other	Total
Overseas sales	**¥19,668**	**¥ 24,263**	**¥ 11,977**	**¥ 55,908**
Consolidated net sales	**—**	**—**	**—**	**421,929**

	Thousands of U.S. dollars			
Year ended March 31, 2010	North and Central America	China	Other	Total
Overseas sales	**$211,393**	**$260,780**	**$128,730**	**$ 600,903**
Consolidated net sales	**—**	**—**	**—**	**4,534,920**
Overseas sales as a percentage of consolidated net sales	**4.7%**	**5.8%**	**2.8%**	**13.3%**

19. Subsequent Events

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2010, was approved at a meeting of the Board of Directors held on May 19, 2010 and became effective June 8, 2010:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.00 – $0.054 per share)	¥1,732	$18,616

Report of Independent Auditors

Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
TOTO LTD.

We have audited the accompanying consolidated balance sheets of TOTO LTD. and consolidated subsidiaries as of March 31, 2009 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOTO LTD. and consolidated subsidiaries at March 31, 2009 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

Fukuoka, Japan
June 29, 2010

Corporate Governance

■ Fiscal Year
For CSR data (corporate governance, risk management, environmental and human resources related data), the fiscal year under review is stated as "fiscal year ended March 2010" or "2010," which is different from "fiscal 2009" shown in the *TOTO CORPORATE REPORT 2010*.

System of Promotion

The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and ongoing expansion of corporate value by improving objectivity and transparency in management and clarifying management responsibility. To realize this, for matters requiring management decisions, TOTO recognizes the importance of systematizing "who makes the decision, on what and where" as well as "what checks are implemented" in a fair and honest manner.

TOTO has adopted a Board of Statutory Auditors system that promotes more efficient and effective decision-making, supervision and business execution, with the aim of continuously increasing corporate value.

Directors and Board of Directors

The Board of Directors makes decisions from the most appropriate company-wide, group-wide and stakeholder perspectives and conducts mutual supervision of the duties of directors.

So as to avoid bias toward solely on what is best for respective divisions, directors are careful to take the most appropriate company-wide, group-wide and stakeholder perspectives into account when making decisions. The chairman of the Board of Directors and directors other than external directors concurrently hold positions as executive officers to enable them to perform their own business duties as well.

TOTO calls upon external directors, well versed in management of leading companies respected for their management practices to which the TOTO Group aspires, to provide advice and suggestions on general management issues based on their in-depth knowledge.

Statutory Auditors and Board of Statutory Auditors

The Board of Statutory Auditors oversees the duties of directors from the perspectives of legality and appropriateness.

Statutory auditors attend Board of Directors meetings and other important meetings to state their opinions and provide advice, and also visit each business site to conduct operating audits in line with auditing policies.

In addition, TOTO calls upon external statutory auditors specializing in such matters as corporate finance and legal issues to evaluate decisions made by the Board of Directors and monitor the execution of duties of directors.

Independence of External Directors and Auditors

All external directors and external statutory auditors have no affiliation with the Company. This enables them to make decisions that are, in effect, independent of TOTO management and all specified stakeholders.

●External directors
Kazumoto Yamamoto Takuma Otoshi

●External statutory auditors
Junichi Minegishi Tatsuo Kaikawa

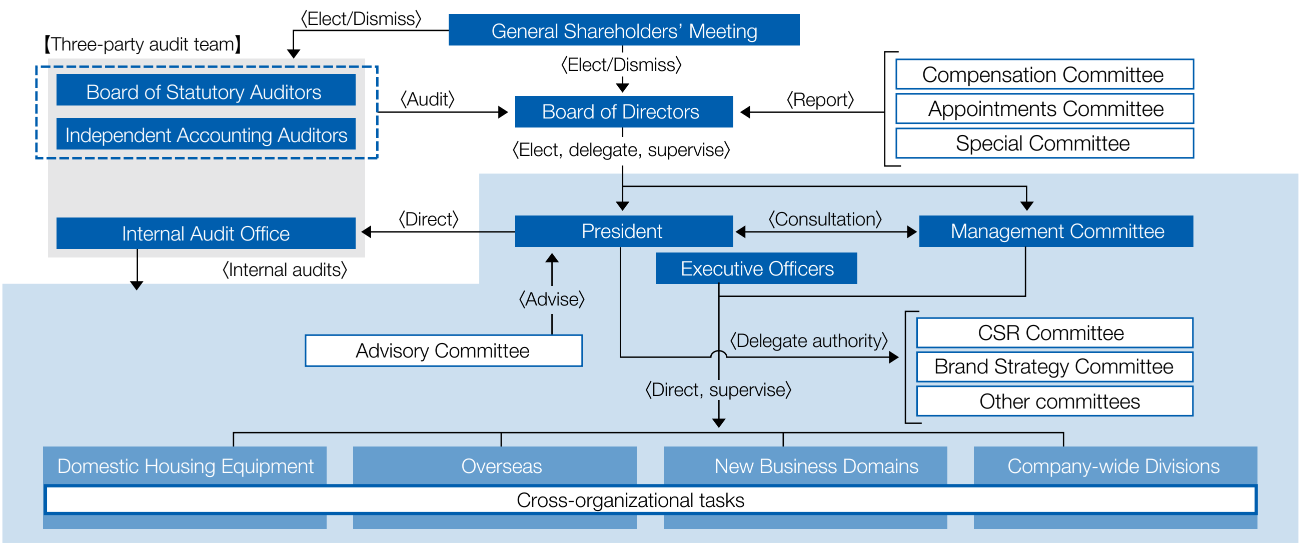
Compensation Committee

The Compensation Committee was set up to make reports to the Board of Directors on fundamental policies pertaining to remuneration and bonuses and stock options for TOTO LTD. directors, as well as on the system of allocation. To help ensure objectivity and transparency in terms of remuneration policy, the system of allocation and execution, the committee is comprised of at least three members, over half of whom are outside experts.

Appointments Committee

The Appointments Committee was established to make reports to the Board of Directors on proposals that are presented at the General Shareholders' Meeting related to the appointment and dismissal of directors, including external directors.

■ Corporate Governance Structure



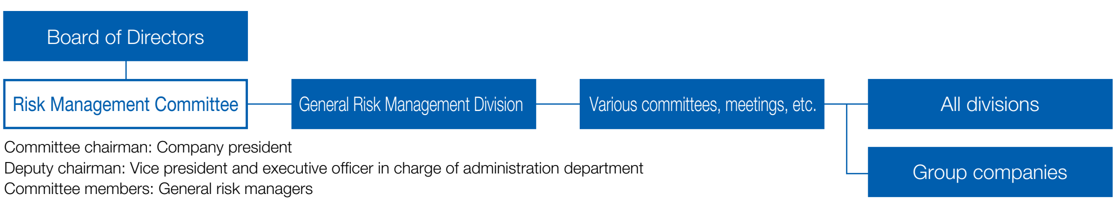
Risk Management

System of Promotion

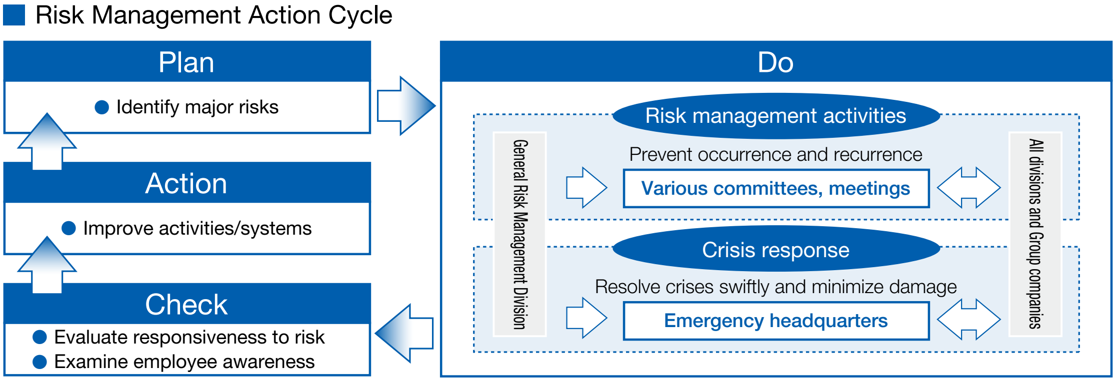
Since the year ended March 2006, TOTO has established a Risk Management Committee, headed by the President and comprised of executive officers and division heads in charge of major risk-related areas, to facilitate the integrated management of risk on a group-wide scale. The committee identifies every year the major risks that could have the largest impact on stakeholders and has appointed a general risk manager for each type of risk. General risk managers implement activities to mitigate these risks and work to enhance risk responsiveness based on risk management regulations in collaboration with all divisions and Group companies through various committees and meetings.

In the year ended March 2009, we introduced an emergency communication channel. We handed out a card to everyone working in the Group detailing the person to contact in case of a crisis anywhere in the Group, day or night and even on holidays. This enables an integrated approach to crisis response.

Risk Management Promotion System



Risk Management Action Cycle



Major Risks in Year Ending March 2011

TOTO has appointed general risk managers who are working to prevent major risks in the year ending March 2011. The key risks among these were identified as risk of infection from new forms of influenza, quality issues (accidents caused by products), industrial accidents, personal information leaks, large-scale disasters such as earthquakes and fires, and environmental contamination. The Risk Management Committee monitors these risks as a priority task and promotes activities to minimize risk throughout the Group.

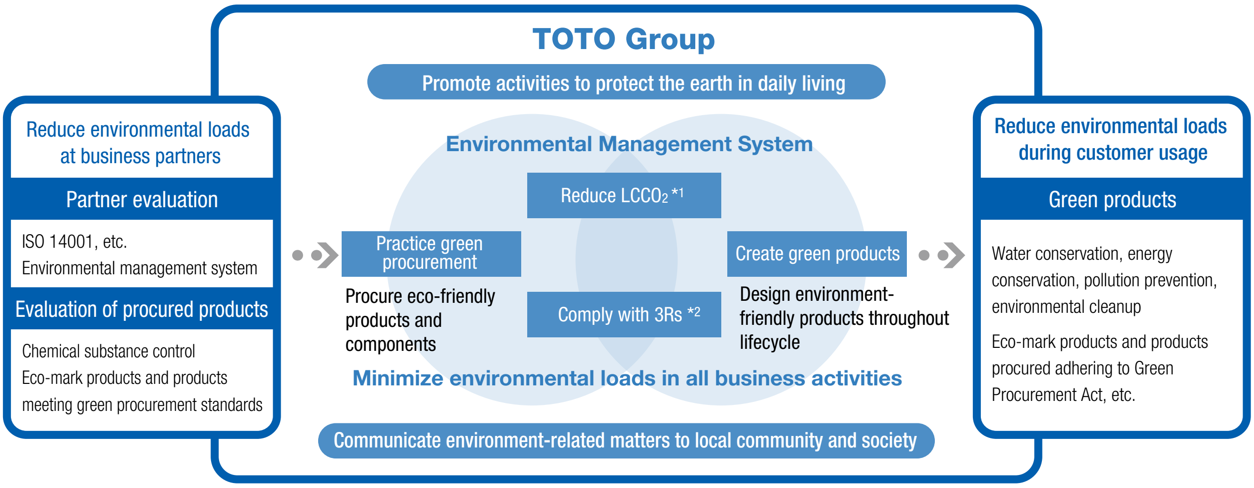
Principle Major Risks

Risk of disaster or accident	Natural disasters (floods, earthquakes)
	Fires, explosions
	Traffic accidents
	Industrial accidents
IT-related risk	Unauthorized access
	Breakdown, stoppage
	Information leaks
	Personal information leaks
Management risk	Violation of intellectual property rights
	Environmental contamination
	Waste disposal
	Product liability
	Product recalls
	Breach of compliance
	Workforce management
	Credit exposure management
Management	Customer response
	Incidents involving business partners, or bankruptcy thereof
Political, economic, social risk	Terrorist attacks, war
	Changes in rules and regulations, systems
	Exchange rate and interest rate fluctuations
	Changes in tax system, accounting standards
	Rumors
	Spread of infectious disease

Environmental Data

TOTO's Environmental Conservation Activities

The TOTO Group promotes activities to reduce environmental impact in all business processes.



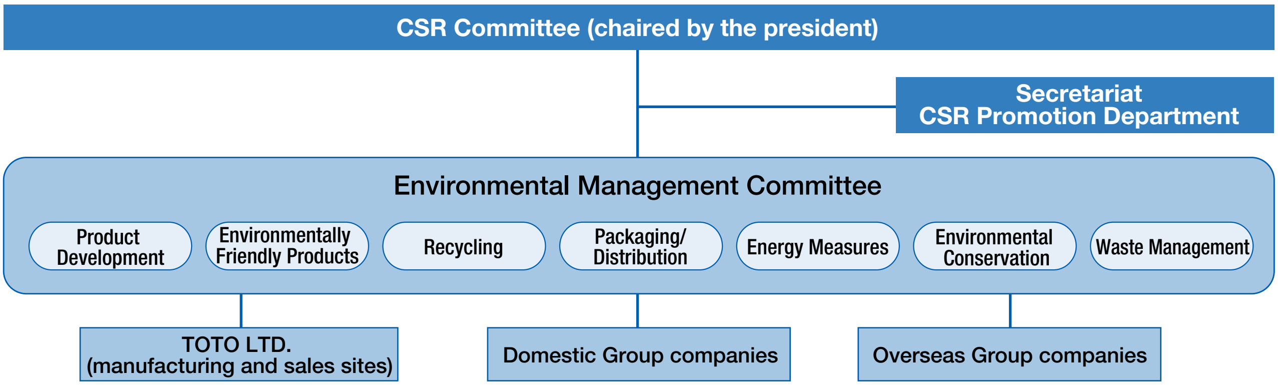
*1: $LCCO_2$ (lifecycle CO_2): Amount of CO_2 emitted throughout entire lifecycle
*2: Reduce, Reuse, Recycle

Environmental Management System

The TOTO Group has adopted the following system to advance environmental conservation activities.

The CSR Committee, chaired by the Company's president, meets twice a year to formulate basic policies for environmental conservation activities and deliberate on key environmental challenges. Subcommittees are formed based on the results of these discussions to develop policies regarding specific CSR items. Each subcommittee is effectively linked to help advance activities. Domestic and overseas companies work together to formulate and promote concrete action plans.

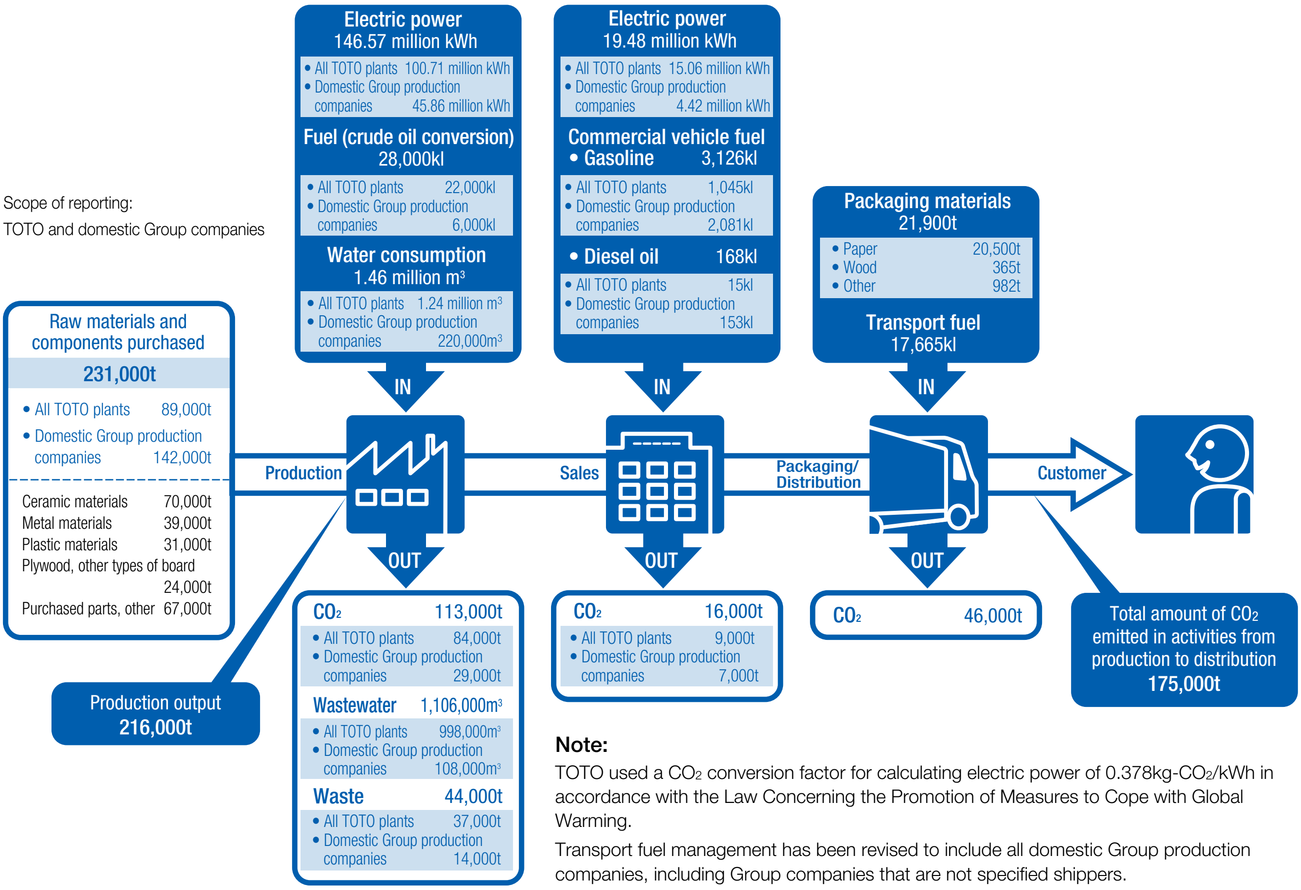
TOTO is dedicated to implementing ISO 14001 environmental management standards and is constantly striving to enhance its environmental management system through the PDCA (Plan, Do, Check, Act) cycle. Ongoing improvements at each business site and voluntary environmental activities are also implemented.



The entire TOTO Group implements and makes continuous improvements to the PDCA cycle for its environmental management system.

Overview of Environmental Loads in the Fiscal Year Ended March 2010

Scope of reporting:
TOTO and domestic Group companies



Note:
TOTO used a CO_2 conversion factor for calculating electric power of 0.378kg-CO_2/kWh in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming.
Transport fuel management has been revised to include all domestic Group production companies, including Group companies that are not specified shippers.

Environmental Accounting

TOTO practices environmental accounting that utilizes a corporate operating manual created based on the Japanese Ministry of the Environment guidelines.

■ Investment for the applicable period: ¥11.61 billion ■ Total R&D costs: ¥13.11 billion

(¥ million)

		Upstream Costs	Costs by Business Area			Downstream Costs			Management Costs, etc.	Total
		Green Procurement	Energy Conservation	Pollution Prevention	Waste Reduction/ Recycling	Product Transfer/ Transport	R&D for Eco-Products	Collection, Recycling Research		
Environmental conservation costs	Investment	0.0	261.5	3.0	0.0	0.0	15.0	1.8	0.0	281.3
	Cost	0.4	26.9	391.8	513.8	95.3	218.3	46.8	285.6	1,578.9
Total		0.4	288.4	394.8	513.8	95.3	233.3	48.6	285.6	1,860.2
Economic benefits		7.2	7.19	0.0	110.7	135.2	0.0	0.0	0.0	325.0
Environmental conservation benefits		Produced 5,000 uniforms from recycling of 12,000 PET bottles	Reduced energy	Complied with laws and regulations	Improved recycling rate	Reduced packaging materials by 87t/yr Reduced transport fuel by 551kl/yr	—	—	Improved environmental awareness	
CO_2 conversion (t)		—	3,167t	—	—	1,444t	—	—	—	4,611t

・Concerning calculation of environmental conservation costs and effects
1. Results are recorded monthly in conjunction with the monthly accounting system.
2. Economic benefits with minimal basis for calculation, including assumed profits, have been excluded.
3. Depreciation expenses are included in investment amounts and have therefore been omitted from environmental conservation costs to avoid duplication.
4. Development costs within R&D expenditures for eco-products were excluded from the scope of reporting in order to avoid overestimation.

Environmental Data

Results of Environmental Conservation Action Plan

Sixth Environmental Conservation Action Plan April 2007-March 2010 Results

Categories	Items	Control Items	(Final Year Targets) March 2010 Targets	Results for the Year Ended March 2008
Product development	Develop eco-products	Eco-product development ratio*1	Over 90%	95%
		Eco-product sales ratio*2	+5 pts YoY	67%
	Control harmful substances in products	Progress in plan	Start at all companies	Completed requirement definitions
Energy	Promote reduction in CO_2 emissions*3	Domestic reduction rate	Reduce by 20% from March 1991 levels	27.6% reduction
		Progress rate per unit of output overseas*4	Improve by 2% from March 2009 levels	–
Pollution prevention	Manage environmental risk by strengthening legal compliance	No. of violations / complaints	0 cases/yr	1 case/yr
Waste	Reduce waste	Per unit of sales*5	Reduce by 3% from March 2007 levels	5.2% reduction
Distribution	Reduce packaging materials	Reduction rate	Reduce by 12% from March 2001 levels	11.4% reduction
	Reduce transport fuel	Reduction rate	Reduce by 3% from March 2007 levels	1.2% reduction
Used products	Cultivate new users for recycled materials	Number of new users	1 user/yr	2 users/yr

*1 Eco-product development ratio: $\frac{\text{Sales forecast for new TOTO eco-products in fiscal year}}{\text{Sales forecast for all new products in fiscal year}} \times 100$
(Sales forecast: Employs sales estimates in the third fiscal year following product launch)

*2 Eco-product sales ratio: $\frac{\text{Sales of TOTO eco-products in fiscal year}}{\text{Sales of all TOTO products in fiscal year}} \times 100$

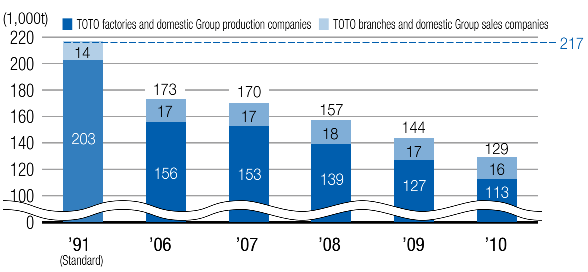
*3 CO_2 emissions: TOTO used a CO_2 conversion factor for calculating electric power of 0.378kg-CO_2/kWh in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming.

*4 Per unit of output overseas: $\frac{\text{CO}_2\text{ emissions at TOTO Group overseas production bases (t)}}{\text{Production value at TOTO Group overseas production bases (US\$10,000)}}$

*5 Per unit of sales: $\frac{\text{TOTO Group waste (t)}}{\text{TOTO Group sales (¥100mn)}}$

CO_2 Emissions at Domestic Group Companies

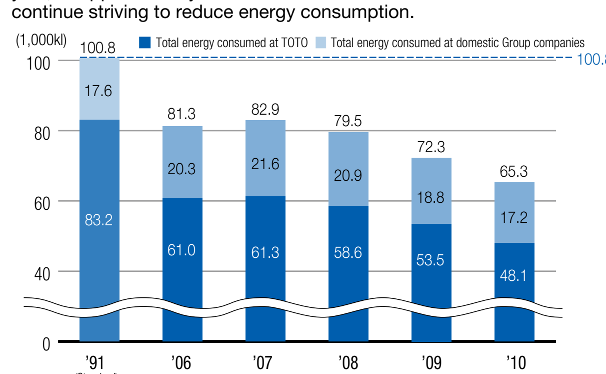
Targeting a 20% reduction in CO_2 emissions by March 2011 (versus March 1991 levels), domestic Group companies achieved this target in the year ended March 2006 by switching fuel in production and various energy conservation initiatives group-wide. A further reduction of 40.6% (versus March 1991 levels) was achieved in the year ended March 2010. As a next challenge, TOTO is continuing with activities aiming for a 45% reduction in CO_2 emissions (versus March 1991 levels) by March 2018.



Note: TOTO used a CO_2 conversion factor for calculating electric power of 0.378kg-CO_2/kWh in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming. Estimates are utilized for certain past data.

Energy Consumption

The total amount of energy consumed in domestic production was reduced by approximately 7,000kl (9.7%) compared with the previous year, or approximately 65% versus March 1991 levels. TOTO will continue striving to reduce energy consumption.

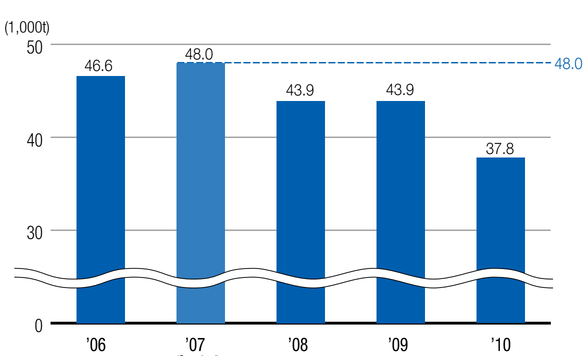


Note: TOTO used an energy conversion factor of crude oil of 2.54kl/10,000kWh in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming.

Reduction in Plant Waste

TOTO worked to increase the proportion of sludge (clay) discharged in the production of ceramic sanitary ware that is transformed into raw materials for reuse as a means of further reducing waste. In addition, TOTO is working to increase the recycling rate and reduce the amount of waste by introducing a pressure filter press by the year ending March 2011 to reduce the amount of sludge (clay).

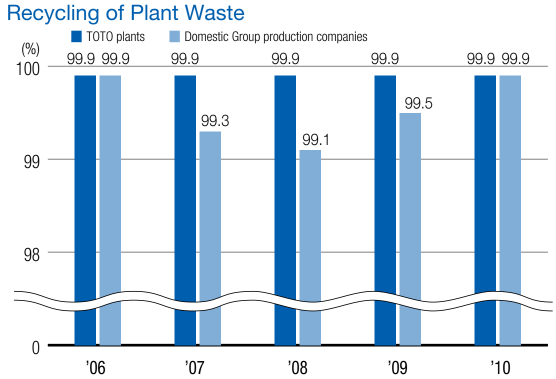
Total Waste



Recycling of Plant Waste

In the year ended March 2010, TOTO continued to recycle sludge (clay) discharged in the production of ceramic sanitary ware as a raw material in bricks. In addition, "scherben" (crushed ceramic ware) is recycled as refractory material and ceramic aggregate for color pavement. TOTO plans to continue to vigorously promote activities to cultivate other new applications.

Recycling of Plant Waste

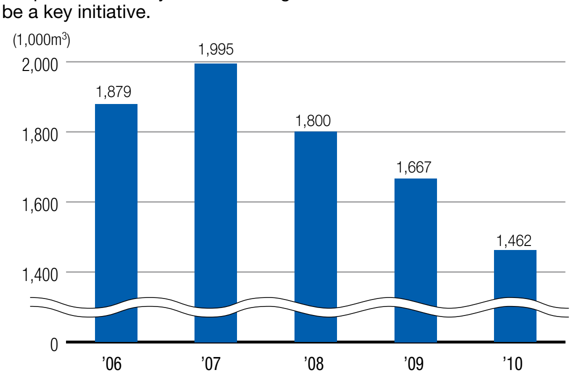


	Results for the Year Ended March 2009	Results for the Year Ended March 2010	Evaluation
	96%	95%	◎
	67%	68%	△
	Completed operational test	Started at all companies	◎
	33.5% reduction	40.6% reduction	◎
	–	5.4% improvement	◎
	0 case/yr	0 case/yr	◎
	1.5% reduction	4.8% reduction	◎
	12% reduction	12.5% reduction	◎
	3.2% reduction	5% reduction	◎
	2 users/yr	2 users/yr	◎

■ Evaluation
◎ : Exceeded target (Over 100%)
○ : Achieved target (95-100%)
△ : In progress, but target not yet achieved (70-95%)
× : Target not achieved (Under 70%)

Water Consumption

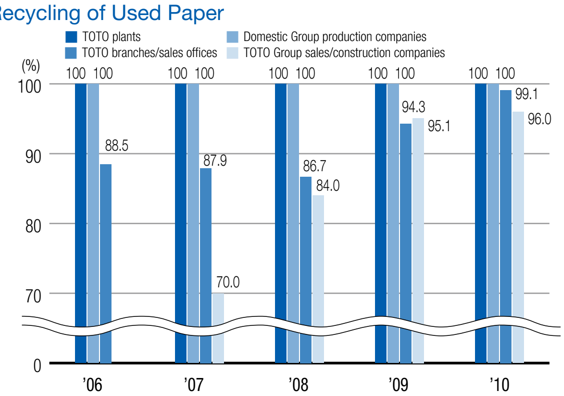
TOTO reduced the amount of water used in production processes at plants in Japan by approximately 205,000m³, or 12.3%, compared with the previous fiscal year. Promoting water conservation will continue to be a key initiative.



Promoting Recycling by Separating and Collecting Used Paper

TOTO plants and Group production companies continue to maintain a 100% recycling rate. TOTO branches and business sites as well as Group sales and construction companies worked to increase the rate of resource recycling at respective locations based on the results of research on treatment methods adopted by waste management contractors.

Recycling of Used Paper



Response to Soil and Groundwater Contamination

TOTO conducts voluntary soil surveys at all of its plants in compliance with guidelines of the Soil Contamination Countermeasures Act. Since trichlorethylene was detected at above accepted environmental standard values from the soil and groundwater at the Chigasaki Plant, TOTO reported this to Chigasaki City authorities and on its website in April 2005.

Treatment facilities were installed in May 2005 and soil and groundwater cleanup efforts began in September. TOTO cleared environmental standard values in May 2008. TOTO completed a two-year period of monitoring in April 2010 after submitting a progress report to Chigasaki City authorities.

Compliance with Environmental Laws and Regulations

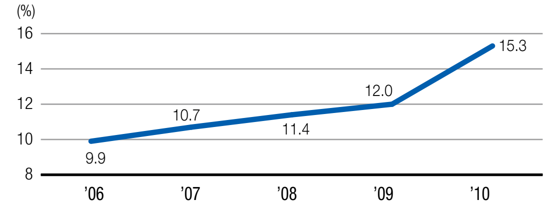
Pollution prevention measures are being promoted via our environmental management system. TOTO also works to reduce environmental loads and prevent pollution by complying with various laws and regulations and setting voluntary management standards.

Management Item	Target	Result
Compliance with environmental laws and regulations	Violations: 0	0
Number of complaints	Complaints: 0	0

Reduction of Packaging Materials

TOTO's own packaging design guidelines based on the 3Rs (Reduce, Reuse, Recycle) have been formulated aimed at reducing waste at building sites, with concerted efforts to reduce packaging materials.

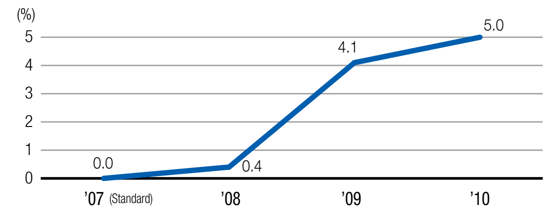
Reduction of Packaging Materials (vs. March 2001 levels)



Reduction of Transport Fuel

Aiming to reduce CO_2 emissions, concerted efforts are being directed toward reducing fuel used in transport. TOTO strives to increase efficiency in transportation in conjunction with transport companies and distributors via such measures as enhancing load efficiency and conducting joint deliveries.

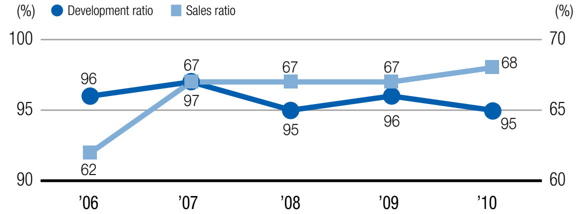
Reduction of Transport Fuel



Development of Eco-Products

For plumbing products that are used daily, environmental load is far greater during the customer usage stage than the production stage. For that reason, TOTO has been developing energy-saving products based on unique standards designating TOTO eco-products from the standpoint of lifecycle assessment. In the year ending March 2011, TOTO is conducting a further review of items in the lifecycle assessment of products to update accreditation criteria for "TOTO green products."

Development ratio Sales ratio



Environmental Data

Aiming to Realize the Goals of TOTO GREEN CHALLENGE

TOTO adopts an integrated approach to environmental conservation activities in four domains from the three key perspectives of products and services, manufacturing and social contribution and human advancement.

In order to effectively promote these activities, TOTO formulated the 7th Global Environmental Action Plan, which runs until March 2013.

Aims of TOTO GREEN CHALLENGE

	TOTO GREEN CHALLENGE		
Three key perspectives / Four domains	Products and services	Manufacturing	Social contribution and human advancement
Prevent global warming	· Develop top international water- and energy-saving technologies and aim to provide products that can reduce CO_2 emitted from plumbing in the home by over 50% (versus March 1991 levels)	· Reduce CO_2 emissions globally in production, logistics and sales promotion activities 【Domestic】 Reduce by 45% (versus March 1991 levels) 【International】 Reduce by 2% per basic unit every year 【Domestic logistics】 Reduce by 1% per basic unit every year	· Promote environmental contribution activities from the perspective of biodiversity that involve society, and promote human advancement by heightening environmental awareness · Each employee has high environmental awareness and understands the basis of the overall TOTO GREEN CHALLENGE vision, and all Group employees work together with stakeholders to implement activities under this program. The aim is to extend the spectrum of people who contribute to environmental conservation and increase the number of TOTO supporters by communicating this to the public.
Value resources	· Aim for products and services with global standard recycling-oriented design	· Aim for zero emissions at business sites worldwide · Aim to establish recycling technologies for core products and a system for recycling	
Provide safe and secure products that do not contaminate the environment	· Aim to provide safe and secure products that satisfy global standards pertaining to chemical substances contained in products · Promote widespread use globally of Hydrotect, which has an air purification capability (removes NOx)	. Maintain zero violations of environmental laws and regulations at business sites worldwide	
Contribute to biodiversity	· Realize sustainable resource use through CSR procurement of materials from other countries that considers the preservation of biodiversity. These activities have been critically acclaimed by stakeholders, including throughout the supply chain, and help us fulfill our responsibility as a global enterprise.		

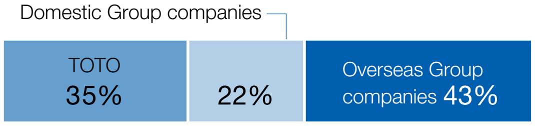
Management Indicators of 7th Global Environmental Action Plan

	TOTO GREEN CHALLENGE		
Three key perspectives / Four domains	Products and services	Manufacturing	Social contribution and human advancement
Prevent global warming	· Reduction rate for CO_2 during product usage March 2013: Reduce by 30% (versus March 1991 levels)	· Domestic: CO_2 emissions March 2013: Reduce by 40% (versus March 1991 levels) · International: Emissions per basic unit of production March 2013: Reduce by 6% (versus March 2010 levels) · Domestic: Transport fuel per basic unit March 2013: Reduce by 3% (versus March 2010 levels) · International: Transport fuel per basic unit March 2013: Continue research	· Number of employees and stakeholders to be involved in acorn tree reforestation project and TOTO Water Environment Fund March 2013: 30,000 · Number of trees to be planted March 2013: 20,000 · Tree-planting area March 2013: 2 hectares · Number of people to have completed environmental education course March 2013: 5,000
Value resources	· Rate of progress in 3R design plan for new products March 2013: 100%	· Emissions per basic unit of production at domestic production sites March 2013: Reduce by 3% (versus March 2010 levels) · Rate of progress in recycling plan March 2013: 100%	
Provide safe and secure products that do not contaminate the environment	· Rate of compliance with laws and regulations related to chemical substances contained in products March 2013: 100%	· Cases of legal violation March 2013: 0 cases	
Contribute to biodiversity	· Rate of progress in green procurement plan March 2013: 100%		

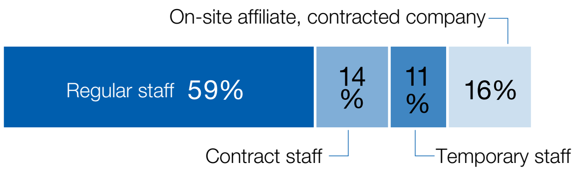
Human Resources Related Data

Employee Composition

By organization (as of March 2010)

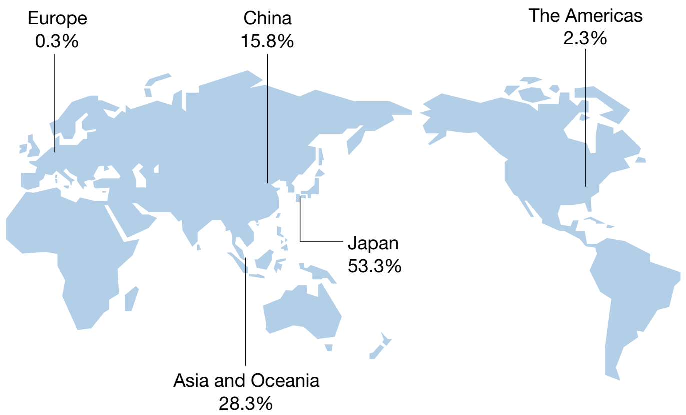


By employment type (as of March 2010)



*Data for “by employment type” refers to domestic TOTO Group companies.

Employee Composition by Region (March 2010)



*Data for TOTO Group

Age and Length of Service

	March 2008		March 2009		March 2010	
	Male	Female	Male	Female	Male	Female
Average age	44.0	37.1	44.0	37.1	44.1	38.2
Average length of service (years)	19.7	12.0	20.0	11.1	19.4	11.6

*Data for regular employees of TOTO LTD.

Number of New Graduate Recruits

	Year ended March 2009		Year ended March 2010		Year ending March 2011	
	Male	Female	Male	Female	Male	Female
TOTO LTD.	107	55	107	56	130	28
Domestic Group companies	47	56	54	57	49	26
Total	154	111	161	113	179	54

*Data for regular employees

Promoting Diversity in the Workplace

	March 2008	March 2009	March 2010
Re-employed*1	41	89	72
Number of persons with disabilities employed (rate)*2	214 (2.06%)	223 (2.09%)	225 (2.03%)
Number of foreign nationals employed*3	6	5	17

*1 Data for regular/contract employees of TOTO LTD.
*2 Data for regular/contract employees of TOTO Group
*3 Figures for the years ended March 2008 and 2009 are for regular/contract employees of TOTO LTD. Figures for the year ended March 2010 are the total of regular/contract employees of TOTO LTD. and domestic Group companies.

Promoting a Good Work-Life Balance

Work Hours (year ended March 2010)

Standard working hours per year	1,894.86 hours per person
Hours actually worked per year	1,841.21 hours per person
Average overtime hours per month	9.9 hours per person
Number of paid holidays taken per year	12.8 days per person

*Data for regular employees of TOTO LTD.

	Year ended March 2008	Year ended March 2009	Year ended March 2010
Percentage of paid holidays taken	65.0%	69.4%	65.1%

*Data for regular employees of TOTO LTD.

Systems Related to Work-Life Balance (as of April 2010)

Childbirth and childcare	·Childcare leave system ·Reduced work hour system ·Childcare flexible work hour system ·Days off for fertility treatment ·Child illness leave
Nursing care	·Nursing care leave system ·Reduced work hour system
Other	·Paid leave ·Volunteer leave

*Data for regular employees of TOTO LTD.

Number of People Using Reduced Work Hour and Leave Systems

	Year ended March 2008		Year ended March 2009		Year ended March 2010	
	Male	Female	Male	Female	Male	Female
Childcare leave	3	106	0	92	0	113
Reduced work hours for childcare	0	93	0	109	1	136
Nursing care leave	0	5	1	4	0	2
Volunteer leave	62	13	131	10	62	1

*Data for regular/contract employees of TOTO LTD.

GRI Guidelines Reference

GRI Sustainability Reporting Guidelines (Version 3) was used as a reference in creating this report and the TOTO Group website.

*The following list shows the page numbers containing information related to these guidelines. The following abbreviations are used for the main and supplemental publications:
CR: *TOTO CORPORATE REPORT 2010*
FC: *TOTO CORPORATE REPORT 2010 Financial & CSR Section*

Section	Indicator	Publications	Website (Japanese only)
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	CR: P3-5	CSR
1.2	Description of key impacts, risks, and opportunities	FC: P3-8	CSR
2. Organizational Profile			
2.1	Name of the organization	CR: P15-16 FC: P38	About TOTO
2.2	Primary brands, products, and/or services	CR: P15-16 FC: P38	About TOTO
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	CR: P15-16 FC: P36	About TOTO
2.4	Location of organization's headquarters	CR: P15-16 FC: P38	About TOTO
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	CR: P15-16 FC: P36	About TOTO
2.6	Nature of ownership and legal form	CR: P15-16 FC: P38	About TOTO
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries	CR: P15-16 FC: P9-24, P36	About TOTO
2.8	Scale of the reporting organization, including: · Number of employees · Net sales (for private sector organizations) or net revenues (for public sector organizations) · Total capitalization broken down in terms of debt and equity (for private sector organizations) · Quantity of products or services provided	CR: P15-16 FC: P2-8, P9-24, P38	About TOTO IR
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: · The location of, or changes in operations, including facility openings, closings, and expansions · Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)	FC: P3-8, P9-24	IR
2.10	Awards received in the reporting period		CSR
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	CR: P7-8 FC: P1	
3.2	Date of most recent previous report (if any)	June 2009	June 2009
3.3	Reporting cycle (annual, biennial, etc.)	CR: P7-8	
3.4	Contact point for questions regarding the report or its contents	CR & FC: back cover	CSR
Report Scope and Boundary			
3.5	Process for defining report content, including: · Determining materiality · Prioritizing topics within the report · Identifying stakeholders the organization expects to use the report	CR: P7-8	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	CR: P7-8	
3.7	State any specific limitations on the scope or boundary of the report	CR: P7-8	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	CR: P7-8	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		IR
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report	This page	CSR
Assurance			
M	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	CR: P34	CSR
4. Governance, Commitments, and Engagement			
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	CR: P27-28 FC: P25	CSR
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	FC: P38	About TOTO
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	CR: P27-28 FC: P25	CSR
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	CR: P27-28 FC: P25	CSR
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	CR: P27-28 FC: P25	CSR
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	CR: P27-28 FC: P25	CSR
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	CR: P27-28 FC: P25	CSR
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	CR: P6	About TOTO
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	CR: P27-28 FC: P25, P26	CSR
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	CR: P27-28 FC: P25	CSR
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	CR: P27-28 FC: P3-8, P26	CSR
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses		CSR
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: · Has positions in governance bodies · Participates in projects or committees · Provides substantive funding beyond routine membership dues · Views membership as strategic		
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization	CR: P29-30	CSR

4.15	Basis for identification and selection of stakeholders with whom to engage	CR: P29-30	About TOTO
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	CR: P29-30	CSR
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	CR: P29-30	CSR
5. Management Approach and Performance Indicators			
Economic			
Disclosure on Management Approach			
	Goals and Performance	FC: P3-8	IR
	Policy	FC: P3-8	IR
	Additional Contextual Information	FC: P3-8	IR
Aspect: Economic Performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	FC: P2-24	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	CR: P9-10, P23-24 FC: P3-8, P27-31	Environment
EC3	Coverage of the organization's defined benefit plan obligations		
EC4	Significant financial assistance received from government		
Aspect: Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation		
Aspect: Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	CR: P23-24, P31-32	CSR
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	FC: P28	Environment
Environmental			
Disclosure on Management Approach			
	Goals and performance	FC: P28-31	Environment CSR
	Policy	FC: P27, P31	About TOTO Environment
	Organizational responsibility	CR: P27-P28 FC: P27	Environment CSR
	Training and awareness	CR: P23-24	Environment CSR
	Monitoring and follow-up	CR: P27-28 FC: P25, P27	Environment CSR
	Additional contextual information		
Aspect: Materials			
EN1	Materials used by weight or volume	FC: P28-30	Environment
EN2	Percentage of materials used that are recycled input materials		
Aspect: Energy			
EN3	Direct energy consumption by primary energy source	FC: P28-30	Environment
EN4	Indirect energy consumption by primary source	FC: P28-30	Environment
EN5	Energy saved due to conservation and efficiency improvements	FC: P28-30	Environment
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		Environment
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	FC: P28-30	Environment
Aspect: Water			
EN8	Total water withdrawal by source	FC: P28, P30	Environment
EN9	Water sources significantly affected by withdrawal of water		
EN10	Percentage and total volume of water recycled and reused		

Aspect: Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	CR: P23-24	Environment
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	CR: P23-24 FC: P27-28, P31	Environment
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		
Aspect: Emissions, Effluents, and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	CR: P23 FC: P28-30	Environment
EN17	Other relevant indirect greenhouse gas emissions by weight	FC: P28-30	Environment
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	FC: P28-30	Environment
EN19	Emissions of ozone-depleting substances by weight		
EN20	NO, SO, and other significant air emissions by type and weight		Environment
EN21	Total water discharge by quality and destination		Environment
EN22	Total weight of waste by type and disposal method	FC: P29-30	Environment
EN23	Total number and volume of significant spills	FC: P29-30	Environment
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		
Aspect: Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	CR: P9-10, P23-24	Environment
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		
Aspect: Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	FC: P29-30	Environment
Aspect: Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	CR: P23-24 FC: P28-30	Environment
Aspect: Overall			
EN30	Total environmental protection expenditures and investments by type	FC: P28	Environment
Labor Practices and Decent Work			
Disclosure on Management Approach			
	Goals and performance	CR: P25-26 FC: P32	CSR
	Policy	CR: P25-26	CSR
	Organizational responsibility	CR: P28	About TOTO
	Training and awareness	CR: P25-26	CSR
	Monitoring and follow-up	CR: P25-26, P29-30	CSR
	Additional contextual information	CR: P25-26	CSR
Aspect: Employment			
LA1	Total workforce by employment type, employment contract, and region	CR: P25-26 FC: P32	CSR
LA2	Total number and rate of employee turnover by age group, gender, and region		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	FC: P32	
Aspect: Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements		
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		

GRI Guidelines Reference

Aspect: Occupational Health and Safety			
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs		CSR
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region		CSR
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	CR: P25-26	CSR
LA9	Health and safety topics covered in formal agreements with trade unions	CR: P25-26	CSR
Aspect: Training and Education			
LA10	Average hours of training per year per employee by employee category		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		
LA12	Percentage of employees receiving regular performance and career development reviews		CSR
Aspect: Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	FC: P32	CSR
LA14	Ratio of basic salary of men to women by employee category		
Human Rights			
Disclosure on Management Approach			
	Goals and performance	CR: P27-28	CSR
	Policy	CR: P27-28	About TOTO
	Organizational responsibility	CR: P27-28	About TOTO
	Training and awareness	CR: P27-28	CSR
	Monitoring and follow-up	CR: P27-28, P29-30	CSR
	Additional contextual information		
Aspect: Investment and Procurement Practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	CR: P30	CSR
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		CSR
Aspect: Non-Discrimination			
HR4	Total number of incidents of discrimination and actions taken		
Aspect: Freedom of Association and Collective Bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	CR: P30	CSR
Aspect: Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	CR: P30	CSR
Aspect: Forced and Compulsory Labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	CR: P30	CSR
Aspect: Security Practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		CSR
Aspect: Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken		
Society			
Disclosure on Management Approach			
	Goals and performance	CR: P9-14	CSR
	Policy	CR: P3-5	CSR
	Organizational responsibility	CR: P28	About TOTO
	Training and awareness	CR: P27-28	CSR
	Monitoring and follow-up	CR: P27-28	CSR
	Additional contextual information		
Aspect: Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting		
Aspect: Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption	CR: P28 FC: P26	CSR
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		CSR
SO4	Actions taken in response to incidents of corruption		
Aspect: Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		
Aspect: Anti-Competitive Behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		Environment
Product Responsibility			
Disclosure on Management Approach			
	Goals and performance	CR: P21-22	CSR
	Policy	CR: P21-22	About TOTO CSR
	Organizational responsibility	CR: P28	About TOTO
	Training and awareness	CR: P21-22	CSR
	Monitoring and follow-up	CR: P21-22	CSR
	Additional contextual information		
Aspect: Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	CR: P21-22	CSR
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	CR: P22	About TOTO
Aspect: Product and Service Labeling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	CR: P21-22	CSR
Aspect: Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		
Aspect: Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		
Aspect: Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		

TOTO Group Global Network

As of August 2010

Domestic

Domestic Plants (7 plants)

Kokura No. 1 Plant	(Fukuoka Prefecture)
Kokura No. 2 Plant	(Fukuoka Prefecture)
Nakatsu No. 2 Plant	(Oita Prefecture)
Oita Plant	(Oita Prefecture)
Shiga Plant	(Shiga Prefecture)
Shiga No. 2 Plant	(Shiga Prefecture)
Chigasaki Plant	(Kanagawa Prefecture)

Domestic Sales Branches (14 branches)

Headquarters	(Fukuoka Prefecture)
Sapporo Branch	(Hokkaido Prefecture)
Tohoku Branch	(Miyagi Prefecture)
Shinetsu Branch	(Niigata Prefecture)
Kita-Kanto Branch	(Saitama Prefecture)
Higashi-Kanto Branch	(Chiba Prefecture)
Tokyo Branch	(Tokyo)
Yokohama Branch	(Kanagawa Prefecture)
Nagoya Branch	(Aichi Prefecture)
Hokuriku Branch	(Ishikawa Prefecture)
Kansai Branch	(Osaka Prefecture)
Chugoku Branch	(Hiroshima Prefecture)
Shikoku Branch	(Kagawa Prefecture)
Kyushu Branch	(Fukuoka Prefecture)

Domestic Group Companies

● Manufacturing

TOTO WASHLET TECHNO LTD.
Manufacturing of Washlet and other products

TOTO ENPLA LTD.
Manufacturing and sales of toilet seats, plastic and rubber forming parts

TOTO OKITSUMO Coatings LTD.
Manufacturing and sales of coating materials and coatings for organic, inorganic and metal materials; coating works

TOTO SANITECHNO LTD.
Manufacturing and sales of sanitary ware

TOTO High Living LTD.
Manufacturing and sales of modular kitchens and bathroom vanity units

TOTO Bath Create LTD.
Manufacturing and sales of unit bathrooms

TOTO Fine Ceramics LTD.
Manufacturing and sales of optical transmission materials, etc.

TOTO PLATEC LTD.
Manufacturing and sales of Marbright artificial marble counters and plastic enameled bathtubs

TOTO MATERIA LTD.
Manufacturing and sales of tile materials

SUNAQUA TOTO LTD.
Manufacturing and sales of fittings for water faucets, etc.

● Sales

TOTO AQUAIR LTD.
Remodeling consultation, design, construction and sales of nonresidential equipment

TOTO EXCERA LTD.
Sales of tile products

TOTO MTEC LTD.
Sales of residential equipment

TOTO Engineering LTD.
Construction, sales, design and contracting of residential equipment

TOTO Hokkaido Sales LTD.
Sales of residential equipment

TOTO Tohoku Sales LTD.
Sales of residential equipment

TOTO Niigata Sales LTD.
Sales of residential equipment

TOTO Shinsyu Sales LTD.
Sales of residential equipment

TOTO Chubu Sales LTD.
Sales of residential equipment

TOTO Osaka Sales LTD.
Sales of residential equipment

TOTO Kinki Sales LTD.
Sales of residential equipment

TOTO Chugoku Sales LTD.
Sales of residential equipment

TOTO Shikoku Sales LTD.
Sales of residential equipment

TOTO Kochi Sales LTD.
Sales of residential equipment

TOTO Hokubu-Kyusyu Sales LTD.
Sales of residential equipment

TOTO Minami-Kyusyu Sales LTD.
Sales of residential equipment

CERA TRADING LTD.
Import and sales of overseas plumbing equipment

MORROWS LTD.
Design and construction of remodeling for houses and shops

REMODEL TECHNO LTD.
Design and construction of remodeling for houses and shops

Nakayama Kenzai LTD.
Sales of residential equipment

● Services, Support, Others

TOTO INFOM LTD.
Development and maintenance of software

TOTO EXPERT LTD.
Temporary personnel service

TOTO BUSINETZ LTD.
Temporary personnel service, personnel affairs, benefits package, operation of pharmacies, leasing of real estate

TOTO Finance LTD.
Financing and accounting services for group companies

TOTO Frontier Research LTD.
Patent and licensing business for Hydrotect

TOTO Maintenance LTD.
After service and maintenance of TOTO products

TOTO LOGICOM LTD.
Freight transportation service

Overseas

• U.S.A.

TOTO AMERICAS HOLDINGS, INC.
Holding company

TOTO U.S.A., INC.
Manufacturing and sales of sanitary ware
Sales offices: New York, Boston, West Hollywood (Los Angeles), Fort Lauderdale, Chicago

• Mexico

TOTO MEXICO, S.A. DE C.V.
Manufacturing and sales of sanitary ware

• China

TOTO (CHINA) CO., LTD.
Holding company and sale of TOTO products
Sales offices: Beijing, Nanjing, Shanghai, Chongqing, Guangzhou, Xiamen, Shenzhen

BEIJING TOTO CO., LTD.
Manufacturing of sanitary ware

TOTO (BEIJING) CO., LTD.
Manufacturing of sanitary ware

TOTO DALIAN CO., LTD.
Manufacturing of faucets

NANJING TOTO CO., LTD.
Manufacturing of enameled cast-iron and acrylic bathtubs

TOTO (SHANGHAI) CO., LTD.
Manufacturing of sanitary equipment-related products

TOTO EAST CHINA CO., LTD.
Manufacturing of sanitary ware

TOTO (GUANGZHOU) CO., LTD.
Manufacturing of sanitary equipment-related products

TOTO (H.K.) LTD.
Sales of TOTO products

VORETO PLUMBING TECHNOLOGY CO., LTD.
Manufacturing of plastic products

ICOT HONG KONG LTD.
Manufacturing and sales of tile materials and other products

• Singapore

TOTO ASIA OCEANIA PTE. LTD.
Regional headquarters and sales of TOTO products

• United Arab Emirates

TOTO ASIA OCEANIA DUBAI SALES BRANCH
Sales of TOTO products

• India

TOTO ASIA OCEANIA DELHI SALES BRANCH
Sales of TOTO products

• Philippines

TOTO ASIA OCEANIA MANILA SALES BRANCH
Sales of TOTO products

• Thailand

TOTO ASIA OCEANIA BANGKOK SALES BRANCH
Sales of TOTO products

THE SIAM SANITARY FITTINGS CO., LTD.
Manufacturing and sales of faucets

Siam Sanitary Ware Co., Ltd.
Manufacturing and sales of sanitary ware

• Vietnam

TOTO VIETNAM CO., LTD.
Manufacturing and sales of sanitary ware, etc.
Sales offices: Hanoi, Ho Chi Minh

• Malaysia

TOTO MALAYSIA SDN. BHD.
Manufacturing of Washlets

• Indonesia

P.T. SURYA TOTO INDONESIA
Manufacturing and sales of sanitary ware, faucets, etc.

• Germany

TOTO Europe GmbH
Regional headquarters and sales of TOTO products

TOTO Germany GmbH
Manufacturing of toilet seats

• Taiwan

TAIWAN TOTO CO., LTD.
Manufacturing and sales of sanitary ware, etc.
Sales offices: Taichung, Miaoli, Kaohsiung

• Korea

TOTO KOREA LTD.
Sales of TOTO products

Stock Information (as of March 31, 2010)

Stock Listings

Tokyo, Nagoya and Fukuoka

Number of Shareholders

31,816

Number of Shares

Authorized: 1,400,000,000
Issued: 371,662,595

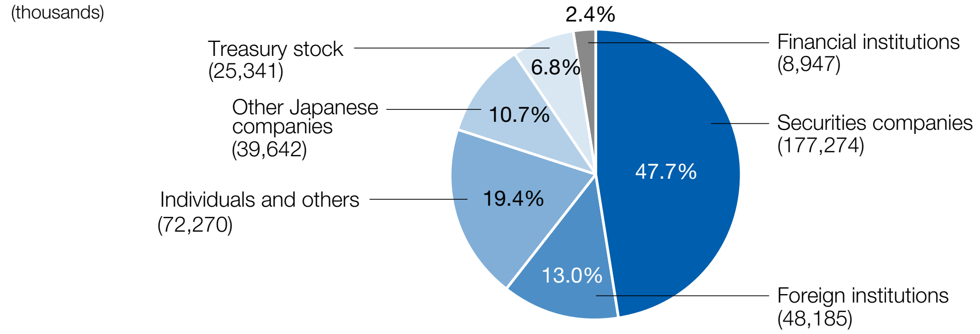
Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

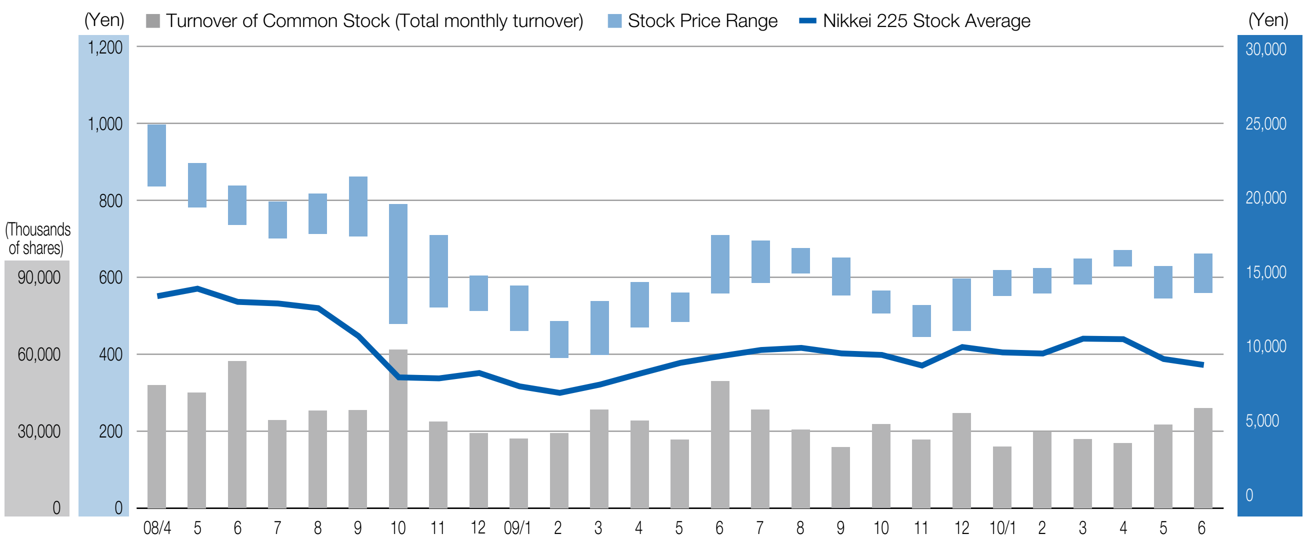
Major Shareholders

	Shares held (thousands)	Percentage of shares held
TOTO LTD.	25,341	6.8%
Meiji Yasuda Life Insurance Company	21,244	5.7%
The Dai-ichi Mutual Life Insurance Company	20,541	5.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,302	4.9%
Japan Trustee Services Bank, Ltd. (Trust Account)	15,559	4.2%
Nippon Life Insurance Company	13,483	3.6%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,619	2.6%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,291	2.5%
AXA Life Insurance Co., Ltd.	6,000	1.6%
NCT Trust and Banking Corporation (Trust Account)	5,622	1.5%

Composition of Shareholders



Stock Price Range/Turnover of Common Stock



Corporate Data (as of March 31, 2010)

Corporate Data

Company Name	TOTO LTD.
Establishment	May 15, 1917
Capital	¥35,579 million (US$382,405 thousand)
Headquarters	1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu, Fukuoka, Japan
Number of Employees	23,143 (consolidated) 7,775 (non-consolidated)
TOTO Group and Affiliates	69 companies (including 62 consolidated subsidiaries) Japan: 38 companies Overseas: 24 companies
Main Businesses	● Equipment for Construction · Restroom Products Sanitary ware (toilet basins, urinals, sinks, washbasins, etc.), system toilets, toilet seats (e.g., Washlet), plumbing accessories, etc. · Bathrooms, Kitchens and Wash Products System bathrooms, fittings (various faucets, drain fittings, etc.), modular kitchens, vanity units, Marbright artificial marble counters, etc. · Other Products Eco-friendly materials (tiles, Hydrotect coating materials, etc.) bathroom ventilation, heating and drying systems, welfare equipment, etc. ● Others · New ceramics

Board of Directors (as of June 29, 2010)

Representative Director and Chairman of the Board	Teruo Kise
Representative Director and President	Kunio Harimoto
Representative Director and Executive Vice President	Kenji Ito
Representative Director and Executive Vice President	Akio Hasunuma
Director and Senior Executive Officer	Tatsuhiko Saruwatari
Director and Senior Executive Officer	Hiromichi Tabata
Director and Senior Executive Officer	Masami Abe
Director and Executive Officer	Hitoshi Nakamura
Director and Corporate Officer	Nobuyasu Kariu
Director and Corporate Officer	Shunji Yamada
Director and Corporate Officer	Toshifumi Shigematsu
Director and Corporate Officer	Shinichiro Nakazato
Director and Corporate Officer	Kiyoshi Furube
Independent External Director	Kazumoto Yamamoto
Independent External Director	Takuma Otoshi
Statutory Auditor	Shinya Satake
Statutory Auditor	Motohiro Oniki
External Corporate Auditor	Junichi Minegishi
External Corporate Auditor	Tatsuo Kaikawa

Cover photo: Aqua Auto Eco (self-sustaining faucet)

The Aqua Auto Eco faucet is equipped with a hydropower generator using water pressure from the water supply and automatically starts and stops water flow using a motion sensor. The faucet is hygienic and helps to conserve water, making it very environmentally friendly.

In 2009, the Aqua Auto Eco faucet won both the Product Design Award and the Universal Design Award at the iF Awards, one of the most prestigious international design awards. The product embodies true TOTO style and was recognized for its eco-conscious features, innovative design and excellent usability.

TOTO LTD.

1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu, Fukuoka, Japan

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

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