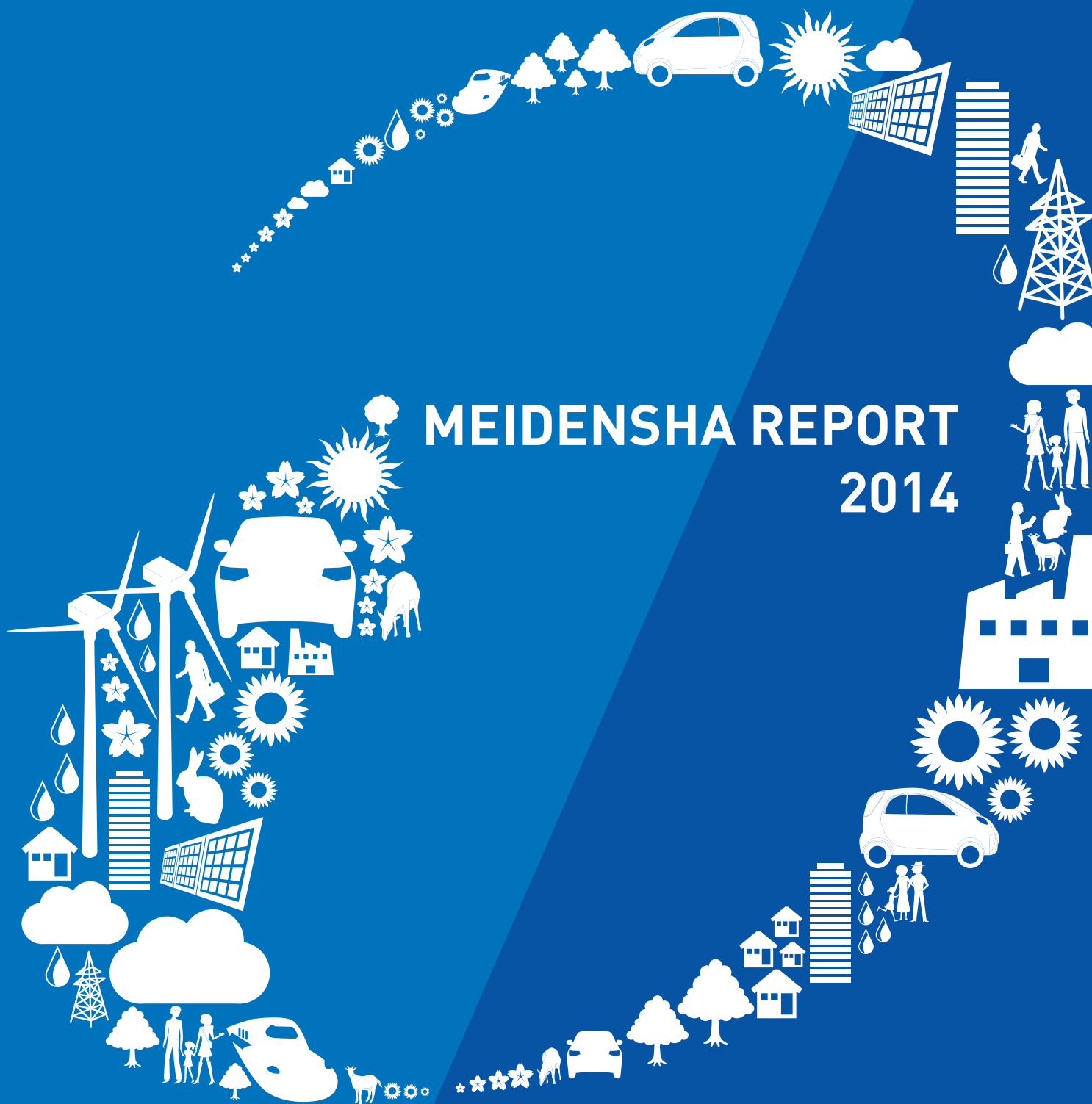


MEIDEN

MEIDENSHA REPORT 2014



Meiden Group Corporate Philosophy

Corporate Mission

Illuminating a more affluent tomorrow

We continue to create value and technologies for the realization of a more affluent and environmentally aware society.

Value Provision

For customer peace of mind and satisfaction

We offer complete environmental consideration and appropriate support for our customers. From product design to commissioning, our highly skilled staff help customers solve various issues and realize their dreams by providing high-quality, socially responsible products and services.

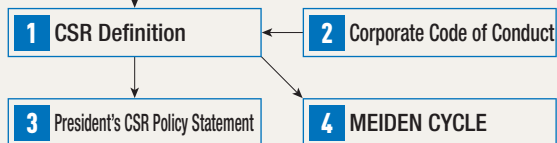
Meiden Group Corporate Philosophy

Corporate Mission

It defines the raison d'être and corporate mission

Value Provision

It defines the unique value provision and core competence



1 CSR Definition

Under the Meiden Group's definition of CSR, "Each and every employee shall work to realize the Group's corporate philosophy so that the Meiden Group is needed by society."

2 Corporate Code of Conduct

This code defines compliance in conducting our CSR programs and activities.

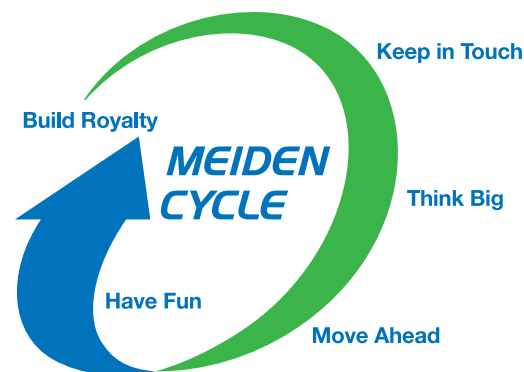
3 President's CSR Policy Order

This policy sets forth the policy of our CSR programs and activities in the medium term. The Policy Order asks each Group employee to implement CSR programs and activities in their daily work. We will draw up specifications that reflect the given business climate and CSR challenges under the then current stage of the POWER 5 management plan.

4 MEIDEN CYCLE

MEIDEN CYCLE shows the guiding spirits shared by all members of the Group in realizing the Group's corporate philosophy.

MEIDEN CYCLE



In order to realize our Group Corporate Philosophy, we must identify the direction for each individual employee to aim towards and provide signposts to help them proceed without losing their way. To enable us to do so, we have made these five actions our watchwords. The actions are mutually linked, with one action calling forth the next, creating a cycle of action and growth. Based on this image, we call this the Meiden Cycle.

By sharing and practicing the Meiden Cycle as the ethos underlying our actions, we seek to maximize the growth cycle for each of our employees. And at the same time, this means that the Meiden Group continues to grow sustainably, looking towards the realization of the Group Corporate Philosophy.

I keep on doing. Act now and keep going.

Build Royalty

To realize the "best product experiences" for the customers, let's produce the new added-value. Take a pride and responsibility that you are engaged in the job that is creating the "backbone or social infrastructure of the society." Make a solid growth as a personal level as well as the corporate level and should reach the level of being "admired" or "trusted" with premium loyalty (royal) by the stakeholders.

Keep in Touch

Do not be afraid the potential conflict of opinion with the "associates" and keep in touch with each other beyond the mental barrier. Have a genuine dialogue with the "customers" to learn their insights. Have a consciousness of being in touch with the community, the society and the global climate.

Think Big

"Is this O.K.?" : Put a question to the status quo. "Inquisitive mind" and "curiosity." : You should keep such mind habit. "The road leading to a solution is not just one" : Please explore every possibility.

Move Ahead

"Act now or perish." : Take a first step with your strong will. "Action of today will make your future." : Make your way towards the goal without hesitation. "Come from your own action with the challenging target" : Take a positive action.

Have Fun

Let's enjoy the moment of "personal growth." Let's sincerely enjoy your "job." Let's get "the passion for Manufacturing Excellence"

Editorial policy

Since fiscal 2013, Meiden Group has issued the Meidensha Report combining our annual report and CSR report.

Meiden Group aims to fully integrate our business and CSR initiatives. This will let us better support the social infrastructure people need and lead the way to a more prosperous tomorrow. We hope that the Meidensha Report will inform and inspire our readers about Group-wide initiatives for achieving our Corporate Philosophy.

Scope of Report

• Reporting period

This report mainly covers initiatives taken in fiscal 2013 (April 1, 2013 - March 31, 2014)

• Scope of Report

The report mainly covers initiatives of Meidensha Corporation ("Meiden") and its Group companies. Human resources data applies to Group companies in Japan, while environmental reporting data applies to Meiden and 46 major Group companies (27 in Japan and 19 overseas).

Guidelines Used as References

- GRI "Sustainability Reporting Guidelines Version 3.1"
- Ministry of the Environment "Environmental Reporting Guidelines (Fiscal Year 2012 Version)"

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Disclaimer

In addition to past and current facts about Meiden Group, this report contains forecasts for the future based on plans, outlooks and business policies and strategies in effect at the time of publication. These forecasts are our assumptions and judgments as based on information available at the time they were stated, and may differ from actual business activity results and events in future owing to changes in conditions. Thank you for your understanding.

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Special Feature


Challenges of Meiden Group



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Driven by our “Sense of Mission,”
“Power of being in Touch,” and
“Agility,” we support our
social infrastructures. We aim
to make a Company Group
trusted by society.


Yuji Hamasaki
President
Meidensha Corporation

Year in Review on Fiscal 2013
While the prospects of the economic outlook uncertain, Meiden Group recorded firm results

— What was your year in review on fiscal 2013?
When I think back on the business environment of fiscal 2013, I view it as a year with a silver lining and a starting-over of the Japanese economy after the doldrums. Prime Minister Abe’s fiscal policies, or *Abenomics*, corrected the strong yen and brought a bullish stock market and Tokyo was selected to host the Olympic and Paralympic Games in summer 2020.

However, when I look at the world situation, the future outlook remains unclear. The economic growth rate of emerging nations saw a slowdown and there have been on-going conflicts between the West and Russia after the Ukraine crisis.

Given such situations, as key policies of its Medium-term Management Plan POWER 5 Phase III, Meiden Group worked to reform

its business structure, including the restructuring of Group companies; develop its power transmission and distribution (T & D) products businesses and grow overseas; and establish the foundations of growing businesses including motor drive products for electric vehicles (EVs), etc.

As a result, the Group recorded consolidated net sales of 216.176 billion yen (up 18.442 billion yen year on year), operating income of 9.546 billion yen (up 1.665 billion yen year on year), ordinary income of 7.79 billion yen (up 1.843 billion yen year on year), and net income

Results for consolidated orders, net sales, and income (million yen)		
	Fiscal 2013 (Planned)	Fiscal 2013 (Results)
Orders received	230,000	232,366
Net sales	210,000	216,176
Operating income	9,000	9,546
Ordinary income	7,500	7,790
Net income for the current period	5,000	6,580

*See pages 11-12 for details of results for each segment.

of 6.58 billion yen (up 2.555 billion yen year on year).
Severe but challenging conditions will continue – Japan’s GDP growth has been sluggish for more than 20 years, the economy will not suddenly improve, and the future direction of the global situation is unclear – but we could see growth in our sales and orders, and would like to make the next management plan by drawing on what we have learned in the current plan.

Towards Business Expansion
By utilizing our “Sense of Mission,” “Power of being in Touch,” and “Agility,” we will have it both ways: Make Our Businesses in Japan stronger and Grow Overseas

— How do you see the market environments at home and abroad and the future outlook?
For the further growth of the Meiden Group, it will be essential for us to have it both ways: make our businesses in Japan (our conventional cash-cow business space) stronger and grow overseas.

We believe that the Japanese market environment will change greatly in the future. There are issues of aging infrastructures. The population is in decline, there are spending cuts in the national and regional government budgets, and there are increasing shifts to overseas capital spending from Japan. At the same time, we expect growth of the market in the new business domains coming from the factors of power network systems reform, increasing demands for renewable energy resources, increasing needs for the energy and natural resources saving, and the building of a smart community.

Meanwhile, regarding overseas markets, against the economic rise of emerging nations mostly in Asia, we believe that demand for infrastructures for local power companies, water supply system and sewage treatment plants and railroads will continue to grow over the medium to long-term range.

Amid such market environments at home and abroad and for the growth of the Meiden Group, we need to return to the basics and utilize our strengths.

— What are Meiden Group’s strengths, and how are you planning to develop?
Meidensha Corporation (“Meiden”) has 117 years of history and has so far grown business through products and services in support of social infrastructure. At times, we received several requests to repair and

modernize 50-year-old facilities. This is because Meiden Group has supplied various systems and has been in support of social infrastructure at home and abroad. We accepted such requests from past experiences. A strong sense of mission in support of social infrastructure (“Sense of Mission”) cultivated under such business environments of being closely in touch with customers is one of the basic features of the Meiden Group. Many employees with this Sense of Mission will foster the long-term good relations with our customers. With this assumption in mind, we will increase job quality and product quality and thus we create a working system that gives the right response to our customers. This is a strength of the Meiden Group.

Other strengths include: “Power of being in Touch,” which refers to connections like a broad network with our customers or the intra-Group companies’ co-operation beyond the business unit’s line. Another strength is “Agility,” which refers to our speedy and flexible response to our customer’s requests or their problems. We would like to further enhance our Group’s competence through the offering of products capable of responding to customer needs and by carefully fostering good connections within the Group as well as relations with our customers and by demonstrating our Group’s original proper and fast response to customer needs and requests.

The Meiden Group’s Medium-term Management Plan POWER 5 Phase III
We will steadily implement priority measures towards the conclusion of our Medium-term Management Plan POWER 5

— Fiscal 2014 is the final year of the Meiden Group’s Medium-term Management Plan POWER 5. Please tell us about the Group’s key policies going forward.

In this final fiscal year of the plan, we will solidly implement key policies and aim to increase our corporate value further, which is necessary for new growth strategies.

First, we will strengthen the Group’s overseas business organization. To realize “Contribution of overseas sales to consolidated sales of 30%,” we assigned two executive officers: one in Singapore overseeing our operations in ASEAN nations and beyond, and the other in Shanghai overseeing our operations in the China region. We will continue to work on the programs for “Local Production and Local Consumption” by promoting product development, production and sales meeting the

needs of such regions. We will also strengthen our quality assurance and servicing organization and systems in the Southeast Asian region. Through such services, we believe it is important to foster long-term relations with customers and would like to build good relationships with local partners doing service provision. Thus, we would like to build solid relations with customers and improved systems.

In addition to this, on March 31, 2013, we signed a stock investment agreement with Prime Electric Ltd. (PEL), a supplier of power transformers in India. By combining our long-term technologies and quality expertise and PEL's advanced modern production facility as a synergy, we would like to expand our T & D business in India and emerging nations west of India.

We will also strengthen the links between the Group businesses. On the production front, we newly established the Production Engineering and Management Group (PEMG). PEMG reinforces the common functions among the intra-factory's QC, production engineering, occupational safety and health, productivity and strongly assists the Group to grow overseas. Further, to increase the product competitiveness of surge arresters and to strongly promote the overseas sales, we merged our surge arrester company, MSA Co., Ltd. into Meiden. We will reinforce and promote the product-specific (power generation, T & D, power conversion and ICT) strategy across the Group companies.

— How is the business development going in each of your business fields?

We can broadly divide the Meiden Group's business fields into three areas:

Power and Energy Systems, People's Mobility Systems focusing on cars and rail systems, and Water Processing Systems; transportation; and water treatment systems.

First, in the "Power and Energy System" field, we believe that this is an area in which we can play a large role. Against the backdrop of the Climate Change issue and energy issue, there is a growing need to build a smart community. At the same time, the development of a system complementing the disadvantages associated with renewable energy sources is considered as a vital R & D item and we are also promoting such development.

We are promoting new innovation in photovoltaic generation, power conversion systems for energy storage, and distributed energy resource systems. In the area of micro-hydroelectric facilities, we intend to secure new demand for modernizing facilities in Japan and we would like to develop business in overseas projects.

Next is "People's Mobility Systems focusing on Cars and Rail Systems." The market demand exists for energy saving and environmentally conscious mobility systems. The Meiden Group is promoting product development for railway companies at home and abroad. Especially, we are focusing on securing orders from overseas rail projects. Also, we will work on programs to promote the business of T & D products for railways (traction transformer, switchgear, surge arrester, etc.), especially to railway companies in emerging nations in Asia.

Finally, in the area of "Water Processing Systems," we will focus on increasing the profitability in existing businesses such as electrical facilities for water purification plants and sewage water treatment plants. In addition, we will focus on sales of ceramic flat-sheet membrane units and cloud-computing-based central monitoring systems.

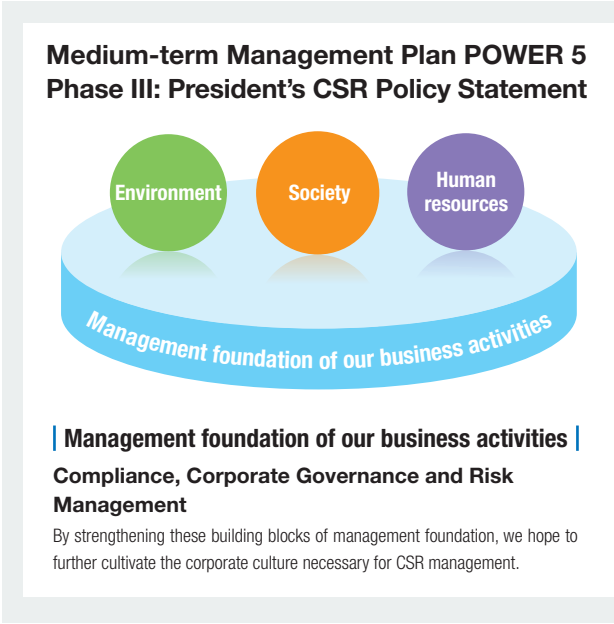
So far, I have talked about three major fields. We have business relations with customers in these fields. The markets in these fields are huge. With the rise of emerging nations, the needs for these fields will increase and so this is a business chance. As such, we need to define what will be our more specific target fields. To grow in each field in a unique way, we believe it is vital to make proper investments and allocate the right people there in a focused manner.

— Since Phase III of the Group's Medium-term Management Plan POWER 5, you drafted the "President's CSR Policy Statement."

The basis of our CSR activities is the practice of our corporate philosophy by each and every employee in order to make the Meiden Group needed by society. By providing high-quality products and



Inspection tour of rotary systems factory (Oota Works, Gunma)



services, we assist our customers in solving their problems and realizing their dreams, and we thereby provide joy to the customers. Through these business activities, we will contribute in solving various social infrastructure-related problems, and "Contributing toward realization of an affluent and livable future society" is our mission as a supplier of excellent products and services. Sharing this way of thinking across the Group, it is important to solidly support the lifeline infrastructures essential to people's lives: power, water supply and rail system.

In the President's Policy Statement in Phase III, POWER 5, I define the management base elements: "Compliance," "Corporate Governance" and "Risk Management" as the foundation of corporate activities. Upon them, we will work on "Environment," "Society" and "Human Resources" as our key challenges. In so doing, we will fulfill our responsibility to our stakeholders.

I believe that the development of our Group depends on our fostering of human resources. The fostering of talented people who can work across national and organizational boundaries ("Global Talent") is essential for our future growth. To foster Global Talent, we will send our young employees to our overseas subsidiary companies as intra-company transfers and provide more education training to local employees of overseas Meiden Group firms and encourage the promotion of local employees to the managerial level of each firm. We will conduct these matters in a planned manner. Personnel management of global human resources is also crucial to our future growth, and in order to do so, we are systematically implementing initiatives including posting young Japanese staff members overseas, enhancing the training of local staff using overseas training centers, and recruiting executive staff.

[Environment]

Promote strategic environmental management

We contribute to society through the offering of products and services for the environment and energy. At the same time, we will work to reduce the environmental impact of our business activities.

[Society]

Provide values needed by society

We accept our responsibilities as good corporate citizens through many initiatives, including: resolution of customer issues; promotion of community involvement and proactive communication; proper information disclosure at the correct time, etc.

[Human resources]

Produce work that gives pride to our employees and creates positive working environments

We will tackle these issues: create a positive working environment that brings out the best potential and unique talents of each employee; promote better work-life balance; and develop abundant and diverse talent, as human resources are precious to the Group.

We are promoting personnel policies to improve the working environment by allowing various working styles while giving variously talented employees the chance to fully prove their potential abilities. Especially, we actively promote producing a positive working environment for female workers to demonstrate their abilities and improve the related personnel systems.

To Our Stakeholders

With our "Passion for Manufacturing Excellence," we will strive to realize an affluent society and increase our corporate value.

— In closing, do you have any message for our stakeholders?

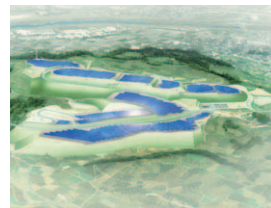
During the course of our nearly 120-year history, we produced various innovations on technologies, products, and services as a supplier of excellent products and services. We have been devoting ourselves to the betterment of our products and services in a daily level in order to contribute to society. Underneath our conviction lies our sense of mission and challenging spirit of always responding to the expectations of our customers and society and our "Passion for Collaborative Manufacturing Excellence." Going forward, we will continue to solidly implement policies fitting the given business environments and will seek to contribute to realizing sustainable growth and an affluent future society. We also aim to increase our corporate value. We ask all shareholders, as well as our customers and business partners, to grant us your continued support and advice.

Meiden Group Businesses

Since its inception in 1897, we have been engaged in the innovation of various technologies, products and services as well as the constant pursuit of improvement for the benefit of the society as an electrical equipment manufacturer.

This reflects our spirit of challenge to meet the expectations of the times by our customers and society and our “passion for manufacturing excellence.”

4 Solar power plants



Mega solar farm



PV Inverter

6 Hydroelectric power plants



Hydraulic turbine generator

7 Substations



Supervisory control and data acquisition (SCADA) system for power stations and substations



Vacuum circuit breaker



Transformer

11 Wind turbine power plants



Wind turbine generator system

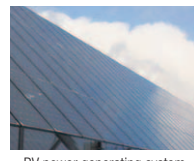


Meiden Customer Center

1 Factories



Dynamic voltage compensator



PV power generating system



In-house power generation system



Industrial controller



Automated guided vehicle (AGV)



Vacuum condenser

2 Automobile plants



Dynamometer

3 Railways



Traction substation for railways



Protection relay & control panel for "Shinkansen Line"

5 Drinking water treatment plants and Sewage treatment plants

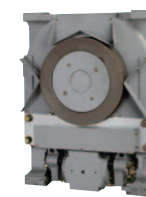


Total monitoring system for water supply and sewage system



Operation and Maintenance, Outsourcing Service for Facility Management

9 High-rise buildings



Motor drive system for elevators



Elevator inverter

8 Electric vehicles (EV)



Drive system for EV

10 Hospitals



Sling hoist



Cogeneration system (combined heat and power system)

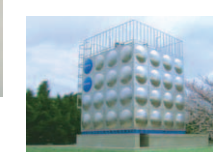
12 Parks (place for disaster refuge)



Disaster information management system



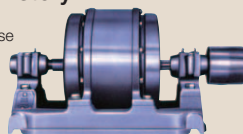
Mobile power generating system



In-house water supply system

Meiden Group History

The first 1 Hp three-phase induction motor built by Meiden (1901)



Construction of Meiden Osaki Works (1912)

- 1897** ▶ Establishment of company
- 1912** ▶ Construction of Meiden Osaki Works
- 1917** ▶ Registration as limited company (Establishment of Meidensha Co., Ltd.)
- 1935** ▶ Construction of Meiden Nagoya Works
- 1937** ▶ Construction of Meiden Shinagawa Works
- 1939** ▶ Construction of Meiden Nishio Works
- 1955** ▶ Technological alliance with AEG (air-blast breakers and transformers)
- 1958** ▶ Opening of Head Office in Chiyoda-ku, Tokyo
- 1961** ▶ Construction of Meiden Numazu Works, commencement of operation of transformer factory
Technological alliance with ASEA (turbine generators)
- 1968** ▶ Technological alliance with GE (VI)

- 1969** ▶ Technological alliance with SEVCON (electrical appliances for forklift trucks)
▶ Technological alliance with AEG (thyristor rectifiers, processing lines)
- 1970** ▶ Construction of system equipment and device factory in Numazu
▶ Technological alliance with GE (synthetic fiber heaters, control equipment, large DC devices)
- 1972** ▶ Adoption of the term "powertronics"
- 1973** ▶ Technological alliance with GE (high-frequency thyristor inverters)
- 1976** ▶ Opening of Gotanda Office
- 1977** ▶ Construction of Meiden Ohta Works
- 1979** ▶ Opening of factory in Singapore

- 1980** ▶ Adoption of the phrase "Powertronics & mechatronics"
- 1983** ▶ Adoption of the phrase "Powertronics, mechatronics & electronics"
- 1987** ▶ Holding of technology exhibition as a 90th anniversary project
- 1993** ▶ Construction of Meiden R & D Center
- 1995** ▶ Transfer of Head Office to Chuo-ku, Tokyo
- 1997** ▶ Celebration of 100th anniversary
- 2000** ▶ Establishment of Japan Motor & Generator Co., Ltd. through three-way merger to oversee high-voltage motor and low- and medium-capacity generator business
- 2001** ▶ Transfer of power transformation business (transformers, breakers, switchgear, etc.) to Japan AE Power Systems Corporation

- 2003** ▶ Merger with Meiden Engineering Co., Ltd.
- 2006** ▶ Absorption of motor development and manufacture operations by Kofu Meidensha Electric Mfg. Co., Ltd. via corporate divestiture
▶ Establishment of Meiden Hangzhou Drive Systems Co., Ltd., commencement of production of motors
- 2007** ▶ Celebration of our 110th anniversary
▶ Transfer of Head Office to Osaka, Shinagawa City, with completion of ThinkPark Tower
- 2008** ▶ Appointment of Keiji Kataoka as Chairman and Junzo Inamura as President
- 2009** ▶ Formulation of Medium-term Management Plan POWER 5
▶ Business and capital alliance with Ono Sokki Co., Ltd. in the area of automotive testing instruments

- 2012** ▶ Dissolved Japan AE Power Systems Corporation (AEP), a T & D business joint venture of Hitachi, Fuji Electric and Meiden, to allow better organization and separated growth and Meiden inherited some of the AEP businesses.
- 2013** ▶ Technological alliance with Myanmar-based transformer manufacture and sales company Asia General Electric Co., Ltd.
▶ Appointment of Junzo Inamura as Chairman and Yuji Hamasaki as President
▶ Transfer of maintenance and inspection services business to Meiden Engineering Corporation, Meiden Engineering East Japan Corporation, Meiden Engineering Central Japan Corporation, and Meiden Engineering West Japan Corporation through corporate divestiture
- 2014** ▶ Capital alliance with India-based transformer manufacture and sales company Prime Electric Limited

Financial Highlights

Meidensha Corporation and Consolidated Subsidiaries

Financial indicators	FY2009	FY2010	FY2011	FY2012	FY2013
Net sales (millions of yen)	173,067	167,729	181,107	197,733	216,177
Overseas net sales (millions of yen)	31,577	27,318	25,257	37,977	45,704
Overseas sales ratio (%)	18.2	16.3	13.9	19.2	21.1
Operating income (millions of yen)	3,322	5,778	6,279	7,881	9,547
Ordinary income (millions of yen)	1,813	4,613	5,266	5,946	7,790
Net income (millions of yen)	970	1,196	1,679	4,025	6,580
Net assets (millions of yen)	54,132	52,722	53,422	58,077	60,607
Total assets (millions of yen)	206,608	206,871	211,733	224,623	248,379
Net assets per share (yen)	229.00	222.56	225.63	251.64	262.50
Net income per share (yen)	4.28	5.27	7.40	17.74	29.00
Equity ratio (%)	25.2	24.4	24.2	25.4	24.0
Return on equity (%)	1.9	2.3	3.3	7.4	11.3
Cash flows from operating activities (millions of yen)	16,274	14,710	11,443	9,306	18,239
Cash flows from investing activities (millions of yen)	(5,511)	(4,318)	(5,640)	(7,136)	(11,317)
Cash flows from financing activities (millions of yen)	(2,743)	(9,599)	(5,048)	(7,749)	(3,873)

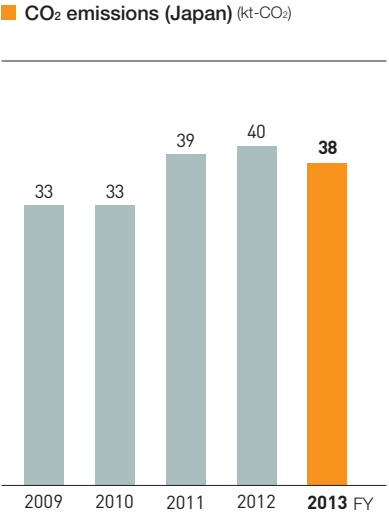
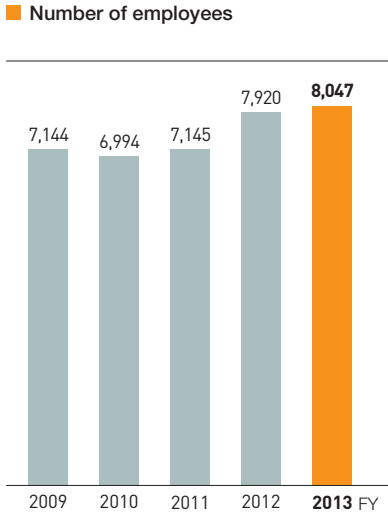
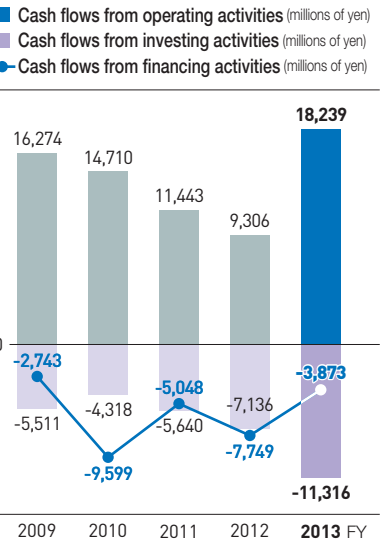
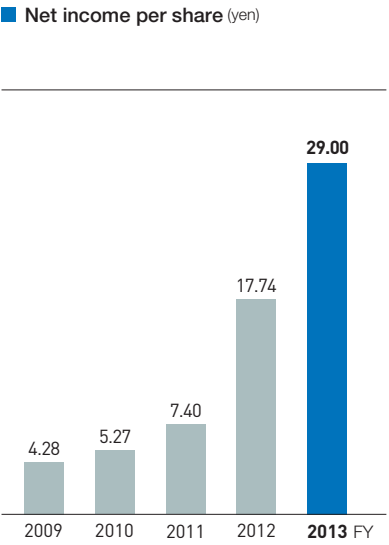
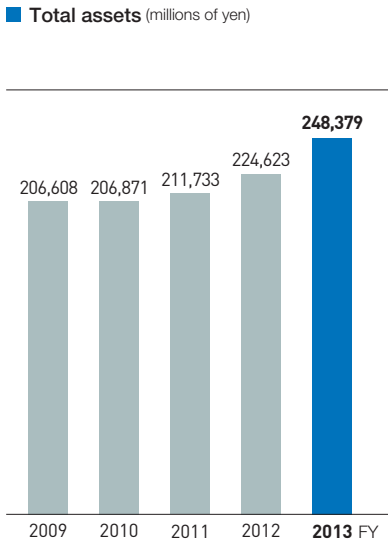
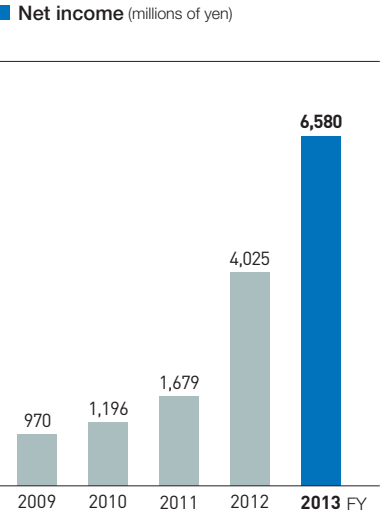
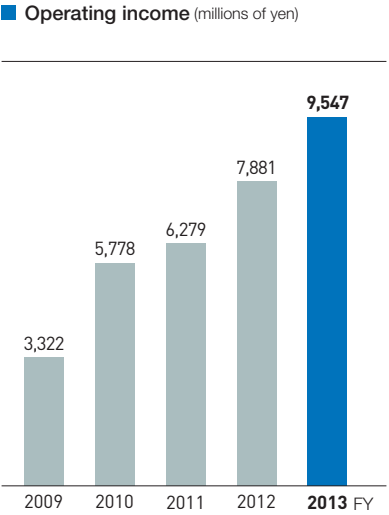
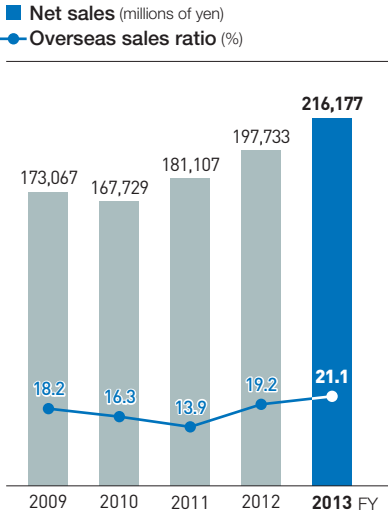
Notes: 1. Net sales figures do not include consumption tax, etc.

Non-financial indicators	FY2009	FY2010	FY2011	FY2012	FY2013
Number of consolidated subsidiaries	38	39	40	43	42
Japan	24	26	25	26	25
Outside Japan	14	13	15	17	17
Number of employees	7,144	6,994	7,145	7,920	8,047
CO ₂ emissions (Japan) (kt-CO ₂)	33	33	39	40	38

Notes: 2. Figures for employee numbers exclude those employees on temporary contracts.
3. The historic Federation of Electric Power Companies (FEPC) nationwide average electric power CO₂ coefficient (receiving end) for each year through FY2012 was used to calculate CO₂ emissions for that year. The historic coefficient for FY2012 was used for calculating FY2013.
4. With the dissolution of the joint venture Japan AE Power Systems Corporation, the Japan AE Power Systems Corporation Numazu Works (AE Power Numazu) was incorporated into the Meiden Group as Meiden T&D Corporation in April 2012. CO₂ emissions figures for FY2009-2011 include data for AE Power Numazu.

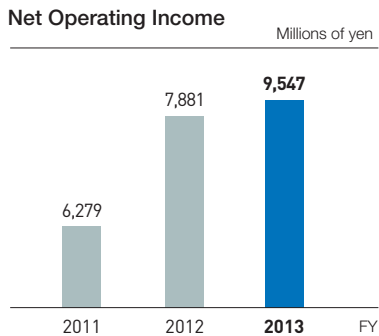
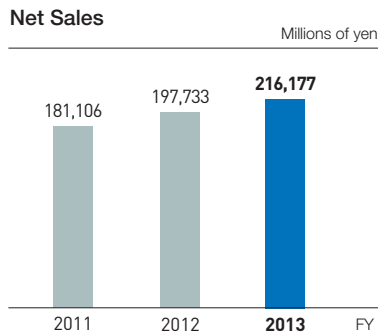
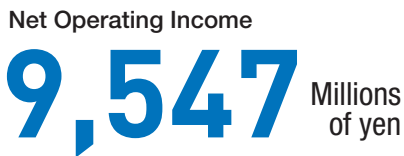
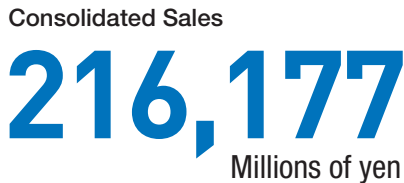
Meiden Group has been driving forward business structural reforms including the reorganization of group companies to realize a new level of growth called for in the five-year medium-term management plan entitled POWER 5 Phase III. Along with efforts aimed at strengthening our overseas business, we also have been striving to establish a solid foundation for growth based on our distinctive products and systems for fields with medium- to long-term growth potential such as the electricity and energy systems, automotive, railway and other transportation systems, and water treatment systems.

As a result, consolidated net sales in the fiscal year ended March 31, 2014, increased 9.3% over the previous fiscal year to ¥216,176 million, operating income grew 21.1% to ¥9,546 million, ordinary income rose 31.0% to ¥7,790 million, and net income increased 63.5% to ¥6,580 million.



Fiscal 2013

Consolidated net sales in fiscal 2013 increased 9.3% over the previous fiscal year to ¥216,177 million, while operating income grew 21.1% to ¥9,547 million. Breakdown by business segment is shown on the right.



Social Infrastructure Systems Business

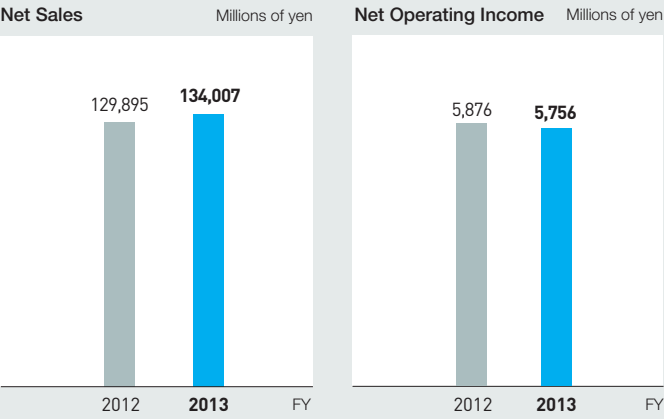
This sector includes the manufacture and marketing of equipment for emergency and non-emergency power generation, hydroelectric power generation, and power transmission and distribution facilities. We sell these to power companies, government agencies, railways, and buildings and factories in Japan and abroad. Other products include traction substations for railways. We provide the product offerings of power quality stabilization systems or power generation systems such as solar, wind and hydro power and offer energy solution services such as smart grid systems.

We are also involved in the fields of drinking water and sewerage treatment for local governments in Japan. Our activities include manufacturing and sales of electrical facilities for water processing systems and the related products and services: process control systems and ICT system improvement services. We also offer solutions services such as contract facility management services for drinking water treatment plants.

Net sales in the segment increased 3.2% over the previous fiscal year to ¥134,007 million, while operating income grew 2.0% to ¥5,756 million. Sales of social infrastructure systems business increased over the previous fiscal year thanks to growing sales of photovoltaic power conversion systems. These sales got a boost now that Japan has introduced a feed-in tariff system for power from renewable energy resources. Other contributing factors include strong power sales from our wind farms in Japan and continued strong sales of traction substations and overhead catenary inspection systems for railways.

Sales in the water and environmental business declined from the previous fiscal year. This was largely because the replacement period of the main electrical equipment for sewage treatment plants in Japan is still some years away.

Sales from overseas system business rose over the previous fiscal year because of several contributing factors that include the sales of power transformers and distribution equipment as well as traction substation equipment for railways for Southeast Asia and the Middle East, and the sales increase for substations and power distribution facilities for Japanese subsidiary firms abroad.



Industrial Systems Business

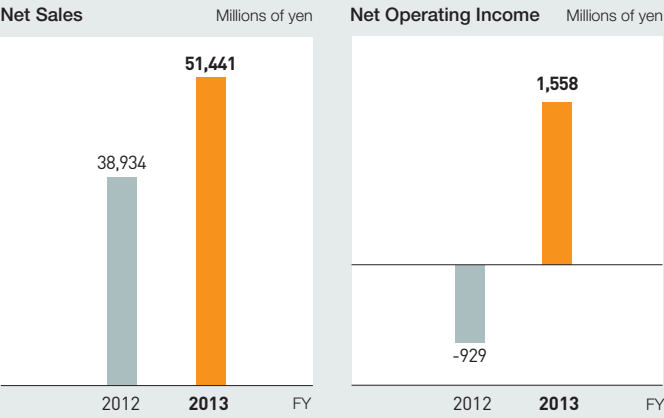
This sector includes the manufacture and marketing of motors and inverters for elevators, textile machinery, industrial vehicles, and electric vehicles. Other products are vacuum capacitors and industrial computers for makers of semiconductor manufacturing equipment.

We also manufacture and market dynamometers and other testing systems for automobile manufacturers, and logistics support systems for factories and warehouses.

Net sales in the segment rose 32.1% over the previous fiscal year to ¥51,441 million with operating income of ¥1,558 million. These results indicate recovery in private capital investment, especially in the IT sector and manufacturing, particularly automobiles and semiconductors.

The segment's components-related business saw rising sales. Manufacture of motors and inverters for Mitsubishi Motors Corporation's i-MiEV and Outlander PHEV proceeded at a good pace. There was also solid demand for machinery for semiconductor manufacturing equipment and for motors for elevators and injection molders.

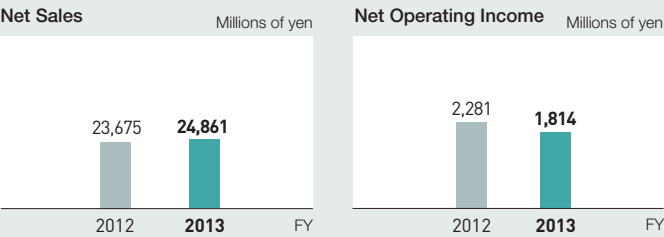
The segment's dynamometer and logistic systems business increased sales. This came amid a steady recovery in demand for testing equipment for automobile development and electrical components used in forklifts.



Engineering Systems Business

This sector provides services relating to the remote management and monitoring of facilities and the proposal of measures for extending the life of facilities, energy conservation, and other such services related primarily to the maintenance of products we supply. We also engage in the maintenance of semiconductor manufacturing equipment and the reconditioning of used manufacturing equipment.

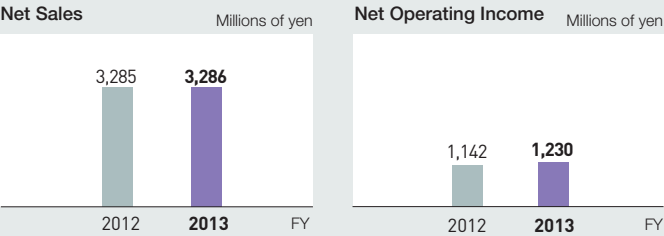
During the period, maintenance demand rose along with the recovering economy, but there was also greater price competition. Net sales in the segment increased 5.0% over the previous fiscal year to ¥24,861 million, while operating income grew 20.5% to ¥1,814 million.



Real Estate Business

This sector includes rentals of real estate holdings, including ThinkPark Tower (Osaki, Shinagawa City, Tokyo).

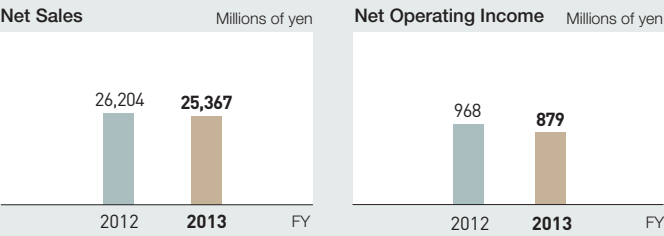
Net sales in the segment totaled ¥3,286 million, on a par with the level achieved in the previous fiscal year, and operating income amounted to ¥1,230 million. The Group is engaged in the real estate leasing business, centering on the office and commercial building ThinkPark Tower (Osaki, Shinagawa City, Tokyo).



Other Business

This sector includes marketing companies not tied to specific business fields, and companies that contract accounting, payroll, and other administrative functions, as well as welfare services for employees.

This segment includes categories not included in any of the above segments, such as manufacturing and marketing of electrochemical measuring equipment and electric insulation materials, welfare services for employees, and goods merchandising. Net sales in the segment declined 3.2% from the previous fiscal year to ¥25,367 million, and operating income fell 9.2% to ¥879 million.



Meiden Group's Initiatives to Realize a Smart Society

— Meiden Group will contribute to society and its customers by providing excellent products building the infrastructure for a smart society life.

As the next-generation energy infrastructure, throughout the world various programs are being created for the commercialization of “smart Communities.”

We invited University of Tokyo Graduate School Professor Akihiko Yokoyama, who conducts research on the ideal stable energy supply from the perspective of power system engineering. Together with our President, Yuji Hamasaki, they discussed the challenges and Meiden Group's roles in realizing the smart communities.

On the Challenges and Trends of Energy Systems

Yokoyama: When I look at the trends of Japanese energy systems, especially nowadays the Japanese government is promoting major power system reform due to the impact of the Great East Japan Earthquake in 2011 (the “Quake”). Until the Quake, the Japanese power utility companies and the society in general had been promoting capital investment for the purpose of stable power supply. In Japan, there has been a deregulation on the power sector since 1995 and the power utility companies had to cut costs to stay competitive.

For facility maintenance expenses, they cut spending to the level of not sacrificing the existing power system reliability. Then came the Quake. It ignited the demands for further power sector deregulation and power system reform. While increasing the options for power consumers on electric power suppliers, the power utility companies have to maintain stable power supply. Under such conditions, the power utility companies increased the electricity bill rate and curtailed capital spending.

Hamasaki: According to the statistics compiled by the Japan Electrical Manufacturers' Association and a year-by-year comparison, capital investment in power systems declined significantly, and the power demand in Japan also declined. One of the reasons for this is that thermal and other power plants have been running at full capacity because of the post-Quake shutdown of nuclear power plants and the power utility firms could not draw up a plan for periodic maintenance.



Yuji Hamasaki

President
Meidensha Corporation

Akihiko Yokoyama

Professor, Division of Transdisciplinary Sciences,
Graduate School of Frontier Sciences,
The University of Tokyo

Yokoyama: The power plants and substation facilities are now facing aging problems.

Facilities constructed in Japan's period of high economic growth are due for replacement, but the power utility firms found it difficult to capital spending in order to reduce power costs. Going forward, if there is progress in power sector deregulation and power system reform, there will be major challenges for the power utility firms to maintain power supply reliability levels, not only in the short term but also in the long term, and maintain healthy margins for facility capacity. Furthermore, to reduce carbon oxide emissions, I believe the government policy makers must think about effective integration of renewable energy sources like solar and wind power into existing power network systems and draw up scenarios of future power network systems that include the issues of deregulation of retail sales of electric power and the separation of power generation and power transmission operations from the power utility firms' business, etc.

Hamasaki: The power supply is an infrastructure in support of the metropolis and people's lives, and it serves as the basis of any industry. As this is the case, one can say the power system field in which we do business is “the prime infrastructure supporting the various social infrastructures.”

Meidensha Corporation (“Meiden”), the principal company of Meiden Group, was founded in 1897, and started business as a supplier of electric motors and generators. Over 115 years of company history, the bases of our customers, engineering and other essential assets formulated over the years are the result of our customer-driven job orientation and quick response to our customers' needs. Since the 2000s, we have expanded our systems

business, moving into the fields of power and energy systems, and transportation systems and water processing systems. In an ever-changing market environment, our mission is to

review and assess the needs for energy systems and the required lifecycle of the products building the core of such energy systems. Reflecting on such considerations, we need to produce unique products and thus contribute to society.



If we can make our product fit in with major systems, we can produce products with added value and competitive edge.

The greatest challenge in “going smart” (making intelligent power network systems) is to integrate distributed energy resources (DERs) into the existing central power network system.

Yokoyama: Very interesting topic. Any system driven by power such as water-processing systems and railway systems will go “smart.” Going “smart” means to add intelligent value to existing power network systems without inconveniencing consumers. We need to let the consumers become involved with successful system building. This is the essence of going “smart” for the power network systems and is what we call the “smart grid.” One case in point is that the power utility firms asked the consumers to put intelligent metering devices in the consumer system that supports the power utility firms in case they are planning cluster level integration of energy resources from solar and wind power. The power utility firm then effectively uses such devices for their grid management. This is a case of going “smart.” As the power utility firm pays the consumer for accepting the device in their system, this grid-control system is a “win-win,” mutually beneficial method.

Hamasaki: The key challenge there is to meet both purposes: effective grid control at the power network system and customer-introduced devices. A recent article

in *The Economist* entitled “How to lose half a trillion euros” addressed the issue of the integration of large-cluster renewable energy resources into the existing grids in the EU. One day, power demand declined significantly and resulted in a surplus of renewable energy resources and also resulted in excess energy of thermal power plants running according to the power demand schedule. The power produced by the thermal plants was purchased by the consumers but it would be uneconomical if such a situation continued. An increase in renewable energy increases the burden on the existing power supply system, and in some cases, the existing system is not available for the power supply. This is a serious issue.

Yokoyama: Since solar power is unstable, it is necessary to use thermal power plant to adjust the power supply. The problem is how to cover the cost of maintaining the thermal power plant. Such cost is shared by each individual consumer. In order to avoid the case of the EU in Japan, it is important to proceed with the energy policy as originally planned.

What Meiden could do in “Going Smart”

Hamasaki: Meiden has many various experiences in the distribution power network field. In the impact of large-scale clusters of solar power and wind power into the power network systems, we have been conducting much research on this subject by joining demonstrative

projects under grants by the Japanese Government. Going forward, we would like to produce good grid control technologies and products and we would be pleased if we could contribute in solving this issue.

Yokoyama: Yes, indeed. We are conducting a national project called “Demonstrative Project for Optimal Control Technologies for Next Generation Power Transmission and Distribution Network.” I understand Meiden is a member of this project and is also involved in the project. This is a demonstrative research project to solve power distribution issues using grid control. The issues include voltage control of power distribution systems (when a large cluster of solar power is introduced to the grid) and the resultant surplus power issue. As the result of this research project, we are hoping to create a business model where the operating voltage will be constant and the solar power can be operated in a stable manner. For this purpose, it is important to mutually and effectively exchange energy-consumption system information on the consumer side and grid-side information of the power utility firm that controls the grid. Going forward, if many energy storage batteries are introduced into households, we could utilize such devices for effective grid control.

Hamasaki: Customers have both economical and non-economical goals. By collecting such customer information on their goals, we could utilize such information for grid

control in a large system. In order to produce products to fit such a large system, the supplier must understand the overall system.

Yokoyama: Ideally, my hope is for information disclosure from supplier to consumer on how each product could be used, such as the limits of product specifications.

Hamasaki: Such information from the supplier on the product and technology somewhat tends to be “push-type” information like “Here are the new products. Please buy them.” This process could go well if the supplier knows what the customer wants at a certain level. At Meiden Group, we call it “The Power of being in Touch.”

When we make new products, parts and subsystems to fit a large system, it needs to satisfy our internal clearance to verify the business sense: if one could expect a certain volume of production or if such products have constant demand in the market. When it comes to systems, ideally such systems should be customized for each country. If the products or components could not be deployed at similar specifications to any country, it could not enjoy the merit of scale. In this way, “system business” and “individual product business” have different characteristics. If we could incorporate customer needs into the products to fit the system, we could produce products with added value and competitive edge and they could meet the broad system applications.

Going “Smart” means adding intelligent value to existing systems without inconveniencing consumers

Akihiko Yokoyama

Professor, Division of Transdisciplinary Sciences, Graduate School of Frontier Sciences, The University of Tokyo

Carrier:

Professor Yokoyama was born in Osaka in 1956. He graduated from The University of Tokyo's Faculty of Engineering in 1979, and received his Ph.D. in engineering from the same university in 1984. Following periods as a visiting researcher at the University of California and the University of Texas, in 1989 he was appointed an assistant professor on the Faculty of Engineering, The University of Tokyo, and in 2000 became a professor in the university's Graduate School of Engineering. He has held his present position since 2008. Professor Yokoyama also serves in positions including Chairman of the Japanese National Committee of CIGRE; Chairman of the Electric Power Safety Subcommittee of the Ministry of Economy, Trade and Industry; Leader of the System Design Working Group of the Electricity Systems Reform Subcommittee of the Ministry of Economy, Trade and Industry; and President of the Electric Power System Council of Japan.



There is a good business potential in advancing the existing power network systems.

Yokoyama: At the university, we can see a resurgence of recognition on the importance of producing excellent products in Japan, and there is a return of student interest in getting jobs at the major suppliers (manufacturers) in Japan. In the current university curriculum, there is a problem of too much specialization. There is a lack of a multi-disciplinary curriculum covering electrical engineering, mechanical engineering and material engineering.

Electrical engineering curriculum covers a broad range: from communications to computers to semiconductors. I believe that we need to teach students up to the product design, engineering, and production system in the curriculum.

Hamasaki: In the age of global competition, we need to produce excellent products with many stories to tell. Well-engineered products with due consideration and understanding of material selection, finished design, ease of operation and post-sales servicing will alone have a competitive advantage. What matters for this product development is to go both ways: pursue each specialized expert field and at the same time to have broad generalized knowledge to make the final educated decision. One may say, "T-shaped professional" or " π (Pi)-type professional." A T-shaped professional is, for instance, an engineer (specialized knowledge of engineering: vertical stem of the T) and with good complementary skills of presentation like communication and a good sense of marketing (horizontal crossbar). Such talent. The " π (Pi)-type professional has in-depth specialized knowledge in more

than two fields. That would be better. We expect that our employees will strive to broaden their fields of knowledge and at the same time, deepen their specialized knowledge, and that they should select such fields by their own decision. They should get there by deciding their tasks and goals.

Yokoyama: Recently at the graduate school where I teach, students can have the opportunity to receive lectures in subjects outside their specific field of specialization. My hope is that the students will learn that power network systems are also the network of the economy linked with the society. Since a power network system is designed to be used for a century, it is important to define how to advance the existing system into what direction. By clarifying the future course, you might find the business opportunity there.

Hamasaki: In the area of communications, the infrastructure was built by using the new optic fiber networks to provide vast information services. In the case of power infrastructure, however, we have to innovate on the existing systems and while maintaining the social economics, we need to improve on the services. There are many limitations out there but I got the feeling that a new chapter of development will open later from deregulation of market entry licensing and full deregulation of retail sales of electric power, etc.

The power network systems are now a vital system component in society. Meiden Group is working on programs relating to renewable energies sources like solar power, wind power, and micro-hydroelectric power. With this as a launching pad and by drawing on our power distribution technologies accumulated over the years, we would like to provide products relating to the broad sense of "smart grid" and thus contribute to society.



Challenges of Meiden Group

Meiden Group's New Challenges to Realize a Sustainable Society

Meiden Group has been pursuing the art of collaborative manufacturing excellence that contributes to society through its outlook of what the society wants, given a 50- or 100-year timeframe. In 2012, we established our "Environmental Vision" for "Contribution to Realizing a Sustainable Society". We would like to play a role in realizing a sustainable society through our products and innovations as well as through our social infrastructure-supporting businesses (energy and water processing fields).

Given the major changes in Japanese energy policy and the climate control issues in the world today, Meiden Group's playing fields in contributing to society are expanding due to our collaborative manufacturing excellence, innovations and R&D power. Drawing on our long-standing experience and solid engineering resources and by cultivating HRs, we intend to make conscious efforts to ensure our Group is needed and trusted by society.

Contribute to the Wide Penetration of Renewable Energy Resources

Support Good Running of Next-Generation Automobiles and Help Achieve a Low-Carbon Society

Protecting Water Environments with Our Advanced Water Processing Technologies

Cultivate Global Talent that can Work Across National Boundaries

Challenges of Meiden Group

Contribute to the Wide Penetration of Renewable Energy Resources

The Agency for Natural Resources and Energy announced a Basic Energy Plan in April 2014, the first such plan after the Great East Japan Earthquake of 2011. A key theme of this plan is the promotion of renewable energy resources for the purpose of building a flexible energy demand and supply system in a multi-layered, diverse, and flexible manner.

Meiden Group started developing power conditioning subsystems (PCSs), a key part of photovoltaic power generation, in the early 1980s. Over the years, we accumulated supply records by implementing various research programs and demonstrative projects. We also do business relating to wind and hydroelectric power. We endeavor to not only sell products but also engage in various businesses in all aspects of power generation systems: from initial total system engineering to plant construction, facility management and maintenance services. In this way, through these various operations, we contribute to the realization of a low-carbon society and aim for the best mix of distributed energy resources to the grid.



Yamanashi Mega-Solar (Kai)

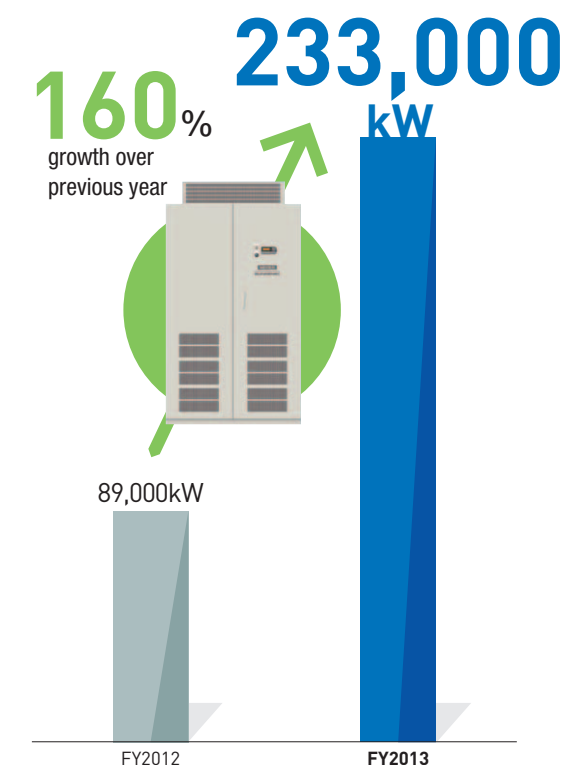
Photovoltaic PCSs Help to Reduce Power Transmission Loss and Construction Costs

In fiscal 2013, Japan enacted its feed-in tariff system for power from renewable energy resources, thereby increasing sales of photovoltaic power conversion devices.

In 2012, we released the SP310 Series PCS. This photovoltaic power conversion device offers conversion efficiency that is among the best in the industry for a PCS with a built-in transformer. Sales of the 250kW-output type began in 2012, followed in 2013 with the introduction of a new 100-kW type. This series has made it possible to use up to 750 V of power, which is the upper limit for low-voltage power under Japanese regulations. This helps to reduce transmission loss and lower construction costs.

The Meiden Group is also engaged in the EPC (engineer-procure-construct) business. By expanding PCS sales and taking advantage of knowledge gained over many years, we provide comprehensive solutions for photovoltaic power systems to enable our customers to operate with confidence over the long term.

PCS capacity sold annually



Kumamoto Ichibu Solar Farm in Kumamoto Pref., Japan



Yamanashi Mega-Solar Farm at Kai City, Japan



Yamanashi Mega-Solar Farm at Nirasaki City, Japan



A ceremony celebrating 1,000th SP310 Series PCS shipment

Electric Power Sales by Wind Power

Our business of electric power sales by wind power had very strong results in fiscal 2013. Through Group company, M Winds Co., Ltd. and its affiliates, the Meiden Group sells electric power generated by wind farms at three locations* in Japan. Total power sales equal about 100,000 MWh/year (fiscal 2013 results).

* Hachiryu Wind Farm (Akita Prefecture): 18 wind turbines – Total power generation capacity 28 MW

Wajima Community Wind Farm (Ishikawa Prefecture): 10 wind turbines – Total power generation capacity 20 MW

Choshi Shiosai Wind Farm (Chiba Prefecture): 2 wind turbines – Total power generation capacity 3 MW



Hachiryu Wind Farm (Akita Prefecture, Japan)

Strengthen Our Hydroelectric Power Generation System Business

Going forward, we will strengthen our business for hydroelectric power, which is one of the renewable energy resources. We have created an organization dedicated to the business development of hydroelectric power systems, and we also formed a business alliance with EAML Engineering Ltd., a Japanese hydro-turbine supplier. By combining our strong variable-speed control technologies, we hope to realize the efficient operation of small-scale hydroelectric power systems.

Challenges of Meiden Group

Support Good Running of Next-Generation Automobiles and Help Achieve a Low-Carbon Society

Electric vehicles (EVs), hybrid cars, etc. are becoming increasingly popular due to high gasoline prices and concerns over climate control, etc. The motor drive units support good operation of these vehicles using electricity or hydrogen as the energy source. Motor drive units are key components of environmentally conscious cars that reduce CO₂ emission and run quietly. In motor drive unit development, we seek compact, lightweight and high-performance models. We helped to realize powerful acceleration and stable operation. We contributed to the wider acceptance of next-generation vehicles.

Further, we are joining the local community program on EV car sharing in Tokyo. In addition to the production of key components, we contribute to the program by teaming with the local community on the issue of climate control.



The Outlander PHEV (Mitsubishi Motors), which uses a Meiden motor and inverter

Our Development Programs on Motor Drive Units for EV

Meiden's development history of motor drive units for EV started in 1991, when we made a joint development program with Tokyo Electric Power Inc. for development of an EV car called "IZA". In June 2009, Mitsubishi Motors Corporation ("Mitsubishi Motors") started the world's first mass production of an EV car called "i-MiEV." Simultaneously, we started the supply of our motor drive units for the i-MiEV.

Currently, we are producing four types of motor drive units for different Mitsubishi EV models, including the "Outlander Plug-in Hybrid EV (PHEV)." We continue to work to establish an efficient mass-production system and would like to refine this product by improving such car-related issues as noise and vibration reduction and by realizing compact and lightweight motor drive units. As we made a foray into the world's first mass production of EV components, we need to keep resolving such always new design and engineering challenges as a vanguard of EV industry space.

Comments of a key development project member



Shigetaka Wakabayashi
Automobile and Transportation Systems Business Unit

We had in-depth discussions with Mitsubishi Motors to define what is needed as a car component and motor drive supplier, and after reaching a deeper understanding of the specification requirements, it was essential for us to make better product proposals. There are some blind spots in making the motor drive units for EV, although we also produce motor drive units for general industry such as for elevators and injection molding machines. The blind spots turned out to be very important design and engineering matters for the vehicle components. We came to such conclusions on many occasions.

Going forward, by drawing on our acquired knowledge and experience over the past years, we would like to expand the applicable EV car models. We are also focusing on fostering young and talented engineers and together, we would like to promote product development in a manner "one step ahead of the competition".

Contributed to Business Performance Gains in the Industrial Systems Business Field

In fiscal 2013, net sales in the Industrial Systems Business field strongly rose by 32.1%. This reflects recovery in private capital investment, especially in the ICT industry and manufacturing segments like the automobile and semiconductor industries. Net operating income likewise improved. There was an especially large contribution from steady production of motor drive units for EVs and PHEVs. We aim for further growth in fiscal 2014.

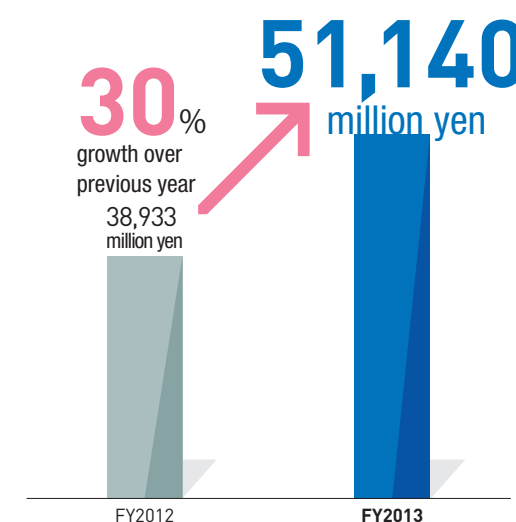


Part of our motor production line



Part of our inverter production line

Industrial Systems Business Field Net Sales



Challenges of Meiden Group

Protecting Water Environments with Our Advanced Water Processing Technologies

Meiden has a long history in the water processing business. We started shipping electrical facilities to modern sewage treatment plants in Japan in 1922. Since then, we have continued to supply electrical facilities to water treatment plants throughout Japan. Currently, we are developing new business in the water treatment field as we look to expand business with overseas and private sector markets. To this end, we developed a ceramic flat membrane to filter wastewater. Mass production began in 2012. Ceramic flat membranes use ceramic technology we originally developed for other products. We have handled such ceramic products as electrical facility insulators and surge arrestor components. Thus, these ceramic membranes are highly durable and easy to maintain, with high chemical and thermal tolerance. We expect these membranes to have applications in a wide range of fields such as public sewage treatment systems, reuse of wastewater from factories, and pretreatment of seawater for desalination.



A filtering system with ceramic flat membranes

Water that has been filtered

A Test-bedding Project in Singapore

Increasing its water self-sufficiency is a key priority in Singapore. Over many years, Singapore has adopted and accumulated advanced water treatment technologies from various countries. The government of Singapore adopted a national plan to advance the water processing business, aiming to become a water hub of the world – as a center of the water processing business as well as related R & D programs.

PUB, Singapore's national water agency, oversees all aspects of the water supply business in Singapore. Together, we built an MBR* demonstration plant using ceramic flat membranes. The plant officially started operation on March 7, 2014. To date, we have conducted many demonstration projects between Meiden and PUB in the household wastewater field. However, this is a new demonstration project that will demonstrate the great effectiveness of ceramic flat membranes for the reuse of industrial wastewater. The newly built combined-type industrial wastewater reclamation facility at the Jurong Water Reclamation Plant can treat 4,550 m³ of wastewater every day. We hope to use the positive test-bedding results in Singapore as a springboard for business development and we aim to expand sales of ceramic flat membranes in the wastewater treatment and reclamation market, where we expect demand to grow further in future.

* MBR: Membrane Bioreactor

An engineer's comments



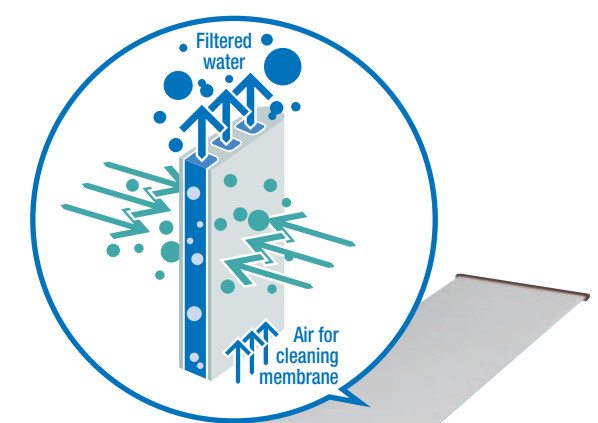
Masataka Samizo
Engineering Department,
Water Processing &
Environmental Engineering
Business Unit

On the engineering side, the biggest challenge was clogging. We managed to overcome this problem by conducting extensive testing and research on cleaning methods and chemical density. By 2015, we expect to finish building a ceramic flat membrane unit assembly plant and will establish a production and after-sales service organization as well as a related R & D center in Singapore. After gaining further track records in Singapore, we would like to promote "Meiden Ceramic Flatsheet Membranes" around the world.

At Shale Gas and Oil Sand Drilling Fields

We started a demonstration project in North America using ceramic flat membranes to process oil contaminated water, a byproduct of extracting oil from oil sands. Going forward, we will work to develop applications in shale gas and oil extraction fields.

Filtering water with ceramic flat membranes



Ceramic flat membrane units installed at a water treatment plant



Jurong Water Reclamation Plant



Our President Hamasaki at the Opening Ceremony for the Jurong Demonstration MBR Plant

Challenges of Meiden Group

Cultivate Global Talent that can Work Across National Boundaries

Meiden Group is conducting a variety of programs to grow our overseas business (a key part of our medium-term management plan) and to achieve our target of “overseas sales contribution to consolidated sales of 30%.” As part of this, we assigned executive officers in Shanghai and Singapore to oversee the regional operations in the China and ASEAN regions and beyond. We will strengthen our product development for overseas markets and production and sales hubs in order to realize “Local Production for Local Consumption.” We are also strengthening the QC and servicing network in the ASEAN region. For the Meiden Group to grow overseas it is essential to foster global talent.

In fiscal 2013, we set up an organization dedicated to global personnel management. We are working on programs to foster global professionals who can work across both national and organizational boundaries (“Global Talent”).



Training local engineers

Grow Overseas and Foster Global Talent

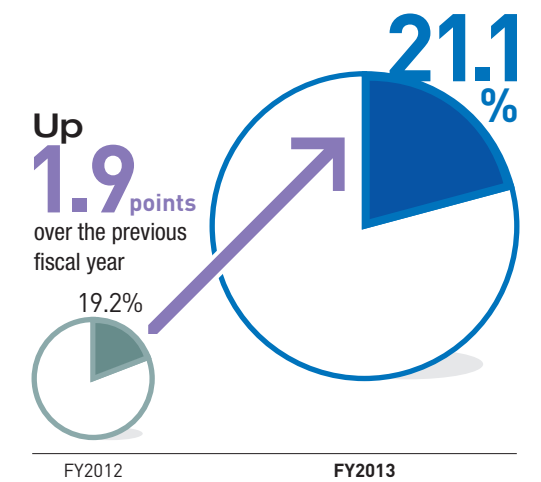
In fiscal 2013, the contribution of overseas sales to consolidated sales was 21.1%. Overseas sales rose because of T & D products for ASEAN nations and the Middle East, traction substations and other facility sales for overseas railways, and T & D products for plants of Japanese subsidiaries that had expanded overseas.

In order to foster global professionals who can support the Meiden Group in growing overseas, we strongly promote various programs: an intra-company transfer program for our young employees working at our overseas subsidiary firms; technical training courses for Overseas Meiden Group personnel at our overseas training facilities; and the appointment of locally recruited people to top management positions.

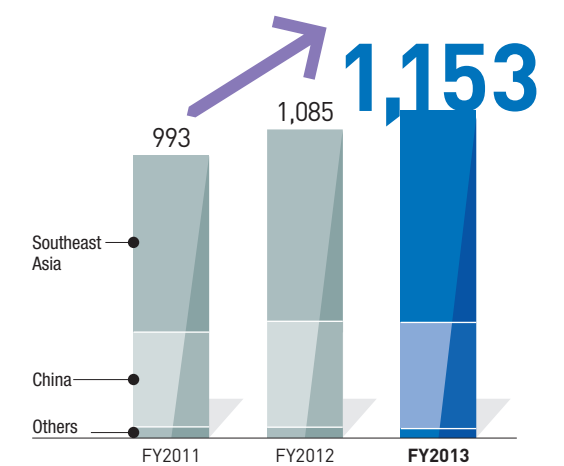
In fiscal 2013, we established a dedicated organization for global professional management in our personnel department. We reinforced the training programs for intra-company transfers and locally recruited personnel, and we provide programs to support the lives of intra-company transfers.

Given the economic growth of emerging nations in Asia, etc., we expect the demand for social infrastructure such as for electric power companies, water supply and sewage treatment facilities, and railroads to continue growing over the medium to long term. Meiden Group will increase its competitive edge for overseas markets in terms of products, organizational power, and human resources.

Overseas sales contribution rate



Local and Japanese staff at our overseas affiliates



Training local engineers



Management training for local staff



TOPICS

Expanding the transformer business in India and to its west

Meiden signed an equity investment agreement on March 31, 2014 with Prime Electric Limited (PEL), a supplier of power transformers in India. Through the synergy developed between our long-standing technology and QC expertise and PEL's advanced production facilities, we expect to expand the T & D business in overseas markets, including India and emerging nations.



Launching ceremony for Prime Meiden Ltd.

Corporate Governance

We strive to conduct corporate management in a fair, highly transparent, fast and efficient manner and to improve the governance structure to secure the fairness of business practices.

Corporate Governance System

Basic Approach

In order to realize the Group's philosophy, we view it is essential to secure self-sustainability and self-governance and formulated the "Basic Policy to Improve the Governance Structure to Secure the Fairness of Business Practices" in May 2006, and thus are promoting stronger corporate governance.

Basic Policy to Improve the Governance Structure to Secure the Fairness of Business Practices, which covers:

1. System to ensure the directors' performance of their duties complies with applicable laws and regulations and the terms of the provisions in the Articles of Incorporation
2. System to manage and store information relating to the directors' performance of their duties
3. Internal rules and risk management system against risk-causing losses
4. System to secure directors' efficient execution of their duties
5. System to ensure employees' performance of their duties complies with applicable laws and regulations and the terms of the provisions of the Articles of Incorporation
6. System to ensure the Group conducts its business in a fair manner
7. Matters relating to employees who assist the performance of duties by corporate auditors
8. Matters relating to the separation of corporate auditors assisting employees from the supervision of the directors
9. System of reporting to the corporate auditors by directors and employees and a system of reporting to the corporate auditors by others
10. Other systems to ensure effective enforcement of auditing by the corporate auditor

Policy Actions Update *As of June 27, 2014

In June 2003, the Company adopted an executive officer system. At the same time, we sought to reinforce the functions of the Board of Directors. For a part of these efforts, we separated the "decision-making authority and supervisory functions" and the "business performance functions" from the Board of Directors. The former functions were assigned to the Company's directors, and the latter to the representative directors and executive officers who were delegated duties by the representative directors. As a result, the Board of Directors is responsible for making decisions from the standpoint of the entire Group, and for overseeing the overall management of the Group.

Two of the ten members of the Board of Directors are outside directors.* This structure is designed to reinforce corporate governance by enhancing the Board's

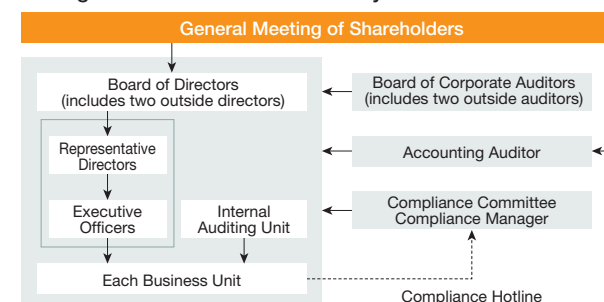
supervisory function concerning the execution of duties.

Executive officers appointed by the Board of Directors comply with the Group management policies decided by the Board of Directors. They are responsible for executing their delegated and designated duties and perform their duties quickly while receiving the supervision of the related representative directors. The Company has adopted a corporate auditor system. The Board of Corporate Auditors consists of four members, two of whom are outside corporate auditors. The Board of Corporate Auditors communicates with directors, the internal auditing department, and other related departments, while adhering to auditing policies, the division of duties, and auditing rules for corporate auditors stipulated by the Board of Corporate Auditors. The corporate auditors attend Board of Directors Meetings and other important meetings, and audit the duties of directors by means of monitoring the business operations and financial conditions of the Group. We have an Internal Auditors Office to assist the Board of Corporate Auditors, which works under the direct control of the Board.

In addition, we have an Internal Auditing Division, which directly reports to the president, fulfilling the role of diagnosing the Group's corporate fitness level in a regular manner. This Internal Auditing Division conducts internal audits to check the effectiveness and efficiency of business operations, the reliability of financial reporting, the status of compliance with laws and regulations, and the maintenance of assets covering the Company and all Group companies at home and abroad. It also reports the results of internal audits to top management, and offers advice to the related employees on their performance of business duties.

With respect to requirements regarding the guidance of the internal control system for financial reporting in accordance with the Financial Instruments and Exchange Law in Japan, the Company adopted basic policies that conform to the Implementation Guidance for Management Assessment and Audit of Internal Controls over Financial Reporting (ICFR) by Japan's Financial Services Agency. The Internal Auditing Division independently audits the effectiveness of internal control systems in terms of implementation status and improvements at the Company as well as at the overall Group level.

Corporate Governance Structure: Supervision and Management and Internal Control System



Board of Directors / Corporate Auditors

As of June 27, 2014

Board of Directors



CHAIRMAN
Junzo Inamura



PRESIDENT
Yuji Hamasaki



EXECUTIVE VICE
PRESIDENT
Kozo Masaki



EXECUTIVE VICE
PRESIDENT
Akira Wachi



EXECUTIVE VICE
PRESIDENT
Koichi Yamamoto

Director and Senior Managing Executive Officer
Gentaro Kawashima

Director and Senior Managing Executive Officer
Takeshi Miida

Director and Senior Managing Executive Officer
Mamoru Sugii

Outside Director
Hiroyuki Takenaka

Outside Director
Botaro Hiroasaki

Corporate Auditors

Senior Corporate Auditor
Senior Corporate Auditor

Kazuyuki Tanaka
Toshihiko Ando

Corporate Auditor
Corporate Auditor

Masakiyo Inoue
Yoshiaki Shin

Compliance

Meiden Group considers compliance initiatives to be a key part of our practice of CSR. We work to comply with the law, society's expectations, and social norms and ethics in general.

Compliance System at Meiden Group

Compliance Policy and System

Meiden Group Code of Conduct (COC) defines that we shall strive to ensure compliance with applicable laws and regulations of our business operations-related matters, other applicable laws and regulations at home and abroad, social and ethical norms, and its underlining spirit, and we shall conduct our businesses with strong corporate ethics and good corporate social sense.

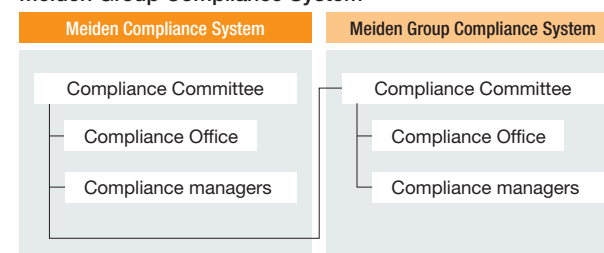
Given this policy, Meiden and its Group companies established a compliance committee at each level as per Meiden Group Compliance Promotion Rules. These committees actively communicate with each other and promote CSR programs.

The purpose of our Compliance Committee is to decide on policies for compliance programs, arrange compliance awareness campaigns, respond to internal information on COC violations, and compile the common committee's opinions on various events that have occurred and take action to resolve the issues. The activities of the Committee are reported to the representative director (Compliance) and lawyer and we strongly promote our compliance programs and secure the transparency of those programs.

Each workplace has a compliance manager, who makes sure that the Committee's policies are well understood and the business activities comply with the applicable laws, regulations and social norms. The compliance manager also offers consultation to any employee who seeks advice on some problem and, when necessary, reports to the head of the workplace to offer advice to correct the problem. The compliance manager reports periodically on these activities to the Committee.

Compliance activities are also in place at overseas Meiden Group companies. As per the medium-term management plans, we are planning to select leader companies in the designated regions and will promote improvement of internal rules and the establishment of Compliance Committees for the designated regions.

Meiden Group Compliance System



Whistleblower System on Compliance

Meiden has a whistleblower system on compliance. This is to prevent illegal actions or misconduct and to solve problems as early as possible if such illegal action or misconduct occurs.

For this whistleblower system, there are two routes: an internal hotline system for compliance violations (Internal Hotline System) and a whistleblower hotline for public interests (Public Whistleblower System).

For the Internal Hotline System, any employee in Japan can enter the 'hot-line site on compliance violations' on an anonymous basis. For the Public Whistleblower System, the contact points by phone are available at internal telephones and the external third-party phone. The third-party phone is located at the law firm to protect the whistleblower and to secure fairness in response to compliance violation information.

The Compliance Committee studies information that is brought to the above points of contact, and, if necessary, consults with a lawyer for resolution. Those who report problems are protected under the Whistleblower Protection Act.

Compliance Education and Information Exchange Meetings

Compliance Committees hold Compliance Information Exchange Meetings at major business premises in Japan every year. The purpose is to maintain and raise compliance awareness and receive input from people in each workplace. The Compliance Information Exchange Meetings also serve as education for compliance managers and selected employees, who also have the opportunity to exchange views with the Compliance Committees. These events were held at 22 locations in fiscal 2013, inviting a total of about 1,170, including compliance managers and selected Group employees. The committees reported on their companies' compliance activities, including individual whistleblower cases and how the Company responded. Training was also given on workplace harassment and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. Legal affairs staff gave further training to inform participants about especially unacceptable behavior, using specific examples. For their part, the participants talked about their workplace conditions, expressing their opinions and hopes to the committees and asking plenty of questions. We aim to reflect these participants' input in formulating this fiscal year's compliance program policies for even better compliance activities.



Information exchange meeting

Risk Management

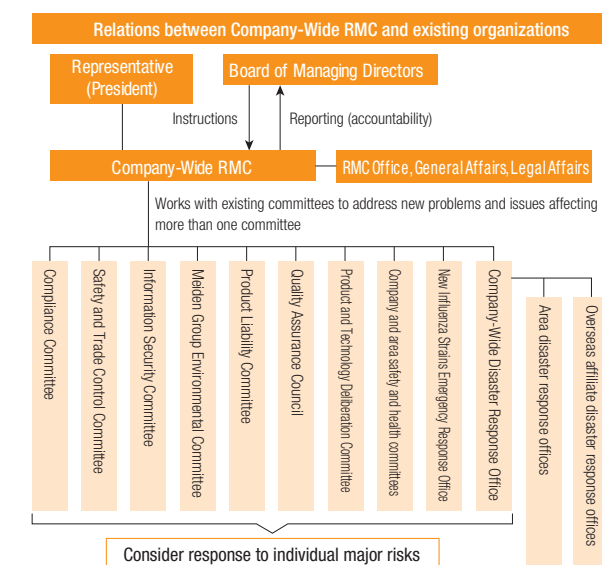
The entire Meiden Group is stepping up its risk management program, working to prevent various risks and minimize impacts if such events occur.

A Stronger Risk Management System

Meiden Group has a system in place to oversee risk management over potential problems in the Group. Our Company-Wide Risk Management Committee (RMC) functions as described below to respond to major, cross-organizational crises. The Company-Wide RMC also partners with working group committees (WGCs) to study anticipated risks and their level of seriousness and to prioritize responses to them.

1. Establish basic policies on major and cross-organizational risks
2. Periodically check and evaluate whether relevant organizations are functioning effectively in terms of risk management, and encourage improvements.
3. Encourage measures to prevent crises before they happen.
4. Decide on company policies on crises that do happen.

Operation of the Company-Wide RMC



Priority Initiatives for Fiscal 2013

In fiscal 2013 we established Document Control Rules to raise awareness of information control and prevent information leaks and other incidents.

We also established Rules for Writing and Keeping Important Contract Documents. The aim here is to institute a system to avoid or reduce the risk of information loss and minimize any loss that occurs under contracts that have the potential to seriously impact the Company.

In fiscal 2014, we will step up disaster prevention as a priority initiative.

Implementation of Total Disaster Reduction Drills

In fiscal 2013 a disaster drill mainly took place at the Meiden Nagoya Works, under the scenario of a disaster equivalent to a Nankai Trough earthquake in scale. Participants practiced checking for safety in disaster-hit areas, passing information between sites, and preparing for aid workers to mobilize.

Those involved in the highly effective practice kept communication flowing between Meiden Nagoya Works and Head Office and other production sites and set up a response system. Aid workers loaded relief supplies while others practiced exiting the workplace to return home.

In fiscal 2014, we aim to further improve the Head Office's ability to take disaster countermeasures. We have scheduled a drill based on an anticipated earthquake centered directly under the Tokyo area.

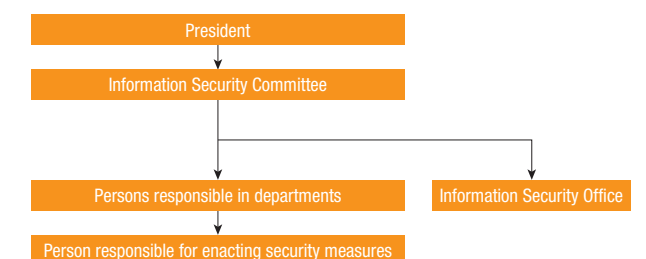


Strengthen Information Security Management

Meiden Group understands that ensuring the security of the information assets we handle is a most critical issue. Thus we protect these assets from disasters, accidents, criminals, errors, and other threats. We also establish and maintain information security controls to prevent lapses in information security caused by leaks, tampering, or theft.

In fiscal 2013, we gave an online course in information security to the entire Meiden Group and took measures to secure email to further strengthen information security.

Information security control system



Research and Development / Capital Investments / Intellectual Property

We are actively engaging in research and development programs, capital investment and intellectual property-related activities to assist the progress of our “Power of Collaborative Manufacturing Excellence” in preparation for a new leap forward of Meiden Group.

Research and Development

With basic technological development looking towards the future as its foundation, in fiscal 2013 Meiden Group strove to increase the competitiveness of its products, improve product line-ups and develop new system products by combining such products. At the same time, we worked hard to realize the performance improvement of products by enhancing the common core technologies that support our products. These technologies include analysis technologies (structures, thermal fluids, electromagnetic fields, etc.), materials technologies (such as insulating materials and denitration catalysts, etc.) and analytic technologies necessary for reliability and environmental performance improvement.

In the power conversion field, we commercialized a 100kW power conversion subsystem (PCS) for solar power. The new PCS cubicle offers the best conversion efficiency rate in the industry as a transformer-inside model. This PCS realized the use of the lower limit of PCS voltage under the Japanese power standards: down to 750 V. This helps to reduce transmission loss and lower construction costs (*see page 19 for related details).

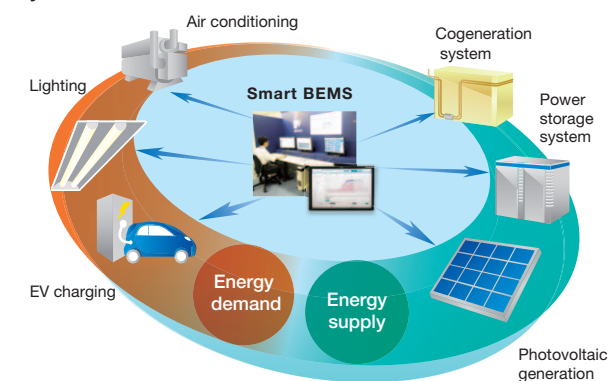
In the power transmission and distribution field, we developed an environmentally friendly 72kV eco-tank vacuum circuit breaker that uses dry air insulation rather than SF₆ gas, the conventionally used greenhouse gas.

In the water and environment field, we completed construction and commenced operation of a ceramic membrane bioreactor (MBR) plant coupled with an up-flow anaerobic sludge blanket (UASB) to treat and recycle industrial wastewater. This demo plant is sited at Jurong Water Reclamation Plant in Singapore.

In North America, we commenced field-testing of the MBR system using our ceramic flatsheet membranes to treat oil-contaminated water produced by the extraction of oil from oil sands. In future, we will work to realize the application of the ceramic MBR system at shale gas and oil extraction fields (*see page 23 for related details).

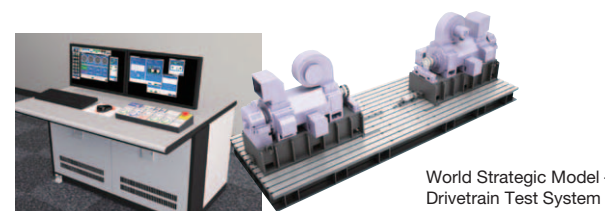
In the technology development for next-generation Energy Management Systems (EMS), we will continue the demonstrative research program as a part of the Yokohama Smart City Project (YSCP) until fiscal 2014. We will utilize the technologies developed under the YSCP for our integrated EMS technical development.

Image of Smart BEMS energy supply and demand control system



In the industrial fields, we have improved the performance and reduced the size of motor drive units for electric vehicles and plug-in hybrids (*see page 21 for related details). We developed a PM motor that uses only ferrite magnets, and we will work to expand its applications in the future as a new motor product that can avoid the supply risk related with rare earths.

In the dynamometer system business field, we developed a “World Strategic Model - Drivetrain Test System.” This system offers a low-inertia dynamometer and vehicle simulation functions as an evaluation facility to realize improved automotive fuel consumption and higher energy efficiency.

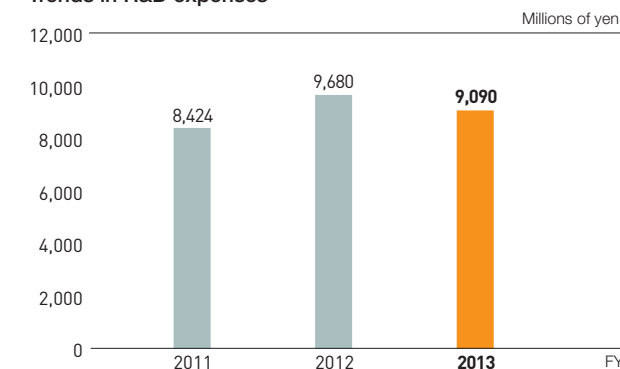


In the engineering service field, we developed a new artificial earth fault test method that features compact test unit size and light weight and increases testing safety. This development was awarded an Ohm Technology Award in Japan. By utilizing this new test method as one of our unique technical features, we would like to develop our maintenance and inspection service business.



A practical example of conducting “New Earth Fault Test Method”

Trends in R&D expenses



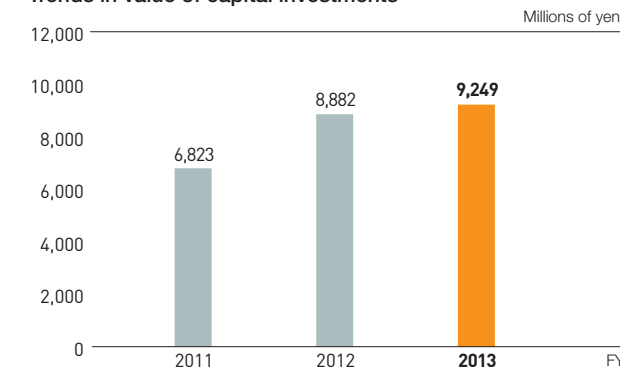
Capital Investments

We conducted focused investments in production facilities to enhance the competitiveness of our products. In the Numazu area of Japan, we conducted the rebuilding of our factory to increase our production capacity for photovoltaic PCS and power conversion products for energy storage. Additionally, we promoted a program for upgrading our factory's CAD system. In Kofu, we increased the production line capacity for overall motor products. At our overseas production hubs in China and Singapore, we constructed a new factory for the production of GIS arresters at Meiden Zhengzhou Electric Co., Ltd., which manufactures and sells surge arresters in China. At Meiden Singapore Pte. Ltd., we took the initial step of preparation for an assembly factory for ceramic flatsheet membrane units for water processing. Further, in order to support our “Grow Overseas” policy, we conducted investment in our Group's enterprise resources planning (ERP) systems, such as order receiving, purchasing, procurement, and accounting systems.



New factory for manufacture of GIS arresters (Meiden Zhengzhou Electric Co., Ltd.)

Trends in value of capital investments



Programs for Intellectual Property (IP) Rights Protection and Use

Under Meiden Group Corporate Code of Conduct, we strive to comply with the laws, regulations and social norms. Regarding IP rights, we respect the IP rights of other firms and at the same time, we work on programs to protect and actively use the Group's IP rights.

Basic Intellectual Property Rights Policy

The Medium-term Management Plan POWER 5 Phase III lists: “Advance Our ‘Power of Collaborative Manufacturing Excellence’ for Meiden Group's new solid growth” as a basic policy. To support this policy in terms of IP rights, Intellectual Property Division conducts programs to reduce the infringement risks of IP rights belonging to other firms and supports R&D activities and conducts programs to protect and use the IP rights from our R&D results. In so doing, we aim to contribute to the growth of the Meiden Group's business.

Organization

Our Intellectual Property Division engages in application, registry and maintenance of IP rights for the entire Meiden Group. We also assign Patent Managers to each of our research and engineering-related business units (BUs). Each Patent Manager co-operates with the Division to promote IP rights strategy to fit each BU's product portfolio and its business.

In fiscal 2014, we reorganized the Division coming under our Research & Development Group. Going forward, we will further promote our IP rights strategy and harmonize with our R&D strategy.

Initiatives in support of Meiden Group Going Global

Meiden Group lists “Strengthen Meiden Group overseas strategy” as one of the key policy topics in POWER 5 Phase III. The Intellectual Property Division is promoting IP rights application, registration and active use in overseas countries. As a result, our patent applications to overseas patent offices show an increasing trend every year. In order to avoid IP rights disputes with other firms in overseas markets, we are actively using patent infringement preliminary search services.

Quality and Product Safety

Meiden Group attempts to define the customer's requirements and our challenges and we aim to make Meiden Group trusted and relied upon by our customers through the offering of high-quality products and services. We practice the following Basic Policy.

President's Quality Management Policy Directive for Fiscal 2013

Offering customers peace of mind and satisfaction

Mission: "To produce trusted products and best product experience for the customers" While keep "the passion for manufacturing excellence" and by producing the high quality products and services, we aim to assist our customers in solving their issues and to produce the best product experience. We need to solidly implement the key policy measures to get the tangible results.

Basic Policy

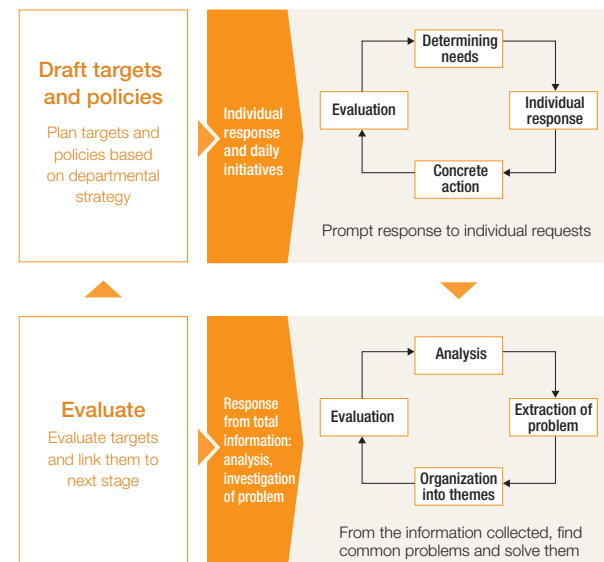
- 1 To enhance the best product and service experiences at the customers, we need to act as a "problem-solving partner" of the customers and thus we all need to get the actual feedbacks from our customers and shall fast take up the needed actions reflecting the demands and requirements of the customers.
- 2 To increase the quality level of the products and services (quality, delivery schedule and reliability level) and the job performance quality, we need to define what is each one's challenges and issues and start over the key actions: "Change, Stop (the nonessential matters) and Start Over (new things)". By practicing such actions, we shall make the incremental improvements on each step and realize the overall quality improvement.

Promote Programs to Collect Customer Needs

In order to provide the products and services for the best product experiences of our customers, Meiden Group listens, collects and analyzes the actual feedback/comments from our customers (information from our customers, requirement information, unsatisfactory points) as well as the market trends, etc. as "Customer Needs," and we link these inputs with our other programs/activities such as solutions proposals, new product developments, services, and various kaizen programs.

Each of the BUs having contact with customers such as R&D, sales and marketing, engineering, production, and project site construction will make an operational review at each BU level, define the evaluation items and summarize the plan for the next half-fiscal year. Each BU gives self-evaluation on operational results and by applying the PDCA (Plan-Do-Check-Action) Cycle and aiming to improve the operational performance level.

Flow of initiatives for finding customer needs



Initiatives for Improving Quality

Initiatives for error-proofing program against 3F situations (first time, far from norm, far in frequency)

We want our workers to be mindful of change points, when errors are likely to happen, and to be aware of risk and take steps against it in advance. We work to build mechanisms that examine, verify, and control risks in three error-prone situations that we call the 3Fs (first time, far from norm, far in frequency).

Follow-up on quality improvement measures by executive officer (Quality Management)

The executive officer (Quality Management) visits the related BU sites to evaluate the state of quality improvement (kaizen) programs and verify the sound level of preventive measures (for any problems that have occurred) by inspecting the actual items (genbutsu), and ensures that each BU practices the quality control (QC) kaizen programs in a solid manner. Moreover, through direct contact between the executive officer and the people at the related workplaces during such inspections, the aim is to increase the QC awareness level.



Follow-up by executive officer

Improving QC Skills

In order to acquire essential knowledge of QC, we conduct QC engineering education courses, not only for people at production-related Bus, but also for people at non-production-related BUs. The programs are available in Japan for the following groups of people: new recruits, young employees, middle management leaders, etc.

The courses cover such topics as "Role of QC," "How to Proceed with Kaizen," "QC 7 Tools," "5 Whys of Analysis," "Human Error Prevention – Poka Yoke," "Proactive Prevention of Defects and Prevention of Reoccurrence," etc. The courses include Group-based actual case study training. We provide the QC engineering education courses to people at Meiden Group firms at home and abroad.



Scene from a training session

Environmentally Conscious Product Development by Improving Product Quality, Life-span, and Energy Efficiency

For Enhanced Reliability

The Materials and Environmental Performance Analysis Center evaluates product reliability, prevents defects, and provides diagnosis of deteriorated product life. These Center activities are based on the Three Pillars of its policy: "Improve product quality," "Produce new products" and "Think Eco."



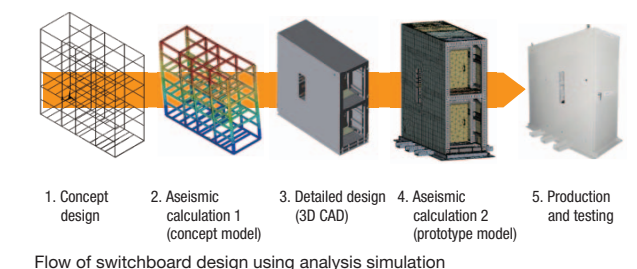
Using a 3D X-ray CT scanner to check for internal defects

Promote 'Front-Loading' by Computer Analysis

Analytic Simulation and Advanced Control Center practices 'front-loading,' which is computer-based validation of design by analysis simulation from the earliest stage, thereby determining the effective design. Such practice realizes improvement of product quality, shorter development time by reducing development rework, and improvement of product performance and safety.

Programs to Realize Eco-Friendly, Strong, Compact, and Long-Lasting Products

Meiden Group focuses R&D programs on strength and temperature analysis that supports the development of products featuring eco-friendly, compact, highly efficient, and long-lasting design. For instance, regarding the anti-seismic design of switchgear frames and electrical equipment inside switchgear panels, from the earliest stage of design, we perform aseismic analysis simulation. After finishing the design, we do a detailed evaluation on a digital prototype model. In so doing, we realize a highly reliable product design. We also do thermal fluid analysis simulation for rotating machinery and panel products to produce effective cooling design. This realizes compact and long-lasting design.



Flow of switchboard design using analysis simulation

TOPICS

Maintenance Engineering Training Courses for safety and peace of mind

At Meiden Engineering Center located next to Meiden Numazu Works, Numazu City, Japan, we provide technical skill training and engineering education courses for training maintenance engineers. Through training using actual power equipment that is very close to on-the-job training, we are cultivating maintenance engineers who can contribute to reliable, safe and effective operation of the customer's facilities.

Training courses are taught by veteran maintenance engineers with rich and varied on-site experience. The curriculum covers nearly all Meiden power products, including high-voltage substations, industrial PC facilities, power conversion products, power generation equipment, induction motors, etc. The courses are designed to obtain the required knowledge through hands-on experience. Trainees learn about the internal structure of equipment by using cross-section models. They perform actual operation training by operating disconnect switches, and circuit breakers, power generation systems and inverters, and by conducting protective relay test, etc. Teaching materials include the latest systems such as photovoltaic power systems.



Maintenance technology training



Training technical staff overseas

Protection of the Environment

Under our Basic Environmental Philosophy, every individual employee of Meiden Group promotes environmental management that contributes to the protection of the global environment and the realization of an affluent society through our core business.

Basic Environmental Philosophy

The Meiden Group Basic Environmental Philosophy

With our basic environmental philosophy: “Contribute to people, society and the global environment,” the Meiden Group aims to help build a sustainable society and to realize the growth of the Group and actively implement environmental management to tackle important issues: mitigating climate change, efficient use of resources (building a recycling society) and conserving biodiversity.

The Meiden Group's Environmental Action Guidelines

- 1 By promoting the development of new products and innovative technologies and providing such products to wider global markets, we endeavor to contribute to mitigating climate change, building a recycling society, and conserving biodiversity.

2 We strive to design and develop green products by conducting environmental impact evaluation for the product's life cycle, from initial material procurement to final disposal.

3 We strive to promote environmentally conscious business processes with green initiatives: promoting energy saving, promoting the 3Rs (reduce, reuse and recycle) and reducing the release of hazardous materials to reduce the environmental impact from our business activities.

4 After establishing our internal guidelines, we endeavor to comply with the related environmental laws, regulations, rules and other required matters and strive to avoid the release of contamination from our operations.
- 5 After establishing an environmental management system, we strive to maintain and improve it through the QC tool of the PDCA (Plan-Do-Check-Act) Cycle.*

*Note: The Plan-Do-Check-Act Cycle means: Plan: Identifying and analyzing the problem. Do: Developing and testing a potential solution. Check: Measuring how effective the test solution was, and analyzing whether it could be improved in any way. Act: Implementing the improved solution fully.

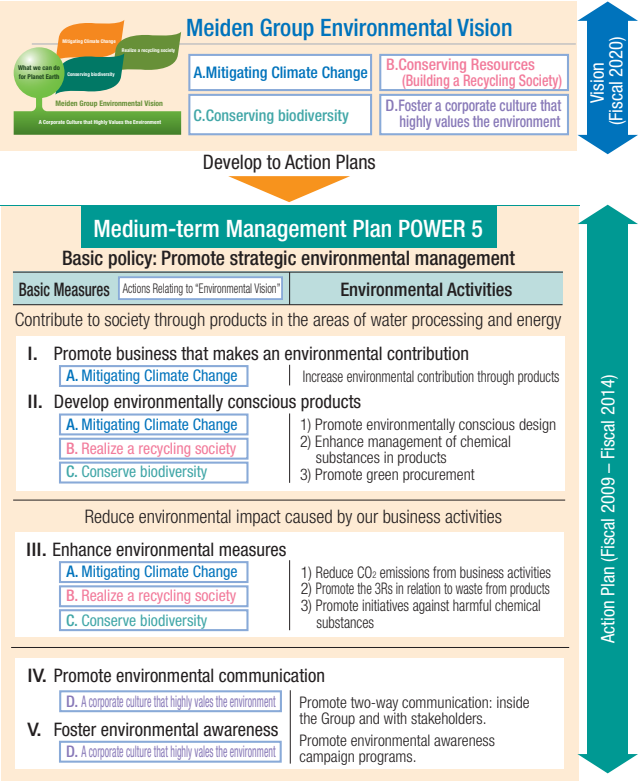
6 We strive to implement initiatives including environmental education and PR activities in order to increase all of our employees' understanding of environmental management and make our environmental programs more proactive.

7 We endeavor to publicize our environmental initiatives both within the Group and to society and promote broader communication with our stakeholders.

Environmental Vision

As a medium-term guideline to assist us in advancing environmental management, the Meiden Group has formulated an Environmental Vision that indicates the stance that we should adopt and the appropriate direction for our environmental activities. We seek to contribute to the realization of a sustainable society by means of the reduction of the environmental impact resulting from our business activities and the deployment of the businesses, products and technologies that we have developed to date in the fields of energy and water treatment to support social infrastructure. Our Environmental Vision identifies the mitigation of climate change, the building of a recycling society, and the conservation of biodiversity as the missions of a 21st century company, and establishes targets for how we should perform in our business activities and what we should aim for in our products. We work to implement environmental management with a corporate culture that highly values the environment as the foundation that helps us to achieve these targets.

Deployment of Action Plans



Targets that express our Environmental Vision

- A. Mitigating Climate Change**
- 1 Contribute to the reduction of CO₂ emissions through the sale of energy-related products and systems (i.e., products for renewable energy resources, etc.)
- 2 Promote environmentally conscious product design and reduce CO₂ emissions in the product life cycle.
- 3 Reduce CO₂ emissions in our production activities.
- B. Conserving Resources (Building a Recycling Society)**
- 1 Promote the 3Rs (Reduce, Reuse and Recycle) of waste materials in the various stages of the product life cycle.
- 2 Promote zero emissions of waste products from our production activities.
- C. Conserving biodiversity**
- 1 Contribute to securing water resources through our water processing systems business.
- 2 Conduct risk management on chemical materials and promote the reduction of very risky hazardous chemical materials, as well as initiatives to find alternative materials on a basis to reduce or replace harmful chemicals.
- D. Foster a corporate culture that highly values the environment**
- 1 Promote environmental communication: Actively disclose our environmental activities and results and promote two-way communication with our stakeholders.
- 2 Foster environmental awareness: For mitigating Climate Change, increase environmental literacy to promote environmentally conscious R&D and product development and cultivate the Group's individuals who actively perform local community and social contribution programs by acting on their own initiative.

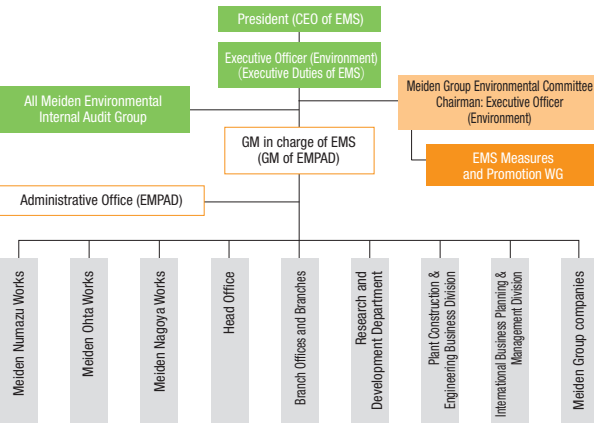
Promoting Strategic Environmental Management

Environmental management initiatives

Meiden Group promotes an environmental management system (EMS) at each firm level and at the Group-wide level. In our EMS organization, the chief executive officer is our President and the officer carrying out the executive duties of EMS is our executive officer (environment) who oversees the overall EMS management of the whole Meiden Group. The general manager (GM) in charge of EMS is the General Manager of the Environmental Management Program Administration Division (EMPAD). The GM maintains and improves EMS of Meiden Group. The GM organizes the All-Meiden Environmental Internal Audit Group and the Group inspects and monitors the status of EMS and conditions of compliance with related laws and regulations.

We established Meiden Group Environmental Committee as our EMS organization's highest decision-making body in relation to environmental activities. It sets environmental targets and formulates action plans, conducts management reviews, responds to emergency situations, and reviews and reports on the activities of environmental measures and working groups (WGs) and EMS promotion WGs.

Meiden Group EMS Promotion Organization



Meiden Group Fiscal 2013 Environmental Targets / Status of Achievement of Targets (in Japan)

○Achieved △Not achieved (better than previous year) ✕Not achieved (not as good as previous year)

Basic measure	Environmental initiatives	Fiscal 2013 targets	Fiscal 2013 results	Evaluation
I. Promote businesses that contribute to the environment ("Eco-contributing Businesses" (ECBs))	Increase the contribution to the environment via products	Contribute in reducing 300,000 t/year CO ₂ emission reduction effects by ECBs	Contributed in reducing 360,000 t/year CO ₂ emission reduction effects by ECBs	○
	1) Promote environmentally conscious design	Build a product eco-system for next-generation green products	Revision of standards for evaluation on environmental assessment sheets, conducting of LCA assessments	○
	2) Enhance management of chemical substances in products	Build a higher-level chemical substance management system	Extension of chemical substance management system throughout entire Group, establishment of technological rules	○
II. Develop environmentally conscious products (ECPs)	3) Promote green procurement	Achieve green procurement through its green quality supplier approval program – more than 50 certified suppliers	Achieved green procurement through its green quality supplier approval program – more than 52 certified suppliers	○
	1) Reduce CO ₂ emissions from business activities ¹	Reduce 1% in CO ₂ emissions per unit of energy (against the level of fiscal 2012)	Reduced 7.2% in CO ₂ emissions per unit of energy (against the level of fiscal 2012)	○
	2) Promote initiatives to eliminate hazardous chemical substances in products (against the level of fiscal 2000)	Reduce 30% in volatile organic compounds (VOC) released from burning fuels	Reduced 48% in volatile organic compounds (VOC) released from burning fuels	○
III. Promote environmentally conscious business processes	3) Promote reduction of waste discharge by 3Rs (Reduce, Reuse and Recycle)	Achieve "zero emissions" ² at major production hubs in Japan ³	Achieved "zero emissions" at major production hubs in Japan	○

¹ Target: "Reduction of CO₂ emissions from business activities": Activities in line with levels proposed in "the Action Plan Towards a Low-carbon Society" by the Japanese Electrical Industry

² Meiden Group definition of zero emissions: To achieve efficient use of resource rate in a range that is less than 1.0% of the total volume of waste (including industrial waste, general waste, and saleable waste, but excluding construction sludge, etc.) is not recycled.

³ Major production hubs: Meiden Numazu Works, Meiden Ohta Works, Meiden Nagoya Works, Kofu Meidensha Electric, Meiden Chemical (Sagami Works), Hokuto Denko (Atsugi Works)

Meiden Group Fiscal 2014 Targets and POWER 5 Medium-term Targets (in Japan)

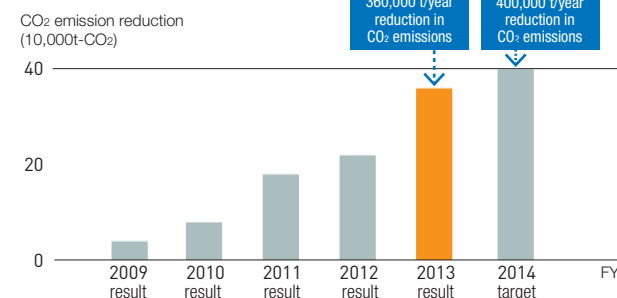
Basic measure	Environmental initiatives	POWER 5 Targets	Fiscal 2014 Targets
I. Promote businesses that contribute to the environment ("Eco-contributing Businesses" (ECBs))	Increase the contribution to the environment via products	Contribute 400,000 t/year CO ₂ emission reduction effects by ECBs in fiscal 2014	Contribute 400,000 t/year CO ₂ emission reduction effects by ECBs
II. Develop environmentally conscious products (ECPs)	1) Promote environmentally conscious design	Expansion of scope of subjects for environmentally-conscious design in fiscal 2014	Evaluation of environmentally-conscious design of newly developed products
	2) Promote green procurement	Achieve green procurement through its green quality supplier approval program – more than 50 certified suppliers per year	Achieve green procurement through its green quality supplier approval program – more than 50 certified suppliers per year
	3) Promote reduction of waste discharge by 3Rs (Reduce, Reuse and Recycle)	Achieve "zero emissions" at major production hubs in Japan in Fiscal 2014 (production hubs, engineering service business units (BUs) and construction service business units (BUs))	Achieve "zero emissions" at major production hubs in Japan (production hubs, engineering service business units (BUs) and construction service business units (BUs))
III. Promote environmentally conscious business processes	1) Reduce CO ₂ emissions from business activities	Reduce 1% in CO ₂ emissions per unit of energy (against previous fiscal year)	Reduced 1% in CO ₂ emissions per unit of energy (against the level of fiscal 2013)
	2) Promote initiatives to eliminate hazardous chemical substances in products (against the level of fiscal 2000)	Reduce 30% in volatile organic compounds (VOC) released from burning fuels (Maintained)	Reduce 30% in volatile organic compounds (VOC) released from burning fuels
	3) Promote reduction of waste discharge by 3Rs (Reduce, Reuse and Recycle)	Achieve "zero emissions" at major production hubs in Japan in Fiscal 2014 (production hubs, engineering service business units (BUs) and construction service business units (BUs))	Achieve "zero emissions" at major production hubs in Japan (production hubs, engineering service business units (BUs) and construction service business units (BUs))
IV. Promotion of environmental communication	1) Protection of biodiversity	Organization of activities in cooperation with regional community (Main four locations ⁴)	Organization of activities in cooperation with regional community (Main four locations)

⁴ Main four locations: Meiden Numazu Works, Meiden Ohta Works, Meiden Nagoya Works, and Kofu Meidensha

Promoting Business that Contributes to the Environment (“Eco-contributing Businesses” (ECBs))

We identified the related businesses of three business fields (solar power, wind power, and electrical components for electric vehicles (EV)) as ECBs with high levels of contribution and we enlisted the resultant contribution of CO₂ emission effects through these businesses and the related products as environmental contribution volume and thereby set the eco-efficiency targets (For fiscal 2014, reduction of 400,000 t-CO₂). In fiscal 2013, we steadily expanded our photovoltaic generation-related business, enabling us to realize an emissions reduction of 360,000 t-CO₂, a figure significantly in advance of our target of 300,000 t-CO₂.

Contribute to mitigating Climate Change through the CO₂ reductions achieved by ECBs



* The results figure for each fiscal year shows the aggregated figure of the annual CO₂ emissions reduction effect from products shipped since fiscal 2009



Yamanashi Mega Solar (Kai City), Yamanashi Prefecture



Outlander PHEV



Hachiryu Wind Farm, Akita Prefecture

Environmentally Conscious Product (ECP) Development

A Meiden Green Product* newly certified in fiscal 2013

* We have an internal certification system to approve excellent ECPs as “Meiden Green Products”

Drive robot TYPE-i add-on drive robot system

The drive robot TYPE-i is a system allowing the automatic operation of a complete vehicle on a chassis dynamometer. The accelerator, clutch, transmission, brake, and ignition key are all operated by electric actuators exactly as if a human operator was in control, enabling automatic driving operation under freely selected test-driving modes. The unit realizes the features of compact design, greater energy efficiency and less wiring needs to allow easy add-on to an existing dynamometer, and we also designed it to be an ECP.

Compared with our conventional model (fiscal 2007 model), this product has the following eco-friendly features.

Reduction of product weight

We have reduced the volume of the control panel (including relay box) by approximately 40%, the number of parts employed by 20.0%, and weight by 13.3% through efforts to reduce the number of parts and increase compactness.

Conservation of energy and resources

We have reduced the energy consumption of the control panel (including relay box) by 13.8% through the reduction of the number of parts and the use of power-saving controllers.

Reduction of amount of wiring

We have been able to reduce the amount of wiring by using almost no analogue wiring for the signal lines and employing a digital field bus.

Drive robot TYPE-i



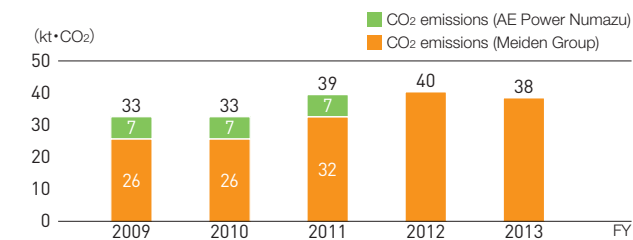
Environmental Initiatives related to Business Activities

Reducing CO₂ Emissions from Our Business Activities

The majority of Meiden Group’s greenhouse gas emissions occur as a result of the consumption of energy in business activities. Since fiscal 2013, the Group has employed the rate of improvement in energy consumption per unit of production as an indicator of reductions in energy consumption. In fiscal 2013, we set a target of a 1% improvement against the previous fiscal year, and realized an improvement of 7.2%. We were also able to reduce total energy consumption by 769kl as a result of initiatives including increasing the efficiency of our equipment, making the transition to LED lighting, and using photovoltaic power.

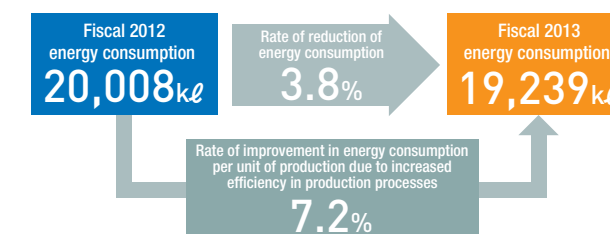
In addition to equipment upgrades including the installation of new air conditioners and LED lighting, we are operating and managing our equipment based on the standards for judgment stipulated by the Energy Saving Act, and working to rationalize our energy consumption, including energy consumption in production processes.

Trends in CO₂ emissions (Domestic)



* Until fiscal 2012, average annual figures published by The Federation of Electric Power Companies of Japan have been used for the emissions factor (receiving end). The average annual figure for fiscal 2012 published by The Federation of Electric Power Companies of Japan has been used for the fiscal 2013 emissions factor.

Energy consumption and rate of improvement in energy consumption per unit of production (Domestic)



Overview of Environmental Impacts by Our Business Activities (Fiscal 2013)

At Meiden Group, we monitor the environmental impacts from our business activities. Our rate of use of major resources and our environmental impacts from our business activities are shown below.

INPUT				OUTPUT			
Item	Japan	Overseas		Item	Japan	Overseas	
Energy				Release to Air			
Electricity	51,091	10,615	MWh	CO ₂	38	8.5	kt-CO ₂
Fuel oil	1,836	457	kl	VOCs	77	-	t
Fuel gas	3,607	147	1,000m ³	SF ₆	346	98	kg
Heat	3,655	-	GJ	SO _x	1.3	-	t
Water				NO _x	24	-	t
Tap water	62	70	1,000m ³	Release into public water area			
Industrial water	129	22	1,000m ³	Wastewater	1,488	92	1,000m ³
Groundwater	1,301	-	1,000m ³	BOD	4,841	-	kg
Chemical substances				Wastes from our business activities (excluding sludge from construction)			
VOCs	439	-	t	Amount not recycled	44	206	t
Greenhouse gases				Amount recycled	7,274	1,242	t
SF ₆	12,100	3,344	kg	Construction sludge	85	-	t
				Transportation			
				Product weight	48,339	-	t
				CO ₂ release by transportation	1,862	-	t-CO ₂

* Average figures for the period from 2009 to 2011 published in the International Energy Agency (IEA)’s CO₂ Emissions from Fuel Combustion (2012 Edition) were used for the emission coefficient for power use for each country. For fuel oil and fuel gas, emission coefficients for each country published by the Greenhouse Gas Protocol Initiative were used.

Human Resources Management

Meiden Group aims to maintain a fair and just employment system and a positive workplace to enable each employee to realize his or her potential.

Promote Fair and Just Employment Practices and Respect Diversity in the Workplace

Employment Policy

Our basic policy is to evaluate employees in a fair and just manner and respect their individual abilities and willingness, irrespective of gender, educational background, age, etc.

Hiring of People with Disabilities and Amendment in Our Re-Employment System

From April 2013, the mandatory hiring level of people with disabilities was increased by the Japanese Labor Law to 2.0%. We have been hiring such individuals not only through our designated subsidiary company but also at the principal company – Meiden. In Japan, we amended our re-employment system initially applicable to those who reach the mandatory retirement age of 60 as of April 2013. We offer job openings to all applicable and re-employment-seeking people by displaying the job descriptions and entering re-employment contracts.

Rate of employment of people with disabilities (Meiden Group)

2010/6	2011/6	2012/6	2013/6	2014/6
1.95%	2.09%	2.12%	2.13%	2.18%

Legally required employment percentage: 1.8% through March 2013; 2.0% from April 2013

Promoting Diversity

Meiden Group aims to realize diversity. As one of the steps, starting from fiscal 2014, we began focused programs to allow female employees to more actively play larger roles at Meiden Group. Promoting diversity is one of our key business policies, and as such, we wish to foster a culture to enable each employee to realize his or her potential. At the same time, we would like to review our current HR system for a better system.



Female employees in a session to talk about working styles

Human Resource Development

Human Resource Development Policy

- ① We will develop human resources capable of contributing to the management philosophy and to securing the necessary profit for such objectives.
- ② We will provide advice and support to each person so that he or she can find their unique potential and can have career development to maximize their current and future job performance.

A Variety of Training Programs

We provide various training programs for the personal development of our employees as members of society, as Meiden Group employees, and as professionals. In fiscal 2013, we conducted training for overseas Meiden Group managers and engineers with the training courses given in Japanese and English, and we also provided training courses in Chinese.

We also invited overseas Meiden Group engineers (production-related) to Japan and they joined the training programs at our related mother factories. We will continue to increase global human resources development (see page 25 for related information).



Awarding training certificates

Main Training Programs

- ① New-recruit training to help them get a smooth start as a working member of society and subsequent followup training after one year
- ② Newly promoted-employee training to enable them to have the necessary knowledge and way of thinking for their new job performance
* We are reinforcing the training for younger cluster employees; in particular, young employees with third and fourth year company experience after joining.
We added the training for such company age groups. For newly promoted assistant managers, assistant senior engineers and senior managers, we have training programs for immediately following their appointment as well as follow-up training. These training series will help them to acquire practical knowledge.
- ③ Subjectively based and participative training program in the form of collective training or by correspondence course. This program is for career development of each employee to enable him or her to acquire the necessary knowledge or skills for the career goal set by themselves.
- ④ Life-planning and career-design training program to help senior employees prepare for their retirement or post-company life-plan in Japan. This training will enable them to acquire the life-planning skills including budgeting.
- ⑤ Job-based training programs to foster professional people in each job description such as engineers, technicians, sales and marketing people.
- ⑥ Basic engineering course for back-office staff to know our products. This is to strengthen the basic knowledge necessary for a supplier's employee.

Building a Positive Workplace with Job Satisfaction

Personnel Treatment System

In April 2011, we amended our HR benefit system in Japan for our managerial level. This is designed to give incentives for their contributions to the Company and help their motivation to work. The HR benefit system strikes a balance among "Played Role," "Contribution Level" and "Corporate Performance Results." It uses a role-specific, multi-track (occupational group specific) qualification system. It was introduced to reward employees based

on their contribution so that those who work harder are treated accordingly. Moreover, the program for ordinary employees was revised in April 2012 to do the same.

Major initiatives

MBO Performance Measuring System

In order to ensure high evaluation transparency, we use the MBO (management by objectives) performance measuring system. This enables each employee to evaluate their individual performance results in the light of each BU's performance objectives under POWER 5. This is in line with each BU's MAP* activities.

* We named our management policy-related activities at Meiden Group "MAP Programs."
MAP: Meiden Advantage Program

Self-reporting system

The self-reporting system helps employees develop personally and form career plans.

Meister program

The Meister program gives special benefits to employees who contribute to Meiden Group through excellent craftsmanship. We treat them as high-level experts. So far, we have certified eight employees as Meisters between fiscal 2008 and fiscal 2013. (Two people were so honored in fiscal 2013.)

Job rotation program

We have adopted a job rotation program to develop the abilities of our young employees.

Recognizing that the occupational safety and health (OSH) of each employee are fundamental to the Group's operations, we work to eliminate occupational accidents and maintain and improve each employee's health at work. This follows our Basic Policy: "To secure a safe and positive work environment and help in realizing the work-life balance and better lives of our employees."



An officer gives a safety talk



Component system plant awarded for 1000 consecutive accident-free days

New Safety and Health System in Fiscal 2014

In order to improve and upgrade the content of OSH programs, we view it as essential that each workplace works hard on OSH programs on a daily basis. In this connection, we newly established a BU called "Operational Health and Safety (OHS) Management Department" in fiscal 2014. The new organization promotes OSH measures throughout all Meiden Group companies. Its activities focus on on-site OSH instructions at the project sites and workplaces.

Regarding the health management of each major area in Japan, "Health Management Liaison Meetings," consisting of each area's personnel department and Healthcare Management Office discuss various challenges and create specific measures to resolve any problems.

Occupational Safety and Health Initiatives

Safety and Health Initiatives Based on President's Safety and Health Management Policy

Each fiscal year, Meiden Group draws up a President's Safety and Health Management Policy and undertakes safety and health initiatives in keeping with the policy. We also draw up English- and Chinese-language versions of the same policy. In so doing, we apply the related initiatives to overseas Meiden Group companies.

TOPICS

Stronger OSH Programs at Meiden Zhengzhou Electric Co., Ltd.

Meiden Zhengzhou Electric Co., Ltd., our subsidiary in China, started providing occupational wellness checkups to employees in 2009. Since 2011, it has also been enhancing OSH programs by measuring the environment performance at its production site. On December 18, 2013, it passed an OSH evaluation and on-site audit by Zhengzhou City's Safe Manufacturing Supervisory Bureau.

While accelerating our drive to grow overseas, Meiden Group will work to strengthen the OSH programs at each production, engineering service, and sales & marketing hub abroad.



A scene at the OSH evaluation auditing meeting with Zhengzhou City's Safe Manufacturing Supervisory Bureau

Supply Chain Management

The Meiden Group's CSR initiatives and Code of Conduct are based on our Corporate Philosophy, and we ask our suppliers to practice CSR in every aspect of their business activities to the same degree as we do in our own.

Meiden Group Basic Procurement Policy

Basic Procurement Policy

- 1 Compliance with applicable laws and social norms
- 2 Fair trade based on free competition
- 3 Consideration for the environment
- 4 Building healthy partnerships

Promote CSR Programs that Include the Supply Chain

Meiden Group practices CSR to maintain fair trade that allows for mutual growth. This includes our procurement of materials. We drafted a "Meiden Group Supply Chain CSR Deployment Guidebook" based on CSR initiatives that the Group practices throughout its business. We present the guidebook to suppliers along with a request that they and their own suppliers practice similar CSR initiatives. Guidebook content conforms to the Supply Chain CSR Deployment Guidebook (August 2006 Edition) of the Japan Electronics and Information Technology Industries Association (JEITA).

Promote Green Procurement Activities

Green Procurement

Meiden Group works hard to produce eco-friendly products that reduce the environmental impact across their life cycle from manufacturing to disposal. We drafted "Green Procurement Guidelines" to promote procurement of products and services with little environmental impact. By following these guidelines, we ensure that we practice green procurement. By using CSR survey sheets (environmental activities survey sheets), we can comprehend the CSR & environmental programs of our suppliers. In this manner, they help us in our CSR procurement activities including green procurement.

Our Response to Conflict Minerals Issue

Meiden Group policy on disputed minerals Issue

Meiden Group works to prohibit the use of conflict minerals – the minerals tantalum, tin, gold, and tungsten mined in the Democratic Republic of the Congo and surrounding nations when those minerals are used to help fund armed forces that repeatedly engage in human trafficking, forced labor, child labor, abuse, or other inhumane acts.

Meiden Group asks our suppliers to understand and co-operate with our response to conflict minerals as part of ensuring socially responsible procurement.

Communication with Our Suppliers

Production Plan Briefings for Our Suppliers

Twice a year (April & October), our major works in Nagoya, Numazu and Ohta City, our production hubs in Japan, invite major suppliers for a briefing session to outline the business environment and plan at Meiden and each related BU. During these briefing sessions, we present excellent supplier awards to those who have greatly assisted us in materials procurement. This selection comprises several candidates and the award represents our special appreciation.

Also, we use Web-EDI to streamline the ordering, delivery period response, and the post-delivery paper exchange work. In so doing, we promote paperless transaction using electronic information.

Promote Group Procurement Organization

We are working to build a stronger procurement organization throughout Meiden Group. We conduct periodic Meiden Group Procurement Meetings and refine the programs to improve the Group's common procurement platform.

Programs to improve the procurement platform

- Strictly comply with rules and regulations.
- Strictly implement CSR procurement
- Strengthen risk management (BCP and internal controls)
- Strengthen HR development

Social Contribution Programs

By contributing to the community as based on Meiden Group Social Contribution Policies, we work to maintain good communication with the community and other stakeholders.

In 1918, Mrs. Take Shigemune, the second President of the Company and wife of our founder, Mr. Hosui Shigemune, used her own funds to establish Hosui Elementary School in Osaki (Shinagawa City, Tokyo), an area where the Company had a factory. Following in her footsteps, Meiden Group makes a wide variety of social contributions through our active involvement with local communities and with society.

Examples of social contributions (FY2013)

Teaching Children the Fun of Crafting Things

Since fiscal 2007, the 110th anniversary of our founding, we have conducted "Meiden Handicraft Sessions" at Hosui Elementary School and other elementary schools in communities in Japan where we have our manufacturing hubs. As of fiscal 2013, we have provided hands-on experience in the fun out of making things to more than 6,000 children.



Children have fun assembling a motorized ball-type "Scroller" and learning how to move it around.

Meiden Group Sponsors Azul Claro Numazu Soccer Team

Meiden is an official sponsor of the JFL soccer team, Azul Claro Numazu, which is based in Numazu City. Azul Claro Numazu is a community-based club team that was created through a program to teach soccer to local children. Meiden has a long history with Numazu City as our production hub and a close relationship with the community there.

Azul Claro Numazu values its community, and Meiden endorses the team's goal: "Contribute to a happy and prosperous community-building."

We support the success of the team as both sponsor and fan.



MET Donated Submerged Components to Thai University

Meiden Electric (Thailand) Ltd. (MET) organizes factory inspection tours and engineering lectures for students from universities and vocational schools in Thailand. Ayutthaya Province in Thailand saw major flooding in October 2011. MET donated some of the flood-damaged and non-operational power transformers and instrument transformers to Rajamangala University of Technology, Pathum Thani Province, Thailand in March 2013 to use as teaching materials. Then in August 2013, MET made a second donation to the university. MET hopes to continue supporting educational institutions in Thailand.



Nature Observation Events in Osaki, Tokyo

"ThinkPark Forest," a zone in our head office premises in Osaki, Tokyo, has created a green space that seamlessly connects with the green zones of other nearby companies. Meiden Group and neighboring companies started a nature observation event in fiscal 2012. The event is open to employees of sponsoring companies and is directed by the Nature Conservation Society of Japan.

In fiscal 2013, we further expanded the scope of the program and held a Nature Observation Meeting (NOM) in August that included employees and their family members. Other initiatives include observation from a fixed point where participants observe the trees of ThinkPark Forest during the various seasons, and we also installed a watering place for the birds living there. Going forward, by effectively using the discoveries or findings from past NOMs, we would like to revitalize these community programs. This series of programs received a "Fiscal 2013 Environmental Award," a secondary award of the "Shinagawa Environmental Grand Prize (SEGP)*" of Shinagawa City.

* The SEGP awards three organizations with "Grand Prize" and six organizations with "Environmental Award."



A scene at NOM

Receiving "Fiscal 2013 Environmental Award" from Shinagawa City

Corporate Data

Corporate Name	MEIDENSHA CORPORATION	Capital	¥17,070 million
Established	June 1, 1917 (Since December 22, 1897)	Consolidated Sales	¥216,177 million
President	Yuji Hamasaki	Consolidated Number of Employees	8,047
Head Office	ThinkPark Tower, 2-1-1, Osaki, Shinagawa-ku, Tokyo, 141-6029 Japan	Consolidated Subsidiaries	42 (25 in Japan, 17 overseas)

Consolidated Subsidiary Companies as of March, 2014

Area Code	Company Name	Capital	Business Entity
Japan	Kofu Meidensha Electric Mfg.Co.,Ltd.	¥400 million	Manufacture and sales of electric motors
Japan	Meiden Plant Systems Corporation	¥400 million	Construction services
Japan	Meiden Engineering East Japan Corporation	¥400 million	Manufacture, sale, lease, installation, wiring and provision of maintenance services (maintenance and inspection, modification, repair, etc.) for electrical equipment, machinery and devices in the Kanto, Tohoku and Hokkaido regions.
Japan	M WINDS Co., Ltd.	¥330 million	Business of wind farm and consulting services
Japan	MEIDEN SHOJI Co., Ltd.	¥300 million	Sales of electric components
Japan	Meiden Engineering West Japan Corporation	¥200 million	Manufacture, sale, lease, installation, wiring and provision of maintenance services (maintenance and inspection, modification, repair, etc.) for electrical equipment, machinery and devices in the Kansai, Hokuriku, Chugoku, Shikoku, and Kyushu regions.
Japan	MEIFIS CORPORATION	¥150 million	Accounting
Japan	Meiden Engineering Central Japan Corporation	¥150 million	Manufacture, sale, lease, installation, wiring and provision of maintenance services (maintenance and inspection, modification, repair, etc.) for electrical equipment, machinery and devices in the Chubu region (including Shizuoka and Yamanashi)
Japan	MEIDEN KOHSAN CO., LTD.	¥100 million	Sales of products and materials, and agent services of insurance
Japan	Meiden Environmental Service Corporation	¥100 million	Operation, maintenance, management, security management and health and safety management of equipment related to tap water, sewage, industrial water, etc.
Japan	Meiden Engineering Corporation	¥100 million	Strategic proposal and comprehensive management of manufacture, sale, lease, installation, wiring and provision of maintenance services (maintenance and inspection, modification, repair, etc.) for electrical equipment, machinery and devices and provision of related education
Japan	MEIDEN CHEMICAL CO., LTD.	¥95 million	Insulating varnish and molded instrument transformer
Japan	Meiden System Manufacturing Corporation	¥90 million	Manufacture and sale of Meiden Group sheet metal processed products and parts, design, manufacture and sale of low- and high-voltage power boards, manufacture of electrical relays

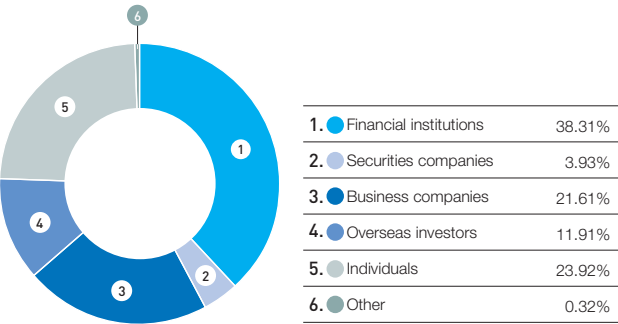
Area Code	Company Name	Capital	Business Entity
Japan	Meiden System Solution Corporation	¥50 million	Manufacture of software for Meiden Group products, sale and lease of maintenance and management services for Meiden Group network, design of information systems, and conducting of related surveys, development, consultation, and education
Japan	Meiden System Engineering Corporation	¥50 million	Design and management of Meiden Group plant products
Singapore	MEIDEN SINGAPORE PTE. LTD.	S\$25 million	Manufacture and sales of transformers, switchgears and circuit-breakers and related engineering and construction services
Thai	THAI MEIDENSHA CO., LTD.	TB30.0 million	Engineering and consulting services
China	MEIDEN HANGZHOU DRIVE SYSTEMS CO., LTD.	US\$19.0 million	Manufacture and sales of electric motors
U.S.A.	MEIDEN AMERICA, INC.	US\$16.5 million	Sales of dynamometer products, engineering and consulting services

Another 23 companies

Share data (As of March 31, 2014)

Stock Listing	Tokyo Stock Exchange, Nagoya Stock Exchange
Total number of authorized shares	576,000,000
Total number of issued shares	227,637,704 (Including treasury shares of 713,417)
Number of shareholders	17,773

Distribution of shares by shareholder



Major shareholders

Name of shareholder	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	15,993	7.05
Sumitomo Electric Industries, Ltd.	13,147	5.79
Japan Trustee Services Bank, Ltd.	12,194	5.37
Sumitomo Mitsui Banking Corporation	11,209	4.94
NEC Corporation	8,731	3.85
Sumitomo Mitsui Trust Bank, Limited	7,500	3.31
Meidensha employees stock ownership	5,462	2.41
SUMITOMO LIFE INSURANCE COMPANY	5,307	2.34
Mitsui Sumitomo Insurance Company, Limited	4,377	1.93
BNP Paribas Securities Corporation	3,500	1.54

(Note) The shareholding ratio excludes treasury shares.



MEIDENSHA CORPORATION

TOKYO JAPAN

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This report is printed on FSC-certified paper sourced from well-managed forests.



Printed on paper made with wood from forest thinning. "Morino Chonai-kai" (Forest Neighborhood Association)—Supporting sound forest management.



Only environmentally-friendly, zero-VOC (Volatile organic compounds) 100% vegetable oil inks were used in the printing of this report.



This report was printed using the waterless printing method, which contributes to reduced output of solutions from the printing process that contain organic compounds.