

(Translation)

To Whom It May Concern:

May 13, 2002  
Toyota Motor Corporation  
(Toyota Jidosha Kabushiki Kaisha)  
1, Toyota-cho, Toyota City, Aichi Prefecture

### **Notice Concerning Stock Option (Share Acquisition Right)**

At its meeting held on May 13, 2002, the Board of Directors of Toyota Motor Corporation ("TMC") resolved to propose an agenda asking for authorization to issue share acquisition rights without consideration, for the purpose of granting stock options, pursuant to Article 280-20 and Article 280-21 of the Commercial Code. The proposal will be presented at its FY2002 Ordinary General Shareholders' Meeting to be held on June 26, 2002 and we hereby inform you as follows.

#### 1. Reason for Issue of Share Acquisition Rights without Consideration

TMC will issue rights ("Share Acquisition Rights") to subscribe for or purchase shares of TMC to directors and employees of TMC and its affiliates in order to enhance enthusiasm and raise morale for improving business performance and thereby contribute to strengthen TMC's international competitiveness.

#### 2. Summary of Terms of Issue of Share Acquisition Rights

##### (1) Class and Number of Shares to be Issued or Transferred upon Exercise of Share Acquisition Rights

Up to 2,200,000 shares of common stock of TMC.

If TMC splits or consolidates the shares, the number of shares to be issued or transferred upon exercise of each Share Acquisition Right shall be adjusted according to the following formula. However, such adjustment shall be made only to those shares with respect to the Share Acquisition Rights remaining unexercised at the relevant time, and any fraction less than one (1) share arising as a result of such adjustment shall be discarded.

$$\begin{array}{l} \text{Number of shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of} \\ \text{shares before} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of split} \\ \text{(or consolidation)} \end{array}$$

(2) Total Number of Share Acquisition Rights to be Issued

Up to 22,000 (the number of shares to be issued or transferred upon exercise of one Share Acquisition Right shall be 100; provided, however, that in case the number of shares is adjusted pursuant to (1) above, such adjustment shall prevail.)

(3) Issue Price of Share Acquisition Rights

No consideration shall be paid at the time of issuance of the Share Acquisition Rights.

(4) Amount to be Paid upon Exercise of Share Acquisition Rights

The amount obtained by multiplying the closing price of the TMC's common stock in regular trading on the Tokyo Stock Exchange on August 1, 2002 (if there is no transaction made on that day, then the closing price of the latest date prior to August 1, 2002 on which a transaction was made) by 1.025, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.

If TMC splits or consolidates the shares on or after August 1, 2002, the amount to be paid shall be adjusted according to the following formula, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.

$$\begin{array}{rcccl} \text{Amount to be} & & \text{Amount to be} & & 1 \\ \text{paid after} & = & \text{paid before} & \times & \hline \text{adjustment} & & \text{adjustment} & & \text{Ratio of split} \\ & & & & \text{(or consolidation)} \end{array}$$

In addition, if new shares are issued or treasury stock is sold at a price below the market price on or after August 1, 2002, the amount to be paid shall be adjusted according to the following formula, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen. However, no adjustment shall be made in case of the exercise of Share Acquisition Rights, transfer of treasury stock in accordance with a resolution of past Ordinary General Shareholders' Meetings pursuant to Paragraph 2, Article 210-2 of the former Commercial Code or exercise of the outstanding rights to subscribe for new shares.

$$\begin{array}{rcccl} \text{Amount to be} & & \text{Number of} & \text{Number of shares} & \text{Amount to be} \\ \text{paid after} & = & \text{outstanding} & + \frac{\text{newly issued}}{\text{Share price before issue of new shares}} \times & \text{paid per share} \\ \text{adjustment} & & \text{shares} & & \\ & & & & \hline & & \text{Number of} & + & \text{Number of shares increased} \\ & & \text{outstanding shares} & & \text{by issue of new shares} \end{array}$$

"Number of outstanding shares" provided for in the above formula does not include the number of shares held by TMC as treasury stock.

(5) Exercise Period of the Share Acquisition Rights

From August 1, 2004 to July 31, 2008

(6) Conditions of Exercise of Share Acquisition Rights

- (i) Upon voluntary retirement, age limit retirement, employment transfer or death of a grantee of the Share Acquisition Right, the exercise of such right will be handled as follows:
- In case of voluntary retirement, age limit retirement or employment transfer: the rights granted to the grantee will be exercisable for up to 6 months following his/her voluntary retirement, age limit retirement or employment transfer.
  - In case of death: the rights granted to the grantee shall become void at the time of his/her death.
- (ii) Other conditions shall be provided for in the contracts to be executed between TMC and the grantees of the Share Acquisition Rights pursuant to the resolution of the Ordinary General Shareholders' Meeting of this year and the resolution of a meeting of the Board of Directors.

(7) Events and Conditions of Cancellation of Share Acquisition Rights

- (i) Share Acquisition Rights may be cancelled without consideration upon approval by an Ordinary General Shareholders' Meeting of an agendum on a merger agreement in which TMC is a company to be dissolved, and an agendum on a share exchange agreement or a share transfer by which TMC will become a wholly-owned subsidiary.
- (ii) TMC may cancel the Share Acquisition Rights without consideration if the grantee of the Share Acquisition Rights becomes no longer qualified to exercise such rights pursuant to the provision provided for in (i) or (ii) of (6) above.

(8) Restriction on Transfer of Share Acquisition Rights

Transfer of Share Acquisition Rights shall be subject to an approval of the Board of Directors.

(Note) The above resolution shall be conditional upon the agendum "Issue of Share Acquisition Rights without Consideration to Directors and Employees, Etc., of TMC and Its Affiliates" being approved at the FY2002 Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2002.