

Prepared Remarks by President Akio Toyoda on Financial Results for Fiscal Year Ended March 2014

Good afternoon and thank you for joining us here today. I'm Akio Toyoda.

For the fiscal year ended March this year, our consolidated operating income was 2 trillion 292.1 billion yen, due to increased vehicle sales mainly in Japan and North America and to group-wide cost reduction activities.

I would like to express our sincere gratitude to all those involved, including our dealers and suppliers, and above all, to all our customers worldwide for choosing our products.

We plan an end-of-year dividend of 100 yen per share, to be proposed at the annual general shareholders meeting in June. Including the interim dividend of 65 yen per share, this will make our annual dividend 165 yen per share.

To ensure that shareholders maintain their support over the long term, we intend to continue paying dividends in a stable and sustainable manner.

In August, we plan to establish the Toyota Mobility Foundation to address mobility challenges around the world. We will use a portion of our treasury stock to fund the activities of the foundation, and repurchase additional shares to return value to our shareholders.

As you might know, Toyota has experienced a number of challenges since June 2009, when I became president.

It has been a period of hardship and perseverance for Toyota, as we were often not able to do what we had wanted. Nevertheless, it has been a period of tremendous learning.

We have learned, among other things, that a sharp decline, even after a period of rapid growth, affects a large number of stakeholders. We have learned that sustainable growth is most important.

Toyota grew rapidly in line with increasing vehicle sales. But, our human resources development did not keep pace with the expansion, and as a result, our employees and partners were overstretched.

Our fall into the red during the global financial crisis and our large-scale recalls were perhaps a result of this.

We were like a tree that grew too rapidly, that as a result was not able to form a strong enough trunk to protect it from the elements.

Over the last four years, our profit structure has certainly become stronger as a result of significant effort, which was supported by our stakeholders. In Japan, we will be able to resume paying corporate taxes.

We are now entering a new stage and are taking the first step toward sustainable growth.

I believe that sustainable growth means growing steadily each year under any circumstances.

Since our foundation, our growth has been driven by each individual vehicle manufactured and delivered, rather than through corporate acquisitions. Toyota is approaching a significant point-of-change as our global sales now exceed 10 million units.

This scale is unprecedented, and so for us to continue to grow we must remain determined to grow exactly at the same speed as our people. We must never go beyond our ability.

Now that we can allocate resources for the future, it is time for us to implement dynamic reforms and forward-looking initiatives proactively.

Toward this end, in April last year, we introduced a new organizational structure made up of four nimbler, focused business units. In this new structure the top management of each business unit is close to their *genba* (where the action is happening) so that decisions can be made speedily and independently. This should enable us to address market needs that vary due to size and level of motorization.

We have extended this approach even further this year by initiating vehicle development by platform. For instance, Team K is in charge of the entire operation involving development, procurement and production of the models as the Camry and Avalon which share our K platform.

This new initiative replaces the model-by-model optimization approach with a unified team approach to developing ever-better cars.

Also, as we announced recently, we plan to establish a new headquarters for our North American operations. This initiative to put manufacturing, sales and financial operations in North America under one roof is an example of our on-going optimization of our business structure.

For the technologies that will bring us future growth, we plan to accelerate our innovation.

Besides refining hybrid technology, our core environmental technology, , we will proactively put our resources into the development and commercialization of fuel-efficient gasoline engines, fuel cell vehicles and safety technologies for our customers' safety and peace-of-mind. We will also make active investment for the advancement of the next generation mobility and IT infrastructure.

Now, I would like further discuss *growth*.

As I said earlier, I want to make Toyota into a company which continues to grow: A company which can withstand, or even continue to grow, in spite of serious crises like the global financial crisis.

What then should drive such growth?

The obvious answer is ever-better cars- attractive products that bring joy to our customers, and the people who produce them.

These kinds of cars can only be produced by the *genba*, where people own their work, think based on facts, and are able to judge, decide and act on their own initiative.

However, the bigger a company is, the more difficult this becomes. Also, what can be done in a crisis may not be possible in other times.

Toyota's current situation, as I see it, is particularly critical as we are now entering another expansion phase.

This is why I wanted to create a number of focused Toyotas, such as the business units and Team K. Through this, I want to encourage the reestablishment of independently thinking and acting *genbas*.

With 10 million annual vehicle sales, growth today has a different meaning for Toyota, compared to when we had 6 million.

Vehicle sales and profits are one measurement of growth. But, if a number of focused Toyotas have their own measurements and focuses on the improvement of their true competitiveness, Toyota will become even stronger overall.

My role in this endeavor is to keep Toyota's overall vision and its direction clear, so that these Toyotas ultimately function as one Toyota.

All 330,000 Toyota employees around the world will continue their combined efforts to bring joy, safety and peace-of-mind, and to contribute to the betterment of communities. I would very much appreciate your continued support.

Now, Executive Vice President Nobuyori Kodaira will present the financial results.

Thank you.

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