

TOYOTA

Toyota's Management Strategy

Dynamic & Stable Growth

Innovation Into the Future



Hybrid Technology
Camry Hybrid

Prius

Toyota Motor Corporation

September 6, 2002

Fujio Cho

President

TOYOTA

Toyota's Performance

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Toyota's Performance

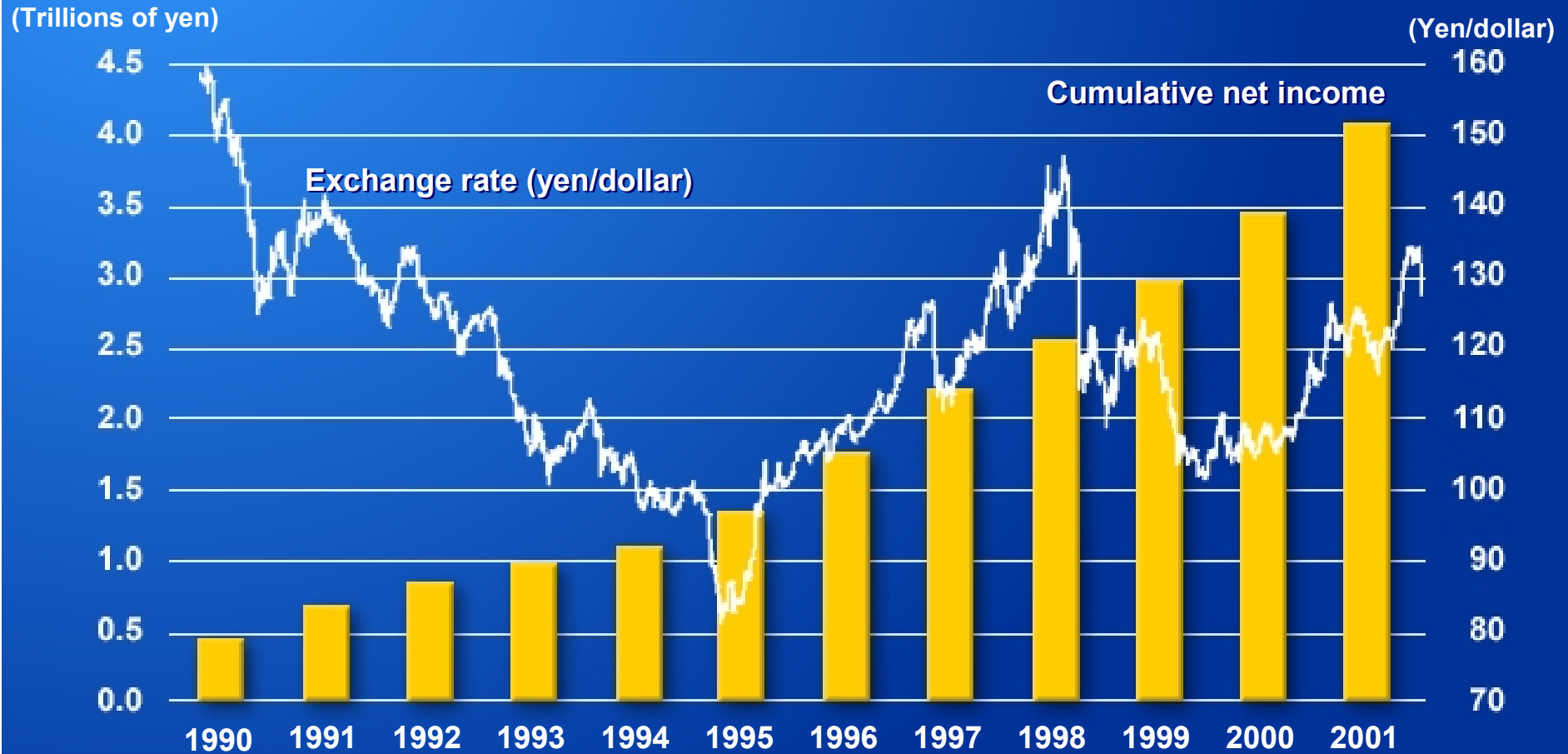
10 Years of Dynamic Growth

Operating Income



Toyota's Performance

10 Years of Stability



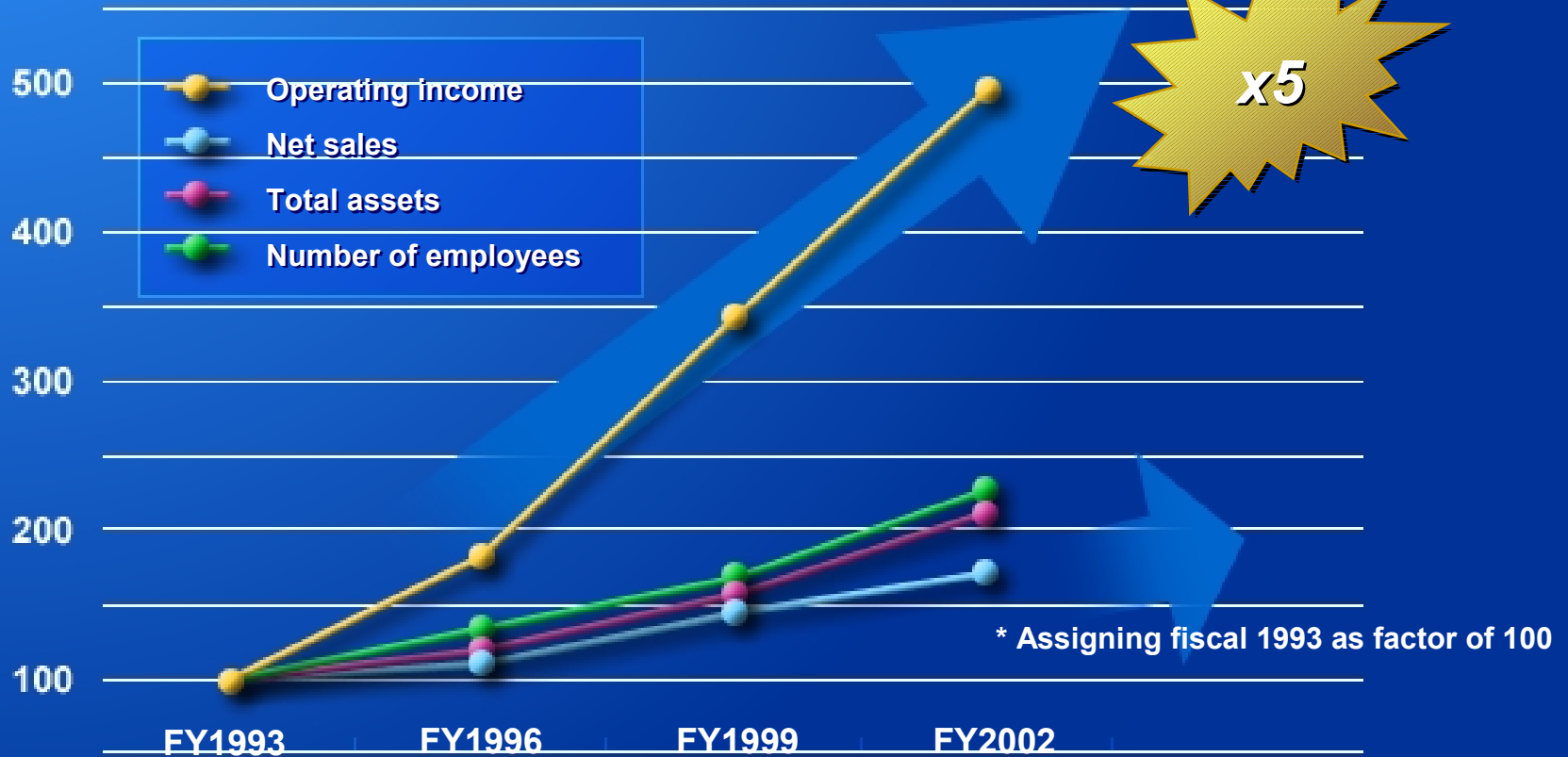
* Cumulative net income reflects consolidated figures calculated in accordance with Japan GAAP.

Toyota's Performance

Improved Management Efficiency

Operating Income

Net Sales, Total Assets, and Number of Employees



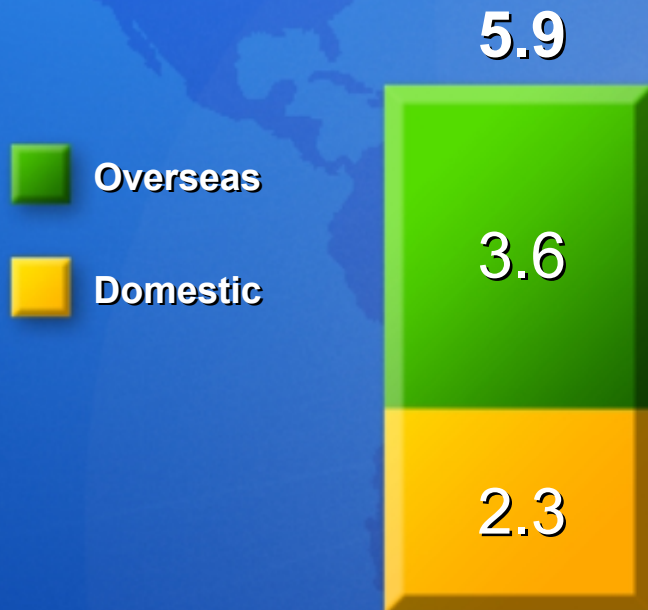
Toyota's Performance

2001 Global Sales

Sales in Approximately 160 Countries and Regions Around the World

Global Unit Sales in 2001

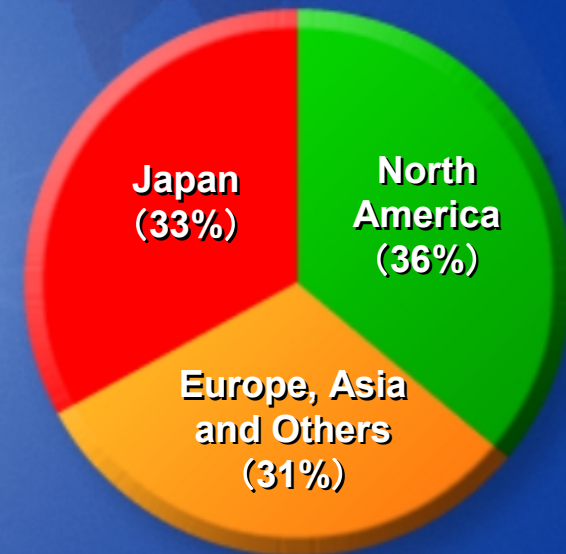
* Including Daihatsu and Hino (Millions of units)



Proportion of 2001 Unit Sales by Region

Global Share

10%



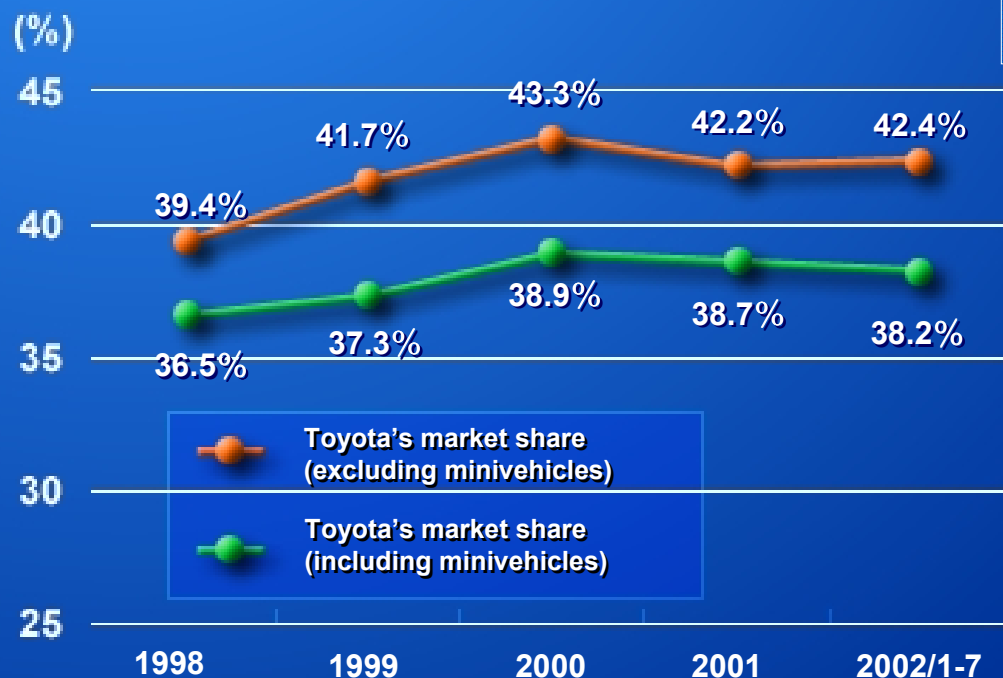
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Toyota's Performance

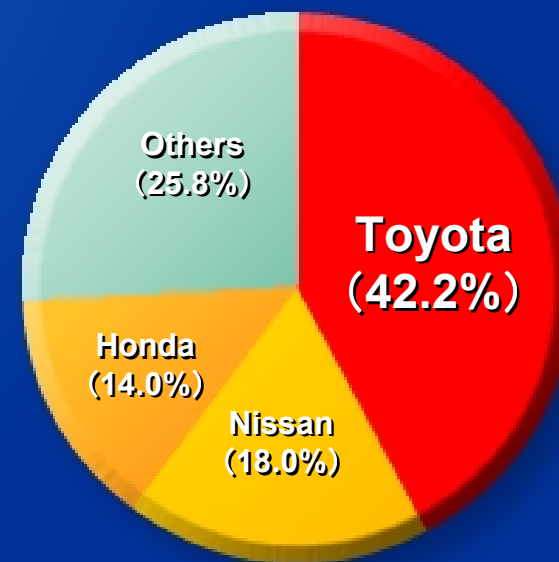
2001 Domestic Sales

Japan's Market Leader (more than 40% market share)

Basis of Global Competitiveness : Quality, Cost



2001 Market Share (excluding minivehicles)



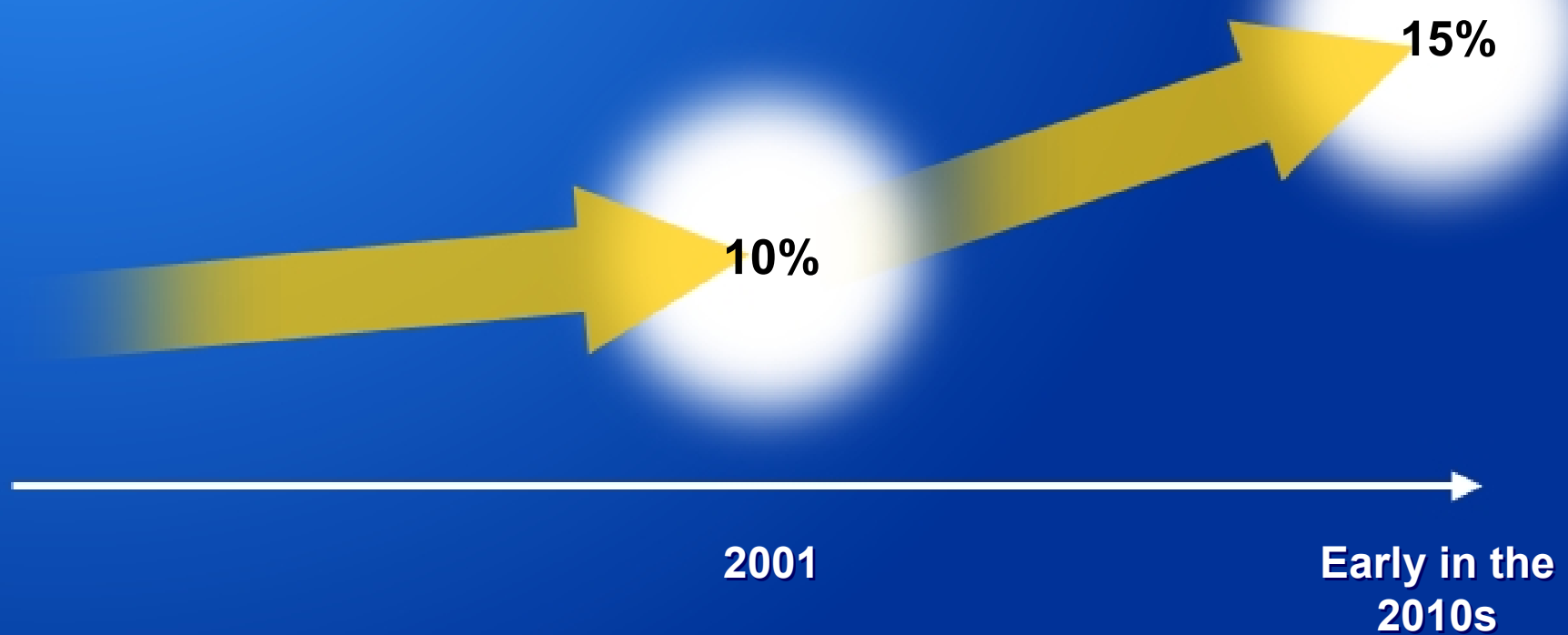
* Figures for 1998 and thereafter include Daihatsu;

Figures for 2001 and thereafter include Hino

Toyota's Performance

Our Vision for the Future

2010 Global Vision
15% Global Market Share



Brand Strategy

Improving Brand Value

Improving Brand Value II

North American Strategy : Growth of Product Line-up

Sales Target 2 million units
(2003-2004 Planned)

Small passenger vehicles



Camry



Corolla

Luxury vehicles



Lexus LS430



Lexus SC430

Large SUVs



Tundra



Sequoia

Crossover vehicles



Highlander



Lexus RX300

Youth-oriented vehicles



bbX



SCION

Ranked first in 9 of 16 categories
in the 2002 IQS survey
by J.D. Power & Associates

Improving Brand Value II

European Strategy : Growth of Product Line-up

Sales Target 800 thousand units + 0% (2005 Planned)

Yaris: Unit sales
2001: 210,000 vehicles
First half of 2002: 120,000 vehicles



Corolla



New Avensis
(beginning of 2003)

Diesel Engines

D-CAT
(2003 launch)

Sales to Other Companies
(from 2003)

Improving Brand Value

II

Global Cars

	Countries and regions in which vehicle is marketed (approximate numbers)	2001 production volume (in thousands)
Corolla	140	871
Camry	100	527
Yaris	140	373
Hilux	140	302



**2002
1 million
units
(plan)**

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Improving Brand Value II

Motorsports



F1

Competed in races with cars developed completely in-house (from 2002)

CART

Current leader in manufacturer's championship



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Strategy for Optimal Global Production

Producing Where Demand Exists

III Producing Where Demand Exists

Optimal Global Production

Production and Marketing Where Demand Exists

(24 overseas countries and regions, 40 companies worldwide)



III Producing Where Demand Exists

Expansion of Local Production in North America

Expansion of Local Production → Stable Growth



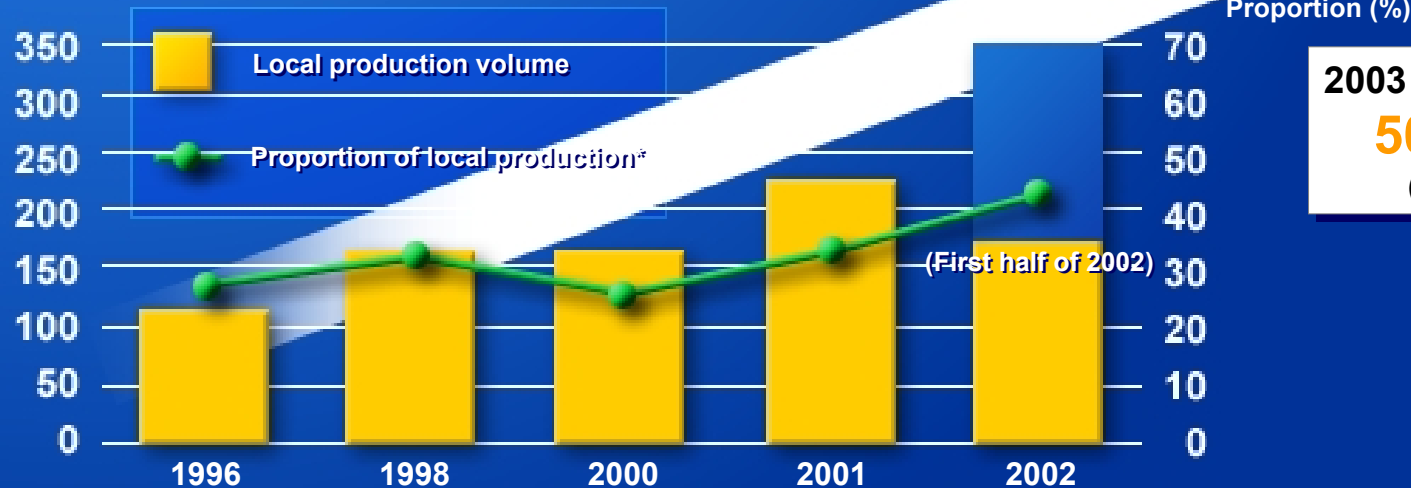
III Producing Where Demand Exists

Expansion of Local Production in Europe (1)

Expansion of Local Production and Procurement → Cost Reductions

U.K. (TMUK): Common-rail diesel assembly (2003)
France (TMMF): Increased capacity (150,000 vehicles → 180,000 vehicles, 2003)
Common rail diesel assembly (2003)
Poland (TMMP): Manual transmission production commenced (April 2002)
Turkey (TMMT): Corolla production, exports to Europe (February 2002)

Production volume
(Thousands of units)



2003 production capacity
500,000 units
(including Turkey)

* Proportion of local production = Local production volume / Local unit sales

Producing Where Demand Exists

Expansion of Local Production in Europe (2)

Planned to Introduce Small Entry-Level Passenger Vehicle

**Joint Production of New Concept Vehicle with
PSA Peugeot-Citroën**

**Establishment of plant in Czech Rep. (TPCA)
(Production scheduled to begin in 2005)
100,000 Toyota branded vehicles (planned)**

**Expansion of Polish plant (TMMP) in 2004
Supply engines and transmissions to TPCA**



III Producing Where Demand Exists

Expansion of Production Network in Asia



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III Producing Where Demand Exists

Major Leap Forward in Toyota's China Operations

Operations in China at present

Tianjin: Production of compact passenger vehicles (October 2002)

Sichuan: Production of the Coaster (December 2000)



Expansion by cooperative relationship with FAW

Medium/large-class luxury sedans: Production of 50,000 units / year (2005)

SUV: Production of 10,000 to 20,000 units / year (2003)

Minivehicles:* Production of 100,000 units / year (2003)

*Sold under the Daihatsu brand



By around 2010

Total production and sales of 300,000 to 400,000 units / year

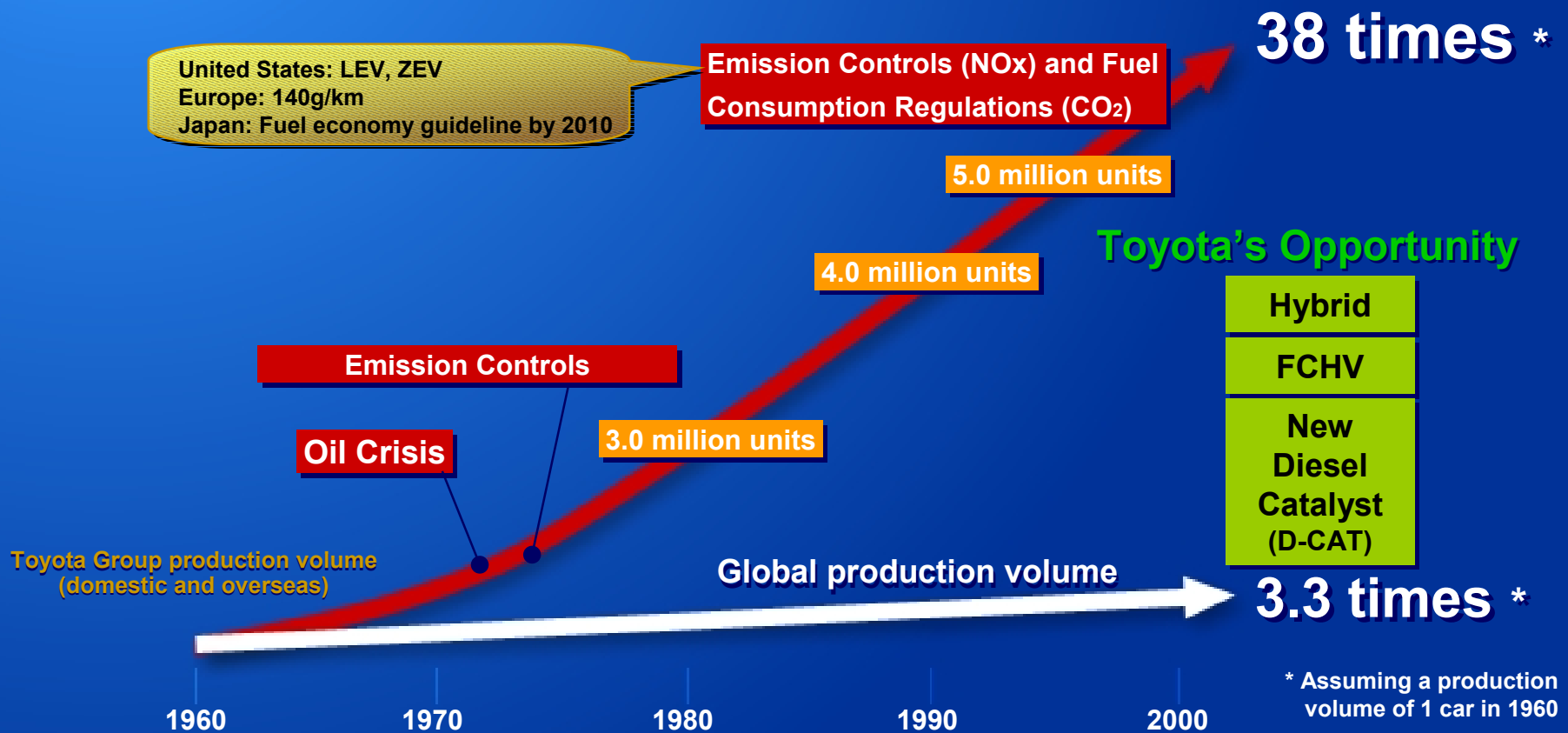
Technology Strategy

Stricter Regulations as a Business Opportunity

IV Stricter Regulations as a Business Opportunity

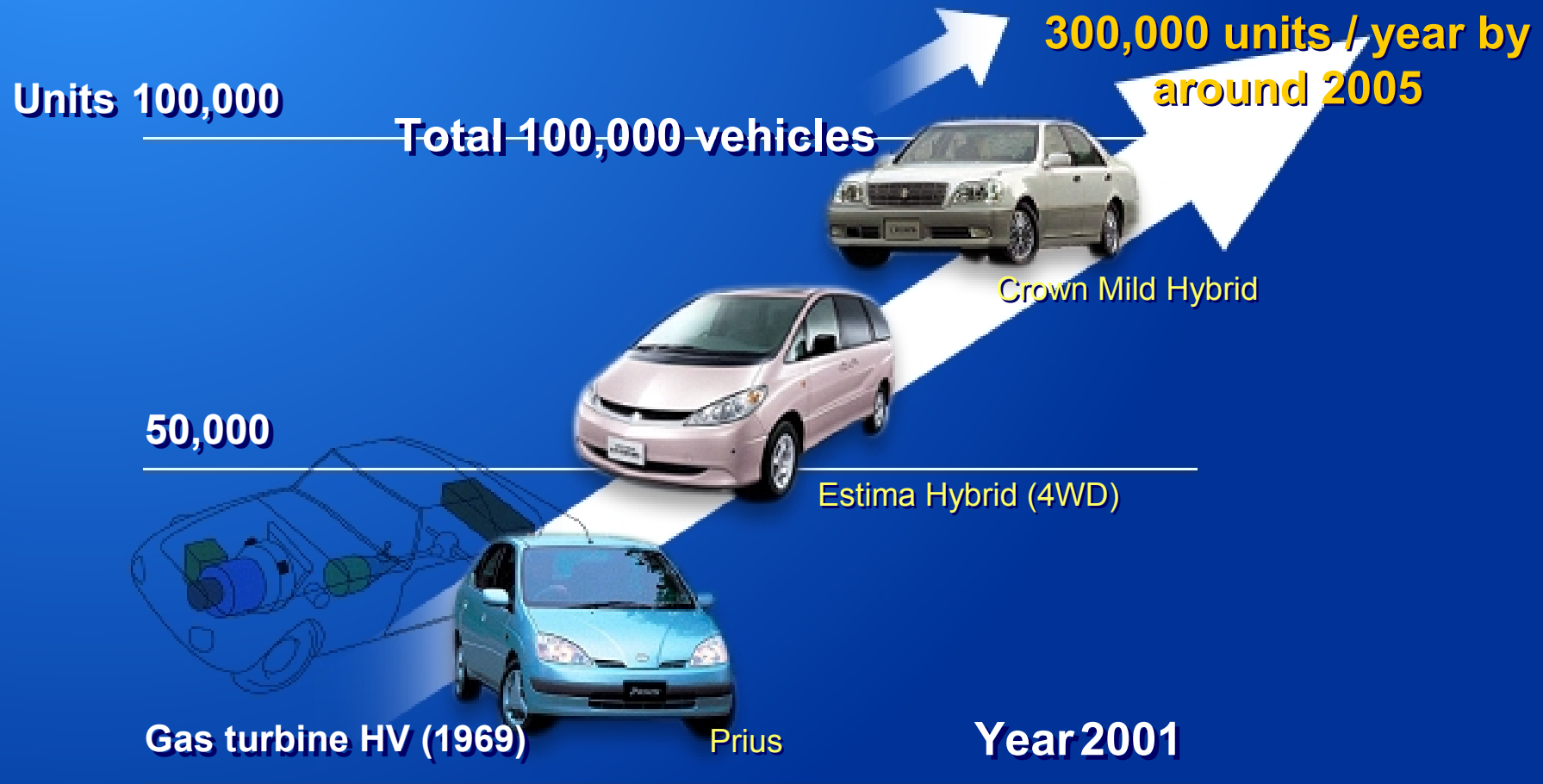
Next-Generation Technological Competition as a Business Opportunity

The Oil Crisis and Emission Controls Triggered Growth



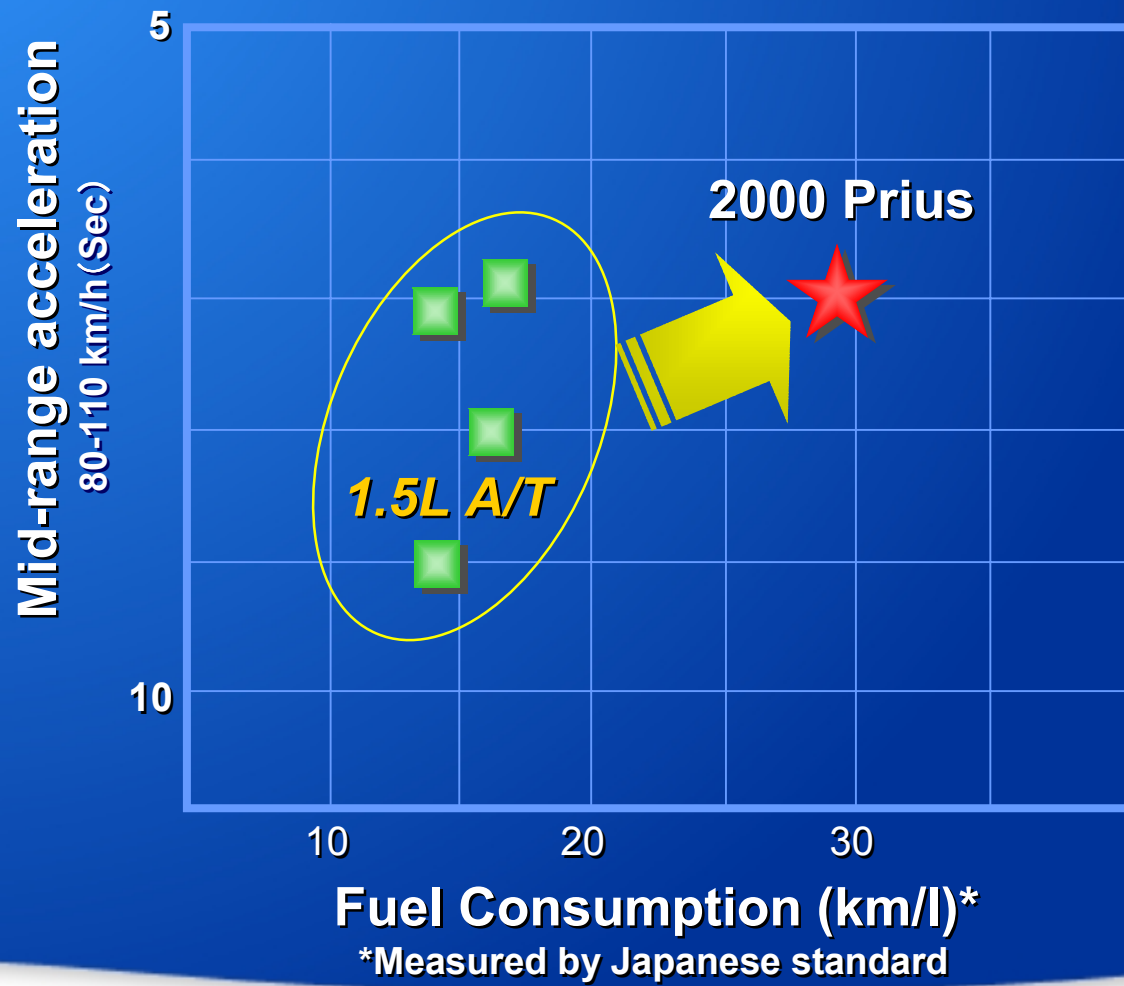
IV Stricter Regulations as a Business Opportunity

Increased Sales of Hybrid Vehicles



IV Stricter Regulations as a Business Opportunity

Performance of Toyota Prius



Stricter Regulations as a Business Opportunity

IV

Toyota FCHV-4 (1)

Independent In-house Development of Total System Including Fuel Cell Stacks

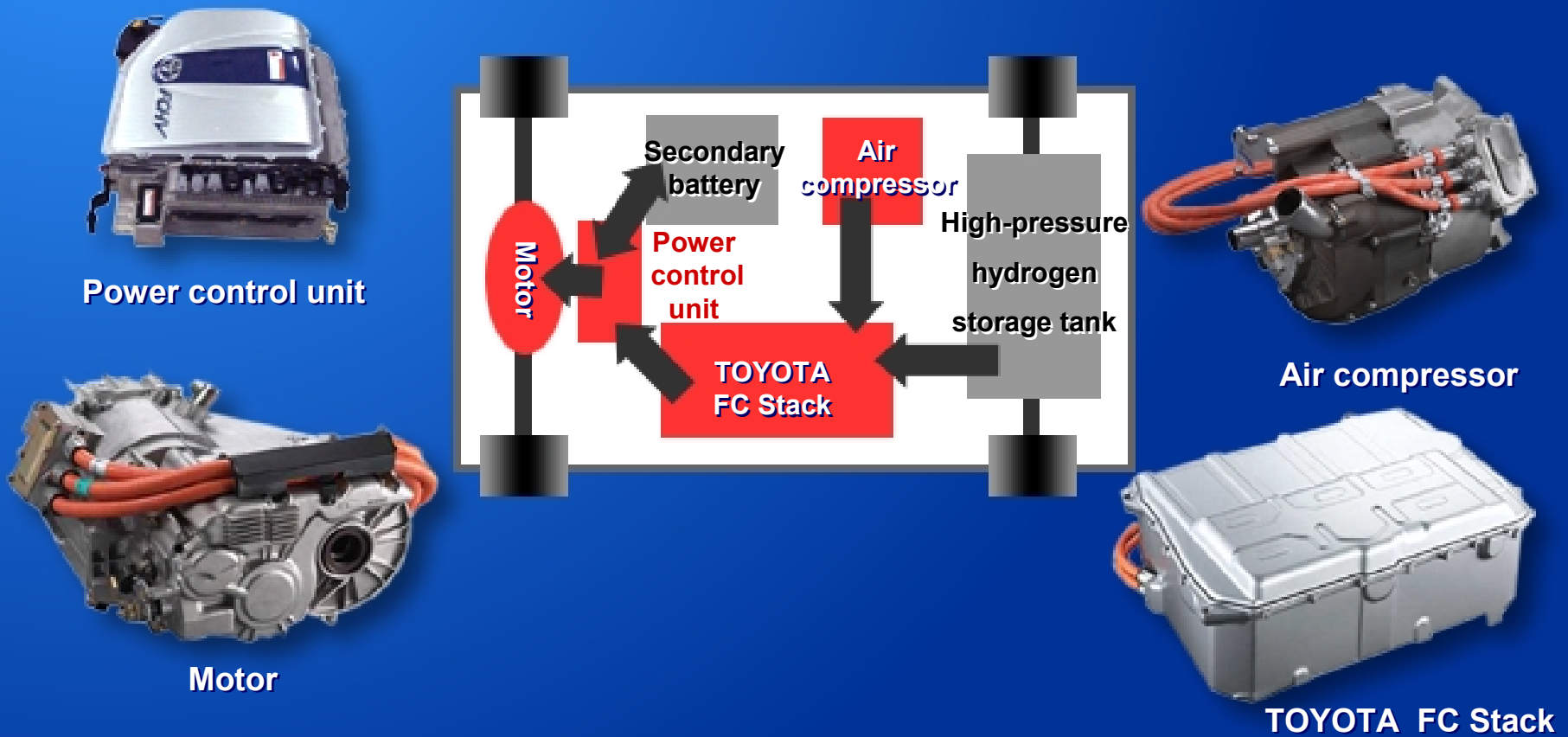


Maximum speed	150km/h
Cruising range	250km
Fuel cell output	90kw
Fuel	Pure hydrogen

IV Stricter Regulations as a Business Opportunity

Toyota FCHV-4 (2)

Independent In-house Development of Total System Including Fuel Cell Stacks

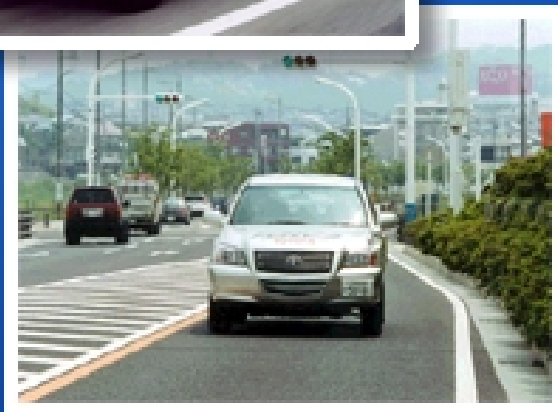


IV Stricter Regulations as a Business Opportunity

FCHV-4 Road Tests

Limited Marketing around the End of 2002

Japan



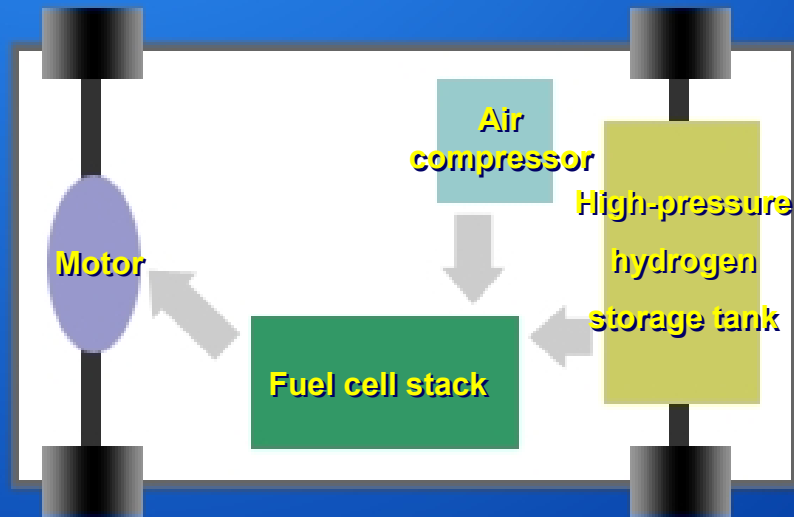
U.S.A.



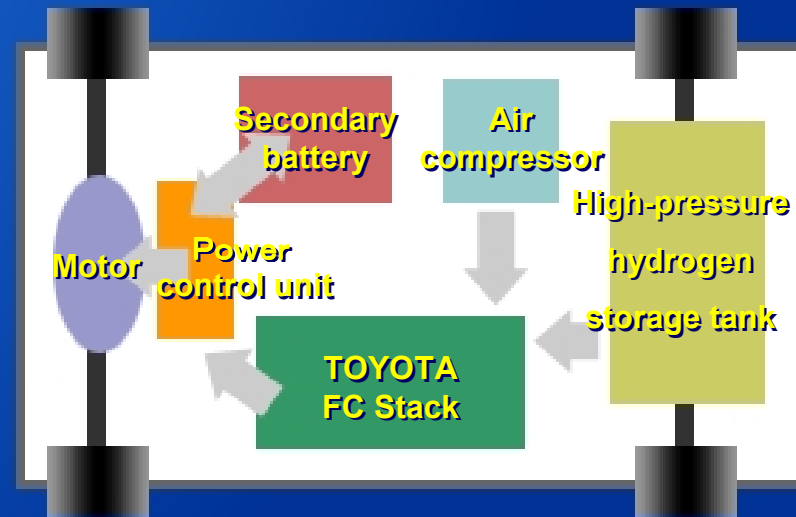
IV Stricter Regulations as a Business Opportunity

Why is it Called the FCHV?

Construction of fuel cell vehicle

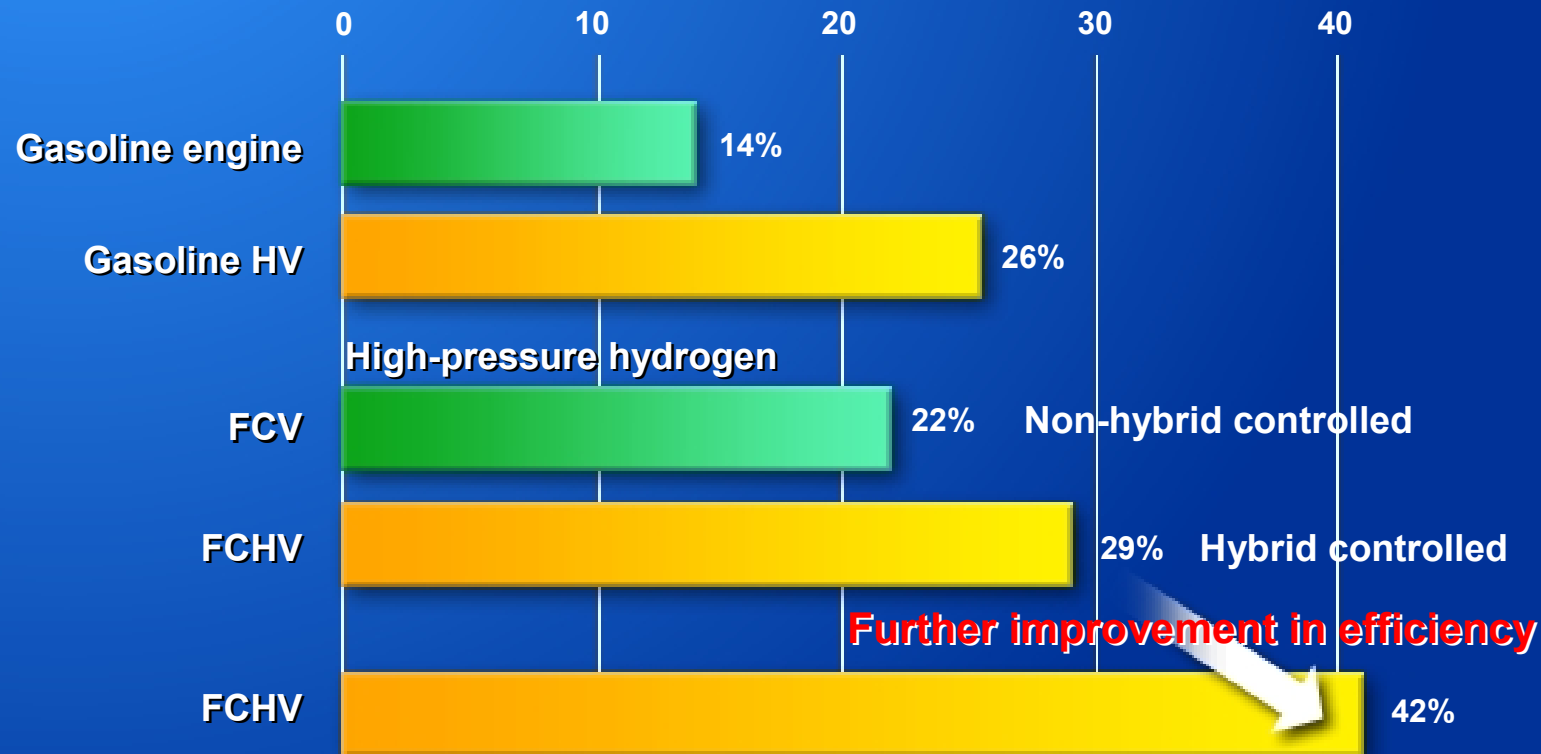


Toyota's fuel cell hybrid vehicle (FCHV)



IV Stricter Regulations as a Business Opportunity

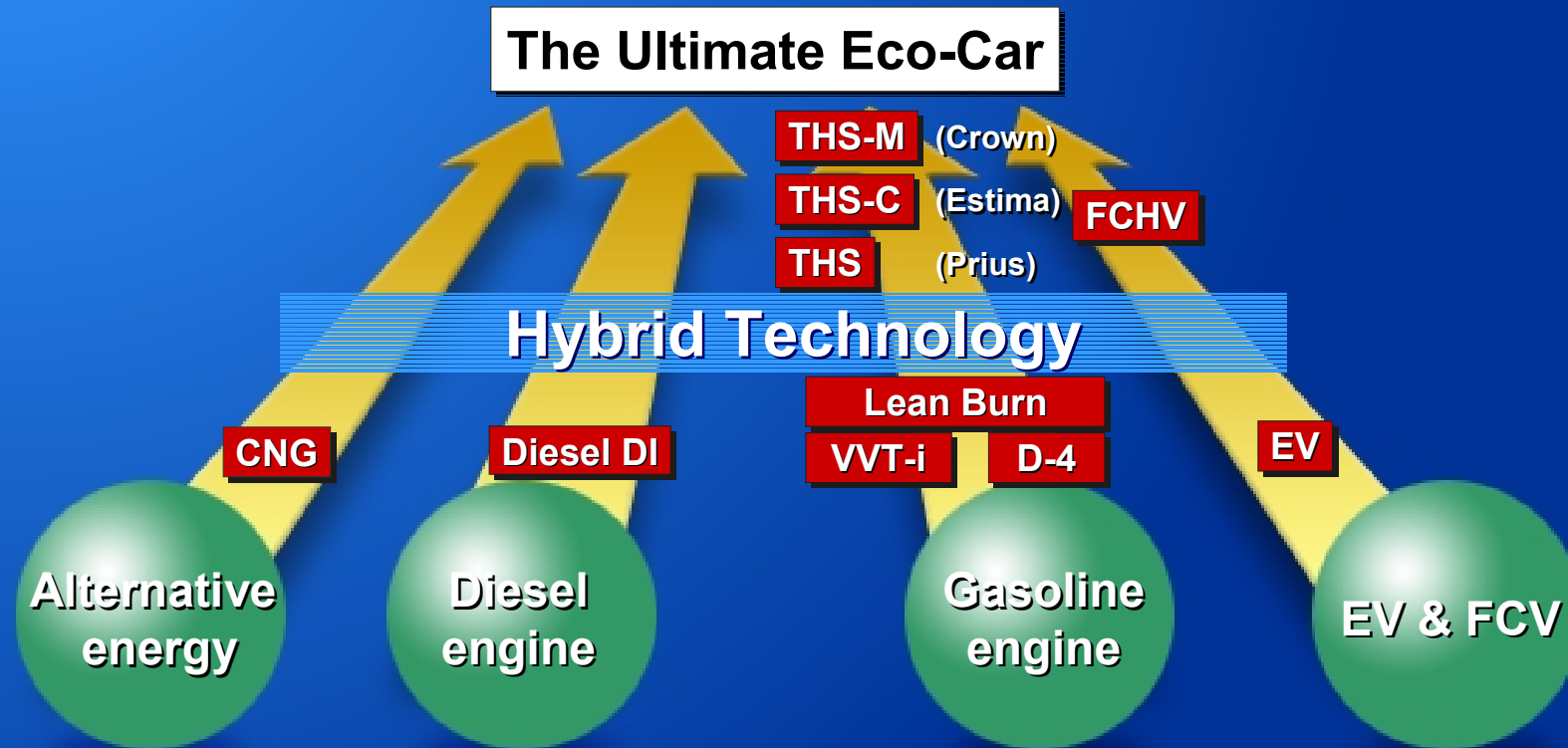
The Overall Fuel Efficiency of FCHVs Overall Efficiency "Well-to-Wheel" (%)



Calculations by Toyota

IV Stricter Regulations as a Business Opportunity

Toyota's Environmental Technology Development



IV Stricter Regulations as a Business Opportunity

Strategy to Encourage Hybrid Popularization and Reduce Costs

Toyota-Nissan Tie Up

- Agreement of ten years or longer
- Toyota to supply hybrid components (transaxle, battery, inverter)
- Nissan to install hybrid system in vehicles for U.S. in 2006
- 100,000 units expected within five year of launch
- Ongoing discussions of joint development of components

Stricter Regulations as a Business Opportunity

IV

Global New Body Line

Innovative Welding Processes

Highly flexible

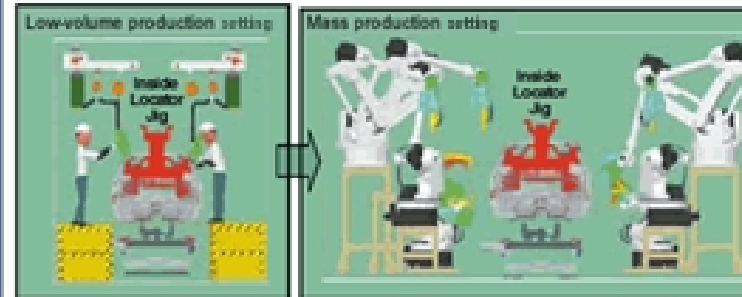
(1 line for 8 models, small-lot to mass production)

Investment reduction

New facilities: 50% less Model changes: 70% less
(compared with former line)



Development commenced in a low-volume production setting



Development commenced in a low volume production setting (hand labor)

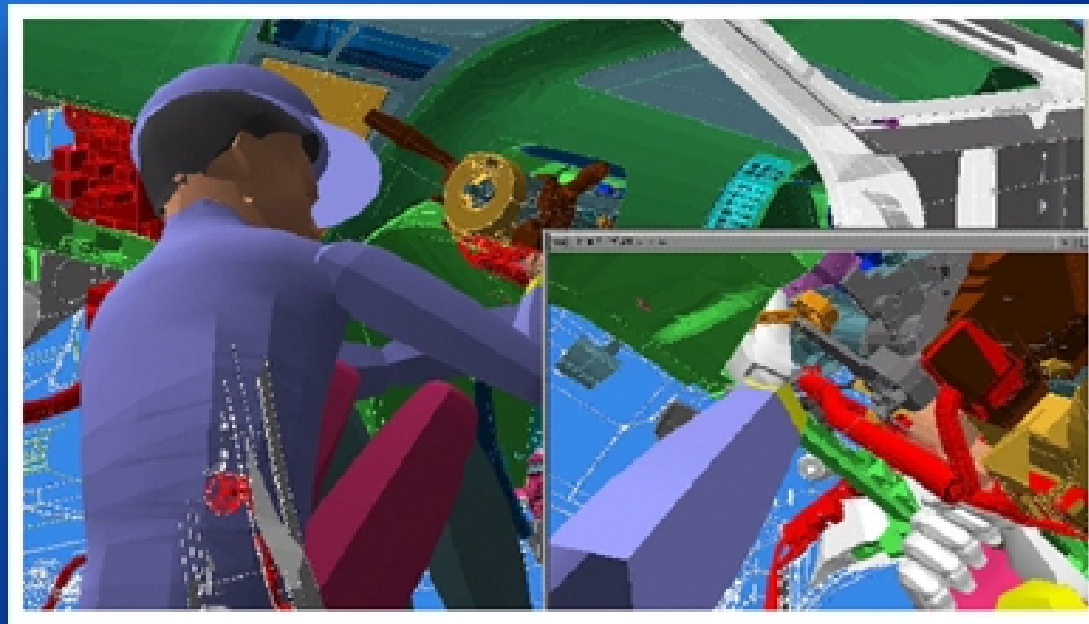
Also applicable in mass production setting

Jigs conform to the same specs worldwide

IV Stricter Regulations as a Business Opportunity

V-Comm (1)

V-Comm (virtual trial manufacturing)
Accelerates Production Preparation, Reduces Production Costs



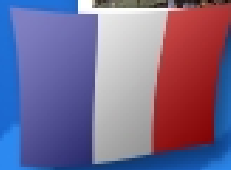
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IV Stricter Regulations as a Business Opportunity

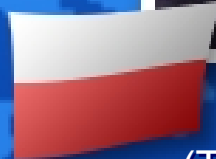
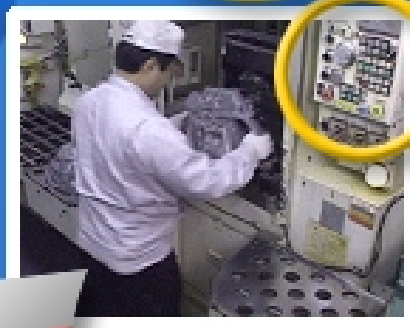
V-Comm (2)

Global Expansion of TPS * via Digital Technology

* TPS: Toyota Production System



French Plant



Polish Plant
(Transmission Plant)

Exchange of images, sound

Exchange of signal



Toyota
Headquarters



Innovation into the Future

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Innovation into the Future

Motorization on a Global Scale

**Expansion of
U.S. market
Increase in
population**

**Rapid expansion in
Eastern/Central Europe,
Russia**

**True growth in the
Asian market**

Innovation into the Future

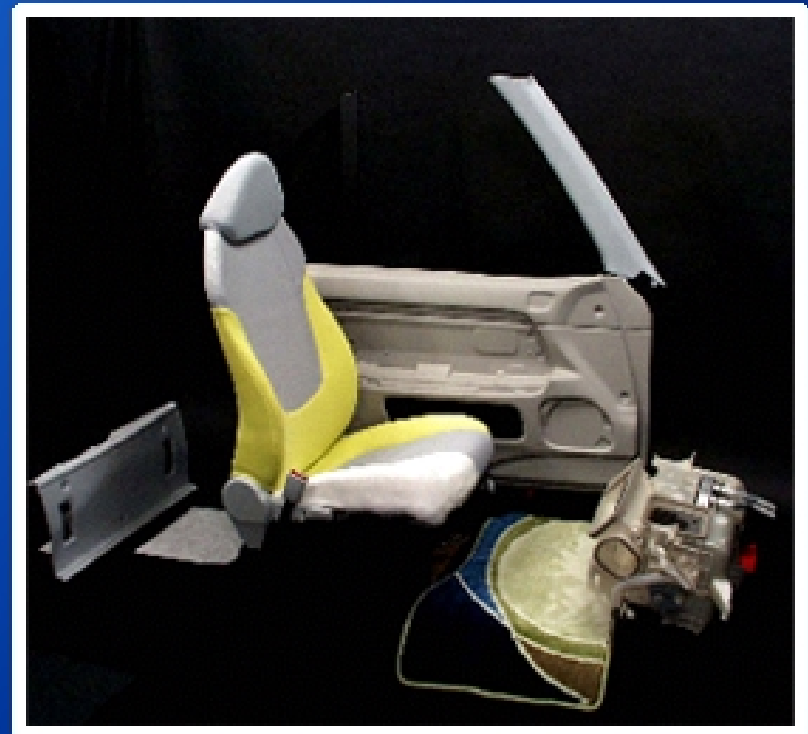
Recycling and a “Zero-Waste” Society

Development of New Materials and Processing Technology

Development of environmentally-friendly biodegradable plastic from biomass (manufacture of automotive parts from high-yield sweet potatoes)

Final technical evaluation and commercialization slated for immediate future

(Indonesia)



Plant-Based Biodegradable Plastic (Bioplastic)

Innovation into the Future

Expansion of ITS Ubiquitous-Information Society

Car Multimedia G-BOOK (Automobile information network service)

Automobiles are equipped with information terminals and transmission modules to enable real-time exchange of information

Plan to launch in October



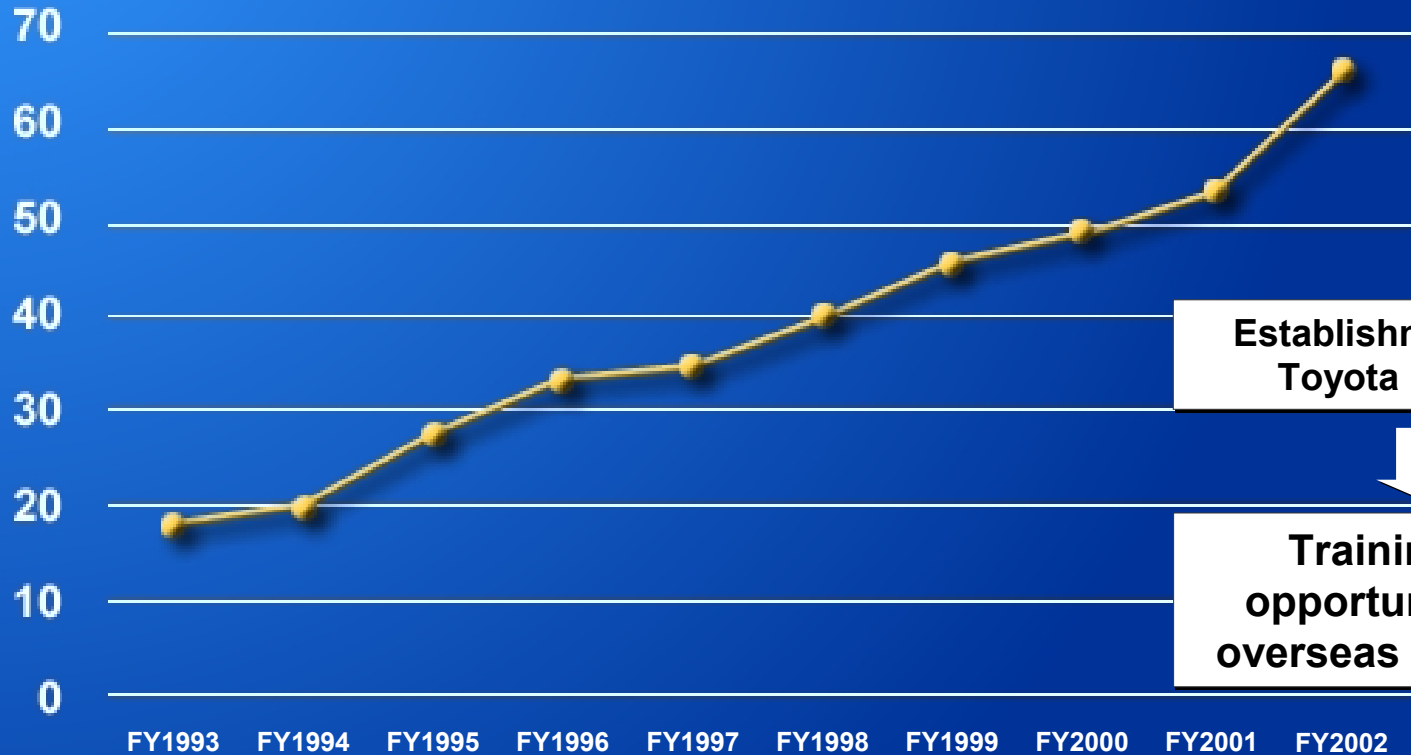
WILL VC Concept

Innovation into the Future

Moving toward a Mature Global Society

Personnel Growth at Overseas Subsidiaries

(Thousands of persons)



109 (16%)

246 (27%)

Number of personnel on a consolidated basis (): Percentage of personnel at overseas subsidiaries

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Innovation Into the Future



Toyota Motor Corporation

September 6, 2002

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**Financial Strategy
for Long-term Stable Growth**

Accelerating Evolution

Globalization

Next-Generation Technologies

Cost-Competitiveness

Hybrid Technology

Estima Hybrid

Prius

Toyota Motor Corporation

September 6, 2002

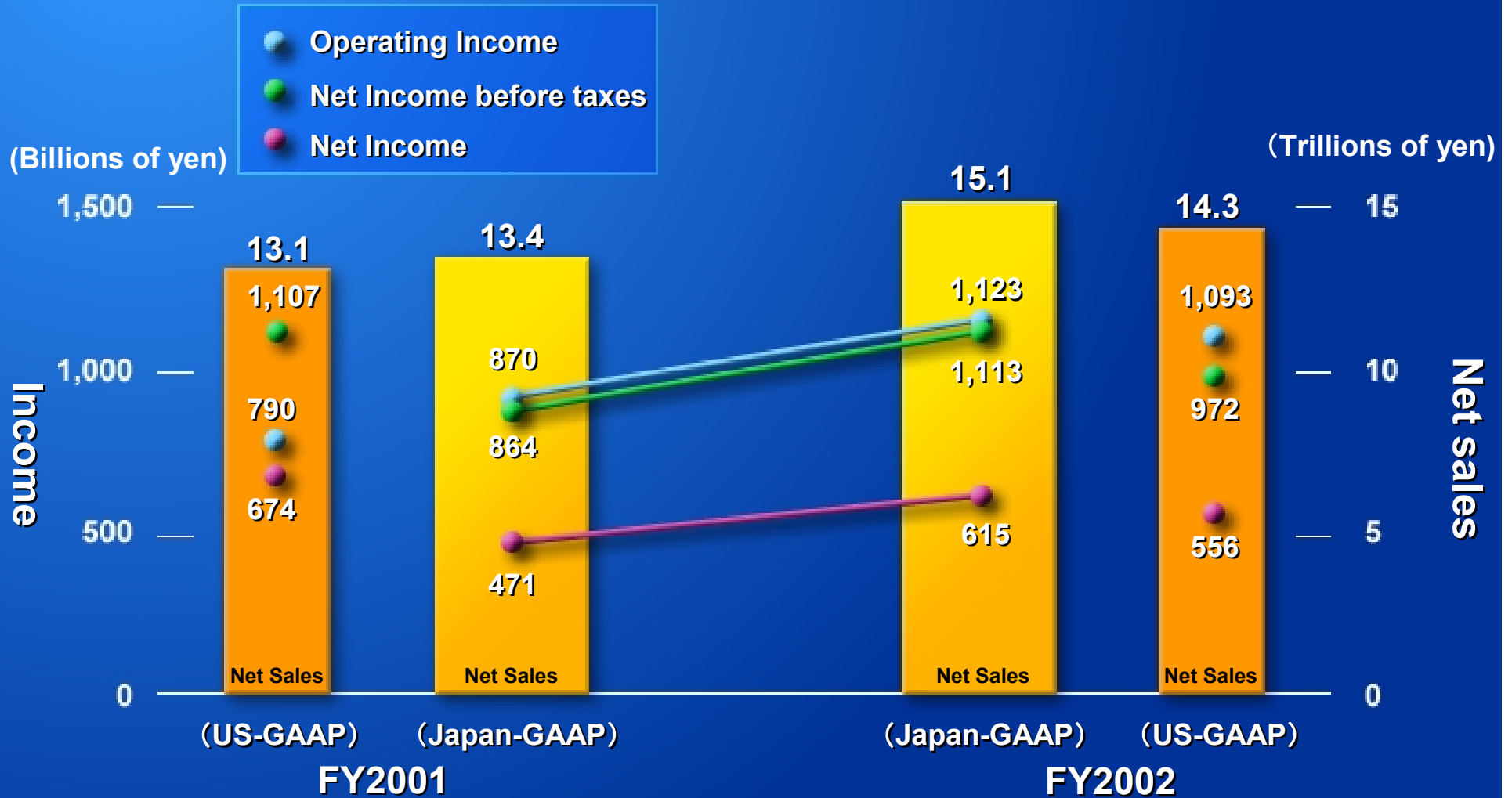
Ryuji Araki

Executive Vice President

TOYOTA

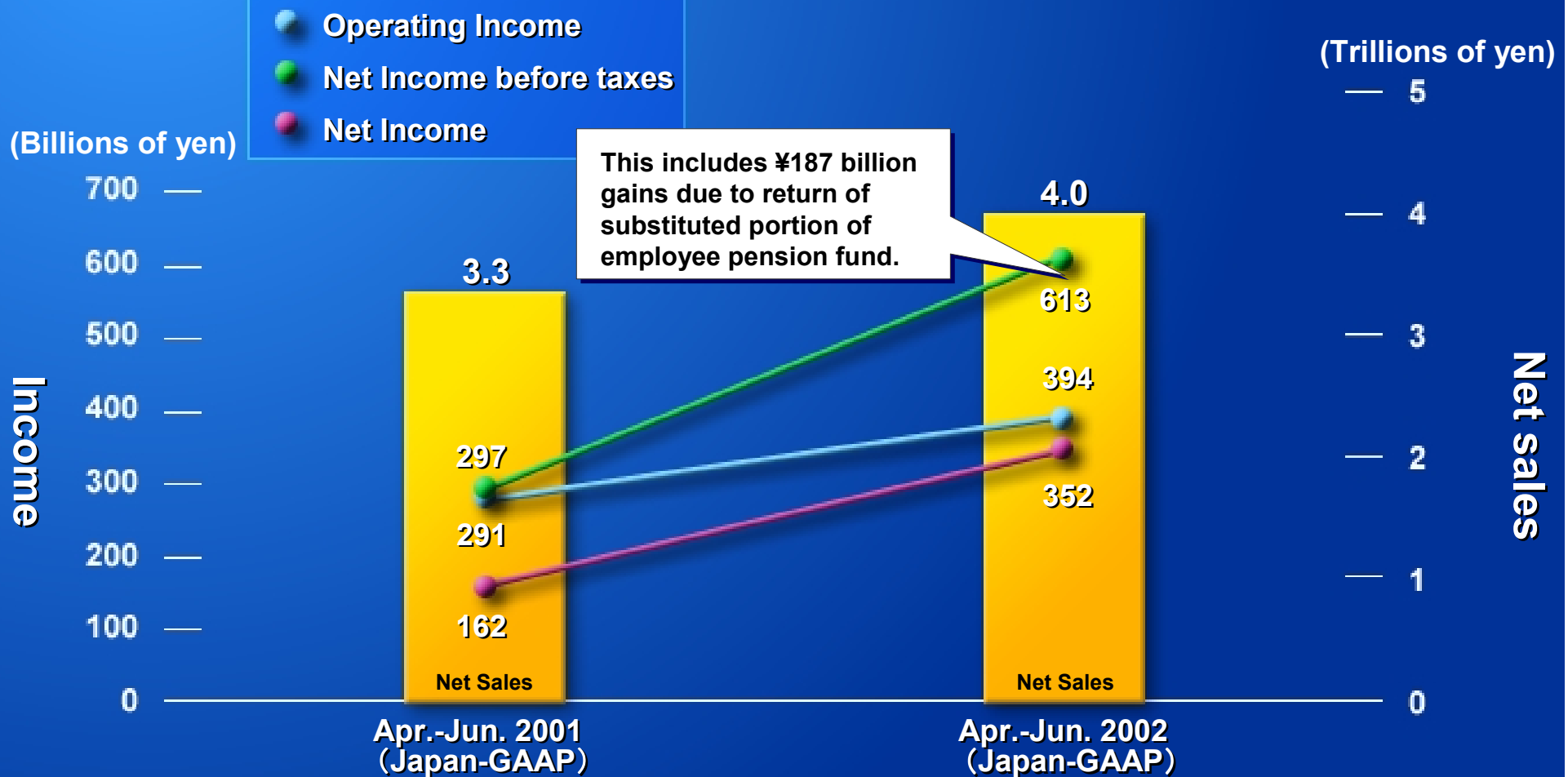
Overview of Fiscal 2002

Consolidated Business Performance



Overview of 1Q of Fiscal 2003

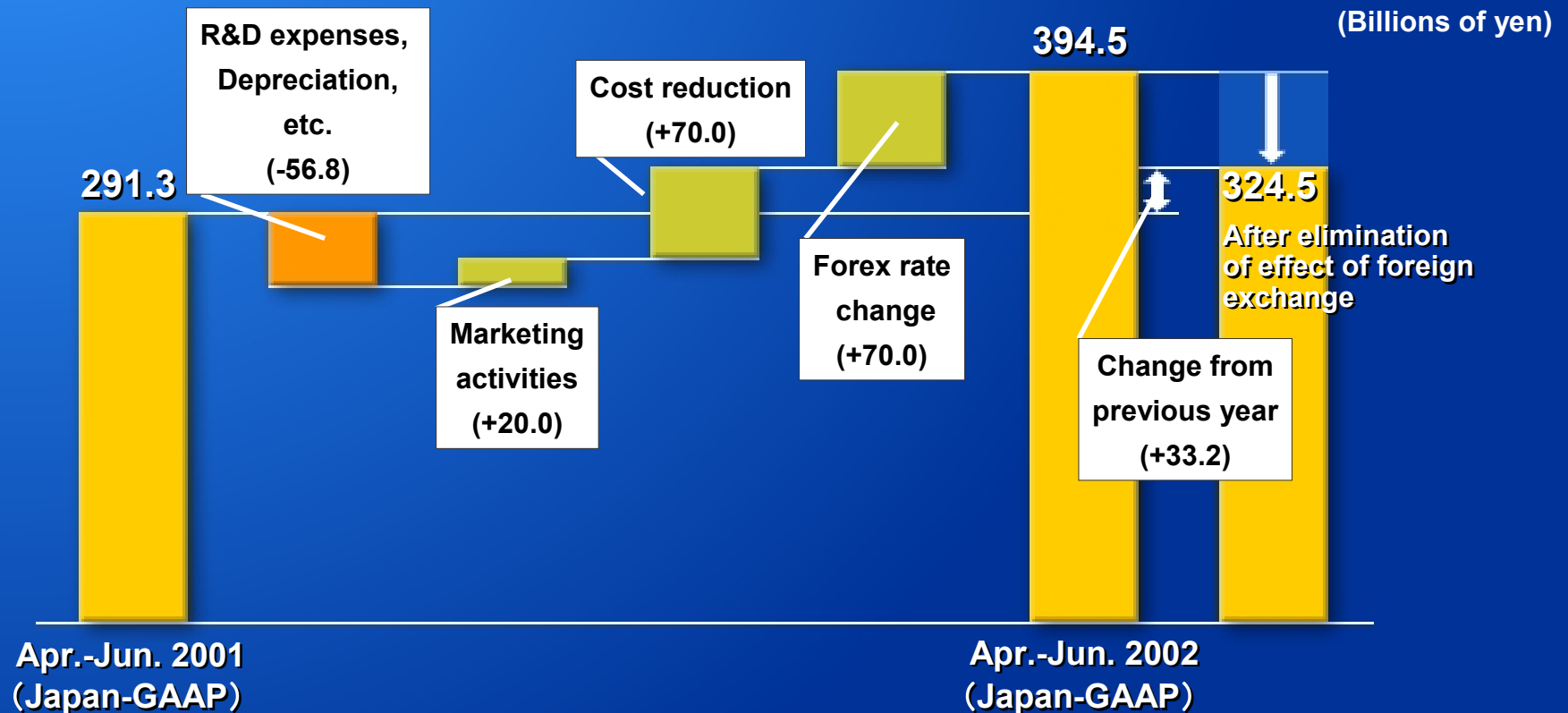
Consolidated Business Performance



Note: Based on standard for interim financial statement

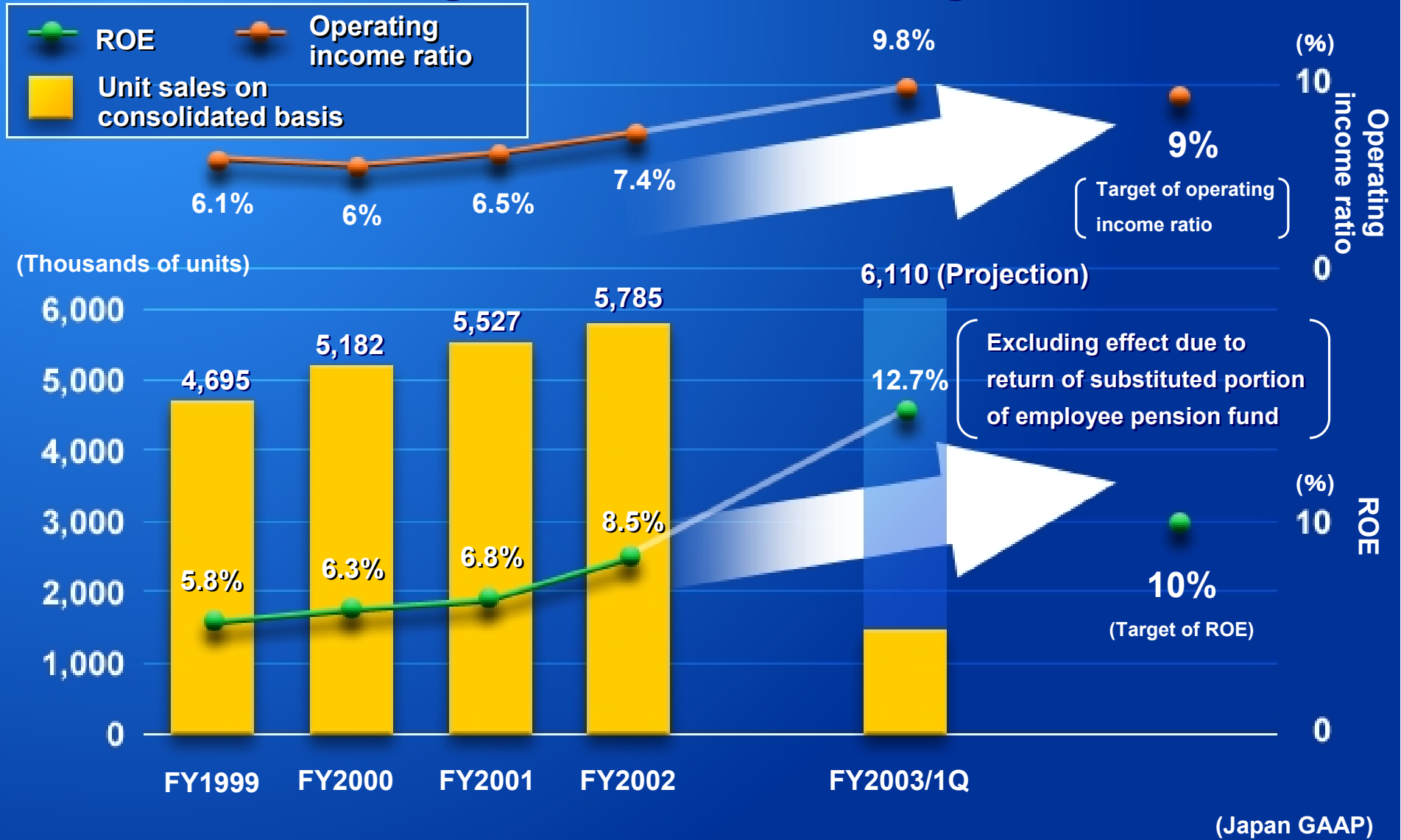
Factor of Changes in Operating Income: 1Q of Fiscal 2003

Increase in operating income (¥103.2 billion)



Note: Based on standard for interim financial statement

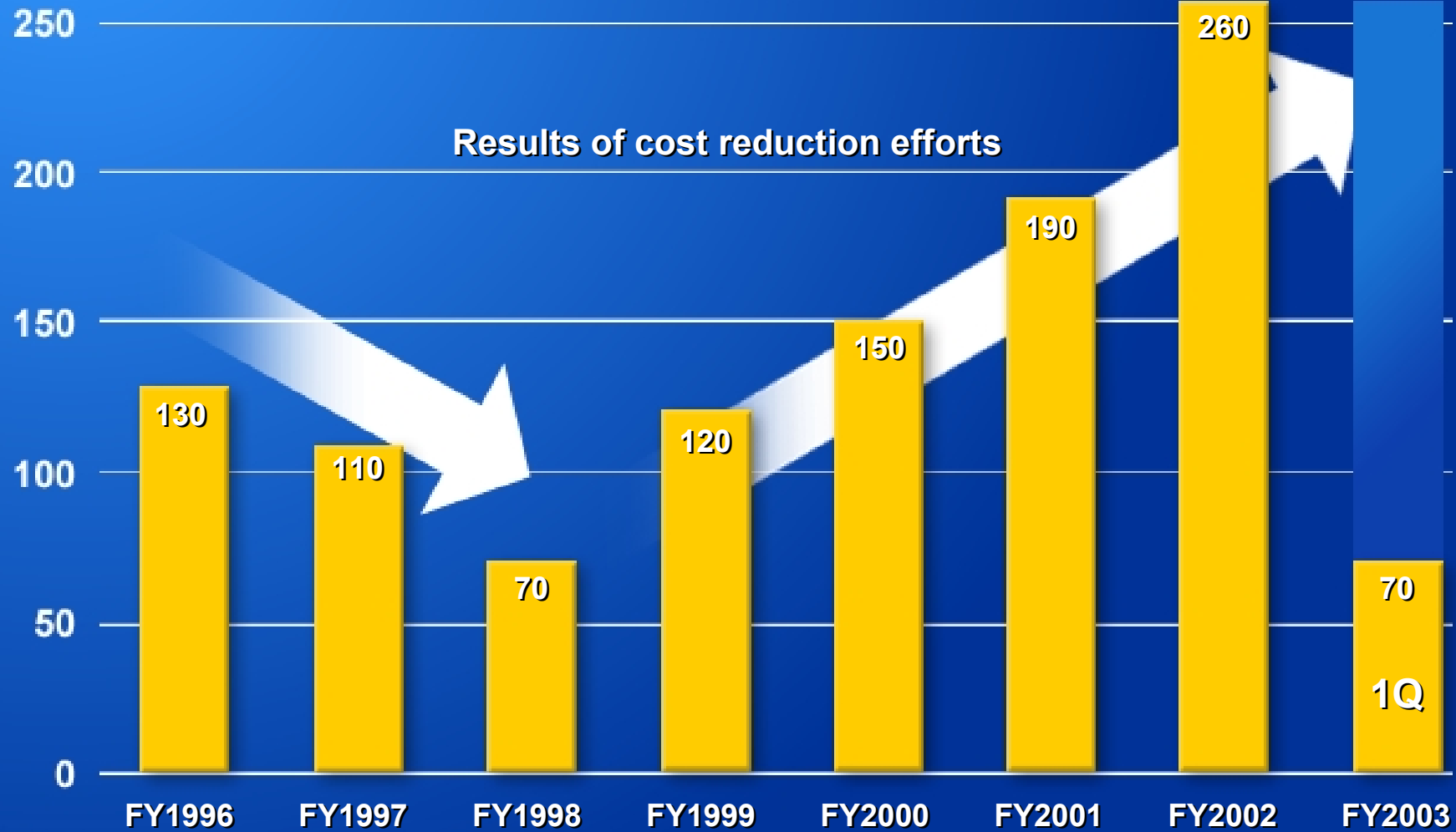
Long-Term Financial Targets



Continuing Efforts to Reduce Costs

Eliminate Waste

(Billions of yen)

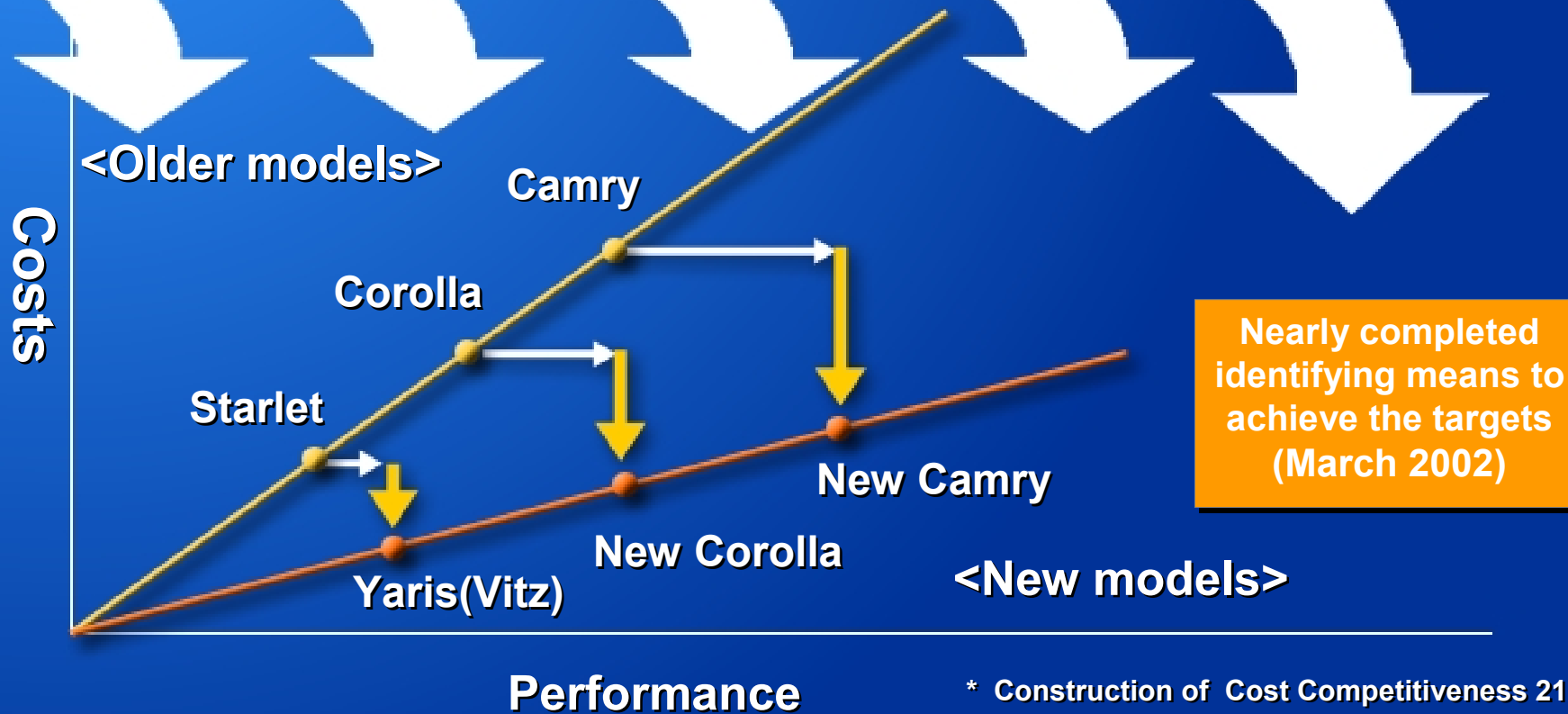


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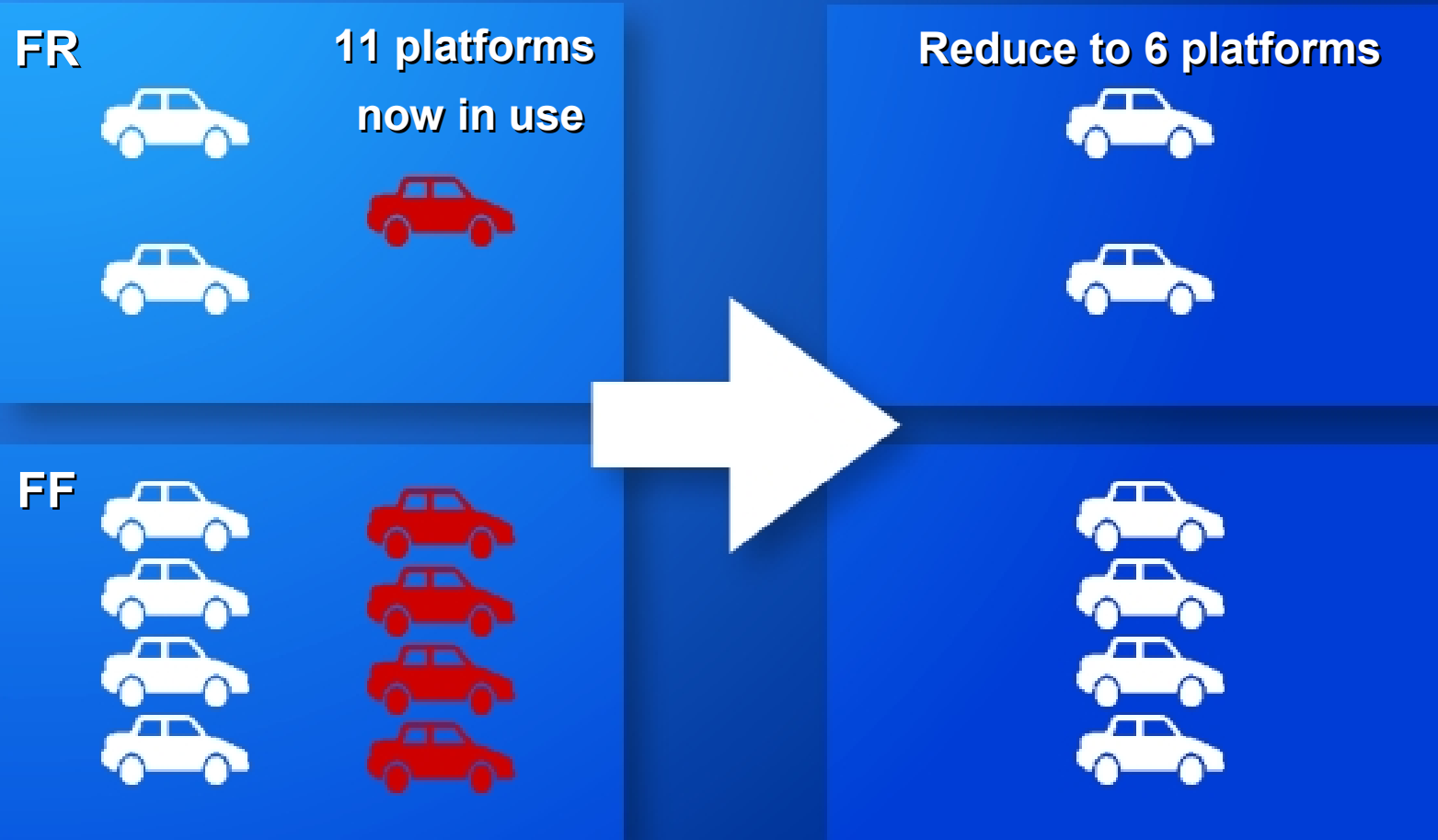
CCC21 Initiative *

Using Global Benchmarking, Set Our Targets for the World's Best Cost and Performance for Components and Parts

CCC21 (About 170 items)



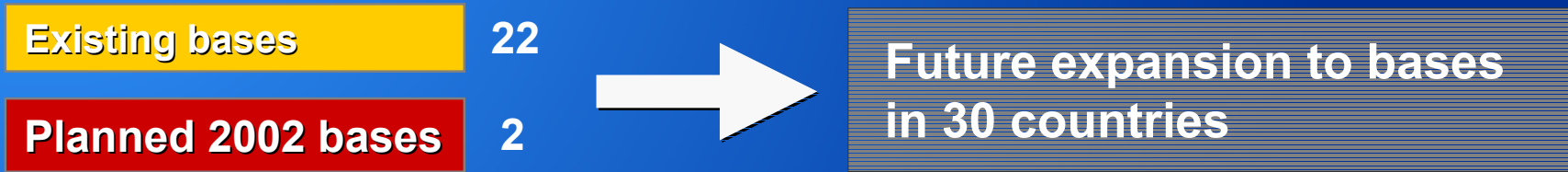
Platform Integration



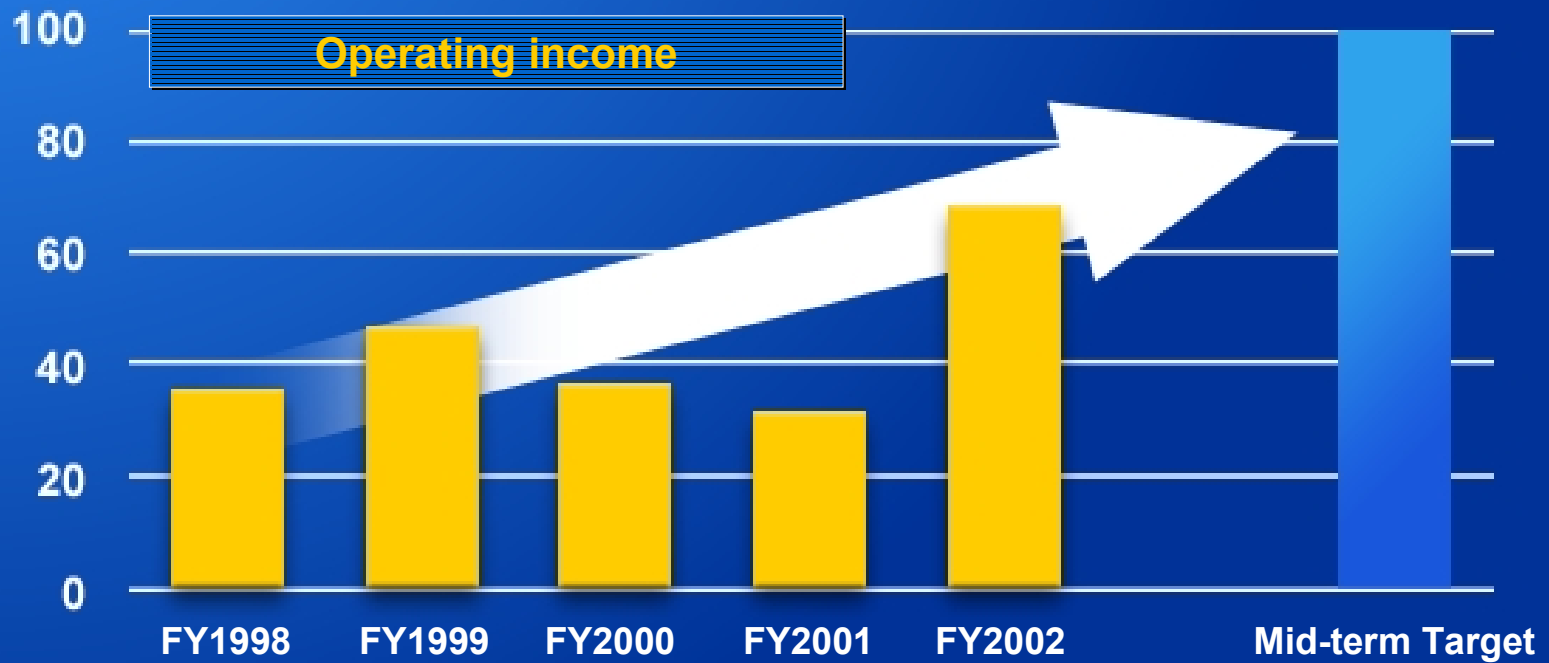
(Production platforms for passenger vehicles)

Financial Business

Global Sales Finance Network



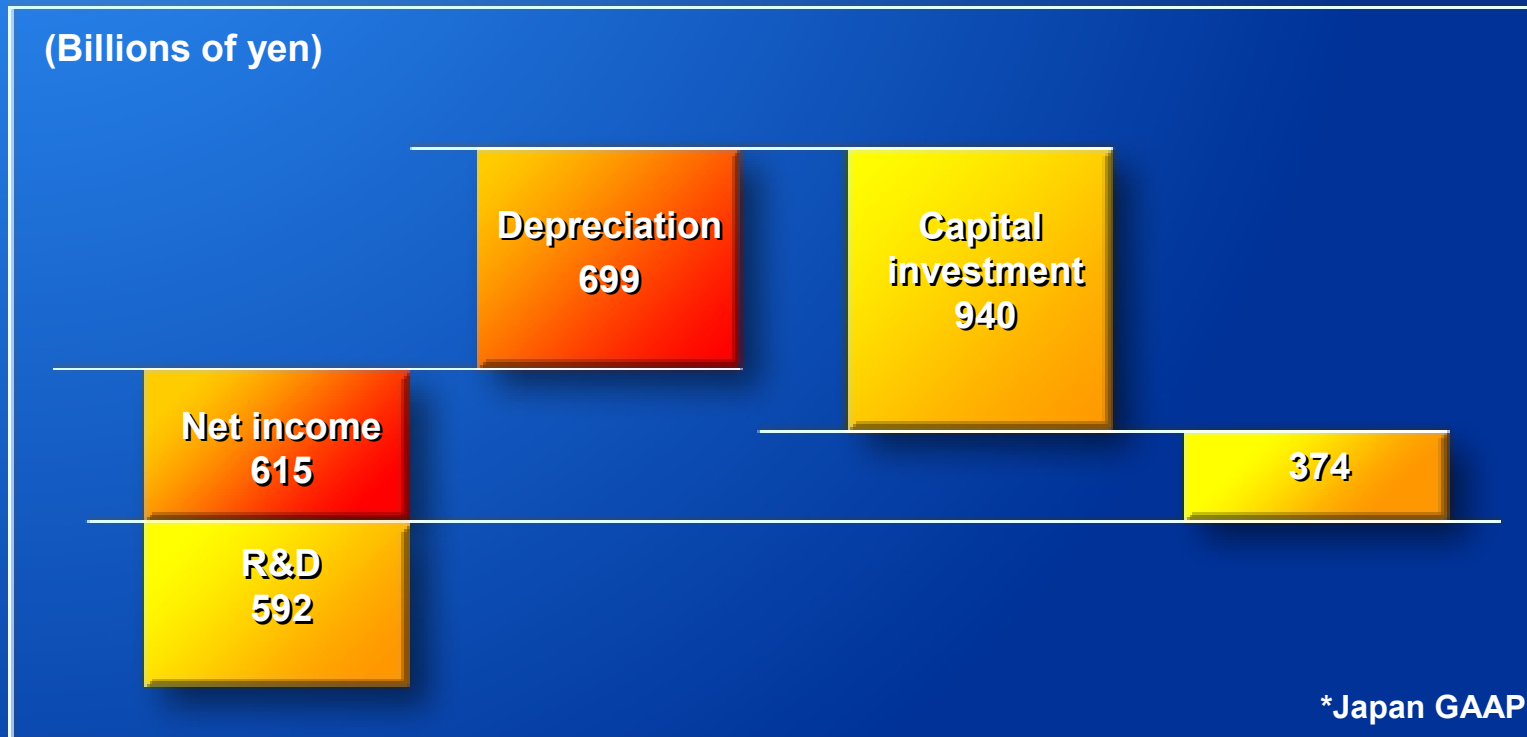
(Billions of yen)



Cash Flow Management

Efficient Use of Capital → Long-term Stable Growth
&
Increasing Shareholders' Value

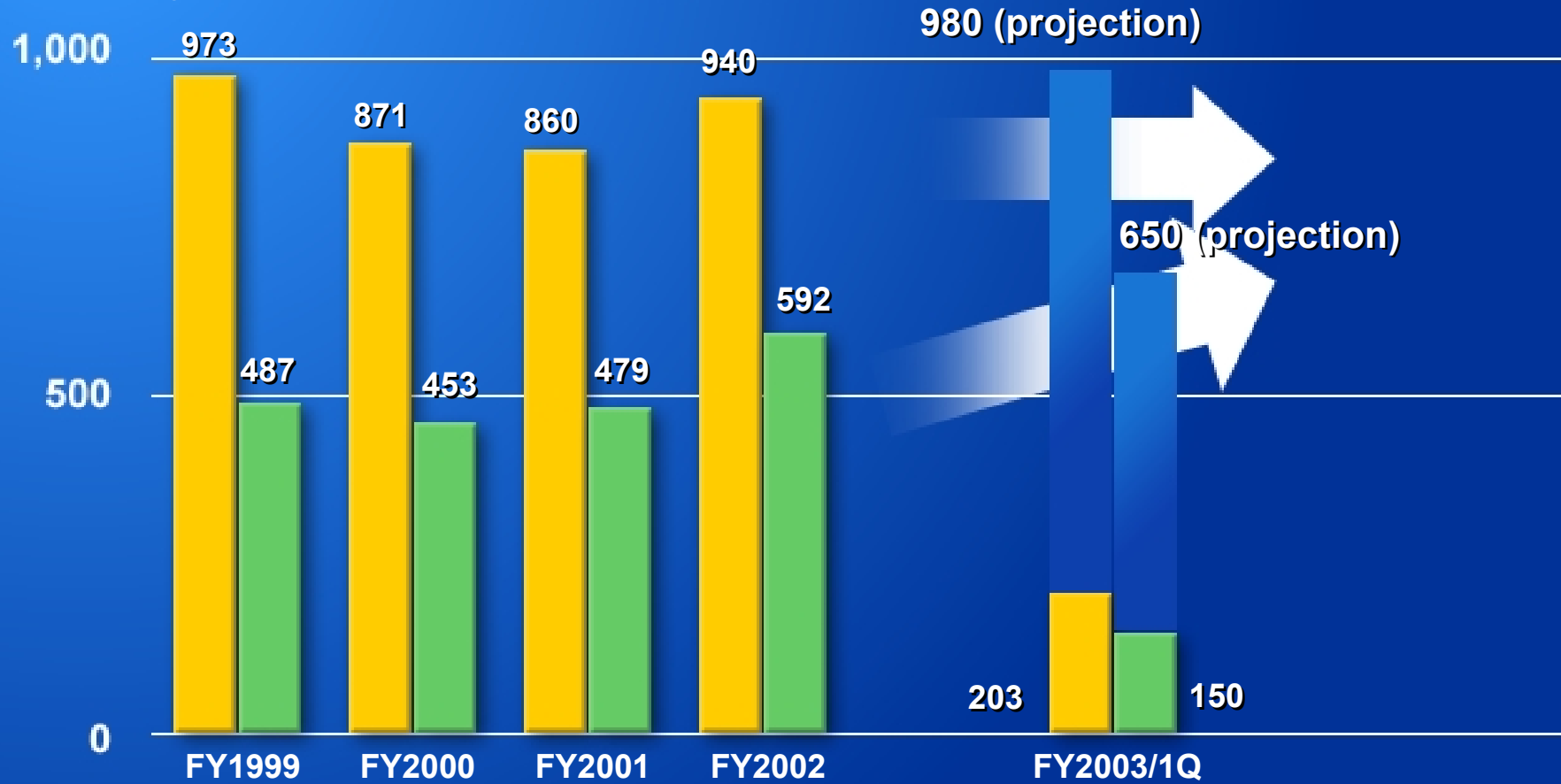
Image of Fiscal 2002 Consolidated Cash Flows



Aiming at the Future Growth

Capital Investment and R&D

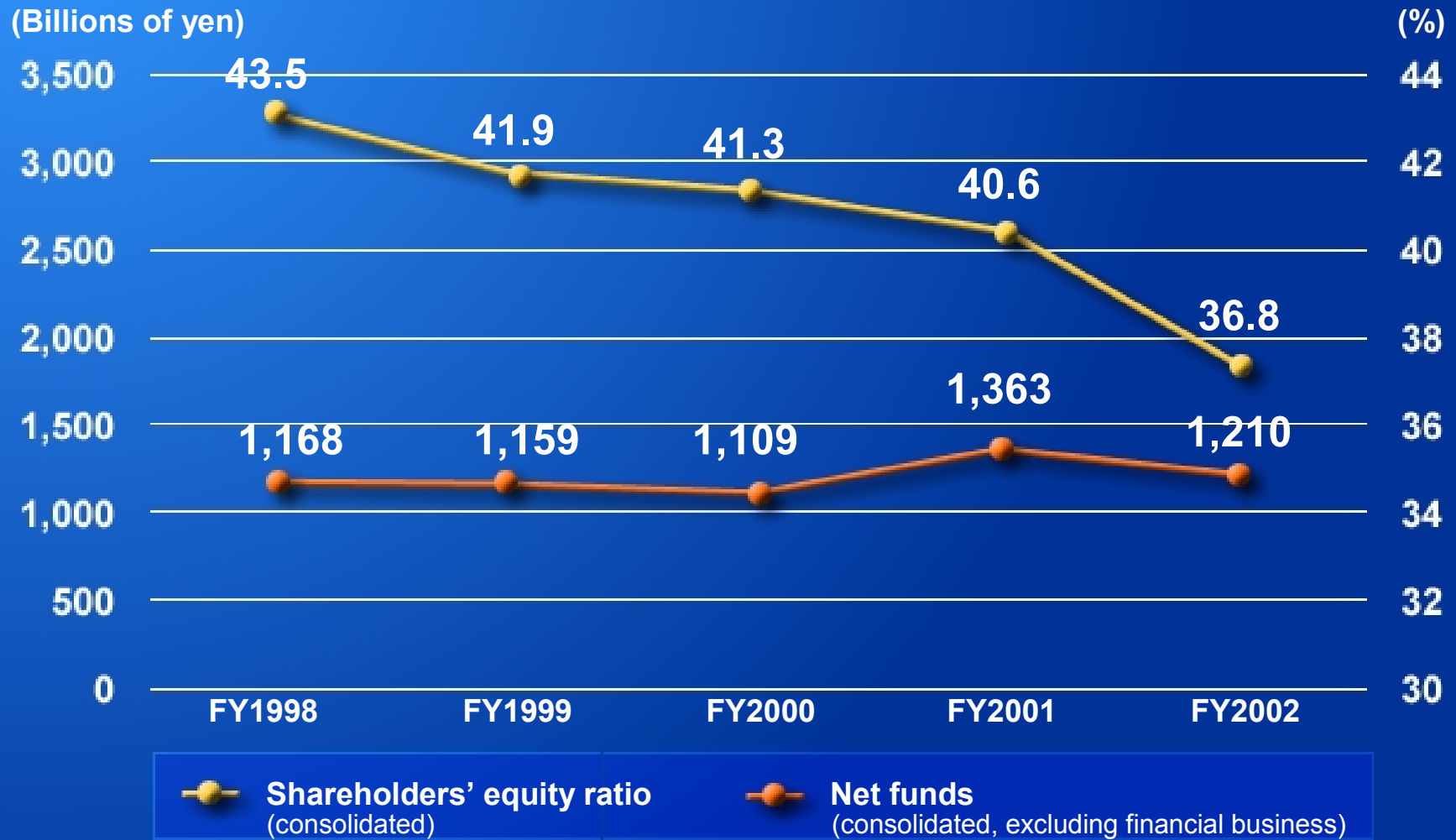
(Billions of yen)



Capital investment

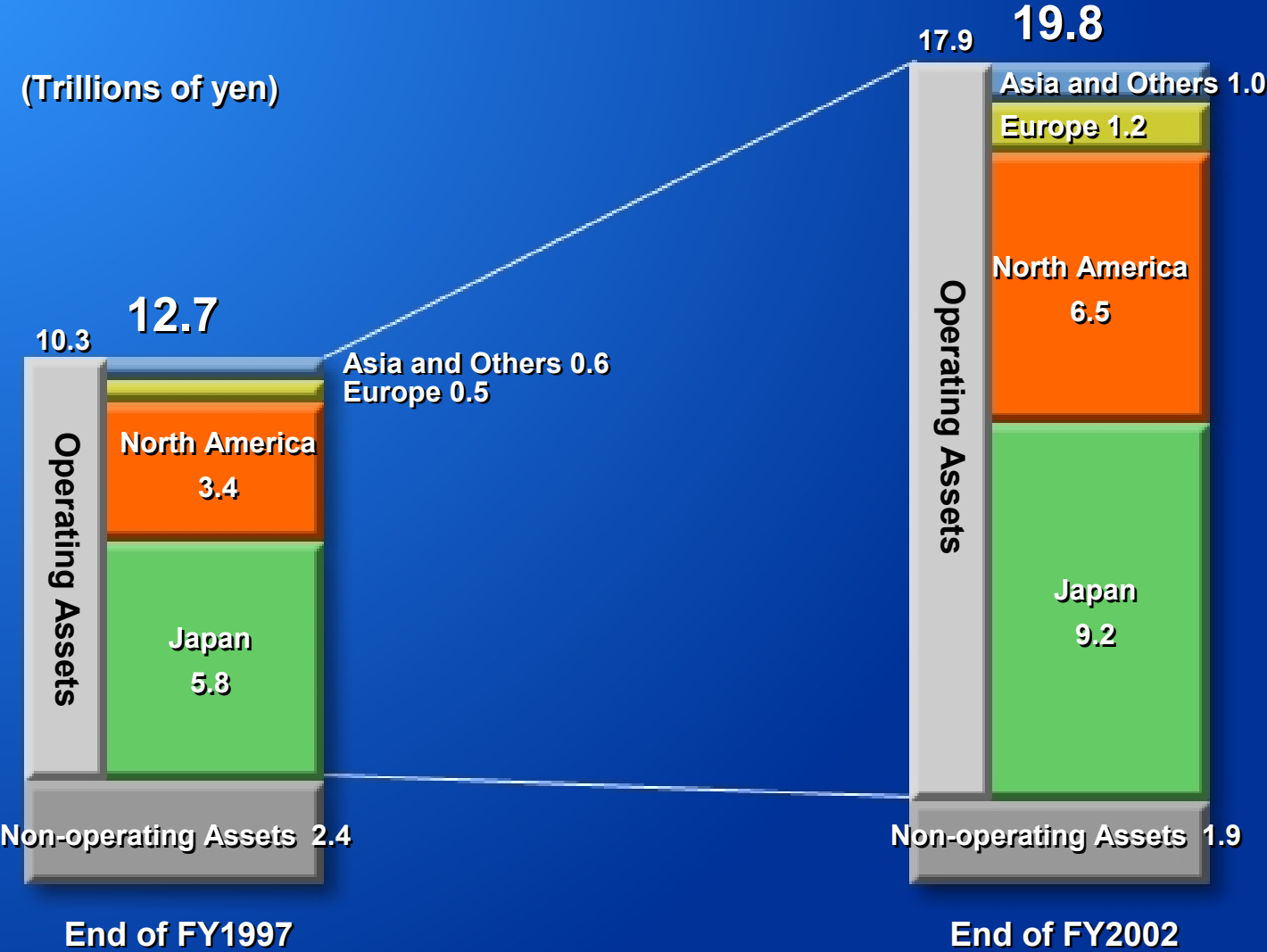
R&D expenses

Maintaining Sufficient Level of Liquidity



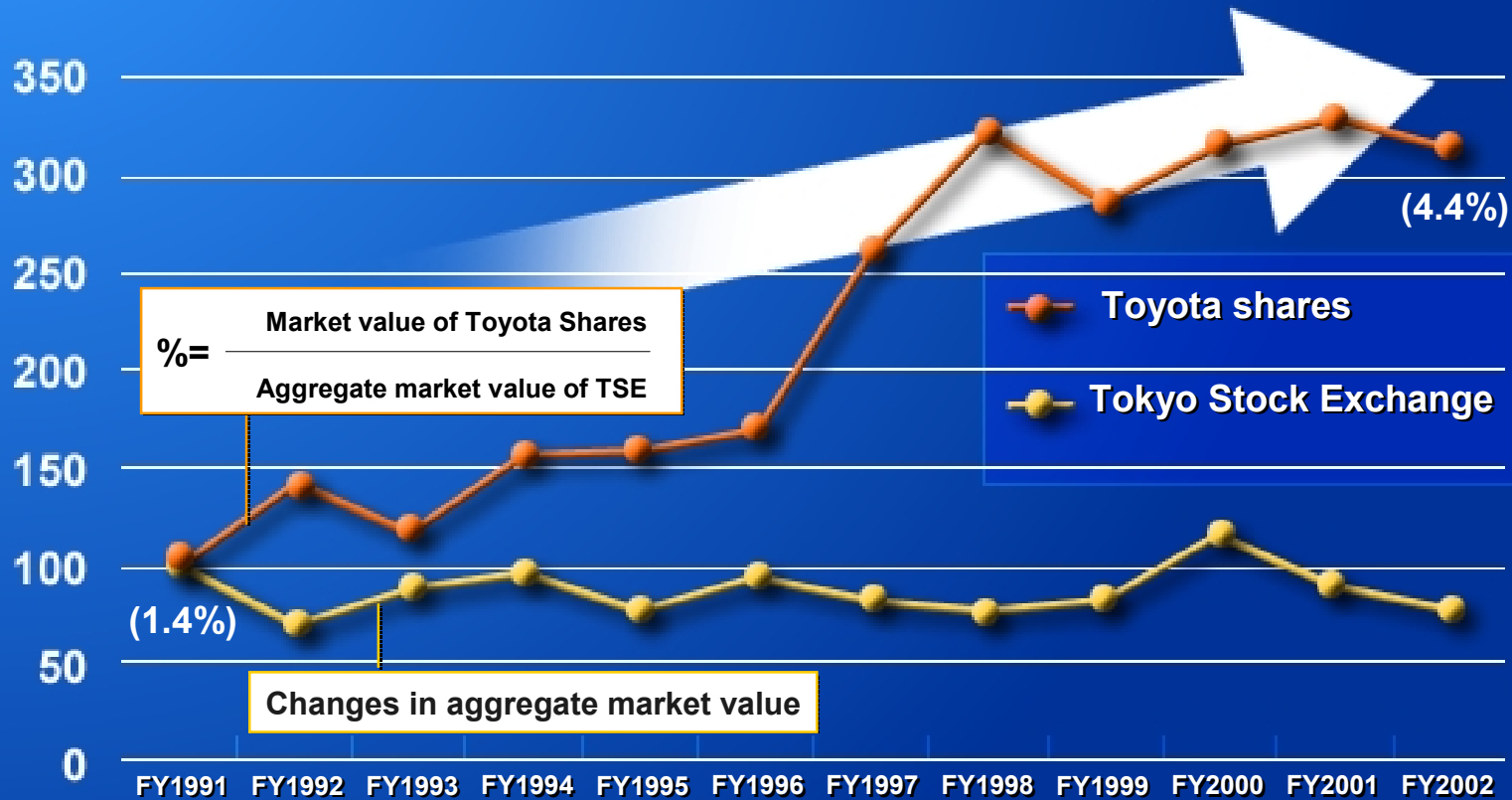
Asset Allocation

(Trillions of yen)



Long-Term Stable Growth in Share Value

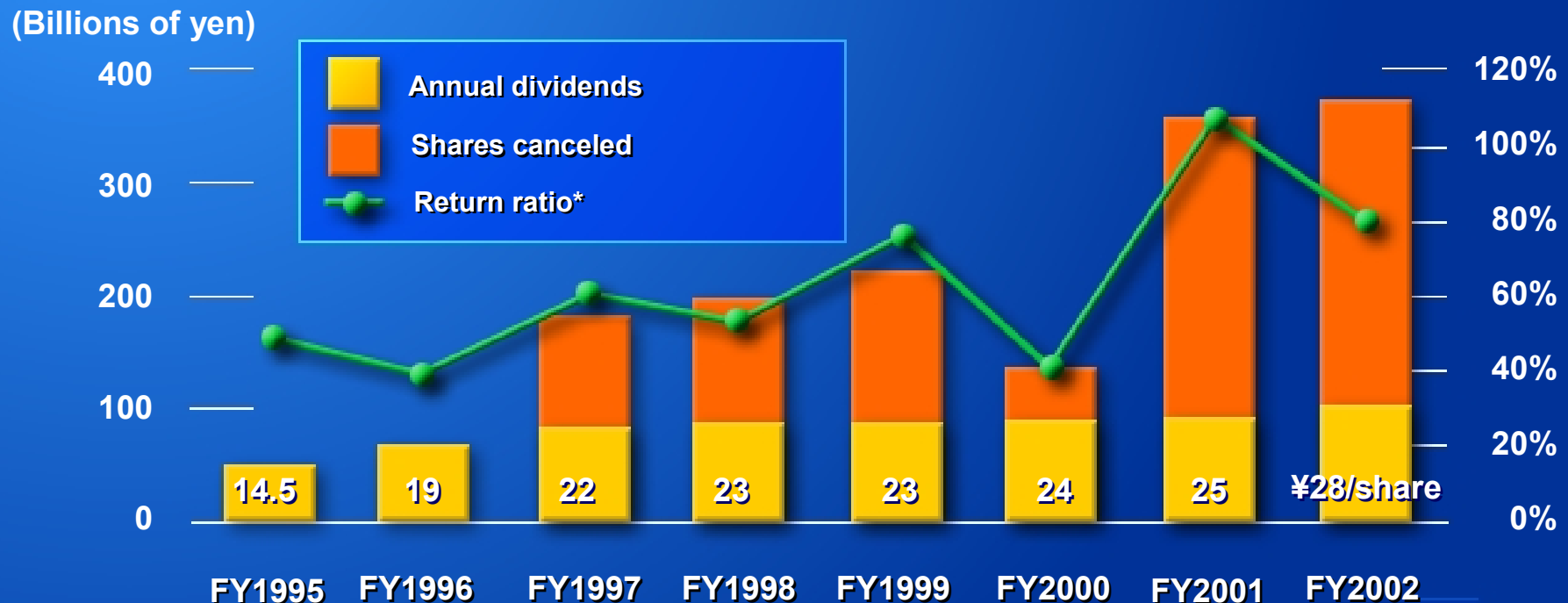
Total Market Value of Toyota Shares in Tokyo Stock Exchange Market Cap
Rose from 1.4% in 1991 to 4.4% in 2002



*Calculated at the end of each fiscal year, assigning fiscal 1991 as factor of 100

Shareholder's Return

Dividends Payout: Increasing Steadily (¥14.5 per share to ¥28 per share)
 Accumulative Value of Shares Canceled: ¥922 Billion



*(Annual dividends + Shares canceled) / Net income (On non-consolidated, Japan GAAP basis)

Note: 1. Figures for FY95 only reflect 9-months result to reflect the change in fiscal year-end.

Note: 2. Amount of shares canceled decreased in FY2000 due to various legal constraints relating to Toyota's listing on NYSE and LSE.

Note: 3. Figure of shares canceled in FY2002 includes ¥143 billion of shares repurchased during FY2002, and canceled during FY2003.

Share Repurchase

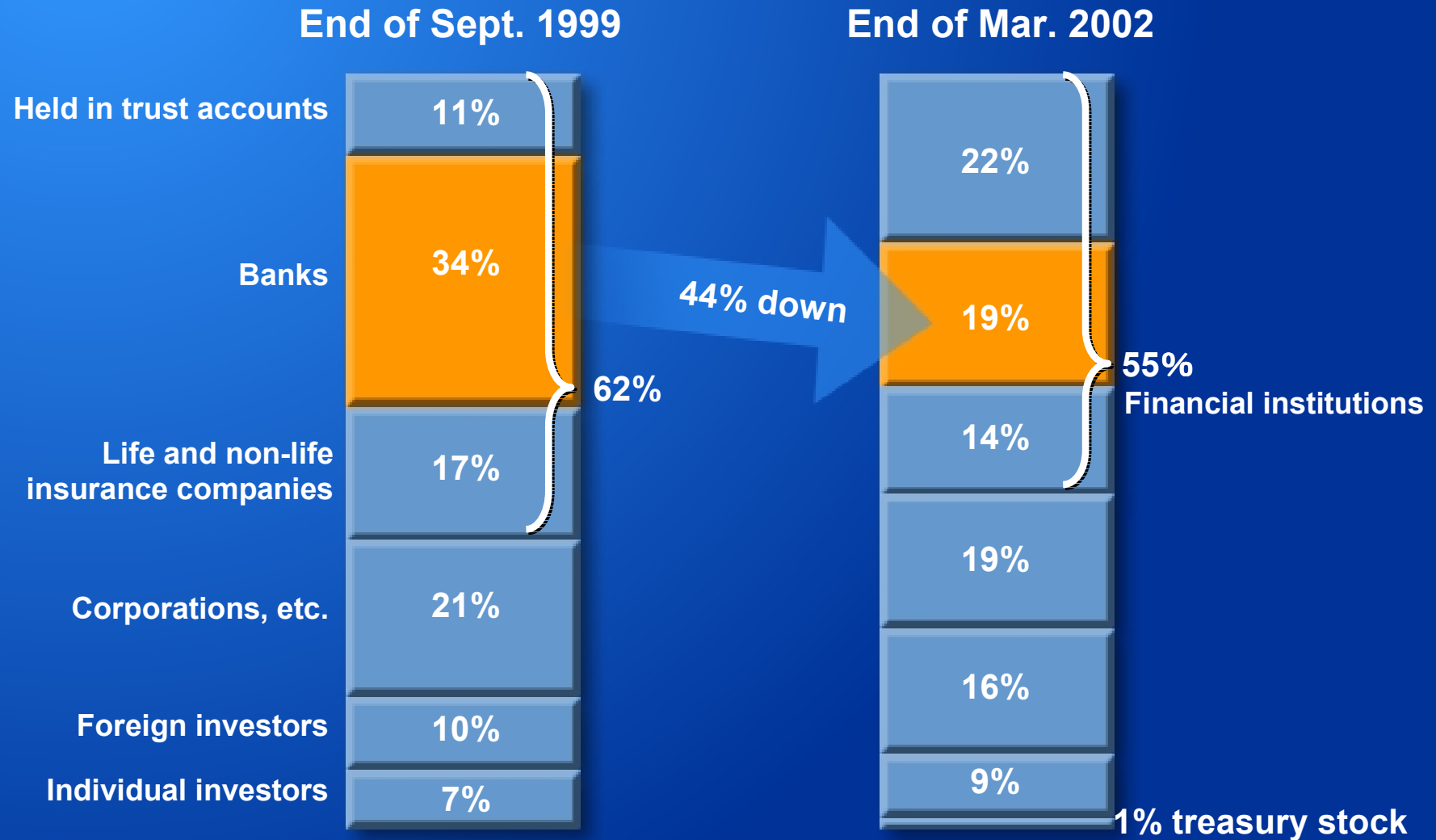
Authorized Amount of Repurchase

Up to ¥600 billion

Up to 170 million shares

(Between Annual General Shareholders' Meetings 2002 and 2003)

Update on Current Toyota's Share Ownership



Toyota's Accounting Policy

1) Disclosure for a better transparency

Disclose financial statements in accordance with
both Japan & US GAAP

2) Conservative accounting

Implementation of rigorous standards
(for valuation of marketable securities and inventories)



No impaired assets remain on balance sheet

Changing in Japan's Accounting Standards

Adopted these changes to our accounting system in advance

Principal changes	Systemic changes	Implemented by Toyota
1) Interim consolidated results	00/9 -	98/9 -
2) Strengthened consolidated accounting (introduction of criteria for actual corporate control*)	00/3 -	99/9 -
3) Tax effect accounting	00/3 -	99/9 -
4) Accounting for retirement benefits	00/9 -	00/9 -
5) Accounting for financial instruments		
└─ Financial instruments	00/9 -	00/9 -
└─ Cross-holding of shares, etc.	01/9 -	00/9 -

*SPE (disqualified): Application of actual control criteria (no 3% rule)

Financial Statements are Audited Twice

Japanese standards for financial statements:

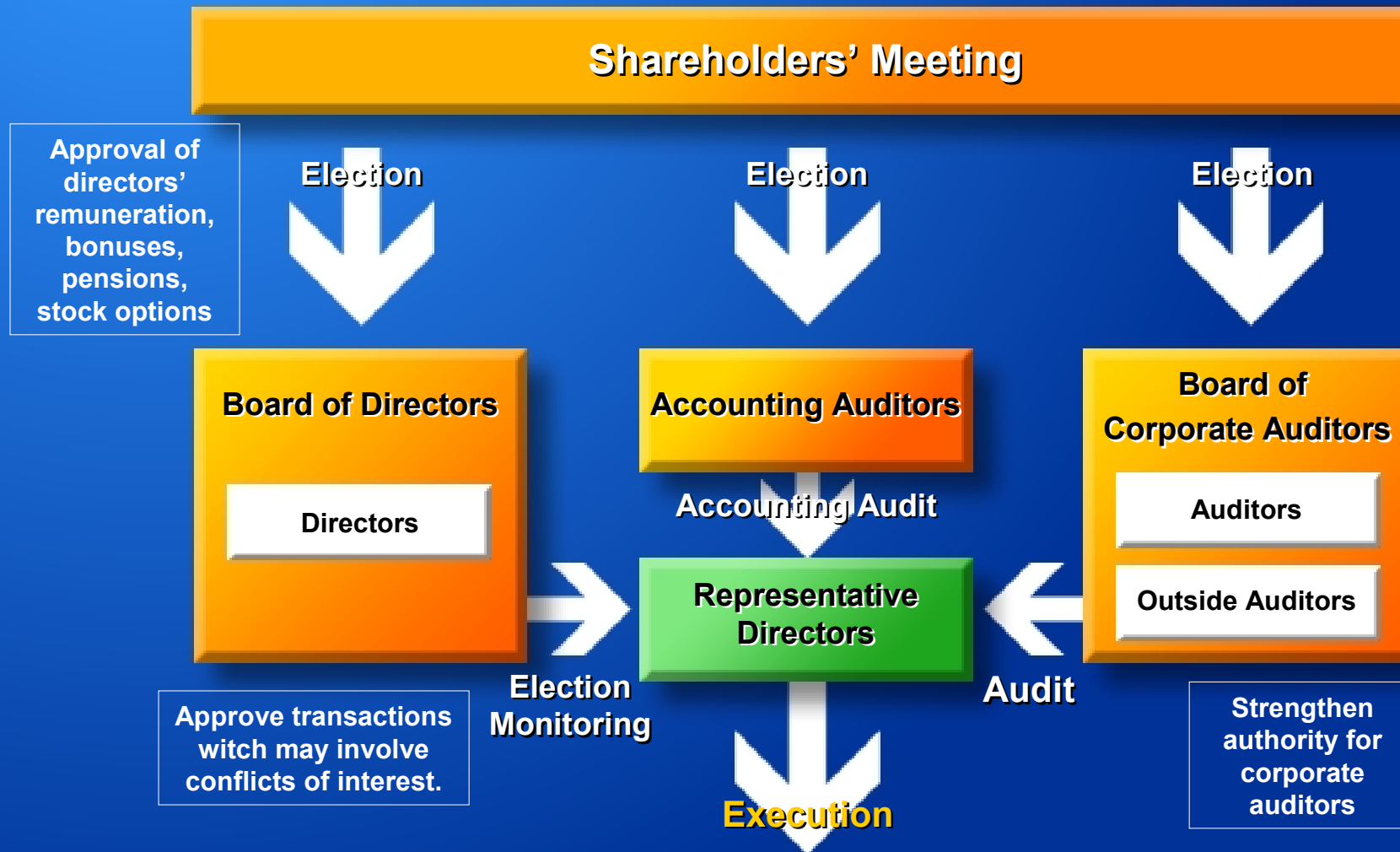
ChuoAoyama

- > Rules for calculating financial statements set forth in the Commercial Code
- > Rules for preparing financial statements set forth in the Securities and Exchange Act

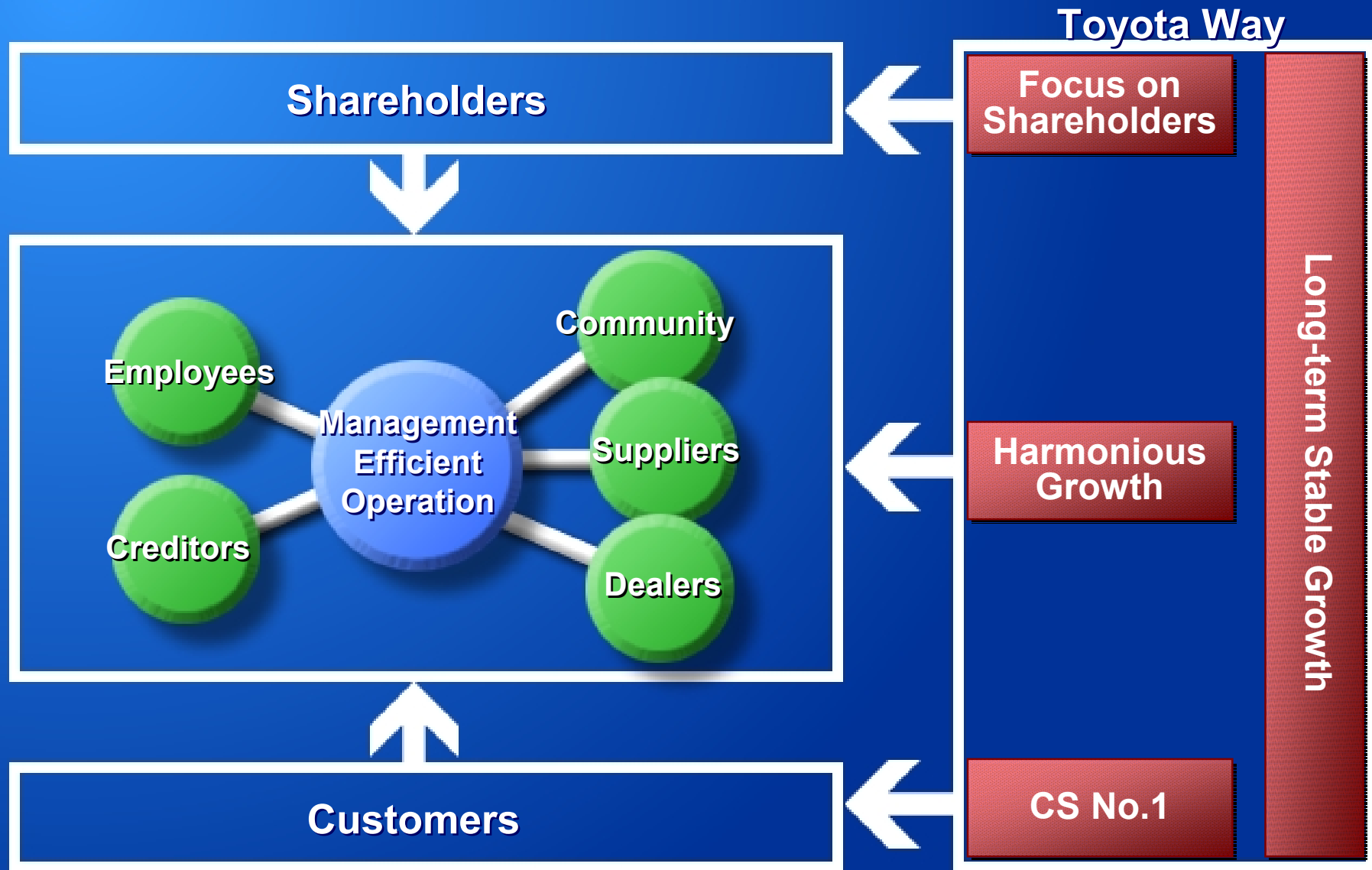
U.S. standards for financial statements :

PricewaterhouseCoopers

Corporate Governance under the Commercial Code of Japan

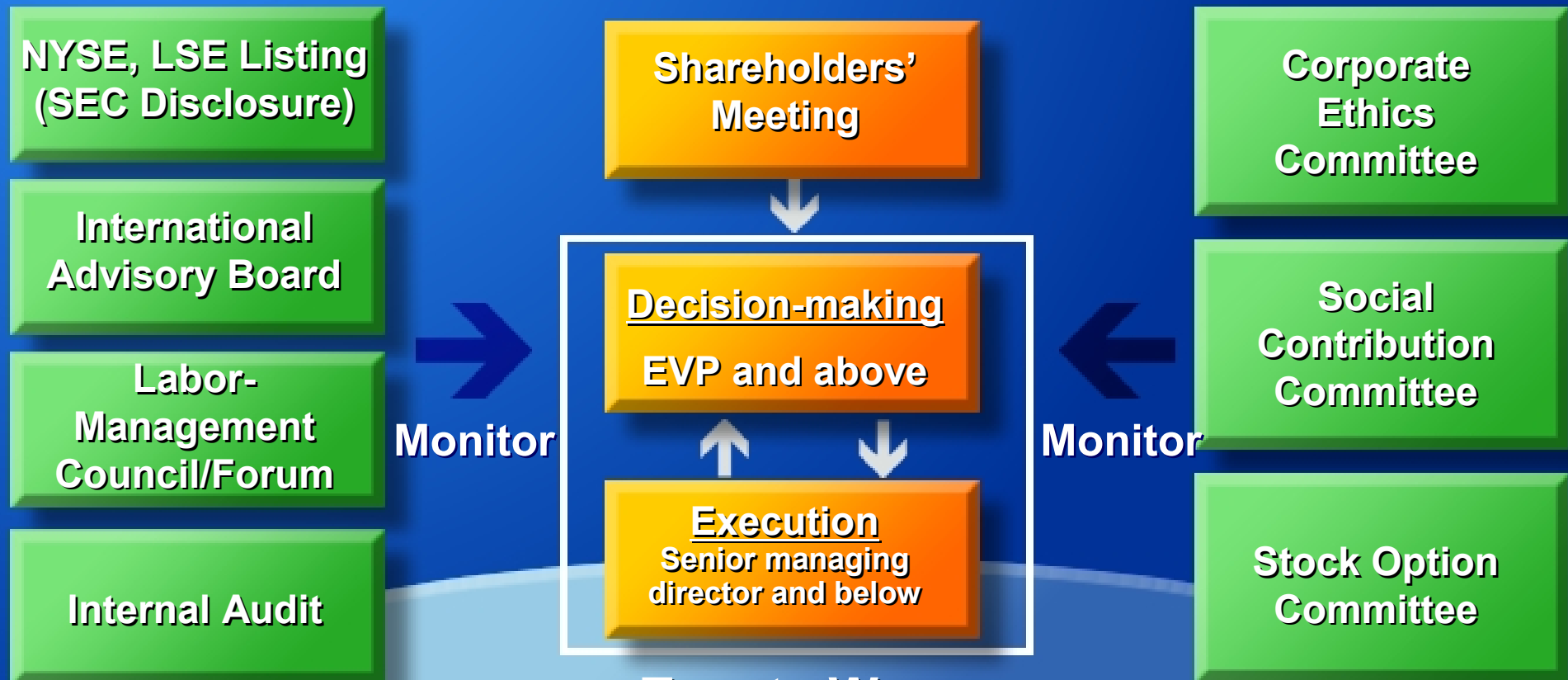


Basic Statement of Toyota Style Governance



Prompt Decision Making and Intensive Risk Management

Higher Transparency Reviewed by “Many People”



Toyota Way

Internal insider-trading regulations:
24-hour rules, Rules for trading Toyota shares

Cautionary Statement with Respect to Forward-Looking Statements

This presentation contains forward-looking statements that reflect Toyota's plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include: (i) changes in economic conditions affecting, and the competitive environment in, the automotive markets in Japan, North America, Europe and other markets in which Toyota operates; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar, the euro and the British pound; (iii) Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (iv) changes in the laws, regulations and government policies affecting Toyota's automotive operations, particularly laws, regulations and policies relating to environmental protection, vehicle emissions, vehicle fuel economy and vehicle safety, as well as changes in laws, regulations and government policies affecting Toyota's other operations, including the outcome of future litigation and other legal proceedings; (v) political instability in the markets in which Toyota operates; (vi) Toyota's ability to timely develop and achieve market acceptance of new products; and (vii) fuel shortages or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to, or difficulties in, the employment of labor in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold. A discussion of these and other factors which may affect Toyota's actual results, performance, achievements or financial position is contained in the "Operating and Financial Review and Prospects" and "Information on the Company" sections and elsewhere in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

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for Long-term Stable Growth**

Accelerating Evolution

Globalization

Next-Generation Technologies

Cost-Competitiveness

Hybrid Technology

Estima Hybrid

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