

TOYOTA

Toyota's Management Strategy

Dynamic & Stable Growth

Innovation Into the Future



Toyota Motor Corporation

September 24, 2002

Hiroshi Okuda

Chairman of the Board

Toyota's Performance

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Toyota's Performance

10 Years of Dynamic Growth

Operating Income

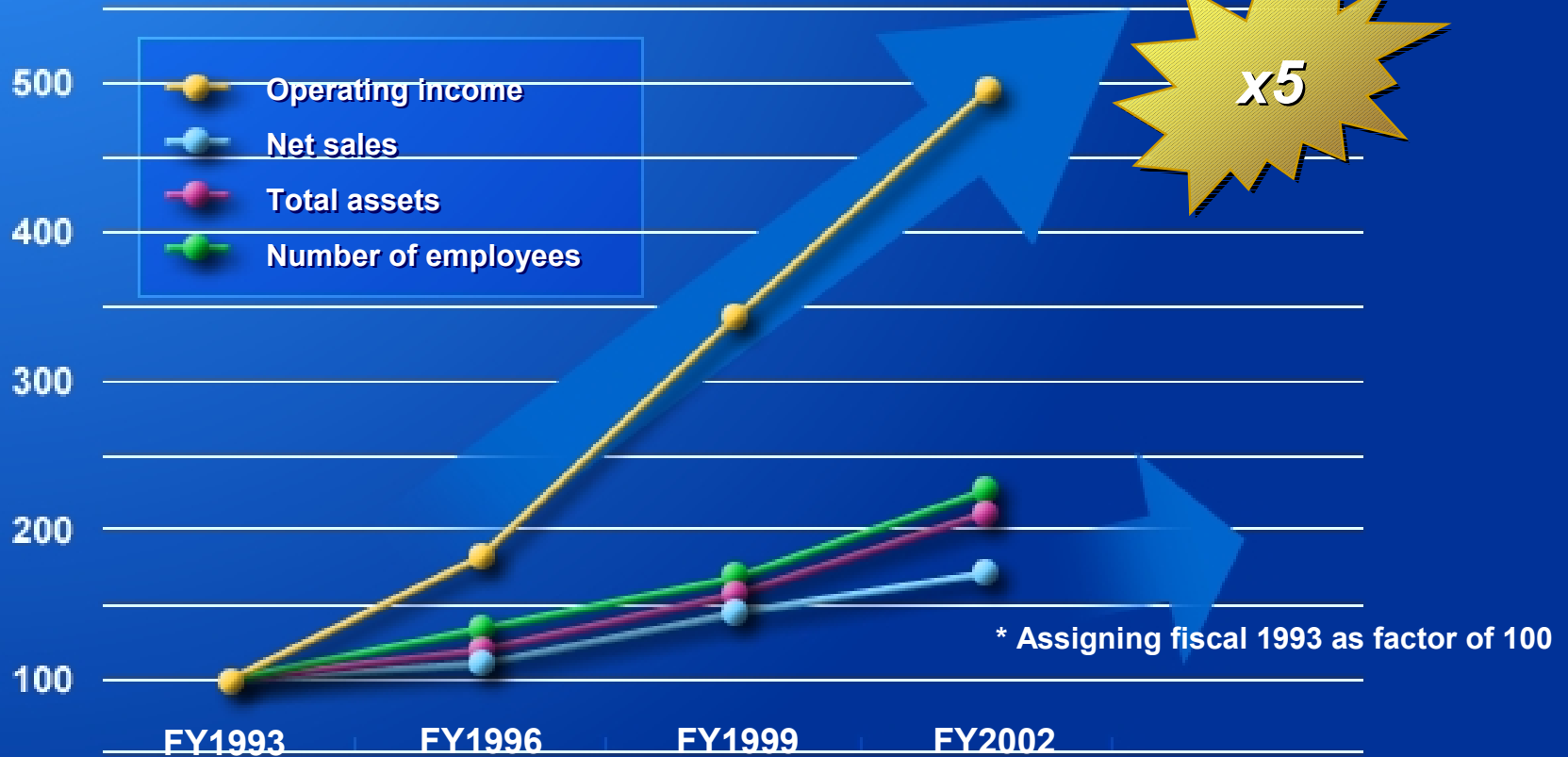


Toyota's Performance

Improved Management Efficiency

Operating Income

Net Sales, Total Assets, and Number of Employees



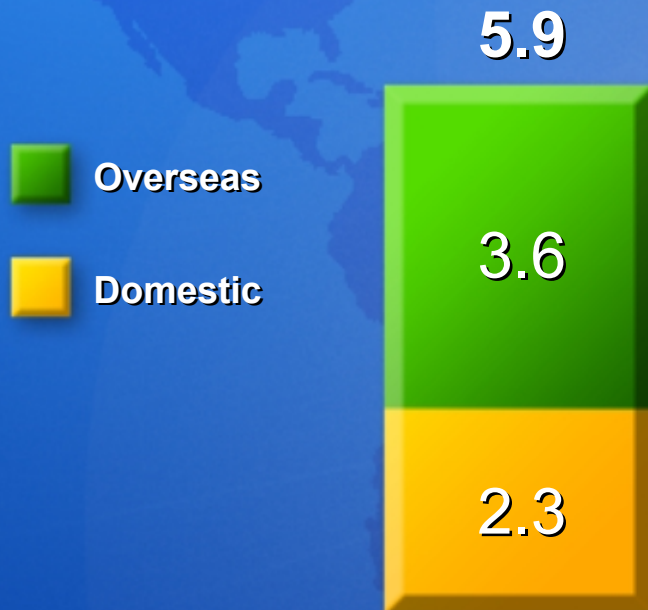
Toyota's Performance

2001 Global Sales

Sales in Approximately 160 Countries and Regions Around the World

Global Unit Sales in 2001

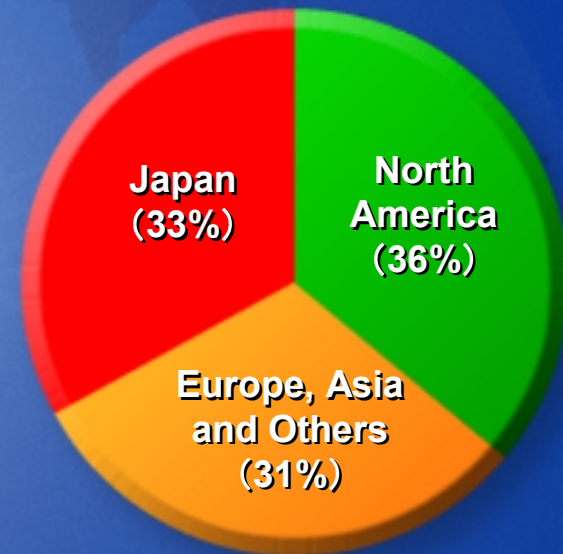
* Including Daihatsu and Hino (Millions of units)



Proportion of 2001 Unit Sales by Region

Global Share

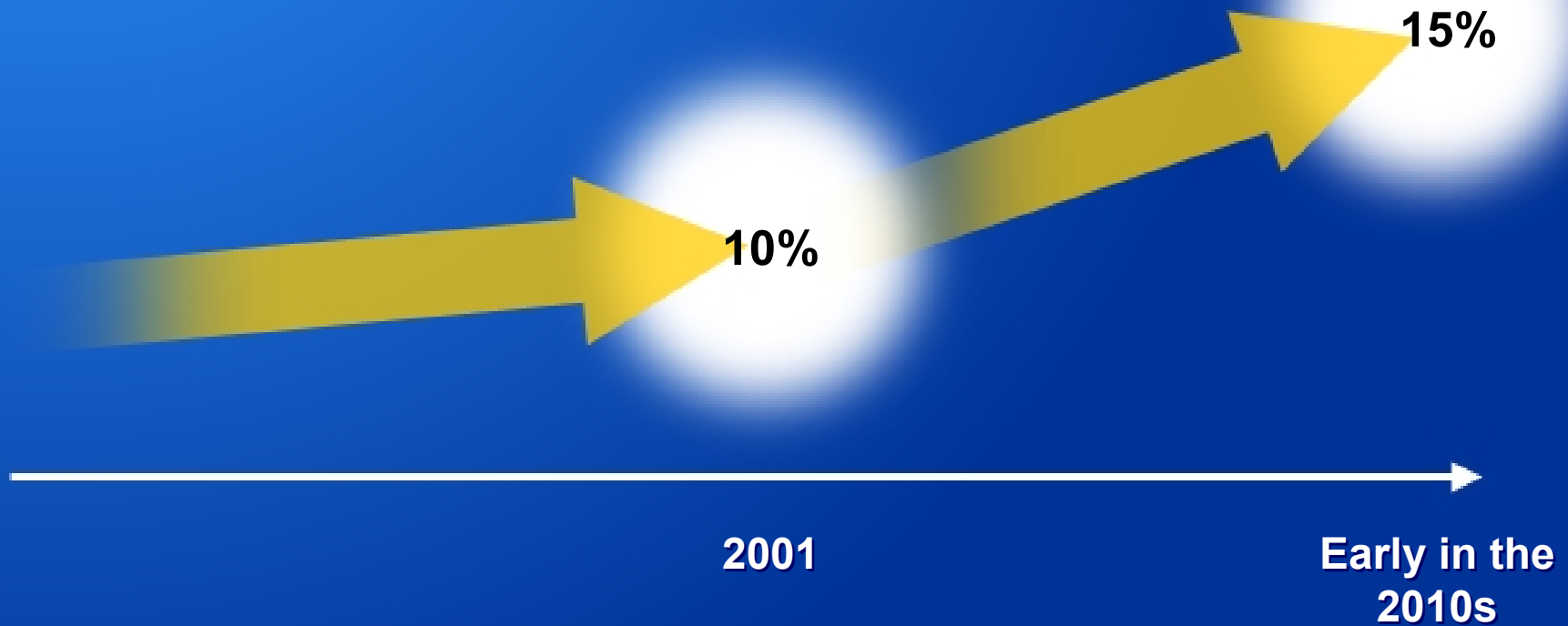
10%



Toyota's Performance

Our Vision for the Future

2010 Global Vision
15% Global Market Share



Brand Strategy

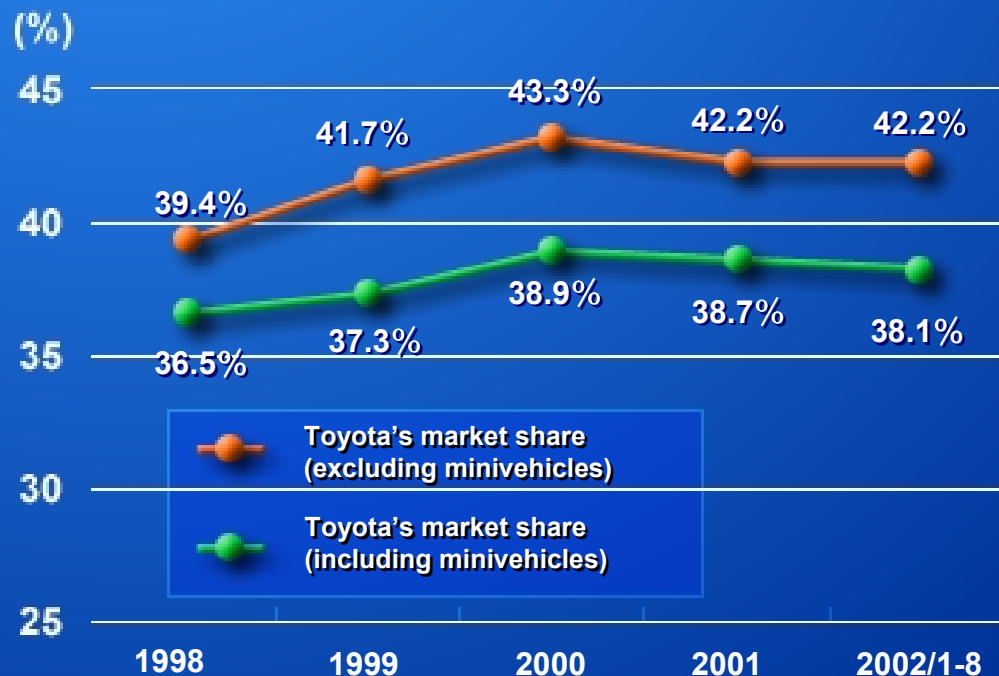
Improving Brand Value

Toyota's Performance

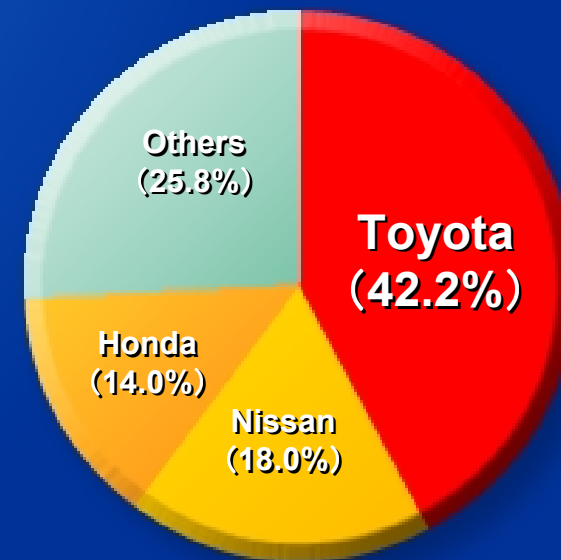
Unshakable Brand Strength in Domestic Market

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

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

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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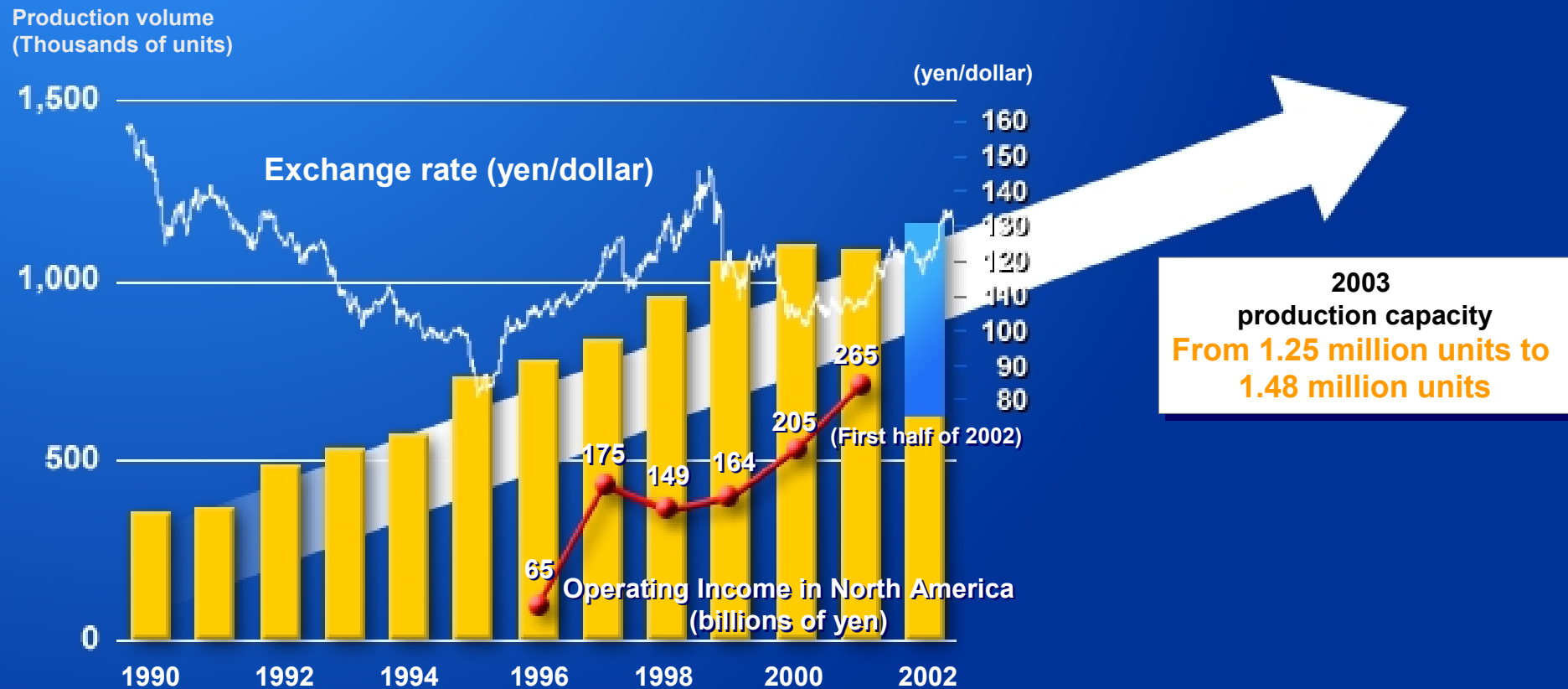
Strategy for Optimal Global Production

Producing Where Demand Exists

III Producing Where Demand Exists

Expansion of Local Production in North America

Expansion of Local Production → Stable Growth



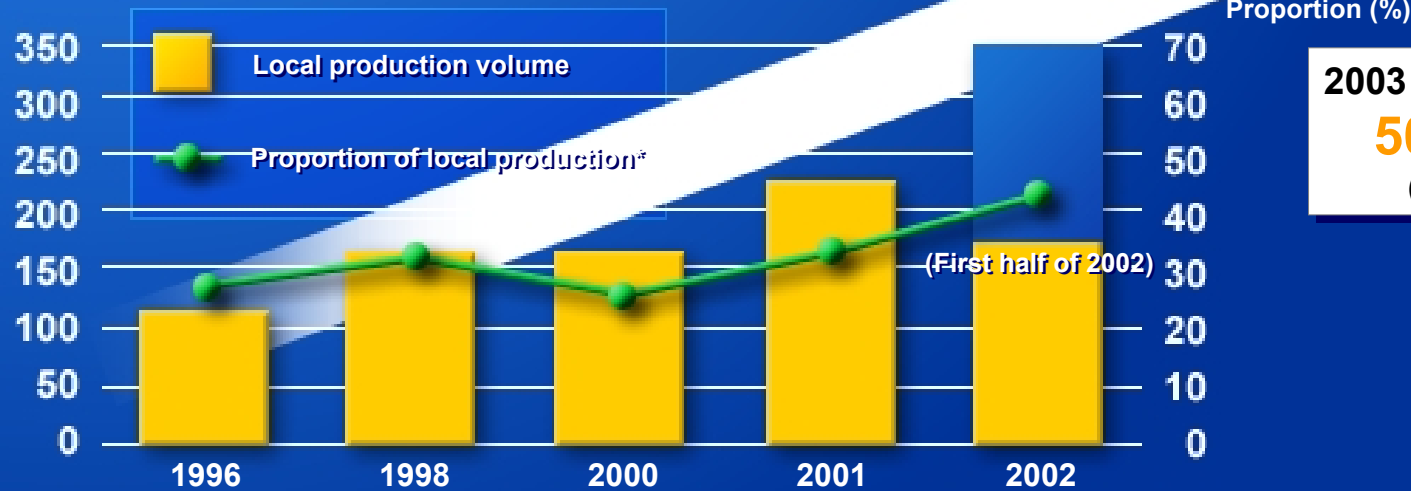
III Producing Where Demand Exists

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

III Producing Where Demand Exists

Global Supply Network

→ Network for vehicles

→ Network for engine and other components

Production Bases in ASEAN Countries

- Toyota Motor Thailand
- Toyota-Astra Motor (Indonesia)
- Other production bases

Toyota Argentina S.A.

Toyota South Africa Motors

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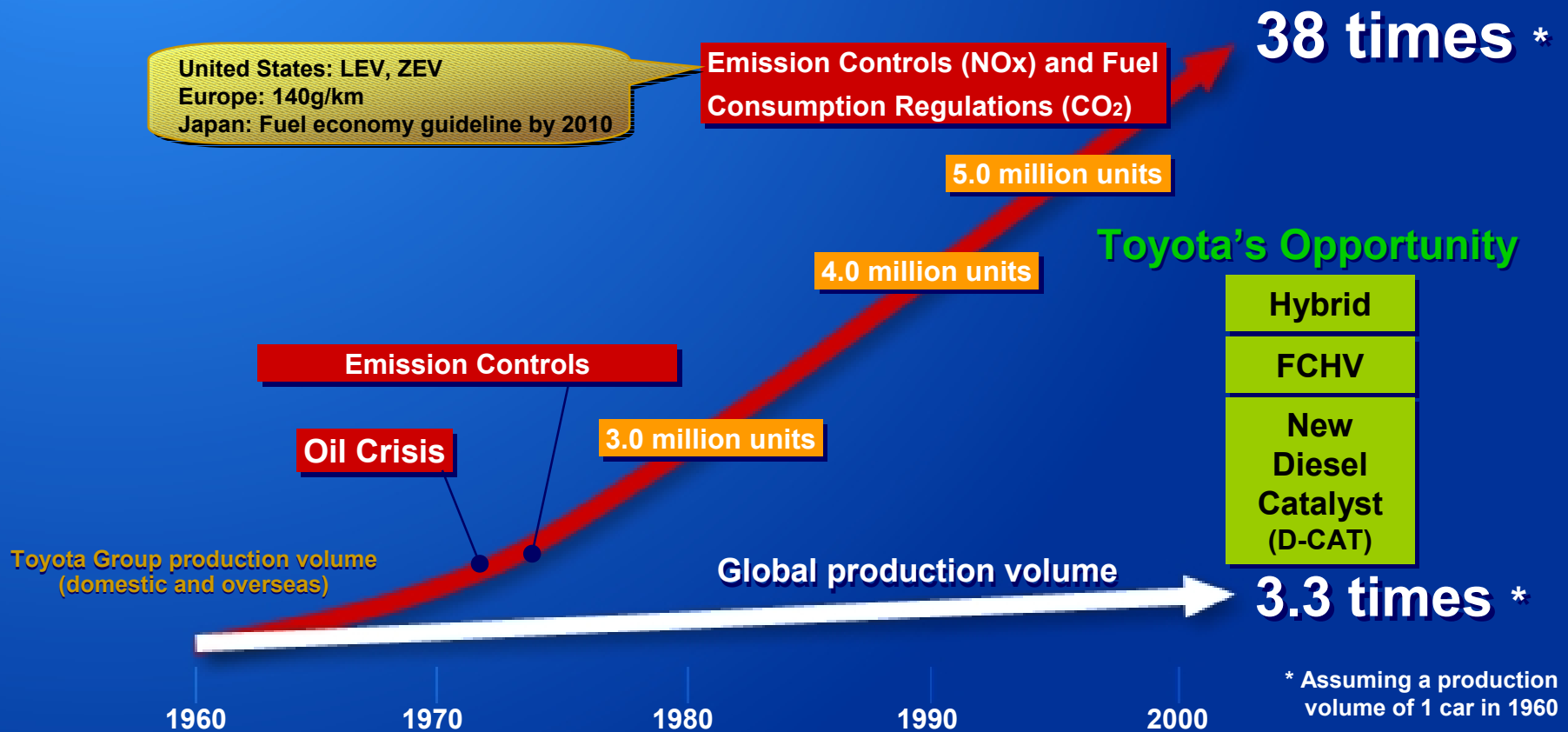
Technology Strategy

Stricter Regulations as a Business Opportunity

IV Stricter Regulations as a Business Opportunity

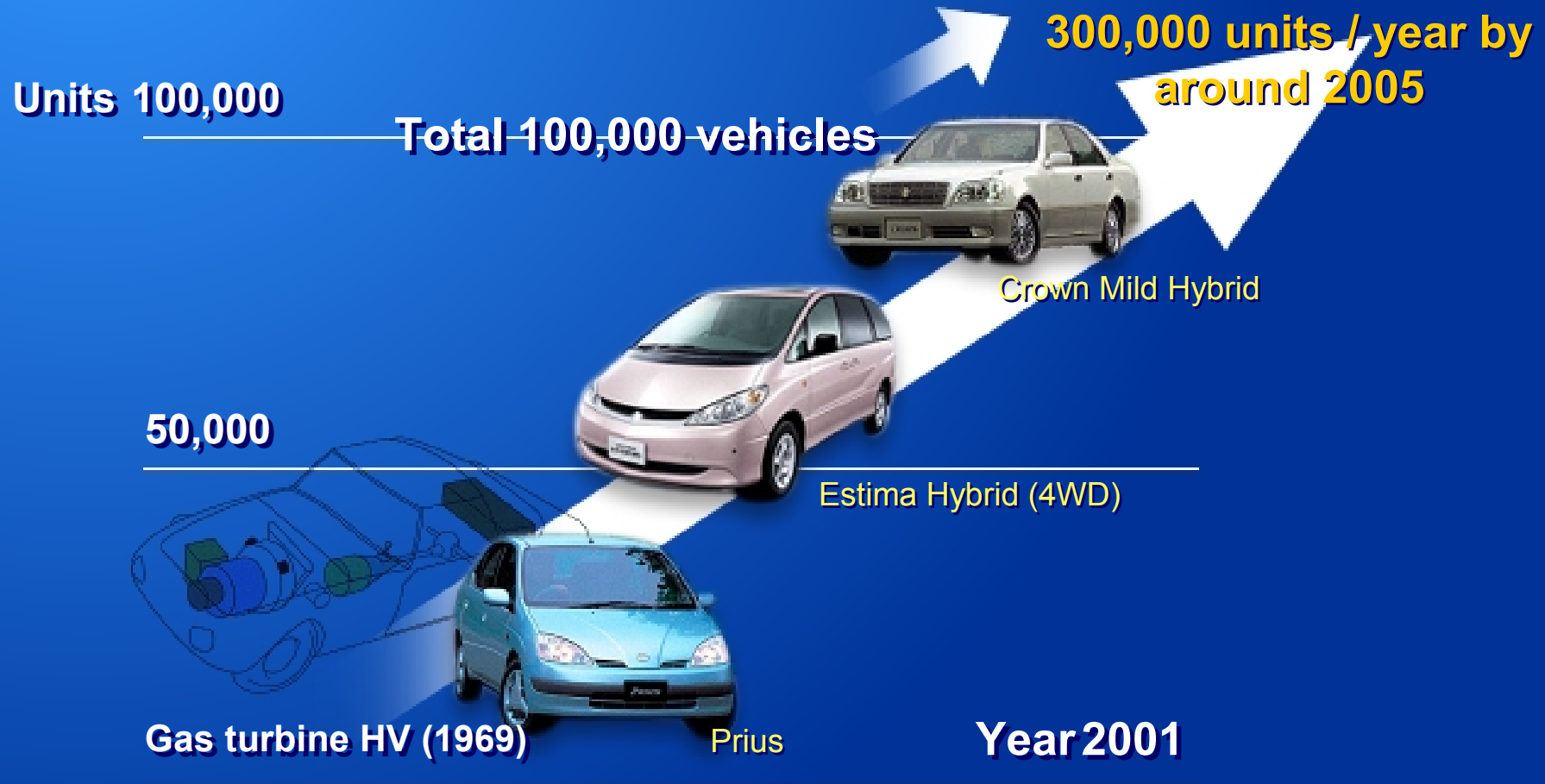
Next-Generation Technological Competition as a Business Opportunity

The Oil Crisis and Emission Controls Triggered Growth



IV Stricter Regulations as a Business Opportunity

Increased Sales of Hybrid Vehicles



Stricter Regulations as a Business Opportunity

IV

Toyota FCHV-4 (1)

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



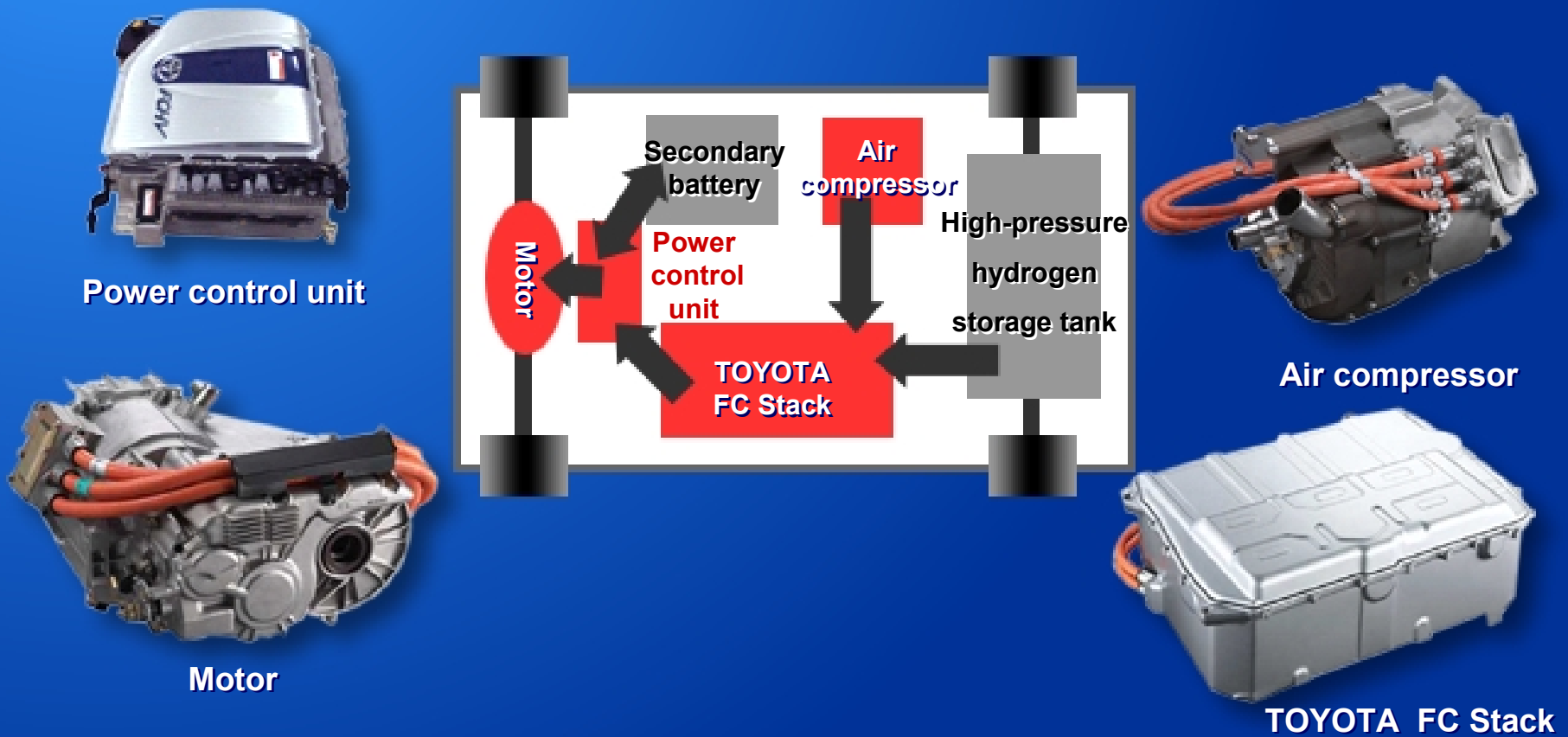
Maximum speed	150km/h
Cruising range	250km
Fuel cell output	90kw
Fuel	Pure hydrogen

Limited Marketing in 2002

IV Stricter Regulations as a Business Opportunity

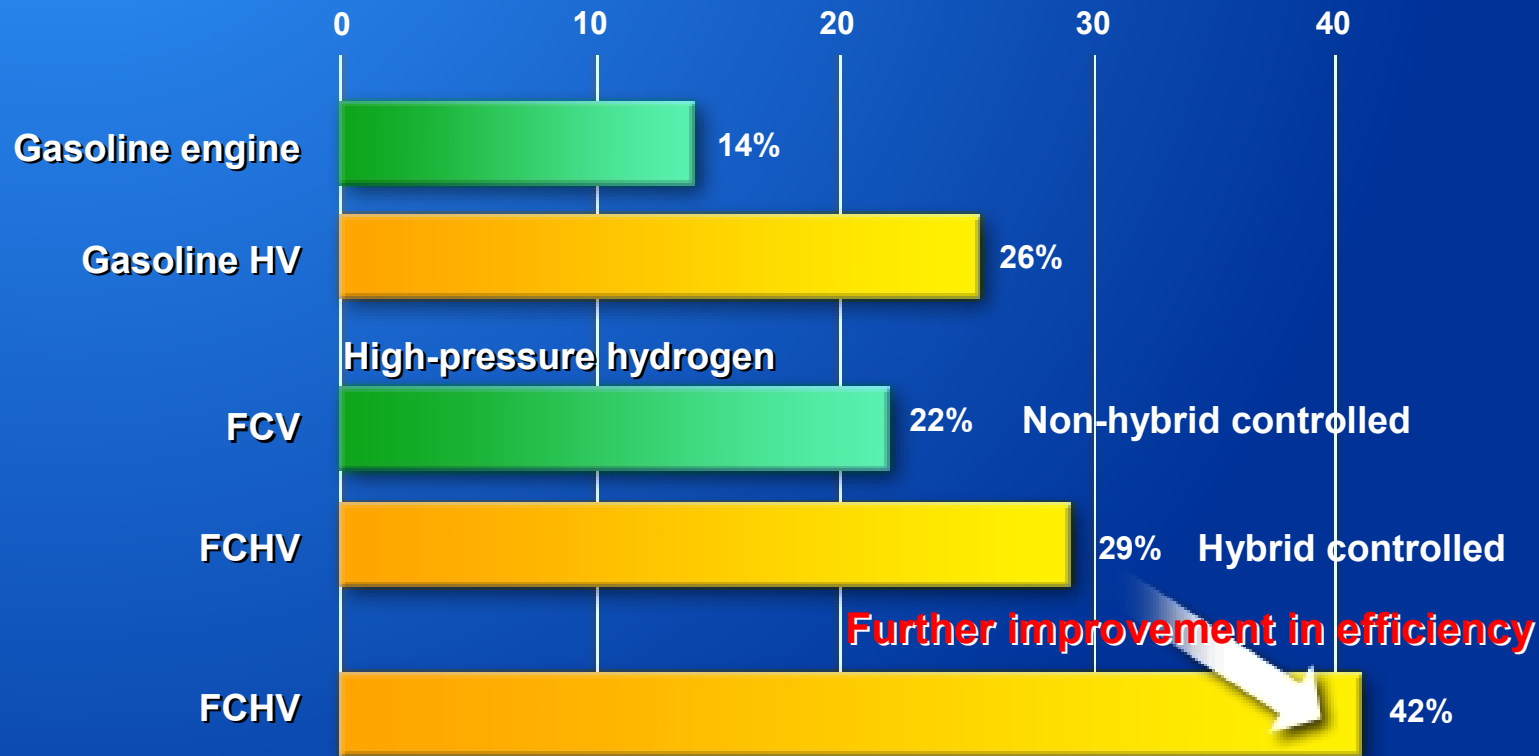
Toyota FCHV-4 (2)

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



IV Stricter Regulations as a Business Opportunity

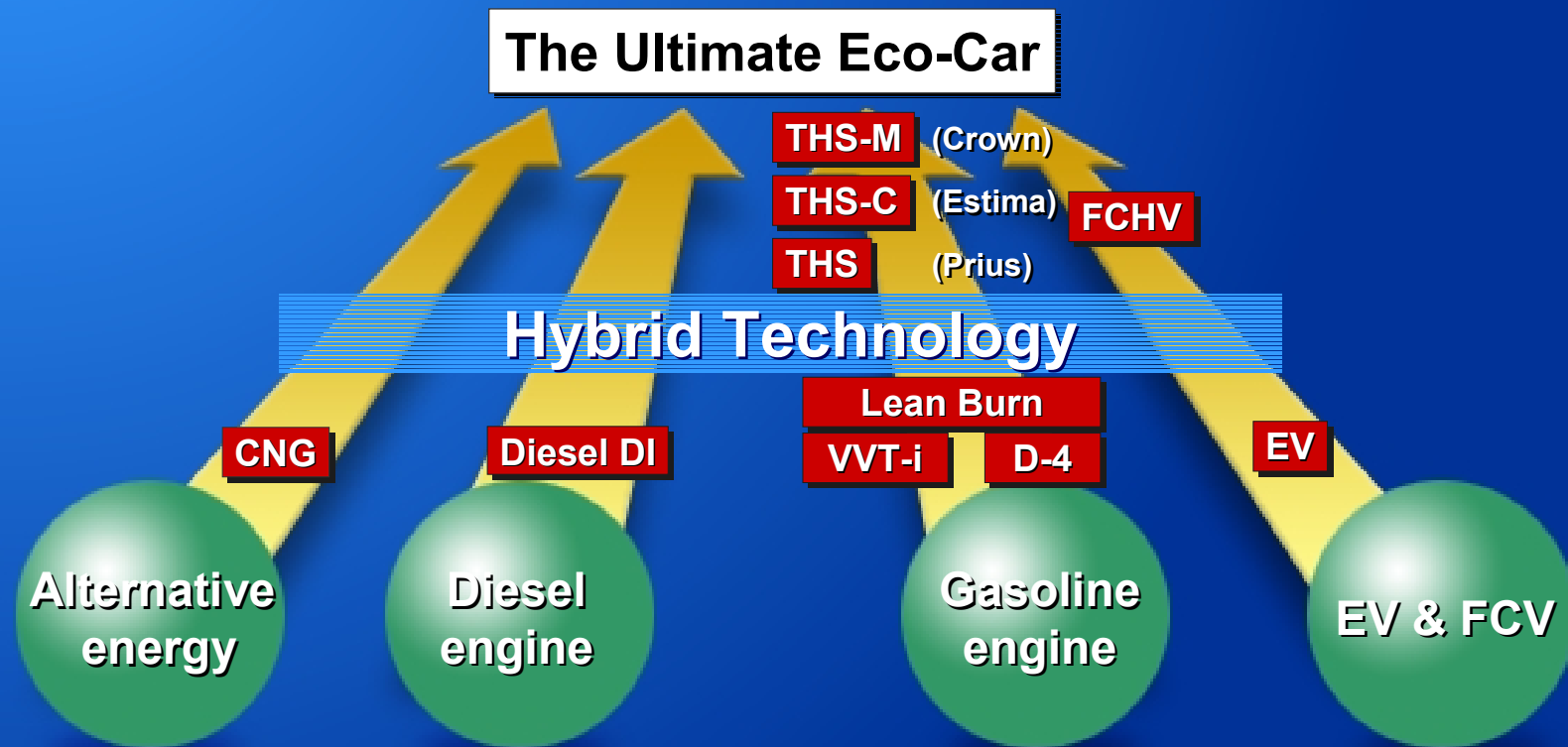
The Overall Fuel Efficiency of FCHVs Overall Efficiency "Well-to-Wheel" (%)



Calculations by Toyota

IV Stricter Regulations as a Business Opportunity

Toyota's Environmental Technology Development



Stricter Regulations as a Business Opportunity

IV

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

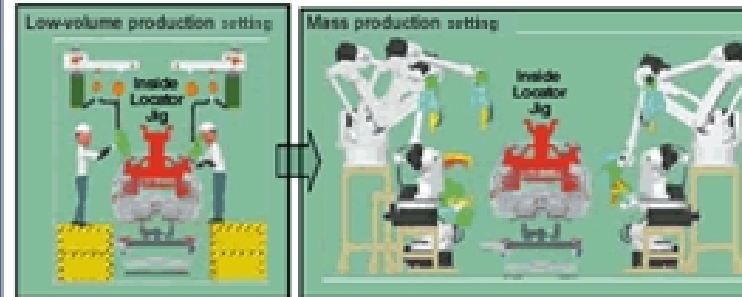
(1 line for 8 models, small-lot to mass production)

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



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

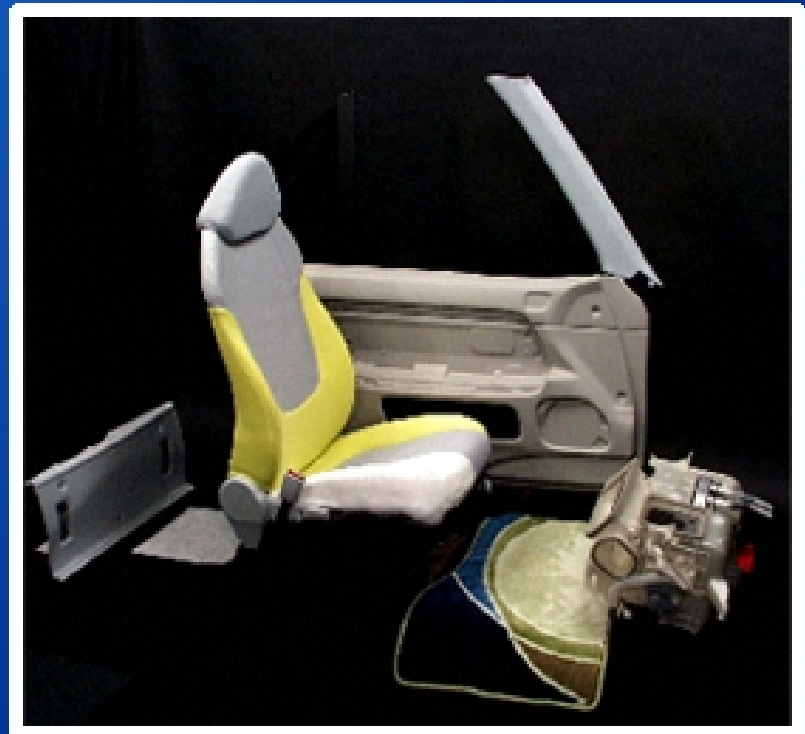
Recycling and a “Zero-Waste” Society

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



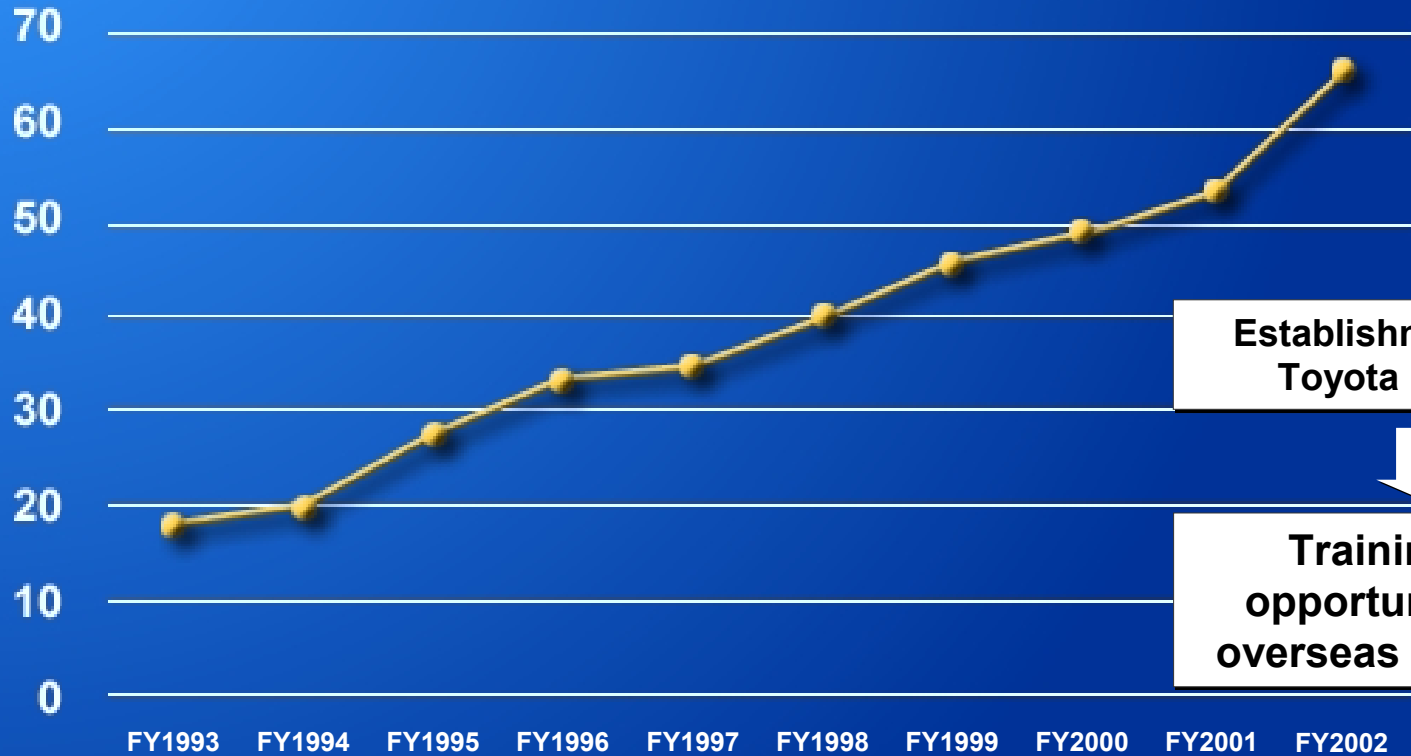
WILL VC Concept

Innovation into the Future

Moving toward a Mature Global Society

Personnel Growth at Overseas Subsidiaries

(Thousands of persons)



Establishment of the Toyota Institute

Training and opportunities for overseas personnel

109 (16%)

246 (27%)

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

Financial Strategy for Long-term Stable Growth

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

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

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

Changing in Japan's Accounting Standards

Adopted these changes to our accounting system in advance

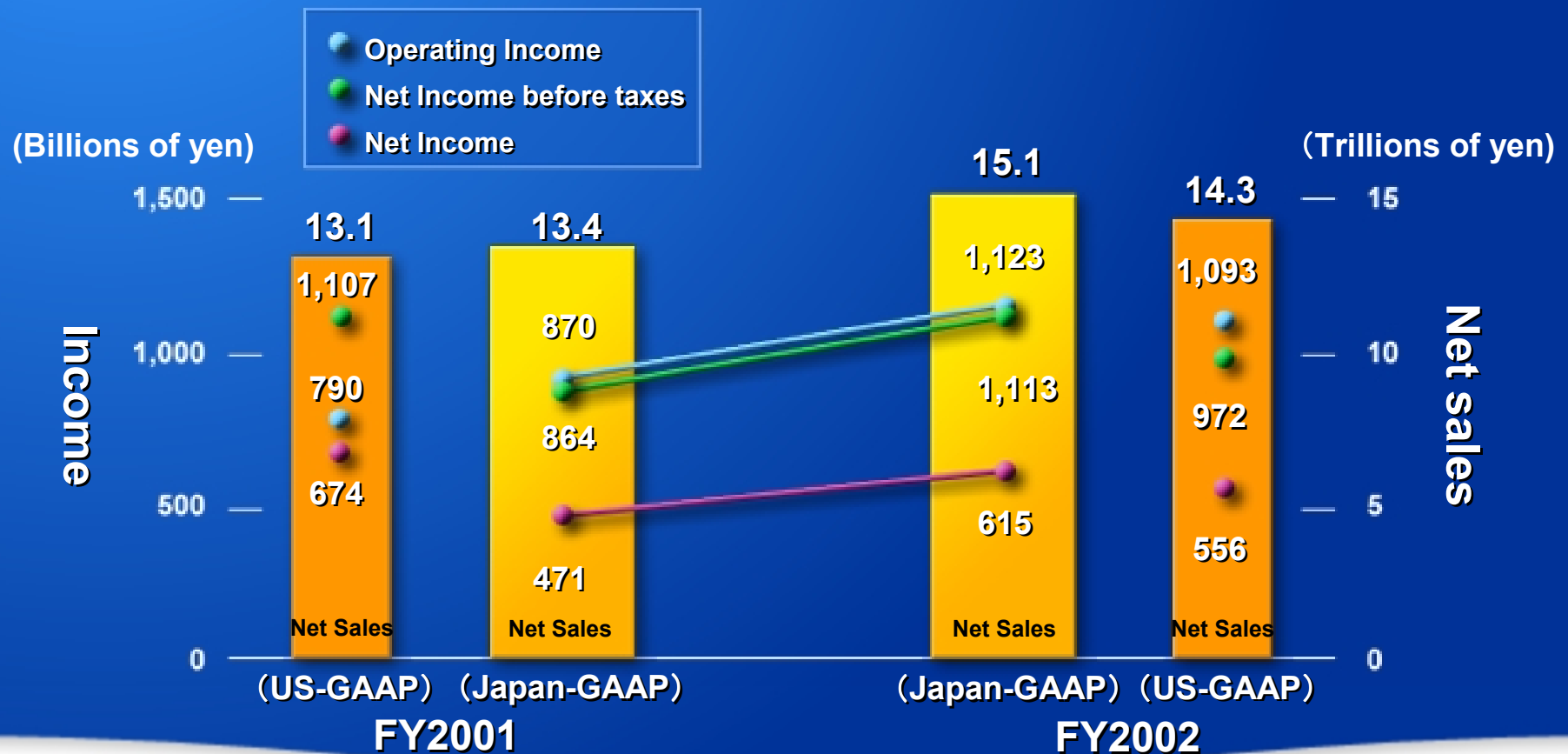
Principal changes	Systemic changes	Implemented by Toyota
1) Interim consolidated results	00/9 -	98/9 -
2) Strengthened consolidated accounting (introduction of criteria for actual corporate control*)	00/3 -	99/9 -
3) Tax effect accounting	00/3 -	99/9 -
4) Accounting for retirement benefits	00/9 -	00/9 -
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 Strategy for **VI** Long-term Stable Growth

Overview of Fiscal 2002

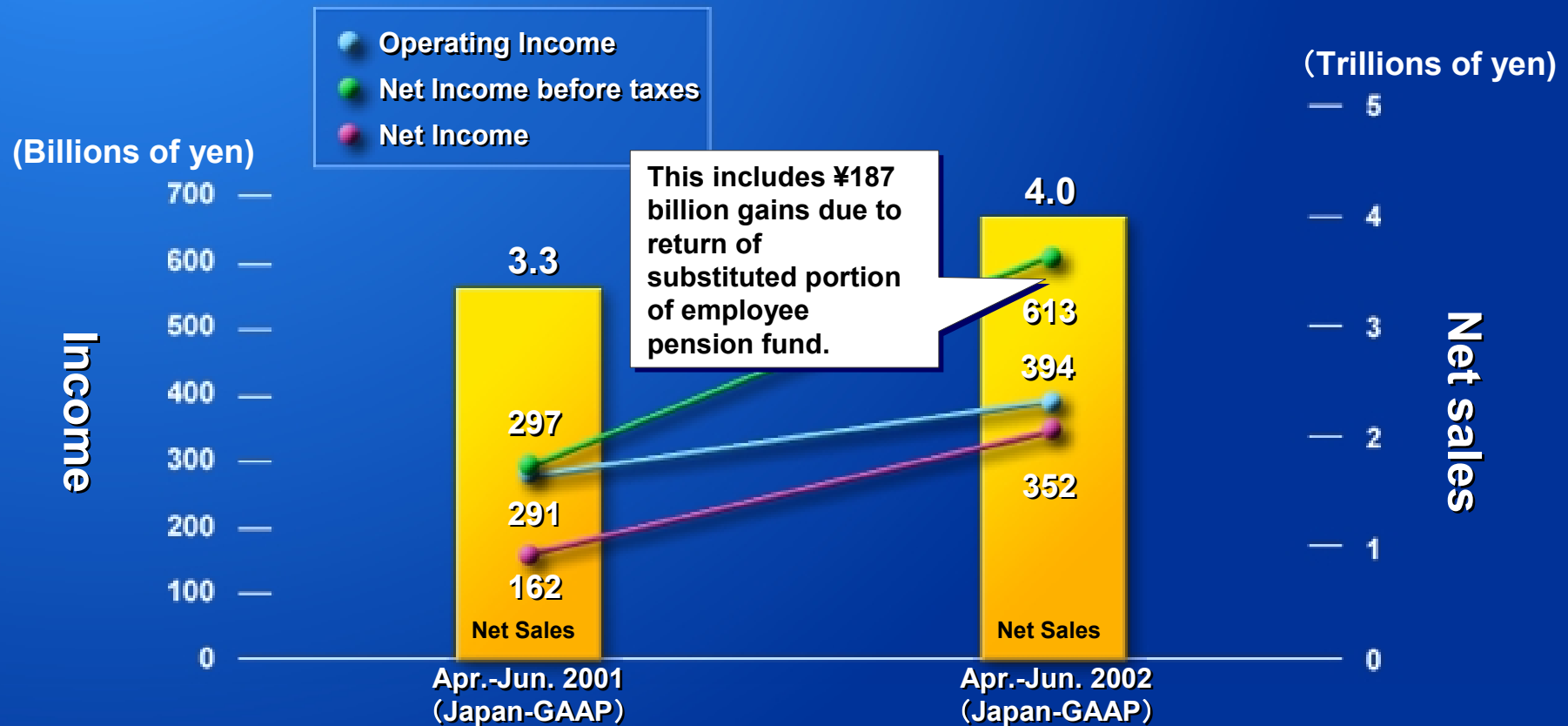
Consolidated Business Performance



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

Overview of 1Q of Fiscal 2003

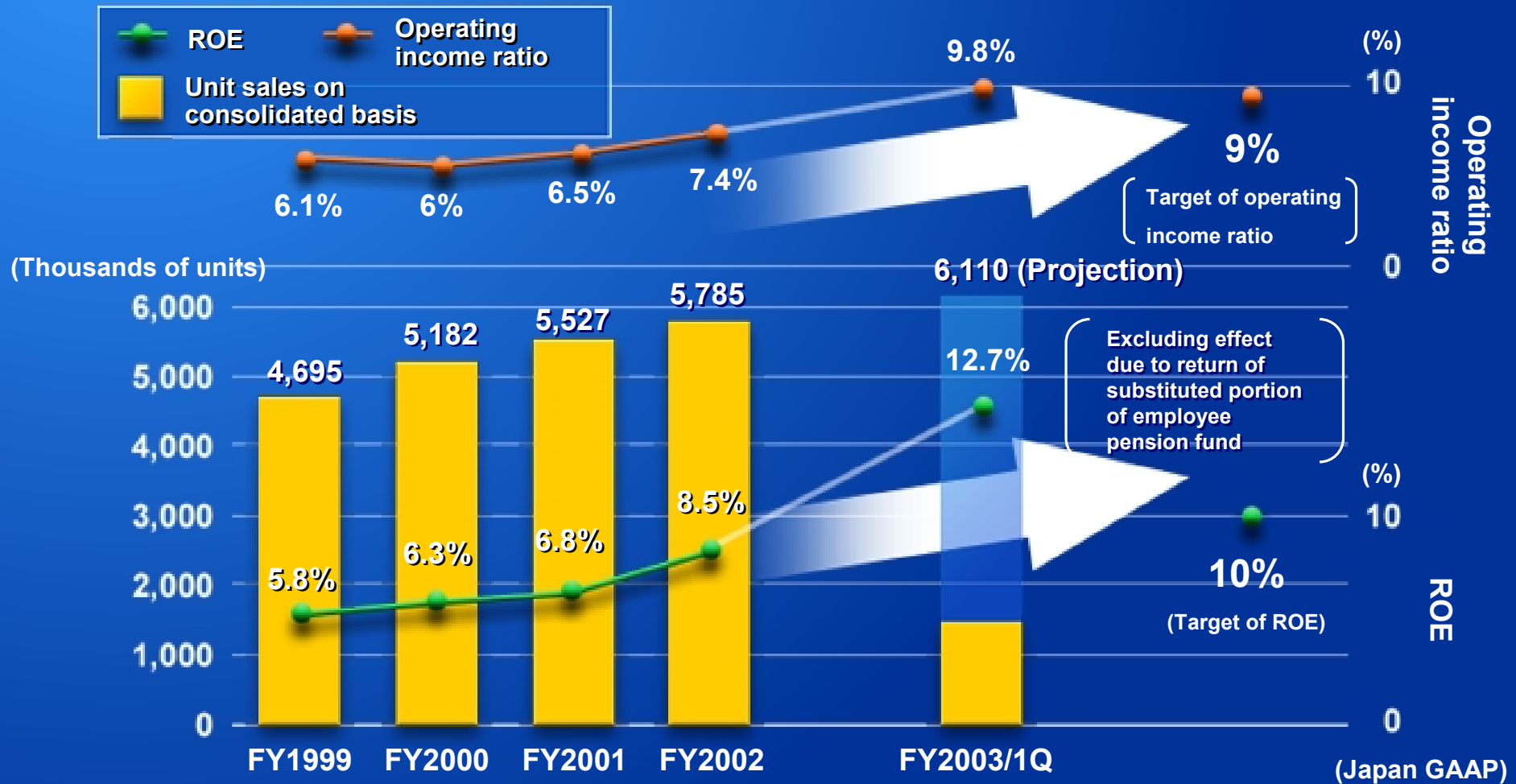
Consolidated Business Performance



Note: Based on standard for interim financial statement

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

Long-Term Financial Targets

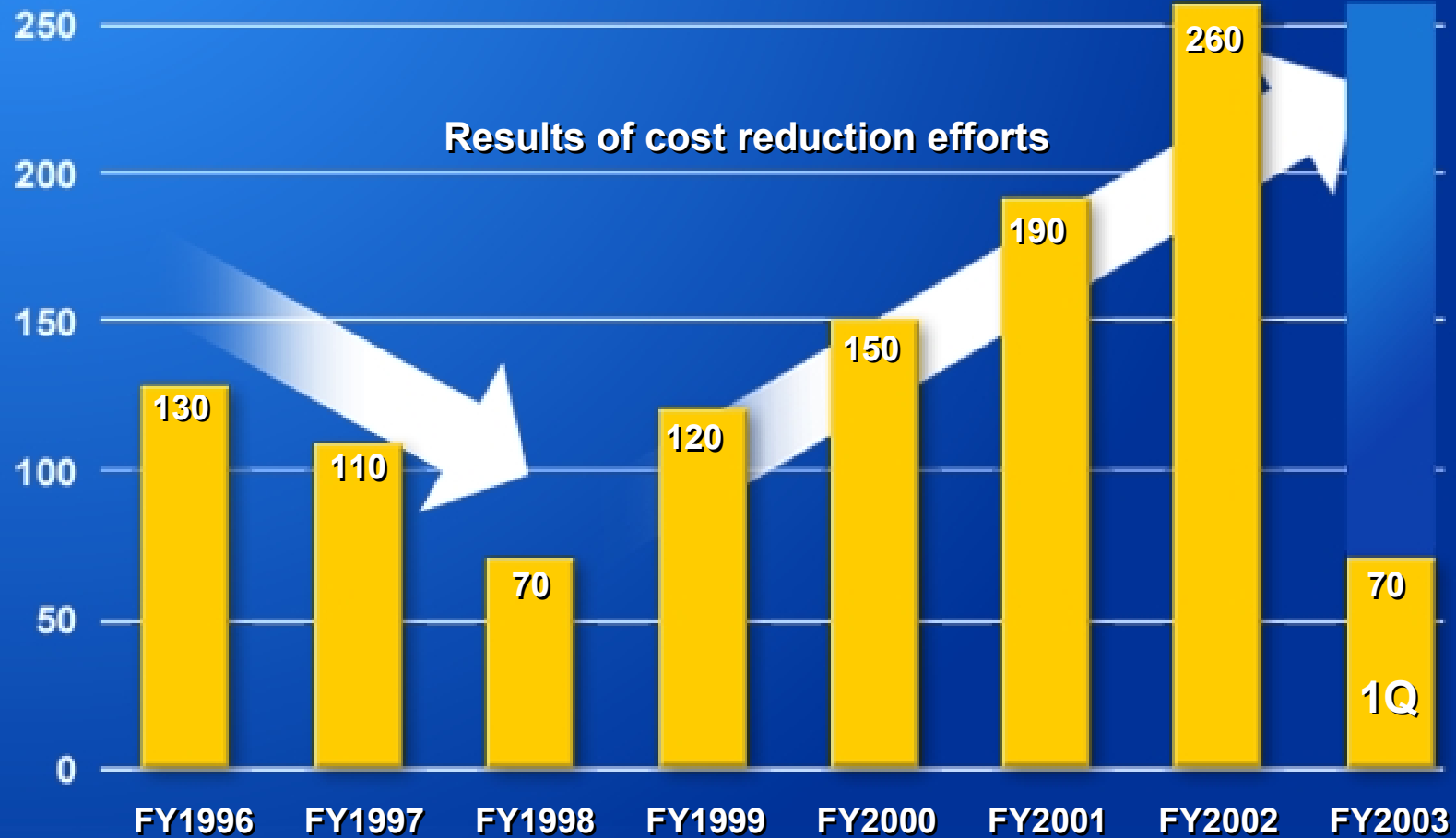


Financial Strategy for **VI** Long-term Stable Growth

Continuing Efforts to Reduce Costs

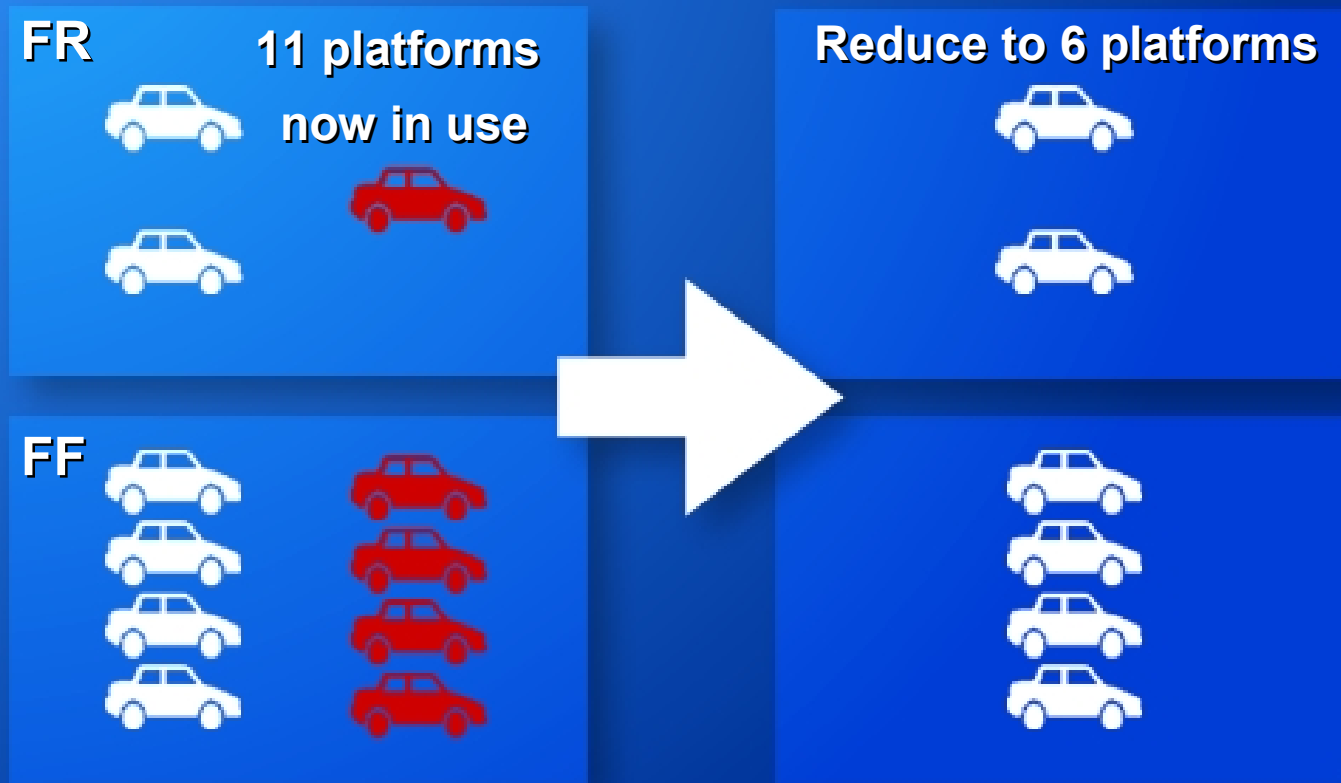
Eliminate Waste

(Billions of yen)



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

Platform Integration



(Production platforms for passenger vehicles)

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

Financial Business

Global Sales Finance Network

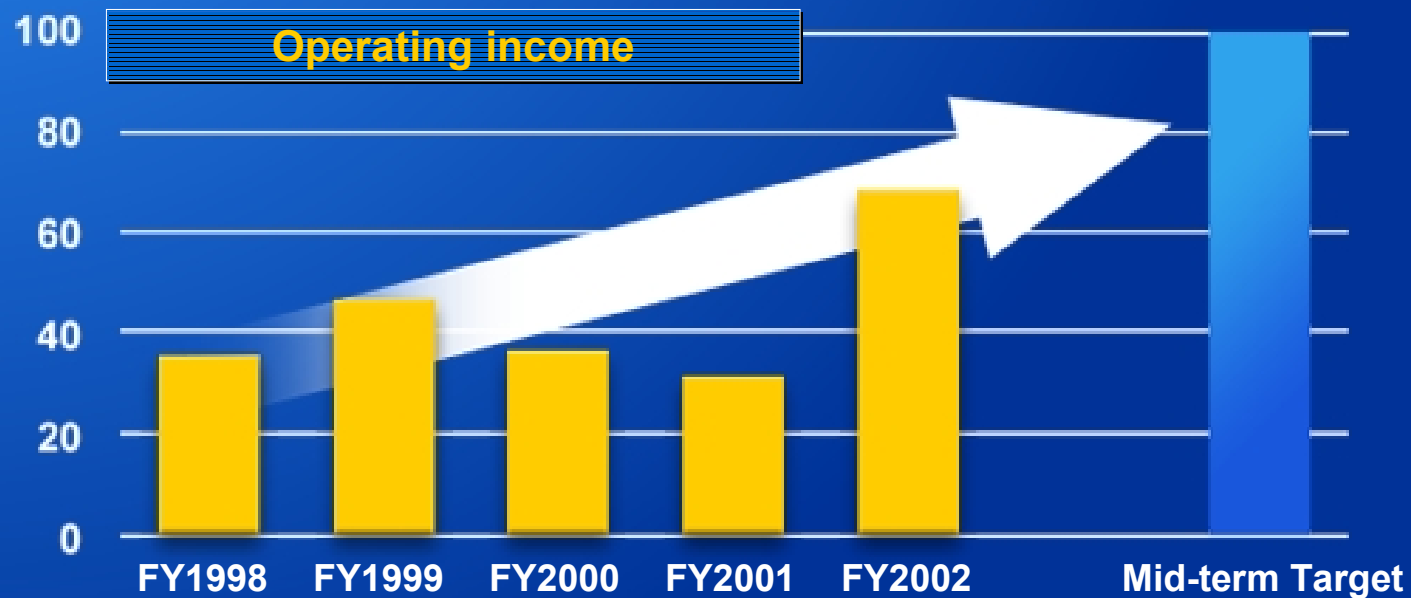
Existing bases 22

Planned 2002 bases 2



Future expansion to bases in 30 countries

(Billions of yen)

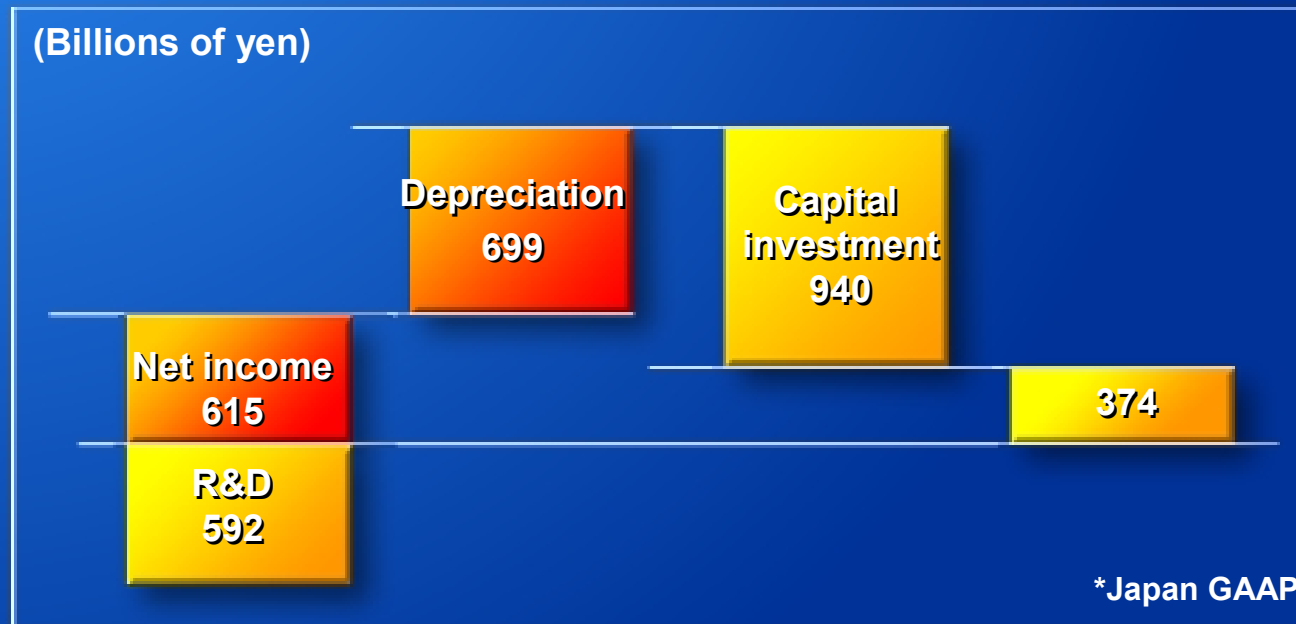


Financial Strategy for **VI** Long-term Stable Growth

Cash Flow Management

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

Image of Fiscal 2002 Consolidated Cash Flows



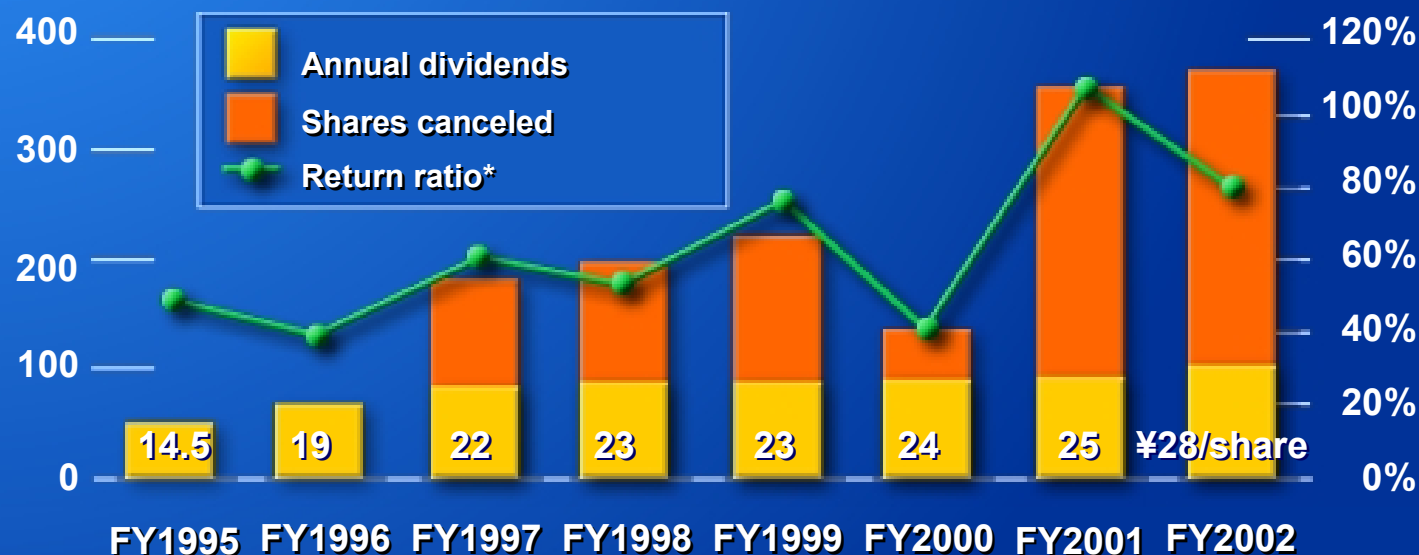
Financial Strategy for **VI** Long-term Stable Growth

Shareholder's Return

Dividends Payout: Increasing Steadily (¥14.5 per share to ¥28 per share)

Accumulative Value of Shares Canceled: ¥922 Billion

(Billions of yen)



*(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.

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

Share Repurchase

Authorized Amount of Repurchase

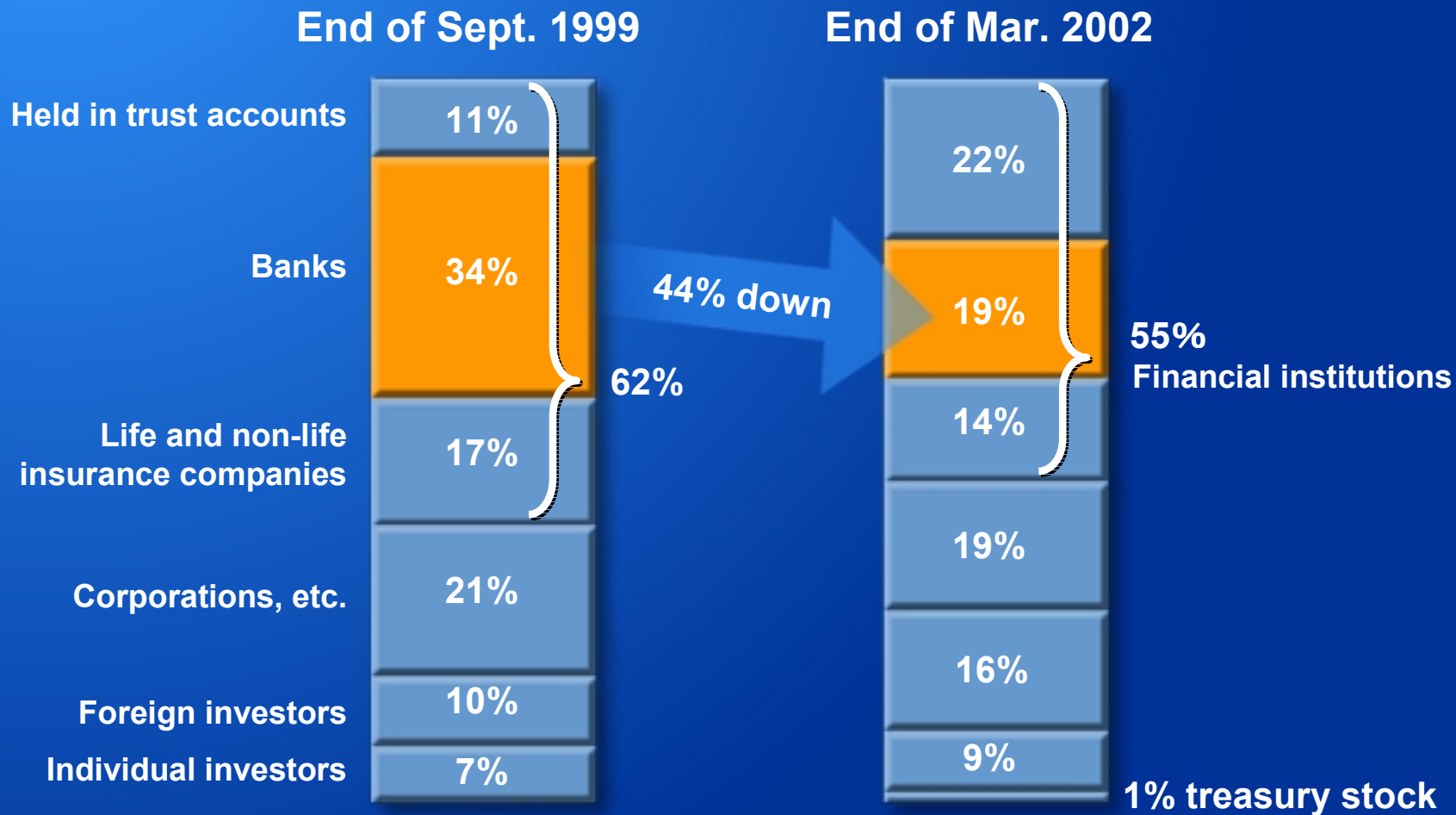
Up to ¥600 billion

Up to 170 million shares

(Between Annual General Shareholders' Meetings 2002 and 2003)

Financial Strategy for Long-term Stable Growth

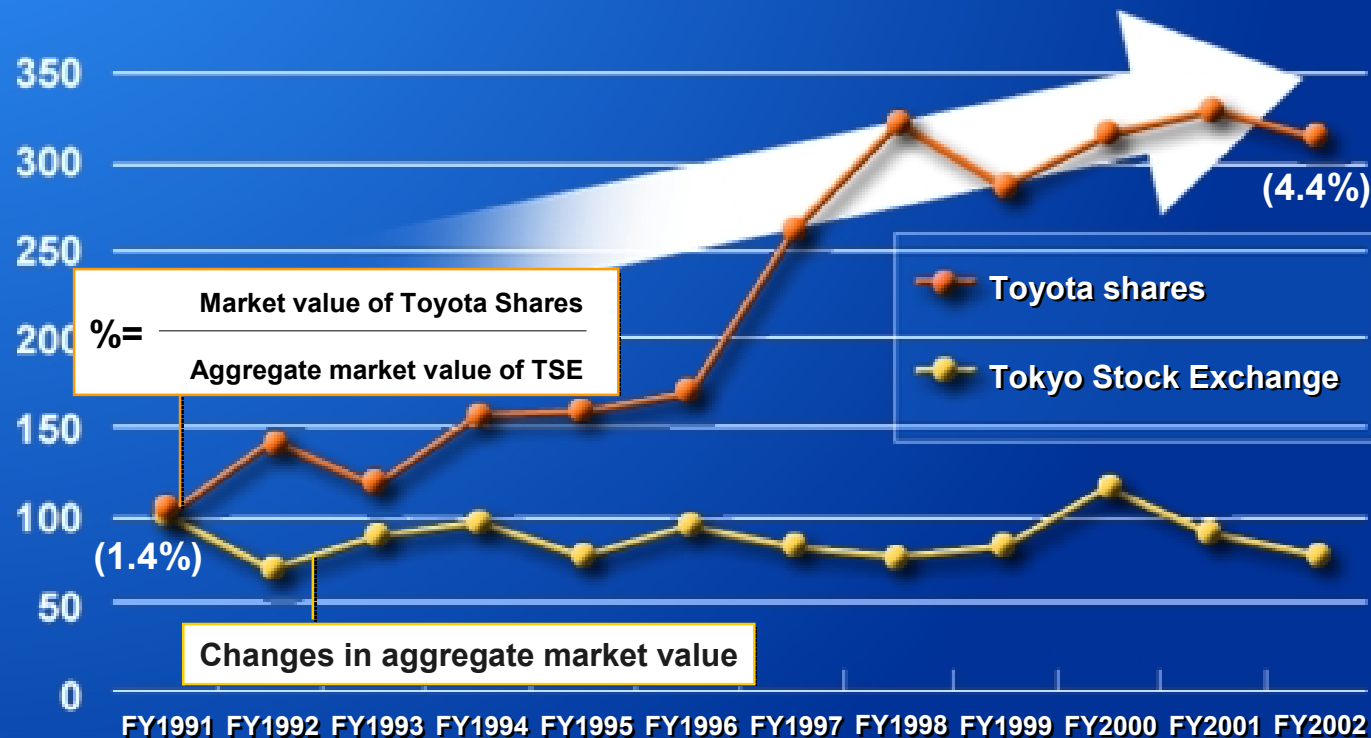
Update on Current Toyota's Share Ownership



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

Long-Term Stable Growth in Share Value

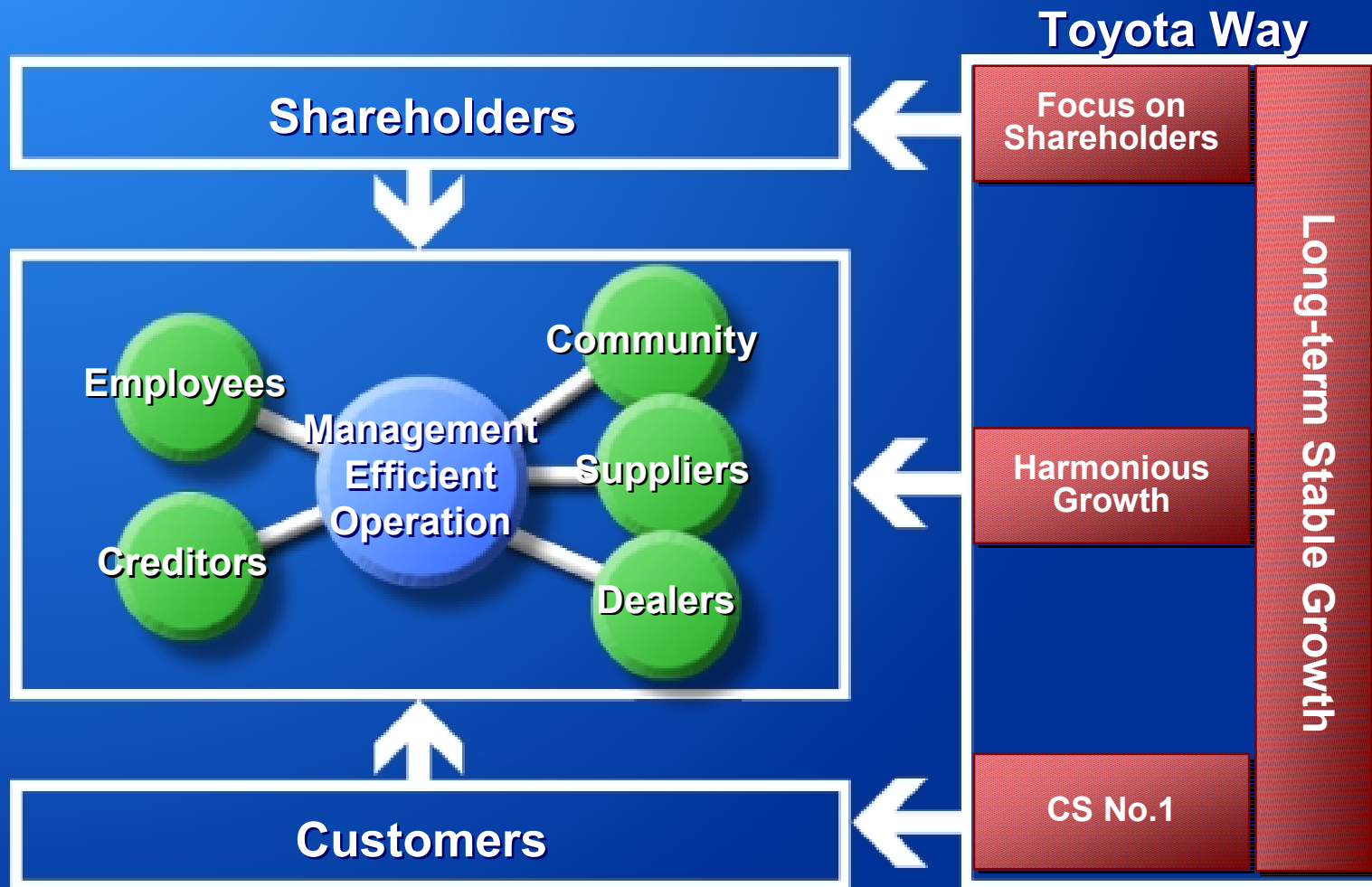
Total Market Value of Toyota Shares in Tokyo Stock Exchange Market Cap
Rose from 1.4% in 1991 to 4.4% in 2002



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

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

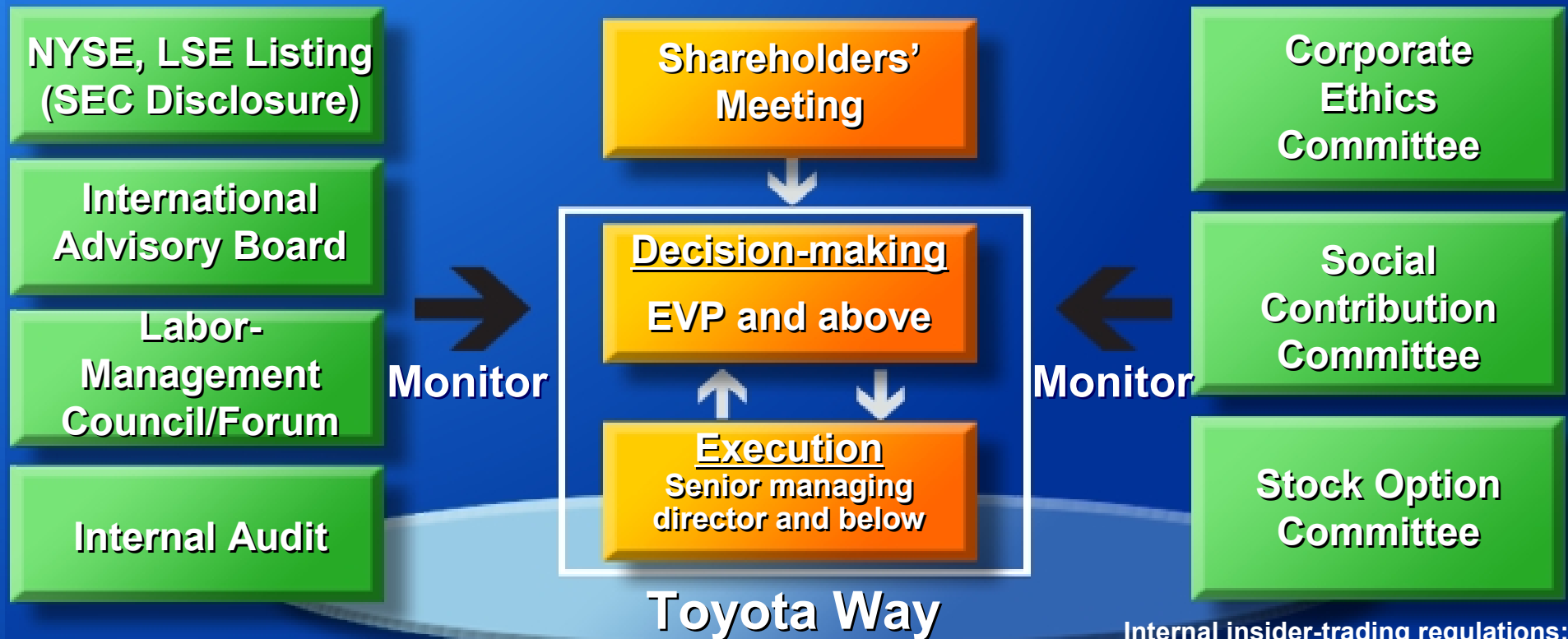
Basic Statement of Toyota Style Governance



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

Prompt Decision Making and Intensive Risk Management

Higher Transparency Reviewed by “Many People”



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

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Toyota's Management Strategy

Dynamic & Stable Growth

Innovation Into the Future



Camry Hybrid

Prius

Toyota Motor Corporation

September 24, 2002