

Toyota's Global Strategy

Attaining global growth and improved efficiency



Toyota Motor Corporation
October 21, 2003

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Fujio Cho

**President
Toyota Motor Corporation**

Agenda

Part

TOYOTA NOW

Global Manufacturing and Marketing in 2002

Part

TOYOTA NEXT

- a. Sales Strategy – Regional Strategies:
North America, Europe, Asia, China, and Japan
- b. Building Global Development and Optimum
Production Systems
- c. Future Growth through Market Creation

Part

Financial Strategy

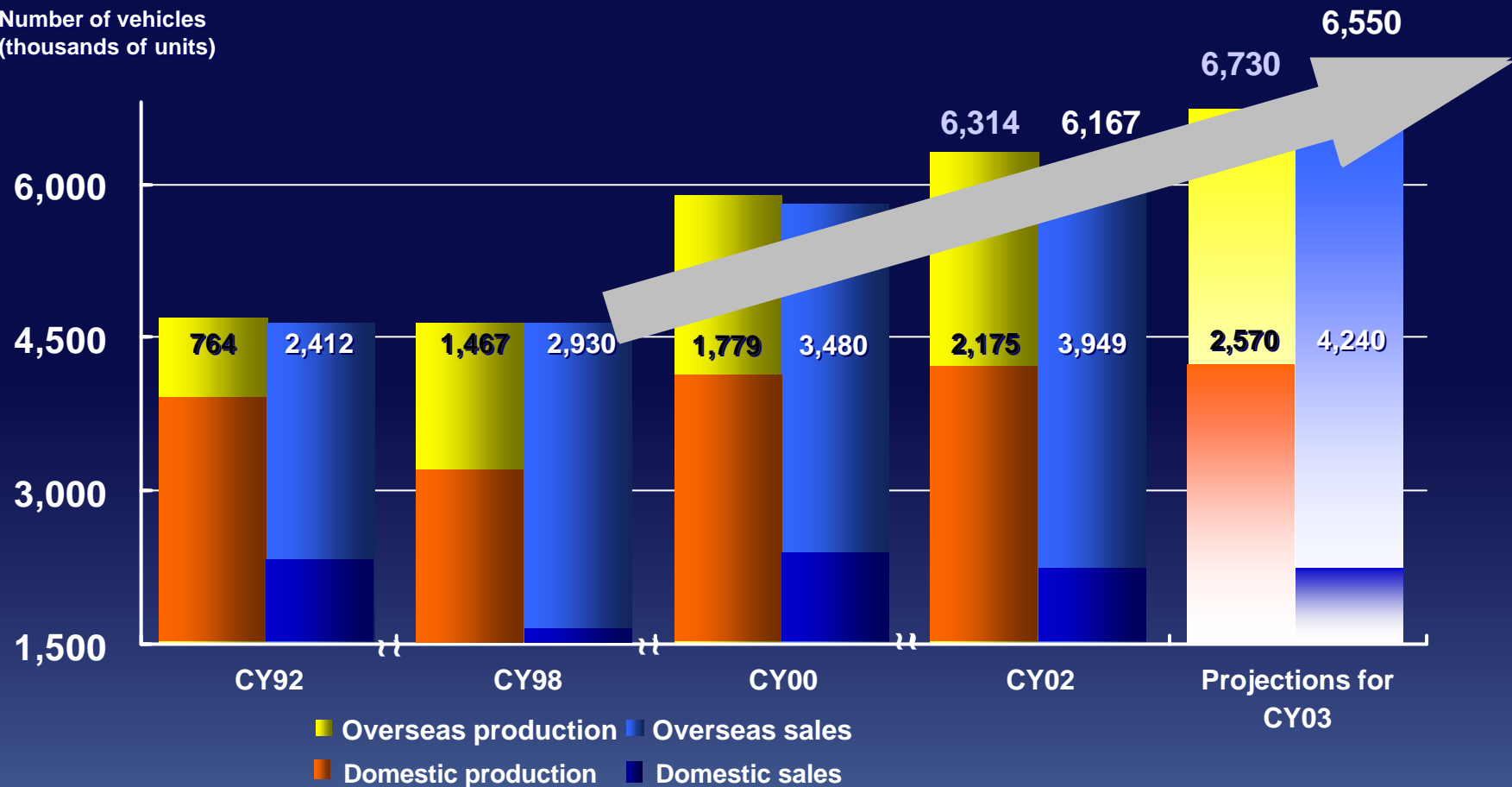
A world map in shades of blue, centered on the Atlantic Ocean, serving as a background for the title text.

Part TOYOTA NOW

Global Manufacturing and Marketing in 2002

Production and Sales

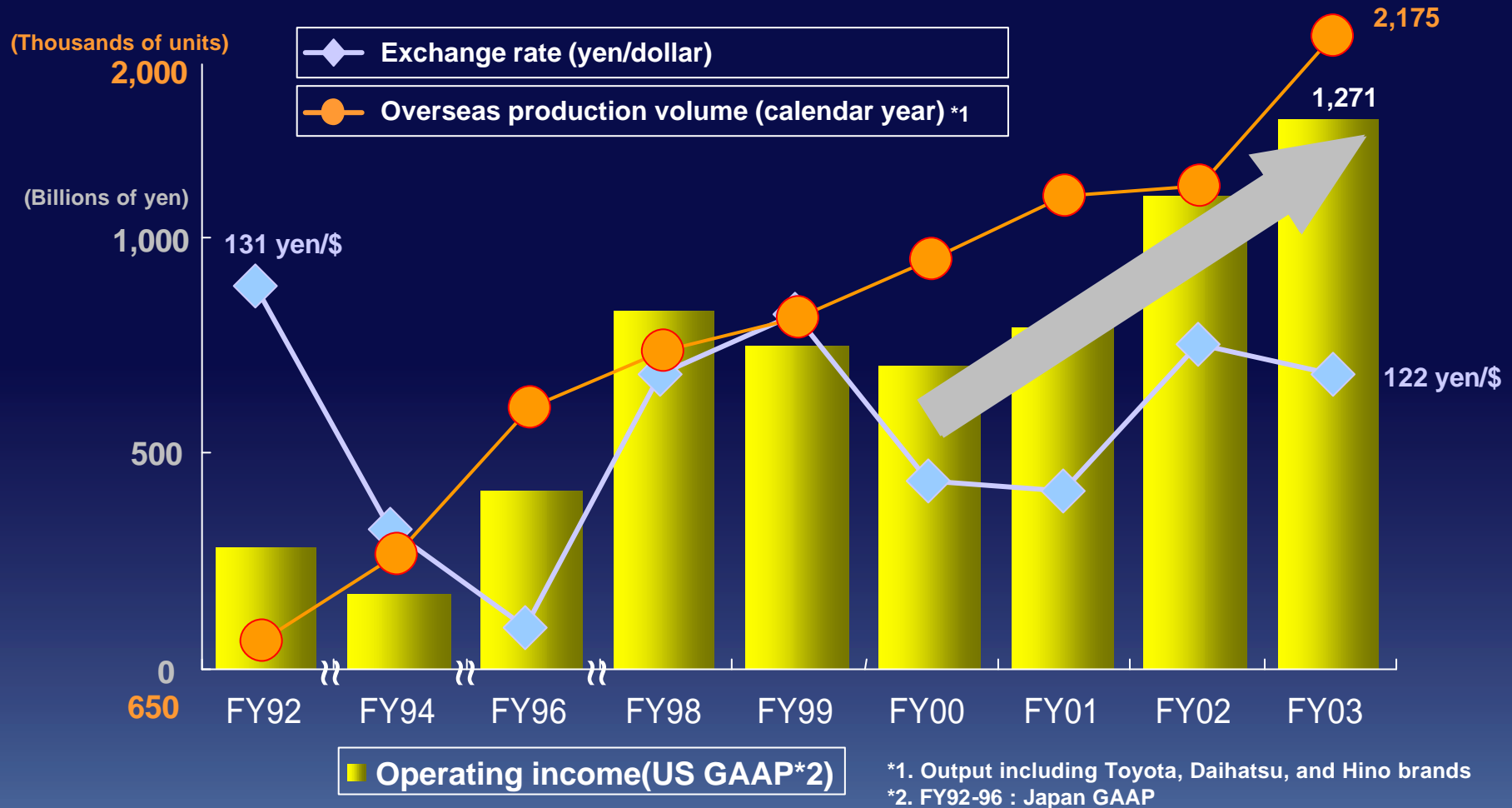
Number of vehicles
(thousands of units)



* Total units including Toyota/Lexus, Daihatsu, and Hino brands

Global Manufacturing and Marketing in 2002

Overseas Production and Operating Income



A world map is centered on the slide, rendered in a light blue color against a dark blue background. The map shows the outlines of all continents. Overlaid on the map is a white rectangular box containing the text 'Part TOYOTA NEXT'.

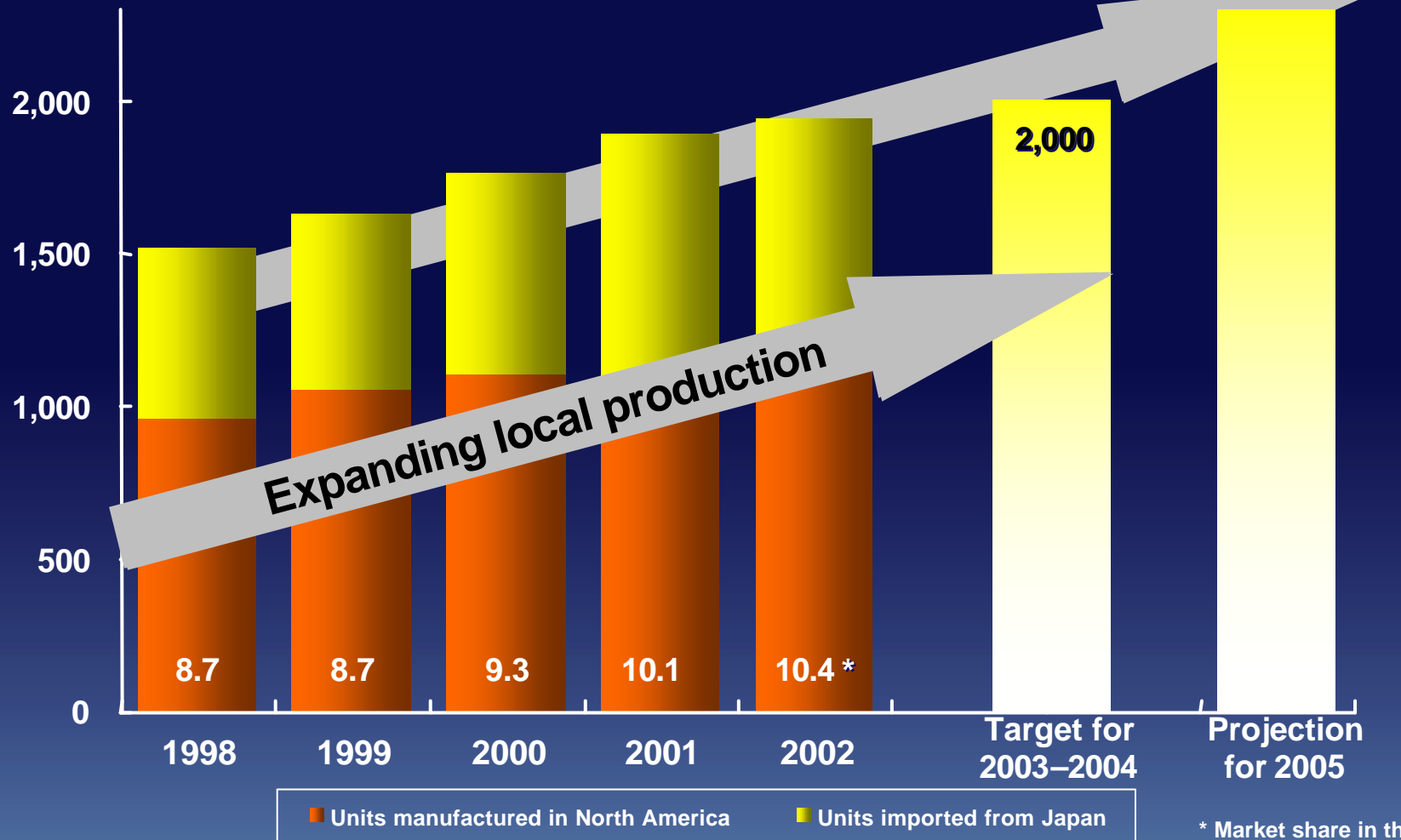
Part TOYOTA NEXT

Attaining global growth and improved efficiency

a. Sales Strategy: North America

Steadily expanding sales towards the 2 million target

Number of vehicles
(thousands of units)



a. Sales Strategy: North America

Creating markets through new product launches

The U.S. market :

Number of vehicles
(millions of units)



a. Sales Strategy: Europe

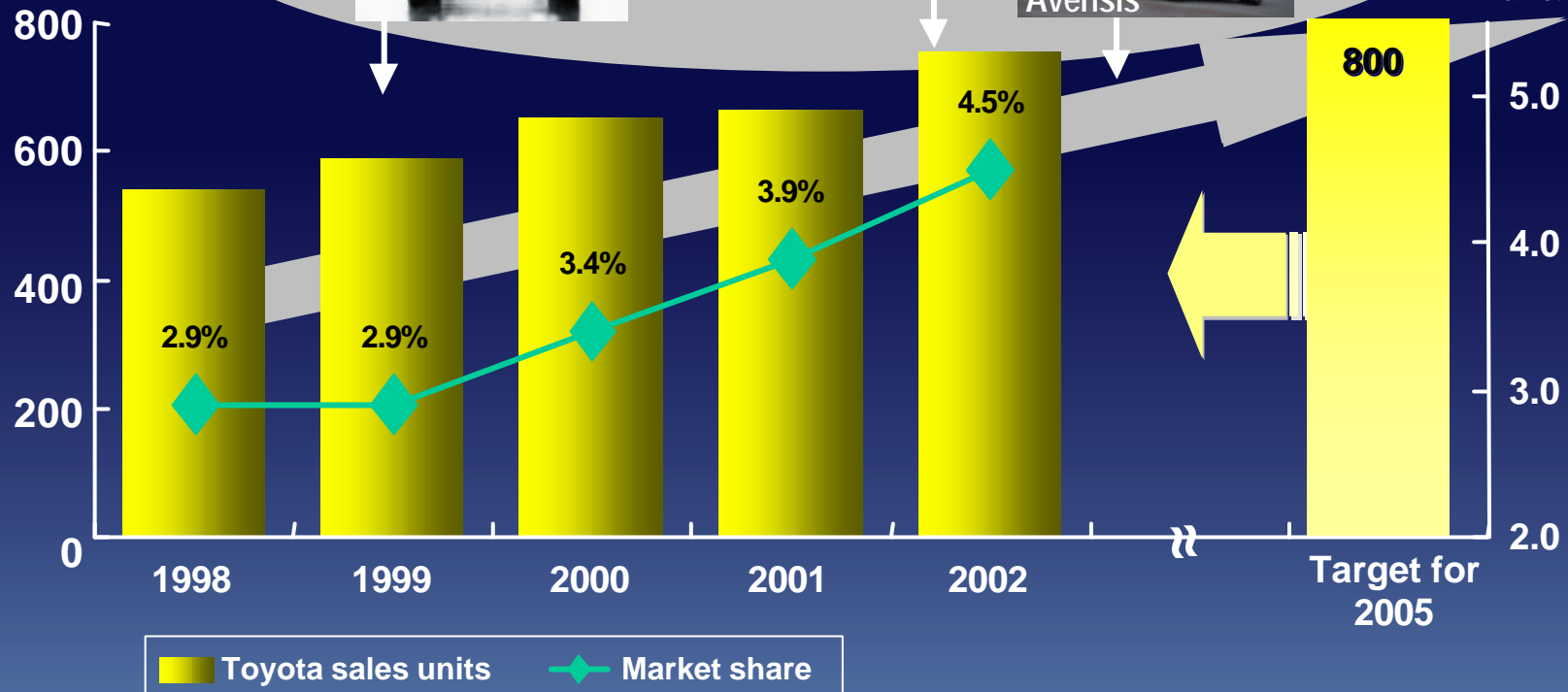
Achieving 800 thousand sales target ahead of time

Renewal of strategic core models completed

European core models



Number of vehicles
(thousands of units)

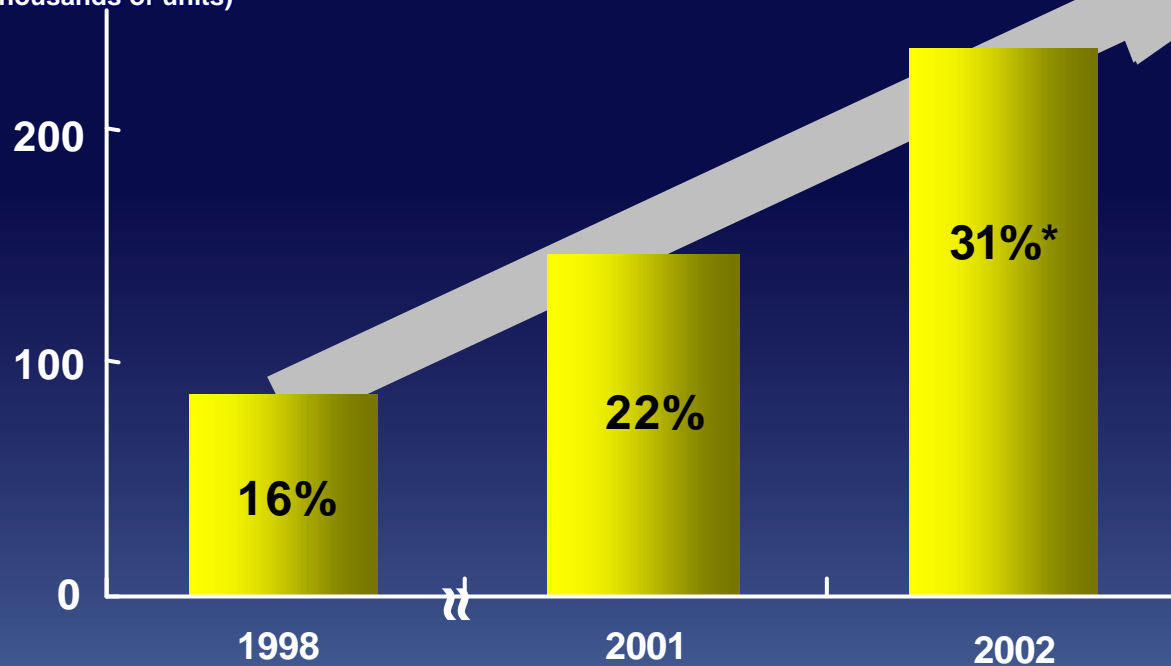


a. Sales Strategy: Europe

Improve products (diesel-powered vehicles)

- Expanding lineup for diesel-powered vehicles
- Expanding local production of diesel engines
- DPNR launch

Number of vehicles
(thousands of units)



■ Sales units of diesel-powered vehicles

* Diesel sales ratio

Diesel Engines

Rapid expansion of local production
From Jan.03: TMUK 50,000 units
TMMF 30,000 units
From 2005: Poland 150,000 units



DPNR/launch in 2003

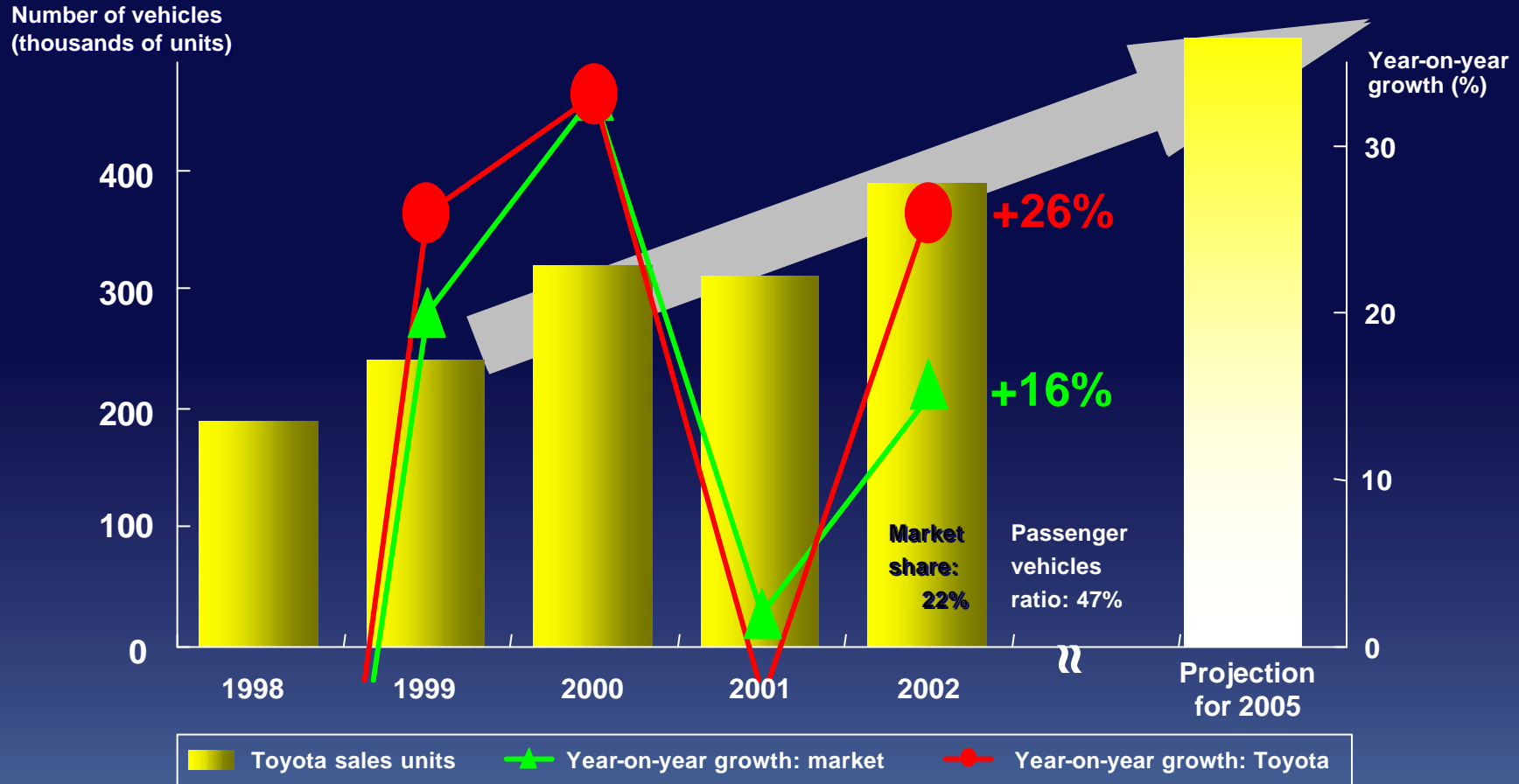
DPNR :Diesel Particulate
- NOx Reduction system



a. Sales Strategy: Asia

Establish a solid position as a top-brand in major markets

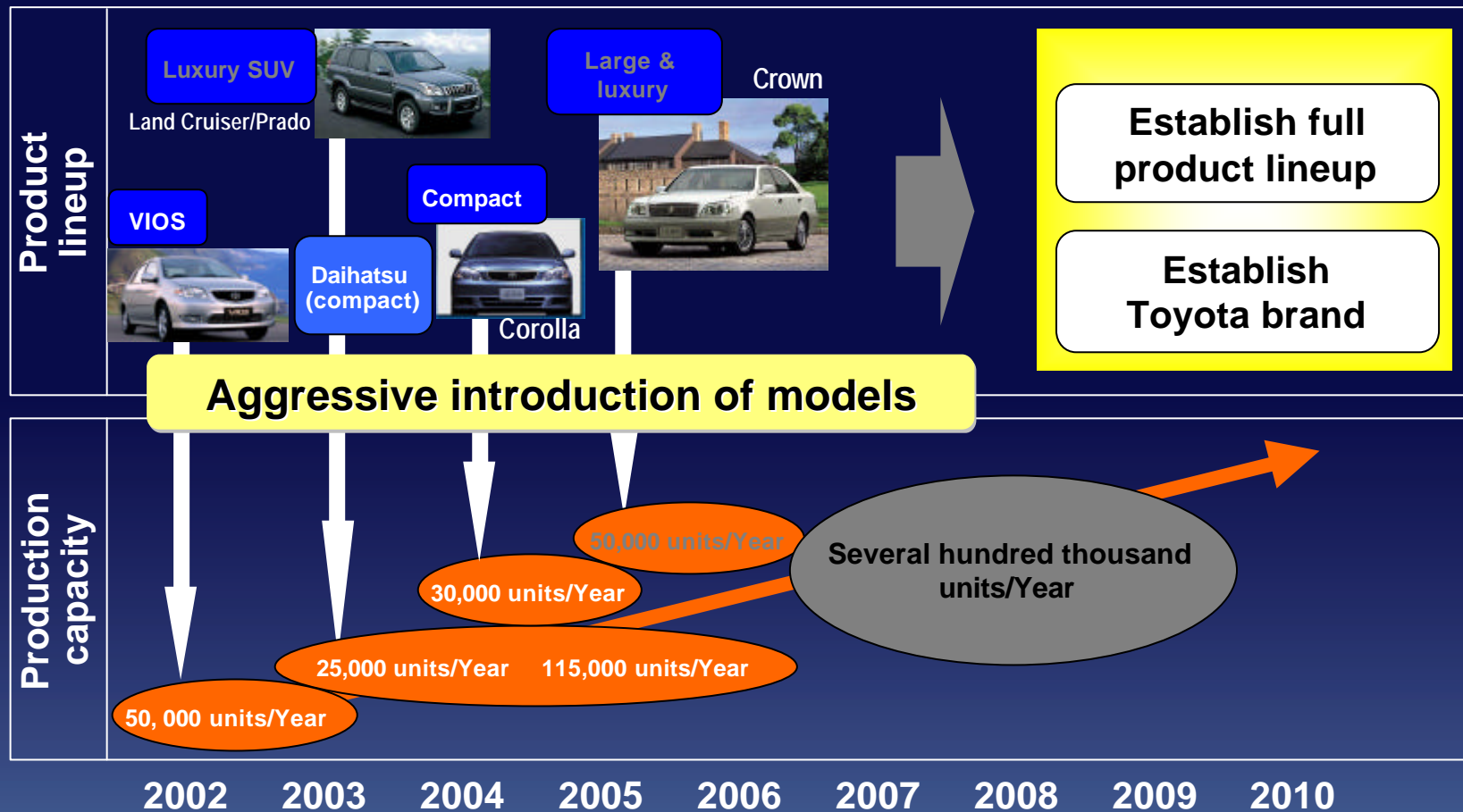
Expand faster than the market



* excluding China

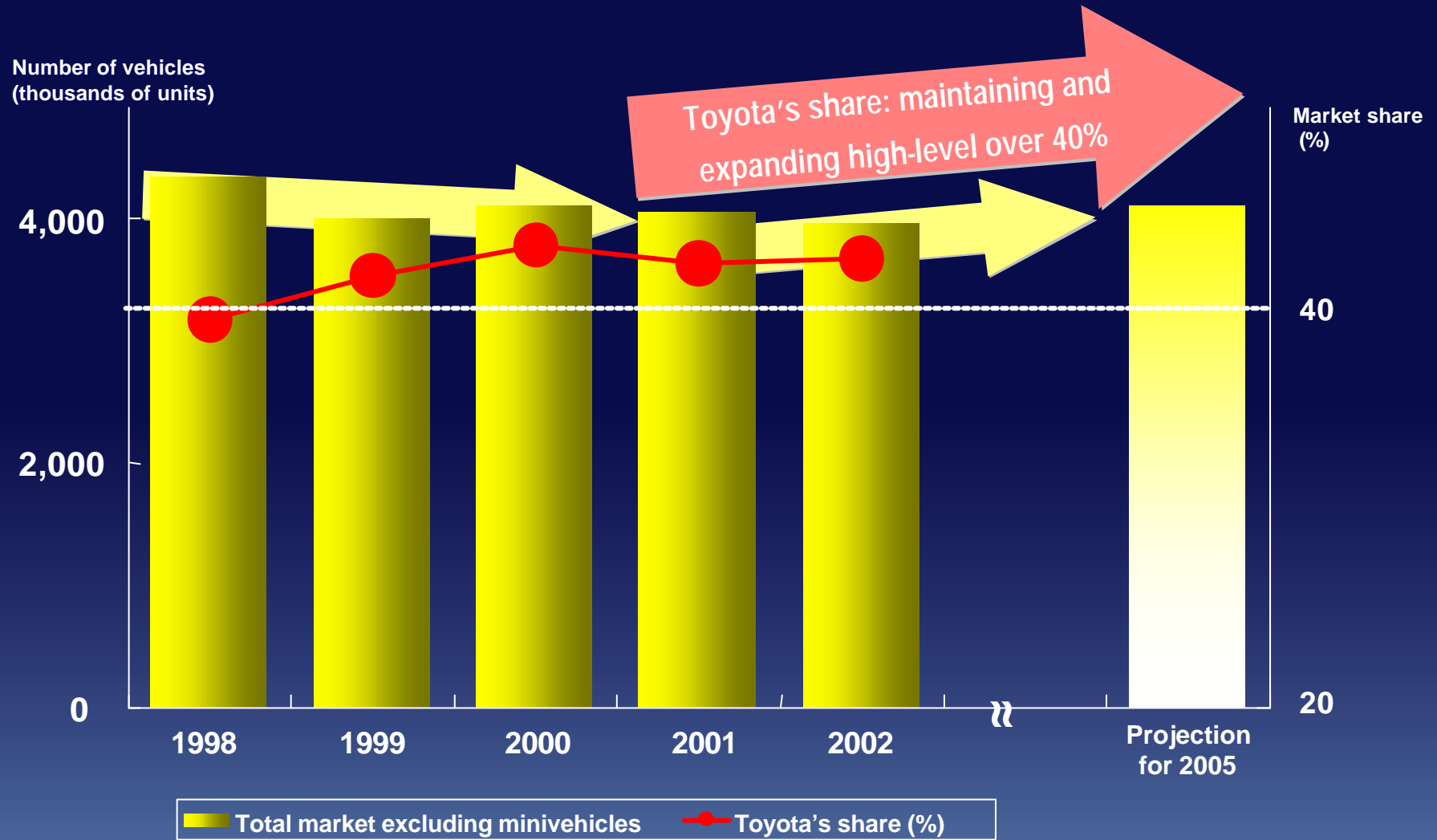
a. Sales Strategy: China

Manufacturing and marketing to be strengthened in response to market growth



a. Sales Strategy: Japan

Domestic market and Toyota sales



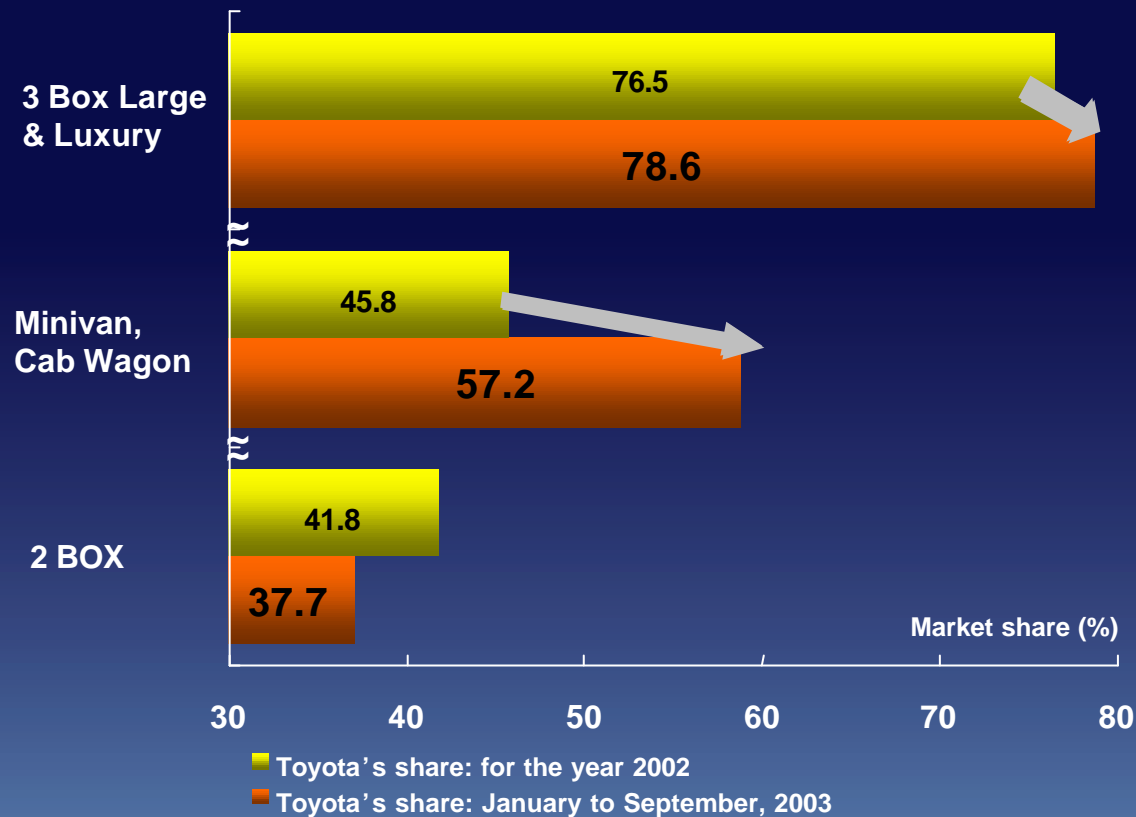
a. Sales Strategy: Japan

Toyota Sales by Category (excluding minivehicles)

Toyota's share (overall) :

January to September, 2003:
42.1 % (+0.1%*)

(*changes year-on-year)



a. Sales Strategy: Japan

Reorganization of sales channel and Lexus introduction

- Lexus brand: New introduction - Toyota brand: 5 4 channels



b. Building Global Development and Optimum Production Systems

Pursue optimum product lineups by region

Core models

Camry



Corolla



Yaris/Vitz



Tacoma



Avensis



Hilux



Previa/Estima

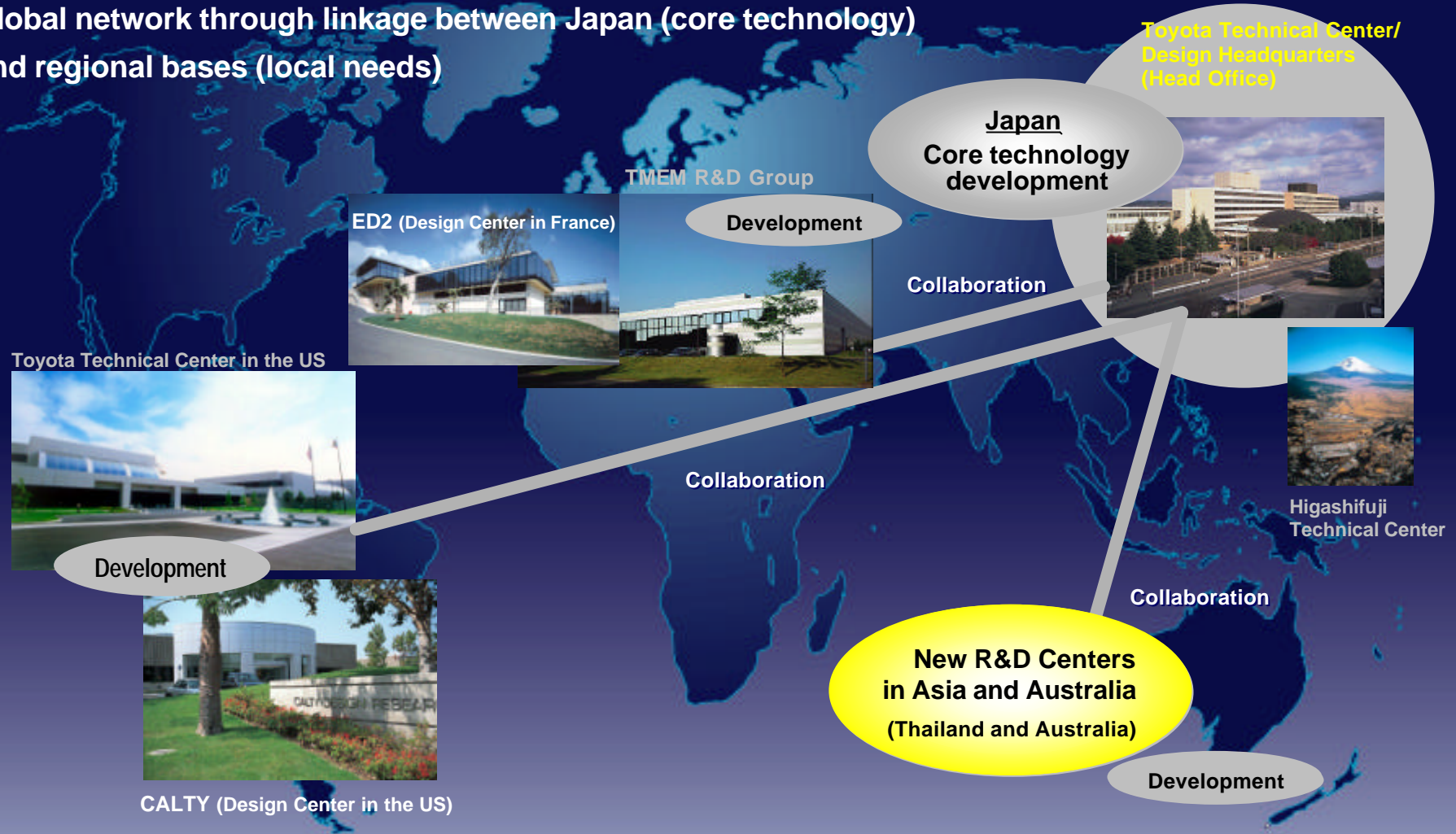


Region-specific models

b. Building Global Development and Optimum Production Systems

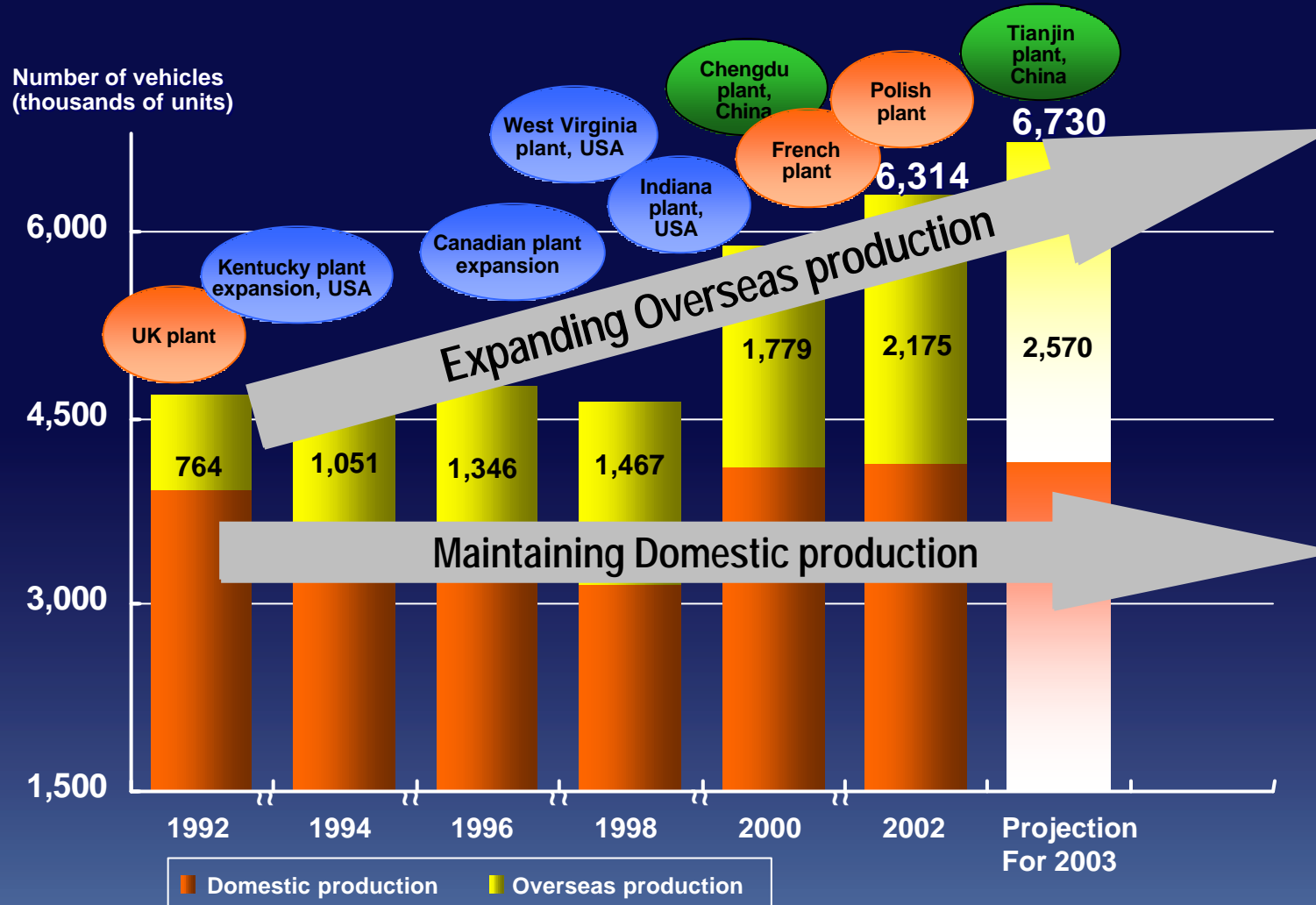
Research and development system:

Global network through linkage between Japan (core technology) and regional bases (local needs)



b. Building Global Development and Optimum Production Systems

Domestic/overseas outputs



* Total output including Toyota/Lexus, Daihatsu and Hino brands



b. Building Global Development and Optimum Production Systems

Strengthen production in major regions



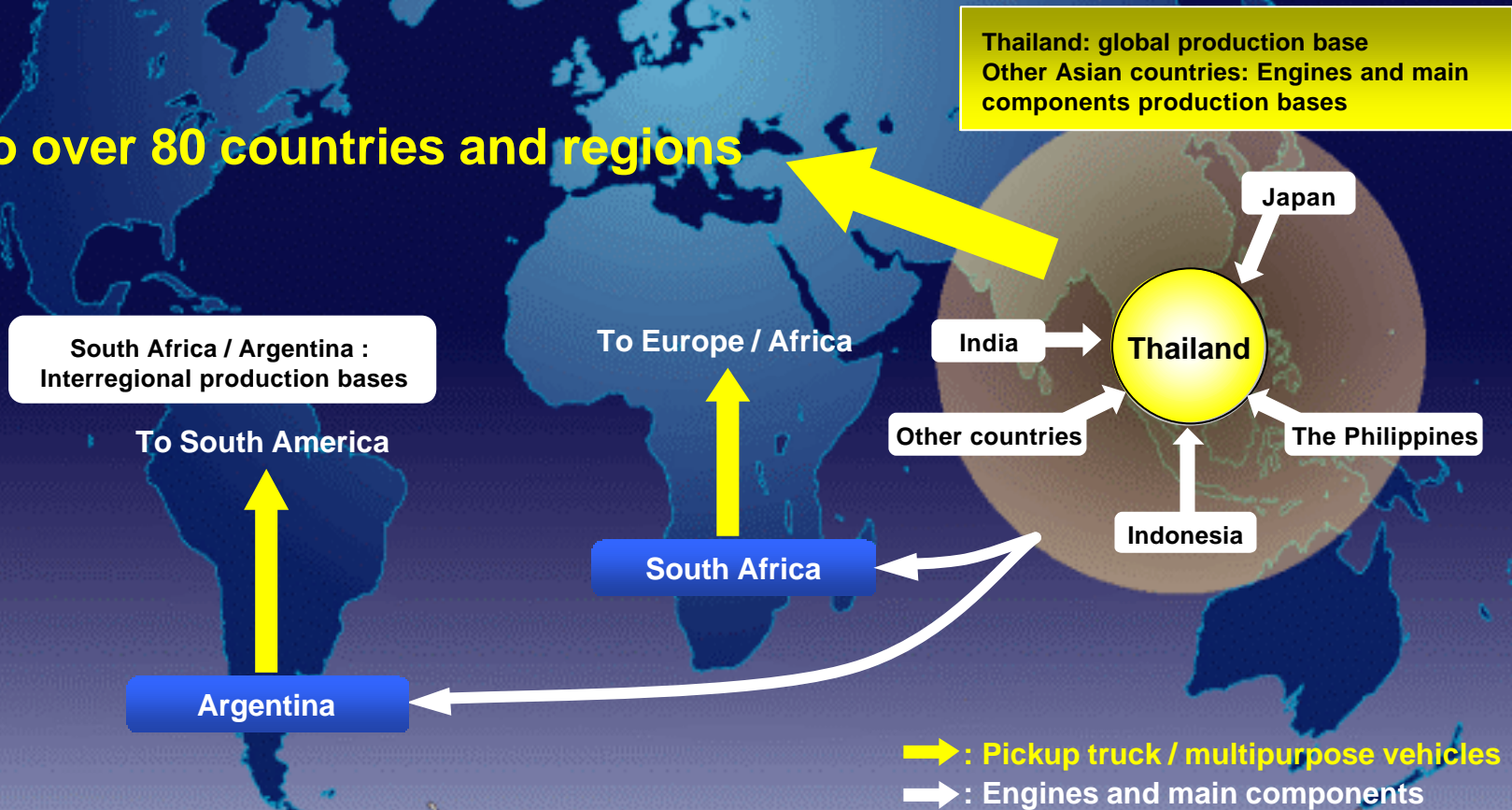
b. Building Global Development and Optimum Production Systems

IMV Project (from 2004)

A network base for manufacturing and export of pickup trucks and multipurpose vehicles.

➔ Consolidating production output on a global scale and creating a mutual supply network

To over 80 countries and regions



b. Building Global Development and Optimum Production Systems

UMR activity (Unit and Material Manufacturing Reform)

Attain “cost reductions,” “quality improvement” & global deployment through standardization and simplification



Example: Process innovation in engine development – the use of digital engineering –



c. Future Growth through Market Creation

Global-scale motorization



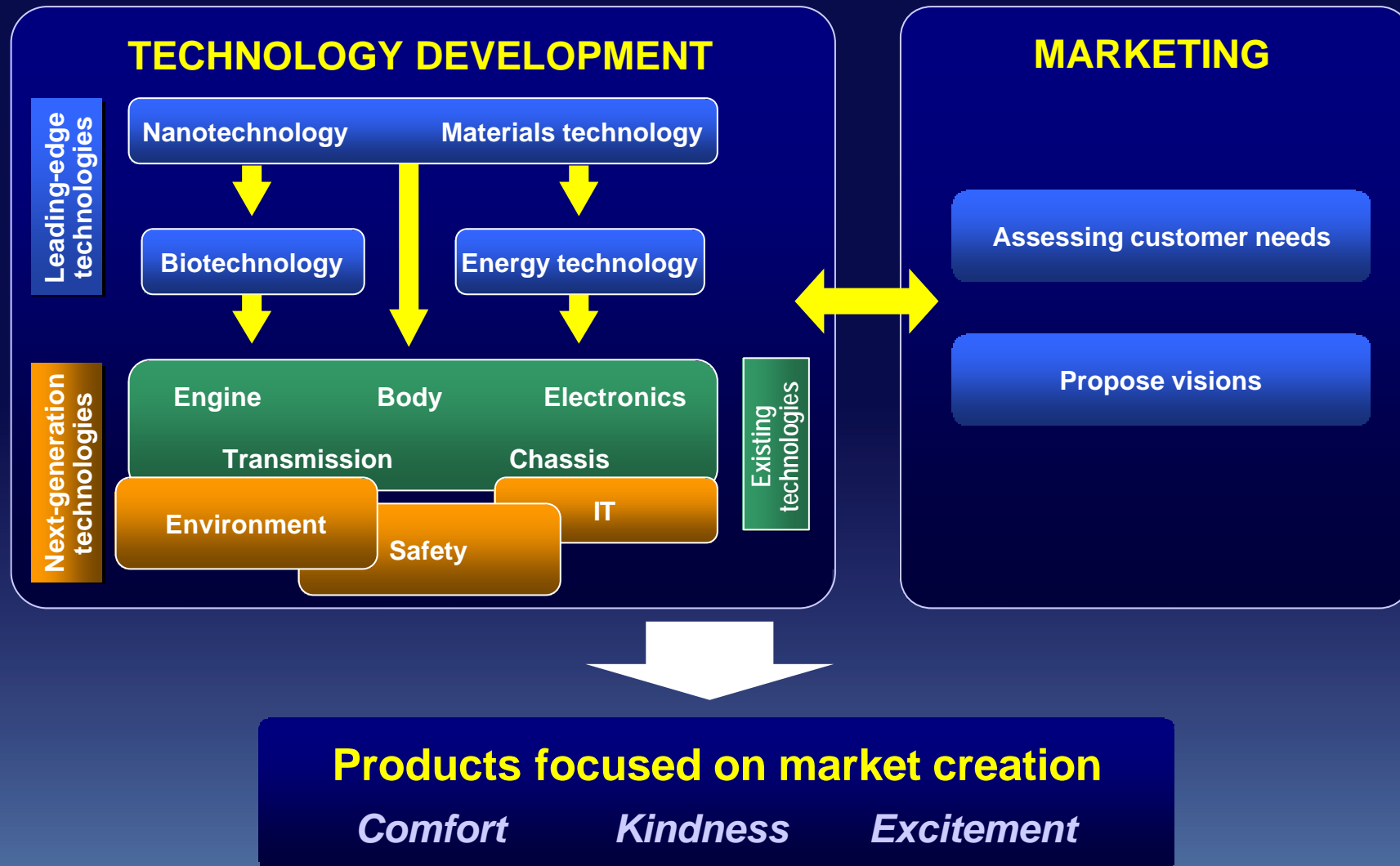
The U.S. market expansion
Growing population

Advances in
the Eastern &
Central European and
Russian markets

Strong growth
of Asian markets

**The automobile industry still holds
great growth potential**

c. Future Growth through Market Creation



c. Future Growth through Market Creation

Next-generation technology development : Environment

Next-generation Prius and
Next-generation hybrid system



**Achieve both superior
environmental and driving
performance**



Fuel cell hybrid vehicle
Toyota FCHV

(limited marketing launched since December 2002)

c. Future Growth through Market Creation

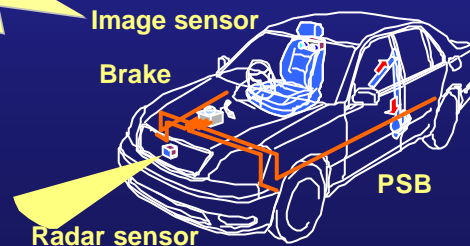
Next-generation technology development : Safety

➔ Improvement of real safety performance

Passive Safety

- Earning Euro NCAP 5 (New Avensis)
- Addressing various types of crash situations
- Use of peripheral monitoring technology
Radar /PreCrash safety system
(commercialized in Japan in February 2003)

The world's first

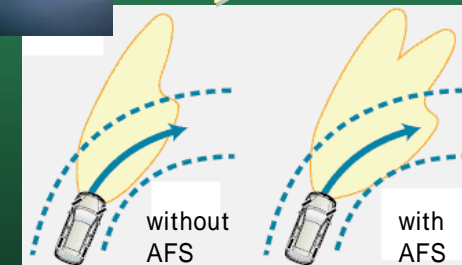


Active Safety

- Field of vision assistance
- Intelligent AFS*, etc.



The world's first



- Autonomy driving support
VSC, Navigation/Telematic etc.
- Network driving support

* AFS : Adaptive Front-lighting System

c. Future Growth through Market Creation



A world map in shades of blue, centered on the Atlantic Ocean, serving as a background for the text.

Part Financial Strategy

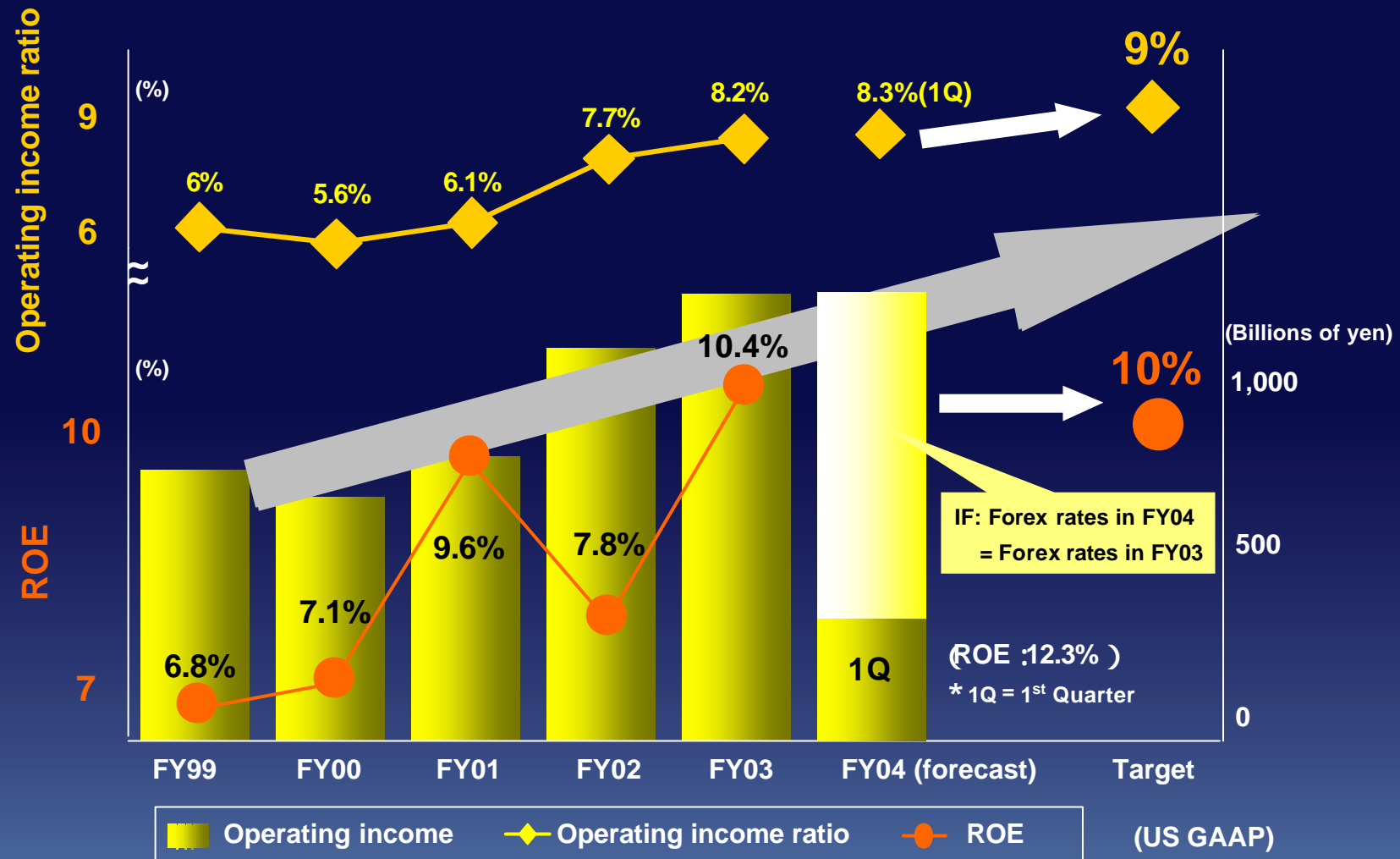
Towards a long-term, stable growth

Ryuji Araki

Executive Vice President
Toyota Motor Corporation

Profit Earnings and Efficiency

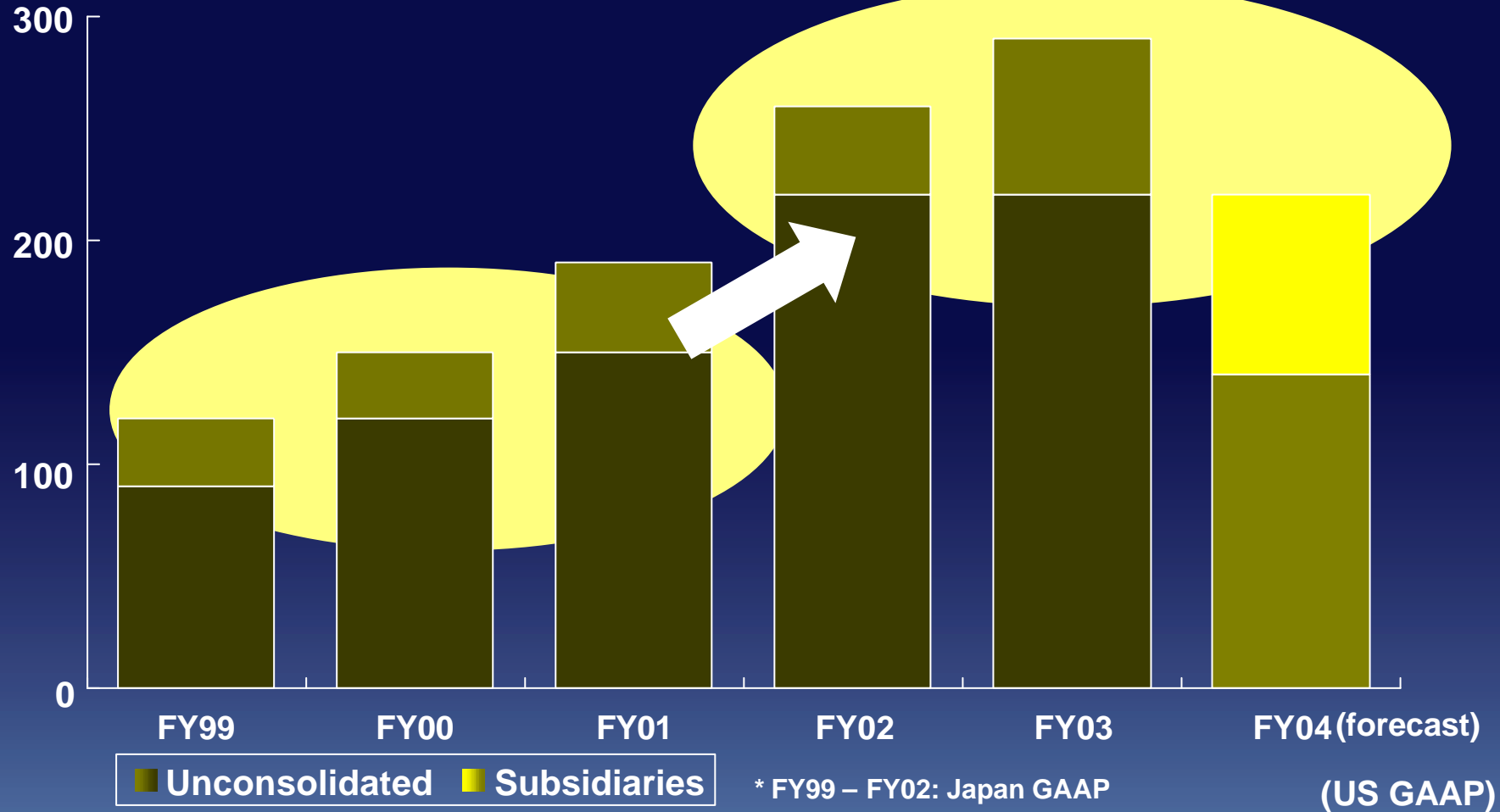
Growth and targets in operating income ratio & ROE



Cost Reduction

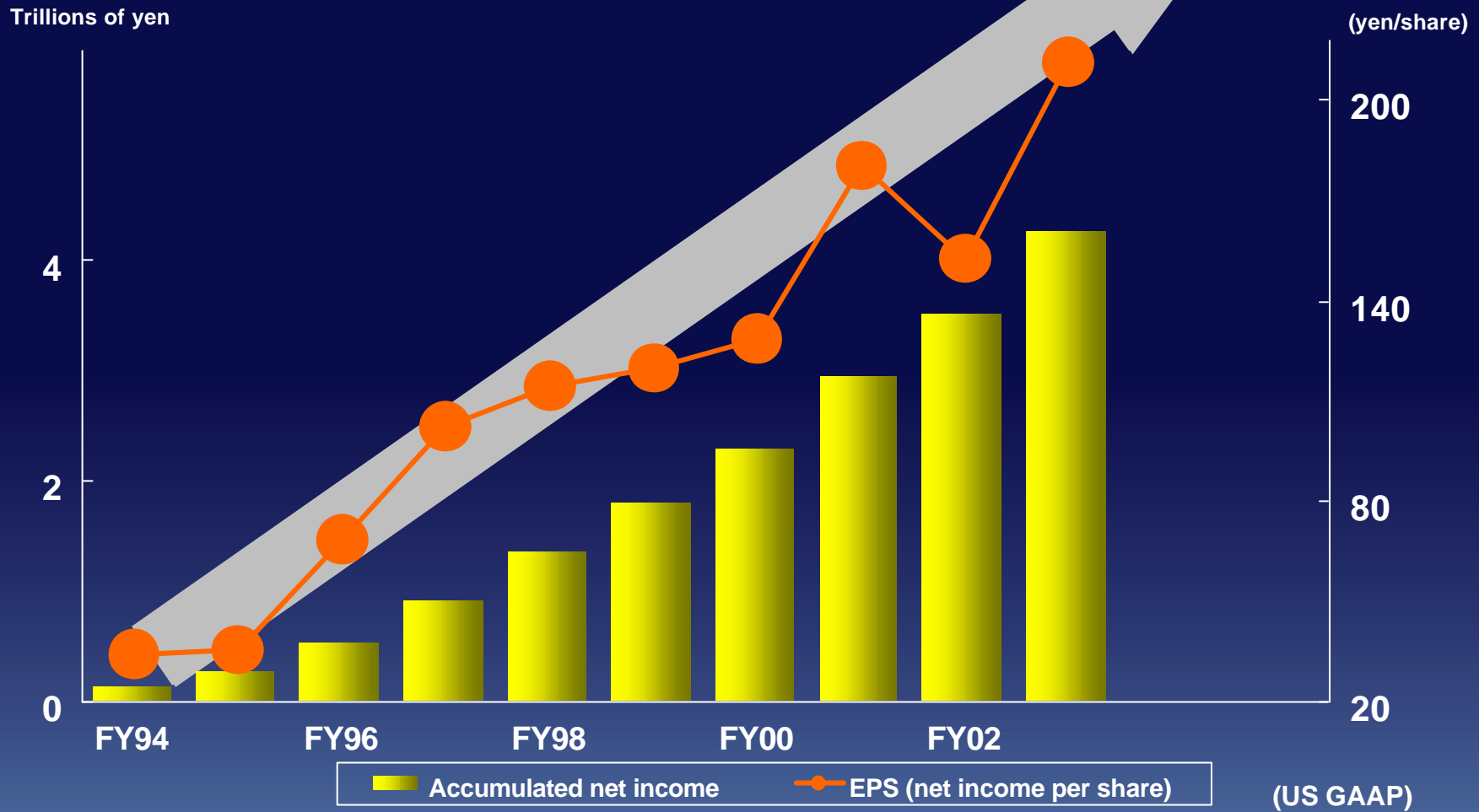
Enhanced cost reduction effects

Billions of yen



Long-term, Stable Growth

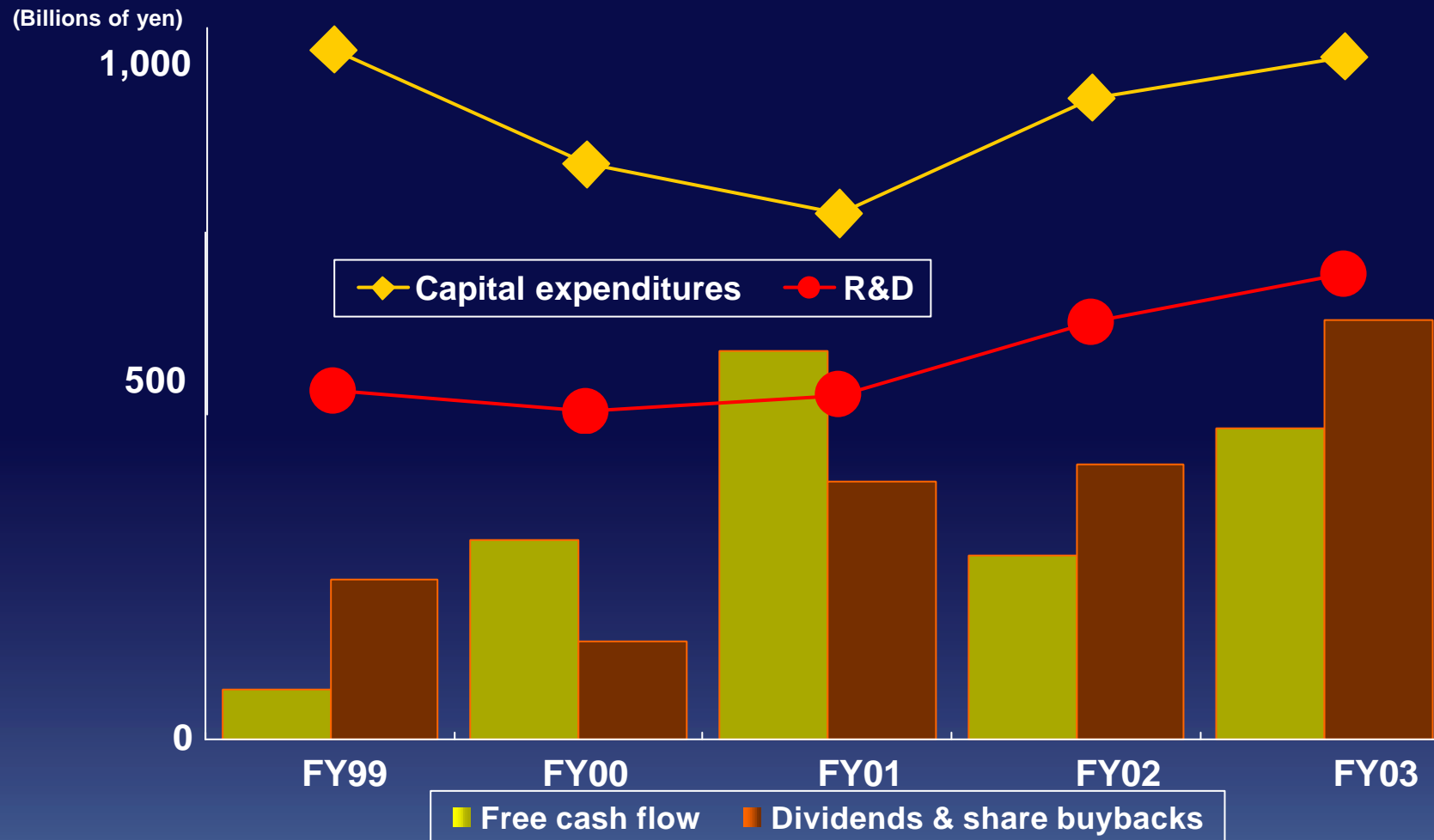
Accumulated net income and growth in EPS



* FY94 – FY97: Japan GAAP

Dividend Payments & Share Buybacks

Free cash flow allocated to dividend payments and share buybacks



*1. Free cash flow = Current net income + Depreciation costs - Capital expenditures

See Annex for a reconciliation of free cash flow to net cash provided by operating activity

*2. R&D Expenses for FY99 – FY02: JAPAN GAAP

(US GAAP)

Change in Share Ownership

Shareholdings
by banks



VS



Increase in foreign shareholders
(listed on NY and London Stock Exchanges in
September 1999)

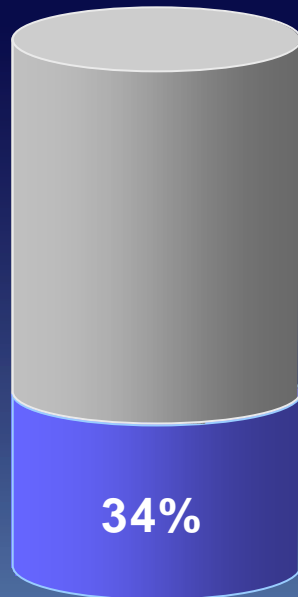


Increase in individual shareholders
(reduction in stock unit in August 2000)

[Sept. 30, 1999]

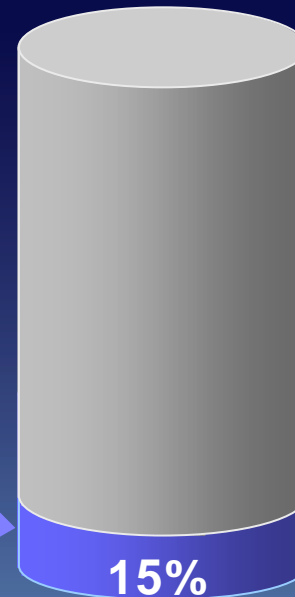
[March 31, 2003]

Banks



34%

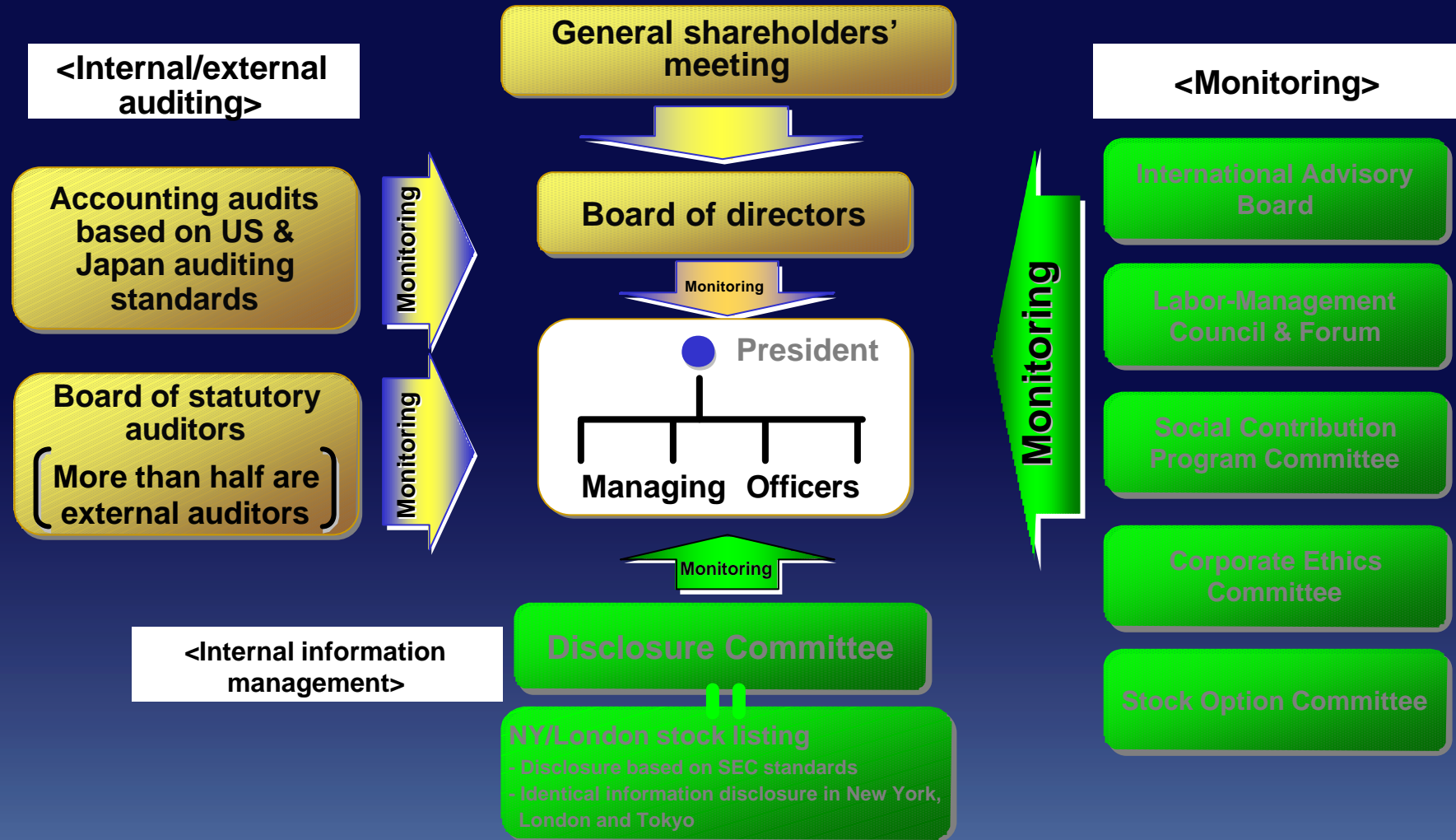
Dramatic drop



15%

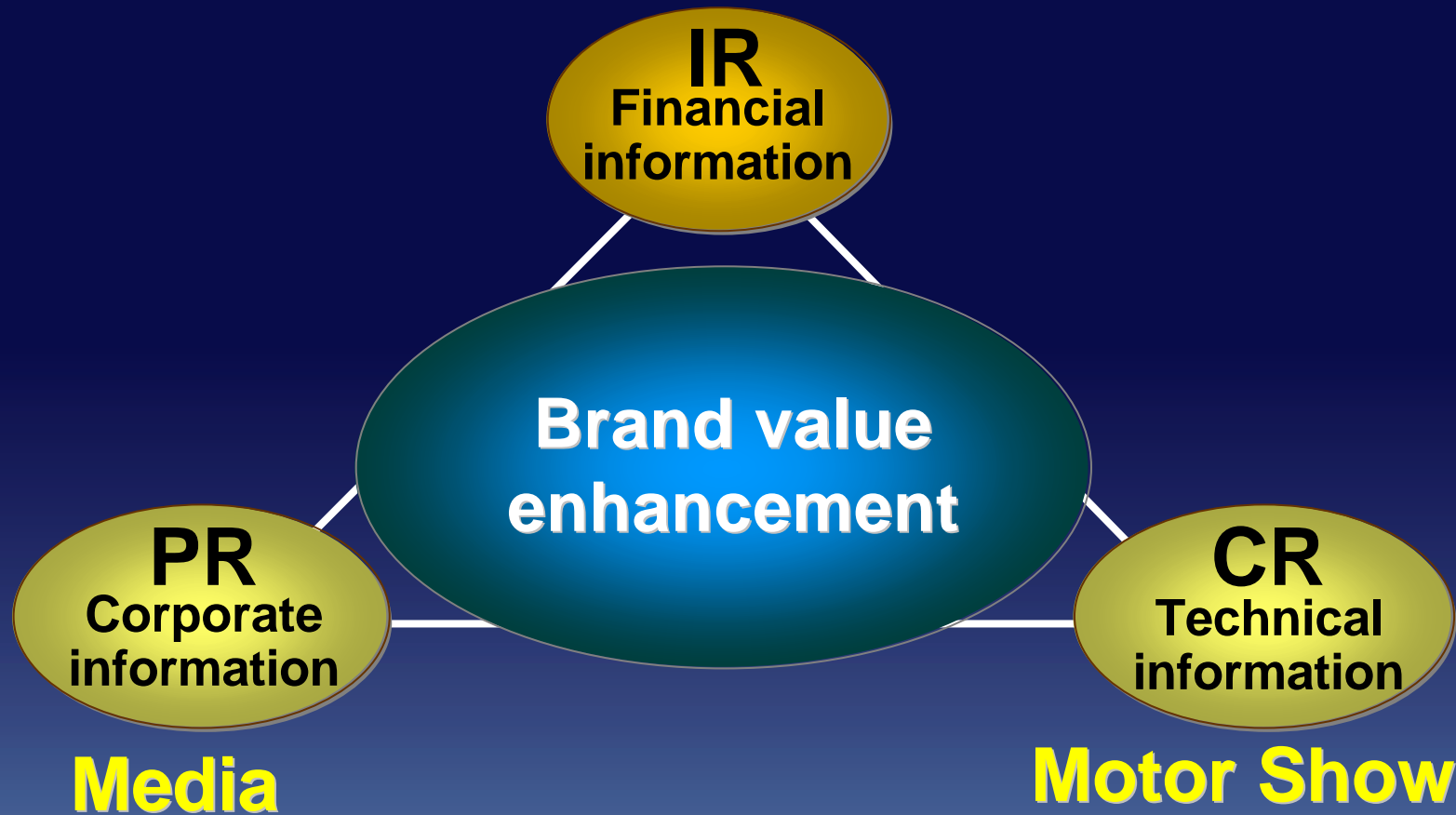
Speedy Decision Making and Strengthened Corporate Governance

Faster operations/strengthened monitoring by various stakeholders



IR Activities and Brand Value Enhancement

Investors & shareholders



Toyota's Global Strategy

Attaining global growth and improved efficiency



Toyota Motor Corporation
October 21, 2003