

Toyota Business Strategy Meeting 2007

**Toyota Motor Corporation
September 11, 2007**

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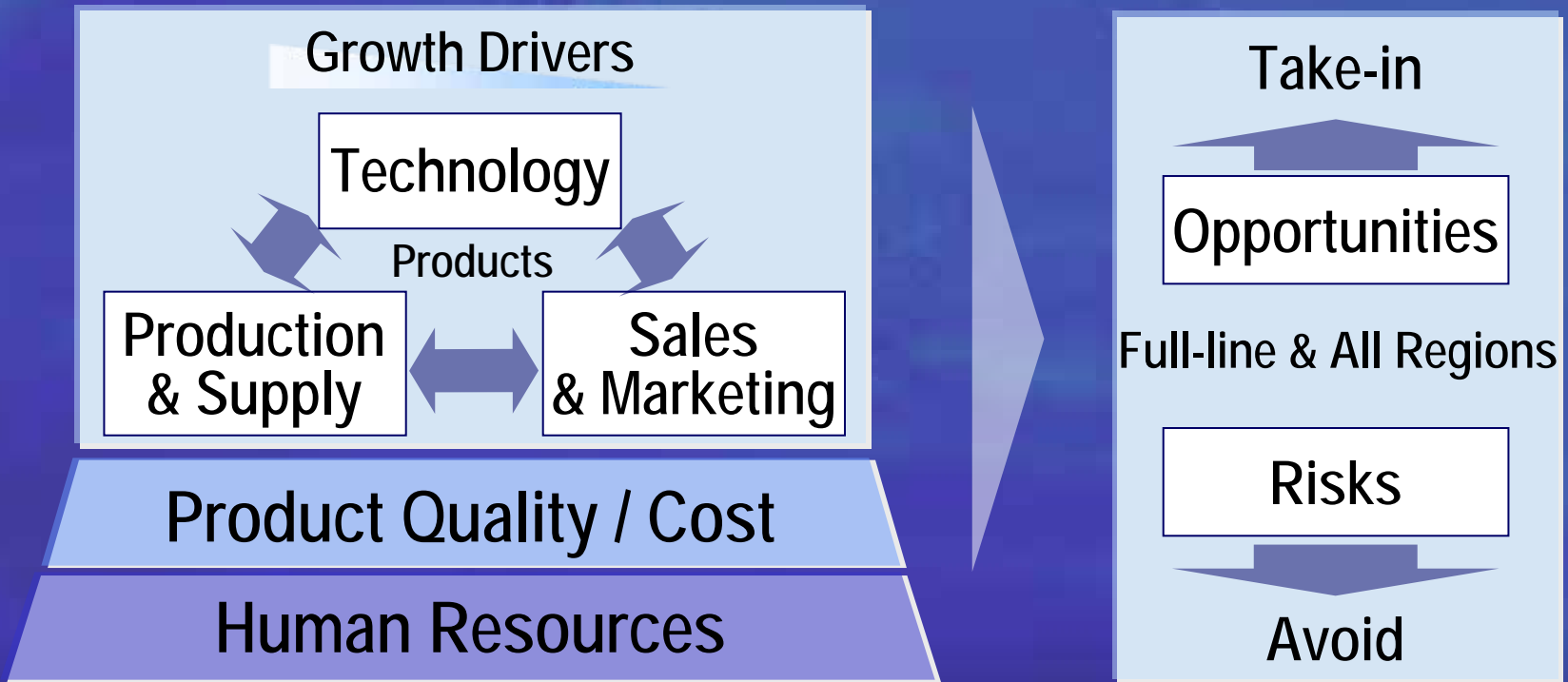
Katsuaki Watanabe

President

- 
- . **Growth Philosophy**
 - . **Building a Solid Foundation**
 - . **Growth Drivers**
 - . **Sales Plan**
 - . **Shareholder Return**

. Growth Philosophy

Quality Improvement ► Long-term and Stable Growth



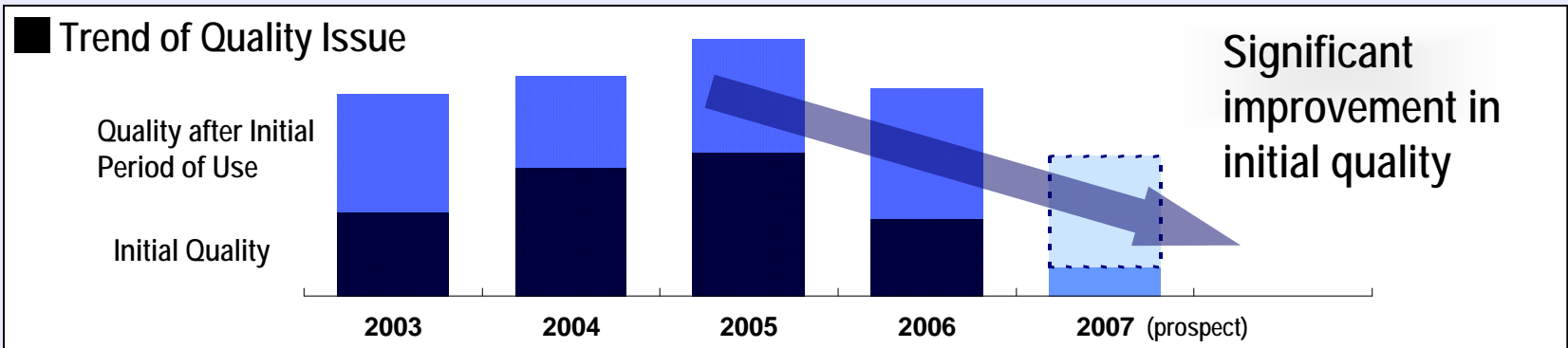
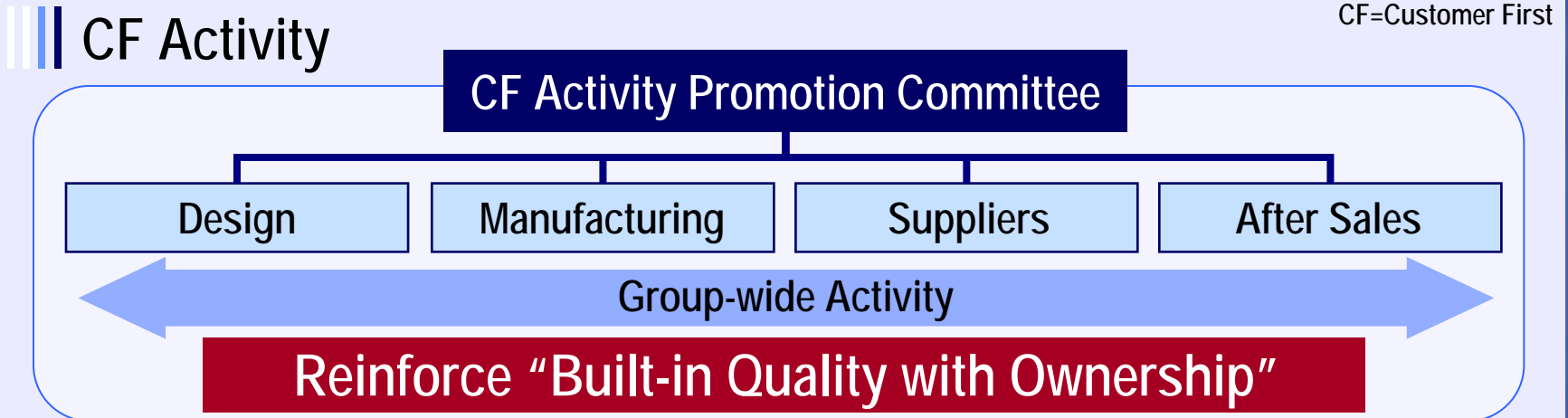
. Solid Foundation

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TOYOTA

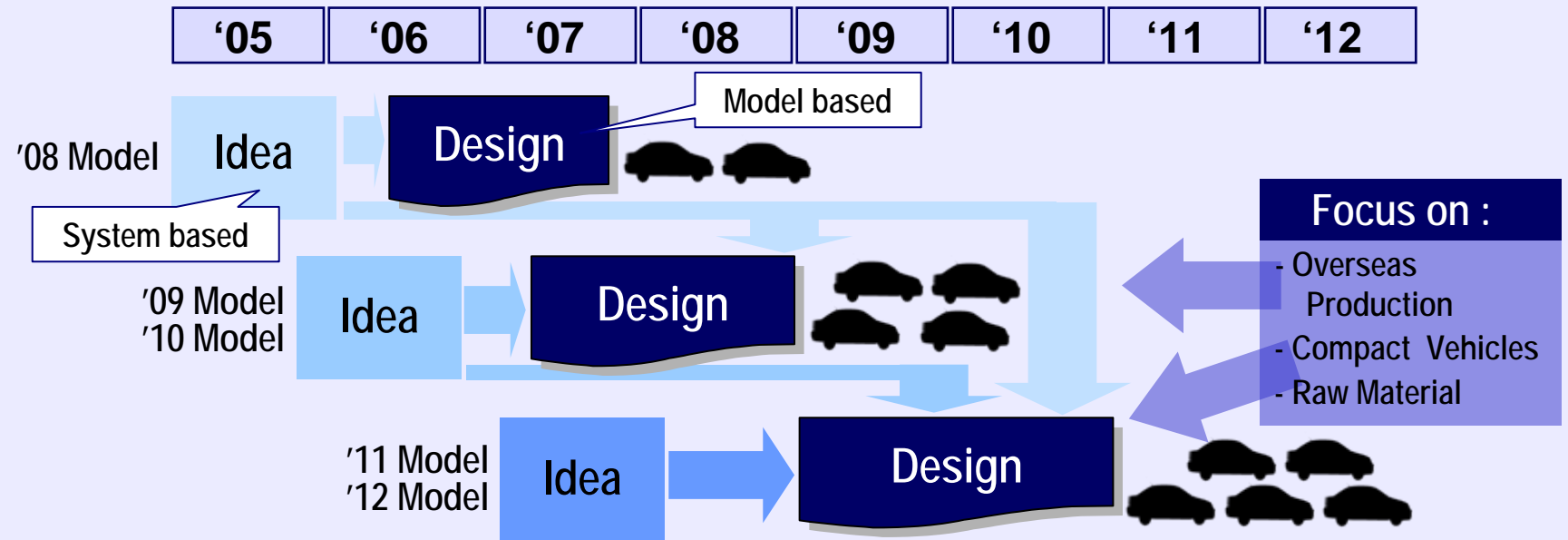
- 1 . Product Quality



- 2 . Cost



Value Innovation (VI) Activity

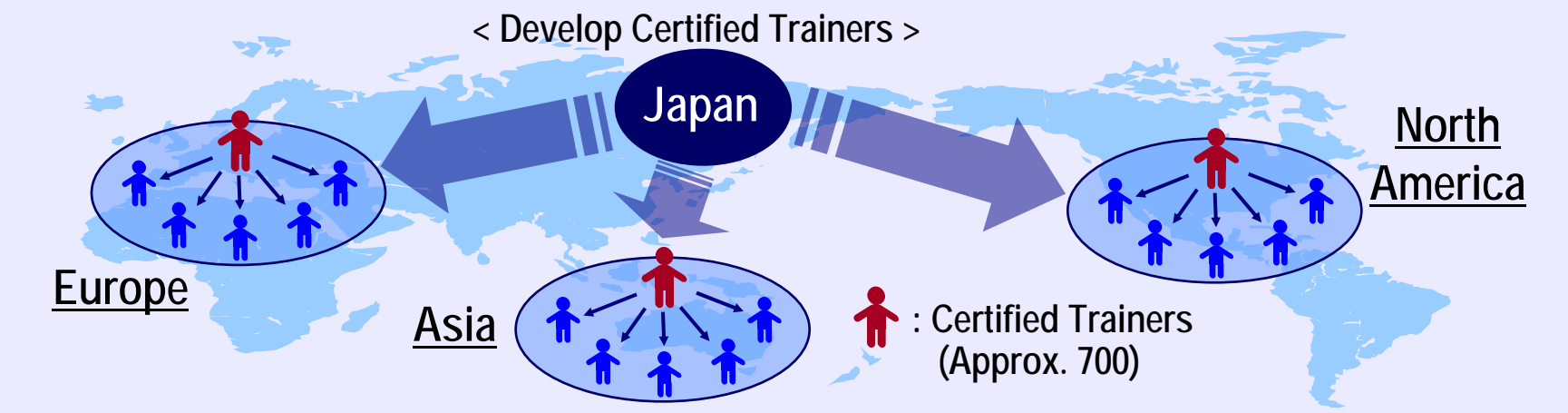
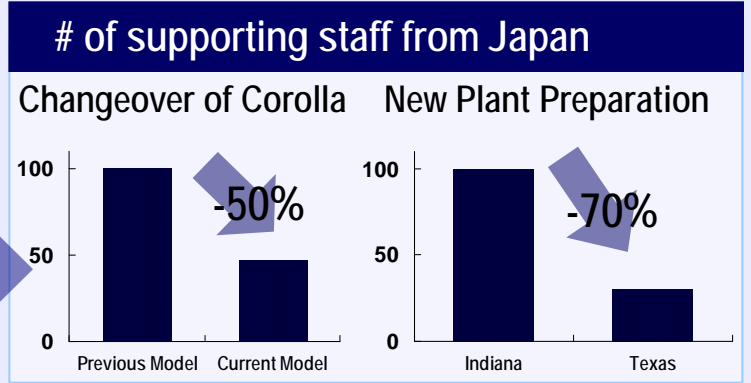
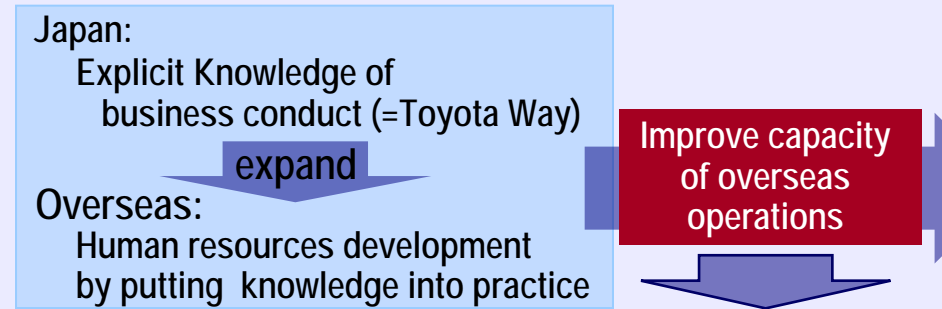


Promote VI activities to increase net profits

- 3 . Human Resources

Product Quality	Cost	Human Resources
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Global Promotion of Self-Reliance



. Growth Drivers

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- 1 . Technology

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Technology

Challenges for Sustainable Mobility

CO₂ Reduction ✕ Fuel Efficiency ✕ Alternative Energy Sources

Engine
Transmission

- Redesign all to improve environmental performance (-2010)

Diesel

- Strengthen line-up (Joint development of 1.6L with Isuzu)
- Further reduce emissions (Expansion of clean diesel)

Hybrid

- Reduce cost through more compact, lighter system
Expand model line-up
=> 1 million unit HV sales in the early 2010s
- Evolve HV technology (Test of PHV on public road)

PHV=Plug-in Hybrid Vehicle

Production
& Supply

Sales
& Marketing

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- 1 . Technology

Technology

Challenges for Sustainable Mobility

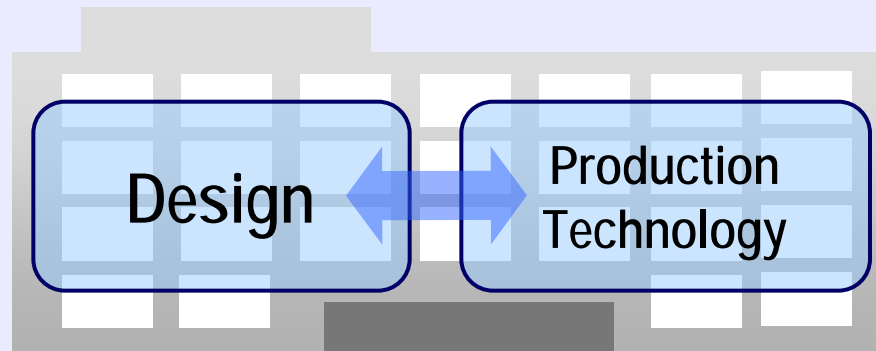
Stronger need for next generation environmental technology
(Hybrid System / Engine / Transmission)



Early commercialization with state of the art environmental technologies

Production & Supply

Sales & Marketing



Development of Technology through Closer Coordination

- 2 . Production & Supply

Technology

Sustainable Plant Activity

-Introduction of Innovative Production Technology

Production & Supply

Effects

- Reduction in CAPEX
- Improvement of product quality and productivity
- CO₂ reduction

[Takaoka Plant]

Innovative Production Technology

Stamping Body Weld Paint Assembly

Transfer technology to other plants

Sales & Marketing

[e.g. Welding Line]

■ Previous GBL ■ Innovative Line

Reduce processes & space
Shorten production lead time

Small Robot **New Slim Robot** Large Robot

GBL=Global Body Line

The diagram illustrates the transition from a traditional Global Body Line (GBL) to an innovative production line. The previous GBL consists of seven stations, each represented by a blue arrow pointing right, with a large black robot positioned below each station. The innovative line consists of four stations, also represented by blue arrows pointing right, but with a smaller black robot positioned below each station. A large blue arrow points from the previous GBL to the innovative line. A callout box on the right states 'Reduce processes & space Shorten production lead time'. A legend indicates that the black robot is a 'Small Robot' and the red robot is a 'New Slim Robot'. The text 'GBL=Global Body Line' is also present.

- 2 . Production & Supply

Technology
Production & Supply
Sales & Marketing

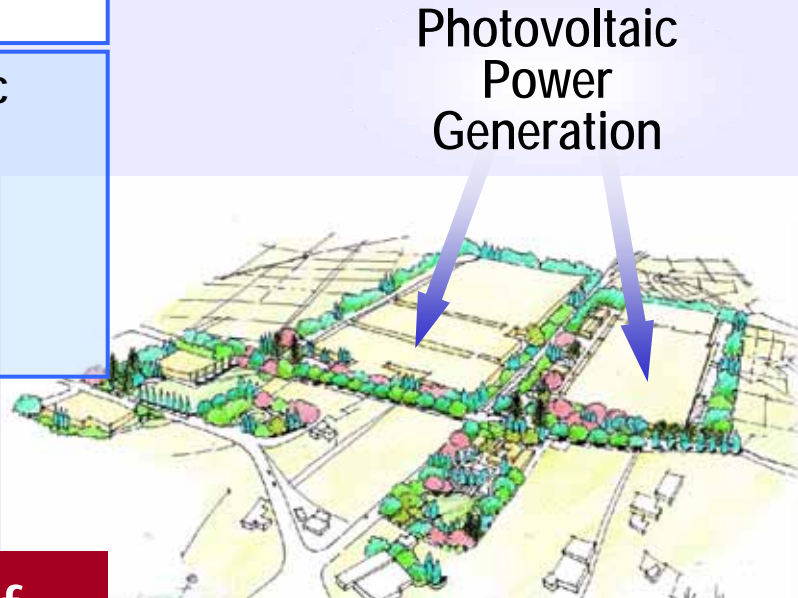
Sustainable Plant Activity -Harmony with the Natural Environment

Tsutsumi Plant Initiatives

- Supply of electricity from photovoltaic power generation
- Use of photocatalytic paint
- Active planting of vegetation in and around the plant

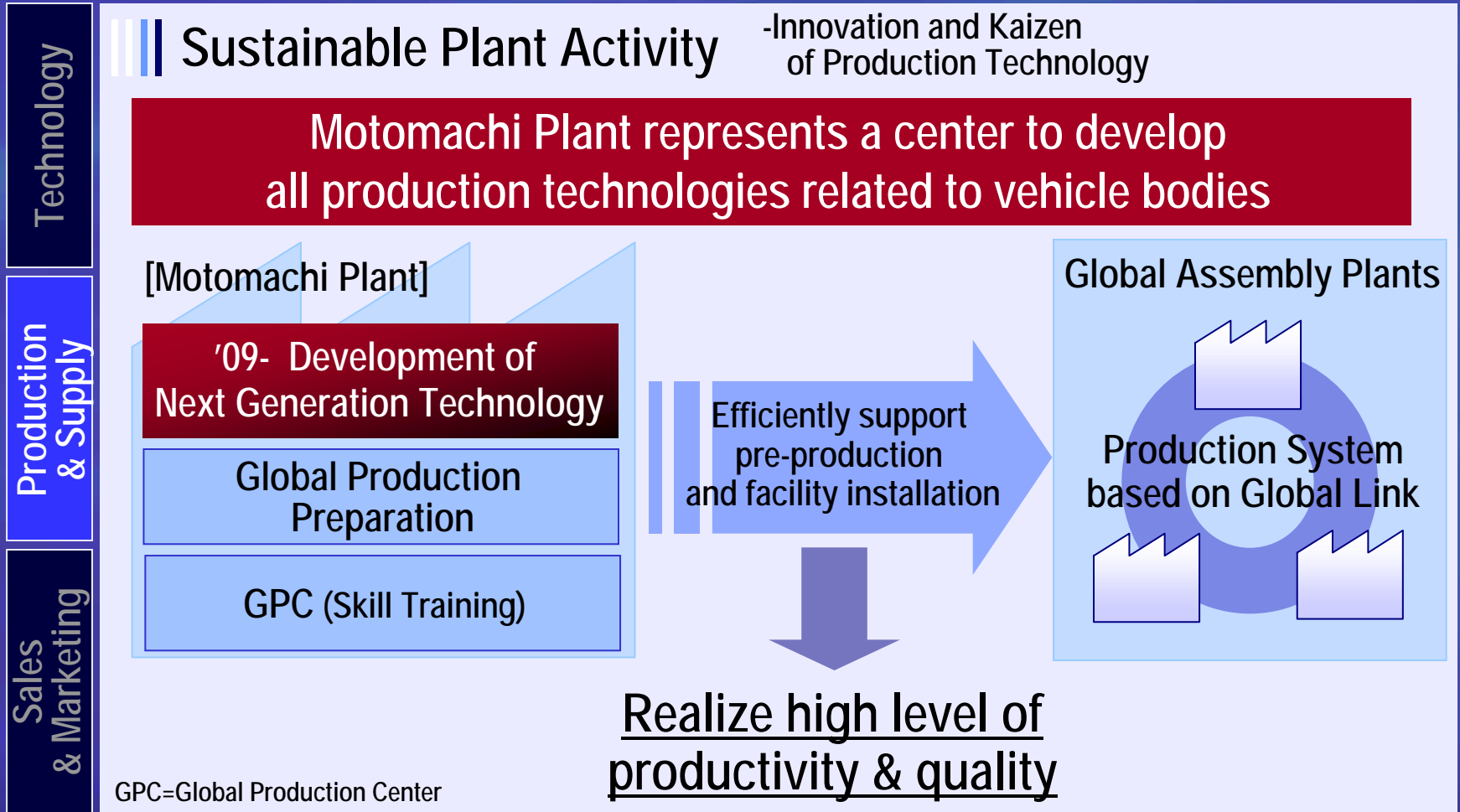


Significant improvement of environmental performance



< Image >

- 2 . Production & Supply

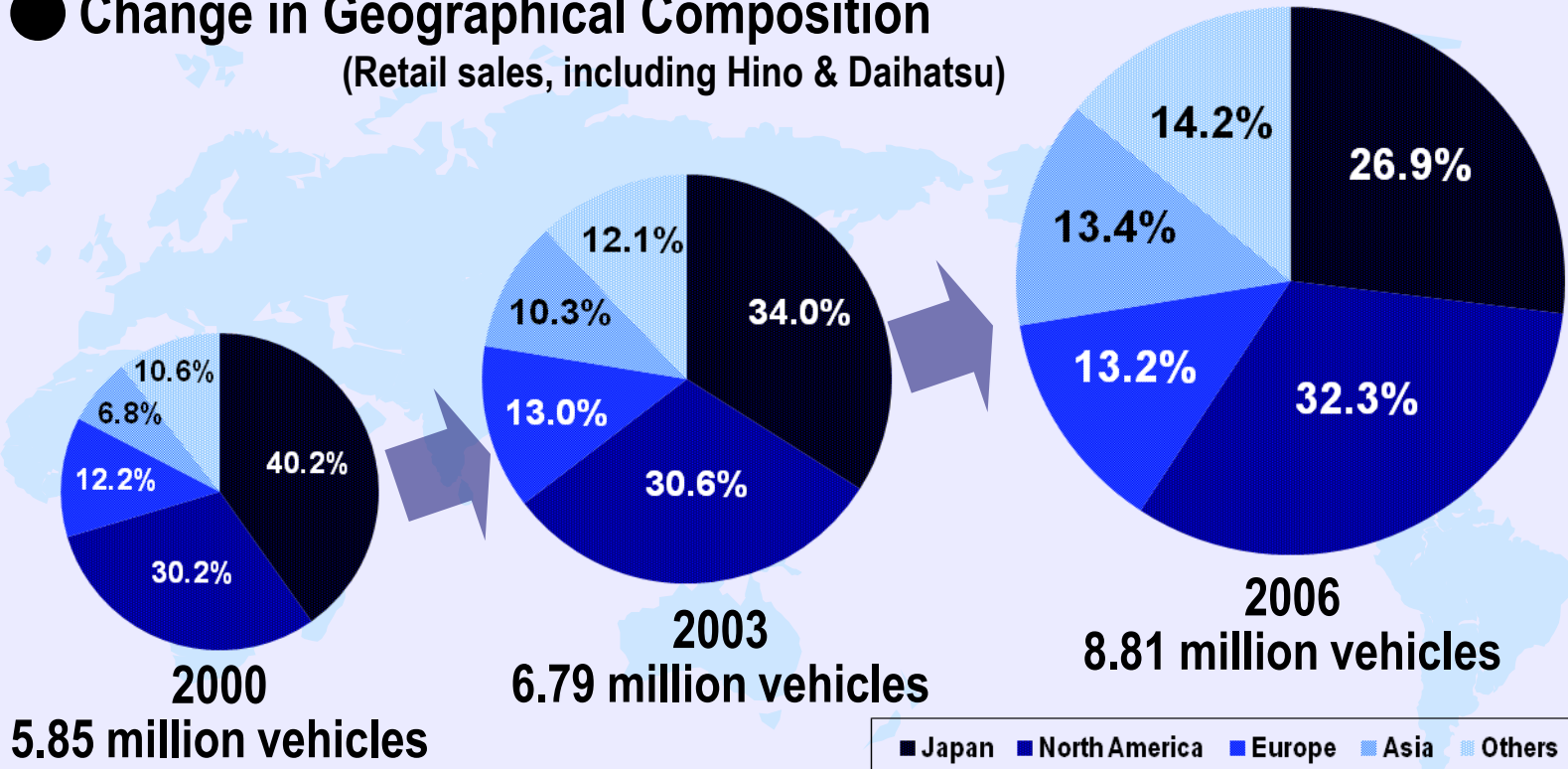


III – 3. Sales & Marketing

Technology
Production & Supply
Sales & Marketing

Regionally Balanced Growth

● Change in Geographical Composition (Retail sales, including Hino & Daihatsu)



- 3 . Sales & Marketing

Technology

Strategy by Region -Europe

Introduce attractive products to create new markets

- Promote sales of core models



Production & Supply

- Reinforce response to the CO₂ reduction

- Innovative compact model



- Expand diesel line-up



- Promote sales of HVs



Sales & Marketing

- 3 . Sales & Marketing

Technology

Production & Supply

Sales & Marketing

Strategy by Region -Japan

Introduce attractive products to create new markets



- Introduce new models
- Build social infrastructure to support use of automobiles
- Effectively communicate attractiveness of automobiles

Aim to revitalize the Japanese Market

- 3 . Sales & Marketing

Technology

Strategy by Region -North America

Introduce attractive products to create new markets

● Launch of New Tundra in '07

▼ Successful entry into full-size pick-up truck market



● Enhance Lineup

▼ Aim to grow in all product categories



Production & Supply

Sales & Marketing

- 3 . Sales & Marketing

Technology

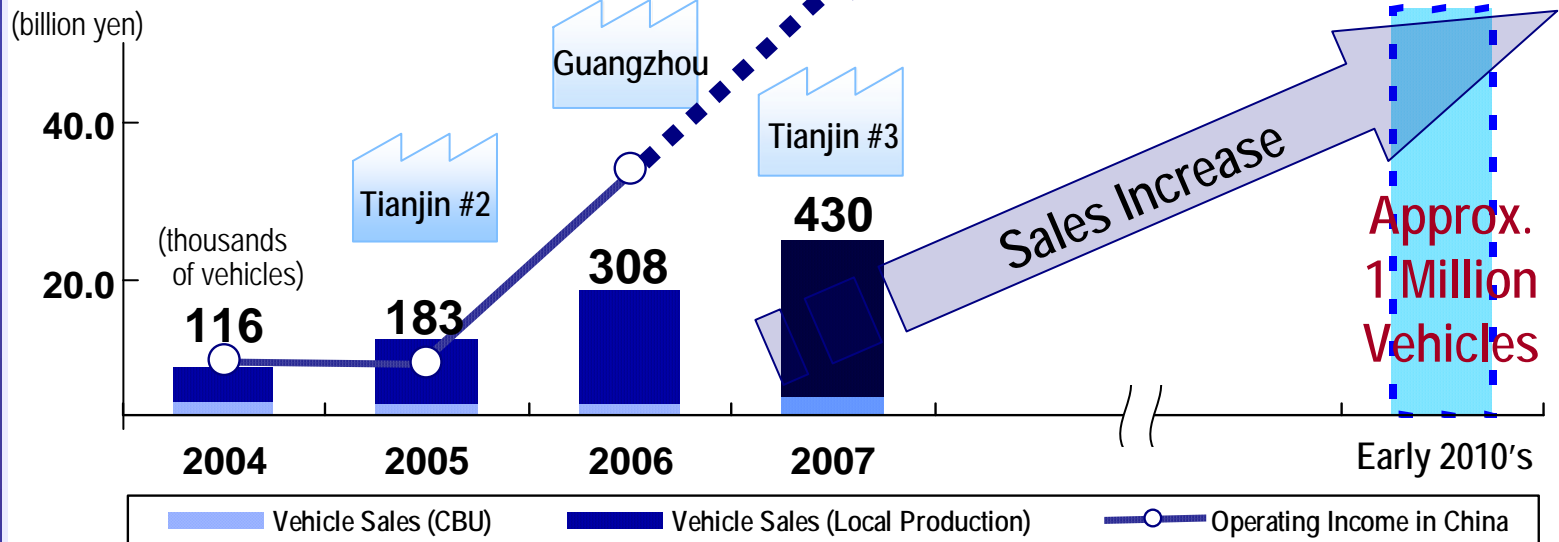
Strategy by Region -China

Aim to further increase profits by expanding sales networks and local manufacturing



Production & Supply

Change of Sales Volume / Operating Income



Operating Income in China=Operating Income of Consolidated Subsidiaries+Operating Income of Affiliated Companies * Equity Ratio of Affiliated Companies

Sales & Marketing

- 3 . Sales & Marketing

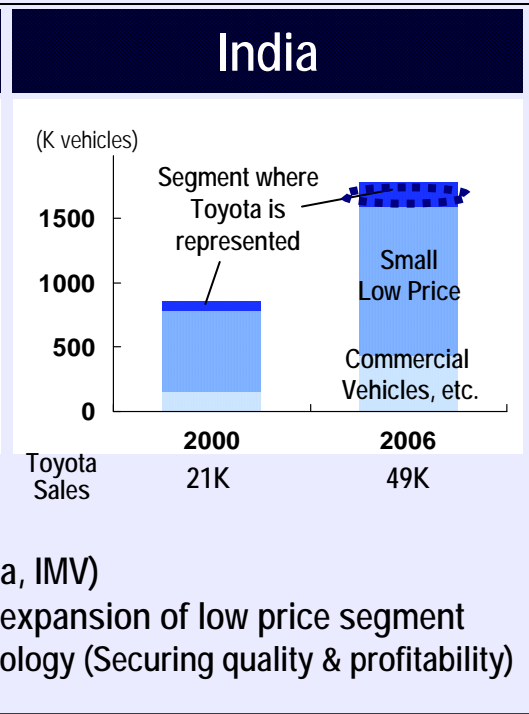
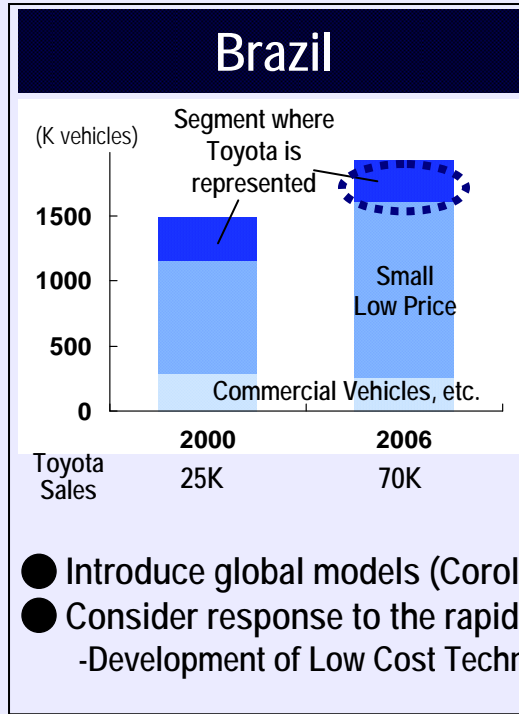
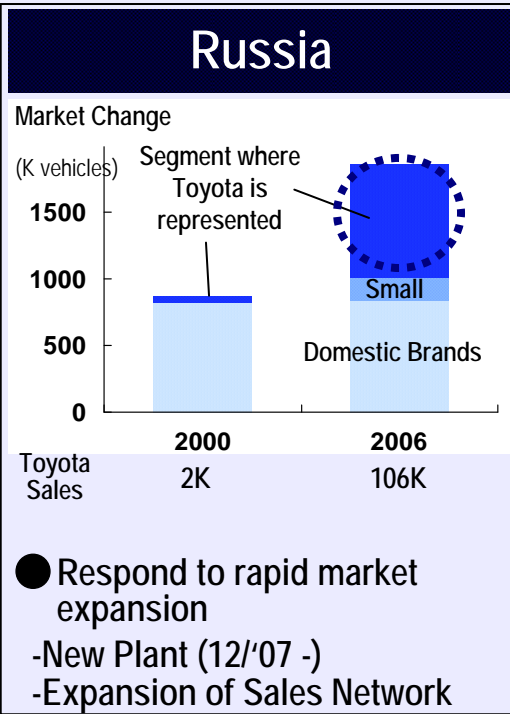
Technology

Production & Supply

Sales & Marketing

Strategy by Region -Emerging Markets

Thoroughly respond to local needs



Technology

Production & Supply

Sales & Marketing

Strategy by Brand -Lexus

Increase Sales by Improving Lineup

5/'07 Flagship Model

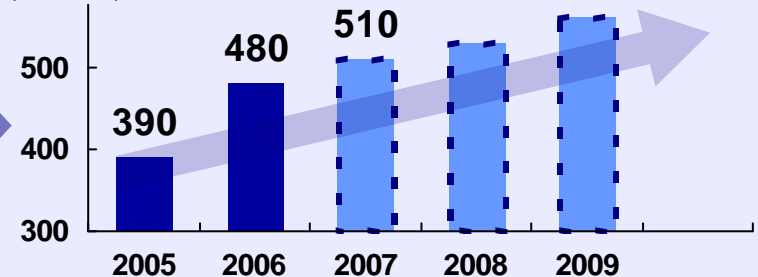


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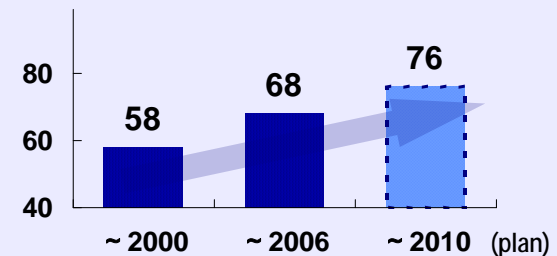
Improve line-up steadily

Change in Vehicle Sales

(K vehicles)



The Number of Countries/Areas Where Lexus is Sold



- Build foundation for the brand
 - Expand countries/areas to sell
 - Increase Lexus exclusive dealers



Technology

Financial Services

Cooperate with dealers and support vehicle sales

Promote various marketing programs & strengthen customer-retention

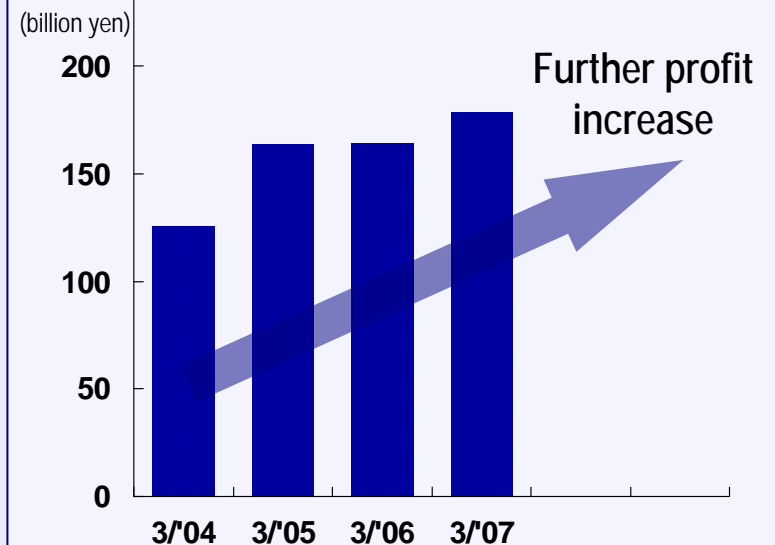


Low Cost Funding
Highest Rating
(AAA / Aaa)

Cover 32
Countries/areas

Thorough
Risk Management
Low Default Ratio
(less than 1%)

Operating Income from Financial Service Sector



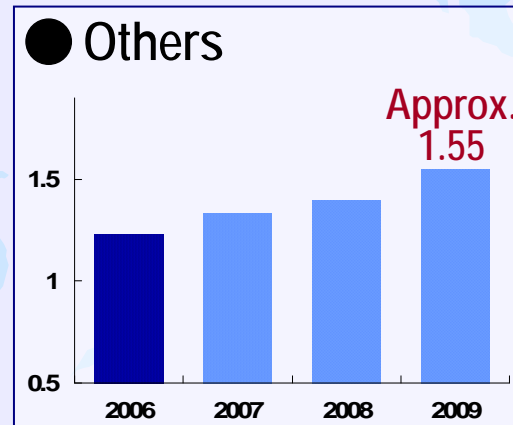
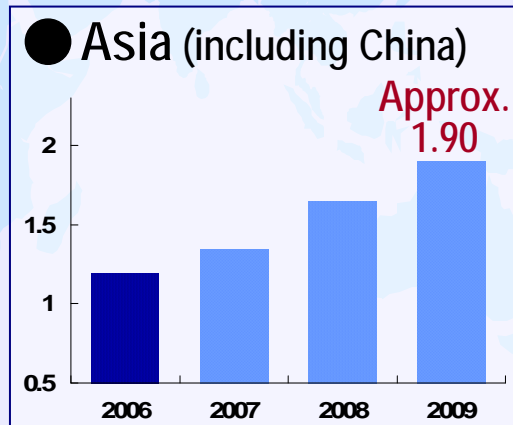
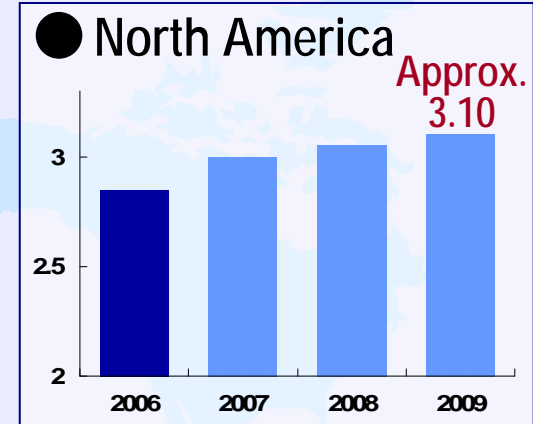
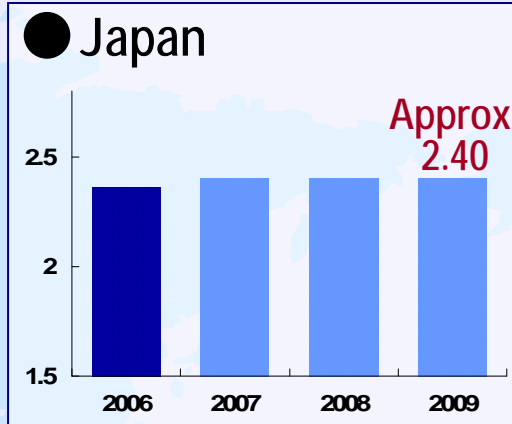
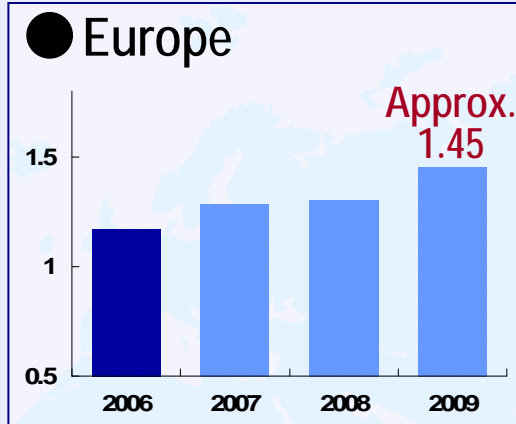
*Excluding Swap Evaluation Loss/Profit

Production & Supply

Sales & Marketing

Sales Plan

Sales Plan by Region (Retail sales, including Hino and Daihatsu)

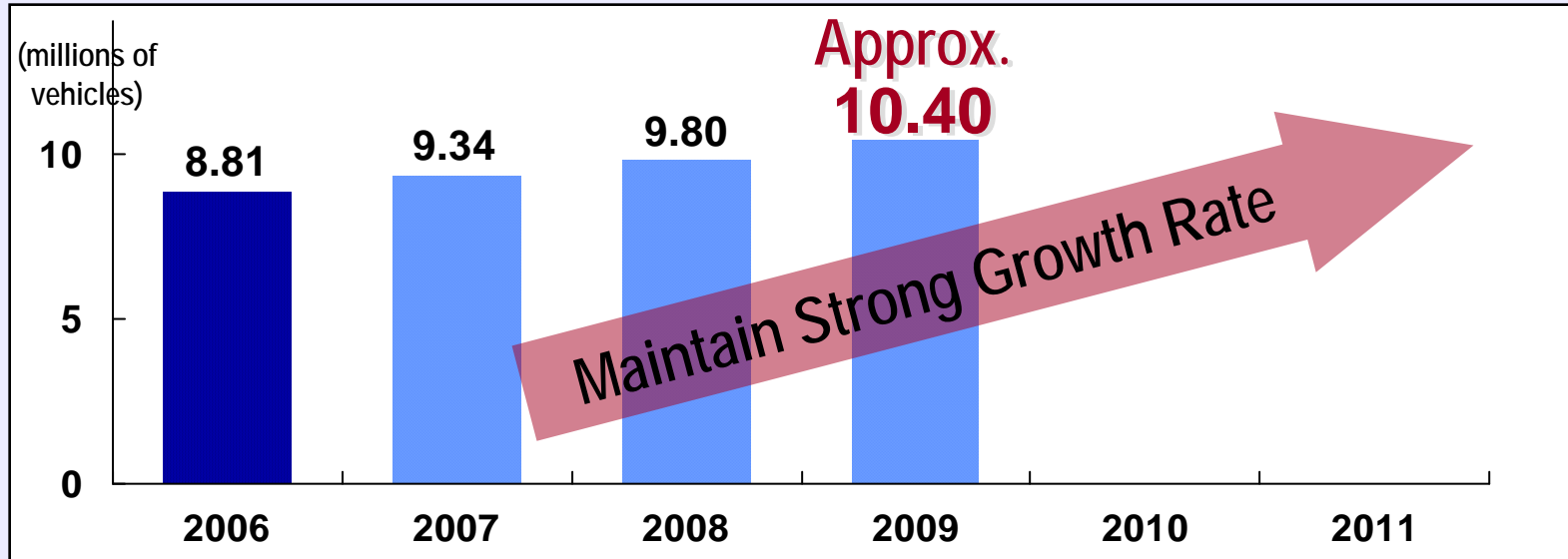


(millions of vehicles)

. Sales Plan

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||| Total Vehicle Sales (Retail sales, including Hino and Daihatsu)



||| Profit

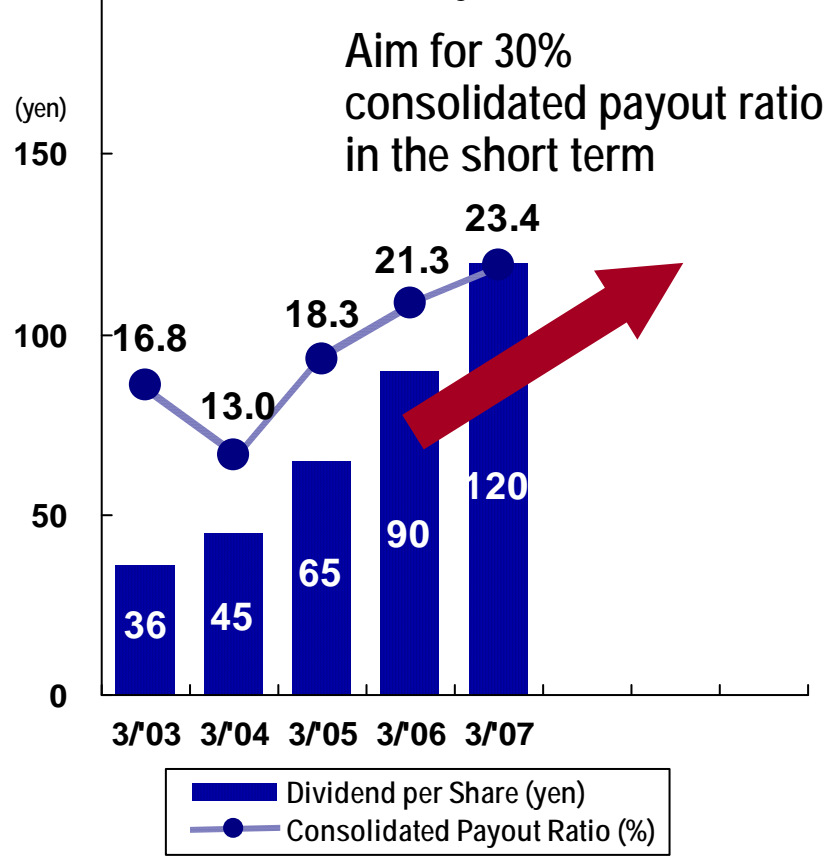
Target of Operating Income Ratio
in Medium & Long-term 10%

► Sustainable Growth
in Profit

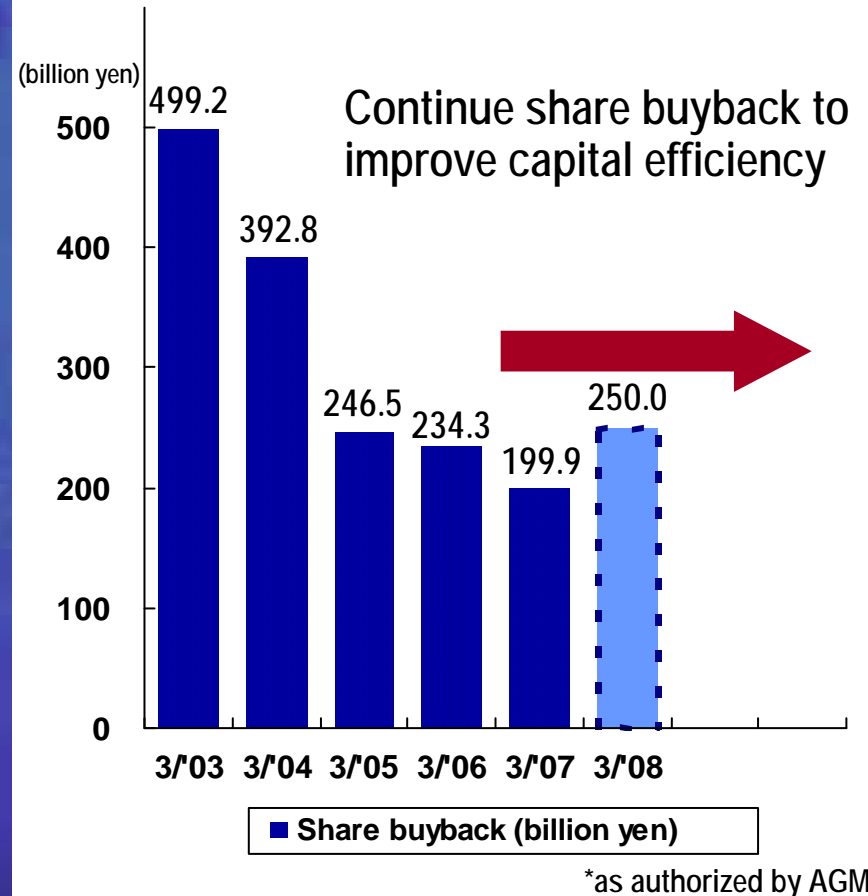
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Shareholders Return

■ Dividend per Share and Consolidated Payout Ratio



■ Share Buyback



Building a Platform for Growth

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Contribution to the Sustainable Development of the Earth and Society

Three Sustainability Concepts

Research & Development

Manufacturing

Contribution to the Society

Long-term Sustainable Growth

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