2007
Tokyo Motor Show
Investors Conference

Toyota Motor Corporation
October 22, 2007
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Mitsuo Kinoshita
Executive Vice President and CFO
Agenda

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

Quality Improvement  Long-term and Stable Growth

Growth Drivers

- Technology
- Products
- Production & Supply
- Sales & Marketing

Product Quality / Cost

Human Resources

Take-in

- Opportunities
- Full-line & All Regions

Avoid

Risks
Solid Foundation

Product Quality / Cost

Human Resources

Technology

Production & Supply

Sales & Marketing
**Product Quality**

**CF Activity**

CF Activity Promotion Committee

- Design
- Manufacturing
- Suppliers
- After Sales

Group-wide Activity

“Built-in Quality with Ownership”

**Trend of Quality Issue**

- Quality after Initial Period of Use
- Initial Quality

- 2003
- 2004
- 2005
- 2006
- 2007 (prospect)

Significant improvement in initial quality
Value Innovation (VI) Activity

- '05 ‘06 ‘07 ‘08 ‘09 ‘10 ‘11 ‘12

- ‘08 Model
  - Idea
  - System based
  - Design
  - '09 Model
  - '10 Model

- ‘11 Model
  - Idea
  - '11 Model
  - '12 Model

Promote VI activities to increase net profits

Focus on:
- Overseas Production
- Compact Vehicles
- Raw Material
Global Promotion of Self-Reliance

Japan:
- Explicit Knowledge of business conduct (=Toyota Way) expand

Overseas:
- Human resources development by putting knowledge into practice

< Develop Certified Trainers >

<table>
<thead>
<tr>
<th>Product Quality</th>
<th>Cost</th>
<th>Human Resources</th>
</tr>
</thead>
</table>

# of supporting staff from Japan

Changeover of Corolla

- Previous Model: 100
- Current Model: 50
- -50%

New Plant Preparation

- Indiana: 100
- Texas: 30
- -70%

Develop Certified Trainers:
- Approx. 700

Japan

Europe

Asia

North America

TOYOTA
Growth Drivers

- Technology
- Production & Supply
- Sales & Marketing
- Product Quality / Cost
- Human Resources
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
Challenges for Sustainable Mobility

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

Early commercialization with state of the art environmental technologies

Development of Technology through Closer Coordination
Challenges for Sustainable Mobility

Propose New Concept Cars for the Development of Attractive Models

Technology

Production & Supply

Sales & Marketing

LEXUS Specialty SUV [LF-Xh]

iQ CONCEPT

i-Q CONCEPT

[1/X]

LF-Xh

i-REAL

[1/X]

RiN

RiN

iQ CONCEPT

[1/Q CONCEPT]
- 1. Technology

R&D Expense

Technology

Production & Supply

Sales & Marketing

(billion yen)

'03/3 '04/3 '05/3 '06/3 '07/3 '08/3 (Estimate)

668.4 682.2 755.1 812.6 890.7 940.0

TOYOTA
- Production & Supply

[Takaoka Plant]
Operation of New Production Line (8/07 -)

[Motomachi Plant]
Development of Next Generation Technology ('09 -)

Transfer technology to other plants

Production System based on Global Link

Efficiently support other plants’ operation
- 2. Production & Supply

Capital Expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (billion yen)</th>
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<tbody>
<tr>
<td>'03/3</td>
<td>999.0</td>
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<tr>
<td>'04/3</td>
<td>957.7</td>
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<tr>
<td>'05/3</td>
<td>1,087.2</td>
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<tr>
<td>'06/3</td>
<td>1,528.8</td>
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<tr>
<td>'07/3</td>
<td>1,482.6</td>
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<tr>
<td>'08/3</td>
<td>1,500.0 (Estimate)</td>
</tr>
</tbody>
</table>

Sales & Marketing

Technology Production & Supply

TOYOTA
Regionally Balanced Growth

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

2000 5.85 million vehicles
2003 6.79 million vehicles
2006 8.81 million vehicles

[Diagram showing percentage changes in regions: Japan, North America, Europe, Asia, Others]
Strategy by Region - Japan

Introduce attractive products to create new markets

- IS F
- Mark X Zio
- Vanguard
- Corolla Rumion
- Ist
- Land Cruiser

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

Aim to revitalize the Japanese Market
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

- Tundra
- Prius
- Scion xD
- Highlander
Strategy by Region - Europe

Introduce attractive products to create new markets

- Promote sales of core models

- Reinforce response to the CO₂ reduction

  - Innovative compact model
  - Expand diesel line-up
  - Promote sales of HVs
Strategy by Region - China

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

Change of Sales Volume / Operating Income

Sales Increase
Approx. 1 Million Vehicles
Early 2010’s (Estimate)

Operating Income in China = Operating Income of Consolidated Subsidiaries + Operating Income of Affiliated Companies * Equity Ratio of Affiliated Companies
Strategy by Region - Emerging Markets

Thoroughly respond to local needs

**Russia**
- Market Change
- Segment where Toyota is represented
- Domestic Brands

**Brazil**
- Segment where Toyota is represented
- Commercial Vehicles, etc.
- Small
- Low Price

**India**
- Segment where Toyota is represented
- Commercial Vehicles, etc.

- Respond to rapid market expansion
- New Plant (12/07-)
- Expansion of Sales Network

- Introduce global models (Corolla, IMV)
- Consider response to the rapid expansion of low price segment
- Development of Low Cost Technology (Securing quality & profitability)
Strategic by Brand - Lexus

Increase Sales by Improving Lineup

5’07 Flagship Model

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

Cooperate with dealers and support vehicle sales

Promote various marketing programs & strengthen customer-retention

- Cover 32 Countries/areas
- Low Cost Funding
  Highest Rating (AAA / Aaa)
- Thorough Risk Management
  Low Default Ratio (less than 1%)

Operating Income from Financial Service Sector

Further profit increase

*Excluding Swap Evaluation Loss/Profit
Financial Services (金融サービス)

- Financial Asset (excluding ABS)
  - '03/3: 6,598 billion yen
  - '04/3: 7,189 billion yen
  - '05/3: 8,574 billion yen
  - '06/3: 10,696 billion yen
  - '07/3: 12,612 billion yen

- Penetration
  - '03/3: 36%
  - '04/3: 37%
  - '05/3: 37%
  - '06/3: 36%
  - '07/3: 37%

- Loss Ratio
  - '03/3: 0.8%
  - '04/3: 0.7%
  - '05/3: 0.6%
  - '06/3: 0.5%
  - '07/3: 0.6%

- Funding Source (as of '07/3)
  - Bonds: 64%
  - CP: 21%
  - Bank Loan: 11%
  - Others: 4%
Sales Plan by Region (Retail sales, including Hino and Daihatsu)

- **Europe**
  - 2006: 1 million
  - 2007: 1.5 million
  - 2008: 2 million
  - 2009: 2.5 million
  - Approx. 1.45 million

- **Japan**
  - 2006: 2 million
  - 2007: 2.5 million
  - 2008: 3 million
  - 2009: 3.5 million
  - Approx. 2.40 million

- **North America**
  - 2006: 2 million
  - 2007: 2.5 million
  - 2008: 3 million
  - 2009: 3.5 million
  - Approx. 3.10 million

- **Asia (including China)**
  - 2006: 1 million
  - 2007: 1.5 million
  - 2008: 2 million
  - 2009: 2.5 million
  - Approx. 1.90 million

- **Others**
  - 2006: 1 million
  - 2007: 1.5 million
  - 2008: 2 million
  - 2009: 2.5 million
  - Approx. 1.55 million

(millions of vehicles)
Total Vehicle Sales (Retail sales, including Hino and Daihatsu)

- 2006: 8.81 million vehicles
- 2007: 9.34 million vehicles
- 2008: 9.80 million vehicles
- 2009: Approx. 10.40 million vehicles
- 2010: Approx. 10.40 million vehicles
- 2011: Maintain Strong Growth Rate
Operating Income Ratio

Target of Operating Income Ratio in Medium & Long-term 10%
Sustainable Growth in Profit with Sales Increase

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income Ratio</th>
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<td>'03/3</td>
<td>8.2%</td>
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<tr>
<td>'04/3</td>
<td>9.6%</td>
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<tr>
<td>'05/3</td>
<td>9.0%</td>
</tr>
<tr>
<td>'06/3</td>
<td>8.9%</td>
</tr>
<tr>
<td>'07/3</td>
<td>9.3%</td>
</tr>
<tr>
<td>'08/3</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

(billion yen)

Sales Increase
Shareholders Return

Dividend per Share and Consolidated Payout Ratio

- Aim for 30% consolidated payout ratio in the short term

Share Buyback

- Continue share buyback to improve capital efficiency

Share Buyback (billion yen)

- as authorized by AGM
Building a **Platform** for **Growth**