Remarks by President Akio Toyoda at the Investor Conference

1. Greeting, introduction

My name is Akio Toyoda. I would like to thank you for taking the time out of your busy schedules to be with us today.

Since I was appointed president in June of last year, I had wished for an opportunity to directly discuss with our shareholders and investors as early as possible.

However, as I described at the time I assumed post for president of the company, I was setting sail into a very challenging set of circumstances when I took over from my predecessor, with a forecast of a second consecutive fiscal year in the red. I have therefore taken the lead in addressing internal issues such as excess in supply capacity.

With respect to the series of quality-related matters such as the recent recalls, I sincerely ask our shareholders and investors for your understanding that it was of utmost importance that I take the lead to address our customers’ concerns, which I believe ultimately protects our corporate value.

2. Review of the series of quality-related matters such as the recent recalls

I would like to begin by giving you an outline of the series of quality-related matters such as the recent recalls that we experienced.

On January 21, we announced a safety recall for some Toyota vehicles sold in the United States because of problems with sticking accelerator pedals. Then on February 9, we decided to recall the new Prius and three other models, in Japan, the United States, Europe and other countries because of brake issues.

I was asked to testify at hearings before the U.S. Congress on February 24 and then gave the media from the United States, China, Japan and Europe repeated explanations of Toyota’s philosophy of quality assurance.
3. Basic stance toward quality and Toyota's quality advantage

As we believe you may know, Toyota's basic stance is to emphasize customer safety above all else and to practice rigorous quality control for this purpose. If, however, there are any issues we make a thorough investigation of the causes, implement countermeasures, make repairs and improvements. This is a firm and unwavering conviction that we have held since our inception.

I am confident that Toyota's efforts aimed at essential quality, as embodied in the Toyota Production System, are among the very best in the world, as is the quality of the vehicles that we produce.

4. Further steps to improve quality

On March 30, the Special Committee for Global Quality held its first meeting. The committee was organized as part of our efforts to alleviate our customers' concerns and allow them to feel reassured in driving their Toyota vehicles.

I will ask Executive Vice President (Shinichi) Sasaki to give you a more detailed explanation of the committee's activities in a few moments. I believe that the most important thing we can do to regain trust is to listen sincerely to what our customers are telling us. This will be a coordinated effort by dealers, suppliers and manufacturers to regain the trust and faith of our customers. I am confident that this process represents an opportunity to further reinforce our base of quality, to take the lead as the industry's top runner in responding to the expectations of our customers.

5. Management of selection and focus

When I was appointed president in June of last year, I articulated new management guidelines focusing on the customers' perspective and the products that we sell. I summed this up in the motto: "Building Better Cars". However, under very challenging circumstances, there were many difficult management decisions that needed to be made since assuming my position. In order to concentrate our management resources on future growth, we decided to curtail future production orders at NUMMI in August of last year, and in November, we decided to withdraw from Formula One.

Behind this was a decision that Toyota needs to choose and focus more than ever in order to grow, build vehicles and contribute to society on the basis of "management rooted in the communities it serves" and manufacturing "high-quality at affordable prices".
By providing "high-quality at affordable prices", we mean, for example, the new Prius that was launched last year. We sought to use the most advanced technology and made a companywide effort at cost improvement, and provided outstanding fuel economy at a reasonable price satisfactory to our customers. The car has been received well by customers around the world.

In addition, to meet the demands of a variety of customers, we decided to sell both the new and old models of the Corolla in China, and the old model that we retained has been well received.

This decision to continue selling the old-model Corolla is a representative example of our efforts to meet the demands of our customers for excellent performance at reasonable prices, not being fixated on the idea of regular model changes and additions of new models, but instead working with existing models by improving their fuel economy and performance, changing some of their specifications and designs and developing them as products.

Furthermore, from a management perspective focused on geographic regions, in the Indian market we developed the "Etios", a strategic model developed specifically for the expanding markets of emerging economies. This idea of developing a product not targeted at customers in Japan, the U.S. or Europe, but instead designed to be the best fit for customers purchasing their first cars in India is a new business model for Toyota that focuses specifically on emerging economies.

As we move forward, we intend to continue to develop attractive new models and also offer more vehicles that are tailor-made to specific markets and segments as we attempt to simultaneously field a wide product lineup while also strengthening our earnings structures.

In addition to this "product-focused management," recent events have made us keenly aware of the need to provide transparent explanations of ourselves who build and sell cars. We will continue to emphasize that "Customer Safety First" is Toyota's philosophy and intend to actively explain our efforts as well as the pleasure of driving vehicles.

6. Conclusion

In conclusion, I sincerely ask all of our shareholders and investors for your continued support and guidance for Toyota.

Thank you.