Rewarded with a smile
by exceeding your expectations
What I Will Discuss Today

Global Vision
Toyota’s future direction

Goal and Business Plan by Region

To be formulated in April under regional initiatives
Background

Sharp growth
Lehman Brothers Collapse and subsequent economics slowdown

Quality problems
Concern about Toyota’s product integrity

The need for articulating a clear vision
What I Want Toyota to Be

A company that . . .

- Customers choose *and*
- Brings a smile to every customer who chooses it
GLOBAL VISION: Development Process

Teams from Each Principle Region

- North America Team
- Japan Team
- Asia Team
- Oceania Team
- Europe Team
- Middle East Team
- Africa Team
- Latin America Team
- China Team
Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people.

Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile.

We will meet our challenging goals by engaging the talent and passion of people, who believe there is always a better way.
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Amenable, low carbon mobility

Infrastructure for safer mobility

New lifestyles

Preserving environmental quality

Toyota will lead its industry in tackling technological advances that will spawn next-generation mobility.
Enriching lives around the world

Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile. We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way.

Contributing to economic and social vitality in each region

Generate stable employment and participate in mutually beneficial business relationships with dealers/distributors and suppliers.

Nurture human resources and enhance the cultural life of our host communities.
Safest and most responsible ways of moving people

Safety
Continue to provide world-class safety

Earth-conscious
Deploy leading edge technologies in a growing range of models with respect for the planet and people

Moving people
Ensure a rewarding experience through products, sales, and service
Products that inspire enthusiasm
Through our commitment to quality, constant innovation

Reliable quality…
… that will let people feel good about driving and riding in our vehicles

Product lineup

Satisfy evolving needs in every region

Supply affordable cars in more areas / regions
Respect for the planet

Earth-conscious

Conserve energy and reduce output of carbon dioxide in manufacturing, distribution, and sales

Conserve material resources through recycling

Boost human resource development and afforestation activity in harmony with nature
We will meet challenging goals by engaging the talent and passion of people.

A corporate culture where teamwork and individual creativity thrive and where people approach their work with pride and with passion:

- Honor the spirit of diversity in recruiting, training, and promoting capable individuals.
- Foster the *monozukuri* spirit of conscientious manufacturing.
Who believe there is always a better way

The Toyota Way

**Challenge**
- We form a long-term vision, meeting challenges with courage and creativity to realize our dreams.

**Kanzen**
- We improve our business operations continuously, always driving for innovation and evolution.

**Genchi Genbutsu**
- We practice genchi genbutsu... go to the source to find the facts to make correct decisions, build consensus and achieve goals at our best speed.

**Continuous Improvement**
- Mutual trust and respect between labor and management, and long-term employment stability.

**Respect for People**
- Communication

**Respect**
- We respect others, make every effort to understand each other, take responsibility and do our best to build mutual trust.

**Teamwork**
- We stimulate personal and professional growth, share the opportunities of development and maximize individual and team performance.
We aim to exceed expectations and be rewarded with a smile

Rewarded with a smile
by exceeding your expectations

TOYOTA
Toyota Visionary Management

**Fruit**

Always better cars

Develop vehicles which exceed customer expectations

Enriching lives of communities

Contribute to communities

Contribute to the future of mobility

Sustainable growth

Constantly drive “always better cars” and “enriching lives of communities” by ensuring sustainable profitability under long-range perspective

**Trunk**

Stable base of business

**Roots**

Toyota values

The Toyoda Precepts  Guiding Principles at Toyota  The Toyota Way
Expectations to Regions

To provide products and service matched to customer needs and wants...

Position regional operations – our customer interface – to decide on their own how best to serve their customers

Provide overall direction from the global headquarters, and furnish support for initiatives undertaken by the regional operations.

Global Vision

Regional missions

Regional goals / management strategy

Role to play and issues to address in support of fulfilling Global Vision

Global headquarters

Regional operations

Expectations

Prepare and submit plans for fulfilling expectations

Begin preparing in April under regional initiatives

Review
Expectations to Regions

- **China**
  - A driving force for future growth
  - Technology base to support the huge market

- **Japan**
  - *Monozukuri* based on advanced technology and *kaizen*

- **Asia and Oceania**
  - Global center for product development and preparations for mass production of IMV/newly developed small cars

- **North America**
  - Greater self-reliance
  - Collaboration with IT for the future of mobility

- **Europe**
  - Contribute to Toyota’s competitiveness as global product center for small cars.

- **Middle East, Africa, and Latin America**
  - Vehicles that win the heart of customers and can be called “my car” with affection in every market
2015 Global Initiatives
Product Strategy

Product appeal

• Vastly improve styling and feel
• Market products which meet customer needs of each region
• Offer vehicles that inspire enthusiasm to customers

Environmental credentials

• Bolster our line of hybrid models greatly
• Market future green vehicles (PHV, EV, FCV)
• Improve energy efficiency further in gasoline engines
Lexus Strategy

A distinctive global premium brand

- Assert characteristic Japanese and Lexus strengths in product quality and conscientious service.
  (Emphasize emotive ride and original design, backed by advanced technology)

- High-quality, value-added-vehicles developed and produced in Japan

- Deploy Lexus models more extensively in emerging markets

Always better cars
Enriching lives of communities
Geographical Composition of Sales

- Foster demand in emerging markets with locally produced core models, including the Innovative International Multipurpose Vehicle models and newly developed subcompact models.
- Deploy hybrid models extensively in markets worldwide.

Achieve equal weightings in unit sales between industrialized nations and emerging markets.
## Supply Strategy

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<thead>
<tr>
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<tbody>
<tr>
<td>Mississippi</td>
<td>150,000 units/year</td>
<td>Japan: Focus on technologically advanced, high-value-added products</td>
<td>Europe and North America: Optimize manufacturing investments</td>
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<tr>
<td>Emerging Markets</td>
<td>Changchun</td>
<td>Brazil</td>
<td>Respond steadily to growth in markets and sales ⇒ Consider expanding production capacity</td>
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<tr>
<td></td>
<td>100,000 units/year</td>
<td>70,000 units/year (L/O)</td>
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New Business Ventures (Creating new values for automobiles)

- Participate in “smart communities,” worldwide where vehicles will manifest new kinds of value-added as part of integral linkages between vehicles, homes, and information networks through cooperation of IT companies.

“Smart communities” service (Contribute to the urban development of future)

- Commuter transport
- Information terminal
- Power generation
- Plug-in hybrid and pure electric vehicles
- Toyota Smart Center
- G-BOOK
- Toyota Housing
- Cooperation with IT companies
- Cooperation with electrical equipment manufacturers

Always better cars
Enriching lives of communities
Solid Profitability

Stable base of business

Regional strategy

Product strategy

Business sector strategy

Quality

Cost

HR development

 Assert parallel strengths in product appeal and cost competitiveness

Solid profitability

- Achieve consolidated operating return on sales of 5%
  (approx. 1 trillion yen)
- Restore TMC (unconsolidated) to profitability

Achieve both goals as soon as possible
Solid Profitability

- Toyota and Lexus unit sales: 7.29 million units
- Consolidated operating income: 147.5 billion yen
- Operating profit: 5%
- 7.53 million units (precondition)
- 550 billion yen

Solid profitability

- Position Toyota to cope with market risks / exchange fluctuations
- Remain profitable even if unit sales were to decline up to 20% amid an economic downturn

Establish “stable base of business”
**Sustainability**

- **Toyota and Lexus unit sales**
  - FY Ending March 31, 2010: 7.29 million units
  - FY Ending March 2011 Forecast: 7.53 million units
- **Consolidated operating income**
  - FY Ending March 31, 2010: 147.5 billion yen
- **Sale profit rate: 5% (approx. 1 trillion yen)**
  - FY Ending March 31, 2010: 550 billion yen
  - FY Ending March 2011 Forecast: 7.5 million units
  - Achieve as soon as possible: 7.53 million units

**2015**

- **Fiscal resilience**
- **Stable base of business**

**Currency rates**
- $1 = ¥93
- 1 euro = ¥131
- $1 = ¥86
- 1 euro = ¥112
- $1 = ¥85
- 1 euro = ¥110
Executive Structure

Establishment of a structure for the swift realization of the Toyota Global Vision
Aim of the structural change

1. To swiftly communicate the voices of our customers and information from frontline operation level of each region, to our Executive Levels.

2. To enable prompt management decisions based on information from frontline operations.

3. To enable us to continuously check whether our management decisions are acceptable by society.
Change #1
Reducing the Number of Directors

Reduce the board of directors from 27 members to 11

Newly configured board of directors:
  Chairman
  President
  Five Executive Vice Presidents
  Four Directors responsible for corporate planning, accounting, and government affairs

Board of Directors: Decide what Toyota will do
Chief Officers: Decide how to do it
Change #2
Reducing the Decision-Making Layers

Reduction:
From three layers to two (Executive Vice President and Chief Officer)
- Elimination of one layer between the Chief Officer and the General Manager
- Appointment of Deputy Chief Officers if required, with clear distinction of responsibilities from the Chief Officers
- Flexible allocation to Chief Officer Position
  Before  (Only Senior Managing Directors)
  After   (Senior Managing Officers<New> or Managing Officers)

⇒ Swifter flow of information from Divisional General Managers to Executive Levels.
⇒ Increased clarity in organizational responsibilities
⇒ Decision making closer to frontline operations.
Change #3
Establishing Executive General Managers

Newly Establish the Executive General Manager Position (Employee), which will partially replace Managing Officers.
- Promotion of managerial duties adhering closely to frontline operations

Main Examples:
- Grand Chief Engineers who oversee development of major vehicles.
- The heads of principal R & D fields (E.g. engine, body, electronics engineering, etc.)
- Plant General Managers

Aim:
- Deeper involvement in the frontline operation level. (worm’s eye view)
- Accurately sensing changes in the environment. (like a fish senses the currents in the sea)
Change #4
Building the Structure and System where each region can initiate decisions, close to their Customers.

In principal, Chief Officers with regional responsibilities to be stationed in each corresponding region.
- Gradually transfer regional functions that are currently in Japan.
- Reinforce overseas allocation of Executives with functional responsibilities, below the Regional Chief Officer level.

⇒ Executives stationed overseas (increase from 13 to 15)
Change #5
Establishment of a mechanism to listen to outside opinion more closely, and reflect them in our management.

- Establishment of regional advisory committee

Discuss management issues from a global perspective based on regional discussion results.

Global Advisory Board
Establishment of regional advisory committee (continued)

<Regional advisors> (Alphabetical order)

Chatib Basri
Former Director, Institute for Economic and Social Research, University of Indonesia

Jamshyd Godrej
Chairman, Godrej & Boyce Manufacturing Company Limited, India

Alexis Herman
Former US Secretary of Labor

Mark Hogan
Former Group Vice President, General Motors
Former President, Magna International

Thomas Leysen
Chairman, Umicore, Belgium

Simon Tay
Professor, Lee Kuan Yew School of Public Policy, National University of Singapore

Yoko Wake, Keio University Professor, as a Corporate Auditor
- Appointed at the 107th Shareholder’s meeting.
Implementation

Implement the changes in stages, beginning April 1\textsuperscript{st}

Reduce the total number of Executives, from 77 to 60

\textit{Note:}

Please refer to the names and responsibilities of the new Executives in the handouts
A New Chapter in Toyota History

A proud tradition of creating products that earn smiles from customers around the globe

Earning smiles from new generations of customers as a company worthy of sustainable growth
Rewarded with a smile
by exceeding your expectations

TOYOTA
Cautionary Statement with Respect to Forward-Looking Statements

This presentation contains forward-looking statements that reflect Toyota’s plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include: (i) changes in economic conditions and market demand affecting, and the competitive environment in, the automotive markets in Japan, North America, Europe, Asia and other markets in which Toyota operates; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar, the Euro, the Australian dollar, the Canadian dollar and the British pound; (iii) changes in funding environment in financial markets; (iv) Toyota’s ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (v) changes in the laws, regulations and government policies in the markets in which Toyota operates that affect Toyota’s automotive operations, particularly laws, regulations and government policies relating to vehicle safety including remedial measures such as recalls, trade, environmental protection, vehicle emissions and vehicle fuel economy, as well as changes in laws, regulations and government policies that affect Toyota’s other operations, including the outcome of current and future litigation and other legal proceedings government proceedings and investigations; (vi) political instability in the markets in which Toyota operates; (vii) Toyota’s ability to timely develop and achieve market acceptance of new products that meet customer demand; (viii) any damage to Toyota’s brand image; and (ix) fuel shortages or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to, or difficulties in, the employment of labor in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold.
A discussion of these and other factors which may affect Toyota’s actual results, performance, achievements or financial position is contained in Toyota’s annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

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