

Toyota's Tasks and Challenges in Global Recession

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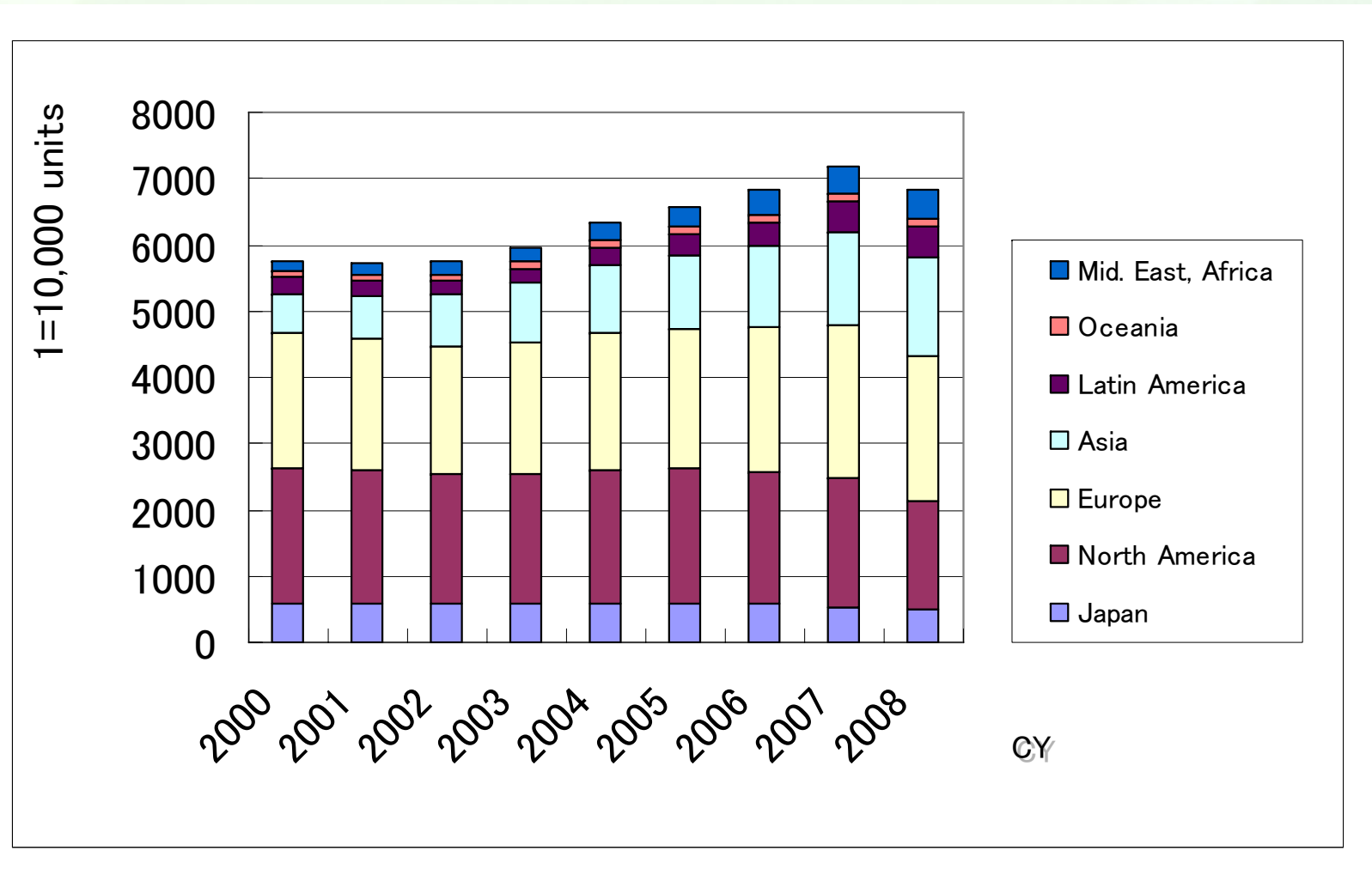
Managing Director

Toyota Motor Corporation

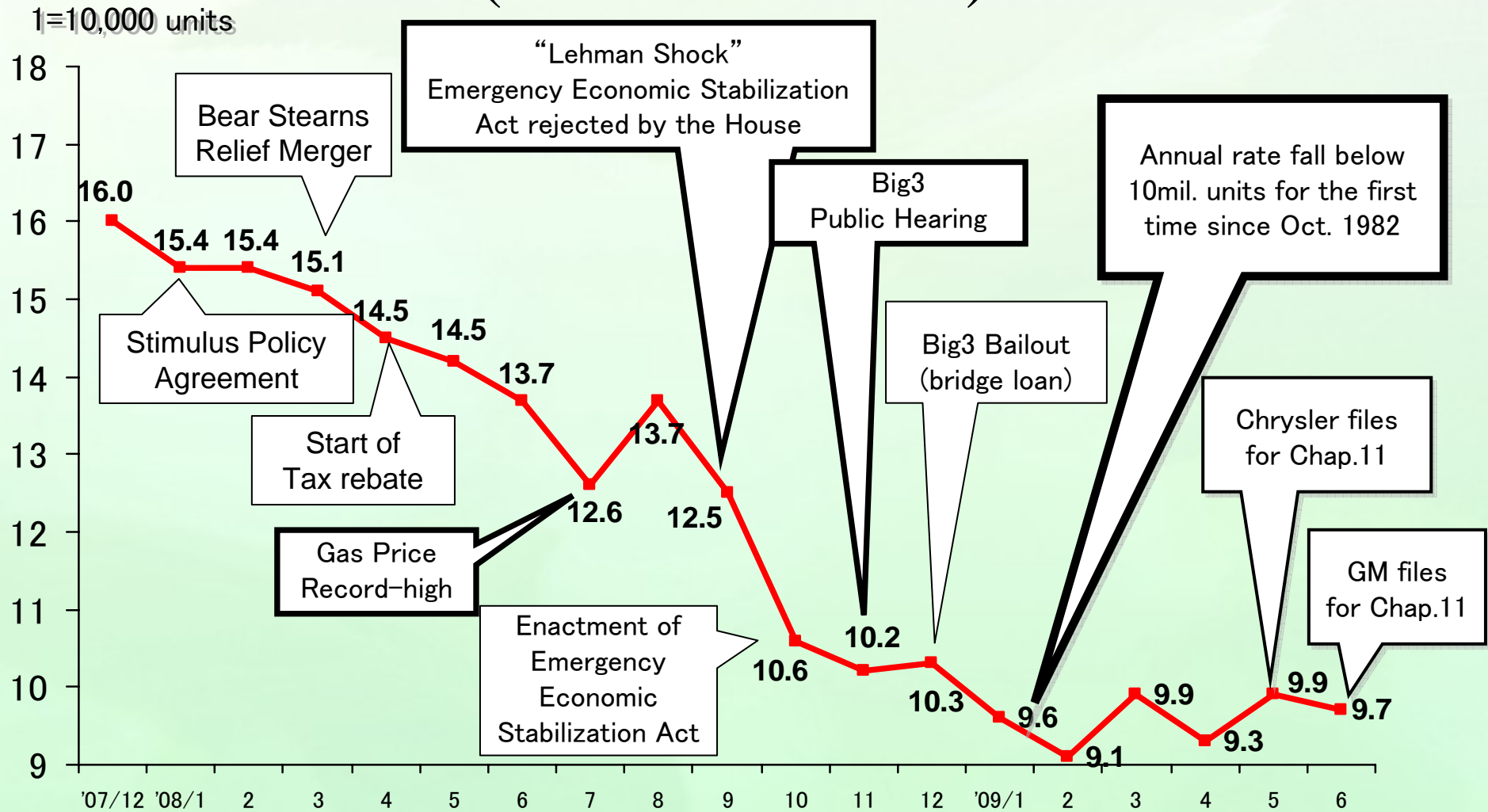
AGENDA

1. Situation of Global Automobile Market
2. Toyota's Situation
3. Toyota's Challenge
4. Policy Proposals

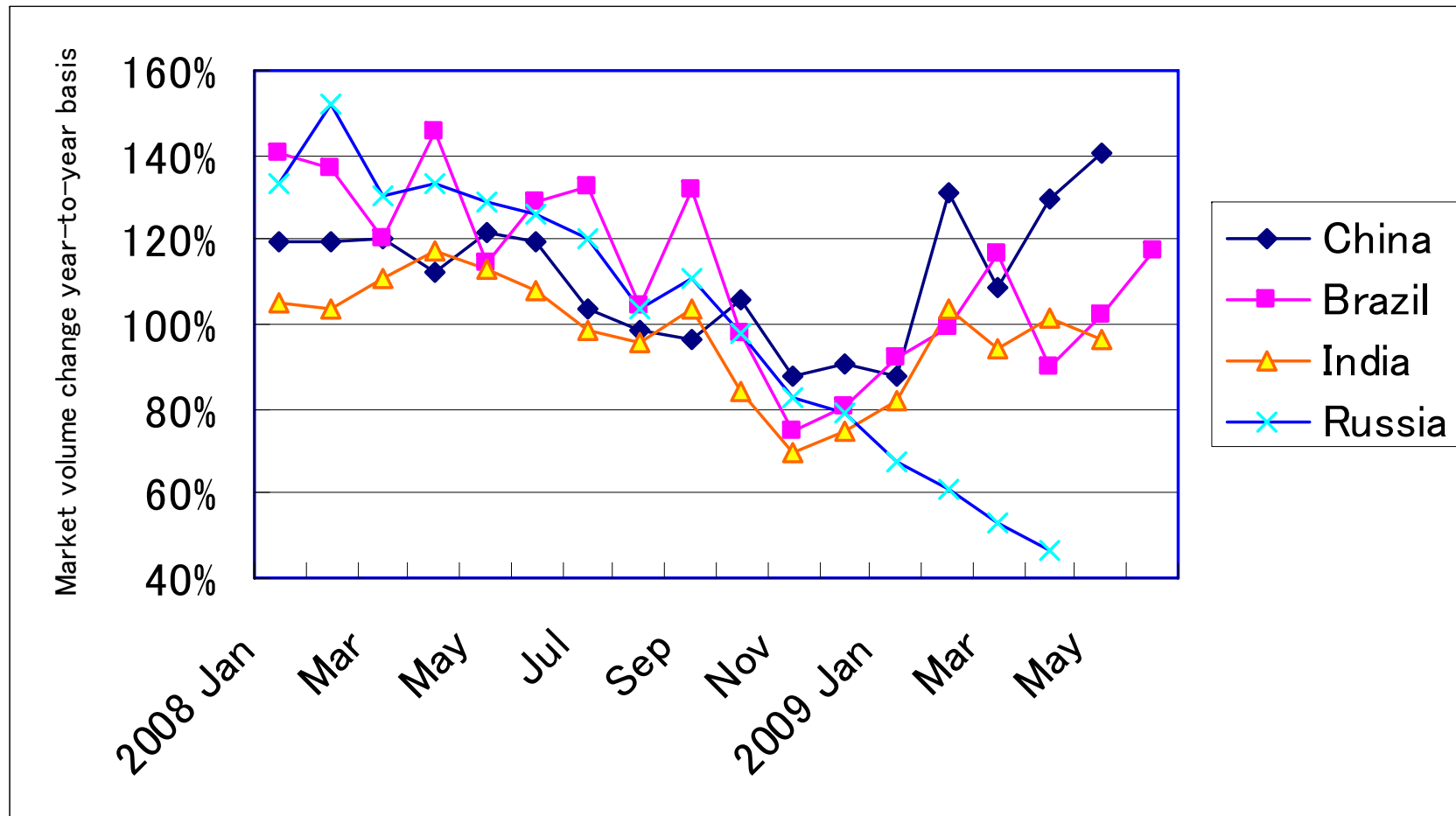
1. Situation of Global Automobile Market



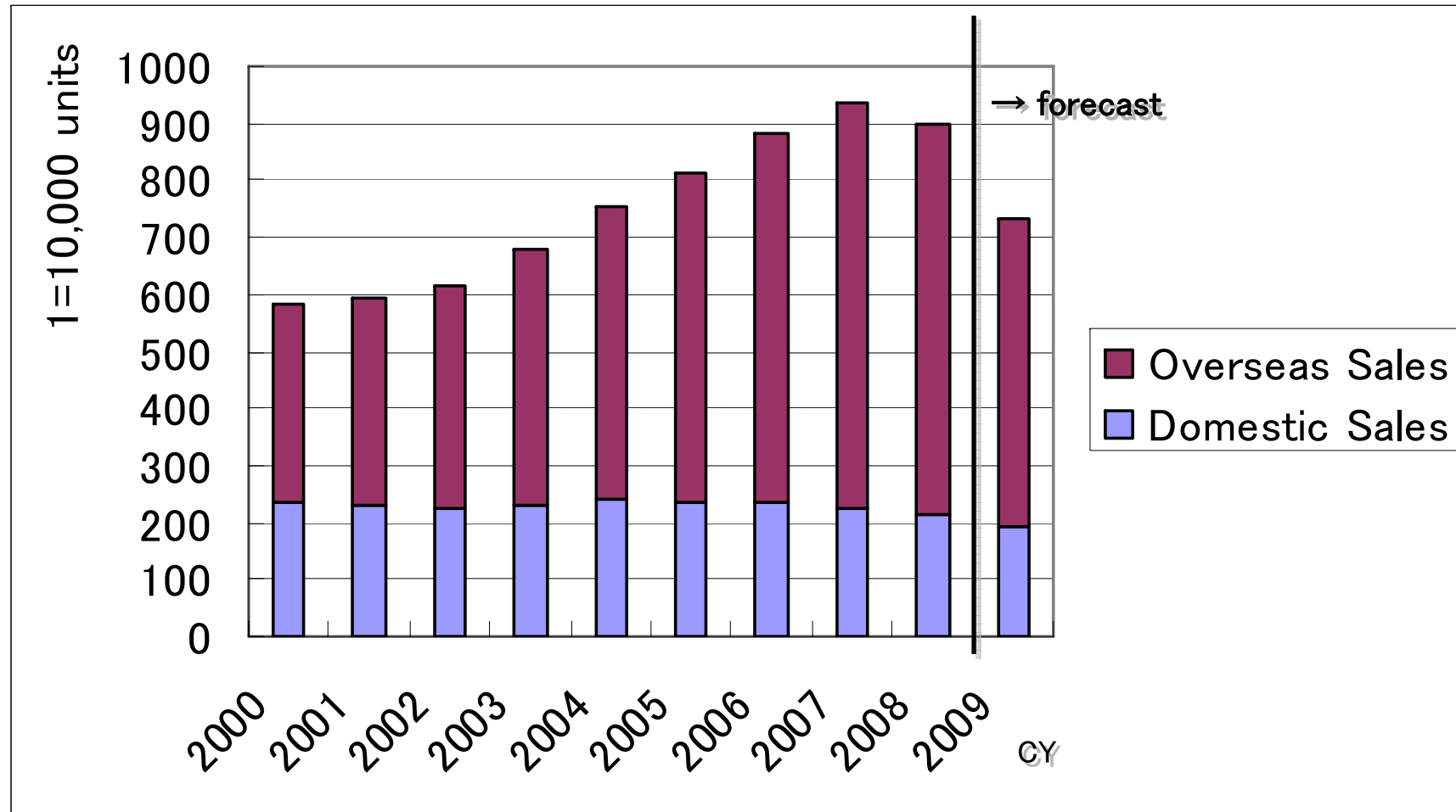
Automobile Market Trend in US (annualized rate)



Automobile Markets in BRICs



2. Toyota's Situation

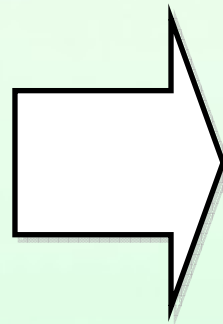


Characteristics of Automobile Industry

1. Broad-based industry

2. Integral architecture

3. Large investment



▪ Comprehensive competitiveness

▪ Quick reaction to market fluctuation

▪ Contribution to local economy

3. Toyota's Challenge

1. Get back to the origin –pursuing basic philosophy

“Contribute to local community through automobile manufacturing”

2. Product-focused Management

(1) Offer Products based on customers' needs in each region

Japan : Strengthen market suitability and appeal/variation.

Necessary and sufficient line-up

US : Response to market changes once centered on full-sized vehicles

Europe : Shift toward HV

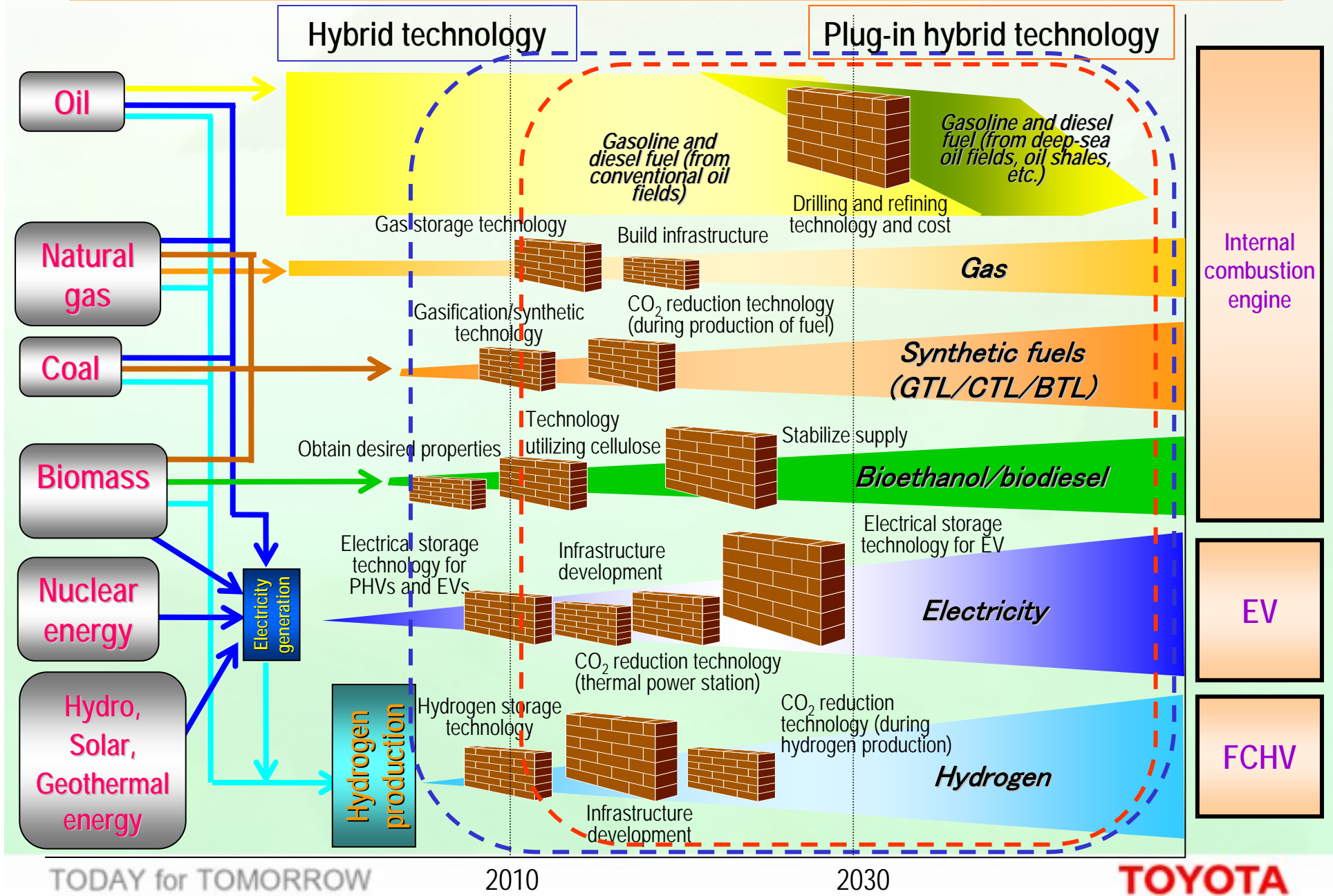
Developing : Timely launch of competitive products

Countries : Launch of newly-developed compact vehicles (starting in India)

(2) Promote environmental technology development

(3) Develop “fun- to drive” products and technologies

Scenarios for Response to Environmental and Energy Issues

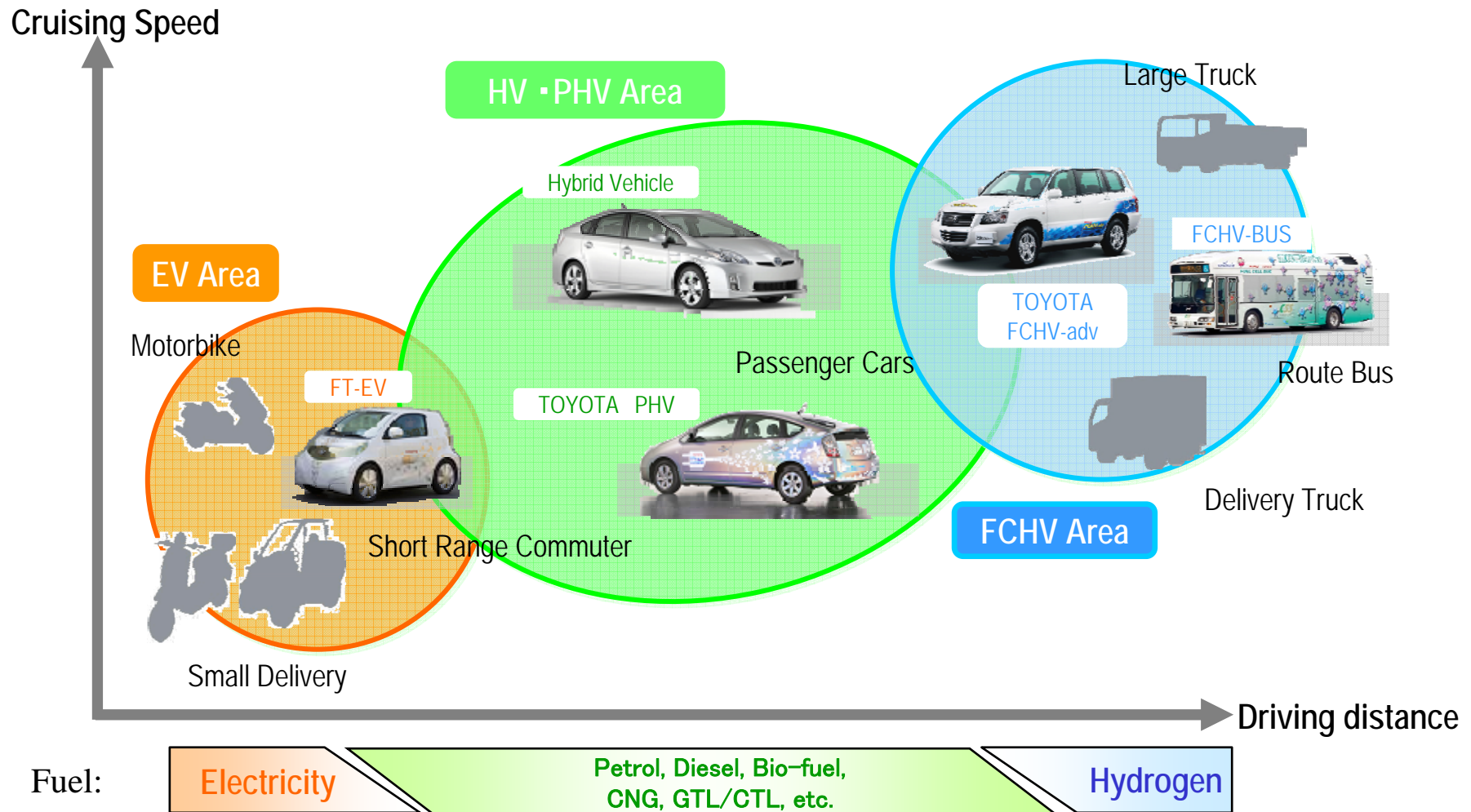




Challenges for EV:

- 1) Cruising range, 2) cost, 3) charging time, 4) dedicated charging infrastructure
- ➔ For the time being, a realistic option as compact commuter vehicles

Power-train map in future mobility



HV and PHV covers a wide area; EV will be introduced as short range commuter and FCHV as large and mass transporter.

4. Policy Proposals

1. Short-term

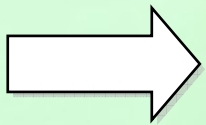
- (1) **Market stimulus policy**
- (2) Response to protectionism

2. Mid-and-long term

- (1) **Strengthen relationship among Industry, Government and Academia toward development of next-generation advanced environmental technology**
- (2) Liberalization/Facilitation of Trade and Investment
 - 1) Promotion of WTO/EPA
 - 2) Harmonization of regulations/certifications
 - 2) Standardization of certification criteria
- (3) Protection of corporate property rights
 - 1) Prevention of double taxation caused by transfer pricing tax
 - 2) Protection of intellectual property

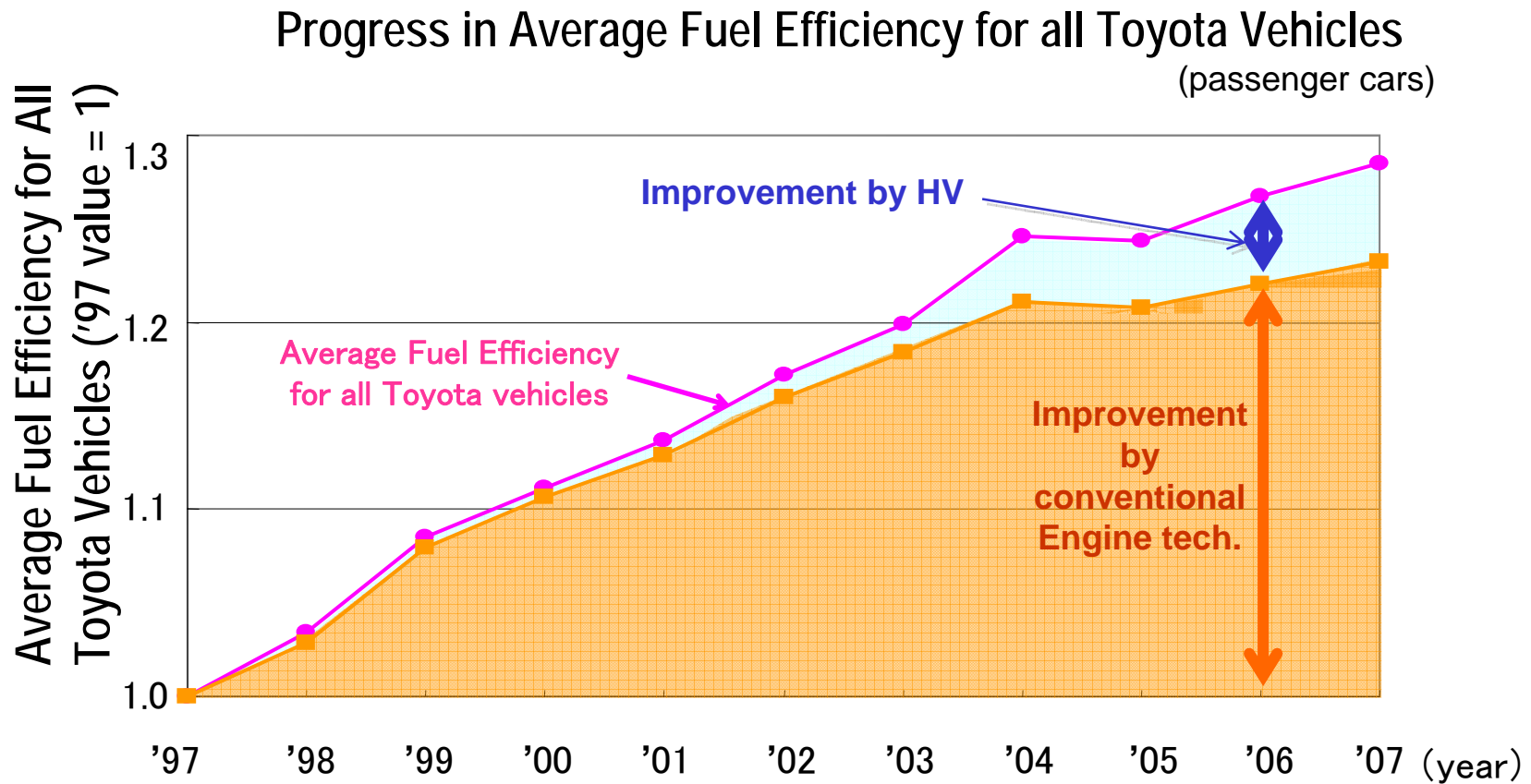
Outline of Automobile Market Stimulus Policies in each Country

	Period	Contents of Policy
France	08/12-09/11	Scrap incentives
Germany	09/1-12	Scrap incentives
Japan	09/4-12/3	Tax reduction on low carbon vehicles
	09/4-10/3	Scrap incentives
US	09/2-12	Sales tax deduction from income tax on new vehicle
	09/7-12	Scrap Incentives



Continue market stimulation and CO2 reduction efforts

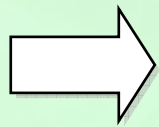
Improvement in Toyota Fuel Efficiency



28% improvement for average fuel efficiency of all Toyota vehicles sold in Japan over the past 10 years

Promotion of Environmental Technology Development

	Japan (Gov. grant)		US (Gov. grant)	
Lithium	Development of high-performance technology electric storage system for new-generation vehicles	¥ 2.5 bln. (× 5yrs)	Electric transportation grants program	\$ 400 mil.
			Advanced battery grants program	\$ 2 bln.
Post-Lithium	Advanced scientific research project for innovative battery	¥ 2.9 bln. (× 7yrs)		



Strengthen and expand cooperation still more among industry, government and academia toward development of next-generation advanced environmental technology



Thank you.

TODAY for TOMORROW

TOYOTA