TOYOTA MOTOR CORPORATION

Annual Report 2010

Purpose, Perspective and Passion

Year ended March 31, 2010

Contents

The future Toyota is aiming for.

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.

Chairman's Message

Top Messages

Remaining True to Customer-First and *Genchi Genbutsu* Principles as We Build the Cars of the Future

In fiscal 2010, Toyota faced very challenging business conditions, such that the Company initially forecast operating losses. Although a few emerging markets showed signs of recovery, the global economic crisis continued to affect markets in Japan, the United States, Europe and other parts of the world. Although Toyota achieved profitability on a consolidated basis, we fell short of a full-scale earnings recovery. I apologize sincerely for any concern this may have caused our shareholders, investors, customers, suppliers, communities and other stakeholders. Under these circumstances, we made many difficult decisions and introduced new operating structures across the Company. In June 2009, we put in place a new management team to facilitate structural reforms and a recovery in performance. Returning to the spirit of manufacturing cars that has been essential to Toyota since its founding, we are preparing to take the next step forward.

Thoroughly Reaffirming Toyota's Founding Principles

Worldwide competition in the automotive industry is growing more intense, as demonstrated by increasing demand for innovative and competitively priced products that meet unique customer needs. In addition, environmental concerns are becoming a higher priority for the international community.

Toyota's 70-year history has been very valuable in helping the Company address the major challenges it faces today. We have experienced recessions, automobile trade liberalization, environmental concerns, oil shocks and other major changes in the operating environment. In each case, we remained faithful to our founding principles of contributing to society. With humility, we learned and evolved. The current difficulties have given us cause to reaffirm these principles. We are confident that by providing safe, high-quality vehicles at affordable prices, the starting point for growth, we can overcome the issues we now face by adhering steadfastly to customer-first, *Genchi Genbutsu* (on-site, hands-on experience) principles and striving for continuous improvement.

Building the Automobile of the Future

The automobile industry is being driven by advances in environmental technology. Toyota will work to improve its technology, while broadening its strategy of sustainable mobility to include new technologies and products, partnerships, the urban environment and energy. By strengthening the bonds between the customers, dealers and suppliers who represent our driving force, we will redouble our efforts to create a new future for the automobile.

I ask for the continued support and understanding of all of our stakeholders.

July 2010

Fujio Cho, Chairman

President's Message

Top Messages

photo by Kimimasa Mayama

The Road to Making Better Cars

A Fresh Start for Toyota—Contributing to Society through the Production of Safe and Reliable Vehicles

I would like to express my heartfelt thanks for the warm, ongoing support of our stakeholders worldwide.

Over the past several months, I have been involved in a variety of meetings to explain our ongoing commitment to safety and customer satisfaction. These included public hearings in the United States and explanatory meetings in Japan and other countries with the support of related personnel from across the Company. During this time, I received constructive suggestions for improvement as well as words of encouragement and support from many people. I am very grateful to those who took the time to help us through this difficult time.

Looking back on the past year, I am reminded of when I was appointed as president in June 2009: then it felt like we were setting sail in stormy economic conditions. It was an extremely severe operating environment in which we were unable to relax for even one moment all year long.

From our withdrawal from F1 to the shutdown of production at New United Motor Manufacturing Inc. (NUMMI), our former joint venture with GM, there were many hard choices to make. However, even in such a difficult period for Toyota, I am truly grateful to our dealers and suppliers who remained fully committed to providing as many vehicles as possible to customers, and to our employees as well as our overseas business operations for their efforts in working together to return the Company to its normal state as soon as possible. Above all, I am sincerely grateful to the more than 7 million customers around the world who purchased new Toyota vehicles during the past year.

Thanks to everyone's support, consolidated operating income for the fiscal year ended March 31, 2010, was ¥147.5 billion. I think that quickly moving into the black at a time that will determine car-making for the next 100 years is hugely significant to the formulation of our next growth strategy. I have defined fiscal 2011 as the year when Toyota makes a fresh start, and I intend to steer the Company toward a new growth strategy.

One pillar of this new growth strategy is the next-generation eco-car. In May 2010, we announced a business partnership with Tesla Motors involving the development of an electric vehicle. In the spring of 2010, during a visit to the United States, I had an opportunity to test drive one of Tesla Motors' electric vehicles, an experience that I can only describe as feeling the wind of the future. Not only was I impressed by Tesla's technological capabilities, but I also sensed the energy that will enable them to produce the vehicle efficiently to meet market demands.

In order to capitalize on technological transitions that occur once every hundred years, I think that the can-do spirit, quick decision-making and flexibility of venture businesses are as necessary as the methods of big corporations like Toyota. Toyota was also born as a venture business and that spirit has contributed to its growth over the years. By working with Tesla, I strongly believe we can reawaken the creative spirit in our own employees and accept the challenges of facing a new future.

Since its foundation, Toyota's unchanging mission has been to contribute to society by making safe and reliable vehicles. This will continue to be our priority. In addition, Toyota has been a dynamic company. As the particular needs of our customers evolve, I consider the response to ever-changing times as growth, and I hope that Toyota and I myself will continue to grow.

To this end, it is important that our customers, shareholders, regional communities, dealers, suppliers, employees and all other stakeholders support the idea of Toyota's continuing growth as being a good thing.

The growth I want to pursue is not simply expansion to achieve a greater market share. Instead, I envision a sustainable growth driven by each employee and based on delivering high quality and safety at an affordable price—as demanded by our customers all over the world.

Although the Company finds itself in an environment where conditions are extremely challenging, the hearts of all Toyota associates are united in an effort to make better vehicles. I hope Toyota will receive your continued support.

July 2010

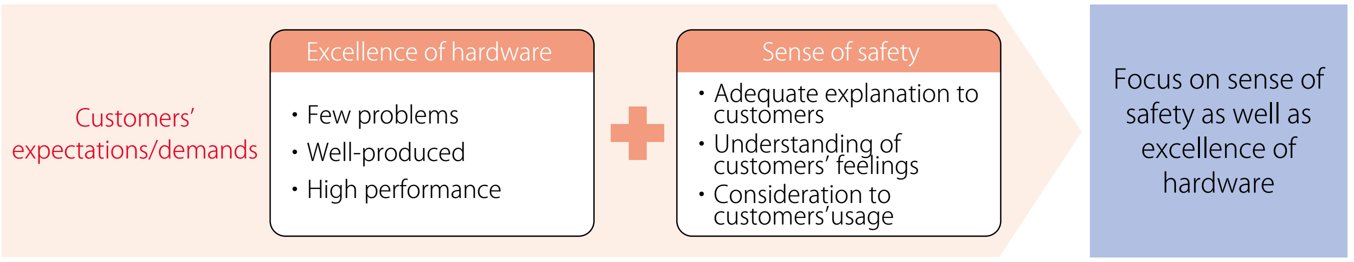
Akio Toyoda, President

Commitment to Quality

General Overview of Quality Issues

Today, as in the past, Toyota is focused on the customer. When problems arise, we thoroughly investigate the cause and make all necessary countermeasures and corrections. The idea of creating better cars through repeated improvement has been the foundation of quality control efforts at Toyota since the Company was founded. We are confident that our quality efforts, embodied by the Toyota Production System, are among the very best in the world.

Toyota has grown by quickly responding to market needs. In order to ensure that Toyota's growth does not come at the expense of safety, we will reemphasize an alignment of our customers' expectations with our quality control processes.



New Quality Assurance Systems to Realize Safety and Security from the Customers' Point of View

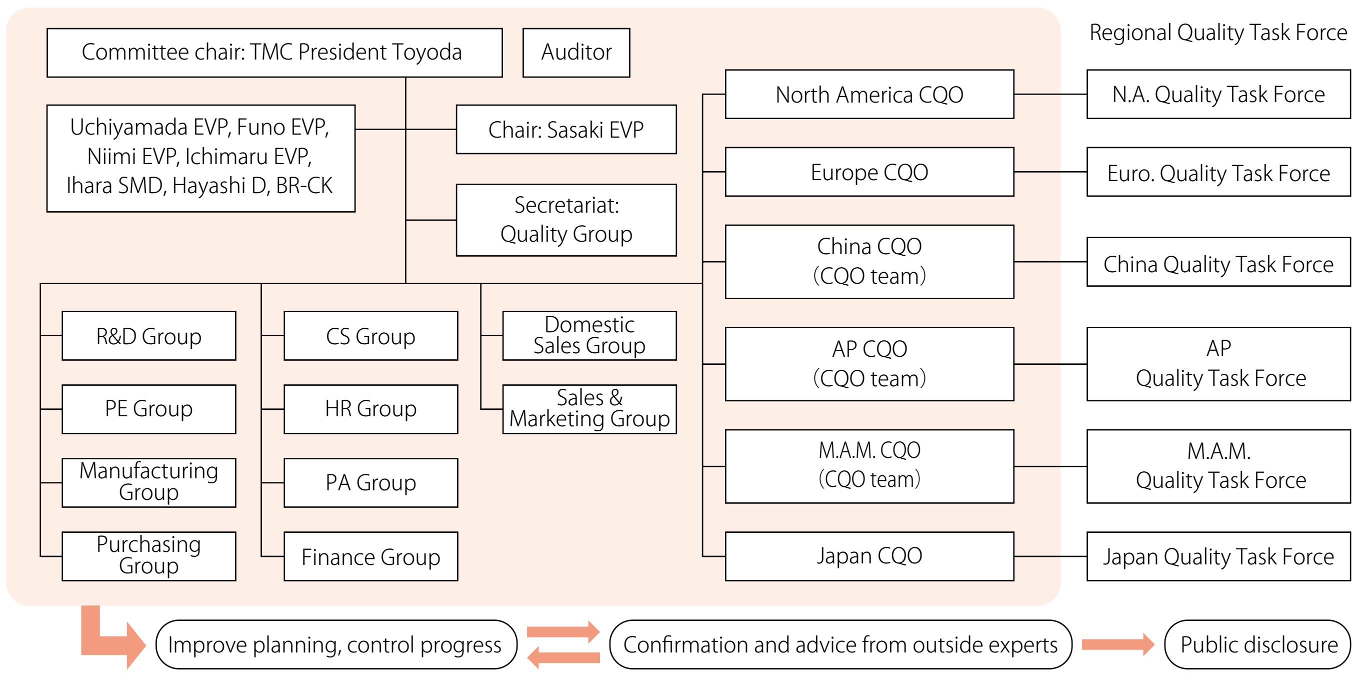
Toyota is redoubling efforts to quickly regain the trust of its customers. Positioning quality from the customer's point of view, we aim to ensure a system that will raise awareness and facilitate rapid response to market information.

In the past, Toyota's quality standards focused more on technical issues. Now, we are incorporating an awareness of the customer's perspective as suppliers and dealers work together to alleviate customer concerns. To this end, we have established the Special Committee for Global Quality to develop and strengthen a more advanced quality assurance system and promote the global and rapid reform of all business processes from the customer's point of view. As a result, amid the procurement of parts from developing countries and other advances of globalization in the automobile industry, we aspire to enhance our quality and service.

Establishment of the Special Committee for Global Quality

In March 2010, the Special Committee for Global Quality, chaired by TMC President Akio Toyoda, was established. This Global Quality Committee launched initiatives to address the deterioration of communications capabilities between the head office and other regions resulting from rapid globalization. One of the goals of the Global Quality Committee is to eliminate the haphazard sharing of quality information. The Global Quality Committee aims to strengthen quality assurance systems through meticulous quality control in each region where Toyota operates. To this end, chief quality officers (CQOs), representatives, and related personnel in each region gather to discuss quality issues with third-party experts and propose improvement plans. In the past, Senior Managing Director–level Quality Function Meetings were held five times a year to review quality assurance systems and mechanisms. From this point forward, we will conduct these meetings three times a year, with the Special Committee for Global Quality meeting semiannually. The first meeting of the Special Committee for Global Quality, held on March 30, 2010, focused on 1) recalls and other safety decisions; 2) improvement of information gathering; 3) timely and accurate disclosure; 4) overall product safety; and 5) quality assurance and human resource development. By focusing on these priority objectives, we will reinforce improvement efforts in tandem with overseas operations and dealerships.

■ Special Committee for Global Quality



Commitment to Quality

Specific Measures to Improve Safety and Quality

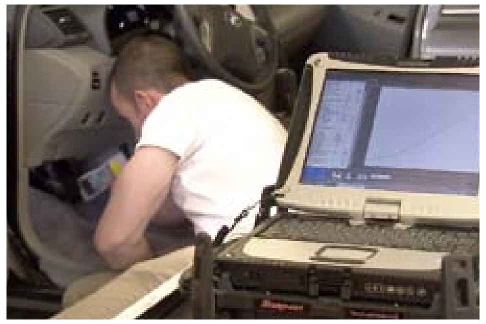
(1) Strengthened Monitoring Function: The Early Detection and Resolution of Problems

We are improving the safety decision-making process and speed of implementation by strengthening the process for gathering quality information from our customers in each region and rapidly and accurately analyzing the information. Furthermore, we will take the following measures to prevent safety issues before they occur.

1) Strengthening the Information Gathering Function

The inspection of Customer Vehicles: In the United States, Swift Market Analysis Response Teams (SMARTs) are committed to responding to customers within 24 hours of contact by the customer. A SMART dispatches trained technical field staff to inspect customer vehicles. In addition to evaluating customer vehicles, the SMART gathers data and parts as needed to ensure a thorough understanding of customer concerns in the field.

In May 2010, the Design Quality Innovation Division was established within the technical divisions to reflect customer feedback in vehicle design, improve the quality of design drawings and develop human resources. Also, we are implementing thorough preventative measures that include gathering Japanese and overseas market information by SMART members as well as the inclusion of appropriate countermeasures in the development of each design.

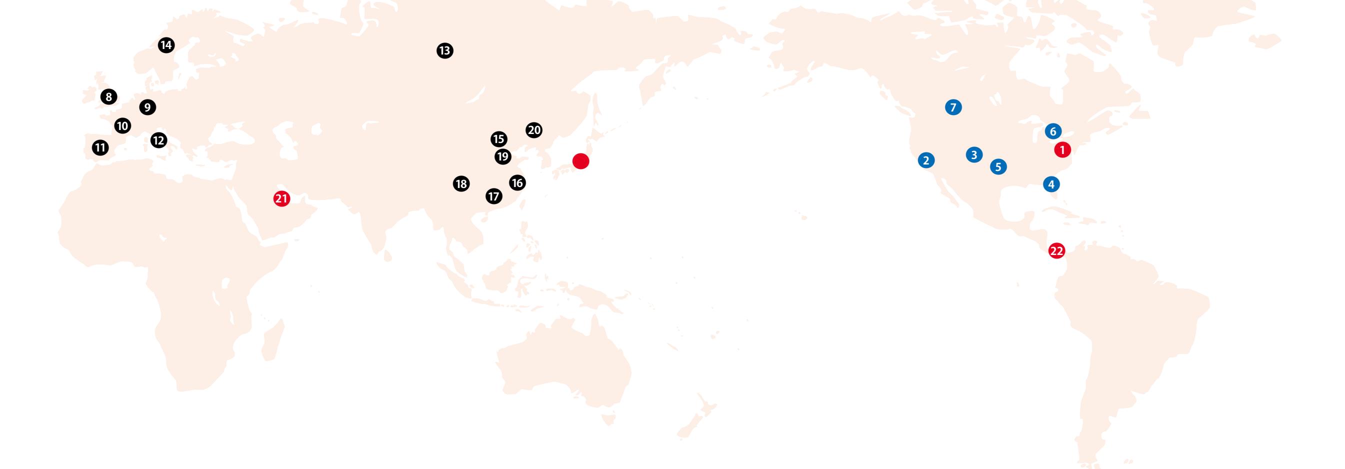

A SMART vehicle inspection

2) Increasing the Number of Technical Offices

Consisting of several experts in the service, R&D and quality control areas, technical offices have been established in each region to enhance the gathering and communication of technical information that is used to determine the necessity of recalls and to improve overall quality. We are increasing the number of technical offices in North America from one to seven; we are also establishing new technical offices in other regions, including seven in Europe and six in China.

Current and Future Technical Offices

●…Existing sites
●…Scheduled sites
●…Proposed sites



<North America>We have plans to establish technical offices in five locations across the United States, including in New York, which has been in operation since September 2009. We also have plans to establish two technical offices in Canada.
Locations: ❶New York, ❷San Francisco, ❸Denver, ❹Florida, ❺Texas, ❻Toronto, ❼Calgary
<Europe>New technical offices are scheduled to be established in ❽England, ❾Germany, ❿France, ⓫Spain, ⓬Italy, ⓭Russia and ⓮Northern Europe.
<China>New technical offices are scheduled to be established in ⓯Beijing, ⓰Shanghai, ⓱Guangzhou, ⓲Chengdu, ⓳Tianjin and ⓴Changchun.
In addition, we will strengthen the function of the existing ㉑Bahrain and ㉒Panama representative offices. We also plan to respond with direct visits to distributors in each country.
<Japan>There are a total of 12 technical offices conducting operations across Japan.

3) Using EDRs and Remote Communications Functions to Assist Root Cause Analysis

Onboard event data recorders* (EDRs) record driver operation and vehicle performance data before and after an impact and are used in investigating the cause of an accident. Many vehicle models in Japan and the United States already have onboard EDRs, and by the end of 2010, EDRs will be included in all Toyota vehicles distributed in the United States. We are also working to improve the data readout function. Furthermore, the use of existing remote communications functions such as G-BOOK will help create a mechanism for information collection that is linked to quality improvements and useful for root cause analysis.

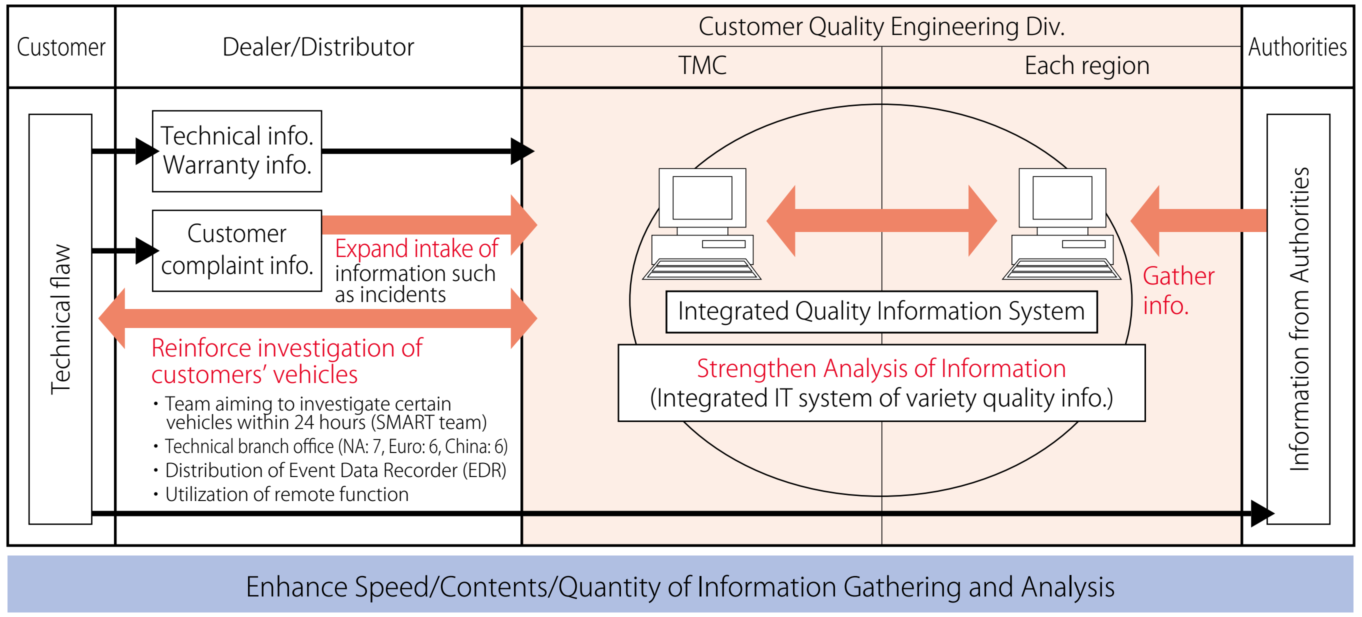
* Event data recorder (EDR): A device that records acceleration, braking and other vehicle performance conditions for analysis when an impact occurs.

4) Strengthening Information Analysis and Improving the Safety Decision-Making Process

We have created an Integrated Quality Information System for the uniform management of customer complaint information from dealers and distributors, as well as warranty repair and technical information from a variety of sources, to strengthen our analysis capabilities. This effort targets the early detection and resolution of problem areas. In the safety decision-making process, customer representatives from each region participate in recall review meetings to improve the mechanism for accurately reflecting customer feedback and regional concerns.

Commitment to Quality

■ Early Detection and Early Resolution based on Reinforced Information Gathering and *Genchi Genbutsu*



(2) Strengthening Information Disclosure: Regaining Trust through Comprehensive Communication

In addition to strengthening our processes for the gathering of field performance data, we are also enhancing the effectiveness of other quality improvement activities. Toyota will release the results of third-party expert reviews and assessments of the improvement measures adopted by the Special Committee for Global Quality. Also, Toyota is working closely with its dealers to promote safer driving by providing customers with comprehensive information regarding safety technology, safe driving methods, and other awareness tools that contribute to the safe use of vehicles.

(3) Human Resource Development

In July 2010, we established five Customer First Training Centers to maintain quality and further develop our human resources. These Customer First Training Centers are in Japan, North America, Europe, Southeast Asia and China. The HR training programs specialize in the cultivation of quality control experts and location-specific concerns and employ people who have been trained for specific regional programs. The programs include Basic Training—which focuses on the essence of the customer-first philosophy, the importance of quality and quality the Toyota way—and Expert Training, which cultivates expertise based on quality case studies. The first training center was set up in Japan in May 2009 and is already developing additional programs to be conducted at new centers as they are established.

Main Activities Conducted at the Head Office Quality Inspection Building

This facility conducts assessments, investigations and meetings on vehicles, parts and materials collected from the market based on customer suggestions.

Primary analysis

Using a process of assumption to confirm how parts are used and operated in the field.

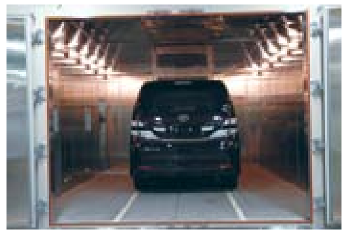
Example of analysis
Taking a part returned from the market and installing it in a vehicle to re-create use and analyze the cause of the problem.

Parts investigation
Checking of parts; Checking against schematic

Three-dimensional measurement
Using a three-dimensional measuring instrument to produce pinpoint coordinates for checking against an original schematic.

Detailed analysis

Confirmation by simulating field problem condition. Analysis in environment chamber.

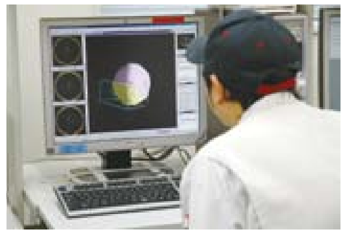


Environment testing chamber
Chamber capable of producing various temperature conditions (from minus 40℃ to 120℃).

Hi-function shower
Testing for water leaks with showers from various angles and also tilting the vehicle.

4-wheel chassis dynamo-meter
Running a vehicle on quiet rollers to analyze cabin sound levels and isolate noise sources.

Analysis without dissection



CT scanner
Using a CT scanner to produce a 3D image of the internal structure of parts and materials for analysis.

Scanning Electron Microscope (SEM)
The state of the object surface is observed clearly with high magnification.

Human resources development

Introduction to how Toyota trains quality-assurance employees to confirm defects with real parts and passes on analytical know-how.

Note: Quality Inspection Building established in 2004

Special Feature

Reforging Bonds of Trust

Leading the Automobile Industry in a New Age
Toyota Business Revolution

As emerging markets such as China and India gain traction in the global economy, shifting the focus of growth and other strategies from developed countries to developing countries is an urgent issue. Aware of these changes, Toyota has already begun to advance a global strategy, which takes the concepts of Customer First and *Genchi Genbutsu* to the next level.

This special feature focuses on Toyota business innovation through examples of business development in the two largest developing nations.

The Transformation to an Evolutionary Business Model

Maximizing Customer Satisfaction by Strengthening Bonds and Building a Long-Term Trusting Relationship

The era of mass production and mass consumption, along with the 20th century, is behind us. Auto manufacturers must evolve and adapt to the demands of the 21st century. Traditionally, the automotive business has flowed downstream in one direction, from manufacturers (production), to dealers (sales), to customers (purchase). At Toyota, we believe it is important to forge bonds that strengthen the link between these three parties and build a long-term trusting relationship. These bonds partner the " hard power" of the basic vehicle functions of "go, turn and stop" with the "soft power" of the function "get connected." In China, we are building innovative relationships with customers through the forging of these bonds. In India, we are having success developing vehicles based on the needs of regional customers, rather than superimposing our global models on local markets. Providing the ultimate user experience through new relationships and realizing high-quality services that maximize customer satisfaction are linchpins of our business model for this new era, which seeks to redefine Customer First and *Genchi Genbutsu* for the next generation of automobile users.

Accelerating the Creation and Growth of the Toyota Brand through Total Experience

At Toyota, we believe consideration of the user's total experience is an important factor in providing a service that maximizes customer satisfaction. This total experience involves strengthening bonds and building new relationships with customers by providing attractive sales services at three stages. The first stage seeks to convey the appeal of a space containing a Toyota vehicle and instill the desire to experience the inside of a Toyota dealership when viewed from the outside. The second stage focuses on the customer's experience inside the dealership, while the third stage concentrates on the customer support experience provided by the aftercare service. By providing customers with this multi-staged total experience, we can reproduce the essence of the Toyota brand and, in the process, develop innovative services that we believe will accelerate our growth.

Further Refinement of Our Customer First Principle

Improving Dealer Operations with e-TOYOTA

The "e" in our e-TOYOTA business comes from the word "evolutionary." Accordingly, this business represents the cutting edge in terms of Toyota's evolution, a business started in Japan that will lead the automobile industry into a new era, the scope of which has already been expanded overseas to Asia, China and North America. GAC Toyota Motor Co., Ltd. (GTMC), located in the city of Guangzhou in Guangdong, China, is engaged in flagship e-TOYOTA business projects.

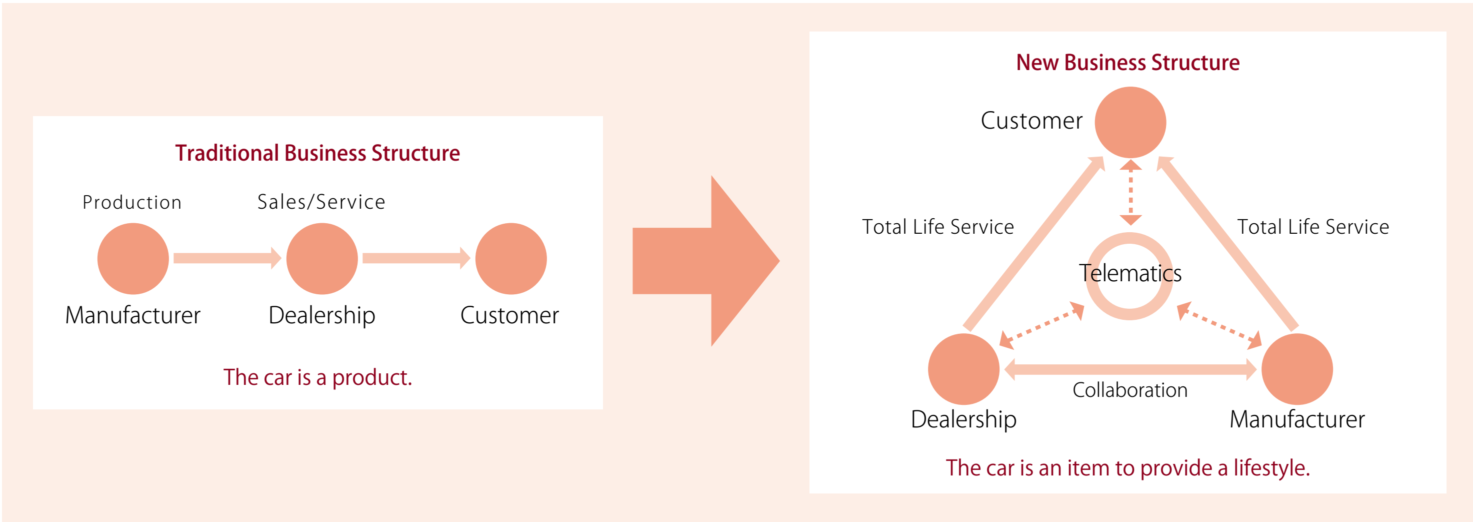
The basic strategy underlying our e-TOYOTA business, the spearhead of our next-generation business model, is to provide services that maximize customer satisfaction when searching for, purchasing and owning a vehicle, with all stages supported by an information network system. Rather than just planning IT solutions and tools, we apply them across the entire business domain, including production, distribution, sales and aftercare, aiming to establish an optimal link to the materialization of supply chain management.

Taking *Genchi Genbutsu* to the Next Level

From Design to Production, 100% Local Procurement: The Development of Vehicles Based on Regional Specifications

From now on, the starting point for vehicle production will be the idea that the road makes the vehicle. Consumer needs differ by road maintenance conditions and fuel prices. To achieve growth in fast-growing, ever-changing developing nations, it is particularly important to make vehicles that take into consideration regional characteristics including consumer needs and road maintenance conditions. To this end, rather than the superimposition of a global model, the commercialization of the Etios, a compact car for the Indian market, represents a breakthrough in terms of construction methods that incorporated locally procured materials and local production technologies from the design stage. Aiming to create high-quality vehicles at affordable prices, we promoted localization, from the meticulous procurement of parts through the entire manufacturing process, as well as perfecting the optimal design for local conditions. We will use this experience and expertise to develop other emerging markets in countries around the world.

■ Transformation of Business Structure



State-of-the-Art Developments for the Immense China Market

Toward the Realization of Innovative Customer Relationships

In 2004, GAC Toyota Motor Co., Ltd. (GTMC), was created as a factory that was the culmination of innovative technology and the latest equipment for that time. The factory was innovative in terms of equipment as well as the various elements that comprised its overall business approach, such as *Just-In-Time*, *Jidoka*, standardization, process management and other Toyota fundamentals. *Kaizen* (improvements) were implemented across the entire business domain by visualizing all vehicle-related operations in the areas of manufacturing, distribution, sales and aftercare service, affecting GTMC as well as dealerships.

These activities have been put into practice as a result of the business revolution that united Toyota's cutting-edge IT technology, knowledge gained through dealer operation improvements and cumulative human resource experience.

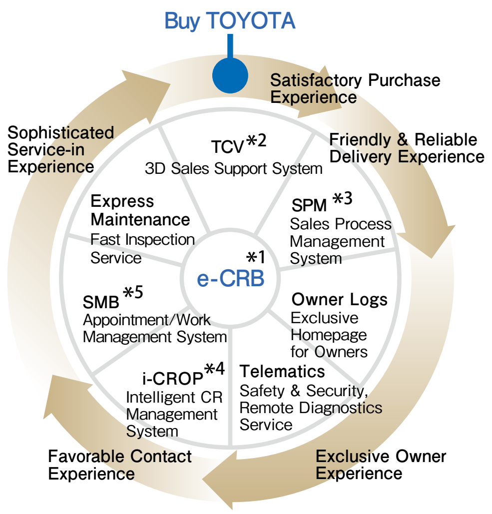
Standardizing Service Quality

Using e-CRB to Strengthen our Connection with Customers

e-CRB (evolutionary customer relationship building) is a suite of IT systems centered on a cutting-edge customer management system that has significantly contributed to the standardization of service in the massive Chinese market.

In 2009, the GTMC flagship dealer sold 4,300 new vehicles with the assistance of e-CRB in negotiations and the strengthening of customer relations. Supporting the ongoing approach of potential customers as well as regular contact with existing customers, the e-CRB assists with orders by standardizing and partitioning the various processes involved in sales and service activities and provides integrated management through IT. e-Dealers use e-CRB to share customer information with GTMC, which has been introduced at all GTMC dealer facilities.

■ CS Cycle of e-CRB



Customer experience after purchase is categorized into five experiences: "Purchase Experience" "Delivery Experience," "Owner Experience," "Contact Experience," and "Service-in Experience." In each experience, e-CRB provides customers with exclusive and sophisticated experience.

*1 **e-CRB** (evolutionary Customer Relationship Building)
*2 **TCV** (Toyota Car Viewer)
*3 **SPM** (Sales Process Management)
*4 **i-CROP** (Intelligent Customer Relationship Optimization Program)
*5 **SMB** (Service Management Board)
*6 **SLIM** (Sales Logistics Integrated Management)
*7 **TOSS** (Total Order Support System)

A Favorable Contact Experience with i-CROP*4

i-CROP, the core of the e-CRB system, provides integrated customer relationship management and automatically creates customer approach plans for dealers involving periodic inspections and services, enabling timely follow-ups in conjunction with call centers, the Toyota Car Viewer (TCV) 3D negotiation support system and the Service Management Board (SMB) appointment and work management system. i-CROP uses customer information to coordinate after-sales customer support, aftercare service and vehicle replacement support, and provide a sophisticated dealer experience with a service that thoroughly meets the needs of each customer.

Telematics Service for the Realization of Excellence in Customer Service

As part of our efforts to provide a satisfying ownership experience in China, we developed the interactive information service G-BOOK, which makes use of an on-board telematics terminal. This system, which connects to e-CRB via a wireless network, is able to determine specific customer vehicle information, such as the timing of necessary maintenance. The service regularly gathers information regarding the status of vehicle operation and is able to determine vehicle speed and location, which enables it to understand what kind of region the purchased vehicle is being used in. G-BOOK is installed in high-end Camry and Crown vehicles, and almost all Lexus vehicles (excluding certain low-end models), and has been increasingly well received as a premium service. From 2010, we are expanding the application of G-BOOK to include low-end Camry vehicles to increase the penetration ratio.

Extending the *Kanban* System to the Customer with the SLIM*6 Management Board

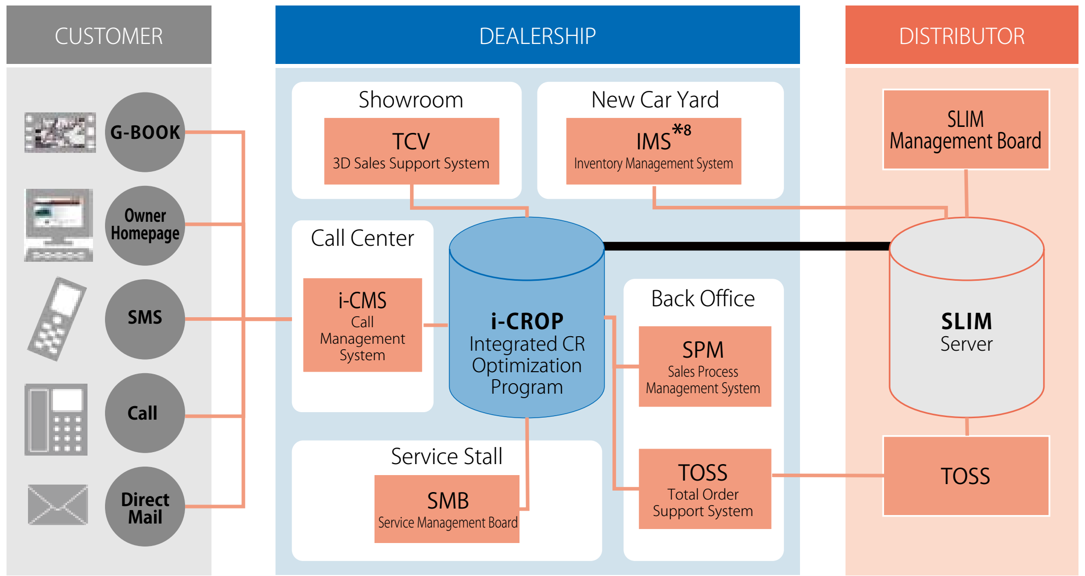
The most advanced and specialized component of the IT system used by GTMC is the Sales Logistics Integrated Management (SLIM) system, a giant, multi-display management board that displays the real-time status of production, inventory, distribution and sales at a single glance. This system extends Toyota's *Kanban* system by alerting users to excess or insufficient inventory conditions, changing production and distribution schedules, and allocating inventory to dealers as necessary. During the global financial crisis of autumn 2008, the SLIM management board showed high inventory levels, but emergency measures were executed with the aid of real-time information that enabled factory production to proceed without interruption.

SLIM Management Board

Responding to Chinese Customers' Demand for Shorter Delivery Times with TOSS*7

The Total Order Support System (TOSS) makes further use of SLIM functionality to optimize the receipt and placement of orders at dealerships. TOSS regulates long-term inventory based on a cautionary notice regarding the difference between the number of ideal orders based on dealer sales performance and other factors, and the actual number of orders. In China, customers select the vehicles they want from available dealer inventories, which they then purchase and drive home as-is. Lost sales opportunities are a direct result of running out of top-selling vehicle inventory. TOSS facilitates high dealer inventory rotation while responding to Chinese customers' demands for shorter delivery times.

■ Overall System Outline of e-TOYOTA Business



*8 **IMS** (Inventory Management System)


i-CROP


i-SMS


SMB

Efforts toward the Establishment of Quality Service

Changing Awareness through Human Resource Training

In addition to the SLIM and e-CRB IT systems, GTMC's true leadership lies in its efforts to transform the way working people think. These efforts focus on two areas, the first of which is the standardization of business operations. The process management and standardization that have been thoroughly implemented in our factory operations were also introduced in our on-site sales and aftercare services. e-CRB supports and displays the optimal movement of each employee.

The other area of leadership involves human resource training. The smooth operation of excellent IT systems and customer visits to dealers, car sales and aftercare support are all activities conducted by people. Regardless of how superior the SLIM and e-CRB systems may be, if users neglect to register data into these systems, they will not work effectively. For this reason, the improvement of personnel skills is an important issue with regard to the operation of this mechanism. GTMC focuses efforts on human resource training for the stable operation of e-CRB, with particular emphasis on strengthening the structure for educating dealers with daily training and guidance efforts.

In China, employees are extremely enthusiastic in their efforts to acquire advanced technologies and expertise. As a company created from the ground up and employing many young people with no previous training, GTMC has benefited from these improvements and is learning new operational skills.

The e-CRB System Improves Customer Service and Employee Satisfaction

e-Dealer
Guangzhou Denker Lexus

Ivan Yu, President

We introduced the e-CRB system in August 2005. As a result, the daily recording of sales, CR and service staff activities has become a significant asset to our organization. Of course, this is also directly linked to our staff's effectiveness and sense of achievement. In this way, we believe the e-CRB system contributes both to customer satisfaction (CS) and employee satisfaction (ES).

Guangzhou Denker Lexus and e-CRB

Guangzhou Denker Lexus is a Lexus dealership in Guangzhou, China, that opened in February 2005. In August of the same year, we launched the e-CRB system with the goal of improving customer satisfaction. Using i-CROP, we were able to consolidate the management of all service appointment information in one place as opposed to the former method, which was spread out across individual employee memos and computers. Furthermore, we are also able to share information regarding service appointments and work in progress via the SMB system. We established a specialized customer support division that uses e-CRB to develop regular customer follow-up activities. As a result, we are able to approach customers in a timely manner and have improved the retention ratio from 50% to 90%. Also, the introduction of System Trolleys in an attempt to improve operating efficiency during maintenance resulted in the reduction of time required for maintenance activities from one hour to 26 minutes. We have expanded the scope of the effective use of IT in sales activities such as potential customer follow-ups in an effort to continue providing customers with a high level of service every time we are in contact with them.


System Trolley

Developing Products from the Customer's Perspective in India's High-Growth Market

Development of New Compact Car Etios

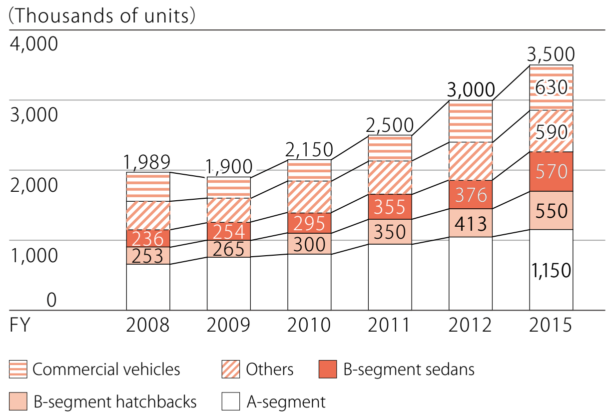
In recent years, the compact car market has been expanding rapidly, primarily in developing nations. This trend is also true in India, as customer demands for affordably priced, convenient vehicles are increasing by the day. Amid the rapid economic development of the past several years, India's middle class has grown significantly, from 8% of households earning between 200 thousand and 1 million rupees in fiscal 2005 to 13% of households earning the same amount in fiscal 2009. One consequence of this trend was the sale of 2.27 million new vehicles in India in 2009, a 14% increase compared with the previous year. To achieve growth in the fast-growing Indian market, Toyota engineers personally conducted market research to review function and performance from a local perspective. The new compact car Etios is the result of these efforts.

Toyota's Position in the Indian Market

In the Indian market in the second half of 2008, automotive manufacturers launched new models in the B-segment (subcompact), increasing the percentage of this segment in the passenger vehicle market. As a class of vehicles positioned to attract new customers, B-segment or smaller vehicles are expected to continue to play an important role in the market.

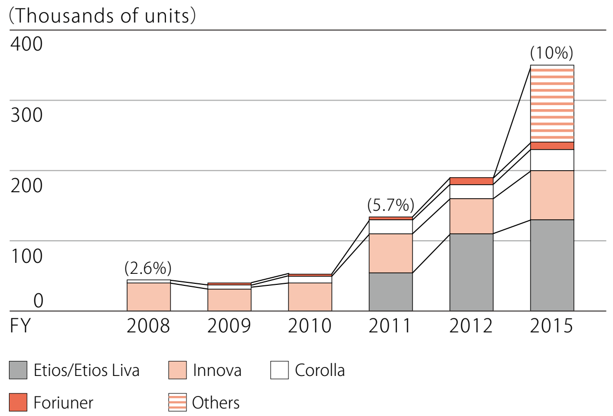
Toyota has established an image as a top-name brand in India because of our achievement of advanced levels of quality, durability and reliability (QDR) with models such as the Corolla, Camry, Innova, Fortuner and Land Cruiser. However, until now, Toyota did not offer entry-level vehicles for Indian customers. This was what led to Toyota's development of a compact vehicle that sought to provide high QDR standards at an affordable price.

■ Forecast of Vehicle Market in India



(Data compiled by TMC)

■ Sales Forecast of Toyota Vehicles



Note: Figures in parentheses indicate market share. (Data compiled by TMC)

Meticulous Adherence to Customer Perspective and *Genchi Genbutsu*

Toyota began introducing compact strategic vehicles into the Indian market in 2006, which were developed specifically for India rather than adapting existing global models for the Indian market. Based on the concept of providing an affordably priced vehicle that meets the demands of the Indian market, Toyota made painstaking efforts to understand local needs from the customers' perspective and provide optimal products at an appropriate price in an attempt to increase demand.

While thoroughly pursuing Toyota's high QDR global standards regarding the strength and reliability of the basic performance aspects of "go, turn and stop," we traveled around India, listening carefully to customer concerns with respect to sound and ride comfort, ease of operation and other performance-related areas, as well as the practicality of vehicle functions and equipment, in an effort to fully understand customer needs.

At the same time, at the development stage, we made an effort to put our *Genchi Genbutsu* (on-site, hands-on experience) principles into practice by placing a priority on examining materials that can be procured locally and adopting structures and construction methods that are compatible with local production technology. The application of *Genchi Genbutsu* is not limited to India; this is how Toyota establishes solid positions in countries throughout the world. Etios is a newly developed compact vehicle in line with Toyota's global strategy. The knowledge gained through the application of *Genchi Genbutsu* in India will be utilized by Toyota in other projects around the world.

Etios (Hatchback)

Etios Development

High QDR Features at an Affordable Price

High QDR features at an affordable price are indispensable in India. Toyota began developing its first B-segment car for the Indian market by placing the highest priority on developing an affordably priced vehicle that is within reach of middle-class (family users) while providing value that is a step above the average and focusing on three selling points: "Highest Quality in its Class" with the inheritance of Toyota QDR, "Comfortable and Enjoyable Space for All" with superior seating comfort and storage and "Refined Style" that is unique to the market.

Global Safety Standards

Toyota conducted thorough safety research with regard to the Indian Etios. Customers in India often use vehicles to transport family members to and from different locations and on trips. Therefore, a sense of security when transporting precious family members is an essential requirement. Toyota pursued safety performance from both active and passive perspectives, focusing on safety requirements that surpass those of the competition.

Local Climate Countermeasures

In addition, when creating measures to counter the rusting and flooding that are possible in India's diverse climate, we began by determining the areas on the body where rusting most easily occurs. To this end, body engineers traveled all over India, from coastal to inland regions, to verify areas prone to rusting and the severity of its occurrence. Based on this information, we are one of the few companies to adopt a rust-resistant sheet for sensitive areas. In consideration of the road flooding that frequently occurs during the rainy season in India, parts easily damaged by water, such as electrical components, sensors and shock absorbers, were designed to alleviate moisture-related problems and ensure high reliability.

By selecting functions and equipment deemed necessary from the customers' perspective, the Etios truly embodies the idea of a high-quality vehicle at an affordable price based on Toyota's high standards of quality, durability and reliability.

Recognizing the Need to Achieve High QDR at an Affordable Price

Toyota Passenger Vehicle Development Center 2
Chief Engineer

Yoshinori Noritake

"In 2006, I visited India to determine the price range that was affordable to customers there and find out exactly what customers were looking for in terms of performance, functions and equipment. During my visit, I encountered severe weather, narrow roads, chronic traffic congestion and rough road surfaces, and observed that parking spaces were extremely limited. Experiencing this environment first hand, I understood the importance of B-segment cars to this market and was able to gain first-hand knowledge of the basic performance most suited to this environment.

After our visit, we interviewed and surveyed a total of 700 customers in the summer of 2006 to clearly identify and further understand what is important to customers when purchasing a B-segment car. We found that cost, fuel efficiency, space and style are all major concerns. We also discovered that Indians expect vehicles to break down and that they are prepared to fix them if they do.

By creating a vehicle that thoroughly incorporated these findings and provided performance and equipment at a price consistent with the customers' perspective, we felt confident that demand from Indian customers would be high. We also recognized that, by incorporating Toyota's strong QDR qualities to introduce a "failure-proof car" into the market, we would also be able to reduce running costs and pleasantly surprise customers who have come to expect breakdowns as a fact of life. It was in this spirit that the Etios was created as an affordably priced vehicle that is a class above the competition.

The name Etios is based on the Greek word "ethos," which means spirit, character and ideals. When we conducted local preference surveys to determine which name resonated most strongly with the people of India, Etios stood out as the overwhelming choice.

The Etios was developed and designed from the perspective of customers in India and is produced in India. By injecting Toyota QDR into every detail of the vehicle, we were able to create a high-quality vehicle at an affordable price offering the essential functions, performance and equipment demanded by customers in India."

Etios (Sedan)

Consolidated Performance Highlights

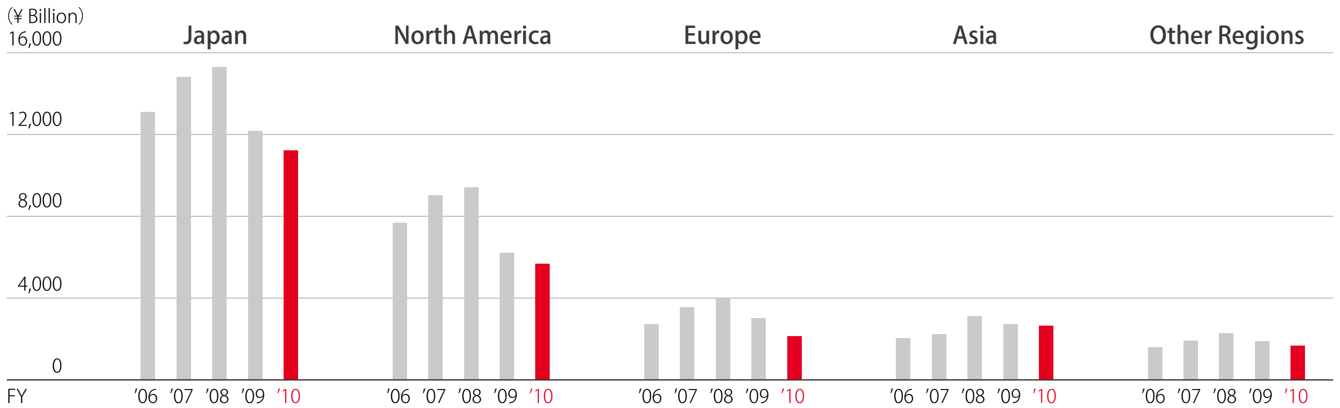
Consolidated Performance (U.S. GAAP)

	Yen in millions			U.S. dollars* in millions	% change
	2008	2009	2010	2010	2010 vs. 2009
For the Year:					
Net Revenues	¥26,289,240	¥20,529,570	¥18,950,973	$203,687	-7.7
Operating Income (Loss)	2,270,375	(461,011)	147,516	1,586	—
Net Income (Loss)	1,717,879	(436,937)	209,456	2,251	—
ROE	14.5%	-4.0%	2.1%	—	—
At Year-End:					
Total Assets	¥32,458,320	¥29,062,037	¥30,349,287	$326,196	+4.4
Shareholders' Equity	11,869,527	10,061,207	10,359,723	111,347	+3.0

	Yen			U.S. dollars*	% change
	2008	2009	2010	2010	2010 vs. 2009
Per Share Data:					
Net Income (Loss) (Basic)	¥540.65	¥ (139.13)	¥ 66.79	$0.72	—
Annual Cash Dividends	140.00	100.00	45.00	0.48	-55.0
Shareholders' Equity	3,768.97	3,208.41	3,303.49	35.51	+3.0
Stock Information (March 31):					
Stock Price	¥4,970	¥3,120	¥3,745	$40.25	+20.0
Market Capitalization (Yen in millions, U.S. dollars in millions)	¥17,136,548	¥10,757,752	¥12,912,751	$138,787	+20.0

* U.S. dollar amounts have been translated at the rate of ¥93.04=US$1, the approximate current exchange rate at March 31, 2010.

Net Revenues by Regions

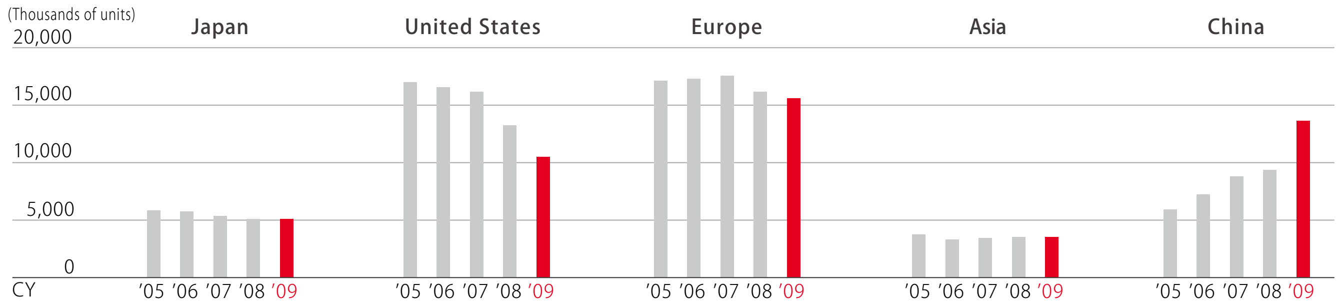


Note: Fiscal years ended March 31

Consolidated Vehicle Production and Sales

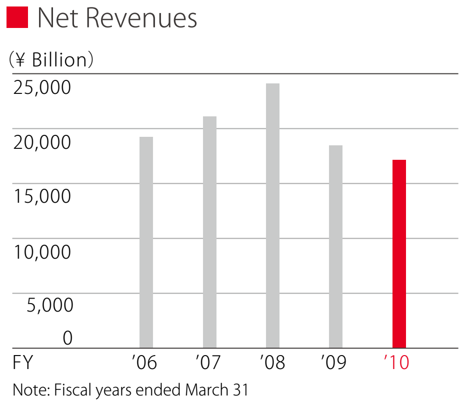
	Thousands of units			% change
	2008	2009	2010	2010 vs. 2009
Vehicle Production by Region:				
Japan	5,160	4,255	3,956	-7.0
Overseas Total	3,387	2,796	2,853	+2.0
North America	1,268	919	1,042	+13.4
Europe	711	482	433	-10.2
Asia	961	947	1,021	+7.8
Central and South America	150	151	146	-3.2
Oceania	149	130	106	-18.7
Africa	148	167	105	-37.3
Consolidated Total	8,547	7,051	6,809	-3.4
Vehicle Sales by Region:				
Japan	2,188	1,945	2,163	+11.2
Overseas Total	6,725	5,622	5,074	-9.7
North America	2,958	2,212	2,098	-5.2
Europe	1,284	1,062	858	-19.2
Asia	956	905	979	+8.3
Central and South America	320	279	231	-17.2
Oceania	289	261	251	-3.9
Africa	314	289	184	-36.2
Middle East	597	606	466	-23.1
Other	7	8	7	-19.3
Consolidated Total	8,913	7,567	7,237	-4.4

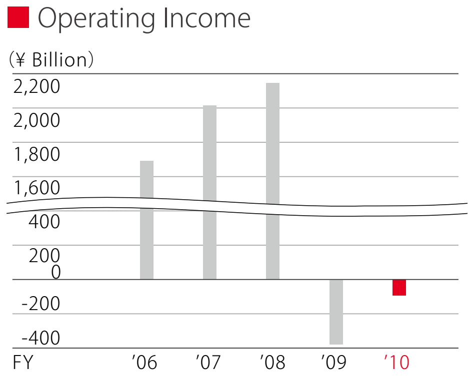
Principal Market Data: Automotive Market (Sales)



Source: Toyota Motor Corporation
Note: Market definitions Europe: Germany, France, the United Kingdom, Italy, Spain, the Netherlands, Belgium, Portugal, Denmark, Greece, Ireland, Sweden, Austria, Finland, Switzerland, Norway, Poland, Hungary, and the Czech Republic
Asia: Indonesia, Thailand, the Philippines, Malaysia, Singapore, Vietnam, Taiwan, South Korea and Brunei Darussalam
Japan: minivehicles included

Automotive Operations
(Market Environment and Overview)





Toyota continued its efforts to manufacture vehicles that meet the needs of countries and regions and strengthen its initiatives regarding environmentally friendly models. While the severe operating environment reduced revenue in each region in fiscal 2010, thorough efforts to improve earnings resulted in improved operating income in all regions.

Market Environment and Performance Summary

During the year, Automotive Operations in China, India and other emerging markets continued to expand, and stimulus measures supported demand in developed countries. Nevertheless, overall market conditions remained difficult, owing to a demand shift toward compact, more affordably priced vehicles.

Amid these conditions, Toyota's consolidated vehicle sales declined 330 thousand units, or 4.4%, to 7.24 million units. Consolidated vehicle production also decreased 242 thousand units, or 3.4%, to 6.81 million units. In addition to lower vehicle production and sales, performance was also impacted by currency exchange fluctuations, resulting in a 7.4% decrease in net revenues to ¥17.2 trillion. In terms of operating income, cost-reduction efforts and decreased fixed costs resulted in an operating loss of ¥86.3 billion, a ¥308.5 billion improvement over the ¥394.8 billion operating loss in the previous fiscal year.

Performance by geographic segments was as follows.

Japan

Fiscal 2010 consolidated domestic sales increased 11.2%, or 218 thousand units, to 2.16 million units as a result of the aggressive introduction of new products and the sales efforts of domestic dealers. Toyota and Lexus market shares excluding minivehicles were 48.2% and 44.3% including minivehicles, both of which represent the highest market share yet achieved by Toyota. Furthermore, Lexus sales totaled approximately 37 thousand units. Consolidated vehicle production declined 7.0%, to 3.96 million units.

Net revenues in Japan declined 7.9%, or ¥966.4 billion, to ¥11.2 trillion, while cost-reduction efforts and lower fixed costs resulted in an operating loss of ¥225.2 billion, a ¥12.3 billion improvement over the ¥237.5 billion operating loss in the previous fiscal year.

North America

Although impacted by the recall, the market recovery trend and improved earnings in the Financial Services Operations led to significant improvements in the North American Automotive Operations. Consolidated vehicle sales declined 5.2%, or 114 thousand units, to 2.10 million units. Our U.S. market share was 17%, with Lexus sales of approximately 25 thousand units. Consolidated production increased 13.4%, to 1.04 million units.

Net revenues in North America decreased 8.9%, or ¥552.4 billion, to ¥5.7 trillion. Operating income was ¥85.4 billion, ¥475.6 billion higher than the previous year, reflecting our efforts to reduce fixed costs and achieve cost reduction, a decrease in allowance for credit and residual value losses in our finance services subsidiaries and in gains on interest rate swaps and certain other instruments stated at fair value.

Europe

Consolidated vehicle sales in Europe during the period under review declined 19.2%, or 204 thousand units, to 858 thousand units.

Toyota's European market share (25 countries) was 5.7%. Lexus sales totaled approximately 26 thousand units.

Consolidated production declined 10.2%, to 433 thousand units.

Net revenues decreased 28.7%, or ¥866.1 billion, to ¥2.1 trillion. In terms of operating income, efforts to reduce fixed costs and achieve cost reduction resulted in an operating loss of ¥33.0 billion, a ¥110.3 billion improvement over the ¥143.3 billion operating loss in the previous fiscal year.

Asia

Led by robust sales in Taiwan and Thailand, consolidated vehicle sales in Asia grew 8.2%, or 74 thousand units, to 979 thousand units. Consolidated production increased 7.8%, to 1.02 million units.

Although net revenues declined 2.4%, or ¥64.0 billion, to ¥2.7 trillion, operating income increased 15.6%, or ¥27.5 billion, to ¥203.6 billion as a result of increases in production and sales. Furthermore, unit sales* in China, where growth is expected to continue, grew 21.2%, to 716 thousand units in 2009.

* Unit sales figures for China include domestically produced units as well as units imported from Japan.

Central and South America, Oceania, Africa, the Middle East, etc.

Toyota's consolidated vehicle sales in all these regions were sluggish in fiscal 2010, declining 21.1%, or 304 thousand units, to 1.14 million units in total. Consolidated production in Central and South America, Oceania and Africa decreased 20.3%, or 91 thousand units, to 357 thousand units.

As a result, net revenues declined 11.1%, or ¥209.1 billion, to ¥1.7 trillion, while net income increased 31.8%, or ¥27.9 billion, to ¥115.5 billion.

Future Growth Strategy in Consideration of Issues during the Past Year

In consideration of the various issues faced during the past year, Toyota's growth strategy for the continued realization of *Genchi Genbutsu* and high quality at affordable prices will center on a thorough customer-first perspective. Specifically, we will review our product lineups to match customer needs in each region and create a production system that responds to changes in market structure while optimally allocating resources in areas where we want to advance.

Accelerating Growth: Support for Developing Nations and Next-Generation Eco-Cars

To accelerate growth, we are placing a priority on business in developing nations and on next-generation eco-cars.

First, with regard to developing nations, we will promote the expansion of product lineups primarily in China and India, as well as the development of a production system. In fast-growing China, a new plant was built in Changchun to further expand production capacity in response to local demand, with operation scheduled to commence in the first half of 2012. To expand Toyota's product lineup, we have begun local production of the Camry hybrid, following the Prius. Furthermore, in the Indian market, the newly developed Etios compact car, designed to thoroughly meet the needs of local drivers, is scheduled to go on sale at the end of this year.

Second, with regard to our priority focus on next-generation eco-cars, we plan on raising the level of hybrid technology and expanding models. As for plug-in hybrid vehicles (PHVs), we have begun aggressive efforts toward a 2012 sales launch. In terms of electric vehicles (EVs), in May we announced a business partnership with Silicon Valley EV venture Tesla Motors with the aim of strengthening our next-generation eco-car development structure.

Restoring Our Profit Base: Production Restructuring Plan

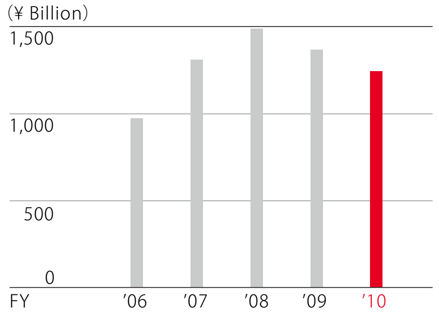
While proactively investing in growth areas, we will strive to realize a muscular profit structure that is relatively impervious to changes in the business environment. While increasing local production in emerging markets such as China and India, in developed countries with mature markets, including Japan, North America and Europe, we will review production models in response to changes in the market structure and create a flexible and efficient production system that is resistant to exchange rate fluctuations to realize an optimal global supply system with clearly positioned strategies in each region.

Region	Strategic Positioning	Production System Reviews
North America	An important base in terms of volume and profitability	Promote self-reliance from development to pre-production to production in an attempt to revamp the production structure, taking into consideration local demand trends and the future of hybrid and compact vehicles.
Europe	A market for further improved technology	Engage in the building of appealing vehicles and consider production structure while monitoring product trends.
Japan	A base for developing models, providing assistance to our overseas operations and for building vehicles for export	Taking external environment into account, broadly review our current production structure. •**Thorough review of domestic production model** Conduct mass production of export vehicles in regions where demand exists, and produce models focusing on new technologies, new concepts and new manufacturing methods. •**Create a flexible and efficient production structure that can respond to changes in demand** Create a production structure centered on the same types of platform, including the introduction of mixed production lines. •**"Stop and Consolidate" domestic production facilities** Maintain current production levels by evening out plant and line utilization rates to increase efficiency.

Financial Services Operations

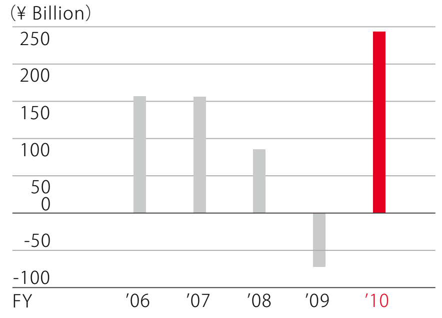
Business Overview

■ Net Revenues



Note: Fiscal years ended March 31

■ Operating Income



Toyota provides automotive financing and other financial services designed to meet customer needs and respond to regional characteristics that contribute to the sales promotion of Group products. Despite a decline in revenues reflecting the challenging operating environment, a thorough response to various risks and the expansion of lending margins resulted in increased income.

■ Overview of Toyota's Financial Services Operations

Total assets	¥13.3 trillion
Net revenues	¥1.2 trillion
Operating income	¥247.0 billion
Operating areas	33 countries and regions worldwide
No. of employees	approx. 8,000

(As of March 31, 2010)

Market Environment and Performance Summary

In fiscal 2010, our financial services operations generated operating income of ¥246.9 billion. This was primarily due to expanded margins resulting from a decrease in allowance for credit and residual value losses caused by the business recovery in the second half and continued low interest rates as a result of liquidity provided by the governments of various countries.

Our financial services operations are primarily handled by Toyota Financial Services Corporation (TFS), which has overall control of financial services subsidiaries worldwide. TFS provides financial services primarily for vehicle purchases and leases to approximately 8.1 million customers in 33 countries and regions worldwide.

Operating activities during the period under review included enhancing our relationships with distributors by providing financial products and services that met various national and regional customer characteristics among regional strategies. New lending share remained high.

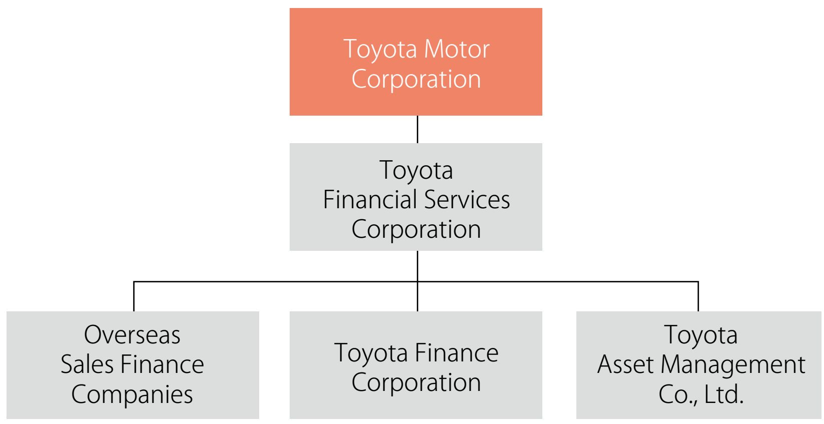
In Japan, in addition to automotive financing, TFS broadens customer relationships through the provision of credit cards, home loans and other sound financial services designed to meet the intimate needs of our customers.

Overseas, in an attempt to develop business in emerging markets TFS increased its number of sales bases in China from 27 cities at the beginning of the year to 66 cities, progressing inland from coastal cities to the interior of the country.

In such major markets as Europe and the United States, TFS aims for further income growth amid severe business conditions by working to secure margins and achieve thorough low-cost operations with consideration for vehicle sales support and the balancing of business risks.

To respond to dramatic changes in the business environment, TFS will actively strengthen its internal controls and business infrastructure, focusing on the IT platform, human resource development in management and other enhancements to the business platform to further develop groupwide compliance and risk management structures.

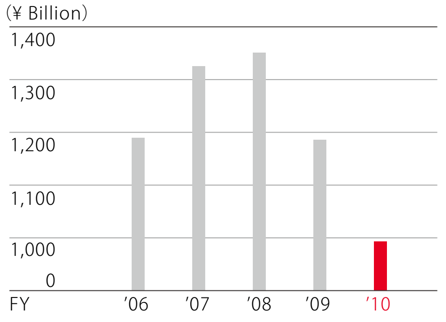
■ Financial Services Operations Organization



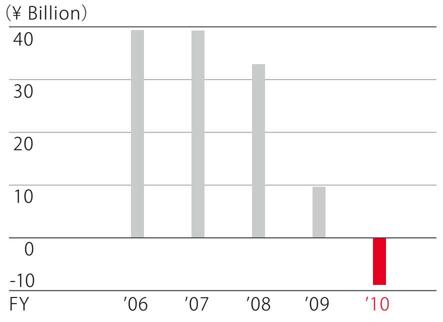
Other Business Operations

Business Overview

■ Net Revenues



■ Operating Income



Note: Fiscal years ended March 31

Toyota uses technologies and expertise gained from automotive operations to operate a variety of businesses that help people lead more fulfilling and enjoyable lives. Although the number of homes sold in the core housing business continued to improve, overall sales in this segment were lower than last year, resulting in decreased revenues and income in fiscal 2010.

Market Environment and Performance Summary

In fiscal 2010, net revenues of other business operations declined ¥237.3 billion, or 20.0%, to ¥947.6 billion and operating income decreased ¥18.8 billion, to a loss of ¥8.9 billion. This was due to sales decreases in the information technology and telecommunications business and other businesses, although the number of home sales in the housing business—a core business in this segment—fell slightly from the previous year.

Other business operations include the intelligent transport systems, information technology and telecommunications, e-TOYOTA, housing, marine, and biotechnology and afforestation businesses. In all these operations, we are fostering a workplace culture that encourages creativity and entrepreneurship. Also, we are seeking ideas for new businesses outside the Toyota Group as another key aspect in order to create future core businesses.

Intelligent Transport Systems Business

Toyota is involved in the planning and development of products and services for Intelligent Transport Systems (ITS). We view this technology as a valuable way to link motor vehicles and transportation infrastructures, thereby contributing to sustainable economic development.

We are continuing work on the creation of vehicle–infrastructure cooperative systems that support safe driving so that traffic accidents of the future can be prevented more effectively than current safety technologies allow. To this end, we participated in road tests and public demonstrations in various regions through the cooperation of the public and private sectors.

In the fall of 2009, Toyota developed a DSRC* unit that provides drivers with information about obstacles on the road ahead. This technology has been introduced into the roadway infrastructure with units already installed in some vehicles.

* 5.8 GHz dedicated short-range communications.

Additional details available at URL

Information Technology and Telecommunications Business

In addition to serving as a sales agency for cell phones provided by KDDI Corporation, a general telecommunications service provider, Toyota is engaged in the planning and commercialization of services that integrate vehicles and cell phones. Toyota is enhancing the comfort of cars with car navigation system technology that makes use of wireless Bluetooth® communications*, the hands-free telephone technology, enabling the playback of songs that have been downloaded on a cell phone, and the Seamless Navigation System, which allows users to enter a destination by transferring store and facility location data obtained with a cell phone.

* Bluetooth® is a wireless technology that uses short length radio waves to enable communications between cell phones and other devices over short distances.

e-TOYOTA Business

Toyota is developing e-TOYOTA business operations to facilitate the integration of IT services and automobiles. We designed and developed the GAZOO members-only automobile portal site, a three-dimensional virtual city called TOYOTA METAPOLIS, and other services. In the field of telematics, we are developing G-BOOK/G-Link, an information service for onboard terminals, with other telematics services planned for China and other countries.

Additional details available at URL

Housing Business

Since Toyota entered the housing business in 1975, Toyota Home operations have expanded to provide homes offering high durability and earthquake resistance, as well as excellent security, health and environmental features. From January 2010, we began using the catch all phrase Eco-Mirai Home as an expression of the product features involved in our building environment-friendly homes that conserve and create energy while having the durability to last for many years. Our Sincé home series, which reduce overall household CO_2 emissions, received a special award for energy and CO_2 conservation at the House of the Year in Electric 2009 Awards in Japan.

Additional details available at URL

Marine Business

In the marine business, Toyota manufactures and sells pleasure boats, marine engines and a variety of marine components. All products take full advantage of our engine technologies and other advanced technologies cultivated during years of automotive manufacturing.

Our PONAM-28L luxury fishing cruiser received the first Japan Boat of the Year award in March 2009 and the Good Design Award in October 2009.

Additional details available at URL

Biotechnology and Afforestation Business

Toyota is making every effort to contribute to the creation of a resource recycling society through its biotechnology and afforestation operations.

Following previous afforestation and forestry development projects in Australia, the Philippines and China, we are engaged in a forest restoration model project in the town of Odaicho, located in Japan's Mie Prefecture.

We are proactively developing floriculture, roof gardening and bio-plastic businesses, and in September 2009 we were awarded the Ministry of Land, Infrastructure, Transport and Tourism Award at the Eighth Competition for Specialized Greening Technology for Rooftops, Wall Facings and New Green Spaces for greening activities focused on the wall at the Tressa Yokohama north wing.

In August 2009, we concluded our sweet potato cultivation and processing operations in Indonesia, moving them to the tropical resource crop research institute.

Additional details available at URL

Motorsports Activities

Business Overview

Toyota views motorsports activities as a valuable component of the process of conceiving vehicles that embody dreams and excitement.

Activities Summary

In 2009, Toyota was a prominent participant at the highest levels of automobile racing, including the Formula One World Championship (F1) races around the globe, SUPER GT and Formula Nippon series races in Japan, and NASCAR* races in the United States. In addition, we played a part in developing young drivers through activities including the Toyota Young Drivers Program (TDP).

In 2010, we will continue to participate in the top categories of SUPER GT, Formula Nippon and NASCAR and develop the skills of young drivers through TDP activities while increasing our involvement this year in motorsports activities in which customers participate.

* The National Association for Stock Car Auto Racing (NASCAR) is the largest sanctioning body of stock car racing in the United States, consisting of a variety of race series using modified stock cars run primarily on the North American continent.

SUPER GT

On the domestic racing scene, Toyota Technocraft Co., Ltd. (TRD), supported teams running the Lexus SC430 vehicles participated in GT500 races, the top class of SUPER GT. In the GT300 class, we provided support for teams racing the Lexus IS350 and Toyota Corolla Axio. In 2009, the GT500 and GT300 class driver and team each won top awards.

Additional details available at URL

Formula Nippon

In Formula Nippon, the premier formula racing category in Japan, Toyota supplied RV8K V8 3.4-liter engines for eight cars driven by five racing teams. In 2010, we aim to recapture the title with a car powered by a Toyota engine.

NASCAR

In the NASCAR Sprint Cup Series, NASCAR's highest-ranking races, as well as the Nationwide Series, we captured the series championship for the second consecutive year in 2009 with the Toyota Camry, and look for another victory this year.

The Toyota Tundra will again compete in the NASCAR Camping World Truck Series, where we have captured the manufacturer's championship for four straight years.

Toyota Young Drivers Program (TDP)

This program supports the ongoing skills development of promising young drivers with the objective of cultivating talented racing drivers to compete in top category races in Japan and overseas.

Grassroots Motorsports Activities

We support customer-participatory programs such as the Hybrid Driving Challenge through the promotion of GAZOO Racing activities, which convey the dreams and excitement of automobiles and enable participants to experience motor sports and circuits firsthand.

Also, the Lexus LFA was the winner in its class* at the 2010 24-Hour Nürburgring race, where it competed for the third straight year.

* Close-to-production engine (4,000 cc to 6,250 cc class).

SUPER GT


Formula Nippon

NASCAR


Grassroots Motorsports: the Hybrid Driving Challenge

Winning TDP drivers in the GT500 class
(Center left: Hiroaki Ishiura; center right: Kazuya Oshima)
<2010 SUPER GT, Race 3>

R&D and Intellectual Property

Corporate Information

Toyota R&D is dedicated to the development of attractive, affordable, high-quality products for customers worldwide. The intellectual property that R&D generates is a vital management resource that Toyota utilizes and protects to maximize its corporate value.

R&D Guiding Principles

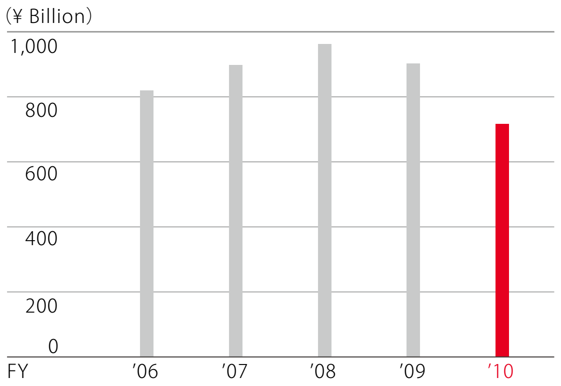
- Providing clean and safe products and enhancing the quality of life of people everywhere through all our activities.
- Pursuing advanced technological development in a wide range of fields, we pledge to provide attractive products and services that respond to the needs of customers worldwide.

R&D Activities

The overriding goal of Toyota's technology and product development activities is to minimize the negative aspects of driving, such as traffic accidents and the burden that automobiles have on the environment, and maximize the positive aspects, such as driving pleasure, comfort, and convenience. By achieving these sometimes conflicting goals to a high degree, we want to open the door to the automobile society of the future.

To ensure efficient progress in R&D activities, we coordinate and integrate all phases, from basic research to forward-looking technology and product development. With respect to such basic research issues as energy, the environment, information technology, telecommunications, and materials, projects are regularly reviewed and evaluated in consultation with outside experts to achieve efficient R&D cost control. And with respect to forward-looking, leading-edge technology and product development, we establish cost-performance benchmarks on a project-by-project basis to ensure efficient development investment.

■ R&D Expenses



Note: Fiscal years ended March 31

Basic Research	**Development theme discovery** Research on basic vehicle-related technology
Forward-Looking and Leading-Edge Technology Development	**Technological breakthroughs related to components and systems** Development of leading-edge components and systems ahead of competitors
Product Development	**Primary responsibility for new model development** Development of all-new models and existing-model upgrades

R&D Expenditures

In fiscal 2010, R&D expenditures totaled ¥725.3 billion, down 19.7% from the previous fiscal year, representing 3.8% of consolidated net revenues. We worked closely with suppliers to develop components and products more efficiently and took steps to reduce our own R&D expenses. At the same time, we plan to continue making substantial investments in R&D involving forward-looking, leading-edge technologies and the development of products associated with the environment, energy, and safety. These investments are essential to preserving our competitive edge in terms of technologies and products.

R&D Organization

Toyota operates a global R&D organization with the primary goal of building automobiles that precisely meet the needs of customers in every region of the world.

In Japan, R&D operations are led by Toyota Central Research & Development Laboratories, Inc., which works closely with Daihatsu Motor Co., Ltd., Hino Motors, Ltd., Toyota Auto Body Co., Ltd., Kanto Auto Works, Ltd., and many other Toyota Group companies. Overseas, we have a worldwide network of technical centers as well as design and motorsports R&D centers.

Please click here for further details on domestic and overseas R&D bases.

R&D and Intellectual Property

Corporate Information

Intellectual Property Guiding Principle

- Securing greater corporate flexibility and maximizing corporate value through the appropriate acquisition and utilization of intellectual property.

Intellectual Property Activities

Toyota's competitiveness springs from the forward-looking R&D stance that is instrumental to core strengths associated with products and technologies. Underlying each new product that emerges from R&D, there are always intellectual properties such as inventions and expertise that we value as important management resources.

Intellectual Property Systems

R&D and intellectual property activities are organizationally linked to enable us to focus on selected development themes and build a strong patent portfolio. We have established an Intellectual Property Committee made up of individuals involved with management, R&D, and intellectual property. This committee acquires and utilizes important intellectual property that contributes to business operations and helps determine policies for management risks associated with intellectual property.

Intellectual Property Strategies

Toyota carefully analyzes patents and the need for patents in each area of research to formulate more effective R&D strategies. We identify R&D projects in which Toyota should acquire patents, and file relevant applications as necessary to help build a strong global patent portfolio. In addition, we want to contribute to sustainable mobility by promoting the spread of technologies with environmental and safety benefits. This is why we take an open stance to patent licensing, and grant licenses when appropriate terms are met. A good example of this policy is the licensing to other companies of patents in the area of hybrid technology, which is one of our core technologies involving environmental energy.

Corporate Philosophy

Corporate Information

Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacturing and provision of innovative and quality products and services that lead the times. The foundations of these endeavors are the Guiding Principles at Toyota and the CSR* Policy: Contribution towards Sustainable Development.

*CSR = Corporate Social Responsibility

Guiding Principles at Toyota

The Guiding Principles at Toyota (adopted in 1992 and revised in 1997) reflect the kind of company that Toyota seeks to be in light of the unique management philosophy, values, and methods that it has embraced since its foundation. Toyota hopes to contribute to society through its corporate activities based on understanding and sharing of the Guiding Principles at Toyota.

1) Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.

2) Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.

3) Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.

4) Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.

5) Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management.

6) Pursue growth in harmony with the global community through innovative management.

7) Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

CSR Policy: Contribution towards Sustainable Development

CSR Policy: Contribution towards Sustainable Development (adopted in 2005 and revised in 2008) explains how we adapt the Guiding Principles at Toyota with regards to social responsibilities to our stakeholders.

We, TOYOTA MOTOR CORPORATION and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles.

We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity.

In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described on the following page is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication.

We expect our business partners to support this initiative and act in accordance with it.

Corporate Philosophy

Customers

- Based on our philosophy of "Customer First," we develop and provide innovative, safe and outstanding high-quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the world. (Guiding Principles 3 and 4)
- We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country's privacy laws. (Guiding Principles 1)

Employees

- We respect our employees and believe that the success of our business is led by each individual's creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principles 5)
- We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)
- We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principles 5)
- Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility" and work together for the success of our employees and the company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries in which we operate. (Guiding Principles 5)
- Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)

Business Partners

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principles 7)
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principles 7)
- We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws. (Guiding Principles 1 and 7)

Shareholders

- We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6)
- We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)

Global Society/ Local Communities

Environment

- We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principles 3)

Community

- We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)
- We constantly search for safer, cleaner and superior technology that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)
- We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principles 1)

Nurturing Society

- Wherever we do business, we actively promote and engage, both individually and with partners, in nurturing society activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principles 2)

Management Team As of June 24, 2010

Corporate Information

**We are convinced that the fiscal year ending March 31, 2011, offers Toyota the chance for a truly fresh start.
To make the most of this opportunity, we are implementing new strategies that chart a course toward growth.**

Representative Directors

Chairman of the Board

Fujio Cho

Vice Chairmen of the Board

Katsuaki Watanabe

Kazuo Okamoto

President, Member of the Board

Akio Toyoda

Executive Vice Presidents, Members of the Board

(Main operational responsibilities)

Takeshi Uchiyamada
Product Management/Research & Development

Yukitoshi Funo
Government & Public Affairs/Operation Planning & Support/Asia & Oceania Operations/Middle East Operations/Africa and Latin America Operations

Atsushi Niimi
Strategic Production Planning/Production Engineering/Manufacturing/North America Operations/China Operations

Shinichi Sasaki
Business Development/IT & ITS/Information Systems/Purchasing/Customer Service/Quality

Yoichiro Ichimaru
Corporate Planning/Japan Sales

Satoshi Ozawa
General Administration & Human Resources/Accounting/Europe Operations

Directors and Auditors

Senior Managing Directors, Members of the Board

(Chief officer, Deputy chief officer, General manager or Overseas subsidiary of residence)

Nobuyori Kodaira
Business Development Group/IT & ITS Group/Corporate Planning Div./Environmental Affairs Div./e-TOYOTA Div.

Akira Okabe
Asia & Oceania Operations Group/Middle East, Africa and Latin America Operations Group

Shinzo Kobuki
R&D Group 2/R&D Management Div./ Higashifuji Technical Administration Div./Vehicle Control System Development Div./Advanced Vehicle Control System Development Div./Automotive Software Engineering Div.

Akira Sasaki
China Operations Group/Toyota Motor (China) Investment Co., Ltd.

Mamoru Furuhashi
Government & Public Affairs Group/Tokyo Secretarial Div./Tokyo General Administration Div.

Iwao Nihashi
Customer Service Operations Group/Quality Group/TQM Promotion Div.

Tadashi Yamashina
Technical Administration Group/Motor Sports Div.

Note: Yoichi Kaya, Yoichi Morishita, Akishige Okada and Kunihiro Matsuo satisfy the qualifications of Outside Corporate Auditors as provided in Article 2, Item 16, of the "Corporation Act."

Management Team

As of June 24, 2010

Corporate Information

Senior Managing Directors, Members of the Board

(Chief officer, Deputy chief officer, General manager or Overseas subsidiary of residence)

Takahiko Ijichi

General Administration & Human Resources Group/
Accounting Group/Information Systems Group

Tetsuo Agata

Toyota Motor Engineering &
Manufacturing North America, Inc.

Masamoto Maekawa

Japan Sales Operations Group/
Tokyo metropolitan area

Yasumori Ihara

Purchasing Group/Corporate Planning Div./
Research Div.

Takahiro Iwase

Production Engineering Group/
Manufacturing Group

Yoshimasa Ishii

Europe Operations Group/
Operation Planning & Support Group

Takeshi Shirane

Strategic Production Planning Group/
Global Production Center

Mitsuhisa Kato

Customer Service Operations Group/
Product Development Group/R&D Group 1

Directors, Members of the Board

(Chief officer, Deputy chief officer, General manager or Overseas subsidiary of residence)

Yoshimi Inaba

North America Operations Group/
Toyota Motor North America, Inc.

Nampachi Hayashi

Strategic Production Planning Group,
responsible for Order-to-Delivery KAIZEN Promotion/
Production Engineering Group, responsible for TPS Supervising/
Manufacturing Group, responsible for TPS Thorough Promotion

Full-Time Corporate Auditors

Yoshikazu Amano

Chiaki Yamaguchi

Masaki Nakatsugawa

Corporate Auditors

Yoichi Kaya

Yoichi Morishita

Akishige Okada

Kunihiro Matsuo

Corporate Governance

Toyota's Basic Approach to Corporate Governance

Toyota's top management priority is to steadily increase corporate value over the long term. Further, our fundamental management philosophy is to remain a trusted corporate citizen in international society through open and fair business activities that honor the language and spirit of the law of every nation. In order to put that philosophy into practice, Toyota builds favorable relationships with all of its stakeholders, including shareholders, customers, business partners, local communities, and employees. We are convinced that providing products that fully cater to customer needs is essential to achieve stable, long-term growth. That philosophy is outlined in the "Guiding Principles at Toyota." Further, to explain those principles in more detailed terms, we prepared and issued the "Contribution towards Sustainable Development" statement in January 2005. Through such initiatives, Toyota is taking concrete measures to reinforce its corporate governance functions and to become an even more competitive global company.

Specifically, we have introduced a unique management system focused on prompt decision making for developing our global strategy and speeding up operations. Furthermore, we have a range of long-standing in-house committees and councils responsible for monitoring and discussing management and corporate activities from the viewpoints of various stakeholders to ensure heightened transparency and the fulfillment of social obligations.

Ultimately, however, a well-developed awareness of ethics among individuals is the key to successful governance systems. Without such awareness—regardless of the governance structure of a company—corporate governance cannot function effectively. Toyota has a unique corporate culture that places emphasis on problem solving and preventative measures, such as problem solving based on the actual situation on the site and highlighting problems by immediately flagging and sharing them. In other words, because Toyota's approach is to build in quality through manufacturing processes, enhancing the quality of everyday operations strengthens governance. Toyota's management team and employees conduct operations and make decisions founded on that common system of checks and balances and on high ethical standards.

Toyota's Management System

Toyota introduced its current management system in 2003. The main differences between the current system and the former system are that the current system set a new non-board position of Managing Officers and reduced the number of directors. Under the current system, with respect to various operational functions across the entire Company, in principle the Senior Managing Directors, who are Directors, serve as the highest authorities of their specific operational functions while non-board Managing Officers implement the actual operations. The distinctive feature of this system is that, based on Toyota's philosophy of emphasizing developments on the site, the Senior Managing Directors serve as the link between management and on-site operations, instead of focusing exclusively on management. As a result, this system enables the management to make decisions directly with on-site operations by reflecting on-site personnel opinions on management strategy and swiftly implementing management decisions into actual operations.

Systems for Ensuring Appropriate Management

As a system to ensure appropriate management, Toyota has convened meetings of its International Advisory Board (IAB) annually in principle since 1996. The IAB consists of approximately 10 distinguished advisors from overseas with backgrounds in a wide range of fields, including politics, economics, the environment, and business. Through the IAB, we receive advice on a diversity of business issues from a global perspective. In addition, Toyota has a wide variety of conferences and committees for deliberations and the monitoring of management and corporate activities that reflect the views of a range of stakeholders, including the Labor-Management Council, the Joint Labor-Management Round Table Conference, the Toyota Environment Committee, and the Stock Option Committee. Moreover, Toyota established the CSR Committee by integrating the Corporate Ethics Committee and the Corporate Philanthropy Committee in October 2007.

Accountability

Toyota has engaged in timely and fair disclosure of corporate and financial information as stated in "CSR Policy: Contribution towards Sustainable Development." In order to ensure the accuracy, fairness, and timely disclosure of information, Toyota has established the Disclosure Committee chaired by an officer of the Accounting Division. The Committee holds regular meetings for the purpose of preparation, reporting and assessment of its annual securities report, quarterly report under the Financial Instruments and Exchange Law of Japan and Form 20-F under the U.S. Securities Exchange Act, and also holds extraordinary committee meetings from time to time whenever necessary.

Compliance

To firmly establish corporate ethics and ensure strict compliance, Toyota's CSR Committee, consisting of Directors at the executive vice president level and above as well as representatives of Corporate Auditors, to deliberate important issues and measures relating to corporate ethics, compliance and risk management.

Toyota has also created a number of facilities for employees to make inquiries concerning compliance matters, including the Compliance Hotline, which enables them to consult with an outside attorney, and takes measures to ensure that Toyota is aware of significant information concerning legal compliance as quickly as possible.

Toyota will implement the tenets of ethical business practice by further promoting the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" and by educating and training employees at all levels and in all areas of operations.

To monitor the management, Toyota has adopted an auditor system that is based on the Japanese Corporation Act. In order to increase transparency of corporate activities, four of Toyota's seven Corporate Auditors are outside Corporate Auditors. Corporate Auditors support the Company's corporate governance efforts by undertaking audits in accordance with the audit policies and plans determined by the Board of Corporate Auditors.

Toyota has secured the personnel and framework supporting the audit by Corporate Auditors. The Outside Corporate Auditors advise Toyota from a fair and neutral perspective, based on their broad experiences and insight in their respective field of expertise. The state of internal controls and internal audit are reported to Corporate Auditors (including Outside Corporate Auditors) through the Board of Corporate Auditors and the "CSR Committee", and the status of accounting audits is reported by independent External Auditors to the Corporate Auditors (including Outside Corporate Auditors) through the Board of Corporate Auditors.

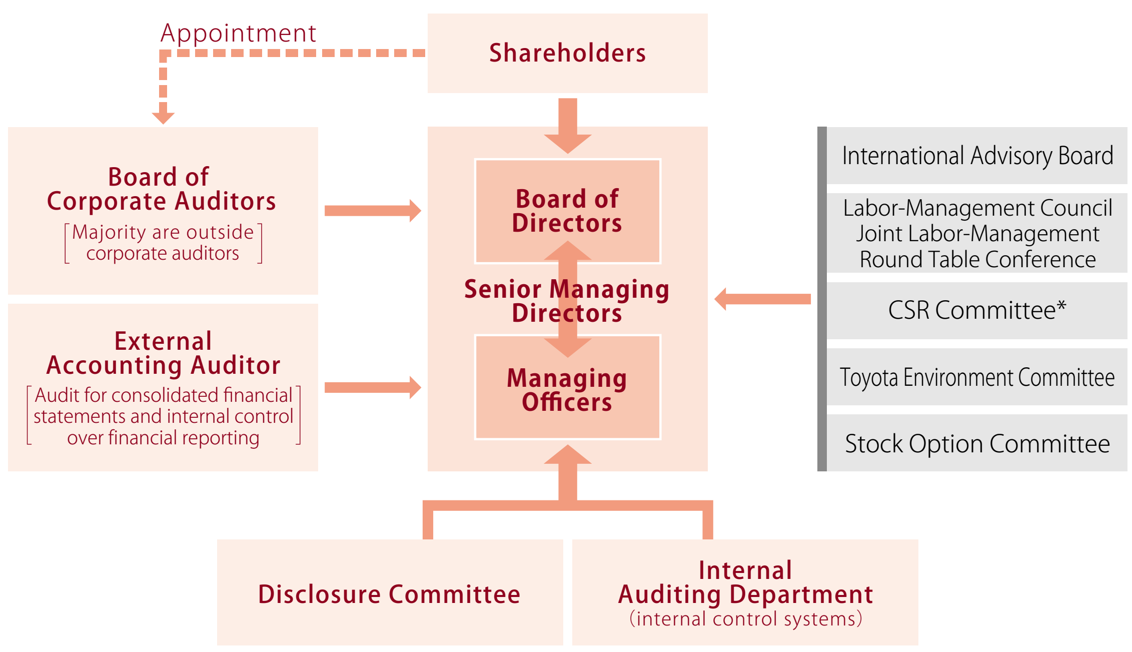
Corporate Governance

Corporate Information

For internal audit, the management and a specialized independent organization evaluate the effectiveness of internal controls over financial reporting in accordance with Article 404 of the U.S. Sarbanes–Oxley Act, applicable to Toyota from the year ended March 31, 2007 to establish a solid system. In addition, in accordance with Article 24-4-4-1 of the Financial Instruments and Exchange Law, which is applicable to Toyota starting with the year ended March 31, 2009, there is an assessment system to ensure that financial statements and other financial information are prepared properly. In order to enhance the reliability of the financial reporting of Toyota, the three auditing functions, audit by Corporate Auditors, internal audit, and accounting audit by Independent External Auditors, aid in conducting an effective and efficient audit through meetings held periodically and as necessary to share information and come to understandings through discussion on audit plans and results.

■ Toyota's Corporate Governance

Emphasizing Frontline Operation + Mulitidirectional Monitoring



* Review issues relating to corporate ethics, legal compliance, risk management, nurturing society and environmental management

Corporate Social Responsibility

To maintain stable, long-term growth in international society, companies have to earn the respect and trust of society and individuals. Rather than simply contributing to economic development through operational activities, growing in harmony with society is a must for good corporate citizens. Mindful of the foregoing, Toyota has a range of committees that are tasked with monitoring corporate activities and management in relation to social responsibilities, including the CSR Committee and the Toyota Environment Committee.

Toyota's Basic Approach to Internal Control System

Based on the "Guiding Principles at Toyota" and the "Toyota Code of Conduct," we, together with our subsidiaries, have created and maintained a sound corporate climate. In our actual operations, we integrate the principles of problems identification ("Mondai Hakken") and continuous improvements ("Kaizen") into our business operation processes and make continuous efforts to train our employees who put these principles into practice.

With the above understanding, internal control has been developed under the following basic policies.

(1) System to ensure that the Directors execute their responsibilities in compliance with relevant laws and regulations and the Articles of Incorporation

1) Toyota will ensure that Directors act in compliance with relevant laws and regulations and the Articles of Incorporation, based on the Code of Ethics and other explanatory documents that include necessary legal information, presented on occasions such as trainings for new Directors.

2) Toyota will make decisions regarding business operations after comprehensive discussions at the Board meetings and other meetings of various cross-sectional decision-making bodies. Matters to be decided are properly submitted and discussed at the meetings of those decision-making bodies in accordance with the relevant rules.

3) Toyota will appropriately discuss significant matters and measures relating to issues such as corporate ethics, compliance, and risk management at the CSR Committee and other meetings. Toyota will also discuss and decide at the meetings of various cross-sectional decision-making bodies policies and systems to monitor and respond to risks relating to organizational function.

(2) System to retain and manage information relating to performance of duties by Directors

Information relating to exercising duties by Directors shall be appropriately retained and managed by each division in charge pursuant to the relevant internal rules and laws and regulations.

(3) Rules and systems related to the management of risk of loss

1) Toyota will properly manage the capital fund through its budgeting system and other forms of control, conduct business operations, and manage the budget, based on the authorities and responsibilities in accordance with the "Ringi" system (effective consensus-building and approval system). Significant matters will be properly submitted and discussed at the Board meetings and other meetings of various bodies in accordance with the standards stipulated in the relevant rules.

2) Toyota will ensure accurate financial reporting by issuing documentation on the financial flow and the control system etc., and by properly and promptly disclosing information through the Disclosure Committee.

3) Toyota will manage various risks relating to safety, quality, the environment and compliance by establishing rules or preparing and delivering manuals, as necessary, in each relevant division.

4) As a precaution against events such as natural disasters, Toyota will prepare manuals, conduct emergency drills, arrange risk diversification and insurance as needed.

(4) System to ensure that Directors exercise their duties efficiently

1) Toyota will manage consistent policies by specifying the policies at each level of the organization based on the medium- to long-term management policies and the Company's policies for each fiscal term.

2) The Chief Officer, as a liaising officer between the management and operational functions, will direct and supervise Managing Officers based on the management policies and delegate the

executive authority over each division to the Managing Officers so that flexible and timely decision making can be achieved.

3) Toyota from time to time will make opportunities to listen to the opinions of various stakeholders, including external experts, and reflect those opinions in Toyota's management and corporate activities.

(5) System to ensure that employees conduct business in compliance with relevant laws and regulations and the Articles of Incorporation

1) Toyota will clarify the responsibilities of each organization unit and maintain a basis to ensure continuous improvements in the system.

2) Toyota will continuously review the legal compliance and risk management framework to ensure effectiveness. For this purpose, each organization unit shall confirm the effectiveness by conducting self-checks among others, and report the result to the CSR Committee.

3) Toyota will promptly obtain information regarding legal compliance and corporate ethics and respond to problems and questions related to compliance through its corporate ethics inquiry office and other channels.

(6) System to ensure the appropriateness of business operations of the corporation and the business group consisting of the parent company and subsidiaries

1) Toyota will expand the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" to its subsidiaries as TMC's common charter of conduct, and develop and maintain a sound environment of internal controls for TMC. Toyota will also promote the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" through personal exchange.

2) Toyota will manage its subsidiaries in a comprehensive manner by clarifying the roles of the division responsible for the subsidiaries' financing and management and the roles of the division responsible for the subsidiaries' business activities. Those divisions will confirm the appropriateness and legality of the operations of the subsidiaries by exchanging information with those subsidiaries, periodically and as needed.

(7) System concerning employees who assist the Corporate Auditors when required

Toyota will establish a Corporate Auditors Department and assign a number of full-time staff to support this function.

(8) Independence of the employees described in the preceding item

Any changes in personnel in the Corporate Auditors Department will require prior consent of the Board of Corporate Auditors or a full-time Corporate Auditor selected by the Board of Corporate Auditors.

(9) System for Directors and employees to report to Corporate Auditors, and other relative systems

1) Directors, from time to time, will properly report to the Corporate Auditors any major business operations through the divisions in charge. If any fact that may cause significant damage to the Company is discovered, they will report the matter to the Corporate Auditors immediately.

2) Directors, Managing Officers, and employees will report to the Corporate Auditors on the business upon requests by the Corporate Auditors, periodically and as needed.

(10) Other systems to ensure that the Corporate Auditors conducted audits effectively

Toyota will ensure that the Corporate Auditors attend major Board meetings, inspect important Company documents, and make opportunities to exchange information between the Corporate Auditors and Accounting Auditor periodically and as needed, as well as appoint external experts.

Toyota's Basic Policy and Preparation towards the Elimination of Antisocial Forces

(1) Basic Policy for Elimination of Antisocial Forces

Based upon the "Guiding Principles at Toyota" and the "Toyota Code of Conduct," Toyota's basic policy is to have no relationship with antisocial forces. Toyota will take resolute action as an organization against any undue claims and actions by antisocial forces or groups, and has drawn the attention of such policy to its employees by means such as clearly stipulating it in the "Toyota Code of Conduct."

(2) Preparation towards Elimination of Antisocial Forces

1) **Establishment of Divisions Overseeing Measures Against Antisocial Forces and Posts in Charge of Preventing Undue Claims**

Toyota established divisions that oversee measures against antisocial forces ("Divisions Overseeing Measures Against Antisocial Forces") in its major offices as well as assigned persons in charge of preventing undue claims. Toyota also established a system whereby undue claims, organized violence and criminal activities conducted by antisocial forces are immediately reported to and consulted with Divisions Overseeing Measures Against Antisocial Forces.

2) **Liaising with Specialist Organizations**

Toyota has been strengthening its liaison with specialist organizations by joining liaison committees organized by specialists such as the police. It has also been receiving guidance on measures to be taken against antisocial forces from such committees.

3) **Collecting and Managing Information concerning Antisocial Forces**

By liaising with experts and the police, Divisions Overseeing Measures Against Antisocial Forces share up-to-date information on antisocial forces and utilize such information to call Toyota's employees' attention to antisocial forces.

4) **Preparation of Manuals**

Toyota compiles cases concerning measures against antisocial forces and distributes them to each department within Toyota.

5) **Training Activities**

Toyota promotes training activities to prevent damages caused by antisocial forces by sharing information on antisocial forces within the Company as well as holding lectures at Toyota and its Group companies.

Regarding significant differences in corporate governance practices between Toyota and U.S. companies listed on the New York Stock Exchange, please refer to the annual report on Form 20-F filed with the United States Securities and Exchange Commission. Form 20-F can be viewed at the Company's web site (http://www.toyota.co.jp/en/ir/library/sec/index.html).

Risk Factors

Corporate Information

Operational and other risks faced by Toyota that could significantly influence the decisions of investors are set out below. However, the following does not encompass all risks related to the operations of Toyota. There are risk factors other than those given below. Any such risk factors could influence the decisions of investors. The forward-looking statements included below are based on information available as of June 25, 2010, the filing date of Form 20-F.

Industry and Business Risks

The worldwide automotive market is highly competitive

The worldwide automotive market is highly competitive. Toyota faces intense competition from automotive manufacturers in the markets in which it operates. Competition has intensified amidst difficult overall market conditions due to the weak global economy. In addition, competition is likely to further intensify in light of continuing globalization in the worldwide automotive industry, possibly resulting in further industry reorganization. Factors affecting competition include product quality and features, safety, reliability, the amount of time required for innovation and development, pricing, fuel economy, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations. Toyota's ability to adequately respond to the recent rapid changes in the automotive market and to maintain its competitiveness will be fundamental to its future success in existing and new markets and its market share. There can be no assurances that Toyota will be able to compete successfully in the future.

The worldwide automotive industry is highly volatile

Each of the markets in which Toyota competes has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on social, political and economic conditions in a given market and the introduction of new vehicles and technologies. As Toyota's revenues are derived from sales in markets worldwide, economic conditions in such markets are particularly important to Toyota. During fiscal 2010, despite government efforts to stimulate demand in Japan, North America and Europe, which are Toyota's main markets, market conditions in those areas remained difficult, and Toyota was adversely affected by changes in the market structure with further shifts in consumer demand to compact and low-priced vehicles. Such weakness in demand for automobiles and changes in market structure is continuing, and it is unclear how long this situation would continue or how it would transition in the future. Toyota's financial condition and results of operations may be adversely affected if the weakness in demand for automobiles and changes in market structure continue or progress further. Demand may also be affected by factors directly impacting vehicle price or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations (including tariffs, import regulation and other taxes). Volatility in demand may lead to lower vehicle unit sales, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations.

Toyota's future success depends on its ability to offer new innovative competitively priced products that meet customer demand on a timely basis

Meeting customer demand with attractive new vehicles and reducing the amount of time required for product development are critical to automotive manufacturers. In particular, it is critical to meet customer demand with respect to quality, safety and reliability. The timely introduction of new vehicle models, at competitive prices, meeting rapidly changing customer preferences and demands is more fundamental to Toyota's success than ever, as the automotive market is rapidly transforming in light of the weak global economic conditions. There is no assurance, however, that Toyota will adequately and appropriately respond to changing customer preferences and demands with respect to quality, safety, reliability, styling and other features in a timely manner. Even if Toyota succeeds in perceiving customer preferences and demands, there is no assurance that Toyota will be capable of developing and manufacturing new, price-competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity, including cost reduction capacity. Further, there is no assurance that Toyota will be able to implement capital expenditures at the level and times planned by management. Toyota's inability to develop and offer products that meet customers' preferences and demands with respect to quality, safety, reliability, styling and other features in a timely manner could result in a lower market share and reduced sales volumes and margins, and may adversely affect Toyota's financial condition and results of operations.

Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales

Toyota's success in the sale of vehicles depends on its ability to market and distribute effectively based on distribution networks and sales techniques tailored to the needs of its customers. There is no assurance that Toyota will be able to develop sales techniques and distribution networks that effectively adapt to changing customer preferences or changes in the regulatory environment in the major markets in which it operates. Toyota's inability to maintain well-developed sales techniques and distribution networks may result in decreased sales and market share and may adversely affect its financial condition and results of operations.

Toyota's success is significantly impacted by its ability to maintain and develop its brand image

In the highly competitive automotive industry, it is critical to maintain and develop a brand image. In order to maintain and develop a brand image, it is necessary to further increase customers' confidence by providing safe, high-quality products that meet customer preferences and demands. If Toyota is unable to effectively maintain and develop its brand image as a result of its inability to provide safe, high-quality products or as result of the failure to promptly implement safety measures such as recalls when necessary, vehicle unit sales and/or sale prices may decrease, and as a result revenues and profits may not increase as expected or may decrease, adversely affecting its financial condition and results of operations.

The worldwide financial services industry is highly competitive

The worldwide financial services industry is highly competitive. Increased competition in automobile financing may lead to decreased margins. A decline in Toyota's vehicle unit sales, an increase in residual value risk due to lower used vehicle price, an increase in the ratio of credit losses and increased funding

Risk Factors

Corporate Information

costs are factors which may impact Toyota's financial services operations. The likelihood of these factors materializing continues to remain at a high level amidst weak global economic conditions, and competition in automobile financing has intensified. If Toyota is unable to adequately respond to the changes and competition in automobile financing, Toyota's financial services operations may adversely affect its financial condition and results of operations.

Financial Market and Economic Risks

Toyota's operations are subject to currency and interest rate fluctuations

Toyota is sensitive to fluctuations in foreign currency exchange rates and is principally exposed to fluctuations in the value of the Japanese yen, the U.S. dollar and the euro and, to a lesser extent, the Australian dollar, the Canadian dollar and the British pound. Toyota's consolidated financial statements, which are presented in Japanese yen, are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect Toyota's pricing of products sold and materials purchased in foreign currencies. In particular, strengthening of the Japanese yen against the U.S. dollar can have an adverse effect on Toyota's operating results. The Japanese yen has been appreciating against major currencies including the U.S. dollar in the past year. If the Japanese yen continues to appreciate against major currencies, including the U.S. dollar, Toyota's financial condition and results of operations may be adversely affected.

Toyota believes that its use of certain derivative financial instruments including interest rate swaps and increased localized production of its products have reduced, but not eliminated, the effects of interest rate and foreign currency exchange rate fluctuations. Nonetheless, a negative impact resulting from fluctuations in foreign currency exchange rates and changes in interest rates may adversely affect Toyota's financial condition and results of operations.

High prices of raw materials and strong pressure on Toyota's suppliers could negatively impact Toyota's profitability

Increases in prices for raw materials that Toyota and Toyota's suppliers use in manufacturing their products or parts and components such as steel, precious metals, non-ferrous alloys including aluminum, and plastic parts, may lead to higher production costs for parts and components. This could, in turn, negatively impact Toyota's future profitability because Toyota may not be able to pass all those costs on to its customers or require its suppliers to absorb such costs.

The downturn in the financial markets could adversely affect Toyota's ability to raise capital

The world economy continues to be weak and business conditions remain difficult. A number of financial institutions and investors have been facing difficulties providing capital to the financial markets at levels corresponding to their own financial capacity. As a result, there is a risk that companies may not be able to raise capital under terms that they would expect to receive with their creditworthiness. If Toyota is unable to raise the necessary capital under appropriate conditions on a timely basis, Toyota's financial condition and results of operations may be adversely affected.

Political, Regulatory and Legal Risks

The automotive industry is subject to various governmental regulations

The worldwide automotive industry is subject to various laws and governmental regulations including those related to vehicle safety and environmental matters such as emission levels, fuel economy, noise and pollution. In particular, automotive manufacturers such as Toyota are required to implement safety measures such as recalls for vehicles that do not or may not comply with the safety standards of laws and governmental regulations. In addition, Toyota may, in order to reassure its customers of the safety of Toyota's vehicles, decide to voluntarily implement recalls or other safety measures even if the vehicle complies with the safety standards of relevant laws and governmental regulations. Many governments also impose tariffs and other trade barriers, taxes and levies, or enact price or exchange controls. Toyota has incurred, and expects to incur in the future, significant costs in complying with these regulations. If Toyota launches products that result in safety measures such as recalls, Toyota may incur various costs including significant costs for free repairs. Furthermore, new legislation or changes in existing legislation may also subject Toyota to additional expenses in the future. If Toyota incurs significant costs related to implementing safety measures or meeting laws and governmental regulations, Toyota's financial condition and results of operations may be adversely affected. Toyota may become subject to various legal proceedings.

Toyota may become subject to various legal proceedings

As an automotive manufacturer, Toyota may become subject to legal proceedings in respect of various issues, including product liability and infringement of intellectual property. Toyota may also be subject to legal proceedings brought by its shareholders and governmental proceedings and investigations. Toyota is in fact currently subject to a number of pending legal proceedings and government investigations. A negative outcome in one or more of these pending legal proceedings could adversely affect Toyota's financial condition and results of operations.

Toyota may be adversely affected by political instabilities, fuel shortages or interruptions in transportation systems, natural calamities, wars, terrorism and labor strikes

Toyota is subject to various risks associated with conducting business worldwide. These risks include political and economic instability, natural calamities, fuel shortages, interruption in transportation systems, wars, terrorisms, labor strikes and work stoppages. The occurrence of any of these events in the major markets in which Toyota purchases materials, parts and components and supplies for the manufacture of its products or in which its products are produced, distributed or sold, may result in disruptions and delays in the operations of Toyota's business. Significant or prolonged disruptions and delays in Toyota's business operations may adversely affect Toyota's financial condition and results of operations.

Other Management and Corporate Data

Corporate Information

Please Click below to access the contents.

Facilities

- Design, R&D
- Toyota Group
- Japanese Production Sites and Dealers
- Worldwide Operations

History of Toyota

- History of Toyota

Market/Toyota Sales and Production

- North America/ Latin America
- Europe/Africa
- Asia
- Oceania/ the Middle East
- Vehicle Production, Sales and Exports by Region
- Overseas Model Lineup by Country and Region
- Product Lineup

Targeting sustainable growth through steadfast efforts to improve quality and reduce costs

Fiscal 2010 Business Results

In fiscal 2010, ended March 31, 2010, on a consolidated basis vehicle sales declined 330 thousand units, to 7,237 thousand units, and net revenues decreased 7.7%, to ¥18,950.9 billion. However, we recorded operating income of ¥147.5 billion, up ¥608.5 billion from the operating loss posted in fiscal 2009. Net income totaled ¥209.4 billion, an increase of ¥646.4 billion from a net loss in fiscal 2009.

Factors contributing to the increase in operating income included ¥520.0 billion from cost-reduction efforts, ¥470.0 billion from the reduction in fixed costs, a ¥270.0 billion increase in income from our financial services operations, excluding valuation gains/losses from interest rate swaps and ¥38.5 billion from other factors. Major factors reducing earnings were a lower sales volume and changes in the product mix, totaling ¥370.0 billion, and exchange rate fluctuations, amounting to ¥320.0 billion. A worsening market environment due to the financial crisis affected sales volume and the sales mix, which was lower in the first half, compared with the same period of the previous fiscal year. In the second half despite the impact of the recall, unit sales were up year on year. This was due to measures by various nations to stimulate demand, which revitalized the market, as well as the effect of our sales promotion measures. Also, the rapid appreciation of the Japanese yen against the U.S. dollar, the euro and other currencies reduced the profitability of exports.

Despite the severe business environment, our dealers and suppliers remained fully committed to providing as many vehicles as possible to customers. Our employees in Japan, as well as those involved in overseas operations, made every effort to work together to achieve cost reductions and decrease fixed costs. The result of their continued hard work was ¥1,690.0 billion in cost reductions, as well as lowering the break-even point. These cost reductions were a result of the further strengthening of activities in collaboration with our suppliers, including the expansion of models covered under emergency VA (Value Analysis) from 15 to 50 vehicles. We also reviewed all expenses related to fixed costs as well as made reductions to raise the efficiency of capital expenditures. We will continue to improve our corporate structure in the fiscal year ending March 31, 2011 and beyond.

Consolidated Financial Forecasts for Fiscal 2011

For fiscal 2011, ending March 31, 2011, we forecast vehicle sales of 7.29 million units, net revenues of ¥19,200.0 billion, operating income of ¥280.0 billion, and net income of ¥310.0 billion on a consolidated basis. The exchange rates assumed for this forecast are ¥90 per US$1 and ¥125 per €1.

Consolidated operating income is expected to increase as a result of ongoing activities to improve profitability, including ¥130.0 billion cost-reduction and a ¥160.0 billion decrease in expenses. Factors that are expected to decline operating income include the effect of exchange rate fluctuations amounting to ¥80.0 billion, sales volume/mix effects of ¥50.0 billion and ¥27.5 billion from other factors.

Looking ahead, to realize sustainable growth we will continue working to improve our corporate structure and maintain and improve the break-even point, while placing the highest priority on customer safety and confidence. We will also make every effort toward the early commercialization of next-generation environmental and safety technologies that will be successful in the face of intense competition.

With regard to cost reductions and the decrease in fixed costs, we promoted large cost reductions as an emergency countermeasure in the fiscal year ended March 31, 2010. We will ensure that these work structures and approaches remain in place to achieve steady results. From the perspective of development and design, we will devote our efforts to cost reductions and quality maintenance and improvements while strengthening the training and development of employees in these processes. We aim to improve both quality and profitability by putting Toyota's *Monozukuri* (manufacturing) philosophy into practice in all three areas of quality, cost and human resource cultivation.

Financial Strategy

The three key components of Toyota's financial strategy are growth, efficiency and stability.

We believe that the balanced pursuit of these three priorities over the medium to long term will allow us to achieve steady and sustainable growth as well as increase corporate value.

1) Growth: Sustainable growth through continuous forward-looking investments

We believe that automotive markets worldwide will grow over the medium to long term. As they expand, the center of market growth will shift toward fuel-efficient vehicles, such as hybrid vehicles and compact vehicles and toward resource-rich and emerging markets. We plan to invest actively in these areas to respond to structural shifts in demand and ensure long-term sustainable growth. Concurrently, we plan to continue accelerating measures to provide high-quality, affordable and attractive products that meet customers' needs in each country and region and to provide further support in the areas where we want to advance, namely, emerging markets and next-generation eco-cars.

2) Efficiency: Improving profitability and capital efficiency

To meet ongoing demand for hybrid and compact vehicles, we aim to provide high-quality vehicles at affordable prices and to improve profitability through further cost reductions. We will also create a structure for efficient development, production and sales that can respond flexibly to changes in the external environment. In manufacturing, we will expand local production in high-growth emerging markets. On the other hand, in the developed countries such as Japan, the United States and Europe, we intend to revise our current product lineup to reflect changes in the market structure. We will also build a flexible and efficient production system that is resistant to foreign exchange fluctuations. Through the creation of a global and optimal supply system, we aim to realize a strong profit structure.

3) Stability: Maintaining a solid financial base

We preserve a solid financial base by ensuring sufficient liquidity and stable shareholders' equity. Our sound financial position enables us to maintain our level of capital expenditures and investment in research and development even when the price of raw materials increases or there is drastic foreign exchange rate fluctuation. In view of anticipated medium- to long-term growth in automotive markets worldwide, we believe that maintaining adequate liquidity is essential for the implementation of forward-looking investment to improve products and develop next-generation technologies, as well as to establish a structure for production and sales in both the Japanese and overseas markets. We will continue to pursue further capital efficiency and improved cash flows.

Dividends and Share Acquisitions

We consider benefiting shareholders one of our top management priorities, and makes an effort to realize sustainable growth through ongoing structural improvements to enhance our corporate value. We strive to continue paying dividends while giving due consideration to factors such as the business results in each term, investment plans, and cash reserves.

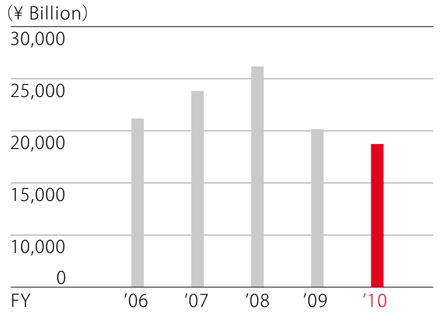
To survive amid tough competition, we will utilize our internal funds for the early commercialization of next-generation technologies targeting safety and the environment. We will make customer safety and security our highest priority, along with initiatives that respond to the needs of customers in emerging markets. Accordingly, we declared an annual dividend payment of ¥45 per share for the fiscal year ended March 31, 2010.

Given the uncertain outlook for global financial conditions, we will put a priority on securing cash reserves. Accordingly, we did not repurchase our own shares in fiscal 2010, and we plan to forgo such repurchases for the foreseeable future.

We will continue striving to further improve profits and meet the expectations of our shareholders.

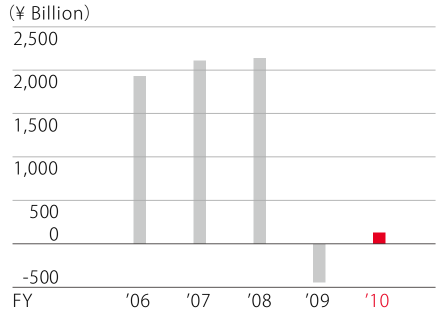
Satoshi Ozawa, Executive Vice President

■ Net Revenues



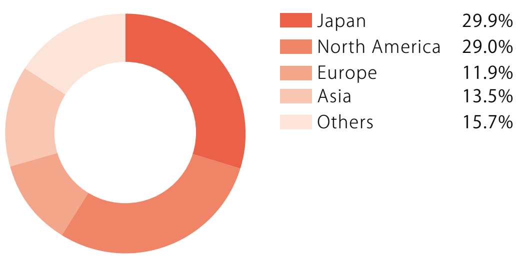
Note: Fiscal years ended March 31

■ Operating Income



Note: Fiscal years ended March 31

■ Vehicle Sales by Region



Selected Financial Summary (U.S. GAAP)

Financial Section

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions				
	2001	2002	2003	2004	2005
For the Year:					
Net Revenues:					
Sales of Products	¥ 12,402,104	¥ 13,499,644	¥ 14,793,973	¥ 16,578,033	¥ 17,790,862
Financing Operations	553,133	690,664	707,580	716,727	760,664
Total	¥ 12,955,237	¥ 14,190,308	¥ 15,501,553	¥ 17,294,760	¥ 18,551,526
Costs and Expenses:					
Cost of Products Sold	¥ 10,218,599	¥ 10,874,455	¥ 11,914,245	¥ 13,506,337	¥ 14,500,282
Cost of Financing Operations	427,340	459,195	423,885	364,177	369,844
Selling, General and Administrative	1,518,569	1,763,026	1,891,777	1,757,356	2,009,213
Total	¥ 12,164,508	¥ 13,096,676	¥ 14,229,907	¥ 15,627,870	¥ 16,879,339
Operating Income (Loss)	¥ 790,729	¥ 1,093,632	¥ 1,271,646	¥ 1,666,890	¥ 1,672,187
% of Net Revenues	6.1%	7.7%	8.2%	9.6%	9.0%
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	1,107,289	972,101	1,226,652	1,765,793	1,754,637
Provision for Income Taxes	523,876	422,789	517,014	681,304	657,910
Net Income (Loss) attributable to Toyota Motor Corporation	674,898	556,567	750,942	1,162,098	1,171,260
ROE	9.6%	7.8%	10.4%	15.2%	13.6%
Net Cash Provided by Operating Activities	¥ 1,428,018	¥ 1,532,079	¥ 1,940,088	¥ 2,186,734	¥ 2,370,940
Net Cash Used in Investing Activities	(1,318,738)	(1,810,230)	(2,001,448)	(2,216,495)	(3,061,196)
Net Cash Provided by (Used in) Financing Activities	(166,713)	392,148	37,675	242,223	419,384
R&D Expenses	475,716	589,306	668,404	682,279	755,147
Capital Expenditures for Property, Plant and Equipment*	762,274	940,547	1,005,931	945,803	1,068,287
Depreciation	784,784	809,841	870,636	969,904	997,713
At Year-End:					
Toyota Motor Corporation Shareholders' Equity	¥ 7,077,411	¥ 7,264,112	¥ 7,121,000	¥ 8,178,567	¥ 9,044,950
Total Assets	17,019,783	19,305,730	20,152,974	22,040,228	24,335,011
Long-Term Debt	3,083,344	3,722,706	4,137,528	4,247,266	5,014,925
Cash and Cash Equivalents	1,510,892	1,657,160	1,592,028	1,729,776	1,483,753
Ratio of Toyota Motor Corporation Shareholders' Equity	41.6%	37.6%	35.3%	37.1%	37.2%

	Yen				
	2001	2002	2003	2004	2005
Per Share Data:					
Net Income (Loss) attributable to Toyota Motor Corporation (Basic)	¥ 180.65	¥ 152.26	¥ 211.32	¥ 342.90	¥ 355.35
Annual Cash Dividends	25	28	36	45	65
Toyota Motor Corporation Shareholders' Equity	1,921.29	2,015.82	2,063.43	2,456.08	2,767.67
Stock Information (March 31):					
Stock Price	¥4,350	¥3,650	¥2,635	¥3,880	¥3,990
Market Capitalization (Yen in millions)	¥16,029,739	¥13,332,491	¥ 9,512,343	¥ 14,006,790	¥ 14,403,890
Number of Shares Issued (shares)	3,684,997,492	3,649,997,492	3,609,997,492	3,609,997,492	3,609,997,492

* Excluding vehicles and equipment of operating leases

Selected Financial Summary (U.S. GAAP)

Financial Section

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions					% change
	2006	2007	2008	2009	**2010**	2010 vs. 2009
For the Year:						
Net Revenues:						
Sales of Products	¥ 20,059,493	¥ 22,670,097	¥ 24,820,510	¥ 19,173,720	**¥17,724,729**	−7.6
Financing Operations	977,416	1,277,994	1,468,730	1,355,850	**1,226,244**	−9.6
Total	¥ 21,036,909	¥ 23,948,091	¥ 26,289,240	¥ 20,529,570	**¥18,950,973**	−7.7
Costs and Expenses:						
Cost of Products Sold	¥ 16,335,312	¥ 18,356,255	¥ 20,452,338	¥ 17,468,416	**¥15,971,496**	−8.6
Cost of Financing Operations	609,632	872,138	1,068,015	987,384	**712,301**	−27.9
Selling, General and Administrative	2,213,623	2,481,015	2,498,512	2,534,781	**2,119,660**	−16.4
Total	¥ 19,158,567	¥ 21,709,408	¥ 24,018,865	¥ 20,990,581	**¥18,803,457**	−10.4
Operating Income (Loss)	¥ 1,878,342	¥ 2,238,683	¥ 2,270,375	¥ (461,011)	**¥ 147,516**	—
% of Net Revenues	8.9%	9.3%	8.6%	−2.2%	**0.8%**	—
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	2,087,360	2,382,516	2,437,222	(560,381)	**291,468**	—
Provision for Income Taxes	795,153	898,312	911,495	(56,442)	**92,664**	—
Net Income (Loss) attributable to Toyota Motor Corporation	1,372,180	1,644,032	1,717,879	(436,937)	**209,456**	—
ROE	14.0%	14.7%	14.5%	−4.0%	**2.1%**	—
Net Cash Provided by Operating Activities	¥ 2,515,480	¥ 3,238,173	¥ 2,981,624	¥ 1,476,905	**¥ 2,558,530**	+73.2
Net Cash Used in Investing Activities	(3,375,500)	(3,814,378)	(3,874,886)	(1,230,220)	**(2,850,184)**	—
Net Cash Provided by (Used in) Financing Activities	876,911	881,768	706,189	698,841	**(277,982)**	—
R&D Expenses	812,648	890,782	958,882	904,075	**725,345**	−19.8
Capital Expenditures for Property, Plant and Equipment*	1,523,459	1,425,814	1,480,570	1,364,582	**604,536**	−55.7
Depreciation	1,211,178	1,382,594	1,491,135	1,495,170	**1,414,569**	−5.4
At Year-End:						
Toyota Motor Corporation Shareholders' Equity	¥ 10,560,449	¥ 11,836,092	¥ 11,869,527	¥ 10,061,207	**¥10,359,723**	+3.0
Total Assets	28,731,595	32,574,779	32,458,320	29,062,037	**30,349,287**	+4.4
Long-Term Debt	5,640,490	6,263,585	5,981,931	6,301,469	**7,015,409**	+11.3
Cash and Cash Equivalents	1,569,387	1,900,379	1,628,547	2,444,280	**1,865,746**	−23.7
Ratio of Toyota Motor Corporation Shareholders' Equity	36.8%	36.3%	36.6%	34.6%	**34.1%**	—

	Yen					% change
	2006	2007	2008	2009	**2010**	2010 vs. 2009
Per Share Data:						
Net Income (Loss) attributable to Toyota Motor Corporation (Basic)	¥ 421.76	¥ 512.09	¥ 540.65	¥ (139.13)	**¥ 66.79**	—
Annual Cash Dividends	90	120	140	100	**45**	−55.0
Toyota Motor Corporation Shareholders' Equity	3,257.63	3,701.17	3,768.97	3,208.41	**3,303.49**	+3.0
Stock Information (March 31):						
Stock Price	¥6,430	¥7,550	¥4,970	¥3,120	**¥3,745**	+20.0
Market Capitalization (Yen in millions)	¥23,212,284	¥27,255,481	¥17,136,548	¥10,757,752	**¥12,912,751**	+20.0
Number of Shares Issued (shares)	3,609,997,492	3,609,997,492	3,447,997,492	3,447,997,492	**3,447,997,492**	—

* Excluding vehicles and equipment of operating leases

Consolidated Segment Information

Financial Section

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions						% change
	2005	2006	2007	2008	2009	**2010**	2010 vs. 2009
Business Segment:							
Net Revenues:							
Automotive	¥17,113,535	¥19,338,144	¥21,928,006	¥24,177,306	¥18,564,723	**¥17,197,428**	–7.4
Financial Services	781,261	996,909	1,300,548	1,498,354	1,377,548	**1,245,407**	–9.6
All Other	1,030,320	1,190,291	1,323,731	1,346,955	1,184,947	**947,615**	–20.0
Intersegment Elimination	(373,590)	(488,435)	(604,194)	(733,375)	(597,648)	**(439,477)**	—
Consolidated	¥18,551,526	¥21,036,909	¥23,948,091	¥26,289,240	¥20,529,570	**¥18,950,973**	–7.7
Operating Income (Loss):							
Automotive	¥1,452,535	¥1,694,045	¥2,038,828	¥2,171,905	¥(394,876)	**¥(86,370)**	—
Financial Services	200,853	155,817	158,495	86,494	(71,947)	**246,927**	—
All Other	33,743	39,748	39,679	33,080	9,913	**(8,860)**	—
Intersegment Elimination	(14,944)	(11,268)	1,681	(21,104)	(4,101)	**(4,181)**	—
Consolidated	¥1,672,187	¥1,878,342	¥2,238,683	¥2,270,375	¥(461,011)	**¥147,516**	—
Geographic Segment:							
Net Revenues:							
Japan	¥12,004,155	¥13,111,457	¥14,815,282	¥15,315,812	¥12,186,737	**¥11,220,303**	–7.9
North America	6,373,453	7,687,942	9,029,773	9,423,258	6,222,914	**5,670,526**	–8.9
Europe	2,479,427	2,727,409	3,542,193	3,993,434	3,013,128	**2,147,049**	–28.7
Asia	1,625,422	2,042,806	2,225,528	3,120,826	2,719,329	**2,655,327**	–2.4
Other	1,183,702	1,601,736	1,922,742	2,294,137	1,882,900	**1,673,861**	–11.1
Intersegment Elimination	(5,114,633)	(6,134,441)	(7,587,427)	(7,858,227)	(5,495,438)	**(4,416,093)**	—
Consolidated	¥18,551,526	¥21,036,909	¥23,948,091	¥26,289,240	¥20,529,570	**¥18,950,973**	–7.7
Operating Income (Loss):							
Japan	¥ 987,242	¥1,075,890	¥1,457,246	¥1,440,286	¥(237,531)	**¥(225,242)**	—
North America	447,559	495,638	449,633	305,352	(390,192)	**85,490**	—
Europe	108,541	93,947	137,383	141,571	(143,233)	**(32,955)**	—
Asia	93,772	145,546	117,595	256,356	176,060	**203,527**	+15.6
Other	47,454	67,190	83,497	143,978	87,648	**115,574**	+31.9
Intersegment Elimination	(12,381)	131	(6,671)	(17,168)	46,237	**1,122**	–97.6
Consolidated	¥1,672,187	¥1,878,342	¥2,238,683	¥2,270,375	¥(461,011)	**¥ 147,516**	—

Consolidated Quarterly Financial Summary

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in billions							
	2009				2010			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net Revenues	¥6,215.1	¥5,975.3	¥4,802.8	¥ 3,536.3	**¥ 3,836.0**	**¥4,541.6**	**¥5,292.9**	**¥ 5,280.4**
% Change	–4.7%	–7.9%	–28.4%	–46.2%	**–38.3%**	**–24.0%**	**10.2%**	**49.3%**
Operating Income (Loss)	412.5	169.5	(360.6)	(682.5)	**(194.9)**	**58.0**	**189.1**	**95.3**
% Change	–38.9%	–71.6%	— %	— %	**— %**	**–65.8%**	**— %**	**— %**
Operating Income Margin	6.6%	2.8%	–7.5%	–19.3%	**–5.1%**	**1.3%**	**3.6%**	**1.8%**
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	453.0	183.4	(282.1)	(914.7)	**(138.5)**	**75.5**	**224.9**	**129.5**
% Change	–38.7%	–70.6%	— %	— %	**— %**	**–58.8%**	**— %**	**— %**
Net Income (Loss) attributable to Toyota Motor Corporation	353.6	139.8	(164.7)	(765.8)	**(77.8)**	**21.8**	**153.2**	**112.2**
% Change	–28.1%	–69.0%	— %	— %	**— %**	**–84.4%**	**— %**	**— %**
Business Segment:								
Net Revenues:								
Automotive	¥ 5,720.9	¥5,439.8	¥4,311.1	¥3,092.9	**¥3,413.0**	**¥4,108.3**	**¥4,861.1**	**¥4,815.0**
Financial Services	363.1	374.6	346.6	293.2	**320.1**	**312.0**	**307.2**	**306.2**
All Other	288.2	314.2	294.3	288.2	**204.1**	**225.1**	**226.2**	**292.2**
Intersegment Elimination	(157.1)	(153.3)	(149.2)	(138.0)	**(101.2)**	**(103.8)**	**(101.6)**	**(133.0)**
Consolidated	¥ 6,215.1	¥5,975.3	¥4,802.8	¥3,536.3	**¥3,836.0**	**¥4,541.6**	**¥5,292.9**	**¥5,280.4**
Operating Income (Loss):								
Automotive	¥332.3	¥133.6	¥(232.7)	¥(628.1)	**¥(239.1)**	**¥(21.3)**	**¥124.5**	**¥49.6**
Financial Services	79.1	28.1	(123.9)	(55.4)	**49.6**	**74.8**	**80.6**	**41.9**
All Other	2.9	8.9	0.0	(1.9)	**(4.6)**	**5.0**	**(14.4)**	**5.1**
Intersegment Elimination	(1.8)	(1.1)	(4.0)	2.9	**(0.8)**	**(0.5)**	**(1.6)**	**(1.3)**
Consolidated	¥412.5	¥169.5	¥(360.6)	¥(682.5)	**¥(194.9)**	**¥ 58.0**	**¥189.1**	**¥95.3**
Geographic Segment:								
Net Revenues:								
Japan	¥ 3,660.8	¥ 3,546.5	¥ 3,014.1	¥1,965.3	**¥2,181.8**	**¥ 2,656.3**	**¥ 3,093.8**	**¥ 3,288.3**
North America	2,091.1	1,861.9	1,339.0	930.9	**1,175.2**	**1,419.1**	**1,622.7**	**1,453.5**
Europe	916.2	867.7	660.5	568.7	**515.1**	**564.3**	**561.0**	**506.7**
Asia	798.3	827.7	683.9	409.5	**494.1**	**589.8**	**762.5**	**809.0**
Other	628.7	592.7	381.5	280.0	**343.3**	**389.7**	**494.0**	**446.8**
Intersegment Elimination	(1,880.0)	(1,721.2)	(1,276.2)	(618.1)	**(873.5)**	**(1,077.6)**	**(1,241.1)**	**(1,223.9)**
Consolidated	¥ 6,215.1	¥ 5,975.3	¥ 4,802.8	¥3,536.3	**¥3,836.0**	**¥ 4,541.6**	**¥ 5,292.9**	**¥ 5,280.4**
Operating Income (Loss):								
Japan	¥217.1	¥104.6	¥(164.2)	¥(395.0)	**¥(212.0)**	**¥(45.6)**	**¥ 33.9**	**¥ (1.5)**
North America	69.1	(34.9)	(247.4)	(177.0)	**(3.7)**	**30.5**	**79.7**	**(21.2)**
Europe	20.3	(11.5)	(43.4)	(108.7)	**(20.4)**	**1.7**	**(21.3)**	**7.0**
Asia	69.3	67.8	40.5	(1.6)	**26.9**	**38.5**	**67.1**	**71.0**
Other	44.5	34.6	33.5	(25.1)	**17.4**	**23.3**	**39.4**	**35.5**
Intersegment Elimination	(7.8)	8.9	20.4	24.9	**(3.1)**	**9.6**	**(9.7)**	**4.5**
Consolidated	¥412.5	¥169.5	¥(360.6)	¥(682.5)	**¥(194.9)**	**¥ 58.0**	**¥189.1**	**¥95.3**

All financial information discussed in this section is derived from Toyota's consolidated financial statements that appear elsewhere in this annual report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Overview

The business segments of Toyota include automotive operations, financial services operations and all other operations. Automotive operations are Toyota's most significant business segment, accounting for 89% of Toyota's total revenues before the elimination of intersegment revenues for fiscal 2010. Toyota's primary markets based on vehicle unit sales for fiscal 2010 were Japan (30%), North America (29%), Europe (12%) and Asia (14%). During fiscal 2010, as a result of announcements of recalls and other safety measures for several models of vehicles in several countries, the number of recalls and other safety measures increased. These recalls and other safety measures have impacted the financial results of the automotive and financial services operations and led to a number of claims, lawsuits and government investigations. As a result of the foregoing, the fiscal 2010 operating results of the automotive operations were principally affected by factors including but not limited to the accrued costs related to the recalls and other safety measures announced in fiscal 2010, a temporary decrease in sales mainly in North America and additional costs resulting from a change in the estimation model of expenses related to future recalls and other safety measures. In fiscal 2010, Toyota has employed an estimation model for recalls and other safety measures which takes into account Toyota's historical experience and individual occurrences of recalls and other safety measures to accrue recall costs at the time of vehicle sale. In addition, as a result of the above, the fiscal 2010 operating results of the financial services operations were principally affected by the evaluation for credit losses and residual value losses at March 31, 2010. Not all of the impacts described above are financially significant or are able to be precisely measured. Toyota has included in the following discussion and analysis, where relevant, significant impacts of these items.

Automotive Market Environment

The worldwide automotive market is highly competitive and volatile. The demand for automobiles is affected by a number of factors including social, political and general economic conditions; introduction of new vehicles and technologies; and costs incurred by customers to purchase and operate vehicles. These factors can cause consumer demand to vary substantially in different geographic markets and for different types of automobiles.

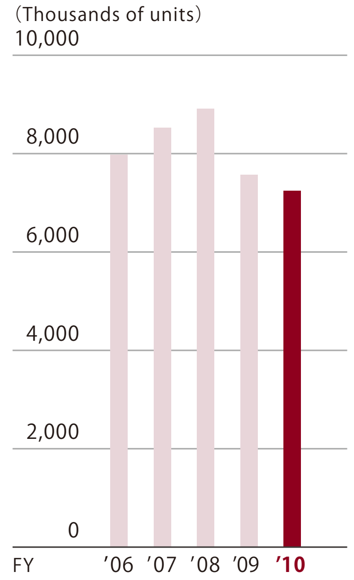
The automotive industry generally experienced difficult market conditions during fiscal 2010 due to changes in market demand resulting from a shift in consumer preference towards small and low-price vehicles, despite the continuous growth in China, India and other emerging countries and the effects of government stimulus packages in developed countries.

The following table sets forth Toyota's consolidated vehicle unit sales by geographic market based on location of customers for the past three fiscal years.

	(Thousands of units)		
	Year ended March 31,		
	2008	2009	**2010**
Japan	2,188	1,945	**2,163**
North America	2,958	2,212	**2,098**
Europe	1,284	1,062	**858**
Asia	956	905	**979**
Other*	1,527	1,443	**1,139**
Overseas total	6,725	5,622	**5,074**
Total	8,913	7,567	**7,237**

* "Other" consists of Central and South America, Oceania, Africa and the Middle East, etc.

Consolidated Vehicle Sales



During fiscal 2009, Toyota's consolidated vehicle unit sales in Japan decreased due to weak market conditions as compared to the prior fiscal year. During fiscal 2010, sales in Japan increased as compared to the prior fiscal year reflecting frequent introduction of new products and sales efforts of domestic dealers on the sales of new products. In fiscal 2010, Toyota and Lexus brands' market share excluding mini-vehicles was 48.2%, and Toyota's market share (including Daihatsu and Hino brands) including mini-vehicles was 44.3%, and both market shares represented record highs. Overseas vehicle unit sales decreased during fiscal 2009 and 2010, each compared to the prior fiscal year. During fiscal 2009, overseas vehicle unit sales decreased, particularly in North America and Europe, where the contraction of automotive markets was especially pronounced. During fiscal 2010, total overseas vehicle unit sales decreased, particularly in Europe, despite an increase in Asia.

Toyota's share of total vehicle unit sales in each market is influenced by the quality, safety, reliability, price, design, performance, economy and utility of Toyota's vehicles compared with those offered by other manufacturers. The timely introduction of new or redesigned vehicles is also an important factor in satisfying customer needs. Toyota's ability to satisfy changing customer preferences can affect its revenues and earnings significantly.

The profitability of Toyota's automotive operations is affected by many factors. These factors include:

- vehicle unit sales volumes,
- the mix of vehicle models and options sold,
- the level of parts and service sales,
- the levels of price discounts and other sales incentives and marketing costs,
- the cost of customer warranty claims and other customer satisfaction actions,
- the cost of research and development and other fixed costs,
- the prices of raw materials,
- the ability to control costs,

- the efficient use of production capacity, and
- changes in the value of the Japanese yen and other currencies in which Toyota does business.

Changes in laws, regulations, policies and other governmental actions can also materially impact the profitability of Toyota's automotive operations. These laws, regulations and policies include those attributed to environmental matters and vehicle safety, fuel economy and emissions that can add significantly to the cost of vehicles. The European Union has enforced a directive that requires manufacturers to be financially responsible for taking back end-of-life vehicles and to take measures to ensure that adequate used vehicle disposal facilities are established and those hazardous materials and recyclable parts are removed from vehicles prior to scrapping. Please see "Legislation Regarding End-of-Life Vehicles" "Information on the Company — Business Overview — Governmental Regulation, Environmental and Safety Standards" and note 23 to the consolidated financial statements for a more detailed discussion of these laws, regulations and policies.

Many governments also regulate local content, impose tariffs and other trade barriers, and enact price or exchange controls that can limit an automaker's operations and can make the repatriation of profits unpredictable. Changes in these laws, regulations, policies and other governmental actions may affect the production, licensing, distribution or sale of Toyota's products, cost of products or applicable tax rates. Toyota is currently one of the defendants in purported national class actions alleging violations of the U.S. Sherman Antitrust Act. Toyota believes that its actions have been lawful. In order to avoid a protracted dispute, however, Toyota entered into a settlement agreement with the plaintiffs at the end of February 2006. The settlement agreement is pending the approval of the federal district court, and immediately upon approval the plaintiffs will, in accordance with the terms of the settlement agreement, withdraw all pending actions against Toyota in the federal district court as well as all state courts and all related actions will be closed. From time-to-time, Toyota issues vehicle recalls and takes other safety measures including safety campaigns in its vehicles. In November 2009, Toyota announced a safety campaign in North America for certain models of Toyota and Lexus vehicles related to floor mat entrapment of accelerator pedals, and later expanded it to include additional models. In January 2010, Toyota announced a recall in North America for certain models of Toyota vehicles related to sticking and slow-to-return accelerator pedals. Also in January 2010, Toyota recalled in Europe and China certain models of Toyota vehicles related to sticking accelerator pedals. In February 2010, Toyota announced a worldwide recall related to the software program that controls the antilock braking system (ABS) in certain vehicles models including the Prius. The recalls and other safety measures described above have led to a number of claims, lawsuits and government investigations against Toyota in the United States. For a more detailed description of these claims, lawsuits and government investigations, see note 23 to the consolidated financial statements.

The worldwide automotive industry is in a period of global competition which may continue for the foreseeable future, and in general the competitive environment in which Toyota operates is likely to intensify. Toyota believes it has the resources, strategies and technologies in place to compete effectively in the industry as an independent company for the foreseeable future.

Financial Services Operations

The worldwide automobile financial services industry has become highly competitive due to the contraction of automotive markets. As competition increases, margins on financing transactions may decrease and market share may also decline as customers obtain financing for Toyota vehicles from alternative sources.

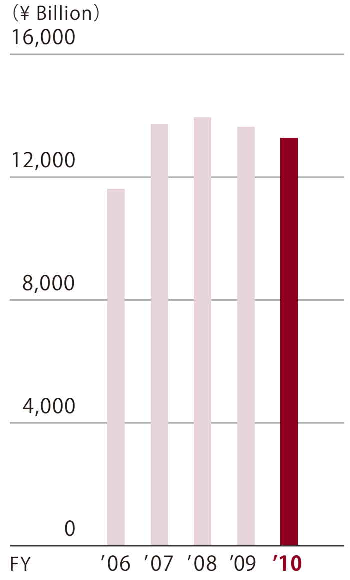
Toyota's financial services operations mainly include loans and leasing programs for customers and dealers. Toyota believes that its ability to provide financing to its customers is an important value added service. Therefore, Toyota has expanded its network of finance subsidiaries in order to offer financial services in many countries.

Toyota's competitors for retail financing and retail leasing include commercial banks, credit unions and other finance companies. Meanwhile, commercial banks and other captive automobile finance companies also compete against Toyota's wholesale financing activities.

Toyota reasonably estimated and recorded allowance for credit losses and residual value losses. This estimation includes the unfavorable impact of the recalls and other safety measures announced in fiscal 2010.

Toyota's financial assets decreased during fiscal 2010 primarily due to the impact of fluctuations in foreign currency translation rates.

Total Assets by Financial Services Operations



The following table provides information regarding Toyota's finance receivables and operating leases as of March 31, 2009 and 2010.

	Yen in millions	
	March 31,	
	2009	**2010**
Finance Receivables		
Retail	¥ 6,655,404	**¥ 6,810,144**
Finance leases	1,108,408	**1,232,508**
Wholesale and other dealer loans	2,322,721	**2,403,239**
	10,086,533	**10,445,891**
Deferred origination costs	104,521	**109,747**
Unearned income	(405,171)	**(482,983)**
Allowance for credit losses		
Retail	(157,359)	**(148,503)**
Finance leases	(7,776)	**(36,917)**
Wholesale and other dealer loans	(73,797)	**(47,059)**
	(238,932)	**(232,479)**
Total finance receivables, net	9,546,951	**9,840,176**
Less – Current portion	(3,891,406)	**(4,209,496)**
Noncurrent finance receivables, net	¥ 5,655,545	**¥ 5,630,680**
Operating Leases		
Vehicles	¥ 2,729,713	**¥ 2,516,948**
Equipment	107,168	**96,300**
	2,836,881	**2,613,248**
Less – Accumulated depreciation	(795,767)	**(791,169)**
Vehicles and equipment on operating leases, net	¥ 2,041,114	**¥ 1,822,079**

Toyota's finance receivables are subject to collectability risks. These risks include consumer and dealer insolvencies and insufficient collateral values (less costs to sell) to realize the full carrying values of these receivables. See discussion in the Critical Accounting Estimates section regarding "Allowance for Doubtful Accounts and Credit Losses" and note 11 to the consolidated financial statements regarding the allowance for doubtful accounts and credit losses.

Toyota continues to originate leases to finance new Toyota vehicles. These leasing activities are subject to residual value risk. Residual value losses could be incurred when the lessee of a vehicle does not exercise the option to purchase the vehicle at the end of the lease term. See discussion in the Critical Accounting Estimates section regarding "Investment in Operating Leases" and note 2 to the consolidated financial statements regarding the allowance for residual value losses.

Toyota primarily enters into interest rate swap agreements and cross currency interest rate swap agreements to convert its fixed-rate debt to variable-rate functional currency debt. A portion of the derivative instruments are entered into to hedge interest rate risk from an economic perspective and are not designated to specific assets or liabilities on Toyota's consolidated balance sheet and accordingly, unrealized gains or losses related to derivatives that are not designated are recognized currently in operations. See discussion in the Critical Accounting Estimates section regarding "Derivatives and Other Contracts at Fair Value", further discussion in the Market Risk Disclosures section and note 20 to the consolidated financial statements.

Funding costs can affect the profitability of Toyota's financial services operations. Funding costs are affected by a number of factors, some of which are not in Toyota's control. These factors include general economic conditions, prevailing interest rates and Toyota's financial strength. Funding costs decreased during fiscal 2009 and 2010, mainly as a result of lower interest rates.

Toyota launched its credit card business in Japan at the beginning of fiscal 2002. As of March 31, 2009, Toyota had 7.1 million cardholders, an increase of 0.5 million cardholders compared with March 31, 2008. As of March 31, 2010, Toyota had 7.7 million cardholders, an increase of 0.6 million cardholders compared with March 31, 2009. The credit card receivables at March 31, 2009 decreased by ¥1.1 billion from March 31, 2008 to ¥224.6 billion. The credit card receivables at March 31, 2010 increased by ¥30.8 billion from March 31, 2009 to ¥255.4 billion.

Other Business Operations

Toyota's other business operations consist of housing, including the manufacture and sale of prefabricated homes; information technology related businesses, including information technology and telecommunications, intelligent transport systems, GAZOO and other.

Toyota does not expect its other business operations to materially contribute to Toyota's consolidated results of operations.

Currency Fluctuations

Toyota is affected by fluctuations in foreign currency exchange rates. In addition to the Japanese yen, Toyota is principally exposed to fluctuations in the value of the U.S. dollar and the euro and, to a lesser extent, the Australian dollar, the Canadian dollar and the British pound. Toyota's consolidated financial statements, which are presented in Japanese yen, are affected by foreign currency exchange fluctuations through both translation risk and transaction risk.

Translation risk is the risk that Toyota's consolidated financial statements for a particular period or for a particular date will be affected by changes in the prevailing exchange rates of the currencies in those countries in which Toyota does business compared with the Japanese yen. Even though the fluctuations of currency exchange rates to the Japanese yen can be substantial, and, therefore, significantly impact comparisons with prior periods and among the various geographic markets, the translation risk is a reporting consideration and does not reflect Toyota's underlying results of operations. Toyota does not hedge against translation risk.

Transaction risk is the risk that the currency structure of Toyota's costs and liabilities will deviate from the currency structure of sales proceeds and assets. Transaction risk relates primarily to sales proceeds from Toyota's non-domestic operations from vehicles produced in Japan.

Toyota believes that the location of its production facilities in different parts of the world has significantly reduced the level of transaction risk. As part of its globalization strategy, Toyota has continued to localize production by constructing production facilities in the major markets in which it sells its vehicles. In calendar 2008 and 2009, Toyota produced 64.1% and

64.5% of Toyota's non-domestic sales outside Japan, respectively. In North America, 57.4% and 60.0% of vehicles sold in calendar 2008 and 2009 respectively were produced locally. In Europe, 60.9% and 57.0% of vehicles sold in calendar 2008 and 2009 respectively were produced locally. Localizing production enables Toyota to locally purchase many of the supplies and resources used in the production process, which allows for a better match of local currency revenues with local currency expenses.

Toyota also enters into foreign currency transactions and other hedging instruments to address a portion of its transaction risk. This has reduced, but not eliminated, the effects of foreign currency exchange rate fluctuations, which in some years can be significant. See notes 20 and 21 to the consolidated financial statements for additional information regarding the extent of Toyota's use of derivative financial instruments to hedge foreign currency exchange rate risks.

Generally, a weakening of the Japanese yen against other currencies has a positive effect on Toyota's revenues, operating income and net income attributable to Toyota Motor Corporation. A strengthening of the Japanese yen against other currencies has the opposite effect. In fiscal 2009 and 2010, the Japanese yen was on average and at the end of the fiscal year stronger against the U.S. dollar and the euro in comparison to the prior fiscal year. See further discussion in the Market Risk Disclosures section regarding "Foreign Currency Exchange Rate Risk".

During fiscal 2009 and 2010, the average exchange rate of the Japanese yen strengthened against the major currencies including the U.S. dollar and the euro compared to the average exchange rate of the prior fiscal year. The operating results excluding the impact of currency fluctuations described in the "Results of Operations — Fiscal 2010 Compared with Fiscal 2009" and the "Results of Operations — Fiscal 2009 Compared with Fiscal 2008," show results of net revenues obtained by applying the Japanese yen's average exchange rate in the previous fiscal year to the local currency-denominated net revenues for fiscal 2009 and 2010, respectively, as if the value of the Japanese yen had remained constant for the comparable periods. Results excluding the impact of currency fluctuations year-on-year are not on the same basis as Toyota's consolidated financial statements and do not conform with U.S. GAAP. Furthermore, Toyota does not believe that these measures are a substitute for U.S. GAAP measures. However, Toyota believes that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the operating performance on a local currency basis.

Segmentation

Toyota's most significant business segment is its automotive operations. Toyota carries out its automotive operations as a global competitor in the worldwide automotive market. Management allocates resources to, and assesses the performance of, its automotive operations as a single business segment on a worldwide basis. Toyota does not manage any subset of its automotive operations, such as domestic or overseas operations or parts, as separate management units.

The management of the automotive operations is aligned on a functional basis with managers having oversight responsibility for the major operating functions within the segment. Management assesses financial and non-financial data such as units of sale, units of production, market share information, vehicle model plans and plant location costs to allocate resources within the automotive operations.

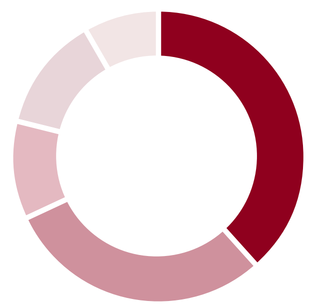
Geographic Breakdown

The following table sets forth Toyota's net revenues in each geographic market based on the country location of the parent company or the subsidiaries that transacted the sale with the external customer for the past three fiscal years.

	Yen in millions		
	Year ended March 31,		
	2008	2009	**2010**
Japan	¥8,418,620	¥7,471,916	**¥7,314,813**
North America	9,248,950	6,097,676	**5,583,228**
Europe	3,802,814	2,889,753	**2,082,671**
Asia	2,790,987	2,450,412	**2,431,648**
Other*	2,027,869	1,619,813	**1,538,613**

* "Other" consists of Central and South America, Oceania and Africa.

Revenues by Market
FY2010



Results of Operations —Fiscal 2010 Compared with Fiscal 2009

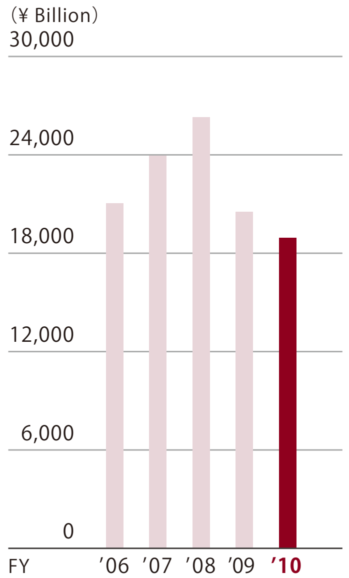
	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Net revenues:				
Japan	¥ 12,186,737	**¥ 11,220,303**	¥ (966,434)	−7.9%
North America	6,222,914	**5,670,526**	(552,388)	−8.9%
Europe	3,013,128	**2,147,049**	(866,079)	−28.7%
Asia	2,719,329	**2,655,327**	(64,002)	−2.4%
Other*	1,882,900	**1,673,861**	(209,039)	−11.1%
Intersegment elimination/ unallocated amount	(5,495,438)	**(4,416,093)**	1,079,345	—
Total	¥ 20,529,570	**¥ 18,950,973**	¥ (1,578,597)	−7.7%

* "Other" consists of Central and South America, Oceania and Africa.

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	2010	Amount	Percentage
Operating income (loss):				
Japan	¥(237,531)	**¥(225,242)**	¥ 12,289	—
North America	(390,192)	**85,490**	475,682	—
Europe	(143,233)	**(32,955)**	110,278	—
Asia	176,060	**203,527**	27,467	+15.6%
Other*	87,648	**115,574**	27,926	+31.9%
Intersegment elimination/ unallocated amount	46,237	**1,122**	(45,115)	−97.6%
Total	¥(461,011)	**¥ 147,516**	¥608,527	—
Operating margin	−2.2%	**0.8%**	3.0%	
Income (loss) before income taxes and equity in earnings of affiliated companies	(560,381)	**291,468**	851,849	—
Net margin from income (loss) before income taxes and equity in earnings of affiliated companies	−2.7%	**1.5%**	4.2%	
Equity in earnings of affiliated companies	42,724	**45,408**	2,684	+6.3%
Net income (loss) attributable to Toyota Motor Corporation	(436,937)	**209,456**	646,393	—
Net margin attributable to Toyota Motor Corporation	−2.1%	**1.1%**	3.2%	

* "Other" consists of Central and South America, Oceania and Africa.

Net Revenues



Net Revenues

Toyota had net revenues for fiscal 2010 of ¥18,950.9 billion, a decrease of ¥1,578.6 billion, or 7.7%, compared with the prior year. This decrease principally reflects the unfavorable impact of fluctuations in foreign currency translation rates of ¥986.9 billion, the impact of decreased vehicle unit sales and changes in sales mix of approximately ¥570.0 billion, partially offset by the increased parts sales of ¥34.9 billion during fiscal 2010. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues would have been approximately ¥19,937.8 billion during fiscal 2010, a 2.9% decrease compared with the prior year. The automotive market expanded by 10.0% in Japan compared to the prior fiscal year due to the government stimulus packages. However, other automotive markets contracted significantly such as 22.0% in North America and 13.7% in Europe compared to the prior calendar year due to the continuous market downturn. Affected by this downturn, Toyota's vehicle unit sales decreased to 7,237 thousand vehicles, or by 4.4%, compared to the prior fiscal year.

Toyota's net revenues by product category in each business with external customer is as follows:

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	2010	Amount	Percentage
Vehicles	¥ 15,635,490	**¥ 14,309,595**	¥ (1,325,895)	−8.5%
Parts and components for overseas production	298,176	**355,273**	57,097	+19.1%
Parts and components for after service	1,575,316	**1,543,941**	(31,375)	−2.0%
Other	1,041,519	**978,499**	(63,020)	−6.1%
Total Automotive	18,550,501	**17,187,308**	(1,363,193)	−7.3%
All Other	623,219	**537,421**	(85,798)	−13.8%
Total sales of products	19,173,720	**17,724,729**	(1,448,991)	−7.6%
Financial services	1,355,850	**1,226,244**	(129,606)	−9.6%
Total	¥ 20,529,570	**¥ 18,950,973**	¥ (1,578,597)	−7.7%

Toyota's net revenues include net revenues from sales of products, consisting of net revenues from automotive operations and all other operations, that decreased by 7.6% during fiscal 2010 compared with the prior fiscal year to ¥17,724.7 billion, and net revenues from financial services operations that decreased by 9.6% during fiscal 2010 compared with the prior fiscal year to ¥1,226.2 billion. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues from sales of products would have been ¥18,618.7 billion, a 2.9% decrease during fiscal 2010 compared with the prior fiscal year. The decrease in net revenues from sales of products is due primarily to a decrease in vehicle unit sales which resulted from the generally difficult market conditions in the automotive industry as a whole in fiscal 2010. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues from financial services operations would have been approximately ¥1,319.1 billion, a 2.7% decrease during fiscal 2010 compared with the prior fiscal year. The decrease in net revenues from financial services operations resulted primarily from unfavorable impact of fluctuations in foreign currency translation rates and decrease in rental income from vehicles and equipment on operating leases.

Number of financing contracts by geographic region (at the end of the fiscal year 2009 and 2010) is as follows:

	Number of financing contracts in thousands			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Japan	1,660	**1,684**	24	+1.4%
North America	4,403	**4,488**	85	+1.9%
Europe	748	**774**	26	+3.5%
Asia	387	**428**	41	+10.6%
Other*	440	**476**	36	+8.2%
Total	7,638	**7,850**	212	+2.8%

* "Other" consists of Central and South America, Oceania and Africa.

Geographically, net revenues (before the elimination of intersegment revenues) for fiscal 2010 decreased by 7.9% in Japan, 8.9% in North America, 28.7% in Europe, 2.4% in Asia and 11.1% in Other compared with the prior fiscal year. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues in fiscal 2010 would have decreased by 7.9% in Japan, 1.2% in North America, 20.1% in Europe, 7.3% in Other and would have increased by 5.5% in Asia compared with the prior fiscal year.

The following is a discussion of net revenues in each geographic market (before the elimination of intersegment revenues).

●Japan

	Thousands of units			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,945	**2,163**	218	11.2%

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Net revenues:				
Sales of products	¥12,067,494	**¥11,095,044**	¥(972,450)	–8.1%
Financial services	119,243	**125,259**	6,016	+5.0%
Total	¥12,186,737	**¥11,220,303**	¥(966,434)	–7.9%

Supported by the government stimulus packages including the eco-car tax reduction and subsidy, Toyota's domestic vehicle unit sales showed growth as compared to the prior fiscal year mainly within the environmentally-friendly and new vehicle markets, such as Prius and SAI. However, net revenues in Japan decreased reflecting the decrease in the number of exported vehicles for the overseas markets.

●North America

	Thousands of units			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,212	**2,098**	(114)	–5.2%

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Net revenues:				
Sales of products	¥5,226,426	**¥4,782,379**	¥(444,047)	–8.5%
Financial services	996,488	**888,147**	(108,341)	–10.9%
Total	¥6,222,914	**¥5,670,526**	¥(552,388)	–8.9%

The market is recovering gradually from the downturn stemming from the financial crisis since the fall of 2008 and Toyota's vehicle unit sales in the second half of fiscal 2010 increased year-on-year primarily due to the sales of new Sienna. However, net revenues in North America decreased primarily as a result of the substantial decline in vehicle unit sales caused by the downturn in the market during the first half of fiscal 2010, fluctuations in foreign currency translation rates and the effects of the recalls and other safety measures.

●Europe

	Thousands of units			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,062	**858**	(204)	–19.2%

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Net revenues:				
Sales of products	¥2,911,234	**¥2,065,768**	¥(845,466)	–29.0%
Financial services	101,894	**81,281**	(20,613)	–20.2%
Total	¥3,013,128	**¥2,147,049**	¥(866,079)	–28.7%

Although Toyota's vehicle unit sales in some European countries increased compared with the prior fiscal year benefiting from various government stimulus packages, net revenues in Europe overall decreased primarily due to the decrease in vehicle unit sales which resulted from the downturn in the market and fluctuations in foreign currency translation rates.

● Asia

	Thousands of units			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Toyota's consolidated vehicle unit sales	905	**979**	74	+8.3%

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Net revenues:				
Sales of products	¥2,676,939	**¥2,612,595**	¥(64,344)	−2.4%
Financial services	42,390	**42,732**	342	+0.8%
Total	¥2,719,329	**¥2,655,327**	¥(64,002)	−2.4%

Although Toyota's vehicle unit sales increased, particularly in Thailand and Indonesia, compared with the prior fiscal year due primarily to various government stimulus packages, net revenues in Asia decreased due primarily to the unfavorable impact of fluctuations in foreign currency translation rates. Eliminating the difference in the Japanese yen value used for translation purposes of ¥212.9 billion, net revenues would have increased by ¥148.6 billion.

● Other

	Thousands of units			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,443	**1,139**	(304)	−21.1%

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Net revenues:				
Sales of products	¥1,779,089	**¥1,571,846**	¥(207,243)	−11.6%
Financial services	103,811	**102,015**	(1,796)	−1.7%
Total	¥1,882,900	**¥1,673,861**	¥(209,039)	−11.1%

Net revenues in Other decreased due to the decrease in Toyota's vehicle unit sales compared to the prior fiscal year as a result of a downturn in the markets in Central and South America, Oceania, Africa, and all other regions.

Operating Costs and Expenses

	Yen in millions			
	Year ended March 31,		2010 vs. 2009 change	
	2009	**2010**	Amount	Percentage
Operating costs and expenses				
Cost of products sold	¥17,468,416	**¥15,971,496**	¥(1,496,920)	−8.6%
Cost of financing operations	987,384	**712,301**	(275,083)	−27.9%
Selling, general and administrative	2,534,781	**2,119,660**	(415,121)	−16.4%
Total	¥20,990,581	**¥18,803,457**	¥(2,187,124)	−10.4%

	Yen in millions
	2010 vs. 2009 change
Changes in operating costs and expenses:	
Effect of decrease in vehicle unit sales and changes in sales mix	(110,000)
Effect of fluctuation in foreign currency translation rates	(963,300)
Effect of increase in parts sales	11,200
Effect of decrease in research and development expenses	(178,700)
Effect of cost reduction efforts, decrease in fixed costs and other efforts	(946,324)
Total	(2,187,124)

Operating costs and expenses decreased by ¥2,187.1 billion, or 10.4%, to ¥18,803.4 billion during fiscal 2010 compared with the prior fiscal year. This decrease resulted primarily from the ¥963.3 billion impact of fluctuations in foreign currency translation rates, the ¥946.3 billion of cost reduction efforts, decrease in fixed costs and other efforts, the ¥178.7 billion decrease in research and development expenses, and the approximate ¥110.0 billion impact on costs of products attributable to the decrease in vehicle unit sales and the changes in sales mix, partially offset by the ¥11.2 billion impact on increase in parts sales. The cost reduction efforts, decrease in fixed costs and other efforts are partially offset by the ¥105.7 billion increase in costs resulting from a change in the estimation model of expenses related to future recalls and other safety measures.

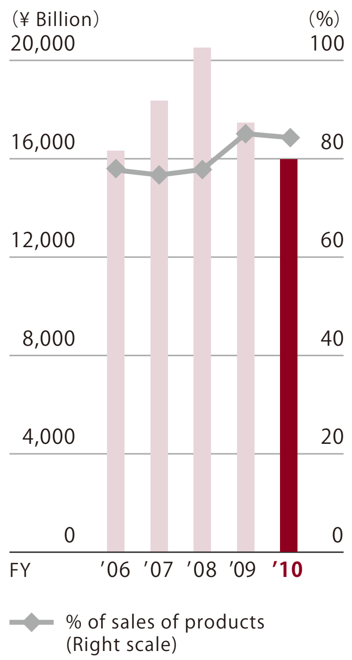
● Cost Reduction Efforts

During fiscal 2010, continued cost reduction efforts reduced operating costs and expenses by approximately ¥520.0 billion. The cost reduction efforts include decreases in the prices of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. In fiscal 2010, the decline in raw materials prices and, continued cost reduction efforts, by working closely with suppliers, contributed to the improvement in earnings. These cost reduction efforts related to ongoing value engineering and value analysis activities, the use of common parts that result in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production.

● **Cost of Products Sold**

Cost of products sold decreased by ¥1,496.9 billion, or 8.6%, to ¥15,971.5 billion during fiscal 2010 compared with the prior fiscal year. The decrease in cost of products sold for automotive operations is primarily attributed to the decrease in fixed costs including the decrease in research and development expenses, the cost reduction efforts, the decrease in vehicle unit sales and the changes in sales mix, and the impact of fluctuations in foreign currency translation rates partially offset by increases in parts sales. The decrease in fixed costs was due mainly to a decline in labor costs and research and development expenses as a result of profit improvement initiatives. The decrease in vehicle unit sales and the changes in sales mix were due to factors such as the substantial contraction of the automotive market caused by the financial crisis since the fall of 2008. The decrease in research and development expenses is attributable to reduced development costs realized as a result of Toyota's more focused investment decisions for the future such as in environmental technologies, and effective management over research and development expenses spending.

Cost of Products Sold



● **Cost of Financing Operations**

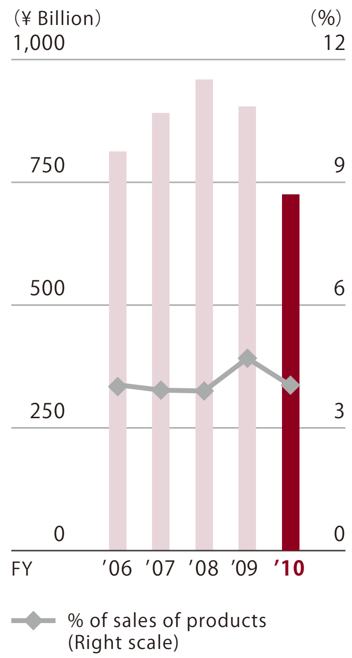
	Yen in millions
	2010 vs. 2009 change
Changes in cost of financing operations:	
Effect of fluctuation in foreign currency translation rates	¥ (83,500)
Effect of changes in funding costs	(70,000)
Effect of increase in valuation gains on interest rate swaps stated at fair value	(64,500)
Effect of decrease in provision for residual value losses	(50,000)
Other	(7,083)
Total	¥(275,083)

Cost of financing operations decreased by ¥275.1 billion, or 27.9%, to ¥712.3 billion during fiscal 2010 compared with the prior year. The decrease resulted primarily from the ¥83.5 billion impact of fluctuations in foreign currency translation rates, the ¥70.0 billion favorable impact of changes in funding costs, the ¥64.5 billion recognition of valuation gains on interest rate swaps stated at fair value, and the ¥50.0 billion decrease in provision for residual value losses. The favorable impact of changes in funding costs is attributable to a decline in market interest rates. The decrease in provision for residual value losses is primarily attributable to the recovery of the used vehicles markets particularly in the United States and other effects, partially offset by the impact from the recalls and other safety measures.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by ¥415.1 billion, or 16.4%, to ¥2,119.6 billion during fiscal 2010 compared with the prior fiscal year. This decrease mainly reflects the ¥173.8 billion decrease for the financial services operations and the ¥84.9 billion decrease of marketing expense. The decrease in the financial services operations is primarily due to the ¥140.0 billion decrease in provision for credit losses and net charge-offs, which is attributable to the rise in the ratio of credit losses as a result of the economic downturn mainly in the United States in the prior fiscal year, partially offset by the impact from the recalls and other safety measures. The decrease in marketing expense is attributable to reduced marketing costs realized as a result of the profit improvement initiatives.

R&D Expenses



Operating Income and Loss

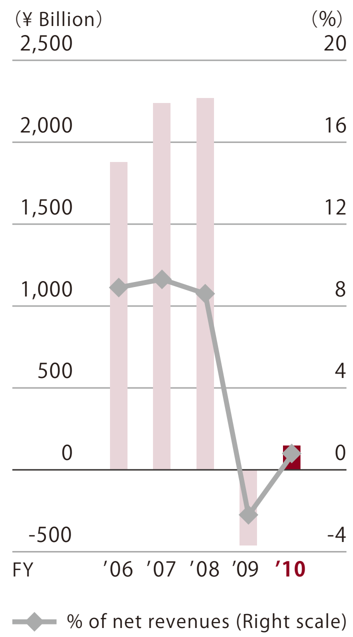
	Yen in millions
	2010 vs. 2009 change
Changes in operating income and loss:	
Effect of decrease in vehicle unit sales and changes in sales mix and other operational factors	¥(370,000)
Effect of increase in parts sales	23,700
Effect of fluctuation in foreign currency translation rates	(23,600)
Effect of decrease in research and development expenses	178,700
Effect of cost reduction efforts, decrease in fixed costs and other efforts	799,727
Total	¥ 608,527

Toyota's operating income increased by ¥608.5 billion to an operating income of ¥147.5 billion during fiscal 2010 compared with the prior year. This operating income was favorably impacted by the effects of a ¥799.7 billion cost reduction efforts, decrease in fixed costs and other efforts, the ¥178.7 billion decrease in research and development expenses, and the ¥23.7 billion increase in parts sales, partially offset by the ¥380.0 billion decrease in vehicle unit sales and the changes in sales mix. The cost reduction efforts, decrease in fixed costs and other efforts are partially offset by the ¥105.7 billion increase in costs resulting from a change in the estimation model of expenses related to future recalls and other safety measures.

During fiscal 2010, operating income (before the elimination of intersegment profits), increased by ¥475.6 billion in North America, increased by ¥27.5 billion, or 15.6%, in Asia, and increased by ¥27.9 billion, or 31.9% in Other compared with the prior fiscal year. During fiscal 2010, operating loss (before the elimination of intersegment profits) decreased by ¥12.3 billion in Japan and decreased by ¥110.3 billion in Europe compared with the prior fiscal year.

The following is a discussion of operating income and loss in each geographic market.

Operating Income (Loss)



● Japan

	Yen in millions 2010 vs. 2009 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales in the export markets and other operational factors	¥(325,000)
Effect of cost reduction efforts, decrease in fixed costs and other efforts	337,289
Total	¥ 12,289

The decrease in operating losses in Japan was mainly due to the cost reduction efforts, decrease in fixed costs and other efforts in the automotive operations segment, partially offset by the ¥330.0 billion impact of decreases in both production volume and vehicle unit sales in the export markets. The decreases in both production volume and vehicle unit sales in the export markets are attributable to the difficult market conditions particularly in North America and Europe.

● North America

	Yen in millions 2010 vs. 2009 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales and other operational factors	¥(30,000)
Effect of fluctuation in foreign currency translation rates	(4,100)
Effect of cost reduction efforts, decrease in fixed costs and other efforts	509,782
Total	¥475,682

The increase in operating income in North America was due mainly to the ¥200.0 billion decreases in the provision for credit losses, net charge-offs and provision for residual value losses of sales finance subsidiaries in the United States, which are included in "Effect of cost reduction efforts, decrease in fixed costs and other efforts", partially offset by the ¥40.0 billion impact of decreases in both production volume and vehicle unit sales and the ¥4.1 billion impact of the fluctuations in foreign currency translation rates. The decreases in both production volume and vehicle unit sales in North America are attributable to the substantial decline in vehicle unit sales of commercial vehicles and passenger vehicles due to the downturn in the market in the first half of fiscal year 2010.

● Europe

	Yen in millions 2010 vs. 2009 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales and other operational factors	¥(60,000)
Effect of fluctuation in foreign currency translation rates	4,900
Effect of cost reduction efforts, decrease in fixed costs and other efforts	165,378
Total	¥110,278

The decrease in operating loss in Europe was mainly due to the ¥155.3 billion impact of cost reduction efforts, decrease in fixed costs and other efforts in the automotive operations segment and the ¥4.9 billion impact of fluctuations in foreign currency translation rates, partially offset by the ¥60.0 billion reduction of both production volume and vehicle unit sales. The decreases in both production volume and vehicle unit sales in Europe was attributable to the decline in vehicle unit sales in the overall European market compared to the prior fiscal year despite sales growth in some of the countries that benefited from government stimulus packages.

● Asia

	Yen in millions 2010 vs. 2009 change
Changes in operating income and loss:	
Effect of increase in production volume and vehicle unit sales and other operational factors	¥20,000
Effect of fluctuation in foreign currency translation rates	(16,200)
Effect of cost reduction efforts, decrease in fixed costs and other efforts	23,667
Total	¥27,467

The increase in operating income in Asia was mainly due to the ¥20.0 billion impact of increase in production volume and vehicle unit sales and the ¥18.6 billion impact of cost reduction efforts, decrease in fixed costs and other efforts in the automotive operations segment, partially offset by the ¥16.2 billion impact of fluctuation in foreign currency translation rates. The increase in production volume and vehicle unit sales in Asia was primarily attributable to the recovery of Asian automotive markets, particularly in Thailand and Indonesia, benefiting from the government stimulus packages.

Other Income and Expenses

Interest and dividend income decreased by ¥60.2 billion, or 43.5%, to ¥78.2 billion during fiscal 2010 compared with the prior fiscal year mainly due to a decrease in interest income reflecting decreases in market interest rates.

Interest expense decreased by ¥13.5 billion, or 28.7%, to ¥33.4 billion during fiscal 2010 compared with the prior fiscal year.

Foreign exchange gains, net increased by ¥70.0 billion to ¥68.2 billion during fiscal 2010 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated sales translated at prevailing exchange rates and the value of the sales amounts settled during the year, including those settled using forward foreign currency exchange contracts.

Other income, net increased by ¥220.0 billion to ¥30.9 billion during fiscal 2010 compared with the prior fiscal year. This increase was mainly due to the recognition of impairment losses on available-for sale securities in the prior fiscal year.

Income Taxes

The provision for income taxes increased by ¥149.1 billion to ¥92.6 billion during fiscal 2010 compared with the prior year primarily due to the increase in income before income taxes. The effective tax rate was 31.8%, which was lower than the statutory tax rate in Japan. This was primarily due to the increase in income before income taxes of overseas subsidiaries whose statutory tax rates were lower than the statutory tax rate in Japan.

Net Income and Loss attributable to the Noncontrolling Interest and Equity in Earnings of Affiliated Companies

Net income attributable to the noncontrolling interest increased by ¥59.0 billion to ¥34.8 billion during fiscal 2010 compared with the prior year. This increase was mainly due to an increase in net income attributable to the shareholders of consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2010 increased by ¥2.7 billion, or 6.3%, to ¥45.4 billion compared with the prior fiscal year. This increase was due to an increase in net income attributable to the shareholders of affiliated companies.

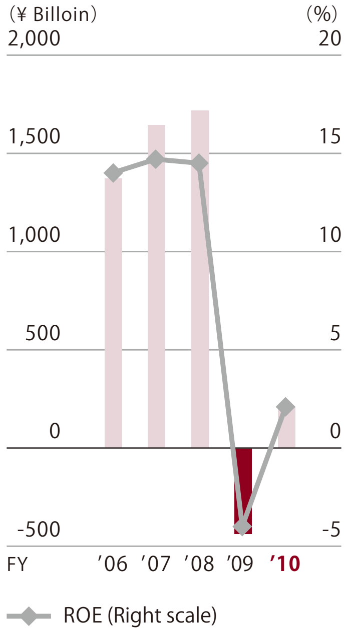
Net Income and Loss attributable to Toyota Motor Corporation

Net income attributable to Toyota Motor Corporation increased by ¥646.4 billion to ¥209.4 billion during fiscal 2010 compared with the prior fiscal year.

Other Comprehensive Income and Loss

Other comprehensive income increased by ¥1,127.4 billion to ¥260.9 billion for fiscal 2010 compared with the prior fiscal year. This increase resulted primarily from unrealized holding gains on securities in fiscal 2010 of ¥176.4 billion compared with losses of ¥293.1 billion in the prior fiscal year, and from favorable foreign currency translation adjustments of ¥9.8 billion in fiscal 2010 compared with losses of ¥381.3 billion in the prior fiscal year. The increase in unrealized holding gains on securities was mainly due to the recognition of impairment losses on available-for sale securities in the prior fiscal year.

Net Income (Loss), and ROE



Segment Information

The following is a discussion of results of operations for each of Toyota's operating segments. The amounts presented are prior to intersegment elimination.

		Yen in millions			
		Year ended March 31,		2010 vs. 2009 change	
		2009	2010	Amount	Percentage
Automotive:	Net revenues	¥18,564,723	**¥17,197,428**	¥(1,367,295)	–7.4%
	Operating income (loss)	(394,876)	**(86,370)**	308,506	–
Financial Services:	Net revenues	¥ 1,377,548	**¥ 1,245,407**	¥ (132,141)	–9.6%
	Operating income (loss)	(71,947)	**246,927**	318,874	–
All Other:	Net revenues	¥ 1,184,947	**¥ 947,615**	¥ (237,332)	–20.0%
	Operating income (loss)	9,913	**(8,860)**	(18,773)	–
Intersegment elimination/unallocated amount:	Net revenues	¥ (597,648)	**¥ (439,477)**	¥ 158,171	–
	Operating income (loss)	(4,101)	**(4,181)**	(80)	–

• Automotive Operations Segment

The automotive operations segment is Toyota's largest operating segment by net revenues. Net revenues for the automotive segment decreased during fiscal 2010 by ¥1,367.3 billion, or 7.4%, compared with the prior year to ¥17,197.4 billion. The decrease was primarily due to fluctuations in foreign currency translation rates of ¥886.5 billion and decreased vehicle unit sales and the changes in sales mix of approximately ¥570.0 billion, partially offset by increased parts sales of ¥34.9 billion.

Operating loss from the automotive operations decreased by ¥308.5 billion during fiscal 2010 compared with the prior year to an operating loss of ¥86.3 billion. This decrease in operating loss was primarily due to cost reduction efforts, decrease in fixed costs of ¥990.0 billion, and increase in parts sales, partially offset by a ¥380.0 billion decrease in vehicle unit sales and changes in sales mix.

The decrease in vehicle unit sales and changes in sales mix was due primarily to a decrease in vehicle unit sales which resulted from the generally difficult market conditions in the automotive industry during fiscal 2010. The decrease in fixed costs was due mainly to the decline in labor costs and research and development expenses as a result of profit improvement initiatives, partially offset by ¥105.7 billion increase in costs resulting from a change in the estimation model of expenses related to future recalls and other safety measures.

• Financial Services Operations Segment

Net revenues for the financial services operations decreased during fiscal 2010 by ¥132.1 billion, or 9.6%, compared to the prior year to ¥1,245.4 billion. This decrease was primarily due to the unfavorable impact of fluctuations in foreign currency translation rates of ¥93.3 billion. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues for its financial services operations would have been approximately ¥1,338.7 billion during fiscal 2010, a 2.8% decrease compared with the prior fiscal year. The decrease in net revenues eliminating the difference in the Japanese yen value used for translation purposes resulted primarily from a decrease in rental income from vehicles and equipment on operating leases.

Operating income from financial services operations increased by ¥318.9 billion to ¥246.9 billion during fiscal 2010 compared with the prior year. This increase was primarily due to the ¥140.0 billion decrease in provision for credit losses, net charge-offs, the ¥64.5 billion of the recognition of valuation gains on interest rate swaps stated at fair value, and the ¥50.0 billion decrease in provision for residual value losses.

The decrease in provision for credit losses, net charge-offs is primarily attributable to the increase in provision for credit losses and net charge-offs in the United States primarily due to the rise in the ratio of credit losses as a result of the economic downturn in the prior fiscal year, partially offset by the impact from the recalls and other safety measures. The decrease in provision for residual value losses is primarily attributable to the recovery in the used vehicle market, partially offset by the impact from the recalls and other safety measures.

Ratio of credit loss experience in the United States is as follows:

	Year ended March 31, 2009	Year ended March 31, 2010
Net charge-offs as a percentage of average gross earning assets:		
Finance receivables	1.54%	**1.15%**
Operating lease	0.86%	**0.63%**
Total	1.37%	**1.03%**

• All Other Operations Segment

Net revenues for Toyota's other operations segment decreased by ¥237.3 billion, or 20.0%, to ¥947.6 billion during fiscal 2010 compared with the prior year.

Operating income from Toyota's other operations segment decreased by ¥18.8 billion, to operating loss of ¥8.9 billion during fiscal 2010 compared with the prior year.

Results of Operations — Fiscal 2009 Compared with Fiscal 2008

Yen in millions	Year ended March 31, 2008	Year ended March 31, 2009	2009 vs. 2008 change Amount	2009 vs. 2008 change Percentage
Net revenues:				
Japan	¥15,315,812	**¥12,186,737**	¥(3,129,075)	−20.4%
North America	9,423,258	**6,222,914**	(3,200,344)	−34.0%
Europe	3,993,434	**3,013,128**	(980,306)	−24.5%
Asia	3,120,826	**2,719,329**	(401,497)	−12.9%
Other*	2,294,137	**1,882,900**	(411,237)	−17.9%
Intersegment elimination/ unallocated amount	(7,858,227)	**(5,495,438)**	2,362,789	—
Total	¥26,289,240	**¥20,529,570**	¥(5,759,670)	−21.9%
Operating income (loss):				
Japan	¥1,440,286	**¥(237,531)**	¥(1,677,817)	—
North America	305,352	**(390,192)**	(695,544)	—
Europe	141,571	**(143,233)**	(284,804)	—
Asia	256,356	**176,060**	(80,296)	−31.3%
Other*	143,978	**87,648**	(56,330)	−39.1%
Intersegment elimination/ unallocated amount	(17,168)	**46,237**	63,405	—
Total	¥2,270,375	**¥(461,011)**	¥(2,731,386)	—
Operating margin	8.6%	**−2.2%**	−10.8%	—
Income (loss) before income taxes, minority interest and equity in earnings of affiliated companies	2,437,222	**(560,381)**	(2,997,603)	—
Net margin from Income (loss) before income taxes, minority interest and equity in earnings of affiliated companies	9.3%	**−2.7%**	−12.0%	
Equity in earnings of affiliated companies	270,114	**42,724**	(227,390)	−84.2%
Net income (loss)	1,717,879	**(436,937)**	(2,154,816)	—
Net margin	6.5%	**−2.1%**	−8.6%	

* "Other" consists of Central and South America, Oceania and Africa.

Net Revenues

Toyota had net revenues for fiscal 2009 of ¥20,529.5 billion, a decrease of ¥5,759.7 billion, or 21.9%, compared with the prior year. This decrease principally reflects the impact of decreased vehicle unit sales and changes in sales mix of ¥3,400.0 billion, the unfavorable impact of fluctuations in foreign currency translation rates of ¥2,031.2 billion, and decreased parts sales of ¥128.6 billion during fiscal 2009. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues would have been approximately ¥22,560.7 billion during fiscal 2009, a 14.2% decrease compared with the prior fiscal year. As a result of the downturn in the global economy stemming from the financial crisis since the fall of 2008, the automotive market contracted by 15.6% in Japan compared to the prior fiscal year, and by 15.8% in North America and 8.2% in Europe compared to the prior calendar year, respectively. Affected by this downturn, Toyota's vehicle unit sales decreased to 7,567 thousand vehicles, or by 15.1%, compared to the prior fiscal year. The decrease in net revenues was also due to the effect of foreign currency exchange rate fluctuations and changes in the market demand resulting from a shift in consumer preference towards small vehicles and low-price vehicles.

Toyota's net revenues by product category in each business to external customer is as follows:

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Vehicles	¥20,723,588	**¥15,635,490**	¥(5,088,098)	–24.6%
Parts and components for overseas production	342,244	**298,176**	(44,068)	–12.9%
Parts and components for after service	1,785,684	**1,575,316**	(210,368)	–11.8%
Other	1,308,738	**1,041,519**	(267,219)	–20.4%
Total Automotive	24,160,254	**18,550,501**	(5,609,753)	–23.2%
All Other	660,256	**623,219**	(37,037)	–5.6%
Total sales of products	24,820,510	**19,173,720**	(5,646,790)	–22.8%
Financial services	1,468,730	**1,355,850**	(112,880)	–7.7%
Total	¥26,289,240	**¥20,529,570**	¥(5,759,670)	–21.9%

Toyota's net revenues include net revenues from sales of products, consisting of net revenues from automotive operations and all other operations, which decreased by 22.8% during fiscal 2009 compared with the prior fiscal year to ¥19,173.7 billion, and net revenues from financial services operations, which decreased by 7.7% during fiscal 2009 compared with the prior fiscal year to ¥1,355.8 billion. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues from sales of products would have been approximately ¥21,011.3 billion, a 15.3% decrease during fiscal 2009 compared with the prior fiscal year. The decrease in net revenues from sales of products is primarily attributable to a substantial contraction of the automotive market caused by a rapid deterioration of the world economy following the financial crisis since the fall of 2008, as well as changes in market demand resulting from a shift in consumer preference towards small vehicles and low-price vehicles. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues from financial services operations would have been approximately ¥1,549.4 billion, a 5.5% increase during fiscal 2009 compared with the prior year. The increase in net revenues from financial services operations is primarily attributable to the increase in volume of financings as a result of an increase in market share primarily of the finance subsidiary in North America.

Number of financing contracts by geographic region (at the end of the fiscal year 2008 and 2009) is as follows:

	Number of financing contracts in thousands			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Japan	1,614	**1,660**	46	+2.9%
North America	4,241	**4,403**	162	+3.8%
Europe	709	**748**	39	+5.5%
Asia	357	**387**	30	+8.4%
Other*	413	**440**	27	+6.5%
Total	7,334	**7,638**	304	+4.1%

* "Other" consists of Central and South America, Oceania and Africa.

Geographically, net revenues (before the elimination of intersegment revenues) for fiscal 2009 decreased by 20.4% in Japan, 34.0% in North America, 24.5% in Europe, 12.9% in Asia and 17.9% in Other compared with the prior fiscal year. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues in fiscal 2009 would have decreased by 20.4% in Japan, 25.0% in North America, 14.1% in Europe, 1.1% in Other and 0.5% in Asia compared with the prior fiscal year.

The following is a discussion of net revenues in each geographic market (before the elimination of intersegment revenues).

●Japan

	Thousands of units			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,188	**1,945**	(243)	–11.1%

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Net revenues:				
Sales of products	¥15,183,262	**¥12,067,494**	¥(3,115,768)	–20.5%
Financial services	132,550	**119,243**	(13,307)	–10.0%
Total	¥15,315,812	**¥12,186,737**	¥(3,129,075)	–20.4%

Although Toyota enjoyed strong sales of new car models such as the Alphard and the Vellfire amid the downturn in the real economy and increased domestic competition, net revenues in Japan decreased primarily due to lower vehicle unit sales compared to the prior fiscal year as a result of difficult market conditions. Net revenues in Japan decreased also due to shift in consumer preference towards compact and subcompact cars influenced by decreased consumer spending and heightened environmental awareness.

●North America

	Thousands of units			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,958	**2,212**	(746)	–25.2%

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Net revenues:				
Sales of products	¥8,339,887	**¥5,226,426**	¥(3,113,461)	–37.3%
Financial services	1,083,371	**996,488**	(86,883)	–8.0%
Total	¥9,423,258	**¥6,222,914**	¥(3,200,344)	–34.0%

Net revenues in North America decreased primarily due to the substantial decrease in vehicle unit sales as a result of the downturn in the market stemming from the financial crisis since the fall of 2008. In particular, the decline in vehicle unit sales is attributable to the decline in vehicle unit sales of commercial vehicles as a result of the surge in prices of crude oil in the first half of fiscal 2009, a shift in consumer preference towards small vehicles and fuel-efficient vehicles, and a rapid decline in vehicle unit sales of passenger vehicles as a result of the financial crisis in the second half of fiscal 2009. Although net revenues from financing operations decreased, net revenues from financing operations increased by ¥54.3 billion excluding the ¥141.1 billion impact of fluctuation in foreign currency exchange rate, which is attributable to the increase in the volume of financings as a result of an increase in market share primarily of the finance subsidiary in North America.

●Europe

	Thousands of units			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,284	**1,062**	(222)	–17.3%

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Net revenues:				
Sales of products	¥3,878,677	**¥2,911,234**	¥(967,443)	–24.9%
Financial services	114,757	**101,894**	(12,863)	–11.2%
Total	¥3,993,434	**¥3,013,128**	¥(980,306)	–24.5%

Although Toyota enjoyed strong sales of compact cars and environmentally-friendly cars such as the Aygo and the Prius, net revenues in Europe decreased due to lower vehicle unit sales compared to the prior fiscal year. The decrease in net revenues was also due to the fiscal year falling between periods of full model changes.

●Asia

	Thousands of units			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Toyota's consolidated vehicle unit sales	956	**905**	(51)	–5.4%

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Net revenues:				
Sales of products	¥3,082,832	**¥2,676,939**	¥(405,893)	–13.2%
Financial services	37,994	**42,390**	4,396	+11.6%
Total	¥3,120,826	**¥2,719,329**	¥(401,497)	–12.9%

Although the sales of models such as the Avanza and the Innova increased, net revenues in Asia decreased due to a decrease in vehicle unit sales compared to the prior fiscal year as a result of the deterioration of the world economy stemming from the subprime mortgage crisis in the fall of 2008.

● Other

	Thousands of units			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,527	**1,443**	(84)	−5.5%

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Net revenues:				
Sales of products	¥2,186,817	**¥1,779,089**	¥(407,728)	−18.6%
Financial services	107,320	**103,811**	(3,509)	−3.3%
Total	¥2,294,137	**¥1,882,900**	¥(411,237)	−17.9%

Net revenues in Other decreased due to the decrease in vehicle unit sales compared to the prior fiscal year as a result of a downturn in the markets.

Operating Costs and Expenses

	Yen in millions			
	Year ended March 31,		2009 vs. 2008 change	
	2008	**2009**	Amount	Percentage
Operating costs and expenses				
Cost of products sold	¥20,452,338	**¥17,468,416**	¥(2,983,922)	−14.6%
Cost of financing operations	1,068,015	**987,384**	(80,631)	−7.5%
Selling, general and administrative expenses	2,498,512	**2,534,781**	36,269	+1.5%
Total	¥24,018,865	**¥20,990,581**	¥(3,028,284)	−12.6%

	Yen in millions
	2009 vs. 2008 change
Changes in operating costs and expenses:	
Effect of decrease in vehicle unit sales and changes in sales mix	¥(2,100,000)
Effect of fluctuation in foreign currency translation rates	(2,062,100)
Effect of decrease in parts sales	(64,400)
Effect of decrease in research and development expenses	(54,800)
Effect of increase in cost reduction, expenses and other effects	1,253,016
Total	¥(3,028,284)

Operating costs and expenses decreased by ¥3,028.3 billion, or 12.6%, to ¥20,990.5 billion during fiscal 2009 compared with the prior fiscal year. This decrease resulted primarily from the approximate ¥2,100 billion impact on costs of products attributable to the decrease in vehicle unit sales and the changes in sales mix, the ¥2,062.1 billion impact of fluctuations in foreign currency translation rates, ¥64.4 billion decreased costs corresponding to the decrease in parts sales, and the ¥54.8 billion decrease in research and development expenses, partially offset by the ¥1,253.0 billion increase in cost reduction, expenses and other effects.

● Cost Reduction Efforts

Cost reduction efforts were offset by increases in the prices of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. Although the prices of raw materials such as steel remained high through fiscal 2009 as a result of market conditions, cost reduction efforts, by working closely with suppliers, absorbed the impact of the market price increase. These cost reduction efforts related to ongoing value engineering and value analysis activities, the use of common parts that result in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production.

● Cost of Products Sold

Cost of products sold decreased by ¥2,984.0 billion, or 14.6%, to ¥17,468.4 billion during fiscal 2009 compared with the prior fiscal year. The decrease in cost of products sold for automotive operations is primarily attributed to the decrease in vehicle unit sales and the changes in sales mix, the impact of fluctuations in foreign currency translation rates, the impact of the decrease in parts sales, and the decrease in research and development expenses, partially offset by increases in expenses. The impact of decrease in vehicle unit sales and the changes in sales mix reflected such factors as the substantial contraction of the automotive market caused by a rapid deterioration of the world economy following the financial crisis since the fall of 2008, as well as changes in the market structure resulting from a shift in consumer preference towards small vehicles and low-price vehicles.

The decrease in research and development expenses is attributable to reduced development costs realized as a result of efforts to improve earnings by improving development efficiency. This decrease in research and development expenses was achieved while maintaining a focus on the development of environmentally conscious technologies including hybrid and fuel-cell technology, and the developments in advanced technologies relating to collision safety and vehicle stability controls to further build up competitive strength in the future. The increase in expenses is attributable to the inefficiency from decreased operational activity, increase in inventory reserve for the lower of cost or market, and the incurrence of product-quality related expenses in the first half of fiscal 2009.

●Cost of Financing Operations

	Yen in millions
	2009 vs. 2008 change
Changes in cost of financing operations:	
Effect of fluctuation in foreign currency translation rates	¥(206,400)
Effect of increase in provision for residual value losses	70,000
Effect of increase in valuation losses on interest rate swaps stated at fair value	12,200
Other	43,569
Total	¥ (80,631)

Cost of financing operations decreased by ¥80.6 billion, or 7.5%, to ¥987.4 billion during fiscal 2009 compared with the prior fiscal year. The decrease resulted primarily from the ¥206.4 billion impact of fluctuations in foreign currency translation rates, partially offset by the ¥70.0 billion increase in provision for residual value losses and the ¥12.2 billion increase in valuation losses on interest rate swaps stated at fair value. The increase in provision for residual value losses is primarily attributable to the increase in provision for residual value losses of operating lease vehicles resulting from the decrease in the prices of used vehicles, particularly of large vehicles with low fuel economy due to the economic downturn. The increase in valuation losses on interest rate swaps stated at fair value is attributable to the valuation losses on floating to fixed interest rate swaps that are not designated as hedges due to the decline in market interest rates.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥36.2 billion, or 1.5%, to ¥2,534.7 billion during fiscal 2009 compared with the prior fiscal year. This increase mainly reflects the ¥119.4 billion increase for the financial services operations, partially offset by the ¥95.2 billion decrease of marketing expense which is attributable to reduced marketing costs realized as a result of efforts to improve earnings. The increase in the financial services operations is primarily due to the ¥170.0 billion increase in provision for credit losses and net charge-offs, which is attributable to the rise in the ratio of credit losses as a result of the economic downturn mainly in the United States.

Operating Income and Loss

	Yen in millions
	2009 vs. 2008 change
Changes in operating income and loss:	
Effect of decrease in vehicle unit sales and changes in sales mix and other operational factors	¥(1,480,000)
Effect of decrease in parts sales	(17,300)
Effect of fluctuation in foreign currency translation rates	30,900
Effect of decrease in research and development expenses	54,800
Effect of increase in cost reduction, expenses and other effects	(1,319,786)
Total	¥(2,731,386)

Toyota's operating income decreased by ¥2,731.3 billion to an operating loss of ¥461.0 billion during fiscal 2009 compared with the prior fiscal year. This decrease was unfavorably affected by the ¥1,300.0 billion decrease in vehicle unit sales and the changes in sales mix, the ¥1,319.7 billion increase in cost reduction, expenses and other effects, and the ¥17.3 billion decrease in parts sales, partially offset by the ¥54.8 billion decrease in research and development expenses.

During fiscal 2009, operating income (before the elimination of intersegment profits) for significant geographic regions decreased by ¥1,677.8 billion in Japan, decreased by ¥695.5 billion in North America, decreased by ¥284.8 billion in Europe, decreased by ¥80.3 billion, or 31.3%, in Asia, and decreased by ¥56.3 billion, or 39.1% in Other compared with the prior fiscal year.

The following is a discussion of operating income and loss in each geographic market.

●Japan

	Yen in millions
	2009 vs. 2008 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales in the export markets and other operational factors	¥ (730,000)
Effect of increase in cost reduction, expenses and other effects	(947,817)
Total	¥(1,677,817)

The decrease in Japan was mainly due to the ¥700.0 billion impact of decreases in both production volume and vehicle unit sales in the export markets, partially offset by the decrease in research and development expenses. The decreases in both production volume and vehicle unit sales in the export markets are attributable to the difficult market conditions caused by the downturn in the real economy.

●North America

	Yen in millions
	2009 vs. 2008 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales and other operational factors	¥(580,000)
Effect of fluctuation in foreign currency translation rates	52,700
Effect of increase in cost reduction, expenses and other effects	(168,244)
Total	¥(695,544)

The decrease in North America was mainly due to the ¥400.0 billion impact of decreases in both production volume and vehicle unit sales, the increases in the provision for credit losses, net charge-offs and provision for residual value losses in sales finance subsidiaries in the United States, which are included in "Effect of increase in cost reduction, expenses and other effects", partially offset by the ¥52.7 billion impact of the fluctuations in foreign currency translation rates. The decreases in both production volume and vehicle unit sales in North America are attributable to the rapid decline in vehicle unit sales of commercial vehicles and passenger vehicles due to the downturn in the market stemming from the financial crisis in the fall of 2008.

●Europe

	Yen in millions
	2009 vs. 2008 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales and other operational factors	¥(190,000)
Effect of fluctuation in foreign currency translation rates	18,100
Effect of increase in cost reduction, expenses and other effects	(112,904)
Total	¥(284,804)

The decrease in Europe was mainly due to the ¥180.0 billion impact of decreases in both production volume and vehicle unit sales, partially offset by the ¥18.1 billion impact of fluctuations in foreign currency translation rates. The decreases in both production volume and vehicle unit sales in Europe was attributable to the significant decline in vehicle unit sales in western Europe compared to the prior fiscal year as a result of the rapid market contraction due to the financial crisis in the fall of 2008. The decreases are also attributable to the fiscal year falling between periods of full model changes.

● Asia

	Yen in millions
	2009 vs. 2008 change
Changes in operating income and loss:	
Effect of decrease in production volume and vehicle unit sales and other operational factors	¥ –
Effect of fluctuation in foreign currency translation rates	(24,400)
Effect of increase in cost reduction, expenses and other effects	(55,896)
Total	¥(80,296)

The decrease in Asia was mainly due to the ¥24.4 billion impact of the fluctuations in foreign currency translation rates. The decrease in production volume and vehicle unit sales in Asia was primarily attributable to the sales decline in the market compared to the prior fiscal year following the financial crisis in the majority of Asian countries including Thailand.

● Other

The decrease in Other was primarily due to the decrease in vehicle unit sales.

Other Income and Expenses

Interest and dividend income decreased by ¥27.3 billion, or 16.4%, to ¥138.4 billion during fiscal 2009 compared with the prior fiscal year mainly due to a decrease in interest income from marketable securities.

Interest expense increased by ¥0.8 billion, or 1.7%, to ¥46.9 billion during fiscal 2009 compared with the prior fiscal year.

Foreign exchange gains, net decreased by ¥11.0 billion to a loss of ¥1.8 billion during fiscal 2009 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated sales translated at prevailing exchange rates and the value of the sales amounts settled during the fiscal year, including those settled using forward foreign currency exchange contracts.

Other income, net decreased by ¥227.2 billion to a loss of ¥189.1 billion during fiscal 2009 compared with the prior fiscal year. This decrease was mainly due to the recognition of impairment losses on available-for sale securities.

Income Taxes

The provision for income taxes decreased by ¥968.0 billion to a tax benefit of ¥56.5 billion during fiscal 2009 compared with the prior fiscal year primarily due to the decrease in income before income taxes. The effective tax rate was 10.1%, which was lower than its statutory tax rate in Japan primarily due to a recognition of valuation allowance for deferred tax assets at domestic and overseas subsidiaries.

Net Income and Loss attributable to the Noncontrolling Interest and Equity in Earnings of Affiliated Companies

Net income and loss attributable to the noncontrolling interest decreased by ¥102.2 billion to a loss of ¥24.2 billion during fiscal 2009 compared with the prior fiscal year. This decrease was mainly due to a decrease in net income attributable to the shareholders of consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2009 decreased by ¥227.4 billion, or 84.2%, to ¥42.7 billion compared with the prior fiscal year. This decrease was due to a decrease in net income attributable to the shareholders of affiliated companies.

Net Income and Loss attributable to Toyota Motor Corporation

Net income attributable to Toyota Motor Corporation decreased by ¥2,154.8 billion to a loss of ¥437.0 billion during fiscal 2009 compared with the prior fiscal year.

Other Comprehensive Income and Loss

Other comprehensive losses decreased by ¥76.0 billion to losses of ¥866.5 billion for fiscal 2009 compared with the prior fiscal year. This decrease in losses resulted primarily from favorable foreign currency translation adjustments in fiscal 2009 to losses of ¥381.3 billion compared with losses of ¥461.1 billion in the prior fiscal year, and a decrease in unrealized holding losses on securities in fiscal 2009 to ¥293.1 billion compared with ¥347.8 billion in the prior fiscal year. The decrease in unrealized holding losses on securities was mainly due to the recognition of impairment losses on available-for sale securities.

Segment Information

The following is a discussion of results of operations for each of Toyota's operating segments. The amounts presented are prior to intersegment elimination.

		Yen in millions			
		Year ended March 31,		2009 vs. 2008 change	
		2008	**2009**	Amount	Percentage
Automotive:	Net revenues	¥24,177,306	**¥18,564,723**	¥(5,612,583)	–23.2%
	Operating income (loss)	2,171,905	**(394,876)**	(2,566,781)	–
Financial Services:	Net revenues	¥ 1,498,354	**¥ 1,377,548**	¥ (120,806)	–8.1%
	Operating income (loss)	86,494	**(71,947)**	(158,441)	–
All Other:	Net revenues	¥ 1,346,955	**¥ 1,184,947**	¥ (162,008)	–12.0%
	Operating income (loss)	33,080	**9,913**	(23,167)	–70.0%
Intersegment elimination/unallocated amount:	Net revenues	¥ (733,375)	**¥ (597,648)**	¥ 135,727	–
	Operating income (loss)	(21,104)	**(4,101)**	17,003	–

● Automotive Operations Segment

The automotive operations segment is Toyota's largest operating segment by net revenues. Net revenues for the automotive segment decreased during fiscal 2009 by ¥5,612.6 billion, or 23.2%, compared with the prior fiscal year to ¥18,564.7 billion. The decrease was primarily due to decreased vehicle unit sales and the changes in sales mix of approximately ¥3,400.0 billion, fluctuations in foreign currency translation rates of ¥1,833.8 billion and decreased parts sales during fiscal 2009.

Operating income from the automotive operations decreased by ¥2,566.7 billion during fiscal 2009 compared with the prior year to an operating loss of ¥394.8 billion. This decrease was primarily due to the decrease in vehicle unit sales and changes in sales mix of ¥1,300.0 billion, the increase in expenses of ¥491.3 billion, and the decrease in parts sales, partially offset by the decrease in research and development expenses.

The decrease in vehicle unit sales and changes in sales mix reflected such factors as a substantial contraction of the automotive market caused by a rapid deterioration of the world economy following the financial crisis since the fall of 2008, as well as changes in the market structure resulting from a shift in consumer preference towards small vehicles and low-price vehicles. The increase in expenses is attributable to the inefficiency from decreased operational activity, increase in inventory reserve for the lower of cost or market, and the incurrence of product-quality related expenses in the first half of fiscal 2009.

• Financial Services Operations Segment

Net revenues for the financial services operations decreased during fiscal 2009 by ¥120.8 billion, or 8.1%, compared to the prior fiscal year to ¥1,377.5 billion. This decrease was primarily due to the unfavorable impact of fluctuations in foreign currency translation rates of ¥195.0 billion, which was partially offset by a higher volume of financing of ¥95.0 billion. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues for its financial services operations would have been approximately ¥1,572.5 billion during fiscal 2009, a 5.0% increase compared with the prior fiscal year. The increase in net revenues from financial services operations, eliminating the difference in the Japanese yen value used for translation purposes, is primarily attributable to the increase in volume of financings as a result of an increase in market share primarily of the finance subsidiary in North America.

Operating income from financial services operations decreased by ¥158.5 billion to an operating loss of ¥72.0 billion during fiscal 2009 compared with the prior fiscal year. This decrease was primarily due to the ¥170.0 billion increase in provision for credit losses, net charge-offs and the ¥70.0 billion increase in provision for residual value losses, and the ¥12.2 billion increase in valuation losses on interest rate swaps stated at fair value in sales finance subsidiaries primarily in the United States.

The increase in provision for credit losses, net charge-offs is primarily attributable to the increase in provision for credit losses and net charge-offs in the United States due to the rise in the ratio of credit losses as a result of the economic downturn.

The increase in provision for residual value losses is primarily attributable to the decrease in the prices of used vehicles, particularly of large vehicles with low fuel economy, as a result of the economic downturn. The increase in valuation losses on interest rate swaps stated at fair value is attributable to the valuation losses on floating to fixed interest rate swaps that are not designated as hedges due to the decline in market interest rates.

Ratio of credit loss experience in the United States is as follows:

	Year ended March 31,	
	2008	**2009**
Net charge-offs as a percentage of average gross earning assets:		
Finance receivables	1.08%	**1.54%**
Operating lease	0.40%	**0.86%**
Total	0.91%	**1.37%**

• All Other Operations Segment

Net revenues for Toyota's other operations segment decreased by ¥162.0 billion, or 12.0%, to ¥1,184.9 billion during fiscal 2009 compared with the prior fiscal year.

Operating income from Toyota's other operations segment decreased by ¥23.1 billion, or 70.0%, to ¥9.9 billion during fiscal 2009 compared with the prior fiscal year.

Outlook

While Toyota expects that an economic recovery trend in China will prevail across the Asian markets and developed countries will see a gradual economic recovery in fiscal 2011, Toyota also believes there is a risk of a downturn in the world economy during fiscal 2011 resulting from credit contraction in financial markets, unemployment, increases in raw material prices, and other factors.

Toyota expects the automotive market to expand over the medium- to long-term particularly in resource-rich and emerging countries. Currently, the global competition in the automotive market has intensified, as shown in the fierce competition in the small and low-price vehicles markets, and the advancement of new technologies and introduction of new products in response to growing environmental awareness. For purposes of this outlook discussion, Toyota is assuming an average exchange rate of ¥90 to the U.S. dollar and ¥125 to the euro. With the foregoing external factors in mind, Toyota expects that net revenues for fiscal 2011 will increase compared with fiscal 2010 as a result of an increase in vehicle unit sales. With respect to operating income, factors increasing operating income include cost reduction efforts, a decrease in depreciation and other efforts to decrease expenses. Toyota does not expect a significant increase in expenses related to recalls and other safety measures, compared with fiscal 2010. On the other hand, factors decreasing operating income include the assumed exchange rate of a stronger Japanese yen against the U.S. dollar in fiscal 2011 compared to the prior fiscal year as well as increases in selling expenses and incentives caused by strengthened sales promotion activities; which offset the factors increasing operating income. As a result, Toyota expects that operating income will increase in fiscal 2011 compared with fiscal 2010. Also, Toyota expects income before income taxes and equity in earnings of affiliated companies and net income attributable to Toyota Motor Corporation will increase in fiscal 2011. Exchange rate fluctuations can materially affect Toyota's operating results. In particular, a strengthening of the Japanese yen against the U.S. dollar can have a material adverse effect on Toyota's operating results. Please see "Operating and Financial Review and Prospects — Operating Results — Overview — Currency Fluctuations." for further discussion.

The foregoing statements are forward-looking statements based upon Toyota's management's assumptions and beliefs regarding exchange rates, market demand for Toyota's products, economic conditions and others. Please see "Cautionary Statement Concerning Forward-Looking Statements". Toyota's actual results of operations could vary significantly from those described above as a result of unanticipated changes in the factors described above or other factors, including those described in "Risk Factors".

Liquidity and capital resources

Historically, Toyota has funded its capital expenditures and research and development activities primarily through cash generated by operations. In fiscal 2010, as in the prior fiscal year, Toyota funded cash partially through additional loans and issuance of notes, considering the future business climate as well as to ensure a sound financial base.

In fiscal 2011, Toyota expects to sufficiently fund its capital expenditures and research and development activities primarily through cash and cash equivalents on hand, and cash generated by operations. Toyota will use its funds for the development of environment technologies, maintenance and replacement of manufacturing facilities, and the introduction of new products. See "Information on the Company — Business Overview — Capital Expenditures and Divestitures" for information regarding Toyota's material capital expenditures and divestitures for fiscal 2008, 2009 and 2010, and information concerning Toyota's principal capital expenditures and divestitures currently in progress.

Toyota funds its financing programs for customers and dealers, including loans and leasing programs, from both cash generated by operations and borrowings by its sales finance subsidiaries. Toyota seeks to expand its ability to raise funds locally in markets throughout the world by expanding its network of finance subsidiaries.

Net cash provided by operating activities was ¥2,558.5 billion for fiscal 2010, compared with ¥1,476.9 billion for the prior fiscal year. The increase in net cash provided by operating activities resulted primarily from a decrease in cash payment to suppliers attributable to the decrease in cost of products sold in the automotive operations, and cash payments for income taxes, partially offset by a decrease in cash collection received from sale of products due to a decrease in net revenue for the automotive operations.

Net cash used in investing activities was ¥2,850.1 billion for fiscal 2010, compared with ¥1,230.2 billion for the prior fiscal year. The increase in net cash used in investing activities resulted primarily from an increase in purchases of marketable securities and security investments.

Net cash provided or used by financing activities was a ¥277.9 billion decrease for fiscal 2010, compared with ¥698.8 billion increase for the prior fiscal year. The decrease in net cash provided by financing activities resulted primarily from a decrease of short-term borrowings, partially offset by a decrease in dividends paid.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were ¥604.5 billion during fiscal 2010, a decrease of 55.7% over the ¥1,364.5 billion in total capital expenditures during the prior fiscal year. The decrease in capital expenditures resulted primarily from a decrease of investments in Japan and North America.

Total expenditures for vehicles and equipment on operating leases were ¥833.0 billion during fiscal 2010, a decrease of 13.3% over the ¥960.3 billion in expenditures from the prior fiscal year. The decrease in expenditures for vehicles and equipment on operating leases resulted primarily from a decrease in investments in the financial services operations.

Toyota expects investments in property, plant and equipment, excluding vehicles and equipment on operating leases, to be approximately ¥740.0 billion during fiscal 2011. Toyota's expected investments include ¥440.0 billion in Japan, ¥120.0 billion in North America, ¥40.0 billion in Europe, ¥90.0 billion in Asia and ¥50.0 billion in Other.

Based on current available information, Toyota does not expect environmental matters to have a material impact on its financial position, results of operations, liquidity or cash flows during fiscal 2011. However, there exists uncertainty with respect to Toyota's obligations under current and future environment regulations as described in "Information on the Company — Business Overview — Governmental Regulations, Environmental and Safety Standards".

Cash and cash equivalents were ¥1,865.7 billion as of March 31, 2010. Most of Toyota's cash and cash equivalents are held in Japanese yen and in U.S. dollars. In addition, time deposits were ¥392.7 billion and marketable securities were ¥1,793.1 billion as of March 31, 2010.

Liquid assets, which Toyota defines as cash and cash equivalents, time deposits, marketable debt securities and its investment in monetary trust funds, increased during fiscal 2010 by ¥1,069.1 billion, or 25.3%, to ¥5,298.2 billion.

Trade accounts and notes receivable, net increased during fiscal 2010 by ¥493.5 billion, or 35.4%, to ¥1,886.2 billion. This increase was primarily due to the increase in the volume of sales in the second half of fiscal 2010.

Inventories decreased during fiscal 2010 by ¥37.0 billion, or 2.5%, to ¥1,422.3 billion.

Total finance receivables, net increased during fiscal 2010 by ¥293.2 billion, or 3.1%, to ¥9,840.1 billion. The increase in finance receivables, net is mainly due to increase in retail receivables, partially offset by fluctuations in foreign currency translation rates. As of March 31, 2010, finance receivables were geographically distributed as follows: in North America 61.9%, in Japan 12.8%, in Europe 10.3%, in Asia 4.7% and in Other 10.3%. Although Toyota maintains programs to sell finance receivables through qualifying special purpose entities, no sales of finance receivables were made during fiscal 2010.

Marketable securities and other securities investments, including those included in current assets, increased during fiscal 2010 by ¥1,451.2 billion, or 55.9%, primarily reflecting purchase of marketable securities and security investments, and an increase in the fair values of these securities and investments.

Property, plant and equipment decreased during fiscal 2010 by ¥690.7 billion, or 9.3%, primarily reflecting the impacts of depreciation changes during the year and fluctuations in foreign currency translation rates, partially offset by the capital expenditures.

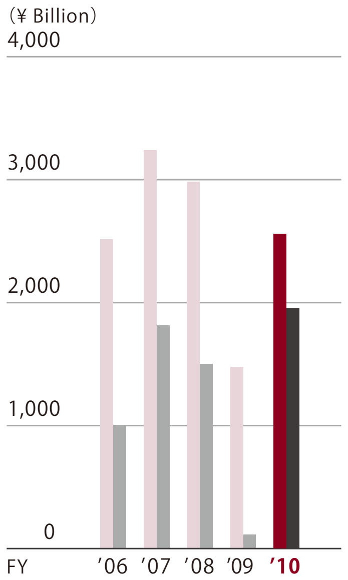
Accounts and notes payable increased during fiscal 2010 by ¥657.0 billion, or 50.6%. This increase was primarily due to the increase in the volume of transactions in the second half of fiscal 2010.

Accrued expenses increased during fiscal 2010 by ¥195.2 billion, or 12.7%, reflecting the increase in expenses related to the recalls and other safety measures.

Income taxes payable increased during fiscal 2010 by ¥102.0 billion, or 199.0%, primarily as a result of an increase in income before income taxes.

Toyota's total borrowings decreased during fiscal 2010 by ¥105.2 billion, or 0.8%. Toyota's short-term borrowings consist of loans with a weighted-average interest rate of 1.55% and commercial paper with a weighted-average interest rate of 0.44%. Short-term borrowings decreased during fiscal 2010 by ¥338.0 billion, or 9.3%, to ¥3,279.6 billion. Toyota's long-term debt consists of unsecured and secured loans, medium-term notes, unsecured notes and long-term capital lease obligations with interest rates ranging from 0.00% to 29.25%, and maturity dates ranging from 2010 to 2047. The current portion of long-term debt decreased during fiscal 2010 by ¥481.2 billion, or 17.8%, to ¥2,218.3 billion and the non-current portion increased by ¥714.0 billion, or 11.3%, to ¥7,015.4 billion. The decrease in total borrowings primarily resulted from decrease in medium-term notes and short-term borrowings, partially offset by increase in long-term borrowings. As of March 31, 2010, approximately 36% of long-term debt

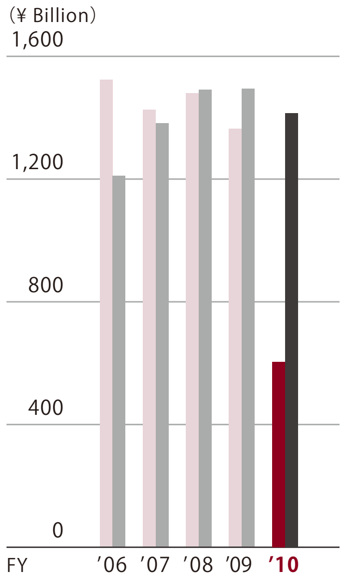
Net Cash Provided by Operating Activities and Free Cash Flow*



Net cash provided by operating activities
Free cash flow

* (Net cash provided by operating activities) − (Capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases)

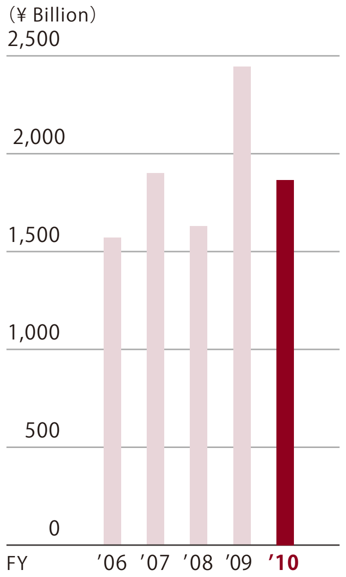
Capital Expenditures for Property, Plant and Equipment* and Depreciation



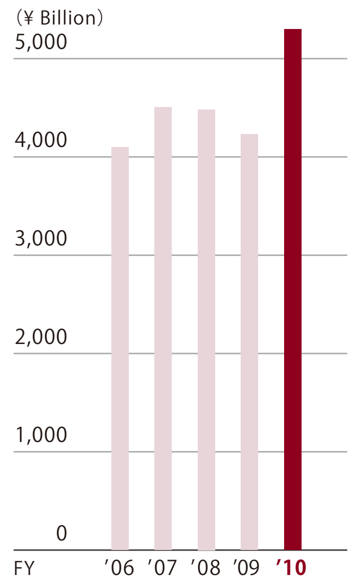
Capital expenditures
Depreciation

* Excluding vehicles and equipment on operating leases

Cash and Cash Equivalents at End of Year



Liquid Assets*



* Cash and cash equivalents, time deposits, marketable dept securities and investment in monetary trust funds

was denominated in Japanese yen, 21% in U.S. dollars, 13% in euros and 30% in other currencies. Toyota hedges fixed rate exposure by entering into interest rate swaps. There are no material seasonal variations in Toyota's borrowings requirements.

As of March 31, 2010, Toyota's total interest bearing debt was 120.8% of Toyota Motor Corporation shareholders' equity, compared to 125.4% as of March 31, 2009.

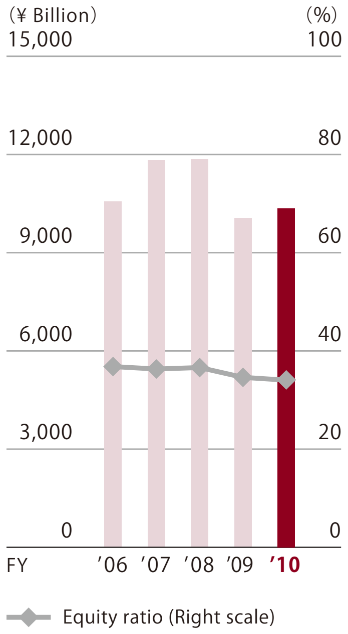
Toyota's long-term debt is rated "AA" by Standard & Poor's Ratings Group, "Aa2" by Moody's Investors Services and "AAA" by Rating and Investment Information, Inc., as of May 31, 2010. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating.

Toyota's unfunded pension liabilities decreased during fiscal 2010 by ¥106.1 billion, or 16.2%, to ¥547.6 billion. The unfunded pension liabilities relate primarily to the parent company and its overseas subsidiaries. The unfunded amounts will be funded through future cash contributions by Toyota or in some cases will be funded on the retirement date of each covered employee. The unfunded pension liabilities decreased in fiscal 2010 compared to the prior year primarily due to an increase in the fair value of plan assets. See note 19 to the consolidated financial statements for further discussion.

Toyota's treasury policy is to maintain controls on all exposures, to adhere to stringent counterparty credit standards, and to actively monitor marketplace exposures. Toyota remains centralized, and is pursuing global efficiency of its financial services operations through Toyota Financial Services Corporation.

The key element of Toyota's financial strategy is maintaining a strong financial position that will allow Toyota to fund its research and development initiatives, capital expenditures and financing operations efficiently even if earnings experience short-term fluctuations. Toyota believes that it maintains sufficient liquidity for its present requirements and that by maintaining its high credit ratings, it will continue to be able to access funds from external sources in large amounts and at relatively low costs. Toyota's ability to maintain its high credit ratings is subject to a number of factors, some of which are not within Toyota's control. These factors include general economic conditions in Japan and the other major markets in which Toyota does business, as well as Toyota's successful implementation of its business strategy.

Shareholders' Equity and Equity Ratio



Off-balance sheet arrangements

Toyota uses its securitization program as part of its funding through qualifying special purpose entities for its financial services operations. See note 7 to the consolidated financial statements regarding the impact of the securitization program on the consolidated financial statements.

Lending commitments

Credit Facilities with Credit Card Holders

Toyota's financial services operation issues credit cards to customers. As customary for credit card businesses, Toyota maintains credit facilities with holders of credit cards issued by Toyota. These facilities are used upon each holder's requests up to the limits established on an individual holder's basis. Although loans made to customers through this facility are not secured, for the purposes of minimizing credit risks and of appropriately establishing credit limits for each individual credit card holder, Toyota employs its own risk management policy which includes an analysis of information provided by financial institutions in alliance with Toyota. Toyota periodically reviews and revises, as appropriate, these credit limits. Outstanding credit facilities with credit card holders were ¥130.3 billion as of March 31, 2010.

Credit Facilities with Dealers

Toyota's financial services operation maintains credit facilities with dealers. These credit facilities may be used for business acquisitions, facilities refurbishment, real estate purchases, and working capital requirements. These loans are typically collateralized with liens on real estate, vehicle inventory, and/or other dealership assets, as appropriate. Toyota obtains a personal guarantee from the dealer or corporate guarantee from the dealership when deemed prudent. Although the loans are typically collateralized or guaranteed, the value of the underlying collateral or guarantees may not be sufficient to cover Toyota's exposure under such agreements. Toyota prices the credit facilities according to the risks assumed in entering into the credit facility. Toyota's financial services operation also provides financing to various multi-franchise dealer organizations, referred to as dealer groups, often as part of a lending consortium, for wholesale inventory financing, business acquisitions, facilities refurbishment, real estate purchases, and working capital requirements. Toyota's outstanding credit facilities with dealers totaled ¥1,586.8 billion as of March 31, 2010.

Guarantees

Toyota enters into certain guarantee contracts with its dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Guarantee periods are set to match the maturity of installment payments, and as of March 31, 2010, ranged from one month to 35 years. However, they are generally shorter than the useful lives of products sold. Toyota is required to execute its guarantee primarily when customers are unable to make required payments.

The maximum potential amount of future payments as of March 31, 2010 is ¥1,604.8 billion. Liabilities for these guarantees of ¥5.9 billion have been provided as of March 31, 2010. Under these guarantee contracts, Toyota is entitled to recover any amounts paid by it from the customers whose obligations it guaranteed.

Contractual obligations and commitments

For information regarding debt obligations, capital lease obligations, operating lease obligations and other obligations, including amounts maturing in each of the next five years, see notes 13, 22 and 23 to the consolidated financial statements. In addition, as part of Toyota's normal business practices, Toyota enters into long-term arrangements with suppliers for purchases of certain raw materials, components and services. These arrangements may contain fixed/minimum quantity purchase requirements. Toyota enters into such arrangements to facilitate an adequate supply of these materials and services.

The following tables summarize Toyota's contractual obligations and commercial commitments as of March 31, 2010:

	Yen in millions				
		Payments due by period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
Contractual Obligations:					
Short-term borrowings (note 13)					
Loans	¥ 804,066	¥ 804,066	¥ —	¥ —	¥ —
Commercial paper	2,475,607	2,475,607	—	—	—
Long-term debt* (note13)	9,191,490	2,194,235	4,232,077	1,464,523	1,300,655
Capital lease obligations (note 13)	42,243	24,089	4,224	2,415	11,515
Non-cancelable operating lease obligations (note 22)	51,953	9,900	14,629	9,302	18,122
Commitments for the purchase of property, plant and other assets (note 23)	74,529	37,026	20,879	1,622	15,002
Total	¥ 12,639,888	¥ 5,544,923	¥ 4,271,809	¥ 1,477,862	¥ 1,345,294

* "Long-term debt" represents future principal payments.

Toyota is unable to make reasonable estimates of the period of cash settlement with respect to liabilities recognized for uncertain tax benefits, and accordingly such liabilities are excluded from the table above. See note 16 to the consolidated financial statements for further discussion.
Toyota expects to contribute ¥111,112 million to its pension plans in fiscal 2011.

	Yen in millions				
	Total amounts committed	Amount of Commitment Expiration Per Period			
		Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
Commercial Commitments (note 23): Maximum potential exposure to guarantees given in the ordinary course of business	¥ 1,604,893	¥ 460,460	¥ 729,509	¥ 311,760	¥ 103,164
Total Commercial Commitments	¥ 1,604,893	¥ 460,460	¥ 729,509	¥ 311,760	¥ 103,164

Related party transactions

Toyota does not have any significant related party transactions other than transactions with affiliated companies in the ordinary course of business. See note 12 to the consolidated financial statements for further discussion.

Legislation regarding end-of-life vehicles

In October 2000, the European Union enforced a directive that requires member states to promulgate regulations implementing the following:

- manufacturers shall bear all or a significant part of the costs for taking back end-of-life vehicles put on the market after July 1, 2002 and dismantling and recycling those vehicles. Beginning January 1, 2007, this requirement will also be applicable to vehicles put on the market before July 1, 2002;
- manufacturers may not use certain hazardous materials in vehicles sold after July 2003;
- vehicles type-approved and put on the market after December 15, 2008 shall be re-usable and/or recyclable to a minimum of 85% by weight per vehicle and shall be re-usable and/or recoverable to a minimum of 95% by weight per vehicle; and
- end-of-life vehicles must meet actual re-use of 80% and re-use as material or energy of 85%, respectively, of vehicle weight by 2006, rising to 85% and 95%, respectively, by 2015.

See note 23 to the consolidated financial statements for further discussion.

Recent accounting pronouncements in the United States

In June 2009, the Financial Accounting Standards Board ("FASB") issued updated guidance of accounting for and disclosure of transfers and servicing. This guidance eliminates the concept of a qualifying special purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures about transfers of financial assets. This guidance is effective for fiscal year beginning after November 15, 2009, and for interim period within the fiscal year. Management is evaluating the impact of adopting this guidance on Toyota's consolidated financial statements.

In June 2009, FASB issued updated guidance of accounting for and disclosure of consolidation. This guidance changes how a company determines when a variable interest entity should be consolidated. This guidance is effective for fiscal year beginning after November 15, 2009, and for interim period within the fiscal year. Management is evaluating the impact of adopting this guidance on Toyota's consolidated financial statements.

Critical accounting estimates

The consolidated financial statements of Toyota are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Toyota believes that of its significant accounting policies, the following may involve a higher degree of judgments, estimates and assumptions:

Product Warranty

Toyota generally warrants its products against certain manufacturing and other defects. Product warranties are provided for specific periods of time and/or usage of the product and vary depending upon the nature of the product, the geographic location of the sale and other factors. All product warranties are consistent with commercial practices. Toyota includes a provision for estimated product warranty costs as a component of cost of sales at the time the related sale is recognized. The accrued warranty costs represent management's best estimate at the time of sale of the total costs that Toyota will incur to repair or replace product parts that fail while still under warranty. The amount of accrued estimated warranty costs is primarily based on historical experience of product failures as well as current information on repair costs. The amount of warranty costs accrued also contains an estimate of warranty claim recoveries to be received from suppliers. The foregoing evaluations are inherently uncertain, as they require material estimates and some products' warranties extend for several years. Consequently, actual warranty costs may differ from the estimated amounts and could require additional warranty provisions. If these factors require a significant increase in Toyota's accrued estimated warranty costs, it would negatively affect future operating results of the automotive operations.

Toyota accrues for costs of recalls and other safety measures based on management's estimates when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Prior to the fourth quarter of this fiscal year, amounts were accrued based on individual occurrences of recalls and other safety measures. During the fourth quarter of this consolidated fiscal year, as a result of significant changes in facts and circumstances, Toyota has employed an estimation model, to accrue at the time of vehicle sale, an amount that represents management's best estimate of expenses related to future recalls and other safety measures. The estimation model for recalls and other safety measures takes into account Toyota's historical experience and individual occurrences of recalls and other safety measures. This change resulted from Toyota's most recent experience with recalls and other safety measures, changes in the operating processes such as the establishment of the Special Committee for Global Quality to address quality-related matters, as well as the broadening of the number of vehicles subject to recalls and other safety measures. Consequently, actual costs of recalls and other safety measures may differ from the estimated amounts.

Allowance for Doubtful Accounts and Credit Losses

●Natures of estimates and assumptions

Sales financing and finance lease receivables consist of retail installment sales contracts secured by passenger cars and commercial vehicles. Collectability risks include consumer and dealer insolvencies and insufficient collateral values (less costs to sell) to realize the full carrying values of these receivables. As a matter of policy, Toyota maintains an allowance for doubtful accounts and credit losses representing management's estimate of the amount of asset impairment in the portfolios of finance, trade and other receivables. Toyota determines the allowance for doubtful accounts and credit losses based on a systematic, ongoing review and evaluation performed as part of the credit-risk evaluation process, historical loss experience, the size and composition of the portfolios, current economic events and conditions, the estimated fair value, adequacy of collateral and other pertinent factors. This evaluation is inherently judgmental and requires material estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to significant change. Although management considers the allowance for doubtful accounts and credit losses to be adequate based on information currently available, additional provisions may be necessary due to (i) changes in management estimates and assumptions about asset impairments, (ii) information that indicates changes in expected future cash flows, or (iii) changes in economic and other events and conditions. To the extent that sales incentives remain an integral part of sales promotion with the effect of reducing new vehicle prices, resale prices of used vehicles and, correspondingly, the collateral value of Toyota's sales financing and finance lease receivables could experience further downward pressure. If these factors require a significant increase in Toyota's allowance for doubtful accounts and credit losses, it could negatively affect future operating results of the financial services operations. The level of credit losses, which has a greater impact on Toyota's results of operations, is influenced primarily by two factors: frequency of occurrence and severity of loss. For evaluation purposes, exposures to credit loss are segmented into the two primary categories of "consumer" and "dealer". Toyota's consumer portfolio consists of smaller balances that are homogenous retail finance receivables and lease earning assets. The dealer portfolio consists of wholesale and other dealer financing receivables. The overall allowance for credit losses is evaluated at least quarterly, considering a variety of assumptions and factors to determine whether reserves are considered adequate to cover probable losses.

● Sensitivity analysis

The level of credit losses, which could significantly impact Toyota's results of operations, is influenced primarily by two factors: frequency of occurrence and severity of loss. The overall allowance for credit losses is evaluated at least quarterly, considering a variety of assumptions and factors to determine whether reserves are considered adequate to cover probable losses. The following table illustrates the effect of an assumed change in expected severity of loss, which Toyota believes is one of the key critical estimates for determining the allowance for credit losses, assuming all other assumptions are held consistent. The table below represents the impact on the allowance for credit losses in Toyota's financial services operations as any change impacts most significantly on the financial services operations.

	Yen in millions
	Effect on the allowance for credit losses as of March 31, 2010
10 percent increase in expected severity of loss	¥14,421

Investment in Operating Leases

● Natures of estimates and assumptions

Vehicles on operating leases, where Toyota is the lessor, are valued at cost and depreciated over their estimated useful lives using the straight-line method to their estimated residual values. Toyota utilizes industry published information and its own historical experience to determine estimated residual values for these vehicles. Toyota evaluates the recoverability of the carrying values of its leased vehicles for impairment when there are indications of declines in residual values, and if impaired, Toyota recognizes an allowance for its residual values. In addition, to the extent that sales incentives remain an integral part of sales promotion with the effect of reducing new vehicle prices, resale prices of used vehicles and, correspondingly, the fair value of Toyota's leased vehicles could be subject to downward pressure. If resale prices of used vehicles decline, future operating results of the financial services operations are likely to be adversely affected by incremental charges to reduce estimated residual values. Throughout the life of the lease, management performs periodic evaluations of estimated end-of-term market values to determine whether estimates used in the determination of the contractual residual value are still considered reasonable. Factors affecting the estimated residual value at lease maturity include, but are not limited to, new vehicle incentive programs, new vehicle pricing, used vehicle supply, projected vehicle return rates, and projected loss severity. The vehicle return rate represents the number of leased vehicles returned at contract maturity and sold by Toyota during the period as a percentage of the number of lease contracts that, as of their origination dates, were scheduled to mature in the same period. A higher rate of vehicle returns exposes Toyota to higher potential losses incurred at lease termination. Severity of loss is the extent to which the end-of-term market value of a lease is less than its carrying value at lease end.

● Sensitivity analysis

The following table illustrates the effect of an assumed change in the vehicle return rate, which Toyota believes is one of the critical estimates, in determining the residual value losses, holding all other assumptions constant. The following table represents the impact on the residual value losses in Toyota's financial services operations as those changes have a significant impact on financing operations.

	Yen in millions
	Effect on the residual value losses over the remaining terms of the operating leases on and after April 1, 2010
1 percent increase in vehicle return rate	¥ 2,047

Impairment of Long-Lived Assets

Toyota periodically reviews the carrying value of its long-lived assets held and used and assets to be disposed of, including intangible assets, when events and circumstances warrant such a review. This review is performed using estimates of future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Management believes that the estimates of future cash flows and fair values are reasonable. However, changes in estimates of such cash flows and fair values would affect the evaluations and negatively affect future operating results of the automotive operations.

Pension Costs and Obligations

● Natures of estimates and assumptions

Pension costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, benefits earned, interest costs, expected rate of return on plan assets, mortality rates and other factors. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense in future periods. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect Toyota's pension costs and obligations.

The two most critical assumptions impacting the calculation of pension costs and obligations are the discount rates and the expected rates of returns on plan assets. Toyota determines the discount rates mainly based on the rates of high quality fixed income bonds or fixed income governmental bonds currently available and expected to be available during the period to maturity of the defined benefit pension plans. Toyota determines the expected rates of return for pension assets after considering several applicable factors including, the composition of plan assets held, assumed risks of asset management, historical results of the returns on plan assets, Toyota's principal policy for plan asset management, and forecasted market conditions. A weighted-average discount rate of 2.8% and a weighted-average expected rate of return on plan assets of 3.6% are the results of assumptions used for the various pension plans in calculating Toyota's consolidated pension costs for fiscal 2010. Also, a weighted-average discount rate of 2.8% is the result of assumption used for the various pension plans in calculating Toyota's consolidated pension obligations for fiscal 2010.

● Sensitivity analysis

The following table illustrates the effects of assumed changes in weighted-average discount rate and the weighted-average expected rate of return on plan assets, which Toyota believes are critical estimates in determining pension costs and obligations, assuming all other assumptions are consistent.

	Yen in millions	
	Effect on pre-tax income for the year ended March 31, 2011	Effect on PBO as of March 31, 2010
Discount rates		
0.5% decrease	¥ (10,057)	¥ 127,971
0.5% increase	9,603	(118,378)
Expected rate of return on plan assets		
0.5% decrease	¥ (5,895)	
0.5% increase	5,895	

Derivatives and Other Contracts at Fair Value

Toyota uses derivatives in the normal course of business to manage its exposure to foreign currency exchange rates and interest rates. The accounting is complex and continues to evolve. In addition, there are significant judgments and estimates involved in the estimating of fair value in the absence of quoted market values. These estimates are based upon valuation methodologies deemed appropriate under the circumstances. However, the use of different assumptions may have a material effect on the estimated fair value amounts.

Marketable Securities and Investments in Affiliated Companies

Toyota's accounting policy is to record a write-down of such investments to net realizable value when a decline in fair value below the carrying value is other-than-temporary. In determining if a decline in value is other-than-temporary, Toyota considers the length of time and the extent to which the fair value has been less than the carrying value, the financial condition and prospects of the company and Toyota's ability and intent to retain its investment in the company for a period of time sufficient to allow for any anticipated recovery in fair value.

Deferred Tax Assets

Toyota estimates whether future taxable income is sufficient at a particular tax-paying component and records valuation allowances to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized in the future periods. Actual taxable income may differ from the estimated amounts due to various assumptions used to estimate future taxable income. If additional valuation allowance is recorded due to lower actual taxable income than estimated amounts it would negatively affect future operating results.

Market risk disclosures

Toyota is exposed to market risk from changes in foreign currency exchange rates, interest rates, certain commodity and equity security prices. In order to manage the risk arising from changes in foreign currency exchange rates and interest rates, Toyota enters into a variety of derivative financial instruments.

A description of Toyota's accounting policies for derivative instruments is included in note 2 to the consolidated financial statements and further disclosure is provided in notes 20 and 21 to the consolidated financial statements.

Toyota monitors and manages these financial exposures as an integral part of its overall risk management program, which recognizes the unpredictability of financial markets and seeks to reduce the potentially adverse effects on Toyota's operating results.

The financial instruments included in the market risk analysis consist of all of Toyota's cash and cash equivalents, marketable securities, finance receivables, securities investments, long-term and short-term debt and all derivative financial instruments. Toyota's portfolio of derivative financial instruments consists of forward foreign currency exchange contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options. Anticipated transactions denominated in foreign currencies that are covered by Toyota's derivative hedging are not included in the market risk analysis. Although operating leases are not required to be included, Toyota has included these instruments in determining interest rate risk.

Foreign Currency Exchange Rate Risk

Toyota has foreign currency exposures related to buying, selling and financing in currencies other than the local currencies in which it operates. Toyota is exposed to foreign currency risk related to future earnings or assets and liabilities that are exposed due to operating cash flows and various financial instruments that are denominated in foreign currencies. Toyota's most significant foreign currency exposures relate to the U.S. dollar and the euro.

Toyota uses a value-at-risk analysis ("VAR") to evaluate its exposure to changes in foreign currency exchange rates. The VAR of the combined foreign exchange position represents a potential loss in pre-tax earnings that was estimated to be ¥114.1 billion as of March 31, 2009 and ¥148.9 billion as of March 31, 2010. Based on Toyota's overall currency exposure (including derivative positions), the risk during the year ended March 31, 2010 to pre-tax cash flow from currency movements was on average ¥135.5 billion, with a high of ¥148.9 billion and a low of ¥123.8 billion.

The VAR was estimated by using a Monte Carlo Simulation Method and assumed 95% confidence level on the realization date and a 10-day holding period.

Interest Rate Risk

Toyota is subject to market risk from exposures to changes in interest rates based on its financing, investing and cash management activities. Toyota enters into various financial instrument transactions to maintain the desired level of exposure to the risk of interest rate fluctuations and to minimize interest expense. The potential decrease in fair value resulting from a hypothetical 100 basis point upward shift in interest rates would be approximately ¥55.8 billion as of March 31, 2009 and ¥ 67.8 billion as of March 31, 2010.

There are certain shortcomings inherent to the sensitivity analyses presented. The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. However, in reality, changes are rarely instantaneous. Although certain assets and liabilities may have similar maturities or periods to repricing, they may not react correspondingly to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may lag behind changes in market rates. Finance receivables are less susceptible to prepayments when interest rates change and, as a result, Toyota's model does not address prepayment risk for automotive related finance receivables. However, in the event of a change in interest rates, actual loan prepayments may deviate significantly from the assumptions used in the model.

Commodity Price Risk

Commodity price risk is the possibility of higher or lower costs due to changes in the prices of commodities, such as non-ferrous alloys (e.g., aluminum), precious metals (e.g., palladium, platinum and rhodium) and ferrous alloys, which Toyota uses in the production of motor vehicles. Toyota does not use derivative instruments to hedge the price risk associated with the purchase of those commodities and controls its commodity price risk by holding minimum stock levels.

Equity Price Risk

Toyota holds investments in various available-for-sale equity securities that are subject to price risk. The fair value of available-for-sale equity securities was ¥798.2 billion as of March 31, 2009 and ¥852.7 billion as of March 31, 2010. The potential change in the fair value of these investments, assuming a 10% change in prices, would be approximately ¥79.8 billion as of March 31, 2009 and ¥85.3 billion as of March 31, 2010.

Consolidated Balance Sheets

Toyota Motor Corporation
March 31, 2009 and 2010

	Yen in millions		U.S. dollars in millions
ASSETS	2009	2010	2010
Current assets			
Cash and cash equivalents	¥ 2,444,280	**¥ 1,865,746**	**$20,053**
Time deposits	45,178	**392,724**	**4,221**
Marketable securities	495,326	**1,793,165**	**19,273**
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥15,034 million in 2009 and ¥13,735 million ($148 million) in 2010	1,392,749	**1,886,273**	**20,274**
Finance receivables, net	3,891,406	**4,209,496**	**45,244**
Other receivables	332,722	**360,379**	**3,873**
Inventories	1,459,394	**1,422,373**	**15,288**
Deferred income taxes	605,331	**632,164**	**6,795**
Prepaid expenses and other current assets	632,543	**511,284**	**5,495**
Total current assets	11,298,929	**13,073,604**	**140,516**
Noncurrent finance receivables, net	5,655,545	**5,630,680**	**60,519**
Investments and other assets			
Marketable securities and other securities investments	2,102,874	**2,256,279**	**24,251**
Affiliated companies	1,826,375	**1,879,320**	**20,199**
Employees receivables	69,523	**67,506**	**725**
Other	707,110	**730,997**	**7,857**
Total investments and other assets	4,705,882	**4,934,102**	**53,032**
Property, plant and equipment			
Land	1,257,409	**1,261,349**	**13,557**
Buildings	3,633,954	**3,693,972**	**39,703**
Machinery and equipment	9,201,093	**9,298,967**	**99,946**
Vehicles and equipment on operating leases	2,836,881	**2,613,248**	**28,087**
Construction in progress	263,602	**226,212**	**2,432**
Total property, plant and equipment, at cost	17,192,939	**17,093,748**	**183,725**
Less—Accumulated depreciation	(9,791,258)	**(10,382,847)**	**(111,596)**
Total property, plant and equipment, net	7,401,681	**6,710,901**	**72,129**
Total assets	¥29,062,037	**¥30,349,287**	**$326,196**

The accompanying notes are an integral part of these consolidated financial statements.

	Yen in millions		U.S. dollars in millions
LIABILITIES AND SHAREHOLDERS' EQUITY	2009	2010	2010
Current liabilities			
Short-term borrowings	¥ 3,617,672	**¥3,279,673**	**$35,250**
Current portion of long-term debt	2,699,512	**2,218,324**	**23,843**
Accounts payable	1,299,455	**1,956,505**	**21,029**
Other payables	670,634	**572,450**	**6,153**
Accrued expenses	1,540,681	**1,735,930**	**18,658**
Income taxes payable	51,298	**153,387**	**1,648**
Other current liabilities	710,041	**769,945**	**8,275**
Total current liabilities	10,589,293	**10,686,214**	**114,856**
Long-term liabilities			
Long-term debt	6,301,469	**7,015,409**	**75,402**
Accrued pension and severance costs	634,612	**678,677**	**7,294**
Deferred income taxes	642,293	**813,221**	**8,741**
Other long-term liabilities	293,633	**225,323**	**2,422**
Total long-term liabilities	7,872,007	**8,732,630**	**93,859**
Shareholders' equity			
Toyota Motor Corporation shareholders' equity			
Common stock, no par value, authorized: 10,000,000,000 shares in 2009 and 2010; issued: 3,447,997,492 shares in 2009 and 2010	397,050	**397,050**	**4,268**
Additional paid-in capital	501,211	**501,331**	**5,388**
Retained earnings	11,531,622	**11,568,602**	**124,340**
Accumulated other comprehensive income (loss)	(1,107,781)	**(846,835)**	**(9,102)**
Treasury stock, at cost, 312,115,017 shares in 2009 and 312,002,149 shares in 2010	(1,260,895)	**(1,260,425)**	**(13,547)**
Total Toyota Motor Corponration shareholders' equity	10,061,207	**10,359,723**	**111,347**
Noncontrolling interest	539,530	**570,720**	**6,134**
Total shareholders' equity	10,600,737	**10,930,443**	**117,481**
Commitments and contingencies			
Total liabilities and shareholders' equity	¥29,062,037	**¥30,349,287**	**$326,196**

Consolidated Statements of Income

Financial Section

Toyota Motor Corporation
For the years ended March 31, 2008, 2009 and 2010

	Yen in millions			U.S. dollars in millions
	2008	2009	2010	2010
Net revenues				
Sales of products	¥ 24,820,510	¥ 19,173,720	¥17,724,729	$ 190,507
Financing operations	1,468,730	1,355,850	1,226,244	13,180
	26,289,240	20,529,570	18,950,973	203,687
Costs and expenses				
Cost of products sold	20,452,338	17,468,416	15,971,496	171,663
Cost of financing operations	1,068,015	987,384	712,301	7,656
Selling, general and administrative	2,498,512	2,534,781	2,119,660	22,782
	24,018,865	20,990,581	18,803,457	202,101
Operating income (loss)	2,270,375	(461,011)	147,516	1,586
Other income (expense)				
Interest and dividend income	165,676	138,467	78,224	841
Interest expense	(46,113)	(46,882)	(33,409)	(359)
Foreign exchange gain (loss), net	9,172	(1,815)	68,251	733
Other income (loss), net	38,112	(189,140)	30,886	332
	166,847	(99,370)	143,952	1,547
Income (loss) before income taxes and equity in earnings of affiliated companies	2,437,222	(560,381)	291,468	3,133
Provision for income taxes	911,495	(56,442)	92,664	996
Equity in earnings of affiliated companies	270,114	42,724	45,408	488
Net income (loss)	1,795,841	(461,215)	244,212	2,625
Less: Net (income) loss attributable to the noncontrolling interest	(77,962)	24,278	(34,756)	(374)
Net income (loss) attributable to Toyota Motor Corporation	¥ 1,717,879	¥ (436,937)	¥ 209,456	$ 2,251

	Yen			U.S. dollars
Net income (loss) attributable to Toyota Motor Corporation per share				
—Basic	¥ 540.65	¥ (139.13)	¥ 66.79	$ 0.72
—Diluted	¥ 540.44	¥ (139.13)	¥ 66.79	$ 0.72
Cash dividends per share	¥ 140.00	¥ 100.00	¥ 45.00	$ 0.48

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Toyota Motor Corporation
For the years ended March 31, 2008, 2009 and 2010

	Yen in millions							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Toyota Motor Corporation shareholders' equity	Noncontrolling interest	Total shareholders' equity
Balances at March 31, 2007	¥397,050	¥497,593	¥11,764,713	¥701,390	¥(1,524,654)	¥11,836,092	¥628,244	¥12,464,336
Equity transaction with noncontrolling interests and other							10,330	10,330
Issuance during the year		3,475				3,475		3,475
Comprehensive income								
Net income			1,717,879			1,717,879	77,962	1,795,841
Other comprehensive income (loss)								
Foreign currency translation adjustments				(461,189)		(461,189)	(20,128)	(481,317)
Unrealized losses on securities, net of reclassification adjustments				(347,829)		(347,829)	(13,734)	(361,563)
Pension liability adjustments				(133,577)		(133,577)	(7,068)	(140,645)
Total comprehensive income						775,284	37,032	812,316
Dividends paid to Toyota Motor Corporation shareholders			(430,860)			(430,860)		(430,860)
Dividends paid to noncontrolling interests							(18,939)	(18,939)
Purchase and reissuance of common stock					(314,464)	(314,464)		(314,464)
Retirement of common stock		(3,499)	(643,182)		646,681	—		—
Balances at March 31, 2008	397,050	497,569	12,408,550	(241,205)	(1,192,437)	11,869,527	656,667	12,526,194
Equity transaction with noncontrolling interests and other							(30,645)	(30,645)
Issuance during the year		3,642				3,642		3,642
Comprehensive loss								
Net loss			(436,937)			(436,937)	(24,278)	(461,215)
Other comprehensive income (loss)								
Foreign currency translation adjustments				(381,303)		(381,303)	(18,865)	(400,168)
Unrealized losses on securities, net of reclassification adjustments				(293,101)		(293,101)	(13,590)	(306,691)
Pension liability adjustments				(192,172)		(192,172)	(8,874)	(201,046)
Total comprehensive loss						(1,303,513)	(65,607)	(1,369,120)
Dividends paid to Toyota Motor Corporation shareholders			(439,991)			(439,991)		(439,991)
Dividends paid to noncontrolling interests							(20,885)	(20,885)
Purchase and reissuance of common stock					(68,458)	(68,458)		(68,458)
Balances at March 31, 2009	397,050	501,211	11,531,622	(1,107,781)	(1,260,895)	10,061,207	539,530	10,600,737
Equity transaction with noncontrolling interests and other		**(2,116)**				**(2,116)**	**(2,748)**	**(4,864)**
Issuance during the year		**2,236**				**2,236**		**2,236**
Comprehensive income								
Net income			**209,456**			**209,456**	**34,756**	**244,212**
Other comprehensive income								
Foreign currency translation adjustments				**9,894**		**9,894**	**5,721**	**15,615**
Unrealized gains on securities, net of reclassification adjustments				**176,407**		**176,407**	**4,095**	**180,502**
Pension liability adjustments				**74,645**		**74,645**	**98**	**74,743**
Total comprehensive income						**470,402**	**44,670**	**515,072**
Dividends paid to Toyota Motor Corporation shareholders			**(172,476)**			**(172,476)**		**(172,476)**
Dividends paid to noncontrolling interests							**(10,732)**	**(10,732)**
Purchase and reissuance of common stock					**470**	**470**		**470**
Balances at March 31, 2010	**¥397,050**	**¥501,331**	**¥11,568,602**	**¥(846,835)**	**¥(1,260,425)**	**¥10,359,723**	**¥570,720**	**¥10,930,443**

Consolidated Statements of Shareholders' Equity

Toyota Motor Corporation
For the years ended March 31, 2008, 2009 and 2010

	U.S. dollars in millions							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Toyota Motor Corporation shareholders' equity	Noncontrolling interest	Total shareholders' equity
Balances at March 31, 2009	$4,268	$5,387	$123,943	$(11,907)	$(13,552)	$108,139	$5,798	$113,937
Equity transaction with noncontrolling interests and other		(23)				(23)	(29)	(52)
Issuance during the year		24				24		24
Comprehensive income								
Net income			2,251			2,251	374	2,625
Other comprehensive income								
Foreign currency translation adjustments				107		107	61	168
Unrealized gains on securities, net of reclassification adjustments				1,896		1,896	44	1,940
Pension liability adjustments				802		802	1	803
Total comprehensive income						5,056	480	5,536
Dividends paid to Toyota Motor Corporation shareholders			(1,854)			(1,854)		(1,854)
Dividends paid to noncontrolling interests							(115)	(115)
Purchase and reissuance of common stock					5	5		5
Balances at March 31, 2010	$4,268	$5,388	$124,340	$ (9,102)	$(13,547)	$111,347	$6,134	$117,481

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Toyota Motor Corporation
For the years ended March 31, 2008, 2009 and 2010

	Yen in millions			U.S. dollars in millions
	2008	2009	**2010**	**2010**
Cash flows from operating activities				
Net income (loss)	¥ 1,795,841	¥ (461,215)	**¥ 244,212**	**$ 2,625**
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation	1,491,135	1,495,170	**1,414,569**	**15,204**
Provision for doubtful accounts and credit losses	122,790	257,433	**100,775**	**1,083**
Pension and severance costs, less payments	(54,341)	(20,958)	**1,254**	**13**
Losses on disposal of fixed assets	45,437	68,682	**46,937**	**505**
Unrealized losses on available-for-sale securities, net	11,346	220,920	**2,486**	**27**
Deferred income taxes	81,458	(194,990)	**25,537**	**274**
Equity in earnings of affiliated companies	(270,114)	(42,724)	**(45,408)**	**(488)**
Changes in operating assets and liabilities, and other				
(Increase) decrease in accounts and notes receivable	(206,793)	791,481	**(576,711)**	**(6,199)**
(Increase) decrease in inventories	(149,984)	192,379	**56,059**	**603**
(Increase) decrease in other current assets	(82,737)	9,923	**97,494**	**1,048**
Increase (decrease) in accounts payable	62,241	(837,402)	**649,214**	**6,978**
Increase (decrease) in accrued income taxes	(118,030)	(251,868)	**102,207**	**1,098**
Increase (decrease) in other current liabilities	206,911	(41,819)	**213,341**	**2,293**
Other	46,464	291,893	**226,564**	**2,435**
Net cash provided by operating activities	¥ 2,981,624	¥ 1,476,905	**¥ 2,558,530**	**$ 27,499**

	Yen in millions			U.S. dollars in millions
	2008	2009	**2010**	**2010**
Cash flows from investing activities				
Additions to finance receivables	¥ (8,647,717)	¥ (8,612,111)	**¥ (7,806,201)**	**$(83,902)**
Collection of finance receivables	7,223,573	8,143,804	**7,509,578**	**80,714**
Proceeds from sale of finance receivables	109,124	11,290	**8,390**	**90**
Additions to fixed assets excluding equipment leased to others	(1,480,570)	(1,364,582)	**(604,536)**	**(6,498)**
Additions to equipment leased to others	(1,279,405)	(960,315)	**(833,065)**	**(8,954)**
Proceeds from sales of fixed assets excluding equipment leased to others	67,551	47,386	**52,473**	**564**
Proceeds from sales of equipment leased to others	375,881	528,749	**465,092**	**4,999**
Purchases of marketable securities and security investments	(1,151,640)	(636,030)	**(2,412,182)**	**(25,926)**
Proceeds from sales of marketable securities and security investments	165,495	800,422	**77,025**	**828**
Proceeds upon maturity of marketable securities and security investments	821,915	675,455	**1,031,716**	**11,089**
Payment for additional investments in affiliated companies,net of cash acquired	(4,406)	(45)	**(1,020)**	**(11)**
Changes in investments and other assets, and other	(74,687)	135,757	**(337,454)**	**(3,627)**
Net cash used in investing activities	¥ (3,874,886)	¥ (1,230,220)	**¥ (2,850,184)**	**$(30,634)**
Cash flows from financing activities				
Proceeds from issuance of long-term debt	¥ 3,349,812	¥ 3,506,990	**¥ 3,178,310**	**$ 34,161**
Payments of long-term debt	(2,310,008)	(2,704,078)	**(2,938,202)**	**(31,580)**
Increase (decrease) in short-term borrowings	408,912	406,507	**(335,363)**	**(3,605)**
Dividends paid	(430,860)	(439,991)	**(172,476)**	**(1,854)**
Purchase of common stock, and other	(311,667)	(70,587)	**(10,251)**	**(110)**
Net cash provided by (used in) financing activities	706,189	698,841	**(277,982)**	**(2,988)**
Effect of exchange rate changes on cash and cash equivalents	(84,759)	(129,793)	**(8,898)**	**(95)**
Net increase (decrease) in cash and cash equivalents	(271,832)	815,733	**(578,534)**	**(6,218)**
Cash and cash equivalents at beginning of year	1,900,379	1,628,547	**2,444,280**	**26,271**
Cash and cash equivalents at end of year	¥ 1,628,547	¥ 2,444,280	**¥ 1,865,746**	**$ 20,053**

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of operations:

Toyota is primarily engaged in the design, manufacture, and sale of sedans, minivans, compact cars, sport-utility vehicles, trucks and related parts and accessories throughout the world. In addition, Toyota provides financing, vehicle and equipment leasing and certain other financial services primarily to its dealers and their customers to support the sales of vehicles and other products manufactured by Toyota.

2 Summary of significant accounting policies:

The parent company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of their countries of domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform to U.S. GAAP.

Significant accounting policies after reflecting adjustments for the above are as follows:

Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements include the accounts of the parent company and those of its majority-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated. Investments in affiliated companies in which Toyota exercises significant influence, but which it does not control, are stated at cost plus equity in undistributed earnings. Consolidated net income includes Toyota's equity in current earnings of such companies, after elimination of unrealized intercompany profits. Investments in such companies are reduced to net realizable value if a decline in market value is determined other-than-temporary. Investments in non-public companies in which Toyota does not exercise significant influence (generally less than a 20% ownership interest) are stated at cost. The accounts of variable interest entities as defined by U.S. GAAP are included in the consolidated financial statements, if applicable.

Estimates

The preparation of Toyota's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The more significant estimates include: product warranties, allowance for doubtful accounts and credit losses, residual values for leased assets, impairment of long-lived assets, pension costs and obligations, fair value of derivative financial instruments, other-than-temporary losses on marketable securities and valuation allowance for deferred tax assets.

Translation of foreign currencies

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate year-end current exchange rates and all income and expense accounts of those subsidiaries are translated at the average exchange rates for each period. The foreign currency translation adjustments are included as a component of accumulated other comprehensive income.

Foreign currency receivables and payables are translated at appropriate year-end current exchange rates and the resulting transaction gains or losses are recorded in operations currently.

Revenue recognition

Revenues from sales of vehicles and parts are generally recognized upon delivery which is considered to have occurred when the dealer has taken title to the product and the risk and reward of ownership have been substantively transferred, except as described below.

Toyota's sales incentive programs principally consist of cash payments to dealers calculated based on vehicle volume or a model sold by a dealer during a certain period of time. Toyota accrues these incentives as revenue reductions upon the sale of a vehicle corresponding to the program by the amount determined in the related incentive program.

Revenues from the sales of vehicles under which Toyota conditionally guarantees the minimum resale value are recognized on a pro rata basis from the date of sale to the first exercise date of the guarantee in a manner similar to operating lease accounting. The underlying vehicles of these transactions are recorded as assets and are depreciated in accordance with Toyota's depreciation policy.

Revenues from retail financing contracts and finance leases are recognized using the effective yield method. Revenues from operating leases are recognized on a straight-line basis over the lease term.

Other costs

Advertising and sales promotion costs are expensed as incurred. Advertising costs were ¥484,508 million, ¥389,242 million and ¥304,375 million ($3,271 million) for the years ended March 31, 2008, 2009 and 2010, respectively.

Toyota generally warrants its products against certain manufacturing and other defects. Provisions for product warranties are provided for specific periods of time and/or usage of the product and vary depending upon the nature of the product, the geographic location of the sale and other factors. Toyota records a provision for estimated product warranty costs at the time the related sale is recognized based on estimates that Toyota will incur to repair or replace product parts that fail while under warranty. The amount of accrued estimated warranty costs is primarily based on historical experience as to product failures as well as current information on repair costs. The amount of warranty costs accrued also contains an estimate of warranty claim recoveries to be received from suppliers.

In addition to product warranties above, Toyota accrues for costs of recalls and other safety measures based on management's estimates when it is probable a liability has been incurred and the amount of loss can be estimated. Prior to the fourth quarter of this fiscal year, amounts were accrued based on individual occurrences of recalls and other safety measures. During the fourth quarter of this consolidated fiscal year, as a result of significant changes in facts and circumstances, Toyota has employed an estimation model, to accrue at the time of vehicle sale, an amount that represents management's best estimate of expenses related to future recalls and other safety measures. The estimation model for recalls and other safety measures takes into account Toyota's historical experience and individual occurrences of recalls and other safety measures. This change resulted from Toyota's most recent experience with recalls and other safety measures changes in the operating processes such as the establishment of the Special Committee for Global Quality to address quality-related matters, as well as the broadening of the number of vehicles subject to recalls and other safety measures. This change has resulted in a decrease in each of operating income and income before income taxes and equity in earnings of affiliated companies by ¥105,698 million ($1,136 million) in the fourth quarter of this consolidated fiscal year.

Research and development costs are expensed as incurred. Research and development costs were ¥958,882 million, ¥904,075 million and ¥725,345 million ($7,796 million) for the years ended March 31, 2008, 2009 and 2010, respectively.

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Marketable securities

Marketable securities consist of debt and equity securities. Debt and equity securities designated as available-for-sale are carried at fair value with unrealized gains or losses included as a component of accumulated other comprehensive income in shareholders' equity, net of applicable taxes. Individual securities classified as available-for-sale are reduced to net realizable value for other-than-temporary declines in market value. In determining if a decline in value is other-than-temporary, Toyota considers the length of time and the extent to which the fair value has been less than the carrying value, the financial condition and prospects of the company and Toyota's ability and intent to retain its investment in the company for a period of time sufficient to allow for any anticipated recovery in market value. Realized gains and losses, which are determined on the average-cost method, are reflected in the statement of income when realized.

Security investments in non-public companies

Security investments in non-public companies are carried at cost as fair value is not readily determinable. If the value of a non-public security investment is estimated to have declined and such decline is judged to be other-than-temporary, Toyota recognizes the impairment of the investment and the carrying value is reduced to its fair value. Determination of impairment is based on the consideration of such factors as operating results, business plans and estimated future cash flows. Fair value is determined principally through the use of the latest financial information.

Finance receivables

Finance receivables are recorded at the present value of the related future cash flows including residual values for finance leases. Incremental direct costs incurred in connection with the acquisition of finance receivables are capitalized and amortized so as to approximate a level rate of return over the term of the related contracts.

Wholesale and other dealer loan receivables are placed on nonaccrual status when full payment of principal or interest is in doubt or principal or interest is 90 days or more contractually past due, whichever occurs first. Retail and finance lease receivables are not placed on nonaccrual status. Rather, these receivables are charged off when payments due are no longer expected to be received or the account is 120 days contractually delinquent, whichever occurs first.

Interest income on nonaccrual receivables is recognized only to the extent it is received in cash. Accounts are restored to accrual status only when principal and interest payments are brought current and future payments are reasonably assured.

Finance receivables on nonaccrual status were ¥34,586 million and ¥26,599 million ($286 million) and finance receivables past due over 90 days and still accruing were ¥43,370 million and ¥38,150 million ($410 million) as of March 31, 2009 and 2010, respectively.

Allowance for credit losses

Allowance for credit losses is established to cover probable losses on receivables resulting from the inability of customers to make required payments. Provision for credit losses is included in selling, general and administrative expenses. The allowance for credit losses is based on a systematic, ongoing review and evaluation performed as part of the credit-risk evaluation process, historical loss experience, the size and composition of the portfolios, current economic events and conditions, the estimated fair value and adequacy of collateral and other pertinent factors.

In the allowance for credit losses, general reserves are collectively calculated by applying reserve rates to each homogenous portfolio. This reserve rate is based on historical loss experience, current economic events and conditions and other pertinent factors. Specific reserves on identified receivables are determined by the present value of expected future cash flows or the fair value of collateral when it is probable that such receivables will be unable to be fully collected.

Losses are charged to the allowance when it has been determined that payments will not be received and collateral cannot be recovered or the related collateral is repossessed and sold. Any shortfall between proceeds received and the carrying cost of repossessed collateral is charged to the allowance. Recoveries are reversed from the allowance for credit losses.

Allowance for residual value losses

Toyota is exposed to risk of loss on the disposition of off-lease vehicles to the extent that sales proceeds are not sufficient to cover the carrying value of the leased asset at lease termination. Toyota maintains an allowance to cover probable estimated losses related to unguaranteed residual values on its owned portfolio. The allowance is evaluated considering projected vehicle return rates and projected loss severity. Factors considered in the determination of projected return rates and loss severity include historical and market information on used vehicle sales, trends in lease returns and new car markets, and general economic conditions. Management evaluates the foregoing factors, develops several potential loss scenarios, and reviews allowance levels to determine whether reserves are considered adequate to cover the probable range of losses.

The allowance for residual value losses is maintained in amounts considered by Toyota to be appropriate in relation to the estimated losses on its owned portfolio. Upon disposal of the assets, the allowance for residual losses is adjusted for the difference between the net book value and the proceeds from sale.

Inventories

Inventories are valued at cost, not in excess of market, cost being determined on the "average-cost" basis, except for the cost of finished products carried by certain subsidiary companies which is determined on the "specific identification" basis or "last-in, first-out" ("LIFO") basis. Inventories valued on the LIFO basis totaled ¥150,110 million and ¥199,275 million ($2,142 million) at March 31, 2009 and 2010, respectively. Had the "first-in, first-out" basis been used for those companies using the LIFO basis, inventories would have been ¥58,980 million and ¥64,099 million ($689 million) higher than reported at March 31, 2009 and 2010, respectively.

Property, plant and equipment

Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations. Depreciation of property, plant and equipment is mainly computed on the declining-balance method for the parent company and Japanese subsidiaries and on the straight-line method for foreign subsidiary companies at rates based on estimated useful lives of the respective assets according to general class, type of construction and use. The estimated useful lives range from 2 to 65 years for buildings and from 2 to 20 years for machinery and equipment. Vehicles and equipment on operating leases to third parties are originated by dealers and acquired by certain consolidated subsidiaries. Such subsidiaries are also the lessors of certain property that they acquire directly.

Vehicles and equipment on operating leases are depreciated primarily on a straight-line method over the lease term, generally from 2 to 5 years, to the estimated residual value. Incremental direct costs incurred in connection with the acquisition of operating lease contracts are capitalized and amortized on a straight-line method over the lease term.

Long-lived assets

Toyota reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset group exceeds the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the carrying value of the asset group over its fair value. Fair value is determined mainly using a discounted cash flow valuation method.

Goodwill and intangible assets

Goodwill is not material to Toyota's consolidated balance sheets.

Intangible assets consist mainly of software. Intangible assets with a definite life are amortized on a straight-line basis with estimated useful lives mainly of 5 years. Intangible assets with an indefinite life are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is generally determined by the difference between the fair value of the asset using a discounted cash flow valuation method and the current book value.

Employee benefit obligations

Toyota has both defined benefit and defined contribution plans for employees' retirement benefits. Retirement benefit obligations are measured by actuarial calculations in accordance with U.S. GAAP. The overfunded or underfunded status of the defined benefit postretirement plans is recognized on the consolidated balance sheets as prepaid pension and severance costs or accrued pension and severance costs, and the funded status change is recognized in the year in which it occurs through other comprehensive income.

Environmental matters

Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to existing conditions caused by past operations, which do not contribute to current or future revenues, are expensed. Liabilities for remediation costs are recorded when they are probable and reasonably estimable, generally no later than the completion of feasibility studies or Toyota's commitment to a plan of action. The cost of each environmental liability is estimated by using current technology available and various engineering, financial and legal specialists within Toyota based on current law. Such liabilities do not reflect any offset for possible recoveries from insurance companies and are not discounted. There were no material changes in these liabilities for all periods presented.

Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Derivative financial instruments

Toyota employs derivative financial instruments, including forward foreign currency exchange contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota does not use derivatives for speculation or trading purposes. Changes in the fair value of derivatives are recorded each period in current earnings or through other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and the type of hedge transaction. The ineffective portion of all hedges is recognized currently in operations.

Net income attributable to Toyota Motor Corporation per share

Basic net income attributable to Toyota Motor Corporation per common share is calculated by dividing net income attributable to Toyota Motor Corporation by the weighted-average number of shares outstanding during the reported period. The calculation of diluted net income attributable to Toyota Motor Corporation per common share is similar to the calculation of basic net income attributable to Toyota Motor Corporation per share, except that the weighted-average number of shares outstanding includes the additional dilution from the assumed exercise of dilutive stock options.

Stock-based compensation

Toyota measures compensation expense for its stock-based compensation plan based on the grant-date fair value of the award.

Other comprehensive income

Other comprehensive income refers to revenues, expenses, gains and losses that, under U.S. GAAP are included in comprehensive income, but are excluded from net income as these amounts are recorded directly as an adjustment to shareholders' equity. Toyota's other comprehensive income is primarily comprised of unrealized gains/losses on marketable securities designated as available-for-sale, foreign currency translation adjustments and adjustments attributed to pension liabilities or minimum pension liabilities associated with Toyota's defined benefit pension plans.

Accounting changes

In December 2007, FASB issued updated guidance of accounting for and disclosure of business combinations. This guidance establishes principles and requirements for how the acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest, and the goodwill acquired in a business combination or a gain from a bargain purchase. Also, this guidance provides several new disclosure requirements that enable users of the financial statements to evaluate the nature and financial effects of the business combination. Toyota adopted this guidance from the business combinations on and after the beginning of fiscal year begun on or after December 15, 2008. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In December 2007, FASB issued updated guidance of accounting for and disclosure of consolidation. This guidance establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Toyota adopted this guidance from the fiscal year begun on or after December 15, 2008. As a result, noncontrolling interest, formerly reported as minority interest, is reported as shareholders' equity in the consolidated balance sheets, and the amount of net income attributable to the parent and to the noncontrolling interest are identified and presented in the consolidated statements of income. Since the presentation and disclosure requirements have been applied retrospectively for all periods presented in the consolidated financial statements in which this guidance is applied, certain prior year amounts have been reclassified to conform to this guidance. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In December 2008, FASB issued updated guidance of accounting for and disclosure of compensation. This guidance requires additional disclosures about postretirement benefit plan assets including investment policies and strategies, classes of plan assets, fair value measurements of plan assets, and significant concentrations of risk. Toyota adopted this guidance from the fiscal year ended after December 15, 2009. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In April 2009, FASB issued updated guidance of accounting for and disclosure of investments. This guidance revises the recognition and presentation requirements for other-than-temporary impairments of debt securities, and contains additional disclosure requirements related to debt and equity securities. Toyota adopted this guidance from the fiscal year ended after June 15, 2009. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In May 2009, FASB issued updated guidance of accounting for and disclosure of subsequent events. This guidance is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Toyota adopted this guidance from the fiscal year ended after June 15, 2009. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

Recent pronouncements to be adopted in future periods

In June 2009, FASB issued updated guidance of accounting for and disclosure of transfers and servicing. This guidance eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures about transfers of financial assets. This guidance is effective for fiscal year beginning after November 15, 2009, and for interim period within the fiscal year. Management is evaluating the impact of adopting this guidance on Toyota's consolidated financial statements.

In June 2009, FASB issued updated guidance of accounting for and disclosure of consolidation. This guidance changes how a company determines when a variable interest entity should be consolidated. This guidance is effective for fiscal year beginning after November 15, 2009, and for interim period within the fiscal year. Management is evaluating the impact of adopting this guidance on Toyota's consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the presentations as of and for the year ended March 31, 2010.

3 U.S. dollar amounts:

U.S. dollar amounts presented in the consolidated financial statements and related notes are included solely for the convenience of the reader and are unaudited. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. For this purpose, the rate of ¥93.04 = U.S. $1, the approximate current exchange rate at March 31, 2010, was used for the translation of the accompanying consolidated financial amounts of Toyota as of and for the year ended March 31, 2010.

4 Supplemental cash flow information:

Cash payments for income taxes were ¥921,798 million, ¥563,368 million and ¥(207,278) million ($(2,228) million) for the years ended March 31, 2008, 2009 and 2010, respectively. Interest payments during the years ended March 31, 2008, 2009 and 2010 were ¥686,215 million, ¥614,017 million and ¥445,049 million ($4,783 million), respectively.

Capital lease obligations of ¥7,401 million, ¥28,953 million and ¥3,400 million ($37 million) were incurred for the years ended March 31, 2008, 2009 and 2010, respectively.

Toyota corrected the consolidated statements of cash flows for the year ended March 31, 2009 as a result of changes to information gathered from certain subsidiary. This resulted in increases to both "Additions to finance receivables" and "Collection of finance receivables" within cash flows from investing activities for the year ended March 31, 2009. "Additions to finance receivables" increased by ¥911,652 million to ¥(8,612,111) million. "Collection of finance receivables" also increased by ¥911,652 million to ¥8,143,804 million. These adjustments do not have an impact on "Net cash used in investing activities" in the consolidated statement of cash flows for the year ended March 31, 2009, and do not have a material impact on Toyota's consolidated financial statements.

5 Acquisitions and dispositions:

During the years ended March 31, 2008, 2009 and 2010, Toyota made several acquisitions and dispositions, however the assets and liabilities transferred were not material.

6 Marketable securities and other securities investments:

The aggregate cost, gross unrealized gains and losses and fair value of marketable securities and other securities investments are as follows:

	Yen in millions			
	March 31, 2010			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	¥ 1,704,904	¥ 42,326	¥ 65,379	¥ 1,681,851
Equity securities	736,966	172,992	111,698	798,260
Total	¥ 2,441,870	¥ 215,318	¥ 177,077	¥ 2,480,111
Securities not practicable to determine fair value				
Debt securities	¥ 26,104			
Equity securities	91,985			
Total	¥ 118,089			

	Yen in millions			
	March 31, 2010			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	¥ 2,695,248	¥ 24,228	¥ 64,647	¥ 2,654,829
Common stocks	555,526	369,670	72,421	852,775
Other	403,776	17,588	1	421,363
Total	¥ 3,654,550	¥ 411,486	¥ 137,069	¥ 3,928,967
Securities not practicable to determine fair value				
Common stocks	¥ 95,304			
Other	25,173			
Total	¥ 120,477			

	U.S. dollars in millions			
	March 31, 2010			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	$ 28,968	$ 261	$ 695	$ 28,534
Common stocks	5,971	3,973	778	9,166
Other	4,340	189	0	4,529
Total	$ 39,279	$ 4,423	$ 1,473	$ 42,229
Securities not practicable to determine fair value				
Common stocks	$ 1,024			
Other	271			
Total	$ 1,295			

As of March 31, 2010, government bonds include 76% of Japanese government bonds, and 24% of U.S. and European government bonds. As of March 31, 2010, listed stocks on the Japanese stock markets represent 88% of common stocks which are included in available-for-sale. "Other" includes primarily commercial paper.

Unrealized losses continuing over a 12 month period or more in the aggregate were not material at March 31, 2009 and 2010.

As of March 31, 2009 and 2010, maturities of government bonds and other included in available-for-sale are mainly from 1 to 10 years.

Proceeds from sales of available-for-sale securities were ¥165,495 million, ¥800,422 million and ¥77,025 million ($828 million) for the years ended March 31, 2008, 2009 and 2010, respectively. On those sales, gross realized gains were ¥18,766 million, ¥35,694 million and ¥3,186 million ($34 million) and gross realized losses were ¥21 million, ¥1,856 million and ¥7 million ($0 million), respectively.

During the years ended March 31, 2008, 2009 and 2010, Toyota recognized impairment losses on available-for-sale securities of ¥11,346 million, ¥220,920 million and ¥2,486 million ($27 million), respectively, which are included in "Other income (loss), net" in the accompanying consolidated statements of income. Impairment losses recognized during the year ended March 31, 2009 primarily include a loss for an other-than-temporary impairment on a certain investment for which Toyota previously recorded an exchange gain.

In the ordinary course of business, Toyota maintains long-term investment securities, included in "Marketable securities and other securities investments" and issued by a number of non-public companies which are recorded at cost, as their fair values were not readily determinable. Management employs a systematic methodology to assess the recoverability of such investments by reviewing the financial viability of the underlying companies and the prevailing market conditions in which these companies operate to determine if Toyota's investment in each individual company is impaired and whether the impairment is other-than-temporary. Toyota periodically performs this impairment test for significant investments recorded at cost. If the impairment is determined to be other-than-temporary, the carrying value of the investment is written-down by the impaired amount and the losses are recognized currently in operations.

7 Finance receivables:

Finance receivables consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	2010	2010
Retail	¥ 6,655,404	¥ 6,810,144	$ 73,196
Finance leases	1,108,408	1,232,508	13,247
Wholesale and other dealer loans	2,322,721	2,403,239	25,830
	10,086,533	10,445,891	112,273
Deferred origination costs	104,521	109,747	1,180
Unearned income	(405,171)	(482,983)	(5,191)
Allowance for credit losses			
Retail	(157,359)	(148,503)	(1,596)
Finance leases	(7,776)	(36,917)	(397)
Wholesale and other dealer loans	(73,797)	(47,059)	(506)
	(238,932)	(232,479)	(2,499)
Total finance receivables, net	9,546,951	9,840,176	105,763
Less – Current portion	(3,891,406)	(4,209,496)	(45,244)
Noncurrent finance receivables, net	¥ 5,655,545	¥ 5,630,680	$ 60,519

Retail receivables

Toyota acquires new and used vehicle installment contracts primarily from dealers. Contract period of these primarily range from 2 years to 7 years. Installment contracts acquired must first meet specified credit standards. Thereafter, Toyota retains responsibility for contract collection and administration. Toyota acquires security interests in the vehicles financed and can generally repossess vehicles if customers fail to meet their contractual obligations. Almost all retail receivables are non-recourse, which relieves the dealers from financial responsibility in the event of repossession.

Finance lease receivables

Toyota acquires new vehicle lease contracts originated primarily through dealers. Contract period of these primarily range from 2 years to 5 years. Lease contracts acquired must first meet specified credit standards after which Toyota assumes ownership of the leased vehicle. Toyota is responsible for contract collection and administration during the lease period. Toyota is generally permitted to take possession of the vehicle upon a default by the lessee. The residual value is estimated at the time the vehicle is first leased. Vehicles returned to Toyota at the end of their leases are sold by auction.

Wholesale and other dealer loan receivables

Toyota provides wholesale financing to qualified dealers to finance inventories. Toyota acquires security interests in vehicles financed at wholesale. In cases where additional security interests would be required, Toyota takes dealership assets or personal assets, or both, as additional security. If a dealer defaults, Toyota has the right to liquidate any assets acquired and seek legal remedies. Toyota also makes term loans to dealers for business acquisitions, facilities refurbishment, real estate purchases and working capital requirements. These loans are typically secured with liens on real estate, other dealership assets and/or personal assets of the dealers.

Finance receivables were geographically distributed as follows: in North America 63.6%, in Japan 14.1%, in Europe 11.0%, in Asia 3.8% and in Other 7.5% as of March 31, 2009, and in North America 61.9%, in Japan 12.8%, in Europe 10.3%, in Asia 4.7% and in Other 10.3% as of March 31, 2010.

The contractual maturities of retail receivables, the future minimum lease payments on finance leases and wholesale and other dealer loans at March 31, 2010 are summarized as follows:

	Yen in millions			U.S. dollars in millions		
Years ending March 31,	Retail	Finance leases	Wholesale and other dealer loans	Retail	Finance leases	Wholesale and other dealer loans
2011	¥2,050,246	¥360,722	¥1,915,452	$22,036	$3,877	$20,587
2012	1,748,411	248,471	120,470	18,792	2,671	1,295
2013	1,367,386	184,678	100,886	14,697	1,985	1,084
2014	865,988	70,352	116,020	9,308	756	1,247
2015	460,657	30,815	43,053	4,951	331	463
Thereafter	317,456	8,163	107,358	3,412	88	1,154
	¥6,810,144	¥903,201	¥2,403,239	$73,196	$9,708	$25,830

Finance leases consist of the following:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2009	2010	2010
Minimum lease payments	¥ 871,250	**¥ 903,201**	**$ 9,708**
Estimated unguaranteed residual values	237,158	**329,307**	**3,539**
	1,108,408	**1,232,508**	**13,247**
Deferred origination costs	6,085	**6,423**	**69**
Less – Unearned income	(102,826)	**(121,664)**	**(1,307)**
Less – Allowance for credit losses	(7,776)	**(36,917)**	**(397)**
Finance leases, net	¥1,003,891	**¥1,080,350**	**$11,612**

Toyota maintains a program to sell retail and finance lease receivables. Under the program, Toyota achieves sale accounting treatment under U.S. GAAP in securitization transactions structured as qualifying special-purpose entities ("QSPE"s). Toyota recognizes a gain or loss on the sale of the finance receivables upon the transfer of the receivables to the securitization trusts structured as a QSPE. Toyota retains servicing rights and earns a contractual servicing fee of 1% per annum on the total monthly outstanding principal balance of the related securitized receivables. In a subordinated capacity, Toyota retains interest-only strips, subordinated securities, and cash reserve funds in these securitizations, and these retained interests are held as restricted assets subject to limited recourse provisions and provide credit enhancement to the senior securities in Toyota's securitization transactions. The retained interests are not available to satisfy any obligations of Toyota. Investors in the securitizations have no recourse to Toyota beyond the contractual cash flows of the securitized receivables, retained subordinated interests, any cash reserve funds and any amounts available or funded under the revolving liquidity notes. Toyota's exposure to these retained interests exists until the associated securities are paid in full. Investors do not have recourse to other assets held by Toyota for failure of obligors on the receivables to pay when due or otherwise.

For the years ended March 31, 2009 and 2010, no retail or finance lease receivables were securitized using QSPEs.

The following table summarizes certain cash flows received from and paid to the securitization trusts for the years ended March 31, 2008, 2009 and 2010.

	Yen in millions For the years ended March 31,			U.S. dollars in millions For the year ended March 31,
	2008	2009	2010	2010
Proceeds from new securitizations, net of purchased and retained securities	¥91,385	¥ —	**¥ —**	**$ —**
Servicing fees received	1,682	777	**393**	**4**
Excess interest received from interest only strips	1,865	356	**422**	**5**
Repurchases of receivables	(4,681)	(48)	**(18,465)**	**(198)**
Servicing advances	(114)	—	**—**	**—**
Reimbursement of servicing and maturity advances	114	—	**—**	**—**

Toyota sold finance receivables under the program and recognized pretax gains resulting from these sales of ¥1,688 million for the year ended March 31, 2008, after providing an allowance for estimated credit losses. The gain on sale recorded depends on the carrying amount of the assets at the time of the sale. The carrying amount is allocated between the assets sold and the retained interests based on their relative fair values at the date of the sale. The key economic assumptions initially and subsequently measuring the fair value of retained interests include the market interest rate environment, severity and rate of credit losses, and the prepayment speed of the receivables. All key economic assumptions used in the valuation of the retained interests are reviewed periodically and are revised as considered necessary.

At March 31, 2009 and 2010, Toyota's retained interests relating to these securitizations include interest in trusts, interest-only strips, and other receivables, amounting to ¥19,581 million and ¥12,883 million ($138 million), respectively.

Toyota recorded no impairments on retained interests for the years ended March 31, 2008, 2009 and 2010. Impairments are calculated, if any, by discounting cash flows using management's estimates and other key economic assumptions.

Expected cumulative static pool losses over the life of the securitizations are calculated by taking actual life to date losses plus projected losses and dividing the sum by the original balance of each pool of assets. Expected cumulative static pool credit losses for finance receivables securitized using QSPEs for the years ended March 31, 2008, 2009 and 2010 were 0.26%, 0.26% and 0.45%, respectively.

The key economic assumptions and the sensitivity of the current fair value of the retained interest to an immediate 10 and 20 percent adverse change in those economic assumptions are presented below.

	Yen in millions	U.S. dollars in millions
	March 31, 2010	March 31, 2010
Prepayment speed assumption (annual rate)	6.0%	
Impact on fair value of 10% adverse change	¥ (304)	$ (3)
Impact on fair value of 20% adverse change	(586)	(6)
Residual cash flows discount rate (annual rate)	3.2%	
Impact on fair value of 10% adverse change	¥ (536)	$ (6)
Impact on fair value of 20% adverse change	(1,040)	(11)
Expected credit losses (annual rate)	0.05%	
Impact on fair value of 10% adverse change	¥ (5)	$ (0)
Impact on fair value of 20% adverse change	(10)	(0)

These hypothetical scenarios do not reflect expected market conditions and should not be used as a prediction of future performance. As the figures indicate, changes in the fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. Actual changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. Actual cash flows may differ from the above analysis.

Outstanding receivable balances and delinquency amounts for managed retail and lease receivables, which include both receivables owned and securitized using QSPEs, as of March 31, 2009 and 2010 are as follows:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	2010	2010
Principal amount outstanding	¥7,481,016	¥7,632,909	$82,039
Delinquent amounts over 60 days or more	83,613	62,353	670
Comprised of:			
Receivables owned	¥7,358,641	¥7,559,669	$81,252
Receivables securitized using QSPEs	122,375	73,240	787

Credit losses, net of recoveries attributed to managed retail and lease receivables for the years ended March 31, 2008, 2009 and 2010 totaled ¥93,036 million, ¥124,939 million and ¥74,240 million ($798 million), respectively.

The table below summarizes information about impaired finance receivables.

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	2010	2010
Wholesale and other dealer loans			
Impaired finance receivables with an allowance	¥49,635	¥37,273	$401
Impaired finance receivables without an allowance	3,438	1,582	17
Total	¥53,073	¥38,855	$418

Allowance for credit losses recorded for impaired finance receivables were ¥13,071 million and ¥14,000 million ($150 million) as of March 31, 2009 and 2010, respectively.

Average impaired finance receivables were ¥45,444 million and ¥42,581 million ($458 million) for the years ended March 31, 2009 and 2010, respectively.

8 Other receivables:

Other receivables relate to arrangements with certain component manufacturers whereby Toyota procures inventory for these component manufactures and is reimbursed for the related purchases.

9 Inventories:

Inventories consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	2010	2010
Finished goods	¥ 875,930	¥ 885,005	$ 9,512
Raw materials	257,899	265,493	2,854
Work in process	251,670	199,267	2,142
Supplies and other	73,895	72,608	780
	¥1,459,394	¥1,422,373	$15,288

10 Vehicles and equipment on operating leases:

Vehicles and equipment on operating leases consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Vehicles	¥2,729,713	**¥2,516,948**	**$27,052**
Equipment	107,168	**96,300**	**1,035**
	2,836,881	**2,613,248**	**28,087**
Less – Accumulated depreciation	(795,767)	**(791,169)**	**(8,503)**
Vehicles and equipment on operating leases, net	¥2,041,114	**¥1,822,079**	**$19,584**

Rental income from vehicles and equipment on operating leases was ¥588,262 million, ¥560,251 million and ¥496,729 million ($5,339 million) for the years ended March 31, 2008, 2009 and 2010, respectively. Future minimum rentals from vehicles and equipment on operating leases are due in installments as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2011	¥417,146	$4,483
2012	256,211	2,754
2013	117,943	1,268
2014	29,851	321
2015	8,476	91
Thereafter	6,114	66
Total minimum future rentals	¥835,741	$8,983

The future minimum rentals as shown above should not be considered indicative of future cash collections.

11 Allowance for doubtful accounts and credit losses:

An analysis of activity within the allowance for doubtful accounts relating to trade accounts and notes receivable for the years ended March 31, 2008, 2009 and 2010 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Allowance for doubtful accounts at beginning of year	¥58,066	¥52,063	**¥48,006**	**$516**
Provision for doubtful accounts, net of reversal	357	(1,663)	**1,905**	**20**
Write-offs	(3,348)	(1,695)	**(1,357)**	**(14)**
Other	(3,012)	(699)	**(1,848)**	**(20)**
Allowance for doubtful accounts at end of year	¥52,063	¥48,006	**¥46,706**	**$502**

The other amount includes the impact of consolidation and deconsolidation of certain entities due to changes in ownership interest and currency translation adjustments for the years ended March 31, 2008, 2009 and 2010.

A portion of the allowance for doubtful accounts balance at March 31, 2009 and 2010 totaling ¥32,972 million and ¥32,971 million ($354 million), respectively, is attributed to certain non-current receivable balances which are reported as other assets in the consolidated balance sheets.

An analysis of the allowance for credit losses relating to finance receivables and vehicles and equipment on operating leases for the years ended March 31, 2008, 2009 and 2010 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Allowance for credit losses at beginning of year	¥112,116	¥ 117,706	**¥ 238,932**	**$ 2,568**
Provision for credit losses	122,433	259,096	**98,870**	**1,063**
Charge-offs, net of recoveries	(88,902)	(116,793)	**(102,196)**	**(1,098)**
Other	(27,941)	(21,077)	**(3,127)**	**(34)**
Allowance for credit losses at end of year	¥117,706	¥ 238,932	**¥ 232,479**	**$ 2,499**

The other amount primarily includes the impact of currency translation adjustments for the years ended March 31, 2008, 2009 and 2010.

12 Affiliated companies and variable interest entities:

Investments in and transactions with affiliated companies -

Summarized financial information for affiliated co mpanies accounted for by the equity method is shown below:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Current assets	¥ 6,400,685	**¥ 8,034,546**	**$ 86,356**
Noncurrent assets	9,438,905	**9,300,307**	**99,960**
Total assets	¥ 15,839,590	**¥ 17,334,853**	**$ 186,316**
Current liabilities	¥ 4,216,956	**¥ 5,056,178**	**$ 54,344**
Long-term liabilities and noncontrolling interest	5,740,150	**5,981,054**	**64,285**
Affiliated companies accounted for by the equity method shareholders' equity	5,882,484	**6,297,621**	**67,687**
Total liabilities and shareholders' equity	¥ 15,839,590	**¥ 17,334,853**	**$ 186,316**
Toyota's share of affiliated companies accounted for by the equity method shareholders' equity	¥ 1,810,106	**¥ 1,867,440**	**$ 20,071**
Number of affiliated companies accounted for by the equity method at end of period	56	**56**	

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Net revenues	¥ 26,511,831	¥ 23,149,968	**¥ 20,599,586**	**$ 221,406**
Gross profit	¥ 3,081,366	¥ 2,034,617	**¥ 2,269,109**	**$ 24,389**
Net income attributable to affiliated companies accounted for by the equity method	¥ 870,528	¥ 13,838	**¥ 317,017**	**$ 3,407**

Entities comprising a significant portion of Toyota's investment in affiliated companies include Denso Corporation; Toyota Industries Corporation; Aisin Seiki Co., Ltd.; Aioi Insurance Co., Ltd.; and Toyota Tsusho Corporation.

Aioi Insurance Co., Ltd. ceased to be an affiliated company accounted for by the equity method of Toyota Motor Corporation as of April 1, 2010, due to the business integration through a share-for-share exchange.

Certain affiliated companies accounted for by the equity method with carrying amounts of ¥1,417,896 million and ¥1,439,090 million ($15,467 million) at March 31, 2009 and 2010, respectively, were quoted on various established markets at an aggregate value of ¥1,127,976 million and ¥1,711,957 million ($18,400 million), respectively. For the year ended March 31, 2010, Toyota recognized an impairment loss on a certain investment in affiliated company accounted for by the equity method of ¥63,575 million ($683 million), which is included in "Equity in earnings of affiliated companies" in the accompanying consolidated statements of income. Toyota evaluated its investments in affiliated companies, considering the length of time and the extent to which the quoted market prices have been less than the carrying amounts, the financial condition and near-term prospects of the affiliated companies and Toyota's ability and intent to retain those investments in the companies for a period of time.

Account balances and transactions with affiliated companies are presented below:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Trade accounts and notes receivable, and other receivables	¥159,821	**¥274,189**	**$2,947**
Accounts payable and other payables	363,954	**597,796**	**6,425**

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Net revenues	¥1,693,969	¥1,585,814	**¥1,600,365**	**$17,201**
Purchases	4,525,049	3,918,717	**3,943,648**	**42,387**

Dividends from affiliated companies accounted for by the equity method for the years ended March 31, 2008, 2009 and 2010 were ¥76,351 million, ¥114,409 million and ¥82,149 million ($883 million), respectively.

Toyota does not have any significant related party transactions other than transactions with affiliated companies in the ordinary course of business.

Variable Interest Entities

Toyota enters into securitization transactions using special-purpose entities, that are considered variable interest entities ("VIEs"). Although the finance receivables related to securitization transactions have been legally sold to the VIEs, Toyota holds variable interests in certain VIEs that are expected to absorb a majority of the VIEs' expected losses, receive a majority of the VIEs' expected residual returns, or both. As a result, Toyota is considered the primary beneficiary of certain VIEs and therefore consolidates certain VIEs except for QSPEs.

The consolidated securitization VIEs have ¥366,886 million ($3,943 million) in retail finance receivables, ¥20,581 million ($221 million) in restricted cash and ¥363,369 million ($3,906 million) in secured debt. Risks to which Toyota is exposed including credit, interest rate, and/or prepayment risks are not incremental compared with the situation before Toyota enters into securitization transactions.

Certain joint ventures in which Toyota has invested are VIEs for which Toyota is not the primary beneficiary. However, neither the aggregate size of these joint ventures nor Toyota's involvements in these entities are material to Toyota's consolidated financial statements.

13 Short-term borrowings and long-term debt:

Short-term borrowings at March 31, 2009 and 2010 consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Loans, principally from banks, with a weighted-average interest at March 31, 2009 and March 31, 2010 of 2.44% and of 1.55% per annum, respectively	¥1,115,122	**¥ 804,066**	**$ 8,642**
Commercial paper with a weighted-average interest at March 31, 2009 and March 31, 2010 of 1.52% and of 0.44% per annum, respectively	2,502,550	**2,475,607**	**26,608**
	¥3,617,672	**¥3,279,673**	**$35,250**

As of March 31, 2010, Toyota has unused short-term lines of credit amounting to ¥2,306,265 million ($24,788 million) of which ¥504,339 million ($5,421 million) related to commercial paper programs. Under these programs, Toyota is authorized to obtain short-term financing at prevailing interest rates for periods not in excess of 360 days.

Long-term debt at March 31, 2009 and 2010 comprises the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Unsecured loans, representing obligations principally to banks, due 2009 to 2028 in 2009 and due 2010 to 2029 in 2010 with interest ranging from 0.17% to 31.50% per annum in 2009 and from 0.00% to 29.25% per annum in 2010	¥ 1,536,413	**¥ 2,942,012**	**$ 31,621**
Secured loans, representing obligations principally to banks due 2009 to 2019 in 2009 and finance receivables securitization due 2010 to 2019 in 2010 with interest ranging from 0.68% to 5.35% per annum in 2009 and from 0.49% to 6.65% per annum in 2010	11,227	**381,307**	**4,098**
Medium-term notes of consolidated subsidiaries, due 2009 to 2047 in 2009 and due 2010 to 2047 in 2010 with interest ranging from 0.19% to 17.47% per annum in 2009 and from 0.04% to 15.25% per annum in 2010	5,335,159	**3,814,439**	**40,998**
Unsecured notes of parent company, due 2010 to 2018 in 2009 and due 2010 to 2019 in 2010 with interest ranging from 1.33% to 3.00% per annum in 2009 and from 1.07% to 3.00% per annum in 2010	450,000	**580,000**	**6,234**
Unsecured notes of consolidated subsidiaries, due 2009 to 2031 in 2009 and due 2010 to 2031 in 2010 with interest ranging from 0.59% to 19.42% per annum in 2009 and from 0.25% to 17.03% per annum in 2010	1,616,816	**1,473,732**	**15,840**
Long–term capital lease obligations, due 2009 to 2028 in 2009 and due 2010 to 2028 in 2010 with interest ranging from 0.21% to 15.47% per annum in 2009 and from 0.43% to 14.40% per annum in 2010	51,366	**42,243**	**454**
	9,000,981	**9,233,733**	**99,245**
Less – Current portion due within one year	(2,699,512)	**(2,218,324)**	**(23,843)**
	¥ 6,301,469	**¥ 7,015,409**	**$ 75,402**

As of March 31, 2010, approximately 36%, 21%, 13% and 30% of long-term debt are denominated in Japanese yen, U.S. dollars, euros, and other currencies, respectively.

As of March 31, 2010, property, plant and equipment with a book value of ¥82,866 million ($891 million) and in addition, other assets aggregating ¥388,439 million ($4,175 million) were pledged as collateral mainly for certain debt obligations of subsidiaries. These other assets principally consist of securitized finance receivables.

The aggregate amounts of annual maturities of long-term debt during the next five years are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2011	¥2,218,324	$23,843
2012	2,148,481	23,092
2013	2,087,820	22,440
2014	740,848	7,963
2015	726,090	7,804

Standard agreements with certain banks in Japan include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks. During the year ended March 31, 2010, Toyota has not received any significant such requests from these banks.

As of March 31, 2010, Toyota has unused long-term lines of credit amounting to ¥5,667,638 million ($60,916 million).

14 Product warranties:

Toyota provides product warranties for certain defects mainly resulting from manufacturing based on warranty contracts with its customers at the time of sale of products. Toyota accrues estimated warranty costs to be incurred in the future in accordance with the warranty contracts. The net change in the accrual for the product warranties for the years ended March 31, 2008, 2009 and 2010, which is included in "Accrued expenses" in the accompanying consolidated balance sheets, consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Liabilities for product warranties at beginning of year	¥ 412,452	¥ 446,384	**¥ 429,257**	**$ 4,613**
Payments made during year	(324,110)	(337,863)	**(336,180)**	**(3,613)**
Provision for warranties	392,349	366,604	**301,209**	**3,237**
Changes relating to pre-existing warranties	(14,155)	(17,869)	**(21,606)**	**(232)**
Other	(20,152)	(27,999)	**6,306**	**68**
Liabilities for product warranties at end of year	¥ 446,384	¥ 429,257	**¥ 378,986**	**$ 4,073**

The other amount primarily includes the impact of currency translation adjustments and the impact of consolidation and deconsolidation of certain entities due to changes in ownership interest.

In addition to product warranties above, Toyota initiates recalls and other safety measures to repair or to replace parts which might be expected to fail from products safety perspectives or customer satisfaction standpoints. Toyota accrues costs of these activities based on management's estimates. And during the fourth quarter of this consolidated fiscal year, Toyota has employed an estimation model, to accrue at the time of vehicle sale, an amount that represents management's best estimate of expenses related to future recalls and other safety measures. The estimation model for recalls and other safety measures takes into account Toyota's historical experience and individual occurrences of recalls and other safety measures. These costs are not included in the reconciliation above. See note 2 to the consolidated financial statements for additional information.

15 Other payables:

Other payables are mainly related to purchases of property, plant and equipment and non-manufacturing purchases.

16 Income taxes:

The components of income (loss) before income taxes comprise the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Income (loss) before income taxes:				
Parent company and domestic subsidiaries	¥1,522,619	¥(224,965)	**¥ (114,569)**	**$ (1,231)**
Foreign subsidiaries	914,603	(335,416)	**406,037**	**4,364**
	¥2,437,222	¥(560,381)	**¥ 291,468**	**$ 3,133**

The provision for income taxes consists of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Current income tax expense:				
Parent company and domestic subsidiaries	¥491,185	¥ 65,684	**¥ 65,971**	**$ 709**
Foreign subsidiaries	338,852	72,864	**1,156**	**13**
Total current	830,037	138,548	**67,127**	**722**
Deferred income tax expense (benefit):				
Parent company and domestic subsidiaries	119,333	(26,472)	**(126,716)**	**(1,362)**
Foreign subsidiaries	(37,875)	(168,518)	**152,253**	**1,636**
Total deferred	81,458	(194,990)	**25,537**	**274**
Total provision	¥911,495	¥ (56,442)	**¥ 92,664**	**$ 996**

Toyota is subject to a number of different income taxes which, in the aggregate, indicate a statutory rate in Japan of approximately 40.2% for the years ended March 31, 2008, 2009 and 2010. Such rate was also used to calculate the tax effects of temporary differences, which are expected to be realized in the future years. Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	For the years ended March 31,		
	2008	2009	**2010**
Statutory tax rate	40.2%	40.2%	**40.2%**
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	0.6	(5.0)	**1.9**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries	0.9	(2.5)	**4.4**
Deferred tax liabilities on undistributed earnings of affiliates accounted for by the equity method	3.1	(2.5)	**(0.6)**
Valuation allowance	(0.4)	(25.4)	**11.2**
Tax credits	(4.4)	10.0	**(11.8)**
The difference between the statutory tax rate in Japan and that of foreign subsidiaries	(3.1)	1.6	**(12.9)**
Other	0.5	(6.3)	**(0.6)**
Effective income tax rate	37.4%	10.1%	**31.8%**

Significant components of deferred tax assets and liabilities are as follows:

	Yen in millions March 31, 2009	Yen in millions March 31, 2010	U.S. dollars in millions March 31, 2010
Deferred tax assets			
Accrued pension and severance costs	¥ 288,849	**¥ 210,268**	**$ 2,260**
Warranty reserves and accrued expenses	227,757	**277,696**	**2,985**
Other accrued employees' compensation	99,867	**106,404**	**1,144**
Operating loss carryforwards for tax purposes	290,044	**146,114**	**1,570**
Inventory adjustments	64,439	**58,561**	**629**
Property, plant and equipment and other assets	208,983	**188,745**	**2,029**
Other	413,728	**488,880**	**5,255**
Gross deferred tax assets	1,593,667	**1,476,668**	**15,872**
Less – Valuation allowance	(208,627)	**(239,269)**	**(2,572)**
Total deferred tax assets	1,385,040	**1,237,399**	**13,300**
Deferred tax liabilities			
Unrealized gains on securities	(100,698)	**(147,494)**	**(1,585)**
Undistributed earnings of foreign subsidiaries	(13,971)	**(12,797)**	**(138)**
Undistributed earnings of affiliates accounted for by the equity method	(536,876)	**(575,929)**	**(6,190)**
Basis difference of acquired assets	(38,356)	**(38,977)**	**(419)**
Lease transactions	(472,817)	**(457,316)**	**(4,915)**
Gain on securities contribution to employee retirement benefit trust	(66,523)	**(66,523)**	**(715)**
Other	(57,113)	**(6,141)**	**(66)**
Gross deferred tax liabilities	(1,286,354)	**(1,305,177)**	**(14,028)**
Net deferred tax asset (liability)	¥ 98,686	**¥ (67,778)**	**$ (728)**

The valuation allowance mainly relates to deferred tax assets of the consolidated subsidiaries with operating loss carryforwards for tax purposes that are not expected to be realized. The net changes in the total valuation allowance for deferred tax assets for the years ended March 31, 2008, 2009 and 2010 consist of the following:

	Yen in millions For the years ended March 31, 2008	2009	2010	U.S. dollars in millions For the year ended March 31, 2010
Valuation allowance at beginning of year	¥ 95,225	¥ 82,191	**¥208,627**	**$2,242**
Additions	4,783	145,707	**46,704**	**502**
Deductions	(13,508)	(3,511)	**(14,066)**	**(151)**
Other	(4,309)	(15,760)	**(1,996)**	**(21)**
Valuation allowance at end of year	¥ 82,191	¥208,627	**¥239,269**	**$2,572**

The other amount includes the impact of consolidation and deconsolidation of certain entities due to changes in ownership interest and currency translation adjustments during the years ended March 31, 2008, 2009 and 2010.

The deferred tax assets and liabilities that comprise the net deferred tax asset (liability) are included in the consolidated balance sheets as follows:

	Yen in millions March 31, 2009	Yen in millions March 31, 2010	U.S. dollars in millions March 31, 2010
Deferred tax assets			
Deferred income taxes (Current assets)	¥605,331	**¥632,164**	**$6,795**
Investments and other assets - other	149,511	**122,617**	**1,318**
Deferred tax liabilities			
Other current liabilities	(13,863)	**(9,338)**	**(100)**
Deferred income taxes (Long-term liabilities)	(642,293)	**(813,221)**	**(8,741)**
Net deferred tax asset (liability)	¥ 98,686	**¥ (67,778)**	**$ (728)**

Because management intends to reinvest undistributed earnings of foreign subsidiaries to the extent not expected to be remitted in the foreseeable future, management has made no provision for income taxes on those undistributed earnings aggregating ¥2,429,578 million ($26,113 million) as of March 31, 2010. Toyota estimates an additional tax provision of ¥98,035 million ($1,054 million) would be required if the full amount of those undistributed earnings were remitted.

Operating loss carryforwards for tax purposes attributed to consolidated subsidiaries as of March 31, 2010 were approximately ¥506,209 million ($5,441 million) and are available as an offset against future taxable income of such subsidiaries. The majority of these carryforwards expire in years 2011 to 2030.

A summary of the gross unrecognized tax benefits changes for the years ended March 31, 2009 and 2010 is as follows:

	Yen in millions For the years ended March 31, 2009	2010	U.S. dollars in millions For the year ended March 31, 2010
Balance at beginning of year	¥ 37,722	**¥ 46,803**	**$ 503**
Additions based on tax positions related to the current year	858	**2,702**	**29**
Additions for tax positions of prior years	35,464	**6,750**	**73**
Reductions for tax positions of prior years	(24,061)	**(2,802)**	**(30)**
Reductions for tax positions related to lapse of statute of limitations	(114)	**(106)**	**(1)**
Reductions for settlement	(128)	**(27,409)**	**(295)**
Other	(2,938)	**(1,973)**	**(21)**
Balance at end of year	¥ 46,803	**¥ 23,965**	**$ 258**

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was not material at March 31, 2009 and 2010, respectively. Toyota does not believe it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

Interest and penalties related to income tax liabilities are included in "Other income (loss), net". The amounts of interest and penalties accrued as of and recognized for the years ended March 31, 2009 and 2010, respectively, were not material.

Toyota remains subject to income tax examination for the tax returns related to the years beginning on and after January 1, 2000, with various tax jurisdictions including Japan.

17 Shareholders' equity:

Changes in the number of shares of common stock issued have resulted from the following:

	For the years ended March 31,		
	2008	2009	**2010**
Common stock issued			
Balance at beginning of year	3,609,997,492	3,447,997,492	**3,447,997,492**
Issuance during the year	—	—	**—**
Purchase and retirement	(162,000,000)	—	**—**
Balance at end of year	3,447,997,492	3,447,997,492	**3,447,997,492**

The Corporation Act provides that an amount equal to 10% of distributions from surplus paid by the parent company and its Japanese subsidiaries be appropriated as a capital reserve or a retained earnings reserve. No further appropriations are required when the total amount of the capital reserve and the retained earnings reserve reaches 25% of stated capital.

The retained earnings reserve included in retained earnings as of March 31, 2009 and 2010 was ¥167,722 million and ¥168,680 million ($1,813 million), respectively. The Corporation Act provides that the retained earnings reserve of the parent company and its Japanese subsidiaries is restricted and unable to be used for dividend payments, and is excluded from the calculation of the profit available for dividend.

The amounts of statutory retained earnings of the parent company available for dividend payments to shareholders were ¥5,624,709 million and ¥5,478,747 million ($58,886 million) as of March 31, 2009 and 2010, respectively. In accordance with customary practice in Japan, the distributions from surplus are not accrued in the financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained. Retained earnings at March 31, 2010 include amounts representing year-end cash dividends of ¥78,400 million ($843 million), ¥25 ($0.27) per share, which were approved at the Ordinary General Shareholders' Meeting, held on June 24, 2010.

Retained earnings at March 31, 2010 include ¥1,344,903 million ($14,455 million) relating to equity in undistributed earnings of companies accounted for by the equity method.

On June 23, 2006, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved to purchase up to 30 million shares of its common stock at a cost up to ¥200,000 million during the purchase period of one year from the following day. As a result, the parent company repurchased approximately 28 million shares during the approved period of time.

On June 22, 2007, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved to purchase up to 30 million shares of its common stock at a cost up to ¥250,000 million during the purchase period of one year from the following day. As a result, the parent company repurchased 30 million shares during the approved period of time.

On February 5, 2008, the Board of Directors resolved to purchase up to 12 million shares of its common stock at a cost up to ¥60,000 million in accordance with the Corporation Act. As a result, the parent company repurchased approximately 10 million shares.

On the same date, the Board of Directors also resolved to retire 162 million shares of its common stock, and then the parent company retired its common stock on March 31, 2008. This retirement, in accordance with the Corporation Act and related regulations, is treated as a reduction from additional paid-in capital and retained earnings. As a result, treasury stock, additional paid-in capital and retained earnings decreased by ¥646,681 million, ¥3,499 million and ¥643,182 million, respectively.

On June 24, 2008, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved to purchase up to 30 million shares of its common stock at a cost up to ¥200,000 million during the purchase period of one year from the following day. As a result, the parent company repurchased approximately 14 million shares during the approved period of time. These approvals by the shareholders are not required under the current regulation.

Detailed components of accumulated other comprehensive income (loss) in Toyota Motor Corporation shareholders' equity at March 31, 2009 and 2010 and the related changes, net of taxes for the years ended March 31, 2008, 2009 and 2010 consist of the following:

	Yen in millions			
	Foreign currency translation adjustments	Unrealized gains on securities	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2007	¥ (40,178)	¥ 658,808	¥ 82,760	¥ 701,390
Other comprehensive income (loss)	(461,189)	(347,829)	(133,577)	(942,595)
Balances at March 31, 2008	(501,367)	310,979	(50,817)	(241,205)
Other comprehensive income (loss)	(381,303)	(293,101)	(192,172)	(866,576)
Balances at March 31, 2009	(882,670)	17,878	(242,989)	(1,107,781)
Other comprehensive income	9,894	176,407	74,645	260,946
Balances at March 31, 2010	**¥(872,776)**	**¥ 194,285**	**¥(168,344)**	**¥ (846,835)**

	U.S. dollars in millions			
	Foreign currency translation adjustments	Unrealized gains on securities	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2009	$ (9,487)	$ 192	$ (2,612)	$ (11,907)
Other comprehensive income	107	1,896	802	2,805
Balances at March 31, 2010	**$ (9,380)**	**$ 2,088**	**$ (1,810)**	**$ (9,102)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2008, 2009 and 2010 are as follows:

	Yen in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2008			
Foreign currency translation adjustments	¥ (460,723)	¥ (466)	¥ (461,189)
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	(545,555)	219,313	(326,242)
Less: reclassification adjustments for gains included in net income attributable to Toyota Motor Corporation	(36,099)	14,512	(21,587)
Pension liability adjustments	(221,142)	87,565	(133,577)
Other comprehensive income (loss)	¥ (1,263,519)	¥ 320,924	¥ (942,595)
For the year ended March 31, 2009			
Foreign currency translation adjustments	¥ (391,873)	¥ 10,570	¥(381,303)
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	(677,710)	255,890	(421,820)
Less: reclassification adjustments for losses included in net loss attributable to Toyota Motor Corporation	215,249	(86,530)	128,719
Pension liability adjustments	(319,613)	127,441	(192,172)
Other comprehensive income (loss)	¥(1,173,947)	¥ 307,371	¥(866,576)
For the year ended March 31, 2010			
Foreign currency translation adjustments	**¥ 10,809**	**¥ (915)**	**¥ 9,894**
Unrealized gains on securities:			
Unrealized net holding gains arising for the year	**277,838**	**(102,538)**	**175,300**
Less: reclassification adjustments for gains included in net income attributable to Toyota Motor Corporation	**1,852**	**(745)**	**1,107**
Pension liability adjustments	**124,526**	**(49,881)**	**74,645**
Other comprehensive income	**¥ 415,025**	**¥ (154,079)**	**¥ 260,946**

	U.S. dollars in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2010			
Foreign currency translation adjustments	**$ 117**	**$ (10)**	**$ 107**
Unrealized gains on securities:			
Unrealized net holding gains arising for the year	**2,986**	**(1,102)**	**1,884**
Less: reclassification adjustments for gains included in net income attributable to Toyota Motor Corporation	**20**	**(8)**	**12**
Pension liability adjustments	**1,338**	**(536)**	**802**
Other comprehensive income	**$ 4,461**	**$ (1,656)**	**$ 2,805**

18 Stock-based compensation:

In June 1997, the parent company's shareholders approved a stock option plan for board members. In June 2001, the shareholders approved an amendment of the plan to include both board members and key employees. Each year, since the plans' inception, the shareholders have approved the authorization for the grant of options for the purchase of Toyota's common stock. Authorized shares for each year that remain ungranted are unavailable for grant in future years. Stock options granted in and after August 2002 have terms ranging from 6 years to 8 years and an exercise price equal to 1.025 times the closing price of Toyota's common stock on the date of grant. These options generally vest 2 years from the date of grant.

On June 24, 2010, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved the authorization of an additional up to 3,600,000 shares for issuance under the Toyota's stock option plan for directors, officers and employees of the parent company, its subsidiaries and affiliates.

For the years ended March 31, 2008, 2009 and 2010, Toyota recognized stock-based compensation expenses for stock options of ¥3,273 million, ¥3,015 million and ¥2,446 million ($26 million) as selling, general and administrative expenses.

The weighted-average grant-date fair value of options granted during the years ended March 31, 2008, 2009 and 2010 was ¥1,199, ¥635 and ¥803 ($9), respectively per share. The fair value of options granted is amortized over the option vesting period in determining net income attributable to Toyota Motor Corporation in the consolidated statements of income. The grant-date fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2008	2009	**2010**
Dividend rate	1.7%	3.0%	**2.4%**
Risk-free interest rate	1.3%	1.1%	**0.7%**
Expected volatility	23%	23%	**30%**
Expected holding period (years)	5.0	5.0	**5.0**

The following table summarizes Toyota's stock option activity:

		Yen		Yen in millions
	Number of shares	Weighted-average exercise price	Weighted-average remaining contractual life in years	Aggregate intrinsic value
Options outstanding at March 31, 2007	6,292,700	¥ 5,175	5.53	¥14,947
Granted	3,264,000	7,278		
Exercised	(792,100)	4,208		
Canceled	(423,000)	6,196		
Options outstanding at March 31, 2008	8,341,600	6,038	5.71	1,753
Granted	3,494,000	4,726		
Exercised	(119,900)	3,626		
Canceled	(375,000)	6,889		
Options outstanding at March 31, 2009	11,340,700	5,631	5.51	1
Granted	3,492,000	4,193		
Exercised	(157,800)	3,116		
Canceled	(958,200)	4,646		
Options outstanding at March 31, 2010	**13,716,700**	**¥5,363**	**5.23**	**¥ —**
Options exercisable at March 31, 2008	2,354,600	¥ 4,225	2.76	¥ 1,753
Options exercisable at March 31, 2009	4,971,700	¥ 5,302	3.76	¥ 1
Options exercisable at March 31, 2010	7,515,700	¥ 6,132	3.86	¥ —

The total intrinsic value of options exercised for the years ended March 31, 2008, 2009 and 2010 was ¥1,651 million, ¥97 million and ¥113 million ($1 million), respectively.

As of March 31, 2010, there were unrecognized compensation expenses of ¥1,822 million ($20 million) for stock options granted. Those expenses are expected to be recognized over a weighted-average period of 1.1 years.

Cash received from the exercise of stock options for the years ended March 31, 2008, 2009 and 2010 was ¥3,333 million, ¥435 million and ¥492 million ($5 million), respectively.

The following table summarizes information for options outstanding and options exercisable at March 31, 2010:

	Outstanding				Exercisable		
Exercise price range		Weighted-average exercise price	Weighted-average exercise price	Weighted-average remaining life		Weighted-average exercise price	Weighted-average exercise price
Yen	Number of shares	Yen	Dollars	Years	Number of shares	Yen	Dollars
¥4,193 — 6,000	8,133,700	¥4,429	$48	5.50	1,932,700	¥4,427	$48
6,001 — 7,278	5,583,000	6,723	72	4.85	5,583,000	6,723	72
4,193 — 7,278	13,716,700	5,363	58	5.23	7,515,700	6,132	66

19 Employee benefit plans:

Pension and severance plans

Upon terminations of employment, employees of the parent company and subsidiaries in Japan are entitled, under the retirement plans of each company, to lump-sum indemnities or pension payments, based on current rates of pay and lengths of service or the number of "points" mainly determined by those. Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. Employees receive additional benefits on involuntary retirement, including retirement at the age limit.

Effective October 1, 2004, the parent company amended its retirement plan to introduce a "point" based retirement benefit plan. Under the new plan, employees are entitled to lump-sum or pension payments determined based on accumulated "points" vested in each year of service.

There are three types of "points" that vest in each year of service consisting of "service period points" which are attributed to the length of service, "job title points" which are attributed to the job title of each employee, and "performance points" which are attributed to the annual performance evaluation of each employee. Under normal circumstances, the minimum payment prior to retirement age is an amount reflecting an adjustment rate applied to represent voluntary retirement. Employees receive additional benefits upon involuntary retirement, including retirement at the age limit.

Effective October 1, 2005, the parent company partly amended its retirement plan and introduced the quasi cash-balance plan under which benefits are determined based on the variable-interest crediting rate rather than the fixed-interest crediting rate as was in the pre-amended plan.

The parent company and most subsidiaries in Japan have contributory funded defined benefit pension plans, which are pursuant to the Corporate Defined Benefit Pension Plan Law (CDBPPL). The contributions to the plans are funded with several financial institutions in accordance with the applicable laws and regulations. These pension plan assets consist principally of common stocks, government bonds and insurance contracts.

Most foreign subsidiaries have pension plans or severance indemnity plans covering substantially all of their employees under which the cost of benefits are currently invested or accrued. The benefits for these plans are based primarily on lengths of service and current rates of pay.

Toyota uses a March 31 measurement date for its benefit plans.

Information regarding Toyota's defined benefit plans is as follows:

	Yen in millions March 31, 2009	Yen in millions March 31, 2010	U.S. dollars in millions March 31, 2010
Change in benefit obligation			
Benefit obligation at beginning of year	¥1,693,155	**¥ 1,632,779**	**$17,549**
Service cost	84,206	**75,558**	**812**
Interest cost	52,959	**50,559**	**543**
Plan participants' contributions	750	**657**	**7**
Plan amendments	(2,096)	**(3,080)**	**(33)**
Net actuarial (gain) loss	(47,272)	**56,843**	**611**
Acquisition and other	(64,784)	**(2,829)**	**(30)**
Benefits paid	(84,139)	**(83,740)**	**(900)**
Benefit obligation at end of year	1,632,779	**1,726,747**	**18,559**
Change in plan assets			
Fair value of plan assets at beginning of year	1,282,048	**979,012**	**10,522**
Actual return on plan assets	(307,293)	**171,043**	**1,838**
Acquisition and other	(43,851)	**158**	**2**
Employer contributions	131,412	**111,815**	**1,202**
Plan participants' contributions	835	**763**	**8**
Benefits paid	(84,139)	**(83,740)**	**(900)**
Fair value of plan assets at end of year	979,012	**1,179,051**	**12,672**
Funded status	¥ 653,767	**¥ 547,696**	**$ 5,887**

Amounts recognized in the consolidated balance sheet as of March 31, 2009 and 2010 are comprised of the following:

	Yen in millions March 31, 2009	Yen in millions March 31, 2010	U.S. dollars in millions March 31, 2010
Accrued expenses (Accrued pension and severance costs)	¥ 30,658	**¥ 28,573**	**$ 307**
Accrued pension and severance costs	634,612	**678,677**	**7,294**
Investments and other assets – other (Prepaid pension and severance costs)	(11,503)	**(159,554)**	**(1,714)**
Net amount recognized	¥ 653,767	**¥547,696**	**$ 5,887**

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2009 and 2010 are comprised of the following:

	Yen in millions March 31, 2009	Yen in millions March 31, 2010	U.S. dollars in millions March 31, 2010
Net actuarial loss	¥ (497,055)	**¥(385,266)**	**$ (4,141)**
Prior service costs	109,570	**97,587**	**1,049**
Net transition obligation	(5,514)	**(3,570)**	**(38)**
Net amount recognized	¥ (392,999)	**¥(291,249)**	**$ (3,130)**

The accumulated benefit obligation for all defined benefit pension plans was ¥1,524,556 million and ¥1,571,061 million ($16,886 million) at March 31, 2009 and 2010, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for which the accumulated benefit obligations exceed plan assets are as follows:

	Yen in millions March 31, 2009	Yen in millions March 31, 2010	U.S. dollars in millions March 31, 2010
Projected benefit obligation	¥1,076,362	**¥508,501**	**$5,465**
Accumulated benefit obligation	1,039,314	**452,019**	**4,858**
Fair value of plan assets	614,377	**65,905**	**708**

Components of the net periodic pension cost are as follows:

	Yen in millions For the years ended March 31, 2008	2009	2010	U.S. dollars in millions For the year ended March 31, 2010
Service cost	¥ 96,454	¥ 84,206	**¥ 75,558**	**$ 812**
Interest cost	54,417	52,959	**50,559**	**543**
Expected return on plan assets	(43,450)	(43,053)	**(32,251)**	**(346)**
Amortization of prior service costs	(17,162)	(17,677)	**(15,063)**	**(162)**
Recognized net actuarial loss	4,013	5,752	**27,246**	**293**
Amortization of net transition obligation	1,944	1,944	**1,944**	**21**
Net periodic pension cost	¥ 96,216	¥ 84,131	**¥107,993**	**$ 1,161**

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) are as follows:

	Yen in millions For the years ended March 31, 2008	2009	2010	U.S. dollars in millions For the year ended March 31, 2010
Net actuarial gain (loss)	¥(227,439)	¥(303,074)	**¥ 81,949**	**$ 881**
Recognized net actuarial loss	4,013	5,752	**27,246**	**293**
Prior service costs	7,619	2,096	**3,080**	**33**
Amortization of prior service costs	(17,162)	(17,677)	**(15,063)**	**(162)**
Amortization of net transition obligation	1,944	1,944	**1,944**	**21**
Other	24,882	17,003	**2,594**	**28**
Total recognized in other comprehensive income (loss)	¥(206,143)	¥(293,956)	**¥101,750**	**$1,094**

The estimated prior service costs, net actuarial loss and net transition obligations that will be amortized from accumulated other comprehensive income (loss) into net periodic pension cost during the year ending March 31, 2011 are ¥(15,000) million ($(161) million), ¥15,700 million ($169 million) and ¥1,900 million ($20 million), respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2009 and 2010 are as follows:

	March 31,	
	2009	**2010**
Discount rate	2.8%	**2.8%**
Rate of compensation increase	0.1 – 10.0%	**0.5 – 10.0%**

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2008, 2009 and 2010 are as follows:

	For the years ended March 31,		
	2008	2009	**2010**
Discount rate	2.7%	2.8%	**2.8%**
Expected return on plan assets	3.4%	3.6%	**3.6%**
Rate of compensation increase	0.1 – 10.0%	0.1 – 10.0%	**0.1 – 10.0%**

The expected rate of return on plan assets is determined after considering several applicable factors including, the composition of plan assets held, assumed risks of asset management, historical results of the returns on plan assets, Toyota's principal policy for plan asset management, and forecasted market conditions.

Toyota's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which Toyota considers permissible. Asset allocations under the plan asset management are determined based on plan asset management policies of each plan which are established to achieve the optimized asset compositions in terms of the long-term overall plan asset management. Excepting equity securities contributed by Toyota, approximately 50% of the plan assets is invested in equity securities, approximately 30% is invested in debt securities, and the rest of them is invested in insurance contracts and other products. When actual allocations are not in line with target allocations, Toyota rebalances its investments in accordance with the policies. Prior to making individual investments, Toyota performs in-depth assessments of corresponding factors including category of products, industry type, currencies and liquidity of each potential investment under consideration to mitigate concentrations of risks such as market risk and foreign currency exchange rate risk. To assess performance of the investments, Toyota establishes bench mark return rates for each individual investment, combines these individual bench mark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

The following table summarizes the fair value of classes of plan assets as of March 31, 2010. See note 26 to the consolidated financial statements for three levels of input which are used to measure fair value.

	Yen in millions			
	March 31, 2010			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	¥ 471,262	¥ —	¥ —	¥ 471,262
Commingled funds	—	237,495	—	237,495
	471,262	237,495	—	708,757
Debt securities				
Government bonds	79,739	—	—	79,739
Commingled funds	—	147,345	2,663	150,008
Other	39,231	19,561	928	59,720
	118,970	166,906	3,591	289,467
Insurance contracts	—	97,086	—	97,086
Other	35,774	1,449	46,518	83,741
Total	¥ 626,006	¥ 502,936	¥ 50,109	¥ 1,179,051

	U.S. dollars in millions			
	March 31, 2010			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	$ 5,065	$ —	$ —	$ 5,065
Commingled funds	—	2,553	—	2,553
	5,065	2,553	—	7,618
Debt securities				
Government bonds	857	—	—	857
Commingled funds	—	1,584	28	1,612
Other	422	210	10	642
	1,279	1,794	38	3,111
Insurance contracts	—	1,043	—	1,043
Other	384	16	500	900
Total	$ 6,728	$ 5,406	$ 538	$ 12,672

The following is description of the assets, information about the valuation techniques used to measure fair value, key inputs and significant assumptions:

Quoted market prices for identical securities are used to measure fair value of common stocks. As of March 31, 2010, common stocks include 64% of Japanese stocks and 36% of foreign stocks.

Quoted market prices for identical securities are used to measure fair value of government bonds. As of March 31, 2010, government bonds include 25% of Japanese government bonds and 75% of foreign government bonds.

Commingled funds are beneficial interests of collective trust, which are mainly invested by the parent company and Japanese subsidiaries. The fair values of commingled funds are measured using the net asset value ("NAV") provided by the administrator of the fund, and are categorized by the ability to redeem investments at the measurement day.

The fair values of insurance contracts are measured using contracted amount with accrued interest.

Other consists of cash equivalents, other private placement investment funds and other assets. The fair values of other private placement investment funds are measured using the NAV provided by the administrator of the fund, and are categorized by the ability to redeem investments at the measurement day.

The following table summarizes the changes in Level 3 plan assets measured at fair value for the period ended March 31, 2010:

	Yen in millions		
	For the year ended March 31, 2010		
	Debt securities	Other	Total
Balance at beginning of year	**¥ 5,242**	**¥45,825**	**¥51,067**
Actual return on plan assets	**818**	**(2,206)**	**(1,388)**
Purchases, sales and settlements	**(2,233)**	**3,467**	**1,234**
Other	**(236)**	**(568)**	**(804)**
Balance at end of year	**¥ 3,591**	**¥46,518**	**¥50,109**

	U.S. dollars in millions		
	For the year ended March 31, 2010		
	Debt securities	Other	Total
Balance at beginning of year	**$ 56**	**$ 493**	**$ 549**
Actual return on plan assets	**9**	**(24)**	**(15)**
Purchases, sales and settlements	**(24)**	**37**	**13**
Other	**(3)**	**(6)**	**(9)**
Balance at end of year	**$ 38**	**$ 500**	**$ 538**

Toyota expects to contribute ¥111,112 million ($1,194 million) to its pension plans in the year ending March 31, 2011.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2011	¥ 79,457	$ 854
2012	75,952	816
2013	74,915	805
2014	76,933	827
2015	80,622	867
from 2016 to 2020	455,453	4,895
Total	¥843,332	$9,064

Postretirement benefits other than pensions and postemployment benefits

Toyota's U.S. subsidiaries provide certain health care and life insurance benefits to eligible retired employees. In addition, Toyota provides benefits to certain former or inactive employees after employment, but before retirement. These benefits are currently unfunded and provided through various insurance companies and health care providers. The costs of these benefits are recognized over the period the employee provides credited service to Toyota. Toyota's obligations under these arrangements are not material.

20 Derivative financial instruments:

Toyota employs derivative financial instruments, including foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota does not use derivatives for speculation or trading.

Fair value hedges

Toyota enters into interest rate swaps and interest rate currency swap agreements mainly to convert its fixed-rate debt to variable-rate debt. Toyota uses interest rate swap agreements in managing interest rate risk exposure. Interest rate swap agreements are executed as either an integral part of specific debt transactions or on a portfolio basis. Toyota uses interest rate currency swap agreements to hedge exposure to currency exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies. Notes and loans payable issued in foreign currencies are hedged by concurrently executing interest rate currency swap agreements, which involve the exchange of foreign currency principal and interest obligations for each functional currency obligations at agreed-upon currency exchange and interest rates.

For the years ended March 31, 2008, 2009 and 2010, the ineffective portion of Toyota's fair value hedge relationships was not material. For fair value hedging relationships, the components of each derivative's gain or loss are included in the assessment of hedge effectiveness.

Undesignated derivative financial instruments

Toyota uses foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements, and interest rate options, to manage its exposure to foreign currency exchange rate fluctuations and interest rate fluctuations from an economic perspective, and for which Toyota is unable or has elected not to apply hedge accounting.

Fair value and gains or losses on derivative financial instruments

The following table summarizes the fair values of derivative financial instruments at March 31, 2009 and 2010:

	Yen in millions		U.S. dollars in millions
	For the years ended March 31,		For the year ended March 31,
	2009	**2010**	**2010**
Derivative financial instruments designated as hedging instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 35,882	**¥ 45,567**	**$ 490**
Investments and other assets — Other	83,014	**94,430**	**1,015**
Total	¥ 118,896	**¥ 139,997**	**$ 1,505**
Other current liabilities	¥ (47,022)	**¥ (21,786)**	**$ (234)**
Other long-term liabilities	(79,634)	**(12,045)**	**(130)**
Total	¥(126,656)	**¥ (33,831)**	**$ (364)**
Undesignated derivative financial instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 58,454	**¥ 54,474**	**$ 586**
Investments and other assets — Other	177,487	**168,349**	**1,809**
Total	¥ 235,941	**¥ 222,823**	**$ 2,395**
Other current liabilities	¥ (61,593)	**¥ (38,152)**	**$ (410)**
Other long-term liabilities	(236,877)	**(179,765)**	**(1,932)**
Total	¥(298,470)	**¥(217,917)**	**$ (2,342)**
Foreign exchange forward and option contracts			
Prepaid expenses and other current assets	¥ 32,443	**¥ 6,135**	**$ 66**
Investments and other assets — Other	250	**38**	**0**
Total	¥ 32,693	**¥ 6,173**	**$ 66**
Other current liabilities	¥ (25,675)	**¥ (20,843)**	**$ (224)**
Other long-term liabilities	—	**(138)**	**(2)**
Total	¥ (25,675)	**¥ (20,981)**	**$ (226)**

The following table summarizes the notional amounts of derivative financial instruments at March 31, 2009 and 2010:

	Yen in millions				U.S. dollars in millions	
	For the years ended March 31,				For the year ended March 31,	
	2009		**2010**		**2010**	
	Designated derivative financial instruments	Undesignated derivative financial instruments	Designated derivative financial instruments	Undesignated derivative financial instruments	Designated derivative financial instruments	Undesignated derivative financial instruments
Interest rate and currency swap agreements	¥1,907,927	¥12,472,179	**¥1,168,882**	**¥11,868,039**	**$12,563**	**$127,559**
Foreign exchange forward and option contracts	—	1,562,876	**—**	**1,487,175**	**—**	**15,984**
Total	¥1,907,927	¥14,035,055	**¥1,168,882**	**¥13,355,214**	**$12,563**	**$143,543**

The following table summarizes the gains and losses on derivative financial instruments and hedged items reported in the consolidated statement of income for the years ended March 31, 2009 and 2010:

	Yen in millions				U.S. dollars in millions	
	For the years ended March 31,				For the year ended March 31,	
	2009		**2010**		**2010**	
	Gains (losses) on derivative financial instruments	Gains (losses) on hedged items	Gains (losses) on derivative financial instruments	Gains (losses) on hedged items	Gains (losses) on derivative financial instruments	Gains (losses) on hedged items
Derivative financial instruments designated as hedging instruments - Fair value hedge						
Interest rate and currency swap agreements						
Cost of financing operations	¥(288,553)	¥ 293,637	**¥138,677**	**¥(135,163)**	**$ 1,491**	**$(1,453)**
Interest expense	(439)	439	**(265)**	**265**	**(3)**	**3**
Undesignated derivative financial instruments						
Interest rate and currency swap agreements						
Cost of financing operations	¥ (72,696)	¥ —	**¥ 77,939**	**¥ —**	**$ 838**	**$ —**
Foreign exchange gain (loss), net	(3,016)	—	**(2,819)**	**—**	**(30)**	**—**
Foreign exchange forward and option contracts						
Cost of financing operations	24,183	—	**(21,841)**	**—**	**(235)**	**—**
Foreign exchange gain (loss), net	174,158	—	**60,599**	**—**	**651**	**—**

Undesignated derivative financial instruments are used to manage risks of fluctuations in interest rates to certain borrowing transactions and in foreign currency exchange rates of certain currency receivables and payables. Toyota accounts for these derivative financial instruments as economic hedges with changes in the fair value recorded directly into current period earnings.

Unrealized gains or (losses) on undesignated derivative financial instruments reported in the cost of financing operations for the years ended March 31, 2008, 2009 and 2010 were ¥(67,991) million, ¥(80,298) million and ¥71,538 million ($769 million) those reported in foreign gain (loss), net were ¥45,670 million, ¥(33,578) million and ¥(26,476) million ($(285) million), respectively.

Toyota corrected the gains or losses on derivative financial instruments and hedged items disclosed for the year ended March 31, 2009 as a result of changes to information gathered from certain subsidiaries. These adjustments do not have a material impact on Toyota's consolidated financial statements.

Credit risk related contingent features

Toyota enters into International Swaps and Derivatives Association Master Agreements with counterparties. These Master Agreements contain a provision requiring either Toyota or the counterparty to settle the contract or to post assets to the other party in the event of a ratings downgrade below a specified threshold.

The aggregate fair value amount of derivative financial instruments that contain credit risk related contingent features that are in a net liability position as of March 31, 2010 is ¥63,445 million ($682 million). The aggregate fair value amount of assets that are already posted as of March 31, 2010 is ¥9,469 million ($102 million). If the ratings of Toyota decline below specified thresholds, the maximum amount of assets to be posted or for which Toyota could be required to settle the contracts is ¥63,445 million ($682 million) as of March 31, 2010.

21 Other financial instruments:

Toyota has certain financial instruments, including financial assets and liabilities and off-balance sheet financial instruments which arose in the normal course of business. These financial instruments are executed with creditworthy financial institutions, and virtually all foreign currency contracts are denominated in U.S. dollars, euros and other currencies of major industrialized countries. Financial instruments involve, to varying degrees, market risk as instruments are subject to price fluctuations, and elements of credit risk in the event a counterparty should default. In the unlikely event the counterparties fail to meet the contractual terms of a foreign currency or an interest rate instrument, Toyota's risk is limited to the fair value of the instrument. Although Toyota may be exposed to losses in the event of non-performance by counterparties on financial instruments, it does not anticipate significant losses due to the nature of its counterparties. Counterparties to Toyota's financial instruments represent, in general, international financial institutions. Additionally, Toyota does not have a significant exposure to any individual counterparty. Toyota believes that the overall credit risk related to its financial instruments is not significant.

The estimated fair values of Toyota's financial instruments, excluding marketable securities and other securities investments and affiliated companies and derivative financial instruments, are summarized as follows:

	Yen in millions	
	March 31, 2009	
	Carrying amount	Estimated fair value
Asset (Liability)		
Cash and cash equivalents	¥ 2,444,280	¥ 2,444,280
Time deposits	45,178	45,178
Total finance receivables, net	8,450,709	8,677,228
Other receivables	332,722	332,722
Short-term borrowings	(3,617,672)	(3,617,672)
Long-term debt including the current portion	(8,949,615)	(9,026,007)

	Yen in millions		U.S. dollars in millions	
	March 31, 2010		March 31, 2010	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Asset (Liability)				
Cash and cash equivalents	**¥ 1,865,746**	**¥ 1,865,746**	**$ 20,053**	**$ 20,053**
Time deposits	**392,724**	**392,724**	**4,221**	**4,221**
Total finance receivables, net	**8,759,826**	**9,112,527**	**94,151**	**97,942**
Other receivables	**360,379**	**360,379**	**3,873**	**3,873**
Short-term borrowings	**(3,279,673)**	**(3,279,673)**	**(35,250)**	**(35,250)**
Long-term debt including the current portion	**(9,191,490)**	**(9,297,904)**	**(98,791)**	**(99,934)**

Cash and cash equivalents, time deposits and other receivables

In the normal course of business, substantially all cash and cash equivalents, time deposits and other receivables are highly liquid and are carried at amounts which approximate fair value.

Finance receivables, net

The carrying value of variable rate finance receivables was assumed to approximate fair value as they were repriced at prevailing market rates. The fair value of fixed rate finance receivables was estimated by discounting expected cash flows to present value using the rates at which new loans of similar credit quality and maturity would be made.

Short-term borrowings and long-term debt

The fair values of short-term borrowings and total long-term debt including the current portion were estimated based on the discounted amounts of future cash flows using Toyota's current incremental borrowing rates for similar liabilities.

22 Lease commitments:

Toyota leases certain assets under capital lease and operating lease arrangements.

An analysis of leased assets under capital leases is as follows:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Class of property			
Building	¥ 24,369	**¥ 23,518**	**$ 253**
Machinery and equipment	51,971	**48,043**	**516**
Less - Accumulated depreciation	(33,845)	**(36,926)**	**(397)**
	¥ 42,495	**¥ 34,635**	**$ 372**

Amortization expenses under capital leases for the years ended March 31, 2008, 2009 and 2010 were ¥7,846 million, ¥12,183 million and ¥12,606 million ($135 million), respectively.

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2010 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2011	¥ 26,327	$ 283
2012	3,585	39
2013	2,366	25
2014	2,028	22
2015	1,795	19
Thereafter	16,413	176
Total minimum lease payments	52,514	564
Less – Amount representing interest	(10,271)	(110)
Present value of net minimum lease payments	42,243	454
Less – Current obligations	(24,089)	(259)
Long-term capital lease obligations	¥ 18,154	$ 195

Rental expenses under operating leases for the years ended March 31, 2008, 2009 and 2010 were ¥100,319 million, ¥106,653 million and ¥93,994 million ($1,010 million), respectively.

The minimum rental payments required under operating leases relating primarily to land, buildings and equipment having initial or remaining non-cancelable lease terms in excess of one year at March 31, 2010 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2011	¥ 9,900	$106
2012	8,136	87
2013	6,493	70
2014	5,029	54
2015	4,273	46
Thereafter	18,122	195
Total minimum future rentals	¥51,953	$558

23 Other commitments and contingencies, concentrations and factors that may affect future operations:

Commitments

Commitments outstanding at March 31, 2010 for the purchase of property, plant and equipment and other assets totaled ¥74,529 million ($801 million).

Guarantees

Toyota enters into contracts with Toyota dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Guarantee periods are set to match maturity of installment payments, and at March 31, 2010, range from 1 month to 35 years; however, they are generally shorter than the useful lives of products sold. Toyota is required to execute its guarantee primarily when customers are unable to make required payments. The maximum potential amount of future payments as of March 31, 2010 is ¥1,604,893 million ($17,249 million). Liabilities for guarantees totaling ¥5,969 million ($64 million) have been provided as of March 31, 2010. Under these guarantee contracts, Toyota is entitled to recover any amount paid by Toyota from the customers whose original obligations Toyota has guaranteed.

Legal proceedings

Product Recalls

From time-to-time, Toyota issues vehicle recalls and takes other safety measures including safety campaigns in its vehicles. In November 2009, Toyota announced a safety campaign in North America for certain models of Toyota and Lexus vehicles related to floor mat entrapment of accelerator pedals, and later expanded it to include additional models. In January 2010, Toyota announced a recall in North America for certain models of Toyota vehicles related to sticking and slow-to-return accelerator pedals. Also in January 2010, Toyota recalled in Europe and China certain models of Toyota vehicles related to sticking accelerator pedals. In February 2010, Toyota announced a worldwide recall related to the software program that controls the antilock braking system (ABS) in certain vehicles models including the Prius. Set forth below is a description of the various claims, lawsuits and government investigations against Toyota in the United States relating to recalls and other safety measures.

<Class Action Litigation>

There are approximately 200 putative class actions that have been filed since November 2009 alleging that certain Toyota, Lexus and Scion vehicles contain defects that lead to unintended acceleration. Many of the putative class actions allege that malfunctions involving the floor mats and accelerator pedals do not cover the full scope of possible defects related to unintended acceleration. Rather, they allege that Electronic Throttle Control-intelligent (ETCS-i) is the true cause and that Toyota has failed to inform consumers despite its awareness of the problem. In general, these cases seek recovery for the alleged diminution in value of the vehicles, injunctive and other relief. In April 2010, the approximately 190 federal cases were consolidated for most purposes into a single multi-district litigation in the United States District Court for the Central District of California. In addition, around half of the approximately 125 individual product liability personal injury cases relating to unintended acceleration pending against Toyota have been consolidated into the federal class action suit. (The remaining individual product liability personal injury cases relating to unintended acceleration remain pending in various state courts in the United States.) This consolidated federal class action suit is in its very early stages and currently activity centers around case organization and scheduling.

Additionally, there are approximately 10 putative class actions in various state courts, including California. The claims are similar to the class actions in federal court. One of the putative California class actions was filed by the Orange County District Attorney and, among other things, seeks statutory penalties alleging that Toyota sold and marketed defective vehicles and that consumers have been harmed as a result of diminution in value of their vehicles.

Beginning in February 2010, Toyota has also been sued in 9 putative class actions in federal and state courts alleging defects in the braking systems in various hybrid vehicles that causes the vehicles to fail to stop in a timely manner when driving in certain road conditions. The plaintiffs claim that while a remedy for this braking issue has been implemented on vehicles in production since January 2010 and has been offered to current owners of certain of the vehicles, that owners and lessees of all of the vehicles should recover for diminution in the value of the vehicles. They also seek injunctions ordering Toyota to repair the vehicles and to take other actions, punitive damages and other relief.

From February through April 2010, Toyota has also been sued in the United States District Court for the Central District of California in 6 putative shareholder class actions on behalf of investors in Toyota American Depository Shares and common stock, and in a putative bondholder class action. The complaints of these securities class action lawsuits allege that defendants made statements that were false or misleading in that they failed to disclose problems with, or the causes of, sudden unintended acceleration in a number of vehicle models. Plaintiffs seek monetary damages in an amount to be proven at trial, interest and attorneys' fees and costs.

On May 21, 2010, a shareholder derivative action was filed against certain officers and directors of Toyota in the Superior Court of the State of California, County of Los Angeles. The complaint alleges that the defendants breached their fiduciary duties of care and loyalty as well as wasted corporate assets and unjustly enriched themselves, with respect to and as a result of their handling of design defects in Toyota vehicles, alleging facts similar to those alleged in the securities class actions. The plaintiff seeks to recover on behalf of Toyota amounts spent by Toyota as a result of the defendants' alleged mishandling of the problem of unintended acceleration and of the alleged failure to make accurate and timely public disclosure.

Toyota believes that it has meritorious defenses to all of the cases and will vigorously defend against them.

<Government Investigations>

In February 2010, Toyota received a subpoena from the U.S. Attorney for the Southern District of New York and a voluntary request and subpoena from the U.S. Securities and Exchange Commission ("SEC"). The subpoenas and the voluntary request primarily request documents related to unintended acceleration and certain financial records. This is a coordinated investigation and has included interviews of Toyota and non-Toyota witnesses, as well as production of documents. On June 23, 2010, Toyota received a voluntary request and subpoena from the SEC that primarily requested production of documents related to the steering relay rod.

During the first quarter of calendar year 2010, Toyota received three formal inquires from the National Highway Traffic Safety Administration ("NHTSA") related to the recalls related to floor mat entrapment and sticking accelerator pedals. The first two, TQ10-001 and TQ10-002, address the timing of the announcement of the recalls related to floor mat entrapment and sticking accelerator pedals, respectively. The third, RQ10-003, addresses the scope of the recalls and unintended acceleration generally. On April 19, 2010, Toyota and the Department of Transportation announced a settlement resolving TQ10-002 pursuant to which Toyota paid $16.4 million to the U.S. Treasury. Toyota denied the allegations that it violated the Motor Vehicle Safety Act or its implementing regulations but agreed to the settlement to avoid a protracted dispute and possible litigation. TQ10-001 is still pending, and on June 4, Toyota filed its final response to RQ10-003.

On May 10, 2010, NHTSA notified Toyota that it had also opened a Timeliness Query regarding the 2005 recall of certain pickup trucks and sport utility vehicles for a possible issue with the steering relay rod.

Toyota has also received subpoenas and formal and informal requests from various states' attorneys general and certain local governmental agencies regarding various recalls, the facts underlying its recent recalls and customer handling related to those recalls.

Toyota is cooperating with the government agencies in their investigations, which generally are on-going.

The recalls and other safety measures described above have led to a number of claims, lawsuits and government investigations against Toyota in the United States as set forth in the preceding paragraphs. Amounts accrued as of March 31, 2010 relate to these legal actions are not material to Toyota's financial position, results of operations, or cash flows. Toyota cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts accrued; however, the resolution of these matters could have an adverse effect on Toyota's financial position, results of operations or cash flows.

United States Antitrust Proceedings

In February 2003, Toyota, General Motors Corporation, Ford, DaimlerChrysler, Honda, Nissan and BMW and their U.S. and Canadian sales and marketing subsidiaries, the National Automobile Dealers Association and the Canadian Automobile Dealers Association were named as defendants in purported nationwide class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001. 26 similar actions were filed in federal district courts in California, Illinois, New York, Massachusetts, Florida, New Jersey and Pennsylvania. Additionally, 56 parallel class actions were filed in state courts in California, Minnesota, New Mexico, New York, Tennessee, Wisconsin, Arizona, Florida, Iowa, New Jersey and Nebraska on behalf of the same purchasers in these states. As of April 1, 2005, actions filed in federal district courts were consolidated in Maine and actions filed in the state courts of California and New Jersey were also consolidated.

The nearly identical complaints allege that the defendants violated the Sherman Antitrust Act by conspiring among themselves and with their dealers to prevent the sale to United States citizens of vehicles produced for the Canadian market. The complaints allege that new vehicle prices in Canada are 10% to 30% lower than those in the United States and that preventing the sale of these vehicles to United States citizens resulted in United States consumers paying excessive prices for the same type of vehicles. The complaints seek permanent injunctions against the alleged antitrust violations and treble damages in an unspecified amount. In March 2004, the federal district court of Maine (i) dismissed claims against certain Canadian companies, including Toyota Canada, Inc., for lack of personal jurisdiction but denied or deferred to dismiss claims against certain other Canadian companies, and (ii) dismissed the claim for damages based on the Sherman Antitrust Act but did not bar the plaintiffs from seeking injunctive relief against the alleged antitrust violations. The plaintiffs have submitted an amended compliant adding a claim for damages based on state antitrust laws and Toyota has responded to the plaintiff's discovery requests. Toyota believes that its actions have been lawful. In the interest of quickly resolving these legal actions, however, Toyota entered into a settlement agreement with the plaintiffs at the end of February 2006. The settlement agreement is pending the approval of the federal district court, and immediately upon approval the plaintiffs will, in accordance with the terms of the settlement agreement, withdraw all pending actions against Toyota in the federal district court as well as all state courts and all related actions will be closed.

Other Proceedings

Toyota has various other legal actions, other governmental proceedings and other claims pending against it, including other product liability claims in the United States. Although the claimants in some of these actions seek potentially substantial damages, Toyota cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts accrued, with respect to these claims. However, based upon information currently available to Toyota, Toyota believes that its losses from these matters, if any, would not have a material adverse effect on Toyota's financial position, results of operations or cash flows.

Environmental matters and others

In October 2000, the European Union brought into effect a directive that requires member states to promulgate regulations implementing the following: (i) manufacturers shall bear all or a significant part of the costs for taking back end-of-life vehicles put on the market after July 1, 2002 and dismantling and recycling those vehicles. Beginning January 1, 2007, this requirement became applicable to vehicles put on the market before July 1, 2002; (ii) manufacturers may not use certain hazardous materials in vehicles to be sold after July 2003; (iii) vehicles type-approved and put on the market after December 15, 2008, shall be re-usable and/or recyclable to a minimum of 85% by weight per vehicle and shall be re-usable and/or recoverable to a minimum of 95% by weight per vehicle; and (iv) end-of-life vehicles must meet actual re-use of 80% and re-use as material or energy of 85%, respectively, of vehicle weight by 2006, rising respectively to 85% and 95% by 2015. A law to implement the directive came into effect in all member states including Bulgaria, Romania that joined the European Union in January 2007. Currently, there are uncertainties surrounding the implementation of the applicable regulations in different European Union member states, particularly regarding manufacturer responsibilities and resultant expenses that may be incurred.

In addition, under this directive member states must take measures to ensure that car manufacturers, distributors and other auto-related economic operators establish adequate used vehicle collection and treatment facilities and to ensure that hazardous materials and recyclable parts are removed from vehicles prior to shredding. This directive impacts Toyota's vehicles sold in the European Union and Toyota is introducing vehicles that are in compliance with such measures taken by the member states pursuant to the directive.

Based on the legislation that has been enacted to date, Toyota has provided for its estimated liability related to covered vehicles in existence as of March 31, 2010. Depending on the legislation that will be enacted subject to other circumstances, Toyota may be required to revise the accruals for the expected costs. Although Toyota does not expect its compliance with the directive to result in significant cash expenditures, Toyota is continuing to assess the impact of this future legislation on its results of operations, cash flows and financial position.

Toyota purchases materials that are equivalent to approximately 10% of material costs from a supplier which is an affiliated company.

The parent company has a concentration of labor supply in employees working under collective bargaining agreements and a substantial portion of these employees are working under the agreement that will expire on December 31, 2011.

24 Segment data:

The operating segments reported below are the segments of Toyota for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance. The major portions of Toyota's operations on a worldwide basis are derived from the Automotive and Financial Services business segments. The Automotive segment designs, manufactures and distributes sedans, minivans, compact cars, sport-utility vehicles, trucks and related parts and accessories. The Financial Services segment consists primarily of financing, and vehicle and equipment leasing operations to assist in the merchandising of the parent company and its affiliate companies products as well as other products. The All Other segment includes the design, manufacturing and sales of housing, telecommunications and other business.

The following tables present certain information regarding Toyota's industry segments and operations by geographic areas and overseas revenues by destination as of and for the years ended March 31, 2008, 2009 and 2010.

Segment operating results and assets

As of and for the year ended March 31, 2008:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥24,160,254	¥ 1,468,730	¥ 660,256	¥ —	¥ 26,289,240
Inter-segment sales and transfers	17,052	29,624	686,699	(733,375)	—
Total	24,177,306	1,498,354	1,346,955	(733,375)	26,289,240
Operating expenses	22,005,401	1,411,860	1,313,875	(712,271)	24,018,865
Operating income	¥ 2,171,905	¥ 86,494	¥ 33,080	¥ (21,104)	¥ 2,270,375
Assets	¥13,593,025	¥13,942,372	¥ 1,273,560	¥ 3,649,363	¥ 32,458,320
Investment in equity method investees	1,777,956	235,166	—	52,656	2,065,778
Depreciation expenses	1,050,541	409,725	30,869	—	1,491,135
Capital expenditure	1,546,524	1,149,842	56,439	7,170	2,759,975

As of and for the year ended March 31, 2009:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥18,550,501	¥ 1,355,850	¥ 623,219	¥ —	¥ 20,529,570
Inter-segment sales and transfers	14,222	21,698	561,728	(597,648)	—
Total	18,564,723	1,377,548	1,184,947	(597,648)	20,529,570
Operating expenses	18,959,599	1,449,495	1,175,034	(593,547)	20,990,581
Operating income (loss)	¥ (394,876)	¥ (71,947)	¥ 9,913	¥ (4,101)	¥ (461,011)
Assets	¥11,716,316	¥ 13,631,662	¥ 1,131,400	¥ 2,582,659	¥ 29,062,037
Investment in equity method investees	1,606,013	168,057	—	36,036	1,810,106
Depreciation expenses	1,072,848	389,937	32,385	—	1,495,170
Capital expenditure	1,343,572	883,968	35,334	62,023	2,324,897

As of and for the year ended March 31, 2010:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥ 17,187,308	¥ 1,226,244	¥ 537,421	¥ —	¥ 18,950,973
Inter-segment sales and transfers	10,120	19,163	410,194	(439,477)	—
Total	17,197,428	1,245,407	947,615	(439,477)	18,950,973
Operating expenses	17,283,798	998,480	956,475	(435,296)	18,803,457
Operating income (loss)	¥ (86,370)	¥ 246,927	¥ (8,860)	¥ (4,181)	¥ 147,516
Assets	¥ 12,359,404	¥ 13,274,953	¥ 1,119,635	¥ 3,595,295	¥ 30,349,287
Investment in equity method investees	1,692,702	129,745	—	44,993	1,867,440
Depreciation expenses	1,018,935	348,820	46,814	—	1,414,569
Capital expenditure	616,216	774,102	21,751	25,532	1,437,601

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	$ 184,730	$ 13,180	$ 5,777	$ —	$ 203,687
Inter-segment sales and transfers	109	206	4,409	(4,724)	—
Total	184,839	13,386	10,186	(4,724)	203,687
Operating expenses	185,767	10,732	10,281	(4,679)	202,101
Operating income (loss)	$ (928)	$ 2,654	$ (95)	$ (45)	$ 1,586
Assets	$ 132,840	$ 142,680	$ 12,034	$ 38,642	$ 326,196
Investment in equity method investees	18,193	1,394	—	484	20,071
Depreciation expenses	10,952	3,749	503	—	15,204
Capital expenditure	6,623	8,320	234	275	15,452

Geographic information

As of and for the year ended March 31, 2008:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 8,418,620	¥ 9,248,950	¥ 3,802,814	¥ 2,790,987	¥ 2,027,869	¥ —	¥ 26,289,240
Inter-segment sales and transfers	6,897,192	174,308	190,620	329,839	266,268	(7,858,227)	—
Total	15,315,812	9,423,258	3,993,434	3,120,826	2,294,137	(7,858,227)	26,289,240
Operating expenses	13,875,526	9,117,906	3,851,863	2,864,470	2,150,159	(7,841,059)	24,018,865
Operating income	¥ 1,440,286	¥ 305,352	¥ 141,571	¥ 256,356	¥ 143,978	¥ (17,168)	¥ 2,270,375
Assets	¥12,883,255	¥10,779,947	¥ 3,125,572	¥ 1,792,681	¥ 1,703,533	¥ 2,173,332	¥ 32,458,320
Long-lived assets	3,696,081	2,808,782	574,854	446,513	285,772	—	7,812,002

As of and for the year ended March 31, 2009:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 7,471,916	¥ 6,097,676	¥ 2,889,753	¥ 2,450,412	¥1,619,813	¥ —	¥ 20,529,570
Inter-segment sales and transfers	4,714,821	125,238	123,375	268,917	263,087	(5,495,438)	—
Total	12,186,737	6,222,914	3,013,128	2,719,329	1,882,900	(5,495,438)	20,529,570
Operating expenses	12,424,268	6,613,106	3,156,361	2,543,269	1,795,252	(5,541,675)	20,990,581
Operating income (loss)	¥ (237,531)	¥ (390,192)	¥ (143,233)	¥ 176,060	¥ 87,648	¥ 46,237	¥ (461,011)
Assets	¥11,956,431	¥10,685,466	¥ 2,324,528	¥ 1,547,890	¥1,446,505	¥ 1,101,217	¥ 29,062,037
Long-lived assets	3,658,719	2,726,419	410,185	372,330	234,028	—	7,401,681

As of and for the year ended March 31, 2010:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	**¥ 7,314,813**	**¥ 5,583,228**	**¥ 2,082,671**	**¥ 2,431,648**	**¥ 1,538,613**	**¥ —**	**¥ 18,950,973**
Inter-segment sales and transfers	**3,905,490**	**87,298**	**64,378**	**223,679**	**135,248**	**(4,416,093)**	**—**
Total	**11,220,303**	**5,670,526**	**2,147,049**	**2,655,327**	**1,673,861**	**(4,416,093)**	**18,950,973**
Operating expenses	**11,445,545**	**5,585,036**	**2,180,004**	**2,451,800**	**1,558,287**	**(4,417,215)**	**18,803,457**
Operating income (loss)	**¥ (225,242)**	**¥ 85,490**	**¥ (32,955)**	**¥ 203,527**	**¥ 115,574**	**¥ 1,122**	**¥ 147,516**
Assets	**¥12,465,677**	**¥10,223,903**	**¥ 2,060,962**	**¥ 1,925,126**	**¥ 1,803,703**	**¥1,869,916**	**¥ 30,349,287**
Long-lived assets	**3,347,896**	**2,401,172**	**351,037**	**361,296**	**249,500**	**—**	**6,710,901**

	U.S. dollars in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	**$ 78,620**	**$ 60,009**	**$ 22,385**	**$ 26,136**	**$16,537**	**$ —**	**$203,687**
Inter-segment sales and transfers	**41,976**	**938**	**692**	**2,404**	**1,454**	**(47,464)**	**—**
Total	**120,596**	**60,947**	**23,077**	**28,540**	**17,991**	**(47,464)**	**203,687**
Operating expenses	**123,017**	**60,028**	**23,431**	**26,352**	**16,749**	**(47,476)**	**202,101**
Operating income (loss)	**$ (2,421)**	**$ 919**	**$ (354)**	**$ 2,188**	**$ 1,242**	**$ 12**	**$ 1,586**
Assets	**$ 133,982**	**$109,887**	**$ 22,151**	**$ 20,692**	**$19,386**	**$ 20,098**	**$326,196**
Long-lived assets	**35,983**	**25,808**	**3,773**	**3,883**	**2,682**	**—**	**72,129**

* "Other" consists of Central and South America, Oceania and Africa.

Revenues are attributed to geographies based on the country location of the parent company or the subsidiary that transacted the sale with the external customer.

There are no any individually material countries with respect to revenues, operating expenses, operating income, assets and long-lived assets included in other foreign countries.

Unallocated amounts included in assets represent assets held for corporate purposes, which mainly consist of cash and cash equivalents and marketable securities. Such corporate assets were ¥4,352,498 million, ¥3,225,901 million and ¥4,205,402 million ($45,200 million), as of March 31, 2008, 2009 and 2010, respectively.

Transfers between industries or geographic segments are made at amounts which Toyota's management believes approximate arm's-length transactions. In measuring the reportable segments' income or losses, operating income consists of revenue less operating expenses.

Overseas Revenues by destination

The following information shows revenues that are attributed to countries based on location of customers, excluding customers in Japan. In addition to the disclosure requirements under U.S. GAAP, Toyota discloses this information in order to provide financial statement users with valuable information.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
North America	¥9,606,481	¥6,294,230	**¥5,718,381**	**$61,462**
Europe	3,746,362	2,861,351	**2,023,280**	**21,746**
Asia	2,968,460	2,530,352	**2,641,471**	**28,391**
Other	3,831,739	3,421,881	**2,838,671**	**30,510**

"Other" consists of Central and South America, Oceania, Africa and the Middle East, etc.

Certain financial statement data on non-financial services and financial services businesses

The financial data below presents separately Toyota's non-financial services and financial services businesses.

Balance sheets

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Non-Financial Services Businesses			
Current assets			
Cash and cash equivalents	¥ 1,648,143	**¥ 1,338,821**	**$ 14,390**
Marketable securities	494,476	**1,783,629**	**19,170**
Trade accounts and notes receivable, less allowance for doubtful accounts	1,404,292	**1,908,884**	**20,517**
Inventories	1,459,394	**1,422,373**	**15,288**
Prepaid expenses and other current assets	1,534,119	**1,793,622**	**19,278**
Total current assets	6,540,424	**8,247,329**	**88,643**
Investments and other assets	4,254,126	**4,549,658**	**48,900**
Property, plant and equipment	5,504,559	**4,996,321**	**53,701**
Total Non-Financial Services Businesses assets	16,299,109	**17,793,308**	**191,244**
Financial Services Businesses			
Current assets			
Cash and cash equivalents	796,137	**526,925**	**5,663**
Marketable securities	850	**9,536**	**103**
Finance receivables, net	3,891,406	**4,209,496**	**45,244**
Prepaid expenses and other current assets	790,901	**653,798**	**7,027**
Total current assets	5,479,294	**5,399,755**	**58,037**
Noncurrent finance receivables, net	5,655,545	**5,630,680**	**60,519**
Investments and other assets	599,701	**529,938**	**5,696**
Property, plant and equipment	1,897,122	**1,714,580**	**18,428**
Total Financial Services Businesses assets	13,631,662	**13,274,953**	**142,680**
Eliminations	(868,734)	**(718,974)**	**(7,728)**
Total assets	¥29,062,037	**¥ 30,349,287**	**$326,196**

Assets in the non-financial services include unallocated corporate assets.

Notes to Consolidated Financial Statements

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2009	**2010**	**2010**
Non-Financial Services Businesses			
Current liabilities			
Short-term borrowings	¥ 825,029	**¥ 575,890**	**$ 6,190**
Current portion of long-term debt	115,942	**289,447**	**3,111**
Accounts payable	1,299,523	**1,954,147**	**21,003**
Accrued expenses	1,432,988	**1,627,228**	**17,490**
Income taxes payable	47,648	**140,210**	**1,507**
Other current liabilities	944,303	**931,727**	**10,014**
Total current liabilities	4,665,433	**5,518,649**	**59,315**
Long-term liabilities			
Long-term debt	850,233	**1,095,270**	**11,772**
Accrued pension and severance costs	629,870	**672,905**	**7,232**
Other long-term liabilities	444,529	**604,903**	**6,502**
Total long-term liabilities	1,924,632	**2,373,078**	**25,506**
Total Non-Financial Services Businesses liabilities	6,590,065	**7,891,727**	**84,821**
Financial Services Businesses			
Current liabilities			
Short-term borrowings	3,370,981	**3,118,938**	**33,523**
Current portion of long-term debt	2,640,104	**1,968,908**	**21,162**
Accounts payable	10,001	**13,063**	**140**
Accrued expenses	111,766	**113,559**	**1,221**
Income taxes payable	3,650	**13,177**	**141**
Other current liabilities	515,166	**519,011**	**5,578**
Total current liabilities	6,651,668	**5,746,656**	**61,765**
Long-term liabilities			
Long-term debt	5,592,641	**6,060,349**	**65,137**
Accrued pension and severance costs	4,742	**5,772**	**62**
Other long-term liabilities	491,397	**433,641**	**4,661**
Total long-term liabilities	6,088,780	**6,499,762**	**69,860**
Total Financial Services Businesses liabilities	12,740,448	**12,246,418**	**131,625**
Eliminations	(869,213)	**(719,301)**	**(7,731)**
Total liabilities	18,461,300	**19,418,844**	**208,715**
Total Toyota Motor Corporation shareholders' equity	10,061,207	**10,359,723**	**111,347**
Noncontrolling interest	539,530	**570,720**	**6,134**
Total shareholders' equity	10,600,737	**10,930,443**	**117,481**
Total liabilities and shareholders' equity	¥ 29,062,037	**¥ 30,349,287**	**$326,196**

Statements of income

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2008	2009	**2010**	**2010**
Non-Financial Services Businesses				
Net revenues	¥24,831,172	¥19,182,161	**¥ 17,732,143**	**$190,586**
Costs and expenses				
Cost of revenues	20,459,061	17,470,791	**15,973,442**	**171,684**
Selling, general and administrative	2,181,491	2,097,674	**1,854,710**	**19,934**
Total costs and expenses	22,640,552	19,568,465	**17,828,152**	**191,618**
Operating income (loss)	2,190,620	(386,304)	**(96,009)**	**(1,032)**
Other income (expense), net	176,417	(71,925)	**144,625**	**1,554**
Income (loss) before income taxes and equity in earnings of affiliated companies	2,367,037	(458,229)	**48,616**	**522**
Provision for income taxes	889,660	(10,152)	**42,342**	**455**
Equity in earnings of affiliated companies	268,025	53,226	**109,944**	**1,182**
Net income (loss)	1,745,402	(394,851)	**116,218**	**1,249**
Less: Net (income) loss attributable to the noncontrolling interest	(73,543)	26,282	**(32,103)**	**(345)**
Net income (loss) attributable to Toyota Motor Corporation– Non–Financial Services Businesses	1,671,859	(368,569)	**84,115**	**904**
Financial Services Businesses				
Net revenues	1,498,354	1,377,548	**1,245,407**	**13,386**
Costs and expenses				
Cost of revenues	1,075,972	994,191	**716,997**	**7,706**
Selling, general and administrative	335,888	455,304	**281,483**	**3,026**
Total costs and expenses	1,411,860	1,449,495	**998,480**	**10,732**
Operating income (loss)	86,494	(71,947)	**246,927**	**2,654**
Other expense, net	(16,265)	(30,233)	**(3,923)**	**(42)**
Income (loss) before income taxes and equity in earnings of affiliated companies	70,229	(102,180)	**243,004**	**2,612**
Provision for income taxes	21,904	(46,298)	**50,362**	**541**
Equity in earnings (losses) of affiliated companies	2,089	(10,502)	**(64,536)**	**(694)**
Net income (loss)	50,414	(66,384)	**128,106**	**1,377**
Less: Net income attributable to the noncontrolling interest	(4,419)	(2,004)	**(2,653)**	**(29)**
Net income (loss) attributable to Toyota Motor Corporation — Financial Services Businesses	45,995	(68,388)	**125,453**	**1,348**
Eliminations	25	20	**(112)**	**(1)**
Net income (loss) attributable to Toyota Motor Corporation	¥ 1,717,879	¥ (436,937)	**¥ 209,456**	**$ 2,251**

Statement of cash flows

	Yen in millions For the year ended March 31, 2008			Yen in millions For the year ended March 31, 2009		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income (loss)	¥ 1,745,402	¥ 50,414	¥ 1,795,841	¥ (394,851)	¥ (66,384)	¥ (461,215)
Adjustments to reconcile net income (loss) to net cash provided by operating activities						
Depreciation	1,081,410	409,725	1,491,135	1,105,233	389,937	1,495,170
Provision for doubtful accounts and credit losses	357	122,433	122,790	(1,663)	259,096	257,433
Pension and severance costs, less payments	(54,868)	527	(54,341)	(21,428)	470	(20,958)
Losses on disposal of fixed assets	44,993	444	45,437	68,546	136	68,682
Unrealized losses on available-for-sale securities, net	11,346	—	11,346	220,920	—	220,920
Deferred income taxes	80,027	1,500	81,458	(132,127)	(62,871)	(194,990)
Equity in (earnings) losses of affiliated companies	(268,025)	(2,089)	(270,114)	(53,226)	10,502	(42,724)
Changes in operating assets and liabilities, and other	(220,217)	215,218	(241,928)	(223,101)	186,234	154,587
Net cash provided by operating activities	2,420,425	798,172	2,981,624	568,303	717,120	1,476,905
Cash flows from investing activities						
Additions to finance receivables	—	(16,644,139)	(8,647,717)	—	(14,230,272)	(8,612,111)
Collection of and proceeds from sales of finance receivables	—	15,095,380	7,332,697	—	13,959,045	8,155,094
Additions to fixed assets excluding equipment leased to others	(1,472,422)	(8,148)	(1,480,570)	(1,358,518)	(6,064)	(1,364,582)
Additions to equipment leased to others	(137,711)	(1,141,694)	(1,279,405)	(82,411)	(877,904)	(960,315)
Proceeds from sales of fixed assets excluding equipment leased to others	56,603	10,948	67,551	41,285	6,101	47,386
Proceeds from sales of equipment leased to others	80,944	294,937	375,881	55,896	472,853	528,749
Purchases of marketable securities and security investments	(936,324)	(215,316)	(1,151,640)	(418,342)	(217,688)	(636,030)
Proceeds from sales of and maturity of marketable securities and security investments	789,366	198,044	987,410	1,295,561	180,316	1,475,877
Payment for additional investments in affiliated companies, net of cash acquired	(4,406)	—	(4,406)	(45)	—	(45)
Changes in investments and other assets, and other	(44,891)	23,024	(74,687)	129,834	(2,091)	135,757
Net cash used in investing activities	(1,668,841)	(2,386,964)	(3,874,886)	(336,740)	(715,704)	(1,230,220)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	17,162	3,364,351	3,349,812	545,981	3,030,029	3,506,990
Payments of long-term debt	(226,561)	(2,156,709)	(2,310,008)	(150,097)	(2,580,637)	(2,704,078)
Increase in short-term borrowings	24,126	370,293	408,912	138,387	239,462	406,507
Dividends paid	(430,860)	—	(430,860)	(439,991)	—	(439,991)
Purchase of common stock, and other	(311,667)	—	(311,667)	(70,587)	—	(70,587)
Net cash provided by (used in) financing activities	(927,800)	1,577,935	706,189	23,693	688,854	698,841
Effect of exchange rate changes on cash and cash equivalents	(65,405)	(19,354)	(84,759)	(80,214)	(49,579)	(129,793)
Net increase (decrease) in cash and cash equivalents	(241,621)	(30,211)	(271,832)	175,042	640,691	815,733
Cash and cash equivalents at beginning of year	1,714,722	185,657	1,900,379	1,473,101	155,446	1,628,547
Cash and cash equivalents at end of year	¥ 1,473,101	¥ 155,446	¥ 1,628,547	¥ 1,648,143	¥ 796,137	¥2,444,280

Statement of cash flows

	Yen in millions			U.S. dollars in millions		
	For the year ended March 31, 2010			For the year ended March 31, 2010		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income	¥ 116,218	¥ 128,106	¥ 244,212	$ 1,249	$ 1,377	$ 2,625
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	1,065,749	348,820	1,414,569	11,455	3,749	15,204
Provision for doubtful accounts and credit losses	1,905	98,870	100,775	20	1,063	1,083
Pension and severance costs, less payments	55	1,199	1,254	0	13	13
Losses on disposal of fixed assets	46,661	276	46,937	502	3	505
Unrealized losses on available-for-sale securities, net	2,486	—	2,486	27	—	27
Deferred income taxes	(14,183)	39,759	25,537	(152)	427	274
Equity in (earnings) losses of affiliated companies	(109,944)	64,536	(45,408)	(1,182)	694	(488)
Changes in operating assets and liabilities, and other	733,338	133,275	768,168	7,882	1,432	8,256
Net cash provided by operating activities	1,842,285	814,841	2,558,530	19,801	8,758	27,499
Cash flows from investing activities						
Additions to finance receivables	—	(13,492,119)	(7,806,201)	—	(145,014)	(83,902)
Collection of and proceeds from sales of finance receivables	—	13,107,531	7,517,968	—	140,880	80,804
Additions to fixed assets excluding equipment leased to others	(599,154)	(5,382)	(604,536)	(6,440)	(58)	(6,498)
Additions to equipment leased to others	(64,345)	(768,720)	(833,065)	(692)	(8,262)	(8,954)
Proceeds from sales of fixed assets excluding equipment leased to others	46,070	6,403	52,473	495	69	564
Proceeds from sales of equipment leased to others	36,668	428,424	465,092	394	4,605	4,999
Purchases of marketable securities and security investments	(2,310,912)	(101,270)	(2,412,182)	(24,838)	(1,088)	(25,926)
Proceeds from sales of and maturity of marketable securities and security investments	1,012,781	95,960	1,108,741	10,886	1,031	11,917
Payment for additional investments in affiliated companies, net of cash acquired	(1,020)	—	(1,020)	(11)	—	(11)
Changes in investments and other assets, and other	(259,089)	102,497	(337,454)	(2,784)	1,101	(3,627)
Net cash used in investing activities	(2,139,001)	(626,676)	(2,850,184)	(22,990)	(6,736)	(30,634)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	492,300	2,733,465	3,178,310	5,292	29,379	34,161
Payments of long-term debt	(77,033)	(2,926,308)	(2,938,202)	(828)	(31,452)	(31,580)
Decrease in short-term borrowings	(249,238)	(251,544)	(335,363)	(2,679)	(2,704)	(3,605)
Dividends paid	(172,476)	—	(172,476)	(1,854)	—	(1,854)
Purchase of common stock, and other	(10,251)	—	(10,251)	(110)	—	(110)
Net cash used in financing activities	(16,698)	(444,387)	(277,982)	(179)	(4,777)	(2,988)
Effect of exchange rate changes on cash and cash equivalents	4,092	(12,990)	(8,898)	44	(139)	(95)
Net decrease in cash and cash equivalents	(309,322)	(269,212)	(578,534)	(3,324)	(2,894)	(6,218)
Cash and cash equivalents at beginning of year	1,648,143	796,137	2,444,280	17,714	8,557	26,271
Cash and cash equivalents at end of year	¥1,338,821	¥ 526,925	¥1,865,746	$ 14,390	$ 5,663	$ 20,053

25 Per share amounts:

Reconciliations of the differences between basic and diluted net income (loss) attributable to Toyota Motor Corporation per share for the years ended March 31, 2008, 2009 and 2010 are as follows:

	Yen in millions	Thousands of shares	Yen	U.S. dollars in millions	U.S. dollars
	Net income (loss) attributable to Toyota Motor Corporation	Weighted-average shares	Net income (loss) attributable to Toyota Motor Corporation per share	Net income attributable to Toyota Motor Corporation	Net income attributable to Toyota Motor Corporation per share
For the year ended March 31, 2008					
Basic net income attributable to Toyota Motor Corporation per common share	¥1,717,879	3,177,445	¥ 540.65		
Effect of dilutive securities					
Assumed exercise of dilutive stock options	(1)	1,217			
Diluted net income attributable to Toyota Motor Corporation per common share	¥1,717,878	3,178,662	¥ 540.44		
For the year ended March 31, 2009					
Basic net loss attributable to Toyota Motor Corporation per common share	¥ (436,937)	3,140,417	¥ (139.13)		
Effect of dilutive securities					
Assumed exercise of dilutive stock options	(0)	—			
Diluted net loss attributable to Toyota Motor Corporation per common share	¥ (436,937)	3,140,417	¥ (139.13)		
For the year ended March 31, 2010					
Basic net income attributable to Toyota Motor Corporation per common share	**¥ 209,456**	**3,135,986**	**¥ 66.79**	**$ 2,251**	**$ 0.72**
Effect of dilutive securities					
Assumed exercise of dilutive stock options	**—**	**12**			
Diluted net income attributable to Toyota Motor Corporation per common share	**¥209,456**	**3,135,998**	**¥66.79**	**$ 2,251**	**$ 0.72**

Certain stock options were not included in the computation of diluted net income attributable to Toyota Motor Corporation per share for the year ended March 31, 2008 and 2010 because the options' exercise prices were greater than the average market price per common share during the period.

Assumed exercise of certain stock options was not included in the computation of diluted net loss attributable to Toyota Motor Corporation per share for the year ended March 31, 2009 because it had an antidilutive effect due to the net loss attributable to Toyota Motor Corporation for the period.

In addition to the disclosure requirements under U.S. GAAP, Toyota discloses the information below in order to provide financial statement users with valuable information.

The following table shows Toyota Motor Corporation shareholders' equity per share as of March 31, 2009 and 2010. Toyota Motor Corporation shareholders' equity per share amounts are calculated by dividing Toyota Motor Corporation shareholders' equities' amount at the end of each period by the number of shares issued and outstanding, excluding treasury stock at the end of the corresponding period.

	Yen in millions	Thousands of shares	Yen	U.S. dollars in millions	U.S. dollars
	Toyota Motor Corporation Shareholders' equity	Shares issued and outstanding at the end of the year (excluding treasury stock)	Toyota Motor Corporation Shareholders' equity per share	Toyota Motor Corporation Shareholders' equity	Toyota Motor Corporation Shareholders' equity per share
As of March 31, 2009	¥10,061,207	3,135,882	¥3,208.41		
As of March 31, 2010	**10,359,723**	**3,135,995**	**3,303.49**	**$111,347**	**$35.51**

26 Fair value measurements:

In accordance with U.S. GAAP, Toyota classifies fair value into three levels of input as follows which are used to measure it.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the assets or liabilities

Level 3: Unobservable inputs for assets or liabilities

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis at March 31, 2009 and 2010:

	Yen in millions			
	March 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	¥1,473,407	¥ 115,339	¥ —	¥1,588,746
Marketable securities and other securities investments	2,273,294	187,236	19,581	2,480,111
Derivative financial instruments	—	369,572	17,958	387,530
Total	¥3,746,701	¥ 672,147	¥ 37,539	¥4,456,387
Liabilities				
Derivative financial instruments	¥ —	¥ (427,109)	¥ (23,692)	¥ (450,801)
Total	¥ —	¥ (427,109)	¥ (23,692)	¥ (450,801)

	Yen in millions			
	March 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	¥ 677,442	¥ 69,702	¥ —	¥ 747,144
Time deposits	—	173,500	—	173,500
Marketable securities and other securities investments				
Government bonds	2,654,829	—	—	2,654,829
Common stocks	852,775	—	—	852,775
Other	37,296	370,933	13,134	421,363
Derivative financial instruments	—	349,556	19,437	368,993
Total	¥4,222,342	¥ 963,691	¥ 32,571	¥5,218,604
Liabilities				
Derivative financial instruments	¥ —	¥ (259,184)	¥ (13,545)	¥ (272,729)
Total	¥ —	¥ (259,184)	¥ (13,545)	¥ (272,729)

	U.S. dollars in millions			
	March 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 7,281	$ 749	$ —	$ 8,030
Time deposits	—	1,865	—	1,865
Marketable securities and other securities investments				
Government bonds	28,534	—	—	28,534
Common stocks	9,166	—	—	9,166
Other	401	3,987	141	4,529
Derivative financial instruments	—	3,757	209	3,966
Total	$ 45,382	$ 10,358	$ 350	$ 56,090
Liabilities				
Derivative financial instruments	$ —	$ (2,786)	$ (146)	$ (2,932)
Total	$ —	$ (2,786)	$ (146)	$ (2,932)

The following is description of the assets and liabilities measured at fair value, information about the valuation techniques used to measure fair value, key inputs and significant assumptions:

Cash equivalents and time deposits

Cash equivalents include money market funds and other investments with original maturities of three months or less. Time deposits include negotiable certificate of deposit with original maturities over three months. These are highly liquid investments, and quoted market prices are used to determine the fair value of these investments.

Marketable securities and other securities investments

Marketable securities and other securities investments include government bonds, common stocks and other investments. As of March 31, 2010, government bonds include 76% of Japanese government bonds, and 24% of U.S. and European government bonds. As of March 31, 2010, listed stocks on Japanese stock market represent 88% of common stocks. Toyota uses quoted market prices for identical assets to measure fair value of these securities. "Other" includes primarily commercial paper. Generally, Toyota uses quoted market prices for similar assets or quoted non-active market prices for identical assets to measure fair value of these securities. Marketable securities and other securities investments classified as Level 3 primarily included retained interests in securitized financial receivables, which are measured at fair value using assumptions such as interest rate, loss severity and other factors.

Derivative financial instruments

See note 20 to the consolidated financial statements about derivative financial instruments. Toyota estimates the fair value of derivative financial instruments using industry-standard valuation models that require observable inputs including interest rates and foreign exchange rates, and the contractual terms. The usage of these models does not require significant judgment to be applied. In other certain cases when market data is not available, key inputs to the fair value measurement include quotes from counterparties, and other market data. Toyota assesses the reasonableness of changes of the quotes using observable market data. Toyota's derivative fair value measurements consider assumptions about counterparty and our own non-performance risk, using such as credit default probabilities.

The following table summarizes the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the periods ended March 31, 2009 and 2010:

	Yen in millions		
	For the year ended March 31, 2009		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	¥ 23,818	¥ 25,499	¥ 49,317
Total gains (losses)			
Included in earnings	586	(38,538)	(37,952)
Included in other comprehensive income (loss)	(1,398)	—	(1,398)
Purchases, issuances and settlements	(1,665)	7,026	5,361
Other	(1,760)	279	(1,481)
Balance at end of year	¥ 19,581	¥ (5,734)	¥ 13,847

	Yen in millions		
	For the year ended March 31, 2010		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**¥19,581**	**¥ (5,734)**	**¥13,847**
Total gains (losses)			
Included in earnings	**(641)**	**25,057**	**24,416**
Included in other comprehensive income (loss)	**(99)**	**—**	**(99)**
Purchases, issuances and settlements	**(6,376)**	**(13,582)**	**(19,958)**
Other	**669**	**151**	**820**
Balance at end of year	**¥13,134**	**¥ 5,892**	**¥19,026**

	U.S. dollars in millions		
	For the year ended March 31, 2010		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**$211**	**$ (62)**	**$149**
Total gains (losses)			
Included in earnings	**(7)**	**269**	**262**
Included in other comprehensive income (loss)	**(1)**	**—**	**(1)**
Purchases, issuances and settlements	**(69)**	**(146)**	**(215)**
Other	**7**	**2**	**9**
Balance at end of year	**$141**	**$ 63**	**$204**

In the reconciliation table above, derivative financial instruments are presented net of assets and liabilities. The other amount primarily includes the impact of currency translation adjustments.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. During the years ended March 31, 2009 and 2010, Toyota measured certain finance receivables at fair value of ¥25,932 million and ¥13,343 million ($143 million) based on the collateral value, resulting in loss of ¥10,011 million and ¥2,485 million ($27 million). This fair value measurement on a nonrecurring basis was classified as level 3.

During the year ended March 31, 2010, Toyota measured certain investment in affiliated company at fair value of ¥119,821 million ($1,288 million) based on the quoted market price resulting in impairment loss of ¥63,575 million ($683 million). This fair value measurement on a nonrecurring basis was classified as level 1.

Management's Annual Report on Internal Control over Financial Reporting

Toyota's management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Toyota's internal control over financial reporting includes those policies and procedures that:

1) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of Toyota's assets;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that Toyota's receipts and expenditures are being made only in accordance with authorizations of Toyota's management and directors; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Toyota's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Toyota's management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management concluded that Toyota's internal control over financial reporting was effective as of March 31, 2010.

PricewaterhouseCoopers Aarata, an independent registered public accounting firm that audited the consolidated financial statements included in this report, has also audited the effectiveness of Toyota's internal control over financial reporting as of March 31, 2010, as stated in its report included herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Toyota Jidosha Kabushiki Kaisha (“Toyota Motor Corporation”)

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Toyota Motor Corporation and its subsidiaries at March 31, 2009 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers Aarata

Nagoya, Japan
June 25, 2010

Investor Information

As of March 31, 2010

Corporate Data

Company Name:	Toyota Motor Corporation
Established:	August 28, 1937
Common Stock:	¥397,049 million
Fiscal Year-End:	March 31
Public Accounting Firm:	PricewaterhouseCoopers Aarata
Number of Affiliates:	**[Consolidated Subsidiaries]** 522 **[Affiliates Accounted for by the Equity Method]** 56
Number of Employees:	71,567 (Consolidated: 320,590)
Corporate Web Site:	**[Corporate Information]** http://www.toyota.co.jp/en **[IR Information]** http://www.toyota.co.jp/en/ir

Stock Data

Number of Shares Authorized:	10,000,000,000 shares
Number of Shares Issued:	3,447,997,492 shares
Number of Treasury Stock:	312,002,149 shares
Number of Shareholders:	660,922
Number of Shares per Trading Unit:	100 shares
Stock Listings:	**[Japan]** Tokyo, Nagoya, Osaka, Fukuoka, Sapporo **[Overseas]** New York, London
Securities Code:	**[Japan]** 7203
American Depositary Receipts (ADR):	**[Ratio]** 1ADR=2 common stocks **[Symbol]** TM
Transfer Agent in Japan:	Mitsubishi UFJ Trust and Banking Corporation 10-11, Higashisuna, 7-chome, Koutou-ku, Tokyo 137-8081, Japan Japan Toll-Free: (0120) 232-711
Depositary and Transfer Agent for ADR:	The Bank of New York Mellon 101 Barclay Street, New York, NY 10286, U.S.A. Tel: (866) 238-8978 U.S. Toll-Free: (888) 269-2377, (888) BNY-ADRS **[Depositary Receipts]** http://www.adrbnymellon.com **[Transfer Agent]** http://www.bnymellon.com/shareowner

Contact Points for Investors

Japan

Toyota City Head Office
1, Toyota-cho, Toyota City, Aichi Prefecture 471-8571, Japan
Tel: (0565) 28-2121 Fax: (0565) 23-5721

Tokyo Head Office
4-18, Koraku 1-chome, Bunkyo-ku, Tokyo 112-8701, Japan
Tel: (03) 3817-7111 Fax: (03) 3817-9092

U.S.A.

Toyota Motor North America, Inc.
601 Lexington Avenue, 49th Floor, New York, NY 10022, U.S.A.
Tel: (212) 223-0303 Fax: (212) 759-7670

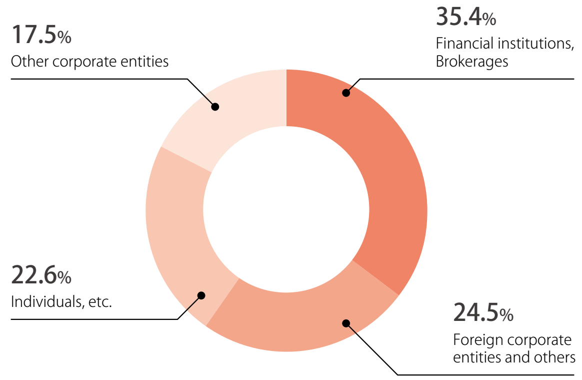
U.K.

Toyota Motor Europe
Curzon Square, 25 Park Lane, London W1K 1RA, U.K.
Tel: (020) 7290-8500 Fax: (020) 7290-8502

Major Shareholders (Top 10)

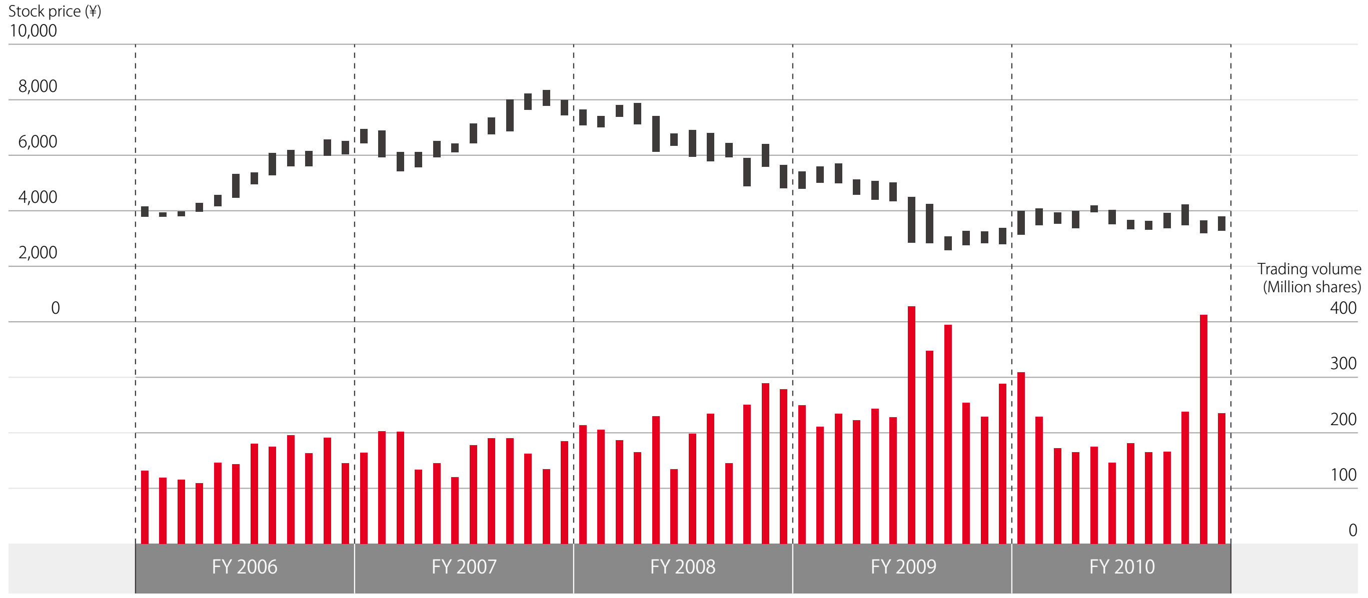
Name	Number of Shares Held (Thousands)
Japan Trustee Services Bank, Ltd.	355,468
Toyota Industries Corporation	201,195
The Master Trust Bank of Japan, Ltd.	191,402
Nippon Life Insurance Company	130,469
State Street Bank and Trust Company	87,827
Trust & Custody Services Bank, Ltd.	86,649
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders	79,850
Tokio Marine & Nichido Fire Insurance Co., Ltd.	77,431
Mitsui Sumitomo Insurance Company, Limited	65,166
DENSO Corporation	58,678

Ownership Breakdown



Note: Individuals, etc. includes shares of 312 million treasury stock.

Toyota's Stock Price and Trading Volume on the Tokyo Stock Exchange



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
High (¥)	6,560	8,350	7,880	5,710	4,235
Low (¥)	3,790	5,430	4,810	2,585	3,140
At Year-End (¥)	6,430	7,550	4,970	3,120	3,745

Note: Fiscal years ended March 31

TOYOTA MOTOR CORPORATION

http://www.toyota.co.jp/en