Rewarded with a smile
by exceeding your expectations

Annual Report 2011

Year ended March 31, 2011

TOYOTA MOTOR CORPORATION

Leading the way to the future of mobility

A future mobility that links people with products and services

Toyota's Global Vision not only calls for building better cars, but also expresses our goal of contributing to the creation of better communities.

Toyota is developing new products and services for the future of mobility, with the goal of realizing practical, low-carbon mobility; new lifestyles; broad application of environmental technologies and infrastructure for safer mobility.

Fruit
Ever-better cars
Develop vehicles that exceed expectations
Fruit
Enriching lives of communities
Contribute to communities
Contribute to the future of mobility
Sustainable growth
Constantly strive for the "ever-better cars" and "enriching lives of communities" goals by ensuring sustainable profitability with a long-term point of view.
Trunk
Stable business base
Roots
Toyota values
The Toyoda Precepts
Guiding Principles at Toyota
The Toyota Way

Tomorrow's environment-friendly vehicles, new business activities

Meeting challenging goals by engaging talents and passion

Building cars that meet the needs of people in every region

Toyota seeks to build ever-better cars that meet the needs of consumers and society, based on our principles of "customer-first," "*genchi genbutsu*" (onsite, hands-on experience) and "good quality, affordable price." We seek to realize this goal by cultivating global personnel who maintain the spirit of Toyota's culture of craftsmanship (*monozukuri*) and skill proficiency.

Percentage of Sales by Market

Achieve equal weightings in unit sales between industrialized nations and emerging markets

▶▶ Manufacturing and Sales Strategies

Constantly innovating to create new value

Exceeding expectations and making an impression

We aim to work as hard as we can to exceed expectations. To that end, we seek not only to incorporate leading-edge technologies, but also to create new value in vehicles in such areas as design, high-tech communications and quality, so that people can see, touch and feel that value when using our products. Our goal is to build cars that impress by being one step ahead in innovation.

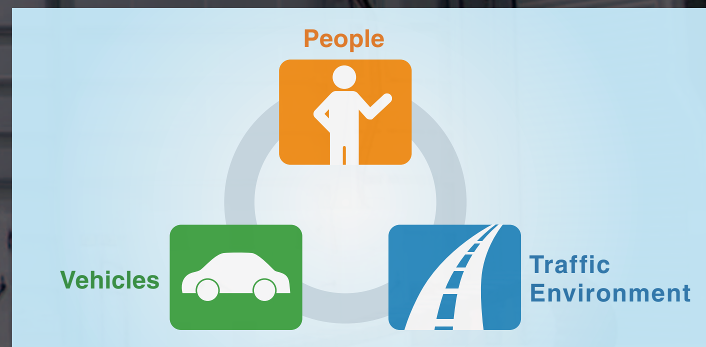
▶▶ Product Development Strategies

Moving people in the safest and most responsible ways

Unending pursuit of integrated safety

Toyota takes an integrated approach combining safe vehicle development, traffic-safety awareness and the creation of a safe traffic environment based on our guiding principle of always providing safe products, so that riding in our vehicles will bring smiles . By offering safety and quality that exceed expectations, we are contributing to achieving the goal of next-generation mobility: zero traffic fatalities.

Three-Pronged Integrated Approach



▶▶ Special feature: Toyota's Safety Technology

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2011 Highlights

Message from the President

The President thanks our customers for support during a challenging environment, announcing our Global Vision efforts and our aim to be "A Company Selected By Customers." Human life is our top priority, so relief and regional recovery came first in the aftermath of the earthquake. Next, we set about restarting production, deploying the awesome power of superior "on-the-spot" efforts for rapid production normalization. We are holding our course toward sustained growth amidst challenging circumstances.

Toyota Global Vision

Our new vision clarifies the kind of company Toyota seeks to be and our course for realizing a "regional initiative" structure for sustained growth. We aim for coexistence and co-prosperity with customers and society by building better cars and creating good communities and a good society, providing earnings for a stable business/earnings foundation (consolidated operating margin 5% on unit sales of 7.5 million, ¥85/US$1 (operating income approx. ¥1 trillion) and nonconsolidated operating income profitability).

Special Feature: Toyota's Safety Technology

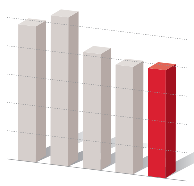
Toyota seeks to offer products that exceed customer expectations for safety and quality, and is working to contribute to achieving zero traffic injuries and fatalities, which is the ultimate goal of the mobility society. We introduce the three perspectives we take in striving to provide the world's highest level of safety: Our basic safe philosophy, the leading-edge technologies we employ to achieve safer vehicles, and future direction of safety technologies.

New Business: Toyota's Smart Grid Efforts

Realizing the "future mobility society" conceived in our new vision requires the broad acceptance of next-generation environmentally-friendly vehicles. We introduce the smart grids that will provide the infrastructure to make this possible, giving an outline of the overall concept and discussing the trials that will lead to their realization and ties with other companies, such as Microsoft, that will speed up the process.

New Management Structure

We revamped our management structure on April 1, 2011, so as to achieve our new vision. We introduce structures for making prompt management decisions based on onsite information and customer opinions and creating a structure for management that is closely attuned to what is happening at actual sites.



Outline of Results and Future Prospects: Message from the Executive Vice President Responsible for Accounting

During the fiscal 2011 we bounced back from challenging circumstances to produce results showing improved earnings and profits. We will continue toward the goal set forth in our Global Vision of building consistent, solid profitability in nonconsolidated operating income, with a consolidated operating margin of 5% and operating income of around ¥1 trillion, even under such severe conditions as an exchange rate of ¥85/US$1 and consolidated unit sales of 7.5 million.

Chairman's Message

Applying Our Limitless Ingenuity Aiming for Further Growth and the Recovery of Japan

I would like to start by offering sincere condolences on behalf of everyone at Toyota to those who have faced great hardship due to the Great East Japan Earthquake.

There are currently a number of measures being undertaken for post-disaster revival, and we believe that we must give our all in contributing to the revival of the automobile industry and the manufacturing sector as a whole. For Toyota, this means that now, more than ever, we must remain strongly aware of our founding principle of contributing to society through the production of automobiles and that we must put to use the experience that has enabled us to meet the challenges of enormous changes in the past.

The recent disaster has highlighted not only for Japan but also for the whole world the important role of northeastern Japan and northern Kanto in Japan's component manufacturing industry. I believe that all of us must work together to find the path to recovery and revival, so that the stricken regions can continue to be a base of manufacturing and that the Japanese manufacturing sector can continue to develop.

One of Toyota's strengths lies in our focus on the power of the workplace, which is now underpinned by our sense of crisis and sense of mission. Toyota's top management is continually observing the workplace, aiming to create a shared understanding with those onsite that there is no limit to human capacity and ingenuity as we seek solutions that bring us closer, one step at a time, to recovery and revival.

For Toyota, 2010 was a year in which a series of quality issues spurred us to return to our roots and to work on restoring trust by rebuilding relationships with our customers, dealers and suppliers. In returning to the spirit of manufacturing and car building that Toyota has embraced since its founding and aiming to realize an even higher level of safety and security from the standpoint of our customers, we have placed increasing emphasis on being on the spot and are now even more focused on building ever-better automobiles. We are continuing to enhance our thorough quality assurance and quality control systems on a global level.

We will continue to strengthen these efforts, aiming to realize continuous growth through the thorough application of our principles of "customer-first," "*genchi genbutsu* (onsite, hands-on experience)" and "good quality, affordable price." We will also employ innovation based on knowledge and continuous improvement to earn the satisfaction of our customers and to contribute to the kind of future mobility that the world needs.

In closing, I would like to thank all of our stakeholders for their ongoing understanding and support.

July 2011

Fujio Cho

Fujio Cho, Chairman

President's Message

Rewarded with a Smile by Exceeding Your Expectations

I would like to begin by offering thanks for the continued support and understanding of all of our stakeholders. In addition, on behalf of everyone at Toyota I would like to express my wishes for the restful peace of all those we lost to the Great East Japan Earthquake, and to offer our sincerest sympathies to all who have suffered through this great tragedy.

When I reflect on the past year, I am touched by the support offered by so many of our customers and stakeholders as we dealt with the ongoing effects of the global financial crisis, as well as product quality and safety issues. I offer my sincerest gratitude.

Learning from these experiences, I continued to ask myself, "What kind of company do we want Toyota to be? What kind of company should Toyota be?" I realized that Toyota should strive to be a company that people choose, and that people are happy to have chosen. The Global Vision we announced in March is strongly imbued with these ideas.

The Great East Japan Earthquake struck two days after we announced our Global Vision. Our employees entered the stricken areas in the immediate aftermath of the earthquake and began providing support, working together with local residents to reconstruct and restore communities. Upon viewing the situation after the disaster, our support teams assessed the situation, quickly worked out what was best for the communities and immediately set about their tasks accordingly. This represents the very spirit of Toyota's "power of the workplace"—an asset built up and handed down through 70 years of Toyota history. Priority was given to rescuing and preserving life, then to the restoration of the communities, with restarting production only considered after the situation stabilized.

Thanks to these tremendous frontline efforts, the work to get production back to normal proceeded at a feverish pitch. After a short delay, we were able to announce our financial, production, and sales forecasts in June.

When we announced our Global Vision, we noted the need to quickly establish a revenue base that provides operating income of around ¥1 trillion, even with an exchange rate of ¥85 to the U.S. dollar and sales of 7.5 million units. With our breakeven point now more than 1 million vehicles lower compared to what it was at the time of our worst reported loss, we are now on pace to reach that income target despite the effects of the disaster. Compared with our past earnings of more than ¥2 trillion, this goal may seem insufficient. However, I believe that being able to make a steady profit while meeting all tax obligations—no matter the economic situation—is more meaningful than making a lot of money during the good times.

I believe that the shareholders who keep their shares even during a difficult business environment are the ones who understand and truly support Toyota. I want to meet the expectations of those shareholders, so the course I am charting is one that I strongly believe will lead to continuous growth.

Toyota will continue to work to be a company that exceeds the expectations of all our stakeholders and brings smiles to the faces of our customers. We ask for your continued support of our efforts.

July 2011

Akio Toyoda, President

Toyota Global Vision

Exceeding Expectations to Achieve Growth

Toyota Global Vision

Toyota has engaged in a variety of management reforms in response to the industry environment. Our new Global Vision clarifies the corporate image and values for which we aim. Our goal is to achieve future growth based on the lessons we have learned and our reflection on our experiences associated with the deterioration of the management environment caused by the Lehman shock and a series of quality issues. Henceforth, we will establish posts in each region of the world based on this vision and achieve continuous growth through a structure composed of regional entities that conduct our actual business.

Toyota Global Vision

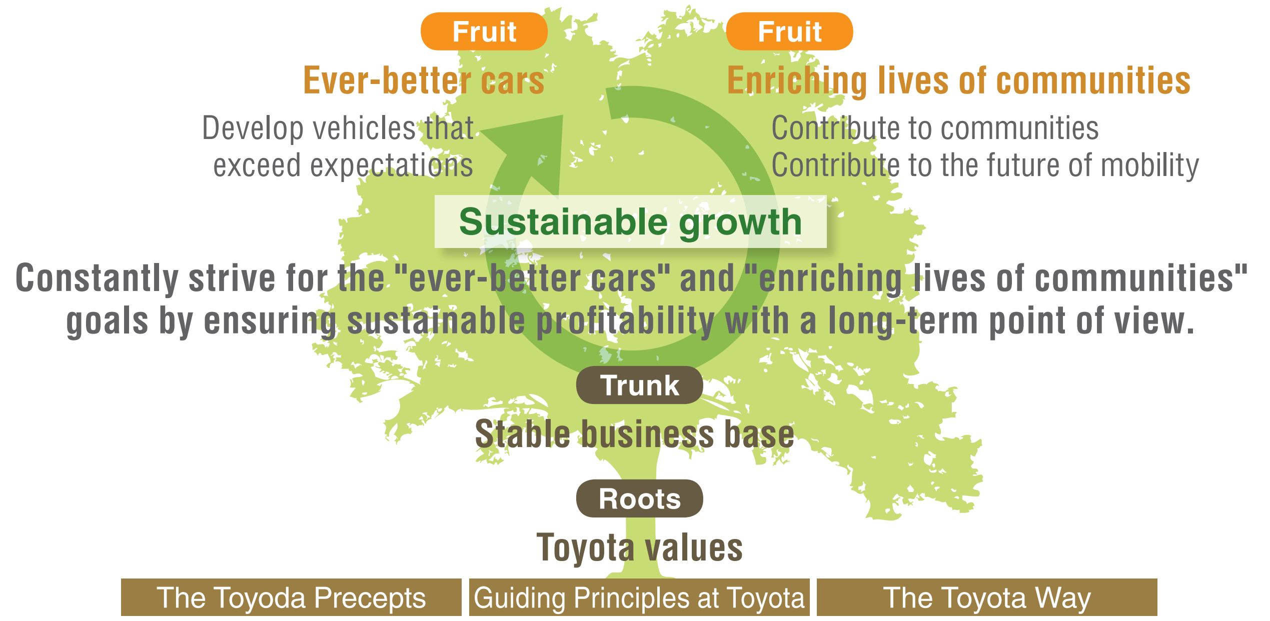
Toyota will lead the way to the future of mobility,
enriching lives around the world with the safest
and most responsible ways of moving people.
Through our commitment to quality,
constant innovation and respect for the planet,
we aim to exceed expectations
and be rewarded with a smile.
We will meet challenging goals by engaging
the talent and passion of people,
who believe there is always a better way.

Goals of Our Vision

Regional entities to drive further evolution of "Customer First" and "*genchi genbutsu*"

The Toyota Global Vision offers automobile manufacturing that exceeds customer expectations and a new mobility society based on the Toyota Precepts, the Toyota Guiding Principles and the Toyota Way, which have been the guiding aim of our spirit of manufacturing (*monozukuri*) throughout our 74-year history. By building a stable management foundation from revenues gained through coexistence and co-prosperity with society and our customers, as well as by contributing to the development of local communities, we can create a virtuous cycle for continuous growth.

This Global Vision calls for management at the head office to determine our overall direction and conduct regional support, whereas the regional entities around the world, which are closest to their customers, make independent decisions. What this means is realizing "Customer First" and "*genchi genbutsu*." This concept represents a change in the management structure aimed at rapid feedback from actual locations and using that feedback in decision making, while always being able to ensure that such decisions are acceptable to society.



Toyota's Visionary Management

Toyota's Visionary Management concept can be expressed using the metaphor of a tree. The roots of the tree are the shared values that underlie our spirit of *monozukuri*. The fruit of the tree is our contributions to "always making better cars" and "enriching the lives of communities." The trunk of the tree is a stable business foundation that supports products that please our customers. Henceforth, we will conduct our business so as to achieve continuous growth through a virtuous cycle comprising these three elements.

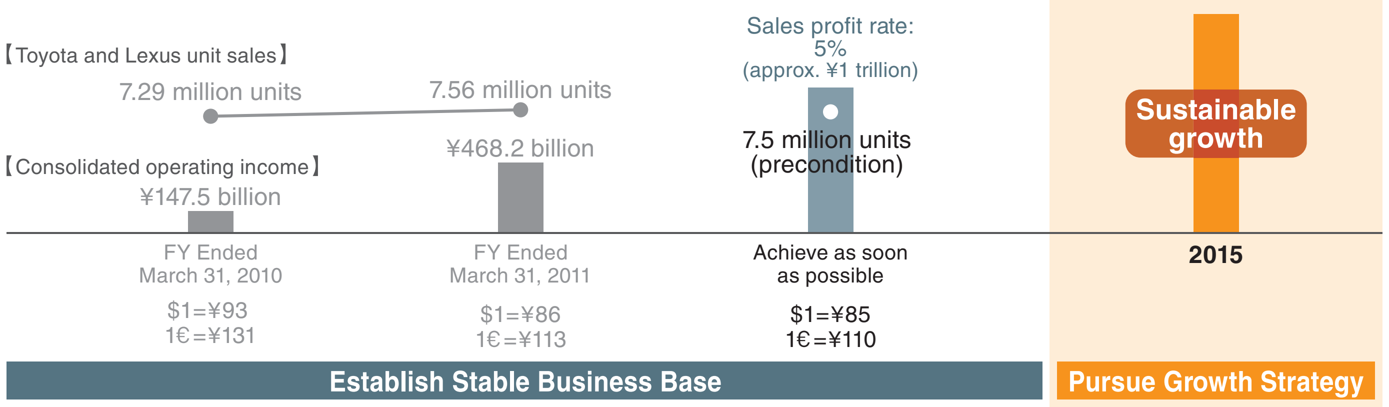
Toyota Global Vision

Ensuring the realization of Our Vision

Building a strong revenue base and altering the management structure

For the steady execution of a business strategy based on our regional entities, we will strengthen the three core functions of quality maximization, cost minimization and human resources development, while establishing a solid business foundation that balances quality and cost. The management structure has been altered so as to achieve early realization of these goals. Our efforts to transfer authority from the head office to regional entities and achieve efficient business management at the local level include reducing the number of directors, cutting away some layers of decision making, stationing Regional Chief Officers for localized decision making by overseas affiliates, using external experts to gain feedback from outside the company and establishing the Executive General Manager position to promote local management.

As a result, even in a tough business environment in which we are contending with an exchange rate in the range of US$1/¥85 and vehicle sales of 7.5 million units, we are building a firm management structure through which we can soon achieve a consolidated operating margin of 5%, operating income of around ¥1 trillion and a return to profitability in non-consolidated operating income.



Strategies and important efforts by region

Japan

In Japan, we are engaged in the highly technologically advanced and improved manufacturing that Japanese customers expect. This includes offering vehicles such as high-value-added hybrids and Lexus models, as well as three-row minivans and mini-vehicles, so as to provide products that will satisfy our customers.

North America

We are promoting further autonomy on the part of our North American entities by making that region our global center for models such as the Camry, as well as by aiming to build a consolidated structure in North America that covers everything from development through production and supply to other countries. Furthermore, we linked up in May of last year with Tesla Motors in an effort to create the future mobility society through joint efforts in advanced IT technologies and IT industry.

Europe

We are sharpening our technological abilities for success in this fiercely competitive market with its mature automotive culture. At the same time, we are focusing our global product planning efforts in the region. Our goal is to establish a powerful brand in Europe by building attractive cars and developing products optimized to satisfy the European customer.

China, emerging markets, Others

Our efforts in China and other emerging markets include improving our brand image and working to introduce environment-friendly vehicles and otherwise diversify mobility in these countries, especially China. In Asia and Oceania, we will continuously release products that meet the needs of emerging markets, such as international multipurpose vehicles (IMVs) and newly developed compact cars, moving forward with a supply strategy that is responsive to expanding markets within and outside the region. We will cultivate this region as a global base for efficient development and production through greater localization and improved productivity. Furthermore, in the Middle East, Africa and Latin America we will seek to provide the cars that customers in each region demand, that is, those that customers in each country will call "my car."

Promoting management led by regional entities

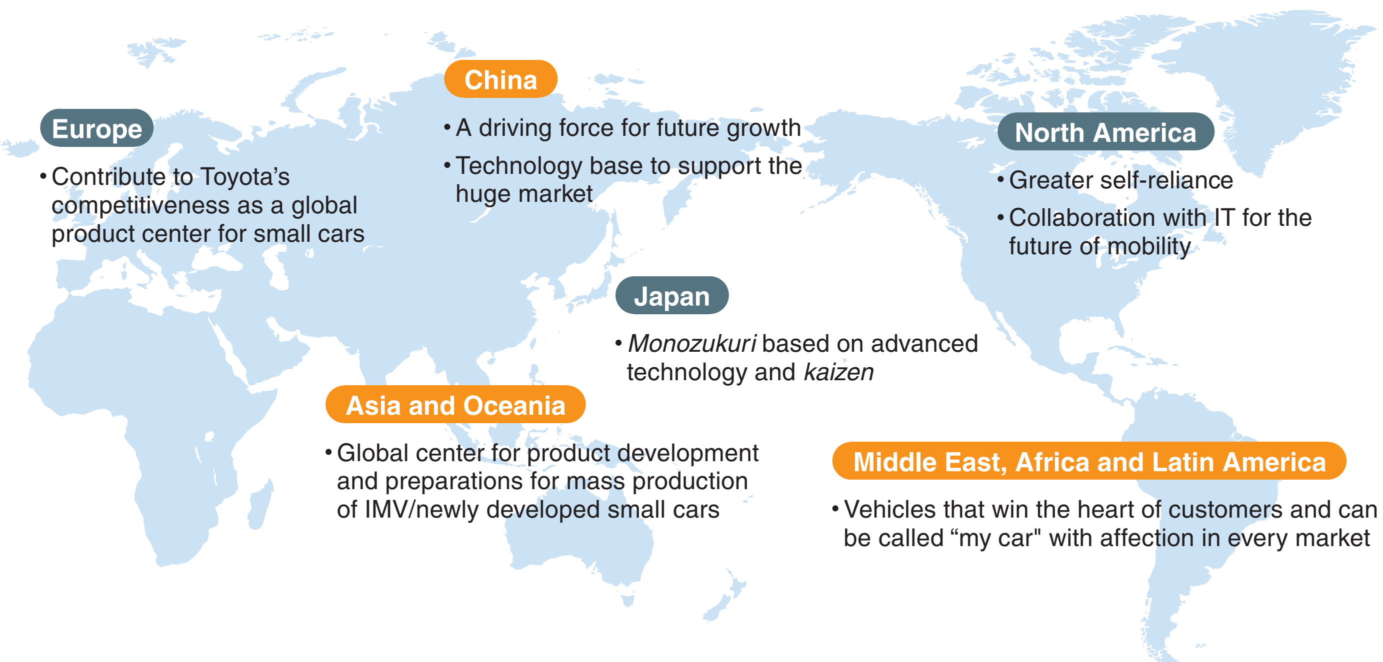
Toyota Global Vision

To achieve a 50/50 sales ratio between Japan/Europe/United States and the emerging markets by leveraging the Toyota product appeal, thereby exceeding expectations

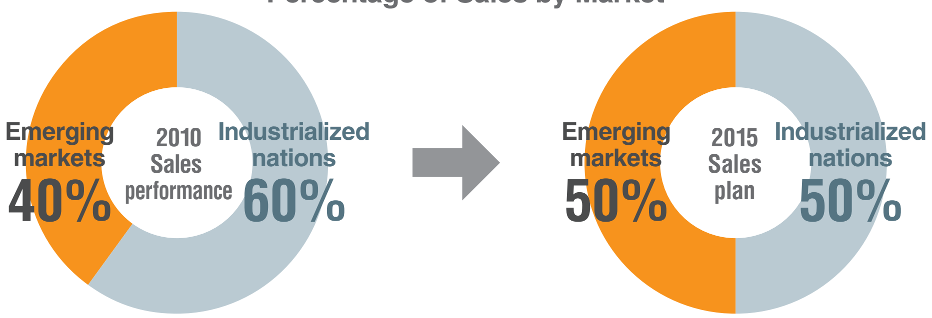
Making Cars that Customers in Each Region Demand

Until now, Toyota has pursued the production of what we considered "good cars," based on our principles of "Customer First," "*genchi genbutsu*" and "Good quality at an affordable price." Our new vision calls for us to build "better cars" that impress our customers by exceeding their expectations. This means fusing the needs of customers around the world, the values of society and Toyota's advanced technologies.

Delivering such cars with the right timing means expanding production capacity in emerging markets in accordance with the expansion of these markets and revising model production in developed markets to correspond to changes in their market structures. We also must make efforts to optimize and rebuild our production structure to make it flexible, efficient and resistant to foreign exchange rate fluctuations.



Percentage of Sales by Market



Achieve equal weightings in unit sales between industrialized nations and emerging markets

Strengthening our production and sales structures

Growing sales in emerging markets for a well-balanced revenue structure

We are optimizing our global production structure to meet the needs and scale of each region. Our manufacturing in Japan continues to employ leading-edge technologies in making high-value-added products, so as to uphold its core role in our *monozukuri*. We are increasing capacity at existing European and U.S. plants by working to optimize available production facilities. Furthermore, in the emerging markets, we are looking into the timing and scale of investment for capacity expansion.

In terms of our sales strategy, we are developing sales for an environment-friendly vehicles society that is being increasingly demanded not only in Japan, the United States and Europe but also in the emerging markets. We are also working to strengthen the sales of locally produced IMVs and compact cars in the emerging markets. Through such efforts, we will realize a balanced business structure, transitioning from the current sales ratio of 60% Japan/Europe/United States versus 40% emerging markets to 50/50 by 2015.

Strengthening our product appeal

Expand our lineup of environment-friendly cars and globally develop Japanese premium brands

We aim to create a structure for autonomous participation in car making by local entities and broadly improve styling and feel (good quality that can be felt by the customer by seeing, touching and using). (FCVs), creating a structure that can meet the needs of the market. We are proceeding to develop highly efficient gasoline engines as well, with improved fuel economy.

Expand our environment-friendly car lineup

We will introduce about 10 new hybrid models by 2015. These will include compact hybrids that with fuel economy rated at 40 km/l or higher, which will create true product appeal that exceeds expectations. We are also developing all types of next-generation environment-friendly cars, including plug-in hybrids (PHVs), electric vehicles (EVs) and fuel cell vehicles

Develop the Lexus brand globally

As Japan's truly global premium brand, Lexus, which embodies Toyota's originality through its drivability, design and technology, is now more customer-friendly with the adoption of next-generation IT equipment, including telematics. Lexus is the brand for high added value and strong innovation from Japan. We are working to deliver our full lineup worldwide, including in emerging markets.

Toyota Global Vision

Contributing to the urban development of the future and leading the way to the future of the automotive industry

Realizing the Future Mobility Society

Our new Global Vision promises our customers that we will contribute to enriching the lives of communities along with better vehicles. Our goal is to be accepted as a good corporate citizen by membership in such "better communities" through our contributions to creating comfortable, livable towns. These include offering comfortable, low-carbon automobiles and new lifestyles through the early practical application of personal robots for mobility support and healthcare, as well as the popularization of hybrids and other next-generation environment-friendly cars, and safe motoring through the integration of vehicles with infrastructure.

Development of next-generation automotive technologies

Toyota's approach to environmental technology development

Toyota's three major environmental technology development themes are energy source diversity, CO_2 emission (global warming prevention) reduction and air pollution prevention. Based on this approach, we are working to improve the fuel economy of cars using conventional engines, which make up the majority of our sales. We have also made hybrid (HV) technology our core technology in next-generation environment-friendly cars development because it includes the component technologies used in the development of all types of environment-friendly cars.

The popularization of environment-friendly cars is our primary environmental contribution. Customers make different decisions about what kind of environment-friendly cars they want, so we are developing all types of next-generation environment-friendly cars, including PHVs, EVs and FCVs, so that the customer can decide which is most suitable in terms of use, performance, price and other factors.

New business strategy

Contributing to building next-generation environment-friendly "smart communities" using smart grids

Toyota sees the next major step in realizing a low-carbon society as the use of new smart power grids, for which IT is used to control power supplies to make them stable and achieve energy conservation. The Toyota smart grid ties in the recharging of next-generation environment-friendly cars (PHV and EV) batteries with "smart houses" under development by Toyota Housing (houses equipped with solar power generators and storage batteries, as well as control functions for efficient electricity consumption). We aim to create a grand next-generation environmental city of "smart communities" by gradually popularizing this concept.

Last year, we developed the Toyota Smart Center, a system that links vehicles, homes and information, and enables integrated control of energy data and information, with trials of the system conducted beginning this September over smart grids in Toyota City. Toyota will continue to conduct trials and tie-ins with other industries, with the goal of marketing the system. Our goal is to offer new products and services corresponding to the economic and social conditions of each region.

▶Additional details available at Click HERE

Special Feature: Toyota's Safety Technology

Safe and Secure Mobility
Toyota's Approach to Safety

Our three-pronged integrated approach to technology development combining safe vehicles, traffic safety education activities and the creation of a safe traffic environment is a natural consequence of our guiding principle of always providing safe products. This approach pleases our customers with safety and quality and contributes to achieving zero casualties from traffic accidents, which is the ultimate goal of the future mobility society.

The real question is how do we relate to people and communities. What are our goals?

The following section provides a comprehensive overview of Toyota's approach to safety, focusing on our safety technologies.

Our Basic Safe Vehicle Philosophy

Contributing to the ultimate goal of the future mobility society: Zero casualties from traffic accidents

Toyota's Global Vision reveals that safety is Toyota's highest priority and it is important to provide highly reliable quality that will enable people to feel good about driving and riding in its vehicles. Toyota takes a three-pronged approach to safety that integrates people, cars and the traffic environment. By doing so, we seek to contribute to the ultimate goal of the future mobility society, which is zero casualties from traffic accidents. Another of our core philosophies is to pursue real safety by learning from actual accidents and continuing to evolve for substantially enhanced safety.

Safety through our three-pronged integrated approach and the real safety lessons learned by studying accidents

In regions that are rapidly becoming motorized, driver awareness programs, such as traffic safety education, are indispensible, as are improvements to the traffic environment that make accidents less likely. We believe that our three-pronged integrated approach, which combines vehicle safety with traffic safety education activities and traffic environment improvements, is vital to realizing a safe mobility society. At the same time, we pursue real safety through the study of actual accidents. Accident investigations and analysis to reveal the causes of accidents and injuries can help to pursue safety technologies. We continue to investigate and analyze accidents after vehicles we have developed reach the market, so we can confirm their effectiveness.

These two approaches formed the foundation of the Integrated Safety Management Concept we announced in 2006, and we proceeded with the development of "vehicles that support the driver in avoiding dangerous situations" by linking individual safety technologies and systems. In January 2011, we established the Collaborative Safety Research Center in North America as our new base for accident analysis and problem resolution. Toyota's research goal is to contribute to the realization of a safe mobility society through improved driver and pedestrian safety and security.

Toyota's Approach to Safety

Three-pronged approach integrating people, cars and the traffic environment

The number of traffic fatalities in Japan in 2009 was just under 5,000, which is roughly one-third lower than the historical high. It is likely that this reduction is not only because of vehicle development but also as a result of people-oriented measures, such as improved rates of seat-belt usage and stricter penalties for traffic violations, as well as efforts to create a better traffic safety environment, such as making improvements at intersections where the incidence of accidents is high.

Traffic safety education activities for people

Toyota has conducted traffic safety education activities for drivers since 1960, and in 2005 we established the TOYOTA Safety Education Center "mobilitas" at Fuji Speedway with the goal of increasing traffic safety awareness among everyone involved in the traffic infrastructure. At "mobilitas," we conduct high-quality safe driver training, ranging from classroom lectures to training on specialized courses, for the general public, as well as for companies and other organizations.

Vehicle technology for helping to prevent accidents and crash safety

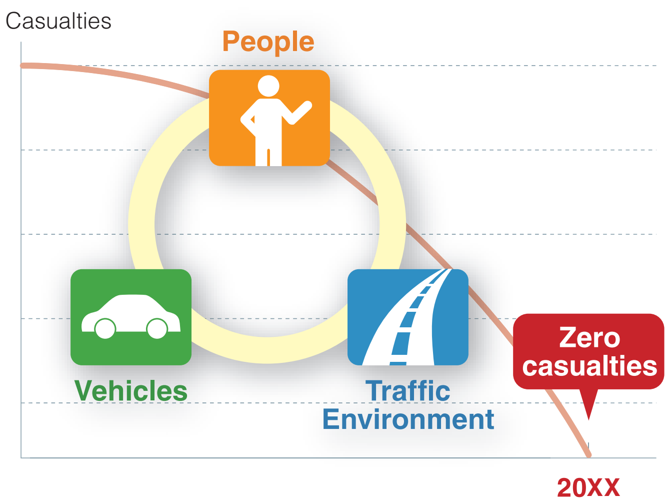
Toyota's pursuit of vehicle safety led to the development and adoption of technologies such as VSC (Vehicle Stability Control) and GOA (Global Outstanding Assessment) in 1995 and PCS (Pre-Crash Safety System) in 2003, each of which was the first of its kind in the world. Toyota will continue to lead the world in developing active safety technology that supports the driver in avoiding dangerous situations as well as passive safety technology that contributes to injury reduction of driver and passengers on vehicle collision. We plan to adopt these technologies in most models and encourage their use.

Working with government agencies for enhanced traffic environment safety

Toyota is going further in our efforts to enhance traffic environments by participating in "smartway" projects (next-generation roadways that use IT to link people, cars and roadways) in cooperation with government agencies. We will continue our R&D and testing of the next-generation vehicle infrastructure integration system.

▶Additional details available at Click HERE

Three-Pronged Integrated Approach



Special Feature: Toyota's Safety Technology

Pursuit of Real Safety: Accident Reconstruction Technology

Developing effective safety technology through accident reconstruction and analysis

Toyota's safety technology development pursues real safety. Our first step is to analyze a broad spectrum of accident investigation data to determine why an accident occurred and what kinds of injuries were incurred. Next, the accident is reconstructed through a simulation and applicable technologies are developed. In the final stage we conduct vehicle tests to confirm that the targeted performance has been achieved.

We continue to investigate and analyze accidents after the vehicle have reached the market. By repeating these steps, we pursue to develop safety technologies. This indicates the substantial importance of fundamental technologies for accident reconstruction in the development of safety technologies.

Pursuit of Real Safety

Accident Reconstruction Technology 1

The world's largest indoor test facilities
Driving Simulator

In 2008, Toyota developed one of the world's largest driving simulator, equipped with a high-resolution imaging system and providing a full 360-degree driving perspective. This allows research on the driver behavior that precedes crashes, which is difficult to be conducted in a real environment. By repeating the same conditions multiple times, it is possible to examine the benefits of safety assist equipment.

For example, when measuring the effects of the PCS (Pre-Crash Safety System), it is possible to sample and analyze the behavior of a variety of drivers by assessing different drivers under repeated, identical conditions. Also, the simulator makes it possible to reconstruct driving condition in a state of reduced consciousness and thereby we are developing technologies for a safety guidance system to early detect states of mind unsuitable for driving.

Toyota will continue to utilize our driving simulators for tasks such as the analysis of human behavior and measuring the effectiveness of safety systems.

▶Additional details available at Click HERE

Driving simulator


Sense of realism through high-resolution, full-surround CG

Accident Reconstruction Technology 2

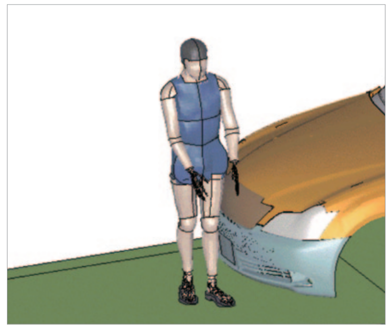
Ascertaining injury mechanisms
THUMS—the virtual human model

Although crash test dummies used to test the effects of crashes on the human body allow for comparisons of load magnitude on the body, they do not provide the means for analyzing injury mechanisms. This is particularly true in the case of pedestrian accidents, in which body positions change moment by moment, making it difficult to examine what happened where. To meet that challenge, in 2000 Toyota and Toyota Central R&D Labs developed human models known as THUMS (Total Human Model for Safety), starting off with a skeletal model on which the human body is precisely reproduced. The current THUMS Version 4 is made up of 2 million elements. The digital representation of parts of the body such as the brain, internal organs and muscles enables a detailed analysis of the crash impact on organs.

THUMS: THUMS allows highly detailed analysis of bone fractures, severed ligaments, etc., by simulating many characteristics of the human body, ranging from the shape of the body to its skeletal structure and skin. Toyota began developing THUMS in 1997 in cooperation with Toyota Central R&D Labs, Inc. Version 1 was completed and commercially launched in 2000, followed by Version 2 in 2004, which added a face and bones to the model. Version 3 was launched in 2008 through the completion of a model to which a brain was added in 2006. Version 4, with detailed modeling of the shape of internal organs made using high-resolution CT scans, was completed and released in 2010.

▶Additional details available at Click HERE


Detailed modeling of internal organs


Ascertaining injury mechanisms on crash

Special Feature: Toyota's Safety Technology

Integrating Leading-Edge Safety Technologies Aiming to Make Vehicles Less Likely to Be Involved in an Accident

Toyota technology aiming to minimize risk at every driving stage

Toyota's Integrated Safety Management Concept, which is rooted in our technological development, should not be thought of as a collection of independent safety systems installed in a vehicle. Rather, the goal is to link each of these systems to enhance overall effectiveness. Not only the conventional safety technology area which is focused on the sequence just before and after the accident, we are focusing to provide optimal support at every driving stage, from being parked through normal driving, pre-crash, post-crash to the arrival of rescue. We are developing active safety, pre-crash safety, passive safety and rescue technologies with the goal of producing vehicles that support the driver in avoiding dangerous situations.

【Active safety technology】

VSC (Vehicle Stability Control)

When this driver support system senses a loss of traction or a slip during cornering or on a slippery road, braking is automatically applied to all four individual wheels and engine power is reduced.

▶Additional details available at Click HERE

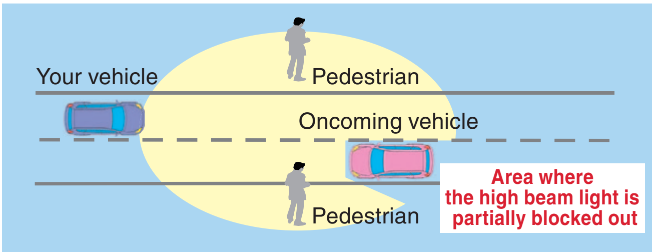
VDIM (Vehicle Dynamics Integrated Management)

The goal of the VDIM is to provide stability of the vehicle based on vehicle performance control technology. Great passive safety and ideal maneuverability plus driving stability are fundamental elements of success. The VDIM effectively aims to reduce the possibility of an accident by integrating ABS, TRC, VSC and power steering together as one.

▶Additional details available at Click HERE

Variable light distribution headlamps (ADB)

We are developing an ADB system that aims to retain night time visibility nearly equivalent to high-beam illumination while high-beam light from ADB-fitted vehicle is partially shielded by ECV automatically to prevent glare that can interfere with the visibility of drivers of vehicles ahead.



▶Additional details available at Click HERE

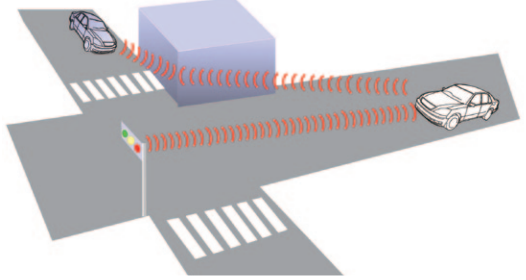
Wrong way driving alert for navigation systems

Drivers unaware that they are on the wrong side of the road can cause serious highway accidents. Our navigation system sense when the car is traveling against traffic and alert the driver.

▶Additional details available at Click HERE

Infrastructure-linked driving support safety system

These systems offer transmission between the road and the vehicle, or between vehicles, to help drivers prevent accidents. (ITS Spot Service (DSRC) vehicle infrastructure integration systems, etc.)



▶Additional details available at Click HERE

【Pre-crash safety technologies】

Development of the pre-crash safety system

When the pre-crash safety system detects an obstruction and determines the possibility of collision, it notifies the driver with a warning buzzer. Then the pre-crash brake assist is activated and increases the braking force when the driver hits the brake. By accident avoidance maneuverability through extended nighttime sensor range and the integration control of breaking and steering, we are seeking to develop pre-crash safety system which helps to avoid collision as well as reduce collision damage via a "collision avoidance support system."

▶Additional details available at Click HERE

【Passive safety technologies】

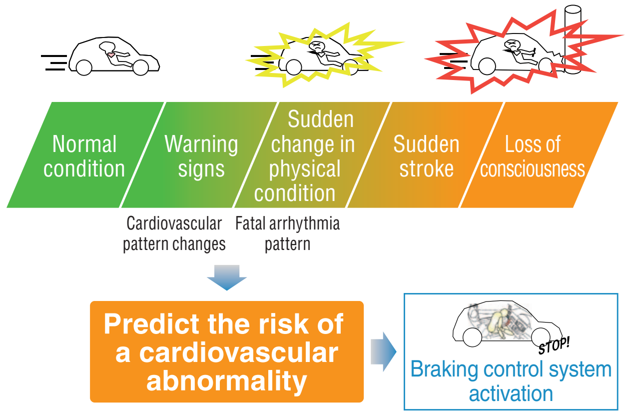
Vehicle bodies which help to mitigate pedestrian injury

Toyota began manufacturing vehicle bodies that help mitigate pedestrian injury in 2001 and has been expanding their use. Also, we are developing a pop-up hood that even applies to vehicles with low hoods that cannot maintain sufficient space underneath by which bumper sensors will detect a collision with a pedestrian, automatically lifting the back section of the hood to expand the space under the hood. This contributes to a reduction of head injuries to the pedestrians.

【Rescue-related technologies】

Emergency-response technology

We are developing technologies that predict danger prior to emergencies caused by the driver losing consciousness, such steering wheels equipped with cardiovascular monitors that check for abnormalities while the steering wheel is gripped. In the future, we aim to commercialize systems that can assist daily health maintenance.



ABS:	Antilock Braking System
ADB:	Adaptive Driving Beam
DSRC:	Dedicated Short Range Communications
ITS:	Intelligent Transport Systems
PCS:	Pre-Crash Safety System
THUMS:	Total Human Model for Safety
TRC:	Traction Control
VDIM:	Vehicle Dynamics Integrated Management
VSC:	Vehicle Stability Control

Future Direction of Safety Technologies

Customers can feel good about driving and riding in Toyota's vehicles

Toyota is engaged in developing both active and passive safety technologies, based on the Integrated Safety Management Concept, so as to achieve the future mobility society's ultimate goal of zero casualties from traffic accidents. Under the Integrated Safety Management Concept, Toyota is pursuing safety by linking the various safety systems installed in vehicles.

We also intend to secure product safety by thoroughly incorporating data from simulation and accident analyses, as well as feedback from customers, in our technology development.

In addition to the reliability design that Toyota has focused on until now for reliable products that are durable, we are pursuing safety design which aims to avoid occurrance of safety issues when malfunctions occur in the vehicles or when our customers drive the vehicles and such design that takes into consideration customers feelings.

Toyota will continue to develop technologies and work to provide solutions with the goal of offering the world's highest level of safety.

Placement of a CSTO for vehicle development

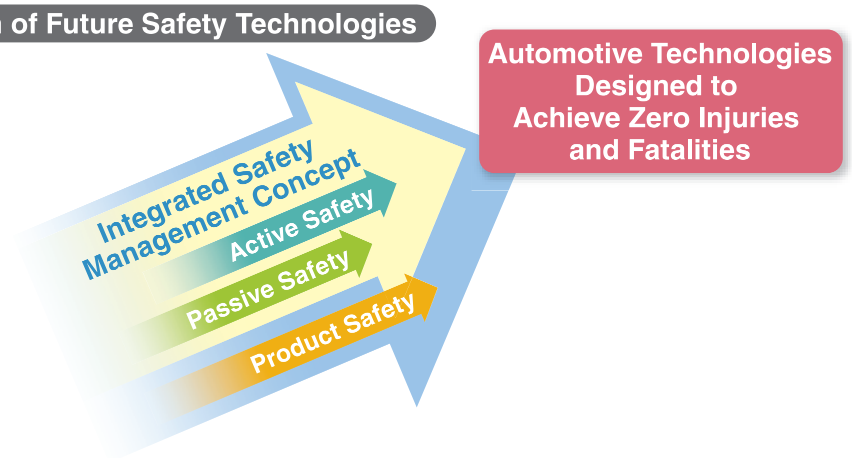
Managing Officer, CSTO
Moritaka Yoshida

On April 1, 2011, Toyota created the position of chief safety technology officer (CSTO) to comprehensively coordinate Toyota's safety technologies and appointed Managing Officer Moritaka Yoshida to the post. The aim of this position is to speed up decision making and further strengthen global external communication abilities in the field of vehicle safety technology development.

The CSTO handles the following four main issues: 1) Propose and arrange safety policies; 2) Promote vehicle safety technology development; 3) Coordinate external safety-related explanations and technology information; and 4) Act as a spokesperson about safety technological aspects.

Although the CSTO is Toyota's representative for our technological progress and enhancement at the global safety technology and policy level, the CQOs (Chief Quality Officers), who were newly appointed last year, are responsible for regional quality control.

Direction of Future Safety Technologies

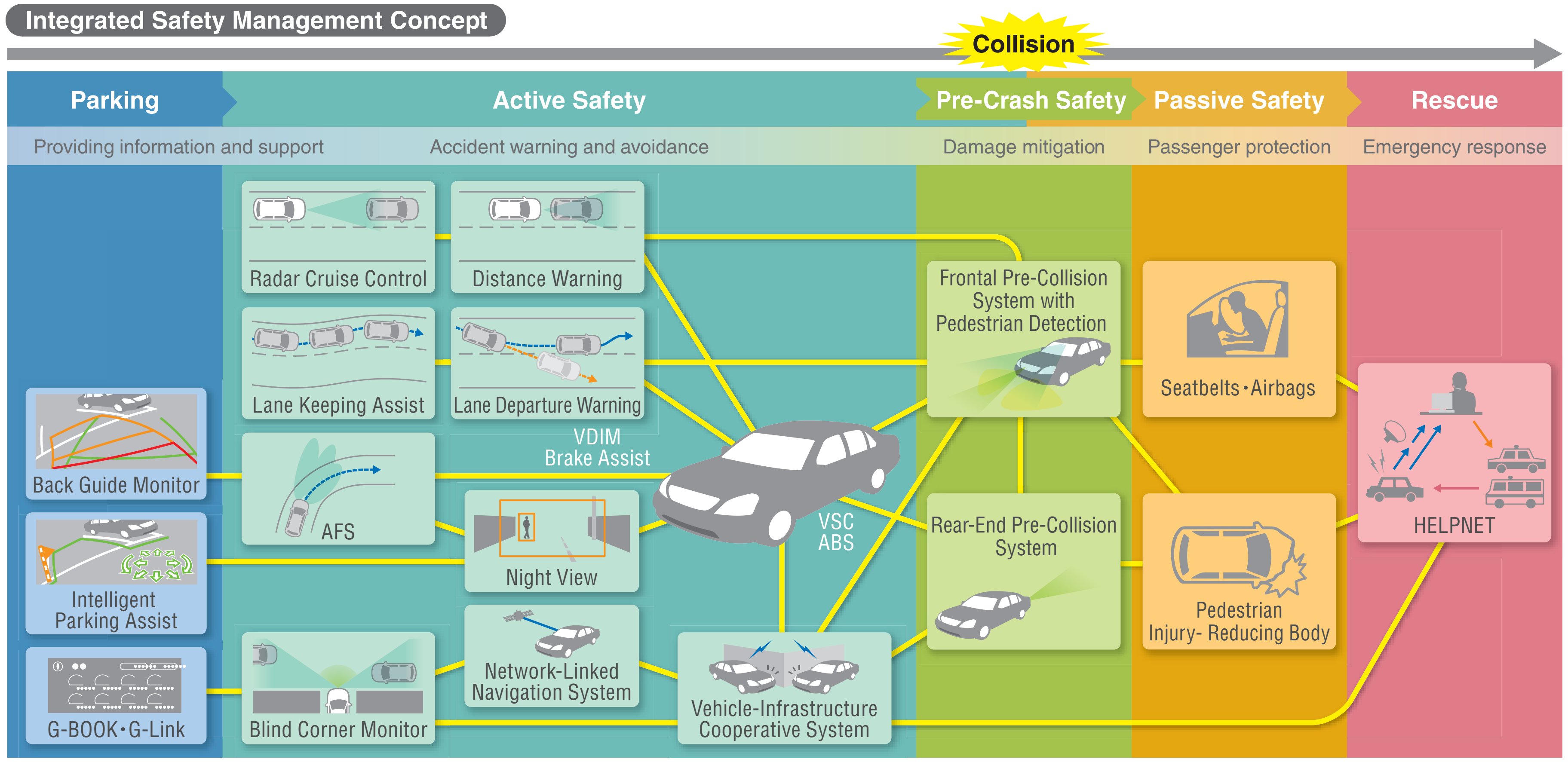


Product Safety

Ensure safety and peace of mind by reflecting benchmarking and customer information in development

Reliability		Safety		Peace of Mind
Design difficult to fail/break	+	Design that does not cause safety issues regardless of customer usage/operation	+	Design taking customer psychology into account

Integrated Safety Management Concept



Consolidated Performance Highlights

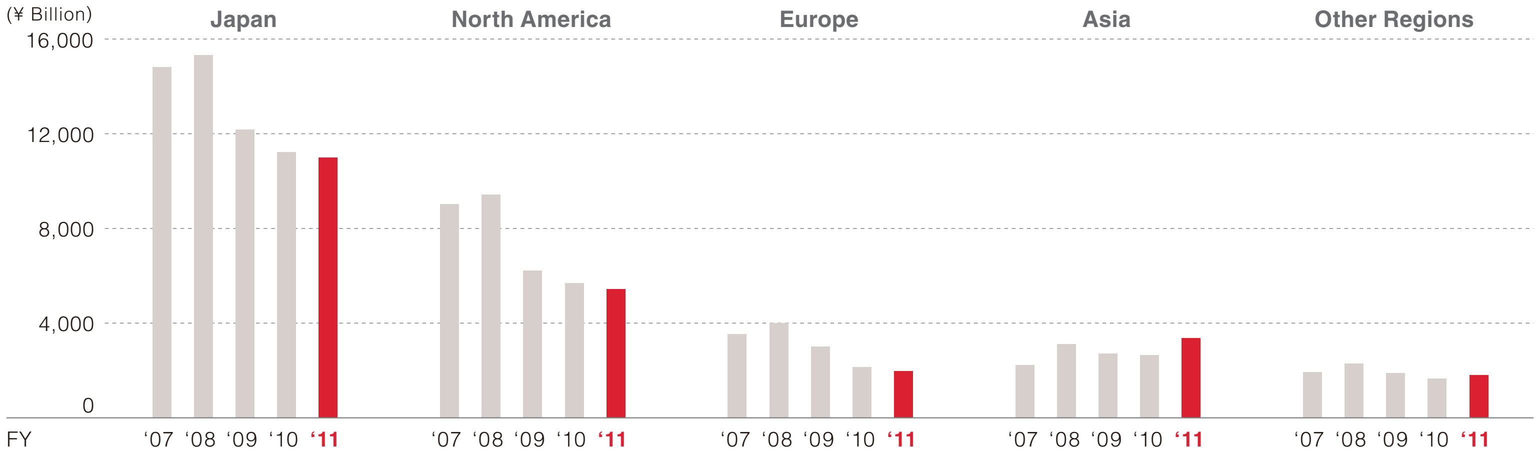
Consolidated Performance (U.S. GAAP)

	Yen in millions			U.S. dollars*1 in millions	% change
	2009	2010	2011	2011	2011 vs. 2010
For the Year:					
Net Revenues	¥20,529,570	¥18,950,973	¥18,993,688	$228,247	+0.2
Operating Income (Loss)	(461,011)	147,516	468,279	5,632	+217.4
Net Income (Loss) attributable to Toyota Motor Corporation*2	(436,937)	209,456	408,183	4,909	+94.9
ROE	–4.0%	2.1%	3.9%	—	—
At Year-End:					
Total Assets	¥29,062,037	¥30,349,287	¥29,818,166	$358,607	–1.7
Shareholders' Equity	10,061,207	10,359,723	10,332,371	124,262	–0.3

	Yen			U.S. dollars*1	% change
	2009	2010	2011	2011	2011 vs. 2010
Per Share Data:					
Net Income (Loss) attributable to Toyota Motor Corporation*2	¥ (139.13)	¥ 66.79	¥ 130.17	$ 1.57	+94.9
Annual Cash Dividends	100.00	45.00	50.00	0.60	+11.1
Shareholders' Equity	3,208.41	3,303.49	3,295.08	39.63	–0.3
Stock Information (March 31):					
Stock Price	¥ 3,120	¥ 3,745	¥ 3,350	$ 40.29	–10.5
Market Capitalization (Yen in millions, U.S. dollars in millions)	¥10,757,752	¥12,912,751	¥11,550,792	$138,915	–10.5

*1: U.S. dollar amounts have been translated at the rate of ¥83.15=US$1, the approximate current exchange rate at March 31, 2011.
*2: "Net Income attributable to Toyota Motor Corporation", equivalent to "Net Income" up to 2009.

Net Revenues by Region

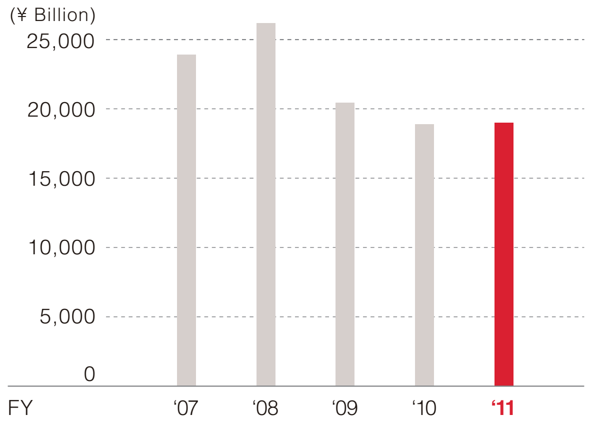


Note: Fiscal years ended March 31

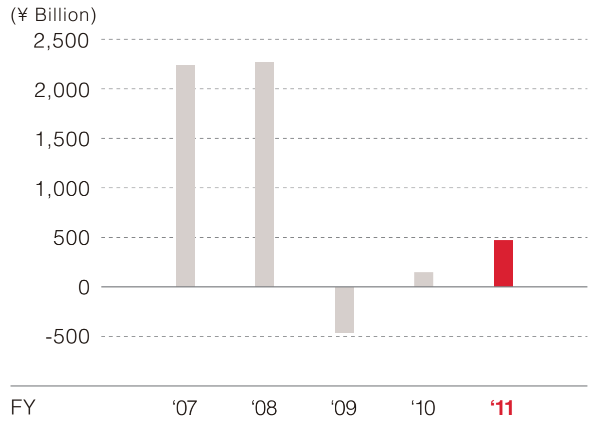
Consolidated Financial Results

Consolidated vehicle sales in Japan and overseas increased by 71 thousand units, or 1.0%, to 7,308 thousand units for the fiscal year compared to the previous year. Vehicle sales in Japan decreased by 11.5%. However, with the efforts of dealers nationwide, market share including mini-vehicles was 43.7%, that remained at a high level. Meanwhile, overseas vehicle sales increased by 6.3%, because of the sales expansion in Asia and Other Regions. As for the results of operations, net revenues increased by 0.2%, to ¥18,993.6 billion for the fiscal year compared to the previous year, and operating income increased by 217.4%, to ¥468.2 billion. Income before income taxes and equity in earnings of affiliated companies increased by 93.3%, to ¥563.2 billion. Net income attributable to Toyota Motor Corporation increased by 94.9%, to ¥408.1 billion.

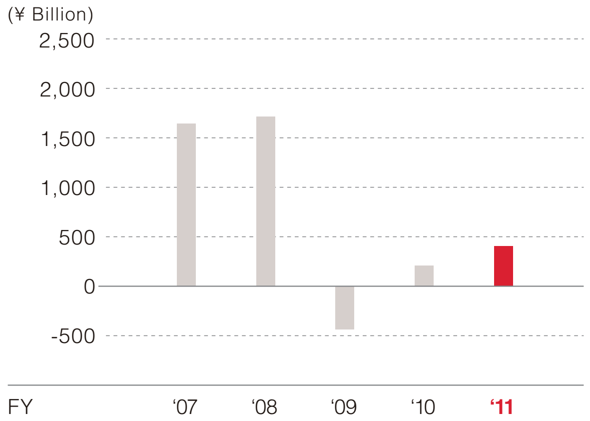
Net Revenues



Operating Income



Net Income (Loss) attributable to Toyota Motor Corporation



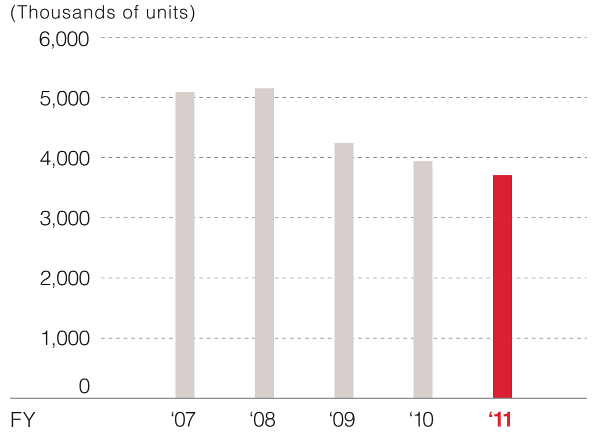
Note: "Net Income attributable to Toyota Motor Corporation", equivalent to "Net Income" up to 2009.

Consolidated Performance Highlights

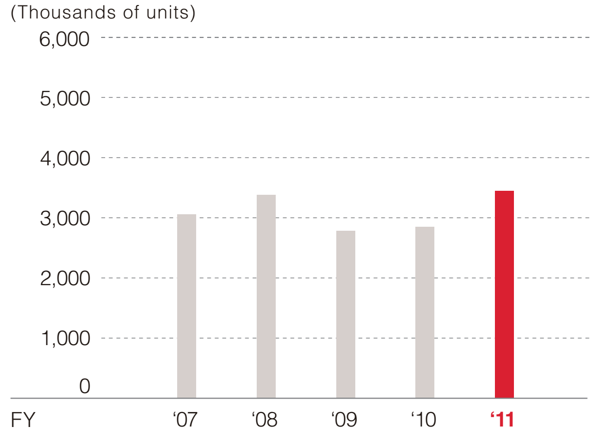
Consolidated Vehicle Production and Sales

	Thousands of units			% change
	2009	2010	2011	2011 vs. 2010
Vehicle Production by Region:				
Japan	4,255	3,956	3,721	–6.0
Overseas Total	2,796	2,853	3,448	+20.9
North America	919	1,042	1,338	+28.5
Europe	482	433	372	–14.1
Asia	947	1,021	1,344	+31.6
Central and South America	151	146	148	+1.6
Oceania	130	106	113	+7.1
Africa	167	105	133	+26.7
Consolidated Total	7,051	6,809	7,169	+5.3
Vehicle Sales by Region:				
Japan	1,945	2,163	1,913	–11.5
Overseas Total	5,622	5,074	5,395	+6.3
North America	2,212	2,098	2,031	–3.2
Europe	1,062	858	796	–7.3
Asia	905	979	1,255	+28.1
Central and South America	279	231	281	+21.9
Oceania	261	251	248	–1.2
Africa	289	184	209	+13.0
Middle East	606	466	569	+22.0
Other	8	7	6	–5.3
Consolidated Total	7,567	7,237	7,308	+1.0

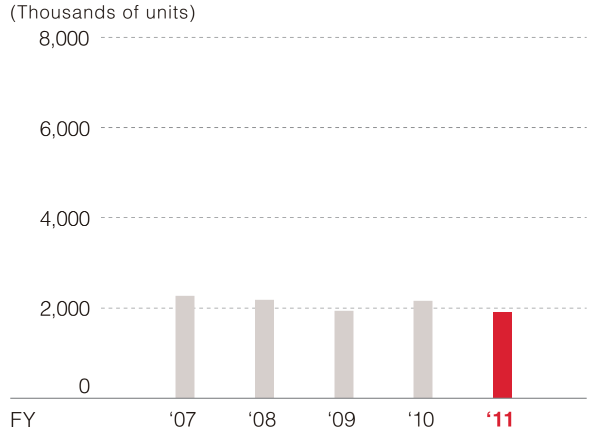
Vehicle Production (Japan)



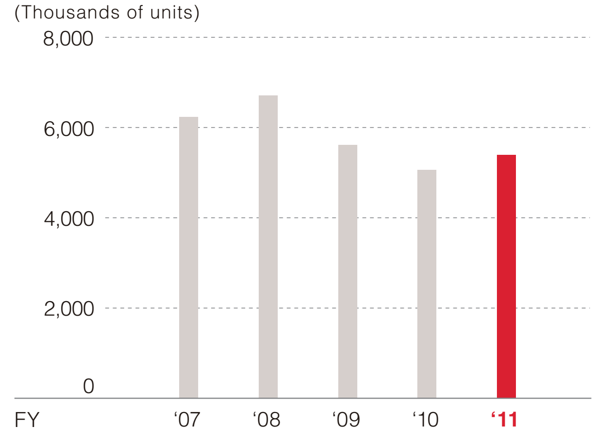
Vehicle Production (Overseas)



Vehicle Sales (Japan)

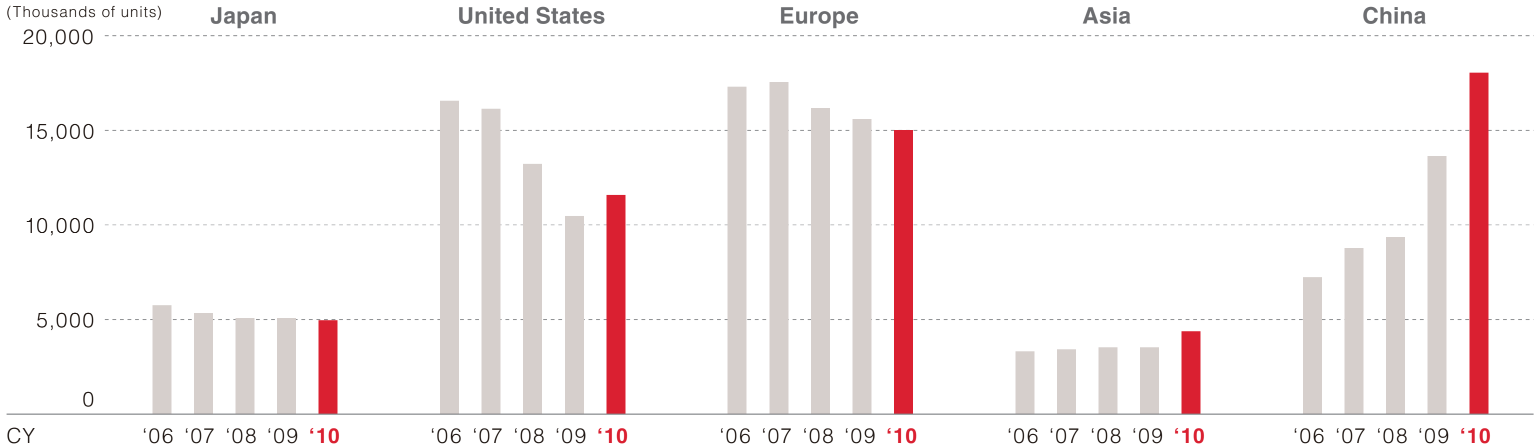


Vehicle Sales (Overseas)



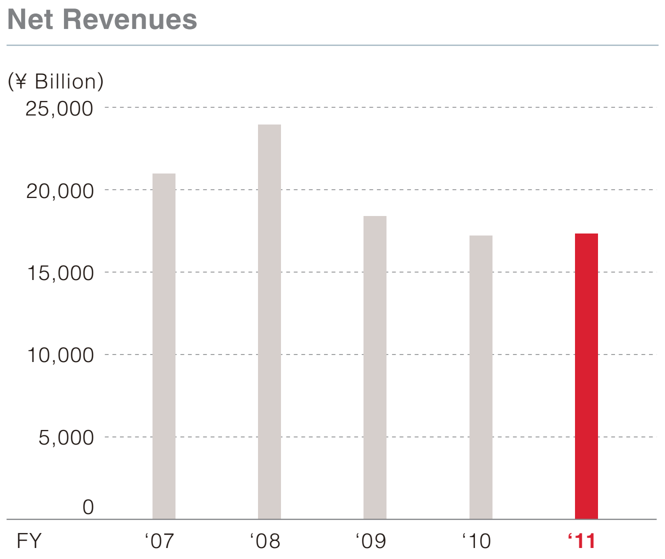
Note: Fiscal years ended March 31

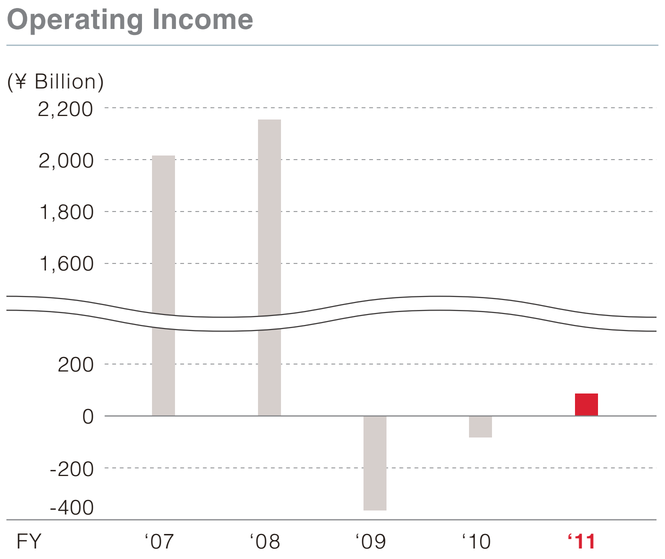
Principal Market Data: Automotive Market (Sales)



Source: Toyota Motor Corporation
Note: Market definitions are as follows
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)





Note: Fiscal years ended March 31

Under its founding philosophy of contributing to society through the manufacture of automobiles, Toyota is dedicated to creating "better cars" that are accepted by our customers and society, and continues its efforts to manufacture vehicles that meet the needs of countries and regions and strengthen its initiatives regarding environmentally friendly models.

Market Environment and Performance Summary

During the fiscal year ended March 31, 2011, Automotive Operations continued to expand in China and other emerging markets. The market was characterized by a transition to small and low-priced vehicles, in addition to which growing environmental awareness across the globe spurred the active development of new technologies and the introduction of new products.

Within this market environment, consolidated vehicle sales both in Japan and overseas (including Daihatsu and Hino) reached 7.31 million units, an increase of 71 thousand units, or 1%, over the previous fiscal year. Consolidated vehicle production also increased, rising by 360 thousand units, or 5.3% year-on-year, to 7.17 million units. Due to the rise in both vehicle production and vehicle sales, net revenues also increased 0.8% year-on-year to ¥17.34 trillion. Despite the impact of currency exchange fluctuations, increased revenues and cost-reduction efforts resulted in operating income of ¥86.0 billion, a gain of ¥172.3 billion compared with the previous fiscal year.

Performance by geographic segments was as follows.

■ Japan

In FY2011, consolidated vehicle sales in Japan decreased due to weak market conditions compared with the prior fiscal year, down by 250 thousand units, or 11.5%, to 1.91 million units. Market share for Toyota and Lexus brands, excluding minivehicles, was 47.3%, while the share including minivehicles was 43.7%, indicating a strong market share continuing from the previous year. Sales of the Lexus brand were at approximately 30 thousand units. Consolidated vehicle production was down 5.9% year-on-year, to 3.72 million units.

As a result, net revenues were ¥10.99 trillion, a decrease of ¥234.1 billion or 2.1% year-on-year. Despite cost-reduction efforts, the impact of currency exchange fluctuations and decreases in production and units sold resulted in an operating loss of ¥362.4 billion, a ¥137.2 billion higher loss than the previous fiscal year's operating loss of ¥225.2 billion.

■ North America

Consolidated vehicle sales in North America in FY2011 decreased by 67 thousand units, or 3.2% year-on-year, to 2.03 million units, due to the impact of a fiercely competitive environment caused by the introduction of new models by competitors and other factors. Market share (2010) in the United States was 15.2%. Sales of the Lexus brand in North America were at approximately 235 thousand units. Consolidated vehicle production reached 1.34 million units, a 28.4% increase year-on-year.

As a result, net revenues were ¥5.43 trillion, a decrease of ¥241.4 billion or 4.3% year-on-year. Due to the decrease in the provision for credit losses of sales finance subsidiaries in the United States, as well as production increases and cost reduction efforts, operating income quadrupled year-on-year, reaching ¥339.5 billion.

■ Europe

Consolidated vehicle sales in Europe during the period under review declined 7.2%, or 62 thousand units year-on-year, to 796 thousand units, due to a reduction of demand stimulus measures by European governments. Toyota's European market share (2010; about 40 countries) was 4.4%. Lexus sales totaled approximately 36 thousand units.

Consolidated vehicle production declined 14.1% year-on-year, to 372 thousand units.

As a result, net revenues decreased ¥165.6 billion, or 7.7% year-on-year, to ¥1.98 trillion. Nonetheless, operating income increased ¥46.1 billion year-on-year due to expense reductions.

■ Asia

Consolidated vehicle sales in Asia in FY2011 rose 276 thousand units, or 28.2% year-on-year, to 1.26 million units, due to an overall recovery of the Asian market led by economic growth in Thailand and Indonesia. Consolidated vehicle production also rose 31.6% year-on-year, to 1.34 million units.

As a result, net revenues were ¥3.37 trillion, a rise of ¥719.2 billion or 27.1% year-on-year. Operating income also rose due to increased product and sales units, to ¥313.0 billion, an increase of ¥109.4 billion or 53.8% year-on-year.

Sales in China, which continues to experience strong economic growth, reached 846 thousand units in 2010, a year-on-year increase of 19.3%.

* 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.

Among these regions, sales in FY2011 grew in Central and South America, Africa, and the Middle East, with combined sales reaching 1.31 million units, an increase of 174 thousand units or 15.3% year-on-year. Consolidated vehicle production (Central and South America, Oceania, Africa) was 394 thousand units, an increase of 37 thousand or 10.4% compared with the previous year.

As a result, net revenue reached ¥1.81 trillion, a year-on-year increase of 8.1% or ¥135.3 billion, while operating income also increased ¥44.6 billion or 38.6% year-on-year, reaching ¥160.1 billion.

Restore and Renew Our Production Structure for Further Growth

Promoting restoration and renewal by enlisting the strength of on-the-spot human resources
The Toyota Group has established a trilateral structure to unite us in our effort to build better cars

The Toyota Group's production bases were affected by the Great East Japan Earthquake, which struck on March 11, 2011. Nonetheless, by July we had restored our production levels to more or less normal in terms of volume. We are moving forward with efforts to reconstruct our production structure so as to restore and renew it to enable further future growth. We will maximize the strengths and resources of each company in our Group, and use our combined power to enhance the international competitiveness of Japanese manufacturing.

Impact of the Earthquake and Forecast

Impact of the earthquake and status of recovery

Many of our parts suppliers are located in the affected areas of Tohoku and northern Kanto, so Toyota did suffer some effects in the immediate aftermath of the Great East Japan Earthquake, such as a temporary production halt at our domestic auto manufacturing facilities. Toyota immediately initiated relief efforts in the aftermath of the earthquake, such as dispatching personnel to the affected areas, and we, together with our Group companies and affiliates, began working to recover from the disaster. In terms of impact on our 2011 Production Plan, we experienced a loss of production of approximately 800 thousand units through June, and despite a forecast recovery of approximately 350 thousand units from October onward we expect to come in at roughly 450 thousand units under our production goal for FY2012 (as of June 10, 2011).

Our plants, dealers and suppliers have been working in unison to restore production to normal levels, and from April 18 all of our plants, including the Central Motors Plant in Miyagi Prefecture and the Kanto Motors Plant in Iwate Prefecture, were again producing cars. By June, we had returned to around 70% of our normal production levels overall for our domestic and overseas plants, and by July we had recovered to the levels on which our annual plan was based. Production of all lines and models are forecast to be at normal production levels for the second half of FY2012.

Production forecast for the second half of FY2012

Toyota began steps to normalize both domestic and overseas production in June. Unit production will recover in the second half of the year, with unit production of Toyota and Lexus vehicles for the fiscal year ending March 31, 2012, expected to be approximately 7.39 million units, an increase of 48 thousand units over the same period in the previous year (April 2010–March 2011) (as of June 10, 2011).

Adjustments were made to North American production after the earthquake, and we aimed to normalize production ahead of schedule, that is, in May, of eight of the 12 vehicles made there. In China, the status of parts supply and inventory varies from plant to plant, and we have been working since June with our partners to confirm and negotiate parts supply so as to proceed toward the normalization of production. We have set supply targets for the 17 plants in Asia and Oceania where production adjustments were made and are working to restore normal operations or increase rates of operation to achieve normalization.

Efforts toward Further Growth

Reconstructing our production structure

Our philosophy is "to produce where there is demand" globally, so our basic strategy is to strengthen our supply capacity in emerging economies and resource-rich countries while maximizing the potential of Japan and the developed countries.

The manufacturing environment in Japan is challenging, but Toyota's policy is to maintain production in Japan of three million vehicles. We believe that we can accelerate Toyota's medium- to long-term growth, as well as that of Japanese industry, and contribute to global economic development by developing new technologies and manufacturing methods that are "possible in Japan," and subsequently establishing mass production of these technologies at Japanese manufacturing sites and spreading them throughout the world.

Restructuring the Group to strengthen manufacturing

Toyota has established a new plan for restructuring our domestic production structure so as to strengthen manufacturing. Toyota has reached agreement with Toyota Auto Body and Kanto Auto Works to convert those companies to wholly owned subsidiaries of Toyota in January 2012. In addition, Kanto Auto Works, Central Motor Co. and Toyota Motor Tohoku Corporation have reached an agreement to begin discussions for the proposed merger and integration of the three companies (targeted July 2012). The goal is to enhance manufacturing specialization and provide a more accurate response to customer demands, while reducing the costs of development and production.

Until now, each auto manufacturer in the Toyota Group has had a defined role to play from development through production in supporting the manufacturing of Toyota vehicles. The new structure will call for each auto manufacturer to act on its own initiative in fulfilling a role in its area of expertise. This means each will become a company that can execute the Toyota business strategy. We will strengthen ties in the area of supply strategy as well, including marketing and product planning strategy and overseas business.

Creation of new markets through a trilateral domestic production structure

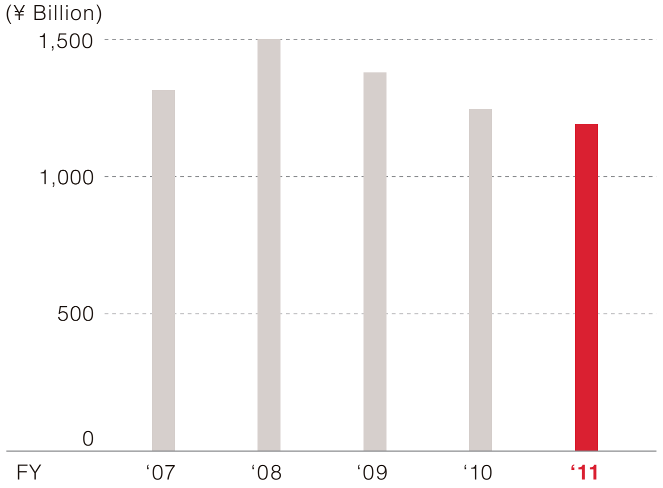
By restructuring the production structure in Tohoku, Toyota is moving forward with plans to create a Tohoku area manufacturing hub, which would be Toyota's third national manufacturing hub following Chubu and Kyushu. The Tohoku hub will specialize in the development and production of compact cars as a comprehensive, independent base for production and the procurement of engines and other units, as well as parts. Toyota has also decided to produce our new small hybrids, one of the main focuses of our effort to build environmentally friendly vehicles, in Tohoku. Toyota expects Kyushu to become the hub for mid-sized and Lexus brand vehicle production and Chubu to become the hub for technological and manufacturing innovation. The role of each region has been clarified so as to lead to the building of better cars and to create new markets that will allow our suppliers and manufacturers worldwide to work as one and please our customers.

Roles of the three hubs

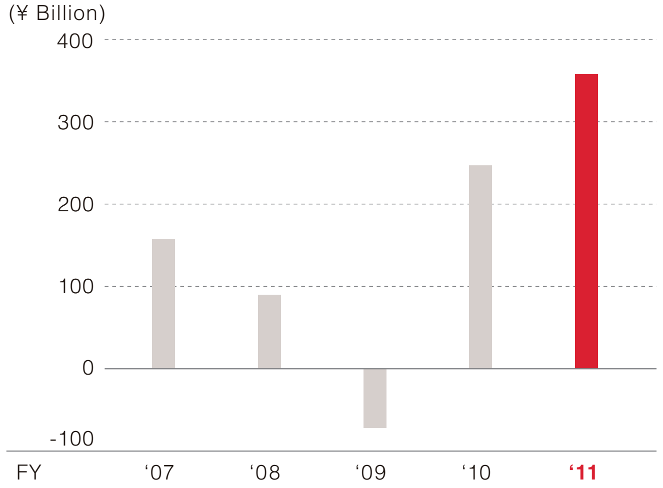
	Role	Concept
Chubu	Core of domestic production/Hub of new technology and new manufacturing method development	Development of technological innovation
Kyushu	Hub for mid-sized and Lexus brand vehicle production	Application of mass production innovation
Tohoku	Specializing in compact cars	

Financial Services Operations

Net Revenues



Operating Income



Note: Fiscal years ended March 31

Overview of Toyota's Financial Services Operations

Total assets	¥13.3 trillion
Net revenues	¥1.2 trillion
Operating income	¥358.2 billion
Operating areas	33 countries and regions worldwide
No. of employees	approx. 8,000

(As of March 31, 2011)

Toyota provides automotive financing and a variety of other financial services aimed at providing total support for our customers' lifestyles.

Market Environment and Performance Summary

In fiscal 2011, our financial services operations generated operating income of ¥358.2 billion. This was mainly due to an increase in the volume of financings and a broad decrease in expenses related to loan losses and residual value losses.

Our financial services operations are primarily handled by Toyota Financial Services Corporation, which has overall control of our financial services subsidiaries worldwide. Toyota Financial Services provides financial services primarily for vehicle purchases and leases to approximately 8.5 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.

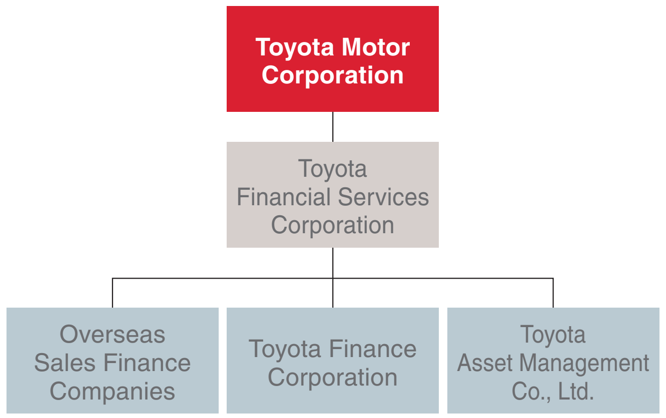
In Japan, in addition to automotive financing, Toyota Financial Services broadens customer relationships through the provision of credit cards, home loans and other sound financial services designed to closely match the needs of our customers.

Overseas, Toyota Financial Services has engaged in active efforts to develop business in emerging markets. During the fiscal year under review, it expanded operations in China to include 157 cities, with sales bases in the major coastal cities as well as in the interior.

In such major markets as Europe and the United States, Toyota Financial Services aims to ensure stable revenues by continuing to balance vehicle sales support with a variety of business risks, as well as by securing margins and achieving thorough low-cost operations.

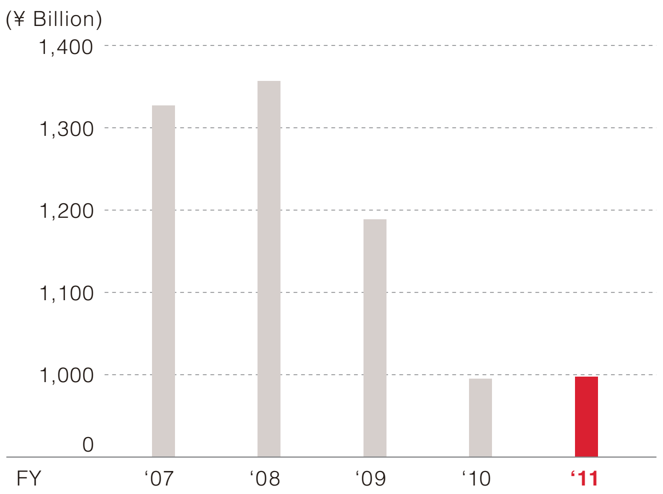
In response to dramatic changes in the business environment, Toyota Financial Services will further strengthen its group-wide compliance and risk management structures, as well as focus on enhancing its business foundation through IT platform development, management personnel training and other efforts.

Financial Services Operations Organization

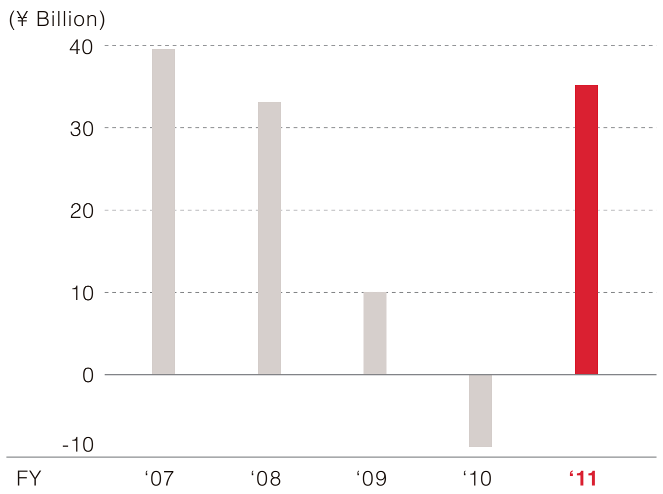


Other Business Operations

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.

Market Environment and Performance Summary

During the fiscal year under review, Toyota Motor Corporation transferred all housing business operations, which constitute the core business in this segment, to Toyota Housing Corporation effective October 2010. The aim of this move is to integrate the operational organization and enhance specialization, as well as to consolidate development, production and sales under a management structure that is flexible and capable of quick decision making. As a result, net revenues for other business operations rose ¥24.6 billion, or 2.6% year on year, to ¥972.2 billion, whereas operating income improved to ¥35.2 billion, an increase of ¥44.1 billion compared with the previous fiscal 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 autumn of 2009, Toyota developed an onboard communications device that corresponds to the ITS Spot Service for traffic and safe driving support information, ahead of the full-scale launch of that service in the spring of 2011. Toyota will continue to expand the number of models equipped with this device.

▶Additional details available at Click HERE

■ Information Technology and Telecommunications Business

In addition to serving as a sales agency for mobile phones provided by KDDI Corporation (a general telecommunications service provider), Toyota is engaged in the promotion of services that link mobile phones with technologies such as car navigation systems and G-BOOK (information service for onboard terminals). Toyota is promoting the sale of car navigation systems by offering appealing system functions such as hands-free telephones using wireless Bluetooth® communications and the playback of songs downloaded to a cell phone, as well as map renewal and user-based destination setting services that employ telecommunications.

*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 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 Click HERE

■ Housing Business

Since Toyota entered the housing business in 1975, Toyota Housing Corporation has expanded to provide homes as Toyota Home offering high durability and earthquake resistance, as well as excellent security, health and environmental features. From January 2010, we began using the catchall 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. Toyota Housing Corporation combines the technologies of the Toyota Group to offer comfortable and economical homes that are

Other Business Operations

gentle on the environment, while at the same time engaging in leading-edge development in a variety of fields, such as the operational testing of smart grids.

Note: Effective October 1, 2010, all housing operation production and technical development functions were transferred from Toyota Motor Corporation to Toyota Housing Corporation.

▶Additional details available at Click HERE

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.

This year, Toyota announced the PONAM-35, our first new vessel in the five years since the PONAM-45. We will continue to expand our lineup in the future.

▶Additional details available at Click HERE

Biotechnology and Afforestation Business

Toyota is making every effort to contribute to the creation of a resource recycling society through our afforestation activities, as well as our horticultural, environmental greening and agricultural biomass 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. In May 2010, this forest project acquired Forest Stewardship Council (FSC) certification. In our environmental greening business, we began selling Toyota/Midorie Hybrid Green rooftop greenery products, which we jointly developed with Suntory Midorie, while in our agricultural biomass operations we launched a swine manure composting facility deodorizer that is the second product in the ResQ Series.

▶Additional details available at Click HERE Philippine and China afforestation projects Click HERE

Motorsports

Our main areas of motorsports participation in 2010 were SUPER GT and Formula Nippon series racing in Japan and NASCAR in the United States, all of which we promote as "spectator motorsports." Also, from last year we sought to strengthen and further promote our "grassroots motorsports" programs, so as to create opportunities for more people to enjoy the thrill of automobiles easily.

Our "grassroots motorsports" programs include GAZOO Racing, which conveys the dreams and excitement of automobile racing, as well as other events such as the Waku Doki Circuit, an enjoyable participation-type event for our customers. Also, by participating in the 24-Hour Nürburgring racing competition our personnel get hands-on training in building good, fine-tuned automobiles.

We will continue to provide opportunities for our customers to enjoy motorsports by making the "spectator motorsports" and "grassroots motorsports" categories the focus of our motorsports projects in 2011.

▶Additional details available at Click HERE


SUPER GT


Formula Nippon


NASCAR


Waku Doki Circuit

New Business Activities

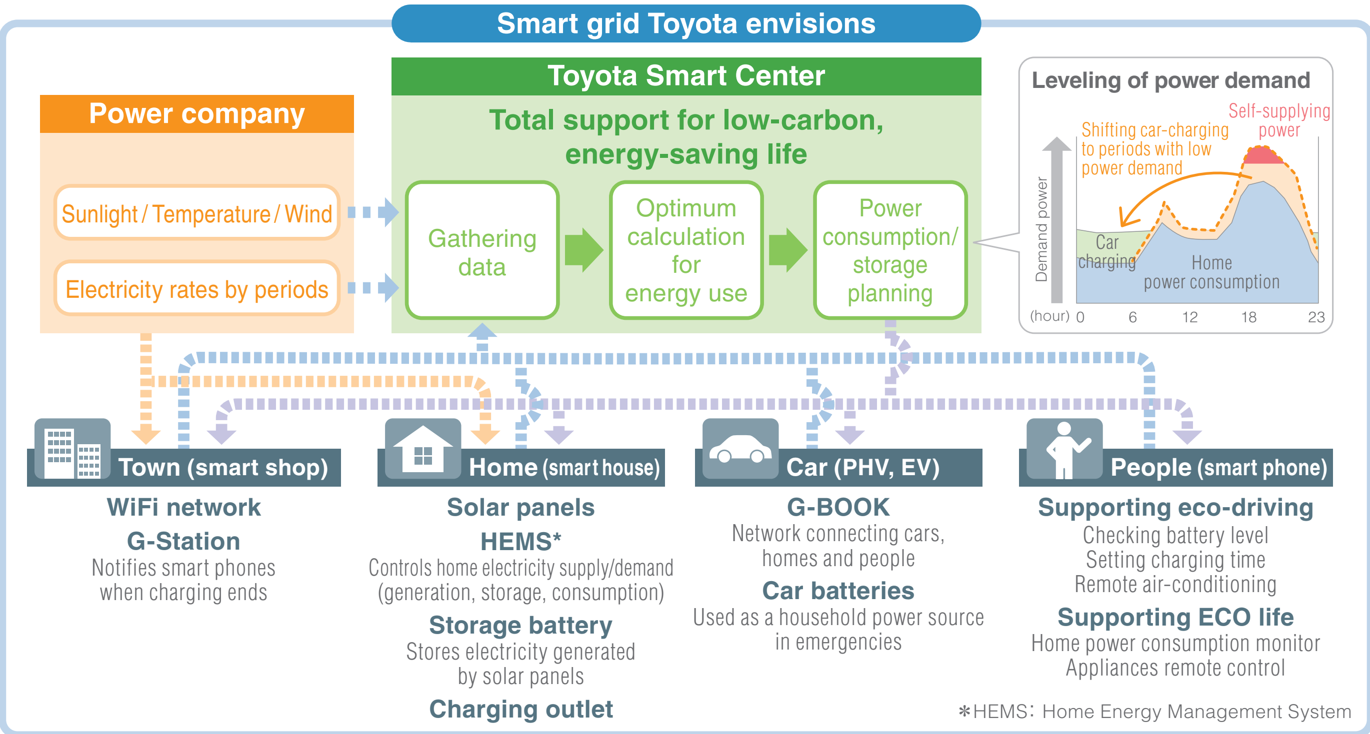
Realization of a our new vision of the "future mobility society" requires the widespread use of next-generation environment-friendly cars as well as an infrastructure that can properly manage electricity demand. Toyota is strengthening our smart grid effort, and that effort includes moving forward with trials and testing in various regions and our active cooperation with other industries.

The Toyota smart grid concept

The Toyota Smart Center optimizes environment-friendly car battery charging and home energy management

The daily power use of environment-friendly cars such as plug-in hybrid vehicles (PHVs) and electric vehicles (EVs) is thought to be equal to 30% of the power consumption of the average home. Achievement of a low-carbon society will require the widespread use of environment-friendly cars, so optimal management of battery charging and home energy is essential. To meet this aim we have developed our Toyota Smart Center, a system that uses smart-grid technology to link homes, vehicles, and users.

The smart grid envisioned by Toyota is centered on the Smart Center, and manages the power supply to "smart houses" developed by Toyota Housing while monitoring the power use status of each home through a data center. This enables it to reduce the CO_2 emissions of the entire region while minimizing costs. It does so by monitoring both the remaining battery power data transmitted by the car and the power consumption data from the home, and then proceeds to make a comprehensive determination about how to optimize power use by also taking into account factors such as weather conditions and power company fee schedules. Car batteries can then be charged during times of day when the grid power load is low, and the home's own power supply from solar panels and storage batteries can be used efficiently. The goal is to create "smart communities" that optimize the power usage of the entire residential area.



Efforts to make smart grids a reality

Participation in trials worldwide

Toyota is conducting trials in Japan and a number of countries, such as the United States, China, and France, in cooperation with national and local governments, so as popularize smart grids and environment-friendly cars.

China

Tianjin

Joint project with CATARC (China Automotive Technology and Research Center) to evaluate PHV usability and charging performance.

America

Boulder, Colorado

First city-level project to evaluate PHV usability and charging performance and conduct trials of home/PHV links.

Japan

Rokkasho Village, Aomori Prefecture

Trials involving powering homes and PHVs using only natural (wind + solar) energy

EV/PHV Towns

Project with the Ministry of Economy, Trade, and Industry (METI) conducting regional public relations with local governments in 18 designated model prefectures nationwide including, encouraging the use of environment-friendly cars as public service vehicles.

Kitakyushu City, Fukuoka Prefecture

Project with METI that conducts trials in plant energy management, which is of particular interest because of Kitakyushu's status as an industrial city.

Toyota City, Aichi Prefecture

Project conducted in cooperation with METI that involves the sale of 67 Toyota Housing demonstration houses and is aimed at optimizing energy use from a consumer perspective. Four thousand production-model PHVs and EVs were introduced as part of the effort to construct a low-carbon transportation system.

France

INES* project

Project in cooperation with the French government to build a power management system utilizing solar power.

* Institut National de l'Energie Solaire

Strasbourg

Project conducted in cooperation with EDF (French power company), consisting of introducing 70 PHVs, confirming vehicle/infrastructure performance and assessing battery charging.

Cooperation with other industries to speed up smart grid development

Use of the latest IT technology and the expanding data infrastructure

Toyota actively seeks cooperation with other industries.

In April of this year, Toyota teamed up with Microsoft to establish Windows Azure cloud service as the IT platform for operating Toyota's own data center, with the goal of reducing costs and achieving systems expandability. The two companies will work together to build a global cloud platform by 2015 to develop the Toyota Smart Center worldwide, with the goal of early achievement of a low-carbon, energy efficient society.

Also in April, Toyota teamed up with WiTricity to develop wireless, "non-contact charging" that charges up batteries simply by bringing them into proximity with chargers embedded in homes or parking spaces. In May, Toyota and Salesforce.com formed a strategic alliance to build "Toyota Friend," a private social network for connecting people, cars, dealers and manufacturers.

Alliances with Microsoft (top photo) and Salesforce.com (bottom photo)

Support for Recovery from the Great East Japan Earthquake

TOPICS Support for Recovery from the Great East Japan Earthquake

Since the Great East Japan Earthquake struck on March 11, Toyota has been engaged in a variety of recovery efforts. The Toyota Group, including our affiliates and dealers, will continue to do all we can to assist in the recovery.

Provision of funds

Toyota has pledged ¥300 million to charities, including the Central Community Chest of Japan and Japan Platform. In addition, a donation from our executives and employees of approximately ¥55 million was made to the Japanese Red Cross.

Children are the "strength for the future" that will drive the recovery of the Tohoku region, so Toyota will donate ¥100 million each to the educational-assistance funds for children orphaned by the disaster established by the Iwate and Miyagi prefectural governments, as well to that planned for establishment by Fukushima Prefecture (for a total of ¥300 million). In addition, Toyota will donate to funds that develop activities for support to the stricken areas through the arts and culture, and we will also sponsor events such as charity concerts in support of recovery efforts.

Provision of supplies

So far, Toyota has sent 87 11-ton trucks to the region containing such items as foodstuffs, drinking water, daily necessities, medical supplies and equipment for recovery work. (Some of these trucks contained items for the recovery efforts collected from Toyota dealers across the country.) Also, in addition to supplying fuel such as kerosene, seven tanker trucks have been sent to provide water to the stricken areas.

Provision of vehicles

Toyota is providing approximately 260 vehicles for use in the four stricken prefectures of Iwate, Miyagi, Fukushima and Ibaraki.

Provision of dorm rooms and Toyota company housing

Through Aichi Prefecture authorities, Toyota is providing 160 apartments in Toyota company housing and 320 dorm rooms in Aichi Prefecture to evacuees needing shelter.

Provision of support for agriculture

In close cooperation with Nippon Keidanren's relief efforts, Toyota is engaged in the following activities to help support those involved in agriculture and food production in the Tohoku and Kanto regions directly affected by the disaster or by rumors concerning fallout from the Fukushima nuclear reactor.

- At Toyota's headquarters, Nagoya and Tokyo offices: Serving meals in the employee dining halls made with produce from Tohoku and Kanto, and selling produce and goods from the regions at shops for employees.
- At Toyota's Tokyo office lobby: Hosting markets selling produce and processed items from Tohoku and Kanto.
- At Toyota's headquarters, Nagoya and Tokyo offices: Selling processed food items from Tohoku and Kanto in our company stores.

Provision of personnel

Toyota dispatched about 60 employees to the affected areas in the immediate aftermath of the earthquake, where they mainly focused on distributing emergency provisions and also worked to support the recovery of companies affiliated with the Toyota Group. We have continued to send volunteers from 15 Toyota Group and affiliated companies, and currently have about 140 employees engaged in relief efforts.

R&D and Intellectual Property

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.

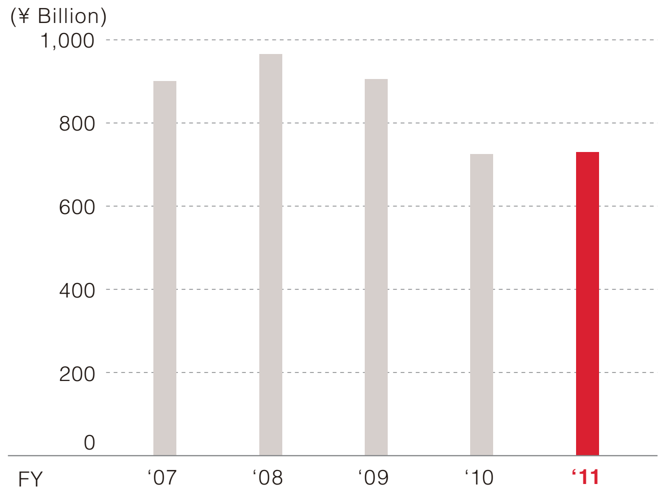
And with respect to forward-looking, leading-edge technology and product development, we establish cost-performance benchmarks on a project-by-project basis to ensure efficient development investment.

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 2011, R&D expenditures totaled ¥730.3 billion, up 0.6% 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 Expenses



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.

Domestic and Overseas R&D Bases

Facility Name	Activities	Location
Japan		
Head Office Toyota Technical Center	Product planning, design, prototype development, vehicle evaluation	Toyota City, Aichi Prefecture
Toyota Central Research & Development Laboratories, Inc.	Fundamental research for the Toyota Group	Aichi County, Aichi Prefecture
Higashi-Fuji Technical Center	New technology research for vehicles and engines	Mishuku, Susono City, Shizuoka Prefecture
Shibetsu Proving Ground	Vehicle testing and evaluation at high speed and under cold conditions	Onnebetsu, Shibetsu City, Hokkaido
Tokyo Technical Center	Advanced research for electronic systems	Minato-ku, Tokyo

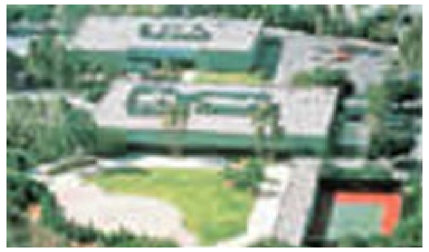

Head Office Toyota Technical Center


Toyota Central Research & Development Laboratories, Inc.

R&D and Intellectual Property

Facility Name	Activities	Location
USA		
Toyota Motor Engineering & Manufacturing North America, Inc.	Vehicle development & evaluation, certification, collection of technical information	Ann Arbor, Michigan Torrance, California Wittman, Arizona
Calty Design Research, Inc.	Exterior / Interior / Color design	Newport Beach, California Ann Arbor, Michigan


Toyota Motor Engineering & Manufacturing North America, Inc.


Calty Design Research, Inc.

Facility Name	Activities	Location
Europe		
Toyota Motor Europe R&D/Manufacturing	Vehicle development & evaluation, certification, collection of technical information	Brussels, Belgium Derby, U.K.
Calty Design Research, Inc.	Toyota Europe Design Development	Nice, France


Toyota Motor Europe R&D/Manufacturing


Toyota Europe Design Development

Facility Name	Activities	Location
Asia Pacific		
Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.	Vehicle development, software development, evaluation, collection of technical information	Samutprakarn Province, Thailand
Toyota Technical Center Asia Pacific Australia Pty., Ltd.	Vehicle development, software development, evaluation, collection of technical information	Melbourne, Australia


Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.


Toyota Technical Center Asia Pacific Australia Pty., Ltd.

▶Additional details available at Click HERE

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

Seeking Harmony between People, Society and the Global Environment, and Sustainable Development of Society through Manufacturing

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 Toyota Guiding Principles and an explanation paper entitled "CSR POLICY: Contribution towards Sustainable Development" that interprets the Toyota Guiding Principles. The CSR Policy has been compiled based on the Toyota Guiding Principles and takes into consideration Toyota's relations with stakeholders. By having all employees embrace this policy and act accordingly, Toyota aims to remain a company that is admired and trusted by society.

Five Main Principles of Toyoda

The spirit of the Toyoda Precepts has been passed down since Toyota's Foundation.

The Toyoda Precepts represent the essential philosophy of the founder of the Toyota Group, Sakichi Toyoda, and are a source of spiritual support for Toyota employees. The spirit of the Toyota Precepts is carried on in the Toyota Guiding Principles.

- Always be faithful to your duties, thereby contributing to the company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for spiritual matters, and remember to be grateful at all times.

Toyota Guiding Principles

The Toyota Guiding Principles (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, along with its consolidated subsidiaries, seeks to contribute to the continuous development of human society and of the planet through its businesses based on understanding and sharing the Toyota Guiding Principles.

1. Honor the language and spirit of the law of every nation and undertake open and fair business 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 their respective communities.
3. Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of 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 both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
6. Pursue growth through harmony with the global community via innovative management.
7. Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

CSR POLICY: Contribution Towards Sustainable Development

We have compiled our Corporate Social Responsibility Policy: Contribution towards Sustainable Development, which interprets and explains the Toyota Guiding Principles by taking into consideration the relationship we have with our stakeholders. Our consolidated subsidiaries share this policy and act accordingly. Toyota's business partners are also expected to support this policy and act in accordance with it.

Toyota also participated in the formulation of and observes the standards outlined in the Charter of Corporate behavior of the Nippon Keidanren (Japan Business Federation), an alliance of Japanese leading corporations.

▶Additional details available at Click HERE

Management Team (As of June 17, 2011)

Toyota Motor Corporation (TMC) announced the modification of its management structure effective April 1, as part of its realization of the Toyota Global Vision.

The changes are intended to create a structure that can meet the following objectives: 1) convey customer opinions and onsite information to management in a timely manner, 2) make prompt management decisions based on onsite information and 3) make constant checks as to whether management decisions are acceptable to society.

Changes to Management Structures

1. Streamlining of the Board of Directors

Effective following the formal decision made at the Board of Directors meeting held after the 107th General Shareholders Meeting (June 17, 2011), the number of directors was reduced from 27 to 11. The Board of Directors is henceforth to comprise the chairman, the president, five executive vice presidents and the four officers responsible for the Corporate Planning, the Accounting Group and the External Affairs Group.

2. Scaling down of the executive decision-making system

Although previously the executive system was made up of three tiers—executive vice presidents, chief officers and officers responsible for group affairs—it has been streamlined to two, with the officers responsible for group affairs removed. The senior managing director position has been eliminated and the total number of executives broadly reduced, from 77 to 60. Also, chief officers will be appointed in a flexible manner from the ranks of senior managing officers (a newly established rank) or managing officers.

3. Changes to structures to allow local decision making by overseas affiliates

Regional chief officers, in principle, will be stationed in their respective regions, and the number of executives stationed outside Japan will be increased from 13 to 15.

Their divisions' functions, which are presently performed in Japan, will be transferred overseas in stages.

4. Building a structure that ensures that outside opinions are listened to in earnest and reflected in management practices

For the management of regional entities, Toyota has established regional advisory committees composed of well-informed persons in North America, Europe and Asia. This is meant to ensure that outside opinions are reflected in management practices for decision making that is in touch with work sites and effective management decisions based on regional understanding.

5. Promoting management in close contact with work sites

"Executive general manager" has been created as a non-executive position to promote management that is in close contact with work sites. Executive general managers are to be employees such as grand chief engineers responsible for vehicle development, general managers responsible for technology and plant general managers.

Management Team (As of June 17, 2011)

Representative Directors

Chairman of the Board

Fujio Cho


President, Member of the Board

Akio Toyoda


Executive Vice Presidents, Members of the Board
(Main operational responsibilities)

Takeshi Uchiyamada
Research & Development


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


Atsushi Niimi
North America Operations / China Operations / Production Control / Production Engineering / Manufacturing


Shinichi Sasaki
Business Development / IT / Purchasing / Japan Sales Business / Customer Service / Quality


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


Senior Managing Directors, Members of the Board
(Chief officer, Deputy chief officer, General manager or Overseas subsidiary of residence)

Nobuyori Kodaira
Corporate Planning Div. / Environmental Affairs Div. / IT Group


Mamoru Furuhashi
External Affairs Group


Takahiko Ijichi
Accounting Group


Yasumori Ihara
Corporate Planning Div. / Purchasing Group


Corporate Auditors

Full-Time Corporate Auditors

Yoichiro Ichimaru


Masaki Nakatsugawa


Masahiro Kato


Corporate Auditors

Yoichi Morishita


Akishige Okada


Kunihiro Matsuo


Yoko Wake


Corporate Governance

Toyota's Basic Policy on Corporate Governance

Toyota has positioned the stable long-term growth of corporate value as a top-priority management issue. We believe that in carrying this out, it is essential that we achieve long-term and stable growth by building positive relationships with all stakeholders, including shareholders and customers as well as business partners, local communities and employees, and by supplying products that will satisfy our customers. This position is reflected in the "Guiding Principles at Toyota," which is a statement of Toyota's fundamental business policies. Also, Toyota adopted and presented the CSR Policy "Contribution toward Sustainable Development," an interpretation of the "Guiding Principles at Toyota" that organizes the relationships with its stakeholders. We are working to enhance corporate governance through a variety of measures designed to further increase our competitiveness as a global company.

Toyota's Corporate Governance System

Toyota formulated and announced the Toyota Global Vision in March 2011, based on what it has learned from the deterioration of the business environment following the Lehman Shock and a series of quality problems.

The Toyota Global Vision, based on Toyota's values that have guided Toyota since its founding, such as "Guiding Principles of Toyota" and "Toyota Way," aims to exceed customer expectations by the development of ever-better cars and enriching lives of societies, and to be rewarded with a smile which ultimately leads to the stable base of business. Toyota is to keep this virtuous cycle by focusing on making ever-better cars.

To fulfill the Toyota Global Vision, Toyota made some changes to its management structure such as reducing the Board of Directors and decision making layers. Toyota will continue to offer products and services that will satisfy evolving needs in every region. Toyota headquarters will provide overall direction and furnish support for the initiatives undertaken by the regional operations.

Specifically, with the aim of faster decision making, Toyota drastically reduced the number of Directors and abolished the position of Senior Managing Director. Furthermore, Toyota will replace the current three-layer arrangement – Executive Vice President, Chief Officer, and Executive responsible for the operations involved – with two layers, eliminating the executive immediately below the Chief Officer. Moving forward with this new structure will support a swifter flow of information from the divisional general managers, who are intimately familiar with their operations, to senior management.

Toyota is to enhance clarity in organizational responsibilities: the Board of Directors decides what Toyota will do as global Toyota, and Chief Officers decide how to implement that decision as chief executives for day-to-day operations, etc. The post of Chief Officer will be filled either by a "Senior Managing Officer" or "Managing Officer" in a flexible manner. Chief Officers responsible for the region or function conduct local operations basically at respective sites under the Executive Vice President responsible for each operational sector to vigorously reflect the voices of local customers in functions of R&D, production, and sales.

Systems for Ensuring Appropriate Management

Toyota has an "International Advisory Board" consisting of advisers from each region overseas, and, as appropriate, receives advice on a wide range of management 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 various stakeholders, including the "Labor-Management Council," the "Joint Labor-Management Round Table Conference" and the "Toyota Environment Committee."

Accountability

Toyota has engaged in timely and fair disclosure of corporate and financial information as stated in the CSR Policy "Contribution towards Sustainable Development." In order to ensure the accurate, fair, 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

In order to manage and implement important activities for fulfilling social responsibilities, Toyota has established the CSR Committee consisting of directors at the executive vice president level and above as well as representatives of corporate auditors, to review important issues relating to corporate ethics, legal compliance, risk management and social contribution, and also to develop action plans concerning these issues. 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 continue to promote the "Toyota Code of Conduct" which is a guideline for employees' behavior and conduct for employees of Toyota and its consolidated subsidiaries (together "Toyota") all around the world. Toyota will work to advance corporate ethics through training and education at all levels and in all departments.

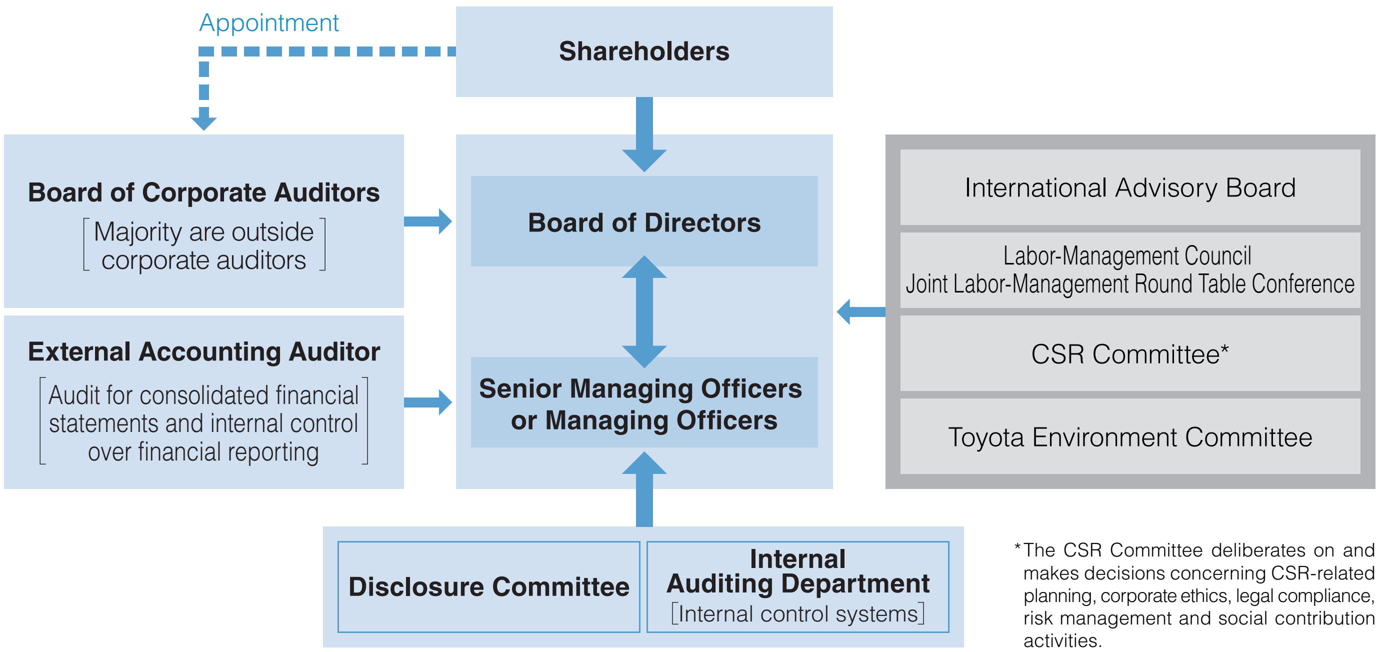
Toyota has adopted an auditor system. Seven Corporate Auditors including four Outside Corporate Auditors play a role in Toyota's corporate governance efforts by undertaking audits in accordance with the audit policies and plans determined by the Board of Corporate Auditors. In addition, Toyota has secured 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 fields of expertise. The state of internal controls and internal audits 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. To enhance the system for internal audits, a specialized organization made independent of direct control by the management evaluates the effectiveness of the system to secure the appropriateness of documents regarding financial calculation and other information in accordance with Section 404 of the U.S. Sarbanes-Oxley Act and Article 24-4-4 (1) of the Financial Instruments and Exchange Law of Japan. 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

Corporate Governance

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



*The CSR Committee deliberates on and makes decisions concerning CSR-related planning, corporate ethics, legal compliance, risk management and social contribution activities.

Basic Approach to Internal Control System and Its Development

Toyota, together with its subsidiaries, has created and maintained a sound corporate climate based on the "Guiding Principles at Toyota" and the "Toyota Code of Conduct." Toyota integrates the principles of problem identification and continuous improvement into its business operation process and makes continuous efforts to train employees who will put these principles into practice.

Accordingly, Toyota has developed its basic policy regarding the following items as stipulated in the Corporation Act:

(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 of Directors' meeting 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) and other systems. Significant matters will be properly submitted and discussed at the Board of Directors' meeting 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, etc. and compliance by establishing coordinated systems with all regions, establishing rules or preparing and delivering manuals and by other means, as necessary through 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, etc., 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 Directors will promptly determine the management policies based on precise on-the-spot information and, in accordance with Toyota's advantageous "field-oriented" approach, delegate a high level of authority to Chief Officers (Senior Managing Officers and Managing Officers) who take responsibility for business operations in each region and function. The Chief Officers will proactively compose business plans for the regions and functions under their leadership and execute them in a swift and timely manner in order to carry out Toyota's management policies. The Directors will supervise the execution of duties by the Chief Officers.
3) Toyota, from time to time, will make opportunities to listen to the opinions of various stakeholders, including external experts in each region, 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.

Corporate Governance

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 and other committees.
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 Toyota's common charter of conduct, and develop and maintain a sound environment of internal controls for Toyota. Toyota will also promote the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" through personnel exchanges.
2) Toyota will manage its subsidiaries in a comprehensive manner appropriate to their positioning 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 (7) from Directors

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 related 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, Senior Managing Officers, Managing Officers, and employees will report to 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 of Directors' 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.

Basic Policy and Preparation towards the 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.

Risk Factors

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 24, 2011, the filing date of Form 20-F.

Risks relating to the Great East Japan Earthquake

Toyota may be adversely affected by the continuing effects of the Great East Japan Earthquake and ensuing events.

The Japanese economy as a whole suffered significant damage as a result of the Great East Japan Earthquake that occurred on March 11, 2011 and the ensuing tsunami and accidents at nuclear power plants in Fukushima Prefecture (collectively, the “Great East Japan Earthquake”).

After the earthquake’s occurrence on March 11, 2011, Toyota temporarily suspended operations at all of its domestic factories due to damage to social infrastructure including energy supply, transportation systems, gas, water and communication systems caused by the earthquake, shortages of parts from suppliers, and damage sustained by some subsidiaries of Toyota in regions adjacent to the disaster zone. On March 18, 2011, Toyota began resuming production in stages. As of April 18, 2011, Toyota had resumed operations at all domestic factories. As of the date of this annual report, production levels at both domestic and overseas factories vary by region and vehicle type and, primarily due to shortages of supplies from external suppliers, production is not yet normalized at some factories. Toyota anticipates that its factories will reach normal operational capacity between November and December 2011, but there is no assurance that production will normalize by that time. Also, in May 2011, operations at the nuclear power plant in Shizuoka Prefecture that supplied a portion of the electricity to the area where Toyota’s global headquarters and main plants are located were suspended in light of the damage sustained by the Fukushima nuclear power plant. There is concern regarding potential shortages of electricity during the demanding summer months, and such a shortage could negatively impact Toyota’s production. The Great East Japan Earthquake has negatively impacted Toyota’s operations and the duration and magnitude of the impact ensuing from it remain unclear. Depending on developments, the impact on Toyota’s results of operations and financial condition may be significant.

The Japanese economy has been negatively impacted by damage caused by the Great East Japan Earthquake, costs associated to rebuild the affected areas and interrupted infrastructure, including energy shortages. The duration and magnitude of the total impact on the Japanese economy are unclear. In addition, the nuclear power plants in Fukushima Prefecture are not yet fully under control and the resolution of the situation at these plants, including timing, remains unclear. Continuing radiation leakage and further aggravation of the nuclear power plants are possible. These various issues in connection with the Great East Japan Earthquake may cause significant and unforeseeable adverse effects on the Japanese economy, Toyota’s operations, and demand for Toyota’s products.

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. Although the global economy is gradually recovering, competition in the automotive industry has further intensified amidst difficult overall market conditions. In addition, competition is likely to further intensify in light of further continuing globalization in the worldwide automotive industry, possibly resulting in further industry reorganization. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, 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 to maintain 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, although government efforts to stimulate demand in Japan, North America and Europe, which are Toyota’s main markets, resulted in a trend towards economic recovery, 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 this situation will 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 by introducing 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 demand is more fundamental to Toyota’s success than ever, as the automotive market is rapidly transforming in light of the changing global economy. There is no assurance, however, that Toyota will adequately and appropriately respond to changing customer preferences and demand with respect to quality, safety, reliability, styling and other features in a timely manner. Even if Toyota succeeds in perceiving customer preferences and demand, there is no

Risk Factors

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 demand 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 demand. 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.

Toyota relies on suppliers for the provision of certain supplies including parts, components and raw materials.

Toyota purchases supplies including parts, components and raw materials from a number of external suppliers located around the world. For some supplies, Toyota relies on a single supplier or a limited number of suppliers, whose replacement with another supplier may be difficult. Inability to obtain supplies from a single or limited source supplier may result in difficulty obtaining supplies and may restrict Toyota's ability to produce vehicles. Furthermore, even if Toyota were to rely on a large number of suppliers, first-tier suppliers with whom Toyota directly transacts may in turn rely on a single second-tier supplier or limited second-tier suppliers. Toyota's ability to continue to obtain supplies from its suppliers in a timely and cost-effective manner is subject to a number of factors, some of which are not within Toyota's control. These factors include the ability of Toyota's suppliers to provide a continued source of supply, and Toyota's ability to effectively compete and obtain competitive prices from suppliers. A loss of any single or limited source supplier or inability to obtain supplies from suppliers in a timely and cost-effective manner could lead to increased costs or delays or suspensions in Toyota's production and deliveries, which could have an adverse effect on Toyota's financial conditions 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 costs are factors which may impact Toyota's financial services operations. 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.

Should the world economy suddenly deteriorate, a number of financial institutions and investors will face difficulties in providing capital to the financial markets at levels corresponding to their own financial capacity, and, 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.

Risk Factors

Political, Regulatory, Legal and Other 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.

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 natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labor strikes.

Toyota is subject to various risks associated with conducting business worldwide. These risks include natural calamities; political and economic instability; fuel shortages; interruption in social infrastructure including energy supply, transportation systems, gas, water, or communication systems resulting from natural hazards or technological hazards; wars; terrorism; labor strikes and work stoppages. Should the major markets in which Toyota purchases materials, parts and components and supplies for the manufacture of Toyota products or in which Toyota's products are produced, distributed or sold be affected by any of these events, it may result in disruptions and delays in the operations of Toyota's business. Should significant or prolonged disruptions or delays related to Toyota's business operations occur, it may adversely affect Toyota's financial condition and results of operations.

Other Management and Corporate Data

Please Click below to access the contents.

Chronology

- History of Toyota

Product Lineup

- Product Lineup

Research & Development

- Domestic and Overseas R&D Sites

Technological Development

- History of Technological Development from 1990

Operations in Japan

- Toyota Group Organizations
- Japanese Production and Dealer Sites
- Number of Vehicles Produced in Japan by Model
- Number of Vehicles Registered in Japan by Model

Worldwide Operations

- Overseas Manufacturing Companies
- North America/Latin America: Market/Toyota Sales and Production
- Europe/Africa: Market/Toyota Sales and Production
- Asia: Market/Toyota Sales and Production
- Oceania & Middle East: Market/Toyota Sales and Production
- Vehicle Production, Sales and Exports by Region
- Overseas Model Lineup by Country & Region

Message from the Executive Vice President Responsible for Accounting

We are seeking to enhance corporate value by developing a strong earnings base and making further improvements to our structure.

Fiscal 2011 Business Results

On a consolidated basis for the fiscal year ended March 31, 2011, year-on-year vehicle sales improved 71 thousand units to 7,308 thousand units, and net revenues increased 0.2% to ¥18,993.6 billion. Operating income rose ¥320.7 billion to ¥468.2 billion, whereas net income advanced ¥198.7 billion to ¥408.1 billion. As a result, Toyota succeeded in increasing both revenue and income.

Factors contributing to the increase in operating income included ¥490.0 billion from marketing efforts (including ¥130.0 billion from our financial services operations) and ¥180.0 billion from our continuous cost-reduction efforts, including companywide VA (Value Analysis) activities. Major factors reducing income were exchange rate fluctuations, amounting to ¥290.0 billion, increases in expenses, etc., of ¥30.0 billion, and other factors reducing income that amounted to ¥29.3 billion. In Japan, subsidies for eco-car purchases ended, which had a negative effect on income, and vehicle sales were drastically down due to the earthquake of March 11. Nonetheless, sales of IMVs were strong, especially in Asian countries such as Thailand and Indonesia, reaching their highest levels ever for the full year and contributing to an increase in income. The negative impact of the Great East Japan Earthquake on income amounted to ¥110.0 billion: ¥100.0 billion was due to operating factors such as reduced vehicle sales as a result of reduced production and the recording of allowances for our financial services business; other factors contributing to a ¥10.0 billion reduction in income were decreased cost reduction associated with lower unit sales and an increase in costs. Taking the above into consideration, we view the increase in income for the fiscal year ended March 31, 2011, as offsetting two major impacts that reduced income, namely, the rapid and steep increase in the value of the yen and the Great East Japan Earthquake.

Although I have noted previously that in the fiscal year ended March 31, 2010, we succeeded in broadly lowering our break-even point, we continued to make structural improvements during the fiscal year ended March 31, 2011, so if we leave out temporary factors such as the impact of the earthquake, I believe we have succeeded in creating “a structure that generates profits even with the exchange rate at ¥85 to the U.S. dollar, and consolidated unit sales of 6.6 million.” We will continue to put strong efforts into marketing, as well as work to achieve cost reductions by holding down fixed costs and conducting companywide VA efforts so as to improve our profitability.

Consolidated Financial Forecasts for Fiscal 2012

For the fiscal year ending March 31, 2012, we forecast vehicle sales of 7.24 million units, net revenues of ¥18,600.0 billion, operating income of ¥300.0 billion and net income of ¥280.0 billion on a consolidated basis. The exchange rates assumed for this forecast are ¥82 per US$1 and ¥115 per €1.

Factors that are expected to increase income include cost-reduction efforts amounting to ¥100.0 billion. Factors that are expected to cause a decrease in income include the effect of exchange rate fluctuations amounting to ¥100.0 billion, sales volume/mix effects totaling ¥120.0 billion and an increase in expenses, etc., reaching ¥48.2 billion. In terms of the impact in the next fiscal year of the Great East Japan Earthquake, we expect a decrease in unit sales, including a surplus after recovery to regular production levels amounting to ¥320.0 billion and decreased cost reduction amounting to ¥40.0 billion, for a total impact of ¥360.0 billion. Despite temporary factors such as the effect of the disaster, I believe we are making steady progress toward achieving the goal set forth in our Global Vision of building solid profitability by which we can consistently achieve a return to profitability in nonconsolidated operating income, with a consolidated operating margin of 5% and operating income of around ¥1 trillion even under such severe conditions as an exchange rate of ¥85 to the U.S. dollar, and consolidated unit sales of 7.5 million.

I believe that the profitability called for in the Global Vision represents a “bottom line for sustainable growth,” which means creating a structure that will generate earnings even in the event of another economic downturn that, for example, results in a 20% decline in unit sales. Doing so means creating a stable business base by creating “better cars” that are accepted by our customers and society, and contributing to “enriching lives of communities,” which will result in winning the hearts of a growing number of customers. By fostering that kind of virtuous cycle we can realize sustainable growth and increase our corporate value.

Message from the Executive Vice President Responsible for Accounting

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.

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 and efficiently in these areas to respond to structural shifts in demand and ensure long-term sustainable growth. We will expand our lineup of hybrids and other eco-cars and develop it globally, while making efforts to increase sales in emerging markets by working to strengthen locally produced core models, such as IMVs and newly developed subcompact models. I believe we should work to realize a geographically balanced business structure that favors neither developed nor emerging economies.

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 continue to slim down our plant and equipment investment through the effective use of existing facilities and reducing changeover costs that arise as a result of model changes. Our goal is to achieve the same effect from minimized capital expenditures as we did when they were at their peak. Through such efforts, we will seek effective investment that emphasizes eco-cars and emerging markets while improving our income structure.

Stability: Maintaining a solid financial base

We preserve a solid financial base by ensuring sufficient liquidity and stable shareholders' equity. Such a sound financial position enables us to maintain a level of capital expenditures and investment in research and development geared towards future growth as well as to maintain the necessary level of working capital, even during difficult business environments such as steep price increases in raw materials or a drastic foreign exchange rate fluctuation, not to mention such unexpected crises as the recent natural disaster. 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 in addition to the crisis measures. 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 make an effort to realize sustainable growth through ongoing structural improvements to enhance our corporate value. We strive for the continuous and stable payment of 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 environmental and safety technologies that prioritize customer safety and confidence. Accordingly, we declared an annual dividend payment of ¥50 per share for the fiscal year ended March 31, 2011, an increase of ¥5 per share over the previous year's annual dividend.

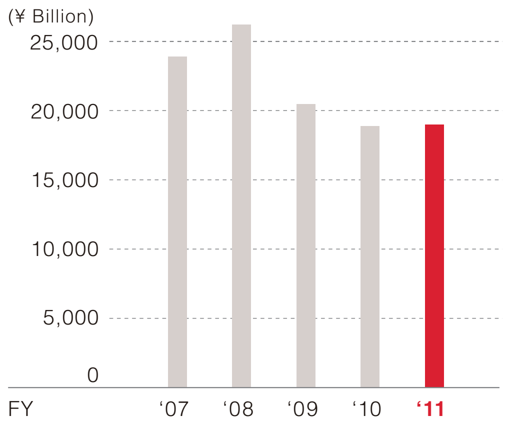
Given the uncertain outlook for the present business environment, we will prioritize securing cash reserves. Accordingly, we did not repurchase our own shares in the fiscal year ended March 31, 2011, and we plan to forgo such repurchases for the foreseeable future.

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

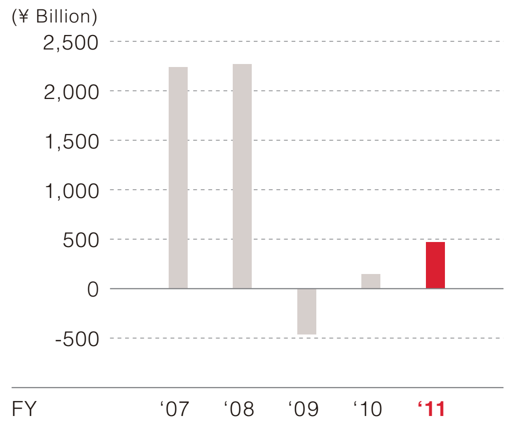
July 2011

Satoshi Ozawa,
Executive Vice President

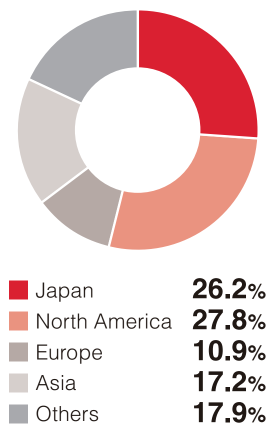
Net Revenues



Operating Income



Vehicle Sales by Region



Selected Financial Summary (U.S. GAAP)

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions				
	2002	2003	2004	2005	2006
For the Year:					
Net Revenues:					
Sales of Products	¥13,499,644	¥14,793,973	¥16,578,033	¥17,790,862	¥20,059,493
Financing Operations	690,664	707,580	716,727	760,664	977,416
Total	¥14,190,308	¥15,501,553	¥17,294,760	¥18,551,526	¥21,036,909
Costs and Expenses:					
Cost of Products Sold	¥10,874,455	¥11,914,245	¥13,506,337	¥14,500,282	¥16,335,312
Cost of Financing Operations	459,195	423,885	364,177	369,844	609,632
Selling, General and Administrative	1,763,026	1,891,777	1,757,356	2,009,213	2,213,623
Total	¥13,096,676	¥14,229,907	¥15,627,870	¥16,879,339	¥19,158,567
Operating Income (Loss)	¥ 1,093,632	¥ 1,271,646	¥ 1,666,890	¥ 1,672,187	¥ 1,878,342
% of Net Revenues	7.7%	8.2%	9.6%	9.0%	8.9%
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	972,101	1,226,652	1,765,793	1,754,637	2,087,360
Provision for Income Taxes	422,789	517,014	681,304	657,910	795,153
Net Income (Loss) attributable to Toyota Motor Corporation	556,567	750,942	1,162,098	1,171,260	1,372,180
ROE	7.8%	10.4%	15.2%	13.6%	14.0%
Net Cash Provided by Operating Activities	¥ 1,532,079	¥ 1,940,088	¥ 2,186,734	¥ 2,370,940	¥ 2,515,480
Net Cash Used in Investing Activities	(1,810,230)	(2,001,448)	(2,216,495)	(3,061,196)	(3,375,500)
Net Cash Provided by (Used in) Financing Activities	392,148	37,675	242,223	419,384	876,911
R&D Expenses	589,306	668,404	682,279	755,147	812,648
Capital Expenditures for Property, Plant and Equipment*	940,547	1,005,931	945,803	1,068,287	1,523,459
Depreciation	809,841	870,636	969,904	997,713	1,211,178
At Year-End:					
Toyota Motor Corporation Shareholders' Equity	¥ 7,264,112	¥ 7,121,000	¥ 8,178,567	¥ 9,044,950	¥10,560,449
Total Assets	19,305,730	20,152,974	22,040,228	24,335,011	28,731,595
Long-Term Debt	3,722,706	4,137,528	4,247,266	5,014,925	5,640,490
Cash and Cash Equivalents	1,657,160	1,592,028	1,729,776	1,483,753	1,569,387
Ratio of Toyota Motor Corporation Shareholders' Equity	37.6%	35.3%	37.1%	37.2%	36.8%

	Yen				
	2002	2003	2004	2005	2006
Per Share Data:					
Net Income (Loss) attributable to Toyota Motor Corporation (Basic)	¥ 152.26	¥ 211.32	¥ 342.90	¥ 355.35	¥ 421.76
Annual Cash Dividends	28	36	45	65	90
Toyota Motor Corporation Shareholders' Equity	2,015.82	2,063.43	2,456.08	2,767.67	3,257.63
Stock Information (March 31):					
Stock Price	¥ 3,650	¥ 2,635	¥ 3,880	¥ 3,990	¥ 6,430
Market Capitalization (Yen in millions)	¥13,332,491	¥ 9,512,343	¥14,006,790	¥14,403,890	¥23,212,284
Number of Shares Issued (shares) ·	3,649,997,492	3,609,997,492	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)

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions					% change
	2007	2008	2009	2010	**2011**	2011 vs. 2010
For the Year:						
Net Revenues:						
Sales of Products	¥22,670,097	¥24,820,510	¥19,173,720	¥17,724,729	**¥17,820,520**	+0.5
Financing Operations	1,277,994	1,468,730	1,355,850	1,226,244	**1,173,168**	–4.3
Total	¥23,948,091	¥26,289,240	¥20,529,570	¥18,950,973	**¥18,993,688**	+0.2
Costs and Expenses:						
Cost of Products Sold	¥18,356,255	¥20,452,338	¥17,468,416	¥15,971,496	**¥15,985,783**	+0.1
Cost of Financing Operations	872,138	1,068,015	987,384	712,301	**629,543**	–11.6
Selling, General and Administrative	2,481,015	2,498,512	2,534,781	2,119,660	**1,910,083**	–9.9
Total	¥21,709,408	¥24,018,865	¥20,990,581	¥18,803,457	**¥18,525,409**	–1.5
Operating Income (Loss)	¥ 2,238,683	¥ 2,270,375	¥ (461,011)	¥ 147,516	**¥ 468,279**	+217.4
% of Net Revenues	9.3%	8.6%	–2.2%	0.8%	**2.5%**	—
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	2,382,516	2,437,222	(560,381)	291,468	**563,290**	+93.3
Provision for Income Taxes	898,312	911,495	(56,442)	92,664	**312,821**	+237.6
Net Income (Loss) attributable to Toyota Motor Corporation	1,644,032	1,717,879	(436,937)	209,456	**408,183**	+94.9
ROE	14.7%	14.5%	–4.0%	2.1%	**3.9%**	—
Net Cash Provided by Operating Activities	¥ 3,238,173	¥ 2,981,624	¥ 1,476,905	¥ 2,558,530	**¥ 2,024,009**	–20.9
Net Cash Used in Investing Activities	(3,814,378)	(3,874,886)	(1,230,220)	(2,850,184)	**(2,116,344)**	—
Net Cash Provided by (Used in) Financing Activities	881,768	706,189	698,841	(277,982)	**434,327**	—
R&D Expenses	890,782	958,882	904,075	725,345	**730,340**	+0.7
Capital Expenditures for Property, Plant and Equipment*	1,425,814	1,480,570	1,364,582	604,536	**629,326**	+4.1
Depreciation	1,382,594	1,491,135	1,495,170	1,414,569	**1,175,573**	–16.9
At Year-End:						
Toyota Motor Corporation Shareholders' Equity	¥11,836,092	¥11,869,527	¥10,061,207	¥10,359,723	**¥10,332,371**	–0.3
Total Assets	32,574,779	32,458,320	29,062,037	30,349,287	**29,818,166**	–1.8
Long-Term Debt	6,263,585	5,981,931	6,301,469	7,015,409	**6,449,220**	–8.1
Cash and Cash Equivalents	1,900,379	1,628,547	2,444,280	1,865,746	**2,080,709**	+11.5
Ratio of Toyota Motor Corporation Shareholders' Equity	36.3%	36.6%	34.6%	34.1%	**34.7%**	—

	Yen					% change
	2007	2008	2009	2010	**2011**	2011 vs. 2010
Per Share Data:						
Net Income (Loss) attributable to Toyota Motor Corporation (Basic)	¥ 512.09	¥ 540.65	¥ (139.13)	¥ 66.79	**¥ 130.17**	+94.9
Annual Cash Dividends	120	140	100	45	**50**	+11.1
Toyota Motor Corporation Shareholders' Equity	3,701.17	3,768.97	3,208.41	3,303.49	**3,295.08**	–0.3
Stock Information (March 31):						
Stock Price	¥ 7,550	¥ 4,970	¥ 3,120	¥ 3,745	**¥ 3,350**	–10.5
Market Capitalization (Yen in millions)	¥27,255,481	¥17,136,548	¥10,757,752	¥12,912,751	**¥11,550,792**	–10.5
Number of Shares Issued (shares)	3,609,997,492	3,447,997,492	3,447,997,492	3,447,997,492	**3,447,997,492**	—

* Excluding vehicles and equipment of operating leases

Consolidated Segment Information

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions						% change
	2006	2007	2008	2009	2010	**2011**	2011 vs. 2010
Business Segment:							
Net Revenues:							
Automotive	¥19,338,144	¥21,928,006	¥24,177,306	¥18,564,723	¥17,197,428	**¥17,337,320**	+0.8
Financial Services	996,909	1,300,548	1,498,354	1,377,548	1,245,407	**1,192,205**	–4.3
All Other	1,190,291	1,323,731	1,346,955	1,184,947	947,615	**972,252**	+2.6
Intersegment Elimination	(488,435)	(604,194)	(733,375)	(597,648)	(439,477)	**(508,089)**	—
Consolidated	¥21,036,909	¥23,948,091	¥26,289,240	¥20,529,570	¥18,950,973	**¥18,993,688**	+0.2
Operating Income (Loss):							
Automotive	¥ 1,694,045	¥ 2,038,828	¥ 2,171,905	¥ (394,876)	¥ (86,370)	**¥ 85,973**	—
Financial Services	155,817	158,495	86,494	(71,947)	246,927	**358,280**	+45.1
All Other	39,748	39,679	33,080	9,913	(8,860)	**35,242**	—
Intersegment Elimination	(11,268)	1,681	(21,104)	(4,101)	(4,181)	**(11,216)**	—
Consolidated	¥ 1,878,342	¥ 2,238,683	¥ 2,270,375	¥ (461,011)	¥ 147,516	**¥ 468,279**	+217.4
Geographic Segment:							
Net Revenues:							
Japan	¥13,111,457	¥14,815,282	¥15,315,812	¥12,186,737	¥11,220,303	**¥10,986,246**	–2.1
North America	7,687,942	9,029,773	9,423,258	6,222,914	5,670,526	**5,429,136**	–4.3
Europe	2,727,409	3,542,193	3,993,434	3,013,128	2,147,049	**1,981,497**	–7.7
Asia	2,042,806	2,225,528	3,120,826	2,719,329	2,655,327	**3,374,534**	+27.1
Other	1,601,736	1,922,742	2,294,137	1,882,900	1,673,861	**1,809,116**	+8.1
Intersegment Elimination	(6,134,441)	(7,587,427)	(7,858,227)	(5,495,438)	(4,416,093)	**(4,586,841)**	—
Consolidated	¥21,036,909	¥23,948,091	¥26,289,240	¥20,529,570	¥18,950,973	**¥18,993,688**	+0.2
Operating Income (Loss):							
Japan	¥ 1,075,890	¥ 1,457,246	¥ 1,440,286	¥ (237,531)	¥ (225,242)	**¥ (362,396)**	—
North America	495,638	449,633	305,352	(390,192)	85,490	**339,503**	+297.1
Europe	93,947	137,383	141,571	(143,233)	(32,955)	**13,148**	—
Asia	145,546	117,595	256,356	176,060	203,527	**312,977**	+53.8
Other	67,190	83,497	143,978	87,648	115,574	**160,129**	+38.6
Intersegment Elimination	131	(6,671)	(17,168)	46,237	1,122	**4,918**	+338.3
Consolidated	¥ 1,878,342	¥ 2,238,683	¥ 2,270,375	¥ (461,011)	¥ 147,516	**¥ 468,279**	+217.4

Consolidated Quarterly Financial Summary

Toyota Motor Corporation
Fiscal years ended March 31

	2010				2011			
Yen in billions	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net Revenues	¥3,836.0	¥4,541.6	¥5,292.9	¥5,280.4	**¥4,871.8**	**¥4,806.7**	**¥4,673.1**	**¥4,642.0**
% Change	–38.3%	–24.0%	10.2%	49.3%	**27.0%**	**5.8%**	**–11.7%**	**–12.1%**
Operating Income (Loss)	(194.9)	58.0	189.1	95.3	**211.6**	**111.5**	**99.0**	**46.1**
% Change	—%	–65.8%	—%	—%	**—%**	**92.2%**	**–47.6%**	**–51.6%**
Operating Income Margin	–5.1%	1.3%	3.6%	1.8%	**4.3%**	**2.3%**	**2.1%**	**1.0%**
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	(138.5)	75.5	224.9	129.5	**263.0**	**129.1**	**129.6**	**41.5**
% Change	—%	–58.8%	—%	—%	**—%**	**70.9%**	**–42.3%**	**–67.9%**
Net Income (Loss) attributable to Toyota Motor Corporation	(77.8)	21.8	153.2	112.2	**190.4**	**98.7**	**93.6**	**25.4**
% Change	—%	–84.4%	—%	—%	**—%**	**352.0%**	**–38.9%**	**–77.4%**
Business Segment:								
Net Revenues:								
Automotive	¥3,413.0	¥4,108.3	¥4,861.1	¥4,815.0	**¥4,467.8**	**¥4,395.8**	**¥4,255.1**	**¥4,218.5**
Financial Services	320.1	312.0	307.2	306.2	**307.6**	**296.3**	**297.5**	**290.8**
All Other	204.1	225.1	226.2	292.2	**212.9**	**233.5**	**238.0**	**287.8**
Intersegment Elimination	(101.2)	(103.8)	(101.6)	(133.0)	**(116.5)**	**(118.9)**	**(117.5)**	**(155.1)**
Consolidated	¥3,836.0	¥4,541.6	¥5,292.9	¥5,280.4	**¥4,871.8**	**¥4,806.7**	**¥4,673.1**	**¥4,642.0**
Operating Income (Loss):								
Automotive	¥ (239.1)	¥ (21.3)	¥ 124.5	¥ 49.6	**¥ 96.7**	**¥ 33.0**	**¥ (27.5)**	**¥ (16.2)**
Financial Services	49.6	74.8	80.6	41.9	**115.1**	**68.6**	**116.4**	**58.1**
All Other	(4.6)	5.0	(14.4)	5.1	**4.0**	**10.7**	**13.4**	**7.1**
Intersegment Elimination	(0.8)	(0.5)	(1.6)	(1.3)	**(4.2)**	**(0.8)**	**(3.3)**	**(2.9)**
Consolidated	¥ (194.9)	¥ 58.0	¥ 189.1	¥ 95.3	**¥ 211.6**	**¥ 111.5**	**¥ 99.0**	**¥ 46.1**
Geographic Segment:								
Net Revenues:								
Japan	¥2,181.8	¥2,656.3	¥3,093.8	¥3,288.3	**¥2,806.6**	**¥2,919.6**	**¥2,686.1**	**¥2,573.9**
North America	1,175.2	1,419.1	1,622.7	1,453.5	**1,483.6**	**1,337.6**	**1,333.3**	**1,274.5**
Europe	515.1	564.3	561.0	506.7	**459.8**	**465.3**	**524.2**	**532.1**
Asia	494.1	589.8	762.5	809.0	**834.9**	**794.2**	**835.1**	**910.5**
Other	343.3	389.7	494.0	446.8	**453.7**	**408.0**	**489.7**	**457.7**
Intersegment Elimination	(873.5)	(1,077.6)	(1,241.1)	(1,223.9)	**(1,166.8)**	**(1,118.0)**	**(1,195.3)**	**(1,106.7)**
Consolidated	¥3,836.0	¥4,541.6	¥5,292.9	¥5,280.4	**¥4,871.8**	**¥4,806.7**	**¥4,673.1**	**¥4,642.0**
Operating Income (Loss):								
Japan	¥ (212.0)	¥ (45.6)	¥ 33.9	¥ (1.5)	**¥ (27.5)**	**¥ (24.5)**	**¥ (122.4)**	**¥ (188.0)**
North America	(3.7)	30.5	79.7	(21.2)	**109.7**	**36.1**	**105.2**	**88.4**
Europe	(20.4)	1.7	(21.3)	7.0	**(6.8)**	**(2.1)**	**2.2**	**19.8**
Asia	26.9	38.5	67.1	71.0	**90.2**	**74.0**	**68.6**	**80.2**
Other	17.4	23.3	39.4	35.5	**41.0**	**31.9**	**44.3**	**42.9**
Intersegment Elimination	(3.1)	9.6	(9.7)	4.5	**5.0**	**(3.9)**	**1.1**	**2.8**
Consolidated	¥ (194.9)	¥ 58.0	¥ 189.1	¥ 95.3	**¥ 211.6**	**¥ 111.5**	**¥ 99.0**	**¥ 46.1**

Management's Discussion and Analysis of Financial Condition and Results of Operations

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 2011. Toyota's primary markets based on vehicle unit sales for fiscal 2011 were: Japan (26%), North America (28%), Europe (11%) and Asia (17%). Japan's economy suffered greatly from the effects of the Great East Japan Earthquake that occurred on March 11, 2011, and its aftermath (collectively, the "Great East Japan Earthquake"). Toyota experienced impacts on its production in the latter half of March 2011. This also had an effect on Toyota's results of operations in fiscal 2011, particularly in terms of damages on several types of assets such as inventories and an increase in provision for credit losses. The following analysis describes these impacts. See "Information on the Company — Business Overview —" for more detailed information of the Great East Japan Earthquake.

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 or operate vehicles. These factors can cause consumer demand to vary substantially in different geographic markets and for different types of automobiles.

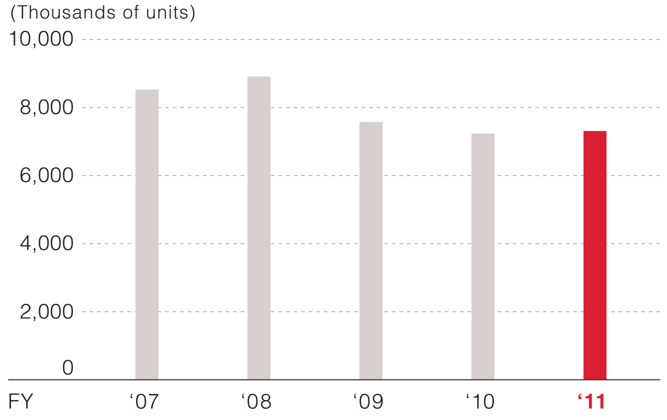
During fiscal 2011, the automotive market expanded especially in emerging countries such as China, and technological development and new product launches have accelerated, primarily due to increased consumer demand for the compact and low-price vehicles and heightened worldwide environmental awareness.

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,		
	2009	2010	**2011**
Japan	1,945	2,163	**1,913**
North America	2,212	2,098	**2,031**
Europe	1,062	858	**796**
Asia	905	979	**1,255**
Other*	1,443	1,139	**1,313**
Overseas total	5,622	5,074	**5,395**
Total	7,567	7,237	**7,308**

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

Consolidated Vehicle Sales



During fiscal 2010, Toyota's consolidated vehicle unit sales in Japan increased as compared with the prior fiscal year reflecting frequent introduction of new products and sales efforts of domestic dealers. During fiscal 2011, market conditions in Japan deteriorated as compared with the prior fiscal year. Despite this, Toyota and Lexus brands' market share in Japan excluding mini-vehicles was 47.3%, and Toyota's market share (including Daihatsu and Hino brands) in Japan including mini-vehicles was 43.7%, both maintaining the high level of market share in Japan from the prior fiscal year. Overseas consolidated vehicle unit sales decreased during fiscal 2010, whereas they increased during fiscal 2011. During fiscal 2010, total overseas vehicle unit sales decreased, particularly in Europe, despite an increase in Asia. During fiscal 2011, vehicle unit sales increased in Asia and Other.

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,
- the adverse effect on production due to the reliance on various suppliers for the provision of supplies,
- the adverse effect on market, sales and productions of natural calamities and interruptions of social infrastructure, and
- changes in the value of the Japanese yen and other currencies in which Toyota conducts 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, 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

Management's Discussion and Analysis of Financial Condition and Results of Operations

those hazardous materials and recyclable parts are removed from vehicles prior to scrapping. 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 be required under the terms of the settlement agreement to 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 when potential safety problems arise, Toyota issues vehicle recalls and takes other safety measures including safety campaigns with respect to its vehicles. In November 2009, Toyota announced a safety campaign in North America for certain models of Toyota and Lexus brands' 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 recall in markets including Japan, North America and Europe related to the braking control system in certain vehicle 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

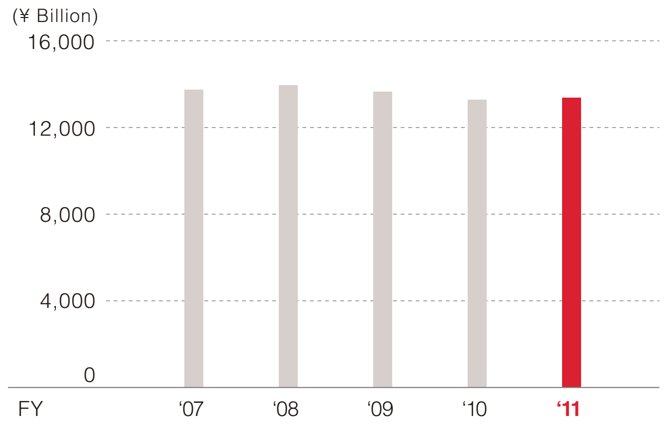
The competition of worldwide automobile financial services industry is intensifying despite the recovery trend in the automotive markets. As competition increases, margins on financing transactions may decrease and market share may also decline as customers obtain financing for Toyota vehicles from alternative 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's financial assets decreased during fiscal 2011 due to the unfavorable 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 in the past two fiscal years.

	Yen in millions	
	March 31,	
	2010	**2011**
Finance Receivables		
Retail	¥ 7,162,082	**¥ 7,128,453**
Finance leases	1,232,508	**1,123,188**
Wholesale and other dealer loans	2,051,301	**1,990,557**
	10,445,891	**10,242,198**
Deferred origination costs	109,747	**104,391**
Unearned income	(482,983)	**(496,235)**
Allowance for credit losses		
Retail	(160,351)	**(92,199)**
Finance leases	(36,917)	**(36,024)**
Wholesale and other dealer loans	(35,211)	**(28,580)**
	(232,479)	**(156,803)**
Total finance receivables, net	9,840,176	**9,693,551**
Less – Current portion	(4,209,496)	**(4,136,805)**
Noncurrent finance receivables, net	¥ 5,630,680	**¥ 5,556,746**
Operating Leases		
Vehicles	¥ 2,516,948	**¥ 2,404,032**
Equipment	96,300	**87,914**
	2,613,248	**2,491,946**
Less – Accumulated depreciation	(791,169)	**(662,255)**
Vehicles and equipment on operating leases, net	¥ 1,822,079	**¥ 1,829,691**

Management's Discussion and Analysis of Financial Condition and Results of Operations

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 "Critical Accounting Estimates — Allowance for Doubtful Accounts and Credit Losses" and note 11 to the consolidated financial statements.

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 "Critical Accounting Estimates — Investment in Operating Leases" and note 2 to the consolidated financial statements.

Toyota 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 as a hedge of specific assets or liabilities on Toyota's consolidated balance sheet and accordingly, unrealized gains or losses related to derivatives that are not designated as a hedge are recognized currently in operations. See discussion in "Critical Accounting Estimates — Derivatives and Other Contracts at Fair Value" and "Quantitative and Qualitative Disclosures about Market Risk" and note 20 to the consolidated financial statements.

The fluctuations in 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 2010 and 2011, mainly as a result of lower interest rates.

Toyota launched its credit card business in Japan in April 2001. As of March 31, 2010, Toyota had 7.7 million cardholders, an increase of 0.6 million cardholders compared with March 31, 2009. As of March 31, 2011, Toyota had 8.9 million cardholders, an increase of 1.2 million cardholders compared with March 31, 2010. The credit card receivables at March 31, 2010 increased by ¥30.8 billion from March 31, 2009 to ¥255.4 billion. The credit card receivables at March 31, 2011 increased by ¥8.1 billion from March 31, 2010 to ¥263.5 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 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, the British pound, and others. 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 2009 and 2010, Toyota produced 64.5% and 73.4% of Toyota's non-domestic sales outside Japan, respectively. In North America, 60.0% and 72.6% of vehicles sold in calendar 2009 and 2010 respectively were produced locally. In Europe, 57.0% and 59.0% of vehicles sold in calendar 2009 and 2010 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.

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 2010 and 2011, 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 "Quantitative and Qualitative Disclosures about Market Risk — Market Risk Disclosures — Foreign Currency Exchange Rate Risk".

During fiscal 2010 and 2011, the average exchange rate of the Japanese yen strengthened against the major currencies including the U.S. dollar and the euro compared with the average exchange rate of the prior fiscal year. The operating results excluding the impact of currency fluctuations described in "Results of Operations — Fiscal 2011 Compared with Fiscal 2010" and "Results of Operations — Fiscal 2010 Compared with Fiscal 2009" 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 2010 and 2011, 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

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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 vehicle unit sales, production volume, 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,		
	2009	2010	**2011**
Japan	¥7,471,916	¥7,314,813	**¥6,966,929**
North America	6,097,676	5,583,228	**5,327,809**
Europe	2,889,753	2,082,671	**1,920,416**
Asia	2,450,412	2,431,648	**3,138,112**
Other*	1,619,813	1,538,613	**1,640,422**

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

Revenues by Market
FY2011

Results of Operations — Fiscal 2011 Compared with Fiscal 2010

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Net revenues:				
Japan	¥11,220,303	**¥10,986,246**	¥ (234,057)	−2.1%
North America	5,670,526	**5,429,136**	(241,390)	−4.3%
Europe	2,147,049	**1,981,497**	(165,552)	−7.7%
Asia	2,655,327	**3,374,534**	719,207	+27.1%
Other*	1,673,861	**1,809,116**	135,255	+8.1%
Intersegment elimination/ unallocated amount	(4,416,093)	**(4,586,841)**	(170,748)	—
Total	¥18,950,973	**¥18,993,688**	¥ 42,715	+0.2%
Operating income (loss):				
Japan	¥ (225,242)	**¥ (362,396)**	¥ (137,154)	—
North America	85,490	**339,503**	254,013	+297.1%
Europe	(32,955)	**13,148**	46,103	—
Asia	203,527	**312,977**	109,450	+53.8%
Other*	115,574	**160,129**	44,555	+38.6%
Intersegment elimination/ unallocated amount	1,122	**4,918**	3,796	+338.3%
Total	¥ 147,516	**¥ 468,279**	¥ 320,763	+217.4%
Operating margin	0.8%	**2.5%**	1.7%	
Income before income taxes and equity in earnings of affiliated companies	291,468	**563,290**	271,822	+93.3%
Net margin from income before income taxes and equity in earnings of affiliated companies	1.5%	**3.0%**	1.5%	
Equity in earnings of affiliated companies	45,408	**215,016**	169,608	+373.5%
Net income attributable to Toyota Motor Corporation	209,456	**408,183**	198,727	+94.9%
Net margin attributable to Toyota Motor Corporation	1.1%	**2.1%**	1.0%	

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

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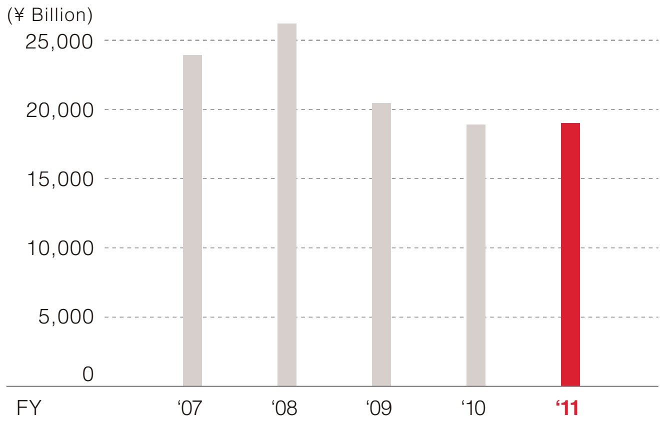
Net Revenues

Toyota had net revenues for fiscal 2011 of ¥18,993.6 billion, an increase of ¥42.7 billion, or 0.2%, compared with the prior fiscal year. This increase reflects the impact of increased vehicle unit sales and changes in sales mix of approximately ¥740.0 billion, as well as increased parts sales of ¥69.8 billion, partially offset by unfavorable impact of fluctuations in foreign currency translation rates of ¥801.3 billion. Excluding the difference in the Japanese yen value used for translation purposes of ¥801.3 billion, net revenues would have been approximately ¥19,794.9 billion during fiscal 2011, a 4.5% increase compared with the prior fiscal year. The automotive market in fiscal 2011 contracted by 6.6% in Japan compared with the prior fiscal year due to the decline in demand following the conclusion of subsidies for environmentally-friendly vehicles ("eco-car") offered by the government as a part of its stimulus packages, as well as the impact of the Great East Japan Earthquake. However, the Asian automotive market marked a significant increase of 27.6% compared with the prior calendar year, reflecting the recovery trend of the Asian economy. Under these automotive market conditions, Toyota's consolidated vehicle unit sales increased to 7,308 thousand vehicles by 1.0% compared with the prior fiscal year.

Net Revenues



The table below shows Toyota's net revenues from external customers by product category and by business.

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Vehicles	¥14,309,595	**¥14,507,479**	¥ 197,884	+1.4%
Parts and components for overseas production	355,273	**335,366**	(19,907)	–5.6%
Parts and components for after service	1,543,941	**1,553,497**	9,556	+0.6%
Other	978,499	**926,411**	(52,088)	–5.3%
Total Automotive	17,187,308	**17,322,753**	135,445	+0.8%
All Other	537,421	**497,767**	(39,654)	–7.4%
Total sales of products	17,724,729	**17,820,520**	95,791	+0.5%
Financial services	1,226,244	**1,173,168**	(53,076)	–4.3%
Total	¥18,950,973	**¥18,993,688**	¥ 42,715	+0.2%

Toyota's net revenues include net revenues from sales of products, consisting of net revenues from automotive operations and all other operations, that increased by 0.5% during fiscal 2011 compared with the prior fiscal year to ¥17,820.5 billion, and net revenues from financial services operations that decreased by 4.3% during fiscal 2011 compared with the prior fiscal year to ¥1,173.1 billion. Excluding the difference in the Japanese yen value used for translation purposes of ¥724.1 billion, net revenues from sales of products would have been ¥18,544.6 billion, a 4.6% increase during fiscal 2011 compared with the prior fiscal year. The increase in net revenues from sales of products is due to an increase in Toyota vehicle unit sales by 71 thousand vehicles. Excluding the difference in the Japanese yen value used for translation purposes of ¥77.2 billion, net revenues from financial services operations would have been approximately ¥1,250.3 billion, a 2.0% increase during fiscal 2011 compared with the prior fiscal year. This increase was mainly due to the increase of ¥13.1 billion rental revenue generated by vehicles and equipment on operating lease.

The following table shows the number of financing contracts by geographic region at the end of the fiscal 2011 and 2010, respectively.

	Numbers of financing contracts in thousands			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Japan	1,684	**1,709**	25	+1.5%
North America	4,488	**4,654**	166	+3.7%
Europe	774	**790**	16	+2.0%
Asia	428	**522**	94	+22.1%
Other*	476	**527**	51	+10.7%
Total	7,850	**8,202**	352	+4.5%

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

Geographically, net revenues (before the elimination of intersegment revenues) for fiscal 2011 decreased by 2.1% in Japan, 4.3% in North America, and 7.7% in Europe, whereas net revenues increased by 27.1% in Asia and 8.1% in Other compared with the prior fiscal year. Excluding the difference in the Japanese yen value used for translation purposes of ¥801.3 billion, net revenues in fiscal 2011 would have decreased by 2.1% in Japan, and would have increased by 3.6% in North America, 4.1% in Europe, 29.7% in Asia and 11.0% in Other compared with the prior fiscal year.

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

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Japan

	Thousands of units			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,163	**1,913**	(250)	–11.5%

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Net revenues:				
Sales of products	¥11,095,044	**¥10,864,329**	¥(230,715)	–2.1%
Financial services	125,259	**121,917**	(3,342)	–2.7%
Total	¥11,220,303	**¥10,986,246**	¥(234,057)	–2.1%

Due to the decline in demand following the conclusion of subsidies for eco-car offered by the government as a part of its stimulus packages, as well as the impact of the Great East Japan Earthquake, Toyota's domestic vehicle unit sales decreased by 250 thousand vehicles compared with the prior fiscal year. The decrease in vehicle unit sales resulted primarily from a 30 thousand vehicles, or 31.1%, decrease in Passo sales and a 29 thousand vehicles, or 38.4%, decrease in WISH sales. On the other hand, the decrease in net revenues from domestic vehicle unit sales was partially offset by the increase in the number of exported vehicles for the overseas markets of 190 thousand vehicles, or 8.6%.

North America

	Thousands of units			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,098	**2,031**	(67)	–3.2%

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Net revenues:				
Sales of products	¥4,782,379	**¥4,603,192**	¥(179,187)	–3.7%
Financial services	888,147	**825,944**	(62,203)	–7.0%
Total	¥5,670,526	**¥5,429,136**	¥(241,390)	–4.3%

In North America, the vehicle unit sales of specified vehicle models increased due to the recovering trends of the automobile market and improvements to the overall economy. The increase in vehicle unit sales and this impact on sales trends were mainly represented by a 48 thousand vehicles, or 54.5%, increase in Sienna sales, a 30 thousand vehicles, or 39.2%, increase in Highlander sales, a 29 thousand vehicles, or 123.7%, increase in 4Runner sales, and a 27 thousand vehicles, or 14.1%, increase in RAV4 sales. Despite the improvements including a favorable effect of changes in sales mix, net revenues decreased compared with the prior fiscal year due to the decrease in vehicle unit sales by an intense competitive environment that introduced new vehicle models to the market and the unfavorable impact of fluctuations in foreign currency translation rates of ¥448.0 billion. The decrease in vehicle unit sales resulted primarily from an 84 thousand vehicles, or 23.0%, decrease in Corolla sales and a 28 thousand vehicles, or 7.9%, decrease in Camry sales, partially offset by the increase in vehicle unit sales of the aforementioned specified vehicle models.

Europe

	Thousands of units			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Toyota's consolidated vehicle unit sales	858	**796**	(62)	–7.3%

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Net revenues:				
Sales of products	¥2,065,768	**¥1,910,336**	¥(155,432)	–7.5%
Financial services	81,281	**71,161**	(10,120)	–12.5%
Total	¥2,147,049	**¥1,981,497**	¥(165,552)	–7.7%

Although retail sales of Toyota and Lexus brands' vehicles increased in some European countries compared with the prior fiscal year, such as 36 thousand vehicles, or 52.5%, increase in Russia and 20 thousand vehicles, or 82.6%, increase in Turkey, net revenues in Europe generally decreased due primarily to the 62 thousand vehicles decrease in Toyota's vehicle unit sales compared with the prior fiscal year resulting from a decrease in demand following the conclusion of government stimulus packages in Western Europe, and the unfavorable impact of fluctuations in foreign currency translation rates of ¥253.2 billion.

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Asia

	Thousands of units			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Toyota's consolidated vehicle unit sales	979	**1,255**	276	+28.1%

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Net revenues:				
Sales of products	¥2,612,595	**¥3,325,466**	¥712,871	+27.3%
Financial services	42,732	**49,068**	6,336	+14.8%
Total	¥2,655,327	**¥3,374,534**	¥719,207	+27.1%

Toyota's vehicle unit sales in Asia increased by 276 thousand vehicles compared with the prior fiscal year and represented a record high unit sales. This increase in net revenues was due to the overall recovery of Asian automotive markets which was supported by the recovery trend of the Asian economy, particularly in Thailand and Indonesia. Excluding the difference of ¥70.7 billion in the Japanese yen value used for translation purposes, net revenues would have increased by ¥789.9 billion.

Other

	Thousands of units			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,139	**1,313**	174	+15.3%

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Net revenues:				
Sales of products	¥1,571,846	**¥1,694,680**	¥122,834	+7.8%
Financial services	102,015	**114,436**	12,421	+12.2%
Total	¥1,673,861	**¥1,809,116**	¥135,255	+8.1%

Net revenues in Other increased due to increases in Toyota's vehicle unit sales as a result of economic recovery in certain of these markets. Toyota's vehicle unit sales increased by 103 thousand vehicles in the Middle East, by 50 thousand vehicles in Central and South America, and by 25 thousand vehicles in Africa, respectively, compared with the prior fiscal year.

Operating Costs and Expenses

	Yen in millions			
	Year ended March 31,		2011 vs. 2010 Change	
	2010	**2011**	Amount	Percentage
Operating costs and expenses				
Cost of products sold	¥15,971,496	**¥15,985,783**	¥ 14,287	+0.1%
Cost of financing operations	712,301	**629,543**	(82,758)	−11.6%
Selling, general and administrative	2,119,660	**1,910,083**	(209,577)	−9.9%
Total	¥18,803,457	**¥18,525,409**	¥(278,048)	−1.5%

	Yen in millions
Changes in operating costs and expenses:	2011 vs. 2010 Change
Effect of increase in vehicle unit sales and changes in sales mix	¥ 580,000
Effect of fluctuation in foreign currency translation rates	(765,100)
Effect of increase in parts sales	15,400
Effect of cost reduction efforts	(180,000)
Effect of increase in miscellaneous costs and others	71,652
Total	¥(278,048)

Operating costs and expenses decreased by ¥278.0 billion, or 1.5%, to ¥18,525.4 billion during fiscal 2011 compared with the prior fiscal year. This decrease resulted from the ¥765.1 billion favorable impact of fluctuations in foreign currency translation rates, and the ¥180.0 billion impact of cost reduction efforts, partially offset by the ¥580.0 billion impact of increase in vehicle unit sales and change in sales mix and the ¥71.7 billion increase in the miscellaneous costs and others including ¥20.0 billion increase in costs related to the Great East Japan Earthquake, and the ¥15.4 billion impact of increase in parts sales.

The ¥71.7 billion increase in miscellaneous costs and others includes ¥30.0 billion increase in product quality related expenses. This cost increased compared with the prior fiscal year due to the approximately ¥100.0 billion increase in costs related to recalls and other safety measures conducted to heighten the level of reassurance for customers, partially offset by the approximately ¥70.0 billion decrease in product warranty costs due to decrease in payments to repair or replace defects of vehicles based on warranty contracts. See note 14 to the consolidated financial statements for further information.

In fiscal 2011, Toyota announced recalls and other safety measures including the following:

In July 2010, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota and Lexus brands' vehicles related to abnormal engine noise or idling due to engine valve springs that contained some foreign materials. The affected vehicle models included Crown, GS350/450h/460, IS350, and LS460/600h/600hL, and 275 thousand vehicles were included in this recall.

In August 2010, Toyota announced in North America the voluntary safety recall of certain models of Toyota vehicles to address the check engine illuminations and harsh shifting that may result from improper manufacturing of some

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Electronic Control Modules (ECMs). The affected vehicle models included Corolla and Matrix, and 1,360 thousand vehicles were included in this recall.

In October 2010, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota and Lexus brands' vehicles related to the connector terminal that may fail due to the inflexibility of the material of the fuel pump wiring harness and braking performance that may gradually decline by brake fluid leakage from the brake master cylinder. The affected vehicle models included Crown, Crown Majesta, Mark X, KlugerL, KlugerV, Harrier, AlphardG, AlphardV, Avalon, Highlander, RX330, GS300, GS350, IS250, IS350, and IS220D, and 1,470 thousand vehicles were included in this recall.

In January 2011, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota and Lexus brands' vehicles to address fuel leakage that may result from improper manufacturing of engine fuel pipe and fuel pump. The affected vehicle models included Noah, Voxy, RAV4L, RAV4J, Caldina, Isis, Vista, Vista Ardeo, Opa, Premio, Allion, Gaia, Nadia, WISH, Avensis, and Avensis Wagon and 1,343 thousand vehicles were included in this recall.

The net changes in fiscal 2010 and 2011 in the accrual for the four recalls and other safety measures that occurred in fiscal 2010 are shown below.

	Yen in millions	
	Year ended March 31,	
	2010	**2011**
Balance at the beginning of year	¥ —	**¥ 56,600**
Accrual	89,000	**13,100**
Amounts paid	(32,400)	**(51,700)**
Balance at the end of year	¥ 56,600	**¥ 18,000**

Toyota expanded the coverage of a safety campaign in North America for certain models of Toyota and Lexus brands' vehicles related to floor mat entrapment of accelerator pedals to include additional models, which was initially announced in November 2009. In March 2011, Toyota also expanded the safety campaign coverage to include more models to heighten the level of reassurance for customers. The vehicle models involved were LX570, RAV4, and 4Runner.

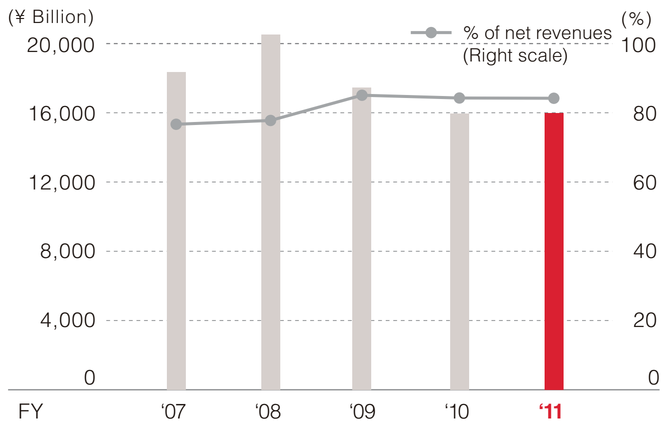
■ Cost Reduction Efforts

During fiscal 2011, continued cost reduction efforts reduced operating costs and expenses by ¥180.0 billion. The effect of cost reduction efforts include the impact of fluctuation in the price of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. In fiscal 2011, raw materials prices were on an increasing trend; however, continued cost reduction efforts, by working closely with suppliers, contributed to the improvement in earnings by offsetting the effects from price increase. These cost reduction efforts related to ongoing value engineering and value analysis activities, the use of common parts resulting 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 increased by ¥14.3 billion, or 0.1%, to ¥15,985.8 billion during fiscal 2011 compared with the prior fiscal year. The increase resulted from the ¥520.0 billion impact of increase in vehicle unit sales and changes in sales mix, ¥90.0 billion increase in miscellaneous costs, and the ¥13.9 billion impact of increases in parts sales, partially offset by the ¥584.9 billion favorable impact of fluctuations in foreign currency translation rates, and the ¥180.0 billion impact of cost reduction efforts. The increase in miscellaneous costs was due mainly to the ¥30.0 billion increase in costs related to quality initiatives, the ¥25.0 billion increase in research and development expenses and the ¥5.2 billion increase in labor costs. The increase in vehicle unit sales and the changes in sales mix was due to the automotive market recovery associated with global economic turnaround.

Cost of Products Sold



■ Cost of Financing Operations

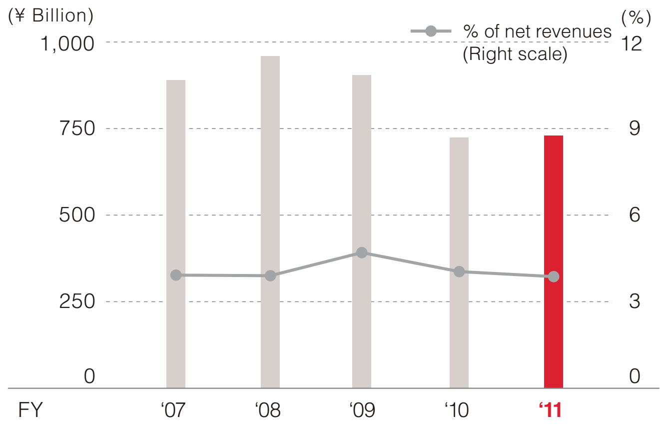
	Yen in millions
	2011 vs. 2010 Change
Changes in cost of financing operations:	
Effect of fluctuation in foreign currency translation rates	¥(64,700)
Effect of increase in valuation gains on interest rate swaps stated at fair value	(6,400)
Effect of decrease in provision for residual value losses	(30,000)
Other	18,342
Total	¥(82,758)

Cost of financing operations decreased by ¥82.8 billion, or 11.6%, to ¥629.5 billion during fiscal 2011 compared with the prior fiscal year. The decrease resulted from the ¥64.7 billion favorable impact of fluctuations in foreign currency translation rates, the ¥30.0 billion decrease in provision for residual value losses and the ¥6.4 billion recognition of valuation gains on interest rate swaps stated at fair value. The decrease in provision for residual value losses is attributable to prices in the used vehicles markets remaining at an unprecedented high level particularly in the United States.

■ Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by ¥209.5 billion, or 9.9%, to ¥1,910.1 billion during fiscal 2011 compared with the prior fiscal year. This decrease reflects the ¥115.5 billion favorable impact of fluctuations in foreign currency translation rates and the ¥83.9 billion decrease for the financial services operations. This decrease for the financial services operations includes the ¥100.0 billion decrease in provision for credit losses and net charge-offs, which is attributable to the prices of used vehicles remaining at an unprecedented high level mainly in the United States and the prices of used Toyota and Lexus brands' vehicles also remaining at a high level, partially offset by the ¥15.0 billion increase in provision for credit losses and charge-offs in relation to the Great East Japan Earthquake.

R&D Expenses



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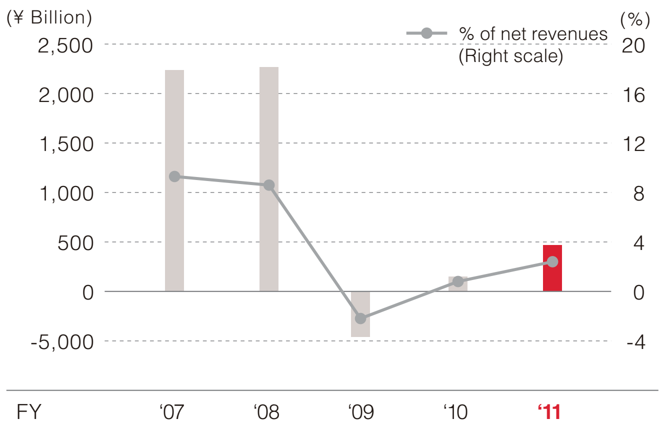
Operating Income

	Yen in millions 2011 vs. 2010 Change
Changes in operating income and loss:	
Effect of increase in vehicle unit sales and changes in sales mix and other operational factors	¥300,000
Effect of increase in parts sales	54,400
Effect of fluctuation in foreign currency translation rates	(36,200)
Effect of increase in miscellaneous costs	(30,000)
Effect of cost reduction efforts, financial services operations, and others	32,563
Total	¥320,763

Toyota's operating income increased by ¥320.7 billion, or 217.4%, to ¥468.2 billion during fiscal 2011 compared with the prior fiscal year. This increase was favorably impacted by the ¥300.0 billion increase in vehicle unit sales and changes in sales mix and other operational factors, the ¥54.4 billion increase in parts sales, the ¥32.6 billion impact of cost reduction efforts, financial services operations, and others, partially offset by the ¥36.2 billion unfavorable impact of fluctuations in foreign currency translation rates, and the ¥30.0 billion increase in miscellaneous costs including ¥20.0 billion impact of increase in expenses related to the Great East Japan Earthquake. The ¥32.6 billion increase of cost reduction efforts, financial services operations, and others was due to the ¥180.0 billion impact of cost reduction efforts and the ¥130.0 billion impact of financial services operations, partially offset by the ¥290.0 billion unfavorable impact of fluctuations in foreign currency translation rates.

During fiscal 2011, operating income (before elimination of intersegment profits), increased by ¥254.1 billion, or 297.1%, in North America, increased by ¥46.1 billion in Europe, increased by ¥109.4 billion, or 53.8%, in Asia, and increased by ¥44.6 billion, or 38.6%, in Other compared with the prior fiscal year, whereas it decreased by ¥137.2 billion in Japan.

Operating Income (Loss)



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

Japan

	Yen in millions 2011 vs. 2010 Change
Changes in operating income and loss:	
Effect of increase in the number of exported vehicles for the overseas market and other operational factors	¥ 115,000
Effect of cost reduction efforts, increase in miscellaneous costs and others	(252,154)
Total	¥(137,154)

The increase in operating losses in Japan was due to the ¥252.2 billion increase in cost reduction efforts, increase in miscellaneous costs and others, partially offset by the ¥115.0 billion impact of increase in the number of exported vehicles for the overseas market. The cost reduction efforts, increase in miscellaneous costs and others were mainly due to the ¥330.0 billion unfavorable impact of fluctuations in foreign currency translation rates and the ¥50.0 billion increase in miscellaneous costs and others, partially offset by the ¥140.0 billion impact of cost reduction efforts in automotive operations. The ¥50.0 billion increase in miscellaneous costs and others includes the ¥20.0 billion increase in costs related to the Great East Japan Earthquake.

North America

	Yen in millions 2011 vs. 2010 Change
Changes in operating income and loss:	
Effect of increase in production volume and other operational factors	¥105,000
Effect of fluctuation in foreign currency translation rates	(23,800)
Effect of financial services operations, cost reduction efforts, decrease in miscellaneous costs and others	172,813
Total	¥254,013

The increase in operating income in North America was due to the ¥130.0 billion increase in operating income in the financial services operations including impacts of the ¥100.0 billion decrease in the provision for credit losses and net charge-offs and the ¥30.0 billion decrease in the provision for residual value losses primarily for sales finance subsidiaries in the United States, the ¥105.0 billion impact of increase in production volume, the ¥30.0 billion impact of cost reduction efforts, and the ¥15.0 billion decrease in miscellaneous costs and others, partially offset by the ¥23.8 billion unfavorable impact of the fluctuations in foreign currency translation rates. The increase in production volume in North America is attributable to the increase in local vehicle production by 296 thousands of RAV4, Highlander and other models.

Europe

	Yen in millions 2011 vs. 2010 Change
Changes in operating income and loss:	
Effect of fluctuation in foreign currency translation rates	¥ 1,400
Effect of cost reduction efforts, decrease in miscellaneous costs and others	44,703
Total	¥46,103

The increase in operating income in Europe was due to the ¥30.0 billion decrease in miscellaneous costs in automotive operations, the ¥5.0 billion effect of cost reduction efforts, the ¥5.0 billion increase in operating income in the financial services operations, and the ¥1.4 billion favorable impact of fluctuations in foreign currency translation rates.

Asia

	Yen in millions 2011 vs. 2010 Change
Changes in operating income and loss:	
Effect of increase in production volume and vehicle unit sales and other operational factors	¥105,000
Effect of fluctuation in foreign currency translation rates	(5,900)
Effect of cost reduction efforts, decrease in miscellaneous costs and others	10,350
Total	¥109,450

The increase in operating income in Asia was due to the ¥105.0 billion impact of increases in both production volume and vehicle unit sales and other operational factors, partially offset by the ¥5.9 billion unfavorable impact of fluctuations in foreign currency translation rates. The increases in both production volume and vehicle unit sales

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in Asia were primarily attributable to the increase in Toyota's vehicle unit sales by 276 thousand vehicles supported by the recovery of Asian automotive markets, particularly in Thailand and Indonesia, as the Asian economy is generally in the recovery trend.

Other Income and Expenses

Interest and dividend income increased by ¥12.6 billion, or 16.0%, to ¥90.8 billion during fiscal 2011 compared with the prior fiscal year due to the ¥10.5 billion increase of dividend income.

Interest expense decreased by ¥4.1 billion, or 12.2%, to ¥29.3 billion during fiscal 2011 compared with the prior fiscal year.

Foreign exchange gain, net decreased by ¥53.9 billion, or 79.0%, to ¥14.3 billion during fiscal 2011 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 decreased by ¥11.7 billion, or 37.7%, to ¥19.2 billion during fiscal 2011 compared with the prior fiscal year.

Income Taxes

The provision for income taxes increased by ¥220.2 billion, or 237.6%, to ¥312.8 billion during fiscal 2011 compared with the prior fiscal year due to the increase in income before income taxes. The effective tax rate for fiscal 2011 was 55.5%, which was higher than the statutory tax rate in Japan. This was due to the increase in deferred tax liabilities relating to undistributed earnings in affiliated companies accounted for by the equity method.

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 ¥22.5 billion, or 64.9%, to ¥57.3 billion during fiscal 2011 compared with the prior fiscal year. This increase was due to an increase during fiscal 2011 in net income attributable to the shareholders of consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2011 increased by ¥169.6 billion, or 373.5%, to ¥215.0 billion compared with the prior fiscal year. This increase was due to an increase during fiscal 2011 in net income attributable to the shareholders of affiliated companies accounted for by the equity method.

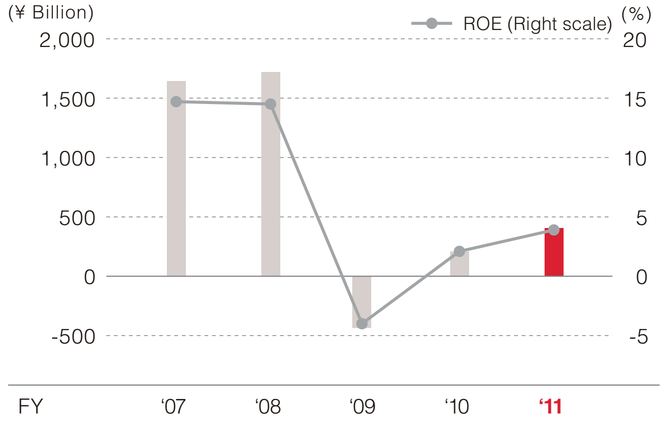
Net Income attributable to Toyota Motor Corporation

Net income attributable to the shareholders of Toyota Motor Corporation increased by ¥198.7 billion, or 94.9%, to ¥408.1 billion during fiscal 2011 compared with the prior fiscal year.

Other Comprehensive Income and Loss

Other comprehensive income decreased by ¥558.8 billion to loss of ¥297.9 billion for fiscal 2011 compared with the prior fiscal year. This decrease resulted from unfavorable foreign currency translation adjustments losses of ¥287.6 billion in fiscal 2011 compared with gains of ¥9.8 billion in the prior fiscal year, and from unrealized holding losses on securities in fiscal 2011 of ¥26.1 billion compared with gains of ¥176.4 billion in the prior fiscal year. The decrease in unrealized holding gains on securities was due to changes in stock prices.

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,		2011 vs. 2010 Change	
		2010	2011	Amount	Percentage
Automotive	Net revenues	¥17,197,428	**¥17,337,320**	¥139,892	+0.8%
	Operating income (loss)	(86,370)	**85,973**	172,343	—
Financial Services	Net revenues	¥ 1,245,407	**¥ 1,192,205**	¥ (53,202)	–4.3%
	Operating income	246,927	**358,280**	111,353	+45.1%
All Other	Net revenues	¥ 947,615	**¥ 972,252**	¥ 24,637	+2.6%
	Operating income (loss)	(8,860)	**35,242**	44,102	—
Intersegment elimination/ unallocated amount:	Net revenues	¥ (439,477)	**¥ (508,089)**	¥ (68,612)	—
	Operating income (loss)	(4,181)	**(11,216)**	(7,035)	—

Automotive Operations Segment

The automotive operations segment is Toyota's largest operating segment by net revenues. Net revenues for the automotive segment increased during fiscal 2011 by ¥139.9 billion, or 0.8%, compared with the prior fiscal year to ¥17,337.3 billion. The increase was due to the ¥740.0 billion impact of increased vehicle unit sales and the changes in sales mix and the ¥69.8 billion increase in parts sales, partially offset by the ¥722.5 billion unfavorable impact of fluctuations in foreign currency translation rates.

Operating income from the automotive operations increased by ¥172.3 billion during fiscal 2011 compared with the prior fiscal year to ¥86.0 billion. This increase in operating income was due to the ¥300.0 billion impact of increased vehicle unit sales and the changes in sales mix, the ¥180.0 billion effect of cost reduction efforts and the ¥54.4 billion impact of increase in parts sales, partially offset by the ¥30.0 billion increase in miscellaneous costs and the ¥290.0 billion unfavorable impact of fluctuations in foreign currency rates.

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The increase in vehicle unit sales and changes in sales mix was due primarily to an increase in Toyota's vehicle unit sales by 71 thousand vehicles compared with the prior fiscal year, favored by the automotive market recovery during fiscal 2011. The increase in miscellaneous costs includes the ¥30.0 billion increase in costs related to quality initiatives and the ¥5.0 billion impact of damages in inventories and other assets resulting from the Great East Japan Earthquake.

Financial Services Operations Segment

Net revenues for the financial services operations decreased during fiscal 2011 by ¥53.2 billion, or 4.3%, compared with the prior fiscal year to ¥1,192.2 billion. This decrease was primarily due to the unfavorable impact of fluctuations in foreign currency translation rates of ¥77.5 billion, partially offset by the ¥13.1 billion increase in rental income from vehicles and equipment on operating leases.

Operating income from financial services operations increased by ¥111.3 billion, or 45.1%, to ¥358.2 billion during fiscal 2011 compared with the prior fiscal year. This increase was due to the ¥100.0 billion decrease in provision for credit losses and net charge-offs, and the ¥30.0 billion decrease in provision for residual value losses, while the provision for credit losses and net charge-offs include the ¥15.0 billion increase in provision for credit losses and net charge-offs related to the Great East Japan Earthquake.

The decrease in provisions for credit losses, net of charge-offs and residual value losses are primarily attributable to used car prices rising to an unprecedented high level in the United States and the prices of used Toyota and Lexus brands' vehicles also remaining at a high level.

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

	Year ended March 31, 2010	2011
Net charge-offs as a percentage of average gross earning assets:		
Finance receivables	1.15%	**0.61%**
Operating lease	0.63	**0.22**
Total	1.03%	**0.52%**

All Other Operations Segment

Net revenues for Toyota's other operations segments increased by ¥24.6 billion, or 2.6%, to ¥972.2 billion during fiscal 2011 compared with the prior fiscal year.

Operating income from Toyota's other operations segments increased by ¥44.1 billion to ¥35.2 billion during fiscal 2011 compared with the prior fiscal year.

Results of Operations — Fiscal 2010 Compared with Fiscal 2009

Yen in millions

	Year ended March 31, 2009	2010	2010 vs. 2009 Change 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%
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

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 fiscal 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. Excluding the difference in the Japanese yen value used for translation purposes of ¥986.9 billion, net revenues would have been approximately ¥19,937.8 billion during fiscal 2010, a 2.9% decrease compared with the prior fiscal year. The automotive market expanded by 10.0%

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in Japan compared to the prior fiscal year benefiting from the government stimulus packages. However, other automotive markets contracted significantly such as by 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, a decrease of 4.4%, compared to the prior fiscal year.

The table below shows Toyota's net revenues from external customers by product category and by business segment.

	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. Excluding the difference in the Japanese yen value used for translation purposes of ¥894.0 billion, 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. Excluding the difference in the Japanese yen value used for translation purposes of ¥92.9 billion, 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 the unfavorable impact of fluctuations in foreign currency translation rates of ¥92.9 billion and the ¥63.5 billion decrease in rental income from vehicles and equipment on operating leases.

The following table shows the number of financing contracts by geographic region at the end of the fiscal year 2009 and 2010.

	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. Excluding the difference in the Japanese yen value used for translation purposes of ¥1,020.2 billion, 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 government stimulus packages including the eco-car tax reduction and subsidies, Toyota's domestic vehicle unit sales increased by 218 thousand vehicles compared to the prior fiscal year mainly within the environmentally-friendly and new vehicle markets, consisting of a 210 thousand vehicles, or 297.6%, increase in Prius sales and a 19 thousand vehicles increase in SAI sales. However, net revenues in Japan decreased reflecting the decrease by 497 thousand vehicles, or 18.4%, in the number of exported vehicles for the overseas markets.

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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%

In North America, 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 by 339 thousand vehicles, or 39.6%, year-on-year primarily consisting of an increase by 57 thousand vehicles, or 35.3%, increase in Corolla sales, 50 thousand vehicles, or 33.9%, in Camry sales, 48 thousand vehicles, or 86.1%, in RAV4 sales, and 11 thousand vehicles, or 30.2%, in sales of the new Sienna. This increase was in spite of having influence by recalls and other safety measures, such as the temporary decrease in retail sales of Toyota brand's vehicle by 18 thousand vehicles, or 15.8%, in January, 2010 and 9 thousand vehicles, or 8.5%, decrease in February, 2010 in each case compared with the same month in the prior year. However, net revenues decreased primarily as a result of a decrease in vehicle unit sales by 114 thousand vehicles during fiscal 2010 compared with the prior fiscal year due to a significant decrease in vehicle unit sales by 453 thousand vehicles, or 33.4%, caused by the downturn in the market during the first half of fiscal 2010 and the impact of fluctuation in foreign currency translation rates of ¥474.6 billion.

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 retail sales of Toyota and Lexus brands' vehicle increased in some European countries such as increases of 9 thousand vehicles, or 8.5%, in Germany and 7 thousand vehicles, or 14.5%, in Spain compared with the prior fiscal year benefiting from various government stimulus packages, net revenues in Europe overall decreased primarily due to the 204 thousand vehicles decrease in Toyota's vehicle unit sales which resulted from the downturn in the market and the impact of fluctuations in foreign currency translation rates of ¥260.6 billion.

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 by 74 thousand vehicles, 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 of ¥212.9 billion. Excluding 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%

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Net revenues in Other decreased due to decreases of Toyota's vehicle unit sales by 48 thousand vehicles in Central and South America, 10 thousand vehicles in Oceania, and 105 thousand vehicles in Africa 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,		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
Changes in operating costs and expenses:	2010 vs. 2009 Change
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 ¥520.0 billion impact of cost reduction efforts, the ¥470.0 billion decrease in fixed costs, the ¥178.7 billion decrease in research and development expenses, and the approximately ¥110.0 billion impact of 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 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.

The ¥946.3 billion in cost reduction efforts, decrease in fixed costs and other efforts was partially offset by ¥97.0 billion net increase in costs related to recalls and other safety measures from fiscal 2009 to fiscal 2010. This net increase includes a ¥105.7 billion increase in costs resulting from a change in the estimation model used to record Toyota's liability for recalls and other safety measures in fiscal 2010, an ¥89.0 billion increase resulting from the total estimated costs of the four recalls and other safety measures in fiscal 2010 as described below, and a ¥32.3 billion increase in costs related to other recalls and safety measures in fiscal 2010, offset by a decrease of approximately ¥130.0 billion related to customer satisfaction measures with respect to certain Tacoma pick-up trucks in North America recorded in fiscal 2009 also described below.

Of the ¥32.3 billion increase in costs related to other recalls and safety measures taken during fiscal 2010, approximately ¥21.0 billion is attributable to an accrual of additional costs in fiscal 2010 related to customer satisfaction measures with respect to Tacoma pick-up trucks reflecting an update to the repair ratio, based on fiscal 2010 repair experience, and the remainder is the result of an increased number of small-scale recalls and other safety measures.

The following is a description of the four recalls and other safety measures referenced above.

In fiscal 2010, Toyota experienced a significant increase in the number of vehicles subject to recalls and other safety measures. There were over 14,000 thousand vehicles worldwide subject to recalls and other safety measures in fiscal 2010, the majority of which occurred in the third and fourth quarters of fiscal 2010 relating to the following four recalls and other safety measures.

In November 2009, Toyota announced a safety campaign in North America for certain models of Toyota and Lexus brands' vehicles related to floor mat entrapment of accelerator pedals, and later expanded it to include additional models. The vehicle models involved were Camry, Avalon, Prius, Tacoma, Tundra, ES350, IS250/350, Highlander, Corolla, Venza and Matrix. In addition, in March 2011, Toyota expanded the safety campaign coverage to include additional models to heighten the level of reassurance for customers. The vehicle models involved were LX570, RAV4, and 4Runner. As of the end of March 2011, approximately 58% of the approximately 7,600 thousand vehicles included in the campaign were remedied to address the potential issues.

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. The vehicle models involved were Tundra, Sequoia, Avalon, Camry, Corolla, Matrix, RAV4 and Highlander. As of the end of March 2011, approximately 89% of the approximately 2,500 thousand vehicles subject to this recall were remedied to address sticking and slow-to-return accelerator pedals.

Also in January 2010, Toyota announced a recall in Europe and China for certain models of Toyota vehicles related to sticking and slow-to-return accelerator pedals. The vehicle models involved in Europe were Yaris, Verso, Corolla, Auris, Aygo, RAV4, iQ and Avensis. In China, the recall was limited to RAV4. As of the end of March 2011, approximately 89% of the approximately 1,700 thousand vehicles subject to this recall in Europe, and approximately 99% of the approximately 7,500 thousand vehicles subject to this recall in China, were remedied to address sticking and slow-to-return accelerator pedals.

In February 2010, Toyota announced a worldwide recall related to the software program that controls the anti-lock braking system (ABS) in Prius, HS250h, Prius PHV and SAI. As of the end of March 2011, approximately 96% of the approximately 430 thousand units subject to this recall received program updates.

As of the end of March 2011, a total of approximately 12.3 million remedies were announced on vehicles subject to the above four recalls and other safety measures. Total estimated costs associated with the above four recalls and other safety measures amounted to ¥89.0 billion for fiscal 2010. Of this amount, actual payments incurred for fiscal 2010 amounted to ¥32.4 billion yen. Specific types of costs involved include costs for parts, labor and costs related to loaner vehicles.

The net changes in the accrual for the four recalls and other safety measures described above consist of the following:

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	Yen in millions
	Year ended March 31,
	2010
Balance at the beginning of year	¥ —
Accrual	89,000
Amounts paid	(32,400)
Balance at the end of year	¥ 56,600

The following is a description of the customer satisfaction measures related to certain Tacoma pick-up trucks in North America referred to above.

In fiscal 2009, Toyota accrued the cost of the customer satisfaction measures related to Tacoma pick-up trucks in North America in order to address the possibility of rust developing on the frame of a portion of older model Tacoma pick-up trucks manufactured in North America between 1995 and 2004, by rendering repair services for a portion of the vehicles and providing warranty extensions of up to 15 years to owners of approximately 820 thousand vehicles, a portion of which may include vehicle buyback. Accordingly, the cost of approximately ¥130.0 billion was recorded in operating costs and expenses in fiscal 2009. The repair ratio for these customer satisfaction measures to date has been relatively low due primarily to the low rate of incidence of rust on the frames of these vehicles which may occur when exposed to severe environmental conditions including accumulation of road salts. This low repair ratio was assumed in the calculation of the accrual.

The net changes in the accrual for the customer satisfaction measures related to Tacoma pick-up trucks in North America described above consist of the following:

	Yen in millions		
	Year ended March 31,		
	2009	2010	**2011**
Balance at the beginning of year	¥ —	¥ 57,500	**¥ 50,100**
Accrual	130,000	21,000	**—**
Amounts paid	(72,500)	(28,400)	**(22,600)**
Balance at the end of year	¥ 57,500	¥ 50,100	**¥ 27,500**

■ 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 resulted primarily from the ¥738.5 billion impact of fluctuations in foreign currency translation rates, the ¥520.0 billion impact of cost reduction efforts, the ¥159.4 billion of decrease in fixed costs and other efforts including the ¥178.7 billion decrease in research and development expenses, and the ¥88.0 billion impact of the decrease in vehicle unit sales and changes in sales mix, partially offset by the ¥9.0 billion impact of increases in parts sales. The decrease in fixed costs was due mainly to the ¥178.7 billion decline in research and development expenses and the ¥39.1 billion decline in labor costs 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 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. Toyota judges this impact does not have a material impact on Toyota's consolidated financial statements though it is difficult to quantify the impact from the recalls and other safety measures in residual value losses accurately.

■ 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 0.46% 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 ¥37.3 billion 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.

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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 effect of cost reduction efforts, decrease in fixed costs and other efforts was favorably impacted by the ¥520.0 billion effect of cost reduction efforts, the ¥291.3 billion decrease in fixed costs and other efforts excluding decrease in research and development expenses and the ¥270.0 billion increase in operating income in the financial services business, partially offset by the ¥320.0 billion effects of changes in exchange rates. The cost reduction efforts, decrease in fixed costs and other efforts were also 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.

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 exported 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 ¥460.0 billion impact of cost reduction efforts, the ¥230.0 billion 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 and the ¥330.0 billion effects of changes in exchange rates. 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 ¥270.0 billion increase in operating income in the financial services operations including the ¥150.0 billion decrease in the provision for credit losses and net charge-offs and the ¥50.0 billion decrease in the provision for residual value losses of sales finance subsidiaries in the United States, the ¥130.0 billion decrease in fixed costs, the ¥50.0 billion impact of cost reduction efforts, 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 by 453 thousand vehicles of commercial vehicles and passenger vehicles due to the downturn in the market in the first half of fiscal 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 ¥110.0 billion decrease in fixed costs and the ¥10.0 billion impact of cost reduction efforts in the automotive operations, the ¥10.0 billion increase in operating income in the financial services business, the ¥4.9 billion impact of fluctuations in foreign currency translation rates, and other efforts, partially offset by the ¥60.0 billion decrease 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 by 204 thousand vehicles 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.

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■ 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 ¥10.0 billion impact of cost reduction efforts in the automotive operations segment, and other efforts, partially offset by the ¥16.2 billion impact of fluctuations in foreign currency translation rates. The increase in production volume and the increase in vehicle unit sales by 74 thousand vehicles in Asia compared to the prior fiscal year were 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 the ¥45.2 billion 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. During fiscal 2010, the currencies of various countries strengthened against the U.S. dollar rapidly. In such a situation, Toyota records foreign exchange transaction gains from accounts payable and long term U.S. dollar denominated debt of subsidiaries. A main factor contributing to the significantly greater level of impact of foreign exchange on fiscal 2010 results is that Toyota's Canadian subsidiaries recorded a ¥50.0 billion foreign exchange gain from long term debt payables in U.S. dollar to Toyota compared with the prior fiscal year, as the Canadian dollar strengthened against the U.S. dollar rapidly during fiscal 2010.

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 ¥139.6 billion impairment losses on certain 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 ¥741.4 billion 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 ¥139.6 billion impairment losses on certain available-for-sale securities in the prior fiscal year.

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)	—

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■ 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 the ¥520.0 billion impact of cost reduction efforts, the ¥470.0 billion decrease in fixed costs, the ¥23.7 billion impact of increase in parts sales, and other efforts, partially offset by a ¥380.0 billion decrease in vehicle unit sales and changes in sales mix and the ¥320.0 billion effects of changes in exchange rates.

The decrease in vehicle unit sales and changes in sales mix was due primarily to a decrease in vehicle unit sales by 330 thousand vehicles which resulted from the generally difficult market conditions in the automotive industry during fiscal 2010 compared with the prior fiscal year. The decrease in fixed costs was due mainly to the ¥178.7 billion decline in research and development expenses and the ¥62.7 billion decline in labor costs, 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 with the prior fiscal 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. Excluding 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 excluding the difference in the Japanese yen value used for translation purposes of ¥93.3 billion resulted primarily from the ¥63.5 billion 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 ¥150.0 billion increase in provision for credit losses and net charge-offs in the United States primarily due to the 0.46% rise in the ratio of credit losses as a result of the economic downturn in the prior fiscal year, partially offset by the ¥37.3 billion 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. Toyota judges this impact does not have a material impact on Toyota's consolidated financial statements though it is difficult to quantify the impact from the recalls and other safety measures in residual value losses accurately.

The decrease in residual value losses is primarily attributable to the recovery in the used vehicle market, as prices of used vehicles moved from a historical low in fiscal 2009 to an unprecedented high in fiscal 2010, partially offset by the impact of increased sales incentives and other factors.

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.

Outlook

While Toyota expects that emerging countries, such as China and India, will continue to experience economic growth, and that developed countries, including those in North America and Europe, will continue to see gradual economic recovery in fiscal 2012, Toyota believes the impact and risks arising from increases in the price of crude oil, continuing high unemployment rate in North America and Europe, and other factors must be closely observed. Although Toyota expects the automotive market to expand over the medium- to long-term particularly in emerging countries, the global competition in the automotive market has intensified, as shown in the small and low-price vehicles markets and in the environmentally-friendly vehicles market. For purposes of this outlook discussion, Toyota is assuming an average exchange rate of ¥82 to the U.S. dollar and ¥115 to the euro. With the foregoing external factors in mind, Toyota expects that net revenues for fiscal 2012 will decrease compared with fiscal 2011 as a result of a decrease in vehicle unit sales and the assumed exchange rate of a stronger Japanese yen against the U.S. dollar in fiscal 2012 compared with the prior fiscal year. With respect to operating income, factors increasing operating income include cost reduction efforts. 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 2012 compared with the prior fiscal year as well as decreases in

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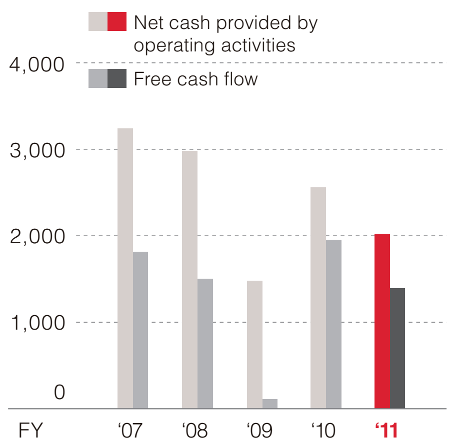
vehicle unit sales, which exceed the factors increasing operating income. As a result, Toyota expects that operating income will decrease in fiscal 2012 compared with fiscal 2011. Also, Toyota expects income before income taxes and equity in earnings of affiliated companies and net income attributable to Toyota Motor Corporation will decrease in fiscal 2012. 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. See "Operating and Financial Review and Prospects — Operating Results — Overview — Currency Fluctuations" for further discussion. See "Information on the Company — Business Overview" for a more detailed information of the Great East Japan Earthquake.

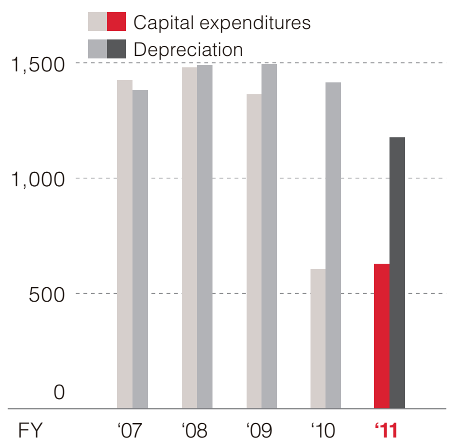
The foregoing statements are forward-looking statements based upon Toyota's management's assumptions and beliefs regarding exchange rates, market demand for Toyota's products, economic conditions and others. See "Cautionary Statement Concerning Forward-Looking Statements". Toyota's actual results of 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".

Net Cash Provided by Operating Activities and Free Cash Flow*



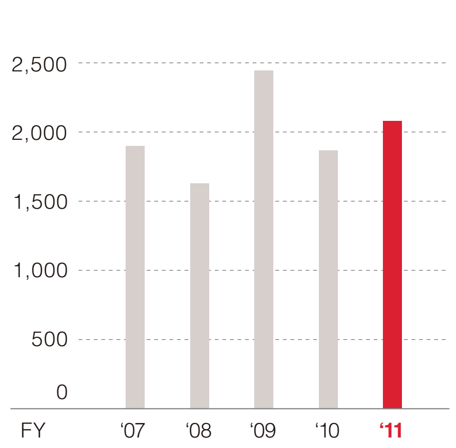
* (Net cash provided by operating activities)-(Capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases)

Capital Expenditures for Property, Plant and Equipment* and Depreciation



* Excluding vehicles and equipment on operating leases

Cash and Cash Equivalents at End of Year



Liquidity and Capital Resources

Historically, Toyota has funded its capital expenditures and research and development activities through cash generated by operations.

In fiscal 2012, Toyota expects to sufficiently fund its capital expenditures and research and development activities 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 2009, 2010 and 2011, 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.

Repurchasing of its own shares occurred at an approximate total cost of ¥73 billion for fiscal 2009. Toyota refrained from repurchasing of its own shares for fiscal 2010 and 2011. Toyota has decided, for the time being, to refrain from repurchasing its own shares, in order to prioritize retention of cash reserves given the continued uncertainties surrounding future global economy.

Net cash provided by operating activities was ¥2,024.0 billion for fiscal 2011, compared with ¥2,558.5 billion for the prior fiscal year. The decrease in net cash provided by operating activities resulted from an increase in cash payment to suppliers attributable to the increase in cost of products sold in the automotive operations, and cash payments for income taxes, partially offset by an increase in cash collection received from sale of products due to an increase in net revenue for the automotive operations.

Net cash used in investing activities was ¥2,116.3 billion for fiscal 2011, compared with ¥2,850.1 billion for the prior fiscal year. The decrease in net cash used in investing activities resulted from an increase in sales and maturity of marketable securities and security investments, partially offset by an increase in purchases of marketable securities and security investments.

Net cash provided by or used in financing activities was a ¥434.3 billion increase for fiscal 2011, compared with ¥277.9 billion decrease for the prior fiscal year. The increase in net cash provided by financing activities resulted from an increase in short-term borrowings and decrease in repayment of long-term debt.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were ¥629.3 billion during fiscal 2011, an increase of 4.1% over the ¥604.5 billion in total capital expenditures during the prior fiscal year. The increase in capital expenditures resulted from an increase of investments in North America and Asia.

Total capital expenditures for vehicles and equipment on operating leases were ¥1,061.8 billion during fiscal 2011, an increase of 27.5% over the ¥833.0 billion in expenditures from the prior fiscal year. The increase in expenditures for vehicles and equipment on operating leases resulted from an increase 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 ¥720.0 billion during fiscal 2012.

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 2012. However, there exists uncertainty with

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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".

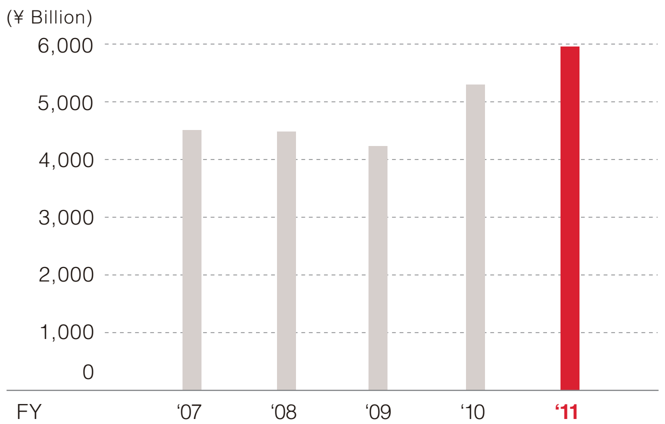
Cash and cash equivalents were ¥2,080.7 billion as of March 31, 2011. Most of Toyota's cash and cash equivalents are held in Japanese yen and in U.S. dollars. In addition, time deposits were ¥203.9 billion and marketable securities were ¥1,225.4 billion as of March 31, 2011.

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 2011 by ¥665.0 billion, or 12.6%, to ¥5,963.2 billion.

Trade accounts and notes receivable, less allowance for doubtful accounts decreased during fiscal 2011 by ¥437.0 billion, or 23.2%, to ¥1,449.2 billion. This decrease was due to the decrease in the volume of sales in the second half of fiscal 2011.

Inventories decreased during fiscal 2011 by ¥118.1 billion, or 8.3%, to ¥1,304.2 billion.

Liquid Assets*



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

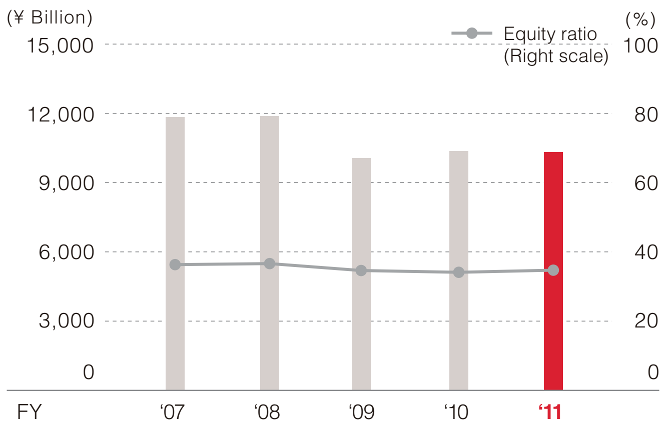
Total finance receivables, net decreased during fiscal 2011 by ¥146.6 billion, or 1.5%, to ¥9,693.5 billion. The decrease in finance receivables, net is due to fluctuations in foreign currency translation rates. As of March 31, 2011, finance receivables were geographically distributed as follows: in North America 59.0%, in Japan 12.7%, in Europe 10.4%, in Asia 5.8% and in Other 12.1%.

Marketable securities and other securities investments, including those included in current assets, increased during fiscal 2011 by ¥747.1 billion, or 18.5%, reflecting purchase of marketable securities and security investments, and an increase in the fair values of common stocks.

Property, plant and equipment decreased during fiscal 2011 by ¥401.8 billion, or 6.0%, primarily reflecting the impacts of depreciation charges during the year and fluctuations in foreign currency translation rates, partially offset by the capital expenditures.

Accounts and notes payable decreased during fiscal 2011 by ¥453.4 billion, or 23.2%. This decrease was due to the decrease in production volume in the second half of fiscal 2011.

Shareholders' Equity and Equity Ratio



Accrued expenses increased during fiscal 2011 by ¥37.4 billion, or 2.1%, reflecting the increase in expenses related to the recalls and other safety measures.

Income taxes payable decreased during fiscal 2011 by ¥40.6 billion, or 26.5%, as a result of a decrease of income taxes payable at overseas subsidiaries.

Toyota's total borrowings decreased during fiscal 2011 by ¥112.4 billion, or 0.9%. Toyota's short-term borrowings consist of loans with a weighted-average interest rate of 1.57% and commercial paper with a weighted-average interest rate of 0.67%. Short-term borrowings decreased during fiscal 2011 by ¥100.6 billion, or 3.1%, to ¥3,179.0 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 29.00%, and maturity dates ranging from 2011 to 2050. The current portion of long-term debt increased during fiscal 2011 by ¥554.5 billion, or 25.0%, to ¥2,772.8 billion and the non-current portion decreased by ¥566.2 billion, or 8.1%, to ¥6,449.2 billion. The decrease in total borrowings resulted from the decrease in medium-term notes and short-term borrowings, partially offset by increase in long-term borrowings. As of March 31, 2011, approximately 31% of long-term debt was denominated in Japanese yen, 24% in U.S. dollars, 12% in the euros and 33% in other currencies. Toyota hedges interest rate risk exposure of fixed-rate borrowings by entering into interest rate swaps. There are no material seasonal variations in Toyota's borrowings requirements.

As of March 31, 2011, Toyota's total interest bearing debt was 120.0% of Toyota Motor Corporation shareholders' equity, compared with 120.8% as of March 31, 2010.

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, 2011. However, Moody's Investors Services has announced that it is considering the reduction of Toyota's long-term debt rating. 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 2011 by ¥1.9 billion, or 0.3%, to ¥545.7 billion. The unfunded pension liabilities relate 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 settled on the retirement date of each covered employee. The unfunded pension liabilities decreased in fiscal 2011 compared with the prior fiscal year due to changes of pension plans in subsidiaries. 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 financial services 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

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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.

Off-Balance-Sheet Arrangements

Toyota uses its securitization program as part of its funding through special purpose entities for its financial services operations. Toyota is considered the primary beneficiary of these special purpose entities and therefore consolidates them. Toyota has not entered into any off-balance sheet securitization transactions during fiscal 2011.

Lending Commitments

Credit Facilities with Credit Card Holders

Toyota's financial services operations issue 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 these facilities 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 ¥261.7 billion as of March 31, 2011.

Credit Facilities with Dealers

Toyota's financial services operations maintain 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 operations also provide 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 ¥1,590.6 billion as of March 31, 2011.

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, 2011, 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, 2011 is ¥1,662.2 billion. Liabilities for these guarantees of ¥20.4 billion have been provided as of March 31, 2011. 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, 2011.

	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	¥ 1,140,066	¥1,140,066	¥ —	¥ —	¥ —
Commercial paper	2,038,943	2,038,943	—	—	—
Long-term debt* (note 13)	9,200,130	2,768,544	3,368,754	1,995,139	1,067,693
Capital lease obligations (note 13)	21,917	4,283	4,751	2,977	9,906
Non-cancelable operating lease obligations (note 22)	44,179	9,198	13,126	8,709	13,146
Commitments for the purchase of property, plant and other assets (note 23)	83,506	37,304	25,513	6,262	14,427
Total	¥12,528,741	¥5,998,338	¥3,412,144	¥2,013,087	¥1,105,172

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

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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 ¥97,231 million to its pension plans in fiscal 2012.

	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	¥1,662,225	¥469,543	¥744,991	¥316,508	¥131,183
Total Commercial Commitments	¥1,662,225	¥469,543	¥744,991	¥316,508	¥131,183

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 October 2009, the Financial Accounting Standards Board ("FASB") issued updated guidance of accounting for and disclosure of Revenue Recognition with Multiple Deliverables. This guidance allows the use of estimated selling price for determining the selling price of deliverables, eliminates the residual method of allocation and expands the disclosures related to a vendor's multiple-deliverable revenue arrangements. This guidance is effective prospectively for revenue arrangements entered into or materially modified in fiscal year beginning on or after June 15, 2010. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

In April 2011, FASB issued updated guidance to clarify the accounting for and disclosures about troubled debt restructurings by creditors. This guidance provides the criteria as to whether a loan modification constitutes a troubled debt restructuring and requires additional disclosures about troubled debt restructurings. This guidance is effective for the interim period or the fiscal year beginning on or after June 15, 2011, and shall be applied retrospectively to the beginning of the fiscal year of adoption. Management does not expect this guidance to have a material impact 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 Warranties and Recalls and Other Safety Measures

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. 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

Management's Discussion and Analysis of Financial Condition and Results of Operations

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.

An estimate of warranty claim accrued for each fiscal year is calculated based on the estimate of warranty claim per unit. The estimate of warranty claim per unit is calculated by dividing the actual amounts of warranty claim, net of claim recovery cost received from suppliers, by the number of sales units for the fiscal year.

As the historical recovery amounts received from suppliers is used as a factor in Toyota's calculation of estimated accrued warranty cost, the estimated accrued warranty cost may change depending on the average recovery amounts received from suppliers in the past. However, Toyota believes that there is not a significant uncertainty of estimated amounts based on historical experience regarding recoveries received from suppliers. Toyota may seek recovery to suppliers over the life of the warranty, and there are no other significant special terms and conditions including cap on amounts that can be recovered.

Toyota accrues for costs of recalls and other safety measures, as well as product warranty cost described above, included as a component of cost of sales, at the time of vehicle sale based on the amount estimated from historical experience with consideration of individual occurrences of recalls and other safety measures.

Below are the important factors, judgments and assumptions taken into accounts for estimating costs of recalls and other safety measures.

Toyota accrues for cost of recalls and other safety measures based on the average repair cost per unit and pattern of payment occurrence in the past at the time of product sale. The average repair cost per unit is calculated based on historical expenses incurred in relation of recalls and other safety measures.

Factors that may bring material uncertainties to the estimated or actual amount include the important changes in the average repair cost for products.

Allowance for Doubtful Accounts and Credit Losses

■ Natures of estimates and assumptions

Retail receivables 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 and 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 retail receivables 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 by two factors: frequency of occurrence and expected severity of loss. For evaluation purposes, exposures to credit losses are segmented into the two primary categories of "consumer" and "dealer". Toyota's "consumer" category consists of smaller balances that are homogenous retail receivables and finance lease receivables. The "dealer" category consists of wholesale and other dealer loan 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 by two factors: frequency of occurrence and expected 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 frequency of occurrence or expected severity of loss mainly in the United States, assuming all other assumptions are held consistent respectively. The table below represents the impact on the allowance for credit losses in Toyota's financial services operations of the change in frequency of occurrence or expected severity of loss 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, 2011
10 percent change in frequency of occurrence or expected severity of loss	¥6,153

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 losses on its residual values.

Throughout the life of the lease, management performs periodic evaluations of estimated end-of-term fair values to determine whether estimates used in the determination of the contractual

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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 fair value of a lease is less than its carrying value at lease end.

To the extent that sales incentives remain an integral part of sales promotion, resale prices of used vehicles and, correspondingly, the fair value of Toyota's leased vehicles could be subject to downward pressure. The extent of the impact this will have on the end of term residual value depends on the significance of the incentive programs and whether they are sustained over a number of periods. This in turn can impact the projection of future used vehicle values, adversely impacting the expected residual value of the current operating lease portfolio and increasing the provision for residual value losses. However, various other factors impact used vehicle values and the projection of future residual values, including the supply of and demand for used vehicles, interest rates, inflation, the actual or perceived quality, safety and reliability of vehicles, the general economic outlook, new vehicle pricing, projected vehicle return rates and projected loss severity, which may offset this effect. Such factors are highly likely to adversely affect the results of operations for financial services due to significant charges reducing the estimated residual value.

■ Sensitivity analysis

The following table illustrates the effect of an assumed change in the vehicle return rate and end-of-term market values, which Toyota believes are 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 of the change in vehicle return rate and end-of-term market values as those changes have a significant impact on financial services operations.

	Yen in millions
	Effect on the residual value losses over the remaining terms of the operating leases on and after April 1, 2011
1 percent increase in vehicle return rate	¥1,164
1 percent increase in end-of-term market values	¥4,490

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 3.8% are the results of assumptions used for the various pension plans in calculating Toyota's consolidated pension costs for fiscal 2011. 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 2011.

■ Sensitivity analysis

The following table illustrates the effects of assumed changes in weighted-average discount rates 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, 2012	Effect on PBO as of March 31, 2011
Discount rates		
0.5% decrease	¥(10,325)	¥ 124,789
0.5% increase	9,845	(115,671)
Expected rate of return on plan assets		
0.5% decrease	¥ (5,917)	
0.5% increase	5,917	

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 for derivatives is complex and continues to evolve. In addition, there are significant judgments and estimates involved, using information from

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counterparties or market, in estimating 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 ¥148.9 billion and ¥107.6 billion at March 31, 2010 and 2011, respectively. Based on Toyota's overall currency exposure (including derivative positions), the risk during fiscal 2011 to pre-tax cash flow from currency movements was on average ¥96.5 billion, with a high of ¥107.6 billion and a low of ¥88.2 billion.

The VAR was estimated by using a Monte Carlo Simulation Method and assumed a 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 ¥67.8 billion as of March 31, 2010 and ¥139.6 billion as of March 31, 2011.

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 ¥852.7 billion as of March 31, 2010 and ¥960.2 billion as of March 31, 2011. The potential change in the fair value of these investments, assuming a 10% change in prices, would be approximately ¥85.3 billion as of March 31, 2010 and ¥96.0 billion as of March 31, 2011.

Consolidated Balance Sheets

Toyota Motor Corporation
March 31, 2010 and 2011

ASSETS	Yen in millions 2010	Yen in millions 2011	U.S. dollars in millions 2011
Current assets			
Cash and cash equivalents	¥ 1,865,746	**¥ 2,080,709**	**$ 25,024**
Time deposits	392,724	**203,874**	**2,452**
Marketable securities	1,793,165	**1,225,435**	**14,738**
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥13,735 million in 2010 and ¥11,856 million ($143 million) in 2011	1,886,273	**1,449,151**	**17,428**
Finance receivables, net	4,209,496	**4,136,805**	**49,751**
Other receivables	360,379	**306,201**	**3,682**
Inventories	1,422,373	**1,304,242**	**15,685**
Deferred income taxes	632,164	**605,884**	**7,287**
Prepaid expenses and other current assets	511,284	**517,454**	**6,223**
Total current assets	13,073,604	**11,829,755**	**142,270**
Noncurrent finance receivables, net	5,630,680	**5,556,746**	**66,828**
Investments and other assets			
Marketable securities and other securities investments	2,256,279	**3,571,187**	**42,949**
Affiliated companies	1,879,320	**1,827,331**	**21,976**
Employees receivables	67,506	**62,158**	**748**
Other	730,997	**661,829**	**7,959**
Total investments and other assets	4,934,102	**6,122,505**	**73,632**
Property, plant and equipment			
Land	1,261,349	**1,237,620**	**14,884**
Buildings	3,693,972	**3,635,605**	**43,724**
Machinery and equipment	9,298,967	**8,947,350**	**107,605**
Vehicles and equipment on operating leases	2,613,248	**2,491,946**	**29,969**
Construction in progress	226,212	**298,828**	**3,594**
Total property, plant and equipment, at cost	17,093,748	**16,611,349**	**199,776**
Less – Accumulated depreciation	(10,382,847)	**(10,302,189)**	**(123,899)**
Total property, plant and equipment, net	6,710,901	**6,309,160**	**75,877**
Total assets	¥ 30,349,287	**¥ 29,818,166**	**$ 358,607**

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions 2010	Yen in millions 2011	U.S. dollars in millions 2011
Current liabilities			
Short-term borrowings	¥ 3,279,673	**¥ 3,179,009**	**$ 38,232**
Current portion of long-term debt	2,218,324	**2,772,827**	**33,347**
Accounts payable	1,956,505	**1,503,072**	**18,077**
Other payables	572,450	**579,326**	**6,967**
Accrued expenses	1,735,930	**1,773,233**	**21,326**
Income taxes payable	153,387	**112,801**	**1,357**
Other current liabilities	769,945	**870,722**	**10,472**
Total current liabilities	10,686,214	**10,790,990**	**129,778**
Long-term liabilities			
Long-term debt	7,015,409	**6,449,220**	**77,561**
Accrued pension and severance costs	678,677	**668,022**	**8,034**
Deferred income taxes	813,221	**810,127**	**9,743**
Other long-term liabilities	225,323	**179,783**	**2,162**
Total long-term liabilities	8,732,630	**8,107,152**	**97,500**
Shareholders' equity			
Toyota Motor Corporation shareholders' equity			
Common stock, no par value, authorized: 10,000,000,000 shares in 2010 and 2011; issued: 3,447,997,492 shares in 2010 and 2011	397,050	**397,050**	**4,775**
Additional paid-in capital	501,331	**505,760**	**6,083**
Retained earnings	11,568,602	**11,835,665**	**142,341**
Accumulated other comprehensive income (loss)	(846,835)	**(1,144,721)**	**(13,767)**
Treasury stock, at cost, 312,002,149 shares in 2010 and 312,298,805 shares in 2011	(1,260,425)	**(1,261,383)**	**(15,170)**
Total Toyota Motor Corporation shareholders' equity	10,359,723	**10,332,371**	**124,262**
Noncontrolling interest	570,720	**587,653**	**7,067**
Total shareholders' equity	10,930,443	**10,920,024**	**131,329**
Commitments and contingencies			
Total liabilities and shareholders' equity	¥30,349,287	**¥29,818,166**	**$358,607**

Consolidated Statements of Income

Toyota Motor Corporation
For the years ended March 31, 2009, 2010 and 2011

	Yen in millions			U.S. dollars in millions
	2009	2010	**2011**	**2011**
Net revenues				
Sales of products	¥19,173,720	¥17,724,729	**¥17,820,520**	**$214,318**
Financing operations	1,355,850	1,226,244	**1,173,168**	**14,109**
	20,529,570	18,950,973	**18,993,688**	**228,427**
Costs and expenses				
Cost of products sold	17,468,416	15,971,496	**15,985,783**	**192,252**
Cost of financing operations	987,384	712,301	**629,543**	**7,571**
Selling, general and administrative	2,534,781	2,119,660	**1,910,083**	**22,972**
	20,990,581	18,803,457	**18,525,409**	**222,795**
Operating income (loss)	(461,011)	147,516	**468,279**	**5,632**
Other income (expense)				
Interest and dividend income	138,467	78,224	**90,771**	**1,092**
Interest expense	(46,882)	(33,409)	**(29,318)**	**(353)**
Foreign exchange gain (loss), net	(1,815)	68,251	**14,305**	**172**
Other income (loss), net	(189,140)	30,886	**19,253**	**231**
	(99,370)	143,952	**95,011**	**1,142**
Income (loss) before income taxes and equity in earnings of affiliated companies	(560,381)	291,468	**563,290**	**6,774**
Provision for income taxes	(56,442)	92,664	**312,821**	**3,762**
Equity in earnings of affiliated companies	42,724	45,408	**215,016**	**2,586**
Net income (loss)	(461,215)	244,212	**465,485**	**5,598**
Less: Net (income) loss attributable to the noncontrolling interests	24,278	(34,756)	**(57,302)**	**(689)**
Net income (loss) attributable to Toyota Motor Corporation	¥ (436,937)	¥ 209,456	**¥ 408,183**	**$ 4,909**

	Yen			U.S. dollars
Net income (loss) attributable to Toyota Motor Corporation per share				
— Basic	¥ (139.13)	¥ 66.79	**¥ 130.17**	**$ 1.57**
— Diluted	¥ (139.13)	¥ 66.79	**¥ 130.16**	**$ 1.57**
Cash dividends per share	¥ 100.00	¥ 45.00	**¥ 50.00**	**$ 0.60**

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, 2009, 2010 and 2011

	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, 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
Equity transaction with noncontrolling interests and other		**2,310**				**2,310**	**5,183**	**7,493**
Issuance during the year		**2,119**				**2,119**		**2,119**
Comprehensive income								
Net income			**408,183**			**408,183**	**57,302**	**465,485**
Other comprehensive income (loss)								
Foreign currency translation adjustments				**(287,613)**		**(287,613)**	**(11,965)**	**(299,578)**
Unrealized losses on securities, net of reclassification adjustments				**(26,058)**		**(26,058)**	**(1,599)**	**(27,657)**
Pension liability adjustments				**15,785**		**15,785**	**(4,331)**	**11,454**
Total comprehensive income						**110,297**	**39,407**	**149,704**
Dividends paid to Toyota Motor Corporation shareholders			**(141,120)**			**(141,120)**		**(141,120)**
Dividends paid to noncontrolling interests							**(27,657)**	**(27,657)**
Purchase and reissuance of common stock					**(958)**	**(958)**		**(958)**
Balances at March 31, 2011	**¥397,050**	**¥505,760**	**¥11,835,665**	**¥(1,144,721)**	**¥(1,261,383)**	**¥10,332,371**	**¥587,653**	**¥10,920,024**

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, 2009, 2010 and 2011

	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, 2010	**$4,775**	**$6,029**	**$139,129**	**$(10,184)**	**$(15,158)**	**$124,591**	**$6,864**	**$131,455**
Equity transaction with noncontrolling interests and other		**28**				**28**	**62**	**90**
Issuance during the year		**26**				**26**		**26**
Comprehensive income								
Net income			**4,909**			**4,909**	**689**	**5,598**
Other comprehensive income (loss)								
Foreign currency translation adjustments				**(3,459)**		**(3,459)**	**(144)**	**(3,603)**
Unrealized losses on securities, net of reclassification adjustments				**(314)**		**(314)**	**(19)**	**(333)**
Pension liability adjustments				**190**		**190**	**(52)**	**138**
Total comprehensive income						**1,326**	**474**	**1,800**
Dividends paid to Toyota Motor Corporation shareholders			**(1,697)**			**(1,697)**		**(1,697)**
Dividends paid to noncontrolling interests							**(333)**	**(333)**
Purchase and reissuance of common stock					**(12)**	**(12)**		**(12)**
Balances at March 31, 2011	**$4,775**	**$6,083**	**$142,341**	**$(13,767)**	**$(15,170)**	**$124,262**	**$7,067**	**$131,329**

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, 2009, 2010 and 2011

	Yen in millions			U.S. dollars in millions
	2009	2010	**2011**	**2011**
Cash flows from operating activities				
Net income (loss)	¥ (461,215)	¥ 244,212	**¥ 465,485**	**$ 5,598**
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation	1,495,170	1,414,569	**1,175,573**	**14,138**
Provision for doubtful accounts and credit losses	257,433	100,775	**4,140**	**50**
Pension and severance costs, less payments	(20,958)	1,254	**(23,414)**	**(282)**
Losses on disposal of fixed assets	68,682	46,937	**36,214**	**436**
Unrealized losses on available-for-sale securities, net	220,920	2,486	**7,915**	**95**
Deferred income taxes	(194,990)	25,537	**85,710**	**1,031**
Equity in earnings of affiliated companies	(42,724)	(45,408)	**(215,016)**	**(2,586)**
Changes in operating assets and liabilities, and other				
(Increase) decrease in accounts and notes receivable	791,481	(576,711)	**421,423**	**5,068**
Decrease in inventories	192,379	56,059	**51,808**	**623**
Decrease in other current assets	9,923	97,494	**38,307**	**461**
Increase (decrease) in accounts payable	(837,402)	649,214	**(406,210)**	**(4,885)**
Increase (decrease) in accrued income taxes	(251,868)	102,207	**(40,629)**	**(489)**
Increase (decrease) in other current liabilities	(41,819)	213,341	**239,319**	**2,878**
Other	291,893	226,564	**183,384**	**2,206**
Net cash provided by operating activities	¥1,476,905	¥2,558,530	**¥2,024,009**	**$24,342**

	Yen in millions			U.S. dollars in millions
	2009	2010	**2011**	**2011**
Cash flows from investing activities				
Additions to finance receivables	¥(8,612,111)	¥(7,806,201)	**¥(8,438,785)**	**$(101,488)**
Collection of finance receivables	8,143,804	7,509,578	**7,934,364**	**95,422**
Proceeds from sales of finance receivables	11,290	8,390	**69,576**	**837**
Additions to fixed assets excluding equipment leased to others	(1,364,582)	(604,536)	**(629,326)**	**(7,569)**
Additions to equipment leased to others	(960,315)	(833,065)	**(1,061,865)**	**(12,770)**
Proceeds from sales of fixed assets excluding equipment leased to others	47,386	52,473	**51,342**	**618**
Proceeds from sales of equipment leased to others	528,749	465,092	**486,695**	**5,853**
Purchases of marketable securities and security investments	(636,030)	(2,412,182)	**(4,421,807)**	**(53,179)**
Proceeds from sales of marketable securities and security investments	800,422	77,025	**189,037**	**2,273**
Proceeds upon maturity of marketable securities and security investments	675,455	1,031,716	**3,527,119**	**42,419**
Payment for additional investments in affiliated companies, net of cash acquired	(45)	(1,020)	**(299)**	**(4)**
Changes in investments and other assets, and other	135,757	(337,454)	**177,605**	**2,136**
Net cash used in investing activities	¥(1,230,220)	¥(2,850,184)	**¥(2,116,344)**	**$ (25,452)**
Cash flows from financing activities				
Proceeds from issuance of long-term debt	¥ 3,506,990	¥ 3,178,310	**¥ 2,931,436**	**$ 35,255**
Payments of long-term debt	(2,704,078)	(2,938,202)	**(2,489,632)**	**(29,942)**
Increase (decrease) in short-term borrowings	406,507	(335,363)	**162,260**	**1,951**
Dividends paid	(439,991)	(172,476)	**(141,120)**	**(1,697)**
Purchase of common stock, and other	(70,587)	(10,251)	**(28,617)**	**(344)**
Net cash provided by (used in) financing activities	698,841	(277,982)	**434,327**	**5,223**
Effect of exchange rate changes on cash and cash equivalents	(129,793)	(8,898)	**(127,029)**	**(1,528)**
Net increase (decrease) in cash and cash equivalents	815,733	(578,534)	**214,963**	**2,585**
Cash and cash equivalents at beginning of year	1,628,547	2,444,280	**1,865,746**	**22,439**
Cash and cash equivalents at end of year	¥ 2,444,280	¥ 1,865,746	**¥ 2,080,709**	**$ 25,024**

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

Notes to 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 and its foreign subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan and 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, liabilities accrued for recalls and other safety measures, 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, litigation liabilities 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.

The sale of certain vehicles includes a determinable amount for the contract, which entitles customers to free vehicle maintenance. Such revenues from free maintenance contracts are deferred and recognized as revenue over the period of the contract, which approximates the pattern of the related costs.

Other costs

Advertising and sales promotion costs are expensed as incurred. Advertising costs were ¥389,242 million, ¥304,375 million and ¥308,903 million ($3,715 million) for the years ended March 31, 2009, 2010 and 2011, 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 reasonably estimated. Prior to the fourth quarter of fiscal 2010, amounts were accrued based on individual

Notes to Consolidated Financial Statements

occurrences of recalls and other safety measures. During the fourth quarter of fiscal 2010, 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 fiscal 2010 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.

Litigation liabilities are established to cover probable losses on various lawsuits based on the information currently available. Attorneys' fees are expensed as incurred.

Research and development costs are expensed as incurred. Research and development costs were ¥904,075 million, ¥725,345 million and ¥730,340 million ($8,783 million) for the years ended March 31, 2009, 2010 and 2011, 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.

The determination of portfolio segments is based primarily on the qualitative consideration of the nature of Toyota's business operations and finance receivables. The three portfolio segments within finance receivables are as follows:

■ Retail receivables portfolio segment

The retail receivables portfolio segment consists of retail installment sales contracts acquired mainly from dealers ("auto loans") including credit card loans. These contracts acquired must first meet specified credit standards. Thereafter, Toyota retains responsibility for contract collection and administration.

Contract period of auto loans primarily range from 2 to 7 years. Toyota acquires security interests in the vehicles financed and has the right to repossess vehicles if customers fail to meet their contractual obligations. Almost all auto loans are non-recourse, which relieves the dealers from financial responsibility in the event of repossession.

Toyota classifies retail receivables portfolio segment into one class based on common risk characteristics associated with the underlying finance receivables, the similarity of the credit risks, and the quantitative materiality.

■ Finance lease receivables portfolio segment

Toyota acquires new vehicle lease contracts originated primarily through dealers. Contract period of these primarily range from 2 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.

Toyota classifies finance lease receivables portfolio segment into one class based on common risk characteristics associated with the underlying finance receivables and the similarity of the credit risks.

■ Wholesale and other dealer loan receivables portfolio segment

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.

Toyota classifies wholesale and other dealer loan receivables portfolio segment into three classes of wholesale, real estate and working capital, based on the risk characteristics associated with the underlying finance receivables.

Impaired finance receivables primarily consist of wholesale and other dealer loan receivables.

For all classes of finance receivables within the wholesale and other dealer loan receivables portfolio segment, a receivable account balance is considered impaired when it is probable that Toyota will be unable to collect all amounts due (including principal and interest) based on current information and events according to the terms of the contract. Factors such as payment history,

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compliance with terms and conditions of the underlying loan agreement and other subjective factors related to the financial stability of the borrower are considered when determining whether a loan is impaired. Impaired finance receivables include certain nonaccrual receivables for which a specific reserve has been assessed. Impaired receivables are excluded from the loan risk pool used to determine general reserves.

All classes of wholesale and other dealer loan receivables portfolio segment are placed on nonaccrual status when full payment of principal or interest is in doubt, principal or interest is 90 days or more contractually past due, whichever occurs first. Collateral dependent loans are placed on nonaccrual status if collateral is insufficient to cover principal and interest. Interest accrued but not collected at the date a receivable is placed on nonaccrual status is reversed against interest income. In addition, the amortization of net deferred fees is suspended.

Interest income on nonaccrual receivables is recognized only to the extent it is received in cash. Accounts are restored to accrual status only when interest and principal payments are brought current and future payments are reasonably assured. Receivable balances are written-off against the allowance for credit losses when it is probable that a loss has been realized. Retail receivables class and finance lease receivables class are not placed mainly on nonaccrual status when principal or interest is 90 days or more past due. However, these receivables are written-off against the allowance for credit losses when payments due are no longer expected to be received or the account is 120 days contractually past due, whichever occurs first.

As of March 31, 2010, finance receivables on nonaccrual status were ¥26,599 million.

As of March 31, 2011, finance receivables on nonaccrual status were as follows:

	Yen in millions	U.S. dollars in millions
	March 31, 2011	March 31, 2011
Retail	¥ 2,633	$ 32
Finance leases	1,136	14
Wholesale	6,722	81
Real estate	14,437	173
Working capital	272	3
	¥25,200	$303

As of March 31, 2010, finance receivables past due over 90 days and still accruing were ¥38,150 million.

As of March 31, 2011, finance receivables past due over 90 days and still accruing were as follows:

	Yen in millions	U.S. dollars in millions
	March 31, 2011	March 31, 2011
Retail	¥23,734	$285
Finance leases	4,484	54
	¥28,218	$339

Allowance for credit losses

Allowance for credit losses is established to cover probable losses on finance receivables and vehicles and equipment on operating leases, 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. Vehicles and equipment on operating leases are not within the scope of accounting guidance governing the disclosure of portfolio segments.

Retail receivables portfolio segment

Toyota calculates allowance for credit losses to cover probable losses on retail receivables by applying reserve rates to such receivables. Reserve rates are calculated mainly by historical loss experience, current economic events and conditions and other pertinent factors.

Finance lease receivables portfolio segment

Toyota calculates allowance for credit losses to cover probable losses on finance lease receivables by applying reserve rates to such receivables. Reserve rates are calculated mainly by historical loss experience, current economic events and conditions and other pertinent factors such as used car markets.

Wholesale and other dealer loan receivables portfolio segment

Toyota calculates allowance for credit losses to cover probable losses on wholesale and other dealer loan receivables by applying reserve rates to such receivables. Reserve rates are calculated mainly by financial conditions of the dealers, terms of collateral setting, current economic events and conditions and other pertinent factors.

Toyota establishes specific reserves to cover the estimated losses on individually impaired receivables within the wholesale and other dealer loan receivables portfolio segment. Specific reserves on impaired 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. The fair value of the underlying collateral is used if the receivable is collateral-dependent. The receivable is determined collateral-dependent if the repayment of the loan is expected to be provided by the underlying collateral. For the receivables in which the fair value of the underlying collateral was in excess of the outstanding balance, no allowance was provided.

Specific reserves on impaired receivables within the wholesale and other dealer loan receivables portfolio segment are recorded by an increase to the allowance for credit losses based on the related measurement of impairment. Related collateral, if recoverable, is repossessed and sold and the account balance is written-off.

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.

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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 ¥199,275 million and ¥151,183 million ($1,818 million) at March 31, 2010 and 2011, respectively. Had the "first-in, first-out" basis been used for those companies using the LIFO basis, inventories would have been ¥64,099 million and ¥57,943 million ($697 million) higher than reported at March 31, 2010 and 2011, 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 funded 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

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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, and accounts for 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 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. Toyota adopted this guidance from the fiscal year ended March 31, 2011. The adoption of this guidance did not have a material impact 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. Toyota adopted this guidance from the fiscal year ended March 31, 2011. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In July 2010, FASB issued updated disclosure guidance on receivables. This guidance requires additional disclosures about the credit quality of financing receivables and the allowance for credit losses. Toyota adopted this guidance from the fiscal year ended March 31, 2011. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements. For a further discussion of additional disclosures by adoption of this guidance, please see notes 7 and 11 to Toyota's consolidated financial statements.

Recent pronouncements to be adopted in future periods

In October 2009, FASB issued updated guidance of accounting for and disclosure of Revenue Recognition with Multiple Deliverables. This guidance allows the use of estimated selling price for determining the selling price of deliverables, eliminates the residual method of allocation and expands the disclosures related to a vendor's multiple-deliverable revenue arrangements. This guidance is effective prospectively for revenue arrangements entered into or materially modified in fiscal year beginning on or after June 15, 2010. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

In April 2011, FASB issued updated guidance to clarify the accounting for and disclosures about troubled debt restructurings by creditors. This guidance provides the criteria as to whether a loan modification constitutes a troubled debt restructuring and requires additional disclosures about troubled debt restructurings. This guidance is effective for the interim period or the fiscal year beginning on or after June 15, 2011, and shall be applied retrospectively to the beginning of the fiscal year of adoption. Management does not expect this guidance to have a material impact 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, 2011.

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 ¥83.15 = U.S. $1, the approximate current exchange rate at March 31, 2011, was used for the translation of the accompanying consolidated financial amounts of Toyota as of and for the year ended March 31, 2011.

4 Supplemental cash flow information:

Cash payments for income taxes were ¥563,368 million, ¥(207,278) million and ¥211,487 million ($2,543 million) for the years ended March 31, 2009, 2010 and 2011, respectively. Interest payments during the years ended March 31, 2009, 2010 and 2011 were ¥614,017 million, ¥445,049 million and ¥382,903 million ($4,605 million), respectively.

Capital lease obligations of ¥28,953 million, ¥3,400 million and ¥10,478 million ($126 million) were incurred for the years ended March 31, 2009, 2010 and 2011, respectively.

5 Acquisitions and dispositions:

During the years ended March 31, 2009, 2010 and 2011, Toyota made several acquisitions and dispositions, however the assets and liabilities acquired or transferred were not material.

Notes to Consolidated Financial Statements

6 Marketable securities and other securities investments:

Marketable securities and other securities investments include government bonds and common stocks for which the aggregate cost, gross unrealized gains and losses and fair value are as follows:

	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			

	Yen in millions			
	March 31, 2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	**¥3,174,236**	**¥ 21,712**	**¥ 68,778**	**¥3,127,170**
Common stocks	**670,405**	**398,140**	**108,316**	**960,229**
Other	**561,387**	**15,940**	**376**	**576,951**
Total	**¥4,406,028**	**¥435,792**	**¥177,470**	**¥4,664,350**
Securities not practicable to determine fair value				
Common stocks	**¥ 109,203**			
Other	**23,069**			
Total	**¥ 132,272**			

	U.S. dollars in millions			
	March 31, 2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	**$38,175**	**$ 261**	**$ 827**	**$37,609**
Common stocks	**8,063**	**4,788**	**1,303**	**11,548**
Other	**6,751**	**192**	**4**	**6,939**
Total	**$52,989**	**$5,241**	**$2,134**	**$56,096**
Securities not practicable to determine fair value				
Common stocks	**$ 1,313**			
Other	**278**			
Total	**$ 1,591**			

Government bonds include 76% of Japanese government bonds, and 24% of U.S. and European government bonds as of March 31, 2010, and 77% of Japanese government bonds, and 23% of U.S. and European government bonds as of March 31, 2011. Listed stocks on the Japanese stock markets represent 88% and 86% of common stocks which are included in available-for-sale as of March 31, 2010 and 2011, respectively. "Other" includes primarily commercial paper.

Unrealized losses continuing over a 12 month period or more in the aggregate were not material at March 31, 2010 and 2011.

As of March 31, 2010 and 2011, 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 ¥800,422 million, ¥77,025 million and ¥189,037 million ($2,273 million) for the years ended March 31, 2009, 2010 and 2011, respectively. On those sales, gross realized gains were ¥35,694 million, ¥3,186 million and ¥8,974 million ($108 million) and gross realized losses were ¥1,856 million, ¥7 million and ¥87 million ($1 million), respectively.

During the years ended March 31, 2009, 2010 and 2011, Toyota recognized impairment losses on available-for-sale securities of ¥220,920 million, ¥2,486 million and ¥7,915 million ($95 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.

Notes to Consolidated Financial Statements

7 Finance receivables:

Finance receivables consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	2011	2011
Retail	¥ 7,162,082	¥ 7,128,453	$ 85,730
Finance leases	1,232,508	1,123,188	13,508
Wholesale and other dealer loans	2,051,301	1,990,557	23,939
	10,445,891	10,242,198	123,177
Deferred origination costs	109,747	104,391	1,256
Unearned income	(482,983)	(496,235)	(5,968)
Allowance for credit losses			
Retail	(160,351)	(92,199)	(1,109)
Finance leases	(36,917)	(36,024)	(433)
Wholesale and other dealer loans	(35,211)	(28,580)	(344)
Total allowance for credit losses	(232,479)	(156,803)	(1,886)
Total finance receivables, net	9,840,176	9,693,551	116,579
Less - Current portion	(4,209,496)	(4,136,805)	(49,751)
Noncurrent finance receivables, net	¥ 5,630,680	¥ 5,556,746	$ 66,828

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% as of March 31, 2010, and in North America 59.0%, in Japan 12.7%, in Europe 10.4%, in Asia 5.8% and in Other 12.1% as of March 31, 2011.

The contractual maturities of retail receivables, the future minimum lease payments on finance leases and wholesale and other dealer loans at March 31, 2011 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
2012	¥2,429,001	¥326,116	¥1,529,447	$29,212	$3,922	$18,394
2013	1,758,024	216,387	106,809	21,143	2,602	1,284
2014	1,343,998	165,018	153,470	16,164	1,985	1,846
2015	911,785	62,632	52,361	10,966	753	630
2016	444,633	28,095	59,945	5,347	338	721
Thereafter	241,012	6,623	88,525	2,898	80	1,064
	¥7,128,453	¥804,871	¥1,990,557	$85,730	$9,680	$23,939

Finance leases consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	2011	2011
Minimum lease payments	¥ 903,201	¥ 804,871	$ 9,680
Estimated unguaranteed residual values	329,307	318,317	3,828
	1,232,508	1,123,188	13,508
Deferred origination costs	6,423	5,406	65
Less - Unearned income	(121,664)	(104,419)	(1,256)
Less - Allowance for credit losses	(36,917)	(36,024)	(433)
Finance leases, net	¥1,080,350	¥ 988,151	$11,884

Toyota is exposed to credit risk on Toyota's finance receivables. Credit risk is the risk of loss arising from the failure of customers or dealers to meet the terms of their contracts with Toyota or otherwise fail to perform as agreed. Toyota estimates allowance for credit losses by variety of credit-risk evaluation process to cover probable and estimable losses above.

The table below shows the amount of the finance receivables segregated into aging categories based on the number of days outstanding as of March 31, 2011:

	Yen in millions				
	March 31, 2011				
	Retail	Finance leases	Wholesale	Real estate	Working capital
Current	¥7,017,171	¥1,111,453	¥897,971	¥494,700	¥593,516
31-60 days past due	72,082	5,968	2,260	404	44
61-90 days past due	15,466	1,283	355	34	0
Over 90 days past due	23,734	4,484	74	621	578
Total	¥7,128,453	¥1,123,188	¥900,660	¥495,759	¥594,138

	U.S. dollars in millions				
	March 31, 2011				
	Retail	Finance leases	Wholesale	Real estate	Working capital
Current	$84,392	$13,367	$10,799	$5,950	$7,138
31-60 days past due	867	72	27	5	1
61-90 days past due	186	15	4	0	0
Over 90 days past due	285	54	1	7	7
Total	$85,730	$13,508	$10,831	$5,962	$7,146

Notes to Consolidated Financial Statements

The tables below show the recorded investment for each credit quality of the finance receivable within the wholesale and other dealer loan receivables portfolio segment in the United States and other regions as of March 31, 2011:

■ United States

The wholesale and other dealer loan receivables portfolio segment in the United States is primarily segregated into credit qualities below based on internal risk assessments by dealers.

Performing: Account not classified as either Credit Watch, At Risk or Default
Credit Watch: Account designated for elevated attention
At Risk: Account where there is a probability that default exists based on qualitative and quantitative factors
Default: Account is not currently meeting contractual obligations or we have temporarily waived certain contractual requirements

	Yen in millions			
	March 31, 2011			
	Wholesale	Real estate	Working capital	Total
Performing	**¥504,960**	**¥283,450**	**¥ 90,545**	**¥ 878,955**
Credit Watch	**58,106**	**41,967**	**12,198**	**112,271**
At Risk	**6,494**	**12,344**	**1,066**	**19,904**
Default	**803**	**931**	**655**	**2,389**
Total	**¥570,363**	**¥338,692**	**¥104,464**	**¥1,013,519**

	U.S. dollars in millions			
	March 31, 2011			
	Wholesale	Real estate	Working capital	Total
Performing	**$6,073**	**$3,409**	**$1,089**	**$10,571**
Credit Watch	**698**	**505**	**147**	**1,350**
At Risk	**78**	**148**	**13**	**239**
Default	**10**	**11**	**8**	**29**
Total	**$6,859**	**$4,073**	**$1,257**	**$12,189**

■ Other regions

The wholesale and other dealer loan receivables portfolio segment in other regions is primarily segregated into credit qualities of "Performing" (Account not classified as Default) and "Default" (Account is not currently meeting contractual obligations or we have temporarily waived certain contractual requirements) below based on internal risk assessments by dealers.

	Yen in millions			
	March 31, 2011			
	Wholesale	Real estate	Working capital	Total
Performing	**¥315,744**	**¥151,020**	**¥485,974**	**¥952,738**
Default	**14,553**	**6,047**	**3,700**	**24,300**
Total	**¥330,297**	**¥157,067**	**¥489,674**	**¥977,038**

	U.S. dollars in millions			
	March 31, 2011			
	Wholesale	Real estate	Working capital	Total
Performing	**$3,797**	**$1,816**	**$5,845**	**$11,458**
Default	**175**	**73**	**44**	**292**
Total	**$3,972**	**$1,889**	**$5,889**	**$11,750**

The tables below summarize information about impaired finance receivables:

	Yen in millions
	March 31, 2010
	Wholesale and other dealer loans
Impaired finance receivables with specific reserves	¥37,273
Impaired finance receivables without specific reserves	1,582
Total	¥38,855
Allowance for credit losses recorded for impaired finance receivables	¥14,000
Average impaired finance receivables	42,581
Interest recognized on impaired finance receivables	464

Notes to Consolidated Financial Statements

	Yen in millions			
	March 31, 2011			
	Wholesale	Real estate	Working capital	Total
Impaired finance receivables with specific reserves	¥ 7,192	¥18,173	¥4,841	¥30,206
Impaired finance receivables without specific reserves	12,745	—	272	13,017
Total	¥19,937	¥18,173	¥5,113	¥43,223
Allowance for credit losses recorded for impaired finance receivables	¥ 896	¥ 6,553	¥3,436	¥10,885
Average impaired finance receivables	16,231	19,545	4,979	40,755
Interest recognized on impaired finance receivables	171	514	86	771

	U.S. dollars in millions			
	March 31, 2011			
	Wholesale	Real estate	Working capital	Total
Impaired finance receivables with specific reserves	$ 86	$219	$58	$363
Impaired finance receivables without specific reserves	154	—	3	157
Total	$240	$219	$61	$520
Allowance for credit losses recorded for impaired finance receivables	$ 11	$ 79	$41	$131
Average impaired finance receivables	195	235	60	490
Interest recognized on impaired finance receivables	2	6	1	9

The recorded investment in impaired finance receivables is equal to the unpaid principal balance.

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,
	2010	2011	2011
Finished goods	¥ 885,005	¥ 715,272	$ 8,602
Raw materials	265,493	299,755	3,605
Work in process	199,267	218,335	2,626
Supplies and other	72,608	70,880	852
Total	¥1,422,373	¥1,304,242	$15,685

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,
	2010	2011	2011
Vehicles	¥2,516,948	¥2,404,032	$28,912
Equipment	96,300	87,914	1,057
	2,613,248	2,491,946	29,969
Less - Accumulated depreciation	(791,169)	(662,255)	(7,964)
Vehicles and equipment on operating leases, net	¥1,822,079	¥1,829,691	$22,005

Rental income from vehicles and equipment on operating leases was ¥560,251 million, ¥496,729 million and ¥475,472 million ($5,718 million) for the years ended March 31, 2009, 2010 and 2011, 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
2012	¥375,712	$4,518
2013	256,231	3,082
2014	110,583	1,330
2015	26,645	320
2016	6,547	79
Thereafter	5,487	66
Total minimum future rentals	¥781,205	$9,395

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

Notes to Consolidated Financial Statements

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, 2009, 2010 and 2011 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Allowance for doubtful accounts at beginning of year	¥52,063	¥48,006	**¥46,706**	**$562**
Provision for doubtful accounts, net of reversal	(1,663)	1,905	**1,806**	**22**
Write-offs	(1,695)	(1,357)	**(2,690)**	**(33)**
Other	(699)	(1,848)	**(1,775)**	**(21)**
Allowance for doubtful accounts at end of year	¥48,006	¥46,706	**¥44,047**	**$530**

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, 2009, 2010 and 2011.

A portion of the allowance for doubtful accounts balance at March 31, 2010 and 2011 totaling ¥32,971 million and ¥32,191 million ($387 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, 2009, 2010 and 2011 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Allowance for credit losses at beginning of year	¥ 117,706	¥ 238,932	**¥ 232,479**	**$ 2,796**
Provision for credit losses	259,096	98,870	**2,334**	**28**
Charge-offs	(128,240)	(118,333)	**(86,115)**	**(1,036)**
Recoveries	11,447	16,137	**18,268**	**220**
Other	(21,077)	(3,127)	**649**	**8**
Allowance for credit losses at end of year	¥ 238,932	¥ 232,479	**¥ 167,615**	**$ 2,016**

The other amount primarily includes the impact of currency translation adjustments for the years ended March 31, 2009, 2010 and 2011.

An analysis of the allowance for credit losses above relating to retail receivables portfolio segment, finance lease receivables portfolio segment and wholesale and other dealer loan receivables portfolio segment for the year ended March 31, 2011 is as follows:

	Yen in millions			U.S. dollars in millions		
	For the year ended March 31, 2011			For the year ended March 31, 2011		
	Retail	Finance leases	Wholesale and other dealer loans	Retail	Finance leases	Wholesale and other dealer loans
Allowance for credit losses at beginning of year	**¥160,350**	**¥36,918**	**¥35,211**	**$1,929**	**$444**	**$423**
Provision for credit losses	**(2,660)**	**6,023**	**2,098**	**(32)**	**73**	**26**
Charge-offs	**(68,122)**	**(2,820)**	**(5,885)**	**(819)**	**(34)**	**(71)**
Recoveries	**14,159**	**288**	**636**	**170**	**3**	**8**
Other	**(11,528)**	**(4,385)**	**(3,480)**	**(139)**	**(53)**	**(42)**
Allowance for credit losses at end of year	**¥ 92,199**	**¥36,024**	**¥28,580**	**$1,109**	**$433**	**$344**

The allowance for credit losses and the impaired finance receivables of the wholesale and other dealer loan receivables which are ¥10,885 million ($131 million) and ¥30,206 million ($363 million), respectively, are individually evaluated and recorded, and others are collectively evaluated.

12 Affiliated companies and variable interest entities:

Investments in and transactions with affiliated companies

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Current assets	¥ 8,034,546	**¥ 7,973,712**	**$ 95,895**
Noncurrent assets	9,300,307	**6,815,361**	**81,965**
Total assets	¥17,334,853	**¥14,789,073**	**$177,860**
Current liabilities	¥ 5,056,178	**¥ 5,141,461**	**$ 61,833**
Long-term liabilities and noncontrolling interest	5,981,054	**3,726,952**	**44,822**
Affiliated companies accounted for by the equity method shareholders' equity	6,297,621	**5,920,660**	**71,205**
Total liabilities and shareholders' equity	¥17,334,853	**¥14,789,073**	**$177,860**
Toyota's share of affiliated companies accounted for by the equity method shareholders' equity	¥ 1,867,440	**¥ 1,817,988**	**$ 21,864**
Number of affiliated companies accounted for by the equity method at end of period	56	**56**	

Notes to Consolidated Financial Statements

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Net revenues	¥23,149,968	¥20,599,586	**¥21,874,143**	**$263,068**
Gross profit	¥ 2,034,617	¥ 2,269,109	**¥ 2,342,706**	**$ 28,174**
Net income attributable to affiliated companies accounted for by the equity method	¥ 13,838	¥ 317,017	**¥ 641,771**	**$ 7,718**

Entities comprising a significant portion of Toyota's investment in affiliated companies and percentage of ownership are presented below:

Name of affiliated companies	Percentage of ownership
Denso Corporation	**24.7%**
Aisin Seiki Co., Ltd	**23.1%**
Toyota Industries Corporation	**24.8%**
Toyota Tsusho Corporation	**21.8%**
Toyoda Gosei Co., Ltd	**43.1%**

Certain affiliated companies accounted for by the equity method with carrying amounts of ¥1,439,090 million and ¥1,384,159 million ($16,647 million) at March 31, 2010 and 2011, respectively, were quoted on various established markets at an aggregate value of ¥1,711,957 million and ¥1,475,352 million ($17,743 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, 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. Toyota did not recognize any impairment loss for the year ended March 31, 2011.

Account balances and transactions with affiliated companies are presented below:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Trade accounts and notes receivable, and other receivables	¥274,189	**¥204,447**	**$2,459**
Accounts payable and other payables	597,796	**352,538**	**4,240**

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Net revenues	¥1,585,814	¥1,600,365	**¥1,612,397**	**$19,391**
Purchases	3,918,717	3,943,648	**3,655,185**	**43,959**

Dividends from affiliated companies accounted for by the equity method for the years ended March 31, 2009, 2010 and 2011 were ¥114,409 million, ¥82,149 million and ¥103,169 million ($1,241 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 has both the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance and the obligation to absorb losses of the VIEs or the right to receive benefits from the VIEs that could potentially be significant to the VIEs. As a result, Toyota is considered the primary beneficiary of the VIEs and therefore consolidates the VIEs.

The consolidated securitization VIEs have ¥1,111,212 million ($13,364 million) in retail finance receivables, ¥64,502 million ($776 million) in restricted cash and ¥941,613 million ($11,324 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.

As for VIEs other than those specified above, neither the aggregate size of these VIEs nor Toyota's involvements in these VIEs are material to Toyota's consolidated financial statements.

Notes to Consolidated Financial Statements

13 Short-term borrowings and long-term debt:

Short-term borrowings at March 31, 2010 and 2011 consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Loans, principally from banks, with a weighted-average interest at March 31, 2010 and March 31, 2011 of 1.55% and of 1.57% per annum, respectively	¥ 804,066	**¥1,140,066**	**$13,711**
Commercial paper with a weighted-average interest at March 31, 2010 and March 31, 2011 of 0.44% and of 0.67% per annum, respectively	2,475,607	**2,038,943**	**24,521**
	¥3,279,673	**¥3,179,009**	**$38,232**

As of March 31, 2011, "Loans, principally from banks" amount includes secured loans by finance receivables securitization of ¥335,539 million ($4,035 million).

As of March 31, 2011, Toyota has unused short-term lines of credit amounting to ¥1,954,330 million ($23,504 million) of which ¥464,564 million ($5,587 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, 2010 and 2011 comprises the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Unsecured loans, representing obligations principally to banks, due 2010 to 2029 in 2010 and due 2011 to 2029 in 2011 with interest ranging from 0.00% to 29.25% per annum in 2010 and from 0.00% to 29.00% per annum in 2011	¥ 2,942,012	**¥ 3,386,854**	**$ 40,732**
Secured loans, representing obligations principally to finance receivables securitization due 2010 to 2019 in 2010 and due 2011 to 2050 in 2011 with interest ranging from 0.49% to 6.65% per annum in 2010 and from 0.37% to 5.35% per annum in 2011	381,307	**619,380**	**7,449**
Medium-term notes of consolidated subsidiaries, due 2010 to 2047 in 2010 and due 2011 to 2047 in 2011 with interest ranging from 0.04% to 15.25% per annum in 2010 and from 0.01% to 15.25% per annum in 2011	3,814,439	**3,314,589**	**39,863**
Unsecured notes of parent company, due 2010 to 2019 in 2010 and due 2012 to 2019 in 2011 with interest ranging from 1.07% to 3.00% per annum in 2010 and from 1.07% to 3.00% per annum in 2011	580,000	**530,000**	**6,374**
Unsecured notes of consolidated subsidiaries, due 2010 to 2031 in 2010 and due 2011 to 2031 in 2011 with interest ranging from 0.25% to 17.03% per annum in 2010 and from 0.27% to 15.48% per annum in 2011	1,473,732	**1,349,307**	**16,227**
Long-term capital lease obligations, due 2010 to 2028 in 2010 and due 2011 to 2028 in 2011 with interest ranging from 0.43% to 14.40% per annum in 2010 and from 0.38% to 14.40% per annum in 2011	42,243	**21,917**	**263**
	9,233,733	**9,222,047**	**110,908**
Less - Current portion due within one year	(2,218,324)	**(2,772,827)**	**(33,347)**
	¥ 7,015,409	**¥ 6,449,220**	**$ 77,561**

As of March 31, 2011, approximately 31%, 24%, 12% and 33% of long-term debt are denominated in Japanese yen, U.S. dollars, euros, and other currencies, respectively.

As of March 31, 2011, property, plant and equipment with a book value of ¥57,237 million ($688 million) and in addition, other assets aggregating ¥1,128,957 million ($13,577 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
2012	**¥2,772,827**	**$33,347**
2013	**1,834,556**	**22,063**
2014	**1,522,659**	**18,312**
2015	**900,120**	**10,825**
2016	**1,106,492**	**13,307**

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, 2011, Toyota has not received any significant such requests from these banks.

As of March 31, 2011, Toyota has unused long-term lines of credit amounting to ¥8,073,898 million ($97,100 million).

14 Product warranties and recalls and other safety measures:

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. In addition to product warranties, 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 for costs of recalls and other safety measures at the time of vehicle sale based on the amount estimated from historical experience.

Liabilities for product warranties and liabilities for recalls and other safety measures have been combined into a single table showing an aggregate liability for quality assurances due to the fact that both are liabilities for costs to repair or replace defects of vehicles and the amounts incurred to repair or replace defects of vehicles may affect the amounts incurred for product warranties and vice versa.

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The net changes in liabilities for quality assurances above for the years ended March 31, 2009, 2010 and 2011 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Liabilities for quality assurances at beginning of year	¥ 499,987	¥ 568,834	**¥ 680,408**	**$ 8,183**
Payments made during year	(407,675)	(425,976)	**(476,771)**	**(5,734)**
Provision for quality assurances	526,503	558,190	**588,224**	**7,074**
Changes relating to pre-existing quality assurances	(17,869)	(21,606)	**(1,701)**	**(20)**
Other	(32,112)	966	**(25,791)**	**(310)**
Liabilities for quality assurances at end of year	¥ 568,834	¥ 680,408	**¥ 764,369**	**$ 9,193**

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.

The table below shows the net changes in liabilities for recalls and other safety measures which are comprised in liabilities for quality assurances above for the years ended March 31, 2009, 2010 and 2011.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Liabilities for recalls and other safety measures at beginning of year	¥ 53,603	¥139,577	**¥ 301,422**	**$ 3,625**
Payments made during year	(69,812)	(89,796)	**(263,096)**	**(3,164)**
Provision for recalls and other safety measures	159,899	256,981*	**356,749**	**4,290**
Other	(4,113)	(5,340)	**(5,576)**	**(67)**
Liabilities for recalls and other safety measures at end of year	¥139,577	¥301,422	**¥ 389,499**	**$ 4,684**

* Toyota has employed an estimation model to accrue of expenses for future recalls and other safety measures at the time of vehicle sale based on the amount estimated from historical experience from the fourth quarter of the fiscal year ended March 31, 2010. This change has resulted in an increase in provision for recalls and other safety measures in this table by ¥105,698 million.

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,
	2009	2010	**2011**	**2011**
Income (loss) before income taxes:				
Parent company and domestic subsidiaries	¥(224,965)	¥(114,569)	**¥(278,229)**	**$(3,346)**
Foreign subsidiaries	(335,416)	406,037	**841,519**	**10,120**
	¥(560,381)	¥ 291,468	**¥ 563,290**	**$ 6,774**

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,
	2009	2010	**2011**	**2011**
Current income tax expense:				
Parent company and domestic subsidiaries	¥ 65,684	¥ 65,971	**¥ 85,290**	**$1,026**
Foreign subsidiaries	72,864	1,156	**141,821**	**1,705**
Total current	138,548	67,127	**227,111**	**2,731**
Deferred income tax expense (benefit):				
Parent company and domestic subsidiaries	(26,472)	(126,716)	**(44,268)**	**(532)**
Foreign subsidiaries	(168,518)	152,253	**129,978**	**1,563**
Total deferred	(194,990)	25,537	**85,710**	**1,031**
Total provision	¥ (56,442)	¥ 92,664	**¥312,821**	**$3,762**

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, 2009, 2010 and 2011. Such rate was also used to calculate the tax effects of temporary differences, which are expected to be realized in the future years.

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Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	For the years ended March 31,		
	2009	2010	**2011**
Statutory tax rate	40.2%	40.2%	**40.2%**
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	(5.0)	1.9	**2.2**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries	(2.5)	4.4	**4.8**
Deferred tax liabilities on undistributed earnings of affiliates accounted for by the equity method	(2.5)	(0.6)	**12.6**
Valuation allowance	(25.4)	11.2	**8.1**
Tax credits	10.0	(11.8)	**(2.6)**
The difference between the statutory tax rate in Japan and that of foreign subsidiaries	1.6	(12.9)	**(12.1)**
Other	(6.3)	(0.6)	**2.3**
Effective income tax rate	10.1%	31.8%	**55.5%**

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Deferred tax assets			
Accrued pension and severance costs	¥ 210,268	**¥ 226,093**	**$ 2,719**
Accrued expenses and liabilities for quality assurances	277,696	**395,513**	**4,757**
Other accrued employees' compensation	106,404	**103,020**	**1,239**
Operating loss carryforwards for tax purposes	146,114	**296,731**	**3,568**
Tax credit carryforwards	73,061	**127,289**	**1,531**
Property, plant and equipment and other assets	188,745	**176,229**	**2,119**
Other	474,380	**277,449**	**3,337**
Gross deferred tax assets	1,476,668	**1,602,324**	**19,270**
Less - Valuation allowance	(239,269)	**(280,685)**	**(3,375)**
Total deferred tax assets	¥ 1,237,399	**¥ 1,321,639**	**$ 15,895**
Deferred tax liabilities			
Unrealized gains on securities	(147,494)	**(146,874)**	**(1,766)**
Undistributed earnings of foreign subsidiaries	(12,797)	**(26,783)**	**(322)**
Undistributed earnings of affiliates accounted for by the equity method	(575,929)	**(578,756)**	**(6,961)**
Basis difference of acquired assets	(38,977)	**(38,351)**	**(461)**
Lease transactions	(457,316)	**(537,174)**	**(6,460)**
Gain on securities contribution to employee retirement benefit trust	(66,523)	**(66,523)**	**(800)**
Other	(6,141)	**(27,491)**	**(331)**
Gross deferred tax liabilities	(1,305,177)	**(1,421,952)**	**(17,101)**
Net deferred tax liability	¥ (67,778)	**¥ (100,313)**	**$ (1,206)**

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, 2009, 2010 and 2011 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Valuation allowance at beginning of year	¥ 82,191	¥208,627	**¥239,269**	**$2,877**
Additions	145,707	46,704	**55,791**	**671**
Deductions	(3,511)	(14,066)	**(10,077)**	**(121)**
Other	(15,760)	(1,996)	**(4,298)**	**(52)**
Valuation allowance at end of year	¥208,627	¥239,269	**¥280,685**	**$3,375**

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, 2009, 2010 and 2011. The factors used to assess the likelihood of realization of the deferred tax assets are the future reversal of existing taxable temporary differences, the future taxable income and available tax planning strategies that are prudent and feasible. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed. Toyota believes that it is more likely than not that the net deferred tax assets will be realized through future taxable income. Failure to achieve the forecasted taxable income, however, could affect the realization of deferred tax assets.

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Deferred tax assets			
Deferred income taxes (Current assets)	¥ 632,164	**¥ 605,884**	**$ 7,287**
Investments and other assets - other	122,617	**118,849**	**1,429**
Deferred tax liabilities			
Other current liabilities	(9,338)	**(14,919)**	**(179)**
Deferred income taxes (Long-term liabilities)	(813,221)	**(810,127)**	**(9,743)**
Net deferred tax liability	¥ (67,778)	**¥(100,313)**	**$(1,206)**

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

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provision for income taxes on those undistributed earnings aggregating ¥2,709,626 million ($32,587 million) as of March 31, 2011. Toyota estimates an additional tax provision of ¥100,957 million ($1,214 million) would be required if the full amount of those undistributed earnings were remitted.

Operating loss carryforwards for tax purposes as of March 31, 2011 were approximately ¥894,587 million ($10,759 million) and are available as an offset against future taxable income. The majority of these carryforwards expire in years 2012 to 2030. Tax credit carryforwards as of March 31, 2011 were ¥127,289 million ($1,531 million) and the majority of these carryforwards expire in years 2012 to 2014.

A summary of the gross unrecognized tax benefits changes for the years ended March 31, 2009, 2010 and 2011 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Balance at beginning of year	¥ 37,722	¥ 46,803	**¥ 23,965**	**$ 288**
Additions based on tax positions related to the current year	858	2,702	**213**	**3**
Additions for tax positions of prior years	35,464	6,750	**12,564**	**151**
Reductions for tax positions of prior years	(24,061)	(2,802)	**(16,133)**	**(194)**
Reductions for tax positions related to lapse of statute of limitations	(114)	(106)	**—**	**—**
Reductions for settlements	(128)	(27,409)	**(2,794)**	**(34)**
Other	(2,938)	(1,973)	**(2,362)**	**(28)**
Balance at end of year	¥ 46,803	¥ 23,965	**¥ 15,453**	**$ 186**

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was not material at March 31, 2009, 2010 and 2011, 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 twelve 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, 2010 and 2011, 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, 2004 and 2000, with various tax jurisdictions in Japan and foreign countries, respectively.

17 Shareholders' equity:

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

	For the years ended March 31,		
	2009	2010	**2011**
Common stock issued			
Balance at beginning of year	3,447,997,492	3,447,997,492	**3,447,997,492**
Issuance during the year	—	—	**—**
Purchase and retirement	—	—	**—**
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, 2010 and 2011 was ¥168,680 million and ¥171,062 million ($2,057 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 ¥5,478,747 million and ¥5,389,432 million ($64,816 million) as of March 31, 2010 and 2011, 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, 2011 include amounts representing year-end cash dividends of ¥94,071 million ($1,131 million), ¥30 ($0.36) per share, which were approved at the Ordinary General Shareholders' Meeting, held on June 17, 2011.

Retained earnings at March 31, 2011 include ¥1,401,985 million ($16,861 million) relating to equity in undistributed earnings of companies accounted for by the equity method.

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

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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, 2010 and 2011 and the related changes, net of taxes for the years ended March 31, 2009, 2010 and 2011 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, 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)
Other comprehensive income (loss)	(287,613)	(26,058)	15,785	(297,886)
Balances at March 31, 2011	**¥(1,160,389)**	**¥ 168,227**	**¥(152,559)**	**¥(1,144,721)**

	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, 2010	$(10,496)	$2,337	$(2,025)	$(10,184)
Other comprehensive income (loss)	(3,459)	(314)	190	(3,583)
Balances at March 31, 2011	**$(13,955)**	**$2,023**	**$(1,835)**	**$(13,767)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2009, 2010 and 2011 are as follows:

	Yen in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
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 losses 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
For the year ended March 31, 2011			
Foreign currency translation adjustments	**¥ (294,279)**	**¥ 6,666**	**¥(287,613)**
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	**(31,899)**	**9,643**	**(22,256)**
Less: reclassification adjustments for gains included in net income attributable to Toyota Motor Corporation	**(6,358)**	**2,556**	**(3,802)**
Pension liability adjustments	**26,681**	**(10,896)**	**15,785**
Other comprehensive income (loss)	**¥ (305,855)**	**¥ 7,969**	**¥(297,886)**

	U.S. dollars in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2011			
Foreign currency translation adjustments	**$(3,539)**	**$ 80**	**$(3,459)**
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	**(384)**	**116**	**(268)**
Less: reclassification adjustments for gains included in net income attributable to Toyota Motor Corporation	**(77)**	**31**	**(46)**
Pension liability adjustments	**321**	**(131)**	**190**
Other comprehensive income (loss)	**$(3,679)**	**$ 96**	**$(3,583)**

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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 until June 2010, 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.

For the years ended March 31, 2009, 2010 and 2011, Toyota recognized stock-based compensation expenses for stock options of ¥3,015 million, ¥2,446 million and ¥2,522 million ($30 million) as selling, general and administrative expenses.

The weighted-average grant-date fair value of options granted during the years ended March 31, 2009, 2010 and 2011 was ¥635, ¥803 and ¥724 ($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:

	2009	2010	**2011**
Dividend rate	3.0%	2.4%	**1.5%**
Risk-free interest rate	1.1%	0.7%	**0.3%**
Expected volatility	23%	30%	**32%**
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, 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	¥ —
Granted	3,435,000	3,183		
Exercised	—	—		
Canceled	(1,364,900)	4,759		
Options outstanding at March 31, 2011	**15,786,800**	**¥4,941**	**5.04**	**¥ 565**
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	¥ —
Options exercisable at March 31, 2011	9,347,800	¥5,821	3.79	¥ —

The total intrinsic value of options exercised for the years ended March 31, 2009 and 2010 was ¥97 million and ¥113 million, respectively. No options were exercised for the year ended March 31, 2011.

As of March 31, 2011, there were unrecognized compensation expenses of ¥1,693 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, 2009 and 2010 was ¥435 million and ¥492 million, respectively. No cash was received from the exercise of stock options for the year ended March 31, 2011.

The following table summarizes information for options outstanding and options exercisable at March 31, 2011:

	Outstanding				Exercisable		
Exercise price range	Number of shares	Weighted-average exercise price		Weighted-average remaining life	Number of shares	Weighted-average exercise price	
Yen		Yen	Dollars	Years		Yen	Dollars
¥3,183-6,000	10,508,800	¥4,030	$48	5.63	4,069,800	¥4,611	$55
6,001-7,278	5,278,000	6,754	81	3.87	5,278,000	6,754	81
3,183-7,278	15,786,800	4,941	59	5.04	9,347,800	5,821	70

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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		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Change in benefit obligation			
Benefit obligation at beginning of year	¥1,632,779	**¥1,726,747**	**$20,767**
Service cost	75,558	**82,422**	**991**
Interest cost	50,559	**52,502**	**631**
Plan participants' contributions	657	**1,046**	**13**
Plan amendments	(3,080)	**(1,429)**	**(17)**
Net actuarial loss	56,843	**3,830**	**46**
Acquisition and other	(2,829)	**(57,928)**	**(697)**
Benefits paid	(83,740)	**(78,012)**	**(938)**
Benefit obligation at end of year	1,726,747	**1,729,178**	**20,796**
Change in plan assets			
Fair value of plan assets at beginning of year	979,012	**1,179,051**	**14,180**
Actual return on plan assets	171,043	**24,216**	**291**
Acquisition and other	158	**(39,374)**	**(474)**
Employer contributions	111,815	**96,458**	**1,160**
Plan participants' contributions	763	**1,046**	**13**
Benefits paid	(83,740)	**(78,012)**	**(938)**
Fair value of plan assets at end of year	1,179,051	**1,183,385**	**14,232**
Funded status	¥ 547,696	**¥ 545,793**	**$ 6,564**

Amounts recognized in the consolidated balance sheet as of March 31, 2010 and 2011 are comprised of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Accrued expenses (Accrued pension and severance costs)	¥ 28,573	**¥ 24,677**	**$ 297**
Accrued pension and severance costs	678,677	**668,022**	**8,034**
Investments and other assets - other (Prepaid pension and severance costs)	(159,554)	**(146,906)**	**(1,767)**
Net amount recognized	¥ 547,696	**¥ 545,793**	**$ 6,564**

Notes to Consolidated Financial Statements

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2010 and 2011 are comprised of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Net actuarial loss	¥(385,266)	**¥(347,494)**	**$(4,179)**
Prior service costs	97,587	**72,324**	**870**
Net transition obligation	(3,570)	**(1,626)**	**(20)**
Net amount recognized	¥(291,249)	**¥(276,796)**	**$(3,329)**

The accumulated benefit obligation for all defined benefit pension plans was ¥1,571,061 million and ¥1,584,627 million ($19,057 million) at March 31, 2010 and 2011, 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		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Projected benefit obligation	¥508,501	**¥500,046**	**$6,014**
Accumulated benefit obligation	452,019	**453,111**	**5,449**
Fair value of plan assets	65,905	**72,359**	**870**

Components of the net periodic pension cost are as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Service cost	¥ 84,206	¥ 75,558	**¥ 82,422**	**$ 991**
Interest cost	52,959	50,559	**52,502**	**631**
Expected return on plan assets	(43,053)	(32,251)	**(42,364)**	**(509)**
Amortization of prior service costs	(17,677)	(15,063)	**(24,032)**	**(289)**
Recognized net actuarial loss	5,752	27,246	**16,095**	**194**
Amortization of net transition obligation	1,944	1,944	**1,944**	**23**
Net periodic pension cost	¥ 84,131	¥107,993	**¥ 86,567**	**$1,041**

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

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2009	2010	**2011**	**2011**
Net actuarial gain (loss)	¥(303,074)	¥ 81,949	**¥(21,978)**	**$(264)**
Recognized net actuarial loss	5,752	27,246	**16,095**	**194**
Prior service costs	2,096	3,080	**1,429**	**17**
Amortization of prior service costs	(17,677)	(15,063)	**(24,032)**	**(289)**
Amortization of net transition obligation	1,944	1,944	**1,944**	**23**
Other	17,003	2,594	**40,995**	**493**
Total recognized in other comprehensive income (loss)	¥(293,956)	¥101,750	**¥ 14,453**	**$ 174**

The other amount includes the impact of transition to defined contribution pension plans, consolidation and deconsolidation of certain entities due to changes in ownership interest and currency translation adjustments during the years ended March 31, 2009, 2010 and 2011.

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, 2012 are ¥(15,700) million ($(189) million), ¥16,000 million ($192 million) and ¥1,900 million ($23 million), respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2010 and 2011 are as follows:

	March 31,	
	2010	**2011**
Discount rate	2.8%	**2.8%**
Rate of compensation increase	0.5-10.0%	**0.8-11.0%**

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2009, 2010 and 2011 are as follows:

	For the years ended March 31,		
	2009	2010	**2011**
Discount rate	2.8%	2.8%	**2.8%**
Expected return on plan assets	3.6%	3.6%	**3.8%**
Rate of compensation increase	0.1-10.0%	0.1-10.0%	**0.5-10.0%**

Notes to Consolidated Financial Statements

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 and 2011. 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

	Yen in millions				U.S. dollars in millions			
	March 31, 2011				**March 31, 2011**			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity securities								
Common stocks	**¥489,759**	**¥ —**	**¥ —**	**¥ 489,759**	**$5,890**	**$ —**	**$ —**	**$ 5,890**
Commingled funds	**—**	**180,901**	**—**	**180,901**	**—**	**2,176**	**—**	**2,176**
	489,759	**180,901**	**—**	**670,660**	**5,890**	**2,176**	**—**	**8,066**
Debt securities								
Government bonds	**82,685**	**—**	**—**	**82,685**	**995**	**—**	**—**	**995**
Commingled funds	**—**	**159,232**	**—**	**159,232**	**—**	**1,915**	**—**	**1,915**
Other	**29,217**	**44,994**	**746**	**74,957**	**351**	**541**	**9**	**901**
	111,902	**204,226**	**746**	**316,874**	**1,346**	**2,456**	**9**	**3,811**
Insurance contracts	**—**	**90,972**	**—**	**90,972**	**—**	**1,094**	**—**	**1,094**
Other	**19,610**	**26,418**	**58,851**	**104,879**	**236**	**317**	**708**	**1,261**
Total	**¥621,271**	**¥502,517**	**¥59,597**	**¥1,183,385**	**$7,472**	**$6,043**	**$717**	**$14,232**

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. Common stocks include 64% of Japanese stocks and 36% of foreign stocks as of March 31, 2010, and 51% of Japanese stocks and 49% of foreign stocks as of March 31, 2011.

Quoted market prices for identical securities are used to measure fair value of government bonds. Government bonds include 25% of Japanese government bonds and 75% of foreign government bonds as of March 31, 2010, and 25% of Japanese government bonds and 75% of foreign government bonds as of March 31, 2011.

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.

Notes to Consolidated Financial Statements

The following tables summarize the changes in Level 3 plan assets measured at fair value for the years ended March 31, 2010 and 2011:

	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

	Yen in millions		
	For the year ended March 31, 2011		
	Debt securities	Other	Total
Balance at beginning of year	**¥ 3,591**	**¥46,518**	**¥50,109**
Actual return on plan assets	**312**	**1,908**	**2,220**
Purchases, sales and settlements	**(2,948)**	**11,490**	**8,542**
Other	**(209)**	**(1,065)**	**(1,274)**
Balance at end of year	**¥ 746**	**¥58,851**	**¥59,597**

	U.S. dollars in millions		
	For the year ended March 31, 2011		
	Debt securities	Other	Total
Balance at beginning of year	**$ 43**	**$560**	**$603**
Actual return on plan assets	**4**	**23**	**27**
Purchases, sales and settlements	**(35)**	**138**	**103**
Other	**(3)**	**(13)**	**(16)**
Balance at end of year	**$ 9**	**$708**	**$717**

Toyota expects to contribute ¥97,231 million ($1,169 million) to its pension plans in the year ending March 31, 2012.

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
2012	¥ 72,170	$ 868
2013	71,235	857
2014	73,345	882
2015	76,567	921
2016	79,591	957
from 2017 to 2021	442,737	5,324
Total	¥815,645	$9,809

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, 2009, 2010 and 2011, 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.

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Fair value and gains or losses on derivative financial instruments

The following table summarizes the fair values of derivative financial instruments as of March 31, 2010 and 2011:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Derivative financial instruments designated as hedging instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 45,567	**¥ 55,794**	**$ 671**
Investments and other assets - Other	94,430	**74,528**	**896**
Total	¥ 139,997	**¥ 130,322**	**$ 1,567**
Other current liabilities	¥ (21,786)	**¥ (7,410)**	**$ (89)**
Other long-term liabilities	(12,045)	**(1,188)**	**(14)**
Total	¥ (33,831)	**¥ (8,598)**	**$ (103)**
Undesignated derivative financial instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 54,474	**¥ 99,093**	**$ 1,192**
Investments and other assets - Other	168,349	**185,272**	**2,228**
Total	¥ 222,823	**¥ 284,365**	**$ 3,420**
Other current liabilities	¥ (38,152)	**¥ (64,611)**	**$ (777)**
Other long-term liabilities	(179,765)	**(132,785)**	**(1,597)**
Total	¥(217,917)	**¥(197,396)**	**$(2,374)**
Foreign exchange forward and option contracts			
Prepaid expenses and other current assets	¥ 6,135	**¥ 2,619**	**$ 32**
Investments and other assets - Other	38	**—**	**—**
Total	¥ 6,173	**¥ 2,619**	**$ 32**
Other current liabilities	¥ (20,843)	**¥ (14,202)**	**$ (171)**
Other long-term liabilities	(138)	**(75)**	**(1)**
Total	¥ (20,981)	**¥ (14,277)**	**$ (172)**

The following table summarizes the notional amounts of derivative financial instruments as of March 31, 2010 and 2011:

	Yen in millions				U.S. dollars in millions	
	March 31,				March 31,	
	2010		**2011**		**2011**	
	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	¥1,168,882	¥11,868,039	**¥617,472**	**¥11,460,275**	**$7,426**	**$137,826**
Foreign exchange forward and option contracts	—	1,487,175	**—**	**1,176,955**	**—**	**14,155**
Total	¥1,168,882	¥13,355,214	**¥617,472**	**¥12,637,230**	**$7,426**	**$151,981**

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, 2010 and 2011:

	Yen in millions			
	For the years ended March 31,			
	2009		2010	
	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items	Gains or (losses) on derivative financial instruments	Gains or (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)
Interest expense	(439)	439	(265)	265
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	¥ (72,696)	¥ —	¥ 77,939	¥ —
Foreign exchange gain (loss), net	(3,016)	—	(2,819)	—
Foreign exchange forward and option contracts				
Cost of financing operations	24,183	—	(21,841)	—
Foreign exchange gain (loss), net	174,158	—	60,599	—

	Yen in millions		U.S. dollars in millions	
	For the year ended March 31,		For the year ended March 31,	
	2011		**2011**	
	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items
Derivative financial instruments designated as hedging instruments – Fair value hedge				
Interest rate and currency swap agreements				
Cost of financing operations	**¥ 71,491**	**¥ (68,741)**	**$ 860**	**$(827)**
Interest expense	**(166)**	**166**	**(2)**	**2**
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	**¥ 72,082**	**¥ —**	**$ 867**	**$ —**
Foreign exchange gain (loss), net	**(1,393)**	**—**	**(17)**	**—**
Foreign exchange forward and option contracts				
Cost of financing operations	**(2,693)**	**—**	**(32)**	**—**
Foreign exchange gain (loss), net	**110,211**	**—**	**1,325**	**—**

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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, 2009, 2010 and 2011 were ¥(80,298) million, ¥71,538 million and ¥93,370 million ($1,123 million) those reported in foreign exchange gain (loss), net were ¥(33,578) million, ¥(26,476) million and ¥(240) million ($(3) million), respectively.

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, 2011 is ¥27,432 million ($330 million). The aggregate fair value amount of assets that are already posted as of March 31, 2011 is ¥5,773 million ($69 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 ¥27,432 million ($330 million) as of March 31, 2011.

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, 2010	
Asset (Liability)	Carrying amount	Estimated fair value
Cash and cash equivalents	¥ 1,865,746	¥ 1,865,746
Time deposits	392,724	392,724
Total finance receivables, net	8,759,826	9,112,527
Other receivables	360,379	360,379
Short-term borrowings	(3,279,673)	(3,279,673)
Long-term debt including the current portion	(9,191,490)	(9,297,904)

	Yen in millions		U.S. dollars in millions	
	March 31, 2011		March 31, 2011	
Asset (Liability)	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Cash and cash equivalents	**¥ 2,080,709**	**¥ 2,080,709**	**$ 25,024**	**$ 25,024**
Time deposits	**203,874**	**203,874**	**2,452**	**2,452**
Total finance receivables, net	**8,680,882**	**8,971,523**	**104,400**	**107,896**
Other receivables	**306,201**	**306,201**	**3,682**	**3,682**
Short-term borrowings	**(3,179,009)**	**(3,179,009)**	**(38,232)**	**(38,232)**
Long-term debt including the current portion	**(9,200,130)**	**(9,274,881)**	**(110,645)**	**(111,544)**

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.

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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,
Class of property	2010	**2011**	**2011**
Building	¥23,518	**¥13,412**	**$161**
Machinery and equipment	48,043	**30,283**	**364**
Less - Accumulated depreciation	(36,926)	**(18,590)**	**(223)**
	¥34,635	**¥25,105**	**$302**

Amortization expenses under capital leases for the years ended March 31, 2009, 2010 and 2011 were ¥12,183 million, ¥12,606 million and ¥13,341 million ($160 million), respectively.

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2011 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2012	¥ 5,192	$ 62
2013	3,741	45
2014	2,516	30
2015	2,248	27
2016	1,971	24
Thereafter	13,981	168
Total minimum lease payments	29,649	356
Less - Amount representing interest	(7,732)	(93)
Present value of net minimum lease payments	21,917	263
Less - Current obligations	(4,283)	(51)
Long-term capital lease obligations	¥17,634	$212

Rental expenses under operating leases for the years ended March 31, 2009, 2010 and 2011 were ¥106,653 million, ¥93,994 million and ¥89,029 million ($1,071 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, 2011 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2012	¥ 9,198	$111
2013	7,439	89
2014	5,687	68
2015	4,648	56
2016	4,061	49
Thereafter	13,146	158
Total minimum future rentals	¥44,179	$531

23 Other commitments and contingencies, concentrations and factors that may affect future operations:

Commitments

Commitments outstanding at March 31, 2011 for the purchase of property, plant and equipment and other assets totaled ¥83,506 million ($1,004 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, 2011, 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, 2011 is ¥1,662,225 million ($19,991 million). Liabilities for guarantees totaling ¥20,450 million ($246 million) have been provided as of March 31, 2011. 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 relating to 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

Notes to Consolidated Financial Statements

antilock braking system (ABS) in certain vehicles models including the Prius. Set forth below is a description of various claims, lawsuits and government investigations involving Toyota in the United States relating to these recalls and other safety measures.

■ Class Action and Consolidated 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 System-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 pretrial proceedings into a single multi-district litigation in the United States District Court for the Central District of California. In addition, of the approximately 325 individual product liability personal injury cases relating to unintended acceleration pending against Toyota, the federal cases have been or are likely to be consolidated into the multi-district litigation. 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 action suit is in its early stages and has included document production, depositions and various motions.

Additionally, there are approximately ten 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 approximately 20 putative class actions alleging defects in the antilock braking systems in various hybrid vehicles that cause the vehicles to fail to stop in a timely manner when driving in certain road conditions. The plaintiffs seek an order requiring Toyota to repair the vehicles and claim that all owners and lessees of vehicles, including those for which recalls have been implemented, should be compensated for the defects related to the antilock braking systems. These cases have been consolidated into two actions, one in federal court in the United States District Court for the Central District of California and one in state court in the Los Angeles County Superior Court.

From February through April 2010, Toyota was also sued in six putative shareholder class actions on behalf of investors in Toyota American Depository Shares and common stock. The cases have been consolidated into a single action in the United States District Court for the Central District of California, and a lead plaintiff has been appointed. The consolidated complaint, filed October 4, 2010, alleges violations of the Securities Exchange Act of 1934 and Japan's Financial Instruments and Exchange Act on the basis that defendants made statements that were false or misleading in that they failed to disclose problems with, or the causes of, 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 alleged that the defendants breached their fiduciary duties of care and loyalty in their handling of design defects in Toyota vehicles, alleging facts similar to those alleged in the securities class action. On April 20, 2011, the Court issued an order dismissing the case and entered judgment in favor of defendants.

On July 22, 2010, Toyota was sued in the Superior Court of the State of California, County of Los Angeles in a putative bondholder class action filed on behalf of purchasers of Toyota and Toyota Motor Credit Corporation bonds traded on foreign securities exchanges. The complaint alleges violations of California securities law, fraud, breach of fiduciary duty, and other state law claims. On September 15, 2010, Toyota removed the putative bondholder class action to the United States District Court for the Central District of California. On January 10, 2011, the District Court issued an order dismissing the case with prejudice, and entered judgment in favor of defendants. Plaintiff has filed a notice of appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

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 seek 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. In June 2010, Toyota received a second voluntary request and subpoena from the SEC and a subpoena from the U.S. Attorney for the Southern District of New York. The subpoenas and the voluntary request primarily seek production of documents related to the recalls of the steering relay rod.

During the first two quarters of calendar year 2010, Toyota received four inquires from the National Highway Traffic Safety Administration ("NHTSA"). 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 NHTSA 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 to concentrate on regaining customer confidence.

On May 10, 2010, Toyota received an inquiry from NHTSA on the timing of its announcement of the 2005 recall of certain pickup trucks and sport utility vehicles for a possible issue with the steering relay rod (TQ10-004). On December 20, 2010, Toyota and NHTSA announced that they had reached a settlement with respect to TQ10-001 and TQ10-004 pursuant to which Toyota paid approximately $32.4 million in the aggregate to the U.S. Treasury. As in the April 2010 settlement

Notes to Consolidated Financial Statements

resolving TQ10-002, Toyota denied that it violated the Motor Vehicle Safety Act or its implementing regulations but agreed to the settlement to avoid a protracted dispute and to concentrate on regaining customer confidence. In addition, on March 1, 2011, RQ10-003 was officially resolved.

Toyota has also received subpoenas and formal and informal requests from various states' attorneys general, including the Executive Committee for a group of 28 states' attorney 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, except as noted above, 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, 2011 related to these legal proceedings and governmental investigations are not material to Toyota's financial position, results of operations, or cash flow. 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, GM, Ford, DaimlerChrysler, Honda, Nissan, BMW and their sales subsidiaries in the United States and Canada, as well as the National Automobile Dealers Association and the Canadian Automobile Dealers Association were named as defendants in approximately 85 purported federal and state class action lawsuits on behalf of all purchasers of new motor vehicles who purchased their vehicles in the United States on or after January 1, 2001. As of April 1, 2005, the federal lawsuits were consolidated in the State of Maine, and lawsuits in the State of California and the State of New Jersey were also consolidated within the respective states. Lawsuits in the state courts have been stayed until the federal lawsuits proceed.

The complaints allege that the defendants violated the Sherman Antitrust Act or state anti-trust law by conspiring among themselves and with their dealers to prevent the sale to United States citizens of vehicles produced for the Canadian market, resulting in higher prices to United States consumers. Toyota believes that its actions have been lawful. In the interest of resolving these legal actions, however, Toyota entered into a settlement agreement with the plaintiffs in February 2006. The settlement agreement remains subject to court approval. In the meantime, the federal court granted summary judgment in favor of the remaining defendants and the time to appeal has lapsed. Current activity is centered in the California state courts, although that action is stayed against Toyota pending a ruling on the pending Toyota settlement. In February 2011, the federal court held a hearing with respect to approval of Toyota's settlement agreement. If final approval is granted, that approval should resolve this matter for Toyota.

■ 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, 2011. 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.

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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, 2009, 2010 and 2011.

Segment operating results and assets

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 expense	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 expense	1,018,935	348,820	46,814	—	1,414,569
Capital expenditure	616,216	774,102	21,751	25,532	1,437,601

As of and for the year ended March 31, 2011:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	**¥17,322,753**	**¥ 1,173,168**	**¥ 497,767**	**¥ —**	**¥18,993,688**
Inter-segment sales and transfers	**14,567**	**19,037**	**474,485**	**(508,089)**	**—**
Total	**17,337,320**	**1,192,205**	**972,252**	**(508,089)**	**18,993,688**
Operating expenses	**17,251,347**	**833,925**	**937,010**	**(496,873)**	**18,525,409**
Operating income (loss)	**¥ 85,973**	**¥ 358,280**	**¥ 35,242**	**¥ (11,216)**	**¥ 468,279**
Assets	**¥11,341,558**	**¥13,365,394**	**¥1,146,720**	**¥3,964,494**	**¥29,818,166**
Investment in equity method investees	**1,784,539**	**3,519**	**3,045**	**26,885**	**1,817,988**
Depreciation expense	**819,075**	**330,865**	**25,633**	**—**	**1,175,573**
Capital expenditure	**691,867**	**991,330**	**21,058**	**(13,064)**	**1,691,191**

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	**$208,331**	**$ 14,109**	**$ 5,987**	**$ —**	**$228,427**
Inter-segment sales and transfers	**176**	**229**	**5,706**	**(6,111)**	**—**
Total	**208,507**	**14,338**	**11,693**	**(6,111)**	**228,427**
Operating expenses	**207,473**	**10,029**	**11,269**	**(5,976)**	**222,795**
Operating income (loss)	**$ 1,034**	**$ 4,309**	**$ 424**	**$ (135)**	**$ 5,632**
Assets	**$136,399**	**$160,738**	**$13,791**	**$47,679**	**$358,607**
Investment in equity method investees	**21,462**	**42**	**37**	**323**	**21,864**
Depreciation expense	**9,851**	**3,979**	**308**	**—**	**14,138**
Capital expenditure	**8,321**	**11,922**	**253**	**(157)**	**20,339**

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Geographic Information

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

As of and for the year ended March 31, 2011:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	**¥ 6,966,929**	**¥5,327,809**	**¥1,920,416**	**¥3,138,112**	**¥1,640,422**	**¥ —**	**¥18,993,688**
Inter-segment sales and transfers	**4,019,317**	**101,327**	**61,081**	**236,422**	**168,694**	**(4,586,841)**	**—**
Total	**10,986,246**	**5,429,136**	**1,981,497**	**3,374,534**	**1,809,116**	**(4,586,841)**	**18,993,688**
Operating expenses	**11,348,642**	**5,089,633**	**1,968,349**	**3,061,557**	**1,648,987**	**(4,591,759)**	**18,525,409**
Operating income (loss)	**¥ (362,396)**	**¥ 339,503**	**¥ 13,148**	**¥ 312,977**	**¥ 160,129**	**¥ 4,918**	**¥ 468,279**
Assets	**¥11,285,864**	**¥9,910,828**	**¥1,931,231**	**¥2,138,499**	**¥2,044,379**	**¥ 2,507,365**	**¥29,818,166**
Long-lived assets	**3,123,042**	**2,276,332**	**305,627**	**344,304**	**259,855**	**—**	**6,309,160**

	U.S. dollars in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	**$ 83,787**	**$ 64,075**	**$23,096**	**$37,740**	**$19,729**	**$ —**	**$228,427**
Inter-segment sales and transfers	**48,339**	**1,218**	**734**	**2,844**	**2,028**	**(55,163)**	**—**
Total	**132,126**	**65,293**	**23,830**	**40,584**	**21,757**	**(55,163)**	**228,427**
Operating expenses	**136,484**	**61,210**	**23,672**	**36,820**	**19,831**	**(55,222)**	**222,795**
Operating income (loss)	**$ (4,358)**	**$ 4,083**	**$ 158**	**$ 3,764**	**$ 1,926**	**$ 59**	**$ 5,632**
Assets	**$135,729**	**$ 119,192**	**$23,226**	**$25,719**	**$24,587**	**$ 30,154**	**$358,607**
Long-lived assets	**37,559**	**27,376**	**3,676**	**4,141**	**3,125**	**—**	**75,877**

"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 ¥3,225,901 million, ¥4,205,402 million and ¥4,613,672 million ($55,486 million), as of March 31, 2009, 2010 and 2011, 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,
	2009	2010	**2011**	**2011**
North America	¥6,294,230	¥5,718,381	**¥5,398,278**	**$64,922**
Europe	2,861,351	2,023,280	**1,793,932**	**21,575**
Asia	2,530,352	2,641,471	**3,280,384**	**39,451**
Other	3,421,881	2,838,671	**3,196,114**	**38,438**

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

Notes to Consolidated Financial Statements

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.

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Non-Financial Services Businesses			
Current assets			
Cash and cash equivalents	¥ 1,338,821	**¥ 1,300,553**	**$ 15,641**
Marketable securities	1,783,629	**1,036,555**	**12,466**
Trade accounts and notes receivable, less allowance for doubtful accounts	1,908,884	**1,483,551**	**17,842**
Inventories	1,422,373	**1,304,128**	**15,684**
Prepaid expenses and other current assets	1,793,622	**1,383,616**	**16,640**
Total current assets	8,247,329	**6,508,403**	**78,273**
Investments and other assets	4,549,658	**5,825,966**	**70,065**
Property, plant and equipment	4,996,321	**4,608,309**	**55,422**
Total Non-Financial Services Businesses assets	17,793,308	**16,942,678**	**203,760**
Financial Services Businesses			
Current assets			
Cash and cash equivalents	526,925	**780,156**	**9,383**
Marketable securities	9,536	**188,880**	**2,272**
Finance receivables, net	4,209,496	**4,136,805**	**49,751**
Prepaid expenses and other current assets	653,798	**636,249**	**7,651**
Total current assets	5,399,755	**5,742,090**	**69,057**
Noncurrent finance receivables, net	5,630,680	**5,556,746**	**66,828**
Investments and other assets	529,938	**365,707**	**4,398**
Property, plant and equipment	1,714,580	**1,700,851**	**20,455**
Total Financial Services Businesses assets	13,274,953	**13,365,394**	**160,738**
Eliminations	(718,974)	**(489,906)**	**(5,891)**
Total assets	¥30,349,287	**¥29,818,166**	**$358,607**

Assets in the non-financial services include unallocated corporate assets.

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2010	**2011**	**2011**
Non-Financial Services Businesses			
Current liabilities			
Short-term borrowings	¥ 575,890	**¥ 478,646**	**$ 5,756**
Current portion of long-term debt	289,447	**243,817**	**2,932**
Accounts payable	1,954,147	**1,497,253**	**18,007**
Accrued expenses	1,627,228	**1,666,748**	**20,045**
Income taxes payable	140,210	**104,392**	**1,256**
Other current liabilities	931,727	**1,024,662**	**12,323**
Total current liabilities	5,518,649	**5,015,518**	**60,319**
Long-term liabilities			
Long-term debt	1,095,270	**839,611**	**10,097**
Accrued pension and severance costs	672,905	**660,918**	**7,949**
Other long-term liabilities	604,903	**554,402**	**6,667**
Total long-term liabilities	2,373,078	**2,054,931**	**24,713**
Total Non-Financial Services Businesses liabilities	7,891,727	**7,070,449**	**85,032**
Financial Services Businesses			
Current liabilities			
Short-term borrowings	3,118,938	**2,986,700**	**35,919**
Current portion of long-term debt	1,968,908	**2,541,479**	**30,565**
Accounts payable	13,063	**19,472**	**234**
Accrued expenses	113,559	**110,348**	**1,327**
Income taxes payable	13,177	**9,555**	**115**
Other current liabilities	519,011	**538,026**	**6,471**
Total current liabilities	5,746,656	**6,205,580**	**74,631**
Long-term liabilities			
Long-term debt	6,060,349	**5,669,456**	**68,184**
Accrued pension and severance costs	5,772	**7,104**	**85**
Other long-term liabilities	433,641	**435,508**	**5,238**
Total long-term liabilities	6,499,762	**6,112,068**	**73,507**
Total Financial Services Businesses liabilities	12,246,418	**12,317,648**	**148,138**
Eliminations	(719,301)	**(489,955)**	**(5,892)**
Total liabilities	19,418,844	**18,898,142**	**227,278**
Total Toyota Motor Corporation shareholders' equity	10,359,723	**10,332,371**	**124,262**
Noncontrolling interest	570,720	**587,653**	**7,067**
Total shareholders' equity	10,930,443	**10,920,024**	**131,329**
Total liabilities and shareholders' equity	¥30,349,287	**¥29,818,166**	**$358,607**

Notes to Consolidated Financial Statements

Statements of income

	Yen in millions			U.S. dollars in millions
	March 31,			March 31,
	2009	2010	**2011**	**2011**
Non-Financial Services Businesses				
Net revenues	¥19,182,161	¥17,732,143	**¥17,826,986**	**$214,395**
Costs and expenses				
Cost of revenues	17,470,791	15,973,442	**15,986,741**	**192,264**
Selling, general and administrative	2,097,674	1,854,710	**1,723,071**	**20,722**
Total costs and expenses	19,568,465	17,828,152	**17,709,812**	**212,986**
Operating income (loss)	(386,304)	(96,009)	**117,174**	**1,409**
Other income (expense), net	(71,925)	144,625	**88,840**	**1,069**
Income (loss) before income taxes and equity in earnings of affiliated companies	(458,229)	48,616	**206,014**	**2,478**
Provision for income taxes	(10,152)	42,342	**178,795**	**2,150**
Equity in earnings of affiliated companies	53,226	109,944	**214,229**	**2,576**
Net income (loss)	(394,851)	116,218	**241,448**	**2,904**
Less: Net (income) loss attributable to the noncontrolling interest	26,282	(32,103)	**(54,055)**	**(650)**
Net income (loss) attributable to Toyota Motor Corporation- Non-Financial Services Businesses	(368,569)	84,115	**187,393**	**2,254**
Financial Services Businesses				
Net revenues	1,377,548	1,245,407	**1,192,205**	**14,338**
Costs and expenses				
Cost of revenues	994,191	716,997	**636,374**	**7,653**
Selling, general and administrative	455,304	281,483	**197,551**	**2,376**
Total costs and expenses	1,449,495	998,480	**833,925**	**10,029**
Operating income (loss)	(71,947)	246,927	**358,280**	**4,309**
Other income (expense), net	(30,233)	(3,923)	**1,349**	**16**
Income (loss) before income taxes and equity in earnings of affiliated companies	(102,180)	243,004	**359,629**	**4,325**
Provision for income taxes	(46,298)	50,362	**134,094**	**1,613**
Equity in earnings (losses) of affiliated companies	(10,502)	(64,536)	**787**	**10**
Net income (loss)	(66,384)	128,106	**226,322**	**2,722**
Less: Net income attributable to the noncontrolling interest	(2,004)	(2,653)	**(3,251)**	**(39)**
Net income (loss) attributable to Toyota Motor Corporation- Financial Services Businesses	(68,388)	125,453	**223,071**	**2,683**
Eliminations	20	(112)	**(2,281)**	**(28)**
Net income (loss) attributable to Toyota Motor Corporation	¥ (436,937)	¥ 209,456	**¥ 408,183**	**$ 4,909**

Notes to Consolidated Financial Statements

Statements of cash flows

	Yen in millions			Yen in millions		
	For the year ended March 31, 2009			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 (loss)	¥ (394,851)	¥ (66,384)	¥ (461,215)	¥ 116,218	¥ 128,106	¥ 244,212
Adjustments to reconcile net income (loss) to net cash provided by operating activities						
Depreciation	1,105,233	389,937	1,495,170	1,065,749	348,820	1,414,569
Provision for doubtful accounts and credit losses	(1,663)	259,096	257,433	1,905	98,870	100,775
Pension and severance costs, less payments	(21,428)	470	(20,958)	55	1,199	1,254
Losses on disposal of fixed assets	68,546	136	68,682	46,661	276	46,937
Unrealized losses on available-for-sale securities, net	220,920	—	220,920	2,486	—	2,486
Deferred income taxes	(132,127)	(62,871)	(194,990)	(14,183)	39,759	25,537
Equity in (earnings) losses of affiliated companies	(53,226)	10,502	(42,724)	(109,944)	64,536	(45,408)
Changes in operating assets and liabilities, and other	(223,101)	186,234	154,587	733,338	133,275	768,168
Net cash provided by operating activities	568,303	717,120	1,476,905	1,842,285	814,841	2,558,530
Cash flows from investing activities						
Additions to finance receivables	—	(14,230,272)	(8,612,111)	—	(13,492,119)	(7,806,201)
Collection of and proceeds from sales of finance receivables	—	13,959,045	8,155,094	—	13,107,531	7,517,968
Additions to fixed assets excluding equipment leased to others	(1,358,518)	(6,064)	(1,364,582)	(599,154)	(5,382)	(604,536)
Additions to equipment leased to others	(82,411)	(877,904)	(960,315)	(64,345)	(768,720)	(833,065)
Proceeds from sales of fixed assets excluding equipment leased to others	41,285	6,101	47,386	46,070	6,403	52,473
Proceeds from sales of equipment leased to others	55,896	472,853	528,749	36,668	428,424	465,092
Purchases of marketable securities and security investments	(418,342)	(217,688)	(636,030)	(2,310,912)	(101,270)	(2,412,182)
Proceeds from sales of and maturity of marketable securities and security investments	1,295,561	180,316	1,475,877	1,012,781	95,960	1,108,741
Payment for additional investments in affiliated companies, net of cash acquired	(45)	—	(45)	(1,020)	—	(1,020)
Changes in investments and other assets, and other	129,834	(2,091)	135,757	(259,089)	102,497	(337,454)
Net cash used in investing activities	(336,740)	(715,704)	(1,230,220)	(2,139,001)	(626,676)	(2,850,184)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	545,981	3,030,029	3,506,990	492,300	2,733,465	3,178,310
Payments of long-term debt	(150,097)	(2,580,637)	(2,704,078)	(77,033)	(2,926,308)	(2,938,202)
Increase (decrease) in short-term borrowings	138,387	239,462	406,507	(249,238)	(251,544)	(335,363)
Dividends paid	(439,991)	—	(439,991)	(172,476)	—	(172,476)
Purchase of common stock, and other	(70,587)	—	(70,587)	(10,251)	—	(10,251)
Net cash provided by (used in) financing activities	23,693	688,854	698,841	(16,698)	(444,387)	(277,982)
Effect of exchange rate changes on cash and cash equivalents	(80,214)	(49,579)	(129,793)	4,092	(12,990)	(8,898)
Net increase (decrease) in cash and cash equivalents	175,042	640,691	815,733	(309,322)	(269,212)	(578,534)
Cash and cash equivalents at beginning of year	1,473,101	155,446	1,628,547	1,648,143	796,137	2,444,280
Cash and cash equivalents at end of year	¥ 1,648,143	¥ 796,137	¥ 2,444,280	¥ 1,338,821	¥ 526,925	¥ 1,865,746

Notes to Consolidated Financial Statements

Statements of cash flows

	Yen in millions			U.S. dollars in millions		
	For the year ended March 31, 2011			For the year ended March 31, 2011		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income	¥ 241,448	¥ 226,322	¥ 465,485	$ 2,904	$ 2,722	$ 5,598
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	844,708	330,865	1,175,573	10,159	3,979	14,138
Provision for doubtful accounts and credit losses	1,806	2,334	4,140	22	28	50
Pension and severance costs, less payments	(24,867)	1,453	(23,414)	(299)	17	(282)
Losses on disposal of fixed assets	36,076	138	36,214	434	2	436
Unrealized losses on available-for-sale securities, net	7,915	—	7,915	95	—	95
Deferred income taxes	(17,258)	103,035	85,710	(208)	1,239	1,031
Equity in earnings of affiliated companies	(214,229)	(787)	(215,016)	(2,576)	(10)	(2,586)
Changes in operating assets and liabilities, and other	591,378	(106,416)	487,402	7,112	(1,279)	5,862
Net cash provided by operating activities	1,466,977	556,944	2,024,009	17,643	6,698	24,342
Cash flows from investing activities						
Additions to finance receivables	—	(14,323,261)	(8,438,785)	—	(172,258)	(101,488)
Collection of and proceeds from sales of finance receivables	—	13,887,751	8,003,940	—	167,020	96,259
Additions to fixed assets excluding equipment leased to others	(621,302)	(8,024)	(629,326)	(7,472)	(97)	(7,569)
Additions to equipment leased to others	(78,559)	(983,306)	(1,061,865)	(945)	(11,825)	(12,770)
Proceeds from sales of fixed assets excluding equipment leased to others	50,742	600	51,342	611	7	618
Proceeds from sales of equipment leased to others	17,700	468,995	486,695	213	5,640	5,853
Purchases of marketable securities and security investments	(4,063,499)	(358,308)	(4,421,807)	(48,870)	(4,309)	(53,179)
Proceeds from sales of and maturity of marketable securities and security investments	3,423,618	292,538	3,716,156	41,174	3,518	44,692
Payment for additional investments in affiliated companies, net of cash acquired	(299)	—	(299)	(4)	—	(4)
Changes in investments and other assets, and other	394,479	18,303	177,605	4,744	221	2,136
Net cash used in investing activities	(877,120)	(1,004,712)	(2,116,344)	(10,549)	(12,083)	(25,452)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	15,318	2,934,588	2,931,436	184	35,293	35,255
Payments of long-term debt	(309,862)	(2,306,139)	(2,489,632)	(3,727)	(27,735)	(29,942)
Increase (decrease) in short-term borrowings	(86,884)	122,619	162,260	(1,045)	1,475	1,951
Dividends paid	(141,120)	—	(141,120)	(1,697)	—	(1,697)
Purchase of common stock, and other	(28,617)	—	(28,617)	(344)	—	(344)
Net cash provided by (used in) financing activities	(551,165)	751,068	434,327	(6,629)	9,033	5,223
Effect of exchange rate changes on cash and cash equivalents	(76,960)	(50,069)	(127,029)	(926)	(602)	(1,528)
Net increase (decrease) in cash and cash equivalents	(38,268)	253,231	214,963	(461)	3,046	2,585
Cash and cash equivalents at beginning of year	1,338,821	526,925	1,865,746	16,102	6,337	22,439
Cash and cash equivalents at end of year	¥ 1,300,553	¥ 780,156	¥ 2,080,709	$ 15,641	$ 9,383	$ 25,024

Notes to Consolidated Financial Statements

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, 2009, 2010 and 2011 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, 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		
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		
For the year ended March 31, 2011					
Basic net income attributable to Toyota Motor Corporation per common share	**¥ 408,183**	**3,135,881**	**¥ 130.17**	**$4,909**	**$1.57**
Effect of dilutive securities Assumed exercise of dilutive stock options	**(0)**	**34**		**(0)**	
Diluted net income attributable to Toyota Motor Corporation per common share	**¥ 408,183**	**3,135,915**	**¥ 130.16**	**$4,909**	**$1.57**

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.

Certain stock options were not included in the computation of diluted net income attributable to Toyota Motor Corporation per share for the years ended March 31, 2010 and 2011 because the options' exercise prices were greater than the average market price per common share during 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, 2010 and 2011. 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, 2010	¥10,359,723	¥3,135,995	¥3,303.49		
As of March 31, 2011	**10,332,371**	**3,135,699**	**3,295.08**	**$124,262**	**$39.63**

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, 2010 and 2011:

	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)

Notes to Consolidated Financial Statements

	Yen in millions			
	March 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	¥ 729,569	¥ 58,281	¥ —	¥ 787,850
Time deposits	—	120,000	—	120,000
Marketable securities and other securities investments				
Government bonds	3,127,170	—	—	3,127,170
Common stocks	960,229	—	—	960,229
Other	37,842	539,109	—	576,951
Derivative financial instruments	—	405,524	11,782	417,306
Total	¥4,854,810	¥1,122,914	¥ 11,782	¥5,989,506
Liabilities				
Derivative financial instruments	¥ —	¥ (215,283)	¥ (4,988)	¥ (220,271)
Total	¥ —	¥ (215,283)	¥ (4,988)	¥ (220,271)

	U.S. dollars in millions			
	March 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 8,774	$ 701	$ —	$ 9,475
Time deposits	—	1,443	—	1,443
Marketable securities and other securities investments				
Government bonds	37,609	—	—	37,609
Common stocks	11,548	—	—	11,548
Other	455	6,484	—	6,939
Derivative financial instruments	—	4,877	142	5,019
Total	$58,386	$13,505	$ 142	$72,033
Liabilities				
Derivative financial instruments	$ —	$ (2,589)	$ (60)	$ (2,649)
Total	$ —	$ (2,589)	$ (60)	$ (2,649)

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 assumption:

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. Government bonds include 76% of Japanese government bonds, and 24% of U.S. and European government bonds as of March 31, 2010, and 77% of Japanese government bonds, and 23% of U.S. and European government bonds as of March 31, 2011. Listed stocks on the Japanese stock markets represent 88% and 86% of common stocks as of March 31, 2010 and 2011, respectively. 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. As of March 31, 2010, 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.

Notes to Consolidated Financial Statements

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, 2010 and 2011:

	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

	Yen in millions		
	For the year ended March 31, 2011		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**¥ 13,134**	**¥ 5,892**	**¥ 19,026**
Total gains (losses)			
Included in earnings	**433**	**31,338**	**31,771**
Included in other comprehensive income	**779**	**—**	**779**
Purchases, issuances and settlements	**(810)**	**(8,381)**	**(9,191)**
Other	**(13,536)**	**(22,055)**	**(35,591)**
Balance at end of year	**¥ —**	**¥ 6,794**	**¥ 6,794**

	U.S. dollars in millions		
	For the year ended March 31, 2011		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**$ 158**	**$ 71**	**$ 229**
Total gains (losses)			
Included in earnings	**5**	**377**	**382**
Included in other comprehensive income	**10**	**—**	**10**
Purchases, issuances and settlements	**(10)**	**(101)**	**(111)**
Other	**(163)**	**(265)**	**(428)**
Balance at end of year	**$ —**	**$ 82**	**$ 82**

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 for the years ended March 31, 2009 and 2010 and includes consolidated retained interests in securitized financial receivables of ¥(13,165) million ($(158) million), certain derivative financial instruments transferred into Level 2 due to be measured at observable inputs of ¥(21,413) million ($(258) million) and the impact of currency translation adjustments for the year ended March 31, 2011.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. During the years ended March 31, 2010 and 2011, Toyota measured certain finance receivables at fair value of ¥13,343 million and ¥15,893 million ($191 million) based on the collateral value, resulting in loss of ¥2,485 million and gain of ¥2,083 million ($25 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 based on the quoted market price resulting in impairment loss of ¥63,575 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, 2011.

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, 2011, 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, 2010 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2011 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, 2011, 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 24, 2011

Investor Information (As of March 31, 2011)

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]511 [Affiliates Accounted for by the Equity Method] 56
Number of Employees:	69,125 (Consolidated: 317,716)
Corporate Web Site:	[Corporate Information] http://www.toyota-global.com [IR Information] http://www.toyota-global.com/investors

Stock Data

Number of Shares Authorized:	10,000,000,000 shares
Number of Shares Issued:	3,447,997,492 shares
Number of Treasury Stock:	312,298,805 shares
Number of Shareholders:	652,568
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] 1 ADR=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

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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

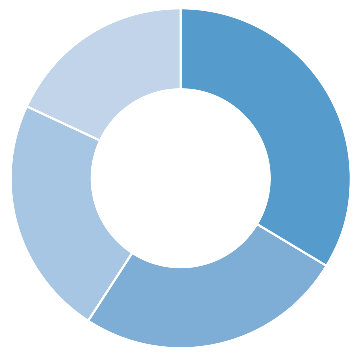
U.K.

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.	343,704
Toyota Industries Corporation	215,640
The Master Trust Bank of Japan, Ltd.	191,724
Nippon Life Insurance Company	130,057
State Street Bank and Trust Company	110,672
Trust & Custody Services Bank, Ltd.	85,866
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders	84,184
Tokio Marine & Nichido Fire Insurance Co., Ltd.	67,095
Mitsui Sumitomo Insurance Company, Limited	65,166
DENSO Corporation	58,678

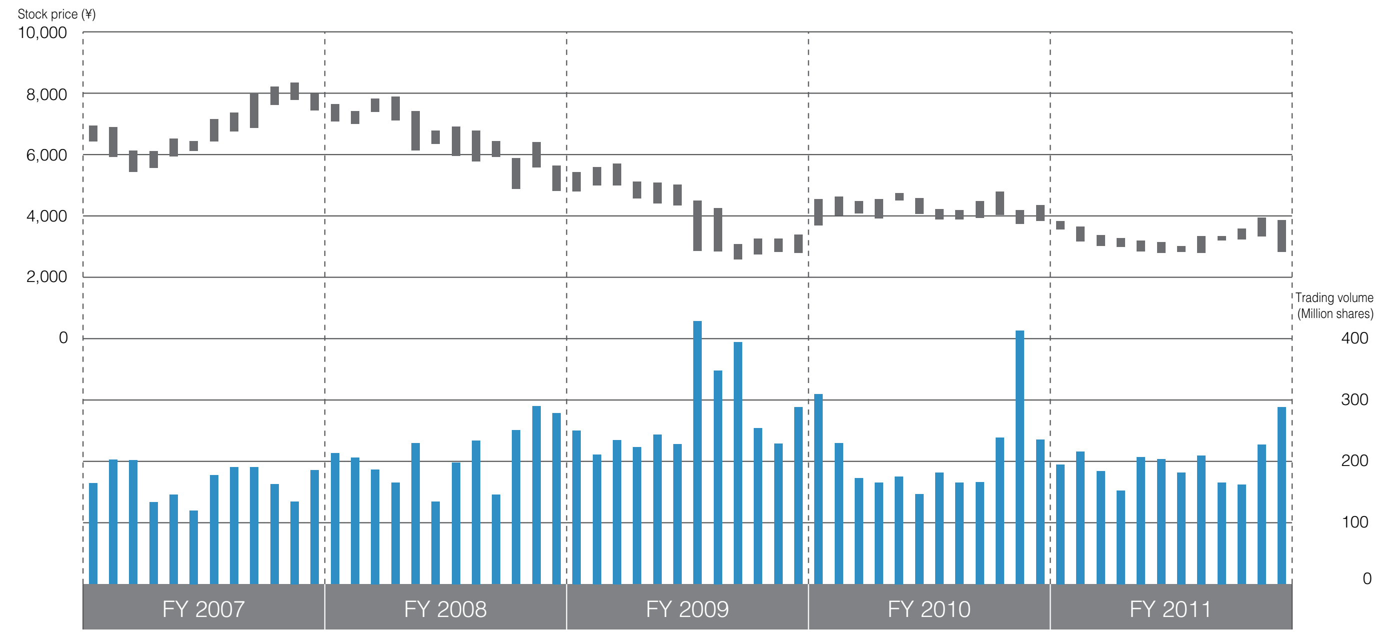
Ownership Breakdown



Financial institutions, Brokerages	33.7%
Foreign corporate entities and others	25.6%
Individuals, etc.	22.7%
Other corporate entities	18.0%

Note: Individuals, etc. includes shares of 312 million treasury stock.

Toyota's Stock Price and Trading Volume on the Tokyo Stock Exchange



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
High (¥)	8,350	7,880	5,710	4,235	3,955
Low (¥)	5,430	4,810	2,585	3,140	2,800
At Year-End (¥)	7,550	4,970	3,120	3,745	3,350

TOYOTA MOTOR CORPORATION

http://www.toyota-global.com