



TOYOTA MOTOR CORPORATION

# Annual Report

Year ended March 31, 2014

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**Aiming to Achieve  
Sustainable Growth  
and to Bring Smiles**





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



### 3 President's Message

Aiming to Achieve Sustainable Growth and to Bring Smiles



### 5 Overview of Four Business Units

#### 5 Lexus International

Lexus International: Becoming a Truly Global Luxury Brand

#### 6 Toyota No. 1

Improving Our Earnings Structure and Offering Advanced Technologies in Developed Markets

#### 7 Toyota No. 2

Supporting Toyota in Future Growth Markets

#### 8 Unit Center

Developing and Commercializing Major Components with Best-in-World Competitiveness



### 9 Special Feature

#### Toyota's DNA Will Endure for the Next 100 Years

10 Toyota in 10 Years and 100 Years

16 Our DNA is Creating Ever-Better Cars

19 Enriching Lives and Building Tomorrow's Toyota through Innovation



#### 24 Message from the Executive Vice President Responsible for Accounting



### 26 Consolidated Performance Highlights

### 29 Review of Operations

- 29 Automotive Operations
- 30 Financial Services Operations
- 31 Non-Automotive Business Operations

### 34 Management and Corporate Information

- 34 R&D and Intellectual Property
- 36 Corporate Philosophy
- 37 Corporate Governance
- 39 Management Team
- 41 Risk Factors

### 44 Financial Section

- 44 Selected Financial Summary (U.S. GAAP)
- 46 Consolidated Segment Information
- 47 Consolidated Quarterly Financial Summary
- 48 Management's Discussion and Analysis of Financial Condition and Results of Operations
- 62 Consolidated Balance Sheets
- 63 Consolidated Statements of Income

- 64 Consolidated Statements of Comprehensive Income
- 65 Consolidated Statements of Shareholders' Equity
- 66 Consolidated Statements of Cash Flows
- 67 Report of Independent Registered Public Accounting Firm

### 68 Investor Information

**Cautionary Statement with Respect to Forward-Looking Statements**  
 This document contains forward-looking statements that reflect Toyota's plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include, but are not limited to:  
 (i) changes in economic conditions, market demand, and the competitive environment affecting the automotive markets in Japan, North America, Europe, Asia and other markets in which Toyota operates;

(ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar, the euro, the Australian dollar, the Russian ruble, the Canadian dollar and the British pound, and interest rates fluctuations;  
 (iii) changes in funding environment in financial markets and increased competition in the financial services industry;  
 (iv) Toyota's ability to market and distribute effectively;  
 (v) Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management;  
 (vi) changes in the laws, regulations and government policies in the markets in which Toyota operates that affect Toyota's automotive operations, particularly laws, regulations

and government policies relating to vehicle safety including remedial measures such as recalls, trade, environmental protection, vehicle emissions and vehicle fuel economy, as well as changes in laws, regulations and government policies that affect Toyota's other operations, including the outcome of current and future litigation and other legal proceedings, government proceedings and investigations;  
 (vii) political and economic instability in the markets in which Toyota operates;  
 (viii) Toyota's ability to timely develop and achieve market acceptance of new products that meet customer demand;  
 (ix) any damage to Toyota's brand image;  
 (x) Toyota's reliance on various suppliers for the provision of supplies;

(xi) increases in prices of raw materials;  
 (xii) Toyota's reliance on various digital and information technologies;  
 (xiii) fuel shortages or interruptions in electricity, transportation systems, labor strikes, work stoppages or other interruptions to, or difficulties in, the employment of labor in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; and  
 (xiv) the impact of natural calamities including the negative effect on Toyota's vehicle production and sales.



# Aiming to Achieve Sustainable Growth and to Bring Smiles



First, I would like to extend my sincere gratitude for your continued support and understanding.

Since 2009, Toyota has encountered a multitude of challenges. Thanks to the tireless efforts of all concerned, today we can take pride in the strengths of our management practices and culture. I am convinced that we are now in a position to take a definitive step forward toward sustainable growth.

Just as a tree's growth rings testify to its survival and growth, I believe that Toyota's ongoing growth rests entirely on its ability to grow in the face of any adversity. Having recently achieved the unprecedented milestone of 10 million vehicles in global Group sales, we are now advancing into uncharted territory. If we are to achieve sustainable growth, it is vital that we nurture our human resources while building on each growth ring. It is equally important, however, that we maintain self-restraint and avoid overextension. Balancing these concerns and directing management resources to areas that offer the potential for growth, we will pursue bold innovation and make aggressive forward-looking investments.

For example, Toyota reorganized its automotive operations into four business units in April 2013. This more agile and autonomous

management structure enables each unit leader to adopt a self-sustaining approach that makes the most of on-site, hands-on experience, thereby facilitating quick decision making. This ability to address individual requirements on a more detailed basis is all the more important when considering the varying scales and stages of motorization in each market. In 2014, we are taking this concept of self-sustaining operations one step further by making better cars on an individual platform basis. For example, "Team K" will assume comprehensive responsibility for the development, procurement, and production for models that employ the K platform, including the Camry and Avalon. This greatly broadens the scope of the development process, which had tended to focus on individual models, and allows whole platform teams to channel their energies toward making better cars.

In North America, the decision has been made to unify and relocate the manufacturing, sales and marketing, corporate, and financial services headquarters at a new shared campus in Plano, Texas, from the latter half of 2016. This will allow our North American operations to address the needs of customers in a timelier manner, and to produce ever-better cars that exceed expectations. With a history



spanning more than five decades, Toyota believes that its operations in North America will benefit through this “One Toyota” concept. By undertaking a thorough review of its business structure and working beyond the boundaries of established manufacturing, sales and marketing, and corporate and financial services, we are better placed to pursue sustainable growth.

Toyota is equally committed to innovation, the wellspring for new technologies and future growth. Moving forward, we will maintain our commitment to the environment by strengthening and developing our hybrid technologies. In addition to efficient gasoline engines and fuel cell vehicles, we will endeavor to develop and commercialize safety technologies that offer safe and responsible ways of moving people. Taking each of these factors into consideration, Toyota will actively direct resources toward next-generation mobility and IT infrastructure innovation.

As I have already mentioned, my goal is to ensure that Toyota evolves into a company that is capable of sustainable growth. Even in the face of a situation like the recent global financial crisis, Toyota must not only be resilient, but also be well-equipped to succeed against adversity.

Toyota marked its 75th anniversary in 2012. It is important to remember that the many fruits that we are able to harvest today were sown and cultivated by our hard working predecessors. It is imperative that we, too, place similar importance on our responsibilities to plow, plant, and cultivate the seeds of the future. In this manner, future generations can benefit from the work we do today.

Early in April 2014, we articulated a new internal slogan: “Work Today, Smile Tomorrow: in Pursuit of True Competitiveness and Innovation.” This new slogan encapsulates my strong belief that our continued growth must be informed by a strong sense of history. At the same time, it is a forward-looking statement that paints a picture of how Toyota should look both a decade and century from now.

What is the engine for sustainable growth? We have learned from experience that we can achieve sustainable growth only if we create attractive and appealing cars that bring smiles and if we foster the human resources needed to make this a reality. At the same time, ever-better cars can be produced only through efforts made by employees on the front line. Individuals must take ownership of their work and place the utmost emphasis on local manufacturing, swift decision making, and immediate action. As we continue to grow,

however, tasks that were once routine may become increasingly difficult to perform. We also have to remember that actions taken during a crisis may not be practicable at other times.

As I see it, Toyota’s current situation is particularly critical as we are now entering another expansion phase. This is why I believe it is important to put in place independent business units to carry out all appropriate activities on the front line.

All 330,000 Toyota employees around the world are doing their best to bring happiness, safety, and peace of mind to customers and communities. As we work to achieve these goals, I would very much appreciate your continued support.

July 2014

Akio Toyoda

President





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● [1 of 4]

Overview of Four Business Units: **Lexus International** Toyota No. 1 Toyota No. 2 Unit Center

# Lexus: Becoming a Truly Global Luxury Brand



Lexus NX



Lexus RC



"Strobe," the third installment of the global Amazing in Motion advertising campaign, featured a storyline in which a single person cloaked in light ran and flew freely through the city night.

**Our aim is for Lexus—a Japanese original—to become a truly global luxury brand. Worldwide, we are pushing forward to offer value that is different from other luxury brands. The Lexus International business unit is under the direct supervision of the president and acts as the global head office for Lexus brand development, sales, marketing and advertising.**

## Successful overhauls lead from a decline to record sales

In 2013, 523,000 Lexus vehicles were sold, exceeding the 518,000 vehicles sold in 2007 just prior to the start of the global financial crisis. This increase was largely attributable to the successes of the redesigned GS launched in 2012 and the redesigned IS launched in 2013. In 2014, Lexus plans to continue introducing new vehicles and is

predicting yet another year-on-year sales increase.

Looking to deliver an exhilarating driving experience that exceeds expectations, Lexus is focusing on enhancing the product lineup in the current fiscal year. For example, we are striking out with innovative designs, including a distinctive spindle grille that will make Lexus cars instantly identifiable. We will also work to differentiate the Lexus brand by taking the lead in adopting environmental and advanced technologies centered on hybrid vehicles.

In July 2014, Lexus introduced the NX compact crossover SUV in Japan as the springboard for its launch in other parts of the globe. Powered by a newly developed 2.0-liter turbo engine—a first for Lexus—the NX 200t offers both excellent driving and environmental performance, while the NX 300h features a 2.5-liter hybrid system for best-in-class environmental

performance. These additions have rounded out our lineup of SUVs that are well suited for urban use in an era of environmental awareness.

Slated for release in late 2014, the new RC sports coupe is an expression of the pure exhilaration felt while driving a Lexus. In addition, the RC F version will act as the core model of Lexus' F series of sports cars, which embody the relentless pursuit of exhilaration.

## Lexus branding activities

Beyond improvements to the vehicle lineup, Lexus is aiming to link the brand with a new luxury concept through a variety of lifestyle-focused branding activities.

With the aim of enhancing the Lexus brand image while reaching out to a broader range of customers,

we have launched a coordinated series of TV commercials worldwide featuring our new global brand campaign slogan "Amazing in Motion."

We are taking these branding activities one step further through the Lexus Design Awards and Lexus Short Films contests that encourage young, talented creators; the Lexus Amazing Experience test drive event held at Fuji Speedway, which provides opportunities to experience the thrill of driving, and the establishment of the Intersect by Lexus event and lifestyle space.

Furthermore, this year Lexus has signed professional golfer Hideki Matsuyama as Lexus brand ambassador to emphasize the Japanese origins of Lexus as it takes on the best from around the world. Lexus will also participate more actively in motorsports with race cars based on the RC F in a bid to enhance the exhilarating image of Lexus.

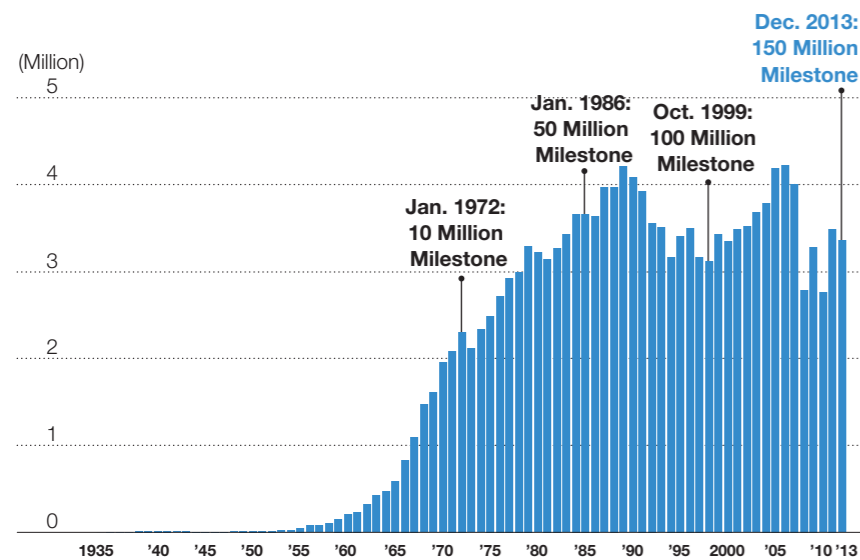


[2 of 4]

Overview of Four Business Units: Lexus International **Toyota No. 1** Toyota No. 2 Unit Center

# Improving Our Earnings Structure and Offering Advanced Technologies in Developed Markets

Toyota Vehicle Production in Japan by Year (1935-2013)



Yaris Hybrid



Tundra



Voxy



Noah



COMS (left), Toyota i-ROAD  
On October 1, 2014, "Cité lib by Ha:mo," a new type of urban mobility based on ultra-compact electric vehicles connected to public transport, launches in Grenoble, France.

The Toyota No. 1 business unit (in charge of North America, Europe, and Japan) has three goals: continue creating ever-better cars through local development, procurement, and production; establish an earnings structure able to sustain growth; and maintain annual production in Japan at three million vehicles. In line with its aim for sustainable growth in the North American market, Toyota is preparing to consolidate all headquarters functions for the region in Plano, Texas, from 2016, ahead of the 60<sup>th</sup> anniversary of Toyota exports to the U.S. in 2017 (see page 13 for more details).

## Over 150 million vehicles produced in Japan

In Japan, cumulative production of Toyota vehicles crossed the 150 million mark on December 5, 2013. This feat took over 78 years to achieve, starting in August 1935 with the first Model G1 Truck manufactured by the Automotive Production Division of Toyoda Automatic Loom Works, Ltd. (now Toyota Industries Corporation). Production in Japan has accounted for roughly 70% of the 210 million vehicles manufactured globally to date. The highest-volume model is the Corolla, with a total of about 25,450,000 vehicles built in Japan as of the end of December 2013. In Japan, Toyota boasts a robust manufacturing foundation replete with advanced technologies, manufacturing expertise, talented human resources, and a multilayered supply network. This foundation has allowed Toyota to pursue its

global ambitions, and remains the source of many innovative technologies and high-value-added cars. We believe our manufacturing facilities in Japan are a base from which we can strengthen our global competitiveness. We have always believed in contributing to society through manufacturing, and we will keep doing our utmost to make ever-better cars.

## Vehicle sales remain strong in Japan, the United States, and Europe in 2014

Our efforts to make ever-better cars are paying off; in 2014, Toyota once again enjoyed strong sales in Japan, the United States, and Europe. In Japan, sales have been robust for the Voxy and Noah compact minivans as well as for the Harrier luxury crossover SUV. In the United States, sales increased for our mainstay Camry and Corolla models, as well as for larger vehicles,

including the Highlander, Tundra and RAV4. In Europe, Toyota saw firm sales of the Auris Hybrid Touring Sports and Yaris Hybrid.

## Car sharing trial in France

Starting in October 2014, Toyota will participate in a three-year car-sharing experiment in Grenoble, France. The project will be run in partnership with the City of Grenoble, Grenoble-Alpes Métropole, Citélib and the EDF Group, and will use 27 recharging stations around the city. We will provide 70 ultra-compact Toyota i-ROAD and COMS electric vehicles. The eventual aim of these projects is to reduce traffic congestion and improve air quality in city centers by enabling the smart movement of people from the closest public transportation station to their final destination (see pages 22 and 31 for more details).





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● [3 of 4]

Overview of Four Business Units: Lexus International Toyota No. 1 **Toyota No. 2** Unit Center

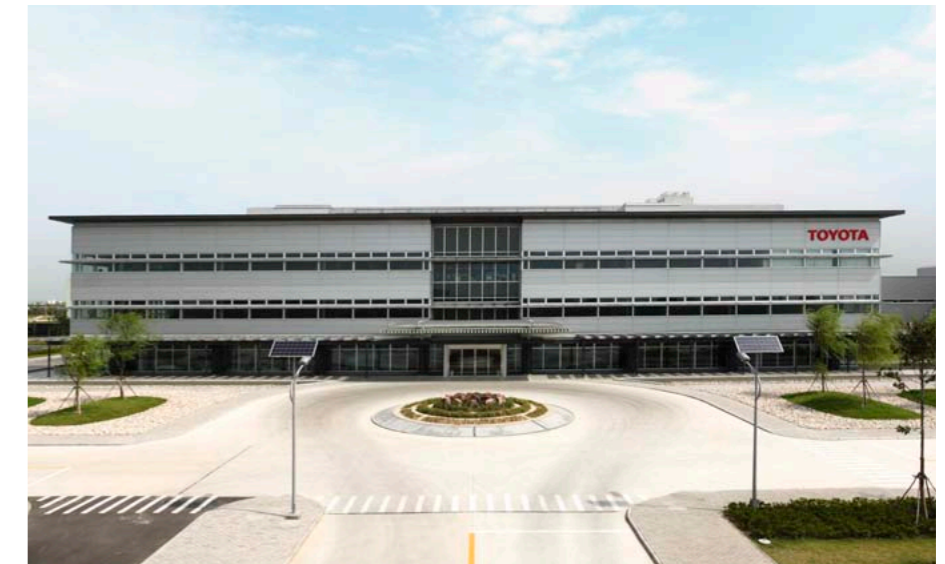
# Supporting Toyota in Future Growth Markets



Ceremony to commemorate the start of Vios exports to the Middle East



Vios



Toyota Motor Engineering &amp; Manufacturing (China) Co., Ltd.

Growth in emerging markets has been quite volatile recently, but there is still huge potential for further growth. We need to take advantage of this potential by introducing products attuned to market needs in a timely way. Meanwhile, governments in emerging markets are moving to tighten fuel economy and safety regulations, bringing them on par with advanced economies. At Toyota, we must identify and address the true needs of consumers based on the situation and economic condition of each country to promote motorization and create ever-better cars.

## Indonesia: a global production and supply base

Toyota positions Indonesia as one of its major global production and supply bases, and has expanded annual production capacity there from

110,000 vehicles in 2012 to 250,000 vehicles in 2014. Toyota has begun exporting the Vios, its first Indonesian-made sedan model designed for export, to Singapore and Brunei followed by nine countries in the Middle East. Last year, Toyota exported 118,000 Indonesian-made vehicles to more than 70 countries in Asia, Africa, Latin America, and the Middle East. Toyota accounted for more than 70% of the vehicles made in and exported from Indonesia.

Indonesia is also an important engine production and supply base for Toyota. Our bases in Indonesia produce engines for the IMV\* series of vehicles: the Hilux pickup truck, Innova minivan, and Fortuner. About 40% are exported to vehicle factories in Asia, Latin America, and Africa. Toyota recently began construction on a new engine plant for standard passenger cars with the capacity to manufacture 216,000 engines annually, and plans to begin operations in 2016.

At the end of February 2014, Toyota also began exporting Toyota-brand compact cars manufactured at an Indonesian subsidiary of Daihatsu Motor Co., Ltd., to the Philippines. This was the first export model to receive certification under the Indonesian government's LCGC\*\* program.

To address worsening traffic congestion in Indonesia, 23 Toyota Group companies in Indonesia worked with the Jakarta government, the Embassy of Japan, and the Japan International Cooperation Agency (JICA) on a project in November 2013 to alleviate the traffic jams plaguing Jakarta's busy Mampang intersection. Road work and construction was undertaken that resulted in the length of the worst traffic jams being cut about 77% (Source: Toyota Astra Foundation).

\* IMV: Innovative International Multi-purpose Vehicle.

\*\* LCGC: Low Cost Green Car, a government program to promote the use of low-cost, high-fuel efficiency vehicles. Vehicles certified under the program receive preferential tax treatment.

## Starting to produce hybrid powertrain units in China

To deliver hybrid vehicles to more customers in China, Toyota has been working to produce hybrid units overseas—a first for Toyota—mainly at Toyota Motor Engineering & Manufacturing (China) Co., Ltd., which was completed in November 2013. As a part of this initiative, Toyota established a company to produce batteries and another company to manufacture hybrid vehicle transaxles, with plans to begin operations in 2015. In addition, Toyota is working to create a production structure for major components, such as inverters. Starting in 2015, we plan to use these Chinese-made hybrid units in the Corolla and Levin models produced and sold through joint ventures with FAW Group Corporation and Guangzhou Automobile Group Co., Ltd.





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● [1 of 4]

Overview of Four Business Units: Lexus International Toyota No. 1 Toyota No. 2 **Unit Center**

# Developing and Commercializing Major Components with Best-in-World Competitiveness



Powertrain Development and Production Engineering Building

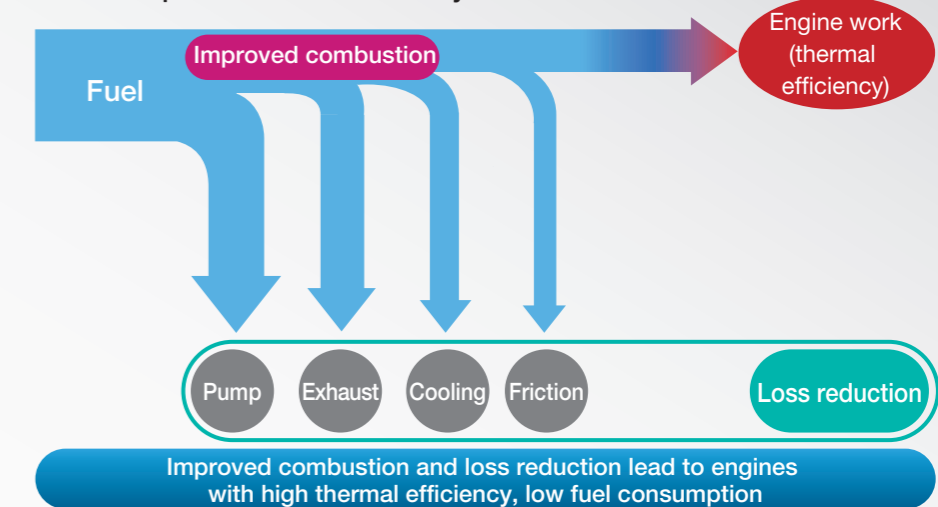
1.3-liter gasoline engine  
offers **38%** maximum  
thermal efficiency



1.0-liter gasoline engine  
offers **37%** maximum  
thermal efficiency



## How to Improve Thermal Efficiency



The Unit Center was established in March 2013 to handle Toyota's unit-related technological development, manufacturing technology development and production. The Center aims to develop and rapidly commercialize major powertrain components with best-in-world competitiveness.

As a part of these efforts, Toyota opened a new facility, the Powertrain Development and Production Engineering Building, to facilitate the development of next-generation powertrains as the core of ever-better cars. R&D and manufacturing technology staff at this facility work on everything from the development of basic technologies, such as materials and processes, to entire vehicles and major components. While maximizing development efficiency, we aim to develop new technologies with unprecedented speed.

## Further innovation in the conventional engine field

Toyota aims to further increase the environmental performance of its vehicles with a series of newly developed, highly fuel-efficient conventional gasoline engines that offer outstanding thermal efficiency. The new engines leverage Toyota's sophisticated conventional engine technologies as well as combustion and loss-reduction technologies accumulated through the development of dedicated hybrid engines.

The key to improving the fuel economy of engines is finding ways to use the thermal energy stored in fuel to produce more "work" in an engine. This is done by maximizing thermal efficiency. Gasoline engines in hybrid vehicles already boast high thermal efficiencies on par with those of diesel engines. Toyota has achieved

a series of highly fuel-efficient conventional engines with the same level of thermal efficiency without assistance from a hybrid system. The engines' maximum thermal efficiency is world-class, potentially improving fuel efficiency more than 10%\* compared with previous engines. For example, the 1.3-liter gasoline engine in the series offers 38% maximum thermal efficiency (Toyota measurement) putting it on a world-class level for a mass-produced gasoline engine. The new Vitz model launched in April 2014 features this 1.3-liter gasoline engine and idling stop as standard, giving it an excellent fuel economy of 25.0 kilometers per liter\*.

By 2015, Toyota plans to launch 14 high thermal efficiency, fuel-efficient engines around the world. The development of these engines was made possible by the Unit Center, where an integrated approach is taken to the creation of

product technologies and manufacturing technologies. Integrated development at the Unit Center is a major force behind the move toward mass production of Toyota's fuel cell vehicle, what we view as an ideal eco car.

As the eco car pioneer that brought the world the hybrid vehicle, Toyota is working to improve the environmental performance of all its cars.

\* Under the Japanese Ministry of Land, Infrastructure, Transport and Tourism's (MLIT) JC08 test cycle



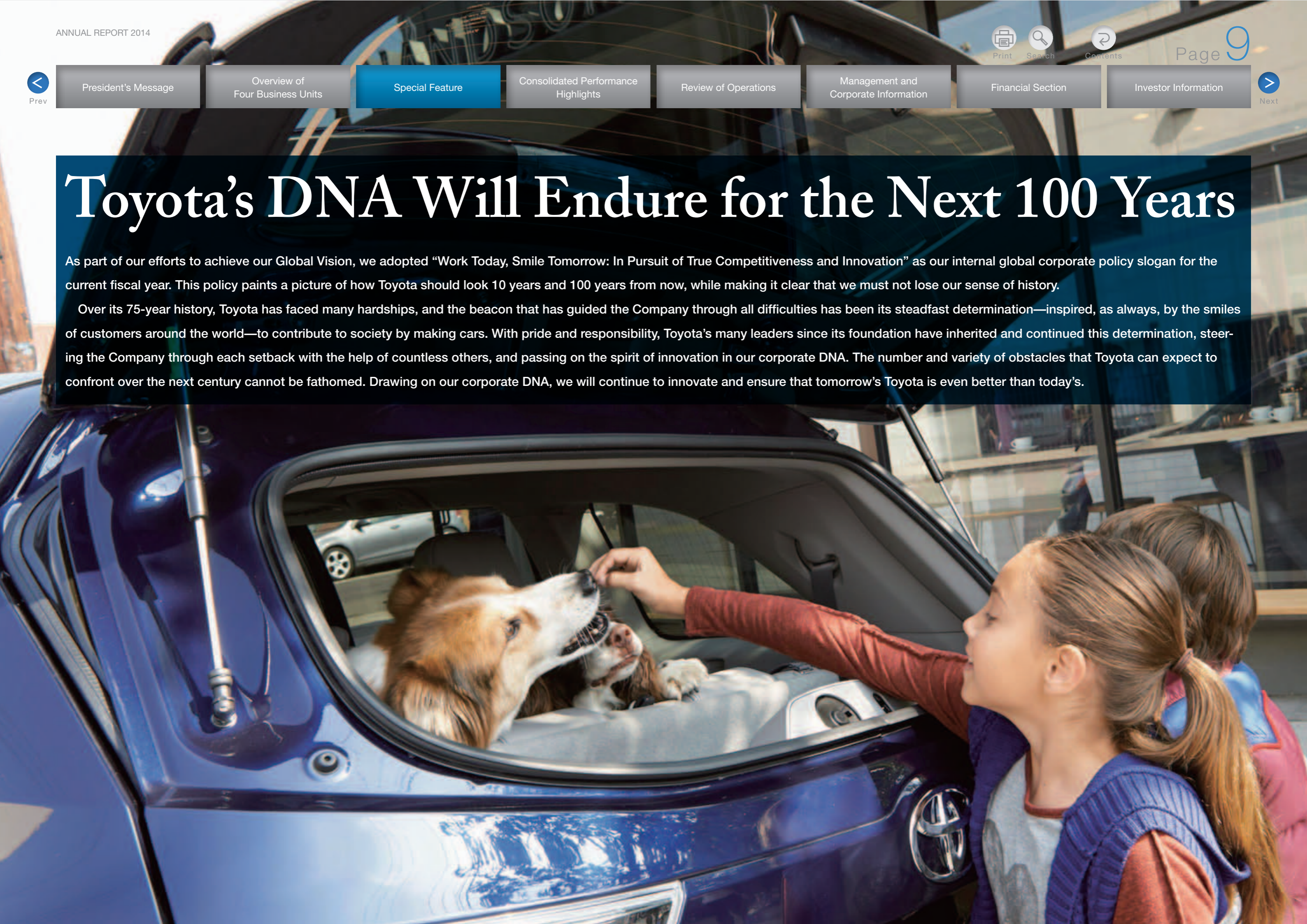
[President's Message](#)[Overview of  
Four Business Units](#)[Special Feature](#)[Consolidated Performance  
Highlights](#)[Review of Operations](#)[Management and  
Corporate Information](#)[Financial Section](#)[Investor Information](#)

Next

# Toyota's DNA Will Endure for the Next 100 Years

As part of our efforts to achieve our Global Vision, we adopted “Work Today, Smile Tomorrow: In Pursuit of True Competitiveness and Innovation” as our internal global corporate policy slogan for the current fiscal year. This policy paints a picture of how Toyota should look 10 years and 100 years from now, while making it clear that we must not lose our sense of history.

Over its 75-year history, Toyota has faced many hardships, and the beacon that has guided the Company through all difficulties has been its steadfast determination—inspired, as always, by the smiles of customers around the world—to contribute to society by making cars. With pride and responsibility, Toyota's many leaders since its foundation have inherited and continued this determination, steering the Company through each setback with the help of countless others, and passing on the spirit of innovation in our corporate DNA. The number and variety of obstacles that Toyota can expect to confront over the next century cannot be fathomed. Drawing on our corporate DNA, we will continue to innovate and ensure that tomorrow's Toyota is even better than today's.







President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years [1 of 6] ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

# Toyota in 10 Years and 100 Years

With the goal of making ever-better cars, the Toyota Global Vision is an articulation of the kind of company we want to be. It is based on shared values and a spirit of *monozukuri* (conscientious manufacturing) passed down since our foundation and embodied in the core values of Sakichi Toyoda, the Guiding Principles at Toyota, and the Toyota Way. We use the image of a tree to illustrate our vision: the roots are our shared values; the ongoing upward growth of its branches represents our efforts to expand business; the fruit represents making ever-better cars and enriching lives and local communities; and the trunk is our stable base of business. As the trunk of the tree grows bigger and stronger, it is able to support more branches—the creation of ever-better cars. This is the trajectory that puts Toyota on the path toward sustainable growth.

Of all the components of our vision, building ever-better cars takes priority. We want to deliver products and services that surprise and excite our customers. We want to be a company that puts smiles on faces—and keeps them there.



A1 prototype passenger car



Toyota's DNA



The Japanese Auto Industry in the Early Twentieth Century

On September 1, 1923, Japan's rail system was devastated by the Great Kanto Earthquake. Automobiles played a key role in helping save lives and facilitating reconstruction in the aftermath. For many people, this event demonstrated not only the practical public role that automobiles could play but the convenience such vehicles, previously regarded only as luxury items, could offer. The surge in demand for automobiles following the earthquake was met by U.S. automakers, whose mass production structure gave them an advantage in both supply capability and cost. Efforts were made to produce vehicles in Japan from around 1910 onwards. However, as Japanese industry at the time was for the most part technologically underdeveloped, business conditions were not conducive to the establishment of a full-blown automotive industry, and

ventures to produce vehicles domestically were unable to compete with the U.S. automakers that set up automobile assembly plants in Japan immediately after the earthquake. However, 10 years later, on September 1, 1933, Kiichiro Toyoda established the Automotive Production Division (which would later become the Automotive Department) within Toyoda Automatic Loom Works, Ltd., and began preparing to build prototypes. While declaring lofty goals, Toyoda, like his father Sakichi, took a hands-on approach to learning and was often heard saying, "an engineer who does not have to wash his hands at least three times a day is not doing a good job."

➔ Toyota is a company born from the passions of its founders, who wanted nothing less than to establish a globally competitive automobile industry in Japan.



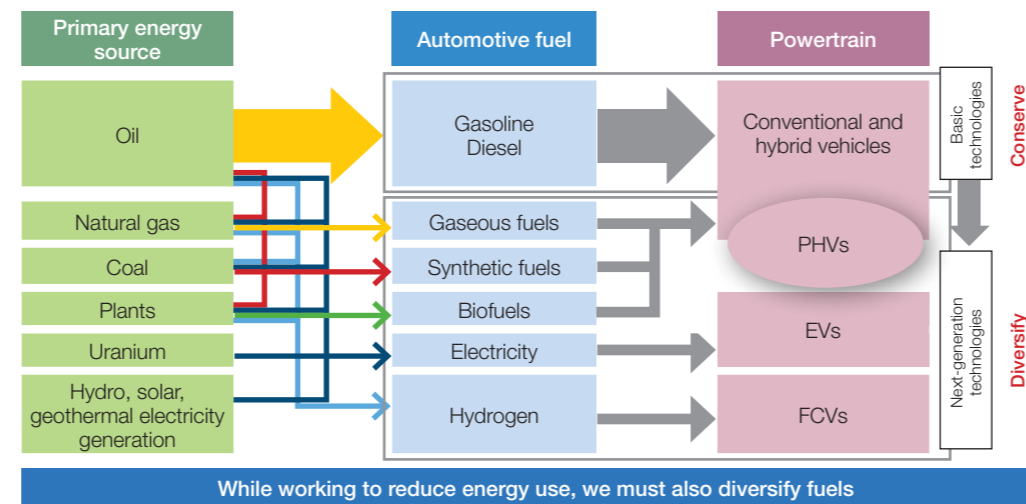
# Innovating, Building Tomorrow's Toyota, and Making Ever-Better Cars

## Popularizing environment-friendly cars

Environmental concerns must be taken into account when we think about creating a “mobility society” (that is, a highly mobile society reliant on automobiles as its major means of transportation). The Guiding Principles at Toyota, set forth in January 1992, declared that we will “dedicate our business to providing clean and safe products and to enhancing quality of life everywhere through all of our activities.” In line with this principle, in December 1997, Toyota launched the world’s first mass-produced hybrid vehicle, the Prius.

The environment is still a top-priority management issue. In addition to hybrid vehicles, Toyota has been developing next-generation eco cars, including plug-in hybrid vehicles, electric vehicles, and fuel cell vehicles. Believing that the spread of eco cars is in itself good for the environment, Toyota has focused on hybrid vehicles, selling more than six million in total as of December 2013. Although it took nine years and nine months for cumulative sales to reach the one million mark in May 2007, strengthening demand has accelerated the popularization of hybrids. After passing the four million mark in April 2012, it

### Diversification of Automotive Fuels and Powertrains



took only 11 months for cumulative sales to break five million in March 2013, and another nine months to hit six million in December 2013.

Based on the concept of producing the optimal vehicle in the optimal location at the optimal time, Toyota has broadened its hybrid lineup and now offers at least one in each automobile category. We believe hybrids have finally entered a full-scale growth phase and are no longer niche products.

Toyota calculates that as of December 31, 2013, use of Toyota hybrids\* had resulted in approximately 41 million fewer tons of CO<sub>2</sub> emissions\*\*

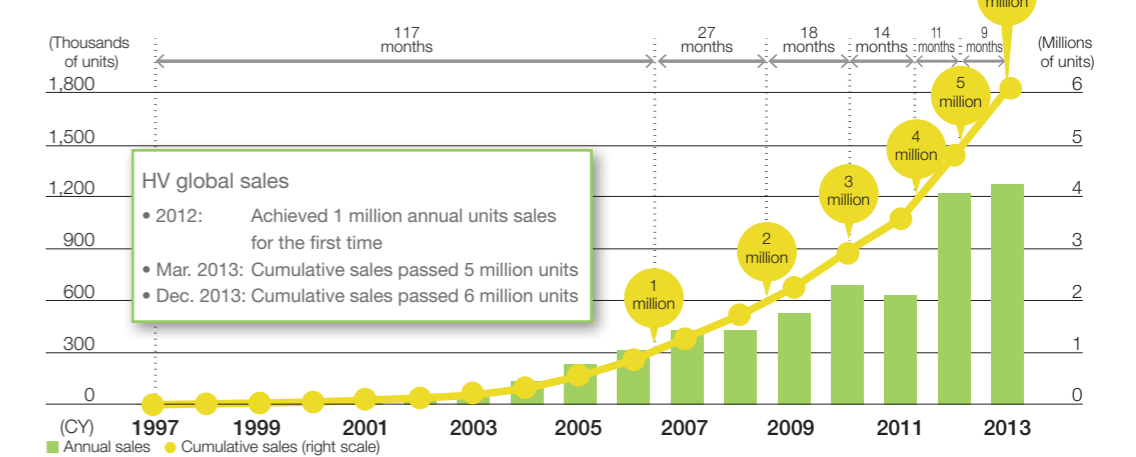
than would have been emitted by gasoline-powered vehicles of similar size and driving performance. Toyota also estimates that the use of its hybrid vehicles has saved approximately 15 million kiloliters of gasoline compared with the amount that would have been used by gasoline-powered vehicles of similar size. Hybrid vehicles offer lower CO<sub>2</sub> emissions and lower fossil fuel consumption.

As of the end of August 2014, Toyota has 27 hybrid models and one plug-in hybrid model on the market in about 80 countries and regions. Furthermore, within the next two years (2014 and

2015), we plan to launch a total of 15 new hybrid models worldwide. Taking advantage of our pioneer status, we will continue adding to this lineup and increasing the number of countries and regions where we sell hybrids, with the ultimate aim of popularizing eco cars around the world.

\* Excludes the Coaster hybrid electric vehicle and the Quick Delivery 200 model.  
\*\* Number of registered vehicles × distance traveled × fuel efficiency (actual fuel efficiency in each country) × CO<sub>2</sub> conversion factor

### Worldwide Sales of Toyota Hybrids



Toyota's DNA



Entering the Automotive Business

Model AA

Kiichiro Toyoda's passion and commitment to developing an automobile industry in Japan were tested repeatedly. When he began, there were no steelmakers in Japan developing the sheet steel needed for automobiles. Toyoda found himself having to establish new business units, such as the Steel Production Department (which later became Aichi Steel Corporation) alongside the Automotive Department. After numerous failures, Toyoda finished building the first prototype Model G1 Truck on August 25, 1935, and the truck launched in December of that year. Over the following year, a total of 14 Model G1 Trucks were sold. At the behest of the government, truck development took priority, but Toyoda had also completed a prototype Model A1 passenger car in May 1935, and was able to put it on the market in 1936 as the improved Model AA—its first mass-produced passenger car. Only two years after establishing the Automotive Department, Toyoda had launched an automobile business in line with his conviction, “once you start a new business, moving quickly makes the most economic sense.”

➔ The endeavor to make a Japanese automobile from nothing to a finished product was an ordeal, involving identifying defects and solving problems one by one.

1935, the year Toyoda began to produce automobiles, was also the year that he laid down his vision for the future, which led to today's Toyota Global Vision. On October 30, 1935, the fifth anniversary of the death of his father, Sakichi Toyoda (1867-1930), Kiichiro Toyoda set down in writing some of his father's core values before announcing the Model G1 Truck. Sakichi Toyoda was the founder of today's Toyota Group as well as an inventor in his own right with numerous patents and new practical designs in his name, both in Japan and abroad. On August 28, 1937, the Automotive Department was spun off into Toyota Motor Co., Ltd. In 1940, annual automobile output was 46,000 vehicles in Japan, compared with 4,470,000 vehicles in the United States, an enormous difference in scale and capability.

### Further advances in key technologies for hybrid technology

Hybrid technology can be applied to the development of all sorts of environment-friendly vehicles and can be found in a wide variety of powertrains. Toyota has positioned hybrid technology as a core environmental technology for the 21st century. As a pioneer in the mass production of hybrid vehicles, we are continuing to improve this technology.

Power semiconductors have a big impact on the effectiveness of hybrid technology. Hybrid systems offer excellent fuel economy through the efficient use of two power sources: gasoline engines and electric motors. A large number of power semiconductors are used in the power control unit (PCU), a device situated between the motor, power generator and batteries. The PCU controls the output of the motor. Some of the electrical current that flows through the power semiconductors in the PCU is lost as heat; in fact, approximately 20% of a hybrid vehicle's overall electricity loss is from the power semiconductors.



For this reason, making power semiconductors more efficient will improve fuel economy. Toyota has been developing its own power semiconductors as a key technology for improving fuel economy since the launch of its first-generation Prius in 1997. In the latest, third-generation Prius, electricity loss has been reduced to a quarter of that of the first-generation Prius.

Aiming to make tomorrow's Toyota better than today's, we are developing power semiconductors that use next-generation silicon technology, namely, silicon carbide (SiC), a material that is a compound of silicon and carbon. We have already improved fuel economy more than 5%\* in a prototype featuring the new SiC power semiconductors. As early as possible, Toyota aims to commercialize SiC power semiconductors that offer a 10%\* improvement in fuel economy through greater efficiency. In addition, we aim to shrink the PCU to one-fifth the size of current PCUs through the use of SiC power semiconductors.

\* Toyota estimate based on a prototype driven under the Japanese Ministry of Land, Infrastructure, Transport and Tourism's JC08 test cycle parameters.

Toyota's DNA



The Crown

On September 25, 1945, soon after the end of World War II, the Allied Power's General Headquarters in Japan authorized the production of trucks and in principle allowed any company to produce and sell automobiles from October 25, 1949. The industry, however, was still in disarray.

In the 1950s, Japanese automakers were forging technological alliances with foreign automakers for the production of passenger cars. Kiichiro Toyoda chose a different path in line with his father Sakichi's admonishment, "Before you say you can't do something, try it." Aiming to research and innovate on his own, Toyoda embarked on the full-fledged development of a passenger car using home-grown technology. When development began, Toyoda decided to name this new passenger car the Crown, feeling that this might be his crowning achievement. However, he passed away suddenly in March 1952, before the completion of the

→ Kiichiro Toyoda's dream of mass producing a home-grown passenger car and sparking the development of Japan's automotive industry had finally come true.

Crown, which featured cutting-edge technologies, including a front-axle double wishbone suspension. Fulfilling Kiichiro Toyoda's dying wish, the Toyopet Crown was finished in 1955 and launched as Japan's first full-fledged passenger car.

By October 1956, sales of the Toyopet Crown exceeded 1,000 vehicles per month, becoming a hit among drivers enamored with its proprietary design featuring rear-hinged doors and a front-wheel independent suspension for a smooth ride. With the popularity of the Crown, Toyota completed construction on the Motomachi Plant in Aichi Prefecture in July 1959, only eleven months after the groundbreaking ceremony. The plant was to produce 60,000 passenger cars per year.





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years [4 of 6] ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

## Building the right cars in the right places

Over half a century has passed since Toyota exported its first two Crowns to North America in 1957, and it has been almost 30 years since Toyota started building cars in North America, beginning with New United Motor Manufacturing, Inc., in 1986.

Through the 1980s, Toyota was well known as a maker of mid-sized and compact passenger cars, such as the Camry and Corolla, as well as the Hilux small pickup truck. In 1989, Toyota launched the Lexus brand as its entry into the luxury passenger car market. From that point onward, it expanded its lineups of luxury vehicles and cars for young drivers as well as light-duty trucks, and introduced hybrid models, changing its image as a carmaker and increasing its presence in the U.S. market.

Cumulative production volume in North America reached 10 million vehicles in 2001, 20 million vehicles at the end of 2008, and 25 million vehicles in October 2012. In May 2014, Toyota's

plant in Kentucky, which started production in May 1988, became the first Toyota plant outside Japan to have produced 10 million vehicles.

Today, in the United States and Canada, Toyota has 11\* manufacturing companies, three distributors, and a network of more than 1,750 dealers that sell more than two million Toyota and Lexus vehicles annually.

In our quest to innovate and make tomorrow's Toyota even better than today's, we have decided to establish a new North American headquarters, moving our regional manufacturing, sales and marketing, corporate, and financial services headquarters to a single location in Plano, Texas. The move is intended to increase efficiency and collaboration throughout the organization, with the ultimate aim of ensuring sustained growth in North America by creating a business structure that allows us to deliver ever-better cars to customers.

Ahead of this strengthening of our business foundation and in line with our principle of building the right cars in the right places, we have assigned an American as the chief engineer overseeing the redesign of the flagship Camry model.



Cumulative production volume at Toyota Motor Manufacturing, Kentucky has reached 10 million vehicles.

Under his guidance, and based on intricate market research, the Camry has evolved into a car with bold form and solid handling.

\* Excluding Subaru of Indiana Automotive, Inc., which produces vehicles on a commissioned basis

Toyota's DNA



The Corolla

In November 1966, the first-generation Corolla was launched in anticipation of the arrival of mass motorization. The car's sales gained momentum in 1966, with the start of production at the newly constructed Takaoka Plant in Aichi Prefecture and exports to Australia. In 1968 exports to North America began to expand. As a result, total automobile output at Toyota, which was around 480,000 vehicles in 1965, more than doubled to roughly 1,100,000 vehicles by 1968, increasing in line with sales of the first-generation Corolla. In 1970, four years after the Corolla's launch, cumulative worldwide sales of the car surpassed one million, and the concept of building the right cars in the right places led to rave reviews around the globe. The Corolla became the world's best-selling car, reaching in 22.65 million cumulative sales in 1997. In July

→ The Corolla, adored by so many drivers around the world, is one car that laid the cornerstone for making ever-better cars.

2013, global cumulative sales of the Corolla crossed the 40 million vehicle mark. One in every five cars sold over the last 76 years has been a Corolla. Always staying ahead of the times and paying attention to the needs of our customers and society, Toyota has worked relentlessly to improve the technologies and quality of the Corolla. Today, the Corolla is marketed in more than 150 countries and regions around the world, and it is manufactured in 15 locations around the world, including two in Japan.

This is in line with a sentiment Sakichi Toyoda expressed at the construction of an automatic loom plant in 1921 in Shanghai, China, namely, "open your door, and look outside," an apt reminder that we should keep our eye on the world and cultivate the courage to take on any challenge.



President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

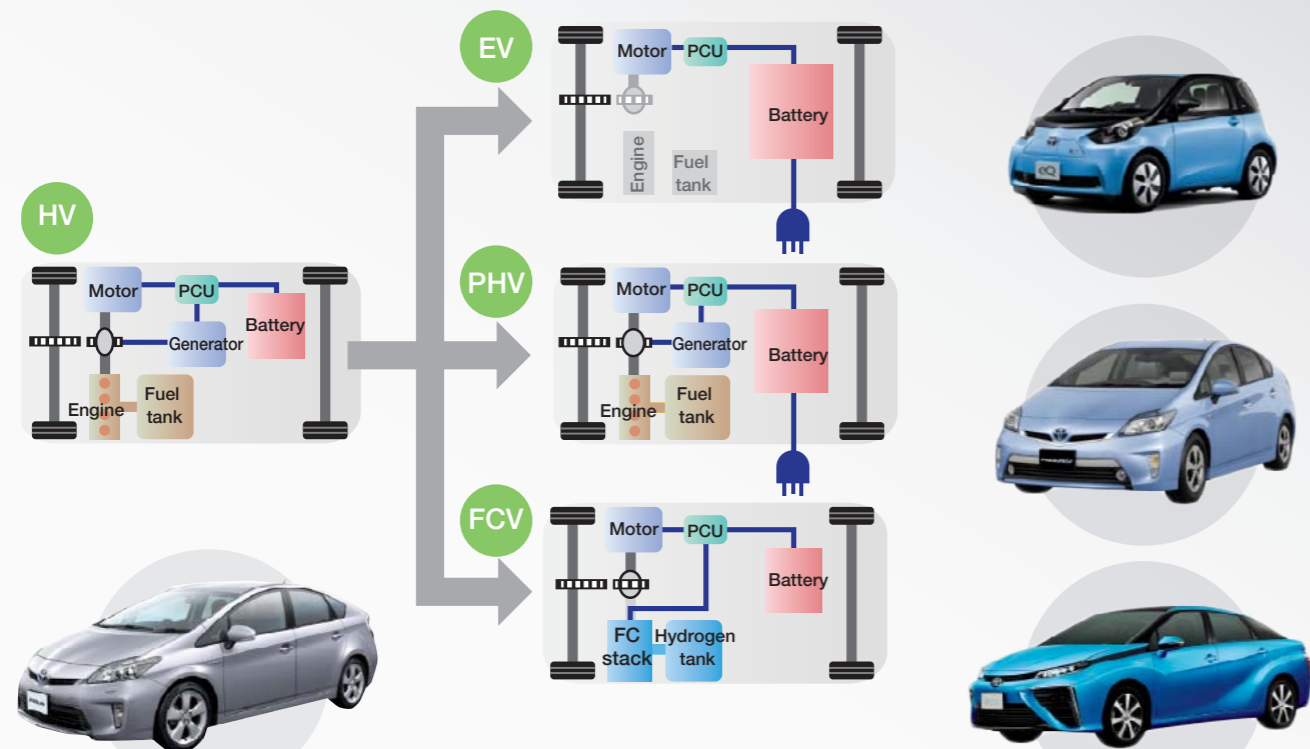
Financial Section

Investor Information



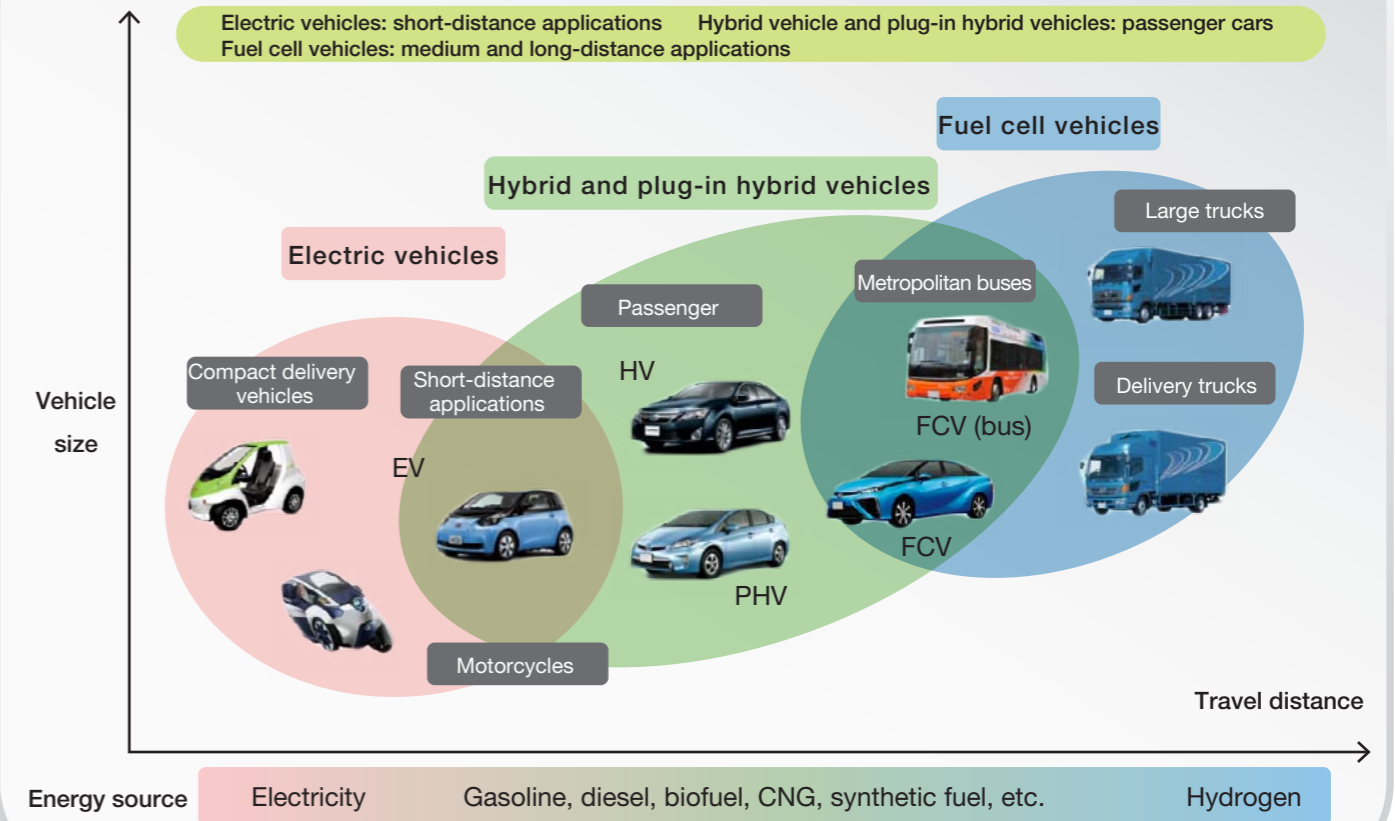
● Toyota in 10 Years and 100 Years [5 of 6] ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

### Comprehensive Development of Next-Generation Eco Cars from a Hybrid Technology Core



HV: Hybrid vehicle EV: Electric vehicle PHV: Plug-in hybrid vehicle FCV: Fuel cell vehicle

### Breakdown of Mobility in the Future



### Fuel cell vehicles: ideal eco cars

Automobiles can be powered by a wide range of energy sources, including gasoline, diesel, natural gas, synthetic liquid fuel, biofuel, electricity, and hydrogen. Two strategies are being taken to address environmental problems caused by the mass consumption of fossil fuels: using less petroleum and diversifying energy sources. Combining high thermal efficiency, low fuel consumption engines and a host of advanced

technologies, hybrid vehicles are a textbook example of how to use less petroleum. Energy diversification is a broad field, and Toyota is confident that hydrogen represents the next promising energy source of the future.

Fuel cell vehicles run on a motor powered by electricity generated by a chemical reaction between hydrogen and oxygen in a fuel cell. The only byproduct of a fuel cell vehicle in operation is water vapor. It does not emit any harmful substances such as CO<sub>2</sub>, a cause of global warming, or SO<sub>2</sub> and NO<sub>x</sub>, causes of atmospheric

pollution. In addition to producing zero emissions when driven, fuel cell vehicles are also highly practical. Their defining characteristic is their long cruising range. They can also be refueled very quickly.

As a source of electrical power during emergencies, a fuel cell vehicle is capable of powering a typical home for roughly a week. Because of their simultaneous achievement of zero emissions and high practicality, Toyota positions these vehicles as the ultimate eco-car.

However, one barrier to the proliferation of fuel cell vehicles is the need to create a refueling

infrastructure in the form of hydrogen stations. To ensure that our customers are able to operate fuel cell vehicles reliably, Toyota is cooperating in the establishment and operation of a hydrogen supply infrastructure in numerous countries and regions around the world.

We have more than two decades of experience with fuel cell vehicles; we started development in 1992 and launched the Toyota FCHV, the world's first fuel cell SUV, in December 2002 on a limited basis in Japan and the United States. Toyota has developed a proprietary fuel cell stack and





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



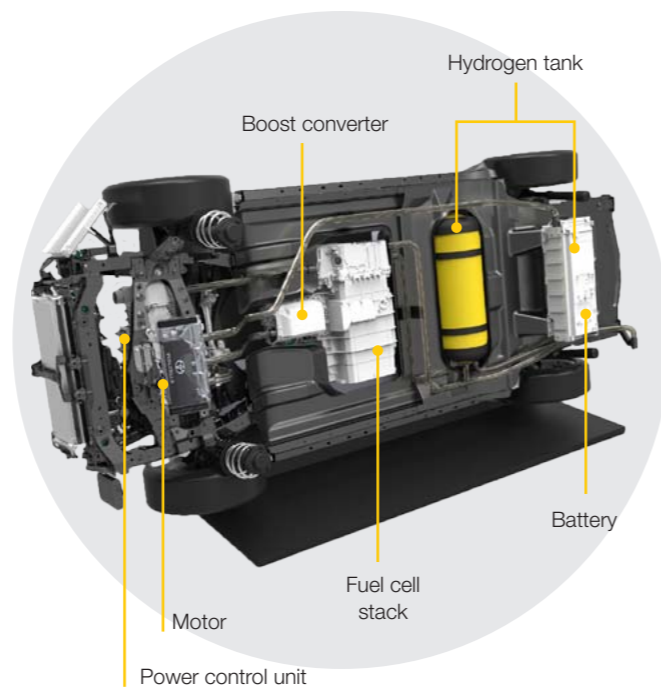
● Toyota in 10 Years and 100 Years [6 of 6] ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

high-pressure hydrogen tank—critical components of a fuel cell vehicle—that perform at world-leading levels.

Toyota plans to start selling a fuel cell sedan in Japan before March 2015. At first, the new vehicle will be sold only in major cities that plan to build hydrogen station networks. We are also preparing to launch the sedan in the United States and Europe around summer 2015. From the 2020s onward, we expect the market for fuel cell vehicles to increase significantly, with several tens of thousands of vehicles sold per year.

Over the next 100 years, we believe electrified powertrains will hold the key to the future of the automobile. The first-generation Prius opened the door to this future in 1997, and a new era of transportation emerged once major challenges were overcome. Similarly, fuel cell vehicles represent the next stage in the development of a future “mobility society.” Toyota has embarked on a long journey toward making hydrogen an everyday fuel and fuel cell vehicles the norm.

**Fuel Cell System Development**



**Nippon Charge Service Established to Promote the Development of Infrastructure for Electric-Powered Vehicles**

Toyota Motor Corporation, Nissan Motor Co., Ltd., Honda Motor Co., Ltd., and Mitsubishi Motors Corporation jointly established a new company, Nippon Charge Service, LLC (NCS), to promote the installation of chargers and development of a highly convenient infrastructure network for electric-powered vehicles (PHVs, PHEVs, and EVs) in Japan. Through NCS, the companies will provide financial support to help cover the cost of charger installation and maintenance to businesses and municipalities that install them, helping to accelerate the advance of charging infrastructure. The speedy creation of this infrastructure will dramatically improve customer convenience, helping society maximize the possibilities of electric vehicles.

Toyota's DNA



The development of the first-generation Prius was a major turning point for Toyota. At the time, Chairman Eiji Toyoda stated that Toyota must be in a position to help its customers and society more. The Prius was conceived with this goal in mind.

What should cars look like in the 21st century? To answer this question, the G21 Project was launched in September 1993 with 10 staff assembled from divisions across the Company, including engine, chassis, and body engineering, as well as production technology. With “G” standing for Globe and “21” for 21st century, the ambitious goal of the G21 Project was to double the fuel economy of existing engines.

The hybrid system was developed from scratch, and many obstacles were encountered along the way. For example, the first prototype, completed in November 1995, simply stopped working after 49 days of operation, and the engineers could not figure out why. That same year, the Prius concept car was displayed

at the Tokyo Motor Show to great fanfare. Encouraged by this reception, Toyota moved up the launch date for the Prius to December 1997, from the original 1999, to coincide with the Kyoto Conference on Climate Change (COP3).

The first-generation Prius was the result of a cross-organizational companywide effort to accelerate the development of the hybrid system that included the integration of the development departments for system control and electronic units. The Prius project was exceptional; in the extremely short time frame of two years, completely new technologies were developed and put into mass production. The first-generation Prius debuted with the slogan, “Just in time for the 21st century.” The core hybrid technologies developed then can be applied to any type of eco car.

➔ As long as innovation continues in hybrid technology, we can work toward a “mobility society” with more options for customers.





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● **Our DNA is Creating Ever-Better Cars [1 of 2]** ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

# Our DNA is Creating Ever-Better Cars

Toyota aims to deliver cars that open up new lifestyles for consumers, cars that change lives for the better and bring new discoveries. As we strive to do this, our ideals and pride in manufacturing are evident at every stage, from development through production and sales, and ensuring the performance and quality of every car we make.

Toyota believes that cars are more than a means of transportation, being a source of excitement and exhilaration. At Toyota, we foster human resources to ensure that our DNA is passed on to future generations so that we can continue to sustainably create truly great cars.

## Inherited expertise in manufacturing put to the test at world-class contests

Toyota's competitiveness is derived from its manufacturing expertise and the passing on of this expertise to the next generation. Toyota participates in the WorldSkills Competition, which tests the competence of young employees (the under 22s), to create opportunities for the vocational workers at the core of our operations to build on their abilities and learn advanced techniques. Held once every two years since 1950, this international contest aims to encourage vocational mastery, foster exchange among people of various nationalities, and nurture appreciation for technical workmanship. At the 42nd WorldSkills Competition held in Leipzig, Germany, in July 2013, 1,007 competitors represented 53 countries and regions in 46 vocational skills. Eight



employees from Toyota competed in seven vocations, with two being awarded gold medals and all eight contestants receiving prizes. Toyota was responsible for two of the five gold medals won by Japan. Over the years, Toyota has won a total of 25 gold medals, 13 silver medals, and 9 bronze medals at this international contest.

In addition, four employees of Toyota in Thailand and Indonesia participated in two vocational fields, taking home one gold medal and two silver medals. A culture emphasizing vocational skills has taken hold at our bases overseas. The Next WorldSkills Competition is slated for São Paulo, Brazil, in August 2015.

The National Skills Competition has been held in Japan annually since 1963. Toyota has participated since 1966, and currently enters the competition in 10 vocational fields related to automotive manufacturing. The 52nd National Skills Competition will be held in November 2014 in Toyota's home prefecture of Aichi, with more than 1,200 participants from across the country, including 43 young Toyota technicians, competing for the distinction of best technique in the country. The gold medalists will represent Japan at the next international competition in Brazil.

## Creative skill use to make ever-better cars

At Toyota's Takaoka Plant, production lines are occasionally referred to as "skill inheritance lines." The production floor is a place where younger workers can learn craftsmanship as well as the rules and principles of manufacturing. These production lines were created with a sense of urgency, because we thought that opportunities





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● **Our DNA is Creating Ever-Better Cars [2 of 2]** ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

were being lost to pass vocational skills onward due to automation in plants limiting the ability of veteran technicians to ply their trade.

The body remembers the experience of building something. When an issue arises, the experience can be drawn on to quickly get to the root of the problem through a cyclical process of hypothesis and verification. These advanced, hard-earned skills are reflected in production technologies, and through a constant evolution and sharpening of skills and technologies, a spiral of improvement leads to innovation.

To reinforce its foundation for creating ever-better cars, Toyota launched an initiative last year wherein young workers come into direct contact with how customers around the world use Toyota vehicles in various transportation environments. These young engineers, who were mostly dispatched to our overseas R&D centers, conducted surveys of market conditions, evaluated local conditions, and participated in development. The knowledge they gained through these experiences will help us create the ever-better cars of the future.

### Knowledge and skills from the grueling world of motorsport go into making ever-better cars

For many years, Toyota has tested its vehicles on the race circuit in Nürburgring, Germany, which is regarded as the world's most grueling course. With the aim of fostering human resources able to make ever-better cars, Toyota has taken this a



step further and has participated in the 24 Hours of Nürburgring endurance race since 2007. The over-25-kilometer course combines the Nürburgring (North Loop) and the GP Course used by the F1 Grand Prix. Since 2012, Toyota has sent its "skill inheritance team" of mechanics comprising young employees with expertise in a variety of fields.

Nürburgring features intense elevation changes of up to 300 meters on a course laid out like European public roads, complete with rough patches. During the race, the car design is tested and seasoned as the team members address unexpected problems that arise, with the group becoming closely attuned to the car and group cohesion strengthening. In an intense and short period, participants gain a profound appreciation of automobiles and a level of know-how and skillfulness that transcends their daily work. At our eighth appearance at the competition, 14 mechanics from Toyota participated. Toyota won in the SP3 class, SP8 class, and the SP-PRO class, and the Toyota team finished in the best position with the highest number of laps it has ever accomplished.

As Toyota manufacturing spreads globally, as the spirit of innovation is passed along at workplaces around the world, and as technologies and skills evolve, our DNA will continue to be passed on for not only the next 10 years but the next 100 years.





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● Our DNA is Creating Ever-Better Cars ● **What Sets Toyota Apart** ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

# What Sets Toyota Apart

Toyota has grown from a single core concept that is still shared by the entire Group: contributing to society by making ever-better cars.

Some of the values and ideas that have defined Toyota over its 75-year history are listed below.

## The Toyota Production System (TPS)

TPS encourages the complete elimination of waste, irregularities, and overburdening from the production process. The system, originally employed in the textile industry, is based on two fundamental concepts: *jidoka*, which can be loosely translated as “automation with a human touch,” and the Just-in-Time (JIT) principle. Under these concepts, if a problem occurs, the equipment immediately stops running, preventing the manufacture of defective products, and at each stage production is limited to only what is needed, when it is needed, and in the amount needed.

- > Establish the facts through *genchi genbutsu* (on-site, hands-on experience)
- > Stop production lines when a problem occurs and implement corrective and improvement measures

- > The improvement process is infinite, and after-the-fact improvements are in essence forward-looking improvements

These directives, which form part of Toyota's management philosophy, are by no means limited to the production front-line. They apply universally to all endeavors. In effect, TPS represents the building blocks of Toyota's human resource development endeavors.

## Genchi Genbutsu (on-site, hands-on experience)

The *genchi genbutsu* principle refers to much more than merely visiting a site to examine something in situ. It entails understanding and respectfully considering the opinions of on-site individuals as well as of individuals who have extensive relevant knowledge. *Genchi genbutsu* is thus a key concept in the improvement process. Furthermore, the notion of “respect for people” is consistent with Toyota's founding philosophy, and is underpinned by the concept of thoroughgoing and direct communication.

## Kaizen (continuous improvement)

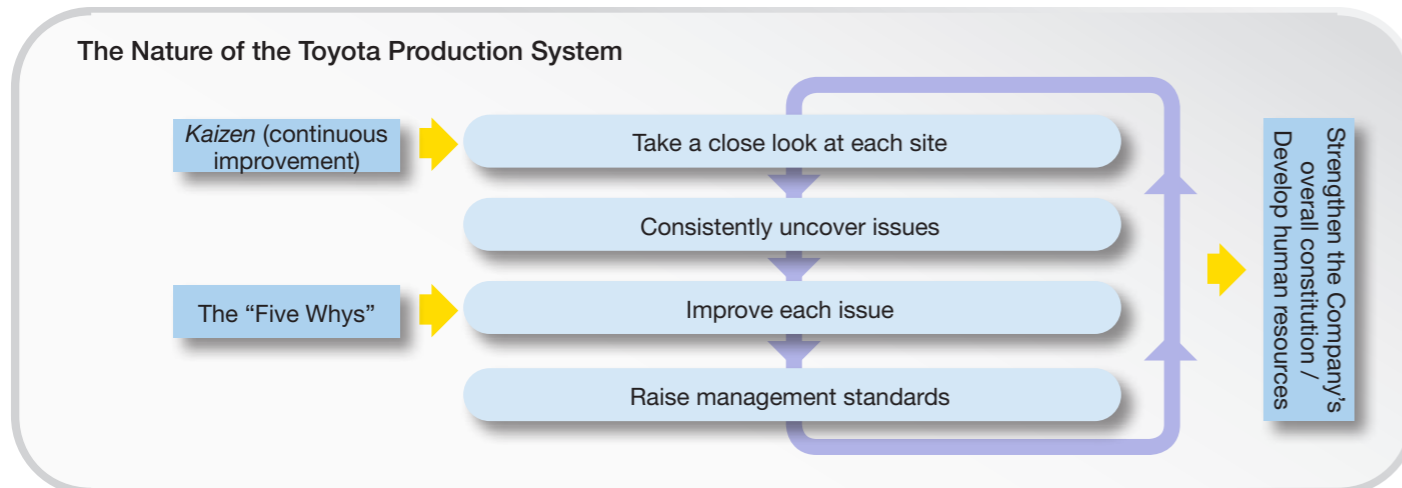


Representing a never-ending cycle of progress, the word *kaizen* encapsulates a spirit of striving for continuous improvement and a refusal to accept the idea that something cannot be made better. Toyota believes that acknowledging the possibility of continuous improvement can make tasks easier and more enjoyable. From an organizational standpoint, *kaizen* involves the entire workforce while relying on the extensive knowledge, skills, and experience of the people working directly on the process. The concept is based on individuals taking ownership of their work and focusing on what should be done rather than on what can be done. At the same time, the *kaizen* process is underpinned by thoroughgoing and direct communication. It is essential to follow through once a decision has been made upon thorough deliberation with the participation of all. We consider this a valuable part of our corporate culture. Taiichi Ohno (1912-1990), a former Toyota executive vice president and founder of the Toyota Production System, once commented that while the wisdom of humankind was infinite, that wisdom tended to emerge only during periods of adversity. When things are not going well and a better method is discovered, it is critical that suggestions be made openly, discussed, and put into practice to ensure continuous improvement.



## Building “true competitiveness”

To consistently deliver a higher level of quality and competitive products to its customers, Toyota must continue to nurture a corporate culture that places the utmost value on quality, productivity, and cost efficiency. In addition to an unwavering commitment to JIT that underscores our commitment to the development of a short and efficient supply chain, we realize that we must also provide customers with a wide-ranging, comprehensive, and well-organized after-sales service network. From a long-term perspective, we can only stay competitive if we continue to focus on developing human resources, fostering relationships of trust between management and labor, and ensuring that each employee remains committed to conscientious manufacturing. For its part, Toyota will continue to hone its true competitiveness, which provides the underlying strength for its manufacturing platform over the medium to long term. By doing so, we hope to ensure sustainable growth.





# Enriching Lives and Building Tomorrow's Toyota through Innovation

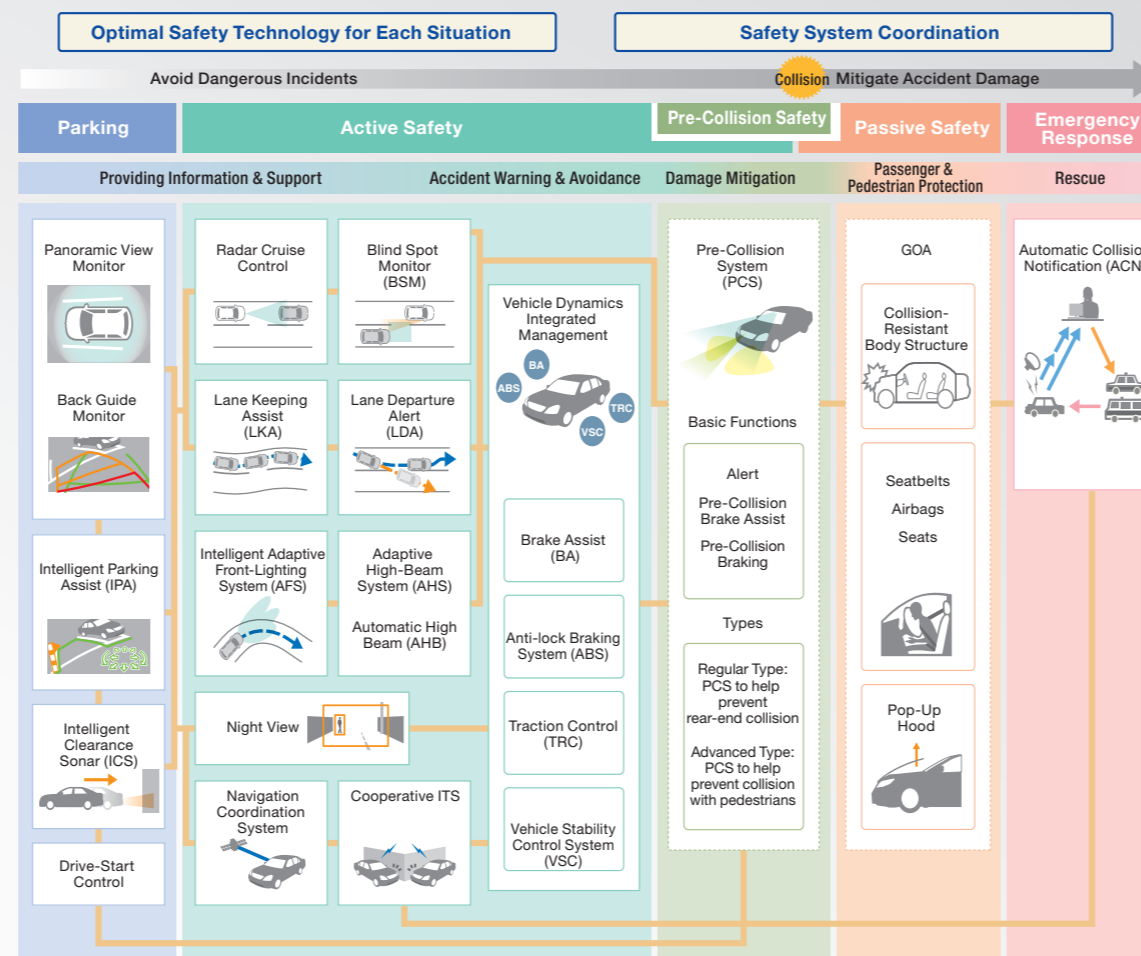
Toyota aims to enrich lives and communities through innovations that make cars safer, more comfortable and more convenient. This will help create a future "Smart Mobility Society" in which cars are highly economical and energy efficient.

## Safety in a "Smart Mobility Society"

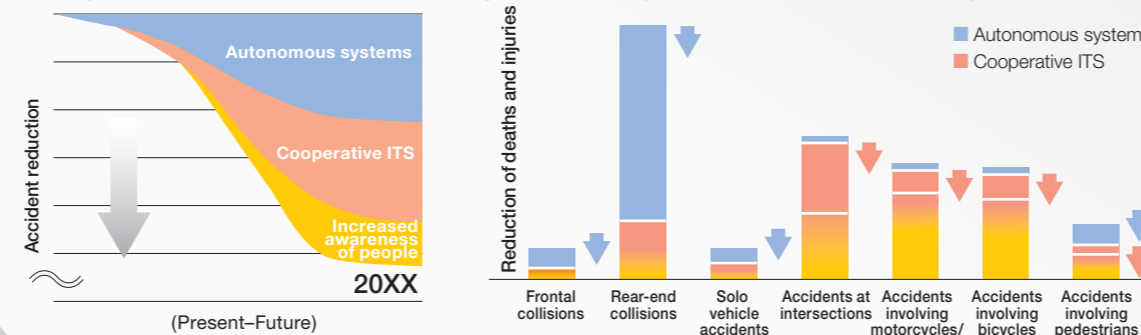
To realize a safe and responsible automobile society, Toyota has been developing safety technologies based on an "Integrated Safety Management Concept," that involves a three-pronged, comprehensive approach to passengers, cars and transportation systems, in pursuit of a practical safety strategy with the ultimate aim of zero traffic fatalities and injuries. For Toyota, the "Integrated Safety Management Concept" is synonymous with vehicle safety. To make cars safer, we concentrate on integrating safety systems, instead of having them function independently of each other.

Vehicle-infrastructure cooperative systems use ITS (Intelligent Transport Systems) technology to establish car-to-car, car-to-pedestrian, and car-to-road connections. These systems help prevent accidents and support safe driving environments by alerting drivers to pertinent information provided by roadside sensors and other vehicles—information that is unobtainable using a single vehicle's sensors alone. Toyota aims to make vehicle-infrastructure cooperative systems a reality as soon as possible, and has been working with government institutions to create standards for smart road infrastructure to upgrade the transportation environment. We have been conducting field tests on public roads since 2006 in collaboration with government agencies and other private-sector companies. Moreover, by the mid-2010s, we intend to be the first company in the world to commercialize systems that use the 700 MHz band to establish connections between people and cars to support safe driving environments. We aim to create advanced driving safety systems by linking the automated safety systems of vehicles.

### "Integrated Safety Management Concept"

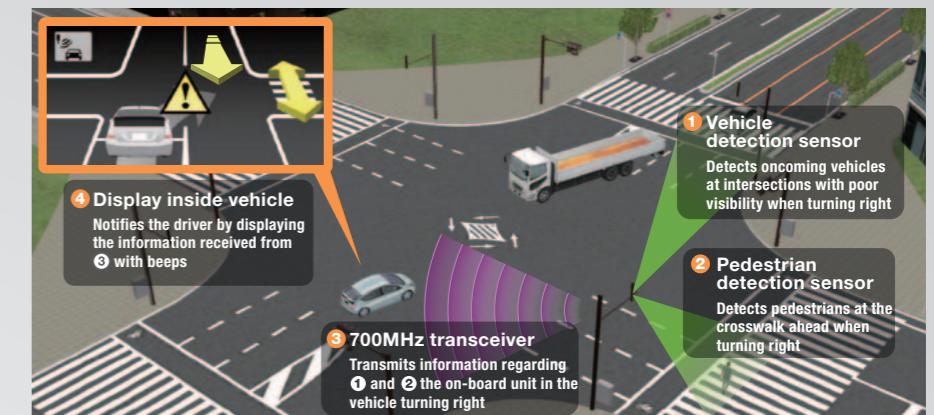


Example of Vehicle-Infrastructure Cooperative ITS (created in December 2013)



### Vehicle-Infrastructure Cooperative Systems That Support Driving

#### Vehicle-to-Infrastructure Communication



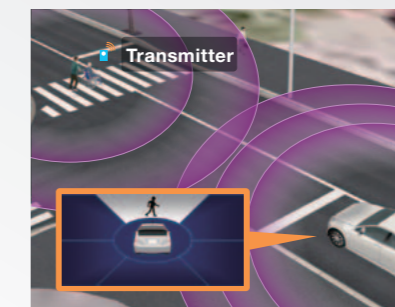
- Right-turn collision prevention system (1,3,4)
  - Crossing pedestrian recognition enhancement system (2,3,4)
- This service uses roadside infrastructure to detect in real time and notify the drivers of oncoming vehicles and pedestrians at the crosswalk ahead when turning right.

#### Vehicle-to-Vehicle Communication



- Crossing collision prevention system
- This service uses direct communication between vehicles to exchange information about position and speed.

#### Vehicle-to-Pedestrian Communication



- Pedestrian existence advisory system
- The vehicle communicates with terminals (transmitters) which are carried by pedestrians to notify the driver of pedestrians, including children, elderly persons, and other road users in support of safe driving.





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation [2 of 4] ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

### Automated driving technology

While respecting the intentions of drivers and preserving the enjoyment of driving, Toyota aims to create advanced driving assistance systems that improve the safety of its cars. Since the late 1990s, Toyota has been researching automated driving technology, and has tested this technology on public roads in the United States for several years with top priority on safety. In Japan, we have been testing advanced driving assistance systems on public roads since 2011.

The result of this research and testing was the development of "Automated Highway Driving Assist" (AHDA), an advanced driving assistance system for expressways that uses automated driving technology. AHDA features Cooperative-Adaptive Cruise Control, which maintains a safe distance from the car in front while communicating with it wirelessly, as well as Lane Trace Control, which helps drivers steer their cars along optimal paths calculated using data from sensors that detect white lines on the road at all speeds. The integration of these two features supports safer driving conditions and makes cars easier to

drive. Toyota plans to commercialize the newly developed AHDA in the mid-2010s.

Toyota aims to develop systems that promote safer driving, so that drivers can handle their cars in all kinds of driving conditions like a highly

experienced driver. By pairing these advanced driving assistance systems with drivers, we hope to raise the bar for safety and move one step closer to our vision of a "Smart Mobility Society" with zero traffic fatalities or injuries.



### Enriching Lives of Communities



Traffic Safety Education

Toyota has conducted traffic safety education in Japan since the 1960s. We continue to educate the public through a wide range of programs, such as safe driving classes for adults and traffic safety classes for children. We also distribute picture books about traffic safety to children. Since we began to distribute traffic safety educational materials in 1969, we have issued almost 134 million copies of traffic safety picture books to preschool and kindergarten children around Japan, as well as almost 1.5 million copies of traffic safety picture-card sets. Outside Japan, we offer similar programs: the TeenDrive<sup>365</sup> teaches defensive driving to

teenagers and their parents in the United States; the White Road Campaign with the "Milky Way & the Gang" characters teach elementary school children in Thailand about traffic safety; and other educational programs that teach traffic safety in India, Argentina, China, and many other places.

Toyota's Collaborative Safety Research Center in the United States engages in joint projects with more than 16 universities and research institutions in North America. Our research results are open to the public and we are contributing to the U.S. government's policy planning.

Teen Drive365 teaches defensive driving to teenagers.



Traffic safety picture books and picture-card sets



White Road Campaign in Thailand



## Comfort in a "Smart Mobility Society"

Technology can connect people, cars, families and society. Toyota develops and offers telematics services, including a communications service that brings a new level of convenience and comfort to the car ownership experience. Toyota is developing new system technologies and building platforms that leverage Big Data, such as a car's position, speed, and driving conditions, to create new value, enhance safety and improve quality. These systems combine highly accurate maps and navigation to support advanced driving with communications interfaces for controlling vehicles. We plan to create a system open to any company wishing to offer clients information, entertainment systems and content.

Our "T-Connect" service features software agents that control car electronics, search for information, and display pertinent information for a safe and comfortable driving experience. These agents connect with the voice communications

system of the Toyota "Smart Center" to set destinations, search for news and other information, and transmit data from onboard electronics that manage driving conditions. Based on this data, drivers are provided with optimal driving routes based on the latest traffic and weather information. T-Connect can also connect the driver with a human operator when necessary, including during emergencies, when help is needed using the system, or when information is needed from the car manual.

T-Connect lets drivers download and enjoy T-Connect apps designed by third parties. For example, "Brake Master" is an app that plots braking speed on a graph, making a game out of improving the braking skills of drivers. In addition, T-Connect apps can be downloaded to smartphones and tablets for managing vehicle data and accessing maps to guide users in walking the "last mile" after parking.

Traffic information and statistical data based on the Big Data sent via telematics services (such as car position, speed, and driving conditions) is also

used to improve traffic flow, provide map data, and help in emergency response scenarios.

Toyota has been working with Panasonic Corporation in the joint development of services that connect cars with home appliances, with the aim of creating a "Smart Mobility Society" offering convenience and comfort. This service enables T-Connect to send real-time vehicle position information to Panasonic's cloud services to turn on/off air conditioners at home. This preps homes for the arrival of their owners and also helps people who forget to turn off appliances when they leave.

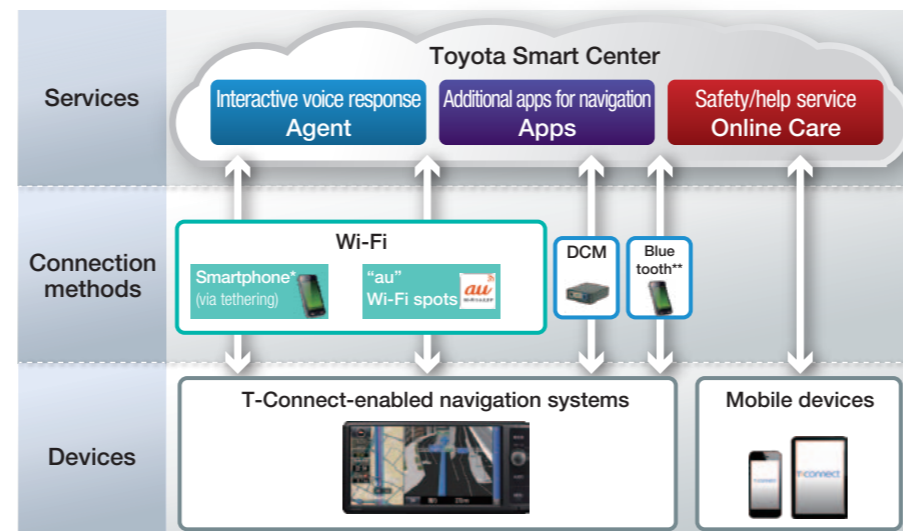
Considering the rate at which many developed societies are aging, Toyota is developing technologies that will augment elderly drivers' awareness of driving conditions while helping them make good driving decisions. These technologies will help create a "Mobility Society" where the elderly can pursue more fulfilling, mobile lives.

### Toyota's Approach to Telematics

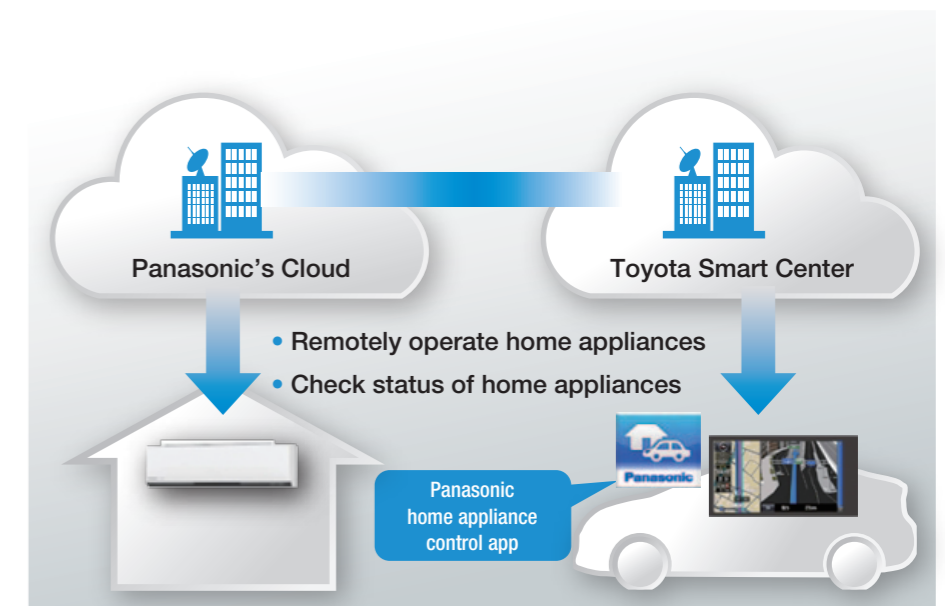
Telematics service	Toyota's approach
<ul style="list-style-type: none"> <li>Interactive interfaces linked to vehicle</li> <li>High-precision maps and navigation for advanced driving assistance</li> <li>Services using big data</li> </ul>	Independently develop technologies and establish platforms
<ul style="list-style-type: none"> <li>Multimedia/information services</li> </ul>	Establish open systems that third parties can contribute to
<ul style="list-style-type: none"> <li>Third-party software enabling smartphone use while driving</li> </ul>	Consider using after carefully assessing safety and data security



### How T-Connect Works



\*Requires tethering-enabled smartphone; \*\*Requires Bluetooth-enabled device







President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● **Enriching Lives and Building Tomorrow's Toyota through Innovation [4 of 4]** ● New Values for the Next Hundred Years ● Message from the Executive Vice President Responsible for Accounting

### Convenience and the "Smart Mobility Society" of the future

Urban transportation systems that incorporate cars into communities will play a key role in creating a future "Smart Mobility Society" where low-carbon, efficient transportation is a reality. For example, the Toyota City Verification Project in Japan is a prototype of a low-carbon city. In collaboration with local governments, Toyota also provides next-generation vehicles, such as plug-in hybrid vehicles, electric vehicles, and fuel cell vehicles, installs charging stations with solar panels, and conducts personal mobility experiments. In addition, to achieve low carbon transportation, we aim to optimize the movement of people by building transportation systems that encompass private and public transportation systems, promoting environment-friendly driving practices, and alleviating traffic jams using ITS.

## TOYOTA's Activities towards SMART MOBILITY SOCIETY

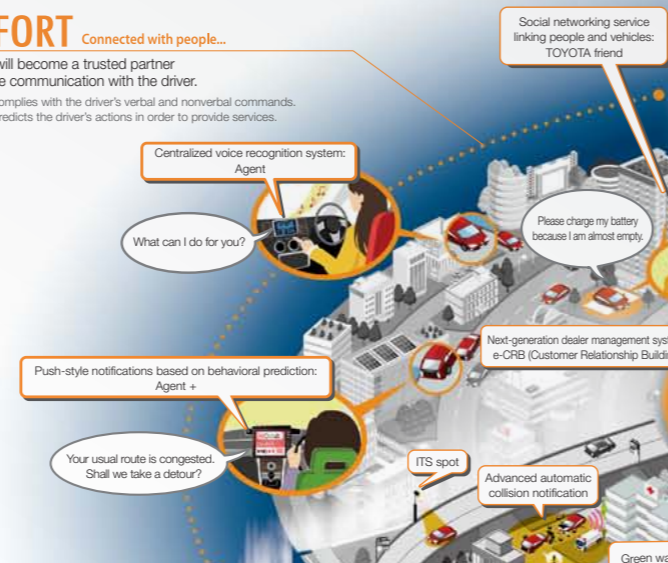
Toyota aims to create a smart mobility society where people feel secure and happy in transport and everyday life.

### COMFORT

Connected with people...

The vehicle will become a trusted partner through close communication with the driver.

- The vehicle complies with the driver's verbal and nonverbal commands.
- The vehicle predicts the driver's actions in order to provide services.

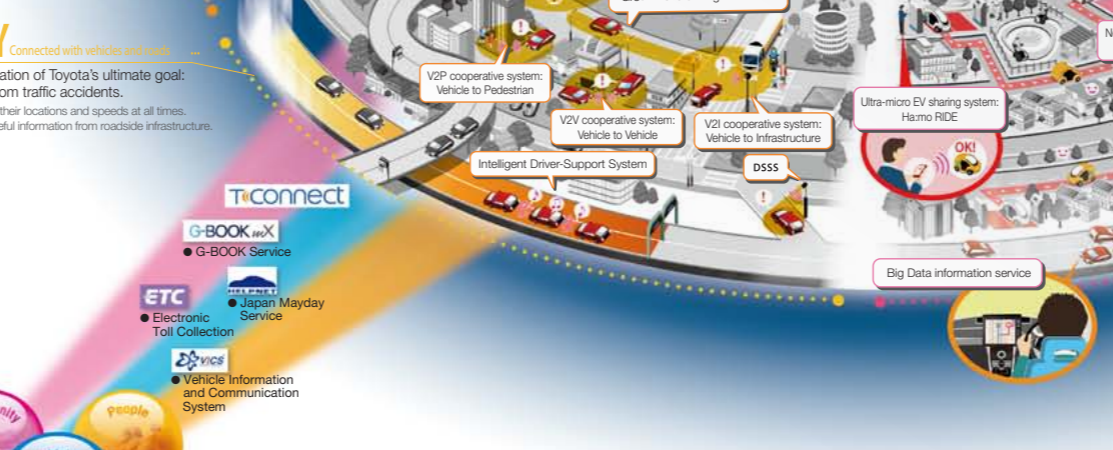


### SAFETY

Connected with vehicles and roads...

Toward the realization of Toyota's ultimate goal: zero casualties from traffic accidents.

- Vehicles exchange their locations and speeds at all times.
- Vehicles receive useful information from roadside infrastructure.



### ECOLOGY

Connected with the community...

Optimizing the energy use of the entire community. Achieving eco-friendly lifestyles with a high quality of life.

- Actualizing a low-carbon society where homes and vehicles share energy with each other.
- Promoting local energy production/consumption.
- Creating communities that are strong enough to withstand natural disasters.

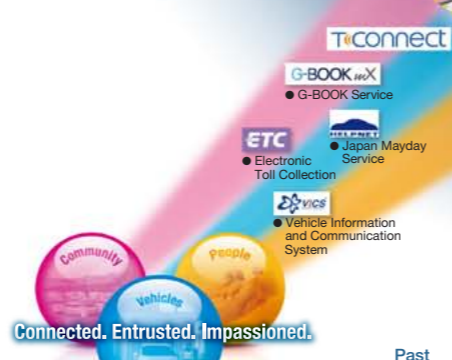


### CONVENIENCE

Connected with society...

Building a stress-free traffic environment where everyone can move around as they wish.

- Utilizing big data generated from vehicles to improve traffic control and disaster-related measures.
- Implementing an ultra-micro EV sharing service integrated with public transportation.



Connected. Entrusted. Impassioned.

Past

Present

Around 2020

Future

Enriching Lives of Communities



Toyota Mobility Foundation

In August 2014, Toyota established the Toyota Mobility Foundation to provide global assistance to NPOs and research organizations that are helping to build a better society through mobility. The foundation will support businesses and activities focused on enhancing mobility and that have a strong correlation to Toyota's business activities, with a high likelihood of enriching lives in communities and building ever-better cars that

exceed customer expectations. In emerging markets, the foundation will search for solutions to social problems by helping to close the mobility gap and promoting the development of the automotive industry on a local basis. In advanced countries, the foundation will focus on developing next-generation mobility solutions. We expect the foundation to provide grants amounting from ¥3 billion to ¥4.5 billion per year.





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● **New Values for the Next Hundred Years** ● Message from the Executive Vice President Responsible for Accounting

# New Values for the Next Hundred Years

**The willingness to take on new challenges has been in Toyota's DNA since its founding.**

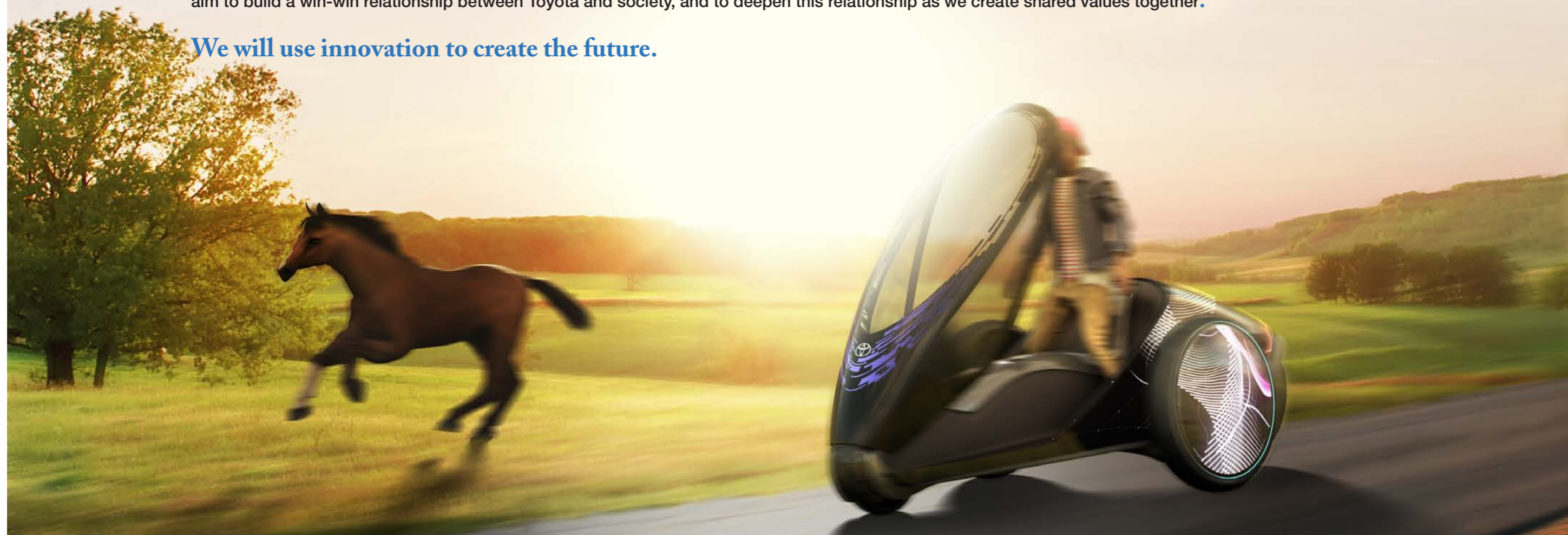
Toyota has embarked on a path of embracing new values and achieving sustainable growth over the next 10 years and 100 years. In making tomorrow's Toyota even better than today's, we are focusing on the following three areas.

The first is **initiatives for the future that focus on pursuing innovation**. We aim to embrace new values centered on the future and people. This is a departure from our previous approach, which centered on cars. Toyota hopes that its products and services will change people's lives for the better.

The second is to **cultivate an adventurous spirit as we enter new fields**. Leaving our comfort zone, we aim to create new industries and businesses by taking in the best ideas and knowledge around the world.

The third is to ensure that **Toyota plays an ever more essential role in society** through its efforts to find solutions to social problems. We aim to build a win-win relationship between Toyota and society, and to deepen this relationship as we create shared values together.

**We will use innovation to create the future.**







President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Toyota in 10 Years and 100 Years ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● **Message from the Executive Vice President Responsible for Accounting [1 of 2]**

# Message from the Executive Vice President Responsible for Accounting



**Our goal is to achieve sustainable growth by undertaking strategic and efficient forward-looking investments that build on our robust earnings base.**

## Fiscal 2014 Business Results

On a consolidated basis for the fiscal year ended March 31, 2014, the Toyota Group reported an increase in both revenue and earnings. Vehicle sales increased 0.245 million units to 9.116 million units compared with the previous fiscal year. Net revenues expanded ¥3.6277 trillion to ¥25.6919 trillion, operating income grew ¥971.2 billion to ¥2,292.1 billion, and net income rose ¥860.9 billion to ¥1,823.1 billion.

Factors that contributed to the increase in operating income included a ¥900.0 billion boost due to exchange-rate fluctuations as well as ¥290.0 billion contributed by cost reduction efforts, ¥180.0 billion by marketing efforts, and ¥81.2 billion by other factors. Factors that were detrimental to operating income included a ¥480.0 billion rise in expenses.

The increase in miscellaneous costs and others was largely attributable to non-recurring expenses incurred as a result of an agreement reached with the U.S. Attorney's Office. In contrast, the Company's earnings for the fiscal year under review benefitted from movements in foreign currency exchange rates, most notably the weakening of the yen against both the U.S. dollar and the euro, the improving profitability of exports, the success of cost reductions undertaken together with suppliers, and aggressive marketing efforts.

From a marketing perspective, the active release of fully remodeled cars, including the Harrier, Voxy, and Noah, together with the efforts of dealers nationwide helped boost sales in Japan. On a global basis, the Group's performance was mixed. Sales stalled in Thailand and India due mainly to market contraction and increasingly fierce competition. In contrast, the continued recovery in North America, coupled with the release of remodeled cars, including the RAV4, Lexus IS, and Tundra, served to drive sales forward. We thus saw vehicle sales grow mainly in North America, Europe, and the Middle East. The sales increase in Japan and across many countries and regions worldwide reflects the introduction of new car models that accurately address the needs of domestic and overseas customers as well as the intense efforts of the Group's global dealers.

I strongly believe that the revitalization of the Group's operations and management is attributable to the hard work of dealers and suppliers along with the concerted efforts of the entire Toyota Group of companies to improve profitability.

## Consolidated Financial Forecasts for Fiscal 2015

For the fiscal year ending March 31, 2015, we forecast vehicle sales of 9.1 million units, net revenues of ¥25.7 trillion, operating income of ¥2.3 trillion, and net income of ¥1.78 trillion on a consolidated basis. Our exchange rate assumptions are ¥100 per US\$1 and ¥140 per €1.

In our forecast for consolidated operating income we expect cost reduction efforts (¥165 billion) to be a contributing factor. We also expect

exchange-rate fluctuations (¥95 billion), marketing efforts (¥45 billion), and an increase in expenses (¥17.1 billion) to negatively impact operating income. While the aforementioned cost reduction efforts and the absence of the one-off expense incurred in the fiscal year ended March 31, 2014, will help boost earnings, the anticipated deterioration in model composition, impact of low-priced currencies in emerging markets, and aggressive forward-looking expenditures aimed at securing sustainable growth on the back of increased competitiveness are projected to hold operating income at its current level.

We will be looking to build a foundation that is capable of generating sustainable growth by implementing a wide range of measures. As we work to enhance our competitiveness by developing human resources, undertaking capital investments, and implementing our new management structure, we will take care not to be overly influenced by short-term financial results. Meanwhile, in order to absorb the increase in fixed costs associated with forward-looking investments, we will not let up in our efforts to reduce costs through Companywide value analysis (VA) activities, or to improve profitability by efficiently promoting sales.

We have been aiming to establish a cycle of developing ever-better cars that delight our customers and benefit society while fulfilling our duty to increase sales and profits that are, of course, reinvested in development.

To support this cycle, we will endeavor to maintain and build on our strong earnings base and to steadfastly engage in activities that improve our profit structure. To this end, we will continue to increase the gross profit margin per unit and place suitable controls on fixed costs.

## Financial Strategy

The three key priorities of our financial strategy are growth, efficiency, and stability.

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

### 1. Growth: Sustainable growth through continuous forward-looking investments

The structure of the automotive market is undergoing dramatic change. Along with burgeoning environmental awareness, we are witnessing rising demand for diverse types of eco cars as well as the rapid development of information technology and telecommunications. At the same time, global competition is becoming increasingly fierce. Focusing on environmental and safety as well as information and telecommunications technology development and investing capital in areas aimed at enhancing productivity, Toyota will actively undertake all necessary expenditure to remain at the forefront. This will include the development of human resources, which we recognize is key to maximizing conscientious manufacturing and investment in IT





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

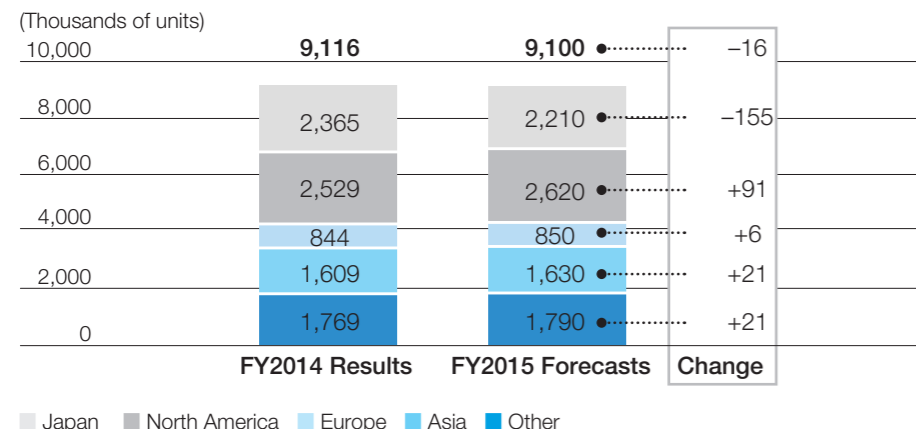
Investor Information



● Toyota in 10 Years and 100 Years ● Our DNA is Creating Ever-Better Cars ● What Sets Toyota Apart ● Enriching Lives and Building Tomorrow's Toyota through Innovation ● New Values for the Next Hundred Years ● **Message from the Executive Vice President Responsible for Accounting [2 of 2]**

## Message from the Executive Vice President Responsible for Accounting

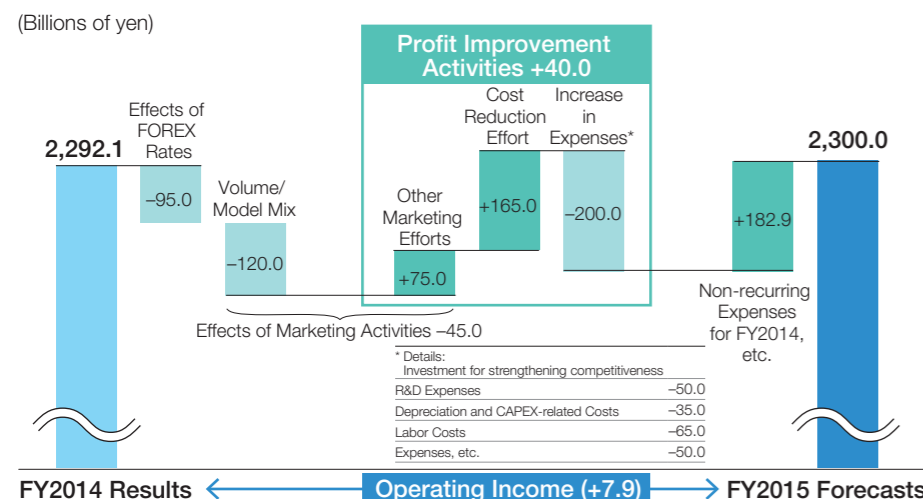
### FY2015 Forecast: Consolidated Vehicle Sales



### FY2015 Forecasts: Consolidated Financial Summary (Billions of yen)

	FY2015 Forecasts (Apr. 1, 2014– Mar. 31, 2015)	FY2014 Results (Apr. 1, 2013– Mar. 31, 2014)	Change
<b>Net Revenues</b>	¥25,700.0	¥25,691.9	+8.1
<b>Operating Income</b>	2,300.0	2,292.1	+7.9
<b>Operating Margin</b>	8.9%	8.9%	—
<b>Income before Income Taxes and Equity in Earnings of Affiliated Companies</b>	2,390.0	2,441.0	-51.0
<b>Equity in Earnings of Affiliated Companies</b>	300.0	318.3	-18.3
<b>Net Income Attributable to Toyota Motor Corporation</b>	1,780.0	1,823.1	-43.1
<b>Net Margin Attributable to Toyota Motor Corporation</b>	6.9%	7.1%	—
<b>FOREX Rates</b>			
Yen/US\$	¥100	¥100	±0
Yen/Euro	140	134	-6

### Analysis of FY2015 Forecast: Consolidated Operating Income



systems that support efficient workplace practices. We will place considerable weight on investments that accurately reflect market trends and lead toward sustainable growth over the long term.

For example, and as a part of the Company's environmental activities, Toyota is working diligently to improve the fuel economy of conventional engines and is actively engaging in the development of a wide range of technologies, including hybrid technologies for plug-in hybrid, electric, and fuel cell vehicles (FCVs). The Company is placing particular emphasis on FCVs, which are being designed as part of efforts to respond to the growing diversity of automotive fuels. Boasting zero CO<sub>2</sub> or environmentally hazardous substance emissions while running as well as a level of convenience that is comparable to current gasoline vehicles, FCVs are the ultimate in eco cars. In a bid to promote their widespread use, Toyota plans to launch a sedan-type FCV in Japan before March 2015 and some time in summer 2015 in the United States and Europe.

From the perspective of safety, Toyota is drawing on the integrated safety concept, which pursues connectivity between a wide variety of safety systems while providing optimal driver support across all driving scenarios, to vigorously develop safety technologies, including the practical application of advanced driver assistance systems.

In the area of information and telecommunications technology, Toyota is active across a broad spectrum of fields. In addition to an interactive interface that links directly to a vehicle's operations, sophisticated navigation systems, and big data analysis, the Company has begun developing technologies that deliver new value both in terms of vehicle safety and performance. For example, Toyota is rolling out T-Connect, an innovative new telematics service. T-Connect features an interactive voice response service that handles queries about locations and news, as well as a predictive information service that draws on data from user route histories to predict a car's destination. Based on the predicated destination, T-Connect provides voice guidance on relevant traffic accidents, congestion, and road surface conditions.

### 2. Efficiency: Improving profitability and capital efficiency

Toyota will continue its push forward with the Toyota New Global Architecture (TNGA), an initiative to overhaul the way we work with the goal of facilitating the timely launch of appealing products globally. Under TNGA, we are improving development efficiency and making ever-better cars by standardizing parts and components through grouped development. In addition to actively investing in the development of new technologies, we are carrying out "simple and slim" activities that facilitate the effective use of existing equipment.

Looking ahead, we will strive to further improve our earnings structure through efficient investment that emphasizes the areas in which we want to advance, including hybrids, other eco-cars, and emerging markets.

### 3. Stability: Maintaining a solid financial base

To ensure a solid financial base, we secure sufficient liquidity and stable shareholders' equity. This allows us to maintain capital expenditure and R&D investment at levels conducive to future growth as well as to maintain working capital at a level sufficient for operations, even when business conditions are difficult due to such factors as steep increases in raw materials prices or volatility in foreign exchange rates. We plan to refine and implement measures to improve business continuity planning in the event of a major disaster. Amid expectations that the global automotive market will expand over the medium to long term, we believe that, in addition to putting crisis measures into place, maintaining adequate liquidity is essential to the implementation of forward-looking investment aimed at improving product appeal and the development of next-generation technologies as well as to the establishment of global production and sales structures. We will continue to pursue improvements in capital efficiency and cash flow.

### Dividends and Share Acquisitions

Toyota considers the enhancement of shareholder value a priority management policy and to this end is aiming for sustainable growth through corporate reorganization to increase corporate value. We aim to pay stable, ongoing dividends, targeting a consolidated payout ratio of 30%, while giving due consideration to such factors as performance each term, investment plans, and cash and cash equivalents.

To succeed in this highly competitive industry, we plan to use retained earnings to quickly commercialize environment- and safety-related next-generation technologies, with emphasis on customer safety and peace of mind.

Within this context, Toyota declared an annual dividend payment of ¥165 per share for the fiscal year ended March 31, 2014.

At the Company's 110th General Meeting of Shareholders, Toyota received approval to dispose of 30 million common shares of treasury stock in order to establish the Toyota Mobility Fund. The Company also plans to repurchase up to 60,000,000 shares of its common stock at a total purchase price of up to ¥360 billion during the fiscal year ending March 31, 2015. Taking the aforementioned into consideration, we cancelled 30 million shares of our treasury stock on June 30, 2014.

With an eye to long-term capital efficiency, Toyota will adopt a flexible approach toward the future acquisition of its own shares.

Moving forward, we will continue striving to further improve profits and meet the expectations of our shareholders.

July 2014

Nobuyori Kodaira  
Executive Vice President





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● [1 of 3]

## Consolidated Performance Highlights

### Consolidated Performance (U.S. GAAP)

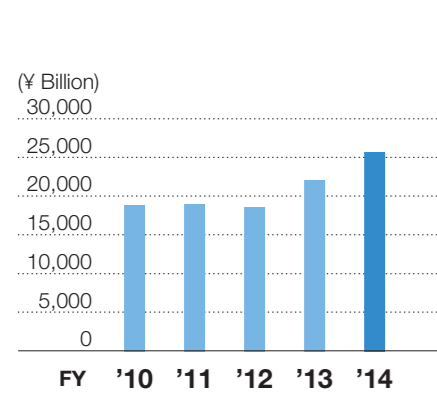
	Millions of yen					% change 2014 vs. 2013
	2010	2011	2012	2013	2014	
<b>Fiscal years ended March 31</b>						
Net Revenues:	18,950,973	18,993,688	18,583,653	22,064,192	25,691,911	+16.4
Automotive	17,197,428	17,337,320	16,994,546	20,419,100	23,781,404	+16.5
Financial Services	1,245,407	1,192,205	1,100,324	1,170,670	1,421,047	+21.4
All Other	947,615	972,252	1,048,915	1,066,461	1,151,280	+8.0
Inter-Segment Elimination	(439,477)	(508,089)	(560,132)	(592,039)	(661,820)	—
Operating Income:	147,516	468,279	355,627	1,320,888	2,292,112	+73.5
Automotive	(86,370)	85,973	21,683	944,704	1,938,778	+105.2
Financial Services	246,927	358,280	306,438	315,820	294,891	-6.6
All Other	(8,860)	35,242	42,062	53,616	64,270	+19.9
Inter-Segment Elimination	(4,181)	(11,216)	(14,556)	6,748	(5,827)	—
Net Income Attributable to Toyota Motor Corporation*2	209,456	408,183	283,559	962,163	1,823,119	+89.5
ROE	2.1%	3.9%	2.7%	8.5%	13.7%	—
ROA	0.7%	1.4%	0.9%	2.9%	4.7%	—
<b>As of March 31</b>						
Total Assets	30,349,287	29,818,166	30,650,965	35,483,317	41,437,473	+16.8
Toyota Motor Corporation Shareholders' Equity	10,359,723	10,332,371	10,550,261	12,148,035	14,469,148	+19.1
Short-Term Debt, Including Current Portion of Long-Term Debt	5,497,997	5,951,836	5,963,269	6,793,956	7,780,483	+14.5
Long-Term Debt, less Current Portion	7,015,409	6,449,220	6,042,277	7,337,824	8,546,910	+16.5



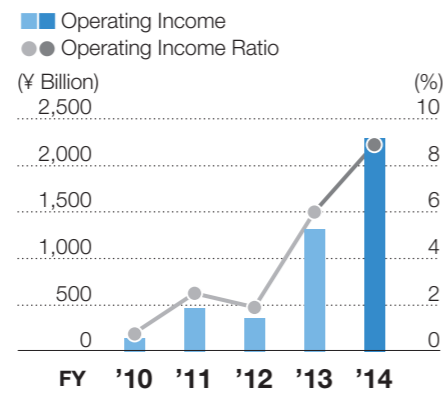
# Consolidated Performance Highlights

## Consolidated Performance (U.S. GAAP)

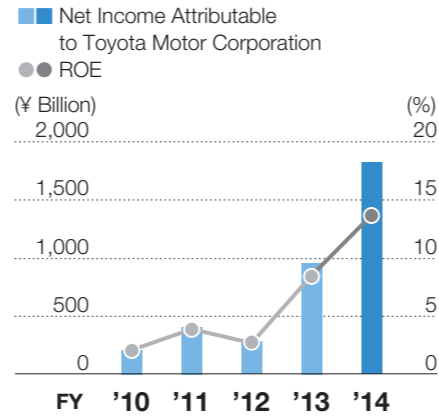
### Net Revenues



### Operating Income / Operating Income Ratio

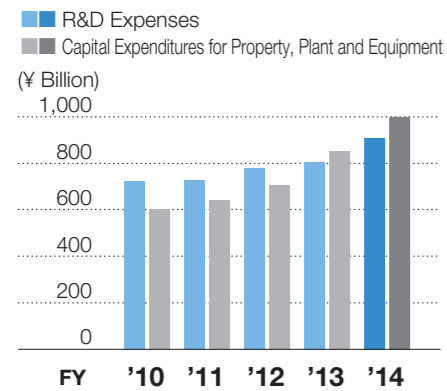


### Net Income Attributable to Toyota Motor Corporation/ROE

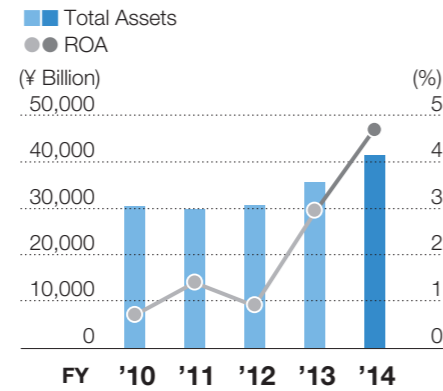


Note: "Net Income Attributable to Toyota Motor Corporation," equivalent to "Net Income" up to 2009.

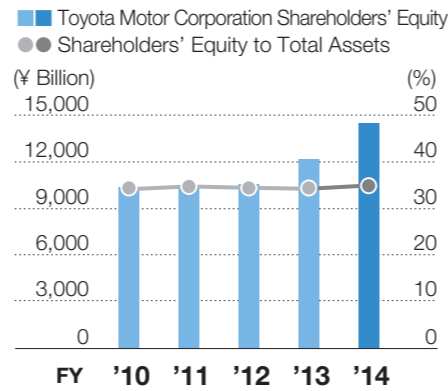
### R&D Expenses/Capital Expenditures for Property, Plant and Equipment (excluding vehicles and equipment on operating leases)



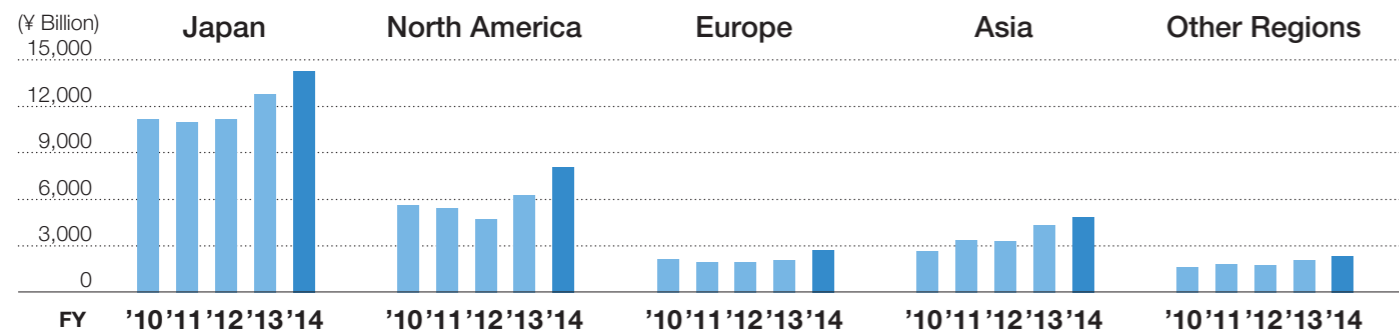
### Total Assets/ROA



### Toyota Motor Corporation Shareholders' Equity/Shareholders' Equity to Total Assets



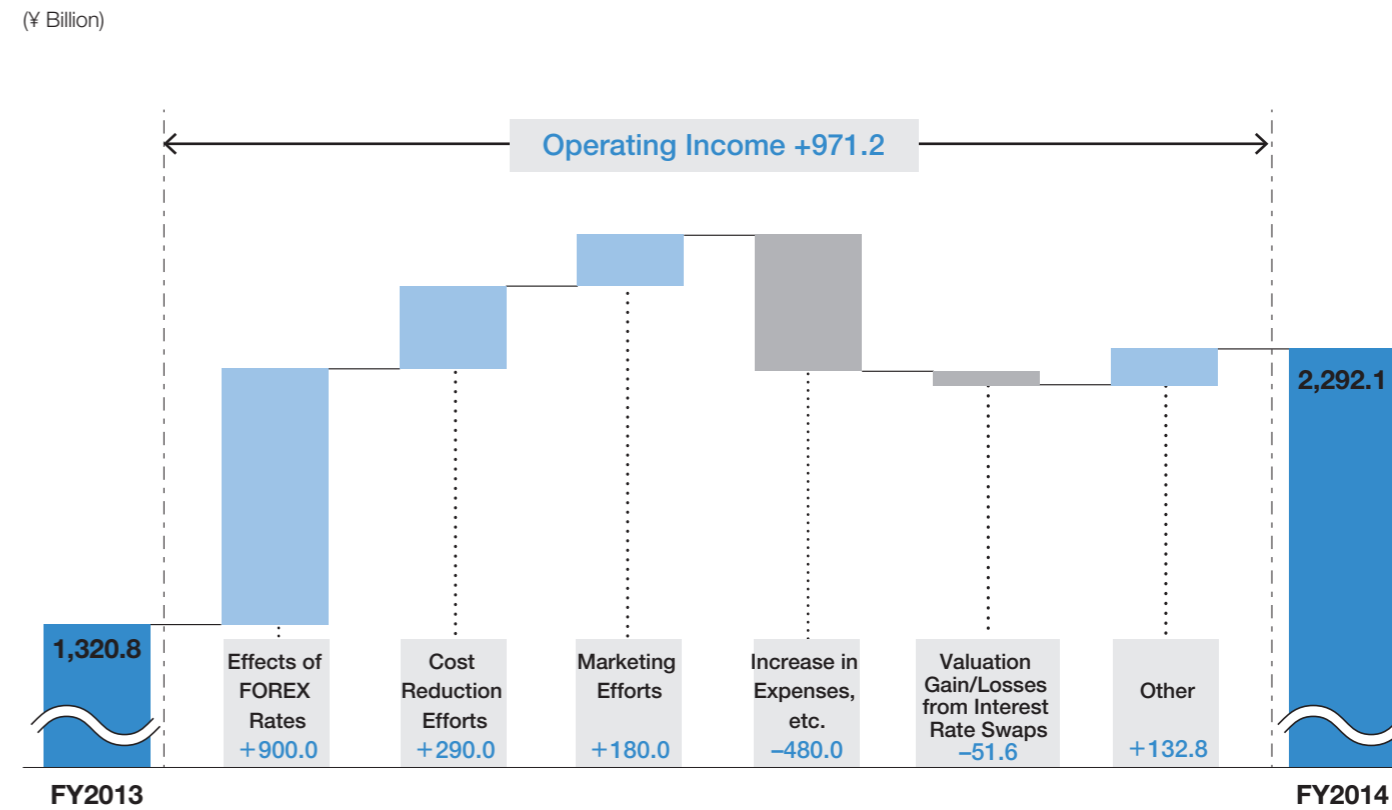
### Net Revenues by Region



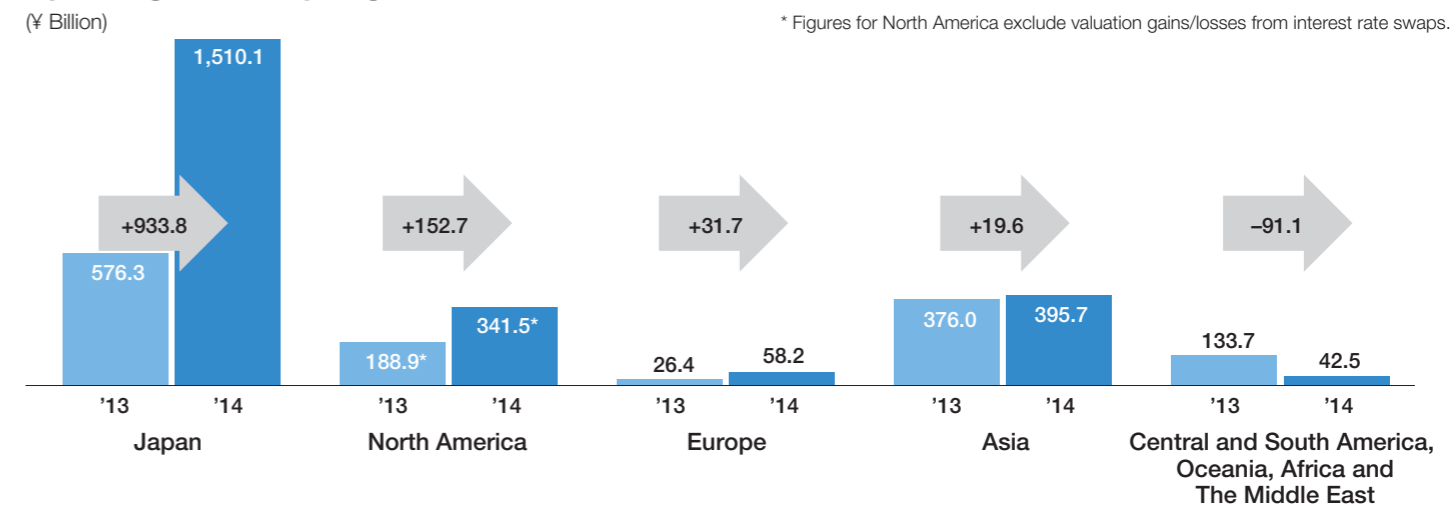
Note: Fiscal years ended March 31

● Net Revenues:	¥25,691.9 billion	(+16.4%)
● Operating Income	2,292.1 billion	(+73.5%)
● Net Income Attributable to Toyota Motor Corporation	1,823.1 billion	(+89.5%)

### Analysis of Operating Income



### Operating Income by Region



\* Figures for North America exclude valuation gains/losses from interest rate swaps.

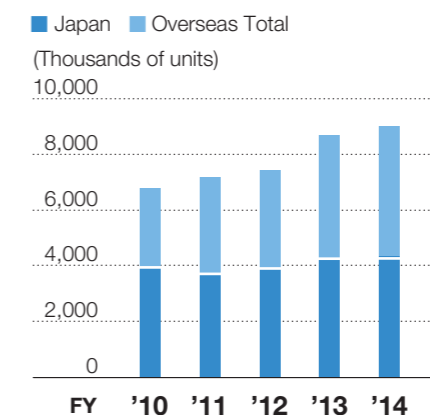


# Consolidated Performance Highlights

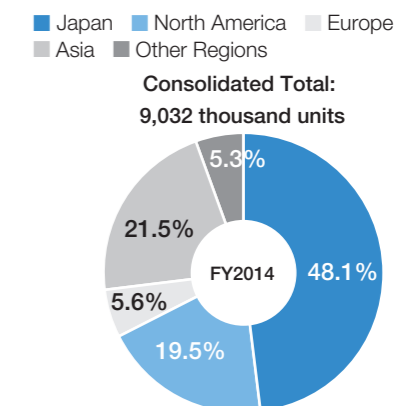
## Consolidated Vehicle Production and Sales

Fiscal years ended March 31	Thousands of units					% change 2014 vs. 2013
	2010	2011	2012	2013	2014	
<b>Vehicle Production by Region:</b>						
Japan	3,956	3,721	3,940	4,276	<b>4,345</b>	+1.6
Overseas Total	2,853	3,448	3,495	4,422	<b>4,687</b>	+6.0
North America	1,042	1,338	1,275	1,677	<b>1,759</b>	+4.9
Europe	433	372	383	368	<b>506</b>	+37.5
Asia	1,021	1,344	1,441	1,924	<b>1,939</b>	+0.8
Central and South America	146	148	152	205	<b>242</b>	+18.0
Oceania	106	113	93	100	<b>103</b>	+3.0
Africa	105	133	151	148	<b>138</b>	-6.8
Consolidated Total	6,809	7,169	7,435	8,698	<b>9,032</b>	+3.8
<b>Vehicle Sales by Region:</b>						
Japan	2,163	1,913	2,071	2,279	<b>2,365</b>	+3.8
Overseas Total	5,074	5,395	5,281	6,592	<b>6,751</b>	+2.4
North America	2,098	2,031	1,872	2,469	<b>2,529</b>	+2.4
Europe	858	796	798	799	<b>844</b>	+5.6
Asia	979	1,255	1,327	1,684	<b>1,609</b>	-4.5
Central and South America	231	281	289	364	<b>413</b>	+13.5
Oceania	251	248	223	271	<b>259</b>	-4.4
Africa	184	209	214	259	<b>267</b>	+3.1
Middle East	466	569	550	741	<b>824</b>	+11.2
Other	7	6	8	5	<b>6</b>	+20.0
Consolidated Total	7,237	7,308	7,352	8,871	<b>9,116</b>	+2.8

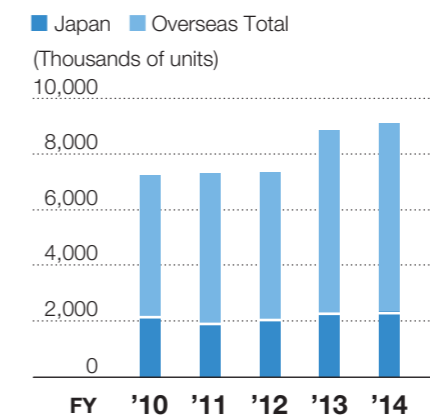
### Vehicle Production by Region



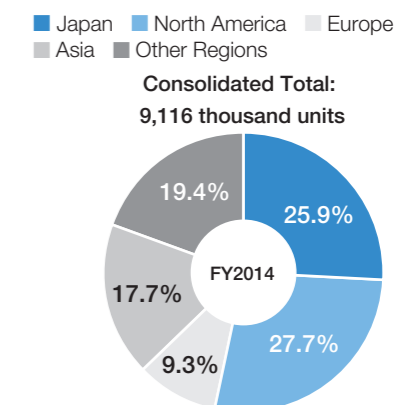
### Breakdown of Vehicle Production by Region



### Vehicle Sales by Region



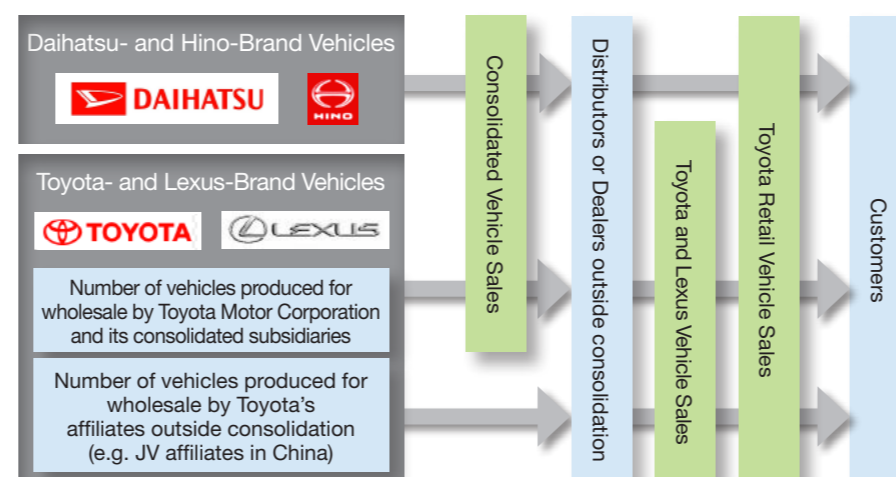
### Breakdown of Vehicle Sales by Region



#### [Reference] Vehicle Sales

- > Consolidated vehicle unit sales in Japan and overseas came to 9,116,000 in the fiscal year ended March 31, 2014, up 245,000, or 2.8%, compared with the previous fiscal year.
- > Consolidated vehicle unit sales in Japan were 2,365,000, an increase of 86,000, or 3.8%, year on year. Excluding mini-vehicles, Toyota and Lexus vehicle unit sales (retail) was 1,648,000, up 36,000, or 2.2%, representing a record market share of 46.7%.
- > Total vehicle unit sales (retail), including the Daihatsu and Hino brands, was also a historic high, reaching 10,133,000, a year-on-year increase of 441,000, or 4.6%.
- > Consolidated Lexus vehicle unit sales came to approximately 540,000, around 44,000, or 8.8%, higher than the previous fiscal year. By geographic region, Lexus vehicle unit sales in Japan, North America, Europe, Asia, and other were about 48,000, 300,000, 45,000, 92,000, and 55,000, respectively.

#### Vehicle Sales



\* There are a limited number of exceptional cases where sales are made other than in accordance with the flowchart above.





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



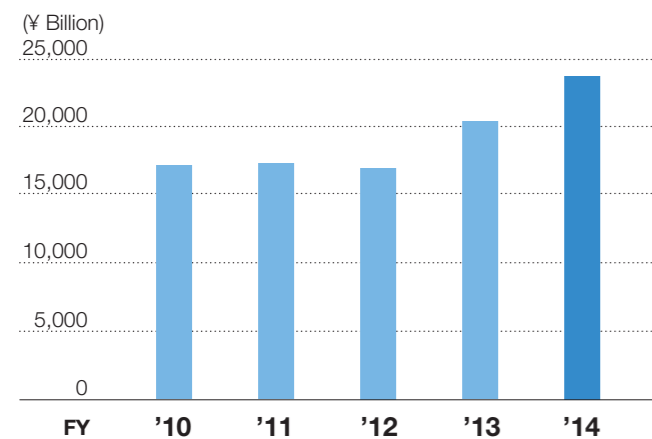
Automotive Operations Financial Services Operations Non-Automotive Business Operations

## Automotive Operations

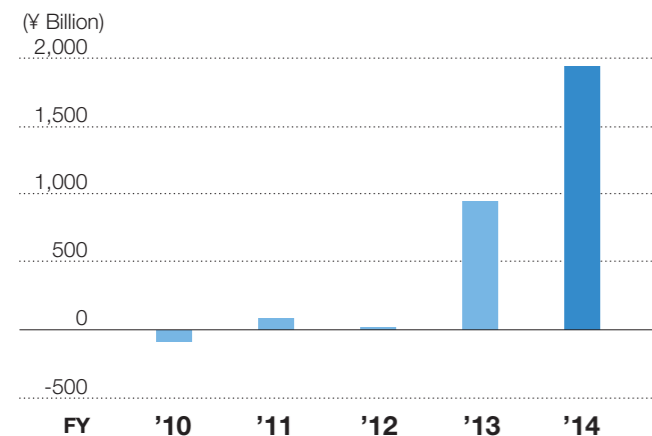
The Company works diligently to produce ever-better cars that exceed expectations in order to deliver products that bring smiles to the faces of people who choose Toyota.

In the fiscal year under review, net revenues from automotive operations totaled ¥23,781.4 billion, an increase of ¥3,362.3 billion, or 16.5%, compared with the previous fiscal year. On the earnings front, operating income jumped by ¥994.0 billion, or 105.2%, year on year, to ¥1,938.7 billion.

### Net Revenues



### Operating Income (Loss)



Note: Fiscal years ended March 31

Looking at conditions in the automotive market, trends mainly in the United States were firm. Certain emerging markets, on the other hand, showed signs of slowing down. Against this backdrop, Toyota aggressively introduced new products in Japan and successfully expanded sales thanks to the efforts of dealers nationwide. Outside Japan, the Company boosted vehicle sales in North America, Europe, and other regions.

Since introducing the world's first mass-produced car under the Prius brand name in December 1997, Toyota has placed considerable emphasis on promoting the widespread use of hybrid vehicles. With sales having passed the four million mark in April 2012, demand continued to gather momentum and, within the relatively short space of approximately nine months, we saw cumulative hybrid sales of five million break through the six million mark in January 2014. Thus, we can confidently say that hybrid vehicles have now achieved full-fledged market penetration.

Source: Toyota Motor Corp.

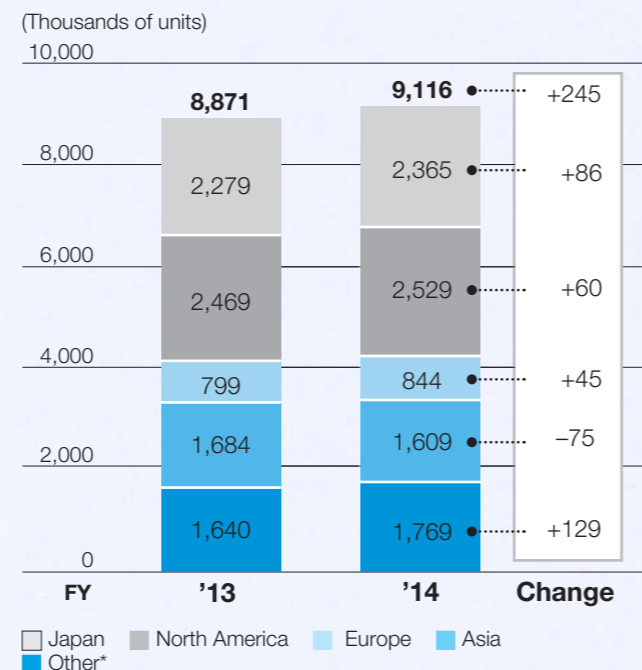
Note: Market definitions are as follows:

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

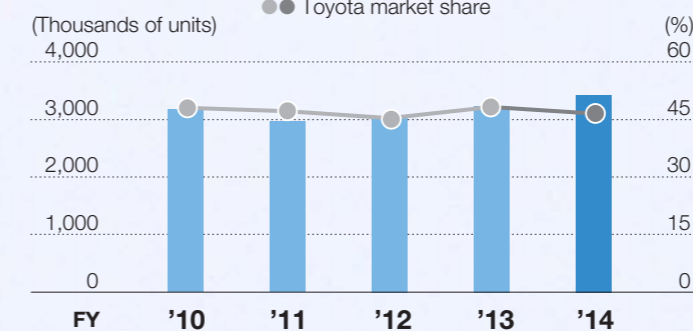
Japan: Mini-vehicles excluded

### Consolidated Vehicle Sales

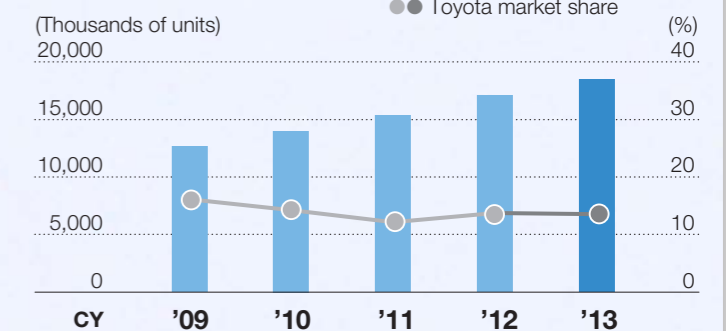


### Vehicle Sales by Principal Markets

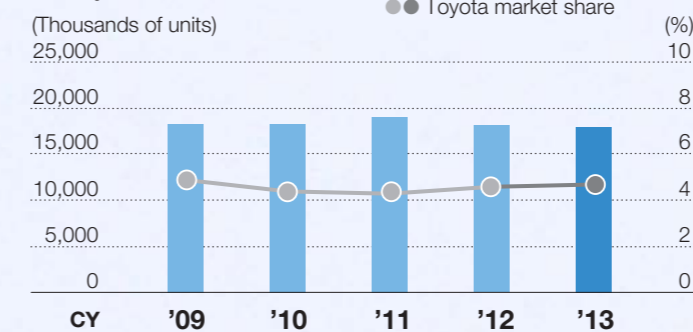
#### Japan



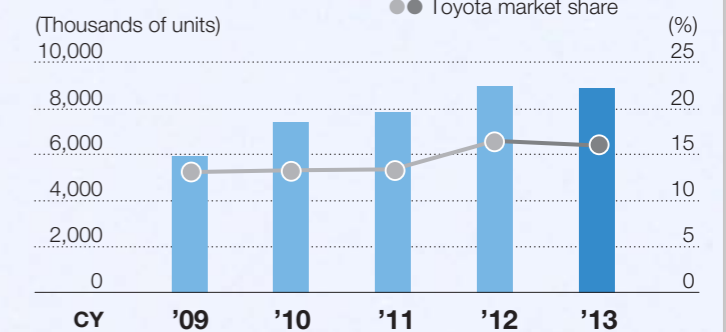
#### North America



#### Europe



#### Asia



For the years ended March 31	Millions of yen					% change 2014 vs. 2013
	2010	2011	2012	2013	2014	
<b>Net Revenues by Region:</b>						
Japan	11,220,303	10,986,246	11,167,319	12,821,018	14,297,470	+11.5
North America	5,670,526	5,429,136	4,751,886	6,284,425	8,117,099	+29.2
Europe	2,147,049	1,981,497	1,993,946	2,083,113	2,724,959	+30.8
Asia	2,655,327	3,374,534	3,334,274	4,385,476	4,877,672	+11.2
Other*	1,673,861	1,809,116	1,760,175	2,094,265	2,336,641	+11.6
Intersegment elimination/ unallocated amount	(4,416,093)	(4,586,841)	(4,423,947)	(5,604,105)	(6,661,930)	—
<b>Operating income (loss):</b>						
Japan	(225,242)	(362,396)	(207,040)	576,335	1,510,165	+162.0
North America	85,490	339,503	186,409	221,925	326,052	+46.9
Europe	(32,955)	13,148	17,796	26,462	58,228	+110.0
Asia	203,527	312,977	256,790	376,055	395,737	+5.2
Other*	115,574	160,129	108,814	133,744	42,568	-68.2
Intersegment elimination/ unallocated amount	1,122	4,918	(7,142)	(13,633)	(40,638)	—

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

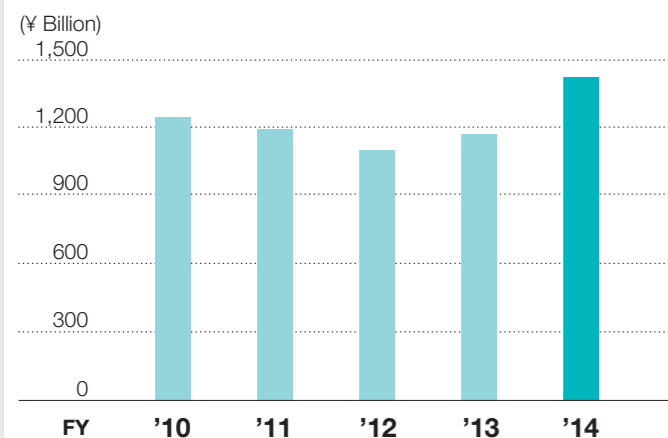


## Financial Services Operations

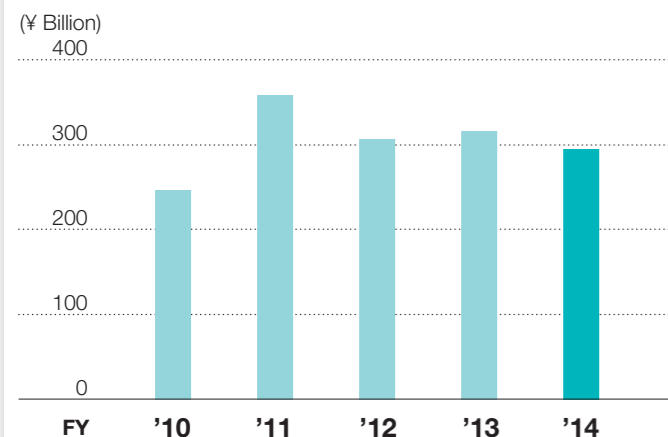
Toyota offers automotive financing and a variety of other financial services for total support of customer lifestyles.

In the fiscal year ended March 31, 2014, net revenues from financial service operations amounted to ¥1,421.0 billion, up ¥250.3 billion, or 21.4%, compared with the previous fiscal year. In contrast, operating income declined ¥20.9 billion, or 6.6%, year on year, to ¥294.8 billion. The decrease in operating income was mainly due to the recording by sales finance subsidiaries of valuation losses on interest rate swaps stated at fair value.

### Net Revenues



### Operating Income



Note: Fiscal years ended March 31

Toyota's financial services operations are primarily handled by Toyota Financial Services Corporation (TFS), which has overall control of financial services subsidiaries worldwide. TFS provides financial services primarily for vehicle purchases and leases to approximately 9.6 million customers in 35 countries and regions worldwide.

During the period under review, we continued with last year's efforts to strengthen regional strategies by enhancing our relationships with distributors through the provision of financial products and services meeting various national and regional customer characteristics.

TFS continued to broaden its connections with customers in Japan, responding to their needs by offering ready access to sound financial services such as credit cards and housing loans in addition to automotive financing.

On the global front, the Toyota Group is aggressively expanding its business in emerging markets. In January 2013, the Company established Toyota Motor Leasing (China) Co., Ltd., which opened its doors for business in April 2013. In the same month, Toyota established the financial services company, Toyota

Financial Services Kazakhstan MFO LLP, which commenced business in January 2014.

In such major markets as Europe and the United States, TFS aims to ensure stable earnings by working to secure margins and achieve thorough low-cost operations with consideration for vehicle sales support and the balancing of business risks.

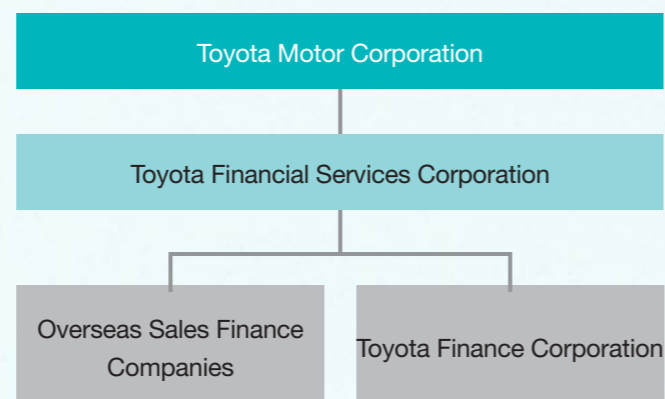
To respond to dramatic changes in the business environment, TFS will strengthen groupwide compliance and risk management structures while focusing on enhancements to its business platform, such as IT platform development and human resource cultivation in management.

### Overview of Toyota's Financial Services Operations

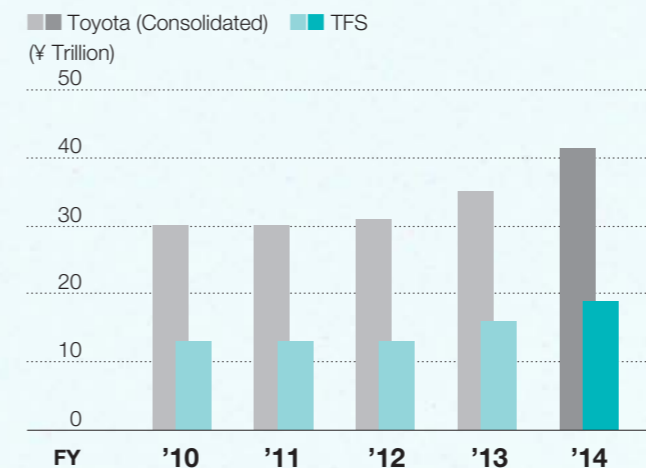
Total assets	¥18,943.5 billion
Net revenues	¥1,421.0 billion
Operating income	¥294.8 billion
Operating areas	34 countries and regions worldwide
Number of employees	approx. 9,000

(As of March 31, 2014)

### Financial Services Operations Organization



### Total Assets



Note: Fiscal years ended March 31

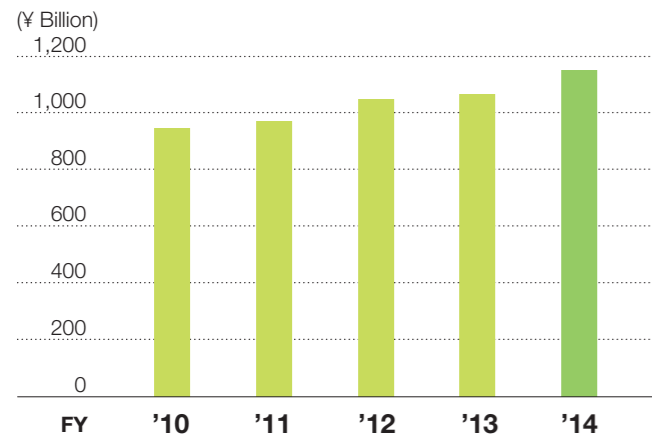


## Non-Automotive Business Operations

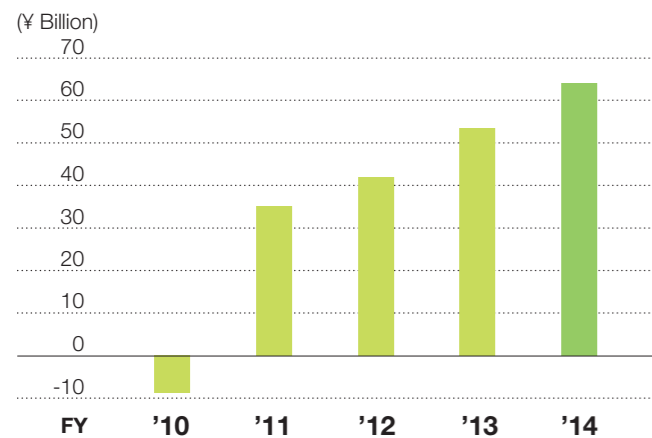
Non-automotive business operations include Intelligent Transport Systems (ITS), information technology and telecommunications, e-TOYOTA, housing, marine, and biotechnology and afforestation businesses. In each of these operations we are fostering a workplace culture that encourages creativity and entrepreneurship. Also, we are seeking ideas for new businesses outside the Toyota group of companies as another key aspect in the creation of future core businesses.

In the fiscal year under review, net revenues from non-automotive business operations were ¥1,151.2 billion, ¥84.8 billion, or 8.0%, higher than the previous fiscal year. Operating income also improved ¥10.6 billion, or 19.9%, year on year to ¥64.2 billion.

### Net Revenues



### Operating Income



Note: Fiscal years ended March 31



## Intelligent Transport Systems

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.

In 2009, we helped create a practical vehicle-infrastructure cooperative system for safe driving that prevents traffic accidents more effectively than current safety technologies. In conjunction with this, Toyota developed an onboard communications device, mainly for expressway use, compatible with the ITS Spot Service. Also, in 2011 Toyota commercialized the Driving Safety Support System (DSSS), an onboard navigation system for public highways. We will continue to increase the number of models equipped with this device.

Toyota is also engaging in R&D for vehicle infrastructure cooperative systems, such as actively participating in public and private sector field trials, so as to bring them into use as soon as possible.

Verification testing of the Harmonious Mobility Network (Ha:mo) began in October 2012. Ha:mo is a transportation support system aimed at realizing comfortable mobility for people, cities, and society by optimally and efficiently combining private car and public transportation.

Ha:mo offers two core services. The first, Ha:mo NAVI, is an route guidance system that supports optimal mobility, based on road and traffic conditions as well as on the availability of public transportation, while addressing the need to reduce CO<sub>2</sub> emissions and ensure increased transportation comfort. The other



core service, Ha:mo RIDE, is a car-sharing system that offers ultra-compact electric vehicles for urban short-distance transport.

The Toyota i-ROAD, a (twin-seater EV) personal mobility concept car, has been added to the Ha:mo RIDE service lineup from this year. It provides a fresh and enjoyable motoring experience together with a level of convenience that rivals motorcycles.

The Ha:mo RIDE service lineup also includes the COMS, an ultracompact electric vehicle manufactured by Toyota Auto Body Co., Ltd., and electric bicycles featuring Yamaha Motor Co., Ltd.'s Power Assist System. In this manner, every effort is being made to address the diverse needs of users.

[Read more](#)



## e-TOYOTA

Toyota is developing e-TOYOTA business operations to facilitate the integration of IT services and automobiles. Toyota continues to plan and develop a variety of Internet services. Chief among these are the TOYOTA Web Passport, a secure membership system for accessing Toyota's online services, and GAZOO, a web portal for automobile information. Moreover, the Company is planning and developing telematics services for in-vehicle terminals and smartphones, including T-Connect, G-BOOK, and G-Link. Plans are in place for developing these services overseas in such countries and regions as China, Thailand, and the Middle East.

[Read more](#)

## TOPICS

### New "Big Data Traffic Information Service"

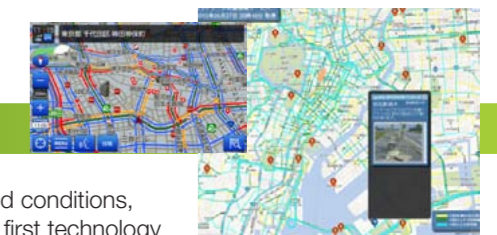
Toyota developed and provided its "Big Data Traffic Information Service," a new kind of traffic-information service utilizing big data—including vehicle location and speed, road conditions, and other parameters—that is collected and stored via telematics services. Based on such data, traffic information, statistics, and other related information can be provided to local governments and businesses to improve traffic flow, augment map information services, and support disaster prevention measures.

Steps are also being taken to provide online "T-Connect smartphone app" services to private smartphone users. At the same time Toyota provides the T-Probe traffic information and navigation service, which users can access while driving or on foot. Determining the best possible route given traffic

congestion and conditions, T-Probe is the first technology that is purely stand-alone and not part of the Toyota onboard navigation system. The service is accessible around the clock, providing road map and pertinent disaster countermeasure information, including details of emergency facilities.

With the increasingly widespread use of the Big Data Transportation System together with related smartphone T-Connect smartphone app services, Toyota is working to provide more convenient and comfortable total life services while contributing to the development of cities that are resilient to disaster through increased safety.

[Read more](#)







President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Automotive Operations ● Financial Services Operations ● Non-Automotive Business Operations [2 of 3]



### Information Technology and Telecommunications

Toyota dealers also serve as sales points for mobile phones and point-to-point telecommunications services provided by KDDI Corporation at more than 7,000 sales outlets (vehicle dealers, parts dealers, rental offices, and L&F offices) throughout Japan.

Toyota is has also been engaged in the promotion of functions and services that link cars and mobile phones, such as hands-free telephones and G-BOOK services, and in 2014 newly launched the T-Connect service.

Toyota's information technology and telecommunications business will come to play an even more important role as we develop smart grids that link people, cars and homes.

[▼ Read more](#)

### Housing

Toyota entered the housing business in 1975. As a part of its endeavors in this field, the Toyota Group provides housing under the brand name Toyota Home. Toyota Home brings together the strengths of the Toyota Group's intellectual capital and its technological capabilities. Housing products include "Eco Mirai Homes," which offer comfortable, economical, and environmentally friendly living, and smart houses that focus on safety, security, sound health, and comfort. The Company's "SINCE feelas" lineup of smart houses received the 2013 Good Design Award in recognition of its outstanding design.

The Toyota Group engages in a wide range of activities in this field encompassing sales of condominiums, rental housing, and homes for the elderly as well as renovation services.

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

[▼ Read more](#)

### Marine

Drawing on the advanced engine, electronic control, and other technologies developed through its automotive operations, the Toyota Group is engaged in the development, manufacture, and sale of high-performance, high-quality pleasure boats. Every effort is being made to contribute to the development of an affluent society in the marine field by providing safe, comfortable, and environment-friendly products.

[▼ Read more](#)

### Biotechnology and Afforestation

Toyota is working diligently to help create a resource recycling society through its biotechnology and afforestation activities.

In Australia, the Group is actively involved in afforestation, while in Japan activities include environmental greening, horticultural, and agricultural biomass operations.

Moreover, the Group has launched *Housaku Keikaku*, an agricultural IT management tool for commercial rice growers, as a part of its efforts to support agriculture. By providing this tool, Toyota strives to enhance the competitiveness of agriculture in Japan.

[▼ Read more](#)





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



Automotive Operations Financial Services Operations Non-Automotive Business Operations [3 of 3]

# TOPICS

## Promoting the Fun of Automobiles

Toyota continues to push boundaries in motorsports, driven by the desire to make ever-better cars and satisfy new car enthusiasts

### Inspiring customers through motorsports



WEC



NASCAR



SUPER GT



SUPER FORMULA

The TS040 HYBRID, equipped with a racing hybrid system, took part in the FIA World Endurance Championship, including the traditional 24 Hours of Le Mans. In addition to participating in NASCAR in the U.S. and SUPER GT and SUPER FORMULA, top-of-category levels of racing in Japan, we support TOYOTA AUTO BODY CO.,LTD., which participates in the Dakar Rally.

Read more

### Activities for car fans and enthusiasts

Aimed at broadening the appeal of car racing and fostering more car enthusiasts, Toyota is striving through GAZOO Racing\* to make ever-better cars that satisfy drivers and promote the joy of cars in ways that transcend the role of a typical car manufacturer.

As a part of its unwavering commitment to making ever-better cars, every year Toyota participates in the ADAC 24h Rennen Nürburgring, a 24-hour endurance race in Germany. Employees take part both as drivers and mechanics. In addition to helping develop human resources well-versed in the making of cars, Toyota places considerable emphasis on promoting efforts aimed at commercializing models that deliver the fun of driving in the GRMN (GAZOO Racing tuned by MN) and G (G Sports) categories. Furthermore, in striving to promote the joy of cars, the

Company holds circuit driving programs throughout Japan to allow individuals with no racing experience to easily enjoy the thrills of circuit driving in a safe environment. The TOYOTA GAZOO Racing FESTIVAL is one initiative that strives to broaden opportunities in which car fans and enthusiasts can interact.

\* GAZOO Racing: A part of activities aimed at increasing car enthusiasts. GAZOO gives Toyota test drivers chances to race, and helps in our goal of making ever-better cars through vehicle development, while promoting the allure of cars through grassroots motor sports.

Read more



24 Hours Nürburgring endurance racing event held in June 2014



# R&D and Intellectual Property

Toyota's 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 goals of Toyota's technology and product development activities are 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.

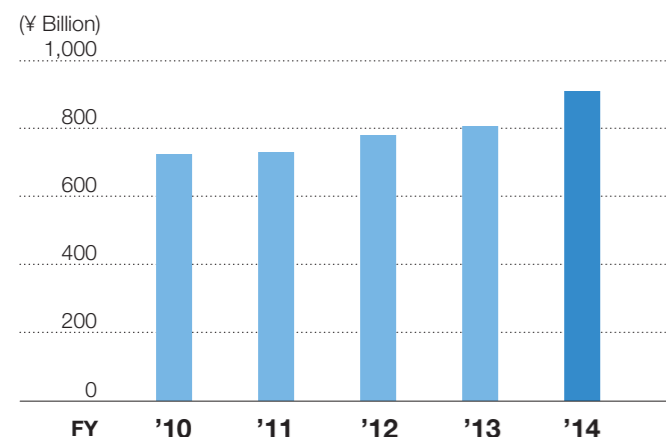
And with respect to forward-looking, leading-edge technology and product development, we establish cost-performance benchmarks on a project-by-project basis to ensure efficient development investment.

<b>Basic research</b>	Development theme discovery Research on basic vehicle-related technology Forward-looking and leading-edge technology development
<b>Technological breakthroughs related to components and systems</b>	Development of leading-edge components and systems ahead of competitors
<b>Product development</b>	Primary responsibility for new model development Development of all-new models and existing-model upgrades

### R&D Expenditures

In fiscal 2014, R&D expenses totaled ¥910.5 billion, up 12.8% from the previous fiscal year, representing 3.5% 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

### R&D Expenses



expenses. At the same time, we plan to continue making substantial investments in R&D involving forward-looking, leading-edge technologies and the development of products associated with the environment, energy, and safety. These investments are essential to preserving our competitive edge in terms of technologies and products.

### R&D Organization

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

### Domestic and Overseas R&D Bases

Facility Name	Activities	Location
<b>Japan</b>		
Head Office Toyota Technical Center	Product Planning, Design, Vehicle Engineering and Evaluation	Toyota City, Aichi Prefecture
Higashi-Fuji Technical Center	Advanced Engineering	Susono City, Shizuoka Prefecture
Tokyo Design Research & Laboratory	Research of Advanced Styling Designs	Hachioji City, Tokyo
Shibetsu Proving Ground	Vehicle Testing and Evaluation	Shibetsu City, Hokkaido
Toyota Central Research & Development Laboratories, Inc.	Basic Research	Nagakute City, Aichi Prefecture



Facility Name	Activities	Location
<b>USA</b>		
Toyota Motor Engineering & Manufacturing North America, Inc.	Product Planning, Vehicle Engineering and Evaluation, Basic Research	Michigan, California, Arizona, Washington DC
Calty Design Research, Inc.	Design	Newport Beach, California Ann Arbor, Michigan



Toyota Motor Engineering & Manufacturing North America, Inc. Calty Design Research, Inc.

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., Toyota Motor East Japan, Inc., and many other Toyota Group companies. Overseas, we have a worldwide network of technical centers as well as design and motorsports R&D centers.





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



# R&D and Intellectual Property

Facility Name	Activities	Location
<b>Europe</b>		
Toyota Motor Europe NV/SA	Vehicle Engineering and Evaluation	Brussels, Belgium; Derby, U.K.
Toyota Europe Design Development	Design	Nice, France
Toyota Motorsport GmbH (TMG)	Development for Motorsport Vehicles, Advanced Engineering	Cologne, Germany



Toyota Motor Europe NV/SA



Toyota Europe Design Development



Toyota Motorsport GmbH (TMG)

Facility Name	Activities	Location
<b>China</b>		
Toyota Motor Engineering and Manufacturing (China) Co., Ltd.	Basic Research, Technical Research and Vehicle Evaluation	Jiangsu
Tianjin FAN Toyota Motor Co., Ltd. FAW Toyota R&D Center	Vehicle Engineering and Evaluation	Tianjin
GAC Toyota Motor Co., Ltd. R&D Center	Vehicle Engineering and Evaluation	Guangdong



Toyota Motor Engineering and Manufacturing (China) Co., Ltd.



Tianjin FAN Toyota Motor Co., Ltd. FAW Toyota R&D Center



GAC Toyota Motor Co., Ltd. R&D Center

Facility Name	Activities	Location
<b>Asia Pacific</b>		
Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.	Vehicle Engineering and Evaluation	Samutprakarn Province, Thailand
Toyota Technical Center Asia Pacific Australia Pty., Ltd.	Vehicle Engineering and Evaluation	Melbourne, Australia



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



Toyota Technical Center Asia Pacific Australia Pty., Ltd.

See Domestic and Overseas R&D Bases

## Intellectual Property

### 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 a 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.





President's Message

Overview of Four Business Units

Special Feature

Consolidated Performance Highlights

Review of Operations

Management and Corporate Information

Financial Section

Investor Information



R&D and Intellectual Property Corporate Philosophy Corporate Governance Management Team Risk Factors

# Corporate Philosophy

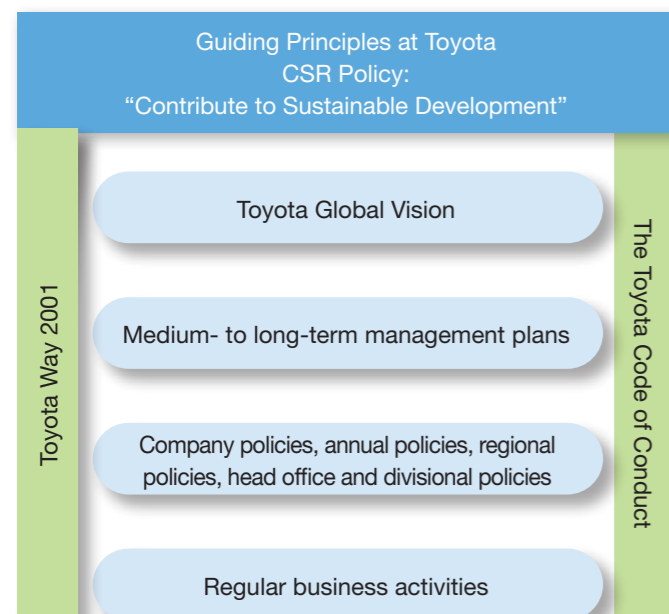
## Seeking Harmony between People, Society and the Global Environment as well as the Sustainable Development of Society through Manufacturing

Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacturing and provision of innovative, high-quality products and services that lead the times. The automobile is a wonderful machine that provides freedom of movement. Nevertheless, automobiles have an impact on the environment and society. This is something we at Toyota always keep in mind, and we try to create harmony among people, societies and the environment by listening to what our customers and local communities have to say. Our operations are aimed at creating a sustainable society through *monozukuri* (conscientious manufacturing). Toyota develops and produces environment-friendly vehicles such as hybrid vehicles, and we also offer superior accident prevention and collision safety features. In addition, Toyota is involved in new businesses, such as biotech, afforestation and renewable

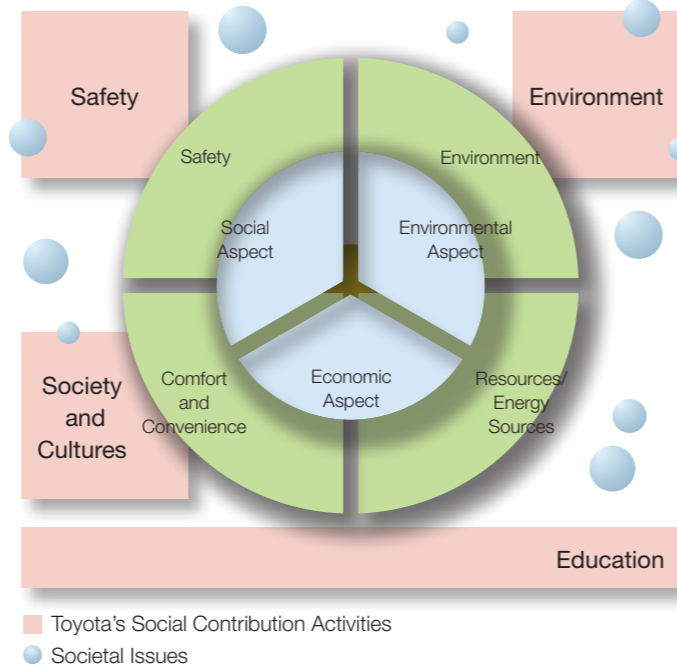
energy. The pillars of our social contribution are "environment," "traffic safety," and "human resources development." Toyota seeks to be of value to communities and to society through our main lines of business, and to bring smiles to people's faces. Toyota's basic Corporate Social Responsibility (CSR) policy is to contribute to the sustainable development of society. This phrase embodies the spirit of the Toyota Guiding Principles, and clarifies our CSR stance for our stakeholders, both within and outside the Company. Toyota subsidiaries and suppliers share this CSR policy, and we expect them to adhere to the spirit of the policy in their operations.

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

### Positioning of the CSR Policy



### Overview of Toyota's CSR Activities



## The Spirit of the Toyoda Precepts, Passed down since Toyota's Founding

The Toyoda Precepts represent the essential philosophy of the founder of the Toyota group of companies, Sakichi Toyoda, and are a source of spiritual support for Toyota employees.

### The Toyoda Precepts

- 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.

Read more





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● R&D and Intellectual Property ● Corporate Philosophy ● **Corporate Governance [1 of 2]** ● Management Team ● Risk Factors

## 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 towards 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.

We believe it is important to put in place a system that enables customer opinions and on-site information to be swiftly communicated to management in order to make a prompt management decision, and enables us to review whether such management decisions are accepted by our customers and society. We believe that our current system, involving the supervision and auditing of the execution of business by our Board of Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), is the most appropriate system for us.

### Corporate Governance System

In March 2011, Toyota announced the "Toyota Global Vision" and commenced "Visionary Management." This is based on values that have guided Toyota since its founding, such as the "Guiding Principles at Toyota" and the "Toyota Way," which aim to exceed customer expectations by the development of ever-better cars and enriching the lives of societies, and to be rewarded with a smile that ultimately leads to a stable base of business.

Toyota's current management structure is based on the structure introduced in April 2011. In order to fulfill the Toyota Global Vision, Toyota reduced the Board of Directors and decision-making layers, and has endeavored to swiftly communicate the views of customers and information from operations on-ground to management and facilitate rapid management decision making.

In April 2013, Toyota made organizational changes with the aim of further increasing the speed of decision making by clarifying responsibilities for operations and earnings, specifically by dividing the automotive business into the following four units—Lexus International (Lexus business); Toyota No. 1 (North America, Europe and Japan); Toyota No. 2 (China, Asia & the Middle East, East Asia & Oceania; Africa, Latin America & the Caribbean); and Unit Center (engine, transmission, and other "unit"-related operations)—and an Executive Vice President was put in charge of the operations of each unit in order to realize organizational change that supports operations and earnings responsibility.

Additionally, in order to achieve sustainable growth through the continuous development of even-better cars that exceed customer expectations around the world, and realize the Toyota Global Vision, the TNGA Planning Division, an organization directly under Toyota's top management, was established in order to rapidly promote the implementation of the "Toyota New Global Architecture (TNGA)."

### Management Transparency

With respect to our system regarding directors, we believe that it is important to elect individuals that comprehend and engage in our strengths, including commitment to manufacturing, with an emphasis on front-line operations and problem solving based on the actual on-site situation (*genchi genbutsu*). At the 109th Ordinary General Shareholders' Meeting held in June 2013, three Outside Directors were appointed in order to further reflect the opinions of those from outside the Company in management's decision-making process. While Toyota currently does not have its own standard or policy on independence in appointing Outside Directors, the Company believes that such appointments are appropriate since various rules on independence, such as stock exchange regulations, are used as references in making such appointments. We believe our Outside Directors will advise us in our management decision-making process based on their broad experience and insight in their respective fields of expertise.

Toyota has an "International Advisory Board" consisting of advisors from each region overseas, and, as appropriate, receives advice on a wide range of management issues from a global perspective. In addition, the Company 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 "CSR Committee."



# Corporate Governance

## Compliance

The CSR Committee comprises mainly the directors at the executive vice president level and above as well as representatives of the Audit & Supervisory Board. To manage and promote activities that are important to fulfilling the Company's social responsibility, the committee reviews important issues related to basic corporate policy, overall CSR (including environmental and social contribution initiatives), overall corporate governance (including corporate ethics and compliance) and risk management, and discusses measures to address such issues.

Toyota has adopted an auditor system. Seven Audit & Supervisory Board Members (including four Outside Audit & Supervisory Board Members) play a role in Toyota's corporate governance efforts by undertaking audits in accordance with the audit policies and plans determined by the Audit & Supervisory Board. In addition, Toyota has secured the personnel and framework supporting the audit by Audit & Supervisory Board Members. The Outside Audit & Supervisory Board Members advise Toyota from a fair and neutral perspective, based on their broad experience and insight in their respective fields of expertise. While Toyota currently does not have its own standard or policy on independence in appointing Outside Audit & Supervisory Board Members, the Company believes that such appointments are appropriate since various rules on independence, such as stock exchange regu-

[Read more](#)

lations, are used as references in making such appointments. The state of internal controls and internal audits are reported to Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) through the Audit & Supervisory Board and the "CSR Committee," and the status of accounting audits is reported by independent External Auditors to the Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) through the Audit & Supervisory Board. 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 Audit & Supervisory Board Members, internal audit, and accounting audit by Independent External Auditors—aid in conducting an effective and efficient audit through meetings held periodically and as necessary to share information and come to understanding through discussion on audit plans and results.

## Accountability

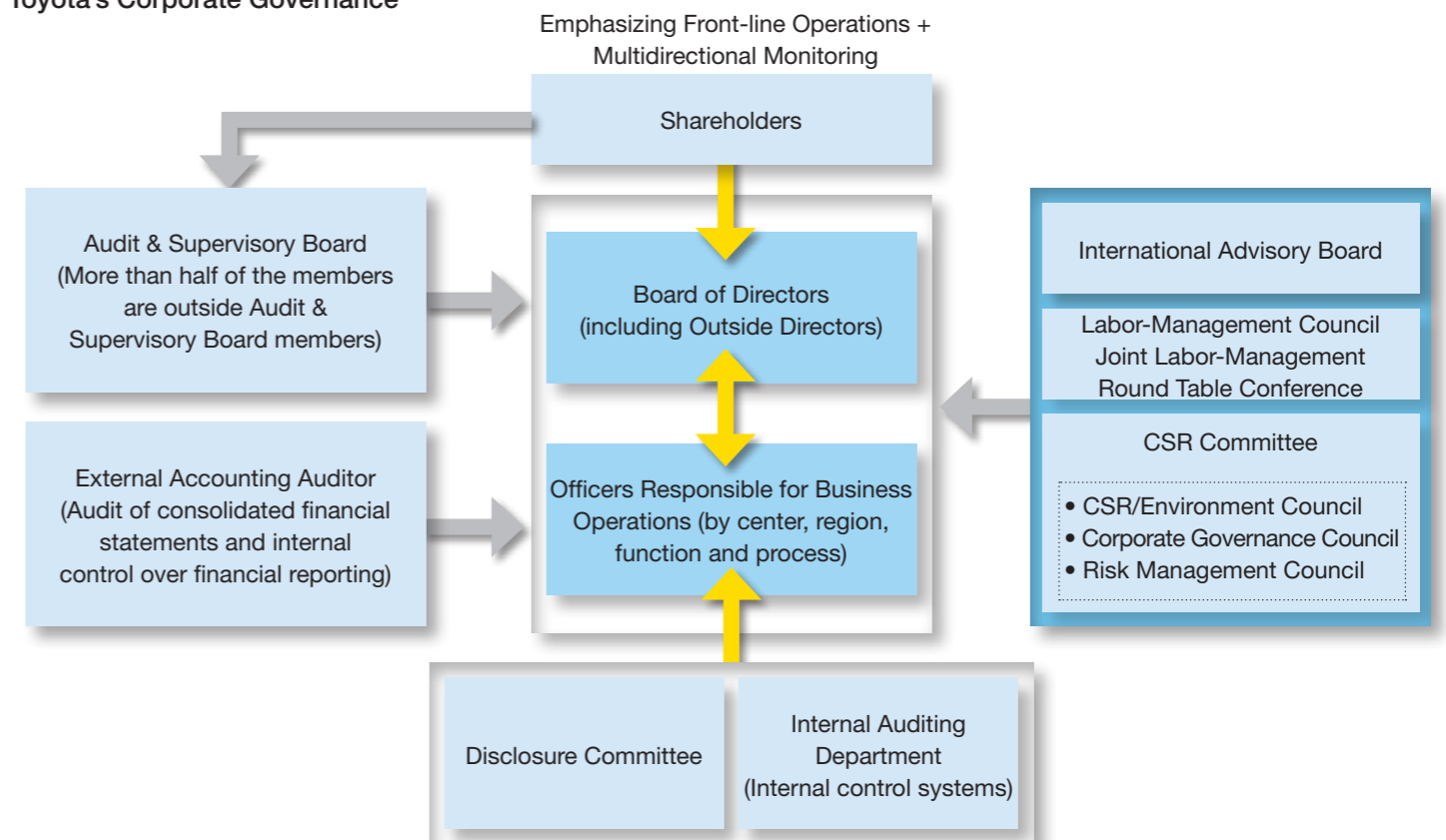
Toyota has engaged in timely and fair disclosure of corporate and financial information as stated in the CSR Policy "Contribution towards Sustainable Development." In order to ensure the accurate, fair, and timely disclosure of information, Toyota has established the Disclosure Committee chaired by an officer of the Accounting Division. The Committee holds regular meetings for the purpose of preparing, reporting, and assessing 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.

## Basic Policy Regarding the System to Secure the Appropriateness of Business

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.

### Toyota's Corporate Governance





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● R&amp;D and Intellectual Property ● Corporate Philosophy ● Corporate Governance ● Management Team [1 of 2] ● Risk Factors

## Management Team (As of June 20, 2014)

### Board of Directors

#### Chairman of the Board

**Takeshi Uchiyamada**

'69 Joined Toyota Motor Corporation ("TMC")  
'98 Director  
'01 Managing Director  
'03 Senior Managing Director  
'05 Executive Vice President  
'12 Vice Chairman  
'13 Chairman of the Board

#### President, Member of the Board

**Akio Toyoda**

'84 Joined TMC  
'00 Director  
'02 Managing Director  
'03 Senior Managing Director  
'05 Executive Vice President  
'09 President

#### Executive Vice President, Member of the Board

**Satoshi Ozawa**

'74 Joined Toyota Motor Sales Co., Ltd.  
'03 Managing Officer  
'07 Senior Managing Director  
'10 Executive Vice President

**Nobuyori Kodaira**

'72 Joined Ministry of International Trade and Industry  
'04 Director-General, Agency for Natural Resources and Energy  
'06 Retired from the same  
'08 Advisor to TMC  
'09 Managing Officer  
'10 Senior Managing Director  
'11 Director and Senior Managing Officer  
'12 Executive Vice President

#### Executive Vice President, Member of the Board

**Mitsuhsa Kato**

'75 Joined TMC  
'04 Managing Officer  
'06 Advisor  
'10 Senior Managing Director  
'11 Senior Managing Officer  
'12 Executive Vice President

**Masamoto Maekawa**

'73 Joined Toyota Motor Sales Co., Ltd.  
'03 Managing Officer of TMC  
'07 Advisor to TMC  
'09 Senior Managing Director  
'11 Senior Managing Officer  
'12 Executive Vice President

**Yasumori Ihara**

'75 Joined Toyota Motor Sales Co., Ltd.  
'04 Managing Officer  
'07 Advisor  
'09 Senior Managing Director  
'11 Director and Senior Managing Officer  
'13 Executive Vice President

**Seiichi Sudo**

'74 Joined TMC  
'03 Managing Officer  
'08 Advisor  
'12 Senior Managing Officer  
'13 Executive Vice President

#### Senior Managing Officer, Member of the Board

**Koei Saga**

'77 Joined TMC  
'08 Managing Officer  
'12 Senior Managing Officer  
'13 Director

**Tokuo Fukuichi**

'74 Joined TMC  
'11 Managing Officer  
'13 Senior Managing Officer  
'14 Director

**Shigeki Terashi**

'80 Joined TMC  
'08 Managing Officer  
'13 Senior Managing Officer  
'13 Director

**Yoshimasa Ishii**

'76 Joined Toyota Motor Sales Co., Ltd.  
'05 Managing Officer of TMC  
'09 Senior Managing Director  
'11 Senior Managing Officer  
'13 Director

#### Member of the Board

**Ikuo Uno\***

'59 Joined Nippon Life Insurance Company  
'97 President and Representative Director of the same  
'05 Chairman and Representative Director of the same  
'11 Advisor to the same  
'13 Director

**Haruhiko Kato\***

'75 Joined Ministry of Finance (Japan)  
'09 Director-General of National Tax Administration Agency  
'11 President and CEO of Japan Securities Depository Center, Inc.  
'13 Director

**Mark T. Hogan\***

'73 Joined General Motors Corporation  
'02 Vice President of General Motors Group  
'04 President of Magna International Inc.  
'08 President and CEO of The Vehicle Production Group LLC  
'10 President of Dewey Investments LLC  
'13 Director

\* Outside Director





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● R&amp;D and Intellectual Property ● Corporate Philosophy ● Corporate Governance ● Management Team [2 of 2] ● Risk Factors

## Management Team (As of June 20, 2014)

### Outside Audit & Supervisory Board Members

#### Full-Time Audit & Supervisory Board Member

**Yoichiro Ichimaru**

'71 Joined Toyota Motor Sales Co., Ltd.  
'01 Director of TMC  
'03 Managing Officer  
'05 Senior Managing Director  
'09 Executive Vice President  
'11 Audit & Supervisory Board Member

**Masaki Nakatsugawa**

'76 Joined Toyota Motor Sales Co., Ltd.  
'06 Audit & Supervisory Board Member  
of TMC

**Masahiro Kato**

'75 Joined TMC  
'09 Managing Officer  
'11 Audit & Supervisory Board Member

#### Outside Audit & Supervisory Board Member

**Kunihiro Matsuo**

'68 Prosecutor of Tokyo District Public  
Prosecutors Office  
'04 Prosecutor General of Supreme Public  
Prosecutors Office  
'06 Registered as attorney  
'07 Outside Audit & Supervisory Board  
Member of TMC

**Yoko Wake**

'70 Joined The Fuji Bank, Limited  
'93 Professor of Faculty of Business and  
Commerce of Keio University  
'11 Outside Audit & Supervisory Board  
Member of TMC

**Teisuke Kitayama**

'69 Joined Mitsui Bank  
'00 Managing Executive Officer of The  
Sakura Bank, Limited  
'05 President and Director of Sumitomo  
Mitsui Financial Group, Inc.  
'05 Chairman and Director of Sumitomo  
Mitsui Banking Corporation  
'14 ,Outside Audit & Supervisory Board  
Member of TMC



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

## 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, 2014, the filing date of Form 20-F.**

### Industry and Business Risks

#### The worldwide automotive market is highly competitive.

The worldwide automotive market is highly competitive. Toyota faces intense competition from automotive manufacturers in the markets in which it operates. Although the global economy continues to recover gradually, 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. In Japan, the economy gradually recovered due to increasing personal consumption and last-minute demand spurred by the increase of the consumption tax. In the United States, the economy has seen ongoing gradual recovery mainly due to increasing personal consumption and the European economy has shown signs of

recovery. Meanwhile, growth in emerging markets slowed down due to weakening currencies of emerging markets stemming from U.S. monetary easing beginning to be curtailed, increases in interest rates of emerging markets to protect the local currency, and political instability in some nations. The shifts in demand for automobiles 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 shifts in demand for automobiles continues or progresses 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 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 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.





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● R&amp;D and Intellectual Property ● Corporate Philosophy ● Corporate Governance ● Management Team ● Risk Factors [2 of 3]

## Risk Factors

### **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 a 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 condition and results of operations.

### **The worldwide financial services industry is highly competitive.**

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

### **Toyota's operations and vehicles rely on various digital and information technologies.**

Toyota depends on various information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, including sensitive data, and to manage or support a variety of business processes and activities, including manufacturing, research and development, supply chain management, sales and accounting. In addition, Toyota's vehicles may rely on

various digital and information technologies, including information service and driving assistance functions. Despite security measures, Toyota's digital and information technology networks and systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers, computer viruses, breaches due to unauthorized use, errors or malfeasance by employees and others who have or gain access to the networks and systems Toyota depends on, service failures or bankruptcy of third parties such as software development or cloud computing vendors, power shortages and outages, and utility failures or other catastrophic events like natural disasters. Such incidents could materially disrupt critical operations, disclose sensitive data, interfere with information services and driving assistance functions in Toyota's vehicles, and/or give rise to legal claims or proceedings, liability or regulatory penalties under applicable laws, which could have an adverse effect on Toyota's brand image and 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



## Risk Factors

and the euro and, to a lesser extent, the Australian dollar, the Russian ruble, 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 translation risk, and changes in foreign currency exchange rates may also affect the price of products sold and materials purchased by Toyota in foreign currencies through transaction risk. In particular, strengthening of the Japanese yen against the U.S. dollar can have an adverse effect on Toyota's operating results.

Toyota believes that its use of certain derivative financial instruments including foreign exchange forward contracts and 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.

### 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.





## Selected Financial Summary (U.S. GAAP)

Toyota Motor Corporation  
Fiscal years ended March 31

	Yen in millions				
	2005	2006	2007	2008	2009
<b>For the Year:</b>					
Net Revenues:					
Sales of Products	17,790,862	20,059,493	22,670,097	24,820,510	19,173,720
Financing Operations	760,664	977,416	1,277,994	1,468,730	1,355,850
Total	18,551,526	21,036,909	23,948,091	26,289,240	20,529,570
Costs and Expenses:					
Cost of Products Sold	14,500,282	16,335,312	18,356,255	20,452,338	17,468,416
Cost of Financing Operations	369,844	609,632	872,138	1,068,015	987,384
Selling, General and Administrative	2,009,213	2,213,623	2,481,015	2,498,512	2,534,781
Total	16,879,339	19,158,567	21,709,408	24,018,865	20,990,581
Operating Income (Loss)	1,672,187	1,878,342	2,238,683	2,270,375	(461,011)
% of Net Revenues	9.0%	8.9%	9.3%	8.6%	-2.2%
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	1,754,637	2,087,360	2,382,516	2,437,222	(560,381)
Provision for Income Taxes	657,910	795,153	898,312	911,495	(56,442)
Net Income (Loss) Attributable to Toyota Motor Corporation	1,171,260	1,372,180	1,644,032	1,717,879	(436,937)
ROE	13.6%	14.0%	14.7%	14.5%	-4.0%
Net Cash Provided by Operating Activities	2,370,940	2,515,480	3,238,173	2,981,624	1,476,905
Net Cash Used in Investing Activities	(3,061,196)	(3,375,500)	(3,814,378)	(3,874,886)	(1,230,220)
Net Cash Provided by (Used in) Financing Activities	419,384	876,911	881,768	706,189	698,841
R&D Expenses	755,147	812,648	890,782	958,882	904,075
Capital Expenditures for Property, Plant and Equipment*	1,068,287	1,523,459	1,425,814	1,480,570	1,364,582
Depreciation	997,713	1,211,178	1,382,594	1,491,135	1,495,170
<b>At Year-End:</b>					
Toyota Motor Corporation Shareholders' Equity	9,044,950	10,560,449	11,836,092	11,869,527	10,061,207
Total Assets	24,335,011	28,731,595	32,574,779	32,458,320	29,062,037
Long-Term Debt	5,014,925	5,640,490	6,263,585	5,981,931	6,301,469
Cash and Cash Equivalents	1,483,753	1,569,387	1,900,379	1,628,547	2,444,280
Ratio of Toyota Motor Corporation Shareholders' Equity	37.2%	36.8%	36.3%	36.6%	34.6%
	Yen				
	2005	2006	2007	2008	2009
<b>Per Share Data:</b>					
Net Income (Loss) Attributable to Toyota Motor Corporation (Basic)	355.35	421.76	512.09	540.65	(139.13)
Annual Cash Dividends	65	90	120	140	100
Toyota Motor Corporation Shareholders' Equity	2,767.67	3,257.63	3,701.17	3,768.97	3,208.41
<b>Stock Information (March 31):</b>					
Stock Price	3,990	6,430	7,550	4,970	3,120
Market Capitalization (Yen in millions)	14,403,890	23,212,284	27,255,481	17,136,548	10,757,752
Number of Shares Issued (shares)	3,609,997,492	3,609,997,492	3,609,997,492	3,447,997,492	3,447,997,492

\* Excluding vehicles and equipment of operating leases



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

Selected Financial Summary (U.S. GAAP) [2 of 2] Consolidated Segment Information Consolidated Quarterly Financial Summary Management's Discussion and Analysis of Financial Condition and Results of Operations Consolidated Financial Statements

## Selected Financial Summary (U.S. GAAP)

Toyota Motor Corporation  
Fiscal years ended March 31

	Yen in millions					% change 2014 vs. 2013
	2010	2011	2012	2013	2014	
<b>For the Year:</b>						
Net Revenues:						
Sales of Products	17,724,729	17,820,520	17,511,916	20,914,150	<b>24,312,644</b>	+16.2
Financing Operations	1,226,244	1,173,168	1,071,737	1,150,042	<b>1,379,267</b>	+19.9
Total	18,950,973	18,993,688	18,583,653	22,064,192	<b>25,691,911</b>	+16.4
Costs and Expenses:						
Cost of Products Sold	15,971,496	15,985,783	15,795,918	18,010,569	<b>19,988,245</b>	+11.0
Cost of Financing Operations	712,301	629,543	592,646	630,426	<b>812,894</b>	+28.9
Selling, General and Administrative	2,119,660	1,910,083	1,839,462	2,102,309	<b>2,598,660</b>	+23.6
Total	18,803,457	18,525,409	18,228,026	20,743,304	<b>23,399,799</b>	+12.8
Operating Income (Loss)	147,516	468,279	355,627	1,320,888	<b>2,292,112</b>	+73.5
% of Net Revenues	0.8%	2.5%	1.9%	6.0%	<b>8.9%</b>	—
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	291,468	563,290	432,873	1,403,649	<b>2,441,080</b>	+73.9
Provision for Income Taxes	92,664	312,821	262,272	551,686	<b>767,808</b>	+39.2
Net Income (Loss) Attributable to Toyota Motor Corporation	209,456	408,183	283,559	962,163	<b>1,823,119</b>	+89.5
ROE	2.1%	3.9%	2.7%	8.5%	<b>13.7%</b>	—
Net Cash Provided by Operating Activities	2,558,530	2,024,009	1,452,435	2,451,316	<b>3,646,035</b>	+48.7
Net Cash Used in Investing Activities	(2,850,184)	(2,116,344)	(1,442,658)	(3,027,312)	<b>(4,336,248)</b>	—
Net Cash Provided by (Used in) Financing Activities	(277,982)	434,327	(355,347)	477,242	<b>919,480</b>	+92.7
R&D Expenses	725,345	730,340	779,806	807,454	<b>910,517</b>	+12.8
Capital Expenditures for Property, Plant and Equipment*	604,536	629,326	723,537	854,561	<b>970,021</b>	+13.5
Depreciation	1,414,569	1,175,573	1,067,830	1,105,109	<b>1,250,853</b>	+13.2
<b>At Year-End:</b>						
Toyota Motor Corporation Shareholders' Equity	10,359,723	10,332,371	10,550,261	12,148,035	<b>14,469,148</b>	+19.1
Total Assets	30,349,287	29,818,166	30,650,965	35,483,317	<b>41,437,473</b>	+16.8
Long-Term Debt	7,015,409	6,449,220	6,042,277	7,337,824	<b>8,546,910</b>	+16.5
Cash and Cash Equivalents	1,865,746	2,080,709	1,679,200	1,718,297	<b>2,041,170</b>	+18.8
Ratio of Toyota Motor Corporation Shareholders' Equity	34.1%	34.7%	34.4%	34.2%	<b>34.9%</b>	—
			Yen			% change
	2010	2011	2012	2013	2014	2014 vs. 2013
<b>Per Share Data:</b>						
Net Income (Loss) Attributable to Toyota Motor Corporation (Basic)	66.79	130.17	90.21	303.82	<b>575.30</b>	+89.4
Annual Cash Dividends	45	50	50	90	<b>165</b>	+83.3
Toyota Motor Corporation Shareholders' Equity	3,303.49	3,295.08	3,331.51	3,835.30	<b>4,564.74</b>	+19.0
<b>Stock Information (March 31):</b>						
Stock Price	3,745	3,350	3,570	4,860	<b>5,826</b>	+19.9
Market Capitalization (Yen in millions)	12,912,751	11,550,792	12,309,351	16,757,268	<b>20,088,033</b>	+19.9
Number of Shares Issued (shares)	3,447,997,492	3,447,997,492	3,447,997,492	3,447,997,492	<b>3,447,997,492</b>	—

\* Excluding vehicles and equipment of operating leases





Print



Search



Contents



President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements

## Consolidated Segment Information

Toyota Motor Corporation  
Fiscal years ended March 31

	Yen in millions						% change
	2009	2010	2011	2012	2013	2014	2014 vs. 2013
<b>Business Segment:</b>							
Net Revenues:							
Automotive	18,564,723	17,197,428	17,337,320	16,994,546	20,419,100	<b>23,781,404</b>	+16.5
Financial Services	1,377,548	1,245,407	1,192,205	1,100,324	1,170,670	<b>1,421,047</b>	+21.4
All Other	1,184,947	947,615	972,252	1,048,915	1,066,461	<b>1,151,280</b>	+8.0
Intersegment Elimination	(597,648)	(439,477)	(508,089)	(560,132)	(592,039)	<b>(661,820)</b>	—
Consolidated	20,529,570	18,950,973	18,993,688	18,583,653	22,064,192	<b>25,691,911</b>	+16.4
Operating Income (Loss):							
Automotive	(394,876)	(86,370)	85,973	21,683	944,704	<b>1,938,778</b>	+105.2
Financial Services	(71,947)	246,927	358,280	306,438	315,820	<b>294,891</b>	-6.6
All Other	9,913	(8,860)	35,242	42,062	53,616	<b>64,270</b>	+19.9
Intersegment Elimination	(4,101)	(4,181)	(11,216)	(14,556)	6,748	<b>(5,827)</b>	—
Consolidated	(461,011)	147,516	468,279	355,627	1,320,888	<b>2,292,112</b>	+73.5
<b>Geographic Information:</b>							
Net Revenues:							
Japan	12,186,737	11,220,303	10,986,246	11,167,319	12,821,018	<b>14,297,470</b>	+11.5
North America	6,222,914	5,670,526	5,429,136	4,751,886	6,284,425	<b>8,117,099</b>	+29.2
Europe	3,013,128	2,147,049	1,981,497	1,993,946	2,083,113	<b>2,724,959</b>	+30.8
Asia	2,719,329	2,655,327	3,374,534	3,334,274	4,385,476	<b>4,877,672</b>	+11.2
Other	1,882,900	1,673,861	1,809,116	1,760,175	2,094,265	<b>2,336,641</b>	+11.6
Intersegment Elimination	(5,495,438)	(4,416,093)	(4,586,841)	(4,423,947)	(5,604,105)	<b>(6,661,930)</b>	—
Consolidated	20,529,570	18,950,973	18,993,688	18,583,653	22,064,192	<b>25,691,911</b>	+16.4
Operating Income (Loss):							
Japan	(237,531)	(225,242)	(362,396)	(207,040)	576,335	<b>1,510,165</b>	+162.0
North America	(390,192)	85,490	339,503	186,409	221,925	<b>326,052</b>	+46.9
Europe	(143,233)	(32,955)	13,148	17,796	26,462	<b>58,228</b>	+120.0
Asia	176,060	203,527	312,977	256,790	376,055	<b>395,737</b>	+5.2
Other	87,648	115,574	160,129	108,814	133,744	<b>42,568</b>	-68.2
Intersegment Elimination	46,237	1,122	4,918	(7,142)	(13,633)	<b>(40,638)</b>	—
Consolidated	(461,011)	147,516	468,279	355,627	1,320,888	<b>2,292,112</b>	+73.5



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● **Consolidated Quarterly Financial Summary** ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements

## Consolidated Quarterly Financial Summary

Toyota Motor Corporation  
Fiscal years ended March 31

	Yen in billions							
	2013				2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Revenues	5,501.5	5,406.7	5,318.7	5,837.0	<b>6,255.3</b>	<b>6,282.1</b>	<b>6,585.0</b>	<b>6,569.3</b>
% Change	59.9%	18.2%	9.3%	2.4%	<b>13.7%</b>	<b>16.2%</b>	<b>23.8%</b>	<b>12.5%</b>
Operating Income	353.1	340.6	124.7	502.3	<b>663.3</b>	<b>592.0</b>	<b>600.5</b>	<b>436.1</b>
% Change	—%	351.8%	−16.7%	110.6%	<b>87.9%</b>	<b>73.8%</b>	<b>381.6%</b>	<b>−13.2%</b>
Operating Income Margin	6.4%	6.3%	2.3%	8.6%	<b>10.6%</b>	<b>9.4%</b>	<b>9.1%</b>	<b>6.6%</b>
Income before Income Taxes and Equity in Earnings of Affiliated Companies	415.2	379.3	131.2	477.8	<b>724.1</b>	<b>619.3</b>	<b>678.9</b>	<b>418.5</b>
% Change	—%	379.4%	−33.9%	102.8%	<b>74.4%</b>	<b>63.3%</b>	<b>417.5%</b>	<b>−12.4%</b>
Net Income Attributable to Toyota Motor Corporation	290.3	257.9	99.9	313.9	<b>562.1</b>	<b>438.4</b>	<b>525.4</b>	<b>297.0</b>
% Change	24,929.9%	220.7%	23.4%	159.4%	<b>93.6%</b>	<b>70.0%</b>	<b>425.9%</b>	<b>−5.4%</b>
<b>Business Segment:</b>								
Net Revenues:								
Automotive	5,120.1	5,008.7	4,889.2	5,401.0	<b>5,818.0</b>	<b>5,815.2</b>	<b>6,096.5</b>	<b>6,051.5</b>
Financial Services	274.4	272.0	301.3	322.8	<b>339.8</b>	<b>347.7</b>	<b>364.9</b>	<b>368.5</b>
All Other	243.2	252.6	262.0	308.4	<b>234.4</b>	<b>273.5</b>	<b>278.4</b>	<b>364.8</b>
Intersegment Elimination	(136.2)	(126.6)	(133.8)	(195.2)	<b>(137.0)</b>	<b>(154.4)</b>	<b>(154.8)</b>	<b>(215.4)</b>
Consolidated	5,501.5	5,406.7	5,318.7	5,837.0	<b>6,255.3</b>	<b>6,282.1</b>	<b>6,585.0</b>	<b>6,569.3</b>
Operating Income:								
Automotive	258.6	239.3	43.7	402.9	<b>608.4</b>	<b>499.5</b>	<b>515.5</b>	<b>315.1</b>
Financial Services	86.7	87.7	69.0	72.2	<b>51.2</b>	<b>82.0</b>	<b>67.3</b>	<b>94.2</b>
All Other	9.3	13.1	15.4	15.7	<b>7.1</b>	<b>13.1</b>	<b>20.6</b>	<b>23.2</b>
Intersegment Elimination	(1.6)	0.3	(3.4)	11.4	<b>(3.5)</b>	<b>(2.6)</b>	<b>(3.0)</b>	<b>3.3</b>
Consolidated	353.1	340.6	124.7	502.3	<b>663.3</b>	<b>592.0</b>	<b>600.5</b>	<b>436.1</b>
<b>Geographic Information:</b>								
Net Revenues:								
Japan	3,242.2	3,163.9	2,976.2	3,438.5	<b>3,456.2</b>	<b>3,487.5</b>	<b>3,544.0</b>	<b>3,809.6</b>
North America	1,592.8	1,450.9	1,525.0	1,715.6	<b>2,105.1</b>	<b>1,962.8</b>	<b>2,136.8</b>	<b>1,912.2</b>
Europe	512.0	497.5	508.3	565.1	<b>595.9</b>	<b>707.0</b>	<b>726.2</b>	<b>695.6</b>
Asia	1,073.6	1,088.2	1,112.5	1,110.9	<b>1,218.0</b>	<b>1,181.8</b>	<b>1,252.6</b>	<b>1,225.1</b>
Other	483.4	500.8	530.3	579.5	<b>609.0</b>	<b>583.1</b>	<b>603.4</b>	<b>540.9</b>
Intersegment Elimination	(1,402.7)	(1,294.8)	(1,333.8)	(1,572.7)	<b>(1,729.1)</b>	<b>(1,640.2)</b>	<b>(1,678.2)</b>	<b>(1,614.3)</b>
Consolidated	5,501.5	5,406.7	5,318.7	5,837.0	<b>6,255.3</b>	<b>6,282.1</b>	<b>6,585.0</b>	<b>6,569.3</b>
Operating Income (Loss):								
Japan	107.1	143.7	15.6	309.8	<b>456.0</b>	<b>373.9</b>	<b>331.3</b>	<b>348.7</b>
North America	117.6	64.9	(17.1)	56.4	<b>82.6</b>	<b>79.6</b>	<b>112.5</b>	<b>51.2</b>
Europe	3.4	8.6	9.2	5.1	<b>5.2</b>	<b>20.1</b>	<b>17.7</b>	<b>15.1</b>
Asia	101.5	92.9	91.7	89.7	<b>104.1</b>	<b>91.4</b>	<b>110.0</b>	<b>90.0</b>
Other	27.1	31.5	32.3	42.6	<b>42.5</b>	<b>33.6</b>	<b>32.2</b>	<b>(65.7)</b>
Intersegment Elimination	(3.7)	(1.2)	(7.1)	(1.4)	<b>(27.3)</b>	<b>(6.7)</b>	<b>(3.4)</b>	<b>(3.1)</b>
Consolidated	353.1	340.6	124.7	502.3	<b>663.3</b>	<b>592.0</b>	<b>600.5</b>	<b>436.1</b>





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [1 of 14]** ● Consolidated Financial Statements

## 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 generally accepted accounting principles 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 90% of Toyota's total revenues before the elimination of intersegment revenues for fiscal 2014. Toyota's primary markets based on vehicle unit sales for fiscal 2014 were: Japan (26%), North America (28%), Europe (9%) and Asia (18 %).

### 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.

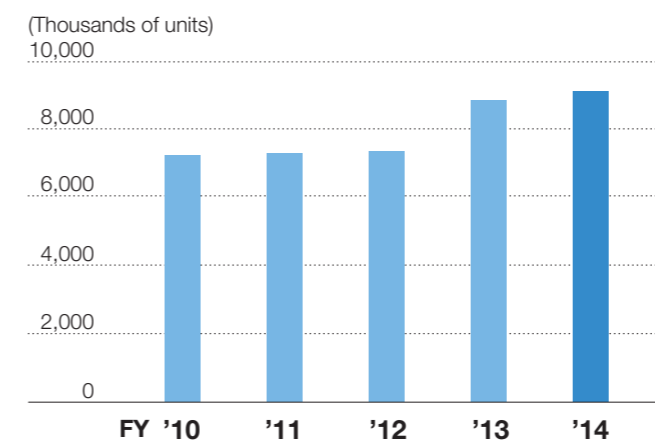
During fiscal 2014, automotive markets progressed in a steady manner, especially in the U.S., although some markets in emerging countries have slowed down. Efforts toward building a low-carbon society and improvements in safety, such as the technical development of eco-cars and automated-driving, were promoted worldwide.

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		
	Years Ended March 31,		
	2012	2013	2014
Japan	2,071	2,279	<b>2,365</b>
North America	1,872	2,469	<b>2,529</b>
Europe	798	799	<b>844</b>
Asia	1,327	1,684	<b>1,609</b>
Other*	1,284	1,640	<b>1,769</b>
Overseas total	5,281	6,592	<b>6,751</b>
Total	7,352	8,871	<b>9,116</b>

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

### Consolidated Vehicle Sales



During fiscal 2014 and 2013, Toyota's consolidated vehicle unit sales in Japan increased as compared with each prior fiscal year, primarily as a result of the active introduction of new products and the efforts of dealers nationwide. For fiscal 2014, Toyota and Lexus brands' market share excluding mini-vehicles was 46.7%, and market share (including Daihatsu and Hino brands) including mini-vehicles was 42.2%, each remaining at a high level continuing from the prior fiscal year. Overseas consolidated vehicle unit sales increased during fiscal 2013 and 2014. During fiscal 2013, total overseas vehicle unit sales increased in every region. During fiscal 2014, total overseas vehicle unit sales increased as a whole, due to increased sales in North America, Europe and other regions.

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



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [2 of 14]** ● Consolidated Financial Statements

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

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 on end-of-life vehicles. 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 in Toyota's annual report on Form 20-F for a more detailed discussion of these laws, regulations and policies.

Many governments also impose local content requirements, 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. From time-to-time when potential safety problems arise, 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, China and other regions certain models of Toyota vehicles related to sticking accelerator pedals. In February 2010, Toyota announced a worldwide recall related to the software program that controls the antilock braking system in certain vehicle models including the Prius. The recalls and other safety measures described above have led to a number of claims and lawsuits against Toyota. For a more detailed description of these claims and lawsuits, see "Information on the Company — Business Overview — Legal Proceedings" and note 23 to the consolidated financial statements in Toyota's annual report on Form 20-F.

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 in the worldwide automobile financial services industry is intensifying. 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.

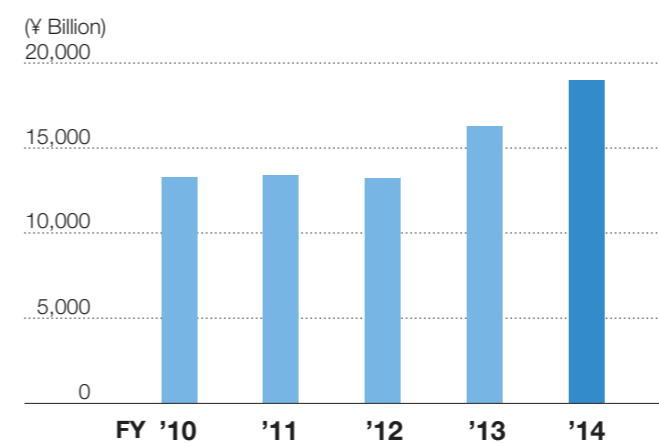
Toyota's financial services operations mainly include loans and leasing programs for customers

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 total finance receivables increased during fiscal 2014 mainly due to the favorable impact of fluctuations in foreign currency translation rates and an increase in retail receivables.

### Total Assets by Financial Services Operations







## Management's Discussion and Analysis of Financial Condition and Results of 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,	
	2013	2014
<b>Finance Receivables</b>		
Retail	9,047,782	<b>10,523,364</b>
Finance leases	1,029,887	<b>1,071,179</b>
Wholesale and other dealer loans	2,615,728	<b>2,875,650</b>
	12,693,397	<b>14,470,193</b>
Deferred origination costs	135,398	<b>161,956</b>
Unearned income	(628,340)	<b>(754,539)</b>
Allowance for credit losses		
Retail	(83,858)	<b>(89,439)</b>
Finance leases	(28,928)	<b>(30,585)</b>
Wholesale and other dealer loans	(26,243)	<b>(26,358)</b>
	(139,029)	<b>(146,382)</b>
Total finance receivables, net	12,061,426	<b>13,731,228</b>
Less—Current portion	(5,117,660)	<b>(5,628,934)</b>
Noncurrent finance receivables, net	6,943,766	<b>8,102,294</b>
<b>Operating Leases</b>		
Vehicles	2,999,294	<b>3,674,969</b>
Equipment	104,351	<b>129,029</b>
Less—Deferred income and other	(65,634)	<b>(94,438)</b>
	3,038,011	<b>3,709,560</b>
Less—Accumulated depreciation	(749,238)	<b>(808,764)</b>
Less—Allowance for credit losses	(8,020)	<b>(7,220)</b>
Vehicles and equipment on operating leases, net	2,280,753	<b>2,893,576</b>

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 10 to the

consolidated financial statements in Toyota's annual report on Form 20-F.

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 in Toyota's annual report on Form 20-F.

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 notes 20 and 26 to the consolidated financial statements in Toyota's annual report on Form 20-F.

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 2013 and 2014, mainly as a result of lower interest rates.

Toyota launched its credit card business in Japan in April 2001. As of March 31, 2014, Toyota had 12.7 million cardholders, an increase of 0.9 million cardholders compared with March 31, 2013. Credit

card receivables as of March 31, 2014 increased by ¥42.8 billion from March 31, 2013 to ¥380.9 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 and GAZOO) and other businesses.

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. Toyota is exposed to fluctuations in the value of the Japanese yen against the U.S. dollar and the euro and, to a lesser extent, the Australian dollar, the Russian ruble, 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



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [4 of 14]** ● Consolidated Financial Statements

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

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 2012 and 2013, Toyota produced 75.4% and 76.3%, respectively, of its non-domestic sales outside Japan. In North America, 75.3% and 73.7% of vehicles sold in calendar 2012 and 2013, respectively, were produced locally. In Europe, 58.5% and 69.4% of vehicles sold in calendar 2012 and 2013, 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 26 to the consolidated financial statements in Toyota's annual report on Form 20-F 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 2014, the Japanese yen was on average and at the end of the fiscal year weaker against the U.S. dollar and the euro in comparison to fiscal 2013. See further discussion in "Quantitative and Qualitative Disclosures about Market Risk — Market Risk Disclosures — Foreign Currency Exchange Rate Risk" in Toyota's annual report on Form 20-F.

During 2014, the average exchange rate of the Japanese yen against the U.S. dollar and the euro compared to the prior fiscal year fluctuated as described above. The operating results excluding the impact of currency fluctuations described in "Results of Operations — Fiscal 2014 Compared with Fiscal 2013" 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 2013 and 2014, respectively, as if the value of the Japanese yen had remained constant for the comparable periods. Results excluding the impact of currency fluctuations year-on-year are not on the same basis as Toyota's consolidated financial

statements and do not conform with U.S. GAAP. Furthermore, Toyota does not believe that these measures are a substitute for U.S. GAAP measures. However, Toyota believes that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the operating performance on a local currency basis.

### Segmentation

Toyota's most significant business segment is its automotive operations. Toyota carries out its automotive operations as a global competitor in the worldwide automotive market.

Management allocates resources to, and assesses the performance of, its automotive operations as a single business segment on a worldwide basis. Toyota does not manage any subset of its automotive operations, such as domestic or overseas operations or parts, as separate management units.

The management of the automotive operations is organized by function, with a manager having oversight responsibility for each function 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

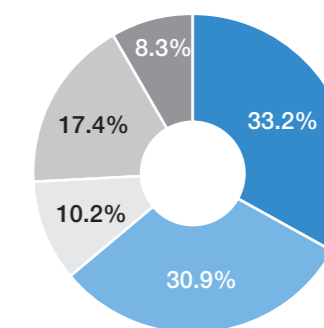
The following table sets forth Toyota's net revenues in each geographic market based on the country of location of the parent company or the subsidiaries that transacted the sale with the external customer for the past three fiscal years.

	Yen in millions		
	Years Ended March 31,		
	2012	2013	2014
Japan	7,293,804	7,910,456	<b>8,532,875</b>
North America	4,644,348	6,167,821	<b>7,938,615</b>
Europe	1,917,408	2,003,113	<b>2,614,070</b>
Asia	3,116,849	4,058,629	<b>4,475,382</b>
Other*	1,611,244	1,924,173	<b>2,130,969</b>

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

### Revenues by Market FY2014

■ Japan ■ North America ■ Europe  
■ Asia ■ All Other Markets







Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [5 of 14]** ● Consolidated Financial Statements

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

### Results of Operations — Fiscal 2014 Compared with Fiscal 2013

	Yen in millions		2014 vs. 2013 Change	
	Years ended March 31, 2013	2014	Amount	Percentage (%)
<b>Net revenues:</b>				
Japan	12,821,018	<b>14,297,470</b>	1,476,452	+11.5
North America	6,284,425	<b>8,117,099</b>	1,832,674	+29.2
Europe	2,083,113	<b>2,724,959</b>	641,846	+30.8
Asia	4,385,476	<b>4,877,672</b>	492,196	+11.2
Other*	2,094,265	<b>2,336,641</b>	242,376	+11.6
Intersegment elimination/unallocated amount	(5,604,105)	<b>(6,661,930)</b>	(1,057,825)	—
Total	22,064,192	<b>25,691,911</b>	3,627,719	+16.4
<b>Operating income:</b>				
Japan	576,335	<b>1,510,165</b>	933,830	+162.0
North America	221,925	<b>326,052</b>	104,127	+46.9
Europe	26,462	<b>58,228</b>	31,766	+120.0
Asia	376,055	<b>395,737</b>	19,682	+5.2
Other*	133,744	<b>42,568</b>	(91,176)	-68.2
Intersegment elimination/unallocated amount	(13,633)	<b>(40,638)</b>	(27,005)	—
Total	1,320,888	<b>2,292,112</b>	971,224	+73.5
<b>Operating margin</b>	6.0%	<b>8.9%</b>	2.9%	
<b>Income before income taxes and equity in earnings of affiliated companies</b>	1,403,649	<b>2,441,080</b>	1,037,431	+73.9
<b>Net margin from income before income taxes and equity in earnings of affiliated companies</b>	6.4%	<b>9.5%</b>	3.1%	
<b>Equity in earnings of affiliated companies</b>	231,519	<b>318,376</b>	86,857	+37.5
<b>Net income attributable to Toyota Motor Corporation</b>	962,163	<b>1,823,119</b>	860,956	+89.5
<b>Net margin attributable to Toyota Motor Corporation</b>	4.4%	<b>7.1%</b>	2.7%	

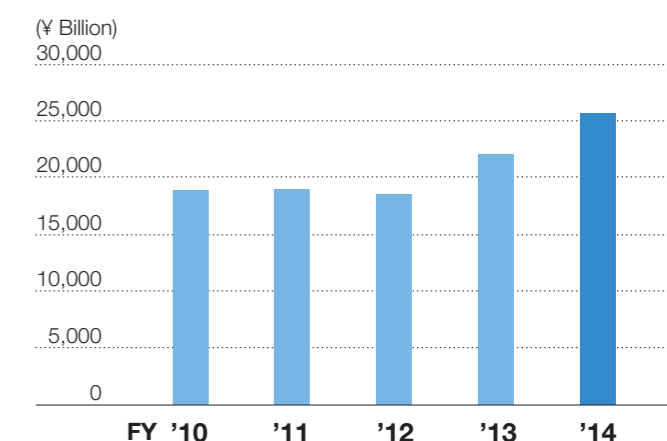
\* "Other" consists of Central and South America, Oceania, Africa and Middle East.

### Net Revenues

Toyota had net revenues for fiscal 2014 of ¥25,691.9 billion, an increase of ¥3,627.7 billion, or 16.4%, compared with the prior fiscal year. This increase mainly reflected the favorable impact of fluctuations in foreign currency translation rates of ¥2,510.4 billion and changes in vehicle unit sales and sales mix of ¥300.0 billion. Excluding the impact of changes in the Japanese yen values used for translation purposes of ¥2,510.4 billion, net revenues would have been ¥23,181.4 billion during fiscal 2014, a 5.1% increase compared with the prior fiscal year. The automotive market in calendar year 2013 increased by 7.9% in North America and in fiscal 2014 increased by 5.9% in Japan compared with the prior year due to the market in the U.S. and Japan progressing in a steady manner. Under these

automotive market conditions, Toyota's consolidated vehicle unit sales increased by 2.8% compared with the prior fiscal year to 9,116 thousand vehicles.

### Net Revenues



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

	Yen in millions		2014 vs. 2013 Change	
	Years ended March 31, 2013	2014	Amount	Percentage (%)
Vehicles	17,446,473	<b>20,353,340</b>	2,906,867	+16.7
Parts and components for overseas production	356,756	<b>431,760</b>	75,004	+21.0
Parts and components for after service	1,577,690	<b>1,843,478</b>	265,788	+16.8
Other	997,843	<b>1,105,277</b>	107,434	+10.8
Total Automotive	20,378,762	<b>23,733,855</b>	3,355,093	+16.5
All Other	535,388	<b>578,789</b>	43,401	+8.1
Total sales of products	20,914,150	<b>24,312,644</b>	3,398,494	+16.2
Financial services	1,150,042	<b>1,379,267</b>	229,225	+19.9
Total	22,064,192	<b>25,691,911</b>	3,627,719	+16.4



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [6 of 14]** ● Consolidated Financial Statements

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

Toyota's net revenues include net revenues from sales of products, consisting of net revenues from automotive operations and all other operations, which increased by 16.2% during fiscal 2014 compared with the prior fiscal year to ¥24,312.6 billion, and net revenues from financial services operations which increased by 19.9% during fiscal 2014 compared with the prior fiscal year to ¥1,379.2 billion. Excluding the impact of changes in the Japanese yen values used for translation purposes of ¥2,311.9 billion, net revenues from sales of

products would have been ¥22,000.6 billion during fiscal 2014, a 5.2% increase compared with the prior fiscal year. The increase in net revenues from sales of products is mainly due to an increase in Toyota vehicle unit sales of 245 thousand vehicles. Excluding the impact of changes in the Japanese yen values used for translation purposes of ¥198.5 billion, net revenues from financial services operations would have been ¥1,180.7 billion during fiscal 2014, a 2.7% increase compared with the prior fiscal year.

The following table shows the number of financing contracts by geographic region at the end of fiscal 2014 and 2013, respectively.

	Number of financing contracts in thousands			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Japan	1,765	<b>1,813</b>	48	+2.7
North America	4,596	<b>4,791</b>	195	+4.3
Europe	825	<b>879</b>	54	+6.5
Asia	868	<b>1,167</b>	299	+34.5
Other*	618	<b>688</b>	70	+11.3
Total	8,672	<b>9,338</b>	666	+7.7

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

Geographically, net revenues (before the elimination of intersegment revenues) for fiscal 2014 increased by 11.5% in Japan, 29.2% in North America, 30.8% in Europe, 11.2% in Asia, and 11.6% in Other compared with the prior fiscal year. Excluding the impact of changes in the Japanese yen values used for translation purposes of

¥2,510.4 billion, net revenues in fiscal 2014 would have increased by 11.5% in Japan, 8.4% in North America, 6.5% in Europe and 5.9% in Other compared with the prior fiscal year, and would have decreased by 4.9% 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			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Toyota's consolidated vehicle unit sales*	4,202	<b>4,220</b>	18	+0.4

\* including number of exported vehicle unit sales

	Yen in millions			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Net revenues:				
Sales of products	12,687,092	<b>14,179,710</b>	1,492,618	+11.8
Financial services	133,926	<b>117,760</b>	(16,166)	-12.1
Total	12,821,018	<b>14,297,470</b>	1,476,452	+11.5

Toyota's domestic and exported vehicle unit sales increased by 18 thousand vehicles compared with

the prior fiscal year due primarily to favorable market conditions.

### North America

	Thousands of units			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Toyota's consolidated vehicle unit sales	2,469	<b>2,529</b>	60	+2.5

	Yen in millions			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Net revenues:				
Sales of products	5,564,183	<b>7,234,376</b>	1,670,193	+30.0
Financial services	720,242	<b>882,723</b>	162,481	+22.6
Total	6,284,425	<b>8,117,099</b>	1,832,674	+29.2

Net revenues in North America increased due primarily to the 60 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year.

The vehicle unit sales increased due mainly to the market progressing in a steady manner and strong sales of the RAV4, IS and other new car models.





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [7 of 14]** ● Consolidated Financial Statements

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

### Europe

	Thousands of units			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Toyota's consolidated vehicle unit sales	799	<b>844</b>	45	+5.6

	Yen in millions			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Net revenues:				
Sales of products	2,007,207	<b>2,630,408</b>	623,201	+31.0
Financial services	75,906	<b>94,551</b>	18,645	+24.6
Total	2,083,113	<b>2,724,959</b>	641,846	+30.8

Net revenues in Europe increased due primarily to the 45 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year. The

vehicle unit sales increased due mainly to the strong sales of the RAV4, Corolla and other car models.

### Asia

	Thousands of units			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Toyota's consolidated vehicle unit sales	1,684	<b>1,609</b>	(75)	-4.5

	Yen in millions			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Net revenues:				
Sales of products	4,307,943	<b>4,755,114</b>	447,171	+10.4
Financial services	77,533	<b>122,558</b>	45,025	+58.1
Total	4,385,476	<b>4,877,672</b>	492,196	+11.2

Excluding the favorable impact of fluctuations in foreign currency translation rates, net revenues in Asia would have decreased due primarily to the 75 thousand vehicles decrease in vehicle unit sales compared with the prior fiscal year. The decrease in

vehicle unit sales was due mainly to decreased sales in Thailand and India, which in turn was due mainly to the shrinking of the market and competitive market conditions.

### Other

	Thousands of units			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Toyota's consolidated vehicle unit sales	1,640	<b>1,769</b>	129	+7.8

	Yen in millions			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Net revenues:				
Sales of products	1,942,215	<b>2,162,505</b>	220,290	+11.3
Financial services	152,050	<b>174,136</b>	22,086	+14.5
Total	2,094,265	<b>2,336,641</b>	242,376	+11.6

Net revenues in Other increased due primarily to the 129 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year. The vehicle unit

sales increased due mainly to the strong sales of the Etios in Central and South America.

### Operating Costs and Expenses

	Yen in millions			
	Years ended March 31,		2014 vs. 2013 Change	
	2013	2014	Amount	Percentage (%)
Operating costs and expenses:				
Cost of products sold	18,010,569	<b>19,988,245</b>	1,977,676	+11.0
Cost of financing operations	630,426	<b>812,894</b>	182,468	+28.9
Selling, general and administrative	2,102,309	<b>2,598,660</b>	496,351	+23.6
Total	20,743,304	<b>23,399,799</b>	2,656,495	+12.8

	Yen in millions
	2014 vs. 2013 Change
Changes in operating costs and expenses:	
Effect of changes in vehicle unit sales and sales mix	120,000
Effect of fluctuation in foreign currency translation rates	2,378,900
Effect of cost reduction efforts	(290,000)
Effect of increase in miscellaneous costs and others	447,595
Total	2,656,495



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [8 of 14]** ● Consolidated Financial Statements

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

Operating costs and expenses increased by ¥2,656.4 billion, or 12.8%, to ¥23,399.7 billion during fiscal 2014 compared with the prior fiscal year. This increase resulted mainly from the ¥2,378.9 billion unfavorable impact of fluctuations in foreign currency translation rates, the ¥447.5 billion increase in miscellaneous costs and others, and the ¥120.0 billion impact of changes in vehicle unit sales and sales mix, partially offset by the ¥290.0 billion impact of cost reduction efforts.

The increase in miscellaneous costs and others was due mainly to the ¥125.0 billion payment to the U.S. government based on the agreement with the U.S. Attorney's Office for the Southern District of New York to resolve its investigation, the ¥100.0 billion increase in labor costs, the ¥100.0 billion increase in research and development expenses, and the ¥83.0 billion increase in costs related to ending the vehicle and engine production in Australia, partially offset by the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S. recorded in the prior fiscal year.

### Cost Reduction Efforts

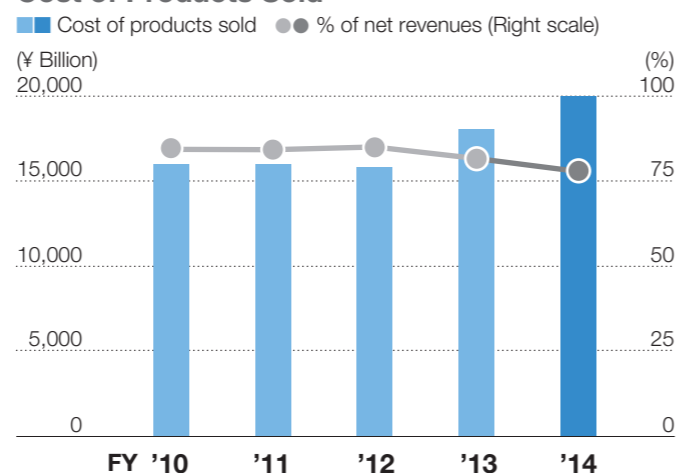
During fiscal 2014, Toyota's continued cost reduction efforts reduced operating costs and expenses by ¥290.0 billion. The amount of the effect of cost reduction efforts includes the impact of fluctuation in the price of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. In fiscal

2014, continued cost reduction efforts together 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 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 ¥1,977.6 billion, or 11.0%, to ¥19,988.2 billion during fiscal 2014 compared with the prior fiscal year. The increase resulted mainly from the ¥1,866.5 billion unfavorable impact of fluctuations in foreign currency translation rates, the ¥105.0 billion impact of changes in vehicle unit sales and sales mix, the ¥100.0 billion increase in research and development expenses, and the ¥80.0 billion increase in costs related to ending the vehicle and engine production in Australia, partially offset by the ¥290.0 billion impact of cost reduction efforts.

### Cost of Products Sold



### Cost of Financing Operations

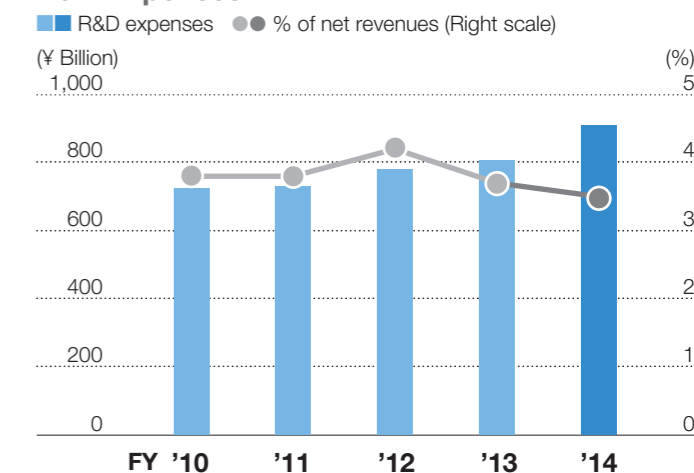
Cost of financing operations increased by ¥182.4 billion, or 28.9%, to ¥812.8 billion during fiscal 2014 compared with the prior fiscal year. The increase resulted mainly from the ¥183.0 billion unfavorable impact of fluctuations in foreign currency translation rates.

### Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥496.3 billion, or 23.6%, to ¥2,598.6 billion during fiscal 2014 compared with the prior fiscal year. This increase mainly reflected the ¥329.3 billion unfavorable impact of fluctuations in foreign currency translation rates, and the ¥125.0 billion payment to the U.S. government based on the agreement with the U.S. Attorney's Office for the

Southern District of New York to resolve its investigation, partially offset by the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S. recorded in the prior fiscal year.

### R&D Expenses



### Operating Income

	Yen in millions
	2014 vs. 2013 Change
Changes in operating income and loss:	
Effect of changes in exchange rates	900,000
Effect of cost reduction efforts	290,000
Effect of marketing efforts	180,000
Effect of increase of miscellaneous costs and others	(480,000)
Other	81,224
<b>Total</b>	<b>971,224</b>





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [9 of 14]** ● Consolidated Financial Statements

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

Toyota's operating income increased by ¥971.2 billion, or 73.5%, to ¥2,292.1 billion during fiscal 2014 compared with the prior fiscal year. This increase was due mainly to the ¥900.0 billion favorable impact of changes in exchange rates, ¥290.0 billion impact of cost reduction efforts, and ¥180.0 billion impact of marketing efforts, partially offset by the ¥480.0 billion increase in miscellaneous costs and others. The increase in miscellaneous costs and others was due mainly to the ¥125.0 billion payment to the U.S. government based on the agreement with the U.S. Attorney's Office for the Southern District of New York to resolve its investigation, the ¥100.0 billion increase in labor costs, the ¥100.0 billion increase in research and development expenses, and the ¥83.0 billion increase in costs related to ending the vehicle and engine production in Australia, partially offset by the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S. recorded in the prior fiscal year.

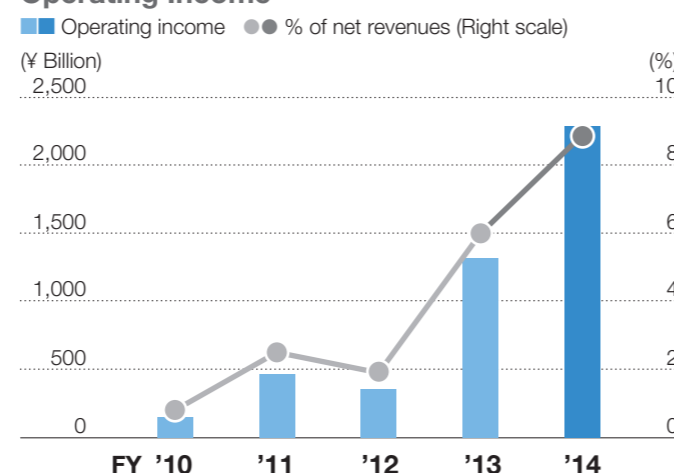
The following is a description of operating income in each geographic market.

### Japan

	Yen in millions
	2014 vs. 2013 Change
Changes in operating income and loss:	
Effect of changes in exchange rates	940,000
Effect of cost reduction efforts	175,000
Effect of marketing efforts	180,000
Effect of increase of miscellaneous costs and others	(370,000)
Other	8,830
<b>Total</b>	<b>933,830</b>

During fiscal 2014, operating income (before elimination of intersegment profits), compared with the prior fiscal year increased by ¥933.8 billion, or 162.0%, in Japan, ¥104.1 billion, or 46.9%, in North America, ¥31.7 billion, or 120.0%, in Europe, ¥19.6 billion, or 5.2%, in Asia, and decreased by ¥91.1 billion, or 68.2%, in Other.

### Operating Income



### North America

	Yen in millions
	2014 vs. 2013 Change
Changes in operating income and loss:	
Effect of cost reduction efforts	75,000
Effect of marketing activities	(25,000)
Effect of decrease of miscellaneous costs and others	50,000
Other	4,127
<b>Total</b>	<b>104,127</b>

### Europe

	Yen in millions
	2014 vs. 2013 Change
Changes in operating income and loss:	
Effect of cost reduction efforts	15,000
Effect of marketing efforts	25,000
Effect of increase of miscellaneous costs and others	(10,000)
Other	1,766
<b>Total</b>	<b>31,766</b>

### Asia

	Yen in millions
	2014 vs. 2013 Change
Changes in operating income and loss:	
Effect of changes in exchange rates	25,000
Effect of cost reduction efforts	35,000
Effect of marketing activities	(40,000)
Effect of increase of miscellaneous costs and others	(50,000)
Other	49,682
<b>Total</b>	<b>19,682</b>

### Other

	Yen in millions
	2014 vs. 2013 Change
Changes in operating income and loss:	
Effect of cost reduction efforts	(10,000)
Effect of marketing efforts	40,000
Effect of increase of miscellaneous costs and others	(100,000)
Other	(21,176)
<b>Total</b>	<b>(91,176)</b>



President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [10 of 14]** ● Consolidated Financial Statements

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

### Other Income and Expenses

Interest and dividend income increased by ¥16.7 billion, or 17.0%, to ¥115.4 billion during fiscal 2014 compared with the prior fiscal year.

Interest expense decreased by ¥3.3 billion, or 14.5%, to ¥19.6 billion during fiscal 2014 compared with the prior fiscal year.

Foreign exchange gain, net increased by ¥44.7 billion, or 805.4%, to ¥50.2 billion during fiscal 2014 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated assets and liabilities recognized through transactions in foreign currencies translated at prevailing exchange rates and the value at the date the transaction settled during the fiscal year, including those settled using forward foreign currency exchange contracts, or the value translated by appropriate year-end exchange rates. The ¥44.7 billion increase in foreign exchange gain, net was due mainly to the losses recorded in fiscal 2013 resulting from the Japanese yen being stronger against foreign currencies at the time foreign currency bonds were redeemed during that fiscal year than the Japanese yen at the time of purchase.

Other loss, net increased by ¥1.4 billion, or 94.7%, to ¥2.9 billion during fiscal 2014 compared with the prior fiscal year.

### Income Taxes

The provision for income taxes increased by ¥216.1 billion, or 39.2%, to ¥767.8 billion during fiscal 2014 compared with the prior fiscal year due mainly to

the increase in income before income taxes and equity in earnings of affiliated companies. The effective tax rate for fiscal 2014 was 31.5%, which was lower than the statutory tax rate in Japan. This was due mainly to the increase in tax credits and income before income taxes and equity in earnings of affiliated companies from foreign subsidiaries where statutory tax rates are lower than that of Japan.

### Net Income Attributable to Noncontrolling Interests and Equity in Earnings of Affiliated Companies

Net income attributable to noncontrolling interests increased by ¥47.2 billion, or 38.9%, to ¥168.5 billion during fiscal 2014 compared with the prior fiscal year. This was due mainly to an increase during fiscal 2014 in net income attributable to the shareholders of consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2014 increased by ¥86.8 billion, or 37.5%, to ¥318.3 billion compared with the prior fiscal year. This increase was due mainly to an increase during fiscal 2014 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 ¥860.9 billion, or 89.5%, to ¥1,823.1 billion during fiscal 2014 compared with the prior fiscal year.

### Other Comprehensive Income and Loss

Other comprehensive income increased by ¥61.5 billion to ¥884.2 billion for fiscal 2014 compared with the prior fiscal year. This increase resulted from unrealized holding gains on securities in fiscal 2014 of ¥493.7 billion compared with gains of ¥368.5 billion in the prior fiscal year, and from pension liability adjustments in fiscal 2014 of ¥93.5 billion compared with gains of ¥19.5 billion in the prior fiscal year, partially offset by unfavorable foreign currency translation adjustments gains of ¥296.9 billion in fiscal 2014 compared with gains of ¥434.6 billion in the prior fiscal year.

### Segment Information

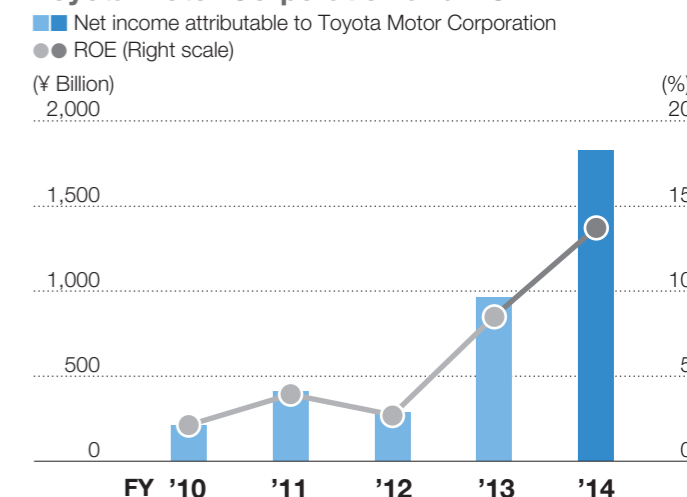
The following is a discussion of the results of operations for each of Toyota's operating segments. The amounts presented are prior to intersegment elimination.

		Yen in millions			
		Years ended March 31,		2014 vs. 2013 Change	
		2013	2014	Amount	Percentage (%)
Automotive:	Net revenues	20,419,100	<b>23,781,404</b>	3,362,304	+16.5
	Operating income	944,704	<b>1,938,778</b>	994,074	+105.2
Financial Services:	Net revenues	1,170,670	<b>1,421,047</b>	250,377	+21.4
	Operating income	315,820	<b>294,891</b>	(20,929)	-6.6
All Other:	Net revenues	1,066,461	<b>1,151,280</b>	84,819	+8.0
	Operating income	53,616	<b>64,270</b>	10,654	+19.9
Intersegment elimination/ unallocated amount:	Net revenues	(592,039)	<b>(661,820)</b>	(69,781)	—
	Operating income	6,748	<b>(5,827)</b>	(12,575)	—

### 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 2014 by ¥3,362.3 billion, or 16.5%, to ¥23,781.4 billion compared with the prior fiscal year. The increase mainly reflects the ¥2,304.9 billion

### Net Income Attributable to Toyota Motor Corporation and ROE



favorable impact of fluctuations in foreign currency translation rates and the ¥300.0 billion favorable impact of changes in vehicle unit sales and sales mix.

Operating income from the automotive operations increased by ¥994.0 billion, or 105.2%, to ¥1,938.7 billion during fiscal 2014 compared with the prior





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

fiscal year. This increase in operating income was due mainly to the ¥900.0 billion favorable impact of changes in exchange rates, the ¥290.0 billion impact of cost reduction efforts, and the ¥190.0 billion of favorable impact of changes in vehicle unit sales and sales mix, partially offset by the ¥480.0 billion increase in miscellaneous costs and others.

The changes in vehicle unit sales and changes in sales mix were due primarily to the increase in Toyota's vehicle unit sales by 245 thousand vehicles compared with the prior fiscal year resulting from the increase in vehicle unit sales in North America, Europe and Other. The increase in miscellaneous costs and others was due mainly to the ¥125.0 billion payment to the U.S. government based on the agreement with the U.S. Attorney's Office for the Southern District of New York to resolve its investigation, the ¥100.0 billion increase in labor costs, the ¥100.0 billion increase in research and development expenses, and the ¥83.0 billion increase in costs related to ending the vehicle and engine production in Australia, partially offset by the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S. recorded in the prior fiscal year.

### Financial Services Operations Segment

Net revenues for the financial services operations increased during fiscal 2014 by ¥250.3 billion, or 21.4%, to ¥1,421.0 billion compared with the prior fiscal year. This increase was primarily due to the ¥199.8 billion favorable impact of fluctuations in foreign currency translation rates.

Operating income from financial services operations decreased by ¥20.9 billion, or 6.6%, to ¥294.8 billion during fiscal 2014 compared with the prior fiscal year. This decrease was due primarily to the recording of ¥22.0 billion of valuation losses on interest rate swaps stated at fair value.

### All Other Operations Segment

Net revenues for Toyota's other operations segments increased by ¥84.8 billion, or 8.0%, to ¥1,151.2 billion during fiscal 2014 compared with the prior fiscal year.

Operating income from Toyota's other operations segments increased by ¥10.6 billion, or 19.9%, to ¥64.2 billion during fiscal 2014 compared with the prior fiscal year.

### Outlook

As for our future business environment, the world economy is expected to benefit from ongoing moderate recovery in the U.S. and a gradual move toward recovery in Europe, meanwhile, some emerging countries show signs of uncertainty. The Japanese economy is expected to remain on a recovery trend, backed by an improved environment for exports and the effects of various policy measures. Due attention should be paid, however, to downside risks mainly from the continuing uncertainty of overseas economies, especially in emerging countries, and the downturn in consumption following a surge in last-minute demand spurred by the consumption tax increase in Japan.

The automotive market is expected to see expansion mainly in the U.S.; however, amid the change in market structure, as seen in the expansion and diversification of demand for eco-cars backed by rising environmental consciousness and rapid advances in information and communications technology, fierce competition exists on a global scale. In light of the foregoing external factors, Toyota expects that net revenues for fiscal 2015 will increase compared with fiscal 2014 due to price revisions and other factors, partially offset by the unfavorable impact of fluctuations in foreign currency translation rates and a decrease in vehicle unit sales. Toyota expects that operating income will increase in fiscal 2015 compared with fiscal 2014 due mainly to the favorable impact of cost reduction

efforts and marketing efforts, partially offset by an increase in miscellaneous costs, decrease in vehicle unit sales and changes in sales mix and the unfavorable impact of fluctuations in foreign currency rates. Toyota expects that income before income taxes and equity in earnings of affiliated companies and net income attributable to Toyota Motor Corporation will decrease in fiscal 2015 due to foreign exchange gains and losses and other factors.

For the purposes of this outlook discussion, Toyota is assuming an average exchange rate of ¥100 to the U.S. dollar and ¥140 to the euro. 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 in Toyota's annual report on Form 20-F.

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".



President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



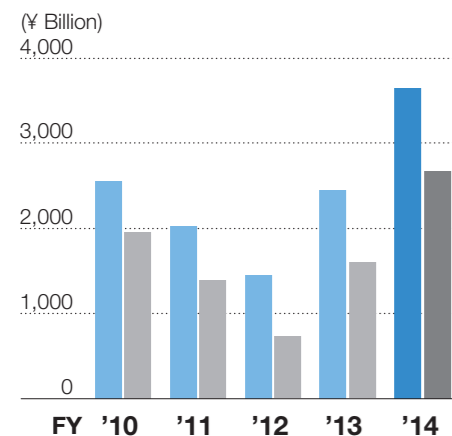
● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [12 of 14]** ● Consolidated Financial Statements

## Liquidity and Capital Resources

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

### Net Cash Provided by Operating Activities and Free Cash Flow\*

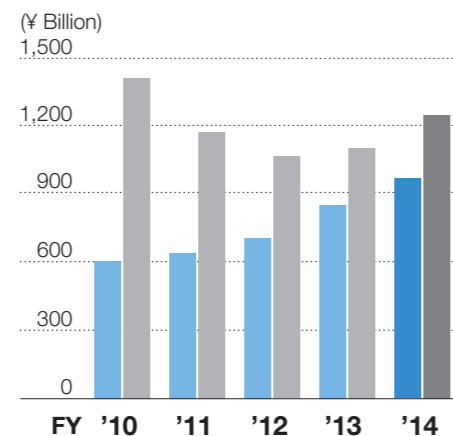
■ Net cash provided by operating activities  
■ Free cash flow



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

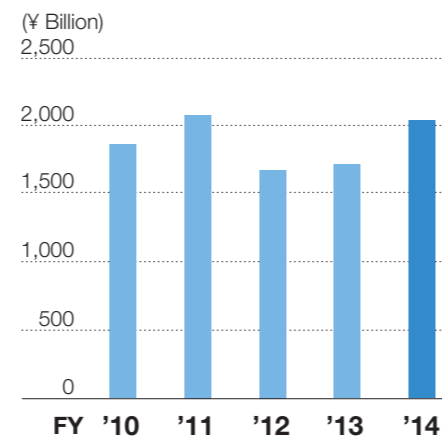
### Capital Expenditures for Property, Plant and Equipment\* and Depreciation

■ Capital expenditures ■ Depreciation



\* Excluding vehicles and equipment on operating leases

### Cash and Cash Equivalents at End of Year



In fiscal 2015, 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" in Toyota's annual report on Form-20F for information regarding Toyota's material capital expenditures and divestitures for fiscal 2012, 2013

and 2014, and information concerning Toyota's principal capital expenditures and divestitures currently in progress.

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

Net cash provided by operating activities increased by ¥1,194.7 billion to ¥3,646.0 billion for

fiscal 2014, compared with ¥2,451.3 billion for fiscal 2013. The increase was primarily attributable to the ¥971.2 billion increase in operating income. This increase in operating income was due mainly to the ¥900.0 billion favorable impact of changes in exchange rates, the ¥290.0 billion impact of cost reduction efforts and the ¥180.0 billion impact of marketing efforts, partially offset by the ¥480.0 billion increase in miscellaneous costs and others.

Results of operations are recorded on an accrual basis and are therefore different from cash provided or used in operating activities. Other than operating income, the increase of net cash provided by operating activities was primarily attributable to the ¥438.5 billion increase in "accrued income taxes" resulting from the increase in income before income taxes and equity in earnings of affiliated companies, compared with an increase of ¥22.1 billion for fiscal 2013 resulting from the increase in operating income that was partially offset by the usage of operating loss carryforwards. The increases in "operating income" and "accrued income taxes" in fiscal 2014 were partially offset by the ¥160.0 billion in "deferred income taxes" for fiscal 2013 mainly due to the usage of operating loss carryforwards.

Net cash used in investing activities increased by ¥1,308.9 billion to ¥4,336.2 billion for fiscal 2014, compared with ¥3,027.3 billion for fiscal 2013. The increase was primarily attributable to the ¥675.6 billion increase in purchases of marketable securities and security investments and to the ¥589.0 billion increase in purchases of equipment leased to others.

Net cash provided by financing activities increased by ¥442.2 billion to ¥919.4 billion for fiscal 2014, compared with ¥477.2 billion for fiscal 2013. The increase was primarily attributable to the ¥699.0 billion increase in proceeds from issuance of long-term debt, partially offset by the ¥306.7 billion increase in payments of long-term debt.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were ¥970.0 billion during fiscal 2014, an increase of 13.5% from the ¥854.5 billion in total capital expenditures during the prior fiscal year. This increase was due primarily to an increase in investments in Japan and Asia.

Total capital expenditures for vehicles and equipment on operating leases were ¥1,708.6 billion during fiscal 2014, an increase of 52.6% from the ¥1,119.5 billion in total capital expenditures during the prior fiscal year. This increase was due primarily to 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 ¥1,020.0 billion during fiscal 2015.

Based on currently 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 2015.

However, uncertainty exists with respect to Toyota's obligations under current and future environment regulations as described in "Information on





President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

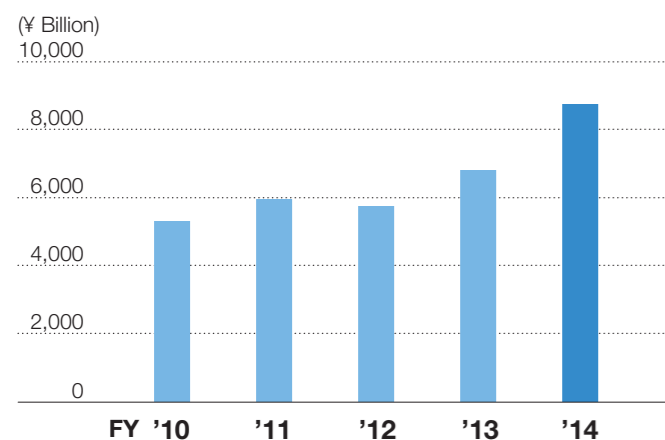
Investor Information



Selected Financial Summary (U.S. GAAP) Consolidated Segment Information Consolidated Quarterly Financial Summary **Management's Discussion and Analysis of Financial Condition and Results of Operations [13 of 14]** Consolidated Financial Statements

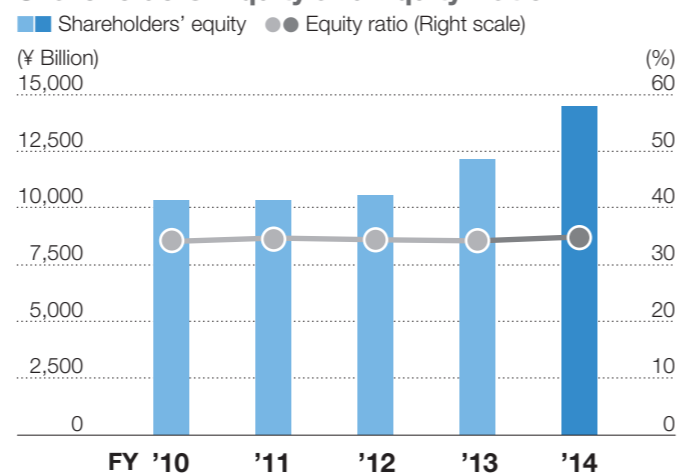
## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Liquid Assets\*



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

### Shareholders' Equity and Equity Ratio



the Company — Business Overview — Governmental Regulation, Environmental and Safety Standards” in Toyota's annual report on Form 20-F.

Cash and cash equivalents were ¥2,041.1 billion as of March 31, 2014. Most of Toyota's cash and cash equivalents are held in Japanese yen or in U.S. dollars. In addition, time deposits were ¥180.2 billion and marketable securities were ¥2,046.8 billion as of March 31, 2014.

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 2014 by ¥1,954.5 billion, or 28.7%, to ¥8,759.0 billion.

Trade accounts and notes receivable, less allowance for doubtful accounts increased during fiscal 2014 by ¥64.5 billion, or 3.3%, to ¥2,036.2 billion. This increase was due mainly to the fluctuations in

foreign currency translation rates.

Inventories increased during fiscal 2014 by ¥178.9 billion, or 10.4%, to ¥1,894.7 billion. This increase was due mainly to the fluctuations in foreign currency translation rates.

Total finance receivables, net increased during fiscal 2014 by ¥1,669.8 billion, or 13.8%, to ¥13,731.2 billion. This increase was due mainly to the fluctuations in foreign currency translation rates and an increase in the number of financing contracts. As of March 31, 2014, finance receivables were geographically distributed as follows: in North America 57.1%, in Asia 11.4%, in Europe 10.8%, in Japan 8.9% and in Other 11.8%.

Marketable securities and other securities investments, including those included in current assets, increased during fiscal 2014 by ¥2,189.6 billion, or 33.1%, reflecting an increase in the fair values of

common stocks and purchase of marketable securities and security investments.

Property, plant and equipment increased during fiscal 2014 by ¥790.0 billion, or 11.5%, primarily reflecting fluctuations in foreign currency translation rates and the increase in the capital expenditures, partially offset by the impacts of depreciation charges during the year.

Accounts and notes payable increased during fiscal 2014 by ¥99.4 billion, or 4.7%. This increase was due mainly to the increase in production volume in the fourth quarter of fiscal 2014.

Accrued expenses increased during fiscal 2014 by ¥127.6 billion, or 5.8%. This increase was due mainly to the increase in product quality related expenses.

Income taxes payable increased during fiscal 2014 by ¥438.5 billion, or 280.7%. This increase was due mainly to the increase in income before income taxes and equity in earnings of affiliated companies.

Toyota's total borrowings increased during fiscal 2014 by ¥2,195.6 billion, or 15.5%. Toyota's short-term borrowings consist of loans with a weighted-average interest rate of 2.57% and commercial paper with a weighted-average interest rate of 0.49%. Short-term borrowings increased during fiscal 2014 by ¥741.2 billion, or 18.1%, to ¥4,830.8 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

41.79%, and maturity dates ranging from 2014 to 2047. The current portion of long-term debt increased during fiscal 2014 by ¥245.2 billion, or 9.1%, to ¥2,949.6 billion and the non-current portion increased by ¥1,209.0 billion, or 16.5%, to ¥8,546.9 billion. The increase in total borrowings resulted mainly from an increase in medium-term notes. As of March 31, 2014, approximately 43% of long-term debt was denominated in U.S. dollars, 14% in Japanese yen, 11% in Australian dollars, and 32% 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, 2014, Toyota's total interest bearing debt was 112.8% of Toyota Motor Corporation shareholders' equity, compared with 116.3% as of March 31, 2013.

The following table provides information for credit rating of Toyota's short-term borrowing and long-term debt from rating agencies, Standard & Poor's Ratings Group (S&P), Moody's Investors Services (Moody's), and Rating and Investment Information, Inc. (R&I), as of May 31, 2014. 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.

	S&P	Moody's	R&I
Short-term borrowing	A-1+	P-1	—
Long-term debt	AA-	Aa3	AA+



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● **Management's Discussion and Analysis of Financial Condition and Results of Operations [14 of 14]** ● Consolidated Financial Statements

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

Toyota's unfunded pension liabilities of Japanese plans decreased during fiscal 2014 by ¥91.0 billion, or 18.1%, to ¥413.0 billion. The liabilities of foreign plans also decreased during fiscal 2014 by ¥29.3 billion, or 19.0%, to ¥124.6 billion. 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 decrease in unfunded pension liabilities of the Japanese plans as of the end of fiscal 2014 compared with the prior fiscal year end reflects mainly an increase in pension assets due to an increase in equity security prices, despite an increase in pension benefit obligations that resulted from a decline in discount rate. The decrease in unfunded pension liabilities of foreign plans also reflects the increase in pension assets resulting mainly from an increase in equity security prices. See note 19 to the consolidated financial statements in Toyota's annual report on Form 20-F.

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 are subject to

short-term fluctuations. Toyota believes that it maintains sufficient liquidity for its present requirements and that by maintaining its high credit ratings, it will continue to be able to access funds from external sources in large amounts and at relatively low costs. Toyota's ability to maintain its high credit ratings is subject to a number of factors, some of which are not within Toyota's control. These factors include general economic conditions in Japan and the other major markets in which Toyota does business, as well as Toyota's successful implementation of its business strategy.





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements [1 of 5]

## Consolidated Balance Sheets

Toyota Motor Corporation  
March 31, 2013 and 2014

ASSETS	Yen in millions	
	2013	2014
<b>Current assets</b>		
Cash and cash equivalents	1,718,297	<b>2,041,170</b>
Time deposits	106,700	<b>180,207</b>
Marketable securities	1,445,663	<b>2,046,877</b>
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥15,875 million in 2013 and ¥18,780 million in 2014	1,971,659	<b>2,036,232</b>
Finance receivables, net	5,117,660	<b>5,628,934</b>
Other receivables	432,693	<b>351,182</b>
Inventories	1,715,786	<b>1,894,704</b>
Deferred income taxes	749,398	<b>866,386</b>
Prepaid expenses and other current assets	527,034	<b>672,014</b>
Total current assets	13,784,890	<b>15,717,706</b>
<b>Noncurrent finance receivables, net</b>	6,943,766	<b>8,102,294</b>
<b>Investments and other assets</b>		
Marketable securities and other securities investments	5,176,582	<b>6,765,043</b>
Affiliated companies	2,103,283	<b>2,429,778</b>
Employees receivables	53,741	<b>44,966</b>
Other	569,816	<b>736,388</b>
Total investments and other assets	7,903,422	<b>9,976,175</b>
<b>Property, plant and equipment</b>		
Land	1,303,611	<b>1,314,040</b>
Buildings	3,874,279	<b>4,073,335</b>
Machinery and equipment	9,716,180	<b>10,381,285</b>
Vehicles and equipment on operating leases	3,038,011	<b>3,709,560</b>
Construction in progress	291,539	<b>286,571</b>
Total property, plant and equipment, at cost	18,223,620	<b>19,764,791</b>
Less—Accumulated depreciation	(11,372,381)	<b>(12,123,493)</b>
Total property, plant and equipment, net	6,851,239	<b>7,641,298</b>
<b>Total assets</b>	35,483,317	<b>41,437,473</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions	
	2013	2014
<b>Current liabilities</b>		
Short-term borrowings	4,089,528	<b>4,830,820</b>
Current portion of long-term debt	2,704,428	<b>2,949,663</b>
Accounts payable	2,113,778	<b>2,213,218</b>
Other payables	721,065	<b>845,426</b>
Accrued expenses	2,185,537	<b>2,313,160</b>
Income taxes payable	156,266	<b>594,829</b>
Other current liabilities	941,918	<b>933,569</b>
Total current liabilities	12,912,520	<b>14,680,685</b>
<b>Long-term liabilities</b>		
Long-term debt	7,337,824	<b>8,546,910</b>
Accrued pension and severance costs	766,112	<b>767,618</b>
Deferred income taxes	1,385,927	<b>1,811,846</b>
Other long-term liabilities	308,078	<b>411,427</b>
Total long-term liabilities	9,797,941	<b>11,537,801</b>
<b>Shareholders' equity</b>		
Toyota Motor Corporation shareholders' equity		
Common stock, no par value, authorized: 10,000,000,000 shares in 2013 and 2014; issued: 3,447,997,492 shares in 2013 and 2014	397,050	<b>397,050</b>
Additional paid-in capital	551,040	<b>551,308</b>
Retained earnings	12,689,206	<b>14,116,295</b>
Accumulated other comprehensive income (loss)	(356,123)	<b>528,161</b>
Treasury stock, at cost, 280,568,824 shares in 2013 and 278,231,473 shares in 2014	(1,133,138)	<b>(1,123,666)</b>
Total Toyota Motor Corporation shareholders' equity	12,148,035	<b>14,469,148</b>
<b>Noncontrolling interests</b>	624,821	<b>749,839</b>
<b>Total shareholders' equity</b>	12,772,856	<b>15,218,987</b>
<b>Commitments and contingencies</b>		
<b>Total liabilities and shareholders' equity</b>	35,483,317	<b>41,437,473</b>



Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements [2 of 5]

## Consolidated Statements of Income

Toyota Motor Corporation  
For the years ended March 31, 2012, 2013 and 2014

	Yen in millions		
	2012	2013	2014
<b>Net revenues</b>			
Sales of products	17,511,916	20,914,150	<b>24,312,644</b>
Financing operations	1,071,737	1,150,042	<b>1,379,267</b>
Total net revenues	18,583,653	22,064,192	<b>25,691,911</b>
<b>Costs and expenses</b>			
Cost of products sold	15,795,918	18,010,569	<b>19,988,245</b>
Cost of financing operations	592,646	630,426	<b>812,894</b>
Selling, general and administrative	1,839,462	2,102,309	<b>2,598,660</b>
Total costs and expenses	18,228,026	20,743,304	<b>23,399,799</b>
<b>Operating income</b>	355,627	1,320,888	<b>2,292,112</b>
<b>Other income (expense)</b>			
Interest and dividend income	99,865	98,673	<b>115,410</b>
Interest expense	(22,922)	(22,967)	<b>(19,630)</b>
Foreign exchange gain, net	37,105	5,551	<b>50,260</b>
Other income (loss), net	(36,802)	1,504	<b>2,928</b>
Total other income (expense)	77,246	82,761	<b>148,968</b>
<b>Income before income taxes and equity in earnings of affiliated companies</b>	432,873	1,403,649	<b>2,441,080</b>
<b>Provision for income taxes</b>	262,272	551,686	<b>767,808</b>
<b>Equity in earnings of affiliated companies</b>	197,701	231,519	<b>318,376</b>
<b>Net income</b>	368,302	1,083,482	<b>1,991,648</b>
<b>Less: Net income attributable to noncontrolling interests</b>	(84,743)	(121,319)	<b>(168,529)</b>
<b>Net income attributable to Toyota Motor Corporation</b>	283,559	962,163	<b>1,823,119</b>
		Yen	
<b>Net income attributable to Toyota Motor Corporation per share</b>			
— Basic	90.21	303.82	<b>575.30</b>
— Diluted	90.20	303.78	<b>574.92</b>
<b>Cash dividends per share</b>	50.00	90.00	<b>165.00</b>





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements [3 of 5]

## Consolidated Statements of Comprehensive Income

Toyota Motor Corporation

For the years ended March 31, 2012, 2013 and 2014

	Yen in millions		
	2012	2013	2014
<b>Net income</b>	368,302	1,083,482	<b>1,991,648</b>
<b>Other comprehensive income (loss), net of tax</b>			
Foreign currency translation adjustments	(93,292)	461,754	<b>301,889</b>
Unrealized gains (losses) on securities	131,794	374,209	<b>499,560</b>
Pension liability adjustments	(65,110)	14,711	<b>99,404</b>
Total other comprehensive income (loss)	(26,608)	850,674	<b>900,853</b>
<b>Comprehensive income</b>	341,694	1,934,156	<b>2,892,501</b>
Less: Comprehensive income attributable to noncontrolling interests	(85,744)	(149,283)	<b>(185,098)</b>
<b>Comprehensive income attributable to Toyota Motor Corporation</b>	255,950	1,784,873	<b>2,707,403</b>



Print



Search



Contents



President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements [4 of 5]

## Consolidated Statements of Shareholders' Equity

Toyota Motor Corporation

For the years ended March 31, 2012, 2013 and 2014

	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 interests	Total shareholders' equity
<b>Balances at March 31, 2011</b>	397,050	505,760	11,835,665	(1,144,721)	(1,261,383)	10,332,371	587,653	10,920,024
Equity transaction with noncontrolling interests and other		43,311	(45,365)	(6,503)	125,819	117,262	(119,824)	(2,562)
Issuance during the year		1,483				1,483		1,483
Comprehensive income								
Net income			283,559			283,559	84,743	368,302
Other comprehensive income (loss)								
Foreign currency translation adjustments				(87,729)		(87,729)	(5,563)	(93,292)
Unrealized gains (losses) on securities				129,328		129,328	2,466	131,794
Pension liability adjustments				(69,208)		(69,208)	4,098	(65,110)
Total comprehensive income						255,950	85,744	341,694
Dividends paid to Toyota Motor Corporation shareholders			(156,785)			(156,785)		(156,785)
Dividends paid to noncontrolling interests							(37,356)	(37,356)
Repurchase and reissuance of treasury stock		96			(116)	(20)		(20)
<b>Balances at March 31, 2012</b>	397,050	550,650	11,917,074	(1,178,833)	(1,135,680)	10,550,261	516,217	11,066,478
Equity transaction with noncontrolling interests and other		675				675	4,961	5,636
Issuance during the year								
Comprehensive income								
Net income			962,163			962,163	121,319	1,083,482
Other comprehensive income (loss)								
Foreign currency translation adjustments				434,638		434,638	27,116	461,754
Unrealized gains (losses) on securities				368,507		368,507	5,702	374,209
Pension liability adjustments				19,565		19,565	(4,854)	14,711
Total comprehensive income						1,784,873	149,283	1,934,156
Dividends paid to Toyota Motor Corporation shareholders			(190,008)			(190,008)		(190,008)
Dividends paid to noncontrolling interests							(45,640)	(45,640)
Repurchase and reissuance of treasury stock		(285)	(23)		2,542	2,234		2,234
<b>Balances at March 31, 2013</b>	397,050	551,040	12,689,206	(356,123)	(1,133,138)	12,148,035	624,821	12,772,856
Equity transaction with noncontrolling interests and other		<b>528</b>				<b>528</b>	<b>2,985</b>	<b>3,513</b>
Issuance during the year								
Comprehensive income								
Net income			<b>1,823,119</b>			<b>1,823,119</b>	<b>168,529</b>	<b>1,991,648</b>
Other comprehensive income (loss)								
Foreign currency translation adjustments				<b>296,942</b>		<b>296,942</b>	<b>4,947</b>	<b>301,889</b>
Unrealized gains (losses) on securities				<b>493,750</b>		<b>493,750</b>	<b>5,810</b>	<b>499,560</b>
Pension liability adjustments				<b>93,592</b>		<b>93,592</b>	<b>5,812</b>	<b>99,404</b>
Total comprehensive income						<b>2,707,403</b>	<b>185,098</b>	<b>2,892,501</b>
Dividends paid to Toyota Motor Corporation shareholders			(396,030)			(396,030)		(396,030)
Dividends paid to noncontrolling interests							(63,065)	(63,065)
Repurchase and reissuance of treasury stock		(260)			9,472	9,212		9,212
<b>Balances at March 31, 2013</b>	<b>397,050</b>	<b>551,308</b>	<b>14,116,295</b>	<b>528,161</b>	<b>(1,123,666)</b>	<b>14,469,148</b>	<b>749,839</b>	<b>15,218,987</b>





Print



Search



Contents



Prev

President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



Next

● Selected Financial Summary (U.S. GAAP) ● Consolidated Segment Information ● Consolidated Quarterly Financial Summary ● Management's Discussion and Analysis of Financial Condition and Results of Operations ● Consolidated Financial Statements [5 of 6]

## Consolidated Statements of Cash Flows

Toyota Motor Corporation

For the years ended March 31, 2012, 2013 and 2014

	Yen in millions		
	2012	2013	2014
<b>Cash flows from operating activities</b>			
Net income	368,302	1,083,482	<b>1,991,648</b>
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	1,067,830	1,105,109	<b>1,250,853</b>
Provision for doubtful accounts and credit losses	9,623	27,367	<b>49,718</b>
Pension and severance costs, less payments	16,711	(20,429)	<b>20,654</b>
Losses on disposal of fixed assets	33,528	32,221	<b>28,657</b>
Unrealized losses on available-for-sale securities, net	53,831	2,104	<b>6,197</b>
Deferred income taxes	6,395	160,008	<b>(56,279)</b>
Equity in earnings of affiliated companies	(197,701)	(231,519)	<b>(318,376)</b>
Changes in operating assets and liabilities, and other			
Increase in accounts and notes receivable	(585,464)	(168,260)	<b>(121,926)</b>
(Increase) decrease in inventories	(344,923)	50,483	<b>(110,819)</b>
Increase in other current assets	(180,529)	(47,033)	<b>(77,645)</b>
Increase (decrease) in accounts payable	756,363	(209,284)	<b>65,312</b>
Increase in accrued income taxes	20,943	22,127	<b>438,527</b>
Increase in other current liabilities	316,366	280,083	<b>277,659</b>
Other	111,160	364,857	<b>201,855</b>
Net cash provided by operating activities	1,452,435	2,451,316	<b>3,646,035</b>

	Yen in millions		
	2012	2013	2014
<b>Cash flows from investing activities</b>			
Additions to finance receivables	(8,333,248)	(10,004,928)	<b>(11,953,064)</b>
Collection of finance receivables	8,007,711	9,063,011	<b>10,990,546</b>
Proceeds from sales of finance receivables	53,999	39,845	<b>34,807</b>
Additions to fixed assets excluding equipment leased to others	(723,537)	(854,561)	<b>(970,021)</b>
Additions to equipment leased to others	(808,545)	(1,119,591)	<b>(1,708,670)</b>
Proceeds from sales of fixed assets excluding equipment leased to others	36,633	39,191	<b>39,191</b>
Proceeds from sales of equipment leased to others	431,313	533,441	<b>744,339</b>
Purchases of marketable securities and security investments	(3,173,634)	(3,412,423)	<b>(4,738,278)</b>
Proceeds from sales of marketable securities and security investments	162,160	35,178	<b>538,894</b>
Proceeds upon maturity of marketable securities and security investments	2,694,665	2,633,913	<b>2,780,433</b>
Payment for additional investments in affiliated companies, net of cash acquired	(147)	16,216	<b>6,603</b>
Changes in investments and other assets, and other	209,972	3,396	<b>(101,028)</b>
Net cash used in investing activities	(1,442,658)	(3,027,312)	<b>(4,336,248)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of long-term debt	2,394,807	3,191,223	<b>3,890,310</b>
Payments of long-term debt	(2,867,572)	(2,682,136)	<b>(2,988,923)</b>
Increase in short-term borrowings	311,651	201,261	<b>467,976</b>
Dividends paid to Toyota Motor Corporation shareholders	(156,785)	(190,008)	<b>(396,030)</b>
Dividends paid to noncontrolling interests	(37,356)	(45,640)	<b>(63,065)</b>
Reissuance (repurchase) of treasury stock	(92)	2,542	<b>9,212</b>
Net cash provided by (used in) financing activities	(355,347)	477,242	<b>919,480</b>
Effect of exchange rate changes on cash and cash equivalents	(55,939)	137,851	<b>93,606</b>
Net increase (decrease) in cash and cash equivalents	(401,509)	39,097	<b>322,873</b>
Cash and cash equivalents at beginning of year	2,080,709	1,679,200	<b>1,718,297</b>
Cash and cash equivalents at end of year	1,679,200	1,718,297	<b>2,041,170</b>



## 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, comprehensive 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, 2013 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2014 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, 2014, based on criteria established in Internal Control - Integrated Framework (1992) 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 Awarata*

Nagoya, Japan  
June 24, 2014





Print



Search



Contents



President's Message

Overview of  
Four Business Units

Special Feature

Consolidated Performance  
Highlights

Review of Operations

Management and  
Corporate Information

Financial Section

Investor Information



## Investor Information (As of March 31, 2014)

### 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] 509

[Affiliates Accounted for by the Equity Method] 56

**Number of Employees:**

68,240 (Consolidated: 338,875)

**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:** 278,231,473 shares**Number of Shareholders:** 613,648**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**Depository 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  
[Depository Receipts] <http://www.adrbnymellon.com>  
[Transfer Agent] <http://www.bnymellon.com/shareowner>

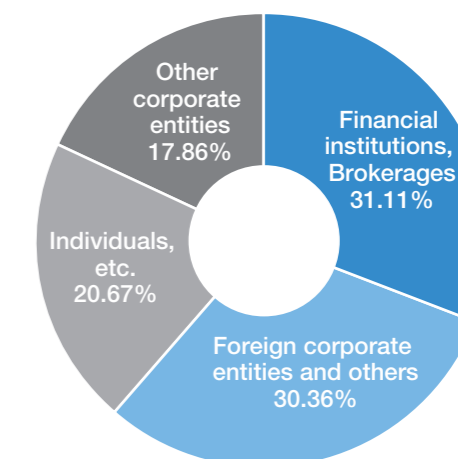
### Contact Points for Investors

**Japan** Toyota City Head Office 1, Toyota-cho, Toyota City, Aichi Prefecture 471-8571, Japan  
Tel: (0565)28-2121 Fax: (0565)23-5721Tokyo Head Office 4-18, Koraku 1-chome, Bunkyo-ku  
Tokyo 112-8701, Japan  
Tel: (03)3817-7111 Fax: (03)3817-9092**U.S.A.** Toyota Motor North America, Inc. 601 Lexington Avenue, 49th Floor, New York, NY 10022, U.S.A.  
Tel: (212)223-0303 Fax: (212)759-7670**U.K.** Toyota Motor Europe NV/SA Curzon Square, 25 Park Lane, London W1K 1RA, U.K.  
Tel: (207)290-8513 Fax: (207)290-8502

### Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)
Japan Trustee Services Bank, Ltd.	331,408
Toyota Industries Corporation	223,515
The Master Trust Bank of Japan, Ltd.	181,754
State Street Bank and Trust Company (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	128,118
Nippon Life Insurance Company	122,323
The Bank of New York Mellon as Depository Bank for Depository Receipt Holders	83,412
Trust & Custody Services Bank, Ltd.	70,824
DENSO CORPORATION	69,533
Mitsui Sumitomo Insurance Company, Limited	66,063
State Street Bank and Trust Company (Standing proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	55,260

### Ownership Breakdown



Note: Individuals, etc. include shares of 278 million treasury stock.

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

