TOYOTA MOTOR CORPORATION

Annual Report 2009

The Right Way Forward

Year ended March 31, 2009

Contents

Cautionary Statement with Respect to Forward-Looking Statements

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

A discussion of these and other factors which may affect Toyota's actual results, performance, achievements or financial position is contained in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

Redesigned Prius (May 2009)

Chairman's Message

Chairman's Message

"*Returning to the roots of the* monozukuri *philosophy*
that have nurtured Toyota since its founding,
we are striving to create a new automotive paradigm
—one that contributes to a bountiful society
as it helps preserve the Earth's environment."

Fujio Cho, Chairman

The unprecedented global economic crisis significantly impacted our bottom line in fiscal 2009, ended March 31, 2009, resulting in an operating loss for only the second time in the Company's history. I sincerely regret the concern this has caused stakeholders—our shareholders and investors, customers, business partners, and members of the local communities in which we operate. I assure you that the speedy restoration of Toyota's business vitality—and the laying of strong foundations for future growth—are our top management priorities.

Today, the automobile industry is facing its toughest challenges ever. But as an industry that affects society on a global scale, we have an exceptionally important role to play. Our first responsibility, of course, is to provide customers around the world with the attractive and appealing cars they truly want. To help us fulfill that responsibility while protecting the global environment, we have greatly accelerated our development of hybrid vehicles and other environmentally friendly technologies.

Toyota is rooted in local communities worldwide, and we will continue to do our utmost to contribute to society, economic growth, and environmental protection in the countries in which we operate. To that end, we are trying to provide jobs and develop human resources through education and training programs, and have returned to the *genchi genbutsu* (on-site, hands-on experience) roots of Toyota's *monozukuri* philosophy—an all-encompassing approach to manufacturing that results in added value for all stakeholders.

In June 2009, we introduced a new management team with a strong focus on on-site operational management. As we continue to dedicate ourselves to the creation of better automobiles, we are also strengthening our Groupwide efficiency and human resources development efforts.

In closing, I would like to ask for the continued support of our shareholders and investors in the days ahead. With your help—and the bold, resolute action of our committed management team—I am confident that we can restore Toyota to stable growth and continue to increase our corporate value for decades to come.

July 2009

Fujio Cho, Chairman

President's Message

President's Message

*"Close to the customer,
and with a strong commitment to the* genba**,
we will continue our quest to make better cars."*

Akio Toyoda, President

Having been appointed president of Toyota Motor Corporation at the Ordinary General Shareholders' Meeting held on June 23, 2009, I would like to begin by expressing heartfelt thanks for the warm, ongoing support of our stakeholders worldwide.

Today, the state of the global economy continues to have a devastating effect, not just on automobile manufacturers, but also on parts suppliers and other smaller companies across the entire automobile industry. At Toyota, both vehicle sales and production have fallen sharply, severely impacting business results in fiscal 2009, ended March 31, 2009.

As our new management team sets sail under these stormy economic conditions, we feel a deep sense of responsibility to our shareholders and investors.

Since Toyota's founding, we have always made it our pledge to "make better cars and contribute to society." To fulfill this pledge, we have put the customer first, practiced *genchi genbutsu* (on-site, hands-on experience), and dedicated ourselves to providing high-quality vehicles at an affordable price. I believe it is these fundamental elements of Toyota's DNA, passed down over seven decades since our founding, that will enable us to overcome the challenges we currently face.

To help us achieve our goals, we are implementing a stronger product-oriented management model focused on making better cars. We have also taken a fresh look at what it means to be an automobile manufacturer, and are redoubling our commitment to the Customer First and *genchi genbutsu* philosophies that are an integral part of Toyota's corporate heritage. More specifically, we are reviewing every aspect of our business from the customer's point of view—including technological development, manufacturing, sales, and service—so that we can develop new products, reduce costs and continue to offer customers the cars they truly want at a price they can realistically afford. In addition, our renewed emphasis on the *genba* enables us to better anticipate, as well as respond to, the needs of customers and society.

* The place of engagement; on the front lines

In order to fully realize product-oriented management, we are also placing greater emphasis on market needs. Based on our Customer First philosophy, we are developing a clear regional vision that defines the best way to serve customers and society in each area of the globe. Our new management structure reflects this emphasis with five regional executive vice presidents that are rich with on-site experience who will provide the hands-on stewardship needed to respond promptly to changing circumstances around the world.

I personally believe that cars should not just be a means of transportation, but also a vital part of society, today and in the future. I also believe that they should bring excitement and joy to the lives of the people who drive them. To help realize this dream, we are putting even greater emphasis on the development of environmentally friendly technologies, and are working on breakthrough technologies that will make driving even more fun and exciting in the future.

No matter what the business environment, Toyota will never slow the pace of technological development that drives its future growth, or of the productivity improvements that keep it competitive. For a company to grow, its employees must grow, and we will continue to strengthen our *genba* to improve technologies and skills at every level of the organization. By doing so, we will not only become more competitive, but I believe we can also lay the foundations of a strong, new Toyota that will lead the global automobile industry forward into the future. Amid the current severe management environment, we have a deep sense of gratitude for the support of our customers, business partners, and other stakeholders. I and every other member of the Toyota family remain committed to rebuilding a strong, vibrant company, dedicated to serving its customers and society.

July 2009

Akio Toyoda, President

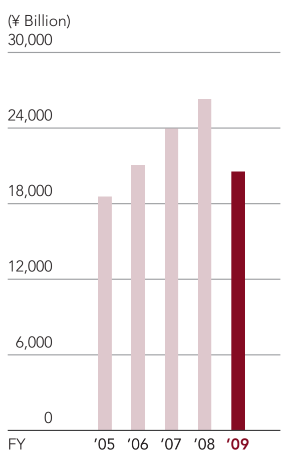
Message from the Executive Vice President

Message from the Executive Vice President Responsible for Accounting*

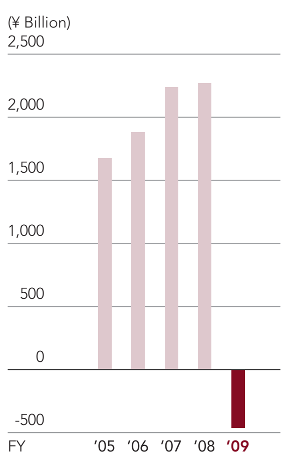
"We are aiming for a quick recovery in sales and earnings by accurately responding to structural shifts in demand with profit improvement initiatives."

Yoichiro Ichimaru, Executive Vice President

Net Revenues



Operating Income (Loss)



Fiscal 2009 Business Results

Fiscal 2009, ended March 31, 2009, was an extremely difficult period for Toyota. On a consolidated basis, vehicles sales were down 1,346,000 units, to 7,567,000 units, and net revenues declined 21.9%, to ¥20,529.5 billion. We recorded an operating loss of ¥461.0 billion, a decrease of ¥2,731.3 billion from operating income in fiscal 2008, and a net loss of ¥437.0 billion, a decrease of ¥2,154.8 billion from net income in fiscal 2008.

Factors contributing to the decline in operating income were the effects of marketing efforts of ¥1,480.0 billion, the effects of foreign exchange rates of ¥760.0 billion, and increases in expenses of ¥491.3 billion. Vehicle sales worldwide were strongly damaged by a substantial contraction of the automotive market, particularly in Europe and North America, caused by the rapid deterioration of the world economy following the onset of the financial crisis last autumn. In addition, changes in the market structure, including a marked shift toward small vehicles and low-priced vehicles, also greatly impacted sales. With regard to foreign exchange rates, the rapid appreciation of the Japanese yen against the U.S. dollar and the euro reduced the profitability of exports. Increases in expenses, such as valuation losses from interest rate swaps, depreciation expenses, and capital expenditures, also contributed to the decline in earnings. Though we had been promoting cost reduction efforts to address the situations described above, the benefits of these efforts were unfortunately offset by the sharp rise in prices of raw materials.

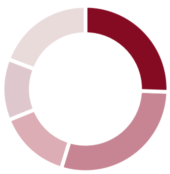
In response to such a severe business environment, we set up the Emergency Profit Improvement Committee in November 2008 to improve our earnings for fiscal 2009 and fiscal 2010. During fiscal 2009, we acted swiftly to deliver as many vehicles as possible to our customers by strengthening products, including the introduction of new special edition models that adapt to the needs of each regional market, and by expanding the destinations of our exports to include smaller countries. We enforced further cost reduction efforts for each vehicle already being sold. We also continued usual cost reduction efforts and reduced inventory by adjusting vehicle production and suspending, postponing, and downsizing projects for new plants. Additionally, with the reduction of labor costs, and general and administrative expenses, we managed to generate an earnings improvement of approximately ¥130.0 billion.

Consolidated Results Outlook for Fiscal 2010

For fiscal 2010, ending March 31, 2010, we are forecasting vehicle sales of 6.5 million units, net revenues of ¥16,500.0 billion, operating loss of ¥850.0 billion, and net loss of ¥550.0 billion on a consolidated basis. This forecast assumes average exchange rates through the fiscal year of ¥95 per US$1 and ¥125 per €1.

* Responsibilities include accounting-related operational areas (see Toyota Management Team on page 7)

Vehicle Sales by Region
FY2009



Japan	25.7%
North America	29.2%
Europe	14.0%
Asia	12.0%
Others	19.1%

Our forecast assumes that market conditions will remain extremely challenging. Factors contributing to the decrease in operating income prospects are ¥800.0 billion from a decrease in vehicle unit sales and changes in the sales volume and mix, and ¥450.0 billion from the assumed exchange rate of a stronger Japanese yen. Meanwhile, we will take our emergency profit improvement initiatives to an even higher level in fiscal 2010, and are anticipating an enormous contribution of ¥800.0 billion due to cost reduction efforts and decreases in fixed costs.

We aim to achieve cost reductions of ¥340.0 billion by expanding target models for cost reduction activities, increasing cost reductions at manufacturing plants, and introducing cost reduction activities at the design stage.

With regard to the decrease of fixed costs, we anticipate a total reduction of ¥460.0 billion. We aim to improve the efficiency of our capital expenditures by either postponing or freezing projects involving properties and buildings and by maximizing the use of unemployed and idle facilities. We aim to reduce labor costs significantly as well by combining employment security and labor cost efficiency through such measures as implementation of work sharing at overseas operations. And we aim at significant reduction of general and administrative expenses and sales expenses.

We view this cost reduction of ¥800.0 billion as merely the starting point and aim to improve more efficiency to make greater progress in improving earnings.

In addition to such measures for cost reduction, we continue to deliver as many vehicles as possible that are desired by customers. Recently, to encourage the purchasing of eco-friendly vehicles, favorable government policies—such as scrapping incentives—have been launched in North America, Europe, and Japan. We have an extensive lineup of eco-friendly vehicles, such as hybrid vehicles, and aim to increase production and sales utilizing these government policies.

Financial Strategy

1
Growth
Sustainable growth through continuous forward-looking investments

2
Efficiency
Improving profitability and capital efficiency

3
Stability
Maintaining a solid financial base

Balanced implementation of 1.–3. over the medium-to-long term

Sustainable growth

Financial Strategy

The three key components of Toyota's financial strategy are growth, efficiency, and stability. We believe that the balanced pursuit of these three priorities over the medium-to-long term will allow us to achieve steady and sustainable growth as well as increase corporate value.

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

We believe that automotive markets worldwide will grow further in view of medium-to-long term perspective. As they grow, we expect that the center of market growth will shift toward fuel-efficient vehicles, such as hybrid vehicles and compact vehicles, in terms of products, and towards resource-rich and emerging countries in terms of regions. We plan to invest actively in these areas in order to respond to structural shifts in demand and to ensure long-term sustainable growth. Concurrently, we plan to accelerate our measures to provide high-quality, affordable, and attractive products that meet customers' needs in each country and region and to further the early commercialization of next-generation technologies in the areas of the environment, energy, and safety.

2. Efficiency: Improving profitability and capital efficiency

As we expect customer demand for hybrid vehicles and compact vehicles to increase in the future, we aim to provide high-quality vehicles at an affordable price and to improve profitability by accreting our measures for more cost reductions. And we also create a structure for efficient development, production, and sales that can flexibly respond to changes in the external environment. With regard to capital expenditures, we plan to improve capital efficiency by maximizing the use of unemployed and idle facilities. Through these initiatives, we aim to generate positive free cash flows in every fiscal year.

3. Stability: Maintaining a solid financial base

We preserve a solid financial base by ensuring sufficient liquidity and stable shareholders' equity. At the end of fiscal 2009, liquid assets* were approximately ¥3,300.0 billion, while shareholders' equity amounted to ¥10,000.0 billion. Our sound financial position enables us to maintain the levels of capital expenditures and investment in research and development even under such conditions as rises in prices of raw materials and drastic changes in foreign exchange rates. And keeping the high credit ratings enables us to enjoy low-cost and stable funding even during the current credit crunch. In view of anticipated medium-to-long term growth in automotive markets worldwide, we believe that maintaining adequate liquidity is essential for the implementation of forward-looking investment to improve products and develop next-generation technologies, as well as to establish a structure for production and sales in both the domestic and overseas markets.

* Excluding financial subsidiaries

Dividends and Share Acquisitions

Toyota deems the benefit of its shareholders as one of its priority management policies, and it is working to implement reforms to establish a corporate structure that can achieve continuous growth in order to enhance its corporate value. We will strive to continue to pay dividends while giving due consideration to factors such as business results for each term, investment plans, and our cash reserves. With respect to the dividends for fiscal 2009, we have determined that since we are facing the most difficult business environment in our history, it is extremely difficult to maintain the level of dividends paid in the previous fiscal year. We declared an annual dividend payment of ¥100 per share at the end of fiscal 2009, which is a decrease of ¥40 from the previous fiscal year.

With respect to the repurchase of our own shares, of the shares authorized at the 104th Ordinary General Shareholders' Meeting in 2008, which were the lesser of 30 million shares or the number of shares equivalent to ¥200 billion in cost of repurchase, 14.01 million shares were repurchased at a total cost of ¥69.9 billion until the 105th Ordinary General Shareholders' Meeting held in June 2009. In fiscal 2009, we repurchased 14.94 million shares at a total cost of ¥72.8 billion. Since we began repurchasing shares in fiscal 1997, the cumulative number of shares repurchased as of the end of June 2009 was 736.98 million shares at a total cost of ¥2,868.8 billion.

In order to flexibly respond to the changing economic conditions, Toyota will utilize its internal funds: to secure a solid management foundation; to improve product performance to meet customers' needs; to further the early commercialization of next-generation technologies in the areas of the environment, energy, and safety; and to establish a structure for efficient development, production, and sales in both the domestic and overseas markets. We will not repurchase our own shares for the time being, as we decided to prioritize securing our cash reserves under the present business environment.

We will decisively strive towards an earlier recovery of our performance in order to meet shareholders' expectations.

July 2009

Yoichiro Ichimaru, Executive Vice President

Toyota Management Team

As of June 23, 2009

Under the leadership of a new management team, Toyota is taking on the challenges posed by today's difficult business climate with the goal of revitalizing operations to make Toyota even more powerful than before.

Representative Directors

Chairman of the Board

Fujio Cho

Vice Chairmen of the Board

Katsuaki Watanabe

Kazuo Okamoto

President, Member of the Board

Akio Toyoda

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

Takeshi Uchiyamada
Product Management / Research & Development

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

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

Shinichi Sasaki
Corporate Planning / Business Development / IT & ITS / Information Systems / Purchasing / Europe Operations / Customer Service / Quality

Yoichiro Ichimaru
General Administration & Human Resources / Accounting / Japan Sales

Directors and Auditors

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

Teiji Tachibana
Housing Group / Housing Planning Div.

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

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

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

Tadashi Arashima
Europe Operations Group / Toyota Motor Europe NV/SA

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

Satoshi Ozawa
General Administration & Human Resources Group / Information Systems Group

Iwao Nihashi
Quality Group / TQM Promotion Div.

Yasuhiko Ichihashi
Product Development Group / R&D Group 1

Tadashi Yamashina
Technical Administration Group / Motor Sports Div.

Takahiko Ijichi
Accounting Group

Tetsuo Agata
Toyota Motor Engineering & Manufacturing North America, Inc.

Masamoto Maekawa
Japan Sales Operations Group / Tokyo metropolitan area

Yasumori Ihara
Business Development Group / IT & ITS Group / Corporate Planning Div. / Research Div. / CSR & Environmental Affairs Div. / e-TOYOTA Div.

Toshio Furutani
Customer Service Operations Group / LEXUS Japan Sales & Marketing Div. / LEXUS Product & Marketing Planning Div. / LEXUS Development Center

Takahiro Iwase
Production Engineering Group / Manufacturing Group / Global Production Center / Safety & Health Promotion Div. / Plant Engineering Div. / Production Engineering Innovation Div. / Production Engineering Planning Div.

Yoshimasa Ishii
Operation Planning & Support Group / Sales & Marketing Support Div. / Sales Operation Planning Div. / Product & Project Planning Div.

Takeshi Shirane
Purchasing Group

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

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

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

Full-Time Corporate Auditors

Yoshikazu Amano

Chiaki Yamaguchi

Masaki Nakatsugawa

Corporate Auditors

Yoichi Kaya

Yoichi Morishita

Akishige Okada

Kunihiro Matsuo

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

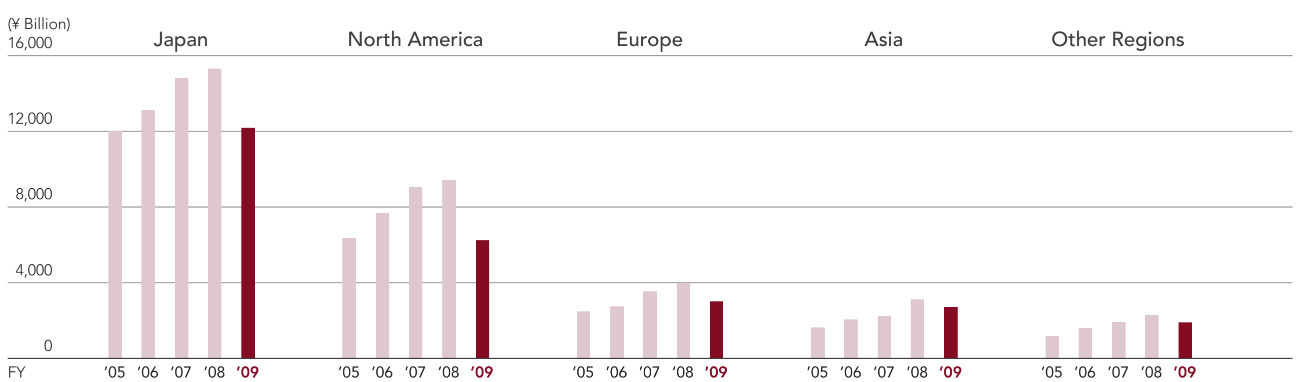
Consolidated Performance (U.S. GAAP)

	Yen in millions			U.S. dollars* in millions	% change
	2007	2008	2009	2009	2008vs2009
For the Year:					
Net Revenues	¥23,948,091	¥26,289,240	**¥20,529,570**	**$ 208,995**	−21.9
Operating Income	2,238,683	2,270,375	**(461,011)**	**(4,693)**	—
Net Income	1,644,032	1,717,879	**(436,937)**	**(4,448)**	—
ROE	14.7%	14.5%	**−4.0%**	**—**	—
At Year-End:					
Total Assets	¥32,574,779	¥32,458,320	**¥29,062,037**	**$295,857**	−10.5
Shareholders' Equity	11,836,092	11,869,527	**10,061,207**	**102,425**	−15.2

	Yen			U.S. dollars*	% change
	2007	2008	2009	2009	2008vs2009
Per Share Data:					
Net Income (Basic)	¥ 512.09	¥ 540.65	**¥ (139.13)**	**$ (1.42)**	—
Annual Cash Dividends	120.00	140.00	**100.00**	**1.02**	−28.6
Shareholders' Equity	3,701.17	3,768.97	**3,208.41**	**32.66**	−14.9
Stock Information (March 31):					
Stock Price	¥7,550	¥4,970	**¥3,120**	**$31.76**	−37.2
Market Capitalization (Yen in millions, U.S. dollars in millions)	¥27,255,481	¥17,136,548	**¥10,757,752**	**$109,516**	−37.2

* U.S. dollar amounts have been translated at the rate of ¥98.23=US$1, the approximate current exchange rate at March 31, 2009.

Net Revenues by Regions

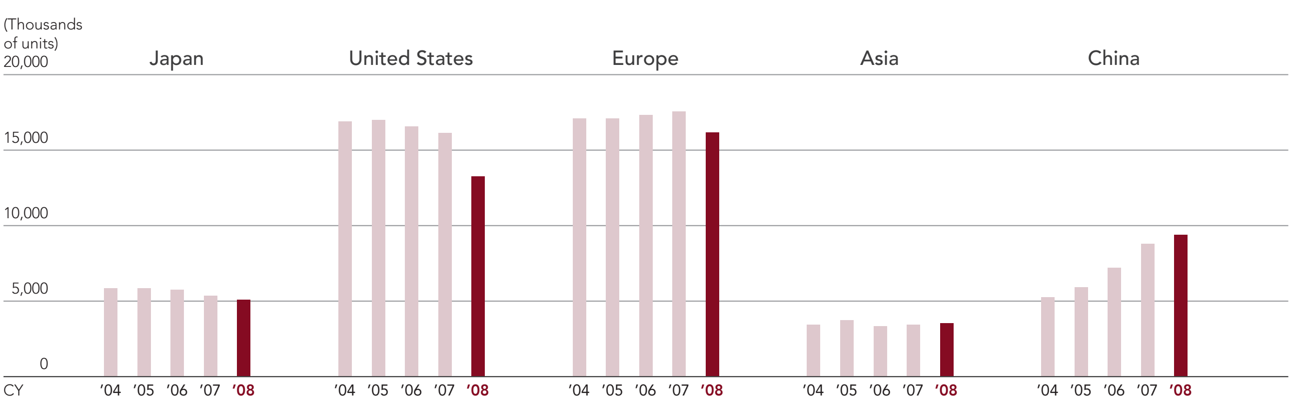


Note: Fiscal years ended March 31

Consolidated Vehicle Production and Sales

	Thousands of units			% change
	2007	2008	2009	2008vs2009
Vehicle Production by Region:				
Japan	5,100	5,160	**4,255**	−17.5
Overseas Total	3,080	3,387	**2,796**	−17.4
North America	1,205	1,268	**919**	−27.5
Europe	709	711	**482**	−32.2
Asia	755	961	**947**	−1.5
Central and South America	147	150	**151**	+0.7
Oceania	117	149	**130**	−12.8
Africa	147	148	**167**	+12.8
Consolidated Total	8,180	8,547	**7,051**	−17.5
Vehicle Sales by Region:				
Japan	2,273	2,188	**1,945**	−11.1
Overseas Total	6,251	6,725	**5,622**	−16.4
North America	2,942	2,958	**2,212**	−25.2
Europe	1,224	1,284	**1,062**	−17.3
Asia	789	956	**905**	−5.3
Central and South America	284	320	**279**	−12.8
Oceania	268	289	**261**	−9.7
Africa	304	314	**289**	−8.0
Middle East	433	597	**606**	+1.5
Others	7	7	**8**	+14.3
Consolidated Total	8,524	8,913	**7,567**	−15.1

Principal Market Data: Automotive Market (Sales)



Source: Toyota Motor Corporation

Note: Market definitions Europe: Germany, France, the United Kingdom, Italy, Spain, the Netherlands, Belgium, Portugal, Denmark, Greece, Ireland, Sweden, Austria, Finland, Switzerland, Norway, Poland, Hungary, and the Czech Republic

Asia: Indonesia, Thailand, the Philippines, Malaysia, Singapore, Vietnam, Taiwan, South Korea, and Brunei Darussalam

Japan: minivehicles included

The Right Way Forward

"Make Better Cars and Contribute to Society"

The right way forward for Toyota is defined by the Company's founding mission
to "make better cars and contribute to society."
It is also marked by a strong commitment to putting the customer first,
practicing *genchi genbutsu*, and providing high-quality vehicles at an affordable price,
so that customers around the world can enjoy the benefits of owning and driving better cars.
Since the latter half of last year, the global automobile industry has faced a difficult operating environment.
Although further major changes are also anticipated,
Toyota has overcome many challenges in its long history of making automobiles,
and will continue to do so in the future.

Local Roots, for Local Economic Growth

In 1938, just one year after the Company's founding, Toyota opened its first mass production facility in Koromo, Japan. It was a clear demonstration of Toyota's desire to contribute to the economic growth of the nation by pioneering the creation of a domestic automobile industry. This strong commitment to making better cars and contributing to society through product creation still lives on at Toyota today.

Contributing to society means responding to the needs of society and enabling people to lead more bountiful lives by providing them with better cars. And as a corporate citizen, it means putting down local roots, paying taxes, and helping regional economies to prosper.

Toyota's history shows this spirit of *monozukuri* product creation in action.

A

B

C


A A1 prototype passenger car produced by the Toyoda Automatic Loom Works, Ltd. Automobile Department (currently Toyota Motor Corporation) in the year of its establishment

B G1 truck, Toyota's first export vehicle, being loaded for shipment to China

C Production line at Toyota's first mass production factory in Koromo, Japan (currently Honsha Plant)

Working Together to Overcome Obstacles

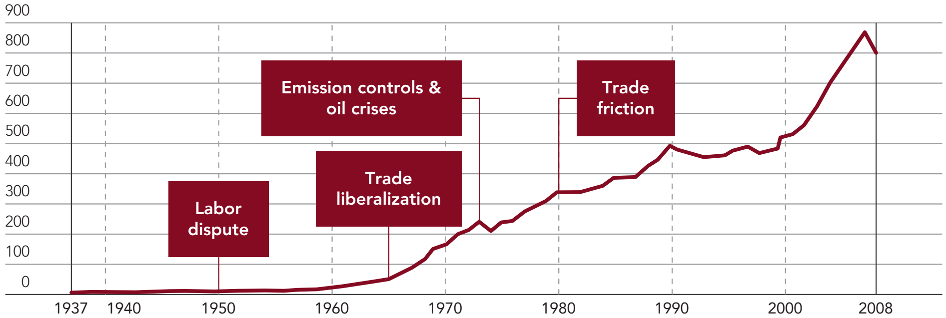
Toyota's history is also a history of tribulations. We faced a management crisis in 1950, pollution problems and oil crises in the 1970s, and trade issues and voluntary export controls in the 1980s. But whatever obstacles we faced, we overcame them by working together with our suppliers and dealers, using imagination and creativity.

Along with our corporate culture of Customer First and the *genba* first, the Companywide emphasis on technological development, and a healthy corporate environment in which people can teach and be taught—continually learning from one other—it is this ability to work together that is one of our great strengths.

Beginning in fiscal 2003, we increased our production capacity by more than 500,000 vehicles a year. Although this enabled us to meet our customers' needs, in the end it did not allow us to capitalize on our fundamental strengths. Now, when the entire automobile industry is threatened, it is more important than ever for every employee to share a sense of emergency, and work together as a group to better serve customers and society, realizing the full potential of our Toyota strengths to establish a solid foundation from which to overcome the serious challenges we face.

Overcoming Challenges—Toyota Vehicle Sales Growth

(10 thousands of units)



Source: Toyota Motor Corporation

Putting the Customer First, to Make Better Cars

For Toyota to establish this solid foundation, it is important not only to strengthen technological development and productivity, but also to focus intently on the customer first *monozukuri* spirit together with suppliers and dealers. The management team installed on June 23, 2009, has called for making better cars through product-oriented management strengthened by market-oriented management.

By focusing on the basic principles of product and market management, employees across the Toyota Group can concentrate accumulated expertise in their respective fields. In addition, management resources can be efficiently allocated to technology and product development. It is this emphasis on the *genba* that will make it possible for us to create even more attractive and appealing cars.

An attractive and appealing car is a car that is a joy to own, drive, and share good times in. It is exciting and fun for everyone on board. This is the kind of car that product- and market-oriented management allows us to provide.

A Management Team with Wide-Ranging *Genba* Experience

To provide the vehicles that customers truly want, and to ensure speedy implementation of Customer First and *genchi genbutsu* philosophies, President Toyoda is supported by a new management team of five executive vice presidents. In addition to their usual functions and areas of responsibility, four of the management team members will oversee regional operations, and the fifth will oversee new product management and technological development. Maintaining close communication at all times, the management team will work to clearly define the right way forward and implement effective product- and market-oriented management.

" Through strengthened communication aimed at addressing the issues we face, I will strive to create a corporate culture and structure that enables all workers to understand and implement Customer First, *genchi genbutsu*, and imagination and creativity."
Yoichiro Ichimaru, Executive Vice President (Japan Sales)

" Guided by *genchi genbutsu* thinking, I will listen to the opinions of on-site personnel to get a firm grasp of the situation, and provide management that enables us to build a *monozukuri* organization that can respond flexibly to changing circumstances."
Atsushi Niimi, Executive Vice President (North America Operations)

" In the highly competitive European market, I will work to refine Toyota's strengths in customer first quality and technology, and build the brand power needed to ensure that customers continue to choose Toyota."
Shinichi Sasaki, Executive Vice President (Europe Operations)

" With an emphasis on communication, cooperation, and consideration, I will aggressively work to increase sales of attractive and appealing commercial vehicles and family cars."
Yukitoshi Funo, Executive Vice President
(Emerging Markets Operations, including China, Asia, and Central and South America)

" In addition to strengthening and advancing the environmental and safety technologies that are two of Toyota's greatest strengths, I will take on the challenge of creating vehicles that are truly exciting and fun to drive."
Takeshi Uchiyamada, Executive Vice President (Product Management and Research & Development)

Focusing on Products

Product-oriented management enables Toyota to offer cars that meet the needs of customers in each region, at a price those customers can truly be satisfied with.

Toyota is also bolstering its human resources and training programs to foster the growth of employees who can work together as a team to identify emerging customer needs, and take the customer's point of view in every area of operations, from technological development and manufacturing, to sales and service.

In addition, we are drawing on our *genchi genbutsu* skill and expertise to review product development and materials costs.

The new Toyota Prius that went on sale in May 2009 combines world-beating, 38km/L* fuel efficiency with driving performance that rivals that of a conventionally powered 2.4L car, further consolidating the leadership position that has made our name synonymous with hybrid technology. In addition, a 30% reduction in hybrid unit cost from the previous model makes the new Prius even more affordable, so even more customers can enjoy the benefits it offers.

In Japan, we will introduce a total of four hybrid models in fiscal 2009, including the new Prius and the HS250h, the first hybrid exclusive Lexus model. Overseas, we will introduce a total of three new hybrid models. And in late fiscal 2009, in preparation for full commercial release, we will begin lease-sales of approximately 500 units of a plug-in hybrid vehicle (PHV) worldwide. Based on the new Prius and powered by lithium-ion batteries that can be recharged using conventional household AC power, the new plug-in model will be offered to fleet owners around the world.

In addition, we are strengthening efforts aimed at mass production of compact electric vehicles, development of next-generation batteries, adaptability to various alternative fuel issues—including biofuel—development of fuel cell hybrid vehicles (FCHVs), and early commercial introduction of new safety technologies.

* Measured using the 10–15 test cycle of the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT) based on a conversion value of 61g/km CO_2 emissions per kilometer (applicable to L grade vehicles only)

A

B

C


A HS250h, the first hybrid exclusive Lexus model
B PHV, to be introduced globally in late 2009 under a lease-sale program
C FT-EV, electric car concept model powered by lithium-ion batteries

Focusing on Markets

Market-oriented management enables us to meet the needs of individual countries and regions through careful analysis of the role that we should play, and the presence we should strive for, in each market.

To respond to the needs of customers worldwide, our basic product strategy from 2000 to the present has aimed to offer a full lineup of vehicles in all countries and regions. As of March 31, 2009, we are rooted in communities worldwide, with 11 R&D facilities and 75 production facilities in Japan and abroad, and a global sales network that covers over 170 countries and regions.

However, amid the severe automobile market conditions of today, it has become difficult to expand in this manner and still fulfill our role as an automobile manufacturer that contributes to a bountiful society, economic growth, and the future of the Earth's environment.

For Toyota to implement optimal regional strategies under these conditions, we must identify areas where we want to compete and areas where we need to move more carefully, and revitalize our product development and lineup to better suit regional needs. To enable us to respond nimbly to change and implement market-oriented management in a timely and thorough manner, we have appointed five regional executive vice presidents who will watch markets closely, and apply their expertise to the development of a regional vision that will guide regional strategy development.

Regional Vision to Create New Value

Signs of a medium-term recovery in global automobile demand can be seen in gradually improving automobile financing operations, a greater number of vehicles being retired from service than are being purchased, and continued growth in China, India, Brazil, and other emerging markets. But new fuel controls aimed at environmental preservation are anticipated, and there is a strong likelihood that the structure of markets will change. In addition, there is a need to grasp changes in regional markets as quickly as possible.

Our regional vision is the foundation from which we can quickly grasp such changes and develop strategies from the customers' point of view.

Toyota's regional vision recognizes that different regions are at different stages of economic development, and that relationships with competing manufacturers differ in each country and region. It allows us to identify the stance we should take, and to move from a full lineup product strategy in all markets to one that is focused on the specific types of vehicles that are most appealing to customers in each market. With this regional vision, Toyota can anticipate the needs of regional customers, propose new lifestyles, and develop new types of cars for customers to enjoy.

[Regional Market Initiatives and Direction]

Japan: Customer-Oriented Product Characteristics and Variations

In Japan, new vehicle sales (including minivehicles) and used cars totals 12 million units annually. Of this, new vehicle sales (excluding minivehicles) account for slightly under 3 million units annually. When we consider that there are as many as 75 million registered vehicles in Japan, there are obviously still considerable opportunities for growth. To take advantage of these opportunities, however, requires that we strengthen our product characteristics and variations.

For example, rising customer environmental awareness and government vehicle scrappage programs to replace older vehicles are helping to increase demand for environmentally friendly models. And with the entire Japanese automobile industry placing greater emphasis on the environment and energy, we will continue to aggressively promote the Prius and other hybrid models that incorporate Toyota core technologies.

In addition, we are developing new concept cars that anticipate customer needs, and are restructuring our lineup to provide the vehicles that customers truly want.

North America: Promoting Self-Sufficiency in Development and Production

The North American market is central to Toyota's overseas strategies and has been a key driver of its growth. Although now rapidly contracting, it is still a major market with some 250 million vehicles on the road today. Given that the population of North America is forecast to grow in the future, it is clear that the market will eventually recover. But when it does, it will no longer be focused on full-size models—it will have a different structure, requiring a different product lineup.

To Toyota, North America remains an extremely important market. And to continue to offer customers the cars they truly want, we will continue to strengthen our local roots and aim for greater self-sufficiency in both development and production.

Europe: A Strong Presence Defined by a Distinct Identity

Europe has many major car manufacturers, each with its own history and roots in national markets. For Toyota, the right way forward is not simply to sell more cars or increase market share, but to establish a strong presence defined by a distinct identity.

Europe continues to be an important region for Toyota, and with environmental regulations being strengthened, we will take advantage of our signature hybrid technology and gradually shift to a more hybrid-focused product mix to consolidate our presence in the market.

Emerging Markets: High-Quality Vehicles at an Affordable Price that Meet Regional Needs

China and other emerging markets in Asia and Central and South America promise to become a strong engine for Toyota's future growth. China's market, in particular, is potentially as large as the U.S. market, and needs to be addressed in a straightforward manner. We are establishing a business model that will enable us to see things from the customer's point of view, and will grow our business as the market grows by introducing competitive models that meet people's needs in a timely manner.

In the rest of Asia, South America, and other areas, there are still regions where Toyota's share is low, and further growth in demand is anticipated. In addition to manufacturing affordable, high-quality vehicles that can ride the wave of regional motorization, we will also develop products that can rank alongside the IMV* as key strategic models.

* IMV: An abbreviation for Innovative International Multipurpose Vehicle. Toyota uses an optimized procurement and production system spread across Asia, Argentina, and South Africa to provide these multipurpose vehicles to over 140 countries and regions worldwide.

Communicating the Appeal of Cars to Even More Stakeholders

Toyota's strength lies not just in its ability to develop vehicles through innovative technology, but also in the tight integration of its Group companies. Drawing on this strength, we are aggressively implementing a variety of measures to increase customer interest in cars. We hold events to help customers understand the constantly evolving performance and features of cars where everyone, from children to adults, can experience the joy that cars offer, as well as the new automobile-related lifestyles and services we propose and provide. In addition, we conduct activities to help dealership staff deepen their knowledge of our products, so that we can invigorate the sites where we interact with customers.



A The Prius Cup (Eco-Run Automobile Race), where staff and engineers from dealerships throughout Japan compete in events testing their maintenance and driving skills

B The Driving Kingdom, where customers can participate in programs designed to help them enjoy and understand the benefits of technology and the experience of driving

C An experiential program for elementary school children aimed at deepening their understanding of cars in a fun and exciting way

What Toyota aims for is
a goal shared by each and every Toyota employee
who works, humbly and seriously, believing in a brighter automotive future.
By valuing the philosophy of making better cars
and contributing to society that has been central to Toyota for 70 years,
we will strive to understand market needs from the customer's point of view,
so that we can continue to provide products and services that respond to those needs.
By valuing the satisfaction and happiness of each and every stakeholder,
Toyota will continue to pursue the right way forward
to further growth.

Business Overview

Business Overview

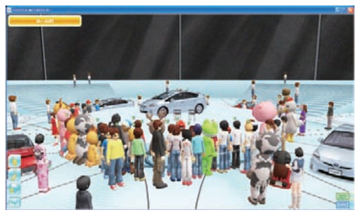
	Highlights of Toyota	Highlights of the year
2008 Apr.	• Toyota sets up Advanced Research Institute in North America	
May	• Worldwide Prius Sales Top One Million Mark  Worldwide cumulative sales of the Prius have passed the one million mark, with approximately 1,028,000 units sold at the end of April 2008. At the end of March 2009, cumulative sales were more than 1.25 million units. The Prius debuted in 1997 as the world's first mass-produced hybrid vehicle and is currently sold in more than 40 countries and regions, mainly Japan, Europe and North America. • Tree-Planting Event Kicks Off Sustainable Plant Activities  Toyota is dedicated to creating production sites that are in harmony with their natural surroundings. For this purpose, we implement a sustainable plant campaign that is based on three objectives. First is achieving significant advances in environmental performance by using innovative technologies and *kaizen* (improvement) activities. Second is reducing CO_2 emissions through the use of renewable energy, including biomass and natural energy sources, such as solar power and wind power. Third is interacting with communities and conserving the environment by planting trees at and around factories. As part of this campaign, employees at the Tsutsumi Plant and community members planted approximately 50,000 trees. This enormous tree-planting event marked the start of other sustainable plant activities at vehicle and component plants in Japan and overseas.	
June	• Toyota develops advanced Fuel Cell Hybrid Vehicle (FCHV-adv) • Toyota strengthens initiatives for Low Carbon Society	
July	• Toyota announces changes in North American production	• Price of crude oil reaches all-time high of $147.27/barrel on the New York Mercantile Exchange • G8 Hokkaido Toyako Summit in Japan
Aug.		• Beijing 2008 Olympic Games
Sept.	• Toyota Announces TME Technical Centre Expansion Toyota Motor Europe NV/SA (TME), which manages Toyota's European manufacturing and engineering operations, announced plans to expand the TME Technical Centre, a production engineering and research and development base, in Belgium. The project is to be completed around 2010. By further localizing technology development activities, the expansion will upgrade capabilities for developing products that meet the needs of European customers.	• Collapse of Lehman Brothers triggers turmoil in U.S. financial markets

	Highlights of Toyota	Highlights of the year

2008 Oct.

Highlights of Toyota

- Grand Opening of TOYOTA METAPOLIS, a Three-Dimensional Virtual City on the Internet



The grand opening in October 2008 of TOYOTA METAPOLIS, a three-dimensional virtual city, gave Toyota a new platform for interacting with the public. This web site is designed primarily to give younger customers more access to information about automobiles and the enjoyment of driving. In TOYOTA METAPOLIS, visitors create characters that become residents of the city. Virtual residents can test drive Toyota vehicles, attend new model announcements, and participate in other events as well as enjoy communications with other users. These functions provide a direct link between customers and Toyota. As of the end of July 2009, a cumulative total of 750,000 people had visited this web site.

- Toyota to launch ultra-compact iQ in Japan

Highlights of the year

- U.S. financial downturn develops into a global crisis

Nov.

Dec.

- Toyota Peugeot Citroën Automobiles Czech, s.r.o. (TPCA), produces one-millionth vehicle at its manufacturing plant in Kolín, the Czech Republic

2009 Jan.

Highlights of Toyota

- Toyota Features the New Prius, Lexus HS 250h, and Future Toyota-Electric Vehicle (FT-EV) Concept at the 2009 North American International Auto Show

Toyota unveiled the all-new third-generation Prius and Lexus unveiled the Lexus HS 250h, the world's first dedicated luxury hybrid vehicle, at the 2009 North American International Auto Show in Detroit. Another highlight was the FT-EV concept for an electric vehicle powered by lithium-ion batteries. Toyota is conducting research and development aimed at realization of an automotive society or Sustainable Mobility that can coexist with people and the Earth. We are also dedicated to increasing the use of these technologies by incorporating them in vehicles sold worldwide.

- Lexus launches RX450h and RX350 in Japan

Highlights of the year

- Barack Obama becomes President of the United States
- Seasonally Adjusted Annual Rate (SAAR) of U.S. automobile sales fell to approximately 9.6 million, the first drop to below 10 million since 1982

Feb.

Mar.

- Toyota Develops World's First Rear-Seat Center Airbag

Toyota has developed a Supplemental Restraint System rear-seat center airbag, the first in the world. The airbag is designed to reduce the severity of rear-seat passenger injuries in a side-on collision, such as when one passenger strikes another. We remain committed to achieving more advances involving all aspects of vehicle safety. This includes the development of even safer vehicles and more safety technologies, participation in projects to create safe traffic environments, and activities to teach people about safe driving practices.

- Toyota celebrates production of one-millionth vehicle in Turkey
- Toyota launches redesigned Crown Majesta in Japan

Automotive Operations

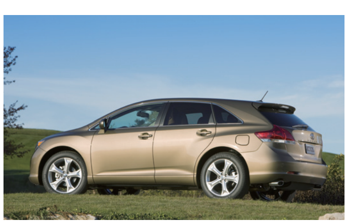
Automotive Operations

Toyota retained a strong commitment to supplying vehicles with the goal of pleasing as many people as possible amid difficult market conditions that brought down sales and earnings worldwide.

Alphard

iQ

Avensis



Venza

In fiscal 2009, Toyota's consolidated vehicle sales declined 1.35 million units, or 15.1%, to 7.57 million units due to the steep downturn in the global economy. Consolidated vehicle production also decreased 1.50 million units, or 17.5%, to 7.05 million units. Fiscal 2009 performance was also impacted by higher operating expenses and currency exchange fluctuations. As a result, net revenues decreased 23.2% to ¥18.6 trillion and operating income fell ¥2.6 trillion to a loss of ¥394.8 billion.

Performance by geographic segments was as follows.

Japan

Fiscal 2009 consolidated domestic sales declined 243 thousand units, or 11.1%, to 1.95 million units. Despite this decrease, the market share of Toyota and Lexus vehicles (excluding minivehicles) reached a record high of 46.0%. The market share including minivehicles climbed to a record 42.4%. Lexus sales totaled approximately 20 thousand units in the fiscal year.

Consolidated domestic production decreased 17.5% to 4.26 million units.

Net revenues in Japan decreased ¥3.1 trillion, or 20.4%, to ¥12.2 trillion and operating income was down ¥1.7 trillion to a loss of ¥237.5 billion.

North America

Amid a prolonged slump in the North American market, Toyota's consolidated vehicle sales declined 746 thousand vehicles, or 25.2%, to 2.21 million units. However, our 2008 U.S. market share was 16.7%. Sales of the Lexus totaled approximately 250 thousand units.

Consolidated production was down 27.5% to 919 thousand units. North American production totaled approximately 1.24 million units after including Toyota-brand vehicles built by unconsolidated subsidiary New United Motor Manufacturing, Inc. (NUMMI) and Subaru of Indiana Automotive, Inc. U.S. plant (SIA).

As a result, net revenues decreased ¥3.2 trillion, or 34.0%, to ¥6.2 trillion and operating income fell ¥695.5 billion to a loss of ¥390.2 billion.

Europe

The rapid contraction of sales in Europe's major automobile markets caused consolidated sales to drop 222 thousand units, or 17.3%, to 1.06 million units. Toyota's market share in the European market (25 countries) was 5.2%. Lexus sales totaled about 40 thousand units.

Consolidated production in Europe decreased 32.2% to 482 thousand units.

Net revenues were down ¥980.3 billion to ¥3.0 trillion and operating income was down ¥284.8 billion to a loss of ¥143.3 billion.

Asia

In fiscal 2009, the sharp downturn in the Asian market in the second half caused consolidated sales to decline 51 thousand units, or 5.3%, to 905 thousand units.

Consolidated production was down 1.5% to 947 thousand units. These declines resulted in a decrease in net revenues of ¥401.5 billion, or 12.9%, to ¥2.7 trillion, and a decline in operating income of ¥80.3 billion, or 31.3%, to ¥176.1 billion.

Sales in the rapidly expanding Chinese market totaled 598 thousand* units, an increase of 17.0%, during the 2008 calendar year.

* Cumulative total of vehicles produced in China and vehicles imported from Japan

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

Sales in the Middle East were stronger than in the previous fiscal year, but stagnant sales in all other regions caused a decrease of 84 thousand units, or 5.5%, to 1.44 million units in consolidated sales in Central and South America, Oceania, Africa, the Middle East and other regions.

Consolidated production totaled 448 thousand units.

Net revenues in Central and South America, Oceania, Africa, the Middle East, and other regions decreased ¥411.2 billion, or 17.9%, to ¥1.9 trillion, and operating income decreased ¥56.3 billion, or 39.1%, to ¥87.6 billion.

RX450h

Crown Majesta

Financial Services Operations

Financial Services Operations

The central mission of financial services operations at Toyota is offering many forms of assistance for customers, with particular emphasis on automotive financing.

Overview of Toyota's Financial Services Operations

Total assets	¥13.6 trillion
Net revenues	¥1.4 trillion
Operating loss	¥72.0 billion
Operating areas	33 countries and regions worldwide
No. of employees	approx. 8,000

(As of March 31, 2009)

In fiscal 2009, there was an operating loss of ¥72.0 billion in financial services operations because of the global economic downturn. The increase in the outstanding loan balance and improvement in the lending margin contributed to our earnings. However, our earnings were reduced significantly overall due to an increase in allowance for credit and residual value losses in our finance services subsidiaries. In addition, there was an increase in valuation losses on interest rate swaps and certain other instruments stated at fair value in accordance with Statement of Financial Accounting Standards (FAS) No. 133 (as amended by FAS No. 138 and other guidance statements).

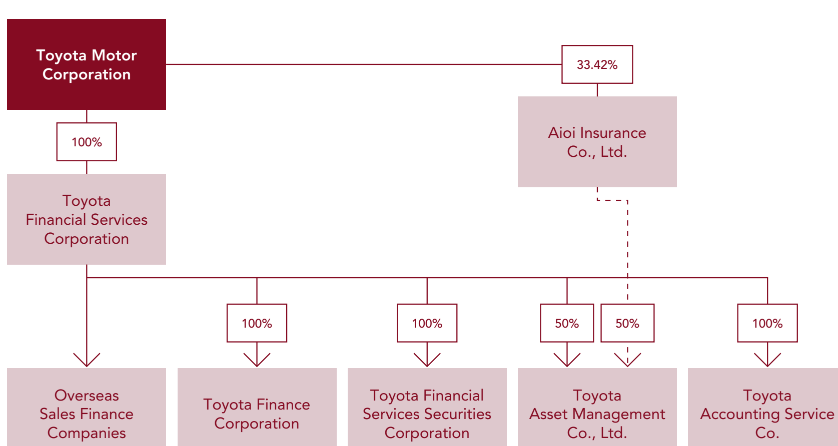
Toyota financial services operations are primarily handled by Toyota Financial Services Corporation (TFS), which has overall control of financial services subsidiaries worldwide. TFS provides financial services primarily for vehicle purchases and leases to approximately 7.8 million customers in 33 countries and regions worldwide.

TFS also provides credit cards, home loans, bonds, investment trusts and other investment products for individuals, insurance policies, and other financial products and services to meet its goal to provide customers with a full lineup of financial support, especially in Japan.

Overseas, TFS is rapidly expanding its financial services operations in emerging markets such as Russia and China. In the major markets of Europe and the United States, TFS aims to further boost earnings growth amid severe business conditions. Priorities include support for vehicle sales while striking the proper balance among business risks, and working to secure lending margin and reducing costs.

Overall, in response to the challenges we face, TFS is working to improve funding, to rigorously manage credit risks by tightening loan approval standards and reviewing collection procedures, and to take decisive actions to raise profitability, including fixed expense reductions.

Financial Services Operations Organization



Other Business Operations

Other Business Operations

Toyota uses technologies and expertise gained from automotive operations to operate a variety of businesses that help people lead more fulfilling and enjoyable lives.

In fiscal 2009, net revenues of other business operations declined ¥162.0 billion, or 12.0%, to ¥1.2 trillion and operating income decreased ¥23.1 billion, or 70.0%, to ¥9.9 billion. This was due to sales decreases in the information technology and telecommunications business and other businesses, although the number of home sales in the housing business—a core business in this segment—remained at the same level as the previous year.

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

Intelligent Transport Systems Business

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

In February 2009, we participated in the ITS-Safety 2010 public demonstration, which was conducted in Japan by industry sectors and the public. We are continuing work on the creation of vehicle-infrastructure cooperative systems that support safe driving so that traffic accidents of the future can be prevented more effectively than current safety technologies allow.

Additional details available at: http://www.toyota.co.jp/en/tech/its/index.html

Information Technology and Telecommunications Business

Toyota is working on the planning and commercialization of services that integrate vehicles and cell phones. We also serve as a sales agency for cell phones provided by KDDI Corporation, a general telecommunications service provider. Toyota is enhancing the convenience and comfort of cars with car navigation system technology including Bluetooth® Audio, which allows the playback of songs that have been downloaded on a cell phone, and the Seamless Navigation System, which allows users to enter a destination by transferring location data obtained with a cell phone.

e-TOYOTA Business

Toyota is initiating e-TOYOTA business operations to provide the integration of IT services and automobiles. On the Internet, we conceive and operate the GAZOO members-only automobile portal site, a three-dimensional virtual city called TOYOTA METAPOLIS, as well as other services. In the field of telematics, we are developing G-BOOK / G-Link, an information service for onboard terminals. Other telematics services are planned for China and other countries.

Additional details available at: http://www.toyota.co.jp/en/more_than_cars/gazoo/index.html

Housing Business

Since Toyota entered the housing business in 1975, we have grown its operations as "Toyota Home" by providing homes that offer high durability and earthquake resistance, as well as excellent security, health, and environmental features. In 2009, we began sales of environment-friendly homes with a heat loss coefficient of 1.86 Q-value, which has one of the highest levels of thermal insulation in the homebuilding industry. Furthermore, CO_2 emissions from the house are about 52% less than for a conventional house constructed around 1990.

In addition, we started developing a Home Energy Management System (HEMS). We plan to begin selling HEMS in 2011 to further reduce utility costs as well as a home's overall environmental impact. This demonstrates our commitment to building environment-friendly homes that conserve and create energy while having the durability to last for many years.

Additional details available at: http://www.toyota.co.jp/en/more_than_cars/housing/index.html

Marine Business

In the marine business, Toyota manufactures and sells pleasure boats, marine engines and a variety of marine components. All products take full advantage of our engine technologies and other advanced technologies cultivated during years of automotive manufacturing. In fiscal 2009, our newly introduced PONAM-28L luxury fishing cruiser received the first Japan Boat of the Year award.

Additional details available at: http://www.toyota.co.jp/en/more_than_cars/marine/index.html

Biotechnology and Afforestation Business

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

In fiscal 2009, following previous afforestation and forestry development projects in Australia, the Philippines and China, we initiated a new forest restoration model project in Japan. In addition, we continue to expand sweet potato cultivation and processing in Indonesia, and our floriculture, roof gardening, and bio-plastic businesses in Japan.

Additional details available at: http://www.toyota.co.jp/en/more_than_cars/bio_afforest/index.html

Motorsports Activities

Motorsports Activities

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

In 2008, Toyota was a prominent participant at the highest levels of automobile racing, including the Formula One World Championship (F1) races around the globe, SUPER GT and Formula Nippon series races in Japan, and National Association of Stock Car Auto Racing (NASCAR) races in the United States. In addition, we played a part in developing young drivers through activities that extend to entry-level motorsports events. Our most visible activity is the Toyota Young Drivers Program (TDP), which aims to give young drivers the skills to compete at all levels. Motorsports activities also include the development of racing-oriented hybrid car technologies.

In 2009, we take part in F1, SUPER GT, Formula Nippon and NASCAR races even as we significantly cut expenses. Also, we will continue to conduct the TDP to foster the development of tomorrow's motorsports drivers.

F1

In 2009, Toyota is participating in F1 championship racing for the 8th year. We will start using the new TF109 car that boasts even better performance and reliability. The TF109 has a wider front wing and other new exterior features in association with the revised F1 aerodynamic regulations. We will continue to rely on the driving team of Jarno Trulli and Timo Glock as we pursue our first F1 victory in 2009. As in 2008, Toyota is again supplying engines for cars of the AT&T Williams Team.

NASCAR

In the NASCAR Sprint Cup Series, NASCAR's highest-ranking races, and in the Nationwide Series, our goal is to capture the series championship with the Toyota Camry, which won 10 times in the 2008 Sprint Cup Series. The Toyota Tundra will again compete in the NASCAR Camping World Truck Series (Craftsman Truck Series in prior years), in which we captured both the manufacturer's and driver's championships in 2008.

SUPER GT

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

Formula Nippon

In Formula Nippon, the premier formula racing category in Japan, Toyota supplied RV8K V8 3.4-liter engines for eight cars driven by five racing teams. In 2009, we are aiming for the fourth consecutive victory through a car powered by a Toyota engine.

Toyota Young Drivers Program (TDP)

TDP enhances the skills of talented drivers by providing the opportunity to participate in actual races, including F1, GP2, and F3 racing. In 2009, the program has placed 10 promising young candidates worldwide, including Kazuki Nakajima, now in his second year as a full-time driver for the AT&T Williams Team.

A


B


D


C


E


F


A Jarno Trulli finished third in the F1 Australian Grand Prix
B Formula One World Championship (F1)
C SUPER GT
D Formula Nippon
E NASCAR
F The talented members of the TDP

Management & Corporate Information

Management & Corporate Information

Corporate Philosophy

Corporate Philosophy

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

* CSR = Corporate Social Responsibility

Guiding Principles at Toyota

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

1. Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management.
6. Pursue growth in harmony with the global community through innovative management.
7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

CSR Policy: Contribution towards Sustainable Development

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

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

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

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

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

Customers		• Based on our philosophy of "Customer First", we develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the world. (Guiding Principles 3 and 4) • We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country's privacy laws. (Guiding Principles 1)
Employees		• We respect our employees and believe that the success of our business is led by each individual's creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principles 5) • We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5) • We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5) • We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principles 5) • Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility" and work together for the success of our employees and the company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries in which we operate. (Guiding Principles 5) • Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)
Business Partners		• We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principles 7) • Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principles 7) • We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws. (Guiding Principles 1 and 7)
Shareholders		• We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6) • We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)
Global Society/ Local Communities	Environment	• We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principles 3)
	Community	• We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2) • We constantly search for safer, cleaner and superior technology that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4) • We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principles 1)
	Nurturing Society	• Wherever we do business, we actively promote and engage, both individually and with partners, in nurturing society activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principles 2)

Corporate Governance

Corporate Governance

Toyota's Basic Approach to Corporate Governance

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

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

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

Toyota's Management System

Toyota introduced its current management system in 2003. The main differences between the current system and the former system are that the current system set a new non-board position of Managing Officers and reduced the number of directors. Under the current system, with respect to various operational functions across the entire Company, in principle the Chief Officers, who are Directors, serve as the highest authorities of their specific operational functions while non-board Managing Officers implement the actual operations. The distinctive feature of this system is that, based on Toyota's philosophy of emphasizing developments on the site, the Chief Officers serve as the link between management and on-site operations, instead of focusing exclusively on management. As a result, this system enables the management to make decisions directly with on-site operations by reflecting on-site personnel opinions on management strategy and swiftly implementing management decisions into actual operations. (As of June 23, 2009)

Systems for Ensuring Appropriate Management

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

Accountability

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

20-F under the U.S. Securities Exchange Act, and also holds extraordinary committee meetings from time to time whenever necessary.

Compliance

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

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

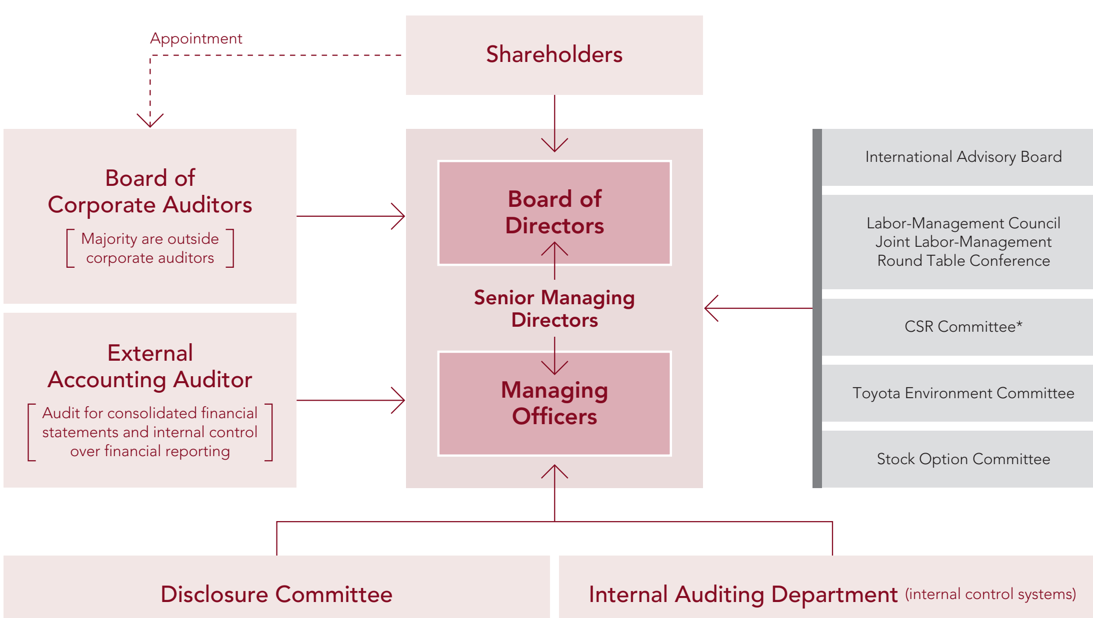
Toyota will implement the tenets of ethical business practice by further promoting the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" and by educating and training employees at all levels and in all areas of operations.

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

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

Toyota's Corporate Governance

Emphasizing Frontline Operations + Multidirectional Monitoring



(As of June 23, 2009)

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

Corporate Social Responsibility

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

Toyota's Basic Approach to Internal Control System

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

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

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

1) Toyota will ensure that Directors act in compliance with relevant laws and regulations and the Articles of Incorporation, based on the Code of Ethics and other explanatory documents that include necessary legal information, presented on occasions such as trainings for new Directors.
2) Toyota will make decisions regarding business operations after comprehensive discussions at the Board meetings and other meetings of various cross-sectional decision-making bodies. Matters to be decided are properly submitted and discussed at the meetings of those decision-making bodies in accordance with the relevant rules.
3) Toyota will appropriately discuss significant matters and measures relating to issues such as corporate ethics, compliance, and risk management at the CSR Committee and other meetings. Toyota will also discuss and decide at the meetings of various cross-sectional decision-making bodies policies and systems to monitor and respond to risks relating to organizational function.

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

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

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

1) Toyota will properly manage the capital fund through its budgeting system and other forms of control, conduct business operations, and manage the budget, based on the authorities and responsibilities in accordance with the "*Ringi*" system (effective consensus-building and approval system). Significant matters will be properly submitted and discussed at the Board meetings and other meetings of various bodies in accordance with the standards stipulated in the relevant rules.
2) Toyota will ensure accurate financial reporting by issuing documentation on the financial flow and the control system etc., and by properly and promptly disclosing information through the Disclosure Committee.
3) Toyota will manage various risks relating to safety, quality, the environment and compliance by establishing rules or preparing and delivering manuals, as necessary, in each relevant division.
4) As a precaution against events such as natural disasters, Toyota will prepare manuals, conduct emergency drills, arrange risk diversification and insurance as needed.

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

1) Toyota will manage consistent policies by specifying the policies at each level of the organization based on the medium- to long-term management policies and the Company's policies for each fiscal term.
2) The Chief Officer, as a liaising officer between the management and operational functions, will direct and supervise Managing Officers based on the management policies and delegate the executive authority over each division to the Managing Officers so that flexible and timely decision making can be achieved.
3) Toyota from time to time will make opportunities to listen to the opinions of various stakeholders, including external experts, and reflect those opinions in Toyota's management and corporate activities.

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

1) Toyota will clarify the responsibilities of each organization unit and maintain a basis to ensure continuous improvements in the system.
2) Toyota will continuously review the legal compliance and risk management framework to ensure effectiveness. For this purpose, each organization unit shall confirm the effectiveness by conducting self-checks among others, and report the result to the CSR Committee.
3) Toyota will promptly obtain information regarding legal compliance and corporate ethics and respond to problems and questions related to compliance through its corporate ethics inquiry office and other channels.

(6) System to ensure the appropriateness of business operations of the corporation and the business group consisting of the parent company and subsidiaries
1) Toyota will expand the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" to its subsidiaries as TMC's common charter of conduct, and develop and maintain a sound environment of internal controls for TMC. Toyota will also promote the "Guiding Principles at Toyota" and the "Toyota Code of Conduct" through personal exchange.
2) Toyota will manage its subsidiaries in a comprehensive manner by clarifying the roles of the division responsible for the subsidiaries' financing and management and the roles of the division responsible for the subsidiaries' business activities. Those divisions will confirm the appropriateness and legality of the operations of the subsidiaries by exchanging information with those subsidiaries, periodically and as needed.

(7) System concerning employees who assist the Corporate Auditors when required
Toyota will establish a Corporate Auditors Department and assign a number of full-time staff to support this function.

(8) Independence of the employees described in the preceding item (7) from Directors
Any changes in personnel in the Corporate Auditors Department will require prior consent of the Board of Corporate Auditors or a full-time Corporate Auditor selected by the Board of Corporate Auditors.

(9) System for Directors and employees to report to Corporate Auditors, and other relative systems
1) Directors, from time to time, will properly report to the Corporate Auditors any major business operations through the divisions in charge. If any fact that may cause significant damage to the Company is discovered, they will report the matter to the Corporate Auditors immediately.
2) Directors, Managing Officers, and employees will report to the Corporate Auditors on the business upon requests by the Corporate Auditors, periodically and as needed.

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

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

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

(2) Preparation towards Elimination of Antisocial Forces
1) Establishment of Divisions Overseeing Measures Against Antisocial Forces and Posts in Charge of Preventing Undue Claims
Toyota established divisions that oversee measures against antisocial forces ("Divisions Overseeing Measures Against Antisocial Forces") in its major offices as well as assigned persons in charge of preventing undue claims. Toyota also established a system whereby undue claims, organized violence and criminal activities conducted by antisocial forces are immediately reported to and consulted with Divisions Overseeing Measures Against Antisocial Forces.
2) Liaising with Specialist Organizations
Toyota has been strengthening its liaison with specialist organizations by joining liaison committees organized by specialists such as the police. It has also been receiving guidance on measures to be taken against antisocial forces from such committees.
3) Collecting and Managing Information concerning Antisocial Forces
By liaising with experts and the police, Divisions Overseeing Measures Against Antisocial Forces share up-to-date information on antisocial forces and utilize such information to call Toyota's employees' attention to antisocial forces.
4) Preparation of Manuals
Toyota compiles cases concerning measures against antisocial forces and distributes them to each department within Toyota.
5) Training Activities
Toyota promotes training activities to prevent damages caused by antisocial forces by sharing information on antisocial forces within the Company as well as holding lectures at Toyota and its Group companies.

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

Risk Factors

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.

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

The worldwide automotive industry is highly volatile.

Each of the markets in which Toyota competes has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on social, political and economic conditions in a given market and the introduction of new vehicles and technologies. As Toyota's revenues are derived from sales in markets worldwide, economic conditions in such markets are particularly important to Toyota. In reflection of the worldwide deterioration in the economy stemming from the financial crisis, the demand for automobiles in Japan, North America and Europe, which are Toyota's main markets, declined substantially particularly since the latter half of 2008, adversely affecting Toyota. Such decline in demand for automobiles and the adverse effect on Toyota are currently ongoing, and it is unclear how long this situation would continue or how it would transition in the future. Toyota's financial condition and results of operations may be affected adversely if the demand for automobiles remain weak or further weakens as a result of a further decline in the world economy. 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 and increased inventory, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations.

Toyota's future success depends on its ability to offer new innovative, price competitive products that meet and satisfy customer demand on a timely basis.

Meeting and satisfying customer demand with attractive new vehicles and reducing the amount of time required for product development are critical elements to the success of automotive manufacturers. The timely introduction of new vehicle models, at competitive prices, meeting rapidly changing customer preferences and demands is more fundamental to Toyota's success than ever as the automotive market is rapidly transforming in light of the deterioration in the world economy. There is no assurance, however, that Toyota may adequately and appropriately perceive on a timely basis changing customer preferences and demands with respect to quality, styling, reliability, safety and other features in a timely manner. Even if Toyota succeeds in perceiving customer preferences and demands, there is no assurance that Toyota will be capable of developing and manufacturing new, price competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity. 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 customer demand in a timely manner could result in a lower market share and reduced sales volumes and margins, and may adversely affect Toyota's financial condition and results of operations.

Toyota's ability to market and distribute effectively and maintain its brand image 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 as well as its ability to maintain and further cultivate its brand image across the markets in which it operates. 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. Nor is there assurance that Toyota will be able to cultivate and protect its brand image. Toyota's inability to maintain well developed sales techniques and distribution networks or a positive brand image may result in decreased sales and market share and may adversely affect its financial condition and results of operations.

The worldwide financial services industry is highly competitive.

The worldwide financial services industry is highly competitive. Increased competition in automobile financing may lead to decreased margins. A decline in Toyota's vehicle unit sales, an increase in residual value risk due to lower used vehicle price, increase in the ratio of credit losses and increased funding costs are factors which may impact Toyota's financial services operations. The likelihood of these factors materializing has increased as a result of the ongoing rapid worldwide economic deterioration, and competition in automobile financing has intensified. If Toyota is unable to adequately respond to the changes and competition in automobile financing, Toyota's financial services operations may adversely affect its financial condition and results of operations.

Financial Market and Economic Risks

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

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

Toyota believes that its use of certain derivative financial instruments including interest rate swaps and increased localized production of its products have reduced, but not eliminated, the effects of interest rate and foreign currency exchange rate fluctuations. Nonetheless, a negative impact resulting from fluctuations in foreign currency exchange rates and changes in interest rates may adversely affect Toyota's financial condition and results of operations. For a further discussion of currency and interest rate fluctuations and the use of derivative financial instruments, see "Operating and Financial Review and Prospects — Operating Results — Overview — Currency Fluctuations", "Quantitative and Qualitative Disclosures About Market Risk", and notes 20 and 21 to Toyota's consolidated financial statements.

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

Increase 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.

Financial markets worldwide have been significantly disrupted in the wake of the global financial crisis. A number of financial institutions and investors have been facing difficulties providing capital to the financial markets due to their deteriorated financial conditions. As a result, there is a risk that companies may not be able to raise capital under terms that they would expect to receive with their creditworthiness. If Toyota is unable to raise the necessary capital under appropriate conditions on a timely basis, Toyota's financial condition and results of operations may be adversely affected.

Political, Regulatory and Legal Risks

The automotive industry is subject to various governmental regulations.

The worldwide automotive industry is subject to various laws and governmental regulations including those related to vehicle safety and environmental matters such as emission levels, fuel economy, noise and pollution. Many governments also impose tariffs and other trade barriers, taxes and levies, and enact price or exchange controls. Toyota has incurred, and expects to incur in the future, significant costs in complying with these regulations. New legislation or changes in existing legislation may also subject Toyota to additional expenses in the future.

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, and Toyota is in fact currently subject to a number of pending legal proceedings. A negative outcome in one or more of these pending legal proceedings could adversely affect Toyota's future financial condition and results of operations. For a further discussion of governmental regulations, see "Information on the Company — Business Overview — Governmental Regulation, Environmental and Safety Standards" and for legal proceedings, please see "Information on the Company — Business Overview — Legal Proceedings".

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

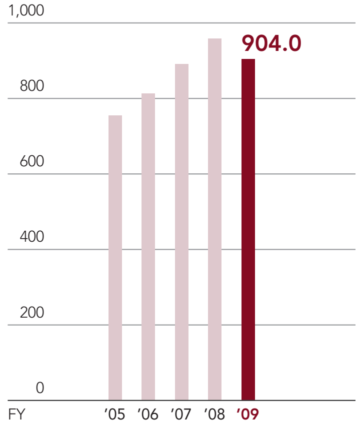
Toyota is subject to various risks associated with conducting business worldwide. These risks include political and economic instability, natural calamities, fuel shortages, interruption in transportation systems, wars, terrorisms, labor strikes and work stoppages. The occurrence of any of these events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

R&D and Intellectual Property

R&D and Intellectual Property

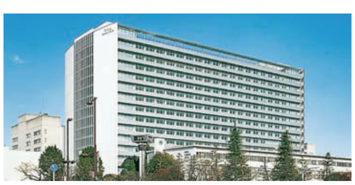
Toyota R&D is dedicated to the development of attractive, affordable, high-quality products for customers worldwide. The intellectual property that R&D generates is a vital management resource that Toyota utilizes and protects to maximize its corporate value.

R&D Expenses



Note: Fiscal years ended March 31

R&D Facilities



Head Office Technical Center (Toyota City, Aichi Prefecture, Japan)

Toyota Motor Engineering & Manufacturing North America, Inc. (Ann Arbor, Michigan, U.S.A.)

Toyota Motor Europe R&D/ Manufacturing (Brussels, Belgium; Derby, U.K.)

Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd. (Samutprakan, Thailand)

R&D Guiding Principles

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

R&D Activities

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

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

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

R&D Expenditures

In fiscal 2009, R&D expenditures totaled ¥904.0 billion, down 5.7% from the previous fiscal year, representing 4.4% of consolidated net revenues. We worked closely with suppliers to develop components and products more efficiently and took steps to reduce our own R&D expenses. At the same time, we plan to continue making substantial investments in R&D involving forward-looking, leading-edge technologies and the development of products associated with the environment, energy, and safety. These investments are essential to preserving our competitive edge in terms of technologies and products.

R&D Organization

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

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

Intellectual Property Guiding Principle

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

Intellectual Property Activities

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

Intellectual Property Systems

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

Intellectual Property Strategies

Toyota carefully analyzes patents and the need for patents in each area of research to formulate more effective R&D strategies. We identify R&D projects in which Toyota should acquire patents, and file relevant applications as necessary to help build a strong global patent portfolio.

In addition, we want to contribute to sustainable mobility by promoting the spread of technologies with environmental and safety benefits. This is why we take an open stance to patent licensing, and grant licenses when appropriate terms are met. A good example of this policy is the licensing to other companies of patents in the area of hybrid technology, which is one of our core technologies involving environmental energy.

R&D Organization

As of March 31, 2009

R&D Organization

Japan

	Company name	Activities	Location	Establishment
1	Head Office Technical Center	Planning and design of products, prototypes manufacture, and vehicle evaluation	Toyota City, Aichi Prefecture	1954
2	Toyota Central Research & Development Laboratories, Inc.	Fundamental technical research for the Toyota Group	Aichi County, Aichi Prefecture	1960
3	Higashi-Fuji Technical Center	Research and development of new vehicle technology and new engine technology	Mishuku, Susono City, Shizuoka Prefecture	1966
4	Shibetsu Proving Ground	Testing and evaluation of automobiles under high speed and cold conditions	Onnebetsu, Shibetsu City, Hokkaido	1984

U.S.A.

	Company name	Activities	Location	Establishment
5	Toyota Motor Engineering & Manufacturing North America, Inc.*	Vehicle development & evaluation, certification, collection of technical information	Ann Arbor, York Township, Plymouth (Michigan), Torrance, Gardena (California), Wittmann (Arizona), Washington, D.C.	1977
6	Calty Design Research, Inc.	Exterior / Interior / Color design	Newport Beach (California)	1973

Europe

	Company name	Activities	Location	Establishment
7	Toyota Motor Europe R&D/ Manufacturing	Vehicle development & evaluation, certification, collection of technical information	Brussels (Belgium), Derby (U.K.)	1987
8	Toyota Europe Design Development	Exterior / Interior / Color design	Nice (France)	1998
9	Toyota Motorsport GmbH	Development of Formula One race cars, participation in F1 races	Cologne (Germany)	1993

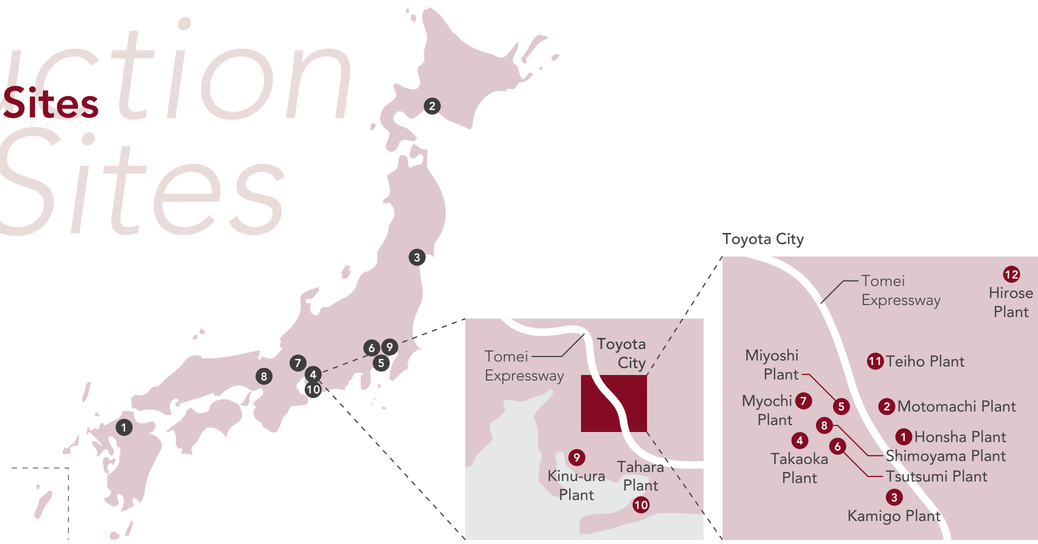
Asia Pacific

	Company name	Activities	Location	Establishment
10	Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.	Vehicle development, software development, evaluation, collection of technical information	Samutprakan Province (Thailand)	2003**
11	Toyota Technical Center Asia Pacific Australia Pty., Ltd.	Vehicle development, software development, evaluation, collection of technical information	Melbourne (Australia)	2003

* Toyota Motor Engineering & Manufacturing North America, Inc., is a consolidated R&D and manufacturing company in North America.
** The year shown is as at the establishment of Toyota Technical Center Asia Pacific Thailand Co., Ltd., which integrated with Toyota Motor Asia Pacific Co., Ltd., to establish Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd., in April 2007.

Production Sites

As of March 31, 2009



Production Plants

	Name	Main products	Start of operations
1	Honsha Plant	Forged parts, hybrid system parts	1938
2	Motomachi Plant	Crown, Mark X, Estima	1959
3	Kamigo Plant	Engines	1965
4	Takaoka Plant	Corolla, Vitz, iQ, ist, Ractis, Scion xD	1966
5	Miyoshi Plant	Transmission-related parts, cold-forged and sintered parts	1968
6	Tsutsumi Plant	Prius, Camry, Premio, Allion, Scion tC	1970
7	Myochi Plant	Suspension cast parts, suspension machine parts	1973
8	Shimoyama Plant	Engines, turbochargers, catalytic converters	1975
9	Kinu-ura Plant	Transmission-related parts	1978
10	Tahara Plant	LS, GS, IS, IS F, GX, RAV4, Land Cruiser, Vanguard, Wish, engines	1979
11	Teiho Plant	Mechanical equipment, moldings for forging and casting and resin-molding dies	1986
12	Hirose Plant	Research and development and production of electronic control devices, Ics	1989

Manufacturing Subsidiaries and Vehicle Assembly Affiliates

	Company name	Main products	Voting rights ratio* (%)	Capital (¥ Million)	Start of operations
1	Toyota Motor Kyushu, Inc.	IS, ES, RX, Harrier, Highlander, engines, hybrid system parts	100.00	45,000	1992
2	Toyota Motor Hokkaido, Inc.	Automobile parts including automatic transmissions, transfers, aluminum wheels	100.00	27,500	1992
3	Toyota Motor Tohoku Co., Ltd.	Electronic Brake force Distribution, suspension system, accelerator, torque converter	100.00	5,300	1998
4	Toyota Auto Body Co., Ltd.	Land Cruiser, Coaster, Hiace, Estima, Ipsum, Regius Ace, Prius, Voxy, Noah, Alphard, Vellfire, LX	56.48	10,371	1945
5	Kanto Auto Works, Ltd.	Crown, Century, Comfort, Corolla, Corolla Fielder, Corolla Rumion, Belta, Isis, SC, BLADE, Auris, Scion xB	50.83	6,850	1946
6	Central Motor Co., Ltd.	Corolla Axio, Raum, Yaris	100.00	5,325	1950
7	Gifu Auto Body Industry Co., Ltd.	Hiace, Himedic	100.00	1,175	1940
8	Daihatsu Motor Co., Ltd.	bB, Probox, Succeed, Passo, Porte, Rush, SIENTA, Passo Sette	51.66	28,404	1907
9	Hino Motors, Ltd.	Dyna, Dyna Diesel Hybrid, Toyoace, Toyoace Diesel Hybrid, Prado, FJ Cruiser, 4Runner	50.57	72,717	1942
10	Toyota Industries Corporation	Vitz, RAV4, Mark X ZiO	24.85	80,462	1926

* Including voting rights by the subsidiaries determined in accordance with U.S. GAAP
Note: The blue numbers show the locations of the Head Offices of manufacturing subsidiaries and vehicle assembly affiliates.

Overseas Manufacturing Companies

As of March 31, 2009

North America

Country/Area	No.	Company name	Main products	Voting rights ratio* (%)	Start of operations
Canada	1	Canadian Autoparts Toyota Inc. (CAPTIN)	Aluminum wheels	100.00	1985
	2	Toyota Motor Manufacturing Canada Inc. (TMMC)	Corolla, Matrix, RX350, RAV4	100.00	1988
U.S.A.	3	TABC, Inc.	Catalytic converters, steering columns, stamped parts	100.00	1971
	4	New United Motor Manufacturing, Inc. (NUMMI)**	Corolla, Tacoma	50.00	1984
	5	Toyota Motor Manufacturing, Kentucky, Inc. (TMMK)	Camry, Camry Hybrid, Camry Solara, Avalon, VENZA/engines	100.00	1988
	6	Catalytic Component Products, Inc. (CCP)	Catalytic converters	—	1991
	7	Bodine Aluminum, Inc.	Aluminum castings	100.00	1993
	8	Toyota Motor Manufacturing, West Virginia, Inc. (TMMWV)	Engines, transmissions	100.00	1998
	9	Toyota Motor Manufacturing, Indiana, Inc. (TMMI)	Tundra, Sequoia, Sienna	100.00	1999
	10	Toyota Motor Manufacturing, Alabama, Inc. (TMMAL)	Engines	100.00	2003
	11	Toyota Motor Manufacturing, Texas, Inc. (TMMTX)	Tundra	100.00	2006
	12	Subaru of Indiana Automotive, Inc. (SIA)**	Camry	—	2007***
Mexico	13	Toyota Motor Manufacturing de Baja California S.de R.L.de C.V. (TMMBC)	Tacoma/Truck beds	100.00	2004

Central and South America

Country/Area	No.	Company name	Main products	Voting rights ratio* (%)	Start of operations
Argentina	14	Toyota Argentina S.A. (TASA)	Hilux, Fortuner	100.00	1997
Brazil	15	Toyota do Brasil Ltda. (TDB)	Corolla, Corolla Fielder/Hilux underbody parts	100.00	1959
Venezuela	16	Toyota de Venezuela Compania Anonima (TDV)**	Corolla, Fortuner, Hilux, Dyna, Land Cruiser	90.00	1981

Europe

Country/Area	No.	Company name	Main products	Voting rights ratio* (%)	Start of operations
Czech Republic	17	Toyota Peugeot Citroën Automobiles Czech, s. r. o. (TPCA)**	Aygo	50.00	2005
France	18	Toyota Motor Manufacturing France S.A.S. (TMMF)	Yaris/engines	100.00	2001
Poland	19	Toyota Motor Manufacturing Poland SP.zo.o. (TMMP)	Engines, transmissions	94.40	2002
	20	Toyota Motor Industries Poland SP.zo.o. (TMIP)	Engines	60.00	2005
Portugal	21	Toyota Caetano Portugal, S.A. (TCAP)	Coaster (Optimo), Dyna, Semibon	27.00	1968
Turkey	22	Toyota Motor Manufacturing Turkey Inc. (TMMT)	Corolla Verso, Auris	90.00	1994
U.K.	23	Toyota Motor Manufacturing (UK) Ltd. (TMUK)	Avensis, Auris/engines	100.00	1992
Russia	24	Limited Liability Company "TOYOTA MOTOR MANUFACTURING RUSSIA" (TMMR)	Camry	80.00	2007

Overseas Manufacturing

Africa

Country/Area		Company name	Main products	Voting rights ratio* (%)	Start of operations
Kenya	25	Associated Vehicle Assemblers Ltd. (AVA)	Land Cruiser	—	1977
South Africa	26	Toyota South Africa Motors (Pty) Ltd. (TSAM)	Corolla, Hiace, Hilux, Fortuner, Dyna/Maniverter, exhaust manifold	100.00	1962

Asia

Country/Area		Company name	Main products	Voting rights ratio* (%)	Start of operations
China	27	Tianjin Jinfeng Auto Parts Co., Ltd. (TJAC)	Steering, propeller shafts	30.00	1997
	28	Tianjin Fengjin Auto Parts Co., Ltd. (TFAP)	Constant velocity joints, axles, differential gear	90.00	1998
	29	Tianjin FAW Toyota Engine Co., Ltd. (TFTE)	Engines	50.00	1998
	30	Tianjin Toyota Forging Co., Ltd. (TTFC)	Forged parts	100.00	1998
	31	Tianjin FAW Toyota Motor Co., Ltd. (TFTM)	VIOS, Corolla, Crown, REIZ	50.00	2002
	32	FAW Toyota (Changchun) Engine Co., Ltd. (FTCE)	Engines	50.00	2004
	33	Toyota FAW (Tianjin) Dies Co., Ltd. (TFTD)	Stamping dies for vehicles	90.00	2004
	34	Guangqi Toyota Engine Co., Ltd. (GTE)	Engines, engine parts	70.00	2005
	35	Sichuan FAW Toyota Motor Co., Ltd. (SFTM)**	Coaster, Land Cruiser, Prado, Prius	45.00	2000
	36	Guangzhou Toyota Motor Co., Ltd. (GTMC)	Camry, Yaris	50.00	2006
Taiwan	37	Kuozui Motors, Ltd.	Camry, Corolla, WISH, VIOS, Yaris, Innova, Dyna/engines, stamped parts	70.00	1986
India	38	Toyota Kirloskar Motor Private Ltd. (TKM)	Corolla, Innova	89.00	1999
	39	Toyota Kirloskar Auto Parts Private Ltd. (TKAP)	Axles, propeller shafts, transmissions	64.30	2002
Indonesia	40	PT. Toyota Motor Manufacturing Indonesia (TMMIN)	Innova, Fortuner, Dyna/engines	95.00	1970
	41	P.T. Astra Daihatsu Motor (ADM)**	AVANZA	61.75	2004***
Malaysia	42	Assembly Services Sdn. Bhd. (ASSB)	Hiace, VIOS, Hilux, Innova, Fortuner/engines	—	1968
	43	Perodua Manufacturing Sdn. Bhd. (PMSB)**	AVANZA	—	2005***
Pakistan	44	Indus Motor Company Ltd. (IMC)**	Corolla, Hilux	25.00	1993
Philippines	45	Toyota Motor Philippines Corp. (TMP)	Innova, VIOS	34.00	1989
	46	Toyota Autoparts Philippines Inc. (TAP)	Transmissions, constant velocity joints	95.00	1992
Thailand	47	Toyota Motor Thailand Co., Ltd. (TMT)	Corolla, Camry, WISH, VIOS, Yaris, VIGO, Fortuner	86.43	1964
	48	Toyota Auto Body Thailand Co., Ltd. (TABT)	Stamped parts	48.97	1979
	49	Thai Auto Works Co., Ltd. (TAW)	Fortuner	19.99	1988
	50	Siam Toyota Manufacturing Co., Ltd. (STM)	Engines, engine parts	96.00	1989
Vietnam	51	Toyota Motor Vietnam Co., Ltd. (TMV)	Camry, Corolla, VIOS, Innova, Hiace	70.00	1996
Bangladesh	52	Aftab Automobiles Ltd.**	Land Cruiser	—	1982

Oceania

Country/Area		Company name	Main products	Voting rights ratio* (%)	Start of operations
Australia	53	Toyota Motor Corporation Australia Ltd. (TMCA)	Camry/engines	100.00	1963

Production Facilities where Operations are Planned

Country/Area	Company name	Main products	Voting rights ratio* (%)	Start of operations
U.S.A.	Toyota Motor Manufacturing, Mississippi, Inc. (TMMMS)	Prius	100.00	TBD

* Including voting rights by the subsidiaries determined in accordance with U.S. GAAP
** Companies also produce brands other than Toyota and Lexus
*** First year of Toyota's vehicle production
Note: Plants that manufacture or assemble Toyota- or Lexus-brand vehicles and component manufacturers established by Toyota

Kiichiro Toyoda, the founder of Toyota Motor Corporation, was born in 1894. Inheriting the spirit of his father, Sakichi Toyoda, an inventor of looms, Kiichiro devoted his life to automobile manufacturing, at the time an unknown field in Japan. After a lot of painstaking work, he completed the A1 prototype passenger car in 1935, and the history of Toyota Motor Corporation began.

1930s	1933	Automobile research begins at Toyota Automatic Loom Works, Ltd.
	1935	Completion of A1 prototype passenger car Launch of G1 truck A
	1936	Launch of AA passenger car
	1937	Establishment of Toyota Motor Co., Ltd.
	1938	Koromo plant (now Honsha plant) begins production B
1940s	1947	Domestic production reaches 100 thousand vehicles
1950s	1950	Establishment of and transfer of sales operations to Toyota Motor Sales Co., Ltd.
	1955	Launch of the Toyopet Crown C
	1957	Export of the first made-in-Japan passenger car to the United States (the Crown)
		Establishment of Toyota Motor Sales, U.S.A., Inc.
1960s	1961	Launch of the Publica
	1966	Launch of the Corolla D
1970s	1972	Cumulative total domestic production reaches 10 million vehicles
	1973	Establishment of Calty Design Research, Inc.
	1977	Establishment of Toyota Technical Center, U.S.A., Inc. (now TEMA*)
		* TEMA has overall control of R&D and production in North America.
1980s	1982	Toyota Motor Co., Ltd., and Toyota Motor Sales Co., Ltd., merge to become Toyota Motor Corporation
	1984	Joint venture company (NUMMI) established with General Motors begins production in the United States
	1987	Establishment of Toyota Technical Center of Europe (now TME*)
	1988	Kentucky plant (now TMMK) begins production in the United States
	1989	Launch of Lexus in North America
		* TME has overall control of operations in Europe.
1990s	1992	Establishment of Toyota Supplier Support Center in the United States
		U.K. plant (TMUK) begins production
	1997	Launch of the Prius hybrid vehicle
	1999	Toyota Motor Corporation lists on the New York and London stock exchanges
		Cumulative total domestic production reaches 100 million vehicles E
2000s	2000	Sichuan FAW Toyota Motor Co., Ltd., begins production
	2002	Establishment of the Toyota Institute, a personnel training facility
		Toyota Motor Corporation participates in F1, the pinnacle of motorsports
	2005	Joint venture company established with PSA Peugeot Citroën begins production in the Czech Republic
		Launch of Lexus in Japan
	2007	Global cumulative sales of Toyota hybrid vehicles top one million
	2008	Global cumulative sales of Prius hybrid vehicle top one million F

A

A1 prototype passenger car

B

Koromo plant at the time of establishment

C

First-generation Toyopet Crown

D

First-generation Corolla

E


Cumulative domestic production reaches 100 million vehicles

F

Hybrid vehicle, second-generation Prius

Financial Section

Selected Financial Summary (U.S. GAAP)

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions			
	2000	2001	2002	2003
For the Year:				
Net Revenues:				
Sales of Products	¥11,892,900	¥12,402,104	¥13,499,644	¥14,793,973
Financing Operations	528,349	553,133	690,664	707,580
Total	¥12,421,249	¥12,955,237	¥14,190,308	¥15,501,553
Costs and Expenses:				
Cost of Products Sold	¥ 9,839,833	¥10,218,599	¥10,874,455	¥11,914,245
Cost of Financing Operations	401,998	427,340	459,195	423,885
Selling, General and Administrative	1,480,857	1,518,569	1,763,026	1,891,777
Total	¥11,722,688	¥12,164,508	¥13,096,676	¥14,229,907
Operating Income (Loss)	¥ 698,561	¥ 790,729	¥ 1,093,632	¥ 1,271,646
% of Net Revenues	5.6%	6.1%	7.7%	8.2%
Income (Loss) before Income Taxes, Minority Interest and Equity in Earnings of Affiliated Companies	880,680	1,107,289	972,101	1,226,652
Provision for Income Taxes	422,731	523,876	422,789	517,014
Net Income (Loss)	481,936	674,898	556,567	750,942
ROE	7.1%	9.6%	7.8%	10.4%
Net Cash Provided by Operating Activities	¥ 1,098,925	¥ 1,428,018	¥ 1,532,079	¥ 1,940,088
Net Cash Used in Investing Activities	(1,388,517)	(1,318,738)	(1,810,230)	(2,001,448)
Net Cash Provided by (Used in) Financing Activities	550,267	(166,713)	392,148	37,675
R&D Expenses	451,177	475,716	589,306	668,404
Capital Expenditures for Property, Plant and Equipment*	838,309	762,274	940,547	1,005,931
Depreciation	822,315	784,784	809,841	870,636
At Year-End:				
Shareholders' Equity	¥ 6,912,140	¥ 7,077,411	¥ 7,264,112	¥ 7,121,000
Total Assets	16,440,960	17,019,783	19,305,730	20,152,974
Long-Term Debt	2,913,759	3,083,344	3,722,706	4,137,528
Cash and Cash Equivalents	1,529,268	1,510,892	1,657,160	1,592,028
Ratio of Shareholders' Equity	42.0%	41.6%	37.6%	35.3%

	Yen			
	2000	2001	2002	2003
Per Share Data:				
Net Income (Loss) (Basic)	¥ 128.27	¥ 180.65	¥ 152.26	¥ 211.32
Annual Cash Dividends	24	25	28	36
Shareholders' Equity	1,844.02	1,921.29	2,015.82	2,063.43
Stock Information (March 31)**:**				
Stock Price	¥5,370	¥4,350	¥3,650	¥2,635
Market Capitalization (Yen in millions)	¥20,134,306	¥16,029,739	¥13,332,491	¥9,512,343
Number of Shares Issued (shares)	3,749,405,129	3,684,997,492	3,649,997,492	3,609,997,492

* Excluding vehicles and equipment of operating leases

Yen in millions						% change
2004	2005	2006	2007	2008	**2009**	2008 vs 2009
¥16,578,033	¥17,790,862	¥20,059,493	¥22,670,097	¥24,820,510	**¥19,173,720**	-22.8
716,727	760,664	977,416	1,277,994	1,468,730	**1,355,850**	-7.7
¥17,294,760	¥18,551,526	¥21,036,909	¥23,948,091	¥26,289,240	**¥20,529,570**	-21.9
¥13,506,337	¥14,500,282	¥16,335,312	¥18,356,255	¥20,452,338	**¥17,468,416**	-14.6
364,177	369,844	609,632	872,138	1,068,015	**987,384**	-7.5
1,757,356	2,009,213	2,213,623	2,481,015	2,498,512	**2,534,781**	+1.5
¥15,627,870	¥16,879,339	¥19,158,567	¥21,709,408	¥24,018,865	**¥20,990,581**	-12.6
¥ 1,666,890	¥ 1,672,187	¥ 1,878,342	¥ 2,238,683	¥ 2,270,375	**¥ (461,011)**	—
9.6%	9.0%	8.9%	9.3%	8.6%	**-2.2%**	—
1,765,793	1,754,637	2,087,360	2,382,516	2,437,222	**(560,381)**	—
681,304	657,910	795,153	898,312	911,495	**(56,442)**	—
1,162,098	1,171,260	1,372,180	1,644,032	1,717,879	**(436,937)**	—
15.2%	13.6%	14.0%	14.7%	14.5%	**-4.0%**	—
¥ 2,186,734	¥ 2,370,940	¥ 2,515,480	¥ 3,238,173	¥ 2,981,624	**¥ 1,476,905**	-50.5
(2,216,495)	(3,061,196)	(3,375,500)	(3,814,378)	(3,874,886)	**(1,230,220)**	+68.3
242,223	419,384	876,911	881,768	706,189	**698,841**	-1.0
682,279	755,147	812,648	890,782	958,882	**904,075**	-5.7
945,803	1,068,287	1,523,459	1,425,814	1,480,570	**1,364,582**	-7.8
969,904	997,713	1,211,178	1,382,594	1,491,135	**1,495,170**	-0.3
¥ 8,178,567	¥ 9,044,950	¥10,560,449	¥11,836,092	¥11,869,527	**¥10,061,207**	-15.2
22,040,228	24,335,011	28,731,595	32,574,779	32,458,320	**29,062,037**	-10.5
4,247,266	5,014,925	5,640,490	6,263,585	5,981,931	**6,301,469**	+5.3
1,729,776	1,483,753	1,569,387	1,900,379	1,628,547	**2,444,280**	+50.1
37.1%	37.2%	36.8%	36.3%	36.6%	**34.6%**	—

Yen						% change
2004	2005	2006	2007	2008	**2009**	2008 vs 2009
¥ 342.90	¥ 355.35	¥ 421.76	¥ 512.09	¥ 540.65	**¥ (139.13)**	—
45	65	90	120	140	**100**	-28.6
2,456.08	2,767.67	3,257.63	3,701.17	3,768.97	**3,208.41**	-14.9
¥3,880	¥3,990	¥6,430	¥7,550	¥4,970	**¥3,120**	-37.2
¥14,006,790	¥14,403,890	¥23,212,284	¥27,255,481	¥17,136,548	**¥10,757,752**	-37.2
3,609,997,492	3,609,997,492	3,609,997,492	3,609,997,492	3,447,997,492	**3,447,997,492**	—

Consolidated Segment Information

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions						% change
	2004	2005	2006	2007	2008	**2009**	2008 vs 2009
Business Segment:							
Net Revenues:							
Automotive	¥15,973,826	¥17,113,535	¥19,338,144	¥21,928,006	¥24,177,306	**¥18,564,723**	-23.2
Financial Services	736,852	781,261	996,909	1,300,548	1,498,354	**1,377,548**	-8.1
All Other	896,244	1,030,320	1,190,291	1,323,731	1,346,955	**1,184,947**	-12.0
Intersegment Elimination	(312,162)	(373,590)	(488,435)	(604,194)	(733,375)	**(597,648)**	—
Consolidated	¥17,294,760	¥18,551,526	¥21,036,909	¥23,948,091	¥26,289,240	**¥20,529,570**	-21.9
Operating Income (Loss):							
Automotive	¥1,518,954	¥1,452,535	¥1,694,045	¥2,038,828	¥2,171,905	**¥(394,876)**	—
Financial Services	145,998	200,853	155,817	158,495	86,494	**(71,947)**	—
All Other	15,247	33,743	39,748	39,679	33,080	**9,913**	-70.0
Intersegment Elimination	(13,309)	(14,944)	(11,268)	1,681	(21,104)	**(4,101)**	—
Consolidated	¥1,666,890	¥1,672,187	¥1,878,342	¥2,238,683	¥2,270,375	**¥(461,011)**	—
Geographic Segment:							
Net Revenues:							
Japan	¥11,589,987	¥12,004,155	¥13,111,457	¥14,815,282	¥15,315,812	**¥12,186,737**	-20.4
North America	6,127,639	6,373,453	7,687,942	9,029,773	9,423,258	**6,222,914**	-34.0
Europe	2,164,341	2,479,427	2,727,409	3,542,193	3,993,434	**3,013,128**	-24.5
Asia	1,243,521	1,625,422	2,042,806	2,225,528	3,120,826	**2,719,329**	-12.9
Other	1,118,362	1,183,702	1,601,736	1,922,742	2,294,137	**1,882,900**	-17.9
Intersegment Elimination	(4,949,090)	(5,114,633)	(6,134,441)	(7,587,427)	(7,858,227)	**(5,495,438)**	—
Consolidated	¥17,294,760	¥18,551,526	¥21,036,909	¥23,948,091	¥26,289,240	**¥20,529,570**	-21.9
Operating Income (Loss):							
Japan	¥1,108,127	¥ 987,242	¥1,075,890	¥1,457,246	¥1,440,286	**¥(237,531)**	—
North America	390,977	447,559	495,638	449,633	305,352	**(390,192)**	—
Europe	72,475	108,541	93,947	137,383	141,571	**(143,233)**	—
Asia	60,277	93,772	145,546	117,595	256,356	**176,060**	-31.3
Other	36,636	47,454	67,190	83,497	143,978	**87,648**	-39.1
Intersegment Elimination	(1,602)	(12,381)	131	(6,671)	(17,168)	**46,237**	—
Consolidated	¥1,666,890	¥1,672,187	¥1,878,342	¥2,238,683	¥2,270,375	**¥(461,011)**	—

Consolidated Quarterly Financial Summary

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in billions							
	2008				2009			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net Revenues	¥6,522.6	¥6,489.6	¥6,709.9	¥6,567.1	**¥6,215.1**	**¥5,975.3**	**¥4,802.8**	**¥3,536.3**
% Change	15.7%	11.2%	9.2%	3.8%	**-4.7%**	**-7.9%**	**-28.4%**	**-46.2%**
Operating Income (Loss)	675.4	596.7	601.5	396.7	**412.5**	**169.5**	**(360.6)**	**(682.5)**
% Change	31.8%	2.7%	4.7%	-30.5%	**-38.9%**	**-71.6%**	**—%**	**—%**
Operating Income Margin	10.4%	9.2%	9.0%	6.0%	**6.6%**	**2.8%**	**-7.5%**	**-19.3%**
Income (Loss) before Income Taxes, Minority Interest and Equity in Earnings of Affiliated Companies	739.0	623.2	652.7	422.3	**453.0**	**183.4**	**(282.1)**	**(914.7)**
% Change	33.2%	1.9%	6.0%	-29.7%	**-38.7%**	**-70.6%**	**—%**	**—%**
Net Income (Loss)	491.5	450.9	458.6	316.8	**353.6**	**139.8**	**(164.7)**	**(765.8)**
% Change	32.3%	11.1%	7.5%	-28.0%	**-28.1%**	**-69.0%**	**—%**	**—%**
Business Segment:								
Net Revenues:								
Automotive	¥6,014.3	¥5,925.3	¥6,180.4	¥6,057.3	**¥5,720.9**	**¥5,439.8**	**¥4,311.1**	**¥3,092.9**
Financial Services	378.6	406.7	391.7	321.3	**363.1**	**374.6**	**346.6**	**293.2**
All Other	293.0	321.0	333.6	399.3	**288.2**	**314.2**	**294.3**	**288.2**
Intersegment Elimination	(163.3)	(163.4)	(195.8)	(210.8)	**(157.1)**	**(153.3)**	**(149.2)**	**(138.0)**
Consolidated	¥6,522.6	¥6,489.6	¥6,709.9	¥6,567.1	**¥6,215.1**	**¥5,975.3**	**¥4,802.8**	**¥3,536.3**
Operating Income (Loss):								
Automotive	¥622.1	¥559.5	¥567.8	¥422.5	**¥332.3**	**¥133.6**	**¥(232.7)**	**¥(628.1)**
Financial Services	48.3	29.5	20.9	(12.2)	**79.1**	**28.1**	**(123.9)**	**(55.4)**
All Other	4.1	6.0	11.8	11.1	**2.9**	**8.9**	**0**	**(1.9)**
Intersegment Elimination	0.9	1.7	1.0	(24.7)	**(1.8)**	**(1.1)**	**(4.0)**	**2.9**
Consolidated	¥675.4	¥596.7	¥601.5	¥396.7	**¥412.5**	**¥169.5**	**¥(360.6)**	**¥(682.5)**
Geographic Segment:								
Net Revenues:								
Japan	¥ 3,662.9	¥ 3,653.9	¥ 3,984.8	¥ 4,014.2	**¥ 3,660.8**	**¥ 3,546.5**	**¥ 3,014.1**	**¥1,965.3**
North America	2,510.9	2,399.0	2,369.8	2,143.5	**2,091.1**	**1,861.9**	**1,339.0**	**930.9**
Europe	1,019.0	1,001.6	983.1	989.7	**916.2**	**867.7**	**660.5**	**568.7**
Asia	720.1	785.2	811.2	804.4	**798.3**	**827.7**	**683.9**	**409.5**
Other	559.7	569.2	641.2	524.0	**628.7**	**592.7**	**381.5**	**280.0**
Intersegment Elimination	(1,950.0)	(1,919.3)	(2,080.2)	(1,908.7)	**(1,880.0)**	**(1,721.2)**	**(1,276.2)**	**(618.1)**
Consolidated	¥ 6,522.6	¥ 6,489.6	¥ 6,709.9	¥ 6,567.1	**¥ 6,215.1**	**¥ 5,975.3**	**¥ 4,802.8**	**¥3,536.3**
Operating Income (Loss):								
Japan	¥396.6	¥376.7	¥389.4	¥277.6	**¥217.1**	**¥104.6**	**¥(164.2)**	**¥(395.0)**
North America	160.2	93.9	63.6	(12.4)	**69.1**	**(34.9)**	**(247.4)**	**(177.0)**
Europe	38.5	29.8	34.0	39.2	**20.3**	**(11.5)**	**(43.4)**	**(108.7)**
Asia	49.6	67.1	64.3	75.4	**69.3**	**67.8**	**40.5**	**(1.6)**
Other	38.6	33.1	49.9	22.3	**44.5**	**34.6**	**33.5**	**(25.1)**
Intersegment Elimination	(8.1)	(3.9)	0.3	(5.4)	**(7.8)**	**8.9**	**20.4**	**24.9**
Consolidated	¥675.4	¥596.7	¥601.5	¥396.7	**¥412.5**	**¥169.5**	**¥(360.6)**	**¥(682.5)**

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 on Form 20-F. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Overview

The business segments of Toyota include automotive operations, financial services operations and all other operations. Automotive operations is Toyota's most significant business segment, accounting for 88% of Toyota's total revenues before the elimination of intersegment revenues for fiscal 2009. Toyota's primary markets based on vehicle unit sales for fiscal 2009 were: Japan (26%), North America (29%), Europe (14%) and Asia (12%).

Automotive Market Environment

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

The automotive industry experienced a rapid contraction of markets globally during fiscal 2009 due to a severe downturn in the economy stemming from a global financial crisis, and resulted in an extremely severe condition. Particularly in Japan, the United States, and Europe, the markets declined severely in the second half of fiscal 2009. The markets in resource-rich countries and emerging countries, which were growing continuously, encountered a sudden slowdown in growth.

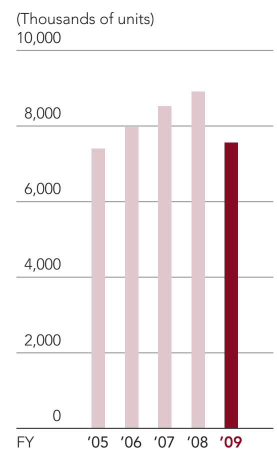
The following table sets forth Toyota's consolidated vehicle unit sales by geographic market based on location of customers for the past three fiscal years.

	Thousands of units		
	Years ended March 31,		
	2007	2008	**2009**
Japan	2,273	2,188	**1,945**
North America	2,942	2,958	**2,212**
Europe	1,224	1,284	**1,062**
Asia	789	956	**905**
Other*	1,296	1,527	**1,443**
Overseas total	6,251	6,725	**5,622**
Total	8,524	8,913	**7,567**

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

Toyota's consolidated vehicle unit sales in Japan decreased during fiscal 2008 and 2009 as compared to each of the respective prior years reflecting a decline in the overall domestic market. During fiscal 2009, however, Toyota and Lexus brands' market share excluding mini-vehicles, and Toyota's market share (including Daihatsu and Hino brands) including mini-vehicles represented a record high reflecting the sales efforts of domestic dealers. Overseas vehicle unit sales increased during fiscal 2008, but decreased during fiscal 2009. During fiscal 2008, vehicle unit sales increased in North America, Europe, Asia and Other reflecting the expansion of production sites, the introduction of vehicle models that effectively met customer needs and the implementation of various sales measures. During fiscal 2009, vehicle unit sales decreased, particularly in North America and Europe, where the contraction of automotive markets was especially pronounced.

Consolidated Vehicle Sales



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

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

- vehicle unit sales volumes,
- the mix of vehicle models and options sold,
- the level of parts and service sales,
- the levels of price discounts and other sales incentives and marketing costs,
- the cost of customer warranty claims and other customer satisfaction actions,
- the cost of research and development and other fixed costs,
- the prices of raw materials,
- the ability to control costs,
- the efficient use of production capacity, and
- changes in the value of the Japanese yen and other currencies in which Toyota does business.

Changes in laws, regulations, policies and other governmental actions can also materially impact the profitability of Toyota's automotive operations. These laws, regulations and policies include those attributed to environmental matters and vehicle safety, fuel economy and emissions that can add significantly to the cost of vehicles. The European Union has enforced a directive that requires manufacturers to be financially responsible for taking back end-of-life vehicles and to take measures to ensure that adequate used vehicle disposal facilities are established and those hazardous materials and recyclable parts are removed from vehicles prior to scrapping. Please see "—Legislation

Regarding End-of-Life Vehicles," "Information on the Company—Business Overview—Governmental Regulation, Environmental and Safety Standards" and note 23 to the consolidated financial statements for a more detailed discussion of these laws, regulations and policies.

Many governments also regulate local content, impose tariffs and other trade barriers, and enact price or exchange controls that can limit an automaker's operations and can make the repatriation of profits unpredictable. Changes in these laws, regulations, policies and other governmental actions may affect the production, licensing, distribution or sale of Toyota's products, cost of products or applicable tax rates. Toyota is currently one of the defendants in purported national class actions alleging violations of the U.S. Sherman Antitrust Act. Toyota believes that its actions have been lawful. In the interest of quickly resolving these legal actions, however, Toyota entered into a settlement agreement with the plaintiffs at the end of February 2006. The settlement agreement is pending the approval of the federal district court, and immediately upon approval the plaintiffs will, in accordance with the terms of the settlement agreement, withdraw all pending actions against Toyota in the federal district court as well as all state courts and all related actions will be closed. For a more detailed description of these proceedings, see note 23 to the consolidated financial statements.

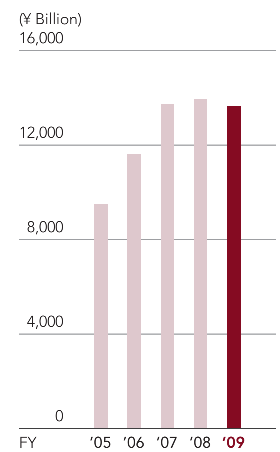
The worldwide automotive industry is in a period of global competition which may continue for the foreseeable future, and in general the competitive environment in which Toyota operates is likely to intensify. Toyota believes it has the resources, strategies and technologies in place to compete effectively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

Financial Services Operations

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

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

Total Assets by Financial Services Operations



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 provide competition for Toyota's wholesale financing activities.

Toyota's financial assets decreased during fiscal 2009 primarily due to the impact of fluctuations in foreign currency translation rates.

The following table provides information regarding Toyota's finance receivables and operating leases as of March 31, 2008 and 2009.

	Yen in millions	
	March 31,	
	2008	**2009**
Finance Receivables		
Retail	¥ 6,959,479	**¥ 6,655,404**
Finance leases	1,160,401	**1,108,408**
Wholesale and other dealer loans	2,604,411	**2,322,721**
	10,724,291	**10,086,533**
Deferred origination costs	106,678	**104,521**
Unearned income	(437,365)	**(405,171)**
Allowance for credit losses	(117,706)	**(238,932)**
Total finance receivables, net	10,275,898	**9,546,951**
Less—Current portion	(4,301,142)	**(3,891,406)**
Noncurrent finance receivables, net	¥ 5,974,756	**¥ 5,655,545**
Operating Leases		
Vehicles	¥ 2,814,706	**¥ 2,729,713**
Equipment	107,619	**107,168**
	2,922,325	**2,836,881**
Less—Accumulated depreciation	(718,207)	**(795,767)**
Vehicles and equipment on operating leases, net	¥ 2,204,118	**¥ 2,041,114**

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

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

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

In addition, aggregated 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 increased during fiscal 2008 as a result of an increase in borrowings. Funding costs decreased during fiscal 2009 mainly as a result of lower interest rate.

Toyota launched its credit card business in Japan at the beginning of fiscal 2002. As of March 31, 2008, Toyota had 6.6 million cardholders, an increase of 0.5 million cardholders compared with March 31, 2007, and as of March 31, 2009, Toyota had 7.1 million cardholders, an increase of 0.5 million cardholders compared with March 31, 2008. The credit card receivables at March 31, 2008 increased by ¥24.5 billion from March 31, 2007 to ¥225.7 billion. The credit card receivables at March 31, 2009 decreased by ¥1.1 billion from March 31, 2008 to ¥224.6 billion.

Other Business Operations

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

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

Currency Fluctuations

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

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

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

Toyota believes that the location of its production facilities in different parts of the world has significantly reduced the level of transaction risk. As part of its globalization strategy, Toyota has continued to localize production by constructing production facilities in the major markets in which it sells its vehicles. In calendar 2007 and 2008, Toyota produced 61.4% and 64.1% of Toyota's non-domestic sales outside Japan, respectively. In North America, 57.2% and 57.4% of vehicles sold in calendar 2007 and 2008 were produced locally, respectively. In Europe, 64.0% and 60.9% of vehicles sold in calendar 2007 and 2008 were produced locally, respectively. Localizing production enables Toyota to locally purchase many of the supplies and resources used in the production process, which allows for a better match of local currency revenues with local currency expenses.

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

Generally, a weakening of the Japanese yen against other currencies has a positive effect on Toyota's revenues, operating income and net income. A strengthening of the Japanese yen against other currencies has the opposite effect. In fiscal 2008, the Japanese yen was on average and at the end of the fiscal year stronger against the U.S. dollar in comparison to the prior fiscal year. In fiscal 2008, the Japanese yen was on average and at the end of the fiscal year weaker against the euro in comparison to the prior fiscal year. In fiscal 2009, the Japanese yen was on average and at the end of the fiscal year stronger against the U.S. dollar and the euro in comparison to the prior fiscal year. See further discussion in the Market Risk Disclosures section regarding "Foreign Currency Exchange Rate Risk".

During fiscal 2008 and 2009, the average value of the Japanese yen fluctuated against the major currencies including the U.S. dollar and the euro compared with the average value of the previous fiscal year, respectively. The operating results excluding the impact of currency fluctuations described in the "Results of Operations—Fiscal 2009 Compared with Fiscal 2008" and the "Results of Operations—Fiscal 2008 Compared with Fiscal 2007," 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 2008 and 2009, respectively, as if the value of the Japanese yen had remained constant for the comparable periods. Results excluding the impact of currency fluctuations year-on-year are not on the same basis as Toyota's consolidated financial statements and do not conform with U.S. GAAP. Furthermore, Toyota does not believe that these measures are a substitute for U.S. GAAP measures. However, Toyota believes that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the operating performance on a local currency basis.

Segmentation

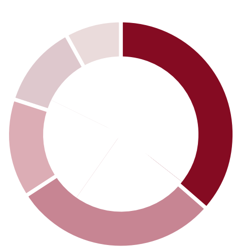
Toyota's most significant business segment is its automotive operations. Toyota carries out its automotive operations as a global competitor in the worldwide automotive market. Management allocates resources to, and assesses the performance of, its automotive operations as a single business segment on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

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

Geographic Breakdown

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

Revenues by Market
FY2009



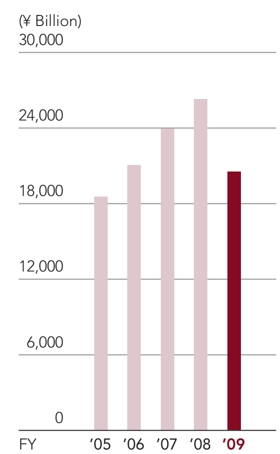
	Yen in millions		
	For the years ended March 31,		
	2007	2008	**2009**
Japan	¥8,152,884	¥8,418,620	**¥7,471,916**
North America	8,771,495	9,248,950	**6,097,676**
Europe	3,346,013	3,802,814	**2,889,753**
Asia	1,969,957	2,790,987	**2,450,412**
Other*	1,707,742	2,027,869	**1,619,813**

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

Results of Operations— Fiscal 2009 Compared with Fiscal 2008

Net Revenues

Net Revenues



Toyota had net revenues for fiscal 2009 of ¥20,529.5 billion, a decrease of ¥5,759.7 billion, or 21.9%, compared with the prior year. This decrease principally reflects the impact of decreased vehicle unit sales and changes in sales mix, the unfavorable impact of fluctuations in foreign currency translation rates, and decreased parts sales during fiscal 2009. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues would have been approximately ¥22,560.7 billion during fiscal 2009, a 14.2% decrease compared with the prior year. Toyota's net revenues include net revenues from sales of products that decreased by 22.8% during fiscal 2009 compared with the prior year to ¥19,173.7 billion and net revenues from financial services operations that decreased by 7.7% during fiscal 2009 compared with the prior year to ¥1,355.8 billion. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues from sales of products would have been approximately ¥21,011.3 billion, a 15.3% decrease during fiscal 2009 compared with the prior year, while net revenues from financial services operations would have been approximately ¥1,549.4 billion, a 5.5% increase during fiscal 2009 compared with the prior year. Geographically, net revenues for fiscal 2009 decreased by 11.2% in Japan, 34.1% in North America, 24.0% in Europe, 12.2% in Asia and 20.1% in Other compared with the prior year. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues in fiscal 2009 would have decreased by 11.2% in Japan, 24.9% in North America, 13.1% in Europe, and 0.4% in Other and increased by 0.9% in Asia compared with the prior year.

The following is a discussion of net revenues for each of Toyota's business segments. The net revenue amounts discussed are amounts before the elimination of intersegment revenues.

• Automotive Operations Segment

Net revenues for Toyota's automotive operations segment, which constitute the largest percentage of Toyota's net revenues, decreased during fiscal 2009 by ¥5,612.6 billion, or 23.2% compared with the prior year to ¥18,564.7 billion. The decrease resulted primarily from the approximate ¥3,400 billion impact attributed to the decrease in vehicle unit sales and the changes in sales mix, the ¥1,833.8 billion impact of fluctuations in foreign currency translation rates, and the decreased parts sales. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues for its automotive operations segment would have been approximately ¥20,398.5 billion during fiscal 2009, a 15.6% decrease compared to the prior year. In fiscal 2009, net revenues in Japan were unfavorably impacted primarily by the decrease in vehicle unit sales in the export markets and the changes in sales mix compared to fiscal 2008. Net revenues in North America, Europe, Asia and Other were unfavorably impacted primarily by the decrease in vehicle unit sales and the impact of fluctuations in foreign currency translation rates.

• Financial Services Operations Segment

Net revenues in fiscal 2009 for Toyota's financial services operations decreased by ¥120.8 billion, or 8.1% compared to the prior year to ¥1,377.5 billion. This decrease resulted primarily from the impact of fluctuations in foreign currency translation rates, partially offset by the impact of a higher volume of financings. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues for its financial services operations would have been approximately ¥1,572.5 billion during fiscal 2009, a 5.0% increase compared with the prior year.

• All Other Operations Segment

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

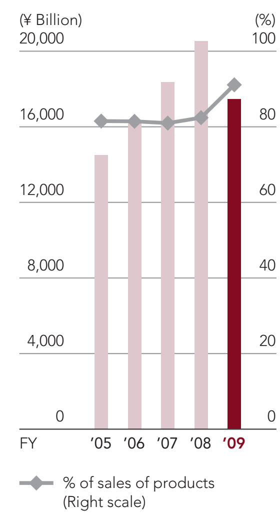
Operating Costs and Expenses

Operating costs and expenses decreased by ¥3,028.4 billion, or 12.6%, to ¥20,990.5 billion during fiscal 2009 compared with the prior year. This decrease resulted primarily from the approximate ¥2,100 billion impact on costs of products attributable to the decrease in vehicle unit sales and the changes in sales mix, the ¥2,062.1 billion impact of fluctuations in foreign currency translation rates, decreased costs corresponding to the decrease in parts sales, and the ¥54.8 billion decrease in research and development expenses, partially offset by increases in expenses.

Cost reduction efforts were offset by increases in the prices of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. These cost reduction efforts related to ongoing value engineering and value analysis activities, the use of common parts that result in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production.

Cost of products sold decreased by ¥2,984.0 billion, or 14.6%, to ¥17,468.4 billion during fiscal 2009 compared with the prior year. This decrease (before the elimination of intersegment amounts) reflects a decrease of ¥2,939.2 billion, or 14.9%, for the automotive operations segment and a decrease of ¥131.2 billion, or 11.2%, for all other operations segment. The decrease in cost of products sold for automotive operations is primarily attributed to the decrease in vehicle unit sales and the changes in sales mix, the impact of fluctuations in foreign currency translation rates, the impact of the decrease in parts sales, and the decrease in research and development expenses, partially offset by increases in expenses. Cost of financing operations decreased by ¥80.6 billion, or 7.5%, to ¥987.4 billion during fiscal 2009 compared with the prior year. The decrease resulted primarily from the impact of fluctuations in foreign currency translation rates, partially offset by an increase in allowance for residual value losses and an increase in valuation losses on interest rate swaps stated at fair value.

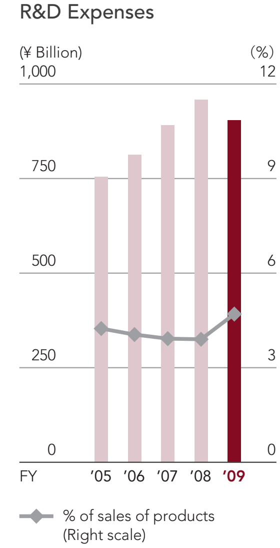
Cost of Products Sold



Selling, general and administrative expenses increased by ¥36.2 billion, or 1.5%, to ¥2,534.7 billion during fiscal 2009 compared with the prior year. This increase mainly reflects an increase for the financial services operations. The increase for the financial services operations is primarily due to an increase in provision for credit losses, net charge-offs.

Research and development expenses (included in cost of products sold and selling, general and administrative expenses) decreased by ¥54.8 billion, or 5.7%, to ¥904.0 billion during fiscal 2009 compared with the prior year. This decrease primarily relates to an overall decrease in expenditures while maintaining a focus on the development of environmentally conscious technologies including hybrid and fuel-cell technology, and the developments in advanced technologies relating to collision safety and vehicle stability controls to further build up competitive strength in the future.

R&D Expenses

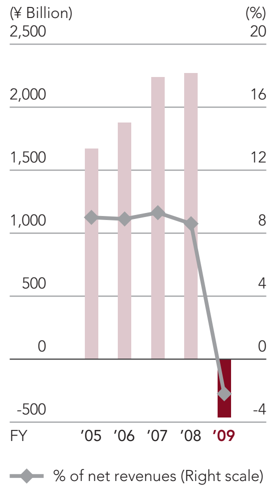


Operating Income and Loss

Toyota's operating income decreased by ¥2,731.3 billion to an operating loss of ¥461.0 billion during fiscal 2009 compared with the prior year. This operating loss was unfavorably affected by the decrease in vehicle unit sales, the changes in sales mix, the increased expenses and the impact of the decrease in parts sales, partially offset by the decrease in research and development expenses.

During fiscal 2009, operating income (before the elimination of intersegment profits) for significant geographic regions decreased by ¥1,677.8 billion in Japan, decreased by ¥695.5 billion in North America, decreased by ¥284.8 billion in Europe, decreased by ¥80.3 billion, or 31.3%, in Asia, and decreased by ¥56.3 billion, or 39.1% in Other compared with the prior year. The decrease in Japan was mainly due to decreases in both production volume and vehicle unit sales in the export markets, partially offset by the decrease in research and development expenses. The decrease in North America was mainly due to decreases in both production volume and vehicle unit sales, the increases in the provision for credit losses, net charge-offs and allowance for residual value losses in sales finance subsidiaries in the United States, partially offset by the impact of the fluctuations in foreign currency translation rates. The decrease in Europe was mainly due to decreases in both production volume and vehicle unit sales, partially offset by the impact of fluctuations in foreign currency translation rates. The decrease in Asia was mainly due to decreases in both production volume and vehicle unit sales, and the impact of the fluctuations in foreign currency translation rates. The decrease in Other was primarily due to the decrease in vehicle unit sales.

Operating Income (Loss)



The following is a discussion of operating income for each of Toyota's business segments. The operating income amounts discussed are before the elimination of intersegment profits.

• Automotive Operations Segment

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

• Financial Services Operations Segment

Operating income from Toyota's financial services operations decreased by ¥158.5 billion to an operating loss of ¥72.0 billion during fiscal 2009 compared with the prior year. This decrease was primarily due to the increases in the provision for credit losses, net charge-offs and allowance for residual value losses, and the increase in valuation losses on interest rate swaps stated at fair value in sales finance subsidiaries, partially offset by the impact of a higher volume of financing activities.

• All Other Operations Segment

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

Other Income and Expenses

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

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

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

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

Income Taxes

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

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliated Companies

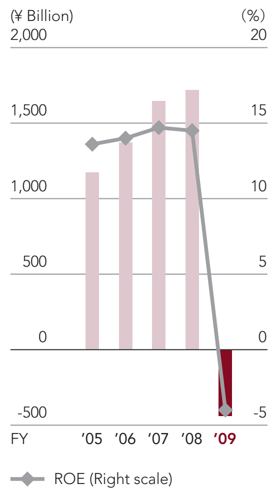
Minority interest in consolidated subsidiaries decreased by ¥102.2 billion to a loss of ¥24.2 billion during fiscal 2009 compared with the prior year. This decrease was mainly due to a decrease in net income at consolidated subsidiaries.

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

Net Income and Loss

Toyota's net income decreased by ¥2,154.8 billion to a loss of ¥437.0 billion during fiscal 2009 compared with the prior year.

Net Income (Loss), and ROE



Other Comprehensive Income and Loss

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

Results of Operations—Fiscal 2008 Compared with Fiscal 2007

Net Revenues

Toyota had net revenues for fiscal 2008 of ¥26,289.2 billion, an increase of ¥2,341.2 billion, or 9.8%, compared with the prior year. This increase principally reflects the impact of increased vehicle unit sales, increased financings operations, increased parts sales and the favorable impact of fluctuations in foreign currency translation rates during fiscal 2008. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues would have been approximately ¥26,011.5 billion during fiscal 2008, an 8.6% increase compared with the prior year. Toyota's net revenues include net revenues from sales of products that increased by 9.5% during fiscal 2008 compared with the prior year to ¥24,820.5 billion and net revenues from financing operations that increased by 14.9% during fiscal 2008 compared with the prior year to ¥1,468.7 billion. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues from sales of products would have been approximately ¥24,540.1 billion, an 8.2% increase during fiscal 2008 compared with the prior year, while net revenues from financing operations would have increased by approximately 15.1% during fiscal 2008 compared to the prior year to ¥1,471.4 billion. Geographically, net revenues for fiscal 2008 increased by 3.3% in Japan, 5.4% in North America, 13.7% in Europe, 41.7% in Asia and 18.7% in Other compared with the prior year. Eliminating the difference in the Japanese yen value used for translation purposes, net revenues in fiscal 2008 would have increased by 3.3% in Japan, 7.6% in North America, 6.8% in Europe, 34.2% in Asia, and 13.6% in Other compared with the prior year.

The following is a discussion of net revenues for each of Toyota's business segments. The net revenue amounts discussed are amounts before the elimination of intersegment revenues.

• Automotive Operations Segment

Net revenues from Toyota's automotive operations segment, which constitute the largest percentage of Toyota's net revenues, increased during fiscal 2008 by ¥2,249.3 billion, or 10.3% compared with the prior year to ¥24,177.3 billion. The increase resulted primarily from the approximate ¥1,600 billion impact attributed to the vehicle unit sales growth and changes in sales mix, the ¥277.5 billion impact of fluctuations in foreign currency translation rates during fiscal 2008, and the impact of increased parts sales. Eliminating the difference in the Japanese yen value used for translation purposes, automotive operations segment net revenues would have been approximately ¥23,899.8 billion during fiscal 2008, a 9.0% increase compared to the prior year. In fiscal 2008, net revenues in Japan were favorably impacted primarily by vehicle unit sales growth in the export markets, which was partially offset by changes in sales mix compared to fiscal 2007. Net revenues in North America were favorably impacted primarily by vehicle unit sales growth partially offset by fluctuations in foreign currency translation rates during fiscal 2008. Net revenues in Europe and Asia were favorably impacted primarily by vehicle unit sales growth and fluctuations in foreign currency translation rates during fiscal 2008. Net revenues in Other were favorably impacted primarily by vehicle unit sales growth.

• Financial Services Operations Segment

Net revenues in fiscal 2008 for Toyota's financial services operations increased by ¥197.8 billion or 15.2% compared to the prior year to ¥1,498.3 billion. This increase resulted primarily from the impact of a higher volume of financings mainly in North America, partially offset by the impact of fluctuations in foreign currency translation rates during fiscal 2008. Eliminating the difference in the Japanese yen value used for translation purposes, financial services operations net revenues would have been approximately ¥1,500.5 billion during fiscal 2008, a 15.4% increase compared with the prior year.

• All Other Operations Segment

Net revenues for Toyota's other businesses increased by ¥23.2 billion, or 1.8%, to ¥1,346.9 billion during fiscal 2008 compared with the prior year.

Operating Costs and Expenses

Operating costs and expenses increased by ¥2,309.5 billion, or 10.6%, to ¥24,018.9 billion during fiscal 2008 compared with the prior year. The increase resulted primarily from the approximate ¥1,300 billion impact on costs of products attributed to vehicle unit sales growth and changes in sales mix, the ¥252.1 billion impact of fluctuations in foreign currency translation rates, the ¥68.1 billion increase in research and development expenses, increased expenses in expanding business operations and increased costs corresponding to the increase in parts sales. These increases were partially offset by the approximate ¥120 billion impact attributed to the net impact of cost reduction efforts, responding to the rise in prices of production materials and parts in fiscal 2008.

Continued cost reduction efforts reduced operating costs and expenses in fiscal 2008 by approximately ¥120 billion, partially offset by increases in the prices of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts, over what would have otherwise been incurred. These cost reduction efforts relate to ongoing value engineering and value analysis activities, the use of common parts that result in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production.

Cost of products sold increased by ¥2,096.1 billion, or 11.4%, to ¥20,452.4 billion during fiscal 2008 compared with the prior year. This increase (before the elimination of intersegment amounts) reflects an increase of ¥2,107.7 billion, or 11.9%, for the automotive operations and an increase of ¥33.4 billion, or 2.9%, for all other operations segment. The increase in cost of products sold for automotive operations is primarily attributed to the increased vehicle unit sales and changes in sales mix, the impact of the increase in parts sales, the impact of the increase in research and development expenses and the impact of fluctuations in foreign currency translation rates during fiscal 2008, which were partially offset by the impact of continued cost reduction efforts. The increase in cost of products sold for all other operations primarily related to the increase in net revenues.

Cost of financing operations increased by ¥195.9 billion, or 22.5%, to ¥1,068.0 billion during fiscal 2008 compared with the prior year. The increase resulted primarily from the impact of increased interest expenses caused primarily by an increase in borrowings attributed to business expansion. The increase is also attributed to the impact of losses due to changes in the fair value of derivative financial instruments that are not designated as hedges and are marked-to-market at the end of each period.

Selling, general and administrative expenses increased by ¥17.5 billion, or 0.7%, to ¥2,498.5 billion during fiscal 2008 compared with the prior year. This increase mainly reflects an increase for the financial services operations. The increase for the financial services operations is primarily attributed to the impact of increased expenses.

Research and development expenses (included in cost of products sold and selling, general and administrative expenses) increased by ¥68.1 billion, or 7.6%, to ¥958.8 billion during fiscal 2008 compared with the prior year. This increase primarily relates to expenditures attributed to the development of environmentally conscious technologies including hybrid and fuel-cell technology, aggressive developments in advanced technologies relating to collision safety and vehicle stability controls and the impact of expanding new models to promote Toyota's strength in a global market to further build up competitive strength in the future.

Operating Income

Toyota's operating income increased by ¥31.7 billion, or 1.4%, to ¥2,270.3 billion during fiscal 2008 compared with the prior year. Operating income was favorably affected by the vehicle unit sales growth, the changes in sales mix, the impact of increased parts sales, continued cost reduction efforts and the favorable impact of fluctuations in foreign currency translation rates. These increases were partially offset by increases in research and development expenses and the increases in expenses due to business expansion. As a result, operating income decreased to 8.6% as a percentage of net revenues for fiscal 2008 compared to 9.3% in the prior year.

During fiscal 2008, operating income (before the elimination of intersegment profits) for significant geographic regions decreased by ¥16.9 billion, or 1.2%, in Japan, decreased by ¥144.3 billion, or 32.1%, in North America, increased by ¥4.2 billion, or 3.0% in Europe, increased by ¥138.8 billion, or 118.0%, in Asia, and increased by ¥60.4 billion, or 72.4% in Other compared with the prior year. The decrease in Japan was mainly due to an increase in expenses including research and development expenses, partially offset by the vehicle unit sales growth in the export markets and continued cost reduction efforts. The decrease in North America was mainly due to an increase in valuation losses on interest rate swaps stated at fair value and the impact of fluctuations in foreign currency translation rates partially offset by the increase in production volume and vehicle unit sales and continued cost reduction efforts in the manufacturing operations. The increases in Europe were mainly due to the impact of an increase in production volume and vehicle unit sales, continued cost reduction efforts in the manufacturing operations and the favorable impact of fluctuations in foreign currency translation rates. The increases in Asia were mainly due to the impact of an increase in production volume and vehicle unit sales. The increase in Other was primarily due to the impact of the increase in production volume and vehicle unit sales.

The following is a discussion of operating income for each of Toyota's business segments. The operating income amounts discussed are before the elimination of intersegment profits.

• Automotive Operations Segment

Operating income from Toyota's automotive operations increased by ¥133.1 billion, or 6.5%, to ¥2,171.9 billion during fiscal 2008 compared with the prior year. This increase is primarily attributed to the increase in vehicle unit sales, the increase in parts sales, the impact of continued cost reduction efforts and the favorable impact of fluctuations in foreign currency translation rates. This increase was partially offset by the increase in research and development expenses and the increase in expenses due to business expansion.

• Financial Services Operations Segment

Operating income from Toyota's financial services operations decreased by ¥72.0 billion, or 45.4%, to ¥86.5 billion during fiscal 2008 compared with the prior year. This decrease is primarily due to an increase in valuation losses on interest rate swaps stated at fair value, partially offset by the impact of a higher volume of financing activities.

• All Other Operations Segment

Operating income from Toyota's other businesses decreased by ¥6.6 billion, or 16.6% to ¥33.0 billion during fiscal 2008 compared with the prior year.

Other Income and Expenses

Interest and dividend income increased by ¥33.7 billion, or 25.6%, to ¥165.7 billion during fiscal 2008 compared with the prior year mainly due to an increase in interest income reflecting an increase in marketable securities.

Interest expense decreased by ¥3.2 billion, or 6.5%, to ¥46.1 billion during fiscal 2008 compared with the prior year due to a decrease in borrowings in the automotive operations segment.

Foreign exchange gains, net decreased by ¥23.8 billion, or 72.2%, to ¥9.2 billion during fiscal 2008 compared with the prior year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated sales translated at prevailing exchange rates and the value of the sales amounts settled during the year, including those settled using forward foreign currency exchange contracts.

Other income, net increased by ¥9.9 billion, or 35.1%, to ¥38.1 billion during fiscal 2008 compared with the prior year.

Income Taxes

The provision for income taxes increased by ¥13.2 billion, or 1.5%, to ¥911.5 billion during fiscal 2008 compared with the prior year primarily due to the increase in income before income taxes. The effective tax rate for fiscal 2008 remained relatively unchanged compared to the rate for fiscal 2007.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliated Companies

Minority interest in consolidated subsidiaries increased by ¥28.3 billion, or 56.9%, to ¥78.0 billion during fiscal 2008 compared with the prior year. This increase was mainly due to an increase in net income attributable to favorable results of operations at consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2008 increased by ¥60.6 billion, or 28.9%, to ¥270.1 billion compared with the prior year. This increase was mainly due to an increase in net income attributable to favorable results of operations at the affiliated companies.

Net Income

Toyota's net income increased by ¥73.8 billion, or 4.5%, to ¥1,717.8 billion during fiscal 2008 compared with the prior year.

Other Comprehensive Income and Loss

Other comprehensive income decreased by ¥1,115.5 billion, to losses of ¥942.5 billion for fiscal 2008 compared with the prior year. This decrease resulted primarily from a decrease in foreign currency translation adjustments in fiscal 2008 to losses of ¥461.1 billion compared with gains of ¥130.7 billion in the prior year and a decrease in unrealized holding gains on securities in fiscal 2008 to losses of ¥347.8 billion reflecting the decline in the Japanese stock market compared with unrealized holding gains of ¥38.8 billion in the prior year.

Outlook

Toyota perceives a risk of a further downturn in the world economy during fiscal 2010 resulting from a weakened economy coupled with the financial crisis.

Although Toyota expects that the automotive market is expected to expand over the medium- to long-term particularly in resource-rich countries and emerging countries, the automotive market is currently undergoing a rapid contraction because of the worldwide economic deceleration. In addition, the competition in the automotive market is more intense globally, as shown in the fierce competition with respect to compact cars and low-price cars, and the acceleration in the development of technologies and introduction of new products while environmental awareness is growing throughout the world. For purposes of this discussion, Toyota is assuming an average exchange rate of ¥95 to the U.S. dollar and ¥125 to the euro. With the foregoing external factors in mind, Toyota expects that net revenues for fiscal 2010 will decrease compared with fiscal 2009 as a result of a decrease in vehicle unit sales and the assumed exchange rate of a stronger Japanese yen against the U.S. dollar and the euro. Factors decreasing operating income include a decrease in vehicle unit sales and the assumed exchange rate of a stronger Japanese yen against the U.S. dollar and the euro. The foregoing factors are partially offset by factors increasing operating income including cost reduction efforts and decreases in fixed costs and expenses. As a result, Toyota expects that operating loss will increase in fiscal 2010 compared with fiscal 2009. Also, Toyota expects loss before income taxes and net loss will increase in fiscal 2010. Exchange rate fluctuations can materially affect Toyota's operating results. In particular, a strengthening of the Japanese yen against the U.S. dollar can have a material adverse effect on Toyota's operating results. Please see "Operating and Financial Review and Prospects—Operating Results—Overview—Currency Fluctuations." for further discussion.

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

Liquidity and Capital Resources

Historically, Toyota has funded its capital expenditures and research and development activities primarily through cash generated by operations. In fiscal 2009, cash generated by operations decreased due to a decrease in vehicle unit sales that was attributed to the rapid contraction of the automotive market. Therefore, Toyota funded cash partially through additional loans and issuance of notes.

In fiscal 2010, Toyota expects to sufficiently fund its capital expenditures and research and development activities primarily through cash and cash equivalents on hand, cash generated by operations, loans and issuance of notes. 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 20-F for information regarding Toyota's material capital expenditures and divestitures for fiscal 2007, 2008 and 2009, 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 finance subsidiaries. Toyota seeks to expand its ability to raise funds locally in markets throughout the world by expanding its network of finance subsidiaries.

Net cash provided by operating activities was ¥1,476.9 billion for fiscal 2009, compared with ¥2,981.6 billion for the prior year. The decrease in net cash provided by operating activities resulted primarily from a decrease in cash collection received from sale of products due to a decrease in net revenue for the automotive operations, partially offset by a decrease in cash payments for cost of products sold within the automotive operations and a decrease in cash payments for income taxes.

Net cash used in investing activities was ¥1,230.2 billion for fiscal 2009, compared with ¥3,874.8 billion for the prior year. The decrease in net cash used in investing activities resulted primarily from a decrease in additions to finance receivables, a decrease in purchases of marketable securities and security investments, and an increase in proceeds from sales of marketable securities and security investments.

Net cash provided by financing activities was ¥698.8 billion for fiscal 2009, compared with ¥706.1 billion for the prior year. The decrease in net cash provided by financing activities resulted primarily from an increase in payments of long-term debt, partially offset by a decrease in repurchase of common stock.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were ¥1,364.5 billion during fiscal 2009, a decrease of 7.8% over the ¥1,480.5 billion in total capital expenditures from the prior year. The decrease in capital expenditures resulted primarily from a decrease in investments by subsidiaries especially located in Asia and North America.

Total expenditures for vehicles and equipment on operating leases were ¥960.3 billion during fiscal 2009, a decrease of 24.9% over the ¥1,279.4 billion in expenditures from the prior year. The decrease in expenditures for vehicles and equipment on operating leases resulted primarily from a decrease in investments in the financial services operations.

Toyota expects investments in property, plant and equipment, excluding vehicles and equipment on operating leases, to be approximately ¥830.0 billion during fiscal 2010. Toyota's expected investments include approximately ¥530.0 billion in Japan, ¥140.0 billion in North America, ¥50.0 billion in Europe, ¥70.0 billion in Asia and ¥40.0 billion in Other.

Based on current available information, Toyota does not expect environmental matters to have a material impact on its financial position, results of operations, liquidity or cash flows during fiscal 2010. However, there exists a substantial amount of uncertainty with respect to Toyota's obligations under current and future environment regulations as described in "Information on the Company—Business Overview—Governmental Regulations, Environmental and Safety Standards" in Toyota's annual report on Form 20-F.

Cash and cash equivalents were ¥2,444.2 billion as of March 31, 2009. Most of Toyota's cash and cash equivalents are held in Japanese yen and in U.S. dollars. In addition, time deposits were ¥45.1 billion and marketable securities were ¥495.3 billion as of March 31, 2009.

Liquid assets, which Toyota defines as cash and cash equivalents, time deposits, marketable debt securities and its investment in monetary trust funds, decreased during fiscal 2009 by ¥251.8 billion, or 5.6%, to ¥4,229.1 billion.

Trade accounts and notes receivable, net decreased during fiscal 2009 by ¥647.5 billion, or 31.7%, to ¥1,392.7 billion, reflecting the impacts of decreased revenues and fluctuations in foreign currency translation rates.

Inventories decreased during fiscal 2009 by ¥366.4 billion, or 20.1%, to ¥1,459.3 billion, reflecting the impacts of decreased volumes and fluctuations in foreign currency translation rates.

Total finance receivables, net decreased during fiscal 2009 by ¥728.9 billion, or 7.1%, to ¥9,546.9 billion. The decrease in finance receivables, net resulted from a decrease in wholesale and other dealer loans and the impact of fluctuations in foreign currency translation rates. As of March 31, 2009, finance receivables were geographically distributed as follows: in North America 63.6%, in Japan 14.1%, in Europe 11.0%, in Asia 3.8% and in Other 7.5%. Although Toyota maintains programs to sell finance receivables through special purpose entities, no sales of finance receivables were made during fiscal 2009.

Marketable securities and other securities investments, including those included in current assets, decreased during fiscal 2009 by ¥1,373.2 billion, or 34.6%, primarily reflecting sales of marketable securities and security investments, and a decrease in the fair values of these securities and investments.

Property, plant and equipment decreased during fiscal 2009 by ¥410.3 billion, or 5.3%, primarily reflecting the impacts of depreciation charges during the year and fluctuations in foreign currency translation rates, partially offset by the capital expenditures.

Accounts payable decreased during fiscal 2009 by ¥913.3 billion, or 41.3%, reflecting the impacts of a decrease in trading volumes and fluctuations in foreign currency translation rates.

Accrued expenses decreased during fiscal 2009 by ¥66.2 billion, or 4.1%, reflecting the impact of fluctuations in foreign currency translation rates.

Income taxes payable decreased during fiscal 2009 by ¥254.2 billion, or 83.2%, primarily as a result of a decrease in income before income taxes.

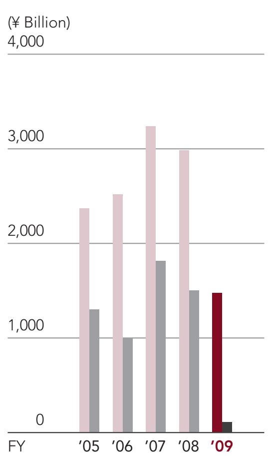
Toyota's total borrowings increased during fiscal 2009 by ¥408.5 billion, or 3.3%. Toyota's short-term borrowings consist of loans with a weighted-average interest rate of 2.44% and commercial paper with a weighted-average interest rate of 1.52%. Short-term borrowings increased during fiscal 2009 by ¥64.9 billion, or 1.8%, to ¥3,617.6 billion. Toyota's long-term debt consists of unsecured and secured loans, medium-term notes, unsecured notes and long-term capital lease obligations with interest rates ranging from 0.17% to 31.50%, and maturity dates ranging from 2009 to 2047. The current portion of long-term debt increased during fiscal 2009 by ¥24.1 billion, or 0.9%, to ¥2,699.5 billion and the non-current portion increased by ¥319.5 billion, or 5.3%, to ¥6,301.4 billion. The increase in total borrowings primarily resulted from funding obtained to maintain sufficient liquidity. As of March 31, 2009, approximately 28% of long-term debt was denominated in U.S. dollars, 21% in Japanese yen, 15% in euros and 36% in other currencies. Toyota hedges fixed rate exposure by entering into interest rate swaps. There are no material seasonal variations in Toyota's borrowings requirements.

As of March 31, 2009, Toyota's total interest bearing debt was 125.4% of total shareholders' equity, compared to 102.9% as of March 31, 2008.

Toyota's long-term debt was rated "AA" by Standard & Poor's Ratings Group, "Aa1" by Moody's Investors Services and "AAA" by Rating and Investment Information, Inc. as of May 31, 2009. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating.

Toyota's unfunded pension liabilities increased during fiscal 2009 by ¥242.6 billion, or 59.0%, to ¥653.7 billion. The unfunded

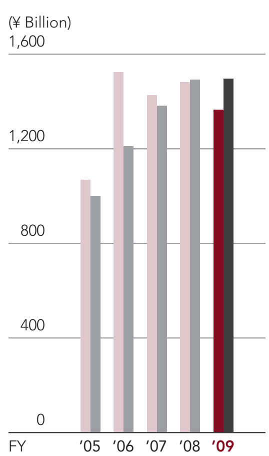
Net Cash Provided by Operating Activities and Free Cash Flow*



Net cash provided by operating activities
Free cash flow

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

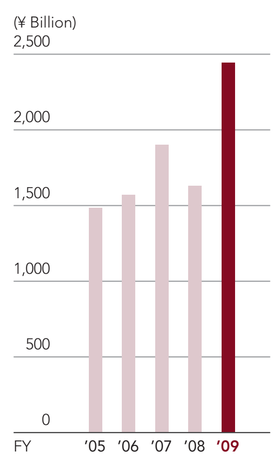
Capital Expenditures for Property, Plant and Equipment* and Depreciation



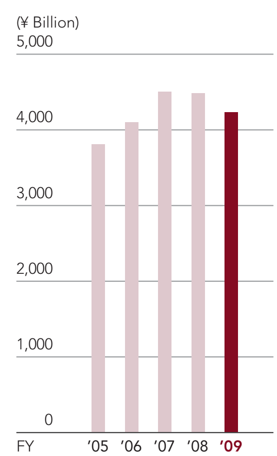
Capital expenditures
Depreciation

* Excluding vehicles and equipment on operating leases

Cash and Cash Equivalents at End of Year



Liquid Assets*



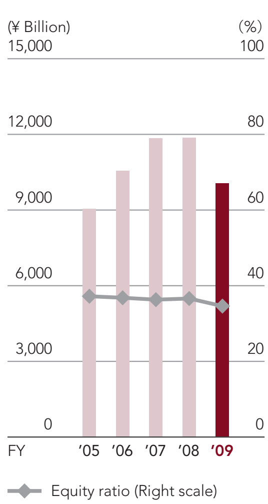
* Cash and cash equivalents, time deposits, marketable debt securities and investment in monetary trust funds

pension liabilities relate primarily to the parent company and its Japanese subsidiaries. The unfunded amounts will be funded through future cash contributions by Toyota or in some cases will be funded on the retirement date of each covered employee. The unfunded pension liabilities increased in fiscal 2009 compared to the prior year primarily due to a decrease in the market value of plan assets. See note 19 to the consolidated financial statements for further discussion.

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

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

Shareholders' Equity and Equity Ratio



Off-Balance Sheet Arrangements

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

Lending Commitments

Credit Facilities with Credit Card Holders

Toyota's financial services operation issues credit cards to customers. As customary for credit card businesses, Toyota maintains credit facilities with holders of credit cards issued by Toyota. These facilities are used upon each holders' requests up to the limits established on an individual holder's basis. Although loans made to customers through this facility are not secured, for the purposes of minimizing credit risks and of appropriately establishing credit limits for each individual credit card holder, Toyota employs its own risk management policy which includes an analysis of information provided by financial institutions in alliance with Toyota. Toyota periodically reviews and revises, as appropriate, these credit limits. Outstanding credit facilities with credit card holders were ¥1,816.7 billion as of March 31, 2009.

Credit Facilities with Dealers

Toyota's financial services operation maintains credit facilities with dealers. These credit facilities may be used for business acquisitions, facilities refurbishment, real estate purchases, and working capital requirements. These loans are typically collateralized with liens on real estate, vehicle inventory, and/or other dealership assets, as appropriate. Toyota obtains a personal guarantee from the dealer or corporate guarantee from the dealership when deemed prudent. Although the loans are typically collateralized or guaranteed, the value of the underlying collateral or guarantees may not be sufficient to cover Toyota's exposure under such agreements. Toyota prices the credit facilities according to the risks assumed in entering into the credit facility. Toyota's financial services operation also provides financing to various multi-franchise dealer organizations, referred to as dealer groups, often as part of a lending consortium, for wholesale inventory financing, business acquisitions, facilities refurbishment, real estate purchases, and working capital requirements. Toyota's outstanding credit facilities with dealers totaled ¥1,702.3 billion as of March 31, 2009.

Guarantees

Toyota enters into certain guarantee contracts with its dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Guarantee periods are set to match the maturity of installment payments, and as of March 31, 2009, ranged from one month to 35 years. However, they are generally shorter than the useful lives of products sold. Toyota is required to execute its guarantee primarily when customers are unable to make required payments.

The maximum potential amount of future payments as of March 31, 2009 is ¥1,570.4 billion. Liabilities for these guarantees of ¥5.3 billion have been provided as of March 31, 2009. Under these guarantee contracts, Toyota is entitled to recover any amounts paid by it from the customers whose obligations it guaranteed.

Contractual Obligations and Commitments

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

The following tables summarize Toyota's contractual obligations and commercial commitments as of March 31, 2009:

	Yen in millions				
		Payments Due by Period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
Contractual Obligations:					
Short-term borrowings (note 13)					
Loans	¥ 1,115,122	¥1,115,122	¥ —	¥ —	¥ —
Commercial paper	2,502,550	2,502,550	—	—	—
Long-term debt* (note 13)	8,949,615	2,688,324	3,589,350	1,261,893	1,410,048
Capital lease obligations (note 13)	51,366	11,188	25,272	2,535	12,371
Non-cancelable operating lease obligations (note 22)	54,161	11,567	15,457	9,503	17,634
Commitments for the purchase of property, plant and other assets (note 23)	110,874	50,200	34,275	10,908	15,491
Total	¥12,783,688	¥6,378,951	¥3,664,354	¥1,284,839	¥1,455,544

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

Toyota is unable to make reasonable estimates of the period of cash settlement with respect to liabilities recognized for uncertain tax benefits, and accordingly such liabilities are excluded from the table above. See note 16 to the consolidated financial statements for further discussion.

Toyota expects to contribute ¥95,270 million to its pension plans in fiscal 2010.

	Yen in millions				
	Total Amounts Committed	Amount of Commitment Expiration Per Period			
		Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
Commercial Commitments:					
Maximum potential exposure to guarantees given in the ordinary course of business (note 23)	¥1,570,497	¥446,638	¥724,503	¥314,472	¥84,884
Total Commercial Commitments	¥1,570,497	¥446,638	¥724,503	¥314,472	¥84,884

Related Party Transactions

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

Legislation Regarding End-of-Life Vehicles

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

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

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

Recent Accounting Pronouncements in the United States

In December 2007, FASB issued FAS No. 141(R), *Business Combinations* ("FAS 141(R)"). FAS 141(R) establishes principles and requirements for how the acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest, and the goodwill acquired in a business combination or a gain from a bargain purchase. Also, FAS 141(R) provides several new disclosure requirements that enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141(R) is effective to business combinations on and after the beginning of fiscal year beginning on or after December 15, 2008. The impact of adopting FAS 141(R) on Toyota's consolidated financial statements will depend on the nature and significance of any acquisitions in the future period.

In December 2007, FASB issued FAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* ("FAS 160"). FAS 160 amends the guidance in Accounting Research Bulletins No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 is effective for fiscal year, and interim period within the fiscal year, beginning on or after December 15, 2008. The presentation and disclosure requirements shall be applied retrospectively for all periods presented in the consolidated financial statements in which FAS 160 is initially applied. Management is evaluating the impact of adopting FAS 160 on Toyota's consolidated financial statements.

In December 2008, FASB issued FASB Staff Position No. FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* ("FSP FAS 132(R)-1"). FSP FAS 132(R)-1 requires additional disclosures about postretirement benefit plan assets including investment policies and strategies, categories of plan assets, fair value measurements of plan assets, and significant concentrations of risk. FSP FAS 132(R)-1 is effective for fiscal year ending after December 15, 2009. Management does not expect this Statement to have a material impact on Toyota's consolidated financial statements.

In April 2009, FASB issued FASB Staff Position No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP FAS 115-2 and FAS 124-2"). FSP FAS 115-2 and FAS 124-2 revises the recognition and presentation requirements for other-than-temporary impairments of debt securities, and contains additional disclosure requirements related to debt and equity securities. FSP FAS 115-2 and FAS 124-2 is effective for interim period and fiscal year ending after June 15, 2009. Management does not expect this Statement to have a material impact on Toyota's consolidated financial statements.

In May 2009, FASB issued FAS No. 165, *Subsequent Events* ("FAS 165"). FAS 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. FAS 165 is effective for interim period or fiscal year ending after June 15, 2009. Management does not expect this Statement to have a material impact on Toyota's consolidated financial statements.

Critical Accounting Estimates

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

Product Warranty

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

Allowance for Doubtful Accounts and Credit Losses

• Natures of Estimates and Assumptions

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

• Sensitivity Analysis

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

	Yen in millions
	Effect on the allowance for credit losses as of March 31, 2009
10 percent increase in expected severity of loss ···	¥16,404

Investment in Operating Leases

• Natures of Estimates and Assumptions

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

• Sensitivity Analysis

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

	Yen in millions
	Effect on the residual value losses over the remaining terms of the operating leases on and after April 1, 2009
1 percent increase in vehicle return rate ···········	¥1,965

Impairment of Long-Lived Assets

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

Pension Costs and Obligations

• Natures of Estimates and Assumptions

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

The two most critical assumptions impacting the calculation of pension costs and obligations are the discount rates and the expected rates of returns on plan assets. Toyota determines the discount rates mainly based on the rates of high quality fixed income bonds or fixed income governmental bonds currently available and expected to be available during the period to maturity of the defined benefit pension plans. Toyota determines the expected rates of return for pension assets after considering several applicable factors including, the composition of plan assets held, assumed risks of asset management, historical results of the returns on plan assets, Toyota's principal policy for plan asset management, and forecasted market conditions. A weighted-average discount rate of 2.8% and a weighted-average expected rate of return on plan assets of 3.6% are the results of assumptions used for the various pension plans in calculating Toyota's consolidated pension costs for fiscal 2009. Also, a weighted-average discount rate of 2.8% is the result of assumption used for the various pension plans in calculating Toyota's consolidated pension obligations for fiscal 2009.

• Sensitivity Analysis

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

	Yen in millions	
	Effect on pre-tax income for the year ending March 31, 2010	Effect on PBO as of March 31, 2009
Discount rates		
0.5% decrease	¥(10,749)	¥120,771
0.5% increase	10,197	(111,712)
Expected rate of return on plan assets		
0.5% decrease	¥(4,895)	
0.5% increase	4,895	

Derivatives and Other Contracts at Fair Value

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

Marketable Securities and Investments in Affiliated Companies

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

Market Risk Disclosures

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

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

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

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

Foreign Currency Exchange Rate Risk

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

Toyota uses a value-at-risk analysis ("VAR") to evaluate its exposure to changes in foreign currency exchange rates. The VAR of the combined foreign exchange position represents a potential loss in pre-tax earnings that was estimated to be ¥44.3 billion as of March 31, 2008 and ¥114.1 billion as of March 31, 2009. Based on Toyota's overall currency exposure (including derivative positions), the risk during the year ended March 31, 2009 to pre-tax cash flow from currency movements was on average ¥126.0 billion, with a high of ¥158.9 billion and a low of ¥97.1 billion.

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

Interest Rate Risk

Toyota is subject to market risk from exposures to changes in interest rates based on its financing, investing and cash management activities. Toyota enters into various financial instrument transactions to maintain the desired level of exposure to the risk of interest rate fluctuations and to minimize interest expense. The potential decrease in fair value resulting from a hypothetical 100 basis point upward shift in interest rates would be approximately ¥110.6 billion as of March 31, 2008 and ¥55.8 billion as of March 31, 2009.

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

Commodity Price Risk

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

Equity Price Risk

Toyota holds investments in various available-for-sale equity securities that are subject to price risk. The fair value of available-for-sale equity securities was ¥1,177.0 billion as of March 31, 2008 and ¥798.2 billion as of March 31, 2009. The potential change in the fair value of these investments, assuming a 10% change in prices, would be approximately ¥117.7 billion as of March 31, 2008 and ¥79.8 billion as of March 31, 2009.

Consolidated Balance Sheets

Toyota Motor Corporation
March 31, 2008 and 2009

	Yen in millions		U.S. dollars in millions
ASSETS	2008	**2009**	**2009**
Current assets			
Cash and cash equivalents	¥ 1,628,547	**¥ 2,444,280**	**$ 24,883**
Time deposits	134,773	**45,178**	**460**
Marketable securities	542,210	**495,326**	**5,043**
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥17,471 million in 2008 and ¥15,034 million ($153 million) in 2009	2,040,233	**1,392,749**	**14,179**
Finance receivables, net	4,301,142	**3,891,406**	**39,615**
Other receivables	523,533	**332,722**	**3,387**
Inventories	1,825,716	**1,459,394**	**14,857**
Deferred income taxes	563,220	**605,331**	**6,162**
Prepaid expenses and other current assets	526,853	**632,543**	**6,439**
Total current assets	12,086,227	**11,298,929**	**115,025**
Noncurrent finance receivables, net	5,974,756	**5,655,545**	**57,575**
Investments and other assets			
Marketable securities and other securities investments	3,429,238	**2,102,874**	**21,408**
Affiliated companies	2,098,556	**1,826,375**	**18,593**
Employees receivables	70,776	**69,523**	**708**
Other	986,765	**707,110**	**7,198**
Total investments and other assets	6,585,335	**4,705,882**	**47,907**
Property, plant and equipment			
Land	1,262,034	**1,257,409**	**12,801**
Buildings	3,580,607	**3,633,954**	**36,994**
Machinery and equipment	9,270,650	**9,201,093**	**93,669**
Vehicles and equipment on operating leases	2,922,325	**2,836,881**	**28,880**
Construction in progress	360,620	**263,602**	**2,683**
	17,396,236	**17,192,939**	**175,027**
Less—Accumulated depreciation	(9,584,234)	**(9,791,258)**	**(99,677)**
Property, plant and equipment, net	7,812,002	**7,401,681**	**75,350**
Total assets	¥32,458,320	**¥29,062,037**	**$295,857**

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions 2008	Yen in millions 2009	U.S. dollars in millions 2009
Current liabilities			
Short-term borrowings	¥ 3,552,721	**¥ 3,617,672**	**$ 36,829**
Current portion of long-term debt	2,675,431	**2,699,512**	**27,482**
Accounts payable	2,212,773	**1,299,455**	**13,229**
Other payables	806,514	**670,634**	**6,827**
Accrued expenses	1,606,964	**1,540,681**	**15,684**
Income taxes payable	305,592	**51,298**	**522**
Other current liabilities	780,747	**710,041**	**7,228**
Total current liabilities	11,940,742	**10,589,293**	**107,801**
Long-term liabilities			
Long-term debt	5,981,931	**6,301,469**	**64,150**
Accrued pension and severance costs	632,297	**634,612**	**6,461**
Deferred income taxes	1,099,006	**642,293**	**6,539**
Other long-term liabilities	278,150	**293,633**	**2,989**
Total long-term liabilities	7,991,384	**7,872,007**	**80,139**
Minority interest in consolidated subsidiaries	656,667	**539,530**	**5,492**
Shareholders' equity			
Common stock, no par value, authorized: 10,000,000,000 shares in 2008 and 2009; issued: 3,447,997,492 shares in 2008 and 2009	397,050	**397,050**	**4,042**
Additional paid-in capital	497,569	**501,211**	**5,102**
Retained earnings	12,408,550	**11,531,622**	**117,394**
Accumulated other comprehensive income (loss)	(241,205)	**(1,107,781)**	**(11,277)**
Treasury stock, at cost, 298,717,640 shares in 2008 and 312,115,017 shares in 2009	(1,192,437)	**(1,260,895)**	**(12,836)**
Total shareholders' equity	11,869,527	**10,061,207**	**102,425**
Commitments and contingencies			
Total liabilities and shareholders' equity	¥32,458,320	**¥29,062,037**	**$295,857**

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

Consolidated Statements of Income

Toyota Motor Corporation
For the years ended March 31, 2007, 2008 and 2009

	Yen in millions			U.S. dollars in millions
	2007	2008	**2009**	**2009**
Net revenues				
Sales of products	¥22,670,097	¥24,820,510	**¥19,173,720**	**$195,192**
Financing operations	1,277,994	1,468,730	**1,355,850**	**13,803**
	23,948,091	26,289,240	**20,529,570**	**208,995**
Costs and expenses				
Cost of products sold	18,356,255	20,452,338	**17,468,416**	**177,832**
Cost of financing operations	872,138	1,068,015	**987,384**	**10,052**
Selling, general and administrative	2,481,015	2,498,512	**2,534,781**	**25,804**
	21,709,408	24,018,865	**20,990,581**	**213,688**
Operating income (loss)	2,238,683	2,270,375	**(461,011)**	**(4,693)**
Other income (expense)				
Interest and dividend income	131,939	165,676	**138,467**	**1,410**
Interest expense	(49,326)	(46,113)	**(46,882)**	**(477)**
Foreign exchange gain (loss), net	33,005	9,172	**(1,815)**	**(19)**
Other income (loss), net	28,215	38,112	**(189,140)**	**(1,926)**
	143,833	166,847	**(99,370)**	**(1,012)**
Income (loss) before income taxes, minority interest and equity in earnings of affiliated companies	2,382,516	2,437,222	**(560,381)**	**(5,705)**
Provision for income taxes	898,312	911,495	**(56,442)**	**(575)**
Income (loss) before minority interest and equity in earnings of affiliated companies	1,484,204	1,525,727	**(503,939)**	**(5,130)**
Minority interest in consolidated subsidiaries	(49,687)	(77,962)	**24,278**	**247**
Equity in earnings of affiliated companies	209,515	270,114	**42,724**	**435**
Net income (loss)	¥ 1,644,032	¥ 1,717,879	**¥ (436,937)**	**$ (4,448)**

	Yen			U.S. dollars
Net income (loss) per share				
—Basic	¥512.09	¥540.65	**¥(139.13)**	**$(1.42)**
—Diluted	¥511.80	¥540.44	**¥(139.13)**	**$(1.42)**
Cash dividends per share	¥120.00	¥140.00	**¥100.00**	**$1.02**

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

Consolidated Statements of Shareholders' Equity

Toyota Motor Corporation
For the years ended March 31, 2007, 2008 and 2009

	Yen in millions					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total shareholders' equity
Balances at March 31, 2006	¥397,050	¥495,250	¥10,459,788	¥ 437,316	¥(1,228,955)	¥10,560,449
Issuance during the year		2,343				2,343
Comprehensive income						
Net income			1,644,032			1,644,032
Other comprehensive income						
Foreign currency translation adjustments				130,746		130,746
Unrealized gains on securities, net of reclassification adjustments				38,800		38,800
Minimum pension liability adjustments				3,499		3,499
Total comprehensive income						1,817,077
Adjustment to initially apply FAS No. 158				91,029		91,029
Dividends paid			(339,107)			(339,107)
Purchase and reissuance of common stock					(295,699)	(295,699)
Balances at March 31, 2007	397,050	497,593	11,764,713	701,390	(1,524,654)	11,836,092
Issuance during the year		3,475				3,475
Comprehensive income						
Net income			1,717,879			1,717,879
Other comprehensive income (loss)						
Foreign currency translation adjustments				(461,189)		(461,189)
Unrealized losses on securities, net of reclassification adjustments				(347,829)		(347,829)
Pension liability adjustments				(133,577)		(133,577)
Total comprehensive income						775,284
Dividends paid			(430,860)			(430,860)
Purchase and reissuance of common stock					(314,464)	(314,464)
Retirement of common stock		(3,499)	(643,182)		646,681	—
Balances at March 31, 2008	397,050	497,569	12,408,550	(241,205)	(1,192,437)	11,869,527
Issuance during the year		3,642				3,642
Comprehensive loss						
Net loss			(436,937)			(436,937)
Other comprehensive income (loss)						
Foreign currency translation adjustments				(381,303)		(381,303)
Unrealized losses on securities, net of reclassification adjustments				(293,101)		(293,101)
Pension liability adjustments				(192,172)		(192,172)
Total comprehensive loss						(1,303,513)
Dividends paid			(439,991)			(439,991)
Purchase and reissuance of common stock					(68,458)	(68,458)
Balances at March 31, 2009	**¥397,050**	**¥501,211**	**¥11,531,622**	**¥(1,107,781)**	**¥(1,260,895)**	**¥10,061,207**

	U.S. dollars in millions					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total shareholders' equity
Balances at March 31, 2008	$4,042	$5,065	$126,321	$ (2,455)	$(12,139)	$120,834
Issuance during the year		37				37
Comprehensive loss						
Net loss			(4,448)			(4,448)
Other comprehensive income (loss)						
Foreign currency translation adjustments				(3,882)		(3,882)
Unrealized losses on securities, net of reclassification adjustments				(2,984)		(2,984)
Pension liability adjustments				(1,956)		(1,956)
Total comprehensive loss						(13,270)
Dividends paid			(4,479)			(4,479)
Purchase and reissuance of common stock					(697)	(697)
Balances at March 31, 2009	**$4,042**	**$5,102**	**$117,394**	**$(11,277)**	**$(12,836)**	**$102,425**

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

Consolidated Statements of Cash Flows

Toyota Motor Corporation
For the years ended March 31, 2007, 2008 and 2009

	Yen in millions			U.S. dollars in millions
	2007	2008	2009	2009
Cash flows from operating activities				
Net income (loss)	¥ 1,644,032	¥ 1,717,879	**¥ (436,937)**	**$ (4,448)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation	1,382,594	1,491,135	**1,495,170**	**15,221**
Provision for doubtful accounts and credit losses	71,862	122,790	**257,433**	**2,621**
Pension and severance costs, less payments	(32,054)	(54,341)	**(20,958)**	**(213)**
Losses on disposal of fixed assets	50,472	45,437	**68,682**	**699**
Unrealized losses on available-for-sale securities, net	4,614	11,346	**220,920**	**2,249**
Deferred income taxes	132,308	81,458	**(194,990)**	**(1,985)**
Minority interest in consolidated subsidiaries	49,687	77,962	**(24,278)**	**(247)**
Equity in earnings of affiliated companies	(209,515)	(270,114)	**(42,724)**	**(435)**
Changes in operating assets and liabilities, and other				
(Increase) decrease in accounts and notes receivable	(212,856)	(206,793)	**791,481**	**8,057**
(Increase) decrease in inventories	(133,698)	(149,984)	**192,379**	**1,958**
(Increase) decrease in other current assets	(108,767)	(82,737)	**9,923**	**101**
Increase (decrease) in accounts payable	104,188	62,241	**(837,402)**	**(8,525)**
Increase (decrease) in accrued income taxes	74,255	(118,030)	**(251,868)**	**(2,564)**
Increase (decrease) in other current liabilities	264,490	206,911	**(41,819)**	**(426)**
Other	156,561	46,464	**291,893**	**2,972**
Net cash provided by operating activities	3,238,173	2,981,624	**1,476,905**	**15,035**
Cash flows from investing activities				
Additions to finance receivables	(7,489,096)	(8,647,717)	**(7,700,459)**	**(78,392)**
Collection of finance receivables	6,190,661	7,223,573	**7,232,152**	**73,625**
Proceeds from sale of finance receivables	84,083	109,124	**11,290**	**115**
Additions to fixed assets excluding equipment leased to others	(1,425,814)	(1,480,570)	**(1,364,582)**	**(13,892)**
Additions to equipment leased to others	(1,264,381)	(1,279,405)	**(960,315)**	**(9,776)**
Proceeds from sales of fixed assets excluding equipment leased to others	64,421	67,551	**47,386**	**482**
Proceeds from sales of equipment leased to others	321,761	375,881	**528,749**	**5,383**
Purchases of marketable securities and security investments	(1,068,205)	(1,151,640)	**(636,030)**	**(6,475)**
Proceeds from sales of marketable securities and security investments	148,442	165,495	**800,422**	**8,148**
Proceeds upon maturity of marketable securities and security investments	676,729	821,915	**675,455**	**6,876**
Payment for additional investments in affiliated companies, net of cash acquired	(1,651)	(4,406)	**(45)**	**(0)**
Changes in investments and other assets, and other	(51,328)	(74,687)	**135,757**	**1,382**
Net cash used in investing activities	(3,814,378)	(3,874,886)	**(1,230,220)**	**(12,524)**
Cash flows from financing activities				
Purchase of common stock	(295,699)	(311,667)	**(70,587)**	**(719)**
Proceeds from issuance of long-term debt	2,890,000	3,349,812	**3,506,990**	**35,702**
Payments of long-term debt	(1,726,823)	(2,310,008)	**(2,704,078)**	**(27,528)**
Increase in short-term borrowings	353,397	408,912	**406,507**	**4,138**
Dividends paid	(339,107)	(430,860)	**(439,991)**	**(4,479)**
Net cash provided by financing activities	881,768	706,189	**698,841**	**7,114**
Effect of exchange rate changes on cash and cash equivalents	25,429	(84,759)	**(129,793)**	**(1,321)**
Net increase (decrease) in cash and cash equivalents	330,992	(271,832)	**815,733**	**8,304**
Cash and cash equivalents at beginning of year	1,569,387	1,900,379	**1,628,547**	**16,579**
Cash and cash equivalents at end of year	¥ 1,900,379	¥ 1,628,547	**¥ 2,444,280**	**$ 24,883**

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

Notes to Consolidated Financial Statements

Toyota Motor Corporation

1 Nature of operations:

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

2 Summary of significant accounting policies:

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

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

Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements include the accounts of the parent company and those of its majority-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated. Investments in affiliated companies in which Toyota exercises significant influence, but which it does not control, are stated at cost plus equity in undistributed earnings. Consolidated net income includes Toyota's equity in current earnings of such companies, after elimination of unrealized intercompany profits. Investments in such companies are reduced to net realizable value if a decline in market value is determind other-than-temporary. Investments in non-public companies in which Toyota does not exercise significant influence (generally less than a 20% ownership interest) are stated at cost. The accounts of variable interest entities as defined by the Financial Accounting Standards Board Interpretation No. 46(R), *Consolidation of Variable Interest Entities (revised December 2003)—an interpretation of ARB No. 51*, are included in the consolidated financial statements, if applicable.

Estimates

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

Translation of foreign currencies

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

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

Revenue recognition

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

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

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

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

Toyota on occasion sells finance receivables in transactions subject to limited recourse provisions. These sales are to trusts and Toyota retains the servicing rights and is paid a servicing fee. Gains or losses from the sales of the finance receivables are recognized in the fiscal year in which such sales occur.

Other costs

Advertising and sales promotion costs are expensed as incurred. Advertising costs were ¥451,182 million, ¥484,508 million and ¥389,242 million ($3,963 million) for the years ended March 31, 2007, 2008 and 2009, respectively.

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

Research and development costs are expensed as incurred. Research and development costs were ¥890,782 million, ¥958,882 million and ¥904,075 million ($9,204 million) for the years ended March 31, 2007, 2008 and 2009, respectively.

Cash and cash equivalents

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

Marketable securities

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

Security investments in non-public companies

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

Finance receivables

Finance receivables are recorded at the present value of the related future cash flows including residual values for finance leases.

Allowance for credit losses

Allowance for credit losses are established to cover probable losses on receivables resulting from the inability of customers to make required payments. The allowance for credit losses is based primarily on the frequency of occurrence and loss severity. Other factors affecting collectibility are also evaluated in determining the amount to be provided.

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

Allowance for residual value losses

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

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

Inventories

Inventories are valued at cost, not in excess of market, cost being determined on the "average-cost" basis, except for the cost of finished products carried by certain subsidiary companies which is determined on the "specific identification" basis or "last-in, first-out" ("LIFO") basis. Inventories valued on the LIFO basis totaled ¥283,735 million and ¥150,110 million ($1,528 million) at March 31, 2008 and 2009, respectively. Had the "first-in, first-out" basis been used for those companies using the LIFO basis, inventories would have been ¥30,360 million and ¥58,980 million ($600 million) higher than reported at March 31, 2008 and 2009, respectively.

Property, plant and equipment

Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations. Depreciation of property, plant and equipment is mainly computed on the declining-balance method for the parent company and Japanese subsidiaries and on the straight-line method for foreign subsidiary companies at rates based on estimated useful lives of the respective assets according to general class, type of construction and use. The estimated useful lives range from 2 to 65 years for buildings and from 2 to 20 years for machinery and equipment.

Vehicles and equipment on operating leases to third parties are originated by dealers and acquired by certain consolidated subsidiaries. Such subsidiaries are also the lessors of certain property that they acquire directly. Vehicles and equipment on operating leases are depreciated primarily on a straight-line method over the lease term, generally 5 years, to the estimated residual value.

Long-lived assets

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

Goodwill and intangible assets

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

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

Employee benefit obligations

Toyota has both defined benefit and defined contribution plans for employees' retirement benefits. Retirement benefit obligations are measured by actuarial calculations in accordance with a Statement of Financial Accounting Standards ("FAS") No. 87 *Employers' Accounting for Pensions* ("FAS 87"). Toyota adopted the provisions regarding recognition of funded status and disclosure under FAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("FAS 158") as of March 31, 2007. Under the provisions of FAS 158, the overfunded or underfunded status of the defined benefit postretirement plans is recognized on the consolidated balance sheets as prepaid pension and severance costs or accrued pension and severance costs, and the funded status change is recognized in the year in which it occurs through comprehensive income. Prior to the adoption of FAS 158, a minimum pension liability had been recorded for plans where the accumulated benefit obligation net of plan assets exceeded the accrued pension and severance costs. After the adoption of FAS 158, a minimum pension liability is not recorded.

Environmental matters

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

Income taxes

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

Derivative financial instruments

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

Net income per share

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

Stock-based compensation

Toyota measures compensation expense for its stock-based compensation plan based on the grant-date fair value of the award, and accounts for the award in accordance with FAS No. 123(R), *Share—Based Payment (revised 2004)*.

Other comprehensive income

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

Accounting changes

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in tax positions and requires a company to recognize in its financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. Toyota adopted FIN 48 from the fiscal year begun after December 15, 2006. See note 16 to the consolidated financial statements for the impact of the adoption of the interpretation on Toyota's consolidated financial statements.

In September 2006, FASB issued FAS No. 157, Fair Value Measurements ("FAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Toyota adopted FAS 157 from the fiscal year begun after November 15, 2007. Toyota adopted FASB Staff Position ("FSP") No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which defers the effective date of FAS 157 for certain nonfinancial assets and nonfinancial liabilities to fiscal year beginning after November 15, 2008, and interim period within the fiscal year. The adoption of FAS 157 did not have a material impact on Toyota's consolidated financial statements. See note 26 to the consolidated financial statements for disclosures of the adoption of these statements.

In September 2006, FASB issued FAS 158. FAS 158 requires employers to measure the funded status of their defined benefit postretirement plans as of the date of their year-end statement of financial position. Toyota adopted the provision in FAS 158 regarding a measurement date from the fiscal year ended after December 15, 2008. The adoption of this provision in FAS 158 did not have a material impact on Toyota's consolidated financial statements.

In February 2007, FASB issued FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("FAS 159"). FAS 159 permits entities to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis and subsequent change in fair value must be recorded in earnings at each reporting date. Toyota adopted FAS 159 from the fiscal year begun after November 15, 2007. The adoption of FAS 159 did not have a material impact on Toyota's consolidated financial statements.

In March 2008, FASB issued FAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("FAS 161"). FAS 161 changes and enhances the current disclosure requirements for derivative instruments and hedging activities under FAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Toyota adopted FAS 161 from the fiscal year ended March 31, 2009. The adoption of FAS 161 did not have a material impact on Toyota's consolidated financial statements. See note 20 to the consolidated financial statements for disclosures of the adoption of the statement.

Recent pronouncements to be adopted in future periods

In December 2007, FASB issued FAS No. 141(R), *Business Combinations* ("FAS 141(R)"). FAS 141(R) establishes principles and requirements for how the acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest, and the goodwill acquired in a business combination or a gain from a bargain purchase. Also, FAS 141(R) provides several new disclosure requirements that enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141(R) is effective to business combinations on and after the beginning of fiscal year beginning on or after December 15, 2008. The impact of adopting FAS 141(R) on Toyota's consolidated financial statements will depend on the nature and significance of any acquisitions in the future period.

In December 2007, FASB issued FAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* ("FAS 160"). FAS 160 amends the guidance in Accounting Research Bulletins No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 is effective for fiscal year, and interim period within the fiscal year, beginning on or after

December 15, 2008. The presentation and disclosure requirements shall be applied retrospectively for all periods presented in the consolidated financial statements in which FAS 160 is initially applied. Management is evaluating the impact of adopting FAS 160 on Toyota's consolidated financial statements.

In December 2008, FASB issued FSP No. FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* ("FSP FAS 132(R)-1"). FSP FAS 132(R)-1 requires additional disclosures about postretirement benefit plan assets including investment policies and strategies, categories of plan assets, fair value measurements of plan assets, and significant concentrations of risk. FSP FAS 132(R)-1 is effective for fiscal year ending after December 15, 2009. Management does not expect this FSP to have a material impact on Toyota's consolidated financial statements.

In April 2009, FASB issued FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP FAS 115-2 and FAS 124-2"). FSP FAS 115-2 and FAS 124-2 revises the recognition and presentation requirements for other-than-temporary impairments of debt securities, and contains additional disclosure requirements related to debt and equity securities. FSP FAS 115-2 and FAS 124-2 is effective for interim period and fiscal year ending after June 15, 2009. Management does not expect this FSP to have a material impact on Toyota's consolidated financial statements.

In May 2009, FASB issued FAS No. 165, *Subsequent Events* ("FAS 165"). FAS 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. FAS 165 is effective for interim period or fiscal year ending after June 15, 2009. Management does not expect this Statement to have a material impact on Toyota's consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the presentations as of and for the year ended March 31, 2009.

During the year ended March 31, 2008, certain leases that historically have been accounted for as operating leases, were corrected to be accounted for as finance leases. This resulted in the recognition of current and noncurrent finance receivables and revenue from financing operations related to finance leases, and the derecognition of vehicles and equipment on operating leases, accumulated depreciation, revenue from financing operations related to operating leases, cost of financing operations including depreciation expense, cash provided by operating activities and cash used in investing activities, as of and for the year ended March 31, 2008. At March 31, 2007, the adjustments resulted in an increase in current assets and a decrease in noncurrent assets. For the year ended March 31, 2007, the adjustments resulted in decreases to both additions to equipment leased to others and proceeds from sales of equipment leased to others, and increases to both additions to finance receivables and collection of finance receivables. These adjustments are immaterial to Toyota's consolidated financial statements for all periods presented.

3 U.S. dollar amounts:

U.S. dollar amounts presented in the consolidated financial statements and related notes are included solely for the convenience of the reader and are unaudited. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. For this purpose, the rate of ¥98.23 = U.S. $1, the approximate current exchange rate at March 31, 2009, was used for the translation of the accompanying consolidated financial amounts of Toyota as of and for the year ended March 31, 2009.

4 Supplemental cash flow information:

Cash payments for income taxes were ¥741,798 million, ¥921,798 million and ¥563,368 million ($5,735 million) for the years ended March 31, 2007, 2008 and 2009, respectively. Interest payments during the years ended March 31, 2007, 2008 and 2009 were ¥550,398 million, ¥686,215 million and ¥614,017 million ($6,251 million), respectively.

Capital lease obligations of ¥6,559 million, ¥7,401 million and ¥28,953 million ($295 million) were incurred for the years ended March 31, 2007, 2008 and 2009, respectively.

5 Acquisitions and dispositions:

During the years ended March 31, 2007, 2008 and 2009, Toyota made several acquisitions, however the assets acquired and liabilities assumed were not material.

6 Marketable securities and other securities investments:

Marketable securities and other securities investments include debt and equity securities for which the aggregate cost, gross unrealized gains and losses and fair value are as follows:

	Yen in millions			
	March 31, 2008			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	¥2,602,951	¥ 52,345	¥ 4,673	¥2,650,623
Equity securities	853,174	342,596	18,681	1,177,089
Total	¥3,456,125	¥394,941	¥23,354	¥3,827,712
Securities not practicable to determine fair value				
Debt securities	¥ 30,239			
Equity securities	113,497			
Total	¥143,736			

	Yen in millions			
	March 31, 2009			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	**¥1,704,904**	**¥ 42,326**	**¥ 65,379**	**¥1,681,851**
Equity securities	**736,966**	**172,992**	**111,698**	**798,260**
Total	**¥2,441,870**	**¥215,318**	**¥177,077**	**¥2,480,111**
Securities not practicable to determine fair value				
Debt securities	**¥ 26,104**			
Equity securities	**91,985**			
Total	**¥118,089**			

	U.S. dollars in millions			
	March 31, 2009			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	**$17,357**	**$ 431**	**$ 666**	**$17,122**
Equity securities	**7,502**	**1,761**	**1,137**	**8,126**
Total	**$24,859**	**$2,192**	**$1,803**	**$25,248**
Securities not practicable to determine fair value				
Debt securities	**$ 266**			
Equity securities	**937**			
Total	**$1,203**			

Unrealized losses continuing over a 12 month period or more in the aggregate were not material at March 31, 2008 and 2009.

At March 31, 2008 and 2009, debt securities classified as available-for-sale mainly consist of government bonds and corporate debt securities with maturities from 1 to 10 years.

Proceeds from sales of available-for-sale securities were ¥148,442 million, ¥165,495 million and ¥800,422 million ($8,148 million) for the years ended March 31, 2007, 2008 and 2009, respectively. On those sales, gross realized gains were ¥8,832 million, ¥18,766 million and ¥35,694 million ($363 million) and gross realized losses were ¥317 million, ¥21 million and ¥1,856 million ($19 million), respectively.

During the years ended March 31, 2007, 2008 and 2009, Toyota recognized impairment losses on available-for-sale securities of ¥4,614 million, ¥11,346 million, and ¥220,920 million ($2,249 million), respectively, which are included in "Other income (loss), net" in the accompanying consolidated statements of income.

Impairment losses recognized during the year ended March

31, 2009 primarily include a loss for an other-than-temporary impairment on a certain investment for which Toyota previously recorded an exchange gain in accordance with EITF Issue No. 91-5, *Nonmonetary Exchange of Cost-Method Investments*.

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

7 Finance receivables:

Finance receivables consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	2009	2009
Retail	¥ 6,959,479	**¥ 6,655,404**	**$ 67,753**
Finance leases	1,160,401	**1,108,408**	**11,284**
Wholesale and other dealer loans	2,604,411	**2,322,721**	**23,646**
	10,724,291	**10,086,533**	**102,683**
Deferred origination costs	106,678	**104,521**	**1,064**
Unearned income	(437,365)	**(405,171)**	**(4,125)**
Allowance for credit losses	(117,706)	**(238,932)**	**(2,432)**
Total finance receivables, net	10,275,898	**9,546,951**	**97,190**
Less—Current portion	(4,301,142)	**(3,891,406)**	**(39,615)**
Noncurrent finance receivables, net	¥ 5,974,756	**¥ 5,655,545**	**$ 57,575**

The contractual maturities of retail receivables, the future minimum lease payments on finance leases and wholesale and other dealer loans at March 31, 2009 are summarized as follows:

	Yen in millions			U.S. dollars in millions		
Years ending March 31,	Retail	Finance lease	Wholesale and other dealer loans	Retail	Finance lease	Wholesale and other dealer loans
2010	**¥1,925,835**	**¥330,433**	**¥1,790,174**	**$19,605**	**$3,364**	**$18,224**
2011	**1,717,107**	**243,759**	**127,512**	**17,480**	**2,482**	**1,298**
2012	**1,367,769**	**187,929**	**107,624**	**13,924**	**1,913**	**1,096**
2013	**900,158**	**76,534**	**86,585**	**9,164**	**779**	**881**
2014	**467,476**	**23,419**	**105,055**	**4,759**	**238**	**1,070**
Thereafter	**277,059**	**9,176**	**105,771**	**2,821**	**93**	**1,077**
	¥6,655,404	**¥871,250**	**¥2,322,721**	**$67,753**	**$8,869**	**$23,646**

Finance leases consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	2009	2009
Minimum lease payments	¥ 738,786	**¥ 871,250**	**$ 8,870**
Estimated unguaranteed residual values	421,615	**237,158**	**2,414**
	1,160,401	**1,108,408**	**11,284**
Deferred origination costs	4,414	**6,085**	**62**
Less—Unearned income	(118,831)	**(102,826)**	**(1,047)**
Less—Allowance for credit losses	(4,592)	**(7,776)**	**(79)**
Finance leases, net	¥1,041,392	**¥1,003,891**	**$10,220**

Toyota maintains a program to sell retail and finance lease receivables. Under the program, Toyota's securitization transactions are generally structured as qualifying SPEs ("QSPE"s), thus Toyota achieves sale accounting treatment under the provisions of FAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ("FAS 140"). Toyota recognizes a gain or loss on the sale of the finance receivables upon the transfer of the receivables to the securitization trusts structured as a QSPE. Toyota retains servicing rights and earns a contractual servicing fee of 1% per annum on the total monthly outstanding principal balance of the related securitized receivables. In a subordinated capacity, Toyota retains interest-only strips, subordinated securities, and cash reserve funds in these securitizations, and these retained interests are held as restricted assets subject to limited recourse provisions and provide credit enhancement to the senior securities in Toyota's securitization transactions. The retained interests are not available to satisfy any obligations of Toyota. Investors in the securitizations have no recourse to Toyota beyond the contractual cash flows of the securitized receivables, retained subordinated interests, any cash reserve funds and any amounts available or funded under the revolving liquidity notes. Toyota's exposure to these retained interests exists until the associated securities are paid in full. Investors do not have recourse to other assets held by Toyota for failure of obligors on the receivables to pay when due or otherwise.

During the year ended March 31, 2008, Toyota sold mortgage loan receivables, while no other retail and finance lease receivables were securitized. During the year ended March 31, 2009, no retail and finance lease receivables were securitized.

The following table summarizes certain cash flows received from and paid to the securitization trusts for the years ended March 31, 2007, 2008 and 2009.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Proceeds from new securitizations, net of purchased and retained securities	¥69,018	¥91,385	**¥ —**	**$—**
Servicing fees received	1,881	1,682	**777**	**8**
Excess interest received from interest only strips	2,818	1,865	**356**	**4**
Repurchases of receivables	—	(4,681)	**(48)**	**(0)**
Servicing advances	(234)	(114)	**—**	**—**
Reimbursement of servicing and maturity advances	234	114	**—**	**—**

Toyota sold finance receivables under the program and recognized pretax gains resulting from these sales of ¥1,589 million and ¥1,688 million for the years ended March 31, 2007 and 2008, respectively, after providing an allowance for estimated credit losses. The gain on sale recorded depends on the carrying amount of the assets at the time of the sale. The carrying amount is allocated between the assets sold and the retained interests based on their relative fair values at the date of the sale. The key economic assumptions initially and subsequently measuring the fair value of retained interests include the market interest rate environment, severity and rate of credit losses, and the prepayment speed of the receivables. All key economic assumptions used in the valuation of the retained interests are reviewed periodically and are revised as considered necessary.

At March 31, 2008 and 2009, Toyota's retained interests relating to these securitizations include interest in trusts, interest-only strips, and other receivables, amounting to ¥23,876 million and ¥19,581 million ($199 million), respectively.

Toyota recorded no impairments on retained interests for the years ended March 31, 2007, 2008 and 2009. Impairments are calculated, if any, by discounting cash flows using management's estimates and other key economic assumptions.

Key economic assumptions used in measuring the fair value of retained interests at the sale date of securitization transactions completed during the years ended March 31, 2007, 2008 and 2009 were as follows:

	For the years ended March 31,		
	2007	2008	**2009**
Prepayment speed related to securitizations	0.7%–1.4%	6.0%	**—**
Weighted-average life (in years)	1.90–2.57	9.00	**—**
Expected annual credit losses	0.05%–0.12%	0.05%	**—**
Discount rate used on the retained interests	5.0%	3.8%	**—**

Expected cumulative static pool losses over the life of the securitizations are calculated by taking actual life to date losses plus projected losses and dividing the sum by the original balance of each pool of assets. Expected cumulative static pool credit losses for finance receivables securitized for the years ended March 31, 2007, 2008 and 2009 were 0.16%, 0.26% and 0.26%, respectively.

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

	Yen in millions	U.S. dollars in millions
	March 31,	March 31,
	2009	**2009**
Prepayment speed assumption (annual rate)	**0.5%–6.0%**	
Impact on fair value of 10% adverse change	**¥ (232)**	**$ (2)**
Impact on fair value of 20% adverse change	**(419)**	**(4)**
Residual cash flows discount rate (annual rate)	**3.0%–6.5%**	
Impact on fair value of 10% adverse change	**¥ (600)**	**$ (6)**
Impact on fair value of 20% adverse change	**(1,165)**	**(12)**
Expected credit losses (annual rate)	**0.05%–0.18%**	
Impact on fair value of 10% adverse change	**¥ (8)**	**$ (0)**
Impact on fair value of 20% adverse change	**(16)**	**(0)**

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

Outstanding receivable balances and delinquency amounts for managed retail and lease receivables, which include both owned and securitized receivables, as of March 31, 2008 and 2009 are as follows:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Principal amount outstanding	¥7,867,964	**¥7,481,016**	**$76,158**
Delinquent amounts over 60 days or more	79,313	**83,613**	**851**
Comprised of:			
Receivables owned	¥7,682,515	**¥7,358,641**	**$74,912**
Receivables securitized	185,449	**122,375**	**1,246**

Credit losses, net of recoveries attributed to managed retail and lease receivables for the years ended March 31, 2007, 2008 and 2009 totaled ¥63,428 million, ¥93,036 million and ¥124,939 million ($1,272 million), respectively.

8 Other receivables:

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

9 Inventories:

Inventories consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Finished goods	¥1,211,569	**¥ 875,930**	**$ 8,917**
Raw materials	299,606	**257,899**	**2,626**
Work in process	239,937	**251,670**	**2,562**
Supplies and other	74,604	**73,895**	**752**
	¥1,825,716	**¥1,459,394**	**$14,857**

10 Vehicles and equipment on operating leases:

Vehicles and equipment on operating leases consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Vehicles	¥2,814,706	**¥2,729,713**	**$27,789**
Equipment	107,619	**107,168**	**1,091**
	2,922,325	**2,836,881**	**28,880**
Less—Accumulated depreciation	(718,207)	**(795,767)**	**(8,101)**
Vehicles and equipment on operating leases, net	¥2,204,118	**¥2,041,114**	**$20,779**

Rental income from vehicles and equipment on operating leases was ¥508,095 million, ¥588,262 million and ¥560,251 million ($5,703 million) for the years ended March 31, 2007, 2008 and 2009, respectively. Future minimum rentals from vehicles and equipment on operating leases are due in installments as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2010	¥459,110	$4,674
2011	302,990	3,084
2012	130,948	1,333
2013	37,294	380
2014	8,262	84
Thereafter	7,265	74
Total minimum future rentals	¥945,869	$9,629

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

11 Allowance for doubtful accounts and credit losses:

An analysis of activity within the allowance for doubtful accounts relating to trade accounts and notes receivable for the years ended March 31, 2007, 2008 and 2009 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Allowance for doubtful accounts at beginning of year	¥62,088	¥58,066	**¥52,063**	**$530**
Provision for doubtful accounts, net of reversal	(841)	357	**(1,663)**	**(17)**
Write-offs	(3,154)	(3,348)	**(1,695)**	**(17)**
Other	(27)	(3,012)	**(699)**	**(7)**
Allowance for doubtful accounts at end of year	¥58,066	¥52,063	**¥48,006**	**$489**

The other amount includes the impact of consolidation and deconsolidation of certain entities due to changes in ownership interest and currency translation adjustments for the years ended March 31, 2007, 2008 and 2009.

A portion of the allowance for doubtful accounts balance at March 31, 2008 and 2009 totaling ¥34,592 million and ¥32,972 million ($336 million), respectively, is attributed to certain non-current receivable balances which are reported as other assets in the consolidated balance sheets.

An analysis of the allowance for credit losses relating to finance receivables and vehicles and equipment on operating leases for the years ended March 31, 2007, 2008 and 2009 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Allowance for credit losses at beginning of year	¥101,383	¥112,116	**¥ 117,706**	**$ 1,198**
Provision for credit losses	72,703	122,433	**259,096**	**2,638**
Charge-offs, net of recoveries	(63,879)	(88,902)	**(116,793)**	**(1,189)**
Other	1,909	(27,941)	**(21,077)**	**(215)**
Allowance for credit losses at end of year	¥112,116	¥117,706	**¥ 238,932**	**$ 2,432**

The other amount primarily includes the impact of currency translation adjustments for the years ended March 31, 2007, 2008 and 2009.

12 Affiliated companies and variable interest entities:

Investments in and transactions with affiliated companies

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Current assets	¥ 8,067,295	**¥ 6,400,685**	**$ 65,160**
Noncurrent assets	10,689,963	**9,438,905**	**96,090**
Total assets	¥18,757,258	**¥15,839,590**	**$161,250**
Current liabilities	¥ 6,012,270	**¥ 4,216,956**	**$ 42,929**
Long-term liabilities	5,619,997	**5,740,150**	**58,436**
Shareholders' equity	7,124,991	**5,882,484**	**59,885**
Total liabilities and shareholders' equity	¥18,757,258	**¥15,839,590**	**$161,250**
Toyota's share of shareholders' equity	¥ 2,065,778	**¥ 1,810,106**	**$ 18,427**
Number of affiliated companies accounted for by the equity method at end of period	55	**56**	

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Net revenues	¥23,368,250	¥26,511,831	**¥23,149,968**	**$235,671**
Gross profit	¥ 2,642,377	¥ 3,081,366	**¥ 2,034,617**	**$ 20,713**
Net income	¥ 701,816	¥ 870,528	**¥ 13,838**	**$ 141**

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

Certain affiliated companies accounted for by the equity method with carrying amounts of ¥1,677,617 million and ¥1,417,896 million ($14,434 million) at March 31, 2008 and 2009, respectively, were quoted on various established markets at an aggregate value of ¥2,229,321 million and ¥1,127,976 million ($11,483 million), respectively. For the year ended March 31, 2009, Toyota did not recognize impairment losses on certain investments in affiliated companies accounted for by the equity method after considering the length of time and the extent to which the quoted market prices have been less than the carrying amounts, the financial condition and near-term prospects of the affiliated companies and Toyota's ability and intent to retain those investments in the companies for a period of time.

Account balances and transactions with affiliated companies are presented below:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Trade accounts and notes receivable, and other receivables	¥247,311	**¥159,821**	**$1,627**
Accounts payable and other payables	622,830	**363,954**	**3,705**

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Net revenues	¥1,475,220	¥1,693,969	**¥1,585,814**	**$16,144**
Purchases	4,028,260	4,525,049	**3,918,717**	**39,893**

Dividends from affiliated companies accounted for by the equity method for the years ended March 31, 2007, 2008 and 2009 were ¥45,234 million, ¥76,351 million and ¥114,409 million ($1,165 million), respectively.

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

Variable Interest Entities

Toyota enters into securitization transactions with certain special-purpose entities. However, substantially all securitization transactions are with entities that are qualifying special-purpose entities under FAS 140 and thus no material variable interest entities ("VIEs") relating to these securitization transactions.

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

13 Short-term borrowings and long-term debt:

Short-term borrowings at March 31, 2008 and 2009 consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Loans, principally from banks, with a weighted-average interest at March 31, 2008 and March 31, 2009 of 3.36% and of 2.44% per annum, respectively	¥1,226,717	**¥1,115,122**	**$11,352**
Commercial paper with a weighted-average interest at March 31, 2008 and March 31, 2009 of 3.76% and of 1.52% per annum, respectively	2,326,004	**2,502,550**	**25,477**
	¥3,552,721	**¥3,617,672**	**$36,829**

As of March 31, 2009, Toyota has unused short-term lines of credit amounting to ¥2,476,458 million ($25,211 million) of which ¥751,523 million ($7,651 million) related to commercial paper programs. Under these programs, Toyota is authorized to obtain short-term financing at prevailing interest rates for periods not in excess of 360 days.

Long-term debt at March 31, 2008 and 2009 comprises the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Unsecured loans, representing obligations principally to banks, due 2008 to 2028 in 2008 and due 2009 to 2028 in 2009 with interest ranging from 0.17% to 28.00% per annum in 2008 and from 0.17% to 31.50% per annum in 2009	¥ 1,016,101	**¥ 1,536,413**	**$ 15,641**
Secured loans, representing obligations principally to banks, due 2008 to 2019 in 2008 and due 2009 to 2019 in 2009 with interest ranging from 0.35% to 5.60% per annum in 2008 and from 0.68% to 5.35% per annum in 2009	15,635	**11,227**	**114**
Medium-term notes of consolidated subsidiaries, due 2008 to 2047 in 2008 and due 2009 to 2047 in 2009 with interest ranging from 0.32% to 15.25% per annum in 2008 and from 0.19% to 17.47% per annum in 2009	5,451,779	**5,335,159**	**54,313**
Unsecured notes of parent company, due 2008 to 2018 in 2008 and due 2010 to 2018 in 2009 with interest ranging from 1.33% to 3.00% per annum in 2008 and from 1.33% to 3.00% per annum in 2009	350,000	**450,000**	**4,581**
Unsecured notes of consolidated subsidiaries, due 2008 to 2031 in 2008 and due 2009 to 2031 in 2009 with interest ranging from 0.34% to 14.00% per annum in 2008 and from 0.59% to 19.42% per annum in 2009	1,780,284	**1,616,816**	**16,460**
Long-term capital lease obligations, due 2008 to 2017 in 2008 and due 2009 to 2028 in 2009, with interest ranging from 0.31% to 10.00% per annum in 2008 and from 0.21% to 15.47% per annum in 2009	43,563	**51,366**	**523**
	8,657,362	**9,000,981**	**91,632**
Less—Current portion due within one year	(2,675,431)	**(2,699,512)**	**(27,482)**
	¥ 5,981,931	**¥ 6,301,469**	**$ 64,150**

As of March 31, 2009, approximately 28%, 21%, 15% and 36% of long-term debt are denominated in U.S. dollars, Japanese yen, euros, and other currencies, respectively.

As of March 31, 2009, property, plant and equipment with a book value of ¥87,845 million ($894 million) and in addition, other assets aggregating ¥34,329 million ($349 million) were pledged as collateral mainly for certain debt obligations of subsidiaries.

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

Years ending March 31,	Yen in millions	U.S. dollars in millions
2010	¥2,699,512	$27,482
2011	1,640,353	16,699
2012	1,974,269	20,098
2013	637,445	6,489
2014	626,983	6,383

Standard agreements with certain banks in Japan include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks. During the year ended March 31, 2009, Toyota has not received any significant such requests from these banks.

As of March 31, 2009, Toyota has unused long-term lines of credit amounting to ¥4,152,621 million ($42,274 million).

14 Product warranties:

Toyota provides product warranties for certain defects mainly resulting from manufacturing based on warranty contracts with its customers at the time of sale of products. Toyota accrues estimated warranty costs to be incurred in the future in accordance with the warranty contracts. The net change in the accrual for the product warranties for the years ended March 31, 2007, 2008 and 2009, which is included in "Accrued expenses" in the accompanying consolidated balance sheets, consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Liabilities for product warranties at beginning of year	¥ 377,879	¥ 412,452	**¥ 446,384**	**$ 4,544**
Payments made during year	(279,597)	(324,110)	**(337,863)**	**(3,439)**
Provision for warranties	336,543	392,349	**366,604**	**3,732**
Changes relating to pre-existing warranties	(29,458)	(14,155)	**(17,869)**	**(182)**
Other	7,085	(20,152)	**(27,999)**	**(285)**
Liabilities for product warranties at end of year	¥ 412,452	¥ 446,384	**¥ 429,257**	**$ 4,370**

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

In addition to product warranties above, Toyota initiates recall actions or voluntary service campaigns to repair or to replace parts which might be expected to fail from products safety perspectives or customer satisfaction standpoints. Toyota accrues costs of these activities, which are not included in the reconciliation above, based on management's estimates.

15 Other payables:

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

16 Income taxes:

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

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Income (loss) before income taxes:				
Parent company and domestic subsidiaries	¥1,412,674	¥1,522,619	**¥(224,965)**	**$(2,290)**
Foreign subsidiaries	969,842	914,603	**(335,416)**	**(3,415)**
	¥2,382,516	¥2,437,222	**¥(560,381)**	**$(5,705)**

The provision for income taxes consists of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Current income tax expense:				
Parent company and domestic subsidiaries	¥591,840	¥491,185	**¥ 65,684**	**$ 668**
Foreign subsidiaries	174,164	338,852	**72,864**	**742**
Total current	766,004	830,037	**138,548**	**1,410**
Deferred income tax expense (benefit):				
Parent company and domestic subsidiaries	51,740	119,333	**(26,472)**	**(269)**
Foreign subsidiaries	80,568	(37,875)	**(168,518)**	**(1,716)**
Total deferred	132,308	81,458	**(194,990)**	**(1,985)**
Total provision	¥898,312	¥911,495	**¥ (56,442)**	**$ (575)**

Toyota is subject to a number of different income taxes which, in the aggregate, indicate a statutory rate in Japan of approximately 40.2% for the years ended March 31, 2007, 2008, and 2009. Such rate was also used to calculate the tax effects of temporary differences, which are expected to be realized in the future years. Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	For the years ended March 31,		
	2007	2008	**2009**
Statutory tax rate	40.2%	40.2%	**40.2%**
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	0.5	0.6	**(5.0)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries	0.7	0.9	**(2.5)**
Deferred tax liabilities on undistributed earnings of affiliates accounted for by the equity method	2.4	3.1	**(2.5)**
Valuation allowance	(0.1)	(0.4)	**(25.4)**
Tax credits	(3.9)	(4.4)	**10.0**
Other	(2.1)	(2.6)	**(4.7)**
Effective income tax rate	37.7%	37.4%	**10.1%**

The other includes the difference between the statutory tax rate of TMC and that of foreign subsidiaries during the years ended March 31, 2007, 2008 and 2009.

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Deferred tax assets			
Accrued pension and severance costs	¥ 156,924	**¥ 288,849**	**$ 2,940**
Warranty reserves and accrued expenses	205,564	**227,757**	**2,319**
Other accrued employees' compensation	129,472	**99,867**	**1,017**
Operating loss carryforwards for tax purposes	54,368	**290,044**	**2,953**
Inventory adjustments	67,904	**64,439**	**656**
Property, plant and equipment and other assets	180,922	**208,983**	**2,127**
Other	332,779	**413,728**	**4,212**
Gross deferred tax assets	1,127,933	**1,593,667**	**16,224**
Less—Valuation allowance	(82,191)	**(208,627)**	**(2,124)**
Total deferred tax assets	1,045,742	**1,385,040**	**14,100**
Deferred tax liabilities			
Unrealized gains on securities	(279,795)	**(100,698)**	**(1,025)**
Undistributed earnings of foreign subsidiaries	(20,980)	**(13,971)**	**(142)**
Undistributed earnings of affiliates accounted for by the equity method	(586,530)	**(536,876)**	**(5,466)**
Basis difference of acquired assets	(37,919)	**(38,356)**	**(391)**
Lease transactions	(405,028)	**(472,817)**	**(4,813)**
Gain on securities contribution to employee retirement benefit trust	(66,523)	**(66,523)**	**(677)**
Other	(80,230)	**(57,113)**	**(581)**
Gross deferred tax liabilities	(1,477,005)	**(1,286,354)**	**(13,095)**
Net deferred tax assets (liability)	¥ (431,263)	**¥ 98,686**	**$ 1,005**

The valuation allowance mainly relates to deferred tax assets of the consolidated subsidiaries with operating loss carryforwards for tax purposes that are not expected to be realized. The net changes in the total valuation allowance for deferred tax assets for the years ended March 31, 2007, 2008 and 2009 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Valuation allowance at beginning of year	¥ 93,629	¥ 95,225	**¥ 82,191**	**$ 837**
Additions	16,967	4,783	**145,707**	**1,483**
Deductions	(20,429)	(13,508)	**(3,511)**	**(36)**
Other	5,058	(4,309)	**(15,760)**	**(160)**
Valuation allowance at end of year	¥ 95,225	¥ 82,191	**¥208,627**	**$2,124**

The other amount includes the impact of consolidation and deconsolidation of certain entities due to changes in ownership interest and currency translation adjustments during the years ended March 31, 2007, 2008 and 2009.

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Deferred tax assets			
Deferred income taxes (Current assets)	¥ 563,220	**¥ 605,331**	**$ 6,162**
Investments and other assets—other	111,477	**149,511**	**1,523**
Deferred tax liabilities			
Other current liabilities	(6,954)	**(13,863)**	**(141)**
Deferred income taxes (Long-term liabilities)	(1,099,006)	**(642,293)**	**(6,539)**
Net deferred tax asset (liability)	¥ (431,263)	**¥ 98,686**	**$ 1,005**

Because management intends to reinvest undistributed earnings of foreign subsidiaries to the extent not expected to be remitted in the foreseeable future, management has made no provision for income taxes on those undistributed earnings aggregating ¥2,363,721 million ($24,063 million) as of March 31, 2009. Toyota estimates an additional tax provision of ¥89,119 million ($907 million) would be required if the full amount of those undistributed earnings were remitted.

Operating loss carryforwards for tax purposes attributed to consolidated subsidiaries as of March 31, 2009 were approximately ¥811,588 million ($8,262 million) and are available as an offset against future taxable income of such subsidiaries. The majority of these carryforwards expire in years 2010 to 2029.

Toyota adopted FIN 48 on April 1, 2007. A summary of the gross unrecognized tax benefits changes for the years ended March 31, 2008 and 2009, is as follows:

	Yen in millions		U.S. dollars in millions
	For the year ended March 31,		For the year ended March 31,
	2008	**2009**	**2009**
Balance at beginning of year	¥29,639	**¥ 37,722**	**$ 384**
Additions (reductions) based on tax positions related to the current year	(424)	**858**	**8**
Additions for tax positions of prior years	25,954	**35,464**	**361**
Reductions for tax positions of prior years	(8,771)	**(24,061)**	**(245)**
Reductions for tax positions related to lapse of statute of limitations	(30)	**(114)**	**(1)**
Reductions for settlement	(4,618)	**(128)**	**(1)**
Other	(4,028)	**(2,938)**	**(30)**
Balance at end of year	¥37,722	**¥ 46,803**	**$ 476**

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was not material at March 31, 2008 and 2009, respectively. Toyota does not believe it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

Interest and penalties related to income tax liabilities are included in "Other income (loss), net". The amounts of interest and penalties accrued as of and recognized for the years ended March 31, 2008 and 2009, respectively, were not material.

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

17 Shareholders' equity:

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

	For the years ended March 31,		
	2007	2008	**2009**
Common stock issued			
Balance at beginning of year	3,609,997,492	3,609,997,492	**3,447,997,492**
Issuance during the year	—	—	**—**
Purchase and retirement	—	(162,000,000)	**—**
Balance at end of year	3,609,997,492	3,447,997,492	**3,447,997,492**

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

The retained earnings reserve included in retained earnings as of March 31, 2008 and 2009 was ¥160,229 million and ¥167,722 million ($1,707 million), respectively. The Corporation Act provides that the retained earnings reserve of the parent company and its Japanese subsidiaries is restricted and unable to be used for dividend payments, and is excluded from the calculation of the profit available for dividend.

The amounts of statutory retained earnings of the parent company available for dividend payments to shareholders were ¥6,073,271 million and ¥5,624,709 million ($57,261 million) as of March 31, 2008 and 2009, respectively. In accordance with customary practice in Japan, the distributions from surplus are not accrued in the financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained. Retained earnings at March 31, 2009 include amounts representing year-end cash dividends of ¥109,756 million ($1,117 million), ¥35 ($0.36) per share, which were approved at the Ordinary General Shareholders' Meeting, held on June 23, 2009.

Retained earnings at March 31, 2009 include ¥1,363,044 million ($13,876 million) relating to equity in undistributed earnings of companies accounted for by the equity method.

On June 23, 2005, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved to purchase up to 65 million shares of its common stock at a cost up to ¥250,000 million during the period until the next Ordinary General Shareholders' Meeting which was held on June 23, 2006. As a result, the parent company repurchased approximately 38 million shares during the approved period of time.

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

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

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

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

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

Detailed components of accumulated other comprehensive income (loss) at March 31, 2008 and 2009 and the related changes, net of taxes for the years ended March 31, 2007, 2008 and 2009 consist of the following:

	Yen in millions				
	Foreign currency translation adjustments	Unrealized gains on securities	Minimum pension liability adjustments	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2006	¥(170,924)	¥ 620,008	¥(11,768)	¥ —	¥ 437,316
Other comprehensive income	130,746	38,800	3,499	—	173,045
Adjustment to initially apply FAS 158	—	—	8,269	82,760	91,029
Balances at March 31, 2007	(40,178)	658,808	—	82,760	701,390
Other comprehensive income (loss)	(461,189)	(347,829)	—	(133,577)	(942,595)
Balances at March 31, 2008	(501,367)	310,979	—	(50,817)	(241,205)
Other comprehensive income (loss)	(381,303)	(293,101)	—	(192,172)	(866,576)
Balances at March 31, 2009	**¥(882,670)**	**¥ 17,878**	**¥ —**	**¥(242,989)**	**¥(1,107,781)**

	U.S. dollars in millions				
	Foreign currency translation adjustments	Unrealized gains on securities	Minimum pension liability adjustments	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2008	$(5,104)	$ 3,166	$ —	$ (517)	$ (2,455)
Other comprehensive income (loss)	(3,882)	(2,984)	—	(1,956)	(8,822)
Balances at March 31, 2009	**$(8,986)**	**$ 182**	**$ —**	**$(2,473)**	**$(11,277)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2007, 2008 and 2009 are as follows:

	Yen in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2007			
Foreign currency translation adjustments	¥ 133,835	¥ (3,089)	¥ 130,746
Unrealized gains on securities:			
Unrealized net holding gains arising for the year	78,055	(31,378)	46,677
Less: reclassification adjustments for gains included in net income	(13,172)	5,295	(7,877)
Minimum pension liability adjustments	5,854	(2,355)	3,499
Other comprehensive income	¥ 204,572	¥ (31,527)	¥ 173,045
For the year ended March 31, 2008			
Foreign currency translation adjustments	¥ (460,723)	¥ (466)	¥(461,189)
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	(545,555)	219,313	(326,242)
Less: reclassification adjustments for gains included in net income	(36,099)	14,512	(21,587)
Pension liability adjustments	(221,142)	87,565	(133,577)
Other comprehensive income (loss)	¥(1,263,519)	¥320,924	¥(942,595)
For the year ended March 31, 2009			
Foreign currency translation adjustments	**¥ (391,873)**	**¥ 10,570**	**¥(381,303)**
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	**(677,710)**	**255,890**	**(421,820)**
Less: reclassification adjustments for losses included in net loss	**215,249**	**(86,530)**	**128,719**
Pension liability adjustments	**(319,613)**	**127,441**	**(192,172)**
Other comprehensive income (loss)	**¥(1,173,947)**	**¥307,371**	**¥(866,576)**

	U.S. dollars in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2009			
Foreign currency translation adjustments	**$ (3,990)**	**$ 108**	**$(3,882)**
Unrealized losses on securities:			
Unrealized net holding losses arising for the year	**(6,899)**	**2,605**	**(4,294)**
Less: reclassification adjustments for losses included in net loss	**2,191**	**(881)**	**1,310**
Pension liability adjustments	**(3,253)**	**1,297**	**(1,956)**
Other comprehensive income (loss)	**$(11,951)**	**$3,129**	**$(8,822)**

18 Stock-based compensation:

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

On June 23, 2009, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved the authorization of an additional up to 3,700,000 shares for issuance under the Toyota's stock option plan for directors, officers and employees of the parent company, its subsidiaries and affiliates.

For the years ended March 31, 2007, 2008 and 2009, Toyota recognized stock-based compensation expenses for stock options of ¥1,936 million, ¥3,273 million and ¥3,015 million ($31 million) as selling, general and administrative expenses.

The weighted-average grant-date fair value of options granted during the years ended March 31, 2007, 2008 and 2009 was ¥1,235, ¥1,199, and ¥635 ($6), respectively per share. The fair value of options granted is amortized over the option vesting period in determining net income in the consolidated statements of income. The grant-date fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2007	2008	**2009**
Dividend rate	1.5%	1.7%	**3.0%**
Risk-free interest rate	1.4%	1.3%	**1.1%**
Expected volatility	27%	23%	**23%**
Expected holding period (years)	5.0	5.0	**5.0**

The following table summarizes Toyota's stock option activity:

		Yen		Yen in millions
	Number of shares	Weighted-average exercise price	Weighted-average remaining contractual life in years	Aggregate intrinsic value
Options outstanding at March 31, 2006	4,786,900	¥4,180	4.52	
Granted	3,176,000	6,140		
Exercised	(1,233,100)	4,008		
Canceled	(437,100)	4,590		
Options outstanding at March 31, 2007	6,292,700	5,175	5.53	¥14,947
Granted	3,264,000	7,278		
Exercised	(792,100)	4,208		
Canceled	(423,000)	6,196		
Options outstanding at March 31, 2008	8,341,600	6,038	5.71	¥ 1,753
Granted	3,494,000	4,726		
Exercised	(119,900)	3,626		
Canceled	(375,000)	6,889		
Options outstanding at March 31, 2009	**11,340,700**	**¥5,631**	**5.51**	**¥ 1**
Options exercisable at March 31, 2007	1,282,700	¥3,990	2.90	¥ 4,567
Options exercisable at March 31, 2008	2,354,600	¥4,225	2.76	¥ 1,753
Options exercisable at March 31, 2009	4,971,700	¥5,302	3.76	¥ 1

The total intrinsic value of options exercised for the years ended March 31, 2007, 2008 and 2009 was ¥3,866 million, ¥1,651 million and ¥97 million ($1 million), respectively.

As of March 31, 2009, there were unrecognized compensation expenses of ¥1,677 million ($17 million) for stock options granted. Those expenses are expected to be recognized over a weighted-average period of 1.0 years.

Cash received from the exercise of stock options for the years ended March 31, 2007, 2008 and 2009 was ¥4,942 million, ¥3,333 million and ¥435 million ($4 million), respectively.

The following table summarizes information for options outstanding and options exercisable at March 31, 2009:

	Outstanding				Exercisable		
Exercise price range	Number of shares	Weighted-average exercise price	Weighted-average exercise price	Weighted-average remaining life	Number of shares	Weighted-average exercise price	Weighted-average exercise price
Yen		Yen	Dollars	Years		Yen	Dollars
¥3,116–5,000	5,690,700	¥4,546	$46	5.18	2,220,700	¥4,264	$43
5,001–7,278	5,650,000	6,724	68	5.85	2,751,000	6,140	63
3,116–7,278	11,340,700	5,631	57	5.51	4,971,700	5,302	54

19 Employee benefit plans:

Pension and severance plans

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

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

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

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

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

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

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

The impact of adopting FAS 158

Toyota adopted the provisions regarding recognition of funded status and disclosure under FAS 158 as of March 31, 2007. Toyota recognized the overfunded or underfunded status of its defined benefit postretirement plans as prepaid pension and severance costs or accrued pension and severance costs on its consolidated balance sheet, with corresponding adjustments to accumulated other comprehensive income, net of tax. The impacts of adopting the provisions of FAS 158 on Toyota's consolidated balance sheet as of March 31, 2007 are as follows. The adoption of the provisions had no impact on Toyota's consolidated statement of income for the year ended March 31, 2007.

	Yen in millions		
	Amount before adoption of FAS 158	FAS 158 Adjustment	Amount after adoption of FAS 158
Investments and other assets—other (Prepaid pension and severance costs)	¥246,499	¥142,520	¥389,019
Accrued expenses (Accrued pension and severance costs)	—	30,951	30,951
Accrued pension and severance costs	672,154	(31,568)	640,586
Accumulated other comprehensive income (loss) (Pre-tax amount)	(26,337)	133,437	107,100
Accumulated other comprehensive income (loss) (Net-of-tax amount)	(8,270)	91,029	82,759

Information regarding defined benefit plans

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Change in benefit obligation			
Benefit obligation at beginning of year	¥1,707,969	**¥1,693,155**	**$17,237**
Service cost	96,454	**84,206**	**857**
Interest cost	54,417	**52,959**	**539**
Plan participants' contributions	767	**750**	**8**
Plan amendments	(7,619)	**(2,096)**	**(21)**
Net actuarial gain	(22,112)	**(47,272)**	**(481)**
Acquisition and other	(55,960)	**(64,784)**	**(660)**
Benefits paid	(80,761)	**(84,139)**	**(857)**
Benefit obligation at end of year	1,693,155	**1,632,779**	**16,622**
Change in plan assets			
Fair value of plan assets at beginning of year	1,425,451	**1,282,048**	**13,051**
Actual return on plan assets	(206,101)	**(307,293)**	**(3,128)**
Acquisition and other	(26,851)	**(43,851)**	**(446)**
Employer contributions	169,543	**131,412**	**1,338**
Plan participants' contributions	767	**835**	**9**
Benefits paid	(80,761)	**(84,139)**	**(857)**
Fair value of plan assets at end of year	1,282,048	**979,012**	**9,967**
Funded status	¥ 411,107	**¥ 653,767**	**$ 6,655**

Amounts recognized in the consolidated balance sheet as of March 31, 2008 and 2009 are comprised of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Accrued expenses (Accrued pension and severance costs)	¥ 30,345	**¥ 30,658**	**$ 312**
Accrued pension and severance costs	632,297	**634,612**	**6,460**
Investments and other assets—other (Prepaid pension and severance costs)	(251,535)	**(11,503)**	**(117)**
Net amount recognized	¥ 411,107	**¥653,767**	**$6,655**

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2008 and 2009 are comprised of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Net actuarial loss	¥(217,138)	**¥(497,055)**	**$(5,060)**
Prior service costs	125,553	**109,570**	**1,115**
Net transition obligation	(7,458)	**(5,514)**	**(56)**
Net amount recognized	¥ (99,043)	**¥(392,999)**	**$(4,001)**

The accumulated benefit obligation for all defined benefit pension plans was ¥1,547,218 million and ¥1,524,556 million ($15,520 million) at March 31, 2008 and 2009, respectively.

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Projected benefit obligation	¥508,505	**¥1,076,362**	**$10,958**
Accumulated benefit obligation	467,421	**1,039,314**	**10,580**
Fair value of plan assets	91,723	**614,377**	**6,254**

Components of the net periodic pension cost are as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Service cost	¥ 80,414	¥ 96,454	**¥ 84,206**	**$ 857**
Interest cost	48,128	54,417	**52,959**	**539**
Expected return on plan assets	(38,139)	(43,450)	**(43,053)**	**(438)**
Amortization of prior service costs	(17,301)	(17,162)	**(17,677)**	**(180)**
Recognized net actuarial loss	8,299	4,013	**5,752**	**58**
Amortization of net transition obligation	1,944	1,944	**1,944**	**20**
Net periodic pension cost	¥ 83,345	¥ 96,216	**¥ 84,131**	**$ 856**

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

	Yen in millions		U.S. dollars in millions
	For the year ended March 31,		For the year ended March 31,
	2008	**2009**	**2009**
Net actuarial loss	¥(227,439)	**¥(303,074)**	**$(3,085)**
Recognized net actuarial loss	4,013	**5,752**	**58**
Prior service costs	7,619	**2,096**	**21**
Amortization of prior service costs	(17,162)	**(17,677)**	**(180)**
Amortization of net transition obligation	1,944	**1,944**	**20**
Other	24,882	**17,003**	**173**
Total recognized in other comprehensive income (loss)	¥(206,143)	**¥(293,956)**	**$(2,993)**

The estimated prior service costs, net actuarial loss and net transition obligations that will be amortized from accumulated other comprehensive income (loss) into net periodic pension cost during the year ending March 31, 2010 are ¥(16,200) million ($(165) million), ¥22,400 million ($228 million) and ¥1,900 million ($19 million), respectively.

Prior to the adoption of the provisions regarding recognition of funded status and disclosure under FAS 158 as of March 31, 2007, Toyota had recorded a minimum pension liability for plans where the accumulated benefit obligation net of plan assets exceeded the accrued pension and severance costs. Changes in the minimum pension liability are reflected as adjustments in other comprehensive income for the year ended March 31, 2007 as follows:

	Yen in millions
	For the years ended March 31,
	2007
Minimum pension liability adjustments, included in other comprehensive income	¥3,499

The minimum pension liability recognized as of March 31, 2007 was eliminated upon the adoption of the provisions regarding recognition of funded status and disclosure under FAS 158, and after the adoption, no minimum pension liability had been recognized.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2008 and 2009 are as follows:

	March 31,	
	2008	**2009**
Discount rate	2.8%	**2.8%**
Rate of compensation increase	0.1–10.0%	**0.1–10.0%**

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2007, 2008 and 2009 are as follows:

	For the years ended March 31,		
	2007	2008	**2009**
Discount rate	2.6%	2.7%	**2.8%**
Expected return on plan assets	3.0%	3.4%	**3.6%**
Rate of compensation increase	0.1–11.0%	0.1–10.0%	**0.1–10.0%**

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

Toyota's pension plan weighted-average asset allocations as of March 31, 2008 and 2009, by asset category are as follows:

	Plan assets at March 31,	
	2008	**2009**
Equity securities	60.5%	**49.4%**
Debt securities	25.2	**30.9**
Real estate	1.3	**0.3**
Other	13.0	**19.4**
Total	100.0%	**100.0%**

Toyota's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which Toyota considers permissible. Asset allocations under the plan asset management are determined based on Toyota's plan asset management guidelines which are established to achieve the optimized asset compositions in terms of the long-term overall plan asset management. Prior to making individual investments, Toyota performs in-depth assessments of corresponding factors including risks, transaction costs and liquidity of each potential investment under consideration. To measure the performance of the plan asset management, Toyota establishes bench mark return rates for each individual investment, combines these individual bench mark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

Toyota expects to contribute ¥95,270 million ($970 million) to its pension plan in the year ending March 31, 2010.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2010	¥ 82,172	$ 836
2011	79,359	808
2012	75,919	773
2013	74,882	762
2014	77,278	787
from 2015 to 2019	431,993	4,398
Total	¥821,603	$8,364

Postretirement benefits other than pensions and postemployment benefits

Toyota's U.S. subsidiaries provide certain health care and life insurance benefits to eligible retired employees. In addition, Toyota provides benefits to certain former or inactive employees after employment, but before retirement. These benefits are currently unfunded and provided through various insurance companies and health care providers. The costs of these benefits are recognized over the period the employee provides credited service to Toyota. Toyota's obligations under these arrangements are not material.

20 Derivative financial instruments:

Toyota adopted FAS 161 in the fiscal year ended March 31, 2009.

Toyota employs derivative financial instruments, including foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota does not use derivatives for speculation or trading.

Fair value hedges

Toyota enters into interest rate swaps and interest rate currency swap agreements mainly to convert its fixed-rate debt to variable-rate debt. Toyota uses interest rate swap agreements in managing interest rate risk exposure. Interest rate swap agreements are executed as either an integral part of specific debt transactions or on a portfolio basis. Toyota uses interest rate currency swap agreements to hedge exposure to currency exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies. Notes and loans payable issued in foreign currencies are hedged by concurrently executing interest rate currency swap agreements, which involve the exchange of foreign currency principal and interest obligations for each functional currency obligations at agreed-upon currency exchange and interest rates.

For the years ended March 31, 2007, 2008 and 2009, the ineffective portion of Toyota's fair value hedge relationships was not material. For fair value hedging relationships, the components of each derivative's gain or loss are included in the assessment of hedge effectiveness.

Undesignated derivative financial instruments

Toyota uses foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements, and interest rate options, to manage its exposure to foreign currency exchange rate fluctuations and interest rate fluctuations from an economic perspective, and for which Toyota is unable or has elected not to apply hedge accounting.

Fair value and gains or losses on derivative financial instruments

The following table summarizes the fair values of derivative financial instruments at March 31, 2009:

	Yen in millions	U.S. dollars in millions
	March 31,	March 31,
	2009	2009
Derivative financial instruments designated as hedging instruments		
Interest rate and currency swap agreements		
Prepaid expenses and other current assets	¥ 35,882	$ 365
Investments and other assets—Other	83,014	845
Total	¥ 118,896	$ 1,210
Other current liabilities	¥ (47,022)	$ (479)
Other long-term liabilities	(79,634)	(810)
Total	¥(126,656)	$(1,289)
Undesignated derivative financial instruments		
Interest rate and currency swap agreements		
Prepaid expenses and other current assets	¥ 58,454	$ 595
Investments and other assets—Other	177,487	1,807
Total	¥ 235,941	$ 2,402
Other current liabilities	¥ (61,593)	$ (627)
Other long-term liabilities	(236,877)	(2,412)
Total	¥(298,470)	$(3,039)
Foreign exchange forward and option contracts		
Prepaid expenses and other current assets	¥ 32,443	$ 330
Investments and other assets—Other	250	3
Total	¥ 32,693	$ 333
Other current liabilities	¥ (25,675)	$ (261)
Total	¥ (25,675)	$ (261)

The following table summarizes the notional amounts of derivative financial instruments at March 31, 2009:

	Yen in millions		U.S. dollars in millions	
	March 31, 2009		March 31, 2009	
	Designated derivative financial instruments	Undesignated derivative financial instruments	Designated derivative financial instruments	Undesignated derivative financial instruments
Interest rate and currency swap agreements	¥1,907,927	¥12,472,179	$19,423	$126,969
Foreign exchange forward and option contracts	—	1,562,876	—	15,911
Total	¥1,907,927	¥14,035,055	$19,423	$142,880

The following table summarizes the gains and losses on derivative financial instruments and hedged items reported in the consolidated statement of income for the year ended March 31, 2009:

	Yen in millions		U.S. dollars in millions	
	For the year ended March 31, 2009		For the year ended March 31, 2009	
	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items
Derivative financial instruments designated as hedging instruments—Fair value hedge				
Interest rate and currency swap agreements				
Cost of financing operations	**¥288,553**	**¥(293,637)**	**$2,938**	**$(2,989)**
Interest expense	**(439)**	**439**	**(4)**	**4**
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	**¥ 76,878**	**¥ —**	**$ 783**	**$ —**
Foreign exchange gain (loss), net	**(3,016)**	**—**	**(31)**	**—**
Foreign exchange forward and option contracts				
Cost of financing operations	**18,327**	**—**	**187**	**—**
Foreign exchange gain (loss), net	**174,158**	**—**	**1,773**	**—**

Unrealized gains or (losses) on undesignated derivative financial instruments reported in the cost of financing operations for the years ended March 31, 2007, 2008 and 2009 were ¥(19,984) million, ¥(67,991) million and ¥(80,298) million ($(817) million) those reported in foreign exchange gain (loss), net were ¥17,866 million, ¥45,670 million and ¥(33,578) million ($(342) million), respectively.

Credit risk related contingent features

Toyota enters into International Swaps and Derivatives Association Master Agreements with counterparties. These Master Agreements contain a provision requiring either Toyota or the counterparty to settle the contract or to post assets to the other party in the event of a ratings downgrade below a specified threshold.

The aggregate fair value amount of derivative financial instruments that contain credit risk related contingent features that are in a net liability position as of March 31, 2009 is ¥136,147 million ($1,386 million). The aggregate fair value amount of assets that are already posted as of March 31, 2009 is ¥28,978 million ($295 million). If the ratings of Toyota decline below specified thresholds, the maximum amount of assets to be posted or for which Toyota could be required to settle the contracts is ¥136,147 million ($1,386 million) as of March 31, 2009.

21 Other financial instruments:

Toyota has certain financial instruments, including financial assets and liabilities and off-balance sheet financial instruments which arose in the normal course of business. These financial instruments are executed with creditworthy financial institutions, and virtually all foreign currency contracts are denominated in U.S. dollars, euros and other currencies of major industrialized countries. Financial instruments involve, to varying degrees, market risk as instruments are subject to price fluctuations, and elements of credit risk in the event a counterparty should default. In the unlikely event the counterparties fail to meet the contractual terms of a foreign currency or an interest rate instrument, Toyota's risk is limited to the fair value of the instrument. Although Toyota may be exposed to losses in the event of non-performance by counterparties on financial instruments, it does not anticipate significant losses due to the nature of its counterparties. Counterparties to Toyota's financial instruments represent, in general, international financial institutions. Additionally, Toyota does not have a significant exposure to any individual counterparty. Based on the creditworthiness of these financial institutions, collateral is generally not required of the counterparties or of Toyota. Toyota believes that the overall credit risk related to its financial instruments is not significant.

The estimated fair values of Toyota's financial instruments, excluding marketable securities and other securities investments and affiliated companies, are summarized as follows:

	Yen in millions	
	March 31, 2008	
	Carrying amount	Estimated fair value
Asset (Liability)		
Cash and cash equivalents	¥ 1,628,547	¥ 1,628,547
Time deposits	134,773	134,773
Total finance receivables, net	9,132,242	9,287,490
Other receivables	523,533	523,533
Short-term borrowings	(3,552,721)	(3,552,721)
Long-term debt including the current portion	(8,613,799)	(8,646,182)
Interest rate and currency swap agreements	223,163	223,163
Foreign exchange forward contracts and option contracts	40,635	40,635

	Yen in millions		U.S. dollars in millions	
	March 31, 2009		March 31, 2009	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Asset (Liability)				
Cash and cash equivalents	**¥ 2,444,280**	**¥ 2,444,280**	**$ 24,883**	**$ 24,883**
Time deposits	**45,178**	**45,178**	**460**	**460**
Total finance receivables, net	**8,450,709**	**8,677,228**	**86,030**	**88,336**
Other receivables	**332,722**	**332,722**	**3,387**	**3,387**
Short-term borrowings	**(3,617,672)**	**(3,617,672)**	**(36,829)**	**(36,829)**
Long-term debt including the current portion	**(8,949,615)**	**(9,026,007)**	**(91,109)**	**(91,886)**

See note 20 to the consolidated financial statements for the amounts of derivative financial instruments.

Following are explanatory notes regarding the financial assets and liabilities other than derivative financial instruments.

Cash and cash equivalents, time deposits and other receivables

In the normal course of business, substantially all cash and cash equivalents, time deposits and other receivables are highly liquid and are carried at amounts which approximate fair value.

Finance receivables, net

The carrying value of variable rate finance receivables was assumed to approximate fair value as they were repriced at prevailing market rates at March 31, 2008 and 2009. The fair value of fixed rate finance receivables was estimated by discounting expected cash flows using the rates at which loans of similar credit quality and maturity would be made as of March 31, 2008 and 2009.

Short-term borrowings and long-term debt

The fair values of short-term borrowings and total long-term debt including the current portion were estimated based on the discounted amounts of future cash flows using Toyota's current incremental borrowing rates for similar liabilities.

22 Lease commitments:

Toyota leases certain assets under capital lease and operating lease arrangements.

An analysis of leased assets under capital leases is as follows:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Class of property			
Building	¥ 11,279	**¥ 24,369**	**$ 248**
Machinery and equipment	136,817	**51,971**	**529**
Less—Accumulated depreciation	(116,019)	**(33,845)**	**(344)**
	¥ 32,077	**¥ 42,495**	**$ 433**

Amortization expenses under capital leases for the years ended March 31, 2007, 2008 and 2009 were ¥10,559 million, ¥7,846 million and ¥12,183 million ($124 million), respectively.

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2009 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2010	¥ 12,688	$ 129
2011	24,166	246
2012	4,071	41
2013	2,141	22
2014	1,867	19
Thereafter	17,545	179
Total minimum lease payments	62,478	636
Less—Amount representing interest	(11,112)	(113)
Present value of net minimum lease payments	51,366	523
Less—Current obligations	(11,188)	(114)
Long-term capital lease obligations	¥ 40,178	$ 409

Rental expenses under operating leases for the years ended March 31, 2007, 2008 and 2009 were ¥107,301 million, ¥100,319 million and ¥106,653 million ($1,086 million), respectively.

The minimum rental payments required under operating leases relating primarily to land, buildings and equipment having initial or remaining non-cancelable lease terms in excess of one year at March 31, 2009 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2010	¥11,567	$118
2011	8,593	87
2012	6,864	70
2013	5,530	56
2014	3,973	40
Thereafter	17,634	180
Total minimum future rentals	¥54,161	$551

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

Commitments outstanding at March 31, 2009 for the purchase of property, plant and equipment and other assets totaled ¥110,874 million ($1,129 million).

Toyota enters into contracts with Toyota dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Guarantee periods are set to match maturity of installment payments, and at March 31, 2009, range from 1 month to 35 years; however, they are generally shorter than the useful lives of products sold. Toyota is required to execute its guarantee primarily when customers are unable to make required payments. The maximum potential amount of future payments as of March 31, 2009 is ¥1,570,497 million ($15,988 million). Liabilities for guarantees totaling ¥5,301 million ($54 million) have been provided as of March 31, 2009. Under these guarantee contracts, Toyota is entitled to recover any amount paid by Toyota from the customers whose original obligations Toyota has guaranteed.

In February 2003, Toyota, General Motors Corporation, Ford, DaimlerChrysler, Honda, Nissan and BMW and their U.S. and Canadian sales and marketing subsidiaries, the National Automobile Dealers Association and the Canadian Automobile Dealers Association were named as defendants in purported nationwide class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001. 26 similar actions were filed in federal district courts in California, Illinois, New York, Massachusetts, Florida, New Jersey and Pennsylvania. Additionally, 56 parallel class actions were filed in state courts in California, Minnesota, New Mexico, New York, Tennessee, Wisconsin, Arizona, Florida, Iowa, New Jersey and Nebraska on behalf of the same purchasers in these states. As of April 1, 2005, actions filed in federal district courts were consolidated in Maine and actions filed in the state courts of California and New Jersey were also consolidated, respectively.

The nearly identical complaints allege that the defendants violated the Sherman Antitrust Act by conspiring among themselves and with their dealers to prevent the sale to United States citizens of vehicles produced for the Canadian market. The complaints allege that new vehicle prices in Canada are 10% to 30% lower than those in the United States and that preventing the sale of these vehicles to United States citizens resulted in United States consumers paying excessive prices for the same type of vehicles. The complaints seek permanent injunctions against the alleged antitrust violations and treble damages in an unspecified amount. In March 2004, the federal district court of Maine (i) dismissed claims against certain Canadian sales and marketing subsidiaries, including Toyota Canada, Inc., for lack of personal jurisdiction but denied or deferred to dismiss claims against certain other Canadian companies, and (ii) dismissed the claim for damages based on the Sherman Antitrust Act but did not bar the plaintiffs from seeking injunctive relief against the alleged antitrust violations. The plaintiffs have submitted an amended compliant adding a claim for damages based on state antitrust laws and Toyota has responded to the plaintiff's discovery requests. Toyota believes that its actions have been lawful. In the interest of quickly resolving these legal actions, however, Toyota entered into a settlement agreement with the plaintiffs at the end of February 2006. The settlement agreement is pending the approval of the federal district court, and immediately upon approval the plaintiffs will, in accordance with the terms of the settlement agreement, withdraw all pending actions against Toyota in the federal district court as well as all state courts and all related actions will be closed.

Toyota has various other legal actions, governmental proceedings and other claims pending against it, including product liability claims in the United States. Although the claimants in some of these actions seek potentially substantial damages, Toyota cannot currently determine its potential liability or the damages, if any, with respect to these claims. However, based upon information currently available to Toyota, Toyota believes that its losses from these matters, if any, would not have a material adverse effect on Toyota's financial position, operating results or cash flows.

In October 2000, the European Union brought into effect a directive that requires member states to promulgate regulations implementing the following: (i) manufacturers shall bear all or a significant part of the costs for taking back end-of-life vehicles put on the market after July 1, 2002 and dismantling and recycling those vehicles. Beginning January 1, 2007, this requirement became applicable to vehicles put on the market before July 1, 2002; (ii) manufacturers may not use certain hazardous materials in vehicles to be sold after July 2003; (iii) vehicles type-approved and put on the market after December 15, 2008, shall be re-usable and/or recyclable to a minimum of 85% by weight per vehicle and shall be re-usable and/or recoverable to a minimum of 95% by weight per vehicle; and (iv) end-of-life vehicles must meet actual re-use of 80% and re-use as material or energy of 85%, respectively, of vehicle weight by 2006, rising respectively to 85% and 95% by 2015. A law to implement the directive came into effect in all member states including Bulgaria, Romania that joined the European Union in January 2007. Currently, there are uncertainties surrounding the implementation of the applicable regulations in different European Union member states, particularly regarding manufacturer responsibilities and resultant expenses that may be incurred.

In addition, under this directive member states must take measures to ensure that car manufacturers, distributors and other auto-related economic operators establish adequate used vehicle collection and treatment facilities and to ensure that hazardous materials and recyclable parts are removed from vehicles prior to shredding. This directive impacts Toyota's vehicles sold in the European Union and Toyota is introducing vehicles that are in compliance with such measures taken by the member states pursuant to the directive.

Based on the legislation that has been enacted to date, Toyota has provided for its estimated liability related to covered vehicles in existence as of March 31, 2009. Depending on the legislation that will be enacted subject to other circumstances, Toyota may be required to revise the accruals for the expected costs. Although Toyota does not expect its compliance with the directive to result in significant cash expenditures, Toyota is continuing to assess the impact of this future legislation on its results of operations, cash flows and financial position.

Toyota purchases materials that are equivalent to approximately 10% of material costs from a supplier which is an affiliated company.

The parent company has a concentration of labor supply in employees working under collective bargaining agreements and a substantial portion of these employees are working under the agreement that will expire on December 31, 2011.

24 Segment data:

The operating segments reported below are the segments of Toyota for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The major portions of Toyota's operations on a worldwide basis are derived from the Automotive and Financial Services business segments. The Automotive segment designs, manufactures and distributes sedans, minivans, compact cars, sport-utility vehicles, trucks and related parts and accessories. The Financial Services segment consists primarily of financing, and vehicle and equipment leasing operations to assist in the merchandising of the parent company and its affiliate companies products as well as other products. The All Other segment includes the design, manufacturing and sales of housing, telecommunications and other business.

The following tables present certain information regarding Toyota's industry segments and operations by geographic areas and overseas revenues by destination as of and for the years ended March 31, 2007, 2008 and 2009.

Segment operating results and assets

As of and for the year ended March 31, 2007:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥21,914,168	¥ 1,277,994	¥ 755,929	¥ —	¥23,948,091
Inter-segment sales and transfers	13,838	22,554	567,802	(604,194)	—
Total	21,928,006	1,300,548	1,323,731	(604,194)	23,948,091
Operating expenses	19,889,178	1,142,053	1,284,052	(605,875)	21,709,408
Operating income	¥ 2,038,828	¥ 158,495	¥ 39,679	¥ 1,681	¥ 2,238,683
Assets	¥13,297,362	¥13,735,434	¥1,459,965	¥4,082,018	¥32,574,779
Investment in equity method investees	1,664,938	303,271	—	59,072	2,027,281
Depreciation expenses	950,762	402,876	28,956	—	1,382,594
Capital Expenditure	1,570,875	1,122,564	47,948	(51,192)	2,690,195

As of and for the year ended March 31, 2008:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥24,160,254	¥ 1,468,730	¥ 660,256	¥ —	¥26,289,240
Inter-segment sales and transfers	17,052	29,624	686,699	(733,375)	—
Total	24,177,306	1,498,354	1,346,955	(733,375)	26,289,240
Operating expenses	22,005,401	1,411,860	1,313,875	(712,271)	24,018,865
Operating income	¥ 2,171,905	¥ 86,494	¥ 33,080	¥ (21,104)	¥ 2,270,375
Assets	¥13,593,025	¥13,942,372	¥1,273,560	¥3,649,363	¥32,458,320
Investment in equity method investees	1,777,956	235,166	—	52,656	2,065,778
Depreciation expenses	1,050,541	409,725	30,869	—	1,491,135
Capital expenditure	1,546,524	1,149,842	56,439	7,170	2,759,975

As of and for the year ended March 31, 2009:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	**¥18,550,501**	**¥ 1,355,850**	**¥ 623,219**	**¥ —**	**¥20,529,570**
Inter-segment sales and transfers	**14,222**	**21,698**	**561,728**	**(597,648)**	**—**
Total	**18,564,723**	**1,377,548**	**1,184,947**	**(597,648)**	**20,529,570**
Operating expenses	**18,959,599**	**1,449,495**	**1,175,034**	**(593,547)**	**20,990,581**
Operating income (loss)	**¥ (394,876)**	**¥ (71,947)**	**¥ 9,913**	**¥ (4,101)**	**¥ (461,011)**
Assets	**¥11,716,316**	**¥13,631,662**	**¥1,131,400**	**¥2,582,659**	**¥29,062,037**
Investment in equity method investees	**1,606,013**	**168,057**	**—**	**36,036**	**1,810,106**
Depreciation expenses	**1,072,848**	**389,937**	**32,385**	**—**	**1,495,170**
Capital expenditure	**1,343,572**	**883,968**	**35,334**	**62,023**	**2,324,897**

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	**$188,848**	**$ 13,803**	**$ 6,344**	**$ —**	**$208,995**
Inter-segment sales and transfers	**144**	**221**	**5,719**	**(6,084)**	**—**
Total	**188,992**	**14,024**	**12,063**	**(6,084)**	**208,995**
Operating expenses	**193,012**	**14,756**	**11,962**	**(6,042)**	**213,688**
Operating income (loss)	**$ (4,020)**	**$ (732)**	**$ 101**	**$ (42)**	**$ (4,693)**
Assets	**$119,274**	**$138,773**	**$11,518**	**$26,292**	**$295,857**
Investment in equity method investees	**16,350**	**1,711**	**—**	**366**	**18,427**
Depreciation expenses	**10,922**	**3,970**	**329**	**—**	**15,221**
Capital expenditure	**13,678**	**8,999**	**360**	**631**	**23,668**

Geographic Information

As of and for the year ended March 31, 2007:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 8,152,884	¥ 8,771,495	¥3,346,013	¥1,969,957	¥1,707,742	¥ —	¥23,948,091
Inter-segment sales and transfers	6,662,398	258,278	196,180	255,571	215,000	(7,587,427)	—
Total	14,815,282	9,029,773	3,542,193	2,225,528	1,922,742	(7,587,427)	23,948,091
Operating expenses	13,358,036	8,580,140	3,404,810	2,107,933	1,839,245	(7,580,756)	21,709,408
Operating income	¥ 1,457,246	¥ 449,633	¥ 137,383	¥ 117,595	¥ 83,497	¥ (6,671)	¥ 2,238,683
Assets	¥12,992,379	¥10,890,157	¥2,917,183	¥1,563,742	¥1,575,255	¥ 2,636,063	¥32,574,779
Long-lived assets	3,490,846	2,931,037	566,353	466,338	309,465	—	7,764,039

As of and for the year ended March 31, 2008:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 8,418,620	¥ 9,248,950	¥3,802,814	¥2,790,987	¥2,027,869	¥ —	¥26,289,240
Inter-segment sales and transfers	6,897,192	174,308	190,620	329,839	266,268	(7,858,227)	—
Total	15,315,812	9,423,258	3,993,434	3,120,826	2,294,137	(7,858,227)	26,289,240
Operating expenses	13,875,526	9,117,906	3,851,863	2,864,470	2,150,159	(7,841,059)	24,018,865
Operating income	¥ 1,440,286	¥ 305,352	¥ 141,571	¥ 256,356	¥ 143,978	¥ (17,168)	¥ 2,270,375
Assets	¥12,883,255	¥10,779,947	¥3,125,572	¥1,792,681	¥1,703,533	¥ 2,173,332	¥32,458,320
Long-lived assets	3,696,081	2,808,782	574,854	446,513	285,772	—	7,812,002

As of and for the year ended March 31, 2009:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	**¥ 7,471,916**	**¥ 6,097,676**	**¥2,889,753**	**¥2,450,412**	**¥1,619,813**	**¥ —**	**¥20,529,570**
Inter-segment sales and transfers	**4,714,821**	**125,238**	**123,375**	**268,917**	**263,087**	**(5,495,438)**	**—**
Total	**12,186,737**	**6,222,914**	**3,013,128**	**2,719,329**	**1,882,900**	**(5,495,438)**	**20,529,570**
Operating expenses	**12,424,268**	**6,613,106**	**3,156,361**	**2,543,269**	**1,795,252**	**(5,541,675)**	**20,990,581**
Operating income (loss)	**¥ (237,531)**	**¥ (390,192)**	**¥ (143,233)**	**¥ 176,060**	**¥ 87,648**	**¥ 46,237**	**¥ (461,011)**
Assets	**¥11,956,431**	**¥10,685,466**	**¥2,324,528**	**¥1,547,890**	**¥1,446,505**	**¥ 1,101,217**	**¥29,062,037**
Long-lived assets	**3,658,719**	**2,726,419**	**410,185**	**372,330**	**234,028**	**—**	**7,401,681**

	U.S. dollars in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	**$ 76,066**	**$ 62,075**	**$29,418**	**$24,946**	**$16,490**	**$ —**	**$208,995**
Inter-segment sales and transfers	**47,997**	**1,275**	**1,256**	**2,737**	**2,679**	**(55,944)**	**—**
Total	**124,063**	**63,350**	**30,674**	**27,683**	**19,169**	**(55,944)**	**208,995**
Operating expenses	**126,481**	**67,322**	**32,132**	**25,891**	**18,277**	**(56,415)**	**213,688**
Operating income (loss)	**$ (2,418)**	**$ (3,972)**	**$ (1,458)**	**$ 1,792**	**$ 892**	**$ 471**	**$ (4,693)**
Assets	**$121,719**	**$108,780**	**$23,664**	**$15,758**	**$14,726**	**$ 11,210**	**$295,857**
Long-lived assets	**37,246**	**27,755**	**4,176**	**3,790**	**2,383**	**—**	**75,350**

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

Revenues are attributed to geographies based on the country location of the parent company or the subsidiary that transacted the sale with the external customer.

There are no any individually material countries with respect to revenues, operating expenses, operating income, assets and long-lived assets included in other foreign countries.

Unallocated amounts included in assets represent assets held for corporate purposes, which mainly consist of cash and cash equivalents and marketable securities. Such corporate assets were ¥4,758,410 million, ¥4,352,498 million and ¥3,225,901 million ($32,840 million), as of March 31, 2007, 2008 and 2009, respectively.

Transfers between industries or geographic segments are made at amounts which Toyota's management believes approximate arm's-length transactions. In measuring the reportable segments' income or losses, operating income consists of revenue less operating expenses.

Overseas Revenues by destination

The following information shows revenues that are attributed to countries based on location of customers, excluding customers in Japan. In addition to the disclosure requirements under FAS No. 131, *Disclosure about Segments of an Enterprise and Related Information* ("FAS 131"), Toyota discloses this information in order to provide financial statement users with valuable information.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
North America	¥9,039,560	¥9,606,481	**¥6,294,230**	**$64,076**
Europe	3,345,001	3,746,362	**2,861,351**	**29,129**
Asia	2,248,031	2,968,460	**2,530,352**	**25,760**
Other*	3,168,580	3,831,739	**3,421,881**	**34,835**

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

Certain financial statement data on non-financial services and financial services businesses

The financial data below presents separately Toyota's non-financial services and financial services businesses.

Balance sheets

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2008	**2009**	**2009**
Non-Financial Services Businesses			
Current assets			
Cash and cash equivalents	¥ 1,473,101	**¥ 1,648,143**	**$ 16,778**
Marketable securities	526,801	**494,476**	**5,034**
Trade accounts and notes receivable, less allowance for doubtful accounts	2,077,491	**1,404,292**	**14,296**
Inventories	1,825,716	**1,459,394**	**14,857**
Prepaid expenses and other current assets	1,676,263	**1,534,119**	**15,618**
Total current assets	7,579,372	**6,540,424**	**66,583**
Investments and other assets	6,064,286	**4,254,126**	**43,308**
Property, plant and equipment	5,773,370	**5,504,559**	**56,037**
Total Non-Financial Services Businesses assets	19,417,028	**16,299,109**	**165,928**
Financial Services Businesses			
Current assets			
Cash and cash equivalents	155,446	**796,137**	**8,105**
Marketable securities	15,409	**850**	**9**
Finance receivables, net	4,301,142	**3,891,406**	**39,615**
Prepaid expenses and other current assets	793,434	**790,901**	**8,051**
Total current assets	5,265,431	**5,479,294**	**55,780**
Noncurrent finance receivables, net	5,974,756	**5,655,545**	**57,575**
Investments and other assets	663,553	**599,701**	**6,105**
Property, plant and equipment	2,038,632	**1,897,122**	**19,313**
Total Financial Services Businesses assets	13,942,372	**13,631,662**	**138,773**
Eliminations	(901,080)	**(868,734)**	**(8,844)**
Total assets	¥32,458,320	**¥29,062,037**	**$295,857**

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

	Yen in millions March 31, 2008	Yen in millions March 31, 2009	U.S. dollars in millions March 31, 2009
Non-Financial Services Businesses			
Current liabilities			
Short-term borrowings	¥ 725,563	¥ **825,029**	$ **8,399**
Current portion of long-term debt	183,879	**115,942**	**1,180**
Accounts payable	2,211,507	**1,299,523**	**13,230**
Accrued expenses	1,478,249	**1,432,988**	**14,588**
Income taxes payable	299,048	**47,648**	**485**
Other current liabilities	1,208,476	**944,303**	**9,613**
Total current liabilities	6,106,722	**4,665,433**	**47,495**
Long-term liabilities			
Long-term debt	391,303	**850,233**	**8,656**
Accrued pension and severance costs	627,450	**629,870**	**6,412**
Other long-term liabilities	866,741	**444,529**	**4,525**
Total long-term liabilities	1,885,494	**1,924,632**	**19,593**
Total Non-Financial Services Businesses liabilities	7,992,216	**6,590,065**	**67,088**
Financial Services Businesses			
Current liabilities			
Short-term borrowings	3,439,850	**3,370,981**	**34,317**
Current portion of long-term debt	2,511,719	**2,640,104**	**26,877**
Accounts payable	17,359	**10,001**	**102**
Accrued expenses	133,223	**111,766**	**1,138**
Income taxes payable	6,544	**3,650**	**37**
Other current liabilities	491,441	**515,166**	**5,244**
Total current liabilities	6,600,136	**6,651,668**	**67,715**
Long-term liabilities			
Long-term debt	5,726,042	**5,592,641**	**56,934**
Accrued pension and severance costs	4,847	**4,742**	**49**
Other long-term liabilities	510,415	**491,397**	**5,002**
Total long-term liabilities	6,241,304	**6,088,780**	**61,985**
Total Financial Services Businesses liabilities	12,841,440	**12,740,448**	**129,700**
Eliminations	(901,530)	**(869,213)**	**(8,848)**
Total liabilities	19,932,126	**18,461,300**	**187,940**
Minority interest in consolidated subsidiaries	656,667	**539,530**	**5,492**
Shareholders' equity	11,869,527	**10,061,207**	**102,425**
Total liabilities and shareholders' equity	¥32,458,320	**¥29,062,037**	**$295,857**

Statements of income

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2007	2008	**2009**	**2009**
Non-Financial Services Businesses				
Net revenues	¥22,679,078	¥24,831,172	**¥19,182,161**	**$195,278**
Costs and expenses				
Cost of revenues	18,361,641	20,459,061	**17,470,791**	**177,856**
Selling, general and administrative	2,230,734	2,181,491	**2,097,674**	**21,355**
Total costs and expenses	20,592,375	22,640,552	**19,568,465**	**199,211**
Operating income (loss)	2,086,703	2,190,620	**(386,304)**	**(3,933)**
Other income (expense), net	145,570	176,417	**(71,925)**	**(732)**
Income (loss) before income taxes, minority interest and equity in earnings of affiliated companies	2,232,273	2,367,037	**(458,229)**	**(4,665)**
Provision for income taxes	844,797	889,660	**(10,152)**	**(104)**
Income (loss) before minority interest and equity in earnings of affiliated companies	1,387,476	1,477,377	**(448,077)**	**(4,561)**
Minority interest in consolidated subsidiaries	(49,513)	(73,543)	**26,282**	**267**
Equity in earnings of affiliated companies	193,130	268,025	**53,226**	**542**
Net income (loss)—Non-Financial Services Businesses	1,531,093	1,671,859	**(368,569)**	**(3,752)**
Financial Services Businesses				
Net revenues	1,300,548	1,498,354	**1,377,548**	**14,024**
Costs and expenses				
Cost of revenues	879,203	1,075,972	**994,191**	**10,121**
Selling, general and administrative	262,850	335,888	**455,304**	**4,635**
Total costs and expenses	1,142,053	1,411,860	**1,449,495**	**14,756**
Operating income (loss)	158,495	86,494	**(71,947)**	**(732)**
Other expense, net	(8,171)	(16,265)	**(30,233)**	**(308)**
Income (loss) before income taxes, minority interest and equity in earnings of affiliated companies	150,324	70,229	**(102,180)**	**(1,040)**
Provision for income taxes	53,548	21,904	**(46,298)**	**(471)**
Income (loss) before minority interest and equity in earnings of affiliated companies	96,776	48,325	**(55,882)**	**(569)**
Minority interest in consolidated subsidiaries	(174)	(4,419)	**(2,004)**	**(20)**
Equity in earnings (losses) of affiliated companies	16,385	2,089	**(10,502)**	**(107)**
Net income (loss)—Financial Services Businesses	112,987	45,995	**(68,388)**	**(696)**
Eliminations	(48)	25	**20**	**0**
Net income (loss)	¥ 1,644,032	¥ 1,717,879	**¥ (436,937)**	**$ (4,448)**

Statements of cash flows

	Yen in millions			Yen in millions		
	For the year ended March 31, 2007			For the year ended March 31, 2008		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income	¥ 1,531,093	¥ 112,987	¥ 1,644,032	¥ 1,671,859	¥ 45,995	¥ 1,717,879
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	979,718	402,876	1,382,594	1,081,410	409,725	1,491,135
Provision for doubtful accounts and credit losses	(841)	72,703	71,862	357	122,433	122,790
Pension and severance costs, less payments	(33,319)	1,265	(32,054)	(54,868)	527	(54,341)
Losses on disposal of fixed assets	49,193	1,279	50,472	44,993	444	45,437
Unrealized losses on available-for-sale securities, net	4,614	—	4,614	11,346	—	11,346
Deferred income taxes	42,698	89,643	132,308	80,027	1,500	81,458
Minority interest in consolidated subsidiaries	49,513	174	49,687	73,543	4,419	77,962
Equity in earnings of affiliated companies	(193,130)	(16,385)	(209,515)	(268,025)	(2,089)	(270,114)
Changes in operating assets and liabilities, and other	182,548	125,700	144,173	(220,217)	215,218	(241,928)
Net cash provided by operating activities	2,612,087	790,242	3,238,173	2,420,425	798,172	2,981,624
Cash flows from investing activities						
Additions to finance receivables	—	(14,192,154)	(7,489,096)	—	(16,644,139)	(8,647,717)
Collection of and proceeds from sale of finance receivables	—	12,814,669	6,274,744	—	15,095,380	7,332,697
Additions to fixed assets excluding equipment leased to others	(1,414,468)	(11,346)	(1,425,814)	(1,472,422)	(8,148)	(1,480,570)
Additions to equipment leased to others	(153,163)	(1,111,218)	(1,264,381)	(137,711)	(1,141,694)	(1,279,405)
Proceeds from sales of fixed assets excluding equipment leased to others	56,040	8,381	64,421	56,603	10,948	67,551
Proceeds from sales of equipment leased to others	107,270	214,491	321,761	80,944	294,937	375,881
Purchases of marketable securities and security investments	(889,008)	(179,197)	(1,068,205)	(936,324)	(215,316)	(1,151,640)
Proceeds from sales of and maturity of marketable securities and security investments	708,130	117,041	825,171	789,366	198,044	987,410
Payment for additional investments in affiliated companies, net of cash acquired	(1,651)	—	(1,651)	(4,406)	—	(4,406)
Changes in investments and other assets, and other	(21,751)	15,250	(51,328)	(44,891)	23,024	(74,687)
Net cash used in investing activities	(1,608,601)	(2,324,083)	(3,814,378)	(1,668,841)	(2,386,964)	(3,874,886)
Cash flows from financing activities						
Purchase of common stock	(295,699)	—	(295,699)	(311,667)	—	(311,667)
Proceeds from issuance of long-term debt	31,509	2,897,028	2,890,000	17,162	3,364,351	3,349,812
Payments of long-term debt	(41,833)	(1,694,407)	(1,726,823)	(226,561)	(2,156,709)	(2,310,008)
Increase (decrease) in short-term borrowings	(83,651)	362,078	353,397	24,126	370,293	408,912
Dividends paid	(339,107)	—	(339,107)	(430,860)	—	(430,860)
Net cash provided by (used in) financing activities	(728,781)	1,564,699	881,768	(927,800)	1,577,935	706,189
Effect of exchange rate changes on cash and cash equivalents	21,995	3,434	25,429	(65,405)	(19,354)	(84,759)
Net increase (decrease) in cash and cash equivalents	296,700	34,292	330,992	(241,621)	(30,211)	(271,832)
Cash and cash equivalents at beginning of year	1,418,022	151,365	1,569,387	1,714,722	185,657	1,900,379
Cash and cash equivalents at end of year	¥ 1,714,722	¥ 185,657	¥ 1,900,379	¥ 1,473,101	¥ 155,446	¥ 1,628,547

	Yen in millions			U.S. dollars in millions		
	For the year ended March 31, 2009			For the year ended March 31, 2009		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net loss	¥ (368,569)	¥ (68,388)	¥ (436,937)	$ (3,752)	$ (696)	$ (4,448)
Adjustments to reconcile net loss to net cash provided by operating activities						
Depreciation	1,105,233	389,937	1,495,170	11,251	3,970	15,221
Provision for doubtful accounts and credit losses	(1,663)	259,096	257,433	(17)	2,638	2,621
Pension and severance costs, less payments	(21,428)	470	(20,958)	(218)	5	(213)
Losses on disposal of fixed assets	68,546	136	68,682	698	1	699
Unrealized losses on available-for-sale securities, net	220,920	—	220,920	2,249	—	2,249
Deferred income taxes	(132,127)	(62,871)	(194,990)	(1,345)	(640)	(1,985)
Minority interest in consolidated subsidiaries	(26,282)	2,004	(24,278)	(267)	20	(247)
Equity in earnings of affiliated companies	(53,226)	10,502	(42,724)	(542)	107	(435)
Changes in operating assets and liabilities, and other	(223,101)	186,234	154,587	(2,272)	1,895	1,573
Net cash provided by operating activities	568,303	717,120	1,476,905	5,785	7,300	15,035
Cash flows from investing activities						
Additions to finance receivables	—	(13,318,620)	(7,700,459)	—	(135,586)	(78,392)
Collection of and proceeds from sale of finance receivables	—	13,047,393	7,243,442	—	132,825	73,740
Additions to fixed assets excluding equipment leased to others	(1,358,518)	(6,064)	(1,364,582)	(13,830)	(62)	(13,892)
Additions to equipment leased to others	(82,411)	(877,904)	(960,315)	(839)	(8,937)	(9,776)
Proceeds from sales of fixed assets excluding equipment leased to others	41,285	6,101	47,386	420	62	482
Proceeds from sales of equipment leased to others	55,896	472,853	528,749	569	4,814	5,383
Purchases of marketable securities and security investments	(418,342)	(217,688)	(636,030)	(4,259)	(2,216)	(6,475)
Proceeds from sales of and maturity of marketable securities and security investments	1,295,561	180,316	1,475,877	13,189	1,835	15,024
Payment for additional investments in affiliated companies, net of cash acquired	(45)	—	(45)	(0)	—	(0)
Changes in investments and other assets, and other	129,834	(2,091)	135,757	1,322	(21)	1,382
Net cash used in investing activities	(336,740)	(715,704)	(1,230,220)	(3,428)	(7,286)	(12,524)
Cash flows from financing activities						
Purchase of common stock	(70,587)	—	(70,587)	(719)	—	(719)
Proceeds from issuance of long-term debt	545,981	3,030,029	3,506,990	5,558	30,846	35,702
Payments of long-term debt	(150,097)	(2,580,637)	(2,704,078)	(1,528)	(26,271)	(27,528)
Increase in short-term borrowings	138,387	239,462	406,507	1,409	2,438	4,138
Dividends paid	(439,991)	—	(439,991)	(4,479)	—	(4,479)
Net cash provided by financing activities	23,693	688,854	698,841	241	7,013	7,114
Effect of exchange rate changes on cash and cash equivalents	(80,214)	(49,579)	(129,793)	(816)	(505)	(1,321)
Net increase in cash and cash equivalents	175,042	640,691	815,733	1,782	6,522	8,304
Cash and cash equivalents at beginning of year	1,473,101	155,446	1,628,547	14,996	1,583	16,579
Cash and cash equivalents at end of year	¥ 1,648,143	¥ 796,137	¥ 2,444,280	$ 16,778	$ 8,105	$ 24,883

25 Per share amounts:

Reconciliations of the differences between basic and diluted net income (loss) per share for the years ended March 31, 2007, 2008 and 2009 are as follows:

	Yen in millions	Thousands of shares	Yen	U.S. dollars
	Net income (loss)	Weighted-average shares	Net income (loss) per share	Net income (loss) per share
For the year ended March 31, 2007				
Basic net income per common share	¥1,644,032	3,210,422	¥ 512.09	
Effect of dilutive securities				
Assumed exercise of dilutive stock options	(2)	1,812		
Diluted net income per common share	¥1,644,030	3,212,234	¥ 511.80	
For the year ended March 31, 2008				
Basic net income per common share	¥1,717,879	3,177,445	¥ 540.65	
Effect of dilutive securities				
Assumed exercise of dilutive stock options	(1)	1,217		
Diluted net income per common share	¥1,717,878	3,178,662	¥ 540.44	
For the year ended March 31, 2009				
Basic net loss per common share	**¥ (436,937)**	**3,140,417**	**¥(139.13)**	**$(1.42)**
Effect of dilutive securities				
Assumed exercise of dilutive stock options	**(0)**	**—**		
Diluted net loss per common share	**¥ (436,937)**	**3,140,417**	**¥(139.13)**	**$(1.42)**

Certain stock options were not included in the computation of diluted net income per share for the year ended March 31, 2008 because the options' exercise prices were greater than the average market price per common share during the period.

Assumed exercise of certain stock options was not included in the computation of diluted net loss per share for the year ended March 31, 2009 because it had an antidilutive effect due to the net loss for the period.

In addition to the disclosure requirements under FAS No. 128, *Earnings per Share*, Toyota discloses the information below in order to provide financial statement users with valuable information.

The following table shows Toyota's net assets per share as of March 31, 2008 and 2009. Net assets per share amounts are calculated by dividing net assets' amount at the end of each period by the number of shares issued and outstanding, excluding treasury stock at the end of the corresponding period.

	Yen in millions	Thousands of shares	Yen	U.S. dollars
	Net assets	Shares issued and outstanding at the end of the year (excluding treasury stock)	Net assets per share	Net assets per share
As of March 31, 2008	¥11,869,527	3,149,279	¥3,768.97	
As of March 31, 2009	**10,061,207**	**3,135,882**	**3,208.41**	**$32.66**

26 Fair value measurements:

Toyota adopted FAS 157 in the fiscal year ended March 31, 2009. In FAS 157, three levels of input which are used to measure fair value are as follows.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the assets or liabilities

Level 3: Unobservable inputs for assets or liabilities

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis at March 31, 2009:

	Yen in millions			
	March 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥1,473,407	¥ 115,339	¥ —	¥1,588,746
Marketable securities and other securities investments	2,273,294	187,236	19,581	2,480,111
Derivative financial instruments	—	369,572	17,958	387,530
Total	¥3,746,701	¥ 672,147	¥ 37,539	¥4,456,387
Liabilities:				
Derivative financial instruments	¥ —	¥(427,109)	¥(23,692)	¥ (450,801)
Total	¥ —	¥(427,109)	¥(23,692)	¥ (450,801)

	U.S. dollars in millions			
	March 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$15,000	$ 1,174	$ —	$16,174
Marketable securities and other securities investments	23,143	1,906	199	25,248
Derivative financial instruments	—	3,762	183	3,945
Total	$38,143	$ 6,842	$ 382	$45,367
Liabilities:				
Derivative financial instruments	$ —	$(4,348)	$(241)	$ (4,589)
Total	$ —	$(4,348)	$(241)	$ (4,589)

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value, key inputs and significant assumptions:

Cash equivalents

Cash equivalents represent highly liquid investments with original maturities of three months or less. Generally, quoted market prices are used to determine the fair value of these instruments.

Marketable securities and other securities investments

Marketable securities and other securities investments include debt securities and equity securities. Toyota uses quoted market prices for identical or similar assets or liabilities to measure fair value. Marketable securities and other securities investments classified as Level 3 include retained interests in securitized financial receivables, which are measured at fair value using the assumptions such as interest rate, loss severity and other factors.

Derivative financial instruments

Toyota estimates the fair value of derivative financial instruments using industry-standard valuation models that requires observable inputs including interest rates and foreign exchange rates, and the contractual terms. In other certain cases when market data is not available, key inputs to the fair value measurement include quotes from counterparties, and other market data. Toyota's derivative fair value measurements consider assumptions about counterparty and our own non-performance risk, using such as credit default probabilities.

The following table summarizes the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the period ended March 31, 2009:

	Yen in millions		
	For the year ended March 31, 2009		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**¥23,818**	**¥ 25,499**	**¥ 49,317**
Total gains (losses)			
Included in earnings	**586**	**(38,538)**	**(37,952)**
Included in other comprehensive income (loss)	**(1,398)**	**—**	**(1,398)**
Purchases, issuances and settlements	**(1,665)**	**7,026**	**5,361**
Other	**(1,760)**	**279**	**(1,481)**
Balance at end of year	**¥19,581**	**¥ (5,734)**	**¥ 13,847**

	U.S. dollars in millions		
	For the year ended March 31, 2009		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**$242**	**$ 260**	**$ 502**
Total gains (losses)			
Included in earnings	**6**	**(392)**	**(386)**
Included in other comprehensive income (loss)	**(14)**	**—**	**(14)**
Purchases, issuances and settlements	**(17)**	**71**	**54**
Other	**(18)**	**3**	**(15)**
Balance at end of year	**$199**	**$ (58)**	**$ 141**

In the reconciliation table above, derivative financial instruments are presented net of assets and (liabilities). The other amount primarily includes the impact of currency translation adjustments.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. During the year ended March 31, 2009, Toyota measured certain finance receivables at fair value of ¥25,932 million ($264 million) based on the collateral value, resulting in an impairment loss of ¥10,011 million ($102 million). This fair value measurement on a nonrecurring basis as of March 31, 2009 was classified as level 3.

Management's Annual Report on Internal Control over Financial Reporting

Toyota's management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Toyota's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of Toyota's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that Toyota's receipts and expenditures are being made only in accordance with authorizations of Toyota's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Toyota's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Toyota's management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management concluded that Toyota's internal control over financial reporting was effective as of March 31, 2009.

PricewaterhouseCoopers Aarata, an independent registered public accounting firm that audited the consolidated financial statements included in this report, has also audited the effectiveness of Toyota's internal control over financial reporting as of March 31, 2009, as stated in its report included herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Toyota Jidosha Kabushiki Kaisha ("Toyota Motor Corporation")

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Toyota Motor Corporation and its subsidiaries at March 31, 2008 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2009 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, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers Aarata

Nagoya, Japan
June 23, 2009

Corporate Information

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] 529
[Affiliates Accounted for by the Equity Method] 56

Number of Employees:
71,116 (Consolidated: 320,808)

Corporate Web Site:
[Corporate Information] http://www.toyota.co.jp
[IR Information] http://www.toyota.co.jp/en/ir

Stock Information

Stock Data

Number of Shares Authorized: 10,000,000,000 shares

Number of Shares Issued: 3,447,997,492 shares

Number of Treasury Stock: 312,115,017 shares

Number of Shareholders: 653,433

Number of Shares per Trading Unit: 100 shares

Stock Listings:
[Japan] Tokyo, Nagoya, Osaka, Fukuoka, Sapporo
[Overseas] New York, London

Securities Code:
[Japan] 7203

American Depositary Receipts (ADR):
[Ratio] 1ADR=2 common stocks
[Symbol] TM

Transfer Agent in Japan:
Mitsubishi UFJ Trust and Banking Corporation
10-11, Higashisuna, 7-chome, Koutou-ku, Tokyo 137-8081, Japan
Japan Toll-Free: (0120) 232-711

Depositary and Transfer Agent for ADR:
The Bank of New York Mellon
101 Barclay Street, New York, NY 10286, U.S.A.
Tel: (866) 238-8978
U.S. Toll-Free: (888) 269-2377
(888) BNY-ADRS
[Depositary Receipts] http://www.adrbnymellon.com
[Transfer Agent] http://www.bnymellon.com/shareowner

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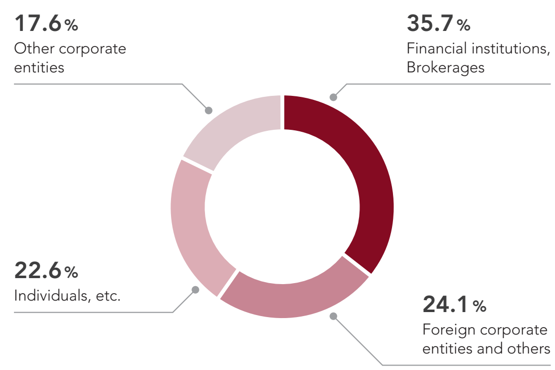
U.S.A.: Toyota Motor North America, Inc.
9 West 57th St., Suite 4900, New York, NY 10019, U.S.A.
Tel: (212) 223-0303
Fax: (212) 750-3564

U.K.: Toyota Motor Europe
Curzon Square, 25 Park Lane, London W1K 1RA, U.K.
Tel: (020) 7290-8500
Fax: (020) 7290-8502

Major Shareholders (Top 10)

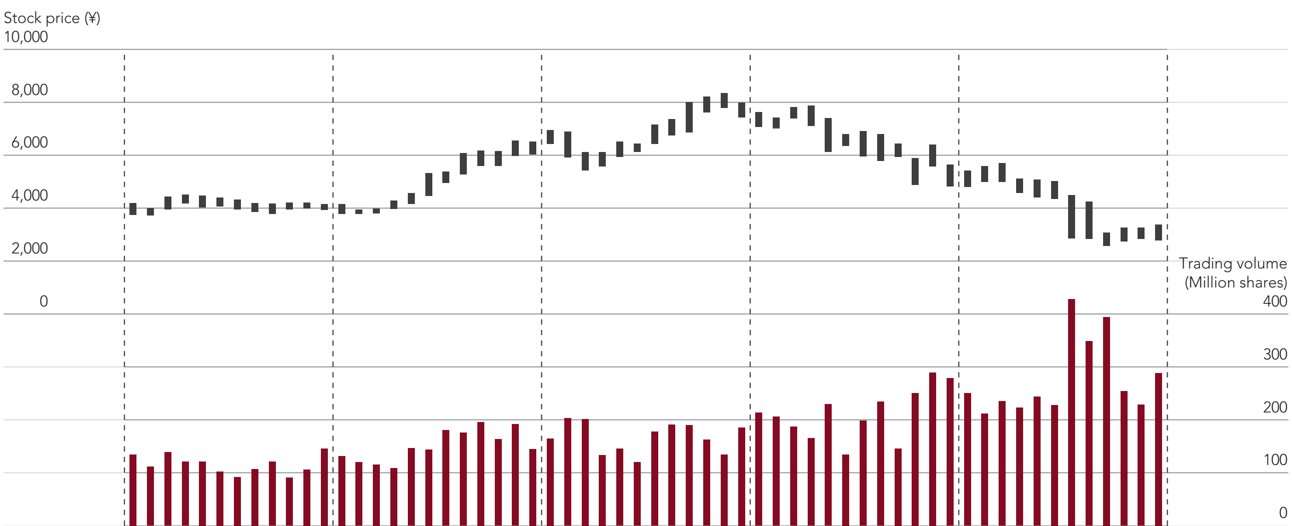
Name	Number of Shares Held (Thousands)
Japan Trustee Services Bank, Ltd.	353,082
Toyota Industries Corporation	201,195
The Master Trust Bank of Japan, Ltd.	192,363
Nippon Life Insurance Company	130,791
State Street Bank and Trust Company	119,887
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders	85,081
Trust & Custody Services Bank, Ltd.	84,527
Tokio Marine & Nichido Fire Insurance Co., Ltd.	83,821
Mitsui Sumitomo Insurance Company, Limited	65,166
JPMorgan Chase Bank	60,854

Ownership Breakdown



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

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



	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
High (¥)	4,520	6,560	8,350	7,880	5,710
Low (¥)	3,730	3,790	5,430	4,810	2,585
At Year-End (¥)	3,990	6,430	7,550	4,970	3,120

Note: Fiscal years ended March 31

TOYOTA MOTOR CORPORATION

http://www.toyota.co.jp