

Topics

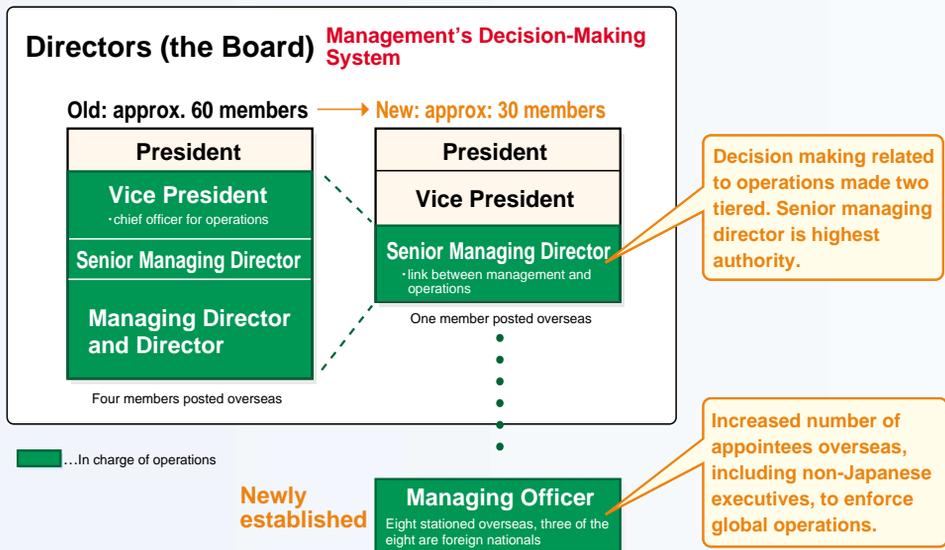
Adopting a New Management System

Streamlined board of directors for faster decision-making

Following the Ordinary General Shareholders Meeting in June 2003, Toyota introduced a new management system embodying, among other enhancements, a streamlined board of directors and the new position of non-board managing officer. By making the decision-making structure less vertical, Toyota will work to expedite decision making at both management and operational levels and enhance its competitiveness as a global enterprise.

< Highlights of the New Management System >

- (1) Placed at its management core people capable of understanding and putting into practice Toyota's corporate principles.
- (2) Aimed at faster decision-making by placing senior managing directors as the highest authorities in their areas of supervision where matters concerning daily operations will be settled no higher than the level.
- (3) Aimed at making the most of Toyota's traditional strengths by practicing hands-on decision-making (genchi genbutsu*), by placing senior managing directors as link between the management and operations.
* Going to an issue's source to understand the actual situation, build consensus, and expediently achieve one's goal.



Introducing the Lexus to Japan

Toyota Kicks Off Dealer Recruiting Efforts for the Lexus

In June 2003, Toyota started recruiting Lexus dealers from among existing Toyota vehicle dealerships. The Lexus brand, to be newly established in Japan alongside that of Toyota, will seek to provide customers with the best products, coupled with unparalleled purchasing experience and after-sales service. Accordingly, we plan to have approximately 180 dealerships when we start marketing the Lexus in Japan in August 2005, in line with our new initiatives for products and distribution announced in February 2003.



The Lexus logo to be used at Lexus dealerships.

All-new Prius

Marking the Dawn of a New Age for Hybrid Vehicles

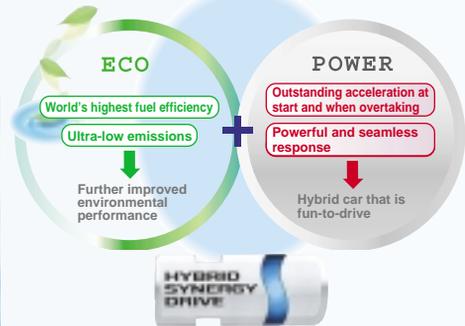
Toyota completely redesigned its hybrid passenger vehicle, the Prius, and launched it on September 1, 2003. Since its launch in 1997 as the world's first mass-produced hybrid passenger car, the Prius has become the world leader in its class with cumulative sales of over 120,000.

The new Prius is equipped with the next-generation Toyota Hybrid System (THS II), developed around the Hybrid Synergy Drive concept that represents a sophisticated fusion of ecology and power. It also boasts countless other attractively sophisticated features and equipment, and embodies the ideal of an innovative passenger vehicle.



PRIUS

Compatibility of Environmental & Power Performance



Hybrid Synergy Drive

Along with seeking the highest level of environmental performance, the Prius represents a development concept that aims to propel driving pleasure as the true appeal of an automobile.

Based on this concept, THS creates a synergistic relationship between motor power and engine power that enhances performance.

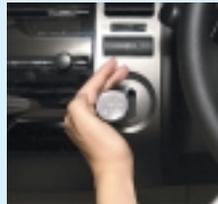
Advanced Features and Equipment

(1) Intelligent Parking System



The system assists driver by steering in garage and parallel parking.

(2) Electroshiftmatic



The gearshift is electronically controlled. It makes light fingertip control possible when shifting gears.

(3) Push button start



The car starts without turning key but a push of button.

Rapid Expansion of Chinese Market

In April 2003, the China FAW Group Corporation (FAW) and the Toyota Motor Corp. signed a contract to jointly produce four Toyota-brand vehicle models in China. This contract follows a comprehensive agreement reached in August 2002 that established cooperative ties in automotive operations and provides concrete details on plans for joint production and technology licensing. Toyota is working to strengthen production and sales operation to achieve a target of 10% market share in China by around 2010 where motorization is rapidly expanding.

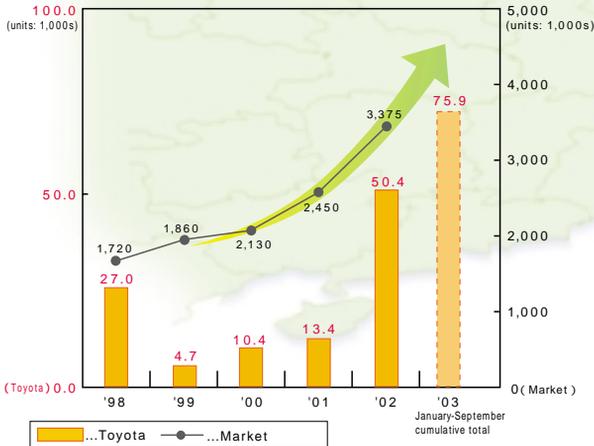


Signing contract with FAW Group Corporation

Joint production of four models with FAW

Model	Start of production	Initial production	Production plant
Crown	Spring 2005	50,000 units/year	Second plant of Tianjin Toyota Motor Co., Ltd.
Corolla	Spring 2004	30,000 units/year	Tianjin Toyota Motor Co., Ltd.
Land Cruiser	October 2003	10,000 units/year	Chang Chun Plant of China FAW Group Corp.
Land Cruiser Prado	September 2003	5,000 units/year	Sichuan Toyota Motor Co., Ltd.

Chinese automobile market



Rate of market growth in China exceeds expectations and Toyota vehicle sales are growing steadily, as well. (Source: China automobile factory comprehensive analysis)

Principal Production and Marketing Companies

Production Tianjin Toyota Motor Co. Ltd.



Established: June 2000
Annual production capacity: 80,000 units
Started production of VIOS (Chinese name: Weichi), small sedan, in 2002

Marketing FAW Toyota Motor Sales Co., Ltd.

Jointly established with FAW Group in September 2003, the company started its operation in November to market locally produced vehicles and to expand the sales network in China.