**Business Overview**

### Automotive Operations

<table>
<thead>
<tr>
<th>Revenues</th>
<th>¥21,928.0 billion (+13.4%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥2,038.8 billion (+20.4%)</td>
</tr>
</tbody>
</table>

In fiscal 2007, consolidated revenues increased 13.4%, to ¥21,928.0 billion, with strong vehicle sales in North America and Europe offsetting sales declines in Japan and Asia. Operating income was up 20.4%, to ¥2,038.8 billion. The increase in operating income was mainly due to increases in both production volume and vehicle units sold, the effect of changes in exchange rates, and cost reduction efforts, partially offset by an increase in expenses related to business expansion.

### Financial Services Operations

<table>
<thead>
<tr>
<th>Revenues</th>
<th>¥1,300.5 billion (+30.5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥158.5 billion (+1.7%)</td>
</tr>
</tbody>
</table>

In fiscal 2007, consolidated revenues grew 30.5%, to ¥1,300.5 billion, due to higher auto sales financing that accompanied brisk vehicle sales. Meanwhile, operating income rose 1.7%, to ¥158.5 billion, as a steady increase in financing volume offset the valuation losses on interest rate swaps stated at fair value of sales finance subsidiaries in North America.

### Other Business Operations

<table>
<thead>
<tr>
<th>Revenues</th>
<th>¥1,323.7 billion (+11.2%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥39.6 billion (–0.2%)</td>
</tr>
</tbody>
</table>

In fiscal 2007, consolidated revenues were up 11.2%, to ¥1,323.7 billion, while operating income was ¥39.6 billion, remaining at the same level as in fiscal 2006. Included in other business operations, the housing business achieved favorable production and sales.
Principal Market Data

Automotive Market (Sales)

<table>
<thead>
<tr>
<th>U.S. (Thousands of units)</th>
<th>Europe (Thousands of units)</th>
<th>Asia (Thousands of units)</th>
<th>China (Thousands of units)</th>
<th>Japan (Thousands of units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
</tr>
</tbody>
</table>

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, and South Korea; Japan: minivehicles included.
Toyota is developing Lexus into a powerful global premium brand.

**Market Strategy**

**Cultivate the Lexus Brand in Markets Worldwide**

In fiscal 2007, Lexus sales were up a sharp 20%, to approximately 490,000 vehicles. Viewing Lexus as a global premium brand, Toyota is building brand power and expanding sales. While more than 60% of worldwide sales are in North America, to grow sales of Lexus-brand vehicles we will significantly increase sales in such regions as Japan, Europe, and China. In 2007, we expect to sell more than...
500,000 Lexus-brand vehicles around the world.

In North America, fiscal 2007 Lexus sales remained strong, rising 6%, to 340,000 vehicles. Lexus market share in the U.S. luxury brand segment rose to 16% in 2006, and Lexus earned the rank of best-selling luxury brand for the seventh straight year.

In Japan, where the Lexus brand entered its second fiscal year on the market, we expanded the network of Lexus dealers from the first fiscal year’s 151 to 163 and sold more than 36,000 vehicles. We will further consolidate recognition of Lexus as a premium brand and steadily build a customer base.

In Europe, fiscal 2007 Lexus sales jumped 48%, to more than 50,000 vehicles, thanks to the expansion of the dedicated Lexus dealer network and the stepped-up introduction of diesel and hybrid models.

In Asia, including China, Lexus sales rose 48% in fiscal 2007, to approximately 67,000 vehicles. In China, we are concentrating on strengthening sales. Focusing on large cities, we expanded the network of dedicated Lexus dealers to 23.

Note: Lexus vehicle sales are calculated on a retail basis and are different from consolidated vehicle sales (shipments).

Product Strategy

Create True Luxury through Craftsmanship and Leading-Edge Technologies

From fall 2006, we began introducing a new model of the flagship Lexus LS in stages worldwide. Merging the latest technologies with craftsmanship and an uncompromising commitment to true luxury, the Lexus LS460 earned high acclaim from the outset, and strong sales of the model continue. We believe that the Lexus LS460’s superior driving performance, advanced safety technology, excellent environmental performance, and meticulously crafted features set the standard for new-era prestige sedans.

Around the world, the Lexus LS460 has earned praise from customers and many other quarters. Domestically, it was chosen as the 2006–2007 Japan Car of the Year in November 2006. Overseas, the model has received numerous accolades. In April 2007, automobile journalists chose the Lexus LS460 as the 2007 World Car of the Year—the first time a Japanese car has received this award. Other Lexus vehicles are also widely admired. For example, this year the Lexus IS won the “Das Goldene Lenkrad” (Golden Steering) in Europe.

Our product strategy for Lexus is to expand the lineup of models in stages while continuing to improve driving and environmental performance to strengthen their appeal. In an effort to expand the Lexus brand into new vehicle segments, we unveiled a sports car, the latest Lexus LF–A concept vehicle, at the North American International Auto Show in January 2007. Additionally, we are strategically developing hybrid offerings. Having already marketed hybrid versions of the Lexus RX SUV in April 2005 and the Lexus GS sedan in March 2006, we rolled out a hybrid version of the flagship Lexus LS model, the Lexus LS600h, in May 2007 in Japan. The launch of this latest hybrid is another step toward realizing our goal of creating new-era prestige sedans under the Lexus marque.

Craftsmanship Lives on in Lexus

Under the Lexus brand, we take a meticulous approach to manufacturing in the pursuit of true luxury. At the Tahara plant in Japan, which manufactures Lexus models, we ensure quality befitting of a global premium brand by dovetailing leading-edge production equipment and production engineering with the craftsmanship of highly skilled workers. To pass on that craftsmanship to the next generation, all Lexus-model production employees undergo specialized training.

We seek ultimate quality that can only be achieved through the high-level marrying of the Lexus brand’s famous manufacturing quality and employees’ senses—in other words, that can only be achieved through expert craftsmanship.
In a weak domestic market, Toyota aims to establish a solid earnings base and further increase its large market share by developing products that stimulate market demand.
excluding minivehicles has trended below 4 million vehicles in the past several years. In fiscal 2008, the market will likely remain unchanged year on year.

**Performance Overview**

**Market Share Reaches New Record**

Given difficult market conditions, consolidated domestic sales in fiscal 2007—including those of Daihatsu Motor Co., Ltd., and Hino Motors, Ltd.—declined slightly, to approximately 2.27 million vehicles, despite product marketing efforts. Consolidated domestic production increased 8.9%, to 5.10 million vehicles, due to higher overseas demand.

Meanwhile, market share including minivehicles rose to a record 41.5%, up from 40.9% in fiscal 2006. Sales of such new models as the mainstay Corolla, which was fully remodeled in October 2006, were brisk. As a result, in 2006 the Corolla ranked first in domestic automobile sales ranking (excluding minivehicles) for the fourth consecutive year. Moreover, seven of the 10 best-selling cars were Toyota models, testifying to Toyota’s strong presence in the domestic market.

**Market Strategy**

**Trigger Demand by Developing Market-Creating Products**

Faced with continuing tough conditions in Japan’s automotive market, Toyota will develop new and appealing market-creating products to achieve medium-to-long-term growth. In new model development, Toyota will further emphasize car manufacturing that draws on the Company’s collective strengths. In particular, we will focus on improving fuel efficiency and environmental performance while including more leading-edge safety technologies and equipment. From the second half of 2007, we will pursue a sales strategy that is based on the launch of a series of new models.

In sales of Toyota-brand vehicles, we will maintain Japan’s four-sales-channel system, comprising Toyota, Toyopet, Corolla, and Netz dealers, which we established through the reorganization of our sales channels in 2004. We will make full use of the advantages of the four-sales-channel system to accurately respond to structural changes in the market. And, we will carefully cater to the diverse needs of customers through sales and after-sales services that reflect the philosophy of putting the customer first.

**Domestic Lineup Highlights (Toyota brand)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>June</td>
<td>Full remodeling of the Estima Hybrid</td>
</tr>
<tr>
<td></td>
<td>October</td>
<td>Full remodeling of the Corolla and the Corolla Fielder</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Launch of the Auris</td>
</tr>
<tr>
<td></td>
<td>December</td>
<td>Launch of the BLADE (high-end hatchback)</td>
</tr>
</tbody>
</table>
Toyota aims to continue to localize operations in North America, which has an automotive market that promises to expand, and work in harmony with local communities.

**Market Conditions**

**Demand Expected to Grow Steadily**

In fiscal 2007, total sales in the U.S. automotive market were down 3.1% year on year, to 16.5 million vehicles. Meanwhile, in the Canadian market sales increased year on year for the second straight year, to 1.62 million vehicles. In the North American market, as in the previous fiscal year, gasoline price increases curbed sales of large vehicles and spurred demand for small and medium-sized vehicles.
with good fuel efficiency. Additionally, given recent growing interest in large, fuel-efficient vehicles, demand for fuel-efficient vehicles across all segments is increasing. In the medium- to-long term, vehicle demand in the U.S. market will likely continue to grow, fueled by sustained economic strength and population growth.

### Performance Overview

#### 11th Consecutive U.S. Sales Record

In North America in fiscal 2007, Toyota sold a record 2.94 million vehicles and built 1.20 million vehicles on a consolidated basis. Including Toyota-brand vehicles built by unconsolidated New United Motor Manufacturing, Inc., North American production amounted to approximately 1.57 million vehicles. In the United States, Toyota achieved a new vehicle retail sales record for the 11th year in a row, amounting to 2.60 million vehicles.

The Camry, fully remodeled in fiscal 2006, sold well and in 2006 retained its title as the best-selling passenger car in the United States for the fifth year running. In fiscal 2007, our Kentucky plant added to the Camry’s popularity by starting up production of the Camry Hybrid. Strong sales continued across other models, such as the RAV4, Yaris, Prius, and FJ Cruiser, which is only sold in the U.S. market. Focusing on younger, Generation-Y customers, the Scion models saw a steady increase in sales. Also, sales of the remodeled Tundra, a full-size pickup truck, have been strong since its launch in February 2007.

### Market Strategy

#### Achieve Sustainable Growth by Further Increasing Localization and Making Products More Appealing

To cater to growing demand in the North American market, Toyota is raising local production capacity in stages. Our sixth vehicle production base in North America, a new plant in Texas, started production of the new Tundra in November 2006. And, in April 2007 our capital tie-up partner Fuji Heavy Industries began consignment production of the Camry for the North American market at its plant in Indiana. In 2008, we plan to begin RAV4 production at a second Canadian plant. Further, in February 2007 Toyota announced plans to build a new plant, in Mississippi, which will begin manufacturing the Highlander SUV around 2010.

In addition to our existing product strategies of expanding our lineup of hybrid vehicles and bringing new models to market under the Scion brand that target younger customers, we will use the launch of the new Tundra as a trigger to strengthen our pickup truck business.

### Increase North American Annual Production Capacity to 2.17 Million Vehicles by around 2010 (planned)

1. Canada (TMMC) 270,000 vehicles
2. California (NUMMI)* 400,000 vehicles
3. Kentucky (TMMK) 500,000 vehicles
4. Indiana (TMMI) 350,000 vehicles
5. Texas (TMMTX) 200,000 vehicles (began production in November 2006)
6. Fuji Heavy Industries’ U.S. plant 100,000 vehicles (started up in April 2007)
7. Mexico (TMMBC) 50,000 vehicles (increase from 30,000 to 50,000 vehicles in 2007)
8. Canada, second plant 150,000 vehicles (scheduled for start-up in 2008)
9. Mississippi (TMMMS) 150,000 vehicles (scheduled for start-up around 2010)

* The California plant is a Toyota-General Motors joint venture company that is accounted for using the equity method. Production capacity figures include vehicles for General Motors.

Note: Please see the Overseas Manufacturing Companies section on page 66 for full plant names.
In the European market, which is characterized by fierce competition among many car manufacturers, Toyota will offer products with differentiated appeal and quality to heighten its brand presence.

**Consolidated Vehicle Sales and Production in Europe**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Thousands of units)</th>
<th>Production (Thousands of units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>1,224</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>1,224</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>1,200</td>
<td></td>
</tr>
</tbody>
</table>

**Diesel Vehicle Sales and Diesel Sales Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Diesel Vehicle Sales (Thousands of units)</th>
<th>Diesel Sales Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>300</td>
<td>30</td>
</tr>
<tr>
<td>2004</td>
<td>300</td>
<td>40</td>
</tr>
<tr>
<td>2005</td>
<td>300</td>
<td>42.1%</td>
</tr>
<tr>
<td>2006</td>
<td>300</td>
<td>42.1%</td>
</tr>
</tbody>
</table>

**Note:** Fiscal years ended March 31

**Market Conditions**

**Demand Stable at 17 Million Vehicles**

In fiscal 2007, total sales across the European automotive industry (19 countries) amounted to 17.18 million vehicles, roughly the same level as in the previous fiscal year. Competition in the automotive market in Europe is challenging. In addition to the large number of car manufacturers competing in the region, customer needs and priorities with respect to cars differ in each country.
Although there have been some regional variations, the size of the European market as a whole has remained around 17 million vehicles over the past several years. Amid intense competition among local and global automakers to grow sales and revenues, demand in the market is expected to remain stable.

**Performance Overview**

**Ninth Straight Sales Record Heightens Toyota’s Presence**

In Europe in fiscal 2007, Toyota extended its streak of sales records to nine years, selling 1.22 million vehicles on a consolidated basis. In a European market of 19 countries, Toyota ranked eighth in Europe’s passenger car market, and market share reached 5.8%. Supported by robust sales, consolidated production exceeded 700,000 vehicles.

Among Toyota-brand vehicles, sales of our flagship mass production model, the Yaris, remained strong. In December 2006, the one millionth Yaris rolled off the line at our plant in France, which began operations in 2001. In addition, the Aygo, a small passenger car that has been built by our joint venture company with PSA Peugeot Citroën in the Czech Republic since 2005, reached its initial sales target of 100,000 vehicles per year. As the start of a campaign that will cover countries throughout the region, Toyota began marketing the Auris—a strategic model for Europe and Japan—in the United Kingdom in February 2007.

Aiming to take advantage of demand for diesel vehicles, which represent more than half of the European market, we worked to step up diesel vehicle sales. As a result, diesel vehicles accounted for 42% of Toyota’s European vehicle sales in 2006.

**Market Strategy**

**Strengthen Brand Power by Cultivating Core Models and Emphasizing Quality**

In Europe, we will advance the Toyota brand’s market penetration by fostering core models in each vehicle segment and improving quality. Also, aiming to reflect the characteristics of the European market, we will increase the percentage of diesel vehicle sales and introduce more hybrid models. In production, we will continue to increase local production and procurement. In 2007, our plants in the United Kingdom and Turkey began production of the new Auris. Beginning in 2006, Toyota’s plant in France, which builds the Yaris, increased annual production capacity from 240,000 to 270,000 vehicles. In addition, our Polish plant that manufactures manual transmissions is moving forward with plans to increase production capacity from the current level of 600,000 units a year to 720,000 units by mid-2009. And, Toyota’s Russian plant, presently under construction in St. Petersburg, will begin production of the Camry in December 2007, with an initial annual output of 20,000 vehicles.

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**French Plant Builds One Millionth Yaris**

Responsible for the production of the Yaris (Vitz in Japan) in Europe, our plant in France (TMMF) built its one millionth Yaris in December 2006. Since the start of production with an annual output of 150,000 vehicles in January 2001, the plant has increased its capacity in stages. Today, it has an annual production capacity of 270,000 vehicles and employs 3,950 people. A perennial favorite in the region, the Yaris was chosen as the European Car of the Year in 2000 and had vehicle sales of 1.6 million by the end of 2006.

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**European Annual Production Capacity in 2008 (planned)**

<table>
<thead>
<tr>
<th>1. United Kingdom (TMUK)</th>
<th>285,000 vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. France (TMMF)</td>
<td>270,000 vehicles</td>
</tr>
<tr>
<td>3. Turkey (TMMT)</td>
<td>150,000 vehicles</td>
</tr>
<tr>
<td>4. Portugal (TCAP)</td>
<td>10,000 vehicles</td>
</tr>
<tr>
<td>5. Czech Republic (TPCA)</td>
<td>100,000 vehicles*</td>
</tr>
<tr>
<td>6. Russia (TMMR)</td>
<td>20,000 vehicles</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>835,000 vehicles</td>
</tr>
</tbody>
</table>

* Toyota-brand vehicles only

Note: Please see the Overseas Manufacturing Companies section on page 66 for full plant names.
Toyota is accelerating efforts to lay a foundation for growth by increasing operational development in Asia, Central and South America, and other emerging markets where vehicle demand is burgeoning.

### Market Conditions

#### Asian Market Shrinks but Markets Grow in Other Regions

In fiscal 2007, mainstay Asian markets, including Indonesia and Taiwan, slumped due to the effect of crude oil price increases. The Chinese market maintained robust growth and continued to develop into one of the world’s major automotive markets. Meanwhile, automotive markets in Central and South America and Africa expanded steadily.

Markets are expected to continue growing mainly in Central and South America, Africa, and the Middle East.
Performance Overview

Contrasting Sales in Asia and Other Regions

In Asia in fiscal 2007, sales downturns in Indonesia and Taiwan resulted in a roughly 10% decrease in Toyota's sales, to 789,000 vehicles, and a roughly 9% year-on-year decline in production, to 755,000 vehicles, on a consolidated basis.

In Other Regions, such as Central and South America, Oceania, and Africa, consolidated sales reached 1.29 million vehicles, thanks to strong demand for the IMV* series and the Camry. Consolidated production reached 411,000 vehicles.

* IMV is an abbreviation of Innovative International Multipurpose Vehicle. Toyota has established an optimal production system, which includes purchasing, with key hubs in Asia, South Africa, and Argentina. This system supplies multipurpose vehicles to more than 140 countries and regions. As of June 2007, the IMV series consisted of pickup trucks, minivans, and SUVs produced in 9 countries.

IMV Project

New Plant in Thailand Boosts Supply Capability

Under the IMV project, we completed our third plant in Thailand, in Ban Pho, which began production of pickup trucks in January 2007. With an annual production capacity of 100,000 vehicles, the new plant will supply pickup trucks domestically and to markets in more than 90 countries and regions.

Mainstay IMV production bases in Indonesia, South Africa, and Argentina are steadily increasing production and exporting vehicles to markets worldwide. In fiscal 2007, IMV series sales were up 7.3%, to 570,000 vehicles.

China Strategy

Target Large Increase in Vehicle Sales by Improving Brand Value

In the Chinese market, which continues to grow rapidly, we will continue to carefully monitor future supply and demand trends while increasing local production capacity and steadily pursuing a product strategy aimed at improving brand value.

In May 2006, Guangzhou Toyota Motor Co., Ltd., began full-fledged production of the new Camry. In China, sales of the Camry are very strong, with 95,000 vehicles sold in fiscal 2007. In fiscal 2007, sales in China amounted to approximately 300,000 vehicles*. In addition, Tianjin FAW Toyota Motor Co., Ltd., began producing the new Corolla in May 2007. And, production of the Yaris will begin at Guangzhou Toyota Motor in mid-2008. Toyota plans to steadily increase vehicle sales by establishing a mass production system for core models while adding to its lineup and developing sales and after-sales networks.

* Vehicle sales in China refers to sales of vehicles produced in China and imported from Japan.
In line with its global strategies for automotive operations, Toyota is extending the geographic reach of its financial services operations while developing auto sales financing services that stimulate demand and reflect regional characteristics.

**Performance Overview**

**Favorable Vehicle Sales and Attractive Financial Services Products Result in Record Number of New Contracts**

In fiscal 2007, financial services operations concluded a record 2.54 million new contracts and realized solid growth in revenues, to ¥1,300.5 billion, and operating income, to ¥158.5 billion. These favorable results stemmed from stronger sales of Toyota- and Lexus-brand vehicles and the development of products and services catering to different countries’ distinct needs through intense collaboration among regional management companies, distributors, and dealers.

**Regional Strategy**

**Strengthen Auto Sales Financing Services in 31 Countries and Regions**

Toyota’s financial services operations are centered on Toyota Financial Services Corporation (TFS), which has overall control of financial services subsidiaries in Japan and overseas, and cover 31 countries and regions, including Japan. TFS provides financial services for vehicle purchases and leases to approximately 6.8 million customers. In particular, the TFS group is expanding operations in emerging markets that are showing dramatic growth. In China, the TFS group is rapidly establishing a
system that will encompass more than 60% of the market for Toyota-brand vehicles. In fiscal 2007, the TFS group extended its sales area from Beijing to include Guangzhou, Tianjin, Shenzhen, and Shanghai. Plans call for further expansion to Jiangsu, Zhejiang, and other areas of Guangdong by the end of March 2008. And, in its first year of operation in Indonesia, the TFS group increased its sales bases from 7 to 14. We plan to enter other regions with careful consideration of management resource utilization and regional characteristics.

Meanwhile, in such mainstay markets as Europe, North America, Australia, and Japan, the auto sales financing environment is changing significantly. Excess liquidity is causing fierce competition among banks. At the same time, customers can easily access financial information through the Internet. We will respond to such changes by fostering closer relationships with customers. To that end, we are advancing our Customer for Life initiative to ensure long-term growth. As part of that initiative, we are issuing credit cards in Japan and the United States.

Total cardholders of the TS CUBIC CARD, issued by Toyota Finance Corporation, passed 6 million in fiscal 2007 thanks to a drive to recruit members that focused on Toyota dealers and to the expansion of tie-up card services. In addition, we started QUICPay* service in the small settlements market in April 2006. The number of QUICPay members exceeded one million in 12 months due to a drive to recruit QUICPay dealers and members.

* QUICPay is a type of electronic money based on a postpay service that does not require prior cash deposits.

## Business Strategy

### Expand Customer Base and Target Long-Term Earnings Growth

Under the slogan “Growth, Efficiency, Change,” the TFS group steadily continued to implement initiatives from the previous fiscal year focusing on the themes of always putting the customer first, building business in developing countries, launching fresh initiatives to target earnings growth, and shifting to a low-cost business model.

In mainstay auto sales financing business, we are strengthening coordination among management companies, distributors, and dealers in regions worldwide. At the same time, we are offering customers easy payment plans through long-term loans for younger customers and fixed residual value products. Also, we provide package loans that include insurance and maintenance. Among other products catering to the needs of customers and specific regions, we introduced a lease for the Tundra in the United States and the Auris key for key product in Europe. Similarly, in Japan we are marketing such demand-generating products as the “Lexus Owners’ Lease**” and “Rakuchin Corolla Credit***.” In addition, the TFS group is bolstering financing products for fleets and used vehicles to expand its customer base and support Toyota’s vehicle sales from a long-term perspective.

* Lexus Owners’ Lease is a lease plan that lessens the burden of monthly payments by fixing vehicles’ future trade-in prices.
** Rakuchin Corolla Credit is a payment plan that lessens the burden of monthly payments by fixing vehicles’ trade-in prices three or five years in advance.
Toyota uses technologies and expertise cultivated in automotive operations to develop businesses in related peripheral areas, such as intelligent transport systems, information technology and telecommunications, housing, motorboat manufacturing, and environmental products.

**Intelligent Transport Systems Business**
Aiming to realize a society based on sustainable mobility, Toyota develops products and systems designed to enable the practical application of intelligent transport systems in the areas of safety, the environment, and comfort.


**Information Technology and Telecommunications Business**
We believe that further integration of vehicles and communication is essential to enhancing the convenience and comfort of cars. Focusing on cell phones, Toyota is collaborating on the planning and commercialization of telecommunications-related products and services in partnership with general telecommunications service provider KDDI Corporation, which offers products ranging from cell phone services to fixed-line telephone domestic and international telecommunications services and Internet-related services. At the same time, we are developing a sales agency business that primarily handles KDDI cell phones.

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

**Marine Business**
By making full use of the engine and other advanced technologies it has developed in automotive manufacturing, Toyota produces and markets motorboats and marine engines. In fiscal 2007, we continued to work to increase sales of our pleasure boat models.

(additional details available at: http://www.toyota.co.jp/jp/more_than_cars/marine/index.html)

**Biotechnology and Afforestation Businesses**
To contribute to the realization of a recycling society, Toyota is developing businesses in the fields of biotechnology and afforestation. Those operations include afforestation businesses in Australia and China, sweet potato cultivation and processing in Indonesia, and floriculture and rooftop greening in Japan. Additionally, in the field of bioplastics, we constructed a pilot factory within our Hirose plant and began operations in May 2005. Also, Toyota jointly developed an agent that promotes the production of fertilizer, “resQ45,” with Menicon Co., Ltd. In July 2006, we launched the agent, which is efficient, reduces offensive odors, and lowers environmental burden.

(additional details available at: http://www.toyota.co.jp/jp/more_than_cars/bio/index.html)