TOYOTA MOTOR CORPORATION

Annual Report 2012

Our aim: Ever-better cars

Year ended March 31, 2012

Toyota Global Vision

The "Toyota Global Vision" announced in March 2011, is an articulation of what kind of company we want to be — what kind of company we ought to be. It clarifies our value, "we want Toyota to be a company that customers choose and brings a smile to every customer who chooses it." The 'Toyota Global Vision' is a distillation of our resolve at Toyota for the future.

Rewarded with a smile

by exceeding your expectations

**Toyota will lead the way to the future of mobility,
enriching lives around the world
with the safest and most responsible ways
of moving people.**

**Through our commitment to quality,
constant innovation and respect for the planet,
we aim to exceed expectations
and be rewarded with a smile.**

**We will meet challenging goals by engaging
the talent and passion of people,
who believe there is always a better way.**

Backdrop and Progress

In the backdrop of this vision, there is our fall into the red after the Lehman Brothers collapse, as well as our reflection over a series of quality problems.

To unite all Toyota together to advance our efforts for the recovery of business performance, we came to realize the necessity of having a dream or a path that we should take that all people who work for Toyota could have in common, one that would define what kind of company we want to be — what kind of company we should be.

We also keenly felt the importance of making what kind of company we are and what kind of values we hold known to all our customers. Based on our ideal for Toyota, the members of our team gathered to discuss and finalize the vision. This is a distillation of our resolve at Toyota.

Toyota Visionary Management

The image of a tree has been chosen to symbolize the Toyota Global vision — its "roots to fruits".

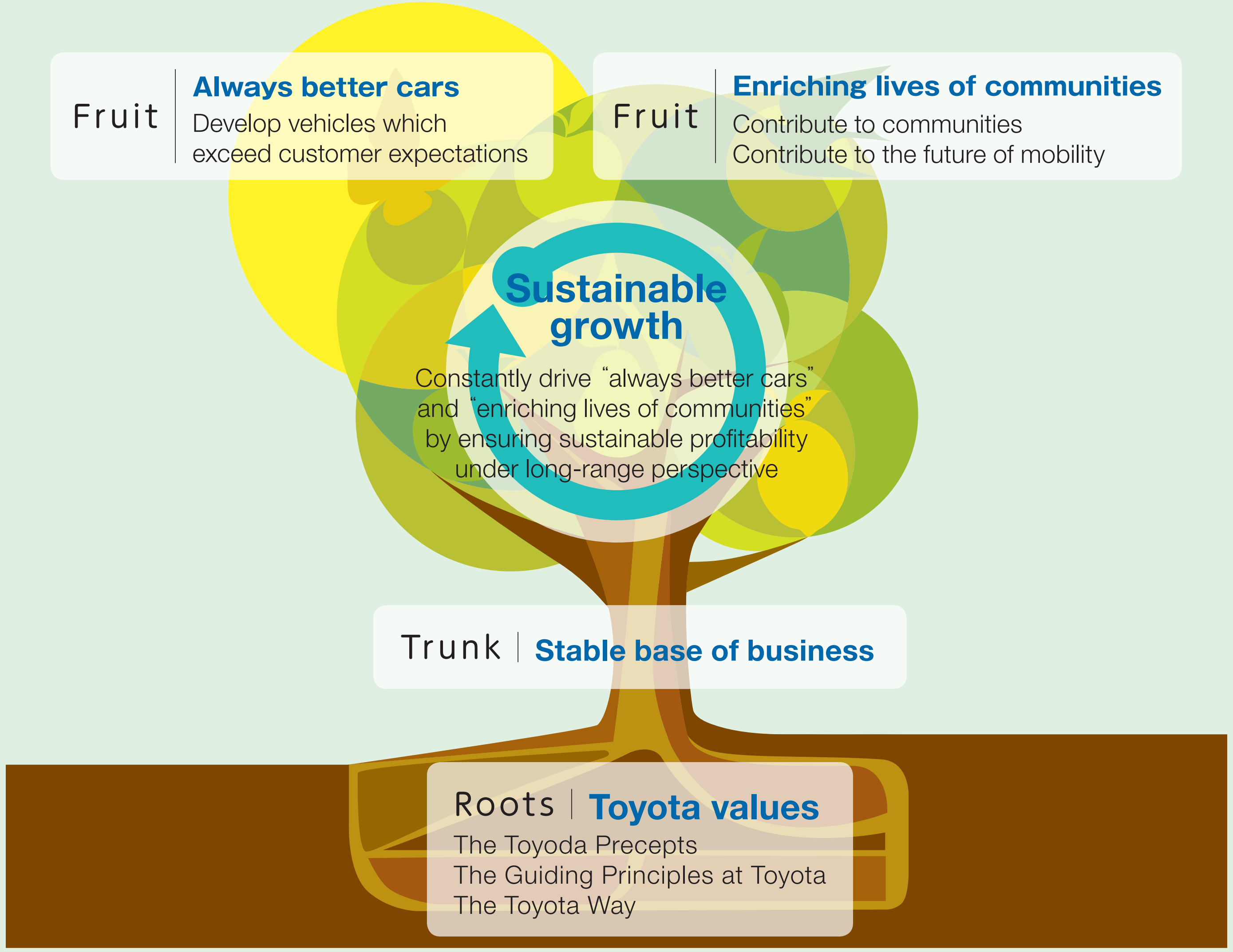
The roots of the tree are the shared values that have steered Toyota from the beginning and that have underlain our *monozukuri*. They are values expressed in the Toyoda Precepts, in the Guiding Principles at Toyota, and in the Toyota Way, which are the basis of our business.

The "fruit" that Toyota provides for customers is creating "always better cars" and enriching lives in communities.

Through the efforts, we aim to become an admired and trusted company in the various regions where we conduct businesses.

The "trunk" of the tree, the underlying support for Toyota's creating of products that earn smiles from our customers, is the stable base of business.

Toyota's business activities are based on the concept, ensure sustainable growth by fostering the virtuous circle, Always better cars → Enriching lives of communities → Stable base of business.



▶Additional details available at Click HERE

Changes for Making Ever-Better Cars

New Hybrid Boasting the World's Best Fuel Economy*1

Aqua (Japan)

Powered by a small, light, efficient new 1.5-liter gasoline-electric hybrid system, the Aqua is top of its class worldwide in fuel economy*1 (as tested on the JC08 Japanese cycle). Although a compact, the Aqua's spacious interior has been rated highly. By the end of January 2012, only one month after the vehicle's launch, the number of orders for the Aqua in Japan had reached an impressive 120,000. The Aqua is made in Tohoku, a region in Japan positioned by Toyota as a compact car production base.

*1 Of all compacts except plug-in EVs; as of July 2012

Click here for more on
Toyota's Medium- to Long-Term Growth Initiatives II

Changes for Making Ever-Better Cars

New Model Sets the Benchmarks for Function and Design

LEXUS GS

The Lexus GS, which stands for "grand touring sedan," is built to transport four adults comfortably over long distances at speed. The new GS offers a refined design that stirs the emotions. By presenting broad advances in environmental and driving performance, with an even stronger and lighter body achieved through state-of-the-art production technology, the GS takes the Lexus brand to new heights.

Click here for more on
Toyota's Medium- to Long-Term Growth Initiatives I

Embraced in India, where sales have topped 100,000 units

Etios

The Etios was born in 2010 in India of the concept of creating a car to please emerging market consumers. Toyota developed the Etios over a five-year period through the efforts, based on opinions taken directly from consumers in India, of a team mostly composed of Indian engineers. Toyota launched the Etios in the South Africa market in April 2012 and total Etios sales in India reached 100,000 units as of the end of May.
Toyota is pursuing initiatives so that consumers in emerging markets worldwide can embrace the Etios. The Etios will be made in two countries beginning in the second half of this year, with production planned to commence in Brazil.
Toyota will continue to listen closely to consumer feedback and input in emerging markets as well as other countries in our drive to build ever-better cars.

Click here for the Special Feature:
Toyota's Efforts in Emerging Markets

Born of an alliance, the 86 makes driving fun

86 (Japan)

The 86, jointly developed by Toyota and Subaru, brings together the sports car development know-how and core technologies cultivated by both brands.
The 86 adds a horizontal D-4S* engine and an ultra-low center of gravity (460 mm above the road) to the intuitive rear-wheel-drive concept, creating fun handling that makes the driver feel at one with the car.
The 86 offers a dimension of driving fun not found in other sports cars.

* Direct injection four-stroke gasoline engine, superior version

Click here for more on
Toyota's Medium- to Long-Term Growth Initiatives/Cover page

Toyota's Unchanging Corporate Stance

Continuing to offer consumers products that exceed expectations

Since our founding, Toyota has continuously strived to contribute to sustainable development at both the community and global level by providing innovative, high-quality products and services.
The Toyota Global Vision represents the commitment to continuous growth through a cycle, founded upon the spirit of *monozukuri* (conscientious manufacturing) maintained throughout our history, that consists of making better cars, building better communities and a better society, and establishing a stable business base.
We believe that our theme—"Taking on Change"—represents an evolutionary process for Toyota that is anchored in our unceasing commitment to our core business policies and practices such as "the customer is No. 1" and *genchi genbutsu* (onsite, hands-on experience).

Click here for more information about Toyota Global Vision

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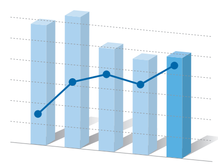
We continued, during a difficult management environment, to work to make cars that would bring smiles to people who choose Toyota. Management centered on the "better cars" as described in our Global Vision brings the profitability and production output that starts a cycle leading to investment in "ever-better cars." We shall continue to forge ahead, without ever turning back.

We will strengthen our management based on the Global Vision as well as strengthen our efforts to make better cars. We aim to quickly build a strong revenue base in the short term by enhancing our ability to counteract the strong yen. At the same time, as our medium- to long-term efforts we will push forward with the reforming of our corporate culture and the progress of our development, design, procurement and production technologies, as well as with the development of our emerging market business.

We are strengthening our global supply system in emerging markets so as to achieve an overall emerging market sales ratio for TMC of 50% by 2015, to achieve a system that will enable the output of three-million vehicles (the same level as that in Japan) by 2013. We will proceed with carmaking responsive to local needs and expand sales by actively releasing IMVs, global vehicles and compact vehicles specifically designed for emerging markets.

2011 was witness to major natural disasters in the form of the Great East Japan Earthquake and the Thailand floods. All Group companies, suppliers and dealers affiliated with Toyota worked as one toward recovery and production normalization, so as to deliver vehicles to our customers as promptly as possible.



Reduced output due to Japanese Earthquake and Thailand floods as well as a stronger yen resulted in lower revenues and profits in the year ended March 31, 2012, but through cost-reduction efforts, including fixed cost reduction, we continued to make structural improvements.

We will continue to engage in marketing efforts and earnings improvements, and will work to realize a strong revenue base capable of accommodating changes in the environment.

President's Message

Making Ever-Better Cars that Exceed Expectations

I first would like to express my sincere gratitude for your ongoing support and understanding of our company.

No matter how harsh the business environment becomes, Toyota has always strived to make ever-better cars that exceed expectations and bring smiles to those who choose them.

Despite the impact of the very strong yen in FY2012, thanks to concerted efforts throughout the whole Toyota group of companies, we have made much progress in our efforts to improve our profit structure and establish a robust profit foundation through activities such as cost improvement.

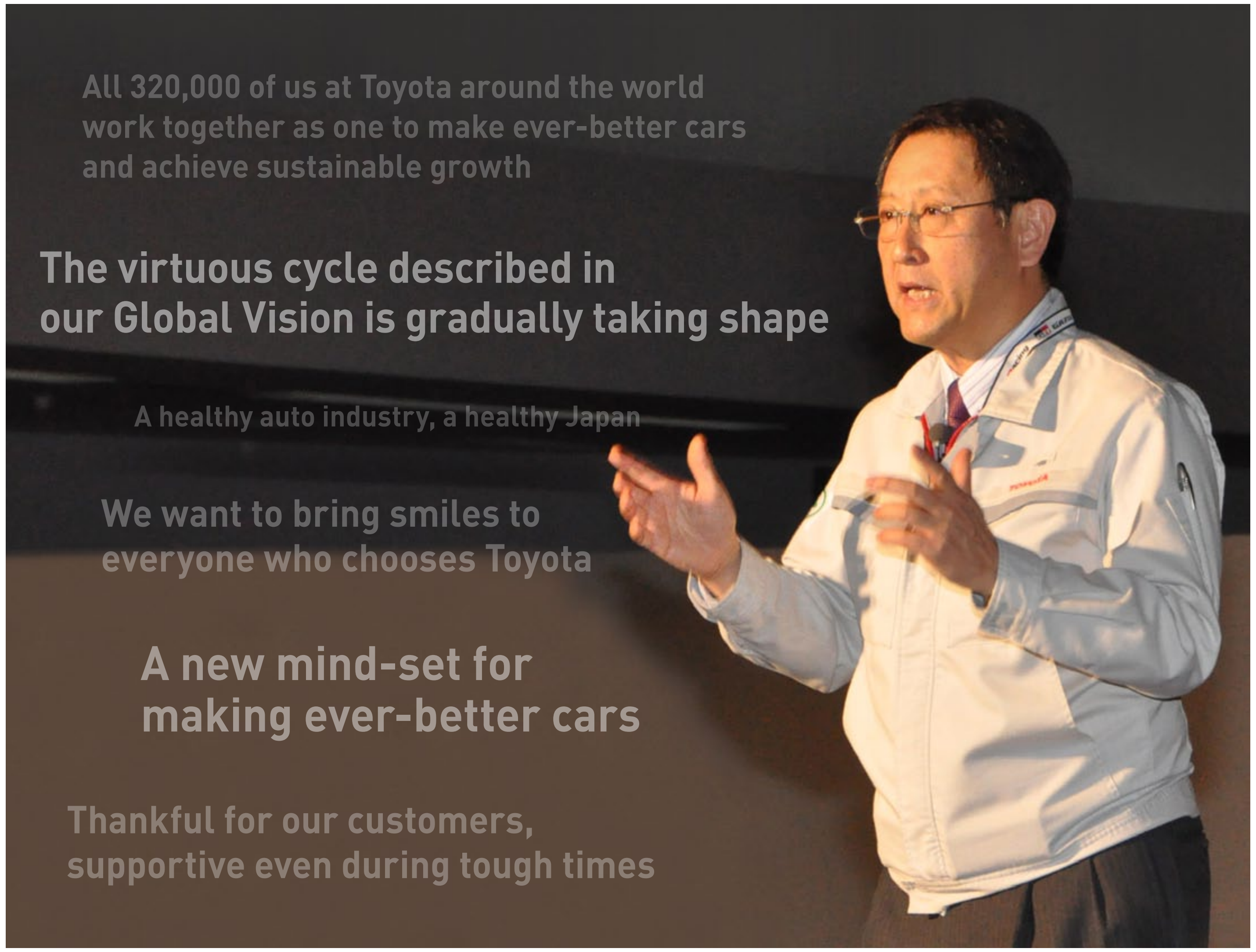
We are also fulfilling our social responsibilities by making cars in ways that meet strict environmental and safety standards and also meet society's expectations.

As stated in the Toyota Global Vision announced last year, making ever-better cars and contributing to the betterment of towns and communities leads to a stable business base. This is the Toyota approach to business: Achieving sustainable growth through a virtuous cycle. I believe the new cars we launched this year show the direction we are headed in.

It is likely that the very difficult business environment the world is facing now will continue. All 320,000 of us at Toyota around the world will work as one, to be a company that can realize sustainable growth. Toyota will move forward, never turning back. I, and everyone at Toyota, request your continued and ongoing support.

July 2012

Akio Toyoda
President



Toyota's Medium- to Long-Term Growth Initiatives

Dynamic Growth Based on Making Ever-Better Cars

The Toyota Global Vision announced in March 2011 describes our values and the kind of company we aspire to be. We believe that focusing on building ever-better cars will bring about dynamic growth, so we are engaging in revolutionizing our carmaking to bring more substance to our efforts.

The first of our medium- to long-term initiatives is reforming our corporate culture. We seek to revitalize our venture spirit by reforming our consciousness in light of the Global Vision, and through other efforts such as joint ventures with other companies. We are also focusing on the areas of development, design, and procurement, for example by creating an innovative synthesis of development and design through a new carmaking policy aimed at building better cars. In addition, we are strengthening supply chains to minimize parts procurement risk, and in the area of production we are also reforming our *monozukuri* (conscientious manufacturing) structure as the basis for production technology and structure innovation. By introducing cars that meet local needs in rapidly growing emerging markets, we seek an increase in the share of our global sales made up by emerging markets, from 40% to 50%. We will bring all our strengths to bear to quickly achieve a resilient revenue base by decreasing our susceptibility to the impact of the strong yen. One way to do so is to increase local procurement and manufacturing. In this way we will forge a path to continuous growth based on the Global Vision.

More effective and attractive

Toyota's Medium- to Long-Term Growth Initiatives I: Innovation in development, design and procurement-1

Synthesizing Design and Planning for Better Basic Performance and Improved Products

We are reforming our development structure so as to make better cars. We thoroughly research the factors that go into making a better car, and have divided our carmaking into four zones: cars specialized to meet tastes and car sense (especially sports cars); fleet and personal transportation vehicles; trucks, buses, and other vehicles with a social purpose; and finally, next-generation vehicles, such as green vehicles and concepts. We try to come up with better cars for each zone by incorporating the design and performance features our customers have in mind so as to meet their expectations.

“Toyota's ultimate goal is ever-better products.
To achieve our goal we design parts with good features,
and standardize these for each region,
spanning different platforms.
This provides better efficiency and cost reduction,
with the resulting savings used to improve products further.
This virtuous cycle for building better cars leads to
sustained growth.”

Initiatives Overview

We are reforming our developmental structure by engaging in design and development improvement, localized carmaking, and organizational/structural improvements. We are reorganizing our organizational structures around the chief engineers, who are in closest proximity to consumers, by strengthening their authority within the decision-making process in design and other areas in their capacity as general development coordinators. Also, we are making steady progress in reforming the development structure through the introduction of our new framework for developing better cars, called the Toyota New Global Architecture (TNGA). The TNGA provides the foundation for the growth that will propel the opening up of the next generation by strengthening Toyota's international competitiveness.

Current R&D Efforts

1. Enhancing design
2. Enhancing development
3. Localized carmaking
4. Organizational and structural improvements

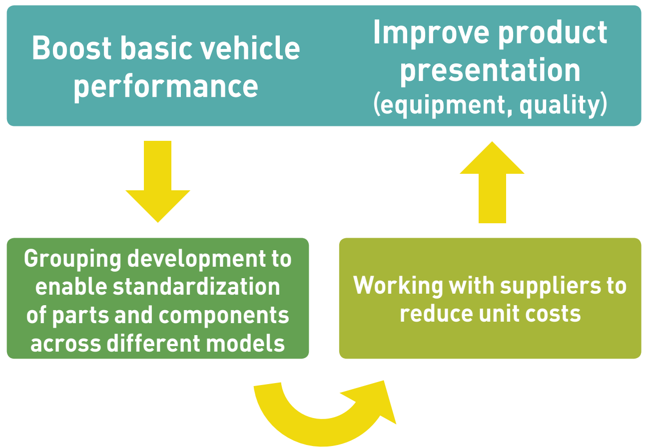
Toyota New Global Architecture (TNGA)

One facet of Toyota's efforts to build ever-better cars is the introduction of TNGA, which revolutionizes the vehicle development framework through the blending of planning and design.

While of course seeking to boost basic vehicle performance, we are also establishing new platforms based on the TNGA that optimize design freedom and ergonomics, such as driving position. The TNGA provides a foundation for grouping development, which enables the standardization of parts and components across different models, improving the efficiency of the development process while reducing costs.

The introduction of the TNGA and subsequent parts standardization results in manpower and cost reductions, which leads to the making of better cars through efforts that span activities such as technology, sales, procurement and production technology by freeing up manpower for use in development. This leads to product improvements in areas such as basic performance and design improvement, cost-competitiveness, and quality assurance. The TNGA will be implemented over the coming years as we successively introduce new vehicle models.

Toyota's New Approach to Carmaking



More effective and attractive

Toyota's Medium- to Long-Term Growth Initiatives I: Innovation in development, design and procurement-2

Enhance Development Capability and Supply Chains to Improve International Competitiveness

Enhancing the Development Structure

Toyota is moving forward with improving development capacity, localized carmaking, and organizational/structural improvements so as to improve our structure for continuously producing better cars.

To improve development capacity we have set a target of 30% improvement in development capacity* for the end of 2012 compared to 2009 by improving all the factors involved in development, such as development tools (design, prototypes, testing), processes, and human resources/ability. We are also improving development efficiency by increasing the authority of the chief engineers (CEs), who are in closest proximity to consumers and who coordinate model development. This will improve development efficiency by speeding up the decision-making process.

Toyota is placing regional general managers in charge of localizing carmaking in each region, and, by developing ties with local sales and R&D units, Toyota can ascertain the needs of each market and improve both quality and product appeal.

Our organizational structure improvements center on making the CE the overall coordinator in vehicle development, with responsibility for each area of technical development, so as to foster specialized technologies and long-term development leading to the ever-better cars envisioned by the CEs. As the overall coordinator of vehicle development, the CE also has a say in the vehicle design evaluation and testing conducted in-house.

*R&D staff members x hours

Supply-chain Enhancement to Diversify Risk and Improve International Competitiveness

Conducting "grouping development" on the platforms for economies of scale established through the TNGA provides for part and unit standardization for better efficiency and lower costs in development. It is up to the manufacturing technology units to adopt this approach and bring the technologies together to develop blueprints and manufacturing processes with the highest possible performance and functionality so as to develop parts that are standardized for sharing among a number of models. Adopting a similar approach in the procurement field means continuing to gain the benefits of an economy of scale by conducting parts ordering that straddles regions, models and launch periods. From the twin perspectives of quality assurance and improving international competitiveness, parts standardization must be conducted jointly with suppliers. Parts standardization also leads to increases in the production volume of each part, making it possible to diversify suppliers and production sites without losing efficiency. This enables stable supplies even during emergencies, thereby strengthening the supply chain.

The New Avalon

- Developed in North America -

The top-of-the-line Toyota Avalon debuted in the US in 1994, and Toyota revealed the fourth-generation 2013 Avalon in April 2012, at the New York International Auto Show. The new 2013 Avalon is the result of a North American-focused design and engineering effort led by a youthful and talented team at the Calty Design Research Inc. facilities in southern California. It is a true example of the regionally-led management aimed for in the Global Vision.

Made-in-China Hybrid

- Hybrid Technology to Make Chinese Customers Smile -

Making their world premieres at the 12th Beijing International Automotive Exhibition in April 2012 were the "*Yundong Shuangqing*," a China-only concept hybrid equipped with a hybrid system developed primarily at the Toyota Motor Engineering & Manufacturing (China) Co., Ltd. R&D Center in Changshu, China, and the compact-sized "Toyota Dear *Qin*," which is a global-strategic concept (sedan and hatchback) featuring a design aimed at attracting more people to the user base. Toyota will continue to make ever-better cars, from eco-cars through specially adapted vehicles and sports cars, that will make our customers smile by contributing to richer lives and better communities in China.

More competitive and flexible

Toyota's Medium- to Long-Term Growth Initiatives II: Innovation in production technology

Reforming the *Monozukuri* Structure for Making Better Cars

Toyota is undertaking *monozukuri* (conscientious manufacturing) structure reforms in the field of production technology. We work to make better cars and to deliver good quality, affordably priced vehicles that are both exciting and environment-friendly. By providing safety and security we bring smiles to faces. Our efforts are based on the twin perspectives of good carmaking and competitive manufacturing.

> "Our primary effort, "making ever-better cars", means overcoming the technical hurdles faced by products conceived by technology departments in areas such as attractive design, performance, and environmental technology.
> Next, competitive manufacturing depends on making better cars that provide good quality at an affordable price, and ensuring cost-competitiveness that can withstand the rising value of the yen."

Toyota's DNA: Toyota Production System

The foundation of our reforms of the *monozukuri* structure is the Toyota Production System, which is in our corporate DNA. This can be summed up by automation and Just-in-Time. Automation originally meant being able to stop equipment the instant a problem is detected, and then restarting production once the abnormality had been dealt with. We are taking this a step further by aiming for manufacturing in which no problems arise and only perfect goods are made. Just-in-Time means making only what is needed, when it is needed, and in the amount needed. This cuts lead times and is effective in dealing with supply chain risk. Just-in-Time requires production leveling, which in turn requires *takt* time and standardized work approaches to achieve uniformity in production process timing. Our reforms of the *monozukuri* structure are proceeding from these approaches.

Three Pillars of *Monozukuri* Structure Reform

The three pillars of *monozukuri* structure reform are "one-by-one production," "produce at the optimum speed for sale," and "small-scale production." These are vital principles of the Toyota Production System.

■ Three Pillars of *Monozukuri* Structure Reform

1. One-by-one production
2. Produce at the optimum speed for sale
3. Small-scale production

↓ Low-Cost, Small-Volume Production

"One-by-one production" is based on our longtime policy at Toyota of building based on the customer's order for individual output production. "Produce at the optimum speed for sale" is based on placing importance on correlating production with demand. "Small-scale production" means producing via a small structure when demand is low, and responding rapidly to increases in demand. To accomplish this we created a small, simple and scalable line. The goal is low-cost, small-volume production, and reaching that goal requires raising the net yield rate* and the net operation rate.

*Net yield rate: The rate of final output efficiency, including items such as stock utilization, when adding value

Keywords for Technological Innovation

Reforming our *monozukuri* (conscientious manufacturing) structure requires technological innovation unbound by general notions of what is possible. The four keys to technological innovation are "simple and slim," "variable models in variable volume," "net shaping" (of the TPS 7 *muda*, helps eliminate waste from over-processing), and "high added value."

Note: The TPS 7 *muda* (wastes): over-processing, inventory, over-production, waiting, motion, transportation and defects

Keywords for Technological Innovation

1 Simple and slim

- Simple equipment
  ➡ Break-resistant, easy to repair
- Capital investment reduction
  ➡ Depreciation cost reduction

2 Variable models in variable volume

- High-volume production line
  ➡ Small-scale production line
  (Eliminate waste of production capacity)
- Simple set-up changeovers to new/different models

3 Net shaping (of the TPS 7 *muda*, helps eliminate waste from over-processing)

- Process reduction (reduce stock removal)
- Craftsmanship

4 High added value

- More compact, higher performance, more stylish, more reasonably priced

"Simple and slim" means durable equipment that is easy to repair and is kept as simple as possible. This leads to less capital investment and minimizes depreciation. A real-world example of this simplification by going from a 2:1 to a 10:1 volume ratio for press, casting and forging molds. Other equipment and lines are also slimmed down and simplified as much as possible, right down to the plant building itself.

"Variable models in variable volume" means taking a flexible approach to model and volume changes. This requires a scalable-length final assembly processing line, as well as engine and transmission lines that enable simple equipment changeovers.

"Net shaping" means bringing the shape of the product, especially at the post-rough-shape processing stage, closer to the final shape. A real-world example of this is the application of craftsmanship know-how to automation equipment to achieve reduction in material loss rates from 80% to 90%.

"High added value" means more compact, higher-performance, and more affordable components, including hybrids, and the development of production technologies that enable the making of high-performance cars.

This innovation requires the digitization and quantification of the experience and craftsmanship that have been passed down, and the adoption of it in innovative technologies. Then, further honing these skills and techniques and adopting them in innovative technologies leads to greater innovation, producing a virtuous cycle of craftsmanship-skill and innovative technology.

Domestic Output of 3 Million Vehicles —For Competitive Strength

The Toyota Production System as well as the new technology and product development and production that support it were created in Japan. The advanced technologies created through the joint efforts of our strong Japanese production centers and our suppliers, and the high-value-added *monozukuri* represented by the development of our hybrids will remain in Japan, where it is important that we continue to hone *monozukuri*. When Toyota first achieved output of 3 million vehicles in 1980, our output outside Japan was a mere 200 thousand, but it has since increased greatly, reaching our current level of 5 million cars produced overseas. The foundation that has enabled that achievement is our domestic production structure of 3 million units. Toyota will maintain this 3 million domestic production structure, maximizing the competitive superiority of high-tech Japanese *monozukuri*. Quickly spreading the innovative technologies developed and nurtured in Japan will in turn improve Toyota's competitive advantage outside Japan.

Production Topics

Integrating Production in Tohoku and Building a Trilateral Domestic Production Structure

Kanto Auto Works, Central Motor Co. and Toyota Motor Tohoku Corporation merged (as of July 1, 2012); creating Toyota Motor East Japan, Inc. (TMEJ). Tohoku will be our third vehicle manufacturing hub in Japan after the Chubu and Kyushu regions. We aim through this integration to establish a comprehensive automobile manufacturer that plans, develops and produces compact cars and also manufactures components and supports overseas Toyota operations.

Under the trilateral system, Chubu will be the core of domestic production and the development hub for new technology and new manufacturing methods. Kyushu will be the hub for mid-sized and Lexus brand vehicle production, and Tohoku will specialize in compact cars.

We believe that establishing the technologies for specialized mass production of certain vehicle models by each regional company will accelerate the advance of Japanese *monozukuri*, and to that purpose we will maintain a 3 million vehicle production capacity in Japan. We will reach a new level of international competitiveness by creating an environment for producing innovation through the interaction of the technology development and product planning units with the frontline production and sales units. This will strengthen the autonomy of each hub as well as the trilateral system itself.

The Aqua and New Corolla, Featuring World-Class Fuel Economy*

-Making Tohoku the compact *monozukuri* base.

Toyota put our 17 years of mass-produced HV development know-how and experience into making components such as the compact, light, efficient HV system that powers the Aqua, which is top in its class worldwide in fuel economy.* Toyota is producing an entirely new class of compact hybrid. We also have launched a new version of our popular Corolla, a compact car that is perfect for Japanese roads and our customers, and for which global sales have reached 39 million units.

The Aqua went into production at the Kanto Auto Works (currently Toyota Motor East Japan) Iwate plant, while the Central Motor Co. (also currently Toyota Motor East Japan) Miyagi plant was chosen to produce the new Corolla. Both plants are in Tohoku, and the selection of these plants marks an important step toward improving manufacturing competitiveness in Tohoku. Toyota wants to be a force for the revitalization of Japan, and we are moving forward with *monozukuri* that has strong regional roots.

*As of July 2012

Deeper and closer

Toyota's Medium- to Long-Term Growth Initiatives Ⅲ: Expanding into Emerging Markets

Making High-Quality, Affordable Cars Attuned to Regional Needs

The Toyota Global Vision calls for us to increase the ratio of total global sales taken up by emerging markets to 50%, up from 40% in 2010. Therefore, emerging markets have become one of our primary areas of focus, and along with strengthening locally conducted R&D functions, we are striving for regionally focused better carmaking for the timely provision of high-quality, affordable cars suited to regional markets and needs.

“ New Strategy for Emerging Market Compact Cars

8 Models

Sales of **one million** annually

in more than **100 countries** ”

Toyota's Overseas Business and Emerging Market Initiatives

Launched in 2004, Toyota's IMV (Innovative international Multi-purpose Vehicle) Project is aimed at creating an efficient production and distribution structure for IMVs. The project involves developing products best suited to emerging markets and converting to a global supply structure based on concentrating output for exports at four plants, including those in Thailand and Indonesia, so as to achieve growth in a tough business environment marked by a strong yen and fierce competition. We aim for 100% local procurement, rather than procurement from Japan, so as to strengthen our responsiveness to foreign exchange fluctuations.

The growth of the emerging markets is driving the annual growth of IMVs, and we have launched five models, such as a pickup truck, multipurpose sports car, etc., worldwide except for Japan, China and the US, with sales topping 5 million vehicles. In 2010, we made further advances with global IMV models in each region, such as launching the Etios to meet local needs in India, and as of May 2012 sales had topped one million vehicles.

Making New Compact Cars Our Global Strategic Vehicles

Henceforth, as we continue to develop the IMV Project actively in emerging markets, we will also pursue our new compact car strategy for selling compacts that retail for around ¥1 million in more than 100 countries worldwide, with the rapidly growing middle class making up the customer base for these cars. We will launch eight such models based on the Etios, and to follow up on the success of the IMVs we are targeting sales of upwards of one million specialized compacts in emerging markets.

Toyota aims to develop and expand the IMV Project concept of offering attractive vehicles to our global customers through our new compact car strategy, and to increase our market share in emerging markets by promoting the establishment of local businesses and by building local parts distribution networks and supply chains.

IMV (2004～)

- Leaner development processes based on a common platform
- Five models in five countries, with no production in Japan, simultaneous worldwide launch
- Higher-quality global blueprints
- Local procurement

Etios (2010)

- Exclusive models for emerging markets
- Tailored to needs of the market
- Stronger emphasis on a good product at an affordable price

- Greater independence and autonomy for affiliates outside Japan
- Set up local parts distribution network and supply chain

Special Feature: Toyota's Efforts in Emerging Markets

Aiming at Making Ever-Better Cars through New Strategies

We will conduct business that is strongly rooted in the countries in which we operate by adapting to local needs and pushing for 100% localization.

Toyota's emerging market sales ratio reached 45% in 2011, an increase of 10% in the three years since we achieved 35% in 2008. The Toyota Global Vision calls for an emerging-market sales ratio of 50% by 2015, and we are striving to hit this target ahead of schedule by strengthening our global supply system in emerging markets and increasing localization, with Asia as an important base. In addition, we will actively release compact vehicles specifically designed for emerging markets.

In 2011, emerging markets accounted for 45% of Toyota's global vehicle sales

Toyota Vehicle Sales

Thousands of units

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Global	5,154	5,262	5,519	6,070	6,708	7,268	7,922	8,429	7,996	6,980	7,528	7,097
Emerging Markets	960	987	1,142	1,417	1,695	2,027	2,246	2,658	2,849	2,646	3,145	3,193
Composition Ratio	18.6%	18.8%	20.7%	23.3%	25.3%	27.9%	28.4%	31.5%	35.6%	37.9%	41.8%	45.0%

Special Feature: Toyota's Efforts in Emerging Markets 1

Toyota's History in Emerging Markets

Toyota's Basic Global Expansion Policy

Toyota's basic philosophy on operations in emerging markets is to be contributive to the development and welfare of the country. This philosophy calls on us to contribute through the auto industry to the development of the economy, employment, transportation infrastructure, etc., of the countries in which we operate by cultivating and developing the supporting industries and engaging in operations that are based locally.

When Toyota sets up operations in a country we become a corporate citizen there, and through the auto industry we contribute to society via foundation activities, environmental conservation, and human resources training. We emphasize dialogue with local communities for sustainable growth in every country in which we do business.

Relationship and activities associated with ASEAN

Toyota has a long history of efforts in emerging markets, particularly in the ASEAN nations, where we have been promoting exports and local production since the 1960s.

Period of Foundation

Preparing the automobile industry infrastructure and finding/growing suppliers

From 1970 through 1990 was a period of foundation in which we sought to deliver vehicles that would please local consumers. We introduced the Tamaraw in the Philippines in 1976, and the following year brought the Kijang to Indonesia. The Philippines and Indonesia are places where families tend to be large, so it was necessary to provide dual-use vehicles that could be used for business and family transport. Unpaved roads were common, so van-type multi-purpose vehicles were favored. We opted to make bodies by bending and welding sheet rather than importing stamping equipment, so as to make less expensive vehicles. We cultivated staff and suppliers and developed new products locally. Our goal was to prepare infrastructure for the auto industry, and find and develop local suppliers.

Period of Growth

Growing the parts-supply industry through mutual complementation of production

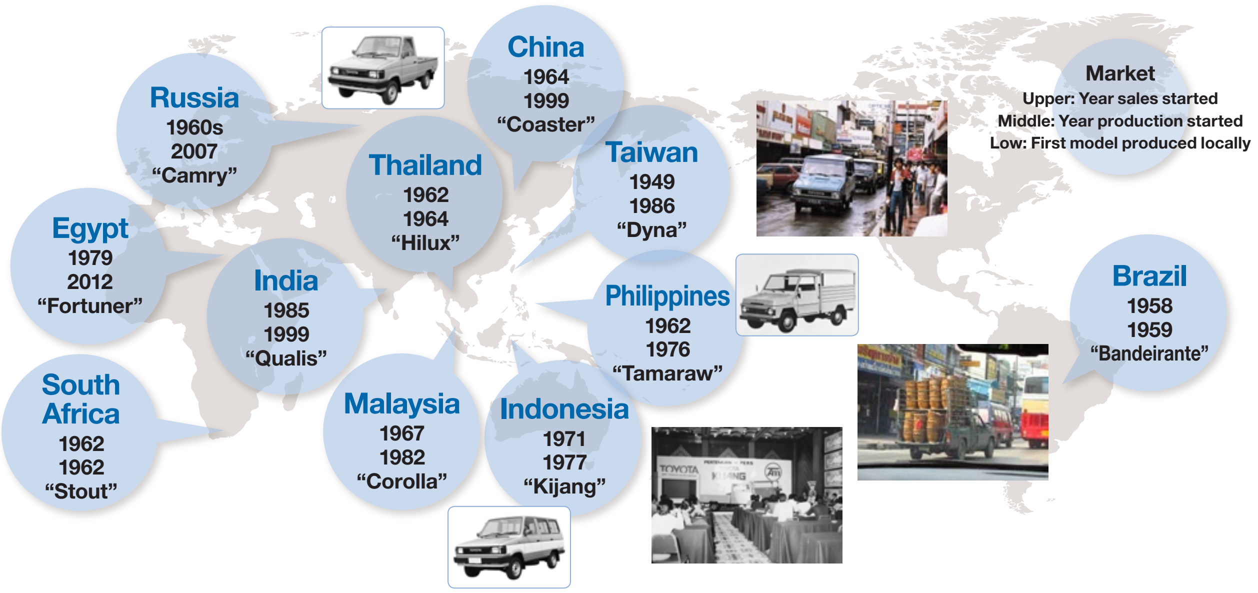
During the growth period of 1990 through 2000, the ASEAN countries were transitioning from country-based production to mutually complementary regional production, due to the gradual materialization of the ASEAN Free Trade Agreement as well as the difficulties in achieving mass production and cost reduction at the single-country-market scale. The Memorandum of Understanding on Brand-to-Brand Complementation on the Automotive Industry and other tariff exemptions on parts provided the impetus for each country to mass produce parts in its area of expertise, making for efficient plant investment through expansion of scale and volume efficiency and leading to the growth of the parts-supply industry.

Development Period

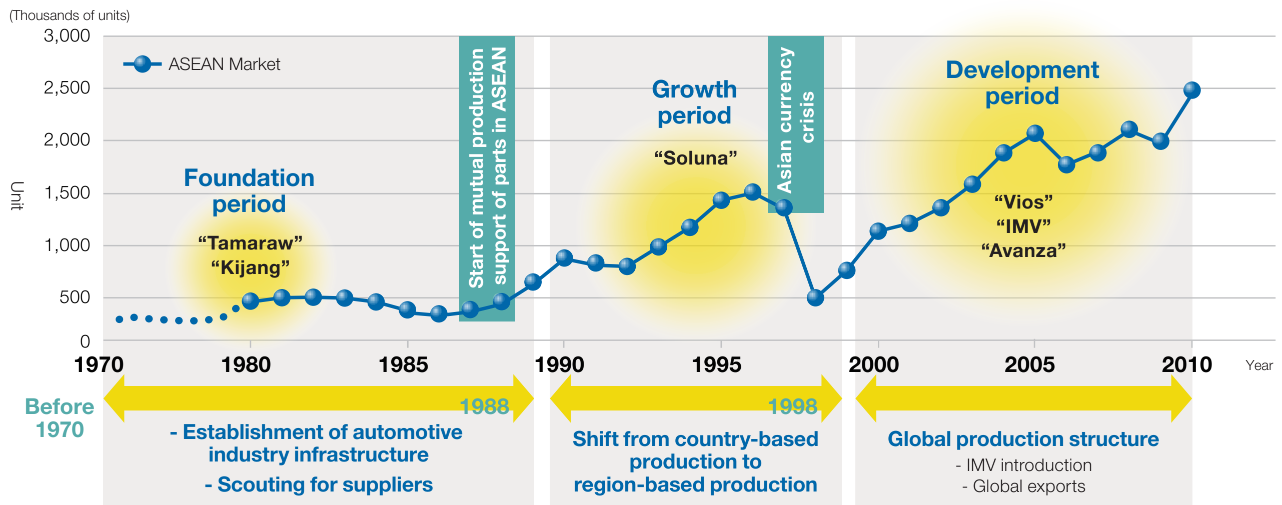
Overcoming the currency crisis and moving toward global production

The Asian currency crisis of 1997 that took place amidst these developments was a direct blow to ASEAN and had a great impact on the automobile market, but that experience provided the foundation for the later development of the IMV Project and other global vehicles. The volume of parts imported from Japan was broadly cut in response to the collapse of the ASEAN currencies, with a concurrent rise in the ratio of local procurement and the establishment of an export structure that exploited low-priced currencies. Quality was also improved to bolster exports, and cost-reduction efforts were made. The cooperation and support of governments and local communities, as well as the strengthening of after-sales service and the parts business, enabled the creation of a profitable structure without impacting sales. This ushered in the development period from 2000 through 2010, during which the foundation of the Asian auto industry grew markedly.

Toyota's History in Emerging Markets



Progress of the Automotive Industry in the ASEAN Emerging Markets



Special Feature: Toyota's Efforts in Emerging Markets ②

The Shift to Emerging Markets and Toyota's Strategy

Making Cars that Meet National and Local Needs

Expanding Production in Emerging Markets
- 3.1 million vehicles by 2013

Toyota's overseas business has evolved through three stages, from making in Japan and exporting, to producing in regions where demand exists and then to the current stage whereby Toyota has an efficient global production and supply.

Global production and supply are supported in the emerging markets, where we have been increasing investment so as to boost production capacity. We began production of the Fortuna in India in 2009, followed by the diesel Corolla and the Etios in 2010, and expanded investment in factories accordingly. In Brazil, production of the Corolla FFV began in 2007, and sales have steadily increased since then. We plan to start production at a new compact vehicle plant in Brazil in the latter half of 2012.

As a result of such efforts, production capacity in emerging markets is forecast to reach approximately 3.1 million vehicles in 2013, which is the same level as that in Japan and represents a great increase over the 540,000 vehicles output in 2000.

Production Capacity Expansion in Emerging Markets

Production results (Thousands of units)

2000	540
2005	1,350
2010	2,380

Production capacity

2013	3,100


TSAM (South Africa)


TASA (Argentina)

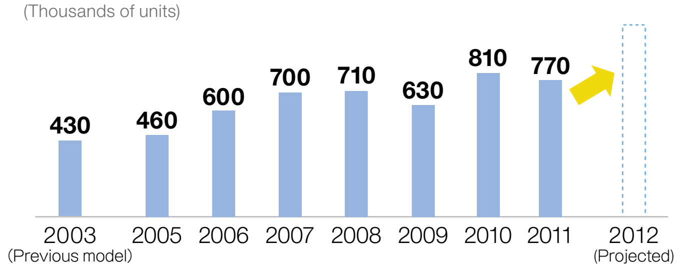
Sales Strategies in Emerging Markets
- The IMV* Project

The IMV Project constitutes an important sales strategy in emerging markets. Launched in 2004, the IMV series consists of five vehicles—three pickup trucks, a minivan and an SUV—specially developed in 2004 for introduction in over 140 countries. Currently, the IMV series is manufactured in 11 locations, with sales of locally manufactured vehicles underway in approximately 170 countries. Toyota applied the *genchi genbutsu* (onsite, hands-on experience) approach to observing and analyzing the kinds of vehicles used in various parts of the world, and developed and introduced IMVs to meet the needs of each region. Thorough after-sales service programs for IMVs have gained the trust of customers around the world.

The scale of the market will continue to grow, and Toyota plans to increase capacity in Thailand, where the auto parts supply industry is concentrated, as the global supply base. Increases in new investment to strengthen other supply bases, including Indonesia, and sequential production bases, are planned.

IMV Series Annual Sales Volume

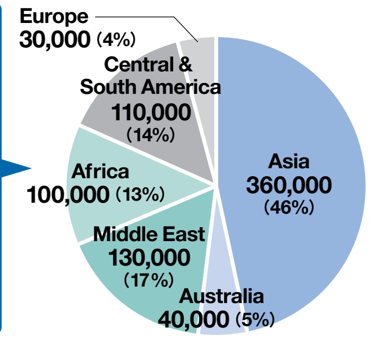
Sales volume is on a steady growth trend, lifted by growth in emerging markets. Sold 770,000 units in 2011 despite supply shortages caused by the Japanese earthquake and Thailand floods.



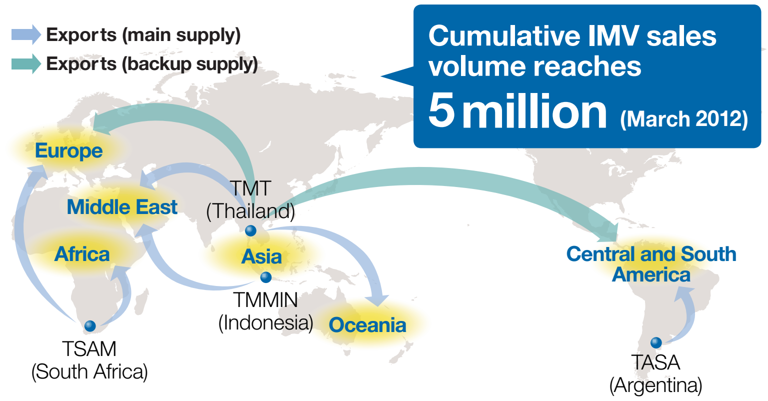
IMV Series Vehicle Sales by Region

Performed well in all emerging and resource-rich nations, not just in Asia

2011 Sales 770,000 units



IMV's Global Supply Structure



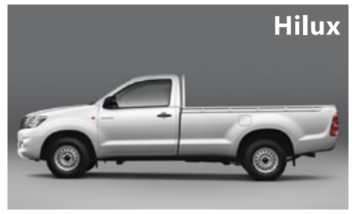
* IMV stands for "Innovative International Multipurpose Vehicle". The name is based on our intention to create multipurpose vehicles that will meet the needs of consumers worldwide.

Strengths of the IMV Project

The aims of the IMV Project are product appeal, low cost and efficiency, followed by exchange-rate-fluctuation response capability. Toyota aims to enhance product value by developing specialized models optimized to the tastes and environments of consumers in emerging markets. We have also sought to reduce costs and gain efficiency by consolidating production, transitioning from small-scale production at 11 companies to large-scale production at four global supply bases. We are coping with the ever-strengthening yen by creating a structure that maximizes local procurement.

The IMV Project is currently accelerating the process of globalizing production and supply. Among the four global supply bases, Thailand serves as the base for Asia, with the other global sites handling exports throughout the rest of the world, such as to Oceania, Europe, the Middle East, and Central/South America, developing into centralized bases. Localized procurement is also evolving, so that parts procurement is not handled within individual countries, but rather through a globally optimized procurement structure for parts.

Asia makes up half of the sales of the IMV series, but sales in the Middle East, Africa, and Central/South America are also solid, with sales structures based on locally made core models. Production capacity recovered comparatively quickly amidst the supply shortages caused by the Japan Earthquake and Thailand floods in 2011, with the number of vehicles sold increasing greatly. As a result, sales improved from 460,000 in 2005 in the immediate aftermath of the IMV Project launch to 770,000 in 2011, and with markets predicted to grow from 2012 on, sales are also expected to increase.



From basic to luxury models for personal or business use

This high-end SUV garners much attention from consumers in the Middle East and India

Popular with big families in India and Indonesia, as well as taxi companies

Future Efforts in Emerging Markets

1) New Strategies for Growing Emerging Markets

A Second Home in Asia

Toyota's basic attitude toward our efforts in emerging markets henceforth can be summed up as "Asia is our second mother base." What this means in practical terms is that we will follow on from the IMV Project by strengthening our production and supply bases for compact vehicles in Asia, move toward thorough localized procurement, and ensure and enhance our cost competitiveness.

Direction of Future Efforts

Asia as Toyota's Second Mother Base and as a Production Base

- **Production and supply base for compact vehicles, following on the success of the IMV Project**
- **Localization, including R&D**

New Compact Vehicle Strategy

The automobile market in emerging markets is growing each year in tandem with the economic growth of each country. Within those markets, there has been marked growth in the sales of compact vehicles, so Toyota is promoting a new compact vehicle strategy that emphasizes the compact vehicle lineup and seeks to meet the needs of consumers in emerging markets.

Efforts we are making include the launch of eight compact vehicle models specifically designed for emerging markets, starting with the Etios in India in December 2012. There are plans to produce compact vehicles in emerging markets and deliver a total of more than 1 million vehicles a year to customers in over 100 countries. Delivery of the compact Etios sedan and Etios Liva hatchback models to South Africa via Toyota Kirloskar Motors (TKM) of India began in April 2012.

April 2012: Ceremony for launch of Etios exports from India to South Africa

Localization Initiatives

Toyota believes that ensuring cost competitiveness by achieving thorough localization is necessary to making further progress in intra- and extra-regional exports. We therefore are maximizing local R&D functions, and seek to achieve local/regional procurement rates of 100% at the earliest possible stage.

Local Content Rate (IMV)

Country of production	Domestic content	Regional content	Total
Thailand (TMT)	81%	13%	94%
Indonesia (TMMIN)	75%	20%	95%

Continue efforts to reach 100%

Future Efforts in Emerging Markets

2) Future Efforts in Each Market

Russia

Russia is among the markets with the greatest potential, not only in Europe, but in the world. Toyota has gained experience and acclaim from Russian customers for our core models, such as the Camry and Land Cruiser Prado, and we are making steady progress in localization. We plan to contribute to the growth of the Russian auto industry by increasing production of the Camry by Toyota Motors Manufacturing Russia (TMMR), and also by starting local assembly of the Land Cruiser Prado in the Russian far east city of Vladivostok at the end of this year.

Africa

Africa, where economies and populations are steadily growing, is seen as a market that will continue to grow. From our base in the Republic of South Africa, Toyota is looking into building a vehicle supply system that can meet the special characteristics of each African nation. We aim to open and penetrate new markets through sales measures closely aligned to each region. Also, in April 2012, we started contract assembly production of the Fortuna IMV model in Egypt.

India

India's auto market is expected to keep pace with India's growing economy. Toyota will continue to develop products that meet the needs of the region's growing consumer base, as we did with the Etios. In addition, TKM established the Toyota Technical Training Institute in 2007 with the goal of providing specialized technical training for manufacturing, and we intend to continue to engage in human resources development and job creation so as to contribute to the development of the Indian economy.

Asia

Toyota's definition of "Asia" (for business purposes) does not include China, India, Pakistan, Bangladesh and Japan. In 2012, this market is expected to recover from the impact of the Thailand floods, with demand rising above that of 2011. This market is expected to grow in tandem with the expansion of the regional economy in the medium- to long-term, and we are aiming to increase sales from the current 1.6 million-1.7 million annually to 2 million in the future. Hitting that target will require an expansion in production facilities in Thailand, Indonesia and elsewhere.

Brazil

We have established a new plant in Sorocaba, in the state of São Paulo, Brazil, and beginning in the second half of 2012, we will produce and sell the Etios, a new compact model. In the future we will offer products that meet the needs of a broad array of consumers. Our goal is to steadily expand and cultivate the Brazilian market through corporate activities deeply rooted in the region, such as localized production.

Consolidated Performance Highlights

Consolidated Performance (U.S. GAAP)

	Yen in millions					U.S. dollars*1 in millions	% change
	2008	2009	2010	2011	2012	2012	2012 vs. 2011
For the years ended March 31							
Net Revenues:	¥26,289,240	¥20,529,570	¥18,950,973	¥18,993,688	**¥18,583,653**	**$226,106**	-2.2
Automotive	24,177,306	18,564,723	17,197,428	17,337,320	**16,994,546**	**206,771**	-2.0
Financial Services	1,498,354	1,377,548	1,245,407	1,192,205	**1,100,324**	**13,388**	-7.7
All Other	1,346,955	1,184,947	947,615	972,252	**1,048,915**	**12,762**	+7.9
Inter-Segment Elimination	(733,375)	(597,648)	(439,477)	(508,089)	**(560,132)**	**(6,815)**	—
Operating Income (Loss):	2,270,375	(461,011)	147,516	468,279	**355,627**	**4,327**	-24.1
Automotive	2,171,905	(394,876)	(86,370)	85,973	**21,683**	**264**	-74.8
Financial Services	86,494	(71,947)	246,927	358,280	**306,438**	**3,728**	-14.5
All Other	33,080	9,913	(8,860)	35,242	**42,062**	**512**	+19.4
Inter-Segment Elimination	(21,104)	(4,101)	(4,181)	(11,216)	**(14,556)**	**(177)**	—
Net Income (Loss) attributable to Toyota Motor Corporation*2	1,717,879	(436,937)	209,456	408,183	**283,559**	**3,450**	-30.5
ROE	14.5%	-4.0%	2.1%	3.9%	**2.7%**	—	—
As of March 31							
Total Assets	¥32,458,320	¥29,062,037	¥30,349,287	¥29,818,166	**¥30,650,965**	**$372,928**	+2.8
Shareholders' Equity	11,869,527	10,061,207	10,359,723	10,332,371	**10,550,261**	**128,364**	+2.1
Short-Term Debt, including Current Portion of Long-Term Debt	6,228,152	6,317,184	5,497,997	5,951,836	**5,963,269**	**72,555**	+0.2
Long-Term Debt, less Current Portion	5,981,931	6,301,469	7,015,409	6,449,220	**6,042,277**	**73,516**	-6.3

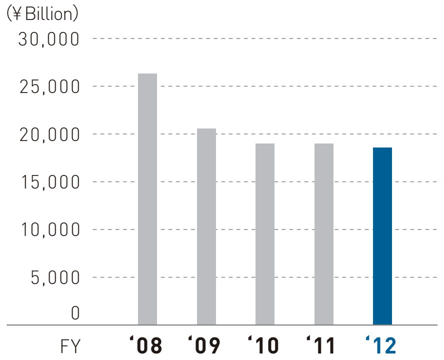
	Yen in millions					U.S. dollars*1 in millions	% change
	2008	2009	2010	2011	2012	2012	2012 vs. 2011
Per Share Data:							
Net Income (Loss) attributable to Toyota Motor Corporation*2	¥ 540.65	¥ (139.13)	¥ 66.79	¥ 130.17	**¥ 90.21**	**$ 1.10**	-30.7
Annual Cash Dividends	140.00	100.00	45.00	50.00	**50.00**	**0.61**	—
Shareholders' Equity	3,768.97	3,208.41	3,303.49	3,295.08	**3,331.51**	**40.53**	+1.1
Stock Information (March 31)							
Stock Price	¥ 4,970	¥ 3,120	¥ 3,745	¥ 3,350	**¥ 3,570**	**$ 43.44**	+6.6
Market Capitalization (Yen in millions, U.S. dollars in millions)	¥ 17,136,548	¥ 10,757,752	¥ 12,912,751	¥ 11,550,792	**¥12,309,351**	**$ 149,767**	+6.6

*1: U.S. dollar amounts have been translated at the rate of ¥82.19=US$1, the approximate current exchange rate at March 31, 2012.
*2: "Net Income attributable to Toyota Motor Corporation", equivalent to "Net Income" up to 2009.

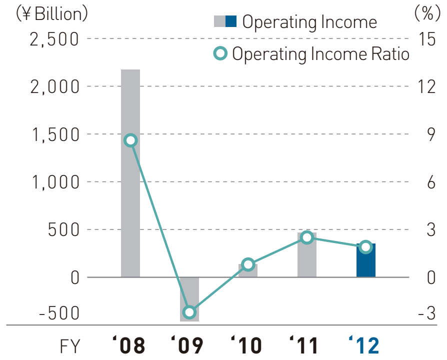
Consolidated Performance Highlights

Consolidated Performance (U.S. GAAP)

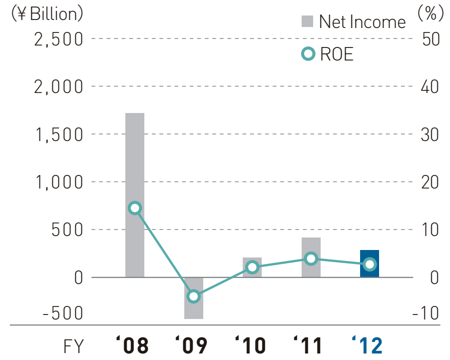
Net Revenues



- Operating Income (Loss)
- Operating Income Ratio



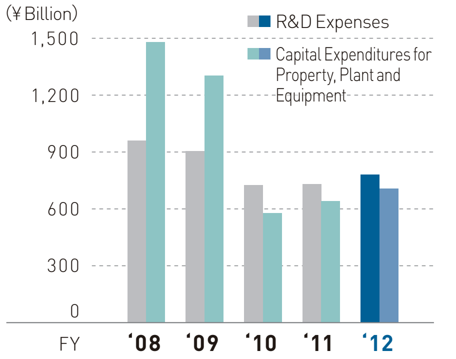
- Net Income (Loss) attributable to Toyota Motor Corporation
- ROE



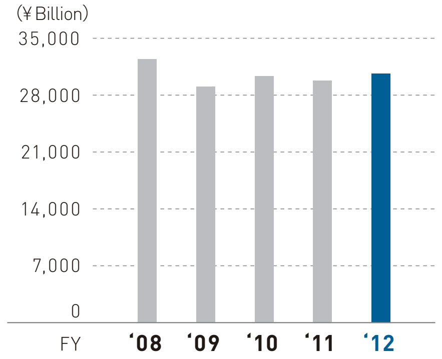
Note: "Net Income attributable to Toyota Motor Corporation", equivalent to "Net Income" up to 2009.

- R&D Expenses
- Capital Expenditures for Property, Plant and Equipment

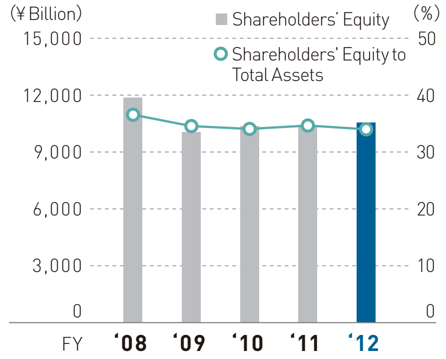
(excluding vehicles and equipment of operating leases)



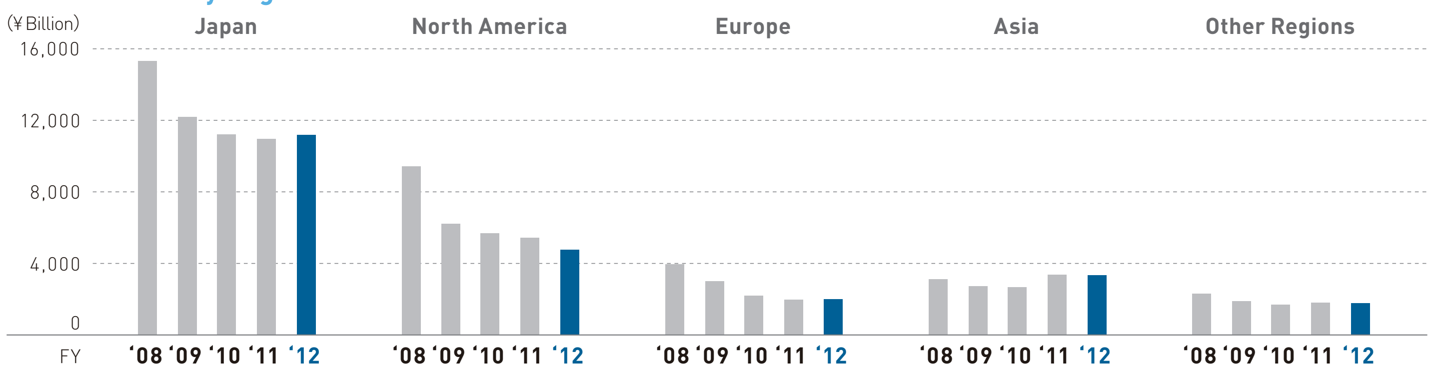
Total Assets



- Shareholders' Equity
- Shareholders' Equity to Total Assets



Net Revenues by Region

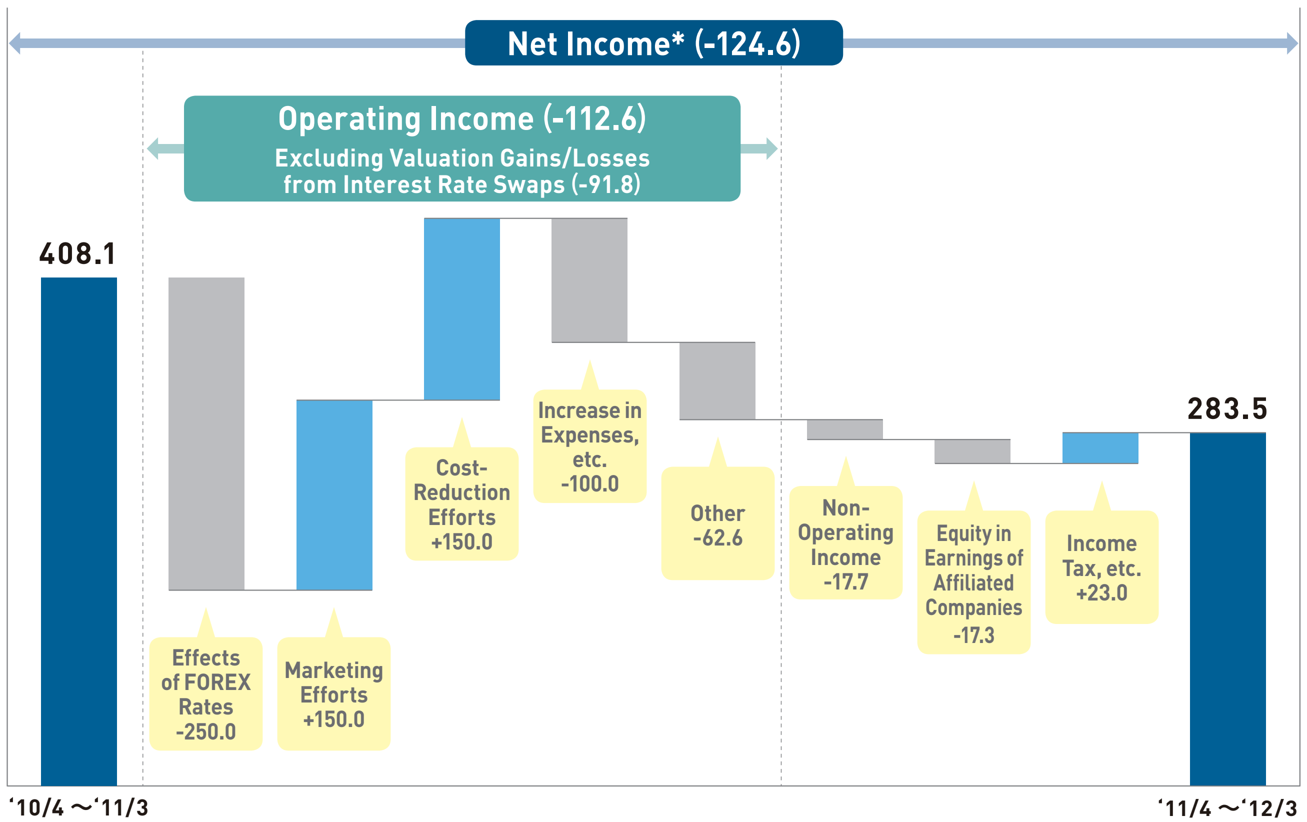


Note: FY represents fiscal years ended March 31.

Analysis of Consolidated Net Income*

(¥ Billion)

* Net income attributable to Toyota Motor Corporation



Consolidated Financial Results

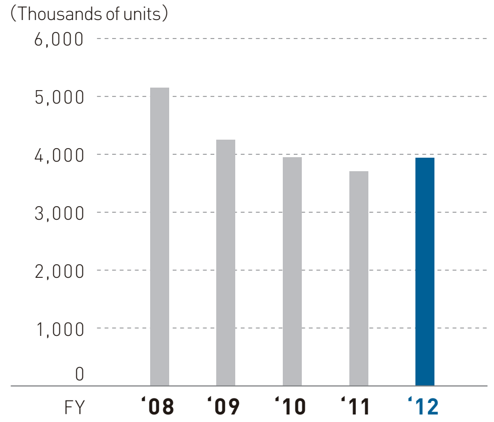
Consolidated vehicle sales in Japan and overseas increased by 44 thousand units, or 0.6%, to 7,352 thousand units compared to the previous fiscal year. Vehicle sales in Japan increased by 158 thousand units, or 8.2% year-on-year, due to aggressive new product launches and the efforts of dealers nationwide. Market share, including mini-vehicles, retained a high level at 43.2%. Meanwhile, despite an expansion of sales in Asia, lower sales in North America and other regions resulted in a decrease in overseas vehicle sales of 114 thousand units, or 2.1% year-on-year. As for the results of operations, net revenues decreased by 2.2%, to ¥18,583.6 billion for the fiscal year compared to the previous year, and operating income decreased by 24.1%, to ¥355.6 billion. Net income attributable to Toyota Motor Corporation decreased by 30.5%, to ¥283.5 billion.

Consolidated Performance Highlights

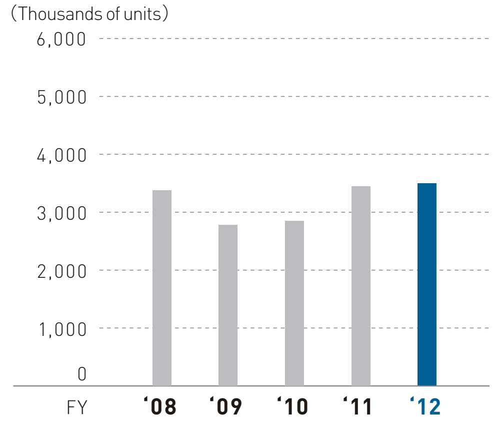
Consolidated Vehicle Production and Sales

	Thousands of units					% change
For the years ended March 31	2008	2009	2010	2011	**2012**	2012 vs. 2011
Vehicle Production by Region:						
Japan	5,160	4,255	3,956	3,721	**3,940**	+5.9
Overseas Total	3,387	2,796	2,853	3,448	**3,495**	+1.4
North America	1,268	919	1,042	1,338	**1,275**	-4.7
Europe	711	482	433	372	**383**	+3.0
Asia	961	947	1,021	1,344	**1,441**	+7.2
Central and South America	150	151	146	148	**152**	+2.7
Oceania	149	130	106	113	**93**	-17.7
Africa	148	167	105	133	**151**	+13.5
Consolidated Total	8,547	7,051	6,809	7,169	**7,435**	+3.7
Vehicle Sales by Region:						
Japan	2,188	1,945	2,163	1,913	**2,071**	+8.3
Overseas Total	6,725	5,622	5,074	5,395	**5,281**	-2.1
North America	2,958	2,212	2,098	2,031	**1,872**	-7.8
Europe	1,284	1,062	858	796	**798**	+0.3
Asia	956	905	979	1,255	**1,327**	+5.7
Central and South America	320	279	231	281	**289**	+2.8
Oceania	289	261	251	248	**223**	-10.1
Africa	314	289	184	209	**214**	+2.4
Middle East	597	606	466	569	**550**	-3.3
Other	7	8	7	6	**8**	+33.3
Consolidated Total	8,913	7,567	7,237	7,308	**7,352**	+0.6

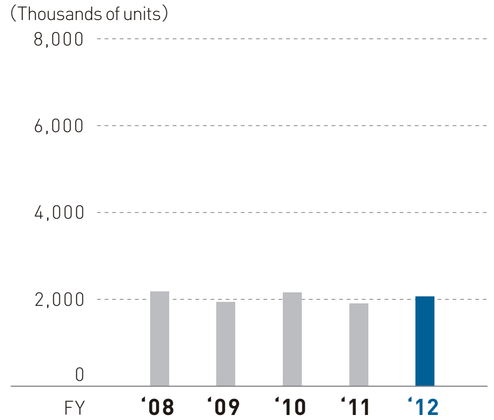
Vehicle Production (Japan)



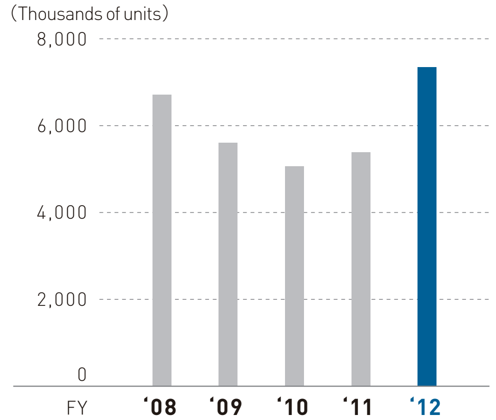
Vehicle Production (Overseas)



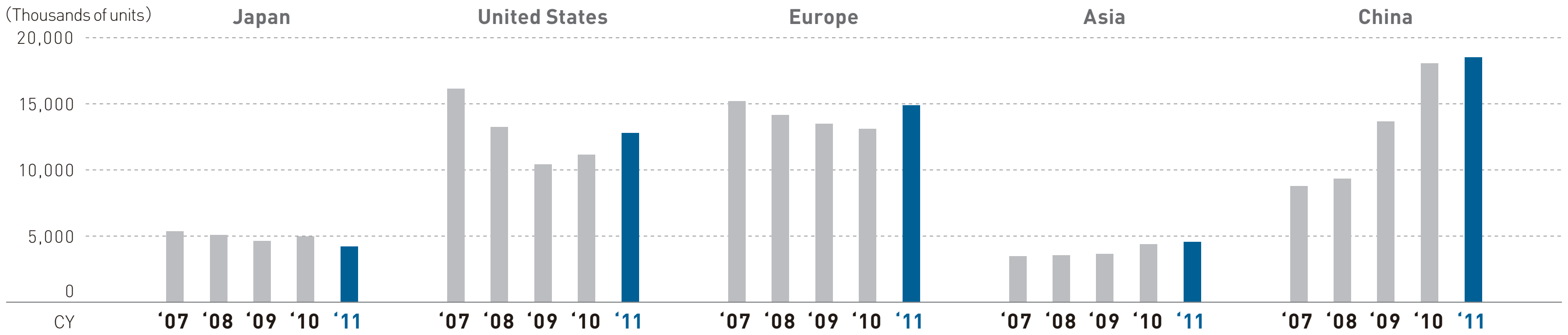
Vehicle Sales (Japan)



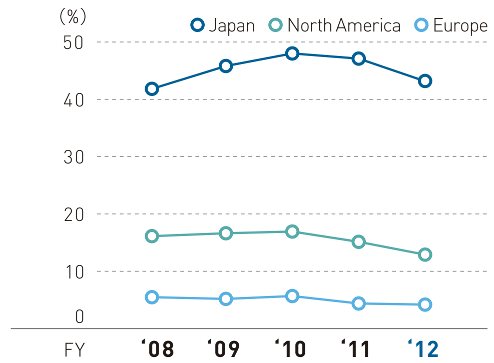
Vehicle Sales (Overseas)



Principal Market Data: Automotive Market (Sales)



Share of Vehicle Sales by Markets

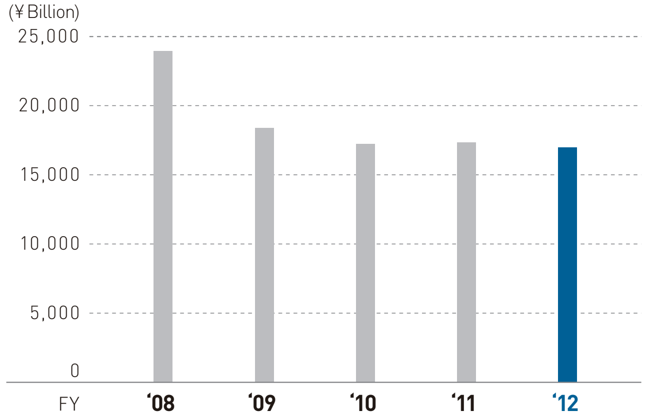


Source: Toyota Motor Corporation
Note: Market definitions are as follows:
Europe: Germany, France, the United Kingdom, Italy, Spain, the Netherlands, Belgium, Portugal, Denmark, Greece, Ireland, Sweden, Austria, Finland, Switzerland, Norway, Poland, Hungary, and the Czech Republic
Asia: Indonesia, Thailand, the Philippines, Malaysia, Singapore, Vietnam, Taiwan, South Korea and Brunei Darussalam
Japan: Minivehicles included
Note: FY represents fiscal years ended March 31.

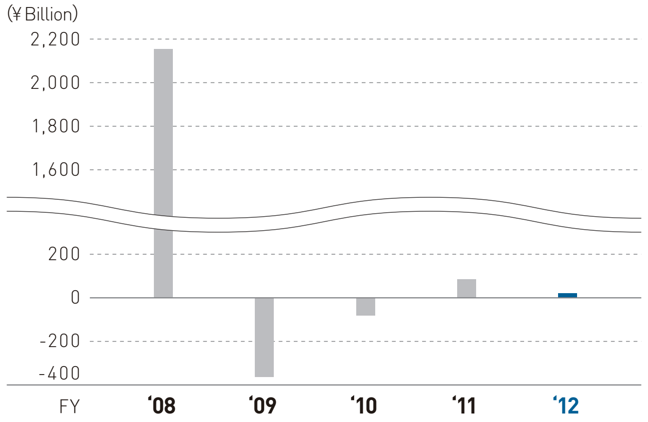
Automotive Operations

Toyota was heavily impacted by the Great East Japan Earthquake and the Thailand floods, but through combined efforts with our group companies, we were able to return to normal operations quicker than originally expected. Toyota remained able to build better cars that exceed expectations, even under such harsh conditions.

Net Revenues



Operating Income



Note: Fiscal years ended March 31

Market Environment and Performance Summary

Despite bullish automotive markets in the U.S. and emerging markets in Asia and elsewhere during the fiscal year under review, the majority of Japanese automakers, including Toyota, suffered the twin impact of the Great East Japan Earthquake and the Thailand floods. These events caused supply limitations and made production adjustments and temporary halts unavoidable. Despite the difficult conditions, Toyota launched new products that clearly speak to the needs of consumers in Japan and around the world. One such new model was a compact-class dedicated hybrid vehicle that achieves world-class fuel economy. We also launched a next-generation sports car that pursues pure driving enjoyment. In addition, Toyota worked with dealers throughout the world to actively develop sales initiatives.

As a result, consolidated vehicle sales both in Japan and overseas (including Daihatsu and Hino) reached 7,352 thousand units, an increase of 44 thousand units, or 0.6%, over the previous fiscal year. Consolidated vehicle production also increased, rising by 266 thousand units, or 3.7% year-on-year, to 7,435 thousand units.

Net revenues decreased ¥342.7 billion, or 2.0% year-on-year, to ¥16,994.5 billion. Despite cost-reduction efforts, due to the impact of currency exchange fluctuations operating income was down ¥64.3 billion or 74.8% year-on-year, to ¥21.6 billion.

Performance by geographic segment was as follows.

Japan

In fiscal 2012, due to active new product campaigns and the efforts of dealers nationwide, consolidated vehicle sales in Japan increased by 158 thousand units, or 8.2%, to 2,071 thousand units. Market share for Toyota and Lexus brands, excluding mini-vehicles, was 45.5%, while the share including mini-vehicles (including Daihatsu and Hino) was 43.2%, indicating a strong market share continuing from the previous fiscal year. Sales of the Lexus brand were approximately 45 thousand units. Consolidated vehicle production was up 219 thousand units, or 5.9% year-on-year, to 3,940 thousand units.

As a result, net revenues were ¥11,167.3 billion, an increase of ¥181.0 billion or 1.6% year-on-year. The operating loss of ¥207.0 billion represents a ¥155.3 billion improvement over the previous fiscal year. Despite the impact of currency exchange fluctuations, cost-reduction efforts and increases in production and units sold resulted in the decrease in operating losses.

North America

Consolidated vehicle sales in North America in fiscal 2012 decreased by 159 thousand units, or 7.8% year-on-year, to 1,872 thousand units, with supply shortages caused by the Great East Japan Earthquake in the first half having a major impact. 2011 market share in the United States was 12.9%. Sales of the Lexus brand in North America were at approximately 214 thousand units. Consolidated vehicle production was 1,275 thousand units, a 63 thousand-unit or 4.8% decrease year-on-year.

As a result, net revenues were ¥4,751.8 billion, a decrease of ¥677.2 billion or 12.5% year-on-year. Due to decreases in production and units sold, as well as the impact of gains or losses on doubtful accounts of our dealer finance subsidiary in the United States, operating income was down ¥153.0 billion, or 45.1% year-on-year.

Europe

Consolidated vehicle sales in Europe in fiscal 2012 rose 2 thousand units, or 0.3% year-on-year, to 798 thousand units. Toyota's European market share (2011; about 40 countries) was 4.2%. Lexus sales totaled approximately 47 thousand units. Consolidated vehicle production increased 11 thousand units, or 3.2% year-on-year, to 383 thousand units.

As a result, net revenues increased ¥12.4 billion, or 0.6% year-on-year, to ¥1,993.9 billion. Operating income was ¥17.7 billion, an increase of ¥4.6 billion, or 35.4% year-on-year.

Automotive Operations

Asia

Despite a decrease in sales (mainly of IMVs) caused by supply shortages resulting from the Thailand floods, consolidated vehicle sales in Asia in fiscal 2012 rose 72 thousand units, or 5.7% year-on-year, to 1,327 thousand units, setting a new record. This was due in part to strong sales of the Etios in India. Consolidated vehicle production was up 97 thousand units, or 7.2% year-on-year, to 1,441 thousand units.

As a result, net revenues were ¥3,334.2 billion, a decline of ¥40.3 billion or 1.2% year-on-year. Operating income was also down ¥56.2 billion, or 18.0% year-on-year, due to increased expenses. Sales in China, which continues to experience strong economic growth, reached 883 thousand units in 2011, a year-on-year increase of 4.4%.

Note: Unit sales figures for China include domestically produced units as well as units imported from Japan.

Other Regions (such as Central and South America, Oceania, Africa, the Middle East)

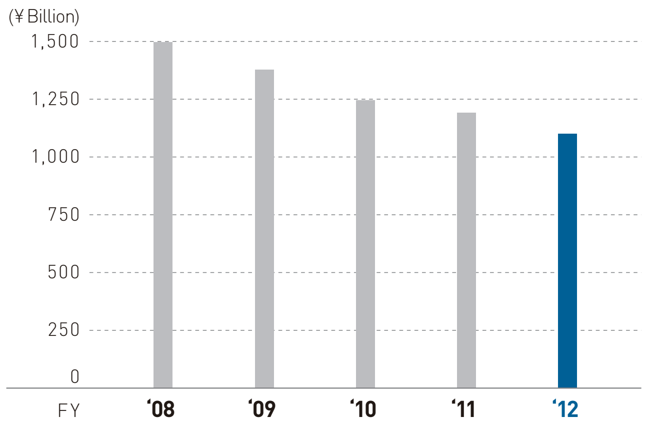
Consolidated sales for these regions in fiscal 2012 totaled 1,284 thousand units, a decrease of 29 thousand or 2.2% year-on-year. Consolidated vehicle production was 396 thousand units, an increase of 2 thousand or 0.4% compared with the previous year.

As a result, net revenue was ¥1,760.1 billion, a year-on-year decrease of 2.7% or ¥48.9 billion, while operating income was also lower by ¥51.3 billion or 32.0% year-on-year, to ¥108.8 billion.

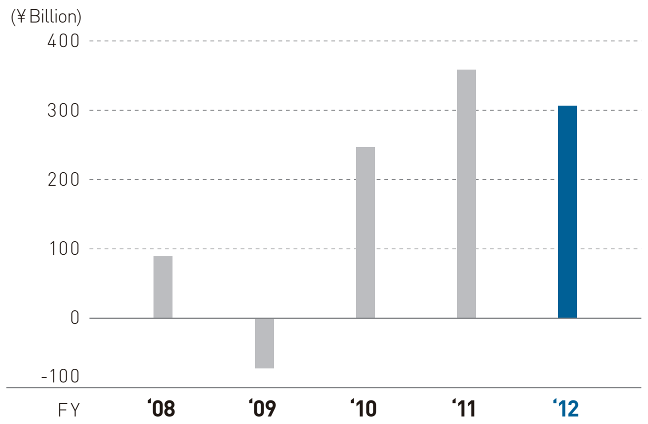
Financial Services Operations

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

Net Revenues



Operating Income



Note: Fiscal years ended March 31

Market Environment and Performance Summary

In fiscal 2012, our financial services operations generated operating income of ¥306.4 billion. This was primarily due to an increase in financing volume and broad improvement in expenses related to loan losses and residual value. Toyota's financial services operations are primarily handled by Toyota Financial Services Corporation (TFS), which has overall control of financial services subsidiaries worldwide. TFS provides financial services primarily for vehicle purchases and leases to approximately 8.6 million customers in 34 countries and regions worldwide.

During the period under review, we continued with last year's efforts to strengthen regional strategies by enhancing our relationships with distributors through the provision of financial products and services meeting various national and regional customer characteristics. We continued to broaden our connections with customers in Japan, responding to their needs by offering ready access to sound financial services such as credit cards and housing loans in addition to automotive financing.

TFS's overseas efforts include active development of emerging markets. In India, TFS established a local subsidiary in India in May 2011. TFS increased its number of sales bases in China to 196 cities, progressing inland from coastal cities to the interior of the country.

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

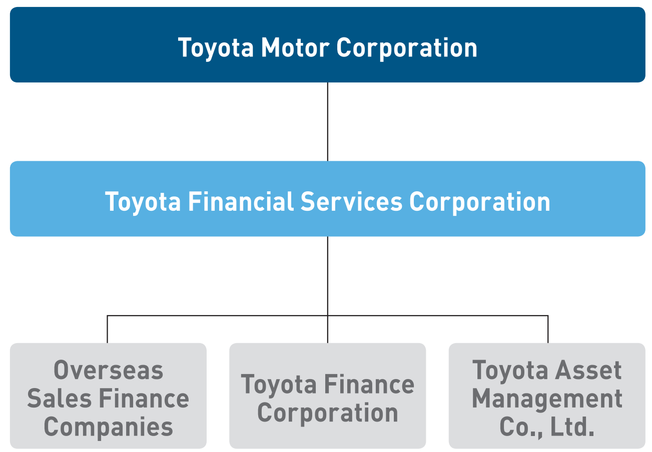
To respond to dramatic changes in the business environment, TFS will strengthen group-wide compliance and risk management structures while focusing on enhancements to its business platform, such as IT platform development and human resource cultivation in management.

Overview of Toyota's Financial Services Operations

Total assets	¥13.2 trillion
Net revenues	¥1.1 trillion
Operating income	¥306.4 billion
Operating areas	34 countries and regions worldwide
No. of employees	approx. 8,000

(As of March 31, 2012)

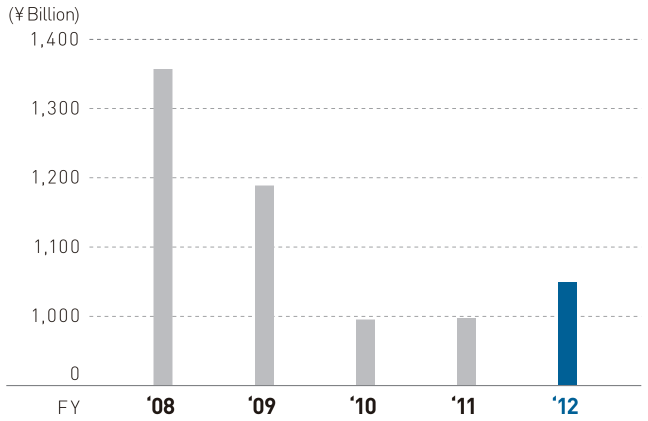
Financial Services Operations Organization



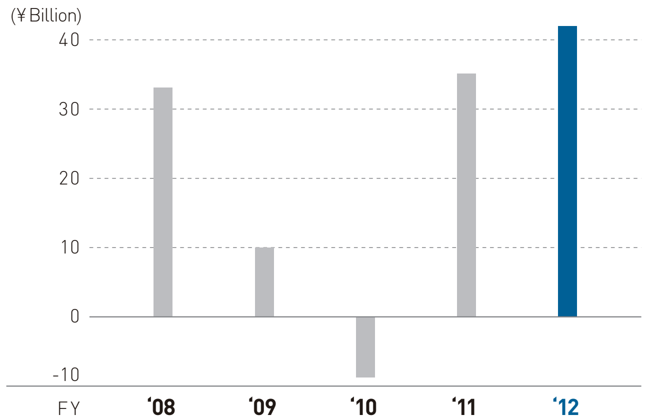
Non-automotive Business Operations

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

Net Revenues



Operating Income



Note: Fiscal years ended March 31

Market Environment and Performance Summary

Net revenues for non-automotive business operations rose ¥76.6 billion, or 7.9% year on year, to ¥1,489 billion, whereas operating income improved to ¥42 billion, an increase of ¥6.8 billion, or 19.4%, compared with the previous fiscal year.

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

Intelligent Transport Systems

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

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

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

Additional details available at Click HERE

Information Technology and Telecommunications

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

Toyota is has also been engaged in the promotion of functions and services that link cars and mobile phones, such as hands-free telephones and G-BOOK services, and in 2012 we launched the eCONNECT for the new Prius PHV and the Toyota Friend service.

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

e-TOYOTA

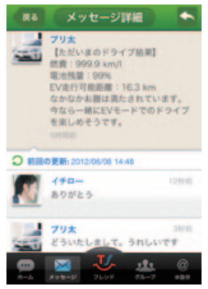
Toyota is developing e-TOYOTA business operations to facilitate the integration of IT services and automobiles. We designed and developed the GAZOO members-only automobile portal site, a three-dimensional virtual city called METAPOLIS and other services. In the field of telematics, we are developing G-BOOK/G-Link, an information service for onboard terminals, with other telematics services planned for China and other countries.

Additional details available at Click HERE

Non-automotive Business Operations

TOPICS "Linked" Cars

eConnect



Toyota Friend

Toyota is developing a proprietary telematics service for linking people, vehicles and the information/telecommunications infrastructure, and we are also launching a "linking service" that works through social networks and the latest in portable handsets. In January 2012, we began offering two new smartphone connection services to owners of the new Prius PHV. Toyota Friend is a social networking service that provides charging and service reminders via "tweet"-like alerts, and also enables sharing of environment-friendly driving data among Prius PHV users. The other service, eConnect, allows users to check vehicle status (battery power and EV range) and locations of nearby charging stations. Toyota will continue to offer communications services that link people and cars, so as to bring about a new "mobility society."

Housing

Since Toyota entered the housing business in 1975, Toyota Housing Corporation has expanded to provide homes under the name Toyota Home, offering high durability and earthquake resistance, as well as excellent security, health and environmental features. Toyota Housing Corporation offers environment-friendly homes that conserve and create energy while having the durability to last for many years, and in November 2011, we began selling "smart houses," comfortable and economical homes that combine Toyota technologies to link homes and cars. At the same time, Toyota is engaging in leading-edge development in a variety of fields, such as the operational testing of smart grids.

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

Additional details available at Click HERE

Marine

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. The PONAM-35, which was launched in September 2011, was voted Japan's 2011 Boat of the Year, and won the 2011 Good Design Award.

Additional details available at Click HERE

Biotechnology and Afforestation

Toyota is making every effort to contribute to the creation of a resource recycling society through our afforestation activities, as well as our horticultural, environmental greening and agricultural biomass operations.

Following previous afforestation and forestry development projects in Australia and the Philippines, we are engaging in a forest restoration model project in the town of Odaicho, located in Japan's Mie Prefecture. In our Greenification Business, to counteract the urban heat-island phenomenon we offer Smart Green Parking, which provides greening in parking areas, and Smart Green Wall for wall greening. We have established a sales subsidiary in China for this business. In our agricultural biomass operations, we added to our lineup of ResQ Series manure composting facility deodorizers.

Additional details available at Click HERE

For more information on Philippine and Mie Prefecture afforestation projects, Click HERE

Non-automotive Business Operations

TOPICS Promoting the Fun of Automobiles

Toyota is developing a range of activities to make cars more fun, for serious motorsports fans as well as for an even broader range of car enthusiasts.

Activities for serious motorsports fans

Toyota promotes motorsports in countries and regions around the globe to bring excitement to people and to help make their dreams come true.

Our motorsports programs in 2011 revolved around the SUPER GT and Formula Nippon events in Japan and our participation in NASCAR in the US. We added hybrid endurance championships to our racing lineup in 2012, so that even more people would have an opportunity to enjoy motorsports.

SUPER GT


Formula Nippon

NASCAR

Additional details available at Click HERE

Activities for a broad range of car enthusiasts

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


24 Hours Nürburgring Endurance Race

As part of initiatives to develop ever-better cars, the GAZOO Racing team has been competing in the 24 Hours Nürburgring Endurance Race in Germany every year. The participation of Toyota drivers and mechanics helps cultivate personnel who can make better cars. Also, GAZOO Racing enables those with no racing experience to comfortably and safely experience the thrills of circuit driving firsthand. It also provides more opportunities for car enthusiasts to get together.

* A vehicle-development and motor-sports support program created by GAZOO for people to experience the fun of cars. GAZOO gives Toyota test drivers chances to race, and helps in our goal of making ever-better cars through vehicle development, while promoting the allure of cars through grass-roots motor sports.

GAZOO operates GAZOO.com, a user-participation automobile portal site created in 1998, as well as the GAZOO Mura driving experience and the virtual community GAZOO Metapolis.

Additional details available at Click HERE

Impact of the Disasters and Recovery Efforts

The Japanese automobile industry faced two major natural disasters in 2011: the Great East Japan Earthquake and the Thailand floods. Toyota overcame these crises through unified efforts with its group companies, suppliers, and dealers, all engaging in a variety of efforts to restore operations so as to achieve even more prompt delivery of vehicles to customers.

Impact of the Disasters and Subsequent Efforts

The Great East Japan Earthquake

The Great East Japan Earthquake of March 2011 caused massive damage in Tohoku and other regions, and had an impact on many Japanese companies. Many of Toyota's suppliers are located in Tohoku and eastern Kanto, and this resulted in a temporary halt of production at its domestic vehicle-production plants in the immediate aftermath of the disaster.

The disaster delayed output through June 2011 by approximately 760 thousand vehicles globally, but enlisting the entire company in efforts to restore the supply network enabled us to recover output of about 600 thousand units from July on. Therefore, the total impact of the disaster in fiscal 2012 was a decrease in output of about 150 thousand vehicles.

Floods in Thailand

The Thailand floods that began in July 2011 caused damage to Toyota's suppliers there and had an impact on global production. By adjusting the operational levels of each production line according to the parts situation, we were able to return to normal operations in North America by the first half of December 2011, and in Thailand by the beginning of 2012. As a result, the Thailand floods caused a decrease in output of about 240 thousand vehicles in fiscal 2012.

While the impact from these two disasters was initially estimated to decrease output globally by approximately 1 million vehicles, output of 600 thousand vehicles was recovered through a unified, companywide effort that held the drop in output to only about 390 thousand vehicles (actual vehicle output: 7.52 million).

Disaster Response

Toyota is revising its Business Continuity Plan (BCP) as needed to strengthen measures to protect lives and maintain production in the event of a natural disaster. Drawing upon lessons learned from the supply chain disruptions we experienced due to the Great East Japan Earthquake and Thailand floods, we conducted a "visualization" analysis of the supply chain, including tertiary and 4th-tier suppliers. We then launched measures such as decentralizing sources for at-risk parts and converting to generalized designs. Our work to further strengthen our disaster countermeasures is proceeding from the twin perspectives of strengthening our everyday competitiveness and building a business structure able to withstand disasters.

The Great East Japan Earthquake: Production Recovery Efforts

At Toyota, we believe that recovering production is impossible without revitalizing communities. Therefore, our production recovery-effort priorities were in the following order of priority: 1) Human life; 2) Quickly restoring stricken communities; 3) Restoring production. Our core measures for post-quake production restoration were as follows:

(1) Status assessment (mainly conducted by the Purchasing Group)

- We conducted an investigation of all primary suppliers, including the impact of issues at secondary and tertiary suppliers.
- Dispatched onsite investigation teams to confirm production items and inventory.
- Examined the impact on overseas production.
  ➡ The purchasing units within the operations confirmed the availability of supplies via the primary suppliers.

(2) Support for suppliers

- Provided support for the 200 supply bases visited by the onsite investigation teams.
  ➡ Support for prompt restoration was provided under our policy of immediately doing what is truly necessary onsite.

(3) Look into finding substitutes

- Look into finding substitute products, but only when restoring onsite production is problematic.
- Evaluate substitutes.

All Toyota companies, from suppliers through dealers and overseas operations, came together to provide support and to restore, applying *genchi genbutsu* (on-site verification) and the power of the workplace for swift decision-making, immediate action plus teamwork. This brought about a normalization of operations far in advance of predictions, with domestic production at almost normal levels by July 2011 and fully restored by September.

Impact of the Disasters and Recovery Efforts

Toyota's Efforts to Drive the Recovery of the Tohoku Region

Toyota is committed to helping the people of Tohoku build a bright future by focusing on revitalizing the auto industry, creating new businesses and making social contributions.

Revitalizing the auto industry

We established Toyota Motor East Japan, Inc. in July 2012 as our third major production base in Japan. It will contribute to global growth by building compact vehicles, and join with the Tohoku region in revitalizing the economy through manufacturing. In January 2013, we will establish the Tohoku Local Procurement Promotion Center to join with the region in promoting manufacturing and increase procurement from within the region by finding and cultivating parts makers. In April 2013, we will open the Toyota East Japan Technical Skills Academy for medium- to long-term human resource development for manufacturing.

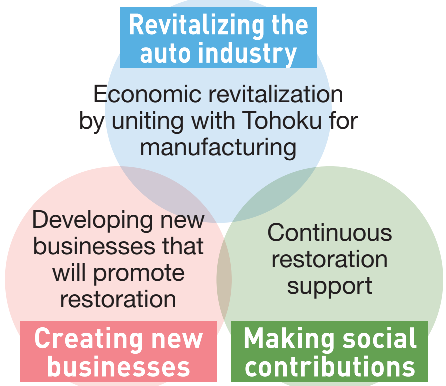
Creating new businesses

Toyota is looking into new businesses to promote revitalization. One example of this is the F-Grid Concept for comprehensive energy management. Rather than managing the energy use of individual factories, the F-Grid covers energy usage among regional plants as well as coordinating the use of energy among plants and communities. The goal of the F-Grid is to contribute to post-disaster regional restoration by creating actual "smart communities" focused on industrial areas, so as to promote higher levels of energy conservation and use of renewables. This will revitalize local industry by enhancing the value, competitiveness, and appeal of industrial areas and surrounding communities.

Making social contributions

Not only will we continue to provide supplies and personnel to the Tohoku region, but through the Kokoro Hakobu* Project, Toyota will also sponsor charity concerts and cultural events, and promote food and produce from the stricken areas.

* The Japanese words "kokoro hakobu", mean "to carry (or deliver) one's heart"



Toyota's efforts to drive the recovery of the Tohoku region

R&D and Intellectual Property

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

R&D Guiding Principles

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

R&D Activities

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

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

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

Basic research
Development theme discovery
Research on basic vehicle-related technology
Forward-looking and leading-edge technology development

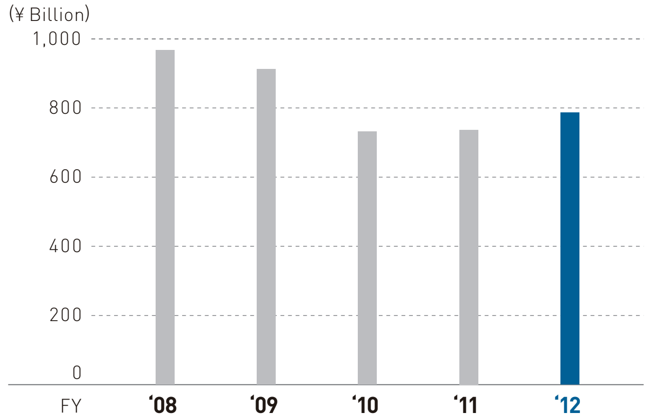
Technological breakthroughs related to components and systems
Development of leading-edge components and systems ahead of competitors

Product development
Primary responsibility for new model development
Development of all-new models and existing-model upgrades

R&D Expenditures

In fiscal 2012, R&D expenses totaled ¥779.8 billion, up 6.8% from the previous fiscal year, representing 4.2% of consolidated net revenues. We worked closely with suppliers to develop components and products more efficiently and took steps to reduce our own R&D expenses. At the same time, we plan to continue making substantial investments in R&D involving forward-looking, leading-edge technologies and the development of products associated with the environment, energy, and safety. These investments are essential to preserving our competitive edge in terms of technologies and products.

■ R&D Expenses



R&D Organization

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

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

Domestic and Overseas R&D Bases

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


Head Office Toyota Technical Center


Higashi-Fuji Technical Center


Tokyo Design Research & Laboratory


Shibetsu Proving Ground


Toyota Central Research & Development Laboratories, Inc.

R&D and Intellectual Property

Facility Name	Activities	Location
USA		
Toyota Motor Engineering & Manufacturing North America, Inc.	Product Planning, Vehicle Engineering and Evaluation, Basic Research	Ann Arbor, Michigan Torrance, California Wittman, Arizona
Calty Design Research, Inc.	Design	Newport Beach, California Ann Arbor, Michigan


Toyota Motor Engineering & Manufacturing North America, Inc.


Calty Design Research, Inc.

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


Toyota Motor Europe NV/SA


Toyota Europe Design Development


Toyota Motorsport GmbH (TMG)

Facility Name	Activities	Location
Asia Pacific		
Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.	Vehicle Engineering and Evaluation	Samutprakarn Province, Thailand
Toyota Technical Center Asia Pacific Australia Pty., Ltd.	Vehicle Engineering and Evaluation	Melbourne, Australia
Toyota Motor Engineering and Manufacturing (China) Co., Ltd.	Basic Research, Technical Research and Vehicle Evaluation	China


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


Toyota Technical Center Asia Pacific Australia Pty., Ltd.

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

Additional details available at Click HERE

Intellectual Property Guiding Principle

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

Intellectual Property Activities

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

Intellectual Property Systems

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

Intellectual Property Strategies

Toyota carefully analyzes patents and the need for patents in each area of research to formulate more effective R&D strategies. We identify R&D projects in which Toyota should acquire patents, and file relevant applications as necessary to help build a strong global patent portfolio. In addition, we want to contribute to sustainable mobility by promoting the spread of technologies with environmental and safety benefits. This is why we take an open stance to patent licensing, and grant licenses when appropriate terms are met. A good example of this policy is the licensing to other companies of patents in the area of hybrid technology, which is one of our core technologies involving environmental energy.

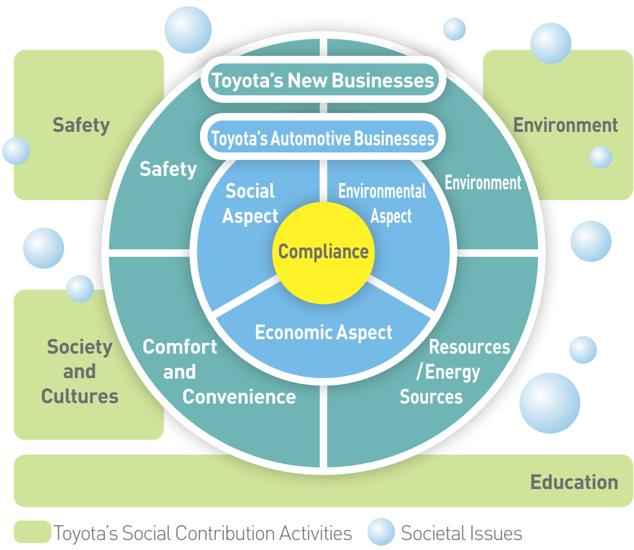
Corporate Philosophy

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

Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacturing and provision of innovative, high-quality products and services that lead the times. The automobile is a wonderful machine that provides freedom of movement. Nevertheless, automobiles have an impact on the environment and society. This is something we at Toyota always keep in mind, and we try to create harmony among people, societies and the environment by listening to what our customers and local communities have to say. Our operations are aimed at creating a sustainable society through *monozukuri* (conscientious manufacturing).

Toyota develops and produces environment-friendly vehicles such as hybrid vehicles, and we also offer superior accident prevention and collision safety features. In addition, Toyota is involved in new businesses, such as biotech, afforestation and renewable energy. The pillars of our social contribution are "environment," "traffic safety", and "human resources development." Toyota seeks to be of value to communities and to society through our main lines of business, and to bring smiles to people's faces.

Overview of Toyota's CSR Activities



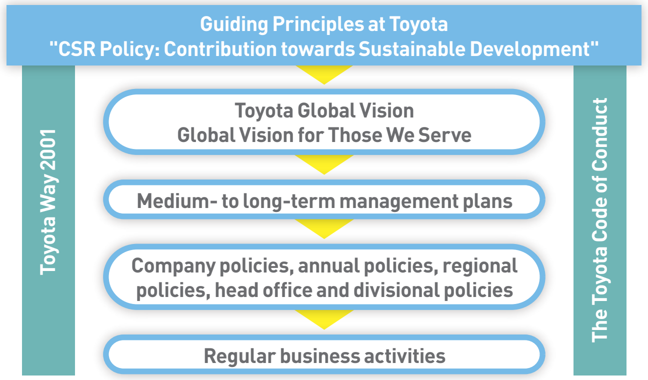
The Spirit of the Toyoda Precepts, Passed down since Toyota's Founding: Contribute to the Sustainable Development of Society

The Toyoda Precepts represent the essential philosophy of the founder of the Toyota group of companies, Sakichi Toyoda, and are a source of spiritual support for Toyota employees. The spirit of the Toyoda Precepts is carried on in the Toyota Guiding Principles (adopted in 1992 and revised in 1997).

Toyota's basic Corporate Social Responsibility (CSR) policy, which guides us in our relations with stakeholders, is to contribute to the sustainable development of society. This phrase embodies the spirit of the Toyota Guiding Principles, and clarifies our CSR stance for our stakeholders, both within and outside the company. Toyota subsidiaries and suppliers share this CSR policy, and we expect them to adhere to the spirit of the policy in their operations.

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

Positioning of the CSR Policy



The Toyoda Precepts

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

Toyota Guiding Principles

The Toyota Guiding Principles (adopted in 1992 and revised in 1997) reflect the kind of company that Toyota seeks to be in light of the unique management philosophy, values, and methods that it has embraced since its foundation. Toyota, along with its consolidated subsidiaries, seeks to contribute to the continuous development of human society and of the planet through its businesses based on understanding and sharing the Toyota Guiding Principles.

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

Additional details available at Click HERE

Management Team (As of June 15, 2012)

Board of Directors

Chairman of the Board


Fujio Cho

Vice Chairman of the Board


Takeshi Uchiyamada

President, Member of the Board


Akio Toyoda

Executive Vice Presidents, Members of the Board

(Main operational responsibilities)


Yukitoshi Funo

- Asia & Oceania Operations
- Middle East, Africa and Latin America Operations
- Operation Planning & Support


Atsushi Niimi

- North America Operations
- China Operations
- Production Control
- Production Engineering
- Manufacturing


Shinichi Sasaki

- Business Development
- IT & ITS
- Purchasing
- Customer First Promotion


Satoshi Ozawa

- Europe Operations
- General Administration & Human Resources
- Accounting


Nobuyori Kodaira

External Affairs*

*Also includes responsibility for external affairs of other fields, such as technology, environment, ITS, domestic and overseas sales, and others


Mitsuhisa Kato

Research & Development


Masamoto Maekawa

Japan Sales Business

Senior Managing Officers, Members of the Board

(Chief officer, Deputy chief officer, General manager or Overseas subsidiary of residence)


Mamoru Furuhashi

External Affairs Group


Takahiko Ijichi

Accounting Group


Yasumori Ihara

- Corporate Planning Div.
- Purchasing Group

Corporate Auditors

Full-Time Corporate Auditors


Yoichiro Ichimaru


Masaki Nakatsugawa


Masahiro Kato

Corporate Auditors


Yoichi Morishita


Akishige Okada


Kunihiro Matsuo


Yoko Wake

Corporate Governance

Toyota's Basic Policy on Corporate Governance

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

Toyota's Corporate Governance System

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

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

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

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

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

Systems for Ensuring Appropriate Management

Toyota has an "International Advisory Board" consisting of advisers from each region overseas, and, as appropriate, receives advice on a wide range of management issues from a global perspective. In addition, Toyota has a wide variety of conferences and committees for deliberations and the monitoring of management and corporate activities that reflect the views of various stakeholders, including the "Labor-Management Council, the Joint Labor-Management Round Table Conference", and the "Toyota Environment Committee."

Accountability

Toyota has engaged in timely and fair disclosure of corporate and financial information as stated in the CSR Policy "Contribution towards Sustainable Development." In order to ensure the accurate, fair, and timely disclosure of information, Toyota has established the Disclosure Committee chaired by an officer of the Accounting Division. The Committee holds regular meetings for the purpose of preparation, reporting and assessment of its annual securities report, quarterly report under the Financial Instruments and Exchange Law of Japan and Form 20-F under the U.S. Securities Exchange Act, and also holds extraordinary committee meetings from time to time whenever necessary.

Compliance

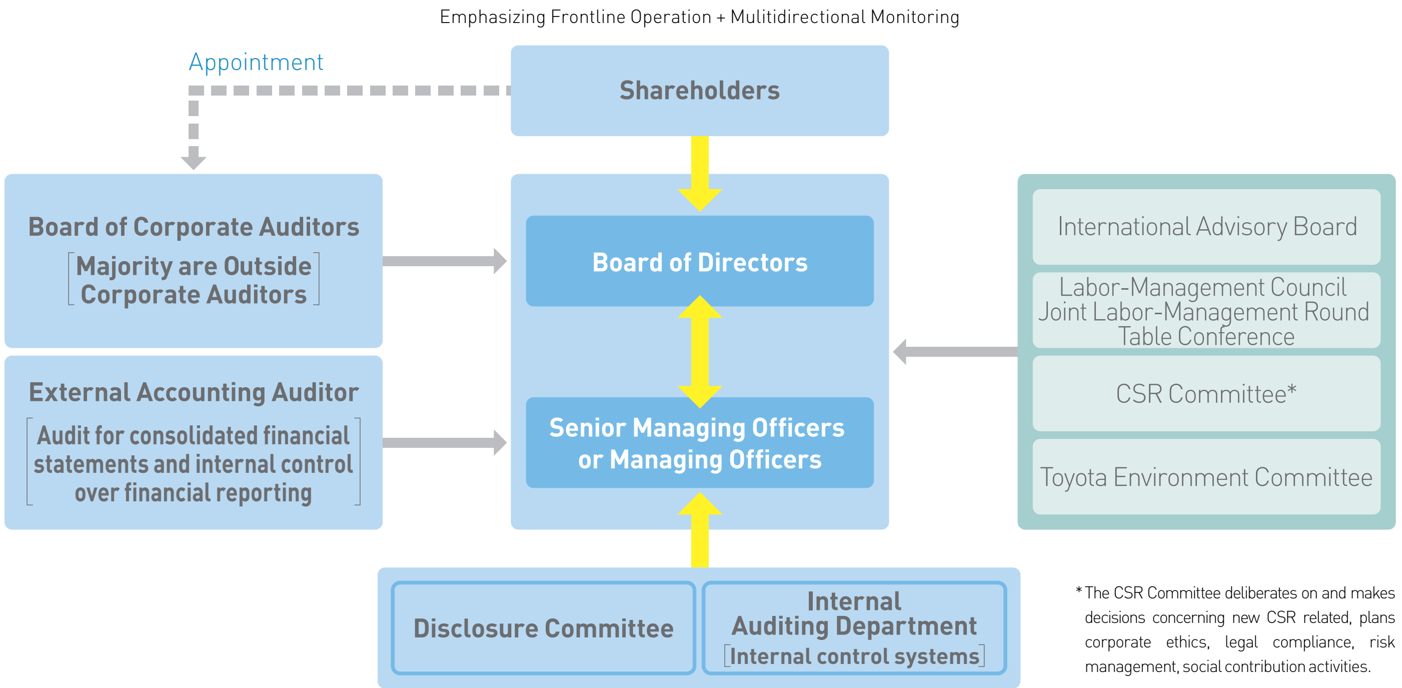
In order to manage and implement important activities for fulfilling social responsibilities, Toyota has established the CSR Committee consisting of directors at the executive vice president level and above as well as representatives of corporate auditors, to review important issues relating to corporate ethics, legal compliance, risk management and social contribution, and also to develop action plans concerning these issues. Toyota has also created a number of facilities for employees to make inquiries concerning compliance matters,

Corporate Governance

including the Compliance Hotline, which enables them to consult with an outside attorney, and takes measures to ensure that Toyota is aware of significant information concerning legal compliance as quickly as possible. Toyota will continue to promote the "Toyota Code of Conduct" which is a guideline for employees' behavior and conduct for employees of Toyota and its consolidated subsidiaries (together "Toyota") all around the world. Toyota will work to advance corporate ethics through training and education at all levels and in all departments.

Toyota has adopted an auditor system. Seven Corporate Auditors including four Outside Corporate Auditors play a role in Toyota's corporate governance efforts by undertaking audits in accordance with the audit policies and plans determined by the Board of Corporate Auditors. In addition, Toyota has secured the personnel and framework supporting the audit by Corporate Auditors. The Outside Corporate Auditors advise Toyota from a fair and neutral perspective, based on their broad experiences and insight in their respective fields of expertise. The state of internal controls and internal audits are reported to Corporate Auditors (including Outside Corporate Auditors) through the Board of Corporate Auditors and the "CSR Committee," and the status of accounting audits is reported by independent External Auditors to the Corporate Auditors (including Outside Corporate Auditors) through the Board of Corporate Auditors. To enhance the system for internal audits, a specialized organization made independent of direct control by the management evaluates the effectiveness of the system to secure the appropriateness of documents regarding financial calculation and other information in accordance with Section 404 of the U.S. Sarbanes- Oxley Act and Article 24-4-4 (1) of the Financial Instruments and Exchange Law of Japan. In order to enhance the reliability of the financial reporting of Toyota, the three auditing functions — audit by Corporate Auditors, internal audit, and accounting audit by Independent External Auditors — aid in conducting an 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



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

Basic Approach to Internal Control System and Its Development

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

Under the following basic policies established in May 2006, Toyota implements an internal control system while conducting necessary enhancements.

▶Additional details for Corporate Governance Click HERE

Basic Approach to Internal Controls

Fundamental Approach

- Draw out the goodwill, enthusiasm, and autonomous decision making abilities of the people who perform work, based on the idea of "respect for people";
- Establish structures within the work performance processes carried out by people and organizations that incorporate internal controls and make possible checks and balances as well as management and oversight by directors;
- Establish inter-departmental organizations to supplement internal controls.

Basic Policy

(1) Legal compliance by Directors
(2) Retention and management of information relating to the execution of responsibilities by Directors
(3) Regulations and other systems related to the management of risk of losses
(4) Efficiency of execution of responsibilities by Directors
(5) Legal compliance by employees
(6) Appropriateness of the business operations of the group
(7) Employees assisting the Corporate Auditors
(8) Independence of employees described in the preceding item (7)
(9) Report to Corporate Auditors
(10) Ensure the efficient execution of audits by the Auditors

Risk Factors

Operational and other risks faced by Toyota that could significantly influence the decisions of investors are set out below. However, the following does not encompass all risks related to the operations of Toyota. There are risk factors other than those given below. Any such risk factors could influence the decisions of investors. The forward-looking statements included below are based on information available as of June 25, 2012, the filing date of Form 20-F.

Risks Relating to the Great East Japan Earthquake

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

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

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

Industry and Business Risks

The worldwide automotive market is highly competitive.

The worldwide automotive market is highly competitive. Toyota faces intense competition from automotive manufacturers in the markets in which it operates. Although the global economy is gradually recovering, competition in the automotive industry has further intensified amidst difficult overall market conditions. In addition, competition is likely to further intensify in light of further continuing globalization in the worldwide automotive industry, possibly resulting in further industry reorganization. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations. Toyota's ability to adequately respond to the recent rapid changes in the automotive market and to maintain its competitiveness will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurances that Toyota will be able to compete successfully in the future.

The worldwide automotive industry is highly volatile.

Each of the markets in which Toyota competes has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on social, political and economic conditions in a given market and the introduction of new vehicles and technologies. As Toyota's revenues are derived from sales in markets worldwide, economic conditions in such markets are particularly important to Toyota. During fiscal 2012, in Japan, despite continuing harsh business conditions due to the impact of the Great East Japan Earthquake, the economic environment is gradually recovering as a result of various government policies aimed at economic revival following the disaster. In the United States, there has been a gradual recovery in economic conditions, but in Europe, the economic environment is at a standstill, due to the ongoing sovereign debt crisis, which has also slowed economic development in numerous emerging economies throughout the world. Toyota was adversely affected by changes in the market structures of each region with further shifts in consumer demand to compact and low-priced vehicles. Such weakness in demand for automobiles and changes in market structure is continuing, and it is unclear how this situation will transition in the future. Toyota's financial condition and results of operations may be adversely affected if the weakness in demand for automobiles and changes in market structure continue or progress further. Demand may also be affected by factors directly impacting vehicle price or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations (including tariffs, import regulation and other taxes). Volatility in demand may lead to lower vehicle unit sales, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations.

Toyota's future success depends on its ability to offer new innovative competitively priced products that meet customer demand on a timely basis.

Meeting customer demand by introducing attractive new vehicles and reducing the amount

Risk Factors

of time required for product development are critical to automotive manufacturers. In particular, it is critical to meet customer demand with respect to quality, safety and reliability. The timely introduction of new vehicle models, at competitive prices, meeting rapidly changing customer preferences and demand is more fundamental to Toyota's success than ever, as the automotive market is rapidly transforming in light of the changing global economy. There is no assurance, however, that Toyota will adequately and appropriately respond to changing customer preferences and demand with respect to quality, safety, reliability, styling and other features in a timely manner. Even if Toyota succeeds in perceiving customer preferences and demand, there is no assurance that Toyota will be capable of developing and manufacturing new, price competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity, including cost reduction capacity. Further, there is no assurance that Toyota will be able to implement capital expenditures at the level and times planned by management. Toyota's inability to develop and offer products that meet customers' preferences and demand with respect to quality, safety, reliability, styling and other features in a timely manner could result in a lower market share and reduced sales volumes and margins, and may adversely affect Toyota's financial condition and results of operations.

Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales.

Toyota's success in the sale of vehicles depends on its ability to market and distribute effectively based on distribution networks and sales techniques tailored to the needs of its customers. There is no assurance that Toyota will be able to develop sales techniques and distribution networks that effectively adapt to changing customer preferences or changes in the regulatory environment in the major markets in which it operates. Toyota's inability to maintain well-developed sales techniques and distribution networks may result in decreased sales and market share and may adversely affect its financial condition and results of operations.

Toyota's success is significantly impacted by its ability to maintain and develop its brand image.

In the highly competitive automotive industry, it is critical to maintain and develop a brand image. In order to maintain and develop a brand image, it is necessary to further increase customers' confidence by providing safe, high-quality products that meet customer preferences and demand. If Toyota is unable to effectively maintain and develop its brand image as a result of its inability to provide safe, high-quality products or as a result of the failure to promptly implement safety measures such as recalls when necessary, vehicle unit sales and/or sale prices may decrease, and as a result revenues and profits may not increase as expected or may decrease, adversely affecting its financial condition and results of operations.

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

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

The worldwide financial services industry is highly competitive.

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

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

Toyota depends on various information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information,

Risk Factors

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

Financial Market and Economic Risks

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

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

Toyota believes that its use of certain derivative financial instruments including interest rate swaps and increased localized production of its products have reduced, but not eliminated, the effects of interest rate and foreign currency exchange rate fluctuations. Nonetheless, a negative impact resulting from fluctuations in foreign currency exchange rates and changes in interest rates may adversely affect Toyota's financial condition and results of operations.

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

Increases in prices for raw materials that Toyota and Toyota's suppliers use in manufacturing their products or parts and components such as steel, precious metals, non-ferrous alloys including aluminum, and plastic parts, may lead to higher production costs for parts and components. This could, in turn, negatively impact Toyota's future profitability because Toyota may not be able to pass all those costs on to its customers or require its suppliers to absorb such costs.

The downturn in the financial markets could adversely affect Toyota's ability to raise capital.

Should the world economy suddenly deteriorate, a number of financial institutions and investors will face difficulties in providing capital to the financial markets at levels corresponding to their own financial capacity, and, as a result, there is a risk that companies may not be able to raise capital under terms that they would expect to receive with their creditworthiness. If Toyota is unable to raise the necessary capital under appropriate conditions on a timely basis, Toyota's financial condition and results of operations may be adversely affected.

Political, Regulatory, Legal and Other Risks

The automotive industry is subject to various governmental regulations.

The worldwide automotive industry is subject to various laws and governmental regulations including those related to vehicle safety and environmental matters such as emission levels, fuel economy, noise and pollution. In particular, automotive manufacturers such as Toyota are required to implement safety measures such as recalls for vehicles that do not or may not comply with the safety standards of laws and governmental regulations. In addition, Toyota may, in order to reassure its customers of the safety of Toyota's vehicles, decide to voluntarily implement recalls or other safety measures even if the vehicle complies with the safety standards of relevant laws and governmental regulations. Many governments also impose tariffs and other trade barriers, taxes and levies, or enact price or exchange controls. Toyota has incurred, and expects to incur in the future, significant costs in complying with these regulations. If Toyota launches products that result in safety measures such as recalls, Toyota may incur various costs including significant costs for free repairs. Furthermore, new legislation or changes in existing legislation

Risk Factors

may also subject Toyota to additional expenses in the future. If Toyota incurs significant costs related to implementing safety measures or meeting laws and governmental regulations, Toyota's financial condition and results of operations may be adversely affected.

Toyota may become subject to various legal proceedings.

As an automotive manufacturer, Toyota may become subject to legal proceedings in respect of various issues, including product liability and infringement of intellectual property. Toyota may also be subject to legal proceedings brought by its shareholders and governmental proceedings and investigations. Toyota is in fact currently subject to a number of pending legal proceedings and government investigations. A negative outcome in one or more of these pending legal proceedings could adversely affect Toyota's financial condition and results of operations.

Toyota may be adversely affected by natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labor strikes.

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

Other Management and Corporate Data

Please Click below to access the contents.

Chronology

Product Lineup

Research & Development

Technological Development

Operations in Japan

Worldwide Operations

Message from the Executive Vice President Responsible for Accounting

We will continue to implement profit improvement activities and aim to develop a strong earnings base that can handle environmental changes.

Fiscal 2012 Business Results

On a consolidated basis for the fiscal year ended March 31, 2012, year-on-year vehicle sales improved 44 thousand units to 7.352 million units. However, net revenues decreased 2.2% to ¥18,583.6 billion, operating income decreased ¥112.6 billion to ¥355.6 billion, and net income decreased ¥124.6 billion to ¥283.5 billion.

Factors contributing to the decrease in operating income included ¥250.0 billion due to exchange rate fluctuations, ¥100.0 billion due to an increase in expenses including labor cost, etc. and ¥62.6 billion due to other factors. Factors contributing to the increase in operating income included ¥150.0 billion from marketing efforts and ¥150.0 billion from our continuous cost-reduction efforts, including companywide VA (Value Analysis) activities.

The further appreciation of the Japanese yen against the U.S. dollar, the euro and other currencies reduced the profitability of exports. And for marketing efforts, although vehicle sales in North America decreased due mainly to a lack of vehicle supply caused by the Great East Japan Earthquake in March 2011, vehicle sales in Japan increased as in the second half, we experienced a strong recovery of lost opportunities due to the Japan earthquake. And in Asia, although IMVs sales were particularly affected by the supply disruption due to the Thailand floods, Etios sales in India were strong, and as a result, sales marked a new record, and contributed to higher income.

The business environment in fiscal 2012 was extremely challenging due to losses in production following the Japan earthquake and the Thailand floods, in addition to yen appreciation. Nevertheless, we achieved operating income of ¥355.6 billion thanks to the concerted efforts of our employees, suppliers and dealers to recover production and sales. Through the concerted efforts of the whole Toyota group to implement cost reductions and fixed cost reductions, we made improvements to our structure for developing a strong earnings base. Also, from fiscal 2013 onward, we will make further improvements to our structure by continuing profit improvement activities.

Consolidated Financial Forecasts for Fiscal 2013

For the fiscal year ending March 31, 2013, we forecast vehicle sales of 8.7 million units, net revenues of ¥22 trillion, operating income of ¥1 trillion and net income of ¥760.0 billion on a consolidated basis. The exchange rates assumed for this forecast are ¥80 per US$1 and ¥105 per €1.

Factors that are expected to increase income include marketing efforts amounting to ¥550.0 billion and cost-reduction efforts amounting to ¥240.0 billion. Factors that are expected to decrease income include an increase in expenses, etc., reaching ¥145.6 billion. With regard to marketing efforts, we expect a significant increase, particularly in North America and Asia, as we recover from the supply shortage in the last fiscal year.

In fiscal 2013, we are aiming to achieve operating income of ¥1 trillion by actively promoting vehicle sales utilizing our new products as well as our competitive lineup of hybrid vehicles and IMVs etc., and strongly pursuing cost reduction together with our suppliers.

We have been aiming to establish a cycle of developing "better cars" that are accepted by our customers and society, and should increase sales and consequently profits to reinvest in developing even "better cars." This cycle is supported by the strong earnings base described in Toyota Global Vision. We believe that the results of our efforts to develop "better cars" will be evident in our numbers in fiscal 2013, and our business foundation is now steadily improving towards the earnings structure described in Toyota Global Vision.

We will continue to establish a cycle of developing "better cars" and aim to build a strong earnings base that can handle environmental changes such as fluctuations in exchange rates and the number of vehicles sold, with further marketing efforts and holding down fixed costs, thorough cost reductions, localization of production and procurement, and similar efforts.

Message from the Executive Vice President Responsible for Accounting

Financial Strategy

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

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

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

We believe that automotive markets worldwide will grow over the medium to long-term. As they expand, the center of market growth will shift toward fuel-efficient vehicles, such as hybrid vehicles and compact vehicles, and toward resource-rich and emerging markets. We plan to invest efficiently and actively in these areas to respond to structural shifts in demand and ensure long-term sustainable growth. We will expand our lineup of hybrids and other eco-cars and develop it globally, while making efforts to increase sales in emerging markets by working to strengthen locally-produced core models, such as IMVs and newly developed subcompact models. I believe we should work to realize a geographically balanced business structure, i.e., the "50:50 sales ratio between Japan/U.S./Europe and emerging markets" defined in Toyota Global Vision.

2. Efficiency: Improving profitability and capital efficiency

To meet ongoing demand for hybrid and compact vehicles, we aim to provide high-quality vehicles at affordable prices and to improve profitability through further cost reductions. The introduction of our new framework for developing "better cars," called the Toyota New Global Architecture (TNGA), will enable us to achieve sweeping advances in product appeal with cost reductions, in addition to strengthening design and development. We can invest efficiently and achieve the same equipment investment benefit with lower capital expenditure. Through such efforts, we will strive for efficient investment that emphasizes the areas where we want to advance, such as eco-cars, including hybrids, and emerging markets, which are expected to grow, while improving our income structure.

3. Stability: Maintaining a solid financial base

We preserve a solid financial base by ensuring sufficient liquidity and stable shareholders' equity. Such a sound financial position enables us to maintain a level of capital expenditures and investment in research and development geared towards future growth as well as to maintain the necessary level of working capital, even during difficult business environments such as steep price increases in raw materials or drastic foreign exchange rate fluctuations, not to mention such unexpected crises as last year's earthquake and the Thailand floods. Although the business environments surrounding us remain unclear due to factors such as the European sovereign debt crisis, we anticipate medium- to long-term growth in automotive markets worldwide. We believe that maintaining adequate liquidity is essential to the implementation of forward-looking investment to improve product appeal and develop next-generation technologies, as well as to establish a structure for production and sales in both the Japanese and overseas markets in addition to the crisis measures. We will continue to pursue further capital efficiency and improved cash flows.

Dividends and Share Acquisitions

We deem the benefit of its shareholders as one of its priority management policies, and it is working to improve corporate structure towards the realization of sustainable growth in order to enhance its corporate value. We will strive to continue to pay stable dividends while giving due consideration to factors such as business results for each term, investment plans and its cash reserves. In order to succeed in this highly competitive industry, we plan to utilize its internal funds for the early commercialization of technologies for next-generation environment and safety, giving priority to customer safety and sense of security. Considering these factors, we declared an annual dividend payment of ¥50 per share for the fiscal year ended March 31, 2012.

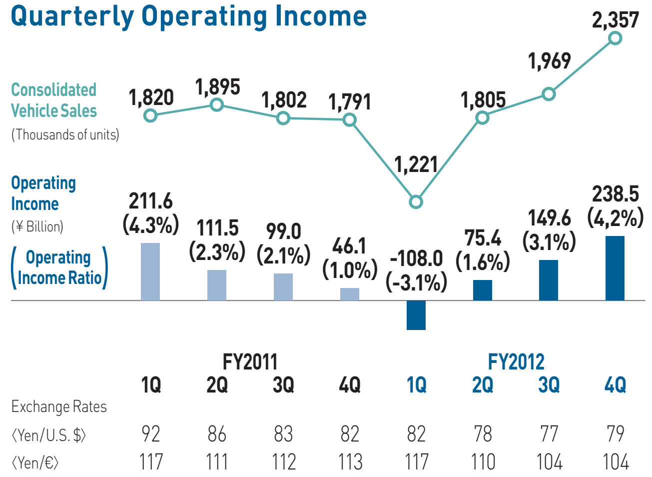
Given the uncertain outlook for the present business environment, we will prioritize securing cash reserves. Accordingly, we did not repurchase our own shares in the fiscal year ended March 31, 2012, and we plan to forgo such repurchases for the foreseeable future.

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

July 2012

Satoshi Ozawa,
Executive Vice President

Quarterly Operating Income

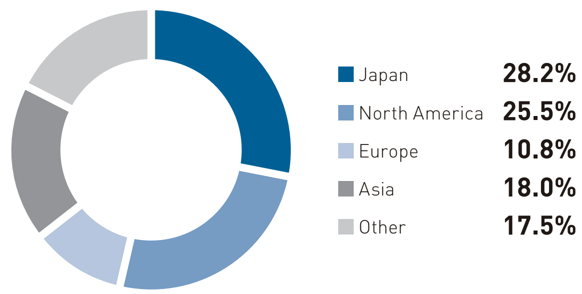


FY2013 Consolidated Financial Forecasts

(¥ Billion)	FY2013 Forecasts April 1, 2012- March 31, 2013	FY2012 Results April 1, 2011- March 31, 2012	Change
Net Revenues	22,000.0	18,583.6	3,416.4
Operating Income	1,000.0	355.6	644.4
Income before Income Taxes and Equity in Earnings of Affiliated Companies	1,160.0	432.8	727.2
Net Income*	760.0	283.5	476.5
Capital Expenditures	820.0	706.7	113.3
R&D Expenses	810.0	779.8	30.2
Exchange Rates Yen/U.S. $	80	79	+1
Exchange Rates Yen/€	105	109	–4

* Net income attributable to Toyota Motor Corporation

Vehicle Sales by Region



Selected Financial Summary (U.S. GAAP)

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions				
	2003	2004	2005	2006	2007
For the Year:					
Net Revenues:					
Sales of Products	¥14,793,973	¥16,578,033	¥17,790,862	¥20,059,493	¥22,670,097
Financing Operations	707,580	716,727	760,664	977,416	1,277,994
Total	¥15,501,553	¥17,294,760	¥18,551,526	¥21,036,909	¥23,948,091
Costs and Expenses:					
Cost of Products Sold	¥11,914,245	¥13,506,337	¥14,500,282	¥16,335,312	¥18,356,255
Cost of Financing Operations	423,885	364,177	369,844	609,632	872,138
Selling, General and Administrative	1,891,777	1,757,356	2,009,213	2,213,623	2,481,015
Total	¥14,229,907	¥15,627,870	¥16,879,339	¥19,158,567	¥21,709,408
Operating Income (Loss)	¥ 1,271,646	¥ 1,666,890	¥ 1,672,187	¥ 1,878,342	¥ 2,238,683
% of Net Revenues	8.2%	9.6%	9.0%	8.9%	9.3%
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	1,226,652	1,765,793	1,754,637	2,087,360	2,382,516
Provision for Income Taxes	517,014	681,304	657,910	795,153	898,312
Net Income (Loss) attributable to Toyota Motor Corporation	750,942	1,162,098	1,171,260	1,372,180	1,644,032
ROE	10.4%	15.2%	13.6%	14.0%	14.7%
Net Cash Provided by Operating Activities	¥ 1,940,088	¥ 2,186,734	¥ 2,370,940	¥ 2,515,480	¥ 3,238,173
Net Cash Used in Investing Activities	(2,001,448)	(2,216,495)	(3,061,196)	(3,375,500)	(3,814,378)
Net Cash Provided by (Used in) Financing Activities	37,675	242,223	419,384	876,911	881,768
R&D Expenses	668,404	682,279	755,147	812,648	890,782
Capital Expenditures for Property, Plant and Equipment*	1,005,931	945,803	1,068,287	1,523,459	1,425,814
Depreciation	870,636	969,904	997,713	1,211,178	1,382,594
At Year-End:					
Toyota Motor Corporation Shareholders' Equity	¥ 7,121,000	¥ 8,178,567	¥ 9,044,950	¥10,560,449	¥11,836,092
Total Assets	20,152,974	22,040,228	24,335,011	28,731,595	32,574,779
Long-Term Debt	4,137,528	4,247,266	5,014,925	5,640,490	6,263,585
Cash and Cash Equivalents	1,592,028	1,729,776	1,483,753	1,569,387	1,900,379
Ratio of Toyota Motor Corporation Shareholders' Equity	35.3%	37.1%	37.2%	36.8%	36.3%

	Yen				
	2003	2004	2005	2006	2007
Per Share Data:					
Net Income (Loss) attributable to Toyota Motor Corporation (Basic)	¥ 211.32	¥ 342.90	¥ 355.35	¥ 421.76	¥ 512.09
Annual Cash Dividends	36	45	65	90	120
Toyota Motor Corporation Shareholders' Equity	2,063.43	2,456.08	2,767.67	3,257.63	3,701.17
Stock Information (March 31):					
Stock Price	¥ 2,635	¥ 3,880	¥ 3,990	¥ 6,430	¥ 7,550
Market Capitalization (Yen in millions)	¥ 9,512,343	¥14,006,790	¥14,403,890	¥23,212,284	¥27,255,481
Number of Shares Issued (shares)	3,609,997,492	3,609,997,492	3,609,997,492	3,609,997,492	3,609,997,492

* Excluding vehicles and equipment of operating leases

Selected Financial Summary (U.S. GAAP)

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions					% change
	2008	2009	2010	2011	**2012**	2012 vs. 2011
For the Year:						
Net Revenues:						
Sales of Products	¥24,820,510	¥19,173,720	¥17,724,729	¥17,820,520	**¥17,511,916**	−1.7
Financing Operations	1,468,730	1,355,850	1,226,244	1,173,168	**1,071,737**	−8.6
Total	¥26,289,240	¥20,529,570	¥18,950,973	¥18,993,688	**¥18,583,653**	−2.2
Costs and Expenses:						
Cost of Products Sold	¥20,452,338	¥17,468,416	¥15,971,496	¥15,985,783	**¥15,795,918**	−1.2
Cost of Financing Operations	1,068,015	987,384	712,301	629,543	**592,646**	−5.9
Selling, General and Administrative	2,498,512	2,534,781	2,119,660	1,910,083	**1,839,462**	−3.7
Total	¥24,018,865	¥20,990,581	¥18,803,457	¥18,525,409	**¥18,228,026**	−1.6
Operating Income (Loss)	¥ 2,270,375	¥ (461,011)	¥ 147,516	¥ 468,279	**¥ 355,627**	−24.1
% of Net Revenues	8.6%	−2.2%	0.8%	2.5%	**1.9%**	—
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	2,437,222	(560,381)	291,468	563,290	**432,873**	−23.2
Provision for Income Taxes	911,495	(56,442)	92,664	312,821	**262,272**	−16.2
Net Income (Loss) attributable to Toyota Motor Corporation	1,717,879	(436,937)	209,456	408,183	**283,559**	−30.5
ROE	14.5%	−4.0%	2.1%	3.9%	**2.7%**	—
Net Cash Provided by Operating Activities	¥ 2,981,624	¥ 1,476,905	¥ 2,558,530	¥ 2,024,009	**¥ 1,452,435**	−28.2
Net Cash Used in Investing Activities	(3,874,886)	(1,230,220)	(2,850,184)	(2,116,344)	**(1,442,658)**	—
Net Cash Provided by (Used in) Financing Activities	706,189	698,841	(277,982)	434,327	**(355,347)**	—
R&D Expenses	958,882	904,075	725,345	730,340	**779,806**	+6.8
Capital Expenditures for Property, Plant and Equipment*	1,480,570	1,364,582	604,536	629,326	**723,537**	+15.0
Depreciation	1,491,135	1,495,170	1,414,569	1,175,573	**1,067,830**	−9.2
At Year-End:						
Toyota Motor Corporation Shareholders' Equity	¥11,869,527	¥10,061,207	¥10,359,723	¥10,332,371	**¥10,550,261**	+2.1
Total Assets	32,458,320	29,062,037	30,349,287	29,818,166	**30,650,965**	+2.8
Long-Term Debt	5,981,931	6,301,469	7,015,409	6,449,220	**6,042,277**	−6.3
Cash and Cash Equivalents	1,628,547	2,444,280	1,865,746	2,080,709	**1,679,200**	−19.3
Ratio of Toyota Motor Corporation Shareholders' Equity	36.6%	34.6%	34.1%	34.7%	**34.4%**	—

	Yen					% change
	2008	2009	2010	2011	**2012**	2012 vs. 2011
Per Share Data:						
Net Income (Loss) attributable to Toyota Motor Corporation (Basic)	¥ 540.65	¥ (139.13)	¥ 66.79	¥ 130.17	**¥ 90.21**	−30.7
Annual Cash Dividends	140	100	45	50	**50**	—
Toyota Motor Corporation Shareholders' Equity	3,768.97	3,208.41	3,303.49	3,295.08	**3,331.51**	+1.1
Stock Information (March 31):						
Stock Price	¥ 4,970	¥ 3,120	¥ 3,745	¥ 3,350	**¥ 3,570**	+6.6
Market Capitalization (Yen in millions)	¥17,136,548	¥10,757,752	¥12,912,751	¥11,550,792	**¥12,309,351**	+6.6
Number of Shares Issued (shares)	3,447,997,492	3,447,997,492	3,447,997,492	3,447,997,492	**3,447,997,492**	—

* Excluding vehicles and equipment of operating leases

Consolidated Segment Information

Toyota Motor Corporation
Fiscal years ended March 31

	Yen in millions						% change
	2007	2008	2009	2010	2011	**2012**	2012 vs. 2011
Business Segment:							
Net Revenues:							
Automotive	¥21,928,006	¥24,177,306	¥18,564,723	¥17,197,428	¥17,337,320	**¥16,994,546**	−2.0
Financial Services	1,300,548	1,498,354	1,377,548	1,245,407	1,192,205	**1,100,324**	−7.7
All Other	1,323,731	1,346,955	1,184,947	947,615	972,252	**1,048,915**	+7.9
Intersegment Elimination	(604,194)	(733,375)	(597,648)	(439,477)	(508,089)	**(560,132)**	—
Consolidated	¥23,948,091	¥26,289,240	¥20,529,570	¥18,950,973	¥18,993,688	**¥18,583,653**	−2.2
Operating Income (Loss):							
Automotive	¥ 2,038,828	¥ 2,171,905	¥ (394,876)	¥ (86,370)	¥ 85,973	**¥ 21,683**	−74.8
Financial Services	158,495	86,494	(71,947)	246,927	358,280	**306,438**	−14.5
All Other	39,679	33,080	9,913	(8,860)	35,242	**42,062**	+19.4
Intersegment Elimination	1,681	(21,104)	(4,101)	(4,181)	(11,216)	**(14,556)**	—
Consolidated	¥ 2,238,683	¥ 2,270,375	¥ (461,011)	¥ 147,516	¥ 468,279	**¥ 355,627**	−24.1
Geographic Segment:							
Net Revenues:							
Japan	¥14,815,282	¥15,315,812	¥12,186,737	¥11,220,303	¥10,986,246	**¥11,167,319**	+1.6
North America	9,029,773	9,423,258	6,222,914	5,670,526	5,429,136	**4,751,886**	−12.5
Europe	3,542,193	3,993,434	3,013,128	2,147,049	1,981,497	**1,993,946**	+0.6
Asia	2,225,528	3,120,826	2,719,329	2,655,327	3,374,534	**3,334,274**	−1.2
Other	1,922,742	2,294,137	1,882,900	1,673,861	1,809,116	**1,760,175**	−2.7
Intersegment Elimination	(7,587,427)	(7,858,227)	(5,495,438)	(4,416,093)	(4,586,841)	**(4,423,947)**	—
Consolidated	¥23,948,091	¥26,289,240	¥20,529,570	¥18,950,973	¥18,993,688	**¥18,583,653**	−2.2
Operating Income (Loss):							
Japan	¥ 1,457,246	¥ 1,440,286	¥ (237,531)	¥ (225,242)	¥ (362,396)	**¥ (207,040)**	—
North America	449,633	305,352	(390,192)	85,490	339,503	**186,409**	−45.1
Europe	137,383	141,571	(143,233)	(32,955)	13,148	**17,796**	+35.4
Asia	117,595	256,356	176,060	203,527	312,977	**256,790**	−18.0
Other	83,497	143,978	87,648	115,574	160,129	**108,814**	−32.0
Intersegment Elimination	(6,671)	(17,168)	46,237	1,122	4,918	**(7,142)**	—
Consolidated	¥ 2,238,683	¥ 2,270,375	¥ (461,011)	¥ 147,516	¥ 468,279	**¥ 355,627**	−24.1

Consolidated Quarterly Financial Summary

Toyota Motor Corporation
Fiscal years ended March 31

Yen in billions

	2011				2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net Revenues	¥4,871.8	¥4,806.7	¥4,673.1	¥4,642.0	**¥3,441.0**	**¥ 4,574.9**	**¥ 4,865.2**	**¥ 5,702.5**
% Change	27.0%	5.8%	−11.7%	−12.1%	**−29.4%**	**−4.8%**	**4.1%**	**22.8%**
Operating Income (Loss)	211.6	111.5	99.0	46.1	**(108.0)**	**75.4**	**149.6**	**238.5**
% Change	—%	92.2%	−47.6%	−51.6%	**—%**	**−32.4%**	**51.1%**	**417.5%**
Operating Income Margin	4.3%	2.3%	2.1%	1.0%	**−3.1%**	**1.6%**	**3.1%**	**4.2%**
Income (Loss) before Income Taxes and Equity in Earnings of Affiliated Companies	263.0	129.1	129.6	41.5	**(80.5)**	**79.1**	**198.6**	**235.6**
% Change	—%	70.9%	−42.3%	−67.9%	**—%**	**−38.7%**	**53.2%**	**467.2%**
Net Income (Loss) attributable to Toyota Motor Corporation	190.4	98.7	93.6	25.4	**1.1**	**80.4**	**80.9**	**121.0**
% Change	—%	352.0%	−38.9%	−77.4%	**−99.4%**	**−18.5%**	**−13.5%**	**376.5%**
Business Segment:								
Net Revenues:								
Automotive	¥4,467.8	¥4,395.8	¥4,255.1	¥4,218.5	**¥3,060.8**	**¥ 4,183.1**	**¥ 4,471.4**	**¥ 5,279.0**
Financial Services	307.6	296.3	297.5	290.8	**285.8**	**271.0**	**271.5**	**272.0**
All Other	212.9	233.5	238.0	287.8	**190.5**	**255.2**	**272.2**	**331.0**
Intersegment Elimination	(116.5)	(118.9)	(117.5)	(155.1)	**(96.1)**	**(134.4)**	**(149.9)**	**(179.6)**
Consolidated	¥4,871.8	¥4,806.7	¥4,673.1	¥4,642.0	**¥3,441.0**	**¥ 4,574.9**	**¥ 4,865.2**	**¥ 5,702.5**
Operating Income (Loss):								
Automotive	¥ 96.7	¥ 33.0	¥ (27.5)	¥ (16.2)	**¥ (202.5)**	**¥ (7.5)**	**¥ 57.1**	**¥ 175.4**
Financial Services	115.1	68.6	116.4	58.1	**94.6**	**76.4**	**83.5**	**51.9**
All Other	4.0	10.7	13.4	7.1	**(2.0)**	**9.9**	**15.3**	**18.8**
Intersegment Elimination	(4.2)	(0.8)	(3.3)	(2.9)	**1.9**	**(3.4)**	**(6.3)**	**(6.7)**
Consolidated	¥ 211.6	¥ 111.5	¥ 99.0	¥ 46.1	**¥ (108.0)**	**¥ 75.4**	**¥ 149.6**	**¥ 238.5**
Geographic Segment:								
Net Revenues:								
Japan	¥2,806.6	¥2,919.6	¥2,686.1	¥2,573.9	**¥1,784.5**	**¥ 2,869.0**	**¥ 3,024.2**	**¥ 3,489.6**
North America	1,483.6	1,337.6	1,333.3	1,274.5	**853.5**	**1,085.7**	**1,379.5**	**1,432.9**
Europe	459.8	465.3	524.2	532.1	**459.9**	**499.2**	**527.0**	**507.8**
Asia	834.9	794.2	835.1	910.5	**700.0**	**827.3**	**704.2**	**1,102.9**
Other	453.7	408.0	489.7	457.7	**368.8**	**455.3**	**460.2**	**475.9**
Intersegment Elimination	(1,166.8)	(1,118.0)	(1,195.3)	(1,106.7)	**(725.7)**	**(1,161.6)**	**(1,229.9)**	**(1,306.7)**
Consolidated	¥4,871.8	¥4,806.7	¥4,673.1	¥4,642.0	**¥3,441.0**	**¥ 4,574.9**	**¥ 4,865.2**	**¥ 5,702.5**
Operating Income (Loss):								
Japan	¥ (27.5)	¥ (24.5)	¥ (122.4)	¥ (188.0)	**¥ (206.6)**	**¥ (69.3)**	**¥ (30.5)**	**¥ 99.4**
North America	109.7	36.1	105.2	88.4	**28.9**	**32.5**	**90.3**	**34.5**
Europe	(6.8)	(2.1)	2.2	19.8	**(7.5)**	**5.6**	**10.4**	**9.2**
Asia	90.2	74.0	68.6	80.2	**60.1**	**70.4**	**40.5**	**85.7**
Other	41.0	31.9	44.3	42.9	**21.0**	**37.1**	**37.9**	**12.8**
Intersegment Elimination	5.0	(3.9)	1.1	2.8	**(3.9)**	**(0.9)**	**1.0**	**(3.3)**
Consolidated	¥ 211.6	¥ 111.5	¥ 99.0	¥ 46.1	**¥ (108.0)**	**¥ 75.4**	**¥ 149.6**	**¥ 238.5**

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. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Overview

The business segments of Toyota include automotive operations, financial services operations and all other operations. Automotive operations are Toyota's most significant business segment, accounting for 89% of Toyota's total revenues before the elimination of intersegment revenues for fiscal 2012. Toyota's primary markets based on vehicle unit sales for fiscal 2012 were: Japan (28%), North America (25%), Europe (11%) and Asia (18%). Japan's economy suffered from the effects of the Great East Japan Earthquake and its aftermath (collectively, the "Great East Japan Earthquake"). As a result, in Japan and other regions, Toyota experienced negative impacts on its production in the first half of fiscal year 2012. See "Information on the Company — Business Overview —" for more detailed information of the Great East Japan Earthquake in Toyota's annual report on Form 20-F.

Automotive Market Environment

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

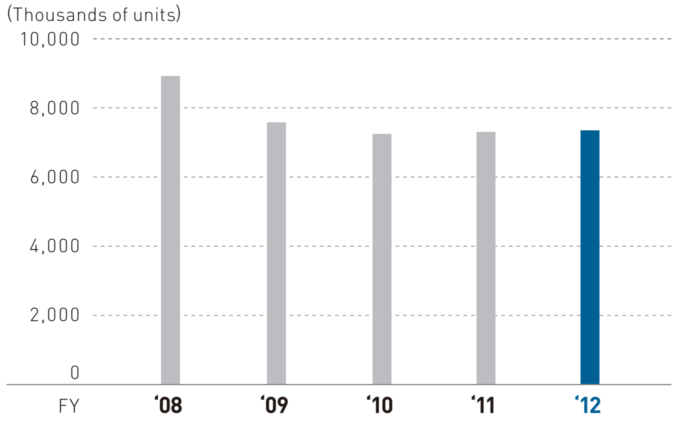
During fiscal 2012, automotive markets developed steadily in the U.S. and emerging countries such as Asia. However, many Japanese manufacturers, including Toyota, were forced to adjust or stop productions due to shortages of parts supplies caused by the Great East Japan Earthquake and by the flood in Thailand that occurred in October 2011. Toyota and its group companies together exerted every effort to normalize production, and Toyota was able to achieve full normalization of production and begin its recovery from the disaster sooner than initially anticipated.

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

	Thousands of units		
	Year Ended March 31,		
	2010	2011	**2012**
Japan	2,163	1,913	**2,071**
North America	2,098	2,031	**1,872**
Europe	858	796	**798**
Asia	979	1,255	**1,327**
Other*	1,139	1,313	**1,284**
Overseas total	5,074	5,395	**5,281**
Total	7,237	7,308	**7,352**

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

Consolidated Vehicle Sales



During fiscal 2011, Toyota's consolidated vehicle unit sales in Japan decreased as compared with the prior fiscal year because market conditions in Japan deteriorated as compared with the prior fiscal year. During fiscal 2012, Toyota's consolidated vehicle unit sales in Japan increased as compared with the prior fiscal year reflecting frequent introduction of new products and sales efforts of domestic dealers.

Toyota and Lexus brands' market share in Japan excluding mini-vehicles was 45.5%, and Toyota's market share (including Daihatsu and Hino brands) in Japan including mini-vehicles was 43.2%, both maintaining the high level of market share in Japan from the prior fiscal year. Overseas consolidated vehicle unit sales increased during fiscal 2011, whereas they decreased during fiscal 2012. During fiscal 2011, total overseas vehicle unit sales increased in Asia and Other. During fiscal 2012, total overseas vehicle unit sales decreased, particularly in North America due to impact of the Great East Japan Earthquake and the flood in Thailand, although an increase in Asia resulted from steady demand in spite of the flood in Thailand.

Toyota's share of total vehicle unit sales in each market is influenced by the quality, safety, reliability, price, design, performance, economy and utility of Toyota's vehicles compared with

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

those offered by other manufacturers. The timely introduction of new or redesigned vehicles is also an important factor in satisfying customer needs. Toyota's ability to satisfy changing customer preferences can affect its revenues and earnings significantly.

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

- vehicle unit sales volumes,
- the mix of vehicle models and options sold,
- the level of parts and service sales,
- the levels of price discounts and other sales incentives and marketing costs,
- the cost of customer warranty claims and other customer satisfaction actions,
- the cost of research and development and other fixed costs,
- the prices of raw materials,
- the ability to control costs,
- the efficient use of production capacity,
- the adverse effect on production due to the reliance on various suppliers for the provision of supplies,
- the adverse effect on market, sales and productions of natural calamities and interruptions of social infrastructure, and
- changes in the value of the Japanese yen and other currencies in which Toyota conducts business.

Changes in laws, regulations, policies and other governmental actions can also materially impact the profitability of Toyota's automotive operations. These laws, regulations and policies include those attributed to environmental matters, vehicle safety, fuel economy and emissions that can add significantly to the cost of vehicles. The European Union has enforced a directive that requires manufacturers to be financially responsible for taking back end-of-life vehicles and to take measures to ensure that adequate used vehicle disposal facilities are established and those hazardous materials and recyclable parts are removed from vehicles prior to scrapping. See "Legislation Regarding End-of-Life Vehicles", "Information on the Company — Business Overview — Governmental Regulation, Environmental and Safety Standards" in Toyota's annual report on Form 20-F 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. In February 2003, Toyota was named as one of the defendants in purported national class actions alleging violations of the U.S. Sherman Antitrust Act. Toyota believes that its actions have been lawful. In order to avoid a protracted dispute, however, Toyota entered into a settlement agreement with the plaintiffs at the end of February 2006. The federal court approved the settlement agreement, and all related actions were dismissed. From time-to-time when potential safety problems arise, Toyota issues vehicle recalls and takes other safety measures including safety campaigns with respect to its vehicles. In November 2009, Toyota announced a safety campaign in North America for certain models of Toyota and Lexus brands' vehicles related to floor mat entrapment of accelerator pedals, and later expanded it to include additional models. In January 2010, Toyota announced a recall in North America for certain models of Toyota vehicles related to sticking and slow-to-return accelerator pedals. Also in January 2010, Toyota recalled in Europe and China certain models of Toyota vehicles related to sticking accelerator pedals. In February 2010, Toyota announced a recall in markets including Japan, North America and Europe related to the braking control system in certain vehicle models including the Prius. The recalls and other safety measures described above have led to a number of claims, lawsuits and government investigations against Toyota in the United States. For a more detailed description of these claims, lawsuits and government investigations, see note 23 to the consolidated financial statements.

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

Financial Services Operations

The competition of worldwide automobile financial services industry is intensifying despite the recovery trend in the automotive markets. As competition increases, margins on financing transactions may decrease and market share may also decline as customers obtain financing for Toyota vehicles from alternative sources.

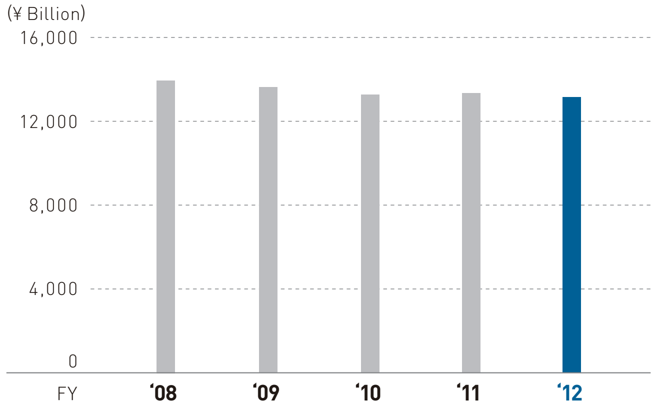
Toyota's financial services operations mainly include loans and leasing programs for customers and dealers. Toyota believes that its ability to provide financing to its customers is an important value added service. Therefore, Toyota has expanded its network of finance subsidiaries in order to offer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

Toyota's competitors for retail financing and retail leasing include commercial banks, credit unions and other finance companies. Meanwhile, commercial banks and other captive automobile finance companies also compete against Toyota's wholesale financing activities.

Although Toyota's total finance receivables, net was affected by the unfavorable impact of fluctuations in foreign currency translation rates, the total finance receivables, net increased during fiscal 2012 mainly due to an decrease in allowance for credit losses.

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

Total Assets by Financial Services Operations



The following table provides information regarding Toyota's finance receivables and operating leases in the past two fiscal years.

	Yen in millions	
	March 31,	
	2011	**2012**
Finance Receivables		
Retail	¥ 7,128,453	**¥ 7,248,793**
Finance leases	1,123,188	**955,430**
Wholesale and other dealer loans	1,990,557	**2,033,954**
	10,242,198	**10,238,177**
Deferred origination costs	104,391	**105,533**
Unearned income	(496,235)	**(494,123)**
Allowance for credit losses		
Retail	(92,199)	**(77,353)**
Finance leases	(36,024)	**(30,637)**
Wholesale and other dealer loans	(28,580)	**(24,238)**
	(156,803)	**(132,228)**
Total finance receivables, net	9,693,551	**9,717,359**
Less – Current portion	(4,136,805)	**(4,114,897)**
Noncurrent finance receivables, net	¥ 5,556,746	**¥ 5,602,462**
Operating Leases		
Vehicles	¥ 2,404,032	**¥ 2,487,721**
Equipment	87,914	**87,632**
	2,491,946	**2,575,353**
Less – Accumulated depreciation	(651,443)	**(667,406)**
Less – Allowance for credit losses	(10,812)	**(8,135)**
Vehicles and equipment on operating leases, net	¥ 1,829,691	**¥ 1,899,812**

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

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

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

The fluctuations in funding costs can affect the profitability of Toyota's financial services operations. Funding costs are affected by a number of factors, some of which are not in Toyota's control. These factors include general economic conditions, prevailing interest rates and Toyota's financial strength. Funding costs decreased during fiscal 2011 and 2012, mainly as a result of lower interest rates.

Toyota launched its credit card business in Japan in April 2001. As of March 31, 2011, Toyota had 8.9 million cardholders, an increase of 1.2 million cardholders compared with March 31, 2010. As of March 31, 2012, Toyota had 10.9 million cardholders, an increase of 2.0 million cardholders compared with March 31, 2011. The credit card receivables at March 31, 2011 increased by ¥8.1 billion from March 31, 2010 to ¥263.5 billion. The credit card receivables at March 31, 2012 increased by ¥44.0 billion from March 31, 2011 to ¥307.5 billion.

■□ Other Business Operations

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

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

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

Currency Fluctuations

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

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

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

Toyota believes that the location of its production facilities in different parts of the world has significantly reduced the level of transaction risk. As part of its globalization strategy, Toyota has continued to localize production by constructing production facilities in the major markets in which it sells its vehicles. In calendar 2010 and 2011, Toyota produced 73.4% and 71.3% of its non-domestic sales outside Japan, respectively. In North America, 72.6% and 66.8% of vehicles sold in calendar 2010 and 2011 respectively were produced locally. In Europe, 59.0% and 57.7% of vehicles sold in calendar 2010 and 2011 respectively were produced locally. Localizing production enables Toyota to locally purchase many of the supplies and resources used in the production process, which allows for a better match of local currency revenues with local currency expenses.

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

Generally, a weakening of the Japanese yen against other currencies has a positive effect on Toyota's revenues, operating income and net income attributable to Toyota Motor Corporation. A strengthening of the Japanese yen against other currencies has the opposite effect. In fiscal 2011 and 2012, the Japanese yen was on average and at the end of each fiscal year stronger against the U.S. dollar and the euro in comparison to the prior fiscal year. See further discussion in "Quantitative and Qualitative Disclosures about Market Risk — Market Risk Disclosures — Foreign Currency Exchange Rate Risk".

During fiscal 2011 and 2012, the average exchange rate of the Japanese yen strengthened against the major currencies including the U.S. dollar and the euro compared with the average exchange rate of the prior fiscal year. The operating results excluding the impact of currency fluctuations described in "Results of Operations — Fiscal 2012 Compared with Fiscal 2011" and "Results of Operations — Fiscal 2011 Compared with Fiscal 2010" 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 2011 and 2012, 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 vehicle unit sales, production volume, market share information, vehicle model plans and plant location costs to allocate resources within the automotive operations.

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

Geographic Breakdown

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

	Yen in millions		
	Year ended March 31,		
	2010	2011	**2012**
Japan	¥7,314,813	¥6,966,929	**¥7,293,804**
North America	5,583,228	5,327,809	**4,644,348**
Europe	2,082,671	1,920,416	**1,917,408**
Asia	2,431,648	3,138,112	**3,116,849**
Other*	1,538,613	1,640,422	**1,611,244**

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

Revenues by Market FY2012

Japan	**39.2%**
North America	**25.0%**
Europe	**10.3%**
Asia	**16.8%**
All Other Markets	**8.7%**

Results of Operations — Fiscal 2012 Compared with Fiscal 2011

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Net revenues:				
Japan	¥10,986,246	**¥11,167,319**	¥ 181,073	+1.6%
North America	5,429,136	**4,751,886**	(677,250)	−12.5%
Europe	1,981,497	**1,993,946**	12,449	+0.6%
Asia	3,374,534	**3,334,274**	(40,260)	−1.2%
Other*	1,809,116	**1,760,175**	(48,941)	−2.7%
Intersegment elimination/ unallocated amount	(4,586,841)	**(4,423,947)**	162,894	—
Total	¥18,993,688	**¥18,583,653**	¥(410,035)	−2.2%
Operating income (loss):				
Japan	¥ (362,396)	**¥ (207,040)**	¥ 155,356	—
North America	339,503	**186,409**	(153,094)	−45.1%
Europe	13,148	**17,796**	4,648	+35.4%
Asia	312,977	**256,790**	(56,187)	−18.0%
Other*	160,129	**108,814**	(51,315)	−32.0%
Intersegment elimination/ unallocated amount	4,918	**(7,142)**	(12,060)	—
Total	¥ 468,279	**¥ 355,627**	¥(112,652)	−24.1%
Operating margin	2.5%	**1.9%**	−0.6%	
Income before income taxes and equity in earnings of affiliated companies	563,290	**432,873**	(130,417)	−23.2%
Net margin from income before income taxes and equity in earnings of affiliated companies	3.0%	**2.3%**	−0.7%	
Equity in earnings of affiliated companies	215,016	**197,701**	(17,315)	−8.1%
Net income attributable to Toyota Motor Corporation	408,183	**283,559**	(124,624)	−30.5%
Net margin attributable to Toyota Motor Corporation	2.1%	**1.5%**	−0.6%	

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

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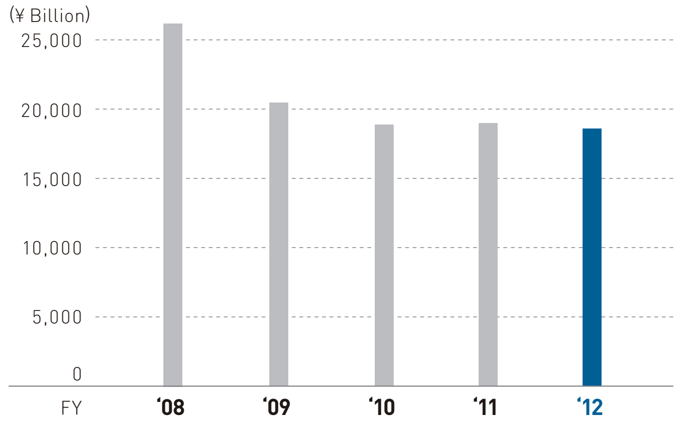
Net Revenues

Toyota had net revenues for fiscal 2012 of ¥18,583.6 billion, a decrease of ¥410.0 billion, or 2.2%, compared with the prior fiscal year. This decrease reflects unfavorable impact of fluctuations in foreign currency translation rates and others of ¥717.7 billion, partially offset by changes in numbers of the vehicle unit sales and sales mix of approximately ¥320.0 billion and other factors. Excluding the difference in the Japanese yen value used for translation purposes of ¥717.7 billion, net revenues would have been approximately ¥19,301.3 billion during fiscal 2012, a 1.6% increase compared with the prior fiscal year. The automotive market in fiscal 2012 increased by 9.7% in North America and 3.9% in Asia compared with the prior fiscal year due to that market in the U.S. and emerging countries such as Asia have developed in a steady manner. Under these automotive market conditions, despite the Great East Japan Earthquake and the flood in Thailand, Toyota's consolidated vehicle unit sales increased to 7,352 thousand vehicles by 0.6% compared with the prior fiscal year.

Net Revenues



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

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Vehicles	¥14,507,479	**¥14,164,940**	¥(342,539)	−2.4%
Parts and components for overseas production	335,366	**338,000**	2,634	+0.8%
Parts and components for after service	1,553,497	**1,532,219**	(21,278)	−1.4%
Other	926,411	**929,219**	2,808	+0.3%
Total Automotive	17,322,753	**16,964,378**	(358,375)	−2.1%
All Other	497,767	**547,538**	49,771	+10.0%
Total sales of products	17,820,520	**17,511,916**	(308,604)	−1.7%
Financial services	1,173,168	**1,071,737**	(101,431)	−8.6%
Total	¥18,993,688	**¥18,583,653**	¥(410,035)	−2.2%

Toyota's net revenues include net revenues from sales of products, consisting of net revenues from automotive operations and all other operations, which decreased by 1.7% during fiscal 2012 compared with the prior fiscal year to ¥17,511.9 billion, and net revenues from financial services operations which decreased by 8.6% during fiscal 2012 compared with the prior fiscal year to ¥1,071.7 billion. Excluding the difference in the Japanese yen value used for translation purposes of ¥650.8 billion, net revenues from sales of products would have been ¥18,162.7 billion, a 1.9% increase during fiscal 2012 compared with the prior fiscal year. The increase in net revenues from sales of products is due to an increase in Toyota vehicle unit sales by 44 thousand vehicles. Excluding the difference in the Japanese yen value used for translation purposes of ¥66.9 billion, net revenues from financial services operations would have been approximately ¥1,138.6 billion, a 2.9% decrease during fiscal 2012 compared with the prior fiscal year. This decrease was mainly due to the decrease of ¥18.3 billion rental revenue generated by vehicles and equipment on operating lease.

The following table shows the number of financing contracts by geographic region at the end of the fiscal 2012 and 2011, respectively.

	Number of financing contracts in thousands			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Japan	1,709	**1,697**	(12)	−0.7%
North America	4,654	**4,535**	(119)	−2.6%
Europe	790	**796**	6	+0.7%
Asia	522	**649**	127	+24.3%
Other*	527	**552**	25	+4.9%
Total	8,202	**8,229**	27	+0.3%

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

Geographically, net revenues (before the elimination of intersegment revenues) for fiscal 2012 decreased by 12.5% in North America, 1.2% in Asia, and 2.7% in Other, whereas net revenues increased by 1.6% in Japan and 0.6% in Europe compared with the prior fiscal year. Excluding the difference in the Japanese yen value used for translation purposes of ¥717.7 billion, net revenues in fiscal 2012 would have decreased by 5.1% in North America, and would have increased by 1.6% in Japan, 5.3% in Europe, 3.8% in Asia and 1.7% in Other compared with the prior fiscal year.

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

Japan

	Thousands of units			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Toyota's consolidated vehicle unit sales*	3,611	**3,741**	130	+3.6%

* including number of exported vehicle unit sales

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Net revenues:				
Sales of products	¥10,864,329	**¥11,040,964**	¥176,635	+1.6%
Financial services	121,917	**126,355**	4,438	+3.6%
Total	¥10,986,246	**¥11,167,319**	¥181,073	+1.6%

Although Toyota's domestic and exported vehicle unit sales decreased due to the impact of the Great East Japan Earthquake in the first half of fiscal 2012, Toyota's domestic and exported vehicle unit sales over the fiscal year increased by 130 thousand vehicles compared with the prior fiscal year. The increase in vehicle unit sales resulted primarily from introduction of new products such as Prius α and Aqua.

North America

	Thousands of units			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Toyota's consolidated vehicle unit sales	2,031	**1,872**	(159)	–7.8%

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Net revenues:				
Sales of products	¥4,603,192	**¥4,048,532**	¥(554,660)	–12.0%
Financial services	825,944	**703,354**	(122,590)	–14.8%
Total	¥5,429,136	**¥4,751,886**	¥(677,250)	–12.5%

In North America, the vehicle unit sales decreased by 159 thousand vehicles compared with the prior fiscal year due to decreased production as a result of shortages of parts supplies caused by the Great East Japan Earthquake and the flood in Thailand, consisting of a 67 thousand vehicles, or 30.7%, decrease in RAV4 sales, a 26 thousand vehicles, or 22.4%, decrease in Tundra sales, and a 21 thousand vehicles, or 7.3%, decrease in Corolla sales. Net revenues in North America decreased compared with the prior fiscal year due to the decrease in vehicle unit sales and the unfavorable impact of fluctuations in foreign currency translation rates of ¥398.9 billion.

Europe

	Thousands of units			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Toyota's consolidated vehicle unit sales	796	**798**	2	+0.3%

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Net revenues:				
Sales of products	¥1,910,336	**¥1,925,670**	¥15,334	+0.8%
Financial services	71,161	**68,276**	(2,885)	–4.1%
Total	¥1,981,497	**¥1,993,946**	¥12,449	+0.6%

Net revenues in Europe as a whole increased due primarily to the 2 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year, such as a 49 thousand vehicles increase in Russia, where the economy has been strong, although sales of Toyota brands' vehicles decreased in some European countries compared with the prior fiscal year, such as a 18 thousand vehicles decrease in Italy and a 7 thousand vehicles decrease in Portugal, both of which mainly due to the European credit crisis.

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Asia

	Thousands of units			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,255	**1,327**	72	+5.7%

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Net revenues:				
Sales of products	¥3,325,466	**¥3,275,871**	¥(49,595)	−1.5%
Financial services	49,068	**58,403**	9,335	+19.0%
Total	¥3,374,534	**¥3,334,274**	¥(40,260)	−1.2%

Despite the flood in Thailand, Toyota's vehicle unit sales in Asia increased by 72 thousand vehicles compared with the prior fiscal year due to steady growth in automotive markets. Although Toyota's vehicle unit sales in Asia increased, net revenues in Asia decreased compared with the prior fiscal year mainly due to the unfavorable impact of fluctuations in foreign currency translation rates of ¥168.8 billion and others.

Other

	Thousands of units			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Toyota's consolidated vehicle unit sales	1,313	**1,284**	(29)	−2.2%

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Net revenues:				
Sales of products	¥1,694,680	**¥1,636,043**	¥(58,637)	−3.5%
Financial services	114,436	**124,132**	9,696	+8.5%
Total	¥1,809,116	**¥1,760,175**	¥(48,941)	−2.7%

Net revenues in Other decreased due to decreases in Toyota's vehicle unit sales primarily as a result of shortages of parts supplies caused by the Great East Japan Earthquake and the flood in Thailand. Toyota's vehicle unit sales decreased by 25 thousand vehicles in Oceania, and by 19 thousand vehicles in the Middle East, respectively, compared with the prior fiscal year.

Operating Costs and Expenses

	Yen in millions			
	Year ended March 31,		2012 vs. 2011 Change	
	2011	**2012**	Amount	Percentage
Operating costs and expenses				
Cost of products sold	¥15,985,783	**¥15,795,918**	¥(189,865)	−1.2%
Cost of financing operations	629,543	**592,646**	(36,897)	−5.9%
Selling, general and administrative	1,910,083	**1,839,462**	(70,621)	−3.7%
Total	¥18,525,409	**¥18,228,026**	¥(297,383)	−1.6%

	Yen in millions
	2012 vs. 2011 Change
Changes in operating costs and expenses:	
Effect of changes in vehicle unit sales and sales mix and other operational factors	¥ 150,000
Effect of fluctuation in foreign currency translation rates and others	(432,300)
Effect of cost reduction efforts	(150,000)
Effect of increase in miscellaneous costs and others	134,917
Total	¥(297,383)

Operating costs and expenses decreased by ¥297.3 billion, or 1.6%, to ¥18,228.0 billion during fiscal 2012 compared with the prior fiscal year. This decrease resulted from the ¥432.3 billion favorable impact of fluctuations in foreign currency translation rates and others, and the ¥150.0 billion impact of cost reduction efforts, partially offset by the ¥150.0 billion impact of changes in vehicle unit sales and sales mix and other operational factors and the ¥134.9 billion increase in miscellaneous costs and others.

The increase in miscellaneous costs and others was due mainly to a ¥100.0 billion increase in labor costs, a ¥50.0 billion increase in research and development expenses and the ¥104.9 billion increase in other various costs, partially offset by the ¥120.0 billion impact of decrease in product quality related expenses and others. This cost decreased because costs related to recalls and other safety measures occurred at a high level during the prior fiscal year. See note 14 to the consolidated financial statements.

During fiscal 2012, Toyota announced recalls and other safety measures including the following:

In June 2011, Toyota announced in Japan and other regions a voluntary safety recall of certain models of Toyota and Lexus brands' vehicles in relation to damage to elements of the substrate and potential shutdown of the hybrid system that may have resulted from improper manufacturing of electronic converter control substrate. The affected vehicle models included Harrier Hybrid, Kluger Hybrid, RX400h, and Highlander Hybrid, 111 thousand vehicles were included in this recall.

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In September 2011, Toyota announced in Japan the service campaign of certain models of Toyota in relation to abnormal noise and oil leakage that may have resulted from slack of bolts in the sub transmission and the rear wheel differential. The affected vehicle models included EstimaL, EstimaT and Wish, 181 thousand vehicles were included in this service campaign.

In November 2011, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota and Lexus brands' vehicles in relation to abnormal noise, charge warning light indicators, and increasing of handle operation force resulted from peeling of a bonded part of the engine crankshaft pulley. The affected vehicle models included AlphardG, AlphardV, EstimaL, EstimaT, KlugerV, KlugerL, Kluger Hybrid, Harrier, Harrier Hybrid, Windom, RX300, RX330, RX400h, ES300, ES330, Solara, Camry, Avalon, Sienna, Highlander, and Highlander Hybrid, 549 thousand vehicles were included in this recall.

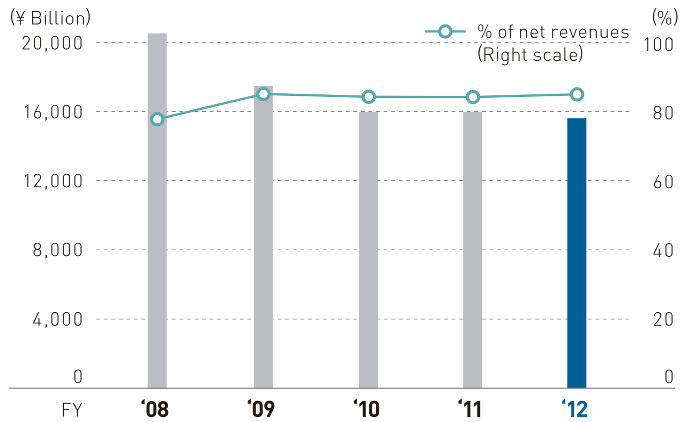
Cost Reduction Efforts

During fiscal 2012, Toyota's continued cost reduction efforts reduced operating costs and expenses by ¥150.0 billion. The amount of effect of cost reduction efforts includes the impact of fluctuation in the price of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. In fiscal 2012, raw materials prices were on an increasing trend; however, continued cost reduction efforts together with suppliers contributed to the improvement in earnings by more than offsetting the effects from raw materials price increase. These cost reduction efforts related to ongoing value engineering and value analysis activities, the use of common parts resulting in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production.

Cost of Products Sold

Cost of products sold decreased by ¥189.8 billion, or 1.2%, to ¥15,795.9 billion during fiscal 2012 compared with the prior fiscal year. The decrease resulted from the ¥343.6 billion favorable impact of fluctuations in foreign currency translation rates and others, and the ¥150.0 billion impact of cost reduction efforts, partially offset by the ¥135.0 billion impact of changes in vehicle unit sales and sales mix and other operational factors, and ¥110.0 billion increase in miscellaneous costs and others. The increase in miscellaneous costs was due mainly to the ¥50.0 billion increase in research and development expenses and the ¥80.0 billion increase in labor costs.

Cost of Products Sold



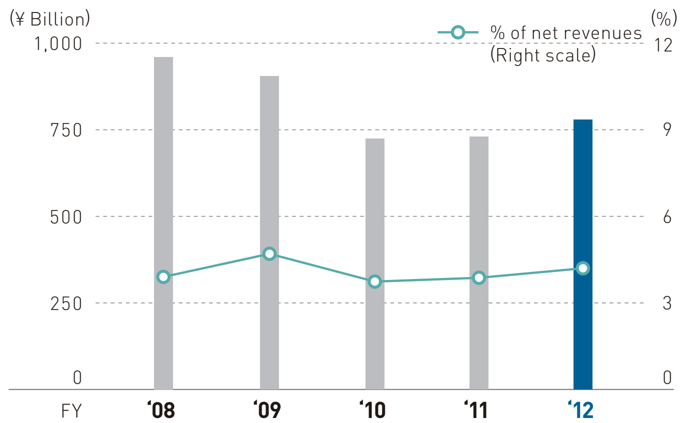
Cost of Financing Operations

Cost of financing operations decreased by ¥36.8 billion, or 5.9%, to ¥592.6 billion during fiscal 2012 compared with the prior fiscal year. The decrease resulted from the ¥35.7 billion favorable impact of fluctuations in foreign currency translation rates and others, partially offset by the ¥20.8 billion recording of valuation losses on interest rate swaps stated at fair value.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by ¥70.6 billion, or 3.7%, to ¥1,839.4 billion during fiscal 2012 compared with the prior fiscal year. This decrease reflects the ¥53.0 billion favorable impact of fluctuations in foreign currency translation rates and others, and the ¥19.2 billion decrease for the financial services operations.

R&D Expenses



Operating Income

	Yen in millions 2012 vs. 2011 Change
Changes in operating income and loss:	
Effect of changes in vehicle unit sales and sales mix and other operational factors	¥ 170,000
Effect of fluctuation in foreign currency translation rates and others	(285,400)
Effect of increase in miscellaneous costs and others	(100,000)
Effect of cost reduction efforts, financial services operations, and others	102,748
Total	¥(112,652)

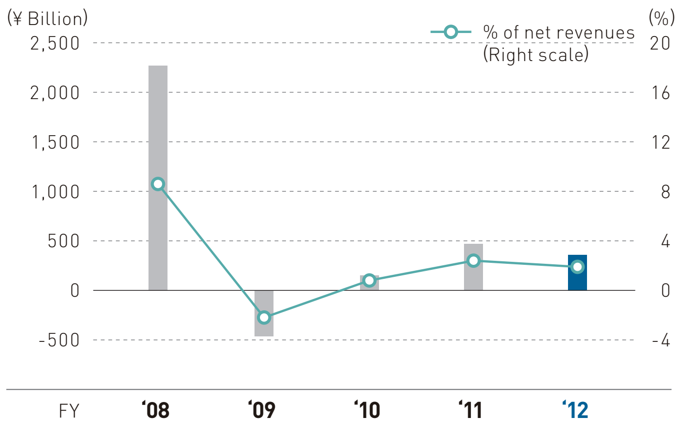
Toyota's operating income decreased by ¥112.6 billion, or 24.1%, to ¥355.6 billion during fiscal 2012 compared with the prior fiscal year. This decrease was due mainly to the ¥285.4 billion unfavorable impact of fluctuations in foreign currency translation rates and others, and the ¥100.0 billion increase in miscellaneous costs and others, partially offset by the ¥170.0 billion of favorable impact by changes in vehicle unit sales and sales mix and other operational factors and the ¥102.7 billion increase of cost reduction efforts, financial services operations, and others. The unfavorable impact of fluctuations in foreign currency translation rates and others included ¥250.0 billion unfavorable impact of fluctuations in foreign currency transaction rates. The ¥102.7 billion increase of cost reduction efforts, financial services operations, and others reflects the ¥150.0

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

billion impact of cost reduction efforts, partially offset by the ¥10.0 billion decrease in operating income in the financial services operations.

During fiscal 2012, operating loss (before elimination of intersegment profits), decreased by ¥155.3 billion in Japan compared with the prior fiscal year. During fiscal 2012, operating income (before elimination of intersegment profits), increased by ¥4.6 billion, or 35.4%, in Europe compared with the prior fiscal year, whereas it decreased by ¥153.0 billion, or 45.1%, in North America, decreased by ¥56.2 billion, or 18.0%, in Asia, and decreased by ¥51.3 billion, or 32.0%, in Other.

Operating Income (Loss)



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

Japan

	Yen in millions 2012 vs. 2011 Change
Changes in operating income and loss:	
Effect of changes in vehicle unit sales and sales mix and other operational factors	¥ 195,000
Effect of fluctuation in foreign currency translation rates and others	(275,000)
Effect of cost reduction efforts, decrease in miscellaneous costs and others	235,356
Total	¥ 155,356

The decrease in operating losses in Japan reflects the ¥195.0 billion of favorable impact by changes in vehicle unit sales and sales mix and other operational factors and ¥235.3 billion impact of the cost reduction efforts, and decrease in miscellaneous costs and others, partially offset by the ¥275.0 billion unfavorable impact of effect of fluctuation in foreign currency transaction rates and others. The cost reduction efforts, decrease in miscellaneous costs and others mainly reflect the ¥130.0 billion impact of the cost reduction efforts and ¥40.0 billion decrease in miscellaneous costs and others. The increase in vehicle unit sales was mainly due to introduction of new products such as Prius α and Aqua.

North America

	Yen in millions 2012 vs. 2011 Change
Changes in operating income and loss:	
Effect of changes in vehicle unit sales and sales mix and other operational factors	¥ (5,000)
Effect of fluctuation in foreign currency translation rates and others	(7,500)
Effect of cost reduction efforts, increase in miscellaneous costs and others	(140,594)
Total	¥(153,094)

The decrease in operating income in North America was due to the ¥55.0 billion decrease in operating income in the financial services operations, the ¥7.5 billion unfavorable impact of the fluctuations in foreign currency translation rates and others, the ¥5.0 billion negative impact of changes in vehicle unit sales and sales mix and other operational factors and the ¥90.0 billion increase in miscellaneous costs and others.

Europe

	Yen in millions 2012 vs. 2011 Change
Changes in operating income and loss:	
Effect of changes in vehicle unit sales and sales mix and other operational factors	¥(15,000)
Effect of fluctuation in foreign currency translation rates and others	(1,200)
Effect of cost reduction efforts, decrease in miscellaneous costs and others	20,848
Total	¥ 4,648

The increase in operating income in Europe was due to the ¥10.0 billion impact of cost reduction efforts and the ¥5.0 billion increase in operating income in the financial services operations, partially offset by ¥15.0 billion negative impact of changes in vehicle unit sales and sales mix and other operational factors and the ¥1.2 billion unfavorable impact of fluctuations in foreign currency translation rates and others.

Asia

	Yen in millions 2012 vs. 2011 Change
Changes in operating income and loss:	
Effect of changes in vehicle unit sales and sales mix and other operational factors	¥(10,000)
Effect of fluctuation in foreign currency translation rates and others	11,600
Effect of cost reduction efforts, increase in miscellaneous costs and others	(57,787)
Total	¥(56,187)

The decrease in operating income in Asia was due to the ¥10.0 billion negative impact of changes in vehicle unit sales and sales mix and other operational factors and others and the ¥35.0 billion increase in miscellaneous costs and others, partially offset by the ¥11.6 billion favorable impact of the fluctuation in foreign currency translation rates and others.

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Other Income and Expenses

Interest and dividend income increased by ¥9.0 billion, or 10.0%, to ¥99.8 billion during fiscal 2012 compared with the prior fiscal year.

Interest expense decreased by ¥6.3 billion, or 21.8%, to ¥22.9 billion during fiscal 2012 compared with the prior fiscal year.

Foreign exchange gain, net increased by ¥22.8 billion, or 159.4%, to ¥37.1 billion during fiscal 2012 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated sales translated at prevailing exchange rates and the value of the sales amounts settled during the fiscal year, including those settled using forward foreign currency exchange contracts.

Other loss, net decreased by ¥56.0 billion to ¥36.8 billion during fiscal 2012 compared with the prior fiscal year. This was due to the recognition of impairment losses on available-for-sale securities.

Income Taxes

The provision for income taxes decreased by ¥50.5 billion, or 16.2%, to ¥262.2 billion during fiscal 2012 compared with the prior fiscal year due to the decrease in income before income taxes. The effective tax rate for fiscal 2012 was 60.6%, which was higher than the statutory tax rate in Japan. This was due to recurring items such as the valuation allowance and deferred tax liabilities relating to undistributed earnings in affiliated companies accounted for by the equity method.

Net Income and Loss attributable to Noncontrolling Interests and Equity in Earnings of Affiliated Companies

Net income attributable to noncontrolling interests increased by ¥27.4 billion, or 47.9%, to ¥84.7 billion during fiscal 2012 compared with the prior fiscal year. This increase was due to an increase during fiscal 2012 in net income attributable to the shareholders of consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2012 decreased by ¥17.3 billion, or 8.1%, to ¥197.7 billion compared with the prior fiscal year. This decrease was due to a decrease during fiscal 2012 in net income attributable to the shareholders of affiliated companies accounted for by the equity method.

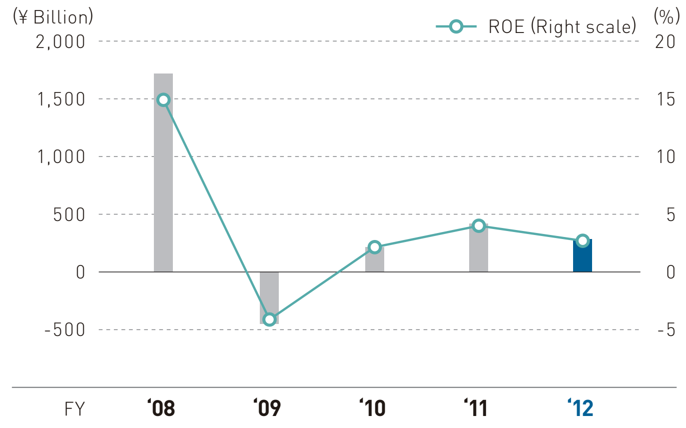
Net Income attributable to Toyota Motor Corporation

Net income attributable to the shareholders of Toyota Motor Corporation decreased by ¥124.6 billion, or 30.5%, to ¥283.5 billion during fiscal 2012 compared with the prior fiscal year.

Other Comprehensive Income and Loss

Other comprehensive loss decreased by ¥263.8 billion to ¥34.1 billion for fiscal 2012 compared with the prior fiscal year. This decrease resulted from unfavorable foreign currency translation adjustments losses of ¥87.7 billion in fiscal 2012 compared with losses of ¥287.6 billion in the prior fiscal year, and from unrealized holding gains on securities in fiscal 2012 of ¥129.3 billion compared with losses of ¥26.1 billion in the prior fiscal year. The increase in unrealized holding gains on securities was due to changes in stock prices.

Net Income (Loss) and ROE



Segment Information

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

		Yen in millions			
		Year ended March 31,		2012 vs. 2011 Change	
		2011	2012	Amount	Percentage
Automotive:	Net revenues	¥17,337,320	**¥16,994,546**	¥(342,774)	−2.0%
	Operating income	85,973	**21,683**	(64,290)	−74.8%
Financial Services:	Net revenues	¥ 1,192,205	**¥ 1,100,324**	¥ (91,881)	−7.7%
	Operating income	358,280	**306,438**	(51,842)	−14.5%
All Other:	Net revenues	¥ 972,252	**¥ 1,048,915**	¥ 76,663	+7.9%
	Operating income	35,242	**42,062**	6,820	+19.4%
Intersegment elimination/ unallocated amount:	Net revenues	¥ (508,089)	**¥ (560,132)**	¥ (52,043)	—
	Operating income	(11,216)	**(14,556)**	(3,340)	—

Automotive Operations Segment

The automotive operations segment is Toyota's largest operating segment by net revenues. Net revenues for the automotive segment decreased during fiscal 2012 by ¥342.7 billion, or 2.0%, compared with the prior fiscal year to ¥16,994.5 billion. The decrease reflects the ¥649.2 billion unfavorable impact of fluctuations in foreign currency translation rates and others, partially offset by the ¥320.0 billion of favorable impact by changes in vehicle unit sales and sales mix, and other operational factors.

Operating income from the automotive operations decreased by ¥64.3 billion during

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fiscal 2012 compared with the prior fiscal year to ¥21.6 billion. This decrease in operating income was due to the ¥250.0 billion unfavorable impact of fluctuations in foreign currency rates and the ¥100.0 billion increase in miscellaneous costs and others, partially offset by the ¥170.0 billion effect of cost reduction efforts, and the ¥150.0 billion of favorable impact by changes in vehicle unit sales and sales mix.

The changes in vehicle unit sales and changes in sales mix was due primarily to an increase in Toyota's vehicle unit sales by 44 thousand vehicles compared with the prior fiscal year resulting from the introduction of new products in spite of the impact of the Great East Japan Earthquake and the flood in Thailand. The increase in miscellaneous costs and others was due primarily to the ¥100.0 billion increase in labor costs and the ¥50.0 billion increase in research and development expenses.

Financial Services Operations Segment

Net revenues for the financial services operations decreased during fiscal 2012 by ¥91.8 billion, or 7.7%, compared with the prior fiscal year to ¥1,100.3 billion. This decrease was primarily due to the unfavorable impact of fluctuations in foreign currency translation rates and others of ¥66.9 billion and the ¥18.3 billion decrease in rental income from vehicles and equipment on operating leases.

Operating income from financial services operations decreased by ¥51.8 billion, or 14.5%, to ¥306.4 billion during fiscal 2012 compared with the prior fiscal year. This decrease was due primarily to the recording of ¥20.8 billion of valuation losses on interest rate swaps stated at fair value.

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

	Year ended March 31, 2011	2012
Net charge-offs as a percentage of average gross earning assets:		
Finance receivables	0.61%	**0.24%**
Operating lease	0.22%	**0.11%**
Total	0.52%	**0.21%**

All Other Operations Segment

Net revenues for Toyota's other operations segments increased by ¥76.6 billion, or 7.9%, to ¥1,048.9 billion during fiscal 2012 compared with the prior fiscal year.

Operating income from Toyota's other operations segments increased by ¥6.8 billion, or 19.4%, to ¥42.0 billion during fiscal 2012 compared with the prior fiscal year.

Results of Operations — Fiscal 2011 Compared with Fiscal 2010

Yen in millions

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

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

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Net Revenues

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

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

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

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

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

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

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

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

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

Japan

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

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

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

North America

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

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

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

Europe

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

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

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

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Asia

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

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

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

Other

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

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

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

Operating Costs and Expenses

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

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

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

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

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

In July 2010, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota and Lexus brands'

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vehicles in relation to abnormal engine noise or idling due to engine valve springs that contained some foreign materials. The affected vehicle models included Crown, GS350/450h/460, IS350, and LS460/600h/600hL, 275 thousand vehicles were included in this recall.

In August 2010, Toyota announced in North America the voluntary safety recall of certain models of Toyota vehicles to address the check engine illuminations and harsh shifting that may result from improper manufacturing of some Electronic Control Modules (ECMs). The affected vehicle models included Corolla and Matrix, 1,360 thousand vehicles were included in this recall.

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

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

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

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

	Yen in millions		
	Year ended March 31,		
	2010	2011	**2012**
Balance at the beginning of year	¥ —	¥ 56,600	**¥ 18,000**
Accrual	89,000	13,100	**(1,500)**
Amounts paid	(32,400)	(51,700)	**(14,600)**
Balance at the end of year	¥ 56,600	¥ 18,000	**¥ 1,900**

Cost Reduction Efforts

During fiscal 2011, continued cost reduction efforts reduced operating costs and expenses by ¥180.0 billion. The effect of cost reduction efforts include the impact of fluctuation in the price of steel, precious metals, non-ferrous alloys including aluminum, plastic parts and other production materials and parts. In fiscal 2011, raw materials prices were on an increasing trend; however, continued cost reduction efforts, by working closely with suppliers, contributed to the improvement in earnings by offsetting the effects from price increase. These cost reduction efforts related to ongoing value engineering and value analysis activities, the use of common parts resulting in a reduction of part types and other manufacturing initiatives designed to reduce the costs of vehicle production.

Cost of Products Sold

Cost of products sold increased by ¥14.3 billion, or 0.1%, to ¥15,985.8 billion during fiscal 2011 compared with the prior fiscal year. The increase resulted from the ¥520.0 billion impact of increase in vehicle unit sales and changes in sales mix, ¥90.0 billion increase in miscellaneous costs, and the ¥13.9 billion impact of increases in parts sales, partially offset by the ¥584.9 billion favorable impact of fluctuations in foreign currency translation rates, and the ¥180.0 billion impact of cost reduction efforts. The increase in miscellaneous costs was due mainly to the ¥30.0 billion increase in costs related to quality initiatives, the ¥25.0 billion increase in research and development expenses and the ¥5.2 billion increase in labor costs. The increase in vehicle unit sales and the changes in sales mix was due to the automotive market recovery associated with global economic turnaround.

Cost of Financing Operations

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

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

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by ¥209.5 billion, or 9.9%, to ¥1,910.1 billion during fiscal 2011 compared with the prior

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

Operating Income

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

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

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

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

Japan

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

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

North America

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

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

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Europe

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

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

Asia

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

The increase in operating income in Asia was due to the ¥105.0 billion impact of increases in both production volume and vehicle unit sales and other operational factors, partially offset by the ¥5.9 billion unfavorable impact of fluctuations in foreign currency translation rates. The increases in both production volume and vehicle unit sales in Asia were primarily attributable to the increase in Toyota's vehicle unit sales by 276 thousand vehicles supported by the recovery of Asian automotive markets, particularly in Thailand and Indonesia, as the Asian economy is generally in the recovery trend.

Other Income and Expenses

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

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

Foreign exchange gain, net decreased by ¥53.9 billion, or 79.0%, to ¥14.3 billion during fiscal 2011 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated sales translated at prevailing exchange rates and the value of the sales amounts settled during the year, including those settled using forward foreign currency exchange contracts.

Other income, net decreased by ¥11.7 billion, or 37.7%, to ¥19.2 billion during fiscal 2011 compared with the prior fiscal year.

Income Taxes

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

Net Income and Loss attributable to Noncontrolling Interests and Equity in Earnings of Affiliated Companies

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

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

Net Income attributable to Toyota Motor Corporation

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

Other Comprehensive Income and Loss

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

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Segment Information

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

		Yen in millions			
		Year ended March 31,		2011 vs. 2010 Change	
		2010	**2011**	Amount	Percentage
Automotive:	Net revenues	¥17,197,428	**¥17,337,320**	¥ 139,892	+0.8%
	Operating income (loss)	(86,370)	**85,973**	172,343	—
Financial Services:	Net revenues	¥ 1,245,407	**¥ 1,192,205**	¥ (53,202)	−4.3%
	Operating income	246,927	**358,280**	111,353	+45.1%
All Other:	Net revenues	¥ 947,615	**¥ 972,252**	¥ 24,637	+2.6%
	Operating income (loss)	(8,860)	**35,242**	44,102	—
Intersegment elimination/ unallocated amount:	Net revenues	¥ (439,477)	**¥ (508,089)**	¥ (68,612)	—
	Operating income (loss)	(4,181)	**(11,216)**	(7,035)	—

Automotive Operations Segment

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

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

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

Financial Services Operations Segment

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

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

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

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

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

All Other Operations Segment

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

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

Outlook

While Toyota is subject to downside global economic risks due to the European sovereign debt crisis, oil price increase, and other factors, Toyota expects the world economy will continue to see gradual recovery in fiscal 2013. Although competition in the automotive market has

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intensified all over the world, as shown in the small and low-price vehicles market, Toyota expects the automotive market to expand mainly in emerging countries in the future. In addition, heightened global awareness of the environment is leading to growing demand and diversification for the environmentally-friendly vehicles. With the foregoing external factors in mind, Toyota expects that net revenues for fiscal 2013 will increase compared with fiscal 2012 as a result of an increase in vehicle unit sales. With respect to operating income, factors expected to contribute to an increase in operating income include increased vehicle unit sales through marketing efforts, and cost reduction efforts. On the other hand, factors expected to contribute to a decrease in operating income include increase in miscellaneous costs and others. As a result, Toyota expects that operating income will increase in fiscal 2013 compared with fiscal 2012. Also, Toyota expects that income before income taxes and equity in earnings of affiliated companies and net income attributable to Toyota Motor Corporation will increase in fiscal 2013.

For the purposes of this outlook discussion, Toyota is assuming an average exchange rate of ¥80 to the U.S. dollar and ¥105 to the euro. Exchange rate fluctuations can materially affect Toyota's operating results. In particular, a strengthening of the Japanese yen against the U.S. dollar can have a material adverse effect on Toyota's operating results. See "Operating and Financial Review and Prospects — Operating Results — Overview — Currency Fluctuations" for further discussion.

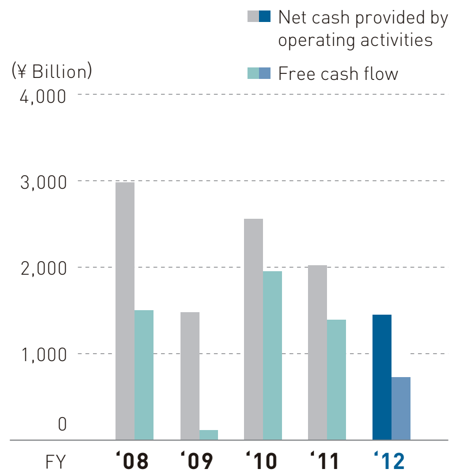
The foregoing statements are forward-looking statements based upon Toyota's management's assumptions and beliefs regarding exchange rates, market demand for Toyota's products, economic conditions and others. See "Cautionary Statement Concerning Forward-Looking Statements". Toyota's actual results of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

Liquidity And Capital Resources

Historically, Toyota has funded its capital expenditures and research and development activities through cash generated by operations. However, in the interest of preserving a stable and healthy business environment and a strong financial position going forward, Toyota raised certain funds from debt during fiscal 2012.

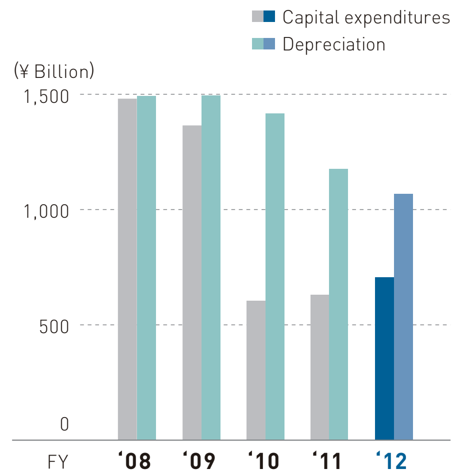
In fiscal 2013, Toyota expects to sufficiently fund its capital expenditures and research and development activities through cash and cash equivalents on hand, and cash generated by operations. Toyota will use its funds for the development of environment technologies, maintenance and replacement of manufacturing

Net Cash Provided by Operating Activities and Free Cash Flow*



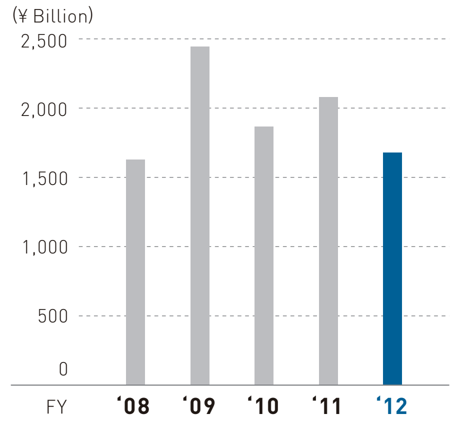
* (Net cash provided by operating activities)-(Capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases)

Capital Expenditures for Property, Plant and Equipment* and Depreciation



* Excluding vehicles and equipment on operating leases

Cash and Cash Equivalents at End of Year



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 2010, 2011 and 2012, and information concerning Toyota's principal capital expenditures and divestitures currently in progress.

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

Toyota refrained from repurchasing of its own shares for fiscal 2010, 2011 and 2012. Toyota has decided, for the time being, to refrain from repurchasing its own shares, in order to prioritize retention of cash reserves given the continued uncertainties surrounding future global economy.

Net cash provided by operating activities was ¥1,452.4 billion for fiscal 2012, compared with ¥2,024.0 billion for the prior fiscal year. The decrease was due to a reduction in cash collection received from sale of products due to a decrease in net revenue for the automotive operations, partially offset by operating activities resulted from a decrease in cash payment to suppliers attributable to a decrease in cost of products sold in the automotive operations.

Net cash used in investing activities was

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¥1,442.6 billion for fiscal 2012, compared with ¥2,116.3 billion for the prior fiscal year. The decrease in net cash used in investing activities resulted from a decrease in purchases of marketable securities and security investments, partially offset by a decrease in sales and maturity of marketable securities and security investments.

Net cash provided by or used in financing activities was a ¥355.3 billion decrease for fiscal 2012, compared with a ¥434.3 billion increase for the prior fiscal year. The decrease in net cash provided by or used in financing activities resulted from decreased proceeds from issuance of long-term debt and increased payments of long-term debt.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were ¥723.5 billion during fiscal 2012, an increase of 15.0% over the ¥629.3 billion in total capital expenditures during the prior fiscal year. This increase was due to an increase of investments in Asia.

Total capital expenditures for vehicles and equipment on operating leases were ¥808.5 billion during fiscal 2012, a decrease of 23.9% over the ¥1,061.8 billion in expenditures from the prior fiscal year. This decrease was due to 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 ¥820.0 billion during fiscal 2013.

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 2013. However, uncertainty exists with respect to Toyota's obligations under current and future environment regulations as described in "Information on the Company — Business Overview — Governmental Regulation, Environmental and Safety Standards" in Toyota's annual report on Form 20-F.

Cash and cash equivalents were ¥1,679.2 billion as of March 31, 2012. Most of Toyota's cash and cash equivalents are held in Japanese yen and in U.S. dollars. In addition, time deposits were ¥80.3 billion and marketable securities were ¥1,181.0 billion as of March 31, 2012.

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 2012 by ¥201.7 billion, or 3.4%, to ¥5,761.4 billion.

Trade accounts and notes receivable, less allowance for doubtful accounts increased during fiscal 2012 by ¥550.6 billion, or 38.0%, to ¥1,999.8 billion. This increase was due to an increase in the volume of sales in fiscal 2012.

Inventories increased during fiscal 2012 by ¥318.0 billion, or 24.4%, to ¥1,622.2 billion. This increase was due to an increase in trading volume.

Total finance receivables, net increased during fiscal 2012 by ¥23.8 billion, or 0.2%, to ¥9,717.3 billion. This increase was due to an increase in the number of financing contracts, partially offset by fluctuations in foreign currency translation rates. As of March 31, 2012, finance receivables were geographically distributed as follows: in North America 58.1%, in Japan 12.0%, in Europe 10.3%, in Asia 7.1% and in Other 12.5%.

Marketable securities and other securities investments, including those included in current assets, increased during fiscal 2012 by ¥438.0 billion, or 9.1%, reflecting purchase of marketable securities and security investments, and an increase in the fair values of common stocks.

Property, plant and equipment decreased during fiscal 2012 by ¥73.7 billion, or 1.2%, primarily reflecting the impacts of depreciation charges during the year and fluctuations in foreign currency translation rates, partially offset by the capital expenditures.

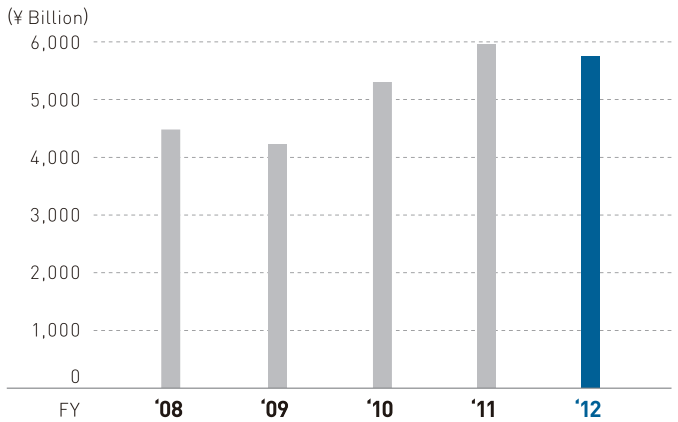
Accounts and notes payable increased during fiscal 2012 by ¥739.5 billion, or 49.2%. This increase was due to an increase in production volume in fiscal 2012.

Accrued expenses increased during fiscal 2012 by ¥55.2 billion, or 3.1%.

Income taxes payable increased during fiscal 2012 by ¥20.9 billion, or 18.6%, as a result of an increase of income taxes payable at automotive operations.

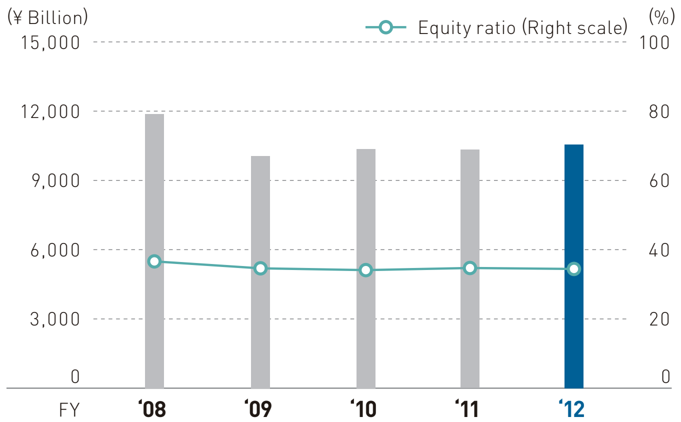
Toyota's total borrowings decreased during fiscal 2012 by ¥395.5 billion, or 3.2%. Toyota's short-term borrowings consist of loans with a weighted-average interest rate of 1.93% and commercial paper with a weighted-average interest rate of 0.72%. Short-term borrowings increased during fiscal 2012 by ¥271.6 billion, or 8.5%, to ¥3,450.6 billion. Toyota's long-term debt consists of unsecured and secured loans, medium-term notes, unsecured notes and

Liquid Assets*



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

Shareholders' Equity and Equity Ratio



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long-term capital lease obligations with interest rates ranging from 0.00% to 32.00%, and maturity dates ranging from 2012 to 2050. The current portion of long-term debt decreased during fiscal 2012 by ¥260.2 billion, or 9.4%, to ¥2,512.6 billion and the non-current portion decreased by ¥406.9 billion, or 6.3%, to ¥6,042.2 billion. The decrease in total borrowings resulted from a decrease in bonds and medium-term notes, partially offset by an increase in commercial paper. As of March 31, 2012, approximately 34% of long-term debt was denominated in U.S. dollars, 26% in Japanese yen, 11% in Australia dollars, and 29% in other currencies. Toyota hedges interest rate risk exposure of fixed-rate borrowings by entering into interest rate swaps. There are no material seasonal variations in Toyota's borrowings requirements.

As of March 31, 2012, Toyota's total interest bearing debt was 113.8% of Toyota Motor Corporation shareholders' equity, compared with 120.0% as of March 31, 2011.

The following table provides information for credit rating of Toyota's short-term borrowing and long-term debt from rating agencies, Standard & Poor's Ratings Group(S&P), Moody's Investors Services(Moody's), and Rating and Investment Information, Inc.(R&I), as of May 31, 2012. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating.

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

Toyota's unfunded pension liabilities increased during fiscal 2012 by ¥130.8 billion, or 24.0%, to ¥676.6 billion. The unfunded pension liabilities relate 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 settled on the retirement date of each covered employee. The unfunded pension liabilities increased in fiscal 2012 compared with the prior fiscal year due to an increase in pension benefit obligations resulted from a decrease in discount rate. See note 19 to the consolidated financial statements for further discussion.

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

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

Off-Balance Sheet Arrangements

Toyota uses its securitization program as part of its funding through special purpose entities for its financial services operations. Toyota is considered the primary beneficiary of these special purpose entities and therefore consolidates them. Toyota has not entered into any off-balance sheet securitization transactions during fiscal 2012.

Lending Commitments

Credit Facilities with Credit Card Holders

Toyota's financial services operations issue credit cards to customers. As customary for credit card businesses, Toyota maintains credit facilities with holders of credit cards issued by Toyota. These facilities are used upon each holder's requests up to the limits established on an individual holder's basis. Although loans made to customers through these facilities are not secured, for the purposes of minimizing credit risks and of appropriately establishing credit limits for each individual credit card holder, Toyota employs its own risk management policy which includes an analysis of information provided by financial institutions in alliance with Toyota. Toyota periodically reviews and revises, as appropriate, these credit limits. Outstanding credit facilities with credit card holders were ¥256.2 billion as of March 31, 2012.

Credit Facilities with Dealers

Toyota's financial services operations maintain credit facilities with dealers. These credit facilities may be used for business acquisitions, facilities refurbishment, real estate purchases, and working capital requirements. These loans are typically collateralized with liens on real estate, vehicle inventory, and/or other dealership assets, as appropriate. Toyota obtains a personal guarantee from the dealer or corporate guarantee from the dealership when deemed prudent. Although the loans are typically collateralized or guaranteed, the value of the underlying

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collateral or guarantees may not be sufficient to cover Toyota's exposure under such agreements. Toyota prices the credit facilities according to the risks assumed in entering into the credit facility. Toyota's financial services operations also provide financing to various multi-franchise dealer organizations, referred to as dealer groups, often as part of a lending consortium, for wholesale inventory financing, business acquisitions, facilities refurbishment, real estate purchases, and working capital requirements. Toyota's outstanding credit facilities with dealers totaled ¥1,615.7 billion as of March 31, 2012.

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, 2012, 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, 2012 is ¥1,695.1 billion. Liabilities for these guarantees of ¥13.9 billion have been provided as of March 31, 2012. 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, 2012.

	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	¥ 1,158,556	¥1,158,556	¥ —	¥ —	¥ —
Commercial paper	2,292,093	2,292,093	—	—	—
Long-term debt* (note 13)	8,533,549	2,508,445	2,953,108	2,028,170	1,043,826
Capital lease obligations (note 13)	21,348	4,175	4,661	3,356	9,156
Non-cancelable operating lease obligations (note 22)	56,365	10,375	14,498	10,839	20,653
Commitments for the purchase of property, plant and other assets (note 23)	73,004	54,607	2,945	6,326	9,126
Total	¥12,134,915	¥6,028,251	¥2,975,212	¥2,048,691	¥1,082,761

* "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 ¥104,943 million to its pension plans in fiscal 2013.

	Yen in millions				
		Amount of Commitment Expiration Per Period			
	Total Amounts Committed	Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
Commercial Commitments (note 23) :					
Maximum potential exposure to guarantees given in the ordinary course of business	¥1,695,140	¥ 473,844	¥ 752,482	¥ 334,764	¥ 134,050
Total Commercial Commitments	¥1,695,140	¥ 473,844	¥ 752,482	¥ 334,764	¥ 134,050

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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 June 2011, FASB issued updated guidance of presentation of comprehensive income. This guidance requires to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance is effective for fiscal year, and interim period within the fiscal year, beginning after December 15, 2011. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

In December 2011, FASB issued updated guidance of disclosures about offsetting assets and liabilities. This guidance requires additional disclosures about gross and net information for assets and liabilities including financial instruments eligible for offset in the balance sheets. This guidance is effective for fiscal year beginning on or after January 1, 2013, and for interim period within the fiscal year. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

Critical Accounting Estimates

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

Product Warranties and Recalls and Other Safety Measures

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

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Toyota's accrued estimated warranty costs, it would negatively affect future operating results of the automotive operations.

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

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

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

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

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

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

■□ Allowance for Doubtful Accounts and Credit Losses

Natures of estimates and assumptions

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

Sensitivity analysis

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

	Yen in millions Effect on the allowance for credit losses as of March 31, 2012
10 percent change in frequency of occurrence or expected severity of loss	¥4,110

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

Investment in Operating Leases

Natures of estimates and assumptions

Vehicles on operating leases, where Toyota is the lessor, are valued at cost and depreciated over their estimated useful lives using the straight-line method to their estimated residual values. Toyota utilizes industry published information and its own historical experience to determine estimated residual values for these vehicles. Toyota evaluates the recoverability of the carrying values of its leased vehicles for impairment when there are indications of declines in residual values, and if impaired, Toyota recognizes an allowance for losses on its residual values.

Throughout the life of the lease, management performs periodic evaluations of estimated end-of-term fair values to determine whether estimates used in the determination of the contractual residual value are still considered reasonable. Factors affecting the estimated residual value at lease maturity include, but are not limited to, new vehicle incentive programs, new vehicle pricing, used vehicle supply, projected vehicle return rates, and projected loss severity. The vehicle return rate represents the number of leased vehicles returned at contract maturity and sold by Toyota during the period as a percentage of the number of lease contracts that, as of their origination dates, were scheduled to mature in the same period. A higher rate of vehicle returns exposes Toyota to higher potential losses incurred at lease termination. Severity of loss is the extent to which the end-of-term fair value of a lease is less than its carrying value at lease end.

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

Sensitivity analysis

The following table illustrates the effect of an assumed change in the vehicle return rate and end-of-term market values mainly in the United States, which Toyota believes are the critical estimates, in determining the residual value losses, holding all other assumptions constant. The following table represents the impact on the residual value losses in Toyota's financial services operations of the change in vehicle return rate and end-of-term market values as those changes have a significant impact on financial services operations.

	Yen in millions Effect on the residual value losses over the remaining terms of the operating leases on and after April 1, 2012
1 percent increase in vehicle return rate	¥1,233
1 percent increase in end-of-term market values	¥4,356

Impairment of Long-Lived Assets

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

Pension Costs and Obligations

Natures of estimates and assumptions

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

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

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

assets of 3.9% are the results of assumptions used for the various pension plans in calculating Toyota's consolidated pension costs for fiscal 2012. Also, a weighted-average discount rate of 2.6% is the result of assumption used for the various pension plans in calculating Toyota's consolidated pension obligations for fiscal 2012.

Sensitivity analysis

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

	Yen in millions	
	Effect on pre-tax income for the year ended March 31, 2013	Effect on PBO as of March 31, 2012
Discount rates		
0.5% decrease	¥(10,019)	¥ 203,889
0.5% increase	9,625	(178,641)
Expected rate of return on plan assets		
0.5% decrease	¥ (6,354)	
0.5% increase	6,354	

Derivatives and Other Contracts at Fair Value

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

Marketable Securities and Investments in Affiliated Companies

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

Deferred Tax Assets

The factors used to assess the likelihood of realization of the deferred tax assets are the future reversal of existing taxable temporary differences, the future taxable income and available tax planning strategies that are prudent and feasible. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed for deferred tax assets which are not more-likely-than-not to be realized.

As of March 31, 2012, the parent company and its national tax filing group in Japan are in a cumulative pre-tax loss position in recent years. Meanwhile, Toyota has concluded that there is sufficient positive evidence to overcome the negative evidence of this cumulative pre-tax loss as operating results from the parent company and its national tax filing group in Japan recovered in the second half of this fiscal year as a results of increased production volume, vehicle unit sales and cost reduction from the first half of the fiscal year. Other positive evidence considered includes future forecasted taxable income in the fiscal year 2013 and beyond and effective tax planning strategies, inclusive of sales of appreciated assets. This forecasted taxable income is expected to be generated mainly from an increase in worldwide automotive industry demand and continuous cost reduction efforts and is anticipated to be sufficient, over a number of years, to realize the deferred tax assets prior to expiration of operating loss carryforwards in 2021.

If the sufficient taxable income for the fiscal year 2013 or future years is not achieved due to the factors which cannot be anticipated such as high competition and volatility of worldwide automotive market, steep strengthening of Japanese yen and increase in prices for raw materials, or if tax planning strategies are no longer viable, it could affect the realization of deferred tax assets of the parent company and its national tax filing group in Japan.

Quantitative and Qualitative Disclosures about Market Risk

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

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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 ¥107.6 billion and ¥87.9 billion at March 31, 2011 and 2012, respectively. Based on Toyota's overall currency exposure (including derivative positions), the risk during fiscal 2012 to pre-tax cash flow from currency movements was on average ¥87.9 billion, with a high of ¥95.6 billion and a low of ¥82.5 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 ¥139.6 billion as of March 31, 2011 and ¥144.2 billion as of March 31, 2012.

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 ¥960.2 billion as of March 31, 2011 and ¥1,034.3 billion as of March 31, 2012. The potential change in the fair value of these investments, assuming a 10% change in prices, would be approximately ¥96.0 billion as of March 31, 2011 and ¥103.4 billion as of March 31, 2012.

Consolidated Balance Sheets

Toyota Motor Corporation
March 31, 2011 and 2012

	Yen in millions		U.S. dollars in millions
ASSETS	2011	**2012**	**2012**
Current assets			
Cash and cash equivalents	¥ 2,080,709	**¥ 1,679,200**	**$ 20,431**
Time deposits	203,874	**80,301**	**977**
Marketable securities	1,225,435	**1,181,070**	**14,370**
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥11,856 million in 2011 and ¥13,004 million ($158 million) in 2012	1,449,151	**1,999,827**	**24,332**
Finance receivables, net	4,136,805	**4,114,897**	**50,065**
Other receivables	306,201	**408,547**	**4,971**
Inventories	1,304,242	**1,622,282**	**19,738**
Deferred income taxes	605,884	**718,687**	**8,744**
Prepaid expenses and other current assets	517,454	**516,378**	**6,283**
Total current assets	11,829,755	**12,321,189**	**149,911**
Noncurrent finance receivables, net	5,556,746	**5,602,462**	**68,165**
Investments and other assets			
Marketable securities and other securities investments	3,571,187	**4,053,572**	**49,320**
Affiliated companies	1,827,331	**1,920,987**	**23,372**
Employees receivables	62,158	**56,524**	**688**
Other	661,829	**460,851**	**5,607**
Total investments and other assets	6,122,505	**6,491,934**	**78,987**
Property, plant and equipment			
Land	1,237,620	**1,243,261**	**15,127**
Buildings	3,635,605	**3,660,912**	**44,542**
Machinery and equipment	8,947,350	**9,094,399**	**110,651**
Vehicles and equipment on operating leases	2,491,946	**2,575,353**	**31,334**
Construction in progress	298,828	**275,357**	**3,350**
Total property, plant and equipment, at cost	16,611,349	**16,849,282**	**205,004**
Less - Accumulated depreciation	(10,302,189)	**(10,613,902)**	**(129,139)**
Total property, plant and equipment, net	6,309,160	**6,235,380**	**75,865**
Total assets	¥ 29,818,166	**¥ 30,650,965**	**$ 372,928**

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

	Yen in millions		U.S. dollars in millions
LIABILITIES AND SHAREHOLDERS' EQUITY	2011	**2012**	**2012**
Current liabilities			
Short-term borrowings	¥ 3,179,009	**¥ 3,450,649**	**$ 41,984**
Current portion of long-term debt	2,772,827	**2,512,620**	**30,571**
Accounts payable	1,503,072	**2,242,583**	**27,285**
Other payables	579,326	**629,093**	**7,654**
Accrued expenses	1,773,233	**1,828,523**	**22,248**
Income taxes payable	112,801	**133,778**	**1,628**
Other current liabilities	870,722	**984,328**	**11,976**
Total current liabilities	10,790,990	**11,781,574**	**143,346**
Long-term liabilities			
Long-term debt	6,449,220	**6,042,277**	**73,516**
Accrued pension and severance costs	668,022	**708,402**	**8,619**
Deferred income taxes	810,127	**908,883**	**11,058**
Other long-term liabilities	179,783	**143,351**	**1,744**
Total long-term liabilities	8,107,152	**7,802,913**	**94,937**
Shareholders' equity			
Toyota Motor Corporation shareholders' equity			
Common stock, no par value, authorized: 10,000,000,000 shares in 2011 and 2012; issued: 3,447,997,492 shares in 2011 and 2012	397,050	**397,050**	**4,831**
Additional paid-in capital	505,760	**550,650**	**6,700**
Retained earnings	11,835,665	**11,917,074**	**144,994**
Accumulated other comprehensive income (loss)	(1,144,721)	**(1,178,833)**	**(14,343)**
Treasury stock, at cost, 312,298,805 shares in 2011 and 281,187,739 shares in 2012	(1,261,383)	**(1,135,680)**	**(13,818)**
Total Toyota Motor Corporation shareholders' equity	10,332,371	**10,550,261**	**128,364**
Noncontrolling interests	587,653	**516,217**	**6,281**
Total shareholders' equity	10,920,024	**11,066,478**	**134,645**
Commitments and contingencies			
Total liabilities and shareholders' equity	¥29,818,166	**¥30,650,965**	**$372,928**

Consolidated Statements of Income

Toyota Motor Corporation
For the years ended March 31, 2010, 2011 and 2012

	Yen in millions			U.S. dollars in millions
	2010	2011	**2012**	**2012**
Net revenues				
Sales of products	¥17,724,729	¥17,820,520	**¥17,511,916**	**$213,066**
Financing operations	1,226,244	1,173,168	**1,071,737**	**13,040**
Total net revenues	18,950,973	18,993,688	**18,583,653**	**226,106**
Costs and expenses				
Cost of products sold	15,971,496	15,985,783	**15,795,918**	**192,188**
Cost of financing operations	712,301	629,543	**592,646**	**7,211**
Selling, general and administrative	2,119,660	1,910,083	**1,839,462**	**22,380**
Total costs and expenses	18,803,457	18,525,409	**18,228,026**	**221,779**
Operating income	147,516	468,279	**355,627**	**4,327**
Other income (expense)				
Interest and dividend income	78,224	90,771	**99,865**	**1,215**
Interest expense	(33,409)	(29,318)	**(22,922)**	**(279)**
Foreign exchange gain, net	68,251	14,305	**37,105**	**452**
Other income (loss), net	30,886	19,253	**(36,802)**	**(448)**
Total other income (expense)	143,952	95,011	**77,246**	**940**
Income before income taxes and equity in earnings of affiliated companies	291,468	563,290	**432,873**	**5,267**
Provision for income taxes	92,664	312,821	**262,272**	**3,191**
Equity in earnings of affiliated companies	45,408	215,016	**197,701**	**2,405**
Net income	244,212	465,485	**368,302**	**4,481**
Less: Net income attributable to noncontrolling interests	(34,756)	(57,302)	**(84,743)**	**(1,031)**
Net income attributable to Toyota Motor Corporation	¥ 209,456	¥ 408,183	**¥ 283,559**	**$ 3,450**

	Yen			U.S. dollars
Net income attributable to Toyota Motor Corporation per share				
— Basic	¥ 66.79	¥ 130.17	**¥ 90.21**	**$ 1.10**
— Diluted	¥ 66.79	¥ 130.16	**¥ 90.20**	**$ 1.10**
Cash dividends per share	¥ 45.00	¥ 50.00	**¥ 50.00**	**$ 0.61**

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, 2010, 2011 and 2012

	Yen in millions							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Toyota Motor Corporation shareholders' equity	Noncontrolling interests	Total shareholders' equity
Balances at March 31, 2009	¥397,050	¥501,211	¥ 11,531,622	¥ (1,107,781)	¥ (1,260,895)	¥ 10,061,207	¥ 539,530	¥ 10,600,737
Equity transaction with noncontrolling interests and other		(2,116)				(2,116)	(2,748)	(4,864)
Issuance during the year		2,236				2,236		2,236
Comprehensive income								
Net income			209,456			209,456	34,756	244,212
Other comprehensive income								
Foreign currency translation adjustments				9,894		9,894	5,721	15,615
Unrealized gains or (losses) on securities, net of reclassification adjustments				176,407		176,407	4,095	180,502
Pension liability adjustments				74,645		74,645	98	74,743
Total comprehensive income						470,402	44,670	515,072
Dividends paid to Toyota Motor Corporation shareholders			(172,476)			(172,476)		(172,476)
Dividends paid to noncontrolling interests							(10,732)	(10,732)
Purchase and reissuance of common stock					470	470		470
Balances at March 31, 2010	397,050	501,331	11,568,602	(846,835)	(1,260,425)	10,359,723	570,720	10,930,443
Equity transaction with noncontrolling interests and other		2,310				2,310	5,183	7,493
Issuance during the year		2,119				2,119		2,119
Comprehensive income								
Net income			408,183			408,183	57,302	465,485
Other comprehensive income (loss)								
Foreign currency translation adjustments				(287,613)		(287,613)	(11,965)	(299,578)
Unrealized gains or (losses) on securities, net of reclassification adjustments				(26,058)		(26,058)	(1,599)	(27,657)
Pension liability adjustments				15,785		15,785	(4,331)	11,454
Total comprehensive income						110,297	39,407	149,704
Dividends paid to Toyota Motor Corporation shareholders			(141,120)			(141,120)		(141,120)
Dividends paid to noncontrolling interests							(27,657)	(27,657)
Purchase and reissuance of common stock					(958)	(958)		(958)
Balances at March 31, 2011	397,050	505,760	11,835,665	(1,144,721)	(1,261,383)	10,332,371	587,653	10,920,024
Equity transaction with noncontrolling interests and other		**43,311**	**(45,365)**	**(6,503)**	**125,819**	**117,262**	**(119,824)**	**(2,562)**
Issuance during the year		**1,483**				**1,483**		**1,483**
Comprehensive income								
Net income			**283,559**			**283,559**	**84,743**	**368,302**
Other comprehensive income (loss)								
Foreign currency translation adjustments				**(87,729)**		**(87,729)**	**(5,563)**	**(93,292)**
Unrealized gains or (losses) on securities, net of reclassification adjustments				**129,328**		**129,328**	**2,466**	**131,794**
Pension liability adjustments				**(69,208)**		**(69,208)**	**4,098**	**(65,110)**
Total comprehensive income						**255,950**	**85,744**	**341,694**
Dividends paid to Toyota Motor Corporation shareholders			**(156,785)**			**(156,785)**		**(156,785)**
Dividends paid to noncontrolling interests							**(37,356)**	**(37,356)**
Purchase and reissuance of common stock		**96**			**(116)**	**(20)**		**(20)**
Balances at March 31, 2012	**¥397,050**	**¥550,650**	**¥11,917,074**	**¥(1,178,833)**	**¥(1,135,680)**	**¥10,550,261**	**¥ 516,217**	**¥11,066,478**

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, 2010, 2011 and 2012

	U.S. dollars in millions							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Toyota Motor Corporation shareholders' equity	Noncontrolling interests	Total shareholders' equity
Balances at March 31, 2011	**$4,831**	**$6,154**	**$144,004**	**$(13,928)**	**$(15,348)**	**$125,713**	**$ 7,150**	**$132,863**
Equity transaction with noncontrolling interests and other		**527**	**(552)**	**(79)**	**1,531**	**1,427**	**(1,458)**	**(31)**
Issuance during the year		**18**				**18**		**18**
Comprehensive income								
Net income			**3,450**			**3,450**	**1,031**	**4,481**
Other comprehensive income (loss)								
Foreign currency translation adjustments				**(1,067)**		**(1,067)**	**(68)**	**(1,135)**
Unrealized gains or (losses) on securities, net of reclassification adjustments				**1,573**		**1,573**	**30**	**1,603**
Pension liability adjustments				**(842)**		**(842)**	**50**	**(792)**
Total comprehensive income						**3,114**	**1,043**	**4,157**
Dividends paid to Toyota Motor Corporation shareholders			**(1,908)**			**(1,908)**		**(1,908)**
Dividends paid to noncontrolling interests							**(454)**	**(454)**
Purchase and reissuance of common stock		**1**			**(1)**	**(0)**		**(0)**
Balances at March 31, 2012	**$4,831**	**$6,700**	**$144,994**	**$(14,343)**	**$(13,818)**	**$128,364**	**$ 6,281**	**$134,645**

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, 2010, 2011 and 2012

	Yen in millions			U.S. dollars in millions
	2010	2011	**2012**	**2012**
Cash flows from operating activities				
Net income	¥ 244,212	¥ 465,485	**¥ 368,302**	**$ 4,481**
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	1,414,569	1,175,573	**1,067,830**	**12,992**
Provision for doubtful accounts and credit losses	100,775	4,140	**9,623**	**117**
Pension and severance costs, less payments	1,254	(23,414)	**16,711**	**203**
Losses on disposal of fixed assets	46,937	36,214	**33,528**	**408**
Unrealized losses on available-for-sale securities, net	2,486	7,915	**53,831**	**655**
Deferred income taxes	25,537	85,710	**6,395**	**78**
Equity in earnings of affiliated companies	(45,408)	(215,016)	**(197,701)**	**(2,405)**
Changes in operating assets and liabilities, and other				
(Increase) decrease in accounts and notes receivable	(576,711)	421,423	**(585,464)**	**(7,123)**
(Increase) decrease in inventories	56,059	51,808	**(344,923)**	**(4,197)**
(Increase) decrease in other current assets	97,494	38,307	**(180,529)**	**(2,196)**
Increase (decrease) in accounts payable	649,214	(406,210)	**756,363**	**9,203**
Increase (decrease) in accrued income taxes	102,207	(40,629)	**20,943**	**255**
Increase in other current liabilities	213,341	239,319	**316,366**	**3,849**
Other	226,564	183,384	**111,160**	**1,352**
Net cash provided by operating activities	¥ 2,558,530	¥ 2,024,009	**¥ 1,452,435**	**$ 17,672**

	Yen in millions			U.S. dollars in millions
	2010	2011	**2012**	**2012**
Cash flows from investing activities				
Additions to finance receivables	¥ (7,806,201)	¥ (8,438,785)	**¥ (8,333,248)**	**$ (101,390)**
Collection of finance receivables	7,509,578	7,934,364	**8,007,711**	**97,429**
Proceeds from sales of finance receivables	8,390	69,576	**53,999**	**657**
Additions to fixed assets excluding equipment leased to others	(604,536)	(629,326)	**(723,537)**	**(8,803)**
Additions to equipment leased to others	(833,065)	(1,061,865)	**(808,545)**	**(9,838)**
Proceeds from sales of fixed assets excluding equipment leased to others	52,473	51,342	**36,633**	**446**
Proceeds from sales of equipment leased to others	465,092	486,695	**431,313**	**5,248**
Purchases of marketable securities and security investments	(2,412,182)	(4,421,807)	**(3,173,634)**	**(38,614)**
Proceeds from sales of marketable securities and security investments	77,025	189,037	**162,160**	**1,973**
Proceeds upon maturity of marketable securities and security investments	1,031,716	3,527,119	**2,694,665**	**32,786**
Payment for additional investments in affiliated companies, net of cash acquired	(1,020)	(299)	**(147)**	**(2)**
Changes in investments and other assets, and other	(337,454)	177,605	**209,972**	**2,555**
Net cash used in investing activities	¥ (2,850,184)	¥ (2,116,344)	**¥ (1,442,658)**	**$ (17,553)**
Cash flows from financing activities				
Proceeds from issuance of long-term debt	¥ 3,178,310	¥ 2,931,436	**¥ 2,394,807**	**$ 29,138**
Payments of long-term debt	(2,938,202)	(2,489,632)	**(2,867,572)**	**(34,889)**
Increase (decrease) in short-term borrowings	(335,363)	162,260	**311,651**	**3,792**
Dividends paid	(172,476)	(141,120)	**(156,785)**	**(1,908)**
Purchase of common stock, and other	(10,251)	(28,617)	**(37,448)**	**(456)**
Net cash provided by (used in) financing activities	(277,982)	434,327	**(355,347)**	**(4,323)**
Effect of exchange rate changes on cash and cash equivalents	(8,898)	(127,029)	**(55,939)**	**(681)**
Net increase (decrease) in cash and cash equivalents	(578,534)	214,963	**(401,509)**	**(4,885)**
Cash and cash equivalents at beginning of year	2,444,280	1,865,746	**2,080,709**	**25,316**
Cash and cash equivalents at end of year	¥ 1,865,746	¥ 2,080,709	**¥ 1,679,200**	**$ 20,431**

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

Notes to Consolidated Financial Statements

1 Nature of operations:

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

2 Summary of significant accounting policies:

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

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

Basis of consolidation and accounting for investments in affiliated companies

The consolidated financial statements include the accounts of the parent company and those of its majority-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated. Investments in affiliated companies in which Toyota exercises significant influence, but which it does not control, are stated at cost plus equity in undistributed earnings. Consolidated net income includes Toyota's equity in current earnings of such companies, after elimination of unrealized intercompany profits. Investments in such companies are reduced to net realizable value if a decline in market value is determined other-than-temporary. Investments in non-public companies in which Toyota does not exercise significant influence (generally less than a 20% ownership interest) are stated at cost. The accounts of variable interest entities as defined by U.S.GAAP are included in the consolidated financial statements, if applicable.

Estimates

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

Translation of foreign currencies

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

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

Revenue recognition

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

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

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

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

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

Other costs

Advertising and sales promotion costs are expensed as incurred. Advertising costs were

Notes to Consolidated Financial Statements

¥304,375 million, ¥308,903 million and ¥304,713 million ($3,707 million) for the years ended March 31, 2010, 2011 and 2012, respectively.

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

In addition to product warranties above, Toyota accrues for costs of recalls and other safety measures based on management's estimates when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Prior to the fourth quarter of fiscal 2010, amounts were accrued based on individual occurrences of recalls and other safety measures. During the fourth quarter of fiscal 2010, as a result of significant changes in facts and circumstances, Toyota has employed an estimation model, to accrue at the time of vehicle sale, an amount that represents management's best estimate of expenses related to future recalls and other safety measures. The estimation model for recalls and other safety measures takes into account Toyota's historical experience and individual occurrences of recalls and other safety measures. This change resulted from Toyota's fiscal 2010 experience with recalls and other safety measures changes in the operating processes such as the establishment of the Special Committee for Global Quality to address quality-related matters, as well as the broadening of the number of vehicles subject to recalls and other safety measures.

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

Research and development costs are expensed as incurred. Research and development costs were ¥725,345 million, ¥730,340 million and ¥779,806 million ($9,488 million) for the years ended March 31, 2010, 2011 and 2012, 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 recorded on Toyota's balance sheet are comprised of the unpaid principal balance, plus accrued interest, less charge-offs, net of any unearned income and deferred origination costs and the allowance for credit losses. Deferred origination costs are amortized so as to approximate a level rate of return over the term of the related contracts.

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

Retail receivables portfolio segment

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

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

Notes to Consolidated Financial Statements

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

Finance lease receivables portfolio segment

Toyota acquires new vehicle lease contracts originated primarily through dealers. The contract periods of these primarily range from 2 to 5 years. Lease contracts acquired must first meet specified credit standards after which Toyota assumes ownership of the leased vehicle. Toyota is responsible for contract collection and administration during the lease period.

Toyota is generally permitted to take possession of the vehicle upon a default by the lessee. The residual value is estimated at the time the vehicle is first leased. Vehicles returned to Toyota at the end of their leases are sold by auction.

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

Wholesale and other dealer loan receivables portfolio segment

Toyota provides wholesale financing to qualified dealers to finance inventories. Toyota acquires security interests in vehicles financed at wholesale. In cases where additional security interests would be required, Toyota takes dealership assets or personal assets, or both, as additional security. If a dealer defaults, Toyota has the right to liquidate any assets acquired and seek legal remedies.

Toyota also makes term loans to dealers for business acquisitions, facilities refurbishment, real estate purchases and working capital requirements. These loans are typically secured with liens on real estate, other dealership assets and/or personal assets of the dealers.

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

A receivable account balance is considered impaired when, based on current information and events, it is probable that Toyota will be unable to collect all amounts due according to the terms of the contract. Factors such as payment history, compliance with terms and conditions of the underlying loan agreement and other subjective factors related to the financial stability of the borrower are considered when determining whether a loan is impaired. Impaired finance receivables include certain nonaccrual receivables for which a specific reserve has been assessed. An account modified as a troubled debt restructuring is considered to be impaired. A troubled debt restructuring occurs when an account is modified through a concession to a borrower experiencing financial difficulty.

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

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

As of March 31, 2011 and 2012, finance receivables on nonaccrual status were as follows:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Retail	¥ 2,633	**¥ 2,822**	**$ 34**
Finance leases	1,136	**958**	**12**
Wholesale	6,722	**5,485**	**67**
Real estate	14,437	**11,736**	**143**
Working capital	272	**37**	**0**
	¥25,200	**¥21,038**	**$256**

As of March 31, 2011 and 2012, finance receivables past due over 90 days and still accruing were as follows:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Retail	¥23,734	**¥24,263**	**$295**
Finance leases	4,484	**7,674**	**94**
	¥28,218	**¥31,937**	**$389**

Notes to Consolidated Financial Statements

Allowance for credit losses

Allowance for credit losses is established to cover probable losses on finance receivables and vehicles and equipment on operating leases, resulting from the inability of customers to make required payments. Provision for credit losses is included in selling, general and administrative expenses.

The allowance for credit losses is based on a systematic, ongoing review and evaluation performed as part of the credit-risk evaluation process, historical loss experience, the size and composition of the portfolios, current economic events and conditions, the estimated fair value and adequacy of collateral and other pertinent factors. Vehicles and equipment on operating leases are not within the scope of accounting guidance governing the disclosure of portfolio segments.

Retail receivables portfolio segment

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

Finance lease receivables portfolio segment

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

Wholesale and other dealer loan receivables portfolio segment

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

Toyota establishes specific reserves to cover the estimated losses on individually impaired receivables within the wholesale and other dealer loan receivables portfolio segment. Specific reserves on impaired receivables are determined by the present value of expected future cash flows or the fair value of collateral when it is probable that such receivables will be unable to be fully collected. The fair value of the underlying collateral is used if the receivable is collateral-dependent. The receivable is determined collateral-dependent if the repayment of the loan is expected to be provided by the underlying collateral. For the receivables in which the fair value of the underlying collateral was in excess of the outstanding balance, no allowance was provided.

Troubled debt restructurings in the retail receivables and finance lease receivables portfolio segments are specifically identified as impaired and aggregated with their respective portfolio segments when determining the allowance for credit losses. Impaired loans in the retail receivables and finance lease receivables portfolio segments are insignificant for individual evaluation and Toyota has determined that allowance for credit losses for each of the retail receivables and finance lease receivables portfolio segments would not be materially different if they had been individually evaluated for impairment.

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

Any shortfall between proceeds received and the carrying cost of repossessed collateral is charged to the allowance. Recoveries are reversed from the allowance for credit losses.

Allowance for residual value losses

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

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 ¥151,183 million and ¥220,582 million ($2,684 million) at March 31, 2011 and 2012, respectively. Had the "first-in, first-out" basis been used for those companies using the LIFO basis, inventories would have been ¥57,943 million and ¥56,799 million ($691 million) higher than reported at March 31, 2011 and 2012, respectively.

Notes to Consolidated Financial Statements

Property, plant and equipment

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

Vehicles and equipment on operating leases to third parties are originated by dealers and acquired by certain consolidated subsidiaries. Such subsidiaries are also the lessors of certain property that they acquire directly. Vehicles and equipment on operating leases are depreciated primarily on a straight-line method over the lease term, generally from 2 to 5 years, to the estimated residual value. Incremental direct costs incurred in connection with the acquisition of operating lease contracts are capitalized and amortized on a straight-line method over the lease term.

Long-lived assets

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

Goodwill and intangible assets

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

Intangible assets consist mainly of software. Intangible assets with a definite life are amortized on a straight-line basis with estimated useful lives mainly of 5 years. Intangible assets with an indefinite life are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable.

An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is generally determined by the difference between the fair value of the asset using a discounted cash flow valuation method and the current book value.

Employee benefit obligations

Toyota has both defined benefit and defined contribution plans for employees' retirement benefits. Retirement benefit obligations are measured by actuarial calculations in accordance with U.S.GAAP. The funded status of the defined benefit postretirement plans is recognized on the consolidated balance sheets as prepaid pension and severance costs or accrued pension and severance costs, and the funded status change is recognized in the year in which it occurs through other comprehensive income.

Environmental matters

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

Income taxes

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

Derivative financial instruments

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

Net income attributable to Toyota Motor Corporation per share

Basic net income attributable to Toyota Motor Corporation per common share is calculated by dividing net income attributable to Toyota Motor Corporation by the weighted-average number of shares outstanding during the reported period.

Notes to Consolidated Financial Statements

The calculation of diluted net income attributable to Toyota Motor Corporation per common share is similar to the calculation of basic net income attributable to Toyota Motor Corporation per share, except that the weighted-average number of shares outstanding includes the additional dilution from the assumed exercise of dilutive stock options.

Stock-based compensation

Toyota measures compensation expense for its stock-based compensation plan based on the grant-date fair value of the award, and accounts for the award.

Other comprehensive income

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

Accounting changes

In October 2009, FASB issued updated guidance of accounting for and disclosure of revenue recognition with multiple deliverables. This guidance allows the use of estimated selling price for determining the selling price of deliverables, eliminates the residual method of allocation and expands the disclosures related to a vendor's multiple-deliverable revenue arrangements. Toyota adopted this guidance for revenue arrangements entered into or materially modified in the fiscal year begun on or after June 15, 2010. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In April 2011, FASB issued updated guidance to clarify the accounting for and disclosures about troubled debt restructurings by creditors. This guidance provides the criteria as to whether a loan modification constitutes a troubled debt restructuring and requires additional disclosures about troubled debt restructurings. Toyota adopted this guidance from the fiscal year ended March 31, 2012. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements. For a further discussion of additional disclosures by adoption of this guidance, please see note 7 to Toyota's consolidated financial statements.

In May 2011, FASB issued updated guidance on fair value measurement and disclosure requirements. This guidance is the amendment to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards. Consequently, this guidance changes some fair value measurement principles and enhances the disclosure requirements. Toyota adopted this guidance from the fiscal year ended March 31, 2012. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements. For a further discussion of additional disclosures by adoption of this guidance, please see notes 21 and 26 to Toyota's consolidated financial statements.

Recent pronouncements to be adopted in future periods

In June 2011, FASB issued updated guidance of presentation of comprehensive income. This guidance requires to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance is effective for fiscal year, and interim period within the fiscal year, beginning after December 15, 2011. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

In December 2011, FASB issued updated guidance of disclosures about offsetting assets and liabilities. This guidance requires additional disclosures about gross and net information for assets and liabilities including financial instruments eligible for offset in the balance sheets. This guidance is effective for fiscal year beginning on or after January 1, 2013, and for interim period within the fiscal year. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the presentations as of and for the year ended March 31, 2012.

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 ¥82.19 = U.S. $1, the approximate current exchange rate at March 31, 2012, was used for the translation of the accompanying consolidated financial amounts of Toyota as of and for the year ended March 31, 2012.

Notes to Consolidated Financial Statements

4 Supplemental cash flow information:

Cash payments for income taxes were ¥(207,278) million, ¥211,487 million and ¥282,440 million ($3,436 million) for the years ended March 31, 2010, 2011 and 2012, respectively. Interest payments during the years ended March 31, 2010, 2011 and 2012 were ¥445,049 million, ¥382,903 million and ¥365,109 million ($4,442 million), respectively.

Capital lease obligations of ¥3,400 million, ¥10,478 million and ¥5,847 million ($71 million) were incurred for the years ended March 31, 2010, 2011 and 2012, respectively.

5 Acquisitions and dispositions:

During the years ended March 31, 2010, 2011 and 2012, Toyota made several acquisitions and dispositions, however the assets and liabilities acquired or transferred were not material.

6 Marketable securities and other securities investments:

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

	Yen in millions			
	March 31, 2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	¥3,174,236	¥ 21,712	¥ 68,778	¥3,127,170
Common stocks	670,405	336,598	46,774	960,229
Other	561,387	15,940	376	576,951
Total	¥4,406,028	¥374,250	¥115,928	¥4,664,350
Securities not practicable to determine fair value				
Common stocks	¥ 109,203			
Other	23,069			
Total	¥ 132,272			

	Yen in millions			
	March 31, 2012			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	**¥3,580,574**	**¥ 72,485**	**¥51,147**	**¥3,601,912**
Common stocks	**605,889**	**444,073**	**15,643**	**1,034,319**
Other	**475,109**	**21,846**	**11**	**496,944**
Total	**¥4,661,572**	**¥538,404**	**¥66,801**	**¥5,133,175**
Securities not practicable to determine fair value				
Common stocks	**¥ 79,420**			
Other	**22,047**			
Total	**¥ 101,467**			

	U.S. dollars in millions			
	March 31, 2012			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Government bonds	**$43,564**	**$ 882**	**$622**	**$43,824**
Common stocks	**7,372**	**5,403**	**191**	**12,584**
Other	**5,781**	**266**	**0**	**6,047**
Total	**$56,717**	**$6,551**	**$813**	**$62,455**
Securities not practicable to determine fair value				
Common stocks	**$ 967**			
Other	**268**			
Total	**$ 1,235**			

The amount of unrealized gains and losses that were originally reported for 2011 were corrected. There was no effect on the disclosed carrying values or market values and the information included in the table above reflects the adjustments made.

Government bonds include 77% of Japanese government bonds, and 23% of U.S. and European government bonds as of March 31, 2011, and 60% of Japanese government bonds, and 40% of U.S., European and other government bonds as of March 31, 2012. Listed stocks on the Japanese stock markets represent 86% and 83% of common stocks which are included in available-for-sale as of March 31, 2011 and 2012, respectively. "Other" includes primarily commercial paper.

Notes to Consolidated Financial Statements

Unrealized losses continuing over a 12 month period or more in the aggregate were not material at March 31, 2011 and 2012.

As of March 31, 2011 and 2012, maturities of government bonds and other included in available-for-sale are mainly from 1 to 10 years.

Proceeds from sales of available-for-sale securities were ¥77,025 million, ¥189,037 million and ¥162,160 million ($1,973 million) for the years ended March 31, 2010, 2011 and 2012, respectively. On those sales, gross realized gains were ¥3,186 million, ¥8,974 million and ¥4,822 million ($59 million) and gross realized losses were ¥7 million, ¥87 million and ¥15 million ($0 million), respectively.

During the years ended March 31, 2010, 2011 and 2012, Toyota recognized impairment losses on available-for-sale securities of ¥2,486 million, ¥7,915 million and ¥53,831 million ($655 million), respectively, which are included in "Other income (loss), net" in the accompanying consolidated statements of income.

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,
	2011	**2012**	**2012**
Retail	¥ 7,128,453	**¥ 7,248,793**	**$ 88,195**
Finance leases	1,123,188	**955,430**	**11,625**
Wholesale and other dealer loans	1,990,557	**2,033,954**	**24,747**
	10,242,198	**10,238,177**	**124,567**
Deferred origination costs	104,391	**105,533**	**1,284**
Unearned income	(496,235)	**(494,123)**	**(6,012)**
Allowance for credit losses			
Retail	(92,199)	**(77,353)**	**(941)**
Finance leases	(36,024)	**(30,637)**	**(373)**
Wholesale and other dealer loans	(28,580)	**(24,238)**	**(295)**
Total allowance for credit losses	(156,803)	**(132,228)**	**(1,609)**
Total finance receivables, net	9,693,551	**9,717,359**	**118,230**
Less - Current portion	(4,136,805)	**(4,114,897)**	**(50,065)**
Noncurrent finance receivables, net	¥ 5,556,746	**¥ 5,602,462**	**$ 68,165**

Finance receivables were geographically distributed as follows: in North America 59.0%, in Japan 12.7%, in Europe 10.4%, in Asia 5.8% and in Other 12.1% as of March 31, 2011, and in North America 58.1%, in Japan 12.0%, in Europe 10.3%, in Asia 7.1% and in Other 12.5% as of March 31, 2012.

The contractual maturities of retail receivables, the future minimum lease payments on finance leases and wholesale and other dealer loans at March 31, 2012 are summarized as follows:

	Yen in millions			U.S. dollars in millions		
Years ending March 31,	Retail	Finance leases	Wholesale and other dealer loans	Retail	Finance leases	Wholesale and other dealer loans
2013	**¥2,528,895**	**¥276,630**	**¥1,490,687**	**$30,769**	**$3,366**	**$18,137**
2014	**1,774,195**	**182,404**	**209,151**	**21,586**	**2,219**	**2,545**
2015	**1,380,910**	**117,854**	**78,369**	**16,802**	**1,434**	**953**
2016	**881,267**	**80,239**	**71,637**	**10,722**	**976**	**872**
2017	**427,490**	**19,546**	**98,111**	**5,201**	**238**	**1,194**
Thereafter	**256,036**	**11,969**	**85,999**	**3,115**	**146**	**1,046**
	¥7,248,793	**¥688,642**	**¥2,033,954**	**$88,195**	**$8,379**	**$24,747**

Notes to Consolidated Financial Statements

Finance leases consist of the following:

	Yen in millions March 31, 2011	Yen in millions March 31, 2012	U.S. dollars in millions March 31, 2012
Minimum lease payments	¥ 804,871	**¥688,642**	**$ 8,379**
Estimated unguaranteed residual values	318,317	**266,788**	**3,246**
	1,123,188	**955,430**	**11,625**
Deferred origination costs	5,406	**3,722**	**45**
Less - Unearned income	(104,419)	**(90,887)**	**(1,106)**
Less - Allowance for credit losses	(36,024)	**(30,637)**	**(373)**
Finance leases, net	¥ 988,151	**¥837,628**	**$10,191**

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

The table below shows the amount of the finance receivables segregated into aging categories based on the number of days outstanding as of March 31, 2011 and 2012:

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

Yen in millions, March 31, 2012	Retail	Finance leases	Wholesale	Real estate	Working capital
Current	**¥7,146,365**	**¥939,345**	**¥923,642**	**¥535,296**	**¥574,671**
31-60 days past due	**64,314**	**5,766**	**3**	**—**	**70**
61-90 days past due	**13,851**	**2,645**	**—**	**—**	**—**
Over 90 days past due	**24,263**	**7,674**	**53**	**98**	**121**
Total	**¥7,248,793**	**¥955,430**	**¥923,698**	**¥535,394**	**¥574,862**

U.S. dollars in millions, March 31, 2012	Retail	Finance leases	Wholesale	Real estate	Working capital
Current	**$86,949**	**$11,429**	**$11,238**	**$6,513**	**$6,992**
31-60 days past due	**782**	**70**	**0**	**—**	**1**
61-90 days past due	**169**	**32**	**—**	**—**	**—**
Over 90 days past due	**295**	**94**	**1**	**1**	**1**
Total	**$88,195**	**$11,625**	**$11,239**	**$6,514**	**$6,994**

The tables below show the recorded investment for each credit quality of the finance receivable within the wholesale and other dealer loan receivables portfolio segment in the United States and other regions as of March 31, 2011 and 2012:

United States

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

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

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

Notes to Consolidated Financial Statements

	Yen in millions			
	March 31, 2012			
	Wholesale	Real estate	Working capital	Total
Performing	¥513,632	¥307,867	¥116,871	¥ 938,370
Credit Watch	55,513	38,382	5,014	98,909
At Risk	6,394	12,157	618	19,169
Default	466	30	423	919
Total	¥576,005	¥358,436	¥122,926	¥1,057,367

	U.S. dollars in millions			
	March 31, 2012			
	Wholesale	Real estate	Working capital	Total
Performing	$6,249	$3,746	$1,422	$11,417
Credit Watch	676	467	61	1,204
At Risk	78	148	7	233
Default	6	0	5	11
Total	$7,009	$4,361	$1,495	$12,865

Other regions

Credit qualities of the wholesale and other dealer loan receivables portfolio segment in other regions are also monitored based on internal risk assessments by dealers on a consistent basis as in the United States. These accounts classified as "Credit Watch" or "At Risk" were not significant in other regions, and consequently the tables below summarize information for two categories, "Performing" and "Default".

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

	Yen in millions			
	March 31, 2012			
	Wholesale	Real estate	Working capital	Total
Performing	¥330,264	¥170,886	¥451,505	¥952,655
Default	17,429	6,072	431	23,932
Total	¥347,693	¥176,958	¥451,936	¥976,587

	U.S. dollars in millions			
	March 31, 2012			
	Wholesale	Real estate	Working capital	Total
Performing	$4,018	$2,079	$5,494	$11,591
Default	212	74	5	291
Total	$4,230	$2,153	$5,499	$11,882

The tables below summarize information about impaired finance receivables:

	Yen in millions					
	Recorded investment		Unpaid principal balance		Individually evaluated allowance	
	March 31,		March 31,		March 31,	
	2011	**2012**	2011	**2012**	2011	**2012**
Impaired account balances individually evaluated for impairment with an allowance:						
Wholesale	¥ 7,192	**¥ 8,105**	¥ 7,192	**¥ 8,105**	¥ 896	**¥2,716**
Real estate	18,173	**16,429**	18,173	**16,429**	6,553	**4,252**
Working capital	4,841	**995**	4,841	**995**	3,436	**573**
Total	¥30,206	**¥25,529**	¥30,206	**¥25,529**	¥10,885	**¥7,541**
Impaired account balances individually evaluated for impairment without an allowance:						
Wholesale	¥12,745	**¥14,015**	¥12,745	**¥14,015**		
Real estate	—	**15**	—	**15**		
Working capital	272	**38**	272	**38**		
Total	¥13,017	**¥14,068**	¥13,017	**¥14,068**		
Impaired account balances aggregated and evaluated for impairment:						
Retail	¥48,376	**¥42,438**	¥47,640	**¥41,790**		
Finance leases	433	**325**	378	**180**		
Total	¥48,809	**¥42,763**	¥48,018	**¥41,970**		
Total impaired account balances:						
Retail	¥48,376	**¥42,438**	¥47,640	**¥41,790**		
Finance leases	433	**325**	378	**180**		
Wholesale	19,937	**22,120**	19,937	**22,120**		
Real estate	18,173	**16,444**	18,173	**16,444**		
Working capital	5,113	**1,033**	5,113	**1,033**		
Total	¥92,032	**¥82,360**	¥91,241	**¥81,567**		

Notes to Consolidated Financial Statements

	Yen in millions			
	Average impaired finance receivables		Interest income recognized	
	For the years ended March 31,		For the years ended March 31,	
	2011	**2012**	2011	**2012**
Total impaired account balances:				
Retail	¥48,898	**¥44,362**	¥4,373	**¥3,700**
Finance leases	480	**279**	30	**7**
Wholesale	16,231	**18,734**	171	**79**
Real estate	19,545	**16,137**	514	**395**
Working capital	4,979	**2,592**	86	**79**
Total	¥90,133	**¥82,104**	¥5,174	**¥4,260**

	U.S. dollars in millions		
	March 31, 2012		
	Recorded investment	Unpaid principal balance	Individually evaluated allowance
Impaired account balances individually evaluated for impairment with an allowance:			
Wholesale	**$ 99**	**$ 99**	**$33**
Real estate	**200**	**200**	**52**
Working capital	**12**	**12**	**7**
Total	**$ 311**	**$311**	**$92**
Impaired account balances individually evaluated for impairment without an allowance:			
Wholesale	**$ 170**	**$170**	
Real estate	**0**	**0**	
Working capital	**1**	**1**	
Total	**$ 171**	**$171**	
Impaired account balances aggregated and evaluated for impairment:			
Retail	**$ 516**	**$508**	
Finance leases	**4**	**2**	
Total	**$ 520**	**$510**	
Total impaired account balances:			
Retail	**$ 516**	**$508**	
Finance leases	**4**	**2**	
Wholesale	**269**	**269**	
Real estate	**200**	**200**	
Working capital	**13**	**13**	
Total	**$1,002**	**$992**	

	U.S. dollars in millions	
	For the year ended March 31, 2012	
	Average impaired finance receivables	Interest income recognized
Total impaired account balances:		
Retail	**$540**	**$45**
Finance leases	**3**	**0**
Wholesale	**228**	**1**
Real estate	**196**	**5**
Working capital	**32**	**1**
Total	**$999**	**$52**

The amount of finance receivables modified as a troubled debt restructuring for the year ended March 31, 2012 was not significant for all classes of finance receivables. Finance receivables modified as troubled debt restructurings for the year ended March 31, 2012 and for which there was a payment default were not significant for all classes of such receivables.

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,
	2011	**2012**	**2012**
Finished goods	¥ 715,272	**¥ 981,612**	**$11,943**
Raw materials	299,755	**347,878**	**4,233**
Work in process	218,335	**221,036**	**2,689**
Supplies and other	70,880	**71,756**	**873**
Total	¥1,304,242	**¥1,622,282**	**$19,738**

Notes to Consolidated Financial Statements

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,
	2011	**2012**	**2012**
Vehicles	¥2,404,032	**¥2,487,721**	**$30,268**
Equipment	87,914	**87,632**	**1,066**
	2,491,946	**2,575,353**	**31,334**
Less - Accumulated depreciation	(651,443)	**(667,406)**	**(8,120)**
Less - Allowance for credit losses	(10,812)	**(8,135)**	**(99)**
Vehicles and equipment on operating leases, net	¥1,829,691	**¥1,899,812**	**$23,115**

Rental income from vehicles and equipment on operating leases was ¥496,729 million, ¥475,472 million and ¥451,361 million ($5,492 million) for the years ended March 31, 2010, 2011 and 2012, 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
2013	**¥375,082**	**$4,564**
2014	**227,597**	**2,769**
2015	**105,031**	**1,278**
2016	**30,358**	**369**
2017	**9,878**	**120**
Thereafter	**4,812**	**59**
Total minimum future rentals	**¥752,758**	**$9,159**

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, 2010, 2011 and 2012 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Allowance for doubtful accounts at beginning of year	¥48,006	¥46,706	**¥44,047**	**$536**
Provision for doubtful accounts, net of reversal	1,905	1,806	**5,843**	**71**
Write-offs	(1,357)	(2,690)	**(699)**	**(9)**
Other	(1,848)	(1,775)	**(5,094)**	**(62)**
Allowance for doubtful accounts at end of year	¥46,706	¥44,047	**¥44,097**	**$536**

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, 2010, 2011 and 2012.

A portion of the allowance for doubtful accounts balance at March 31, 2011 and 2012 totaling ¥32,191 million and ¥31,093 million ($378 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, 2010, 2011 and 2012 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Allowance for credit losses at beginning of year	¥238,932	¥232,479	**¥167,615**	**$2,039**
Provision for credit losses, net of reversal	98,870	2,334	**3,780**	**46**
Charge-offs	(118,333)	(86,115)	**(51,578)**	**(627)**
Recoveries	16,137	18,268	**16,415**	**200**
Other	(3,127)	649	**4,131**	**50**
Allowance for credit losses at end of year	¥232,479	¥167,615	**¥140,363**	**$1,708**

The other amount primarily includes the impact of currency translation adjustments for the years ended March 31, 2010, 2011 and 2012.

Notes to Consolidated Financial Statements

An analysis of the allowance for credit losses above relating to retail receivables portfolio segment, finance lease receivables portfolio segment and wholesale and other dealer loan receivables portfolio segment for the years ended March 31, 2011 and 2012 are as follows:

	Yen in millions		
	For the year ended March 31, 2011		
	Retail	Finance leases	Wholesale and Other dealer loans
Allowance for credit losses at beginning of year	¥160,350	¥36,918	¥35,211
Provision for credit losses, net of reversal	(2,660)	6,023	2,098
Charge-offs	(68,122)	(2,820)	(5,885)
Recoveries	14,159	288	636
Other	(11,528)	(4,385)	(3,480)
Allowance for credit losses at end of year	¥ 92,199	¥36,024	¥28,580

	Yen in millions		
	For the year ended March 31, 2012		
	Retail	Finance leases	Wholesale and Other dealer loans
Allowance for credit losses at beginning of year	**¥92,199**	**¥36,024**	**¥28,580**
Provision for credit losses, net of reversal	**13,569**	**(4,508)**	**(4,767)**
Charge-offs	**(44,742)**	**(2,499)**	**(305)**
Recoveries	**14,051**	**718**	**16**
Other	**2,276**	**902**	**714**
Allowance for credit losses at end of year	**¥77,353**	**¥30,637**	**¥24,238**

	U.S. dollars in millions		
	For the year ended March 31, 2012		
	Retail	Finance leases	Wholesale and Other dealer loans
Allowance for credit losses at beginning of year	**$1,122**	**$438**	**$348**
Provision for credit losses, net of reversal	**165**	**(55)**	**(58)**
Charge-offs	**(545)**	**(30)**	**(4)**
Recoveries	**171**	**9**	**0**
Other	**28**	**11**	**9**
Allowance for credit losses at end of year	**$ 941**	**$373**	**$295**

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,
	2011	2012	2012
Current assets	¥ 7,973,712	**¥ 9,112,895**	**$110,876**
Noncurrent assets	6,815,361	**6,914,208**	**84,125**
Total assets	¥14,789,073	**¥16,027,103**	**$195,001**
Current liabilities	¥ 5,141,461	**¥ 5,847,495**	**$ 71,146**
Long-term liabilities and noncontrolling interests	3,726,952	**4,032,045**	**49,058**
Affiliated companies accounted for by the equity method shareholders' equity	5,920,660	**6,147,563**	**74,797**
Total liabilities and shareholders' equity	¥14,789,073	**¥16,027,103**	**$195,001**
Toyota's share of affiliated companies accounted for by the equity method shareholders' equity	¥ 1,817,988	**¥ 1,914,129**	**$ 23,289**
Number of affiliated companies accounted for by the equity method at end of period	56	**57**	

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	2012	2012
Net revenues	¥20,599,586	¥21,874,143	**¥22,211,233**	**$270,243**
Gross profit	¥ 2,269,109	¥ 2,342,706	**¥ 2,297,660**	**$ 27,955**
Net income attributable to affiliated companies accounted for by the equity method	¥ 317,017	¥ 641,771	**¥ 554,983**	**$ 6,752**

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

	Percentage of ownership	
	March 31,	
Name of affiliated companies	2011	2012
Denso Corporation	24.7%	**24.9%**
Toyota Industries Corporation	24.8%	**24.8%**
Aisin Seiki Co., Ltd.	23.1%	**23.4%**
Toyota Tsusho Corporation	21.8%	**22.1%**
Toyoda Gosei Co., Ltd.	43.1%	**43.1%**

Notes to Consolidated Financial Statements

Certain affiliated companies accounted for by the equity method with carrying amounts of ¥1,384,159 million and ¥1,467,575 million ($17,856 million) at March 31, 2011 and 2012, respectively, were quoted on various established markets at an aggregate value of ¥1,475,352 million and ¥1,477,413 million ($17,976 million), respectively. For the year ended March 31, 2010, Toyota recognized an impairment loss on a certain investment in affiliated company accounted for by the equity method of ¥63,575 million, which is included in "Equity in earnings of affiliated companies" in the accompanying consolidated statements of income. Toyota evaluated its investments in affiliated companies, considering the length of time and the extent to which the quoted market prices have been less than the carrying amounts, the financial condition and near-term prospects of the affiliated companies and Toyota's ability and intent to retain those investments in the companies for a period of time. Toyota did not recognize any impairment loss for the years ended March 31, 2011 and 2012.

Account balances and transactions with affiliated companies are presented below:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Trade accounts and notes receivable, and other receivables	¥204,447	**¥283,497**	**$3,449**
Accounts payable and other payables	352,538	**707,955**	**8,614**

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Net revenues	¥1,600,365	¥1,612,397	**¥1,536,326**	**$18,692**
Purchases	3,943,648	3,655,185	**3,785,284**	**46,055**

Dividends from affiliated companies accounted for by the equity method for the years ended March 31, 2010, 2011 and 2012 were ¥82,149 million, ¥103,169 million and ¥122,950 million ($1,496 million), respectively.

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

Variable Interest Entities

Toyota enters into securitization transactions using special-purpose entities, that are considered variable interest entities ("VIEs"). Although the finance receivables related to securitization transactions have been legally sold to the VIEs, Toyota has both the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance and the obligation to absorb losses of the VIEs or the right to receive benefits from the VIEs that could potentially be significant to the VIEs. As a result, Toyota is considered the primary beneficiary of the VIEs and therefore consolidates the VIEs.

The consolidated securitization VIEs have ¥1,111,212 million and ¥1,208,136 million ($14,699 million) in retail finance receivables, ¥64,502 million and ¥65,541 million ($797 million) in restricted cash and ¥941,613 million and ¥1,040,816 million ($12,664 million) in secured debt as of March 31, 2011 and 2012, respectively. Risks to which Toyota is exposed including credit, interest rate, and/or prepayment risks are not incremental compared with the situation before Toyota enters into securitization transactions.

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

13 Short-term borrowings and long-term debt:

Short-term borrowings at March 31, 2011 and 2012 consist of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Loans, principally from banks, with a weighted-average interest at March 31, 2011 and March 31, 2012 of 1.57% and of 1.93% per annum, respectively	¥1,140,066	**¥1,158,556**	**$14,096**
Commercial paper with a weighted-average interest at March 31, 2011 and March 31, 2012 of 0.67% and of 0.72% per annum, respectively	2,038,943	**2,292,093**	**27,888**
	¥3,179,009	**¥3,450,649**	**$41,984**

As of March 31, 2012, "Loans, principally from banks" amount includes secured loans by finance receivables securitization of ¥194,571 million ($2,367 million).

As of March 31, 2012, Toyota has unused short-term lines of credit amounting to ¥2,465,882 million ($30,002 million) of which ¥332,896 million ($4,050 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.

Notes to Consolidated Financial Statements

Long-term debt at March 31, 2011 and 2012 comprises the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Unsecured loans, representing obligations principally to banks, due 2011 to 2029 in 2011 and due 2012 to 2029 in 2012 with interest ranging from 0.00% to 29.00% per annum in 2011 and from 0.00% to 32.00% per annum in 2012	¥3,386,854	**¥3,064,785**	**$ 37,289**
Secured loans, representing obligations principally to finance receivables securitization due 2011 to 2050 in 2011 and due 2012 to 2050 in 2012 with interest ranging from 0.37% to 5.35% per annum in 2011 and from 0.37% to 11.23% per annum in 2012	619,380	**855,015**	**10,403**
Medium-term notes of consolidated subsidiaries, due 2011 to 2047 in 2011 and due 2012 to 2047 in 2012 with interest ranging from 0.01% to 15.25% per annum in 2011 and from 0.13% to 8.50% per annum in 2012	3,314,589	**3,137,289**	**38,171**
Unsecured notes of parent company, due 2012 to 2019 in 2011 and due 2012 to 2019 in 2012 with interest ranging from 1.07% to 3.00% per annum in 2011 and from 1.07% to 3.00% per annum in 2012	530,000	**530,000**	**6,448**
Unsecured notes of consolidated subsidiaries, due 2011 to 2031 in 2011 and due 2012 to 2031 in 2012 with interest ranging from 0.27% to 15.48% per annum in 2011 and from 0.17% to 24.90% per annum in 2012	1,349,307	**946,460**	**11,516**
Long-term capital lease obligations, due 2011 to 2028 in 2011 and due 2012 to 2030 in 2012 with interest ranging from 0.38% to 14.40% per annum in 2011 and from 0.38% to 14.40% per annum in 2012	21,917	**21,348**	**260**
	9,222,047	**8,554,897**	**104,087**
Less - Current portion due within one year	(2,772,827)	**(2,512,620)**	**(30,571)**
	¥6,449,220	**¥6,042,277**	**$ 73,516**

As of March 31, 2012, approximately 34%, 26%, 11% and 29% of long-term debt are denominated in U.S. dollars, Japanese yen, Australian dollars and other currencies, respectively.

As of March 31, 2012, property, plant and equipment with a book value of ¥52,888 million ($643 million) and in addition, other assets aggregating ¥1,225,344 million ($14,909 million) were pledged as collateral mainly for certain debt obligations of subsidiaries. These other assets principally consist of securitized finance receivables.

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

Years ending March 31,	Yen in millions	U.S. dollars in millions
2013	**¥2,512,620**	**$30,571**
2014	**1,632,093**	**19,858**
2015	**1,325,676**	**16,129**
2016	**1,281,176**	**15,588**
2017	**750,350**	**9,129**

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, 2012, Toyota has not received any significant such requests from these banks.

As of March 31, 2012, Toyota has unused long-term lines of credit amounting to ¥7,606,520 million ($92,548 million).

14 Product warranties and recalls and other safety measures:

Toyota provides product warranties for certain defects mainly resulting from manufacturing based on warranty contracts with its customers at the time of sale of products. Toyota accrues estimated warranty costs to be incurred in the future in accordance with the warranty contracts. In addition to product warranties, Toyota initiates recalls and other safety measures to repair or to replace parts which might be expected to fail from products safety perspectives or customer satisfaction standpoints. Toyota accrues for costs of recalls and other safety measures at the time of vehicle sale based on the amount estimated from historical experience.

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

Liabilities for quality assurances are included in "Accrued expenses" in the consolidated balance sheets.

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The net changes in liabilities for quality assurances above for the years ended March 31, 2010, 2011 and 2012 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Liabilities for quality assurances at beginning of year	¥568,834	¥680,408	**¥764,369**	**$ 9,300**
Payments made during year	(425,976)	(476,771)	**(348,214)**	**(4,237)**
Provision for quality assurances	558,190	588,224	**436,891**	**5,316**
Changes relating to pre-existing quality assurances	(21,606)	(1,701)	**(7,827)**	**(95)**
Other	966	(25,791)	**(5,385)**	**(66)**
Liabilities for quality assurances at end of year	¥680,408	¥764,369	**¥839,834**	**$10,218**

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

The table below shows the net changes in liabilities for recalls and other safety measures which are comprised in liabilities for quality assurances above for the years ended March 31, 2010, 2011 and 2012.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Liabilities for recalls and other safety measures at beginning of year	¥139,577	¥301,422	**¥389,499**	**$4,739**
Payments made during year	(89,796)	(263,096)	**(159,344)**	**(1,939)**
Provision for recalls and other safety measures	256,981*	356,749	**237,907**	**2,895**
Other	(5,340)	(5,576)	**635**	**8**
Liabilities for recalls and other safety measures at end of year	¥301,422	¥389,499	**¥468,697**	**$5,703**

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

15 Other payables:

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

16 Income taxes:

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

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Income (loss) before income taxes:				
Parent company and domestic subsidiaries	¥(114,569)	¥(278,229)	**¥(177,852)**	**$(2,164)**
Foreign subsidiaries	406,037	841,519	**610,725**	**7,431**
	¥ 291,468	¥ 563,290	**¥ 432,873**	**$ 5,267**

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,
	2010	2011	**2012**	**2012**
Current income tax expense:				
Parent company and domestic subsidiaries	¥ 65,971	¥ 85,290	**¥ 111,363**	**$ 1,355**
Foreign subsidiaries	1,156	141,821	**144,514**	**1,758**
Total current	67,127	227,111	**255,877**	**3,113**
Deferred income tax expense (benefit):				
Parent company and domestic subsidiaries	(126,716)	(44,268)	**(57,940)**	**(705)**
Foreign subsidiaries	152,253	129,978	**64,335**	**783**
Total deferred	25,537	85,710	**6,395**	**78**
Total provision	¥ 92,664	¥ 312,821	**¥ 262,272**	**$ 3,191**

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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, 2010, 2011 and 2012. The statutory tax rates in effect for the year in which the temporary differences are expected to reverse are used to calculate the tax effects of temporary differences which are expected to reverse 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,		
	2010	2011	**2012**
Statutory tax rate	40.2%	40.2%	**40.2%**
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	1.9	2.2	**1.7**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries	4.4	4.8	**4.7**
Deferred tax liabilities on undistributed earnings of affiliates accounted for by the equity method	(0.6)	12.6	**9.2**
Valuation allowance	11.2	8.1	**14.9**
Tax credits	(11.8)	(2.6)	**(1.8)**
The difference between the statutory tax rate in Japan and that of foreign subsidiaries	(10.7)	(9.3)	**(9.6)**
Unrecognized tax benefits adjustments	2.3	(0.6)	**2.5**
Other	(5.1)	0.1	**(1.2)**
Effective income tax rate	31.8%	55.5%	**60.6%**

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Deferred tax assets			
Accrued pension and severance costs	¥ 226,093	**¥ 236,978**	**$ 2,883**
Accrued expenses and liabilities for quality assurances	395,513	**369,985**	**4,502**
Other accrued employees' compensation	103,020	**106,265**	**1,293**
Operating loss carryforwards for tax purposes	296,731	**337,992**	**4,112**
Tax credit carryforwards	127,289	**108,426**	**1,319**
Property, plant and equipment and other assets	176,229	**147,906**	**1,800**
Other	277,449	**296,934**	**3,613**
Gross deferred tax assets	1,602,324	**1,604,486**	**19,522**
Less - Valuation allowance	(280,685)	**(309,268)**	**(3,763)**
Total deferred tax assets	¥ 1,321,639	**¥ 1,295,218**	**$ 15,759**
Deferred tax liabilities			
Unrealized gains on securities	(146,874)	**(210,475)**	**(2,561)**
Undistributed earnings of foreign subsidiaries	(26,783)	**(27,581)**	**(336)**
Undistributed earnings of affiliates accounted for by the equity method	(578,756)	**(504,776)**	**(6,141)**
Basis difference of acquired assets	(38,351)	**(34,120)**	**(415)**
Lease transactions	(556,349)	**(576,809)**	**(7,018)**
Other	(74,839)	**(54,749)**	**(666)**
Gross deferred tax liabilities	(1,421,952)	**(1,408,510)**	**(17,137)**
Net deferred tax liability	¥ (100,313)	**¥ (113,292)**	**$ (1,378)**

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Deferred tax assets			
Deferred income taxes (Current assets)	¥ 605,884	**¥ 718,687**	**$ 8,744**
Investments and other assets - Other	118,849	**91,857**	**1,118**
Deferred tax liabilities			
Other current liabilities	(14,919)	**(14,953)**	**(182)**
Deferred income taxes (Long-term liabilities)	(810,127)	**(908,883)**	**(11,058)**
Net deferred tax liability	¥(100,313)	**¥(113,292)**	**$ (1,378)**

Notes to Consolidated Financial Statements

The factors used to assess the likelihood of realization of the deferred tax assets are the future reversal of existing taxable temporary differences, the future taxable income and available tax planning strategies that are prudent and feasible. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed for deferred tax assets which are not more-likely-than-not to be realized.

As of March 31, 2012, the parent company and its national tax filing group in Japan are in a cumulative pre-tax loss position in recent years. Meanwhile, Toyota has concluded that there is sufficient positive evidence to overcome the negative evidence of this cumulative pre-tax loss as operating results from the parent company and its national tax filing group in Japan recovered in the second half of this fiscal year as a results of increased production volume, vehicle unit sales and cost reduction from the first half of the fiscal year. Other positive evidence considered includes future forecasted taxable income in the fiscal year 2013 and beyond and effective tax planning strategies, inclusive of sales of appreciated assets. This forecasted taxable income is expected to be generated mainly from an increase in worldwide automotive industry demand and continuous cost reduction efforts and is anticipated to be sufficient, over a number of years, to realize the deferred tax assets prior to expiration of operating loss carryforwards in 2021.

If the sufficient taxable income for the fiscal year 2013 or future years is not achieved due to the factors which cannot be anticipated such as high competition and volatility of worldwide automotive market, steep strengthening of Japanese yen and increase in prices for raw materials, or if tax planning strategies are no longer viable, it could affect the realization of deferred tax assets of the parent company and its national tax filing group in Japan.

Operating loss carryforwards for tax purposes as of March 31, 2012 in Japan and foreign countries were ¥496,104 million ($6,036 million) and ¥643,190 million ($7,826 million), respectively, and are available as an offset against future taxable income. The majority of these carryforwards in Japan and foreign countries expire in years 2013 to 2021 and expire in years 2013 to 2031, respectively. Tax credit carryforwards as of March 31, 2012 in Japan and foreign countries were ¥99,423 million ($1,210 million) and ¥9,003 million ($110 million), respectively, and the majority of these carryforwards in Japan and foreign countries expire in years 2013 to 2015 and expire in years 2014 to 2023, respectively.

The valuation allowance mainly relates to deferred tax assets of operating loss and foreign tax credit 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, 2010, 2011 and 2012 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Valuation allowance at beginning of year	¥208,627	¥239,269	**¥280,685**	**$3,415**
Additions	46,704	55,791	**96,754**	**1,177**
Deductions	(14,066)	(10,077)	**(65,566)**	**(798)**
Other	(1,996)	(4,298)	**(2,605)**	**(31)**
Valuation allowance at end of year	¥239,269	¥280,685	**¥309,268**	**$3,763**

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, 2010, 2011 and 2012.

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 ¥2,690,416 million ($32,734 million) as of March 31, 2012. Toyota estimates an additional tax provision of ¥96,320 million ($1,172 million) would be required if the full amount of those undistributed earnings were remitted.

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A summary of the gross unrecognized tax benefits changes for the years ended March 31, 2010, 2011 and 2012 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Balance at beginning of year	¥ 46,803	¥ 23,965	**¥ 15,453**	**$ 188**
Additions based on tax positions related to the current year	2,702	213	**4,187**	**51**
Additions for tax positions of prior years	6,750	12,564	**10,801**	**131**
Reductions for tax positions of prior years	(2,802)	(16,133)	**(363)**	**(4)**
Reductions for tax positions related to lapse of statute of limitations	(106)	—	**—**	**—**
Reductions for settlements	(27,409)	(2,794)	**(12,820)**	**(156)**
Other	(1,973)	(2,362)	**(357)**	**(4)**
Balance at end of year	¥ 23,965	¥ 15,453	**¥ 16,901**	**$ 206**

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was not material at March 31, 2010, 2011 and 2012, 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, 2010, 2011 and 2012, respectively, were not material.

Toyota remains subject to income tax examination for the tax returns related to the years beginning on and after April 1, 2005 and January 1, 2000, with various tax jurisdictions in Japan and foreign countries, respectively.

17 Shareholders' equity:

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

	For the years ended March 31,		
	2010	2011	**2012**
Common stock issued			
Balance at beginning of year	3,447,997,492	3,447,997,492	**3,447,997,492**
Issuance during the year	—	—	**—**
Purchase and retirement	—	—	**—**
Balance at end of year	3,447,997,492	3,447,997,492	**3,447,997,492**

The Companies 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, 2011 and 2012 was ¥171,062 million and ¥173,711 million ($2,114 million), respectively. The Companies Act provides that the retained earnings reserve of the parent company and its Japanese subsidiaries is restricted and unable to be used for dividend payments, and is excluded from the calculation of the profit available for dividend.

The amounts of statutory retained earnings of the parent company available for dividend payments to shareholders were ¥5,389,432 million and ¥5,348,279 million ($65,072 million) as of March 31, 2011 and 2012, 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, 2012 include amounts representing year-end cash dividends of ¥95,004 million ($1,156 million), ¥30 ($0.37) per share, which were approved at the Ordinary General Shareholders' Meeting, held on June 15, 2012.

Retained earnings at March 31, 2012 include ¥1,477,165 million ($17,973 million) relating to equity in undistributed earnings of companies accounted for by the equity method.

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

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not required under the current regulation.

On January 1, 2012, the parent company implemented share exchanges as a result of which the parent company became a wholly-owned parent company and each of Toyota Auto Body Co., Ltd. and Kanto Auto Works, Ltd. became a wholly-owned subsidiary, and the parent company acquired additional shares of each subsidiary. As a result of these share exchanges, the parent company issued 31,151,148 shares of treasury stock, and treasury stock decreased by ¥125,819 million ($1,531 million) and losses on disposal of treasury stock occurred in the amount of ¥45,916 million ($559 million). As a result, additional paid-in capital decreased by ¥551 million ($7 million) and retained earnings decreased by ¥45,365 million ($552 million), respectively. As a result of acquiring additional shares of each subsidiary, noncontrolling interests decreased by ¥117,881 million ($1,434 million), accumulated other comprehensive income (loss) decreased by ¥6,503 million ($79 million) and additional paid-in capital increased by ¥44,481 million ($541 million).

Detailed components of accumulated other comprehensive income (loss) in Toyota Motor Corporation shareholders' equity at March 31, 2011 and 2012 and the related changes, net of taxes for the years ended March 31, 2010, 2011 and 2012 consist of the following:

	Yen in millions			
	Foreign currency translation adjustments	Unrealized gains or (losses) on securities	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2009	¥ (882,670)	¥ 17,878	¥ (242,989)	¥ (1,107,781)
Other comprehensive income	9,894	176,407	74,645	260,946
Balances at March 31, 2010	(872,776)	194,285	(168,344)	(846,835)
Other comprehensive income (loss)	(287,613)	(26,058)	15,785	(297,886)
Balances at March 31, 2011	(1,160,389)	168,227	(152,559)	(1,144,721)
Equity transaction with noncontrolling interests and other	—	751	(7,254)	(6,503)
Other comprehensive income (loss)	(87,729)	129,328	(69,208)	(27,609)
Balances at March 31, 2012	**¥ (1,248,118)**	**¥ 298,306**	**¥ (229,021)**	**¥ (1,178,833)**

	U.S. dollars in millions			
	Foreign currency translation adjustments	Unrealized gains or (losses) on securities	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2011	$ (14,119)	$ 2,047	$ (1,856)	$ (13,928)
Equity transaction with noncontrolling interests and other	—	9	(88)	(79)
Other comprehensive income (loss)	(1,067)	1,573	(842)	(336)
Balances at March 31, 2012	**$ (15,186)**	**$ 3,629**	**$ (2,786)**	**$ (14,343)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2010, 2011 and 2012 are as follows:

	Yen in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2010			
Foreign currency translation adjustments	¥ 10,809	¥ (915)	¥ 9,894
Unrealized gains or (losses) on securities:			
Unrealized net holding gains or (losses) arising for the year	277,838	(102,538)	175,300
Less: reclassification adjustments for (gains) or losses included in net income attributable to Toyota Motor Corporation	1,852	(745)	1,107
Pension liability adjustments	124,526	(49,881)	74,645
Other comprehensive income	¥ 415,025	¥ (154,079)	¥ 260,946
For the year ended March 31, 2011			
Foreign currency translation adjustments	¥ (294,279)	¥ 6,666	¥ (287,613)
Unrealized gains or (losses) on securities:			
Unrealized net holding gains or (losses) arising for the year	(31,899)	9,643	(22,256)
Less: reclassification adjustments for (gains) or losses included in net income attributable to Toyota Motor Corporation	(6,358)	2,556	(3,802)
Pension liability adjustments	26,681	(10,896)	15,785
Other comprehensive income (loss)	¥ (305,855)	¥ 7,969	¥ (297,886)
For the year ended March 31, 2012			
Equity transaction with noncontrolling interests and other	**¥ (10,874)**	**¥ 4,371**	**¥ (6,503)**
Foreign currency translation adjustments	**(95,677)**	**7,948**	**(87,729)**
Unrealized gains or (losses) on securities:			
Unrealized net holding gains or (losses) arising for the year	**164,872**	**(65,642)**	**99,230**
Less: reclassification adjustments for (gains) or losses included in net income attributable to Toyota Motor Corporation	**50,332**	**(20,234)**	**30,098**
Pension liability adjustments	**(111,722)**	**42,514**	**(69,208)**
Other comprehensive income (loss)	**¥ (3,069)**	**¥ (31,043)**	**¥ (34,112)**

	U.S. dollars in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2012			
Equity transaction with noncontrolling interests and other	**$ (132)**	**$ 53**	**$ (79)**
Foreign currency translation adjustments	**(1,164)**	**97**	**(1,067)**
Unrealized gains or (losses) on securities:			
Unrealized net holding gains or (losses) arising for the year	**2,006**	**(799)**	**1,207**
Less: reclassification adjustments for (gains) or losses included in net income attributable to Toyota Motor Corporation	**612**	**(246)**	**366**
Pension liability adjustments	**(1,359)**	**517**	**(842)**
Other comprehensive income (loss)	**$ (37)**	**$ (378)**	**$ (415)**

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18 Stock-based compensation:

In June 1997, the parent company's shareholders approved a stock option plan for board members. In June 2001, the shareholders approved an amendment of the plan to include both board members and key employees. Each year until June 2010, since the plans' inception, the shareholders have approved the authorization for the grant of options for the purchase of Toyota's common stock. Authorized shares for each year that remain ungranted are unavailable for grant in future years. Stock options granted in and after August 2006 have terms of 8 years and an exercise price equal to 1.025 times the closing price of Toyota's common stock on the date of grant. These options generally vest 2 years from the date of grant.

For the years ended March 31, 2010, 2011 and 2012, Toyota recognized stock-based compensation expenses for stock options of ¥2,446 million, ¥2,522 million and ¥1,539 million ($19 million) as selling, general and administrative expenses.

The weighted-average grant-date fair value of options granted during the years ended March 31, 2010 and 2011 was ¥803 and ¥724, respectively per share. The fair value of options granted is amortized over the option vesting period in determining net income attributable to Toyota Motor Corporation in the consolidated statements of income. The grant-date fair value of options granted is estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2010	2011
Dividend rate	2.4%	1.5%
Risk-free interest rate	0.7%	0.3%
Expected volatility	30%	32%
Expected holding period (years)	5.0	5.0

The following table summarizes Toyota's stock option activity:

	Number of shares	Yen: Weighted-average exercise price	Weighted-average remaining contractual life in years	Yen in millions: Aggregate intrinsic value
Options outstanding at March 31, 2009	11,340,700	¥5,631	5.51	¥ 1
Granted	3,492,000	4,193		
Exercised	(157,800)	3,116		
Canceled	(958,200)	4,646		
Options outstanding at March 31, 2010	13,716,700	5,363	5.23	¥ —
Granted	3,435,000	3,183		
Exercised	—	—		
Canceled	(1,364,900)	4,759		
Options outstanding at March 31, 2011	15,786,800	4,941	5.04	¥ 565
Granted	—	—		
Exercised	—	—		
Canceled	(3,256,800)	5,059		
Options outstanding at March 31, 2012	**12,530,000**	**¥4,910**	**4.55**	**¥1,065**
Options exercisable at March 31, 2010	7,515,700	¥6,132	3.86	¥ —
Options exercisable at March 31, 2011	9,347,800	¥5,821	3.79	¥ —
Options exercisable at March 31, 2012	9,778,000	¥5,396	4.05	¥ —

The total intrinsic value of options exercised for the year ended March 31, 2010 was ¥113 million. No options were exercised for the years ended March 31, 2011 and 2012.

As of March 31, 2012, there were unrecognized compensation expenses of ¥264 million ($3 million) for stock options granted. Those expenses are expected to be recognized over a weighted-average period of 0.3 years.

Cash received from the exercise of stock options for the year ended March 31, 2010 was ¥492 million. No cash was received from the exercise of stock options for the years ended March 31, 2011 and 2012.

The following table summarizes information for options outstanding and options exercisable at March 31, 2012:

Exercise price range	Outstanding: Number of shares	Outstanding: Weighted-average exercise price		Outstanding: Weighted-average remaining life	Exercisable: Number of shares	Exercisable: Weighted-average exercise price	
Yen		Yen	U.S. dollars	Years		Yen	U.S. dollars
¥3,183–5,000	8,526,000	¥4,038	$49	5.34	5,774,000	¥4,445	$54
5,001–7,278	4,004,000	6,766	82	2.88	4,004,000	6,766	82
3,183–7,278	12,530,000	4,910	60	4.55	9,778,000	5,396	66

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19 Employee benefit plans:

Pension and severance plans

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

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

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

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

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

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

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

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Change in benefit obligation			
Benefit obligation at beginning of year	¥1,726,747	**¥1,729,178**	**$21,039**
Service cost	82,422	**78,539**	**956**
Interest cost	52,502	**52,399**	**637**
Plan participants' contributions	1,046	**1,055**	**13**
Plan amendments	(1,429)	**740**	**9**
Net actuarial loss	3,830	**117,320**	**1,427**
Acquisition and other	(57,928)	**40,496**	**492**
Benefits paid	(78,012)	**(72,340)**	**(880)**
Benefit obligation at end of year	1,729,178	**1,947,387**	**23,693**
Change in plan assets			
Fair value of plan assets at beginning of year	1,179,051	**1,183,385**	**14,398**
Actual return on plan assets	24,216	**16,309**	**198**
Acquisition and other	(39,374)	**47,547**	**578**
Employer contributions	96,458	**94,815**	**1,154**
Plan participants' contributions	1,046	**1,055**	**13**
Benefits paid	(78,012)	**(72,340)**	**(880)**
Fair value of plan assets at end of year	1,183,385	**1,270,771**	**15,461**
Funded status	¥ 545,793	**¥ 676,616**	**$ 8,232**

Amounts recognized in the consolidated balance sheet as of March 31, 2011 and 2012 are comprised of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Accrued expenses (Accrued pension and severance costs)	¥ 24,677	**¥ 21,076**	**$ 256**
Accrued pension and severance costs	668,022	**708,402**	**8,619**
Investments and other assets - Other (Prepaid pension and severance costs)	(146,906)	**(52,862)**	**(643)**
Net amount recognized	¥ 545,793	**¥676,616**	**$8,232**

Notes to Consolidated Financial Statements

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2011 and 2012 are comprised of the following:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Net actuarial loss	¥(347,494)	**¥(456,839)**	**$(5,558)**
Prior service costs	72,324	**55,597**	**676**
Net transition obligation	(1,626)	**—**	**—**
Net amount recognized	¥(276,796)	**¥(401,242)**	**$(4,882)**

The accumulated benefit obligation for all defined benefit pension plans was ¥1,584,627 million and ¥1,764,721 million ($21,471 million) at March 31, 2011 and 2012, 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,
	2011	**2012**	**2012**
Projected benefit obligation	¥500,046	**¥535,503**	**$6,515**
Accumulated benefit obligation	453,111	**481,484**	**5,858**
Fair value of plan assets	72,359	**80,752**	**983**

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,
	2010	2011	**2012**	**2012**
Service cost	¥ 75,558	¥82,422	**¥ 78,539**	**$ 956**
Interest cost	50,559	52,502	**52,399**	**637**
Expected return on plan assets	(32,251)	(42,364)	**(44,422)**	**(541)**
Amortization of prior service costs	(15,063)	(24,032)	**(15,975)**	**(194)**
Recognized net actuarial loss	27,246	16,095	**30,125**	**366**
Amortization of net transition obligation	1,944	1,944	**1,626**	**20**
Net periodic pension cost	¥107,993	¥86,567	**¥102,292**	**$1,244**

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

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
Net actuarial gain (loss)	¥ 81,949	¥(21,978)	**¥(145,433)**	**$(1,770)**
Recognized net actuarial loss	27,246	16,095	**30,125**	**366**
Prior service costs	3,080	1,429	**(740)**	**(9)**
Amortization of prior service costs	(15,063)	(24,032)	**(15,975)**	**(194)**
Amortization of net transition obligation	1,944	1,944	**1,626**	**20**
Other	2,594	40,995	**5,951**	**73**
Total recognized in other comprehensive income (loss)	¥101,750	¥ 14,453	**¥(124,446)**	**$(1,514)**

The other amount includes the impact of transition to defined contribution pension plans, consolidation and deconsolidation of certain entities due to changes in ownership interest and currency translation adjustments during the years ended March 31, 2010, 2011 and 2012.

The estimated prior service costs and net actuarial loss that will be amortized from accumulated other comprehensive income (loss) into net periodic pension cost during the year ending March 31, 2013 are ¥(5,800) million ($(71) million) and ¥20,600 million ($251 million), respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2011 and 2012 are as follows:

	March 31,	
	2011	**2012**
Discount rate	2.8%	**2.6%**
Rate of compensation increase	2.6%	**2.8%**

As of March 31, 2011 and 2012, the parent company and certain subsidiaries in Japan employ "point" based retirement benefit plans and do not use the rates of compensation increase to determine benefit obligations.

Notes to Consolidated Financial Statements

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2010, 2011 and 2012 are as follows:

	For the years ended March 31,		
	2010	2011	**2012**
Discount rate	2.8%	2.8%	**2.8%**
Expected return on plan assets	3.6%	3.8%	**3.9%**
Rate of compensation increase	2.6%	2.6%	**2.6%**

During the years ended March 31, 2010, 2011 and 2012, the parent company and certain subsidiaries in Japan employ "point" based retirement benefit plans and do not use the rates of compensation increase to determine net periodic pension cost.

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

Toyota's policy and objective for plan asset management is to maximize returns on plan assets to meet future benefit payment requirements under risks which Toyota considers permissible. Asset allocations under the plan asset management are determined based on plan asset management policies of each plan which are established to achieve the optimized asset compositions in terms of the long-term overall plan asset management. Excepting equity securities contributed by Toyota, approximately 50% of the plan assets is invested in equity securities, approximately 30% is invested in debt securities, and the rest of them is invested in insurance contracts and other products. When actual allocations are not in line with target allocations, Toyota rebalances its investments in accordance with the policies. Prior to making individual investments, Toyota performs in-depth assessments of corresponding factors including category of products, industry type, currencies and liquidity of each potential investment under consideration to mitigate concentrations of risks such as market risk and foreign currency exchange rate risk. To assess performance of the investments, Toyota establishes bench mark return rates for each individual investment, combines these individual bench mark rates based on the asset composition ratios within each asset category, and compares the combined rates with the corresponding actual return rates on each asset category.

The following table summarizes the fair value of classes of plan assets as of March 31, 2011 and 2012. See note 26 to the consolidated financial statements for three levels of input which are used to measure fair value.

	Yen in millions			
	March 31, 2011			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	¥489,759	¥ —	¥ —	¥ 489,759
Commingled funds	—	180,901	—	180,901
	489,759	180,901	—	670,660
Debt securities				
Government bonds	82,685	—	—	82,685
Commingled funds	—	159,232	—	159,232
Other	29,217	44,994	746	74,957
	111,902	204,226	746	316,874
Insurance contracts	—	90,972	—	90,972
Other	19,610	26,418	58,851	104,879
Total	¥621,271	¥502,517	¥59,597	¥1,183,385

	Yen in millions				U.S. dollars in millions			
	March 31, 2012				March 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity securities								
Common stocks	**¥468,237**	**¥ —**	**¥ —**	**¥ 468,237**	**$5,697**	**$ —**	**$ —**	**$ 5,697**
Commingled funds	**—**	**232,842**	**—**	**232,842**	**—**	**2,833**	**—**	**2,833**
	468,237	**232,842**	**—**	**701,079**	**5,697**	**2,833**	**—**	**8,530**
Debt securities								
Government bonds	**88,411**	**—**	**—**	**88,411**	**1,076**	**—**	**—**	**1,076**
Commingled funds	**—**	**219,658**	**—**	**219,658**	**—**	**2,673**	**—**	**2,673**
Other	**—**	**49,433**	**591**	**50,024**	**—**	**601**	**7**	**608**
	88,411	**269,091**	**591**	**358,093**	**1,076**	**3,274**	**7**	**4,357**
Insurance contracts	**—**	**83,993**	**—**	**83,993**	**—**	**1,022**	**—**	**1,022**
Other	**48,190**	**7,974**	**71,442**	**127,606**	**586**	**97**	**869**	**1,552**
Total	**¥604,838**	**¥593,900**	**¥72,033**	**¥1,270,771**	**$7,359**	**$7,226**	**$876**	**$15,461**

Notes to Consolidated Financial Statements

The following is description of the assets, information about the valuation techniques used to measure fair value, key inputs and significant assumptions:

Quoted market prices for identical securities are used to measure fair value of common stocks. Common stocks include 51% of Japanese stocks and 49% of foreign stocks as of March 31, 2011, and 52% of Japanese stocks and 48% of foreign stocks as of March 31, 2012.

Quoted market prices for identical securities are used to measure fair value of government bonds. Government bonds include 25% of Japanese government bonds and 75% of foreign government bonds as of March 31, 2011, and 25% of Japanese government bonds and 75% of foreign government bonds as of March 31, 2012.

Commingled funds are beneficial interests of collective trust, which are mainly invested by the parent company and Japanese subsidiaries. The fair values of commingled funds are measured using the net asset value ("NAV") provided by the administrator of the fund, and are categorized by the ability to redeem investments at the measurement day.

The fair values of insurance contracts are measured using contracted amount with accrued interest.

Other consists of cash equivalents, other private placement investment funds and other assets. The fair values of other private placement investment funds are measured using the NAV provided by the administrator of the fund, and are categorized by the ability to redeem investments at the measurement day.

The following tables summarize the changes in Level 3 plan assets measured at fair value for the years ended March 31, 2010, 2011 and 2012:

	Yen in millions		
	For the year ended March 31, 2010		
	Debt securities	Other	Total
Balance at beginning of year	¥5,242	¥45,825	¥51,067
Actual return on plan assets	818	(2,206)	(1,388)
Purchases, sales and settlements	(2,233)	3,467	1,234
Other	(236)	(568)	(804)
Balance at end of year	¥3,591	¥46,518	¥50,109

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

	Yen in millions		
	For the year ended March 31, 2012		
	Debt securities	Other	Total
Balance at beginning of year	**¥746**	**¥58,851**	**¥59,597**
Actual return on plan assets	**5**	**(519)**	**(514)**
Purchases, sales and settlements	**(160)**	**12,967**	**12,807**
Other	**—**	**143**	**143**
Balance at end of year	**¥591**	**¥71,442**	**¥72,033**

	U.S. dollars in millions		
	For the year ended March 31, 2012		
	Debt securities	Other	Total
Balance at beginning of year	**$ 9**	**$716**	**$725**
Actual return on plan assets	**0**	**(6)**	**(6)**
Purchases, sales and settlements	**(2)**	**158**	**156**
Other	**—**	**1**	**1**
Balance at end of year	**$ 7**	**$869**	**$876**

Toyota expects to contribute ¥104,943 million ($1,277 million) to its pension plans in the year ending March 31, 2013.

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
2013	¥ 69,352	$ 844
2014	71,472	869
2015	74,696	909
2016	77,750	946
2017	78,823	959
from 2018 to 2022	447,995	5,451
Total	¥820,088	$9,978

Notes to Consolidated Financial Statements

Postretirement benefits other than pensions and postemployment benefits

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

20 Derivative financial instruments:

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

Fair value hedges

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

For the years ended March 31, 2010, 2011 and 2012, 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 as of March 31, 2011 and 2012:

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
	2011	**2012**	**2012**
Derivative financial instruments designated as hedging instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 55,794	**¥ 7,166**	**$ 87**
Investments and other assets - Other	74,528	**61,174**	**744**
Total	¥ 130,322	**¥ 68,340**	**$ 831**
Other current liabilities	¥ (7,410)	**¥ (2,060)**	**$ (25)**
Other long-term liabilities	(1,188)	**(303)**	**(4)**
Total	¥ (8,598)	**¥ (2,363)**	**$ (29)**
Undesignated derivative financial instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 99,093	**¥ 61,983**	**$ 754**
Investments and other assets - Other	185,272	**157,642**	**1,918**
Total	¥ 284,365	**¥ 219,625**	**$ 2,672**
Other current liabilities	¥ (64,611)	**¥ (38,338)**	**$ (467)**
Other long-term liabilities	(132,785)	**(120,666)**	**(1,468)**
Total	¥(197,396)	**¥(159,004)**	**$(1,935)**
Foreign exchange forward and option contracts			
Prepaid expenses and other current assets	¥ 2,619	**¥ 9,531**	**$ 116**
Investments and other assets - Other	—	**—**	**—**
Total	¥ 2,619	**¥ 9,531**	**$ 116**
Other current liabilities	¥ (14,202)	**¥ (21,736)**	**$ (264)**
Other long-term liabilities	(75)	**(70)**	**(1)**
Total	¥ (14,277)	**¥ (21,806)**	**$ (265)**

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The following table summarizes the notional amounts of derivative financial instruments as of March 31, 2011 and 2012:

	Yen in millions				U.S. dollars in millions	
	March 31,				March 31,	
	2011		**2012**		**2012**	
	Designated derivative financial instruments	Undesignated derivative financial instruments	Designated derivative financial instruments	Undesignated derivative financial instruments	Designated derivative financial instruments	Undesignated derivative financial instruments
Interest rate and currency swap agreements	¥617,472	¥11,460,275	**¥344,623**	**¥10,607,666**	**$4,193**	**$129,063**
Foreign exchange forward and option contracts	—	1,176,955	**—**	**2,199,627**	**—**	**26,762**
Total	¥617,472	¥12,637,230	**¥344,623**	**¥12,807,293**	**$4,193**	**$155,825**

The following table summarizes the gains and losses on derivative financial instruments and hedged items reported in the consolidated statement of income for the years ended March 31, 2010, 2011 and 2012:

	Yen in millions			
	For the years ended March 31,			
	2010		2011	
	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items
Derivative financial instruments designated as hedging instruments - Fair value hedge				
Interest rate and currency swap agreements				
Cost of financing operations	¥138,677	¥(135,163)	¥ 71,491	¥(68,741)
Interest expense	(265)	265	(166)	166
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	¥ 77,939	¥ —	¥ 72,082	¥ —
Foreign exchange gain (loss), net	(2,819)	—	(1,393)	—
Foreign exchange forward and option contracts				
Cost of financing operations	(21,841)	—	(2,693)	—
Foreign exchange gain (loss), net	60,599	—	110,211	—

	Yen in millions		U.S. dollars in millions	
	For the year ended March 31,		For the year ended March 31,	
	2012		**2012**	
	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	**¥ (1,354)**	**¥2,999**	**$ (16)**	**$36**
Interest expense	**—**	**—**	**—**	**—**
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	**¥35,834**	**¥ —**	**$436**	**$—**
Foreign exchange gain (loss), net	**(28)**	**—**	**(0)**	**—**
Foreign exchange forward and option contracts				
Cost of financing operations	**(3,815)**	**—**	**(46)**	**—**
Foreign exchange gain (loss), net	**53,272**	**—**	**648**	**—**

Undesignated derivative financial instruments are used to manage risks of fluctuations in interest rates to certain borrowing transactions and in foreign currency exchange rates of certain currency receivables and payables. Toyota accounts for these derivative financial instruments as economic hedges with changes in the fair value recorded directly into current period earnings.

Unrealized gains or (losses) on undesignated derivative financial instruments reported in the cost of financing operations for the years ended March 31, 2010, 2011 and 2012 were ¥71,538 million, ¥93,370 million and ¥(14,934) million ($(182) million) those reported in foreign exchange gain (loss), net were ¥(26,476) million, ¥(240) million and ¥(5,543) million ($(67) million), respectively.

Cash flows from transactions of derivative financial instruments are included in cash flows from operating activities in the consolidated statements of cash flows.

■□ 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

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financial instruments that contain credit risk related contingent features that are in a net liability position after being offset by collateral as of March 31, 2012 is ¥9,987 million ($122 million). The aggregate fair value amount of assets that are already posted as collateral as of March 31, 2012 is ¥16,109 million ($196 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 ¥9,987 million ($122 million) as of March 31, 2012.

21 Other financial instruments:

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

The following table summarizes the estimated fair values of Toyota's financial instruments, excluding marketable securities and other securities investments and affiliated companies and derivative financial instruments. See note 26 to the consolidated financial statements for three levels of input which are used to measure fair value.

	Yen in millions	
	March 31, 2011	
Assets (Liabilities)	Carrying amount	Estimated fair value
Cash and cash equivalents	¥2,080,709	¥2,080,709
Time deposits	203,874	203,874
Total finance receivables, net	8,680,882	8,971,523
Other receivables	306,201	306,201
Short-term borrowings	(3,179,009)	(3,179,009)
Long-term debt including the current portion	(9,200,130)	(9,274,881)

	Yen in millions				
	March 31, 2012				
		Estimated fair value			
Assets (Liabilities)	Carrying amount	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥1,679,200	¥1,444,276	¥ 234,924	¥ —	¥1,679,200
Time deposits	80,301	—	80,301	—	80,301
Total finance receivables, net	8,879,731	—	—	9,137,936	9,137,936
Other receivables	408,547	—	—	408,547	408,547
Short-term borrowings	(3,450,649)	—	(3,256,078)	(194,571)	(3,450,649)
Long-term debt including the current portion	(8,533,549)	—	(7,835,970)	(847,223)	(8,683,193)

	U.S. dollars in millions				
	March 31, 2012				
		Estimated fair value			
Assets (Liabilities)	Carrying amount	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 20,431	$17,573	$ 2,858	$ —	$ 20,431
Time deposits	977	—	977	—	977
Total finance receivables, net	108,039	—	—	111,181	111,181
Other receivables	4,971	—	—	4,971	4,971
Short-term borrowings	(41,984)	—	(39,617)	(2,367)	(41,984)
Long-term debt including the current portion	(103,827)	—	(95,340)	(10,308)	(105,648)

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Cash and cash equivalents and time deposits

In the normal course of business, substantially all cash and cash equivalents and time deposits are highly liquid and are carried at amounts which approximate fair value due to its short duration. Cash equivalents and time deposits include negotiable certificate of deposit measured at fair value on a recurring basis. Where money market funds produce a daily net asset value in an active market, this value is used to determine the fair value of the fund investment, and the investment is classified in Level 1. All other types of cash and cash equivalents and time deposits are classified in Level 2.

Finance receivables, net

The fair values of finance receivables are estimated by discounting expected cash flows to present value using internal assumptions, including prepayment speeds, expected credit losses and collateral value. Certain impaired finance receivables are measured at fair value on a nonrecurring basis based on collateral values.

As unobservable inputs are utilized, finance receivables are classified in Level 3.

Other receivables

Other receivables are short-term receivables. Other receivables are carried at amounts which approximate fair value, and the difference between the carrying amount and the fair value is not material. Other receivables are classified in Level 3.

Short-term borrowings and long-term debt

The fair values of short-term borrowings and total long-term debt including the current portion, except for secured loans provided by securitization transactions using special-purpose entities, are estimated based on the discounted amounts of future cash flows using Toyota's current borrowing rates for similar liabilities. As these inputs are observable, these loans are classified in Level 2.

The fair values of the secured loans provided by securitization transactions are estimated based on current market rates and credit spreads for debt with similar maturities. Internal assumptions including prepayment speeds and expected credit losses are used to estimate the timing of cash flows to be paid on the underlying securitized assets. As these valuations utilize unobservable inputs, the secured loans are classified in Level 3. See note 12 to the consolidated financial statements for information regarding the secured loans.

22 Lease commitments:

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

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

	Yen in millions		U.S. dollars in millions
	March 31,		March 31,
Class of property	2011	**2012**	**2012**
Building	¥13,412	**¥12,230**	**$149**
Machinery and equipment	30,283	**31,698**	**386**
Less - Accumulated depreciation	(18,590)	**(20,284)**	**(247)**
	¥25,105	**¥23,644**	**$288**

Amortization expenses under capital leases for the years ended March 31, 2010, 2011 and 2012 were ¥7,587 million, ¥5,966 million and ¥5,572 million ($68 million), respectively.

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2012 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2013	¥ 5,023	$ 61
2014	3,431	42
2015	2,601	32
2016	2,415	29
2017	2,077	25
Thereafter	12,636	154
Total minimum lease payments	28,183	343
Less - Amount representing interest	(6,835)	(83)
Present value of net minimum lease payments	21,348	260
Less - Current obligations	(4,175)	(51)
Long-term capital lease obligations	¥17,173	$209

Rental expenses under operating leases for the years ended March 31, 2010, 2011 and 2012 were ¥93,994 million, ¥89,029 million and ¥91,052 million ($1,108 million), respectively.

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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, 2012 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2013	¥ 10,375	$ 126
2014	7,988	97
2015	6,510	79
2016	5,745	70
2017	5,094	62
Thereafter	20,653	252
Total minimum future rentals	¥ 56,365	$ 686

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

Commitments

Commitments outstanding at March 31, 2012 for the purchase of property, plant and equipment and other assets totaled ¥73,004 million ($888 million).

Guarantees

Toyota enters into contracts with Toyota dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Guarantee periods are set to match maturity of installment payments, and at March 31, 2012, 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, 2012 is ¥1,695,140 million ($20,625 million). Liabilities for guarantees totaling ¥13,981 million ($170 million) have been provided as of March 31, 2012. Under these guarantee contracts, Toyota is entitled to recover any amount paid by Toyota from the customers whose original obligations Toyota has guaranteed.

Legal Proceedings

Product Recalls

From time-to-time, Toyota issues vehicle recalls and takes other safety measures including safety campaigns relating to its vehicles. In November 2009, Toyota announced a safety campaign in North America for certain models of Toyota and Lexus vehicles related to floor mat entrapment of accelerator pedals, and later expanded it to include additional models. In January 2010, Toyota announced a recall in North America for certain models of Toyota vehicles related to sticking and slow-to-return accelerator pedals. Also in January 2010, Toyota recalled in Europe and China certain models of Toyota vehicles related to sticking accelerator pedals. In February 2010, Toyota announced a worldwide recall related to the software program that controls the antilock braking system "ABS" in certain vehicle models including the Prius. Set forth below is a description of various claims, lawsuits and government investigations involving Toyota in the United States relating to these recalls and other safety measures.

Class Action and Consolidated Litigation

There are approximately 200 putative class actions that have been filed since November 2009 alleging that certain Toyota, Lexus and Scion vehicles contain defects that lead to unintended acceleration. Many of the putative class actions allege that malfunctions involving the floor mats and accelerator pedals do not cover the full scope of possible defects related to unintended acceleration. Rather, they allege that Electronic Throttle Control System-intelligent "ETCS-i" is the true cause and that Toyota has failed to inform consumers despite its awareness of the problem. In general, these cases seek recovery for the alleged diminution in value of the vehicles, injunctive and other relief. In April 2010, the approximately 190 federal cases were consolidated for pretrial proceedings into a single multi-district litigation in the United States District Court for the Central District of California. In addition, of more than 300 individual product liability personal injury cases relating to unintended acceleration pending against Toyota, the federal cases have been consolidated into the multi-district litigation. This consolidated federal action has included document production, depositions and various motions. The remaining individual product liability personal injury cases relating to unintended acceleration remain pending in various state courts in the United States. Additionally, there were approximately 10 putative class actions in various state courts, including California. All cases except the California case have been consolidated into the multi-district litigation. The claims are similar to the class actions in federal court. One of the putative California class actions was filed by the Orange County District Attorney and, among other things, seeks statutory penalties alleging that Toyota sold and marketed defective vehicles and that consumers have been harmed as a result of diminution in value of their vehicles.

Beginning in February 2010, Toyota has also been sued in approximately 20 putative class actions alleging defects in the antilock braking systems in various hybrid vehicles that cause the vehicles to fail to stop in a timely manner when driving in certain road conditions. The plaintiffs

Notes to Consolidated Financial Statements

seek an order requiring Toyota to repair the vehicles and claim that all owners and lessees of vehicles, including those for which recalls have been implemented, should be compensated for the defects related to the antilock braking systems. These cases have been consolidated into 2 actions, one in federal court in the United States District Court for the Central District of California and one in state court in the Los Angeles County Superior Court.

From February through March 2010, Toyota was sued in 6 putative shareholder class actions on behalf of investors in Toyota ADRs and common stock. The cases have been consolidated into a single action in the United States District Court for the Central District of California, and a lead plaintiff has been appointed. The consolidated complaint, filed October 4, 2010, alleges violations of the Securities Exchange Act of 1934 and Japan's Financial Instruments and Exchange Act on the basis that defendants made statements that were false or misleading in that they failed to disclose problems with, or the causes of, unintended acceleration in a number of vehicle models. The plaintiffs seek monetary damages in an amount to be proven at trial, interest and attorneys' fees and costs. The judge dismissed with prejudice the claims based on Japan's Financial Instruments and Exchange Act. The lead plaintiff has moved for certification of a class of purchasers of Toyota's ADRs from April 7, 2008 through February 2, 2010. A hearing on the motion is set for July 23, 2012.

Toyota believes that it has meritorious defenses to all of these cases and claims, and will vigorously defend against them.

Government Investigations

In February 2010, Toyota received a subpoena from the U.S. Attorney for the Southern District of New York and a voluntary request and subpoena from the SEC. The subpoenas and the voluntary request primarily seek documents related to unintended acceleration and certain financial records. This is a coordinated investigation and has included interviews of Toyota and non-Toyota witnesses, as well as production of documents. In June 2010, Toyota received a second voluntary request and subpoena from the SEC and a subpoena from the U.S. Attorney for the Southern District of New York. The subpoenas and the voluntary request primarily seek production of documents related to the recalls of the steering relay rod.

In February 2012, the NHTSA initiated a preliminary investigation of a potentially faulty power window master switch in the driver-side doors in model year 2007 Camry and RAV4 vehicles. In June 2012, the NHTSA upgraded the preliminary investigation to an engineering analysis and expanded the scope to include model year 2007 through 2009 Camry, Camry hybrid, RAV4 and Yaris as well as model year 2008 Highlander hybrid.

Toyota has also received subpoenas and formal and informal requests from various states' attorneys general, including the Executive Committee for a group of 30 states' plus one territory's attorney general, and certain local governmental agencies regarding various recalls, the facts underlying its recent recalls and customer handling related to those recalls.

Toyota is cooperating with the government agencies in their investigations, which are on-going.

The recalls and other safety measures described above have led to a number of claims, lawsuits and government investigations against Toyota in the United States as set forth in the preceding paragraphs. Amounts accrued as of March 31, 2012 related to these legal proceedings and governmental investigations are not material to Toyota's financial position, results of operations or cash flow. Beyond the amounts accrued, Toyota is unable to estimate a range of reasonably possible loss, if any, for the cases described above because (i) many of the proceedings are in evidence gathering stages, (ii) the likelihood of classes being certified or the ultimate size of the classes, if any, is uncertain, (iii) the outcome of pending or future appeals or motions is unknown, (iv) significant factual issues need to be resolved, (v) in some cases, novel legal issues are presented, and/or (vi) the differences between the matters as well as their interrelations further complicate the prediction of outcomes. In reaching this conclusion, Toyota considers the stages of these matters, the discovery in and information available about these matters, Toyota's experience with similar matters and Toyota's assessment of the matters. Although an estimation is not possible based on current information, the resolution of these matters could have an adverse effect on Toyota's financial position, results of operations or cash flows.

United States Antitrust Proceedings

In February 2003, Toyota, GM, Ford, Daimler Chrysler, Honda, Nissan, BMW and their sales subsidiaries in the United States and Canada, as well as the National Automobile Dealers Association and the Canadian Automobile Dealers Association were named as defendants in approximately 85 purported federal and state class action lawsuits on behalf of all purchasers of new motor vehicles who purchased their vehicles in the United States on or after January 1, 2001. As of April 1, 2005, the federal lawsuits were consolidated in the State of Maine, and lawsuits in the State of California and the State of New Jersey were also consolidated within the respective states. The complaints allege that the defendants violated the Sherman Antitrust Act or state anti-trust law by conspiring among themselves and with their dealers to prevent the sale to United States citizens of vehicles produced for the Canadian market, resulting in higher prices to United States consumers. Toyota believes that its actions have been lawful. In the interest of resolving these legal actions, however, Toyota entered into a settlement agreement with the plaintiffs in February 2006. The settlement

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agreement has been approved by the federal court and all state cases have been dismissed.

Other Proceedings

Toyota has various other legal actions, other governmental proceedings and other claims pending against it, including other product liability claims in the United States. For the same reasons discussed above relating to the recall-related legal proceedings, Toyota is unable to estimate a range of reasonably possible loss, if any, beyond the amounts accrued, with respect to these claims. However, based upon information currently available to Toyota, Toyota believes that its losses from these matters, if any, would not have a material adverse effect on Toyota's financial position, results of operations or cash flows.

Environmental Matters and Others

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

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

Based on the legislation that has been enacted to date, Toyota has provided for its estimated liability related to covered vehicles in existence as of March 31, 2012. 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, 2014.

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, 2010, 2011 and 2012.

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Segment operating results and assets

As of and for the year ended March 31, 2010:

Yen in millions	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥17,187,308	¥ 1,226,244	¥ 537,421	¥ —	¥18,950,973
Inter-segment sales and transfers	10,120	19,163	410,194	(439,477)	—
Total	17,197,428	1,245,407	947,615	(439,477)	18,950,973
Operating expenses	17,283,798	998,480	956,475	(435,296)	18,803,457
Operating income (loss)	¥ (86,370)	¥ 246,927	¥ (8,860)	¥ (4,181)	¥ 147,516
Assets	¥12,359,404	¥13,274,953	¥1,119,635	¥3,595,295	¥30,349,287
Investment in equity method investees	1,692,702	129,745	—	44,993	1,867,440
Depreciation expense	1,018,935	348,820	46,814	—	1,414,569
Capital expenditure	616,216	774,102	21,751	25,532	1,437,601

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

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

As of and for the year ended March 31, 2012:

Yen in millions	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	**¥16,964,378**	**¥ 1,071,737**	**¥ 547,538**	**¥ —**	**¥18,583,653**
Inter-segment sales and transfers	**30,168**	**28,587**	**501,377**	**(560,132)**	**—**
Total	**16,994,546**	**1,100,324**	**1,048,915**	**(560,132)**	**18,583,653**
Operating expenses	**16,972,863**	**793,886**	**1,006,853**	**(545,576)**	**18,228,026**
Operating income	**¥ 21,683**	**¥ 306,438**	**¥ 42,062**	**¥ (14,556)**	**¥ 355,627**
Assets	**¥12,261,814**	**¥13,172,548**	**¥1,161,224**	**¥4,055,379**	**¥30,650,965**
Investment in equity method investees	**1,877,720**	**3,887**	**4,765**	**27,757**	**1,914,129**
Depreciation expense	**744,067**	**298,757**	**25,006**	**—**	**1,067,830**
Capital expenditure	**796,839**	**683,161**	**35,340**	**16,742**	**1,532,082**

U.S. dollars in millions	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	**$206,404**	**$ 13,040**	**$ 6,662**	**$ —**	**$226,106**
Inter-segment sales and transfers	**367**	**348**	**6,100**	**(6,815)**	**—**
Total	**206,771**	**13,388**	**12,762**	**(6,815)**	**226,106**
Operating expenses	**206,507**	**9,660**	**12,250**	**(6,638)**	**221,779**
Operating income	**$ 264**	**$ 3,728**	**$ 512**	**$ (177)**	**$ 4,327**
Assets	**$149,189**	**$160,269**	**$14,129**	**$49,341**	**$372,928**
Investment in equity method investees	**22,846**	**47**	**58**	**338**	**23,289**
Depreciation expense	**9,053**	**3,635**	**304**	**—**	**12,992**
Capital expenditure	**9,695**	**8,312**	**430**	**204**	**18,641**

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Geographic Information

As of and for the year ended March 31, 2010:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 7,314,813	¥ 5,583,228	¥ 2,082,671	¥2,431,648	¥ 1,538,613	¥ —	¥ 18,950,973
Inter-segment sales and transfers	3,905,490	87,298	64,378	223,679	135,248	(4,416,093)	—
Total	11,220,303	5,670,526	2,147,049	2,655,327	1,673,861	(4,416,093)	18,950,973
Operating expenses	11,445,545	5,585,036	2,180,004	2,451,800	1,558,287	(4,417,215)	18,803,457
Operating income (loss)	¥ (225,242)	¥ 85,490	¥ (32,955)	¥ 203,527	¥ 115,574	¥ 1,122	¥ 147,516
Assets	¥12,465,677	¥10,223,903	¥ 2,060,962	¥1,925,126	¥ 1,803,703	¥ 1,869,916	¥ 30,349,287
Long-lived assets	3,347,896	2,401,172	351,037	361,296	249,500	—	6,710,901

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

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

As of and for the year ended March 31, 2012:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 7,293,804	¥4,644,348	¥1,917,408	¥3,116,849	¥1,611,244	¥ —	¥18,583,653
Inter-segment sales and transfers	3,873,515	107,538	76,538	217,425	148,931	(4,423,947)	—
Total	11,167,319	4,751,886	1,993,946	3,334,274	1,760,175	(4,423,947)	18,583,653
Operating expenses	11,374,359	4,565,477	1,976,150	3,077,484	1,651,361	(4,416,805)	18,228,026
Operating income (loss)	¥ (207,040)	¥ 186,409	¥ 17,796	¥ 256,790	¥ 108,814	¥ (7,142)	¥ 355,627
Assets	¥12,034,423	¥9,693,232	¥1,960,532	¥2,433,312	¥2,175,493	¥ 2,353,973	¥30,650,965
Long-lived assets	2,981,985	2,197,197	263,070	412,959	380,169	—	6,235,380

	U.S. dollars in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	$ 88,743	$ 56,507	$ 23,329	$ 37,923	$ 19,604	$ —	$ 226,106
Inter-segment sales and transfers	47,129	1,309	931	2,645	1,812	(53,826)	—
Total	135,872	57,816	24,260	40,568	21,416	(53,826)	226,106
Operating expenses	138,391	55,548	24,043	37,444	20,092	(53,739)	221,779
Operating income (loss)	$ (2,519)	$ 2,268	$ 217	$ 3,124	$ 1,324	$ (87)	$ 4,327
Assets	$146,422	$ 117,937	$ 23,854	$ 29,606	$ 26,469	$ 28,640	$ 372,928
Long-lived assets	36,282	26,733	3,201	5,024	4,625	—	75,865

"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, 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 ¥4,205,402 million, ¥4,613,672 million and ¥4,749,259 million ($57,784 million), as of March 31, 2010, 2011 and 2012, respectively.

Transfers between industries or geographic segments are made at amounts which Toyota's

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management believes approximate arm's-length transactions. In measuring the reportable segments' income or losses, operating income consists of revenue less operating expenses.

Overseas Revenues by destination

The following information shows revenues that are attributed to countries based on location of customers, excluding customers in Japan. In addition to the disclosure requirements under U.S.GAAP, Toyota discloses this information in order to provide financial statement users with valuable information.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2010	2011	**2012**	**2012**
North America	¥5,718,381	¥5,398,278	**¥4,715,804**	**$57,377**
Europe	2,023,280	1,793,932	**1,817,944**	**22,119**
Asia	2,641,471	3,280,384	**3,284,392**	**39,961**
Other	2,838,671	3,196,114	**3,103,383**	**37,759**

"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,
	2011	**2012**	**2012**
Non-Financial Services Businesses			
Current assets			
Cash and cash equivalents	¥ 1,300,553	**¥ 1,104,636**	**$ 13,440**
Marketable securities	1,036,555	**1,015,626**	**12,357**
Trade accounts and notes receivable, less allowance for doubtful accounts	1,483,551	**2,031,472**	**24,717**
Inventories	1,304,128	**1,622,154**	**19,737**
Prepaid expenses and other current assets	1,383,616	**1,464,124**	**17,814**
Total current assets	6,508,403	**7,238,012**	**88,065**
Investments and other assets	5,825,966	**6,218,377**	**75,659**
Property, plant and equipment	4,608,309	**4,510,716**	**54,881**
Total Non-Financial Services Businesses assets	16,942,678	**17,967,105**	**218,605**
Financial Services Businesses			
Current assets			
Cash and cash equivalents	780,156	**574,564**	**6,991**
Marketable securities	188,880	**165,444**	**2,013**
Finance receivables, net	4,136,805	**4,114,897**	**50,065**
Prepaid expenses and other current assets	636,249	**685,611**	**8,342**
Total current assets	5,742,090	**5,540,516**	**67,411**
Noncurrent finance receivables, net	5,556,746	**5,602,462**	**68,165**
Investments and other assets	365,707	**304,906**	**3,709**
Property, plant and equipment	1,700,851	**1,724,664**	**20,984**
Total Financial Services Businesses assets	13,365,394	**13,172,548**	**160,269**
Eliminations	(489,906)	**(488,688)**	**(5,946)**
Total assets	¥29,818,166	**¥30,650,965**	**$372,928**

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

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	Yen in millions March 31, 2011	Yen in millions March 31, 2012	U.S. dollars in millions March 31, 2012
Non-Financial Services Businesses			
Current liabilities			
Short-term borrowings	¥ 478,646	**¥ 715,019**	**$ 8,699**
Current portion of long-term debt	243,817	**339,441**	**4,130**
Accounts payable	1,497,253	**2,234,316**	**27,185**
Accrued expenses	1,666,748	**1,737,490**	**21,140**
Income taxes payable	104,392	**123,344**	**1,501**
Other current liabilities	1,024,662	**1,175,801**	**14,306**
Total current liabilities	5,015,518	**6,325,411**	**76,961**
Long-term liabilities			
Long-term debt	839,611	**503,070**	**6,121**
Accrued pension and severance costs	660,918	**700,211**	**8,519**
Other long-term liabilities	554,402	**531,982**	**6,473**
Total long-term liabilities	2,054,931	**1,735,263**	**21,113**
Total Non-Financial Services Businesses liabilities	7,070,449	**8,060,674**	**98,074**
Financial Services Businesses			
Current liabilities			
Short-term borrowings	2,986,700	**3,040,373**	**36,992**
Current portion of long-term debt	2,541,479	**2,218,526**	**26,992**
Accounts payable	19,472	**27,095**	**330**
Accrued expenses	110,348	**96,247**	**1,171**
Income taxes payable	9,555	**10,434**	**127**
Other current liabilities	538,026	**536,291**	**6,525**
Total current liabilities	6,205,580	**5,928,966**	**72,137**
Long-term liabilities			
Long-term debt	5,669,456	**5,555,112**	**67,588**
Accrued pension and severance costs	7,104	**8,191**	**100**
Other long-term liabilities	435,508	**520,252**	**6,330**
Total long-term liabilities	6,112,068	**6,083,555**	**74,018**
Total Financial Services Businesses liabilities	12,317,648	**12,012,521**	**146,155**
Eliminations	(489,955)	**(488,708)**	**(5,946)**
Total liabilities	18,898,142	**19,584,487**	**238,283**
Total Toyota Motor Corporation shareholders' equity	10,332,371	**10,550,261**	**128,364**
Noncontrolling interests	587,653	**516,217**	**6,281**
Total shareholders' equity	10,920,024	**11,066,478**	**134,645**
Total liabilities and shareholders' equity	¥29,818,166	**¥30,650,965**	**$372,928**

Statements of income

	Yen in millions For the years ended March 31, 2010	2011	2012	U.S. dollars in millions For the year ended March 31, 2012
Non-Financial Services Businesses				
Net revenues	¥17,732,143	¥17,826,986	**¥17,534,872**	**$213,345**
Costs and expenses				
Cost of revenues	15,973,442	15,986,741	**15,796,635**	**192,196**
Selling, general and administrative	1,854,710	1,723,071	**1,676,999**	**20,404**
Total costs and expenses	17,828,152	17,709,812	**17,473,634**	**212,600**
Operating income (loss)	(96,009)	117,174	**61,238**	**745**
Other income, net	144,625	88,840	**69,935**	**851**
Income before income taxes and equity in earnings of affiliated companies	48,616	206,014	**131,173**	**1,596**
Provision for income taxes	42,342	178,795	**141,558**	**1,722**
Equity in earnings of affiliated companies	109,944	214,229	**196,544**	**2,391**
Net income	116,218	241,448	**186,159**	**2,265**
Less: Net income attributable to noncontrolling interests	(32,103)	(54,055)	**(82,181)**	**(1,000)**
Net income attributable to Toyota Motor Corporation- Non-Financial Services Businesses	84,115	187,393	**103,978**	**1,265**
Financial Services Businesses				
Net revenues	1,245,407	1,192,205	**1,100,324**	**13,388**
Costs and expenses				
Cost of revenues	716,997	636,374	**615,563**	**7,490**
Selling, general and administrative	281,483	197,551	**178,323**	**2,170**
Total costs and expenses	998,480	833,925	**793,886**	**9,660**
Operating income	246,927	358,280	**306,438**	**3,728**
Other income (expense), net	(3,923)	1,349	**(4,679)**	**(57)**
Income before income taxes and equity in earnings of affiliated companies	243,004	359,629	**301,759**	**3,671**
Provision for income taxes	50,362	134,094	**120,725**	**1,468**
Equity in earnings (losses) of affiliated companies	(64,536)	787	**1,157**	**14**
Net income	128,106	226,322	**182,191**	**2,217**
Less: Net income attributable to noncontrolling interests	(2,653)	(3,251)	**(2,566)**	**(32)**
Net income attributable to Toyota Motor Corporation - Financial Services Businesses	125,453	223,071	**179,625**	**2,185**
Eliminations	(112)	(2,281)	**(44)**	**(0)**
Net income attributable to Toyota Motor Corporation	¥ 209,456	¥ 408,183	**¥ 283,559**	**$ 3,450**

Notes to Consolidated Financial Statements

Statement of cash flows

	Yen in millions			Yen in millions		
	For the year ended March 31, 2010			For the year ended March 31, 2011		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income	¥ 116,218	¥ 128,106	¥ 244,212	¥ 241,448	¥ 226,322	¥ 465,485
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	1,065,749	348,820	1,414,569	844,708	330,865	1,175,573
Provision for doubtful accounts and credit losses	1,905	98,870	100,775	1,806	2,334	4,140
Pension and severance costs, less payments	55	1,199	1,254	(24,867)	1,453	(23,414)
Losses on disposal of fixed assets	46,661	276	46,937	36,076	138	36,214
Unrealized losses on available-for-sale securities, net	2,486	—	2,486	7,915	—	7,915
Deferred income taxes	(14,183)	39,759	25,537	(17,258)	103,035	85,710
Equity in (earnings) losses of affiliated companies	(109,944)	64,536	(45,408)	(214,229)	(787)	(215,016)
Changes in operating assets and liabilities, and other	733,338	133,275	768,168	591,378	(106,416)	487,402
Net cash provided by operating activities	1,842,285	814,841	2,558,530	1,466,977	556,944	2,024,009
Cash flows from investing activities						
Additions to finance receivables	—	(13,492,119)	(7,806,201)	—	(14,323,261)	(8,438,785)
Collection of and proceeds from sales of finance receivables	—	13,107,531	7,517,968	—	13,887,751	8,003,940
Additions to fixed assets excluding equipment leased to others	(599,154)	(5,382)	(604,536)	(621,302)	(8,024)	(629,326)
Additions to equipment leased to others	(64,345)	(768,720)	(833,065)	(78,559)	(983,306)	(1,061,865)
Proceeds from sales of fixed assets excluding equipment leased to others	46,070	6,403	52,473	50,742	600	51,342
Proceeds from sales of equipment leased to others	36,668	428,424	465,092	17,700	468,995	486,695
Purchases of marketable securities and security investments	(2,310,912)	(101,270)	(2,412,182)	(4,063,499)	(358,308)	(4,421,807)
Proceeds from sales of and maturity of marketable securities and security investments	1,012,781	95,960	1,108,741	3,423,618	292,538	3,716,156
Payment for additional investments in affiliated companies, net of cash acquired	(1,020)	—	(1,020)	(299)	—	(299)
Changes in investments and other assets, and other	(259,089)	102,497	(337,454)	394,479	18,303	177,605
Net cash used in investing activities	(2,139,001)	(626,676)	(2,850,184)	(877,120)	(1,004,712)	(2,116,344)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	492,300	2,733,465	3,178,310	15,318	2,934,588	2,931,436
Payments of long-term debt	(77,033)	(2,926,308)	(2,938,202)	(309,862)	(2,306,139)	(2,489,632)
Increase (decrease) in short-term borrowings	(249,238)	(251,544)	(335,363)	(86,884)	122,619	162,260
Dividends paid	(172,476)	—	(172,476)	(141,120)	—	(141,120)
Purchase of common stock, and other	(10,251)	—	(10,251)	(28,617)	—	(28,617)
Net cash provided by (used in) financing activities	(16,698)	(444,387)	(277,982)	(551,165)	751,068	434,327
Effect of exchange rate changes on cash and cash equivalents	4,092	(12,990)	(8,898)	(76,960)	(50,069)	(127,029)
Net increase (decrease) in cash and cash equivalents	(309,322)	(269,212)	(578,534)	(38,268)	253,231	214,963
Cash and cash equivalents at beginning of year	1,648,143	796,137	2,444,280	1,338,821	526,925	1,865,746
Cash and cash equivalents at end of year	¥1,338,821	¥ 526,925	¥1,865,746	¥1,300,553	¥ 780,156	¥2,080,709

Notes to Consolidated Financial Statements

Statement of cash flows

	Yen in millions			U.S. dollars in millions		
	For the year ended March 31, 2012			For the year ended March 31, 2012		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income	¥ 186,159	¥ 182,191	¥ 368,302	$ 2,265	$ 2,217	$ 4,481
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	769,073	298,757	1,067,830	9,357	3,635	12,992
Provision for doubtful accounts and credit losses	5,843	3,780	9,623	71	46	117
Pension and severance costs, less payments	15,410	1,301	16,711	187	16	203
Losses on disposal of fixed assets	33,448	80	33,528	407	1	408
Unrealized losses on available-for-sale securities, net	53,831	—	53,831	655	—	655
Deferred income taxes	(82,792)	89,199	6,395	(1,007)	1,085	78
Equity in earnings of affiliated companies	(196,544)	(1,157)	(197,701)	(2,391)	(14)	(2,405)
Changes in operating assets and liabilities, and other	182,931	(73,020)	93,916	2,226	(889)	1,143
Net cash provided by operating activities	967,359	501,131	1,452,435	11,770	6,097	17,672
Cash flows from investing activities						
Additions to finance receivables	—	(13,455,792)	(8,333,248)	—	(163,715)	(101,390)
Collection of and proceeds from sales of finance receivables	—	13,168,058	8,061,710	—	160,215	98,086
Additions to fixed assets excluding equipment leased to others	(713,867)	(9,670)	(723,537)	(8,685)	(118)	(8,803)
Additions to equipment leased to others	(135,054)	(673,491)	(808,545)	(1,644)	(8,194)	(9,838)
Proceeds from sales of fixed assets excluding equipment leased to others	36,203	430	36,633	441	5	446
Proceeds from sales of equipment leased to others	20,689	410,624	431,313	252	4,996	5,248
Purchases of marketable securities and security investments	(2,565,772)	(607,862)	(3,173,634)	(31,218)	(7,396)	(38,614)
Proceeds from sales of and maturity of marketable securities and security investments	2,227,812	629,013	2,856,825	27,106	7,653	34,759
Payment for additional investments in affiliated companies, net of cash acquired	(147)	—	(147)	(2)	—	(2)
Changes in investments and other assets, and other	213,957	(12,206)	209,972	2,603	(148)	2,555
Net cash used in investing activities	(916,179)	(550,896)	(1,442,658)	(11,147)	(6,702)	(17,553)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	39,803	2,379,152	2,394,807	484	28,947	29,138
Payments of long-term debt	(294,646)	(2,608,135)	(2,867,572)	(3,585)	(31,733)	(34,889)
Increase in short-term borrowings	238,072	93,002	311,651	2,897	1,132	3,792
Dividends paid	(156,785)	—	(156,785)	(1,908)	—	(1,908)
Purchase of common stock, and other	(37,448)	—	(37,448)	(456)	—	(456)
Net cash used in financing activities	(211,004)	(135,981)	(355,347)	(2,568)	(1,654)	(4,323)
Effect of exchange rate changes on cash and cash equivalents	(36,093)	(19,846)	(55,939)	(439)	(242)	(681)
Net decrease in cash and cash equivalents	(195,917)	(205,592)	(401,509)	(2,384)	(2,501)	(4,885)
Cash and cash equivalents at beginning of year	1,300,553	780,156	2,080,709	15,824	9,492	25,316
Cash and cash equivalents at end of year	¥1,104,636	¥ 574,564	¥1,679,200	$13,440	$ 6,991	$ 20,431

Notes to Consolidated Financial Statements

25 Per share amounts:

Reconciliations of the differences between basic and diluted net income attributable to Toyota Motor Corporation per share for the years ended March 31, 2010, 2011 and 2012 are as follows:

	Yen in millions	Thousands of shares	Yen	U.S. dollars in millions	U.S. dollars
	Net income attributable to Toyota Motor Corporation	Weighted-average shares	Net income attributable to Toyota Motor Corporation per share	Net income attributable to Toyota Motor Corporation	Net income attributable to Toyota Motor Corporation per share
For the year ended March 31, 2010					
Basic net income attributable to Toyota Motor Corporation per common share	¥209,456	3,135,986	¥ 66.79		
Effect of dilutive securities Assumed exercise of dilutive stock options	—	12			
Diluted net income attributable to Toyota Motor Corporation per common share	¥209,456	3,135,998	¥ 66.79		
For the year ended March 31, 2011					
Basic net income attributable to Toyota Motor Corporation per common share	¥408,183	3,135,881	¥130.17		
Effect of dilutive securities Assumed exercise of dilutive stock options	(0)	34			
Diluted net income attributable to Toyota Motor Corporation per common share	¥408,183	3,135,915	¥130.16		
For the year ended March 31, 2012					
Basic net income attributable to Toyota Motor Corporation per common share	**¥283,559**	**3,143,470**	**¥ 90.21**	**$3,450**	**$1.10**
Effect of dilutive securities Assumed exercise of dilutive stock options	**(3)**	**0**		**(0)**	
Diluted net income attributable to Toyota Motor Corporation per common share	**¥283,556**	**3,143,470**	**¥ 90.20**	**$3,450**	**$1.10**

Certain stock options were not included in the computation of diluted net income attributable to Toyota Motor Corporation per share for the years ended March 31, 2010, 2011 and 2012 because the options' exercise prices were greater than the average market price per common share during the period.

In addition to the disclosure requirements under U.S.GAAP, Toyota discloses the information below in order to provide financial statement users with valuable information.

The following table shows Toyota Motor Corporation shareholders' equity per share as of March 31, 2011 and 2012. Toyota Motor Corporation shareholders' equity per share amounts are calculated by dividing Toyota Motor Corporation shareholders' equities' amount at the end of each period by the number of shares issued and outstanding, excluding treasury stock at the end of the corresponding period.

	Yen in millions	Thousands of shares	Yen	U.S. dollars in millions	U.S. dollars
	Toyota Motor Corporation Shareholders' equity	Shares issued and outstanding at the end of the year (excluding treasury stock)	Toyota Motor Corporation Shareholders' equity per share	Toyota Motor Corporation Shareholders' equity	Toyota Motor Corporation Shareholders' equity per share
As of March 31, 2011	¥10,332,371	3,135,699	¥3,295.08		
As of March 31, 2012	**10,550,261**	**3,166,810**	**3,331.51**	**$128,364**	**$40.53**

26 Fair value measurements:

In accordance with U.S.GAAP, Toyota classifies fair value into three levels of input as follows which are used to measure it.

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

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

Level 3: Unobservable inputs for assets or liabilities

Notes to Consolidated Financial Statements

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis at March 31, 2011 and 2012:

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

	Yen in millions			
	March 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	**¥ 485,119**	**¥ 223,385**	**¥ —**	**¥ 708,504**
Time deposits	**—**	**50,000**	**—**	**50,000**
Marketable securities and other securities investments				
Government bonds	**3,596,625**	**5,287**	**—**	**3,601,912**
Common stocks	**1,034,319**	**—**	**—**	**1,034,319**
Other	**40,711**	**454,549**	**1,684**	**496,944**
Derivative financial instruments	**—**	**289,931**	**7,565**	**297,496**
Total	**¥5,156,774**	**¥1,023,152**	**¥ 9,249**	**¥6,189,175**
Liabilities				
Derivative financial instruments	**¥ —**	**¥ (180,347)**	**¥(2,826)**	**¥ (183,173)**
Total	**¥ —**	**¥ (180,347)**	**¥(2,826)**	**¥ (183,173)**

	U.S. dollars in millions			
	March 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	**$ 5,902**	**$ 2,718**	**$ —**	**$ 8,620**
Time deposits	**—**	**609**	**—**	**609**
Marketable securities and other securities investments				
Government bonds	**43,760**	**64**	**—**	**43,824**
Common stocks	**12,584**	**—**	**—**	**12,584**
Other	**496**	**5,530**	**21**	**6,047**
Derivative financial instruments	**—**	**3,527**	**92**	**3,619**
Total	**$62,742**	**$12,448**	**$113**	**$75,303**
Liabilities				
Derivative financial instruments	**$ —**	**$ (2,194)**	**$ (35)**	**$ (2,229)**
Total	**$ —**	**$ (2,194)**	**$ (35)**	**$ (2,229)**

The following is description of the assets and liabilities measured at fair value, information about the valuation techniques used to measure fair value, key inputs and significant assumption:

Cash equivalents and time deposits

Cash equivalents include money market funds and other investments with original maturities of three months or less. Cash equivalents classified in Level 2 include primarily negotiable certificate of deposit with original maturities of three months or less. These are measured at fair value using observable interest rates in the market. Time deposits include negotiable certificate of deposit with original maturities over three months. These are measured at fair value using observable interest rates in the market.

Marketable securities and other securities investments

Marketable securities and other securities investments include government bonds, common stocks and other investments. Government bonds include 77% of Japanese government bonds, and 23% of U.S. and European government bonds as of March 31, 2011, and 60% of Japanese government bonds, and 40% of U.S., European and other government bonds as of March 31, 2012. Listed stocks on the Japanese stock markets represent 86% and 83% of common stocks as of March 31, 2011 and 2012, respectively. Toyota uses quoted market prices for identical assets to measure fair value of these securities. "Other" includes primarily commercial paper. Generally, Toyota uses quoted market prices for similar assets or quoted non-active market prices for identical assets to measure fair value of these securities.

Notes to Consolidated Financial Statements

These assets are classified in Level 2. During the year ended March 31, 2012, certain government bonds were transferred from in Level 1 to Level 2 due to the lack of quoted prices for identical assets traded in an active market.

Derivative financial instruments

See note 20 to the consolidated financial statements about derivative financial instruments. Toyota estimates the fair value of derivative financial instruments using industry-standard valuation models that require observable inputs including interest rates and foreign exchange rates, and the contractual terms. The usage of these models does not require significant judgment to be applied. These derivative financial instruments are classified in Level 2. In other certain cases when market data is not available, key inputs to the fair value measurement include quotes from counterparties, and other market data. Toyota assesses the reasonableness of changes of the quotes using observable market data. These derivative financial instruments are classified in Level 3. 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 periods ended March 31, 2010, 2011 and 2012:

	Yen in millions		
	For the year ended March 31, 2010		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	¥ 19,581	¥ (5,734)	¥ 13,847
Total gains (losses)			
Included in earnings	(641)	25,057	24,416
Included in other comprehensive income (loss)	(99)	—	(99)
Purchases, issuances and settlements	(6,376)	(13,582)	(19,958)
Other	669	151	820
Balance at end of year	¥ 13,134	¥ 5,892	¥ 19,026

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

	Yen in millions		
	For the year ended March 31, 2012		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**¥ —**	**¥ 6,794**	**¥ 6,794**
Total gains (losses)			
Included in earnings	**—**	**6,476**	**6,476**
Included in other comprehensive income (loss)	**—**	**—**	**—**
Purchases and issuances	**—**	**—**	**—**
Settlements	**—**	**(3,832)**	**(3,832)**
Other	**1,684**	**(4,699)**	**(3,015)**
Balance at end of year	**¥ 1,684**	**¥ 4,739**	**¥ 6,423**

	U.S. dollars in millions		
	For the year ended March 31, 2012		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	**$ —**	**$ 83**	**$ 83**
Total gains (losses)			
Included in earnings	**—**	**78**	**78**
Included in other comprehensive income (loss)	**—**	**—**	**—**
Purchases and issuances	**—**	**—**	**—**
Settlements	**—**	**(47)**	**(47)**
Other	**21**	**(57)**	**(36)**
Balance at end of year	**$ 21**	**$ 57**	**$ 78**

Notes to Consolidated Financial Statements

"Included in earnings" in marketable securities and other securities investments and derivative financial instruments are included in "Other income (loss), net" and "Cost of financing operations" in the accompanying consolidated statements of income, respectively.

In the reconciliation table above, derivative financial instruments are presented net of assets and liabilities. The other amount primarily includes the impact of currency translation adjustments for the year ended March 31, 2010 and includes consolidated retained interests in securitized financial receivables of ¥(13,165) million, certain derivative financial instruments transferred into Level 2 due to be measured at observable inputs of ¥(21,413) million and the impact of currency translation adjustments for the year ended March 31, 2011, and includes the impacts of level transfers and currency translation adjustments for the year ended March 31, 2012.

As of March 31, 2012, the Level 3 assets and liabilities measured at fair value on a recurring basis are not significant.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. During the years ended March 31, 2011 and 2012, Toyota measured certain finance receivables at fair value of ¥32,338 million and ¥32,056 million ($390 million) based on the collateral value, resulting in gains of ¥2,083 million and ¥1,736 million ($21 million). This fair value measurement on a nonrecurring basis is classified in Level 3. See note 21 to the consolidated financial statements for the fair value measurement. These Level 3 financial assets are not significant.

Management's Annual Report on Internal Control over Financial Reporting

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

1) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of Toyota's assets;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that Toyota's receipts and expenditures are being made only in accordance with authorizations of Toyota's management and directors; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Toyota's assets that could have a material effect on the financial statements.

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

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

Based on this evaluation, management concluded that Toyota's internal control over financial reporting was effective as of March 31, 2012.

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, 2012, 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, 2011 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2012 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, 2012, 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 25, 2012

Investor Information (As of March 31, 2012)

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] 507
[Affiliates Accounted for by the Equity Method] 57
Number of Employees: 69,148 (Consolidated: 325,905)
Corporate Web Site: [Corporate Information]
http://www.toyota-global.com
[IR Information]
http://www.toyota-global.com/investors

Stock Data

Number of Shares Authorized: 10,000,000,000 shares
Number of Shares Issued: 3,447,997,492 shares
Number of Treasury Stock: 281,187,739 shares
Number of Shareholders: 668,186
Number of Shares per Trading Unit: 100 shares
Stock Listings: [Japan] Tokyo, Nagoya, Osaka, Fukuoka, Sapporo [Overseas] New York, London
Securities Code: [Japan] 7203
American Depositary Receipts (ADR): [Ratio] 1 ADR=2 common stocks [Symbol] TM
Transfer Agent in Japan: Mitsubishi UFJ Trust and Banking Corporation
10-11, Higashisuna, 7-chome, Koutou-ku, Tokyo 137-8081, Japan
Japan Toll-Free: (0120)232-711
Depositary and Transfer Agent for ADR: The Bank of New York Mellon
101 Barclay Street, New York, NY 10286, U.S.A.
Tel: (866)238-8978 U.S. Toll-Free: (888)269-2377, (888) BNY-ADRS
[Depositary Receipts] http://www.adrbnymellon.com
[Transfer Agent] http://www.bnymellon.com/shareowner

Contact Points for Investors

Japan

Toyota City Head Office
1, Toyota-cho, Toyota City,
Aichi Prefecture 471-8571, Japan
Tel: (0565)28-2121 Fax: (0565)23-5721

Tokyo Head Office
4-18, Koraku 1-chome, Bunkyo-ku,
Tokyo 112-8701, Japan
Tel: (03)3817-7111 Fax: (03)3817-9092

U.S.A.

Toyota Motor North America, Inc.
601 Lexington Avenue, 49th Floor, New York, NY 10022, U.S.A.
Tel: (212)223-0303 Fax: (212)759-7670

U.K.

Toyota Motor Europe NV/SA
Curzon Square, 25 Park Lane, London W1K 1RA, U.K.
Tel: (207)290-8513 Fax: (207)290-8502

Major Shareholders (Top 10)

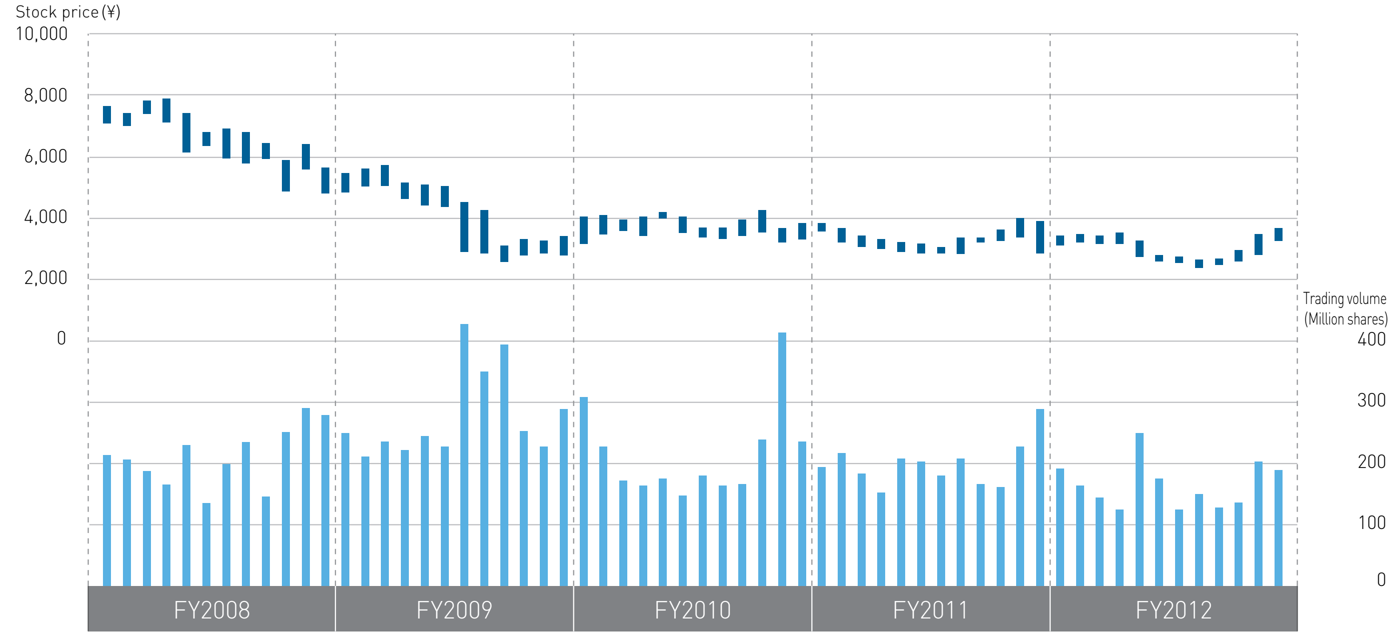
Name	Number of Shares Held (Thousands)
Japan Trustee Services Bank, Ltd.	354,972
Toyota Industries Corporation	218,515
The Master Trust Bank of Japan, Ltd.	188,457
Nippon Life Insurance Company	129,915
State Street Bank and Trust Company	119,380
Trust & Custody Services Bank, Ltd.	85,905
The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders	81,289
Mitsui Sumitomo Insurance Company, Limited	66,063
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	63,825
DENSO CORPORATION	58,903

Ownership Breakdown

Financial institutions, Brokerages	33.14%
Foreign corporate entities and others	26.35%
Individuals, etc.	22.44%
Other corporate entities	18.07%

Note: Individuals, etc, include shares of 281 million treasury stock.

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



	FY2008	FY2009	FY2010	FY2011	FY2012
High (¥)	7,880	5,710	4,235	3,955	3,635
Low (¥)	4,810	2,585	3,140	2,800	2,330
At Year-End (¥)	4,970	3,120	3,745	3,350	3,570

TOYOTA MOTOR CORPORATION

http://www.toyota-global.com