

Bank of America Merrill Lynch 2012 New York Auto Summit - Jim Lentz

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Thank you John and good morning everyone!

Since there's a lot to cover, I'm going to jump right in so we have time for any questions at the end.

In a nutshell, Toyota is getting back to the top of its game.

To make that case, I'm going to:

- provide an update on our business and industry forecast...
- talk about our brand and new vehicle strategy...
- and brief you on our future vehicle design and technology plans

Let's start with an update on our business.

We have recovered from the devastating earthquake and tsunami that pummeled Japan just over a year ago.

Our production is at full strength and our inventories are building back to optimal levels. Looking back at 2011, despite the challenges, we had a pretty good year:

- Camry was the No. 1-selling car in America for the 10th straight year...
- Tacoma was the No. 1 compact pickup...
- Corolla was the No. 1 compact car...
- Sienna was the best-selling minivan for the first time ever...
- And Prius remained the top-selling hybrid.

For 2012, the economy is on more solid footing and auto demand is strong, so we're revising our U.S. market SAAR forecast to a little over 14 million.

Given our momentum coming out of 2011 and strong new product introductions this year, we expect total TMS sales of about 1.9 million units...up about 15%.

And, so far, so good. Through the first quarter, TMS and the industry are both on track for a great year:

- TMS sales through the first quarter are up 12.3%
- While the industry is up 13%

Even better, there are several elements supporting healthy vehicle sales in the future, including:

- strong population growth...
- the high average age of vehicles on the road...now 11 years...
- the continued high costs of used vehicles...
- readily available credit to purchase cars...
- better vehicle affordability on average than during the 80s and 90s...
- a huge slate of 2012 vehicles from all brands that will draw people to showrooms...
- and research shows nearly 10% of U.S. households intend to buy a new vehicle in the next year

We also believe most of the industry growth will come in retail sales, an area where TMS has traditionally performed best.

And while we recently filled some fleet orders to make up for those impacted during the earthquake aftermath, we will keep our fleet sales below 10% this year...lower than most other automakers.

And we continue to strategically apply incentives so they are among the lowest in the industry.

We're also ensuring our dealers are among the most profitable in the industry by holding our dealer count around 1,500.

And, our dealers are so confident about the future that they plan to spend one BILLION dollars on facility improvements this year alone.

Finally, we continue to "build cars where we sell them."

Within the last six months, we opened a 2,000-job plant in Mississippi to build Corollas... we announced plans to expand Highlander production in Indiana ... RAV4 production in Canada... and transmissions in West Virginia.

And we'll have more announcements on local expansion and job creation in the future.

As a result, 70% of the vehicles we sell here are now made here... and contain an average of more than 75% domestic content from North American suppliers.

So...overall...in terms of sales and operations...we're in excellent shape and getting stronger every day.

OK...now let's talk about the Toyota brand and our new vehicle strategy.

As you know, we dealt with a series of recalls several years ago.

But thanks to a lot of hard work, Toyota is once again recognized as among the best in the industry.

In terms of quality, Toyota/Lexus/Scion dominated the 2012 JD Power Vehicle Dependability Study:

- TMS models won 8 of 14 segments
- Lexus #1 – top rated overall
- Toyota #3 – highest non-premium nameplate
- Scion #5 – up 17 slots in the rankings

And Toyota was rated #1 in overall brand perception by Consumer Reports.

On the safety side, 16 Toyota, Lexus and Scion vehicles were named 2012 “Top Safety Picks” by the Insurance Institute for Highway Safety, more than any other automaker.

In addition, the 2012 Camry, Camry Hybrid, Prius, and Scion tC earned 5 stars for overall safety under new, more stringent NHTSA standards.

Along with strong quality and safety numbers, our consumer loyalty, conquest and intention numbers are all rising...indicating a strong interest in Toyota products.

We're also making great progress on further improving the service side of our business through our Toyota Care 2-year complimentary service maintenance program.

In fact:

- More than 1 in 4 customers (28%) say it positively influenced their purchase decision...
- 98% of Toyota Care customers say they will return to their dealerships for service...
- And Toyota dealers retained 232,000 MORE service customers in 2011 than the year before

Those results mean better profits for our dealers and our company... AND will boost future sales because our research shows that satisfied service customers are nearly 3 times more likely to purchase their next car from that dealership.

Along with improvements across the board, we're in the midst of the most ambitious product launch in Toyota's 54-year history in America.

We are launching 19 new or updated products during this calendar year...a record for our company.

And when you factor in full-year sales of the new Camry, Yaris and Prius v we introduced last fall...40% of our sales growth this year will come from new products vs. 7% during 2011.

What's more, our new products are even better in quality and are attracting new and younger buyers to the Toyota family.

Take for example the new Camry which has been a big hit with consumers.

Traditionally, quality goes up over a model's lifecycle and then goes down when a new-generation launches. However, based on data for the first six months, the quality of our new Camry is scoring BETTER than the model it replaced.

That's unheard of in the industry.

But the popularity of the new Camry goes beyond great quality.

According to our research, the top 5 attributes attracting consumers to Camry have moved from purely rational items to include emotional elements like styling and fun-to-drive which has helped bring in younger buyers.

So we're selling a richer mix of models, particularly the SE...a sporty version...the hybrid...and the high-end

XLE edition.

As a result, Camry now has the lowest incentive spend and the highest transaction price in the segment.

And it is well on track to retain its title as the best-selling car in America for the eleventh straight year.

I'm also happy to report that our new Prius family is off to a TREMENDOUS start.

Combined sales of our new Prius v and the original Prius liftback have set new retail volume records EVERY month from November through March, grabbing a 52% share of the entire hybrid market.

The Prius v is having a positive effect on the overall Prius family brand image, driving perceptions of innovation and bringing incremental customers to the Prius brand.

And the launch last month of the 95-mpg-e rated Prius Plug-in and the 53-mpg city-rated Prius c came at a perfect time with gas prices hovering around \$4 per gallon.

The results speak for themselves...the Prius family enjoyed its best sales month EVER during March, selling nearly 29,000 units.

2012 is also "The Year of Lexus."

We're introducing much bolder designs and 9 new or updated products along with 3 F SPORT models.

The lead product for our luxury brand's product blitz is the all-new GS sports sedan with a new, more emotional design which debuted in late January.

Although we're still building inventories, GS sales were up 358% in the first quarter, so we have great expectations for this car and our other new products this year.

Our Scion brand is off to a great start this year and will gain momentum throughout the year due to some exciting new products, like the new iQ micro subcompact that has helped boost sales through March by 18.9%.

But Scion is about more than volume...it's a vital gateway for attracting new and younger buyers to the Toyota family.

And it's doing JUST that.

Today, 64% of Scion customers are new to Toyota...and with a median age of just 35...the brand is attracting the youngest buyers in the business.

And we expect that might come down even further later this year when we introduce the new Scion FR-S, an authentic, low-slung sports car with exceptionally balanced performance and handling...compelling style...flexible utility...and surprising MPG.

With a starting price of just \$24,200 for the manual six-speed, we believe we've created an affordable sports car

that true driving enthusiasts will enjoy.

So far, we have nearly 22,000 “hand-raisers” who’ve expressed strong interest in the FR-S and collected 900 deposits from people who want to buy one.

In addition to great success with our current products, we are working on impressive technology and vehicle design plans for our future products.

Toyota has always been a future-oriented company...we pride ourselves on anticipating the needs of our customers and society both today and tomorrow.

We fully intend to play an important role in being part of the solution on important issues like harmful emissions and energy independence.

That’s why nearly half of the new products we’re introducing THIS year are hybrids or electric vehicles.

But we aren’t stopping there.

We are pursuing a broad range of technology initiatives that will allow us to address the different needs of different customers in different regions around the world.

That’s why our portfolio of technology for tomorrow’s vehicles, includes:

- Fine-tuning internal combustion engines and reducing vehicle weight for more mileage and fewer emissions...
- creating advanced solid-state and metal-air batteries that “greatly exceed” the performance of today’s lithium ion cells...
- using more carbon-neutral, eco-plastics made in part from plants to craft interior components for our vehicles...
- and bringing to market a zero-emission, hydrogen fuel cell vehicle in 2015

Our goal is to create a variety of vehicles for the future that can run on gas or other fuels... and then let CONSUMERS determine what works best for them.

Whichever way consumers decide to go, we strongly believe that hybrids will remain a CORE technology because our hybrid systems can easily be adapted to other powertrains to further conserve energy.

For example, if you team a hybrid system with a fuel-cell, the vehicle will get better fuel economy than a standard fuel cell vehicle.

And hybrids can be teamed with larger batteries to provide longer-range, plug-in models.

Now, electric vehicles have been getting some negative press lately, but we think they do have a role to play in the portfolio of future products.

However, that role will be limited until battery technology, costs and range can be significantly improved.

So to begin testing the waters on consumer acceptance, we're introducing two electric vehicles this year at different ends of the spectrum.

On one end will be our RAV4-EV, a larger vehicle with amazing utility and flexibility and a potential range of more than 100 miles on a single charge.

It will strike a strong balance between cost, range and utility...and should prove popular among those consumers considering an electric vehicle.

At the other end, we will launch our iQ-EV micro car for short-range vehicle sharing programs in urban areas where traveling distances are short and parking spaces limited.

We plan to bring these vehicles to market in low volume, but we will learn from them and continue working on battery technology that will best meet the needs of consumers in the future.

Along with dealing with the practical, rational side of technology in future vehicles, we intend to stir up the fun, emotional side of our customers with much bolder designs for our products.

And you will see some great examples right here at the New York Auto Show.

In fact...moments ago...we unveiled the all-new Lexus ES with dynamic new styling along with an ES hybrid counterpart...and tomorrow we will debut a future Toyota product that's unlike any Toyota you've ever seen.

You won't want to miss it.

And I assure you this is JUST the start of a stronger, bolder more assertive Toyota.

In the future, our vehicles will not only be reliable, fuel efficient and environmentally focused, they'll be exciting to drive and fun to be seen in.

For instance, our Lexus LF-LC concept coupe that debuted earlier this year

It's not only a HOT looking coupe... it's a HYBRID!

So you can look great while helping to meet the needs of our environment and society.

It's just a concept now, but it's has received a fantastic reception from the public, so stay tuned.

So, there you have it... some phenomenal products coming now...and in the near future.

We strongly believe that we have ALL the ingredients to make 2012 a break-out year for Toyota... and we're in a great position for even STRONGER growth in the future.

It's not about being the biggest in the world; it's about being the best for our customers all around the world.

Thank you...and here's the legal disclaimer about forward-looking statements.

Now, I'd be happy to answer your questions.