ENERGIZER HOLDINGS, INC.
Form SC 13G/A
February 09, 2018

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 13G

Under the Securities Exchange Act of 1934

(Amendment No.: 2)*

Name of issuer: Energizer Holdings Inc

Title of Class of Securities: Common Stock

CUSIP Number: 29272W109

Date of Event Which Requires Filing of this Statement: **December 31, 2017**

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

(X) Rule 13d-1(b)

( ) Rule 13d-1(c)

( ) Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on the following page(s))

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CUSIP No.: 29272W109

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The Vanguard Group - 23-1945930

2. CHECK THE APPROPRIATE [LINE] IF A MEMBER OF A GROUP

A. B. X

3. SEC USE ONLY

4. CITIZENSHIP OF PLACE OF ORGANIZATION

Pennsylvania

(For questions 5-8, report the number of shares beneficially owned by each reporting person with:)

5. SOLE VOTING POWER

33,434

6. SHARED VOTING POWER

8,364

7. SOLE DISPOSITIVE POWER

5,184,306

8. SHARED DISPOSITIVE POWER

37,050

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,221,356

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

N/A

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

8.71%

12. TYPE OF REPORTING PERSON

IA

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Act of 1934

Check the following [line] if a fee is being paid with this statement N/A

Item 1(a) - Name of Issuer:

Energizer Holdings Inc

Item 1(b) - Address of Issuer's Principal Executive Offices:

533 Maryville University Drive

St. Louis, Missouri 63141

Item 2(a) - Name of Person Filing:

The Vanguard Group - 23-1945930

Item 2(b) – Address of Principal Business Office or, if none, residence:

100 Vanguard Blvd.

Malvern, PA 19355

Item 2(c) – Citizenship:

Pennsylvania

Item 2(d) - Title of Class of Securities:

Common Stock

Item 2(e) - CUSIP Number

29272W109

Item 3 - Type of Filing:

This statement is being filed pursuant to Rule 13d-1. An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E).

Item 4 - Ownership:

(a) Amount Beneficially Owned:

5,221,356

(b) Percent of Class:

8.71%

(c) Number of shares as to which such person has:

(i) sole power to vote or direct to vote: 33,434

(ii) shared power to vote or direct to vote: 8,364

(iii) sole power to dispose of or to direct the disposition of: 5,184,306

(iv) shared power to dispose or to direct the disposition of: 37,050

Comments:

Item 5 - Ownership of Five Percent or Less of a Class:

Not Applicable

Item 6 - Ownership of More Than Five Percent on Behalf of Another Person:

Not applicable

Item 7 - Identification and Classification of the Subsidiary Which Acquired The Security Being Reported on by the Parent Holding Company:

See Attached Appendix A

Item 8 - Identification and Classification of Members of Group:

Not applicable

Item 9 - Notice of Dissolution of Group:

Not applicable

Item 10 - Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: 02/07/2018

By /s/ Christine M. Buchanan

Name: Christine M. Buchanan

Title: Principal

Appendix A

Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 28,686 shares or .04% of the Common Stock outstanding of the Company as a result of its serving as investment manager of collective trust accounts.

Vanguard Investments Australia, Ltd. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 13,112 shares or .02% of the Common Stock outstanding of the Company as a result of its serving as investment manager of Australian investment offerings.

y:Times New Roman" SIZE="2"> Indonesia Internal funds

Investment primarily to promote localization by
Toyota Motor Corporation Australia Ltd.

46.6 Australia Internal funds

Investment primarily to promote localization by
Toyota Motor Europe NV/SA

46.5 Belgium Internal funds

Investment primarily in leased automobiles by
Toyota Motor Credit Corporation

2,490.8

United States

Internal funds, financing

from issuance of bonds, etc.

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Set forth below is information with respect to Toyota s material plans to construct, expand or improve its facilities between April 2013 and March 2014, presented on a by subsidiary basis and as reported in Toyota s annual Japanese securities report filed with the director of the Kanto Local Finance Bureau.

Description of Activity	Total Cost (Yen in billions)		Location	Primary Method of Financing
Japan				
Investment primarily in manufacturing facilities by Toyota Motor Corporation	¥	210.0	Japan	Internal funds, financing from issuance of bonds, etc.
Investment primarily in manufacturing facilities by Hino Motors, Ltd.		37.5	Japan	Internal funds
Investment primarily in manufacturing facilities by Daihatsu Motor Co., Ltd.		35.0	Japan	Internal funds
Outside of Japan				
Investment primarily in manufacturing facilities by Toyota Motor Thailand Co., Ltd.		46.0	Thailand	Internal funds
Investment primarily in manufacturing facilities by Toyota Motor Manufacturing, Indiana, Inc.		34.6	Unites States	Internal funds
Investment primarily in manufacturing facilities by Toyota do Brasil Ltda.		24.5	Brazil	Internal funds

Set forth below is additional information with respect to Toyota s material plans to construct, expand or improve its facilities, presented on a by facility basis.

Tohoku Region Plant. In April 2008, Toyota decided to build an engine plant in Kurokawa, Miyagi Prefecture, Japan. However, while the commencement of production at this plant, which was initially expected to occur at the end of 2010, was postponed, Toyota Motor Tohoku Corporation (Toyota Tohoku) commenced assembly of small-size engines from the end of 2012. Toyota Tohoku merged with Kanto Auto Works, Ltd. and Central Motor Co., Ltd. in July 2012 and became Toyota Motor East Japan, Inc.

Sorocaba Plant. In August 2010, Toyota decided to construct a vehicle plant in Sorocaba, Brazil. This plant is producing the Etios small vehicle introduced in India with an annual production capacity of 70 thousand units. The plant commenced production in September 2012.

Karawang No. 2 Plant. In November 2011, Toyota decided to establish a vehicle plant in Karawang, West Java, Indonesia. Production at the facility commenced in March 2013. Production capacity at the time of launch of the plant was 70 thousand units, and is expected to increase to 120 thousand units by the beginning of 2014. The plant is also expected to produce new vehicles that meet market demand.

Toyota does not collect information on the amount of expenditures already paid for each plant under construction because Toyota believes that it is difficult and it would require unreasonable effort or expense to identify and categorize each expenditure item with reasonable accuracy as past and future expenditures. Toyota s construction projects consist of numerous expenditures, each of which is continually being adjusted and incurred in variable and constantly changing amounts as part of the overall work-in-progress.

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Seasonality

Toyota has historically experienced slight seasonal fluctuations in unit sales. For each of the past three fiscal years, Toyota s unit sales levels have been highest in March, with approximately 10% to 12% of annual unit sales generated during that month, and for each of the remaining months, its unit sales have generated approximately 6% to 9% of its annual unit sales.

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 North America, Europe, China and other regions 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

Approximately 200 putative class actions and more than 500 individual product liability personal injury cases have been filed since November 2009 alleging that certain Toyota, Lexus and Scion vehicles contain defects that lead to unintended acceleration. In April 2010, the approximately 190 putative class actions in federal court as well as the federal product liability personal injury cases and warranty and lemon law cases were consolidated for pretrial proceedings into a single multi-district litigation in the United States District Court for the Central District of California. Approximately 10 putative class actions and various product liability personal injury cases pending in state courts were subsequently consolidated into the federal action. The remaining class actions lawsuits are pending in a consolidated state action in California.

In December 2012, Toyota and the plaintiffs announced that they had reached an agreement to settle the economic loss claims in the consolidated federal action. The court preliminarily approved the agreement and held the final approval hearing in June 2013. The court took the matter under submission and scheduled a hearing in July 2013 for the presentation of additional information. In fiscal 2013, Toyota recorded a $1.1 billion pre-tax charge against earnings to cover the estimated costs of this resolution and other potential recall-related resolutions, including the resolution of the civil litigation filed by the Orange County District Attorney and the state attorneys general s investigation discussed below.

The settlement provides a customer support program covering certain vehicle parts, the free installation of a brake override system on the remaining floor mat entrapment safety campaign vehicles and funds for cash payments to customers who do not receive the brake override system, cash payments to individuals who allegedly suffered a loss on the sale, lease or insuring the residual value of Toyota s vehicles and funds for safety-related research and education programs. The settlement does not cover product liability personal injury claims in the consolidated federal action or pending in various state courts in the United States.

In April 2013, Toyota announced that the court had approved an agreement to resolve the civil action filed by the Orange County District Attorney in California state court seeking, among other things, statutory penalties alleging that Toyota sold and marketed defective vehicles in violation of various California statutes. The amount of the settlement, which was not material to Toyota, was included in the charge taken in fiscal 2013.

Beginning in February 2010, Toyota was sued in approximately 20 putative class actions alleging defects in the antilock braking system in various hybrid vehicles that cause the vehicles to fail to stop in a timely manner when driving in certain road conditions. The plaintiffs seek an order requiring Toyota to repair the vehicles and

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claim that all owners and lessees of vehicles, including those for which recalls have been implemented, should be compensated for the alleged defects related to the antilock braking system. These cases have been consolidated into two actions, one in the United States District Court for the Central District of California and one in the Los Angeles County Superior Court. In January 2013, the Court in the federal case issued an order denying the plaintiff s motion for class certification and granting summary judgment in favor of Toyota on the claims of the principal named plaintiff for the cases relating to recalled vehicles. A class certification hearing in connection with the claims related to those vehicles that were not recalled is scheduled in July 2013.

From February through March 2010, Toyota was sued in 6 putative shareholder class actions on behalf of investors in Toyota American Depositary Receipts (ADRs) and common stock. The cases alleged violations of the Securities Exchange Act of 1934 and Japan s Financial Instruments and Exchange Act and were consolidated into a single action in the United States District Court for the Central District of California. The judge dismissed with prejudice the claims based on Japan s Financial Instruments and Exchange Act, and Toyota reached an agreement to resolve the claims asserted on behalf of purchasers of Toyota s ADRs for an amount not material to Toyota. The court approved the settlement in March 2013.

While Toyota has resolved or is attempting to resolve many of these matters, Toyota believes that it has meritorious defenses to all of them and will vigorously defend those matters not resolved.

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 U.S. Securities and Exchange Commission (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 seeking production of documents related to the recalls of the steering relay rod. Toyota is cooperating with the U.S. Attorney s Office and SEC in their investigations, which are on-going.

In June 2012, Toyota announced an amendment to the 2009 floor mat entrapment safety campaign to include model year 2010 RX350 and RX450h. Toyota submitted additional documents related to this amendment pursuant to NHTSA s request. In October 2012, Toyota filed an additional amendment to include model year 2008 through 2011 Land Cruiser. In December 2012, Toyota announced an agreement with NHTSA to resolve timeliness claims related to the model year 2010 RX350 and RX450h safety campaign under which Toyota agreed to make a $17.4 million payment to the U.S. Treasury.

Toyota 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 those recalls and customer handling related to those recalls. In February 2013, Toyota and the attorneys general resolved these investigations for an amount not material to Toyota. Such amount was included in the charge taken in fiscal 2013. In connection with this settlement, Toyota also made commitments to continue to conduct certain activities it is already undertaking.

Beyond the amounts accrued for the recall-related matters, Toyota is unable to estimate a range of reasonably possible loss, if any, for the other recall-related matters because (i) many of the proceedings are in evidence gathering stages, (ii) significant factual issues need to be resolved, (iii) the legal theory or nature of the claims is unclear, (iv) the outcome of future motions or appeals is unknown and/or (v) the outcomes of other matters of these types vary widely and do not appear sufficiently similar to offer meaningful guidance. Although Toyota cannot estimate a reasonable range of loss based on currently available information, the resolution of these matters could have an adverse effect on Toyota s financial position, results of operations or cash flows.

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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. Based upon information currently available to Toyota, however, 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.

4.C ORGANIZATIONAL STRUCTURE

As of March 31, 2013, Toyota Motor Corporation had 257 Japanese subsidiaries and 252 overseas subsidiaries. The following table sets forth for each of Toyota Motor Corporation s principal subsidiaries, the country of incorporation and the percentage ownership interest and the voting interest held by Toyota Motor Corporation.

Name of Subsidiary	Country of Incorporation	Percentage Ownership Interest	Percentage Voting Interest
Toyota Financial Services Corporation	Japan	100.00	100.00
Hino Motors, Ltd.	Japan	50.21	50.62
Toyota Motor Kyushu, Inc.	Japan	100.00	100.00
Daihatsu Motor Co., Ltd.	Japan	51.33	51.64
Toyota Finance Corporation	Japan	100.00	100.00
Toyota Auto Body Co., Ltd.	Japan	100.00	100.00
Toyota Motor East Japan, Inc.	Japan	100.00	100.00
Toyota Motor Engineering & Manufacturing North America, Inc.	United States	100.00	100.00
Toyota Motor Manufacturing, Kentucky, Inc.	United States	100.00	100.00
Toyota Motor North America, Inc.	United States	100.00	100.00
Toyota Motor Credit Corporation	United States	100.00	100.00
Toyota Motor Manufacturing, Indiana, Inc.	United States	100.00	100.00
Toyota Motor Manufacturing, Texas, Inc.	United States	100.00	100.00
Toyota Motor Sales, U.S.A., Inc.	United States	100.00	100.00
Toyota Motor Manufacturing Canada Inc.	Canada	100.00	100.00
Toyota Credit Canada Inc.	Canada	100.00	100.00
Toyota Motor Europe NV/SA	Belgium	100.00	100.00
Toyota Kreditbank GmbH	Germany	100.00	100.00
Toyota Motor Finance (Netherlands) B.V.	Netherlands	100.00	100.00
OOO TOYOTA MOTOR	Russia	100.00	100.00
Toyota Motor (China) Investment Co., Ltd.	China	100.00	100.00
Toyota Motor Finance (China) Co., Ltd.	China	100.00	100.00
Toyota Kirloskar Motor Private Ltd.	India	89.00	89.00
P.T. Toyota Motor Manufacturing Indonesia	Indonesia	95.00	95.00
Toyota Motor Asia Pacific Pte Ltd.	Singapore	100.00	100.00
Kuozui Motors, Ltd.	Taiwan	70.00	70.00
Toyota Leasing (Thailand) Co., Ltd.	Thailand	86.39	86.39
Toyota Motor Thailand Co., Ltd.	Thailand	86.43	86.43
Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.	Thailand	100.00	100.00
Toyota Motor Corporation Australia Ltd.	Australia	100.00	100.00
Toyota Finance Australia Ltd.	Australia	100.00	100.00
Toyota Argentina S.A.	Argentina	100.00	100.00
Toyota do Brasil Ltda.	Brazil	100.00	100.00
Toyota South Africa Motors (Pty) Ltd.	South Africa	100.00	100.00

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4.D PROPERTY, PLANTS AND EQUIPMENT

As of December 31, 2012, Toyota and its affiliated companies produce automobiles and related components through more than 52 overseas manufacturing organizations in 27 countries and regions besides Japan. The facilities are located principally in Japan, the United States, Canada, the United Kingdom, France, Turkey, Thailand, China, Taiwan, India, Indonesia, South Africa, Australia, Argentina and Brazil.

In addition to its manufacturing facilities, Toyota s properties include sales offices and other sales facilities in major cities, repair service facilities, and research and development facilities.

The following table sets forth information, as of March 31, 2013, with respect to Toyota s principal facilities and organizations, all of which are owned by Toyota Motor Corporation or its subsidiaries. However, small portions, all under approximately 20%, of some facilities are on leased premises.

Facility or Subsidiary Name	Location	Land Area (thousand square meters)	Number of Employees	Principal Products or Functions
Japan (Toyota Motor Corporation)				
Tahara Plant	Tahara City, Aichi Pref.	4,029	7,821	Automobiles
Higashi-Fuji Technical Center	Susono City, Shizuoka Pref.	2,066	2,839	Research and Development
Toyota Head Office and Technical Center	Toyota City, Aichi Pref.	1,930	21,193	Research and Development
Motomachi Plant	Toyota City, Aichi Pref.	1,594	7,625	Automobiles
Takaoka Plant	Toyota City, Aichi Pref.	1,311	3,293	Automobiles
Tsutsumi Plant	Toyota City, Aichi Pref.	937	5,045	Automobiles
Kamigo Plant	Toyota City, Aichi Pref.	868	3,034	Automobile parts
Kinu-ura Plant	Hekinan City, Aichi Pref.	836	3,062	Automobile parts
Honsha Plant	Toyota City, Aichi Pref.	551	1,776	Automobile parts
Nagoya Office	Nagoya City, Aichi Pref.	3	2,267	Office
Japan (Subsidiaries)				
Daihatsu Motor Co., Ltd.	Ikeda City, Osaka, etc.	8,401	11,217	Automobiles
Hino Motors, Ltd.	Hino City, Tokyo, etc.	5,444	11,476	Automobiles
Toyota Motor East Japan, Inc.	Kurokawa-gun, Miyagi Pref., etc.	2,616	7,404	Automobiles
Toyota Auto Body Co., Ltd.	Kariya City, Aichi Pref., etc.	2,255	11,708	Automobiles
Toyota Motor Kyushu, Inc.	Miyawaka City, Fukuoka Pref., etc.	1,988	7,124	Automobiles
Outside Japan (Subsidiaries)				
Toyota do Brasil Ltda.	Sao Paulo, Brazil	6,237	5,279	Automobiles
Toyota Motor Manufacturing Canada, Inc.	Ontario, Canada	4,756	6,171	Automobiles
Toyota Motor Thailand Co., Ltd.	Samut Prakan, Thailand	4,300	9,122	Automobiles
Toyota Motor Sales, U.S.A., Inc.	California, U.S.A.	3,786	6,513	Sales facilities
Toyota Motor Corporation Australia, Ltd.	Victoria, Australia	1,338	3,828	Automobiles

Toyota is constantly engaged in upgrading, modernizing and revamping the operations of its manufacturing facilities, based on its assessment of market needs and prospects. To respond flexibly to fluctuations in demand in each of its production operations throughout the world, Toyota continually reviews and implements

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appropriate production measures such as revising takt time and adjusting days of operation. As a result, Toyota believes it would require unreasonable effort to track the exact productive capacity and the extent of utilization of each of its manufacturing facilities with a reasonable degree of accuracy.

As of March 31, 2013, property, plant and equipment having a net book value of approximately ¥91.8 billion was pledged as collateral securing indebtedness incurred by Toyota Motor Corporation s consolidated subsidiaries. Toyota believes that there does not exist any material environmental issues that may affect the company s utilization of its assets.

Toyota considers all its principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of its operations.

See Business Overview Capital Expenditures and Divestitures for a description of Toyota s material plans to construct, expand or improve facilities.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A OPERATING RESULTS

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 90% of Toyota s total revenues before the elimination of intersegment revenues for fiscal 2013. Toyota s primary markets based on vehicle unit sales for fiscal 2013 were: Japan (26%), North America (28%), Europe (9%) and Asia (19%).

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.

For the automobile industry, markets have progressed in a steady manner, especially in the U.S. and emerging countries such as Asia. The demand for products with advanced green technology has remained strong throughout all markets worldwide.

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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,		
	2011	**2012**	**2013**
Japan	1,913	2,071	2,279
North America	2,031	1,872	2,469
Europe	796	798	799
Asia	1,255	1,327	1,684
Other*	1,313	1,284	1,640
Overseas total	5,395	5,281	6,592
Total	7,308	7,352	8,871

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

During fiscal 2013 and 2012, Toyota s consolidated vehicle unit sales in Japan increased as compared with each prior fiscal year, primarily as a result of the active introduction of new products and the efforts of dealers nationwide. Toyota and Lexus brands market share excluding mini-vehicles was 48.4% for fiscal 2013, representing a record high, and market share (including Daihatsu and Hino brands) including mini-vehicles remained at a high level of 44.3% following the prior fiscal year. Overseas consolidated vehicle unit sales decreased during fiscal 2012, whereas they increased during fiscal 2013. 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. During fiscal 2013, total overseas vehicle unit sales increased in every region.

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 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.

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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 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. 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.

Toyota s total finance receivables increased during fiscal 2013 mainly due to the favorable impact of fluctuations in foreign currency translation rates and an increase in the retail receivables.

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

	Yen in millions March 31, 2012	Yen in millions March 31, 2013
Finance Receivables		
Retail	¥ 7,248,793	¥ 9,047,782
Finance leases	955,430	1,029,887
Wholesale and other dealer loans	2,033,954	2,615,728
	10,238,177	12,693,397
Deferred origination costs	105,533	135,398
Unearned income	(494,123)	(628,340)
Allowance for credit losses		
Retail	(77,353)	(83,858)
Finance leases	(30,637)	(28,928)
Wholesale and other dealer loans	(24,238)	(26,243)
	(132,228)	(139,029)
Total finance receivables, net	9,717,359	12,061,426
Less Current portion	(4,114,897)	(5,117,660)
Noncurrent finance receivables, net	¥ 5,602,462	¥ 6,943,766
Operating Leases		
Vehicles	¥ 2,536,595	¥ 2,999,294
Equipment	87,848	104,351
Less Deferred income and other	(49,090)	(65,634)
	2,575,353	3,038,011
Less Accumulated depreciation	(667,406)	(749,238)
Less Allowance for credit losses	(8,135)	(8,020)
Vehicles and equipment on operating leases, net	¥ 1,899,812	¥ 2,280,753

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 notes 20 and 26 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

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include general economic conditions, prevailing interest rates and Toyota s financial strength. Funding costs decreased during fiscal 2012 and 2013, mainly as a result of lower interest rates.

Toyota launched its credit card business in Japan in April 2001. As of March 31, 2012, Toyota had 10.9 million cardholders, an increase of 2.0 million cardholders compared with March 31, 2011. As of March 31, 2013, Toyota had 11.8 million cardholders, an increase of 0.9 million cardholders compared with March 31, 2012. The credit card receivables at March 31, 2012 increased by ¥44.0 billion from March 31, 2011 to ¥307.5 billion. The credit card receivables at March 31, 2013 increased by ¥30.5 billion from March 31, 2012 to ¥338.1 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.

Currency Fluctuations

Toyota is affected by fluctuations in foreign currency exchange rates. Toyota is exposed to fluctuations in the value of the Japanese yen against the U.S. dollar and the euro and, to a lesser extent, the Australian dollar, the Russian ruble, 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 2011 and 2012, Toyota produced 71.3% and 75.4% of its non-domestic sales outside Japan, respectively. In North America, 66.8% and 75.3% of vehicles sold in calendar 2011 and 2012 respectively were produced locally. In Europe, 57.7% and 58.5% of vehicles sold in calendar 2011 and 2012 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 26 to the consolidated financial statements for additional information.

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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. Although, in fiscal 2012, the Japanese yen was on average and at the end of the fiscal year stronger against the U.S. dollar in comparison to the prior fiscal year, it was on average and at the end of the fiscal year weaker in fiscal 2013. In fiscal 2012 and 2013, the Japanese yen was on average stronger against the euro in comparison to fiscal 2011 and 2012, respectively. The Japanese yen was at the end of fiscal 2012 stronger against the euro in comparison to the prior fiscal year, but was weaker at the end of fiscal 2013 due to the depreciation of the yen in the second half of the fiscal year. See further discussion in Quantitative and Qualitative Disclosures about Market Risk Market Risk Disclosures Foreign Currency Exchange Rate Risk .

During fiscal 2012 and 2013, the average exchange rate of the Japanese yen against the U.S. dollar and the euro compared to the prior fiscal year has fluctuated as described above. The operating results excluding the impact of currency fluctuations described in Results of Operations Fiscal 2013 Compared with Fiscal 2012 and Results of Operations Fiscal 2012 Compared with Fiscal 2011 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 2012 and 2013, 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.

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,		
	2011	2012	2013
Japan	¥ 6,966,929	¥ 7,293,804	¥ 7,910,456
North America	5,327,809	4,644,348	6,167,821
Europe	1,920,416	1,917,408	2,003,113
Asia	3,138,112	3,116,849	4,058,629
Other*	1,640,422	1,611,244	1,924,173

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

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Results of Operations Fiscal 2013 Compared with Fiscal 2012

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Net revenues:				
Japan	¥ 11,167,319	¥ 12,821,018	¥ 1,653,699	14.8%
North America	4,751,886	6,284,425	1,532,539	32.3
Europe	1,993,946	2,083,113	89,167	4.5
Asia	3,334,274	4,385,476	1,051,202	31.5
Other*	1,760,175	2,094,265	334,090	19.0
Intersegment elimination/unallocated amount	(4,423,947)	(5,604,105)	(1,180,158)	
Total	18,583,653	22,064,192	3,480,539	18.7
Operating income (loss):				
Japan	(207,040)	576,335	783,375	
North America	186,409	221,925	35,516	19.1
Europe	17,796	26,462	8,666	48.7
Asia	256,790	376,055	119,265	46.4
Other*	108,814	133,744	24,930	22.9
Intersegment elimination/unallocated amount	(7,142)	(13,633)	(6,491)	
Total	355,627	1,320,888	965,261	271.4
Operating margin	1.9%	6.0%	4.1%	
Income before income taxes and equity in earnings of affiliated companies	432,873	1,403,649	970,776	224.3
Net margin from income before income taxes and equity in earnings of affiliated companies	2.3%	6.4%	4.1%	
Equity in earnings of affiliated companies	197,701	231,519	33,818	17.1
Net income attributable to Toyota Motor Corporation	283,559	962,163	678,604	239.3
Net margin attributable to Toyota Motor Corporation	1.5%	4.4%	2.9%	

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

Net Revenues

Toyota had net revenues for fiscal 2013 of ¥22,064.1 billion, an increase of ¥3,480.5 billion, or 18.7%, compared with the prior fiscal year. This increase reflected changes in numbers of the vehicle unit sales and sales mix of ¥3,031.5 billion and favorable impact of fluctuations in foreign currency translation rates of ¥281.8 billion. Excluding the difference in the Japanese yen value used for translation purposes of ¥281.8 billion, net revenues would have been ¥21,782.3 billion during fiscal 2013, a 17.2% increase compared with the prior fiscal year. The automotive market in 2012 increased by 11.3% in North America and 14.3% in Asia compared with the prior fiscal year. In fiscal 2013, the market in the U.S. and emerging countries such as Asia developed in a steady manner. Under these automotive market conditions, Toyota s consolidated vehicle unit sales increased to 8,871 thousand vehicles by 20.7% compared with the prior fiscal year.

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

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Vehicles	¥ 14,164,940	¥ 17,446,473	¥ 3,281,533	23.2%
Parts and components for overseas production	338,000	356,756	18,756	5.5
Parts and components for after service	1,532,219	1,577,690	45,471	3.0
Other	929,219	997,843	68,624	7.4
Total Automotive	16,964,378	20,378,762	3,414,384	20.1
All Other	547,538	535,388	(12,150)	(2.2)
Total sales of products	17,511,916	20,914,150	3,402,234	19.4
Financial services	1,071,737	1,150,042	78,305	7.3
Total	¥ 18,583,653	¥ 22,064,192	¥ 3,480,539	18.7%

Toyota s net revenues include net revenues from sales of products, consisting of net revenues from automotive operations and all other operations, which increased by 19.4% during fiscal 2013 compared with the prior fiscal year to ¥20,914.1 billion, and net revenues from financial services operations which increased by 7.3% during fiscal 2013 compared with the prior fiscal year to ¥1,150.0 billion. Excluding the difference in the Japanese yen value used for translation purposes of ¥246.0 billion, net revenues from sales of products would have been ¥20,668.1 billion, an 18.0% increase during fiscal 2013 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 1,519 thousand vehicles. Excluding the difference in the Japanese yen value used for translation purposes of ¥35.8 billion, net revenues from financial services operations would have been ¥1,114.2 billion, a 4.0% increase during fiscal 2013 compared with the prior fiscal year. This increase was mainly due to an increase of ¥25.8 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 2013 and 2012, respectively.

	Number of financing contracts in thousands			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Japan	1,697	1,765	68	4.0%
North America	4,535	4,596	61	1.3
Europe	796	825	29	3.7
Asia	649	868	219	33.7
Other*	552	618	66	11.9
Total	8,229	8,672	443	5.4%

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

Geographically, net revenues (before the elimination of intersegment revenues) for fiscal 2013 increased by 14.8% in Japan, 32.3% in North America, 4.5% in Europe, 31.5% in Asia, and 19.0% in Other compared with the prior fiscal year. Excluding the difference in the Japanese yen value used for translation purposes of ¥281.8 billion, net revenues in fiscal 2013 would have increased by 14.8% in Japan, 26.2% in North America, 6.9% in Europe, 28.0% in Asia and 22.5% 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,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Toyota s consolidated vehicle unit sales*	3,741	4,202	461	12.3%

* including number of exported vehicle unit sales

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Net revenues:				
Sales of products	¥ 11,040,964	¥ 12,687,092	¥ 1,646,128	14.9%
Financial services	126,355	133,926	7,571	6.0
Total	¥ 11,167,319	¥ 12,821,018	¥ 1,653,699	14.8%

Toyota s domestic and exported vehicle unit sales increased by 461 thousand vehicles compared with the prior fiscal year due mainly to a recovery from the negative impact of the Great East Japan Earthquake in the first half of fiscal 2012, an increase in demand by subsidies for eco-cars offered by the government and strong sales of Aqua and other car models in fiscal 2013.

North America

	Thousands of units			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Toyota s consolidated vehicle unit sales	1,872	2,469	597	31.9%

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Net revenues:				
Sales of products	¥ 4,048,532	¥ 5,564,183	¥ 1,515,651	37.4%
Financial services	703,354	720,242	16,888	2.4
Total	¥ 4,751,886	¥ 6,284,425	¥ 1,532,539	32.3%

In North America, the vehicle unit sales increased by 597 thousand vehicles compared with the prior fiscal year due mainly to the market recovering in a steady manner and strong sales of Corolla, Camry and other car models.

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Europe

	Thousands of units			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Toyota s consolidated vehicle unit sales	798	799	1	0.1%

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Net revenues:				
Sales of products	¥ 1,925,670	¥ 2,007,207	¥ 81,537	4.2%
Financial services	68,276	75,906	7,630	11.2
Total	¥ 1,993,946	¥ 2,083,113	¥ 89,167	4.5%

Net revenues in Europe as a whole increased due primarily to the 1 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year. The vehicle unit sales increased in Eastern Europe, especially in Russia, although sales of Toyota brands vehicles decreased in Western Europe compared with the prior fiscal year due to the European sovereign debt crisis.

Asia

	Thousands of units			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Toyota s consolidated vehicle unit sales	1,327	1,684	357	26.9%

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Net revenues:				
Sales of products	¥ 3,275,871	¥ 4,307,943	¥ 1,032,072	31.5%
Financial services	58,403	77,533	19,130	32.8
Total	¥ 3,334,274	¥ 4,385,476	¥ 1,051,202	31.5%

Net revenues in Asia as a whole increased due primarily to the 357 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year. The vehicle unit sales increased due mainly to the expansion of markets such as Thailand and Indonesia, and the recovery during fiscal 2013 from the negative impacts of the flood in Thailand in fiscal 2012.

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Other

	Thousands of units			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Toyota s consolidated vehicle unit sales	1,284	1,640	356	27.8%

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Net revenues:				
Sales of products	¥ 1,636,043	¥ 1,942,215	¥ 306,172	18.7%
Financial services	124,132	152,050	27,918	22.5
Total	¥ 1,760,175	¥ 2,094,265	¥ 334,090	19.0%

Net revenues in Other as a whole increased due primarily to the 356 thousand vehicles increase in vehicle unit sales compared with the prior fiscal year. The vehicle unit sales increased due mainly to strong sales of IMV and Land Cruiser in each region in fiscal 2013 and the recovery from the shortages of parts supplies caused by the Great East Japan Earthquake and the flood in Thailand in fiscal 2012.

Operating Costs and Expenses

	Yen in millions			
	Year ended March 31,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Operating costs and expenses				
Cost of products sold	¥ 15,795,918	¥ 18,010,569	¥ 2,214,651	14.0%
Cost of financing operations	592,646	630,426	37,780	6.4
Selling, general and administrative	1,839,462	2,102,309	262,847	14.3
Total	¥ 18,228,026	¥ 20,743,304	¥ 2,515,278	13.8%

	Yen in millions
	2013 v. 2012 Change
Changes in operating costs and expenses:	
Effect of changes in vehicle unit sales and sales mix	¥ 2,360,000
Effect of fluctuation in foreign currency translation rates	270,000
Effect of cost reduction efforts	(450,000)
Effect of increase in miscellaneous costs and others	335,278
Total	¥ 2,515,278

Operating costs and expenses increased by ¥2,515.2 billion, or 13.8%, to ¥20,743.3 billion during fiscal 2013 compared with the prior fiscal year. This increase resulted from the ¥2,360.0 billion impact of changes in vehicle unit sales and sales mix, the ¥270.0 billion unfavorable impact of fluctuations in foreign currency translation rates and the ¥335.2 billion increase in miscellaneous costs and others, partially offset by the ¥450.0 billion impact of cost reduction efforts.

The increase in miscellaneous costs and others was due mainly to the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S., the ¥70.0 billion increase in labor costs, the ¥50.0 billion impact of increase in product quality related expenses and

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the ¥20.0 billion increase in research and development expenses. This increase in product quality related expenses resulted from the weakening of the Japanese yen at the end of fiscal 2013 against other currencies in comparison to the prior fiscal year. See note 14 to the consolidated financial statements.

During fiscal 2013, Toyota announced recalls and other safety measures including the following:

In October 2012, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota brands vehicles in relation to the inspection and application of special fluorine grease to the driver s side Power Window Master Switch (PWMS). In November 2012, Toyota announced in Japan and other regions the voluntary safety recall of certain models of Toyota brands vehicles in relation to the insufficient hardness treatment of some intermediate extension shafts and in relation to the electric water pump for the hybrid system.

Cost Reduction Efforts

During fiscal 2013, Toyota s continued cost reduction efforts reduced operating costs and expenses by ¥450.0 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 2013, continued cost reduction efforts together with suppliers contributed to the improvement in earnings. 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 ¥2,214.6 billion, or 14.0%, to ¥18,010.5 billion during fiscal 2013 compared with the prior fiscal year. The increase resulted from the ¥2,124.0 billion impact of changes in vehicle unit sales and sales mix and the ¥201.0 billion unfavorable impact of fluctuations in foreign currency translation rates, partially offset by the ¥450.0 billion impact of cost reduction efforts.

Cost of Financing Operations

Cost of financing operations increased by ¥37.7 billion, or 6.4%, to ¥630.4 billion during fiscal 2013 compared with the prior fiscal year. The increase resulted from the ¥33.1 billion unfavorable impact of fluctuations in foreign currency translation rates.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥262.8 billion, or 14.3%, to ¥2,102.3 billion during fiscal 2013 compared with the prior fiscal year. This increase reflected the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S., the ¥43.2 billion increase in expenses for the financial services operations and the ¥35.8 billion unfavorable impact of fluctuations in foreign currency translation rates.

Operating Income

		Yen in millions 2013 v. 2012 Change
Changes in operating income and loss:		
Effect of marketing efforts	¥	650,000
Effect of cost reduction efforts		450,000
Effect of changes in exchange rates		150,000
Effect of increase of miscellaneous costs and others		(300,000)
Other		15,261
Total	¥	965,261

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Toyota s operating income increased by ¥965.2 billion, or 271.4%, to ¥1,320.8 billion during fiscal 2013 compared with the prior fiscal year. This increase was due mainly to the ¥650.0 billion increase of marketing efforts, the ¥450.0 billion impact of cost reduction efforts and the ¥150.0 billion favorable impact of changes in exchange rates, partially offset by the ¥300.0 billion increase in miscellaneous costs and others. The increase in miscellaneous costs and others was due mainly to the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S., the ¥70.0 billion increase in labor costs, the ¥50.0 billion impact of increase in product quality related expenses and the ¥20.0 billion increase in research and development expenses.

During fiscal 2013, operating income (before elimination of intersegment profits), increased by ¥783.3 billion in Japan compared with the prior fiscal year, ¥35.5 billion, or 19.1%, in North America, ¥8.6 billion, or 48.7%, in Europe, ¥119.2 billion, or 46.4%, in Asia, and ¥24.9 billion, or 22.9%, in Other.

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

Japan

	Yen in millions 2013 v. 2012 Change
Changes in operating income and loss:	
Effect of marketing efforts	¥ 415,000
Effect of cost reduction efforts	380,000
Effect of changes in exchange rates	165,000
Effect of increase of miscellaneous costs and others	(170,000)
Other	(6,625)
Total	¥ 783,375

North America

	Yen in millions 2013 v. 2012 Change
Changes in operating income and loss:	
Effect of marketing efforts	¥ 30,000
Effect of cost reduction efforts	50,000
Effect of increase of miscellaneous costs and others	(65,000)
Other	20,516
Total	¥ 35,516

Europe

	Yen in millions 2013 v. 2012 Change
Changes in operating income and loss:	
Effect of marketing efforts	¥ 5,000
Effect of cost reduction efforts	5,000
Effect of increase of miscellaneous costs and others	(5,000)
Other	3,666
Total	¥ 8,666

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Asia

		Yen in millions 2013 v. 2012 Change
Changes in operating income and loss:		
Effect of marketing efforts	¥	135,000
Effect of cost reduction efforts		15,000
Effect of changes in exchange rates		(10,000)
Effect of increase of miscellaneous costs and others		(30,000)
Other		9,265
Total	¥	119,265

Other Income and Expenses

Interest and dividend income decreased by ¥1.1 billion, or 1.2%, to ¥98.6 billion during fiscal 2013 compared with the prior fiscal year.

Interest expense was ¥22.9 billion during fiscal 2013, on the same level as that of the prior fiscal year.

Foreign exchange gain, net decreased by ¥31.5 billion, or 85.0%, to ¥5.5 billion during fiscal 2013 compared with the prior fiscal year. Foreign exchange gains and losses include the differences between the value of foreign currency denominated assets and liabilities recognized through transactions in foreign currencies translated at prevailing exchange rates and the value at the date the transaction settled during the fiscal year, including those settled using forward foreign currency exchange contracts, or the value translated by appropriate year-end current exchange rates. The ¥31.5 billion decrease in foreign exchange gain, net was due mainly to the losses resulting from the Japanese yen being stronger against foreign currencies at the time foreign currency bonds were redeemed during fiscal 2013 than those at the time of purchase.

Other loss, net increased by ¥38.3 billion to ¥1.5 billion during fiscal 2013 compared with the prior fiscal year.

Income Taxes

The provision for income taxes increased by ¥289.4 billion, or 110.3%, to ¥551.6 billion during fiscal 2013 compared with the prior fiscal year due to the increase in income before income taxes. The effective tax rate for fiscal 2013 was 39.3%, which was higher than the statutory tax rate in Japan. This was due mainly to 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 ¥36.5 billion, or 43.2%, to ¥121.3 billion during fiscal 2013 compared with the prior fiscal year. This increase was due mainly to an increase during fiscal 2013 in net income attributable to the shareholders of consolidated subsidiaries.

Equity in earnings of affiliated companies during fiscal 2013 increased by ¥33.8 billion, or 17.1%, to ¥231.5 billion compared with the prior fiscal year. This increase was due mainly to an increase during fiscal 2013 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 ¥678.6 billion, or 239.3%, to ¥962.1 billion during fiscal 2013 compared with the prior fiscal year.

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Other Comprehensive Income and Loss

Other comprehensive income increased by ¥856.8 billion to ¥822.7 billion for fiscal 2013 compared with the prior fiscal year. This increase resulted from favorable foreign currency translation adjustments gains of ¥434.6 billion in fiscal 2013 compared with losses of ¥87.7 billion in the prior fiscal year, and from unrealized holding gains on securities in fiscal 2013 of ¥368.5 billion compared with gains of ¥129.3 billion in the prior fiscal year. The increase in unrealized holding gains on securities was due mainly to changes in stock prices.

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,		2013 v. 2012 Change	
	2012	2013	Amount	Percentage
Automotive:				
Net revenues	¥ 16,994,546	¥ 20,419,100	¥ 3,424,554	20.2%
Operating income	21,683	944,704	923,021	4,256.9
Financial Services:				
Net revenues	1,100,324	1,170,670	70,346	6.4
Operating income	306,438	315,820	9,382	3.1
All Other:				
Net revenues	1,048,915	1,066,461	17,546	1.7
Operating income	42,062	53,616	11,554	27.5
Intersegment elimination/unallocated amount:				
Net revenues	(560,132)	(592,039)	(31,907)	
Operating income	(14,556)	6,748	21,304	

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 2013 by ¥3,424.5 billion, or 20.2%, compared with the prior fiscal year to ¥20,419.1 billion. The increase reflects the ¥3,030.0 billion of favorable impact of changes in vehicle unit sales and sales mix and the ¥245.4 billion favorable impact of fluctuations in foreign currency translation rates.

Operating income from the automotive operations increased by ¥923.0 billion during fiscal 2013 compared with the prior fiscal year to ¥944.7 billion. This increase in operating income was due mainly to the ¥150.0 billion favorable impact of changes in exchange rates, the ¥645.0 billion of favorable impact of changes in vehicle unit sales and sales mix, and the ¥450.0 billion impact of cost reduction efforts, partially offset by the ¥300.0 billion increase in miscellaneous costs and others.

The changes in vehicle unit sales and changes in sales mix was due primarily to the increase in Toyota s vehicle unit sales by 1,519 thousand vehicles compared with the prior fiscal year resulting from the increase in vehicle unit sales in every region. The increase in miscellaneous costs and others was due mainly to the ¥90.0 billion charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S., the ¥70.0 billion increase in labor costs, the ¥50.0 billion impact of increase in product quality related expenses and the ¥20.0 billion increase in research and development expenses.

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Financial Services Operations Segment

Net revenues for the financial services operations increased during fiscal 2013 by ¥70.3 billion, or 6.4%, compared with the prior fiscal year to ¥1,170.6 billion. This increase was primarily due to the ¥36.0 billion favorable impact of fluctuations in foreign currency translation rates and the ¥25.8 billion increase in rental income from vehicles and equipment on operating leases.

Operating income from financial services operations increased by ¥9.3 billion, or 3.1%, to ¥315.8 billion during fiscal 2013 compared with the prior fiscal year. This increase was due primarily to the recording of ¥12.9 billion of valuation gains on interest rate swaps stated at fair value.

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

	Year ended March 31,	
	2012	2013
Net charge-offs as a percentage of average gross earning assets:		
Finance receivables	0.24%	0.29%
Operating lease	0.11	0.18
Total	0.21%	0.27%

All Other Operations Segment

Net revenues for Toyota s other operations segments increased by ¥17.5 billion, or 1.7%, to ¥1,066.4 billion during fiscal 2013 compared with the prior fiscal year.

Operating income from Toyota s other operations segments increased by ¥11.5 billion, or 27.5%, to ¥53.6 billion during fiscal 2013 compared with the prior fiscal year.

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Results of Operations Fiscal 2012 Compared with Fiscal 2011

	Yen in millions			
	Year ended March 31,		2012 v. 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.

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.

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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 v. 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 v. 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 v. 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 v. 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 a and Aqua.

North America

	Thousands of units			
	Year ended March 31,		2012 v. 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 v. 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.

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Europe

	Thousands of units			
	Year ended March 31,		2012 v. 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 v. 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 were mainly due to the European sovereign debt crisis.

Asia

	Thousands of units			
	Year ended March 31,		2012 v. 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 v. 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.

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Other

	Thousands of units			
	Year ended March 31,		2012 v. 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 v. 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 v. 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 v. 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.

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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.

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 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.

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Operating Income

		Yen in millions
		2012 v. 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 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.

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

Japan

		Yen in millions
		2012 v. 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 a and Aqua.

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North America

	Yen in millions 2012 v. 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 v. 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 v. 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.

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.

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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.

The net gain of ¥37.1 billion in fiscal 2012 was primarily attributable to Toyota Motor Corporation s receivables denominated in the U.S. dollars, specifically transactional gains on account of an increase in export volume due to the recovery of production levels in the second half of fiscal 2012 after the Great East Japan Earthquake, and the weakening of the Japanese yen against the U.S. dollar in the second half of fiscal 2012, together with the impact of forward foreign currency exchange contracts, which were mainly denominated in the U.S. dollars and the yen as well as the euro and the yen.

The ¥22.8 billion increase in foreign exchange gain, net, during fiscal 2012 compared with the prior fiscal year was mainly attributable to the losses incurred by certain subsidiaries during fiscal 2011. Such losses were principally due to the Brazilian real and the Thai baht, the functional currencies for Toyota Motor Corporation s Brazilian and Thai subsidiaries, respectively, both strengthening against the U.S. dollar, decreasing the value of assets denominated in dollars that were not settled during the year.

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.

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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,		2012 v. 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 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.

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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.

Related Party Transactions

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

Legislation Regarding End-of-Life Vehicles

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

- manufacturers shall bear all or a significant part of the costs for taking back end-of-life vehicles put on the market after July 1, 2002 and dismantling and recycling those vehicles. Beginning January 1, 2007, this requirement will also be applicable to vehicles put on the market before July 1, 2002;

- manufacturers may not use certain hazardous materials in vehicles sold after July 2003;

- vehicles type-approved and put on the market after December 15, 2008 shall be re-usable and/or recyclable to a minimum of 85% by weight per vehicle and shall be re-usable and/or recoverable to a minimum of 95% by weight per vehicle; and

- end-of-life vehicles must meet actual re-use of 80% and re-use as material or energy of 85%, respectively, of vehicle weight by 2006, rising to 85% and 95%, respectively, by 2015.

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

Recent Accounting Pronouncements in the United States

In December 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.

In February 2013, FASB issued updated guidance on the presentation of items reclassified out of accumulated other comprehensive income. This guidance requires to present, either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified out of each component of accumulated other comprehensive income based on its source. This guidance is effective for fiscal year beginning on or after December 15, 2012, 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 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. Toyota provides for such liabilities for recalls and other safety measures at the time of vehicle sales comprehensively by aggregate sales of various models in a certain period by geographical regions instead of by individual models. While there is no difference in the calculation method among geographical regions, Toyota believes it is reasonable to calculate the liabilities by geographical regions because of factors such as varying labor costs among geographical regions.

The liabilities for the costs of recalls and other safety measures recorded in the balance sheet is calculated by deducting the accumulated amount of repair cost paid from the expected liability for the cost of recalls and other safety measures . As such, this liability is evaluated every period based on new data and are adjusted as appropriate. Toyota calculates these liabilities for units sold in the current period and each of the past 10 fiscal years, and aggregates such liabilities in determining the final liability amount.

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The expected liability for the cost of recalls and other safety measures are calculated by multiplying the sales unit by the expected average repair cost per unit . The expected average repair cost per unit is calculated based on dividing the accumulated amount of repair cost paid per unit by the pattern of payment occurrences . The pattern of payment occurrence represents a ratio that shows the measure of payment occurrence over 10 years based on actual payments with regard to units sold within 10 years

Factors that may cause a difference between the amount accrued at the time of vehicle sale and actual payment on individual recalls and other safety measures mainly include actual cost of recalls and safety measures during the period being significantly different from the accumulated amount of repair cost paid per unit (generally comprised of parts and labor) and the actual pattern of payment occurrence during the period being significantly different from the pattern of the payment occurrence in the past, which is considered as part of our estimation process for future recalls and other safety measures.

As described above, in estimating the comprehensive provision, the actual cost of individual recalls and other safety measures is included as a component of the calculation such as the accumulated amount of repair cost paid per unit. Thus, an individual recall announcement generally does not directly impact the financial statements when it occurs.

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

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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, 2013
10 percent change in frequency of occurrence or expected severity of loss	¥ 3,950

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 actually returned at contract maturity as a percentage of the number of lease contracts originally scheduled to be mature in the same period less lease contracts subject to early terminations. 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 might adversely affect the results of operations for financial services due to significant charges reducing the estimated residual value.

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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, 2013	
1 percent increase in vehicle return rate	¥	1,035
1 percent increase in end-of-term market values	¥	5,267

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 2.0% domestically and 5.0% overseas and a weighted-average expected rate of return on plan assets of 2.5% domestically and 7.0% overseas are the results of assumptions used for the various pension plans in calculating Toyota s consolidated pension costs for fiscal 2013. Also, a weighted-average discount rate of 1.7% domestically and 4.5% overseas is the result of assumption used for the various pension plans in calculating Toyota s consolidated pension obligations for fiscal 2013.

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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			
	Domestic		Overseas	
	Effect on pre-tax income for the year ended March 31, 2014	Effect on obligations for the year ended March 31, 2013	Effect on pre-tax income for the year ended March 31, 2014	Effect on obligations for the year ended March 31, 2013
Discount rates				
0.5% decrease	¥ (7,217)	¥ 117,113	¥ (4,598)	¥ 57,956
0.5% increase	6,984	(108,417)	4,365	(52,908)
Expected rate of return on plan assets				
0.5% decrease	¥ (5,451)		¥ (2,396)	
0.5% increase	5,451		2,396	

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. 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. 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. 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.

The accounting for deferred tax assets represents Toyota s current best estimate based on all available evidence. Unanticipated events or changes could result in re-evaluating the realizability of deferred tax assets.

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Outlook

As for our world future business environment, the U.S. economy is expected to benefit from ongoing moderate recovery and a pickup in the pace of economic expansion in emerging countries. Europe, meanwhile, still faces the risk of economic stagnation due to the sovereign debt crisis and other factors, though a gradual bottoming out is anticipated.

The automotive market is expected to see recovery in the U.S. and expansion in emerging countries. However, amid the change in market structure, as seen in the expansion and diversification of demand for eco-cars backed by rising environmental consciousness, fierce competition exists on a global scale. With the foregoing external factors in mind, Toyota expects that net revenues for fiscal 2014 will increase compared with fiscal 2013 as results of a favorable impact of fluctuations in foreign currency translation rates and an increase in vehicle unit sales. With respect to operating income, factors expected to contribute to an increase in operating income include the favorable impact of fluctuations in foreign currency rates, 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 the result, Toyota expects that operating income will increase in fiscal 2014 compared with fiscal 2013. 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 2014.

For the purposes of this outlook discussion, Toyota is assuming an average exchange rate of ¥90 to the U.S. dollar and ¥120 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 .

5.B LIQUIDITY AND CAPITAL RESOURCES

Historically, Toyota has funded its capital expenditures and research and development activities through cash generated by operations.

In fiscal 2014, 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 facilities, and the introduction of new products. See Information on the Company Business Overview Capital Expenditures and Divestitures for information regarding Toyota s material capital expenditures and divestitures for fiscal 2011, 2012 and 2013, 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.

Net cash provided by operating activities increased by ¥998.8 billion to ¥2,451.3 billion for fiscal 2013, compared with ¥1,452.4 billion for fiscal 2012. The increase was primarily attributable to the ¥965.2 billion increase in operating income. See Operating and financial review and prospects Operating results Operating income for further information regarding the increase in operating income.

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Net cash provided by operating activities decreased by ¥571.5 billion to ¥1,452.4 billion for fiscal 2012, compared with ¥2,024.0 billion for fiscal 2011. The decrease was primarily attributable to the ¥112.6 billion decrease in operating income, to a decline in depreciation expense of ¥107.7 billion and a reduction in inventory.

Even though other working capital items significantly fluctuated in line with the significant decrease in production and sales in March 2011 due to the Great East Japan Earthquake and increase in sales in the second half of fiscal 2012 due to the recovery of production levels from the Great East Japan Earthquake, changes in other working capital items largely offset each other such that Toyota believes the impact of such changes on net cash provided by operating activities was not material. The impact of changes in interest and other items on net cash provided by operating activities were also not material.

Inventory levels were at comparable levels as between the ends of fiscal 2010 and 2011; while the reduction in sales after the Lehman financial crisis and other factors kept the inventory level low at the end of fiscal 2010, the inventory level at the end of fiscal 2011 was approximately equivalent because of the Great East Japan Earthquake and the subsequent downturn in production. However, the inventory level at the end of fiscal 2012 increased due to the recovery of production and sales after the Great East Japan Earthquake. This increase of inventory involved related expenditures incurred in producing the inventory, which resulted in reducing the net cash provided by operating activities by ¥396.7 billion.

Furthermore, depreciation decreased by ¥107.7 billion in fiscal 2012 as a result of a reduction of Toyota s capital expenditures after the Lehman financial crisis compared with capital expenditures before such financial crisis. The decrease in depreciation favorably affected net income while it did not affect the net cash provided by operating activities.

Net cash used in investing activities increased by ¥1,584.6 billion to ¥3,027.3 billion for fiscal 2013, compared with ¥1,442.6 billion for fiscal 2012. The increase was primarily attributable to the ¥630.5 billion increase in finance receivables, to the ¥426.5 billion increase in marketable securities and security investments and to the ¥311.0 billion increase in purchases of investments in property.

Net cash used in investing activities decreased by ¥673.6 billion to ¥1,442.6 billion for fiscal 2012, compared with ¥2,116.3 billion for fiscal 2011. The decrease was primarily attributable to the ¥1,248.1 billion decrease in purchases of marketable securities and security investments, partially offset by a ¥859.3 billion decrease in sales and maturity of marketable securities and security investments.

Net cash provided by or used in financing activities increased by ¥832.5 billion to ¥477.2 billion increase for fiscal 2013, compared with ¥355.3 billion decrease for fiscal 2012. The increase was primarily attributable to the ¥796.4 billion increase in proceeds from issuance of long-term debt and to the ¥185.4 billion decrease in payments of long-term debt.

Net cash provided by or used in financing activities decreased by ¥789.6 billion to ¥355.3 billion decrease for fiscal 2012, compared with ¥434.3 billion increase for fiscal 2011. The decrease was primarily attributable to the ¥536.6 billion decrease in proceeds from issuance of long-term debt and to the ¥377.9 billion increase in payments of long-term debt.

Total capital expenditures for property, plant and equipment, excluding vehicles and equipment on operating leases, were ¥854.5 billion during fiscal 2013, an increase of 18.1% over the ¥723.5 billion in total capital expenditures during the prior fiscal year. This increase was due primarily to an increase of investments in North America and Asia.

Total capital expenditures for vehicles and equipment on operating leases were ¥1,119.5 billion during fiscal 2013, an increase of 38.5% over the ¥808.5 billion in expenditures from the prior fiscal year. This increase was due to an increase in investments in the financial services operations.

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Toyota expects investments in property, plant and equipment, excluding vehicles and equipment on operating leases, to be approximately ¥910.0 billion during fiscal 2014.

Based on currently 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 2014. 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 .

Cash and cash equivalents were ¥1,718.2 billion as of March 31, 2013. Most of Toyota s cash and cash equivalents are held in the Japanese yen or in the U.S. dollars. In addition, time deposits were ¥106.7 billion and marketable securities were ¥1,445.6 billion as of March 31, 2013.

Liquid assets, which Toyota defines as cash and cash equivalents, time deposits, marketable debt securities and its investment in monetary trust funds, increased during fiscal 2013 by ¥1,043.0 billion, or 18.1%, to ¥6,804.5 billion.

Trade accounts and notes receivable, less allowance for doubtful accounts decreased during fiscal 2013 by ¥28.1 billion, or 1.4%, to ¥1,971.6 billion. This decrease was due to a decrease in the volume of sales in the fourth quarter of fiscal 2013.

Inventories increased during fiscal 2013 by ¥93.5 billion, or 5.8%, to ¥1,715.7 billion. This increase was due mainly to the fluctuations in foreign currency translation rates.

Total finance receivables, net increased during fiscal 2013 by ¥2,344.0 billion, or 24.1%, to ¥12,061.4 billion. This increase was due mainly to the fluctuations in foreign currency translation rates and an increase in the number of financing contracts. As of March 31, 2013, finance receivables were geographically distributed as follows: in North America 57.6%, in Europe 10.0%, in Japan 9.9%, in Asia 9.5% and in Other 13.0%.

Marketable securities and other securities investments, including those included in current assets, increased during fiscal 2013 by ¥1,387.6 billion, or 26.5%, reflecting an increase in the fair values of common stocks and purchase of marketable securities and security investments.

Property, plant and equipment increased during fiscal 2013 by ¥615.8 billion, or 9.9%, primarily reflecting fluctuations in foreign currency translation rates and the increase in the capital expenditures, partially offset by the impacts of depreciation charges during the year.

Accounts and notes payable decreased during fiscal 2013 by ¥128.8 billion, or 5.7%. This decrease was due mainly to a decrease in production volume in the fourth quarter of fiscal 2013.

Accrued expenses increased during fiscal 2013 by ¥357.0 billion, or 19.5%. This increase was due mainly to the charge for costs related to the settlement of the economic loss claims in the consolidated federal action in the U.S. and the increase of product quality related expenses resulted from the weakening of the Japanese yen at the end of fiscal 2013 against other currencies in comparison to the prior fiscal year. Income taxes payable increased during fiscal 2013 by ¥22.4 billion, or 16.8%, as a result of reflecting fluctuations in foreign currency translation rates.

Toyota s total borrowings increased during fiscal 2013 by ¥2,126.2 billion, or 17.7%. Toyota s short-term borrowings consist of loans with a weighted-average interest rate of 2.31% and commercial paper with a weighted-average interest rate of 0.52%. Short-term borrowings increased during fiscal 2013 by ¥638.8 billion, or 18.5%, to ¥4,089.5 billion. Toyota s long-term debt consists of unsecured and secured loans, medium-term notes, unsecured notes and long-term capital lease obligations with interest rates ranging from 0.00% to 27.30%, and maturity dates ranging from 2013 to 2050. The current portion of long-term debt increased during fiscal 2013

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by ¥191.8 billion, or 7.6%, to ¥2,704.4 billion and the non-current portion increased by ¥1,295.5 billion, or 21.4%, to ¥7,337.8 billion. The increase in total borrowings resulted from an increase in medium-term notes. As of March 31, 2013, approximately 40% of long-term debt was denominated in the U.S. dollars, 17% in the Japanese yen, 13% in the Australian dollars, and 30% 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, 2013, Toyota s total interest bearing debt was 116.3% of Toyota Motor Corporation shareholders equity, compared with 113.8% as of March 31, 2012.

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, 2013. 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 of Japanese plans decreased during fiscal 2013 by ¥48.6 billion, or 8.8%, to ¥504.1 billion. On the other hand, the liabilities of foreign plans increased during fiscal 2013 by ¥30.1 billion, or 24.4%, to ¥153.9 billion. 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 decrease in unfunded pension liabilities of the Japanese plans as of the end of fiscal 2013 compared with the prior fiscal year end reflects mainly an increase in pension assets due to rising equity security prices, despite an increase in pension benefit obligations resulted from a decline in discount rate. On the other hand, the increase in liabilities of foreign plans reflects the increase in pension benefit obligations resulted from a decline 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.

5.C RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Toyota believes that its long-term success depends on its ability to secure a leadership position with respect to vehicle research and development.

Toyota s research and development expenditures were approximately ¥807.4 billion in fiscal 2013, ¥779.8 billion in fiscal 2012 and ¥730.3 billion in fiscal 2011.

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For this reason, Toyota is promoting next generation environmentally friendly, energy efficient, and safe vehicle technology in its research and development. Toyota is making efforts to produce vehicles that are friendly to the environment and human beings, with efforts focused in the following fields:

further improvements in hybrid technologies (functions, costs, etc.) and subsequent environmental contributions;

improvement in gasoline engine fuel economy and improvement of technology in connection with more stringent emissions standards;

promoting improvements in clean diesel engine functioning and fuel economy;

development of electric vehicles, fuel-electric vehicles and other alternative fuel vehicles; and

development of technology designed to promote driving and vehicle safety.

Toyota s belief is that the environment is one of the most important issues. Toyota is aiming to lower the volume of carbon dioxide emissions at all stages of operations, including development, production, logistics, usage, disposal and recycling of vehicles, as well as the reduction of environmental burdens. Toyota also utilizes various energy resources as a substitute to oil, and has successfully developed a plug-in hybrid vehicle which can be charged from domestic power supplies. Toyota is committed to realize the mass production of electric vehicles, the development of next-generation batteries, and the development of alternative fuel vehicles such as biofuel and fuel-cell vehicles. Toyota aims to maintain its leadership position in environmental technology, and is responding to environmental issues, the representative example being the Prius, the hybrid car introduced to the Japanese market in 1997.

In May 2010, Toyota invested in Tesla Motors, Inc. (Tesla) in the amount of $50 million as part of a basic agreement with Tesla to implement a joint venture related to the development, technology, and production systems of electric vehicles and their components. At the 26th International Battery, Hybrid and Fuel Cell Electric Vehicle Symposium held in May 2012, Toyota announced the jointly developed electric vehicle, the RAV4 EV, which was released in California in summer 2012.

Toyota s research and development activities focus on the environment, vehicle safety, information technology and product development.

Toyota s environmental research and development activities focus on:

Developing light-weight and more fuel-efficient engines and transmissions. These technologies include improved technologies in fuel economy, emission, and performance, such as the development of next-generation direct injection system and variable valve system for gasoline engines and the development of the next-generation ultra high pressure common rail system and the diesel particulate and nitrous oxide reduction system for diesel engines.

Developing alternative fuel powering systems for commercial sale. This includes developing hybrid vehicles and fuel cell hybrid vehicles. The second-generation Prius that Toyota introduced in September 2003 features a new hybrid system which decreases negative environmental impact while increasing power and performance. Furthermore, the third-generation Prius was introduced in 2009, and broke the record for sales by vehicle type which was previously held by the Corolla. The Aqua (called Prius c in the US), introduced in December 2011 and sold in approximately 50 countries worldwide, is a world leader in fuel economy and low pricing. In addition, Toyota s cumulative sales of hybrid vehicles has exceeded 5 million units, which contributed approximately 34 million ton reduction in CO_2 emissions. In July 2007, Toyota developed the Plug-in Hybrid Vehicle (PHV) and received certification from Japan s Ministry of Land, Infrastructure, Transport and Tourism (MLIT). PHV runs as an Electric Vehicle (EV) in short distances and runs as a regular hybrid vehicle in long distances. Tests are conducted in Japan, North America and Europe and in late 2009, Toyota commenced its sale of PHV with lithium ion batteries to fleet vehicle users in Japan, North America and Europe. Toyota also commenced its sale of PHV models in January 2012, which can be charged

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from domestic power supplies in Japan, North America and Europe. In addition, in September 2008, Toyota started leasing the new Toyota Fuel Cell Hybrid Vehicle advanced (the new Toyota FCHV-adv). The new Toyota FCHV-adv has completely overhauled its fuel cell system and has made significant improvements to low-temperature startup performance and cruising distance, which had posed challenges to promoting its widespread use. Toyota believes that fuel cell vehicles will be strong eco-cars for future generations. By 2015, Toyota plans to introduce sedan-type fuel cell vehicles at reasonable prices for customers in Japan, the United States and Europe where appropriate infrastructure is expected to be available. To control increases in oil prices and reduce the consumption of oil, the proliferation of fuel alternatives to oil such as biofuel and natural gas is expanding in some countries. Toyota works towards the ongoing formation of a mobility society through the introduction to the market of low-ethanol content vehicles (E10), natural gas vehicles and high-concentration flex-fuel vehicles (FFV) that are compatible with ethanol fuel, as well as through research and development into other practical uses of oil alternatives and biofuels, such as research into fuels that will not compete with food production, and into genetically modified organism (GMO) technology in order to process sugarcane more efficiently.

Engaging in recycling activities that take into account the lifecycle (development, manufacture, use, disposal) of a vehicle. Research and development focuses primarily on (1) developing materials that are suitable for recycling and designs that facilitate dismantling parts, and (2) research on effective dismantling technology of end-of-life vehicles and use of recycle materials.

Toyota s work in the area of vehicle safety is focused on the development of technologies designed to prevent accidents in the first instance, as well as the development of technologies that protect passengers and reduce the damage on impact in the event of an accident. Safety technologies in development include:

research on protecting diverse passengers, including senior citizens,

autonomous driving support systems, including pre-collision system, and

data exchange driving-support systems using advanced communication technologies.

To expand the frontiers of safety technology in automobiles, Toyota completed in 1995 its first prototype Advanced Safety Vehicle, the ASV-1. The ASV-2, which was introduced in 2000, incorporates emerging technologies, such as an autonomous safety support system that uses CCD stereo cameras to recognize obstacles in traffic lanes and an infrastructure-harmonized safety support system to warn the driver of pedestrian crossings. In 2002, Toyota conducted road testing of the ASV-3, a prototype based on further improved infrastructure-harmonized system. With the February 2003 introduction of the Harrier in Japan, Toyota became the first car manufacturer to implement a pre-collision system in its automobiles. This advanced system utilizes pre-collision sensors that use millimeter wave radar and cameras to detect objects presenting hazards, and in addition to alerting the driver to the danger of potential collisions, this system employs a brake assist mechanism that utilizes power-assisted braking to minimize the speed on impact, and automatically applies the vehicle s brakes when a collision is determined to be inevitable. In February 2004, Toyota introduced the pre-collision system for the first time in the United States by equipping the LS430 with the above features.

In September 2006, at the time of introduction of LS460 in Japan, Toyota established the world s first enhanced pre-collision system, which added functions to detect pedestrians in front, to support driver steering, and to react to vehicle collision.

In February 2008, Toyota developed the world s first driver monitoring pre-collision system for the Crown sold in Japan, that monitors whether the driver s eyes are open, in addition to the face monitor which monitors the direction in which the driver is facing.

In addition, in 2011, Toyota established the Collaborative Safety Research Center aimed at reducing the number of traffic accident related deaths through cooperation with various hospitals and universities in North America. Toyota is greatly fortifying its efforts toward product safety and quality, and this research center is part of these efforts. Established within the same research center is the Toyota Technical Center (TTC), which is

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the research and development center of Toyota Motor Engineering & Manufacturing North America, Inc. At the TTC, Toyota s technicians based in Japan also take part in planning, and perform research focused on reducing the risk of distracted or impaired driving behaviors, as well as the protection of vulnerable demographics such as young children and the elderly. Toyota is also promoting the spread of safe vehicle technologies, and is implementing analyses of traffic accident and driver behavior data. Toyota is planning to invest in the amount of 50 million dollars over the next 5 years, starting from 2011.

In order to promote further streamlining of the global external decision-making process with respect to the development of vehicle safety technologies, Toyota appointed a Chief Safety Technology Officer (CSTO) in 2011, who will execute a general integration of safety technology within Toyota s technology department.

Toyota s product development program uses a series of methods which are generally intended to promote timely and appropriate responses to changing market demand. These methods include:

- optimizing and eliminating vehicle platforms,
- sharing parts and components among multiple vehicles,
- shortening the time for development and production preparation by the simultaneous study of design and production engineering processes, and
- using simulation technology for production design and evaluation.

Toyota carefully analyzes patents and the need for patents in each area of research to formulate more effective research and development strategies. Toyota identifies research and development projects in which it should acquire patents, and files relevant applications as necessary to help build a strong global patent portfolio.

In addition, Toyota wishes to contribute to sustainable mobility by promoting the spread of technologies with environmental and safety benefits. This is why Toyota takes an open stance to patent licensing, and grants licenses when appropriate terms are met. For example, in March 2004, Toyota and Ford Motor Company entered into licensing agreements for patents related to hybrid systems and emissions purification. In addition, in March 2010, Toyota and Mazda Motor Corporation entered into a licensing agreement regarding the supply of hybrid system technology.

Toyota does not consider any one group of patents or licenses to be so important that their expiration or termination would materially affect Toyota s business. For a further discussion of Toyota s intellectual property, see Information on the Company Business Overview Intellectual Property .

5.D TREND INFORMATION

For a discussion of the trends that affect Toyota s business and operating results, see Operating Results and Liquidity and Capital Resources .

5.E 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 2013.

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

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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 ¥245.2 billion as of March 31, 2013.

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 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 ¥1,795.8 billion as of March 31, 2013.

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, 2013, 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, 2013 is ¥1,849.4 billion. Liabilities for these guarantees of ¥6.5 billion have been provided as of March 31, 2013. Under these guarantee contracts, Toyota is entitled to recover any amounts paid by it from the customers whose obligations it guaranteed.

5.F TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

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.

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The following tables summarize Toyota s contractual obligations and commercial commitments as of March 31, 2013.

	Total	Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
	Yen in millions				
		Payments Due by Period			
Contractual Obligations:					
Short-term borrowings (note 13)					
Loans	¥ 1,062,233	¥ 1,062,233	¥	¥	¥
Commercial paper	3,027,295	3,027,295			
Long-term debt* (note 13)	10,020,853	2,700,333	3,788,631	2,545,775	986,114
Estimated amount of interest expense on long-term debt	757,581	220,552	299,299	126,644	111,086
Capital lease obligations (note 13)	21,399	4,095	4,839	3,217	9,248
Non-cancelable operating lease obligations (note 22)	61,877	11,299	17,386	11,701	21,491
Commitments for the purchase of property, plant and other assets (note 23)	203,901	57,970	9,902	3,761	132,268
Total	¥ 15,155,139	¥ 7,083,777	¥ 4,120,057	¥ 2,691,098	¥ 1,260,207

* 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 ¥54,094 million domestically and ¥8,688 million overseas to its pension plans in fiscal 2014.

	Total Amounts Committed	Less than 1 year	1 to 3 years	3 to 5 years	5 years and after
	Yen in millions				
		Amount of Commitment Expiration Per Period			
Commercial Commitments (note 23):					
Maximum potential exposure to guarantees given in the ordinary course of business	¥ 1,849,493	¥ 813,754	¥ 503,822	¥ 397,108	¥ 134,809
Total Commercial Commitments	¥ 1,849,493	¥ 813,754	¥ 503,822	¥ 397,108	¥ 134,809

5.G SAFE HARBOR

All information that is not historical in nature disclosed under Off-Balance Sheet Arrangements and Tabular Disclosure of Contractual Obligations is deemed to be a forward-looking statement. See Cautionary Statement Concerning Forward-Looking Statements for additional information.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A DIRECTORS AND SENIOR MANAGEMENT

In March 2011, Toyota unveiled its Toyota Global Vision . In order to realize the Global Vision, Toyota implemented a new management organization highlighted by a more streamlined board of directors and a reduced number of layers in the executive decision-making structure.

In April 2013, Toyota implemented organizational changes in order to further increase the speed of decision-making through clarification of operations and earnings responsibility. Specifically, Toyota s automotive business was split into four business units. These business units are Lexus International, which covers the Lexus business, Toyota No. 1, which covers North America, Europe and Japan, Toyota No. 2, which covers China, Asia & Middle East, East Asia & Oceania, Africa and Latin America & Caribbean and Unit Center, which covers all unit-related operations. Toyota s executive vice presidents are assigned to each operation, and each are responsible for the operations and earnings of the respective business unit. Furthermore, in order to achieve sustainable growth through the continuous development of even-better cars that exceed customer expectations around the world, and to realize the Toyota Global Vision, the TNGA Planning Division, an organization directly under Toyota s top management, was established in order to rapidly promote the implementation of the TNGA.

Toyota believes it is crucial for it to be led by directors and senior management who deeply understand, and can effectively implement, Toyota s strengths the *monozukuri* spirit of conscientious manufacturing and the *genchi genbutsu* principle of placing emphasis on on-site operations with a go-and-see attitude for continued improvement and problem solving. At the 109th Ordinary General Shareholders Meeting held in June 2013, three outside directors were appointed in order to further reflect the opinions of those from outside the company in management s decision-making process. Toyota has seven audit & supervisory board members, four of whom are outside audit & supervisory board members.

Name **(Date of birth)**	**Position**	**Brief career summary and important concurrent duties**	**Number of Shares**
Takeshi Uchiyamada	Chairman of the Board	1969 Joined Toyota Motor Corporation (TMC)	43,739
(August 17, 1946)		1998 Director of TMC	
		2001 Managing Director of TMC	
		2003 Senior Managing Director of TMC	
		2005 Executive Vice President of TMC	
		2012 Vice Chairman of TMC	
		2013 Chairman of TMC	
Akio Toyoda	President,	1984 Joined TMC	4,588,975
(May 3, 1956)	Member of the Board	2000 Director of TMC	
		2002 Managing Director of TMC	
		2003 Senior Managing Director of TMC	
		2005 Executive Vice President of TMC	
		2009 President of TMC	

(important concurrent duties)

Corporate Auditor of Toyota Boshoku Corporation

Chairman and CEO of Toyota Motor North America, Inc.

Chairman of Toyota Motor Sales & Marketing Corporation

Chairman of Japan Automobile Manufacturers Association, Inc.

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Name (Date of birth)	Position	Brief career summary and important concurrent duties	Number of Shares
Satoshi Ozawa	Executive Vice President,	1974 Joined Toyota Motor Sales Co., Ltd.	33,900
(August 5, 1949)	Member of the Board	2003 Managing Officer of TMC	
		2007 Senior Managing Director of TMC	
		2010 Executive Vice President of TMC	
		(important concurrent duties)	
		Chairman of Toyota Motor Europe NV/SA	
		Vice Chairman of Toyota Motor North America, Inc.	
		Chairman of Toyota Motor Engineering & Manufacturing North America, Inc.	
Nobuyori Kodaira	Executive Vice President,	1972 Joined Ministry of International Trade and Industry	12,000
(March 18, 1949)	Member of the Board	2004 Director-General, Agency for Natural Resources and Energy	
		2006 Retired from Director-General, Agency for Natural Resources and Energy	
		2008 Advisor of TMC	
		2009 Managing Officer of TMC	
		2010 Senior Managing Director of TMC	
		2011 Director and Senior Managing Officer of TMC	
		2012 Executive Vice President of TMC	
		(important concurrent duties)	
		Director of KDDI CORPORATION	
Mitsuhisa Kato	Executive Vice President,	1975 Joined TMC	10,050
(March 2, 1953)	Member of the Board	2004 Managing Officer of TMC	
		2006 Toyota Technocraft Co., Ltd. President	
		2006 Advisor of TMC	
		2007 Retired from Advisor of TMC	

		2010 Retired from Toyota Technocraft Co., Ltd. President	
		2010 Senior Managing Director of TMC	
		2011 Senior Managing Officer of TMC	
		2012 Executive Vice President of TMC	
		(important concurrent duties)	
		Chairman of Toyota Motor Engineering & Manufacturing (China) Co., Ltd.	
Masamoto Maekawa	Executive Vice President,	1973 Joined Toyota Motor Sales Co., Ltd.	24,000
(October 17, 1949)	Member of the Board	2003 Managing Officer of TMC	
		2007 Toyota Administa Corporation President	
		2007 Advisor of TMC	
		2009 Retired from Toyota Administa Corporation President	
		2009 Senior Managing Director of TMC	
		2011 Senior Managing Officer of TMC	
		2012 Executive Vice President of TMC	
		(important concurrent duties)	
		President and Representative Director of Toyota Marketing Japan Corporation	

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Name (Date of birth)	Position	Brief career summary and important concurrent duties	Number of Shares
Yasumori Ihara (November 17, 1951)	Executive Vice President, Member of the Board	1975 Joined TMC 2004 Managing Officer of TMC 2007 Toyota Transportation Co., Ltd. President 2007 Advisor of TMC 2008 Retired from Advisor of TMC 2009 Retired from Toyota Transportation Co., Ltd. President 2009 Senior Managing Director of TMC 2011 Director and Senior Managing Officer of TMC 2013 Executive Vice President of TMC (important concurrent duties) Chairman of Toyota Motor Technical Center (China) Co., Ltd. Executive Vice Chairman of FAW Toyota Research & Development Co., Ltd.	10,000
Seiichi Sudo (April 21, 1951)	Executive Vice President, Member of the Board	1974 Joined TMC 2003 Managing Officer of TMC 2005 President of Toyota Motor Manufacturing North America, Inc. 2006 Toyota Motor Manufacturing North America, Inc. and Toyota Technical Center U.S.A., Inc. merged and became Toyota Motor Engineering & Manufacturing North America, Inc. 2006 President of Toyota Motor Engineering & Manufacturing North America, Inc. 2008 President of Toyota Motor Kyushu, Inc. 2008 Advisor of TMC 2008 Retired from Toyota Motor Engineering & Manufacturing North America, Inc. President 2010 Retired from Advisor of TMC 2012 Retired from Toyota Motor Kyushu, Inc. President	12,300

		2012 Senior Managing Officer of TMC	
		2013 Executive Vice President of TMC	
		(important concurrent duties)	
		Chairman of Toyota Motor (Changshu) Auto Parts Co., Ltd.	
Mamoru Furuhashi	Member of the Board	1973 Joined TMC	30,305
(January 3, 1950)		2003 Managing Officer of TMC	
		2007 Senior Managing Director of TMC	
		2011 Director and Senior Managing Officer of TMC	
		2013 Retired from Senior Managing Officer of TMC	

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Name (Date of birth)	Position	Brief career summary and important concurrent duties	Number of Shares
Kiyotaka Ise (March 2, 1955)	Member of the Board	1980 Joined TMC 2007 Managing Officer of TMC 2013 Senior Managing Officer of TMC 2013 Director and Senior Managing Officer of TMC (important concurrent duties) Chairman of Toyota Motorsport GmbH Corporate Auditor of TOKAI RIKA CO., LTD.	9,600
Koei Saga (February 1, 1951)	Member of the Board	1977 Joined TMC 2008 Managing Officer of TMC 2012 Senior Managing Officer of TMC 2013 Director and Senior Managing Officer of TMC (important concurrent duties) Corporate Auditor of JTEKT Corporation	6,300
Shigeki Terashi (February 16, 1955)	Member of the Board	1980 Joined TMC 2008 Managing Officer of TMC 2008 Executive Vice President of Toyota Motor Engineering & Manufacturing North America, Inc. 2011 President and COO of Toyota Motor Engineering & Manufacturing North America, Inc. 2012 President and CEO of Toyota Motor Engineering & Manufacturing North America, Inc. 2012 President and COO of Toyota Motor North America, Inc. 2013 Retired from Toyota Motor Engineering & Manufacturing North America, Inc. President and CEO 2013 Retired from Toyota Motor North America, Inc. President and COO	7,400

		2013 Senior Managing Officer of TMC	
		2013 Director and Senior Managing Officer of TMC	
		(important concurrent duties)	
		Vice President of Calty Design Research Inc.	
Yoshimasa Ishii	Member of the Board	1976 Joined Toyota Motor Sales Co., Ltd.	8,400
(April 22, 1953)		2005 Managing Officer of TMC	
		2009 Senior Managing Director of TMC	
		2011 Senior Managing Officer of TMC	
		2013 Advisor of TMC	
		2013 President of Toyota Financial Services Corporation	
		2013 Director of TMC	
		(important concurrent duties)	
		President of Toyota Financial Services Corporation	
		Chairman and CEO of Toyota Financial Service America	

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Name (Date of birth)	Position	Brief career summary and important concurrent duties	Number of Shares
Ikuo Uno (January 4, 1935)	Member of the Board	1959 Joined Nippon Life Insurance Company 1986 Director of Nippon Life Insurance Company 1988 Managing Director of Nippon Life Insurance Company 1992 Senior Managing Director of Nippon Life Insurance Company 1994 Vice President and Representative Director of Nippon Life Insurance Company 1997 President and Representative Director of Nippon Life Insurance Company 2005 Chairman and Representative Director of Nippon Life Insurance Company 2011 Advisor and Director of Nippon Life Insurance Company 2011 Advisor of Nippon Life Insurance Company 2013 Director of TMC (important concurrent duties) Advisor of Nippon Life Insurance Company Outside Director of Fuji Kyuko Co., Ltd. Outside Corporate Auditor of Odakyu Electric Railway Co., Ltd. Outside Corporate Auditor of West Japan Railway Company Outside Corporate Auditor of Tohoku Electric Power Co., Inc. Outside Director of Panasonic Corporation Outside Corporate Auditor of Sumitomo Mitsui Financial Group, Inc.	
Haruhiko Kato (July 21, 1952)	Member of the Board	1975 Joined Ministry of Finance (Japan) 2007 Director of Taxation Bureau, Ministry of Finance (Japan) 2009 Director-General of National Tax Administration Agency 2010 Retired from National Tax Administration Agency Director-General	

2011 Senior Managing Director of Japan Securities Depository Center, Inc.

2011 President and CEO of Japan Securities Depository Center, Inc.

2013 Director of TMC

(important concurrent duties)

President and CEO of Japan Securities Depository Center, Inc.

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Name (Date of birth)	Position	Brief career summary and important concurrent duties	Number of Shares
Mark. T. Hogan (May 15, 1951)	Member of the Board	1973 Joined General Motors Corporation 2002 Vice President of General Motors Group 2004 Retired from General Motors Group Vice President 2004 President of Magna International Inc. 2007 Retired from Magna International Inc. President 2008 President and CEO of Vehicle Production Group LLC 2010 Retired from Vehicle Production Group LLC President and CEO 2010 President of Dewey Investments LLC 2013 Director of TMC (important concurrent duties) President of Dewey Investments LLC	
Yoichiro Ichimaru (October 10, 1948)	Full-time Audit & Supervisory Board Member	1971 Joined Toyota Motor Sales Co., Ltd. 2001 Director of TMC 2003 Managing Officer of TMC 2005 Senior Managing Director of TMC 2009 Executive Vice President of TMC 2011 Audit & Supervisory Board Member of TMC	25,568
Masaki Nakatsugawa (January 29, 1953)	Full-time Audit & Supervisory Board Member	1976 Joined Toyota Motor Sales Co., Ltd. 2002 Dispatched to Toyota Motor Thailand Co., Ltd. 2004 General Manager for Accounting Div. of TMC 2006 Audit & Supervisory Board Member of TMC	5,800
Masahiro Kato (September 17, 1952)	Full-time Audit & Supervisory Board Member	1975 Joined TMC 2009 Toyota Motor (China) Investment Co., Ltd. President 2009 Managing Officer of TMC	6,600

		2011 Retired from Toyota Motor (China) Investment Co., Ltd. President 2011 Audit & Supervisory Board Member of TMC
Yoichi Morishita (June 23, 1934)	Outside Audit & Supervisory Board Member	1957 Joined Matsushita Electric Industrial Co., Ltd. 1987 Director of the same 1989 Managing Director of the same 1990 Senior Managing Director of the same 1992 Executive Vice President of the same 1993 President of the same 2000 Chairman of the same 2006 Outside Audit & Supervisory Board Member of TMC 2006 Executive Advisor of Matsushita Electric Industrial Co., Ltd. 2008 Name of Matsushita Electric Industrial Co., Ltd. was changed to Panasonic Corporation 2008 Executive Advisor of Panasonic Corporation 2012 Special Corporate Advisor of Panasonic Corporation (important concurrent duties) Special Corporate Advisor of Panasonic Corporation Outside Corporate Auditor of The Kansai Electric Power Co., Inc.

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Name **(Date of birth)**	**Position**	**Brief career summary and important concurrent duties**	**Number of Shares**
Akishige Okada (April 9, 1938)	Outside Audit & Supervisory Board Member	1963 Joined Mitsui Bank, Ltd. 1991 Director of Mitsui Taiyo Kobe Bank, Ltd. 1992 Director of Sakura Bank, Ltd. 1995 Managing Director of Sakura Bank, Ltd. 1996 Senior Managing Director of the same 1997 President of the same 2001 Chairman of Sumitomo Mitsui Banking Corporation 2002 Chairman of Sumitomo Mitsui Financial Group Inc. (concurrent) 2005 Retired from Chairman of Sumitomo Mitsui Financial Group Inc. 2005 Advisor of Sumitomo Mitsui Banking Corporation 2006 Outside Audit & Supervisory Board Member of TMC 2010 Honorary Advisor of Sumitomo Mitsui Banking Corporation (important concurrent duties) Honorary Advisor of Sumitomo Mitsui Banking Corporation Outside Corporate Auditor of Mitsui Fudosan Co., Ltd. Outside Director of Daicel Corporation Outside Corporate Auditor of YOMIURI LAND CO., LTD.	
Kunihiro Matsuo (September 13, 1942)	Outside Audit & Supervisory Board Member	2004 Supreme Public Prosecutors Office Prosecutor-General 2006 Retired from Supreme Public Prosecutors Office Prosecutor-General 2006 Registered as Attorney 2007 Outside Audit & Supervisory Board Member of TMC (important concurrent duties)	

		Outside Corporate Auditor of MITSUI & CO., LTD. Outside Corporate Auditor of KOMATSU LTD. Outside Corporate Auditor of Tokyo Stock Exchange, Inc. Outside Corporate Auditor of BROTHER INDUSTRIES, LTD. Outside Director of Japan Exchange Group, Inc. Outside Corporate Auditor of Seven Bank, Ltd. Outside Corporate Auditor of TV TOKYO Holdings Corporation
Yoko Wake (November 18, 1947)	Outside Audit & Supervisory Board Member	1970 Joined the Fuji Bank, Limited 1973 Retired from the same 1977 Instructor of Faculty of Business and Commerce of Keio University 1982 Associate Professor of the same 1993 Professor of the same 2011 Outside Audit & Supervisory Board Member of TMC 2013 Professor Emeritus of Faculty of Business and Commerce of Keio University

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None of the persons listed above was selected as director, audit & supervisory board member or member of senior management pursuant to an arrangement or understanding with Toyota s major shareholders, customers, suppliers or others.

6.B COMPENSATION

The aggregate amount of remuneration, including bonuses but excluding stock options, accrued for all directors and audit & supervisory board members as a group by Toyota for services in all capacities during fiscal 2013 was approximately ¥1,533 million. Directors and audit & supervisory board members of Toyota Motor Corporation receive year-end bonuses, the aggregate amount of which is approved at Toyota Motor Corporation s ordinary general shareholders meeting and is based on Toyota Motor Corporation s financial performance for the fiscal year. The amounts of the bonuses paid to individual directors and audit & supervisory board members are then determined based upon discussions at a meeting of Toyota Motor Corporation s board of directors and the meeting of audit & supervisory board members.

In addition to the above form of compensation, Toyota has enacted stock option plans every year from 2006 until 2010. Under the 2006 plan, Toyota issued to its directors and audit & supervisory board members stock acquisition rights to purchase 302,000 shares of common stock at an exercise price of ¥6,140 and with an expiration date of July 31, 2014. Under the 2007 plan, Toyota issued to its directors and audit & supervisory board members stock acquisition rights to purchase 322,000 shares of common stock at an exercise price of ¥7,278 and with an expiration date of July 31, 2015. Under the 2008 plan, Toyota issued to its directors and audit & supervisory board members stock acquisition rights to purchase 335,000 shares of common stock at an exercise price of ¥4,726 and with an expiration date of July 31, 2016. Under the 2009 plan, Toyota issued to its directors and audit & supervisory board members stock acquisition rights to purchase 440,000 shares of common stock at an exercise price of ¥4,193 and with an expiration date of July 31, 2017. Under the 2010 plan, Toyota issued to its directors stock acquisition rights to purchase 400,000 shares of common stock at an exercise price of ¥3,183 and with an expiration date of July 31, 2018. See Share Ownership Stock Options for a more detailed discussion of Toyota s stock option plans.

Toyota s Annual Securities Report filed with the Kanto Local Bureau of Finance on June 24, 2013, contained the following information concerning compensation in fiscal 2013 on a consolidated basis for directors and audit & supervisory board members whose total compensation exceeded ¥100 million during such period:

- Fujio Cho, Director: ¥159 million (¥105 million in base compensation, ¥50 million in bonus, and ¥3 million in stock options)

- Takeshi Uchiyamada, Director: ¥111 million (¥79 million in base compensation ¥28 million in bonus, and ¥3 million in stock options)

- Akio Toyoda, Director: ¥184 million (¥100 million in base compensation, ¥81 million in bonus, and ¥3 million in stock options)

The amounts above were recorded as expenses in fiscal 2013. The stock options are the fair market value calculated based on certain conditions as of the grant date.

6.C BOARD PRACTICES

Toyota s articles of incorporation provide for a board of directors of not more than 20 members and for not more than seven audit & supervisory board members. Shareholders elect the directors and audit & supervisory board members at the general shareholders meeting. The normal term of office of a director is one year and of an audit & supervisory board member is four years. Directors and audit & supervisory board members may serve any number of consecutive terms.

The board of directors may appoint one Chairman of the Board and one President, as well as one or more Vice Chairmen of the Board and Executive Vice Presidents. The board of directors elects, pursuant to its

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resolutions, one or more Representative Directors. Each Representative Director represents Toyota generally in the conduct of its affairs. The board of directors has the ultimate responsibility for the administration of Toyota s affairs. None of Toyota s directors is party to a service contract with Toyota or any of its subsidiaries that provides for benefits upon termination of employment.

Under the Corporation Act and Toyota s articles of incorporation, Toyota may, by a resolution of its board of directors, exempt Directors (including former Directors) from their liabilities to Toyota arising in connection with their failure to execute their duties within the limits stipulated by laws and regulations. In addition, Toyota may enter into a liability limitation agreement with each outside director which limits the maximum amount of their liabilities owed to Toyota arising in connection with their failure to execute their duties to an amount equal to the minimum liability limit amount prescribed in the laws and regulations.

Under the Corporation Act, Toyota must have at least three audit & supervisory board members. At least half of the audit & supervisory board members are required to be persons who have not been a Director, accounting counselor (or if an accounting counselor is a judicial person, a member of such judicial person who is in charge of its affairs), executive officer, general manager or employee of Toyota or any of its subsidiaries at any time during the past. The audit & supervisory board members may not at the same time be directors, accounting counselor (in case that an accounting counselor is a judicial person, a member of such judicial person who is in charge of its affairs), executive officers, general managers or employees of Toyota or any of its subsidiaries. Together, these audit & supervisory board members form an audit & supervisory board. The audit & supervisory board members have the duty to examine the financial statements and business reports which are submitted by the board of directors to the general shareholders meeting. The audit & supervisory board members also monitor the administration of Toyota s affairs by the directors. Audit & supervisory board members are not required to be, and Toyota s audit & supervisory board members are not, certified public accountants. They are required to participate in meetings of the board of directors but are not entitled to vote.

Under the Corporation Act and Toyota s articles of incorporation, Toyota may, by a resolution of its board of directors, exempt audit & supervisory board members (including former audit & supervisory board members) from their liabilities to Toyota arising in connection with their failure to execute their duties within the limits stipulated by laws and regulations. In addition, Toyota may enter into a liability limitation agreement with each outside audit & supervisory board member which limits the maximum amount of their liabilities owed to Toyota arising in connection with their failure to execute their duties to an amount equal to the minimum liability limit amount prescribed in the laws and regulations.

Toyota does not have a remuneration committee.

6.D EMPLOYEES

The total number of Toyota employees, on a consolidated basis, as reported in Toyota s annual Japanese securities report filed with the Director of the Kanto Local Finance Bureau was 333,498 at March 31, 2013, 325,905 at March 31, 2012 and 317,716 at March 31, 2011. The following tables set forth a breakdown of persons employed by business segment and by geographic location at March 31, 2013.

Segment	Number of Employees	Location	Number of Employees
Automotive	293,020	Japan	196,498
Financial services	8,989	North America	40,313
All other	26,780	Europe	19,304
Unallocated	4,709	Asia	52,733
		Other*	24,650
Total company	333,498	Total company	333,498

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

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Most regular employees of Toyota Motor Corporation and its consolidated subsidiaries in Japan, other than management, are required to become members of the labor unions that comprise the Federation of All Toyota Workers Unions. Approximately 87% of Toyota Motor Corporation s regular employees in Japan are members of this union.

In Japan, basic wages and other working conditions are negotiated annually. In addition, in accordance with Japanese national custom, each employee is also paid a semi-annual bonus. Bonuses are negotiated at the time of wage negotiations and are based on Toyota s financial results, prospects and other factors. The average wage increases per employee, excluding bonuses, in Japan have been approximately 2.1% per year for the past five fiscal years.

In general, Toyota considers its labor relations with all of its workers to be good. However, Toyota is currently a party to, and otherwise from time to time experiences, labor disputes in some of the countries in which it operates. Toyota does not expect any disputes to which it is currently a party to materially affect Toyota s consolidated financial position.

Toyota s average number of temporary employees on a consolidated basis was 83,190 during fiscal 2013.

6.E SHARE OWNERSHIP

For information on the number of shares of Toyota s common stock held by each director and audit & supervisory board member as of June 2013, see Directors and Senior Management . Each such director and audit & supervisory board member owns less than one percent of the issued and outstanding shares of common stock of Toyota. The shares held by each director and audit & supervisory board member do not include options that are exercisable for shares of Toyota s common stock. For a description of these options, see Stock Options below.

None of Toyota s shares of common stock entitles the holder to any preferential voting rights.

Stock Options

Toyota enacted stock option plans every year from 2006 until 2010. Toyota will not enact any such plan after 2011. The plans for which stock options or stock acquisition rights are currently exercisable or will become exercisable in the future were approved by Toyota s shareholders in June of 2006, 2007, 2008, 2009 and 2010. Under the 2006 plan, Toyota issued stock acquisition rights to purchase 3,176,000 shares of common stock to its directors and 580 officers and employees, including directors, officers and employees of its subsidiaries and one Toyota affiliated company. Under the 2007 plan, Toyota issued stock acquisition rights to purchase 3,264,000 shares of common stock to its directors and 579 officers and employees, including directors, officers and employees of its subsidiaries and one Toyota affiliated company. Under the 2008 plan, Toyota issued stock acquisition rights to purchase 3,494,000 shares of common stock to its directors and 597 officers and employees, including directors, officers and employees of its subsidiaries and one Toyota affiliated company. Under the 2009 plan, Toyota issued stock acquisition rights to purchase 3,492,000 shares of common stock to its directors and 615 officers and employees, including directors, officers and employees of its subsidiaries and one Toyota affiliated company. Under the 2010 plan, Toyota issued stock acquisition rights to purchase 3,600,000 shares of common stock to its directors and officers and employees, including directors, officers and employees of its subsidiaries and one Toyota affiliated company.

Pursuant to the provisions of the 2006, 2007, 2008, 2009 and 2010 plans, stock acquisition rights may be exercised during a six-year period that starts two years from the date of grant. The exercise price of each stock acquisition right is 1.025 times the closing price of Toyota s common stock on the Tokyo Stock Exchange on the date of grant. The 2006, 2007, 2008, 2009 and 2010 plans provide that each director will be granted no more than 400 and no less than 300 stock acquisition rights, and each eligible officer or employee will be granted no more than 200 and no less than 20 stock acquisition rights. For each of the 2006, 2007, 2008, 2009 and 2010 plans, 100 shares will be issued or delivered upon the exercise of each stock acquisition right. The options are granted as of early August of each year for each plan.

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An option holder who retires while one s options are still exercisable retains the right to exercise one s options until the expiration of the exercise period described above. However, an option holder s right to purchase common stock under each plan lapses automatically upon one s death or upon taking position such as in the management with a competitor.

The following table summarizes information for options and the incentive plan outstanding and exercisable at March 31, 2013:

Exercise price range (Yen)	Outstanding Number of shares	Outstanding Weighted-average exercise price (Yen)	Outstanding Weighted-average exercise price (U.S. dollars)	Outstanding Weighted-average remaining life (Years)	Exercisable Number of shares	Exercisable Weighted-average exercise price (Yen)	Exercisable Weighted-average exercise price (U.S. dollars)
¥3,183 5,000	7,480,000	¥ 4,068	$ 43	4.31	7,480,000	¥ 4,068	$ 43
5,001 7,278	3,369,000	6,774	72	1.89	3,369,000	6,774	72

Toyota also has an employee stock ownership association in Japan for employees and full time and part time company advisors. Members of the employee stock ownership association set aside certain amounts from their monthly salary and bonuses to purchase Toyota s common stock through the employee stock ownership association. As of March 31, 2013, the employee stock ownership association held 17,130,363 shares of Toyota s common stock.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A MAJOR SHAREHOLDERS

As of March 31, 2013, 3,447,997,492 shares of Toyota s common stock were issued, out of which, 280,568,824 shares were treasury stock and 3,167,428,668 shares were outstanding. Beneficial ownership of Toyota s common stock in the table below was prepared from information known to Toyota or that could be ascertained from public filings, including filings made by Toyota s shareholders regarding their ownership of Toyota s common stock under the Financial Instruments and Exchange Law of Japan.

Under the Financial Instruments and Exchange Law, any person who becomes, beneficially and solely or jointly, a holder, including, but not limited to, a deemed holder who manages shares for another holder pursuant to a discretionary investment agreement, of more than 5% of the total issued shares of a company listed on a Japanese stock exchange (including ADSs representing such shares) must file a report concerning the shareholding with the Director of the relevant local finance bureau. A similar report must be filed, with certain exceptions, if the percentage of shares held by a holder, solely or jointly, of more than 5% of the total issued shares of a company increases or decreases by 1% or more, or if any change to a material matter set forth in any previously filed reports occurs.

Based on information known to Toyota or can be ascertained from public filings, the following table sets forth the beneficial ownership of holders of more than 5% of Toyota s common stock as of the most recent practicable date.

Name of Beneficial Owner	Number of Shares (in thousands)	Percentage of Shares Issued
Toyota Industries Corporation	218,515	6.34

According to The Bank of New York Mellon, depositary for Toyota s ADSs, as of March 31, 2013, 82,399,279 shares of Toyota s common stock were held in the form of ADRs and there were 2,097 ADR holders of record in the United States. According to Toyota s register of shareholders, as of March 31, 2013, there were

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628,902 holders of common stock of record worldwide. As of March 31, 2013, there were 345 record holders of Toyota s common stock with addresses in the United States, whose shareholdings represented approximately 14.2% of the issued common stock on that date. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States might not fully show the number of beneficial owners in the United States.

None of Toyota s shares of common stock entitles the holder to any preferential voting rights.

To the extent known to Toyota, Toyota is not owned or controlled, directly or indirectly, by another corporation, any foreign government or any natural or legal person.

Toyota knows of no arrangements the operation of which may at a later time result in a change of control.

7.B RELATED PARTY TRANSACTIONS

Business Relationships

Toyota purchases materials, supplies and services from numerous suppliers throughout the world in the ordinary course of business, including Toyota s affiliated companies accounted for by the equity method and those firms with which certain members of Toyota s board of directors are affiliated. Toyota purchased materials, supplies and services from these affiliated entities in the amount of ¥4,020.1 billion in fiscal 2013. Toyota also sells its products and services to Toyota s affiliated companies accounted for by the equity method and firms with which certain members of Toyota s board of directors are affiliated. Toyota sold products and services to these affiliated entities in the amount of ¥1,926.8 billion in fiscal 2013. See note 12 of Toyota s consolidated financial statements for additional information regarding Toyota s investments in and transactions with affiliated companies.

Loans

Toyota regularly has trade accounts and other receivables by, and accounts payable to, Toyota s affiliated companies accounted for by the equity method and firms with which certain members of Toyota s board of directors are affiliated. Toyota had outstanding trade accounts and other receivables by these affiliated entities in the amount of ¥252.7 billion as of March 31, 2013. Toyota had outstanding trade accounts and other payables to these affiliated entities in the amount of ¥592.0 billion as of March 31, 2013.

Toyota, from time to time, provides short- to medium-term loans to its affiliated companies, as well as loans under a loan program established by certain subsidiaries to assist their executives and directors with the purchase of homes. As of March 31, 2013, an aggregate amount of ¥1.1 billion in loans was outstanding to its affiliated companies accounted for by the equity method. As of March 31, 2013, an aggregate amount of ¥26.5 billion in loans was outstanding to those of its affiliated companies not accounted for by the equity method, which are 20% to 50% owned by Toyota. As of March 31, 2013, the largest loan outstanding to any such affiliated company accounted for by the equity method was a loan of ¥1.0 billion at a fixed rate of 0.46%. Toyota believes that each of these loans was entered into in the ordinary course of business.

7.C INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

1-3. Consolidated Financial Statements. Toyota s audited consolidated financial statements are included under Item 18 Financial Statements . Except for Toyota s consolidated financial statements included under Item 18, no other information in this annual report has been audited by Toyota s auditors.

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4. Not applicable.

5. Not applicable.

6. Export Sales. See Operating and Financial Review and Prospects Operating Results Overview Geographic Breakdown .

7. Legal and Arbitration Proceedings. See Information on the Company Business Overview Legal Proceedings .

8. Dividend Policy. See Key Information Selected Financial Data Dividend Information .

8.B SIGNIFICANT CHANGES

Except as disclosed in this annual report, there have been no significant changes since the date of Toyota s latest annual financial statements.

ITEM 9. THE OFFER AND LISTING

9.A LISTING DETAILS

The following table sets forth for the periods shown the reported high and low sales prices of the common stock on the Tokyo Stock Exchange and the ADSs on the New York Stock Exchange.

	Tokyo Stock Exchange Price per Share		New York Stock Exchange Price per ADS	
	High	**Low**	**High**	**Low**
Fiscal Year Ended March 31,				
2009	¥ 5,670	¥ 2,650	$ 106.74	$ 57.68
2010	4,200	3,270	91.78	67.90
2011	3,955	2,800	93.90	67.56
2012	3,635	2,330	87.15	60.37
2013	5,050	2,795	106.00	72.04
Financial Quarter Ended:				
June 30, 2011	3,425	3,095	84.00	75.85
September 30, 2011	3,480	2,562	85.49	66.34
December 31, 2011	2,710	2,330	69.81	60.37
Fiscal Year Ended March 31,				
March 31, 2012	3,635	2,553	87.15	67.27
June 30, 2012	3,640	2,885	86.98	73.90
September 30, 2012	3,300	2,795	83.73	72.04
December 31, 2012	4,015	2,873	93.36	74.27
March 31, 2013	5,050	4,030	106.00	93.20
Month Ended:				
December 31, 2012	4,015	3,460	93.36	84.95
January 31, 2013	4,390	4,030	97.55	93.20
February 28, 2013	5,050	4,415	106.00	97.19
March 31, 2013	5,050	4,700	104.64	101.48
April 30, 2013	5,790	4,610	116.81	99.70
May 31, 2013	6,760	5,460	130.99	112.84

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9.B PLAN OF DISTRIBUTION

Not applicable.

9.C MARKETS

The primary trading market for Toyota s common stock is the Tokyo Stock Exchange. The common stock is also listed on the Nagoya Stock Exchange and three other regional stock exchanges in Japan.

Since September 29, 1999, American Depositary Shares, each equal to two shares of Toyota s common stock and evidenced by American Depositary Receipts, have been traded and listed on the New York Stock Exchange through a sponsored ADR facility operated by The Bank of New York Mellon, as depositary. Prior to that time, Toyota s ADSs were listed on the Nasdaq SmallCap Market through five unsponsored ADR facilities.

Toyota s common stock is also listed on the London Stock Exchange.

9.D SELLING SHAREHOLDERS

Not applicable.

9.E DILUTION

Not applicable.

9.F EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION
10.A SHARE CAPITAL

Not applicable.

10.B MEMORANDUM AND ARTICLES OF ASSOCIATION

Except as otherwise stated, set forth below is information relating to Toyota s common stock, including brief summaries of the relevant provisions of Toyota s articles of incorporation and share handling regulations, as currently in effect, and of the Corporation Act, Act Concerning Book-Entry Transfer of Corporate Bonds, Shares and Other Securities (the Book-Entry Transfer Act) and related legislation.

General

Toyota s authorized number of shares as of March 31, 2013 was 10,000,000,000 shares, of which 3,447,997,492 shares were issued. Toyota does not issue share certificates for its shares. In accordance with the Corporation Act, the Book-Entry Transfer Act and Toyota s articles of incorporation, Toyota s shares are recorded or registered on (i) Toyota s register of shareholders and (ii) transfer account books of the Japan Securities Depository Center, Inc. (JASDEC) which is a book-entry transfer institution and securities firms, banks or other account management institutions. The transfer of shares will generally become effective once the transfer is recorded in the transferee s account. In order to assert shareholders rights against Toyota, a shareholder must generally have his or her name and address recorded or registered on Toyota s register of shareholders. A shareholder can assert minority shareholders rights (shareholders rights for which Toyota has not set a record date) against Toyota if JASDEC provides an individual shareholder notice to Toyota upon the shareholder s request. The shareholder of deposited shares underlying the ADSs is the depositary for the ADSs. Accordingly, holders of ADSs will not be able directly to assert shareholders rights.

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A shareholder must have a transfer account to transfer shares. Shareholders who do not have a transfer account with JASDEC must have an account with an account management institution that directly or indirectly has a transfer account with JASDEC. Once Toyota decides on the record date for its shareholders meeting or makes a request to JASDEC based on justifiable grounds, JASDEC will promptly provide to Toyota names, addresses and other information with respect to Toyota s shareholders who are recorded on the transfer account books of JASDEC or account management institutions. Upon receiving such information, Toyota will record or register such information received from JASDEC on its register of shareholders. Accordingly, holders of shares recorded or registered on Toyota s register of shareholders will be treated as shareholders of Toyota and may exercise rights, such as voting rights, and will receive dividends (if any) and notices to shareholders directly from Toyota. Shareholders wishing to assert minority shareholders rights against Toyota must request an individual shareholder notice to JASDEC or the account management institution at which the shareholder has opened a transfer account. In response to such request, JASDEC will provide the individual shareholders notice to Toyota. The shareholder may assert his or her minority shareholders rights against Toyota for a period of four weeks after the date the individual shareholder notice is provided to Toyota. The shares held by a person who is deemed to hold additional shares according to the transfer account books are aggregated for these purposes.

Corporate Purpose

Article 2 of Toyota s articles of incorporation states that its purpose is to engage in the following businesses:

- the manufacture, sale, leasing and repair of:
  - motor vehicles, industrial vehicles, ships, aircraft, other transportation machinery and apparatus, spacecraft and space machinery and apparatus, and parts thereof;
  - industrial machinery and apparatus, other general machinery and apparatus, and parts thereof;
  - electrical machinery and apparatus, and parts thereof; and
  - measuring machinery and apparatus, medical machinery and apparatus, and parts thereof;
- the manufacture and sale of ceramics and products of synthetic resins, and materials thereof;
- the manufacture, sale and repair of construction materials and equipment, furnishings and fixtures for residential buildings;
- the planning, designing, supervision, execution and undertaking of construction works, civil engineering works, land development, urban development and regional development;
- the sale, purchase, leasing, brokerage and management of real estate;
- the service of information processing, information communications and information supply and the development, sale and leasing of software;
- the design and development of product sales systems that utilize networks such as the Internet;

the sale, leasing and maintenance of computers included within such systems, and sale of products by utilizing such systems;

the inland transportation, marine transportation, air transportation, stevedoring, warehousing and tourism businesses;

the printing, publishing, advertising and publicity, general leasing, security and workers dispatch businesses;

the credit card operations, purchase and sale of securities, investment consulting, investment trust operation, and other financial services;

the operation and management of such facilities as parking lots, showrooms, educational facilities, medical care facilities, sports facilities, marinas, airfields, food and drink stands and restaurants, lodging facilities, retail stores and others;

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the non-life insurance agency business and the life insurance agency business;

the production and processing by using biotechnology of agricultural products including trees, and the sale of such products;

the sale of goods related to each of the preceding items and mineral oil; and

the conducting of engineering, consulting, invention and research relating to each of the preceding items and the utilization of such invention and research, and any businesses incidental to or related to any of the preceding items.

Dividends

Dividends General

Toyota normally pays dividends twice per year, including an interim dividend and a year-end dividend. Although Toyota s articles of incorporation provide that retained earnings can be distributed as dividends pursuant to the resolution of its board of directors, Toyota s board of directors recommends the payment of year-end dividends to shareholders and pledgees of record as of March 31 in each year. Year-end dividends are usually paid to the shareholders immediately following approval of the dividends at the general shareholders meeting, normally around the middle of June of each year. In addition to these year-end dividends, Toyota may pay interim dividends in the form of cash distributions from its distributable surplus to shareholders and pledgees of record as of September 30 in each year by resolution of its board of directors. Toyota normally pays the interim dividend in late November.

In addition, under the Corporation Act, dividends may be paid to shareholders and pledgees of record as of any record date, other than those specified above, as set forth by Toyota s articles of incorporation or as determined by its board of directors from time to time. Toyota s articles of incorporation also permit Toyota to pay dividends, in addition to interim dividends mentioned in the preceding paragraph, by a resolution of its board of directors. Toyota has incorporated such a provision into its articles of incorporation in order to enable a flexible capital policy. Under the Corporation Act, dividends may be distributed in cash or (except in the case of interim dividends mentioned in the preceding paragraph) in kind, subject to limitations on distributable surplus and to certain other conditions.

Dividends Distributable amount

Under the Corporation Act, Toyota is permitted to make distributions of surplus to the extent that the aggregate book value of the assets to be distributed to shareholders does not exceed the distributable amount provided for by the Corporation Act and the ordinance of the Ministry of Justice as at the effective date of such distribution of surplus.

The amount of surplus at any given time shall be the amount of Toyota s assets and the book value of Toyota s treasury stock after subtracting and adding the amounts of the items provided for by the Corporation Act and the ordinance of the Ministry of Justice.

Dividends Prescription

Under its articles of incorporation, Toyota is not obligated to pay any dividends in cash which are left unclaimed for a period of three years after the date on which they first became payable.

Capital Accounts

The amount of the cash or assets paid or contributed by subscribers for new shares (with certain exceptions) is required to be accounted for as stated capital, although Toyota may account for an amount not exceeding one-half of such cash or assets as additional paid-in capital.

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Under the Corporation Act, Toyota may reduce its additional paid-in capital and legal reserve without limitation on the amount to be reduced, generally, by a resolution of a general shareholders meeting and if so decided by the same resolution, may account for the whole or any part of the amount of the reduction of additional paid-in capital as stated capital. The whole or any part of surplus which may be distributed as dividends may also be transferred to stated capital by a resolution of a general shareholders meeting.

Stock Splits

Toyota may at any time split the outstanding shares into a greater number of shares by a resolution of the board of directors. Toyota must give public notice of the stock split, specifying a record date for the stock split, not less than two weeks prior to the record date.

Consolidation of Shares

Toyota may at any time consolidate shares in issue into a smaller number of shares by a special shareholders resolution (as defined in Voting Rights). When a consolidation of shares is to be made, Toyota must give public notice of certain matters two weeks prior to the effective date of the consolidation. Toyota must disclose the reason for the consolidation of shares at a general shareholders meeting.

Japanese Unit Share System

General. Consistent with the requirements of the Corporation Act, Toyota s articles of incorporation provide that 100 shares constitute one unit . Although the number of shares constituting a unit is included in the articles of incorporation, any amendment to the articles of incorporation reducing (but not increasing) the number of shares constituting a unit or eliminating the provisions for the unit of shares may be made by a resolution of the board of directors rather than by a special shareholders resolution, which is otherwise required for amending the articles of incorporation. The number of shares constituting one unit, however, cannot exceed 1,000 shares.

Voting Rights under the Unit Share System. Under the unit share system, shareholders have one voting right for each unit of shares that they hold. Any number of shares less than a full unit will carry no voting rights.

Purchase by Toyota of Shares Constituting Less Than a Unit. A holder of shares constituting less than a full unit may require Toyota to purchase those shares at their market value in accordance with the provisions of Toyota s share handling regulations.

Surrender of American Depositary Receipts. ADR holders will only be permitted to surrender ADRs and withdraw underlying shares constituting an integral number of a whole unit. If a holder surrenders an ADR including ADRs representing shares that do not constitute an integral number of whole units, the depositary will deliver to that holder only those shares which constitute a whole unit. The depositary will then issue to the holder a new ADR representing the remaining shares. Holders of an ADR that represents less than a whole unit of underlying shares will be unable to withdraw the underlying shares. As a result, those holders will be unable to require Toyota to purchase their shares to the extent those shares constitute less than one whole unit.

Voting Rights

Toyota holds its ordinary general shareholders meeting each year. In addition, Toyota may hold an extraordinary general shareholders meeting whenever necessary by giving at least two weeks advance notice. Under the Corporation Act, notice of any shareholders meeting must be given to each shareholder having voting rights or, in the case of a non-resident shareholder, to his or her resident proxy or mailing address in Japan in accordance with Toyota s share handling regulations, at least two weeks prior to the date of the meeting.

A holder of shares constituting one or more whole units is entitled to one vote per unit of shares subject to the limitations on voting rights set forth in this paragraph. In general, under the Corporation Act, a resolution can

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be adopted at a general shareholders meeting by a majority of the shares having voting rights represented at the meeting. The Corporation Act and Toyota s articles of incorporation require a quorum for the election of directors and audit & supervisory board members of not less than one-third of the total number of outstanding shares having voting rights. Toyota s shareholders are not entitled to cumulative voting in the election of directors. A corporate shareholder, the management of which is substantially under Toyota s control as provided by an ordinance of the Ministry of Justice, either through the holding of voting rights or for any other reason, does not have voting rights.

Shareholders may exercise their voting rights by attending the general shareholders meeting or in writing by mail. Shareholders who choose to exercise their voting rights by mail must fill out and return to Toyota the voting right exercise form enclosed with the convocation notice of the general shareholders meeting by the date specified in such convocation notice. In addition, from the general shareholders meeting for fiscal 2009, shareholders may exercise their voting rights through the internet. Shareholders electing to exercise their voting rights through the internet must log on to the Website to Exercise Voting Rights using the login ID and temporary password provided in the voting right exercise form enclosed with the convocation notice and submit their votes by a date specified in the convocation notice, following instructions appearing on the website. Institutional investors may also use the Electronic Proxy Voting Platform operated by Investor Communications Japan (ICJ) to exercise their voting rights through the use of the Internet, if such institutional investor applies to use the platform in advance. Shareholders may also exercise their voting rights through proxies, provided that those proxies are also shareholders who have voting rights. Toyota may refuse a shareholder having two or more proxies attend a general shareholders meeting.

The Corporation Act provides that a quorum of at least one-third of outstanding shares with voting rights must be present at a shareholders meeting to approve any material corporate actions such as:

(1) any amendment of the articles of incorporation with certain exceptions in which a shareholders resolution is not required;

(2) acquisition of its own shares from a specific party;

(3) consolidation of shares;

(4) any issue or transfer of its shares at a specially favorable price (or any issue of stock acquisition rights or bonds with stock acquisition rights at specially favorable conditions by Toyota) to any persons other than shareholders;

(5) the removal of an audit & supervisory board member;

(6) the exemption of liability of a director or audit & supervisory board member with certain exceptions;

(7) a reduction of stated capital which meets certain requirements with certain exceptions;

(8) a distribution of in-kind dividends which meets certain requirements;

(9) dissolution, merger, or consolidation with certain exceptions in which a shareholders resolution is not required;

(10) the transfer of the whole or a material part of the business;

(11) the taking over of the entire business of any other corporation with certain exceptions in which a shareholders resolution is not required;

(12) share exchange or share transfer for the purpose of establishing 100% parent-subsidiary relationships with certain exceptions in which a shareholders resolution is not required; or

(13) company split with certain exceptions in which a shareholders resolution is not required.

At least two-thirds of the shares having voting rights represented at the meeting must approve these actions.

The voting rights of holders of ADSs are exercised by the depositary based on instructions from those holders.

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Rights to be Allotted Shares

Holders of shares have no preemptive rights under Toyota s articles of incorporation. Under the Corporation Act, the board of directors may, however, determine that shareholders shall be given rights to be allotted shares or stock acquisition rights on request in connection with a particular issue or transfer of shares, or issue of stock acquisition rights, respectively. In this case, such rights must be given on uniform terms to all shareholders as of a specified record date by at least two weeks prior public notice to shareholders of the record date.

Rights to be allotted shares are nontransferable. However, a shareholder may be allotted stock acquisition rights without consideration thereto, and may transfer such rights.

Liquidation Rights

In the event of a liquidation of Toyota, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders in proportion to the respective number of shares they own.

Liability to Further Calls or Assessments

All of Toyota s currently outstanding shares, including shares represented by the ADSs, are fully paid and nonassessable.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation is the transfer agent for the shares. Mitsubishi UFJ Trust and Banking Corporation s office is located at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8212 Japan. Mitsubishi UFJ Trust and Banking Corporation maintains Toyota s register of shareholders and records transfers of record ownership upon receiving notification from JASDEC.

Record Date

The close of business on March 31 is the record date for Toyota s year-end dividends, if paid. A holder of shares constituting one or more whole units who is recorded or registered as a holder on Toyota s register at the close of business as of March 31 is also entitled to exercise shareholders voting rights at the ordinary general shareholders meeting with respect to the business year ending on March 31. The close of business on September 30 of each year is the record date for interim dividends, if paid. In addition, Toyota may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks prior public notice.

The shares generally trade ex-dividend or ex-rights in the Japanese stock exchanges on the second business day before a record date (or if the record date is not a business day, the third business day prior thereto), for the purpose of dividends or rights offerings.

Acquisition by Toyota of Shares

Toyota may acquire its own shares (i) through a stock exchange on which such shares are listed or by way of tender offer (pursuant to an ordinary resolution of a general shareholders meeting or a resolution of the board of directors), (ii) by purchase from a specific party (pursuant to a special resolution of a general shareholders meeting) or (iii) from a subsidiary of Toyota (pursuant to a resolution of the board of directors). When such acquisition is made by Toyota from a specific party other than a subsidiary of Toyota, any other shareholder may make a demand to a representative director, more than five calendar days prior to the relevant shareholders meeting, that Toyota also purchase the shares held by such shareholder. However, the acquisition of its own shares at a price not exceeding the market price to be provided under an ordinance of the Ministry of Justice will not trigger the right of any shareholder to include him/her as the seller of his/her shares in such proposed purchase.

Any such acquisition of shares must satisfy certain requirements that the total amount of the acquisition price may not exceed the amount of the distributable dividends. See Dividends .

Shares acquired by Toyota may be held by it for any period or may be cancelled by resolution of the board of directors. Toyota may also transfer to any person the shares held by it, subject to a resolution of the board of directors, and subject also to other requirements applicable to the issuance of new shares. Toyota may also utilize its treasury stock for the purpose of transfer to any person upon exercise of stock acquisition rights or for the purpose of acquiring another company by way of merger, share exchange or corporate split through exchange of treasury stock for shares or assets of the acquired company.

The Corporation Act generally prohibits any subsidiary of Toyota from acquiring shares of Toyota.

Acquisition or Disposition of Shares or ADS

Under the Foreign Exchange and Foreign Trade Law and the cabinet orders and ministerial ordinances thereunder (collectively, the Foreign Exchange Regulations), all aspects of regulations on foreign exchange and foreign trade transactions are, with minor exceptions (which are not generally applicable to the purchase and sale of Toyota s shares), only subject to post transaction reporting requirements. Acquisitions and dispositions of shares of common stock or ADS by non-residents of Japan (including foreign corporations not resident in Japan) are generally not subject to this reporting requirement. However, the Minister of Finance has the power to impose a licensing requirement for transactions in limited circumstances.

Report of Substantial Shareholdings

The Financial Instruments and Exchange Law of Japan and regulations under the Law require any person who has become a holder (together with its related persons) of more than 5% of the total issued shares of a company listed on any Japanese stock exchange (including ADSs representing such shares) to file with the Director of a competent Local Finance Bureau, within five business days, a report concerning those shareholdings. A similar report must also be filed to reflect any change of 1% or more in any shareholding or any change in material matters set out in reports previously filed. Any such report shall be filed with the Director of a competent Local Finance Bureau through the Electronic Disclosure for Investor s Network (EDINET) system. Copies of any report must also be furnished to the company. For this purpose, shares issuable to a shareholder upon exercise of stock acquisition rights are taken into account in determining both the number of shares held by that stock acquisition rights holder and the company s total issued shares.

10.C MATERIAL CONTRACTS

All contracts concluded by Toyota during the two years preceding this filing were entered into in the ordinary course of business.

10.D EXCHANGE CONTROLS

The Foreign Exchange Regulations govern the acquisition and holding of shares of capital stock of Toyota by exchange non-residents and by foreign investors . The Foreign Exchange Regulations currently in effect do not, however, affect transactions between exchange non-residents to purchase or sell shares outside Japan using currencies other than Japanese yen.

Exchange non-residents are:

- individuals who do not reside in Japan; and

- corporations whose principal offices are located outside Japan.

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Generally, branches and other offices of non-resident corporations that are located within Japan are regarded as residents of Japan. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as exchange non-residents.

Foreign investors are:

- individuals who are exchange non-residents;
- corporations or other organizations that are organized under the laws of foreign countries or whose principal offices are located outside of Japan; and
- corporations (1) of which 50% or more of their voting rights are held directly or indirectly by individuals who are exchange non-residents and/or corporations or other organizations (a) that are organized under the laws of foreign countries or (b) whose principal offices are located outside of Japan or (2) a majority of whose officers, or officers having the power of representation, are individuals who are exchange non-residents.

In general, the acquisition of shares of a Japanese company (such as the shares of capital stock of Toyota) by an exchange non-resident from a resident of Japan is not subject to any prior filing requirements. In certain limited circumstances, however, the Minister of Finance may require prior approval of an acquisition of this type. While prior approval, as described above, is not required, in the case where a resident of Japan transfers shares of a Japanese company (such as the shares of capital stock of Toyota) for consideration exceeding ¥100 million to an exchange non-resident, the resident of Japan who transfers the shares is required to report the transfer to the Minister of Finance within 20 days from the date of the transfer or the date of receipt of payment, whichever comes later, unless the transfer was made through a bank or financial instruments business operator licensed or registered under Japanese law.

If a foreign investor acquires shares of a Japanese company that is listed on a Japanese stock exchange (such as the shares of capital stock of Toyota) and, as a result of the acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds 10% or more of the issued shares of the relevant company, the foreign investor, with certain exceptions, must file a report of the acquisition with the Minister of Finance and any other competent Ministers having jurisdiction over that Japanese company by the 15th day of the month following the month in which the date of the acquisition falls. In limited circumstances, such as where the foreign investor is in a country that is not listed on an exemption schedule in the Foreign Exchange Regulations, a prior notification of the acquisition must be filed with the Minister of Finance and any other competent Ministers, who may then modify or prohibit the proposed acquisition.

Under the Foreign Exchange Regulations, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. Under the terms of the deposit agreement pursuant to which Toyota s ADSs are issued, the Depositary is required, to the extent that in its judgment it can convert yen on a reasonable basis into dollars and transfer the resulting dollars to the United States, to convert all cash dividends that it receives in respect of deposited shares into dollars and to distribute the amount received (after deduction of applicable withholding taxes) to the holders of ADSs.

10.E TAXATION

The following discussion is a general summary of the principal U.S. federal income and Japanese national tax consequences of the acquisition, ownership and disposition of shares of common stock or ADSs. This summary does not purport to address all material tax consequences that may be relevant to holders of shares of common stock or ADSs, and does not take into account the specific circumstances of any particular investors, some of which (such as tax-exempt entities, banks, insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, partnerships and other pass-through entities, investors liable for the

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U.S. alternative minimum tax, investors that own or are treated as owning 10% or more of Toyota s voting stock, investors that hold shares of common stock or ADSs as part of a straddle, hedge, conversion transaction or other integrated transaction and U.S. Holders (as defined below) whose functional currency is not the U.S. dollar) may be subject to special tax rules. This summary is based on the tax laws and regulations of the United States and Japan, judicial decisions, published rulings and administrative pronouncements all as in effect on the date hereof, as well as on the current income tax convention between the United States and Japan (the Treaty), as described below, all of which are subject to change (possibly with retroactive effect), and to differing interpretations.

For purposes of this discussion, a U.S. Holder is any beneficial owner of shares of common stock or ADSs that, for U.S. federal income tax purposes, is:

1. an individual who is a citizen or resident of the United States,
2. a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any state thereof, or the District of Columbia,
3. an estate the income of which is subject to U.S. federal income tax without regard to its source, or
4. a trust that is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons, or that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

An Eligible U.S. Holder is a U.S. Holder that:

1. is a resident of the United States for purposes of the Treaty,
2. does not maintain a permanent establishment in Japan (a) with which the shares of common stock or ADSs are effectively connected and through which the U.S. holder carries on or has carried on business, or (b) of which the shares of common stock or ADSs form part of the business property, and
3. is eligible for benefits under the Treaty with respect to income and gain derived in connection with the shares of common stock or ADSs.

This summary does not address any aspects of U.S. federal tax law other than income taxation, and does not discuss any aspects of Japanese tax law other than income taxation, as limited to national taxes, inheritance and gift taxation. This summary also does not cover any state or local, or non-U.S., non-Japanese tax considerations. Investors are urged to consult their tax advisors regarding the U.S. federal, state and local and Japanese and other tax consequences of acquiring, owning and disposing of shares of common stock or ADSs. In particular, where relevant, investors are urged to confirm their status as Eligible U.S. Holders with their tax advisors and to discuss with their tax advisors any possible consequences of their failure to qualify as Eligible U.S. Holders. In addition, this summary is based in part upon the representations of the depositary and the assumption that each obligation in the deposit agreement, and in any related agreement, will be performed in accordance with its terms.

In general, for purposes of the Treaty and for U.S. federal income and Japanese income tax purposes, owners of ADRs evidencing ADSs will be treated as the owners of the shares of common stock represented by those ADSs, and exchanges of shares of common stock for ADSs, and exchanges of ADSs for shares of common stock, will not be subject to U.S. federal income or Japanese income tax.

The discussion below is intended for general information only and does not constitute a complete analysis of all tax consequences relating to ownership of shares of common stock or ADSs. Prospective purchasers of shares of common stock or ADSs should consult their own tax advisors concerning the tax consequences of their particular situations.

Japanese Taxation

The following is a summary of the principal Japanese tax consequences (limited to national taxes) to non-residents of Japan or non-Japanese corporations without permanent establishments in Japan (non-resident

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Holders) who are holders of shares of common stock or of ADSs. The following information regarding taxation in Japan is based on the tax treaties and tax laws in force and their interpretation by Japan s tax authorities as of the date of this annual report. Tax laws and treaties and their interpretations may change (including with retroactive effect). Toyota will not revise this summary on the basis of any such change occurring after the date of this annual report.

Generally, non-resident Holders are subject to Japanese withholding tax on dividends paid by Japanese corporations. Stock splits are, in general, not a taxable event.

In the absence of an applicable tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations to non-resident Holders is generally 20.42 percent, provided, with respect to dividends paid on listed shares issued by a Japanese corporation (such as the shares of common stock or ADSs of Toyota) to non-resident Holders, other than any individual shareholder who holds 3 percent or more of the total issued shares issued by the relevant Japanese corporation, the aforementioned 20.42 percent withholding tax rate is reduced to (i) 7.147 percent for dividends due and payable on or after January 1, 2013 but on or before December 31, 2013 and (ii) 15.315 percent for dividends due and payable on or after January 1, 2014. Due to the imposition of a special additional withholding tax (2.1 percent of the original withholding tax amount) to secure funds for reconstruction from the Great East Japan Earthquake, the original withholding tax rate of 7 percent, 15 percent and 20 percent, as applicable, is effectively increased, respectively, to 7.147 percent, 15.315 percent and 20.42 percent, during the period beginning on January 1, 2013 and ending on December 31, 2037.

At the date of this annual report, Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, in most cases to 15 percent or 10 percent for portfolio investors (15 percent under the income tax treaties with, among other countries, Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Singapore, Spain and Sweden, and 10 percent under the income tax treaties with, among other countries, Australia, France, Hong Kong, the Netherlands, Switzerland, the U.K. and the United States.)

Under the Treaty, the maximum rate of Japanese withholding tax which may be imposed on dividends paid by a Japanese corporation to an Eligible U.S. Holder that is a portfolio investor is generally reduced to 10 percent of the gross amount actually distributed, and dividends paid by a Japanese corporation to an Eligible U.S. Holder that is a pension fund are exempt from Japanese income tax by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension fund.

If the maximum tax rate provided for in the income tax treaty applicable to dividends paid by Toyota to any particular non-resident Holder is lower than the withholding tax rate otherwise applicable under Japanese tax law or if any particular non-resident Holder is exempt from Japanese income tax with respect to such dividends under the income tax treaty applicable to such particular non-resident Holder, such non-resident Holder who is entitled to a reduced rate of or exemption from Japanese withholding tax on payment of dividends on shares of common stock by Toyota is required to submit an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax on Dividends (together with any other required forms and documents) in advance through the withholding agent to the relevant tax authority before the payment of dividends. A standing proxy for non-resident Holders of a Japanese corporation may provide this application service. In addition, a simplified special application filing procedure will be available for non-resident Holders to claim treaty benefits of exemption from or reduction of Japanese withholding tax, with respect to dividends paid on or after January 1, 2014. With respect to ADSs, this reduced rate or exemption is applicable if the Depositary or its agent submits, together with other documents, two Application Forms (one before payment of dividends, the other within eight months after the recording date concerning such payment of dividends) to the Japanese tax authority. To claim this reduced rate or exemption, any relevant non-resident Holder of ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership (as applicable) and to provide other information or documents as may be required by

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the Depositary. A non-resident Holder who is entitled, under an applicable income tax treaty, to a reduced treaty rate lower than the withholding tax rate otherwise applicable under Japanese tax law or an exemption from the withholding tax, but failed to submit the required application in advance, will be entitled to claim the refund of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident Holder is entitled to a reduced treaty rate under the applicable income tax treaty) or the whole of the withholding tax withheld (if such non-resident Holder is entitled to an exemption under the applicable income tax treaty) by complying with a certain subsequent filing procedure. Toyota does not assume any responsibility to ensure withholding at the reduced rate, or exemption therefrom, for non-resident Holders who would be so eligible under an applicable tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale of shares of common stock or ADSs outside Japan by a non-resident Holder holding such shares of common stock or ADSs as portfolio investors are, in general, not subject to Japanese income tax or corporation tax under Japanese law. Eligible U.S. Holders are not subject to Japanese income or corporation tax with respect to such gains under the Treaty so long as filings required under Japanese law are made.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual who has acquired from another individual shares of common stock or ADSs as a legatee, heir or donee even though neither the individual nor the deceased nor donor is a Japanese resident.

Holders of shares of common stock or ADSs should consult their tax advisors regarding the effect of these taxes and, in the case of U.S. Holders, the possible application of the Estate and Gift Tax Treaty between the U.S. and Japan.

U.S. Federal Income Taxation

U.S. Holders

The following discussion is a summary of the principal U.S. federal income tax consequences to U.S. Holders that hold those shares of common stock or ADSs as capital assets (generally, for investment purposes).

Taxation of Dividends

Subject to the passive foreign investment company (PFIC) rules discussed below, the gross amount of any distribution made by Toyota in respect of shares of common stock or ADSs (without reduction for Japanese withholding taxes) will constitute a taxable dividend to the extent paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles. The U.S. dollar amount of such a dividend generally will be included in the gross income of a U.S. Holder, as ordinary income, when actually or constructively received by the U.S. Holder, in the case of shares of common stock, or by the depositary, in the case of ADSs. Dividends paid by Toyota will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Dividends received on shares and ADSs of certain foreign corporations by non-corporate U.S. investors may be subject to U.S. federal income tax at lower rates than other types of ordinary income if certain conditions are met. Dividends received by non-corporate U.S. Holders with respect to shares of common stock or ADSs of Toyota are expected to be eligible for these reduced rates of tax. U.S. Holders should consult their own tax advisors regarding the eligibility of such dividends for a reduced rate of tax.

The U.S. dollar amount of a dividend paid in Japanese yen will be determined based on the Japanese yen/U.S. dollar exchange rate in effect on the date that the dividend is included in the gross income of the U.S. Holder, regardless of whether the payment is converted into U.S. dollars on that date. Generally, any gain or

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loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in the gross income of a U.S. Holder through the date that payment is converted into U.S. dollars (or otherwise disposed of) will be treated as U.S. source ordinary income or loss. U.S. Holders should consult their own tax advisors regarding the calculation and U.S. federal income tax treatment of foreign currency gain or loss.

To the extent, if any, that the amount of any distribution received by a U.S. Holder in respect of shares of common stock or ADSs exceeds Toyota s current and accumulated earnings and profits, as determined under U.S. federal income tax principles, the distribution first will be treated as a tax-free return of capital to the extent of the U.S. Holder s adjusted tax basis in those shares or ADSs, and thereafter will be treated as U.S. source capital gain.

Distributions of additional shares of common stock that are made to U.S. Holders with respect to their shares of common stock or ADSs, and that are part of a pro rata distribution to all of Toyota s shareholders, generally will not be subject to U.S. federal income tax.

For U.S. foreign tax credit purposes, dividends included in gross income by a U.S. Holder in respect of shares of common stock or ADSs will constitute income from sources outside the United States, and will generally be passive category income or, in the case of certain U.S. Holders, general category income . Subject to generally applicable limitations under U.S. federal income tax law and the Treaty, any Japanese withholding tax imposed in respect of a Toyota dividend may be claimed as a credit against the U.S. federal income tax liability of a U.S. Holder, or alternatively as a deduction in the computation of such U.S. Holder s taxable income, if the U.S. Holder does not elect to claim a credit for any foreign taxes paid or accrued for the taxable year. Special rules generally will apply to the calculation of foreign tax credits in respect of dividend income that qualifies for preferential U.S. federal income tax rates. Additionally, special rules apply to individuals whose foreign source income during the taxable year consists entirely of qualified passive income and whose creditable foreign taxes paid or accrued during the taxable year do not exceed $300 ($600 in the case of a joint return). Further, under some circumstances, a U.S. Holder that:

(i) has held shares of common stock or ADSs for less than a specified minimum period, or

(ii) is obligated to make payments related to Toyota dividends,

will not be allowed a foreign tax credit for Japanese taxes imposed on Toyota dividends.

U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Taxation of Capital Gains and Losses

In general, upon a sale or other taxable disposition of shares of common stock or ADSs, a U.S. Holder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other taxable disposition and the U.S. Holder s adjusted tax basis in those shares of common stock or ADSs. A U.S. Holder generally will have an adjusted tax basis in a share of common stock or an ADS equal to its U.S. dollar cost. Subject to the PFIC rules discussed below, gain or loss recognized on the sale or other taxable disposition of shares of common stock or ADSs generally will be capital gain or loss and, if the U.S. Holder s holding period for those shares or ADSs exceeds one year, will be long-term capital gain or loss. Non-corporate U.S. Holders, including individuals, currently are eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. Under U.S. federal income tax law, the deduction of capital losses is subject to limitations. Any gain or loss recognized by a U.S. Holder in respect of the sale or other disposition of shares of common stock or ADSs generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

Deposits and withdrawals of common stock in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

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Passive Foreign Investment Companies

A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying look-through rules, either (1) at least 75% of its gross income is passive income, or (2) on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. The PFIC determination is made annually and generally is based on the value of a non-U.S. corporation s assets (including goodwill) and composition of its income.

Toyota does not believe that it was a PFIC for U.S. federal income tax purposes for its taxable year ended March 31, 2013, and currently intends to continue its operations in such a manner that it will not become a PFIC in the future. Because the PFIC determination is made annually and the application of the PFIC rules to a corporation such as Toyota (which among other things is engaged in leasing and financing through several subsidiaries) is not entirely clear, no assurances can be made regarding determination of its PFIC status in the current or any future taxable year. If Toyota is determined to be a PFIC, U.S. Holders could be subject to additional U.S. federal income taxes on gain recognized with respect to the shares of common stock or ADSs and on certain distributions. In addition, an interest charge may apply to the portion of the U.S. federal income tax liability on such gains or distributions treated under the PFIC rules as having been deferred by the U.S. Holder. Moreover, dividends that a non-corporate U.S. Holder receives from Toyota will not be eligible for the reduced U.S. federal income tax rates on dividends described above if Toyota is a PFIC either in the taxable year of the dividend or the preceding taxable year. If a U.S. Holder owns shares of common stock or ADSs in any taxable year in which Toyota is a PFIC, such U.S. Holder generally would be required to file Internal Revenue Service (IRS) Form 8621 (or other form specified by the U.S. Department of the Treasury) with the U.S. Holder s U.S. federal income tax return in each year that Toyota is a PFIC. Toyota will inform U.S. Holders if it believes that it will be classified as a PFIC in any taxable year.

Prospective investors should consult their own tax advisors regarding the potential application of the PFIC rules to shares of common stock or ADSs.

Non-U.S. Holders

The following discussion is a summary of the principal U.S. federal income tax consequences to beneficial owners of shares of common stock or ADSs that are neither U.S. Holders nor partnerships, nor entities taxable as partnerships for U.S. federal income tax purposes (Non-U.S. Holders).

A Non-U.S. Holder generally will not be subject to any U.S. federal income or withholding tax on distributions received in respect of shares of common stock or ADSs unless the distributions are effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, if an applicable tax treaty requires, are attributable to a U.S. permanent establishment or fixed base of such Non-U.S. Holder).

A Non-U.S. Holder generally will not be subject to U.S. federal income tax in respect of gain recognized on a sale or other disposition of shares of common stock or ADSs, unless:

(i) the gain is effectively connected with a trade or business conducted by the Non-U.S. Holder within the United States (and, if an applicable tax treaty requires, is attributable to a U.S. permanent establishment or fixed base of such Non-U.S. Holder), or

(ii) the Non-U.S. Holder is an individual who was present in the United States for 183 or more days in the taxable year of the disposition and other conditions are met.

Income that is effectively connected with a U.S. trade or business of a Non-U.S. Holder, and, if an income tax treaty applies and so requires, is attributable to a U.S. permanent establishment or fixed base of the Non-U.S. Holder, generally will be taxed in the same manner as the income of a U.S. Holder. In addition, under certain circumstances, any effectively connected earnings and profits realized by a corporate Non-U.S. Holder may be subject to an additional branch profits tax at the rate of 30% or at a lower rate that may be prescribed by an applicable income tax treaty.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to dividends paid to a U.S. Holder in respect of shares of common stock or ADSs, and to the proceeds received upon the sale, exchange or redemption of the shares of common stock or ADSs within the United States by U.S. Holders. Furthermore, backup withholding may apply to those amounts (currently at a 28% rate) if a U.S. Holder fails to provide an accurate taxpayer identification number, to certify that such U.S. Holder is not subject to backup withholding or to otherwise comply with the applicable requirements of the backup withholding requirements.

Dividends paid to a Non-U.S. Holder in respect of shares of common stock or ADSs, and proceeds received upon the sale, exchange or redemption of shares of common stock or ADSs by a Non-U.S. Holder, generally are exempt from information reporting and backup withholding under current U.S. federal income tax law. However, a Non-U.S. Holder may be required to provide certification of non-U.S. status in order to obtain that exemption.

Persons required to establish their exempt status generally must provide such certification under penalty of perjury on IRS Form W-9, entitled Request for Taxpayer Identification Number and Certification, in the case of U.S. persons, and on IRS Form W-8BEN, entitled Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (or other appropriate IRS Form W-8), in the case of non-U.S. persons. Backup withholding is not an additional tax. The amount of backup withholding imposed on a payment generally may be claimed as a credit against the holder s U.S. federal income tax liability provided that the required information is properly furnished to the IRS in a timely manner.

In addition, certain U.S. Holders who are individuals that hold certain foreign financial assets (which may include shares of common stock or ADSs) are required to report information relating to such assets, subject to certain exceptions. U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of shares of common stock or ADSs.

THE SUMMARY OF U.S. FEDERAL INCOME AND JAPANESE NATIONAL TAX CONSEQUENCES SET OUT ABOVE IS INTENDED FOR GENERAL INFORMATION PURPOSES ONLY. PROSPECTIVE PURCHASERS OF COMMON STOCK OR ADSs ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING OR DISPOSING OF COMMON STOCK OR ADSs, BASED ON THEIR PARTICULAR CIRCUMSTANCES.

10.F DIVIDENDS AND PAYING AGENTS

Not applicable.

10.G STATEMENT BY EXPERTS

Not applicable.

10.H DOCUMENTS ON DISPLAY

Toyota files annual reports on Form 20-F and reports on Form 6-K with the SEC. You may read and copy this information at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549 or by accessing the SEC s home page (http://www.sec.gov). You can also request copies of the documents, upon payment of a duplicating fee, by writing to the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. In addition,

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Toyota s reports, proxy statements and other information may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Copies of the documents referred to herein may also be inspected at Toyota s offices by contacting Toyota at 1 Toyota-cho, Toyota City, Aichi Prefecture 471-8571, Japan, attention: Financial Reporting Department, Accounting Division, telephone number: 81-565-28-2121.

10.I SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 26 to the consolidated financial statements.

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

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

Foreign Currency Exchange Rate Risk

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

Toyota uses a value-at-risk analysis (VAR) to evaluate its exposure to changes in foreign currency exchange rates. The VAR of the combined foreign exchange position represents a potential loss in pre-tax earnings that was estimated to be ¥87.9 billion and ¥99.1 billion at March 31, 2012 and 2013, respectively. Based on Toyota s overall currency exposure (including derivative positions), the risk during fiscal 2013 to pre-tax cash flow from currency movements was on average ¥99.1 billion, with a high of ¥129.5 billion and a low of ¥78.1 billion.

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

Interest Rate Risk

Toyota is subject to market risk from exposures to changes in interest rates based on its financing, investing and cash management activities. Toyota enters into various financial instrument transactions to maintain the

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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 ¥144.2 billion as of March 31, 2012 and ¥208.5 billion as of March 31, 2013.

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

Commodity Price Risk

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

Equity Price Risk

Toyota holds investments in various available-for-sale equity securities that are subject to price risk. The fair value of available-for-sale equity securities was ¥1,034.3 billion as of March 31, 2012 and ¥1,401.1 billion as of March 31, 2013. The potential change in the fair value of these investments, assuming a 10% change in prices, would be approximately ¥103.4 billion as of March 31, 2012 and ¥140.1 billion as of March 31, 2013.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A DEBT SECURITIES

Not applicable.

12.B WARRANTS AND RIGHTS

Not applicable.

12.C OTHER SECURITIES

Not applicable.

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12.D AMERICAN DEPOSITARY SHARES

Fees and Charges for Holders of American Depositary Receipts

The Bank of New York Mellon, as depositary for the ADSs (the Depositary) collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution, sale or exercise of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal including if the deposit agreement terminates
$0.02 (or less) per ADS	Any cash distribution to ADS registered holders
A fee equivalent to the fee that would be payable if securities distributed to the ADR holder had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS registered holders
Registration fees	Registration of transfer of shares on Toyota s share register to the name of the depositary or its nominee or the custodian or its nominee when shares are deposited or withdrawn
Expenses of the depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS	As necessary

Fees Incurred in Fiscal 2013

For fiscal 2013, Toyota received $200,000 from the Depositary for standard out-of-pocket maintenance costs for the ADRs (consisting of the expenses of postage and envelopes for mailing annual reports, printing and distributing dividend checks, stationery, postage, facsimile, and telephone calls) and expenses relating to Toyota s annual general shareholders meeting that are incurred with respect to Toyota s ADR holders. The Depositary also paid Toyota s continuing annual stock exchange listing fees.

Fees to be Paid in the Future

The Depositary has agreed to reimburse Toyota for expenses Toyota incurs that are related to the maintenance of the ADS program. The Depositary has agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which includes the expenses of postage and envelopes for mailing annual reports, printing and distributing dividend checks, stationery, postage, facsimile, and telephone calls. It has also agreed to reimburse Toyota annually for investor relations expenses and any other program related expenses. There are limits on the amount of expenses for which the Depositary will reimburse Toyota, but the amount of reimbursement available to Toyota is not tied to the amount of fees investors pay to the Depositary.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) DISCLOSURE CONTROLS AND PROCEDURES

Toyota performed an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the fiscal 2013. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Form 20-F that Toyota files under the Exchange Act is accumulated and communicated to its management, including the chief executive officer and the principal accounting and financial officer, to allow timely decision regarding required disclosure. The disclosure controls and procedures also ensures that the Form 20-F that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission s rules and forms. The evaluation was performed under the supervision of Toyota s Chairman of the Board and the Executive Vice President. Toyota s disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives. Managerial judgment was necessary to evaluate the cost-benefit relationship of possible controls and procedures. The Chairman of the Board and the Executive Vice President have concluded that Toyota s disclosure controls and procedures are effective at the reasonable assurance level.

(b) MANAGEMENT S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

Toyota s management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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Based on this evaluation, management concluded that Toyota s internal control over financial reporting was effective as of March 31, 2013.

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, 2013, as stated in its report included herein.

(c) ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

Toyota s independent registered public accounting firm, PricewaterhouseCoopers Aarata, has issued an audit report on the effectiveness of Toyota s internal control over financial reporting. This report appears in Item 18.

(d) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in Toyota s internal control over financial reporting during fiscal 2013 that have materially affected, or are reasonably likely to materially affect, Toyota s internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Toyota maintains an audit & supervisory board system, in accordance with the Corporation Act. Toyota s audit & supervisory board is comprised of seven audit & supervisory board members, four of whom are outside audit & supervisory board members. Each audit & supervisory board member has been appointed at Toyota s shareholders meetings and has certain statutory powers independently, including auditing the business affairs and accounts of Toyota.

Toyota s audit & supervisory board has determined that it does not have an audit committee financial expert serving on the audit & supervisory board. The qualifications for, and powers of, the audit & supervisory board member delineated in the Corporation Act are different from those anticipated for any audit committee financial expert. Audit & supervisory board members have the authority to be given reports from a certified public accountant or an accounting firm concerning audits, including technical accounting matters. At the same time, each audit & supervisory board member has the authority to consult internal and external experts on accounting matters. Each audit & supervisory board member must fulfill the requirements under Japanese laws and regulations and otherwise follow Japanese corporate governance practices and, accordingly, Toyota s audit & supervisory board has confirmed that it is not necessarily in Toyota s best interest to nominate as audit & supervisory board member a person who meets the definition of audit committee financial experts. Although Toyota does not have an audit committee financial expert on its audit & supervisory board, Toyota believes that Toyota s current corporate governance system, taken as a whole, including the audit & supervisory board members ability to consult internal and external experts, is fully equivalent to a system having an audit committee financial expert on its audit & supervisory board.

ITEM 16B. CODE OF ETHICS

Toyota has adopted a code of ethics that applies to its directors and managing officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of Toyota s code of ethics is included as an exhibit to this annual report on Form 20-F.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers Aarata has audited the financial statements of Toyota included in this annual report on Form 20-F.

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The following table presents the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers Aarata and the various network and member firms of PricewaterhouseCoopers to Toyota in fiscal 2012 and fiscal 2013.

	Yen in millions	
	2012	**2013**
Audit Fees(1)	¥ 3,039	¥ 3,120
Audit-related Fees(2)	81	81
Tax Fees(3)	411	388
All Other Fees(4)	276	122
Total	¥ 3,807	¥ 3,711

(1) Audit Fees consist of fees billed for the annual audit services engagement and other audit services, which are those services that only the external auditor reasonably can provide, and include the services of annual audit, quarterly reviews and assessment and reviews of the effectiveness of internal controls over financial reporting of Toyota and its subsidiaries and affiliated companies; the services associated with SEC registration statements or other documents issued in connection with securities offerings such as comfort letters and consents; and consultations as to the accounting or disclosure treatment of transactions or events.

(2) Audit-related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of its financial statements or that are traditionally performed by the external auditor, and mainly include services such as due diligence; agreed-upon or expanded audit procedures; internal control reviews and assistance; review of the information system; and financial statement audits of employee benefit plans.

(3) Tax Fees include fees billed for tax compliance services, including services such as tax planning, advice and compliance of federal, state, local and international tax; the review of tax returns; assistance with tax audits and appeals; tax-only valuation services including transfer pricing and cost segregation studies; expatriate tax assistance and compliance.

(4) All Other Fees primarily include fees billed for risk management advisory services of assessment and testing of security infrastructure controls; advisory services relating to establishment of a new subsidiary; assistance with continuing education and training; and services providing information related to automotive market conditions and sales networks.

Policies and Procedures of the Audit & Supervisory Board

Below is a summary of the current policies and procedures of the audit & supervisory board for the pre-approval of audit and permissible non-audit services performed by Toyota s independent public accountants.

Under the policy, the Representative Directors submit a request for general pre-approval of audit and permissible non-audit services for the following fiscal year, which shall include details of the specific services and estimated fees for the services, to the audit & supervisory board, which reviews and determines whether or not to grant the request by the end of March of the fiscal year. Upon the general pre-approval of the audit & supervisory board, the Representative Directors are not required to obtain any specific pre-approval for audit and permissible non-audit services so long as those services fall within the scope of the general pre-approval provided.

The audit & supervisory board makes a further determination of whether or not to grant a request to revise the general pre-approval for the applicable fiscal year if such request is submitted by the Representative Directors. Such request may include (i) adding any audit or permissible non-audit services other than the ones listed in the general pre-approval and (ii) obtaining services that are listed in the general pre-approval but of which the total fee amount exceeds the amount affirmed by the general pre-approval. The determination of whether or not to grant a request to revise the general pre-approval noted in the foregoing may alternatively be

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made by an audit & supervisory board member (full time), who is designated in advance by a resolution of the audit & supervisory board, in which case such audit & supervisory board member (full time) shall report such decision at the next meeting of the audit & supervisory board. The performance of audit and permissible non-audit services and the payment of fees are subject to review by the audit & supervisory board at least once every fiscal half year.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Toyota does not have an audit committee. Toyota is relying on the general exemption contained in Rule 10A-3(c)(3) under the Exchange Act, which provides an exemption from the NYSE s listing standards relating to audit committees for foreign companies like Toyota that have an audit & supervisory board. Toyota s reliance on Rule 10A-3(c)(3) does not, in its opinion, materially adversely affect the ability of its audit & supervisory board to act independently and to satisfy the other requirements of Rule 10A-3.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth purchases of Toyota s common stock by Toyota and its affiliated purchasers during fiscal 2013:

Period	(a) Total Number of Shares Purchased(1)	(b) Average Price Paid per Share (Yen)(1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)
April 1, 2012 April 30, 2012	1,666	¥ 3,402.94		
May 1, 2012 May 31, 2012	733	3,187.69		
June 1, 2012 June 30, 2012	800	3,014.46		
July 1, 2012 July 31, 2012	1,564	3,099.45		
August 1, 2012 August 31, 2012	1,716	3,166.86		
September 1, 2012 September 30, 2012	1,567	3,175.44		
October 1, 2012 October 31, 2012	1,780	3,041.16		
November 1, 2012 November 30, 2012	1,897	3,251.14		
December 1, 2012 December 31, 2012	2,735	3,557.44		
January 1, 2013 January 31, 2013	3,959	4,152.68		
February 1, 2013 February 28, 2013	3,478	4,710.11		
March 1, 2013 March 31, 2013	4,190	4,875.81		
Total	26,085			

(1) A portion of the above purchases were made as a result of holders of shares constituting less than one unit, which is 100 shares of common stock, requesting Toyota to purchase shares that are a fraction of a unit, in accordance with Toyota s share handling regulations. Toyota is required to comply with such requests pursuant to the Corporation Act. See Additional Information Memorandum and Articles of Association Japanese Unit Share System .

(2) Toyota did not have any publicly announced plans or programs in place for fiscal 2013.

ITEM 16F. CHANGE IN REGISTRANT S CERTIFYING ACCOUNTANT

Not applicable.

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ITEM 16G. CORPORATE GOVERNANCE

Significant Differences in Corporate Governance Practices between Toyota and U.S. Companies Listed on the NYSE

Pursuant to home country practices exemptions granted by the NYSE, Toyota is permitted to follow certain corporate governance practices complying with Japanese laws, regulations and stock exchange rules in lieu of the NYSE s listing standards. The SEC approved changes to the NYSE s listing standards related to corporate governance practices of listed companies (the NYSE Corporate Governance Rules) in November 2003, as further amended in November 2004. Toyota is exempt from the approved changes, except for requirements that (a) Toyota s audit & supervisory board satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), (b) Toyota must disclose significant differences in its corporate governance practices as compared to those followed by domestic companies under the NYSE listing standards, (c) Toyota s principal executive officer must notify the NYSE in writing after any executive officer of Toyota becomes aware of any non-compliance with (a) and (b), and (d) Toyota must submit annual and interim written affirmations to the NYSE. Toyota s corporate governance practices and those followed by domestic companies under the NYSE Corporate Governance Rules have the following significant differences:

1. Directors. Toyota currently does not have any directors who will be deemed an independent director as required under the NYSE Corporate Governance Rules for U.S. listed companies. Unlike the NYSE Corporate Governance Rules, the Corporation Act does not require Japanese companies with an audit & supervisory board such as Toyota to have any independent directors on its board of directors. While the NYSE Corporate Governance Rules require that the non-management directors of each listed company meet at regularly scheduled executive sessions without management, Toyota currently has no non-management director on its board of directors. Unlike the NYSE Corporate Governance Rules, the Corporation Act does not require, and accordingly Toyota does not have, an internal corporate organ or committee comprised solely of independent directors.

Toyota currently has three outside directors under the Corporation Act. Under the Corporation Act, an outside director is any person who is not, and was not at any time during the past, an executive director (a director who engages in the execution of business), executive officer, manager or employee of Toyota or its subsidiaries. Such qualifications for an outside director are different from the director independence requirements under the NYSE Corporate Governance Rules.

In addition, pursuant to the regulations of the Japanese stock exchanges, Toyota is required to have one or more independent director(s)/audit & supervisory board member(s), defined under the relevant regulations of the Japanese stock exchanges as outside directors or outside audit & supervisory board members (as defined under the Corporation Act), who are unlikely to have any conflicts of interests with Toyota s general shareholders. Each of the outside directors of Toyota satisfies the independent director/audit & supervisory board member requirements under the regulations of the Japanese stock exchanges. The definition of independent director/audit & supervisory board member is different from that of the definition of independent director under the NYSE Corporate Governance Rules.

2. Committees. Under the Corporation Act, Toyota has elected to structure its corporate governance system as a company with audit & supervisory board members, who are under a statutory duty to monitor, review and report on the management of the affairs of Toyota. Toyota, as with other Japanese companies with an audit & supervisory board, does not have certain committees that are required of U.S. listed companies subject to the NYSE Corporate Governance Rules, including those that are responsible for director nomination, corporate governance and executive compensation.

Pursuant to the Corporation Act, Toyota s board of directors nominates and submits a proposal for the appointment of directors for shareholder approval. The shareholders vote on such nomination at the general shareholders meeting. The Corporation Act requires that the respective limits or calculation formula, and kind (in case that the remuneration, bonus and any other benefits in compensation for the execution of duties (remuneration, etc.) are to be paid in other than cash) of remuneration, etc. to be paid to directors, and limits of

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remuneration, etc. to be paid to audit & supervisory board members, must be determined by a resolution of the general shareholders meeting, unless their remuneration, etc. is provided for in the articles of incorporation. The distribution of remuneration, etc. among each director is broadly delegated to the board of directors and the distribution of remuneration among each audit & supervisory board member is determined by consultation among the audit & supervisory board members.

3. Audit Committee. Toyota avails itself of paragraph (c)(3) of Rule 10A-3 of the Exchange Act, which provides a general exemption from the audit committee requirements to a foreign private issuer with an audit & supervisory board, subject to certain requirements which continue to be applicable under Rule 10A-3.

Pursuant to the requirements of the Corporation Act, Toyota elects its audit & supervisory board members through a resolution adopted at a general shareholders meeting. Toyota currently has seven audit & supervisory board members, which exceeds the minimum number of audit & supervisory board members required pursuant to the Corporation Act.

Unlike the NYSE Corporate Governance Rules, the Corporation Act, among others, does not require audit & supervisory board members to establish an expertise in accounting nor are they required to present other special knowledge and experience. Under the Corporation Act, the audit & supervisory board may determine the auditing policies and methods of investigating the conditions of Toyota s business and assets, and may resolve other matters concerning the execution of the audit & supervisory board member s duties. The audit & supervisory board also prepares auditors reports and gives consent to proposals of the nomination of audit & supervisory board members and accounting auditors.

Toyota currently has four outside audit & supervisory board members under the Corporation Act. Under the Corporation Act, at least half of the audit & supervisory board members must be outside audit & supervisory board members, which is any person who was not a director, accounting counselor (in the case that an accounting counselor is a legal entity, a member of such entity who is in charge of its affairs), executive officer, manager, or employee of Toyota or its subsidiaries at any time during the past. Such qualifications for an outside audit & supervisory board member are different from the audit committee independence requirement under the NYSE Corporate Governance Rules.

Each of the outside audit & supervisory board members of Toyota satisfies the independent director/audit & supervisory board member requirements under the regulations of the Japanese stock exchanges, as described above in 1. Directors.

4. Corporate Governance Guidelines. Unlike the NYSE Corporate Governance Rules, Toyota is not required to adopt corporate governance guidelines under Japanese laws and regulations, including the Corporation Act, the Financial Instruments and Exchange Law of Japan and stock exchange rules. However, Toyota is required to resolve the matters at the board of directors concerning provision of the system to ensure the execution of duties of the directors to comply with the laws, regulations and the articles of incorporation, and any other systems to ensure the adequacy of the business required under the ordinance of the Ministry of Justice (internal control system or *naibu-tosei*), and to disclose such matters resolved, policies and the present status of its corporate governance in its business reports, annual securities report and certain other disclosure documents in accordance with the regulations under the Financial Instruments and Exchange Law and stock exchange rules in respect of timely disclosure.

5. Code of Business Conduct and Ethics. Unlike the NYSE Corporate Governance Rules, under Japanese laws and regulations including the Corporation Act, the Financial Instruments and Exchange Law and stock exchange rules, Toyota is not required to adopt a code of business conduct and ethics for directors, officers and employees. Accordingly, Toyota is not required to adopt and disclose waivers of the code of business conduct and ethics for these individuals. However, Toyota resolved to maintain a code of business conduct and ethics as part of its internal control system , or *naibu-tosei* , pursuant to the Corporation Act, in order to ensure its employees

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comply with laws, regulations and the articles of incorporation, etc. Toyota additionally maintains guidelines and internal regulations such as Guiding Principles at Toyota , Toyota Code of Conduct and a code of ethics pursuant to Section 406 of the Sarbanes-Oxley Act. Please see Code of Ethics for additional information.

6. Shareholder Approval of Equity Compensation Plans. Unlike the NYSE Corporate Governance Rules, under which material revisions to equity-compensation plans of listed companies are subject to shareholder approval, pursuant to the Corporation Act, generally, the adoption of equity compensation plans for directors is required to be approved by a majority of shareholders at the general shareholders meeting as the remuneration, etc. in other than cash. In addition to such approval, if Toyota desires to adopt an equity-compensation plan under which stock acquisition rights are granted on specially favorable terms to the recipient (except where such rights are granted to all of its shareholders on a pro-rata basis at the same time), then Toyota obtains approval by super-majority (as defined in the Corporation Act) at the ordinary general shareholders meeting. Such approval is applicable only to stock acquisition rights to be granted within one year from the date of the approval.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

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PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report on Form 20-F.

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TOYOTA MOTOR CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All financial statements schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

Financial statements of 50% or less owned persons accounted for by the equity method have been omitted because the registrant s proportionate share of the income from continuing operations before income taxes is less than 20% of consolidated income (loss) from continuing operations before income taxes and the investment in and advances to each company is less than 20% of consolidated total assets.

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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 consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Toyota Motor Corporation and its subsidiaries at March 31, 2012 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2013 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, 2013, based on criteria established in *Internal Control Integrated Framework (1992)* 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 Management s Annual Report on Internal Control Over Financial Reporting appearing under Item 15(b). 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.

/s/ PricewaterhouseCoopers Aarata

Nagoya, Japan

June 24, 2013

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TOYOTA MOTOR CORPORATION

CONSOLIDATED BALANCE SHEETS

ASSETS

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Current assets			
Cash and cash equivalents	¥ 1,679,200	¥ 1,718,297	$ 18,270
Time deposits	80,301	106,700	1,135
Marketable securities	1,181,070	1,445,663	15,371
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥13,004 million in 2012 and ¥15,875 million ($169 million) in 2013	1,999,827	1,971,659	20,964
Finance receivables, net	4,114,897	5,117,660	54,414
Other receivables	408,547	432,693	4,601
Inventories	1,622,282	1,715,786	18,243
Deferred income taxes	718,687	749,398	7,968
Prepaid expenses and other current assets	516,378	527,034	5,604
Total current assets	12,321,189	13,784,890	146,570
Noncurrent finance receivables, net	5,602,462	6,943,766	73,830
Investments and other assets			
Marketable securities and other securities investments	4,053,572	5,176,582	55,041
Affiliated companies	1,920,987	2,103,283	22,363
Employees receivables	56,524	53,741	571
Other	460,851	569,816	6,059
Total investments and other assets	6,491,934	7,903,422	84,034
Property, plant and equipment			
Land	1,243,261	1,303,611	13,861
Buildings	3,660,912	3,874,279	41,194
Machinery and equipment	9,094,399	9,716,180	103,308
Vehicles and equipment on operating leases	2,575,353	3,038,011	32,302
Construction in progress	275,357	291,539	3,100
Total property, plant and equipment, at cost	16,849,282	18,223,620	193,765
Less - Accumulated depreciation	(10,613,902)	(11,372,381)	(120,918)
Total property, plant and equipment, net	6,235,380	6,851,239	72,847
Total assets	¥ 30,650,965	¥ 35,483,317	$ 377,281

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

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TOYOTA MOTOR CORPORATION

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS EQUITY

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Current liabilities			
Short-term borrowings	¥ 3,450,649	¥ 4,089,528	$ 43,482
Current portion of long-term debt	2,512,620	2,704,428	28,755
Accounts payable	2,242,583	2,113,778	22,475
Other payables	629,093	721,065	7,667
Accrued expenses	1,828,523	2,185,537	23,238
Income taxes payable	133,778	156,266	1,662
Other current liabilities	984,328	941,918	10,015
Total current liabilities	11,781,574	12,912,520	137,294
Long-term liabilities			
Long-term debt	6,042,277	7,337,824	78,020
Accrued pension and severance costs	708,402	766,112	8,146
Deferred income taxes	908,883	1,385,927	14,736
Other long-term liabilities	143,351	308,078	3,276
Total long-term liabilities	7,802,913	9,797,941	104,178
Shareholders equity			
Toyota Motor Corporation shareholders equity			
Common stock, no par value,			
authorized: 10,000,000,000 shares in 2012 and 2013;			
issued: 3,447,997,492 shares in 2012 and 2013	397,050	397,050	4,222
Additional paid-in capital	550,650	551,040	5,859
Retained earnings	11,917,074	12,689,206	134,920
Accumulated other comprehensive income (loss)	(1,178,833)	(356,123)	(3,787)
Treasury stock, at cost, 281,187,739 shares in 2012 and 280,568,824 shares in 2013	(1,135,680)	(1,133,138)	(12,048)
Total Toyota Motor Corporation shareholders equity	10,550,261	12,148,035	129,166
Noncontrolling interests	516,217	624,821	6,643
Total shareholders equity	11,066,478	12,772,856	135,809
Commitments and contingencies			
Total liabilities and shareholders equity	¥ 30,650,965	¥ 35,483,317	$ 377,281

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

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TOYOTA MOTOR CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Net revenues				
Sales of products	¥ 17,820,520	¥ 17,511,916	¥ 20,914,150	$ 222,373
Financing operations	1,173,168	1,071,737	1,150,042	12,228
Total net revenues	18,993,688	18,583,653	22,064,192	234,601
Costs and expenses				
Cost of products sold	15,985,783	15,795,918	18,010,569	191,500
Cost of financing operations	629,543	592,646	630,426	6,703
Selling, general and administrative	1,910,083	1,839,462	2,102,309	22,353
Total costs and expenses	18,525,409	18,228,026	20,743,304	220,556
Operating income	468,279	355,627	1,320,888	14,045
Other income (expense)				
Interest and dividend income	90,771	99,865	98,673	1,049
Interest expense	(29,318)	(22,922)	(22,967)	(244)
Foreign exchange gain, net	14,305	37,105	5,551	59
Other income (loss), net	19,253	(36,802)	1,504	16
Total other income (expense)	95,011	77,246	82,761	880
Income before income taxes and equity in earnings of affiliated companies	563,290	432,873	1,403,649	14,925
Provision for income taxes	312,821	262,272	551,686	5,866
Equity in earnings of affiliated companies	215,016	197,701	231,519	2,461
Net income	465,485	368,302	1,083,482	11,520
Less: Net income attributable to noncontrolling interests	(57,302)	(84,743)	(121,319)	(1,290)
Net income attributable to Toyota Motor Corporation	¥ 408,183	¥ 283,559	¥ 962,163	$ 10,230

	Yen			U.S. dollars
Net income attributable to Toyota Motor Corporation per share				
- Basic	¥ 130.17	¥ 90.21	¥ 303.82	$ 3.23
- Diluted	¥ 130.16	¥ 90.20	¥ 303.78	$ 3.23
Cash dividends per share	¥ 50.00	¥ 50.00	¥ 90.00	$ 0.96

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

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TOYOTA MOTOR CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Net income	¥ 465,485	¥ 368,302	¥ 1,083,482	$ 11,520
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	(299,578)	(93,292)	461,754	4,910
Unrealized gains (losses) on securities, net of reclassification adjustments	(27,657)	131,794	374,209	3,979
Pension liability adjustments	11,454	(65,110)	14,711	156
Total other comprehensive income (loss)	(315,781)	(26,608)	850,674	9,045
Comprehensive income	149,704	341,694	1,934,156	20,565
Less: Comprehensive income attributable to noncontrolling interests	(39,407)	(85,744)	(149,283)	(1,587)
Comprehensive income attributable to Toyota Motor Corporation	¥ 110,297	¥ 255,950	¥ 1,784,873	$ 18,978

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

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TOYOTA MOTOR CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

	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, 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 (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 (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.

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TOYOTA MOTOR CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (CONTINUED)

	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, 2012	¥ 397,050	¥ 550,650	¥ 11,917,074	¥ (1,178,833)	¥ (1,135,680)	¥ 10,550,261	¥ 516,217	¥ 11,066,478
Equity transaction with noncontrolling interests and other		675				675	4,961	5,636
Issuance during the year								
Comprehensive income								
Net income			962,163			962,163	121,319	1,083,482
Other comprehensive income (loss)								
Foreign currency translation adjustments				434,638		434,638	27,116	461,754
Unrealized gains (losses) on securities, net of reclassification adjustments				368,507		368,507	5,702	374,209
Pension liability adjustments				19,565		19,565	(4,854)	14,711
Total comprehensive income						1,784,873	149,283	1,934,156
Dividends paid to Toyota Motor Corporation shareholders			(190,008)			(190,008)		(190,008)
Dividends paid to noncontrolling interests							(45,640)	(45,640)
Purchase and reissuance of common stock		(285)	(23)		2,542	2,234		2,234
Balances at March 31, 2013	¥ 397,050	¥ 551,040	¥ 12,689,206	¥ (356,123)	¥ (1,133,138)	¥ 12,148,035	¥ 624,821	¥ 12,772,856

	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, 2012	$ 4,222	$ 5,855	$ 126,710	$ (12,535)	$ (12,075)	$ 112,177	$ 5,489	$ 117,666
Equity transaction with noncontrolling interests and other		7				7	53	60
Issuance during the year								
Comprehensive income								
Net income			10,230			10,230	1,290	11,520
Other comprehensive income (loss)								
Foreign currency translation adjustments				4,622		4,622	288	4,910
Unrealized gains (losses) on securities, net of				3,918		3,918	61	3,979

reclassification adjustments								
Pension liability adjustments				208		208	(52)	156
Total comprehensive income						18,978	1,587	20,565
Dividends paid to Toyota Motor Corporation shareholders			(2,020)			(2,020)		(2,020)
Dividends paid to noncontrolling interests							(486)	(486)
Purchase and reissuance of common stock		(3)	(0)		27	24		24
Balances at March 31, 2013	$ 4,222	$ 5,859	$ 134,920	$ (3,787)	$ (12,048)	$ 129,166	$ 6,643	$ 135,809

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

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TOYOTA MOTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Cash flows from operating activities				
Net income	¥ 465,485	¥ 368,302	¥ 1,083,482	$ 11,520
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	1,175,573	1,067,830	1,105,109	11,750
Provision for doubtful accounts and credit losses	4,140	9,623	27,367	291
Pension and severance costs, less payments	(23,414)	16,711	(20,429)	(217)
Losses on disposal of fixed assets	36,214	33,528	32,221	343
Unrealized losses on available-for-sale securities, net	7,915	53,831	2,104	22
Deferred income taxes	85,710	6,395	160,008	1,701
Equity in earnings of affiliated companies	(215,016)	(197,701)	(231,519)	(2,461)
Changes in operating assets and liabilities, and other				
(Increase) decrease in accounts and notes receivable	421,423	(585,464)	(168,260)	(1,789)
(Increase) decrease in inventories	51,808	(344,923)	50,483	537
(Increase) decrease in other current assets	38,307	(180,529)	(47,033)	(500)
Increase (decrease) in accounts payable	(406,210)	756,363	(209,284)	(2,225)
Increase (decrease) in accrued income taxes	(40,629)	20,943	22,127	235
Increase in other current liabilities	239,319	316,366	280,083	2,978
Other	183,384	111,160	364,857	3,879
Net cash provided by operating activities	2,024,009	1,452,435	2,451,316	26,064
Cash flows from investing activities				
Additions to finance receivables	(8,438,785)	(8,333,248)	(10,004,928)	(106,379)
Collection of finance receivables	7,934,364	8,007,711	9,063,011	96,364
Proceeds from sales of finance receivables	69,576	53,999	39,845	424
Additions to fixed assets excluding equipment leased to others	(629,326)	(723,537)	(854,561)	(9,086)
Additions to equipment leased to others	(1,061,865)	(808,545)	(1,119,591)	(11,904)
Proceeds from sales of fixed assets excluding equipment leased to others	51,342	36,633	39,191	417
Proceeds from sales of equipment leased to others	486,695	431,313	533,441	5,672
Purchases of marketable securities and security investments	(4,421,807)	(3,173,634)	(3,412,423)	(36,283)
Proceeds from sales of marketable securities and security investments	189,037	162,160	35,178	374
Proceeds upon maturity of marketable securities and security investments	3,527,119	2,694,665	2,633,913	28,005
Payment for additional investments in affiliated companies, net of cash acquired	(299)	(147)	16,216	172
Changes in investments and other assets, and other	177,605	209,972	3,396	36
Net cash used in investing activities	¥ (2,116,344)	¥ (1,442,658)	¥ (3,027,312)	$ (32,188)

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

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TOYOTA MOTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Cash flows from financing activities				
Proceeds from issuance of long-term debt	¥ 2,931,436	¥ 2,394,807	¥ 3,191,223	$ 33,931
Payments of long-term debt	(2,489,632)	(2,867,572)	(2,682,136)	(28,518)
Increase in short-term borrowings	162,260	311,651	201,261	2,139
Dividends paid	(141,120)	(156,785)	(190,008)	(2,020)
Purchase of common stock, and other	(28,617)	(37,448)	(43,098)	(458)
Net cash provided by (used in) financing activities	434,327	(355,347)	477,242	5,074
Effect of exchange rate changes on cash and cash equivalents	(127,029)	(55,939)	137,851	1,466
Net increase (decrease) in cash and cash equivalents	214,963	(401,509)	39,097	416
Cash and cash equivalents at beginning of year	1,865,746	2,080,709	1,679,200	17,854
Cash and cash equivalents at end of year	¥ 2,080,709	¥ 1,679,200	¥ 1,718,297	$ 18,270

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

TOYOTA MOTOR CORPORATION

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 affiliated companies 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.

TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 ¥308,903 million, ¥304,713 million and ¥330,870 million ($3,518 million) for the years ended March 31, 2011, 2012 and 2013, 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. Toyota employs 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 of 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 ¥730,340 million, ¥779,806 million and ¥807,454 million ($8,585 million) for the years ended March 31, 2011, 2012 and 2013, respectively.

TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 consolidated statements 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 consolidated balance sheets 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.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2012 and 2013, finance receivables on nonaccrual status were as follows:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Retail	¥ 2,822	¥ 4,443	$ 47
Finance leases	958	1,135	12
Wholesale	5,485	1,985	21
Real estate	11,736	4,354	46
Working capital	37	70	1
	¥ 21,038	¥ 11,987	$ 127

As of March 31, 2012 and 2013, finance receivables past due over 90 days and still accruing were as follows:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Retail	¥ 24,263	¥ 18,442	$ 196
Finance leases	7,674	3,464	37
	¥ 31,937	¥ 21,906	$ 233

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.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 ¥220,582 million and ¥220,082 million ($2,340 million) at March 31, 2012 and 2013, respectively. Had the first-in, first-out basis been used for those companies using the LIFO basis, inventories would have been ¥56,799 million and ¥66,979 million ($712 million) higher than reported at March 31, 2012 and 2013, respectively.

Property, plant and equipment -

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

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

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 statements 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. All derivative financial instruments are recorded on the consolidated balance sheets at fair value, taking into consideration the effects of legally enforceable master netting agreements that allow us to net settle positive and negative positions and offset cash collateral held with the same counterparty on a net basis. 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. 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.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 associated with Toyota s defined benefit pension plans.

Accounting changes -

In June 2011, FASB issued updated guidance on the 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 statements of comprehensive income or in two separate but consecutive statements. Toyota adopted this guidance from the interim period within the fiscal year, begun after December 15, 2011. The adoption of this guidance did not have a material impact on Toyota s consolidated financial statements.

Recent pronouncements to be adopted in future periods -

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.

In February 2013, FASB issued updated guidance on the presentation of items reclassified out of accumulated other comprehensive income. This guidance requires to present, either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified out of each component of accumulated other comprehensive income based on its source. This guidance is effective for fiscal year beginning on or after December 15, 2012, 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, 2013.

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 ¥94.05 = U.S. $1, the approximate current exchange rate at March 31, 2013, was used for the translation of the accompanying consolidated financial amounts of Toyota as of and for the year ended March 31, 2013.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Supplemental cash flow information:

Cash payments for income taxes were ¥211,487 million, ¥282,440 million and ¥331,007 million ($3,519 million) for the years ended March 31, 2011, 2012 and 2013, respectively. Interest payments during the years ended March 31, 2011, 2012 and 2013 were ¥382,903 million, ¥365,109 million and ¥325,575 million ($3,462 million), respectively.

Capital lease obligations of ¥10,478 million, ¥5,847 million and ¥3,749 million ($40 million) were incurred for the years ended March 31, 2011, 2012 and 2013, respectively.

5. Acquisitions and dispositions:

During the years ended March 31, 2011, 2012 and 2013, 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 public and corporate 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, 2012			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Public and corporate bonds	¥ 3,606,290	¥ 74,357	¥ 51,147	¥ 3,629,500
Common stocks	605,889	444,073	15,643	1,034,319
Other	449,393	19,974	11	469,356
Total	¥ 4,661,572	¥ 538,404	¥ 66,801	¥ 5,133,175
Securities not practicable to determine fair value				
Public and corporate bonds	¥ 22,047			
Common stocks	79,420			
Total	¥ 101,467			

	Yen in millions March 31, 2013			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Public and corporate bonds	¥ 4,350,942	¥ 211,070	¥ 8,866	¥ 4,553,146
Common stocks	599,371	804,405	2,593	1,401,183
Other	537,272	31,416	2	568,686

Total	¥ 5,487,585	¥ 1,046,891	¥ 11,461	¥ 6,523,015

Securities not practicable to determine fair value	
Public and corporate bonds	¥ 20,148
Common stocks	79,082
Total	¥ 99,230

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	U.S. dollars in millions March 31, 2013			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Public and corporate bonds	$ 46,262	$ 2,244	$ 94	$ 48,412
Common stocks	6,373	8,553	28	14,898
Other	5,713	334	0	6,047
Total	$ 58,348	$ 11,131	$ 122	$ 69,357
Securities not practicable to determine fair value				
Public and corporate bonds	$ 214			
Common stocks	841			
Total	$ 1,055			

Public and corporate bonds included in available-for-sale represent 60% of Japanese bonds, and 40% of U.S., European and other bonds as of March 31, 2012, and 49% of Japanese bonds, and 51% of U.S., European and other bonds as of March 31, 2013. Listed stocks on the Japanese stock markets represent 83% and 85% of common stocks which are included in available-for-sale as of March 31, 2012 and 2013, respectively. Public and corporate bonds include primarily government bonds, and Other includes primarily investment trusts.

Unrealized losses continuing over a 12 month period or more in the aggregate were not material at March 31, 2012 and 2013.

As of March 31, 2012 and 2013, maturities of public and corporate bonds and other included in available-for-sale are mainly from 1 to 10 years.

Proceeds from sales of available-for-sale securities were ¥189,037 million, ¥162,160 million and ¥35,178 million ($374 million) for the years ended March 31, 2011, 2012 and 2013, respectively. On those sales, gross realized gains were ¥8,974 million, ¥4,822 million and ¥1,048 million ($11 million) and gross realized losses were ¥87 million, ¥15 million and ¥31 million ($0 million), respectively.

During the years ended March 31, 2011, 2012 and 2013, Toyota recognized impairment losses on available-for-sale securities of ¥7,915 million, ¥53,831 million and ¥2,104 million ($22 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.

TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Finance receivables:

Finance receivables consist of the following:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Retail	¥ 7,248,793	¥ 9,047,782	$ 96,202
Finance leases	955,430	1,029,887	10,950
Wholesale and other dealer loans	2,033,954	2,615,728	27,812
	10,238,177	12,693,397	134,964
Deferred origination costs	105,533	135,398	1,439
Unearned income	(494,123)	(628,340)	(6,681)
Allowance for credit losses			
Retail	(77,353)	(83,858)	(892)
Finance leases	(30,637)	(28,928)	(307)
Wholesale and other dealer loans	(24,238)	(26,243)	(279)
Total allowance for credit losses	(132,228)	(139,029)	(1,478)
Total finance receivables, net	9,717,359	12,061,426	128,244
Less - Current portion	(4,114,897)	(5,117,660)	(54,414)
Noncurrent finance receivables, net	¥ 5,602,462	¥ 6,943,766	$ 73,830

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% as of March 31, 2012, and in North America 57.6%, in Europe 10.0%, in Japan 9.9%, in Asia 9.5% and in Other 13.0% as of March 31, 2013.

The contractual maturities of retail receivables, the future minimum lease payments on finance leases and the contractual maturities of wholesale and other dealer loans at March 31, 2013 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
2014	¥ 3,032,542	¥ 285,324	¥ 2,040,442	$ 32,244	$ 3,034	$ 21,695
2015	2,218,871	192,978	149,091	23,593	2,052	1,585
2016	1,721,430	162,639	115,640	18,303	1,729	1,230
2017	1,127,558	65,767	125,180	11,989	699	1,331
2018	609,255	29,716	119,497	6,478	316	1,271
Thereafter	338,126	6,447	65,878	3,595	69	700

	¥ 9,047,782	¥ 742,871	¥ 2,615,728	$ 96,202	$ 7,899	$ 27,812

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Finance leases consist of the following:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Minimum lease payments	¥ 688,642	¥ 742,871	$ 7,899
Estimated unguaranteed residual values	266,788	287,016	3,051
	955,430	1,029,887	10,950
Deferred origination costs	3,722	3,577	38
Less - Unearned income	(90,887)	(87,537)	(931)
Less - Allowance for credit losses	(30,637)	(28,928)	(307)
Finance leases, net	¥ 837,628	¥ 916,999	$ 9,750

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, 2012 and 2013:

	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

	Yen in millions March 31, 2013				
	Retail	Finance leases	Wholesale	Real estate	Working capital
Current	¥ 8,923,588	¥ 1,021,074	¥ 1,305,953	¥ 658,114	¥ 651,553
31-60 days past due	84,354	3,106	45	63	
61-90 days past due	17,312	1,661			
Over 90 days past due	22,528	4,046			
Total	¥ 9,047,782	¥ 1,029,887	¥ 1,305,998	¥ 658,177	¥ 651,553

	U.S. dollars in millions March 31, 2013				
	Retail	Finance leases	Wholesale	Real estate	Working capital
Current	$ 94,881	$ 10,857	$ 13,886	$ 6,997	$ 6,928
31-60 days past due	897	33	0	1	
61-90 days past due	184	17			
Over 90 days past due	240	43			
Total	$ 96,202	$ 10,950	$ 13,886	$ 6,998	$ 6,928

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2012 and 2013:

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 an increased likelihood that default may exist 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, 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

	Yen in millions March 31, 2013			
	Wholesale	Real estate	Working capital	Total
Performing	¥ 720,308	¥ 373,176	¥ 152,048	¥ 1,245,532
Credit Watch	93,643	54,801	7,485	155,929
At Risk	3,114	2,651	2,641	8,406
Default	106	131	193	430
Total	¥ 817,171	¥ 430,759	¥ 162,367	¥ 1,410,297

	U.S. dollars in millions March 31, 2013			
	Wholesale	Real estate	Working capital	Total
Performing	$ 7,659	$ 3,968	$ 1,616	$ 13,243
Credit Watch	996	583	80	1,659
At Risk	33	28	28	89
Default	1	1	2	4
Total	$ 8,689	$ 4,580	$ 1,726	$ 14,995

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 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

	Yen in millions March 31, 2013			
	Wholesale	Real estate	Working capital	Total
Performing	¥ 485,464	¥ 225,808	¥ 488,679	¥ 1,199,951
Default	3,363	1,610	507	5,480
Total	¥ 488,827	¥ 227,418	¥ 489,186	¥ 1,205,431

	U.S. dollars in millions March 31, 2013			
	Wholesale	Real estate	Working capital	Total
Performing	$ 5,161	$ 2,401	$ 5,196	$ 12,758
Default	36	17	6	59
Total	$ 5,197	$ 2,418	$ 5,202	$ 12,817

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tables below summarize information about impaired finance receivables:

	Yen in millions					
	Recorded investment March 31,		Unpaid principal balance March 31,		Individually evaluated allowance March 31,	
	2012	2013	2012	2013	2012	2013
Impaired account balances individually evaluated for impairment with an allowance:						
Wholesale	¥ 8,105	¥ 11,967	¥ 8,105	¥ 11,967	¥ 2,716	¥ 1,450
Real estate	16,429	6,726	16,429	6,726	4,252	1,721
Working capital	995	5,246	995	5,246	573	3,691
Total	¥ 25,529	¥ 23,939	¥ 25,529	¥ 23,939	¥ 7,541	¥ 6,862
Impaired account balances individually evaluated for impairment without an allowance:						
Wholesale	¥ 14,015	¥ 6,236	¥ 14,015	¥ 6,236		
Real estate	15	9,165	15	9,165		
Working capital	38	496	38	496		
Total	¥ 14,068	¥ 15,897	¥ 14,068	¥ 15,897		
Impaired account balances aggregated and evaluated for impairment:						
Retail	¥ 42,438	¥ 40,487	¥ 41,790	¥ 39,797		
Finance leases	325	103	180	85		
Total	¥ 42,763	¥ 40,590	¥ 41,970	¥ 39,882		
Total impaired account balances:						
Retail	¥ 42,438	¥ 40,487	¥ 41,790	¥ 39,797		
Finance leases	325	103	180	85		
Wholesale	22,120	18,203	22,120	18,203		
Real estate	16,444	15,891	16,444	15,891		
Working capital	1,033	5,742	1,033	5,742		
Total	¥ 82,360	¥ 80,426	¥ 81,567	¥ 79,718		

	Yen in millions			
	Average impaired finance receivables For the years ended March 31,		Interest income recognized For the years ended March 31,	
	2012	2013	2012	2013
Total impaired account balances:				
Retail	¥ 44,362	¥ 39,616	¥ 3,700	¥ 3,056
Finance leases	279	161	7	1
Wholesale	18,734	20,618	79	166
Real estate	16,137	15,574	395	415
Working capital	2,592	3,820	79	83

Total	¥ 82,104	¥ 79,789	¥ 4,260	¥ 3,721

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	U.S. dollars in millions March 31, 2013		
	Recorded investment	Unpaid principal balance	Individually evaluated allowance
Impaired account balances individually evaluated for impairment with an allowance:			
Wholesale	$ 127	$ 127	$ 16
Real estate	72	72	18
Working capital	56	56	39
Total	$ 255	$ 255	$ 73
Impaired account balances individually evaluated for impairment without an allowance:			
Wholesale	$ 67	$ 67	
Real estate	97	97	
Working capital	5	5	
Total	$ 169	$ 169	
Impaired account balances aggregated and evaluated for impairment:			
Retail	$ 430	$ 423	
Finance leases	1	1	
Total	$ 431	$ 424	
Total impaired account balances:			
Retail	$ 430	$ 423	
Finance leases	1	1	
Wholesale	194	194	
Real estate	169	169	
Working capital	61	61	
Total	$ 855	$ 848	

	U.S. dollars in millions For the year ended March 31, 2013	
	Average impaired finance receivables	Interest income recognized
Total impaired account balances:		
Retail	$ 421	$ 33
Finance leases	2	0
Wholesale	219	2
Real estate	165	4
Working capital	41	1
Total	$ 848	$ 40

The amount of finance receivables modified as a troubled debt restructuring for the year ended March 31, 2013 was not significant for all classes of finance receivables. Finance receivables modified as troubled debt restructurings for the year ended March 31, 2013 and for which there was a payment default were not significant for all classes of such receivables.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Finished goods	¥ 981,612	¥ 1,007,659	$ 10,714
Raw materials	347,878	388,780	4,134
Work in process	221,036	235,476	2,504
Supplies and other	71,756	83,871	891
Total	¥ 1,622,282	¥ 1,715,786	$ 18,243

10. Vehicles and equipment on operating leases:

Vehicles and equipment on operating leases consist of the following:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Vehicles	¥ 2,536,595	¥ 2,999,294	$ 31,890
Equipment	87,848	104,351	1,110
Less - Deferred income and other	(49,090)	(65,634)	(698)
	2,575,353	3,038,011	32,302
Less - Accumulated depreciation	(667,406)	(749,238)	(7,966)
Less - Allowance for credit losses	(8,135)	(8,020)	(86)
Vehicles and equipment on operating leases, net	¥ 1,899,812	¥ 2,280,753	$ 24,250

Rental income from vehicles and equipment on operating leases was ¥475,472 million, ¥451,361 million and ¥476,935 million ($5,071 million) for the years ended March 31, 2011, 2012 and 2013, 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	
2014	¥	460,685	$	4,898
2015		302,690		3,218
2016		140,865		1,498
2017		38,042		405
2018		11,164		119
Thereafter		4,126		44
Total minimum future rentals	¥	957,572	$	10,182

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2011, 2012 and 2013 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Allowance for doubtful accounts at beginning of year	¥ 46,706	¥ 44,047	¥ 44,097	$ 469
Provision for doubtful accounts, net of reversal	1,806	5,843	1,745	19
Write-offs	(2,690)	(699)	(457)	(5)
Other	(1,775)	(5,094)	759	8
Allowance for doubtful accounts at end of year	¥ 44,047	¥ 44,097	¥ 46,144	$ 491

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, 2011, 2012 and 2013.

A portion of the allowance for doubtful accounts balance at March 31, 2012 and 2013 totaling ¥31,093 million and ¥30,269 million ($322 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, 2011, 2012 and 2013 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Allowance for credit losses at beginning of year	¥ 232,479	¥ 167,615	¥ 140,363	$ 1,493
Provision for credit losses, net of reversal	2,334	3,780	25,622	272
Charge-offs	(86,115)	(51,578)	(56,701)	(603)
Recoveries	18,268	16,415	14,690	156
Other	649	4,131	23,075	246
Allowance for credit losses at end of year	¥ 167,615	¥ 140,363	¥ 147,049	$ 1,564

The other amount primarily includes the impact of currency translation adjustments for the years ended March 31, 2011, 2012 and 2013.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2012 and 2013 are as follows:

	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

	Yen in millions For the year ended March 31, 2013		
	Retail	Finance leases	Wholesale and Other dealer loans
Allowance for credit losses at beginning of year	¥ 77,353	¥ 30,637	¥ 24,238
Provision for credit losses, net of reversal	29,079	(4,063)	(2,006)
Charge-offs	(48,528)	(2,775)	(110)
Recoveries	12,795	590	3
Other	13,159	4,539	4,118
Allowance for credit losses at end of year	¥ 83,858	¥ 28,928	¥ 26,243

	U.S. dollars in millions For the year ended March 31, 2013		
	Retail	Finance leases	Wholesale and Other dealer loans
Allowance for credit losses at beginning of year	$ 823	$ 326	$ 257
Provision for credit losses, net of reversal	309	(43)	(21)
Charge-offs	(516)	(30)	(1)
Recoveries	136	6	0
Other	140	48	44
Allowance for credit losses at end of year	$ 892	$ 307	$ 279

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Current assets	¥ 9,112,895	¥ 9,634,769	$ 102,443
Noncurrent assets	6,914,208	8,495,078	90,325
Total assets	¥ 16,027,103	¥ 18,129,847	$ 192,768
Current liabilities	¥ 5,847,495	¥ 6,366,002	$ 67,687
Long-term liabilities and noncontrolling interests	4,032,045	4,541,328	48,286
Affiliated companies accounted for by the equity method shareholders equity	6,147,563	7,222,517	76,795
Total liabilities and shareholders equity	¥ 16,027,103	¥ 18,129,847	$ 192,768
Toyota s share of affiliated companies accounted for by the equity method shareholders equity	¥ 1,914,129	¥ 2,102,584	$ 22,356
Number of affiliated companies accounted for by the equity method at end of period	57	56	

	Yen in millions For the years ended March 31, 2011	Yen in millions For the years ended March 31, 2012	Yen in millions For the years ended March 31, 2013	U.S. dollars in millions For the year ended March 31, 2013
Net revenues	¥ 21,874,143	¥ 22,211,233	¥ 24,242,046	$ 257,757
Gross profit	¥ 2,342,706	¥ 2,297,660	¥ 2,620,892	$ 27,867
Net income attributable to affiliated companies accounted for by the equity method	¥ 641,771	¥ 554,983	¥ 705,249	$ 7,499
Equity in earnings of affiliated companies attributable to Toyota Motor Corporation	¥ 215,016	¥ 197,701	¥ 231,519	$ 2,461

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

Name of affiliated companies	Percentage of ownership March 31, 2012	2013
Denso Corporation	24.9%	24.9%
Toyota Industries Corporation	24.8%	24.8%
Aisin Seiki Co., Ltd.	23.4%	23.4%
Toyota Tsusho Corporation	22.1%	22.1%
Toyoda Gosei Co., Ltd.	43.1%	43.0%

Certain affiliated companies accounted for by the equity method with carrying amounts of ¥1,467,575 million and ¥1,582,988 million ($16,831 million) at March 31, 2012 and 2013, respectively, were quoted on various established markets at an aggregate value of ¥1,477,413 million and ¥1,954,347 million ($20,780 million), respectively. 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, 2012 and 2013.

Account balances and transactions with affiliated companies are presented below:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Trade accounts and notes receivable, and other receivables	¥ 283,497	¥ 252,708	$ 2,687
Accounts payable and other payables	707,955	592,027	6,295

	Yen in millions For the years ended March 31,			U.S. dollars in millions For the year ended March 31,
	2011	2012	2013	2013
Net revenues	¥ 1,612,397	¥ 1,536,326	¥ 1,926,854	$ 20,488
Purchases	3,655,185	3,785,284	4,020,138	42,745

Dividends from affiliated companies accounted for by the equity method for the years ended March 31, 2011, 2012 and 2013 were ¥103,169 million, ¥122,950 million and ¥126,977 million ($1,350 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 and vehicles on operating leases related to

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 ¥1,208,136 million in retail finance receivables, ¥65,541 million in restricted cash and ¥1,040,816 million in secured debt as of March 31, 2012 and have ¥1,135,513 million ($12,074 million) in retail finance receivables, ¥41,664 million ($443 million) in vehicles on operating leases, ¥58,770 million ($625 million) in restricted cash and ¥978,095 million ($10,400 million) in secured debt as of March 31, 2013. 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, 2012 and 2013 consist of the following:

	Yen in millions March 31,		U.S. dollars in millions March 31,
	2012	2013	2013
Loans, principally from banks, with a weighted-average interest at March 31, 2012 and March 31, 2013 of 1.93% and of 2.31% per annum, respectively	¥ 1,158,556	¥ 1,062,233	$ 11,294
Commercial paper with a weighted-average interest at March 31, 2012 and March 31, 2013 of 0.72% and of 0.52% per annum, respectively	2,292,093	3,027,295	32,188
	¥ 3,450,649	¥ 4,089,528	$ 43,482

As of March 31, 2013, Toyota has unused short-term lines of credit amounting to ¥2,063,263 million ($21,938 million) of which ¥455,180 million ($4,840 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.

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Long-term debt at March 31, 2012 and 2013 comprises the following:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Unsecured loans, representing obligations principally to banks, due 2012 to 2029 in 2012 and due 2013 to 2029 in 2013 with interest ranging from 0.00% to 32.00% per annum in 2012 and from 0.00% to 27.30% per annum in 2013	¥ 3,064,785	¥ 3,142,411	$ 33,412
Secured loans, representing obligations principally to finance receivables securitization due 2012 to 2050 in 2012 and due 2013 to 2050 in 2013 with interest ranging from 0.37% to 11.23% per annum in 2012 and from 0.10% to 11.75% per annum in 2013	855,015	993,019	10,558
Medium-term notes of consolidated subsidiaries, due 2012 to 2047 in 2012 and due 2013 to 2047 in 2013 with interest ranging from 0.13% to 8.50% per annum in 2012 and from 0.13% to 9.40% per annum in 2013	3,137,289	4,502,787	47,876
Unsecured notes of parent company, due 2012 to 2019 in 2012 and due 2013 to 2019 in 2013 with interest ranging from 1.07% to 3.00% per annum in 2012 and from 0.19% to 3.00% per annum in 2013	530,000	460,000	4,891
Unsecured notes of consolidated subsidiaries, due 2012 to 2031 in 2012 and due 2013 to 2031 in 2013 with interest ranging from 0.17% to 24.90% per annum in 2012 and from 0.13% to 23.00% per annum in 2013	946,460	922,636	9,810
Long-term capital lease obligations, due 2012 to 2030 in 2012 and due 2013 to 2030 in 2013 with interest ranging from 0.38% to 14.40% per annum in 2012 and from 0.40% to 14.73% per annum in 2013	21,348	21,399	228
	8,554,897	10,042,252	106,775
Less - Current portion due within one year	(2,512,620)	(2,704,428)	(28,755)
	¥ 6,042,277	¥ 7,337,824	$ 78,020

As of March 31, 2013, approximately 40%, 17%, 13% and 30% of long-term debt are denominated in U.S. dollars, Japanese yen, Australian dollars and other currencies, respectively.

As of March 31, 2013, property, plant and equipment with a book value of ¥91,834 million ($976 million) and in addition, other assets aggregating ¥1,141,199 million ($12,134 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
2014	¥ 2,704,428	$28,755
2015	1,703,219	18,110
2016	2,090,251	22,225
2017	1,207,091	12,835
2018	1,341,901	14,268

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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, 2013, Toyota has not received any significant such requests from these banks.

As of March 31, 2013, Toyota has unused long-term lines of credit amounting to ¥7,252,081 million ($77,109 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.

The net changes in liabilities for quality assurances above for the years ended March 31, 2011, 2012 and 2013 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Liabilities for quality assurances at beginning of year	¥ 680,408	¥ 764,369	¥ 839,834	$ 8,930
Payments made during year	(476,771)	(348,214)	(344,279)	(3,661)
Provision for quality assurances	588,224	436,891	491,542	5,226
Changes relating to pre-existing quality assurances	(1,701)	(7,827)	(8,383)	(89)
Other	(25,791)	(5,385)	24,309	259
Liabilities for quality assurances at end of year	¥ 764,369	¥ 839,834	¥ 1,003,023	$ 10,665

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.

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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, 2011, 2012 and 2013.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Liabilities for recalls and other safety measures at beginning of year	¥ 301,422	¥ 389,499	¥ 468,697	$ 4,984
Payments made during year	(263,096)	(159,344)	(180,925)	(1,924)
Provision for recalls and other safety measures	356,749	237,907	270,883	2,880
Other	(5,576)	635	7,751	82
Liabilities for recalls and other safety measures at end of year	¥ 389,499	¥ 468,697	¥ 566,406	$ 6,022

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,
	2011	2012	2013	2013
Income (loss) before income taxes:				
Parent company and domestic subsidiaries	¥ (278,229)	¥ (177,852)	¥ 651,852	$ 6,931
Foreign subsidiaries	841,519	610,725	751,797	7,994
	¥ 563,290	¥ 432,873	¥ 1,403,649	$ 14,925

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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,
	2011	2012	2013	2013
Current income tax expense:				
Parent company and domestic subsidiaries	¥ 85,290	¥ 111,363	¥ 178,662	$ 1,900
Foreign subsidiaries	141,821	144,514	213,016	2,265
Total current	227,111	255,877	391,678	4,165
Deferred income tax expense (benefit):				
Parent company and domestic subsidiaries	(44,268)	(57,940)	140,041	1,489
Foreign subsidiaries	129,978	64,335	19,967	212
Total deferred	85,710	6,395	160,008	1,701
Total provision	¥ 312,821	¥ 262,272	¥ 551,686	$ 5,866

Toyota is subject to a number of different income taxes which, in the aggregate, indicate a statutory rate in Japan of approximately 40.2%, 40.2% and 37.6% for the years ended March 31, 2011, 2012 and 2013, respectively. 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,		
	2011	2012	2013
Statutory tax rate	40.2%	40.2%	37.6%
Increase (reduction) in taxes resulting from:			
Non-deductible expenses	2.2	1.7	0.6
Deferred tax liabilities on undistributed earnings of foreign subsidiaries	4.8	4.7	1.8
Deferred tax liabilities on undistributed earnings of affiliated companies accounted for by the equity method	12.6	9.2	4.1
Valuation allowance	8.1	14.9	1.7
Tax credits	(2.6)	(1.8)	(3.1)
The difference between the statutory tax rate in Japan and that of foreign subsidiaries	(9.3)	(9.6)	(4.8)
Unrecognized tax benefits adjustments	(0.6)	2.5	0.1
Other	0.1	(1.2)	1.3
Effective income tax rate	55.5%	60.6%	39.3%

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

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Deferred tax assets			
Accrued pension and severance costs	¥ 236,978	¥ 230,021	$ 2,446
Accrued expenses and liabilities for quality assurances	369,985	480,428	5,108
Other accrued employees compensation	106,265	108,599	1,155
Operating loss carryforwards for tax purposes	337,992	160,936	1,711
Tax credit carryforwards	108,426	101,251	1,076
Property, plant and equipment and other assets	147,906	151,043	1,606
Other	296,934	227,596	2,420
Gross deferred tax assets	1,604,486	1,459,874	15,522
Less - Valuation allowance	(309,268)	(284,835)	(3,028)
Total deferred tax assets	1,295,218	1,175,039	12,494
Deferred tax liabilities			
Unrealized gains on securities	(210,475)	(388,901)	(4,135)
Undistributed earnings of foreign subsidiaries	(27,581)	(25,713)	(274)
Undistributed earnings of affiliated companies accounted for by the equity method	(504,776)	(567,054)	(6,029)
Basis difference of acquired assets	(34,120)	(35,647)	(379)
Lease transactions	(576,809)	(650,389)	(6,915)
Other	(54,749)	(66,923)	(712)
Gross deferred tax liabilities	(1,408,510)	(1,734,627)	(18,444)
Net deferred tax liability	¥ (113,292)	¥ (559,588)	$ (5,950)

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 March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Deferred tax assets			
Deferred income taxes (Current assets)	¥ 718,687	¥ 749,398	$ 7,968
Investments and other assets - Other	91,857	100,199	1,065
Deferred tax liabilities			
Other current liabilities	(14,953)	(23,258)	(247)
Deferred income taxes (Long-term liabilities)	(908,883)	(1,385,927)	(14,736)
Net deferred tax liability	¥ (113,292)	¥ (559,588)	$ (5,950)

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.

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The accounting for deferred tax assets represents Toyota s current best estimate based on all available evidence. Unanticipated events or changes could result in re-evaluating the realizability of deferred tax assets.

Operating loss carryforwards for tax purposes as of March 31, 2013 in Japan and foreign countries were ¥76,280 million ($811 million) and ¥422,133 million ($4,488 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 2014 to 2022 and expire in years 2014 to 2033, respectively. Tax credit carryforwards as of March 31, 2013 in Japan and foreign countries were ¥90,439 million ($961 million) and ¥10,812 million ($115 million), respectively, and the majority of these carryforwards in Japan and foreign countries expire in years 2014 to 2016 and expire in years 2014 to 2033, 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, 2011, 2012 and 2013 consist of the following:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Valuation allowance at beginning of year	¥ 239,269	¥ 280,685	¥ 309,268	$ 3,288
Additions	55,791	96,754	38,285	407
Deductions	(10,077)	(65,566)	(70,986)	(755)
Other	(4,298)	(2,605)	8,268	88
Valuation allowance at end of year	¥ 280,685	¥ 309,268	¥ 284,835	$ 3,028

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, 2011, 2012 and 2013.

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 ¥2,718,554 million ($28,905 million) as of March 31, 2013. Toyota estimates an additional tax provision of ¥118,998 million ($1,265 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, 2011, 2012 and 2013 is as follows:

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
Balance at beginning of year	¥ 23,965	¥ 15,453	¥ 16,901	$ 180
Additions based on tax positions related to the current year	213	4,187	2,401	26
Additions for tax positions of prior years	12,564	10,801	4,339	46
Reductions for tax positions of prior years	(16,133)	(363)	(1,619)	(17)
Reductions for tax positions related to lapse of statute of limitations				
Reductions for settlements	(2,794)	(12,820)	(2,776)	(30)
Other	(2,362)	(357)	3,201	34
Balance at end of year	¥ 15,453	¥ 16,901	¥ 22,447	$ 239

The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was not material at March 31, 2011, 2012 and 2013, 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, 2011, 2012 and 2013, 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, 2006 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,		
	2011	2012	2013
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.

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The retained earnings reserve included in retained earnings as of March 31, 2012 and 2013 was ¥173,711 million and ¥175,735 million ($1,869 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 ¥5,348,279 million and ¥5,858,551 million ($62,292 million) as of March 31, 2012 and 2013, 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, 2013 include amounts representing year-end cash dividends of ¥190,046 million ($2,020 million), ¥60 ($0.64) per share, which were approved at the Ordinary General Shareholders Meeting, held on June 14, 2013.

Retained earnings at March 31, 2013 include ¥1,576,055 million ($16,758 million) relating to equity in undistributed earnings of affiliated companies accounted for by the equity method.

On January 1, 2012, the parent company implemented share exchanges as a result of which the parent company became a wholly-owning 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 and losses on disposal of treasury stock occurred in the amount of ¥45,916 million. As a result, additional paid-in capital decreased by ¥551 million and retained earnings decreased by ¥45,365 million, respectively. As a result of acquiring additional shares of each subsidiary, noncontrolling interests decreased by ¥117,881 million, accumulated other comprehensive income (loss) decreased by ¥6,503 million and additional paid-in capital increased by ¥44,481 million.

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Detailed components of accumulated other comprehensive income (loss) in Toyota Motor Corporation shareholders equity at March 31, 2012 and 2013 and the related changes, net of taxes for the years ended March 31, 2011, 2012 and 2013 consist of the following:

	Yen in millions			
	Foreign currency translation adjustments	Unrealized gains (losses) on securities	Pension liability adjustments	Accumulated other comprehensive income (loss)
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)
Other comprehensive income (loss)	434,638	368,507	19,565	822,710
Balances at March 31, 2013	¥ (813,480)	¥ 666,813	¥ (209,456)	¥ (356,123)

	U.S. dollars in millions			
	Foreign currency translation adjustments	Unrealized gains (losses) on securities	Pension liability adjustments	Accumulated other comprehensive income (loss)
Balances at March 31, 2012	$ (13,271)	$ 3,171	$ (2,435)	$ (12,535)
Other comprehensive income (loss)	4,622	3,918	208	8,748
Balances at March 31, 2013	$ (8,649)	$ 7,089	$ (2,227)	$ (3,787)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2011, 2012 and 2013 are as follows:

	Yen in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2011			
Foreign currency translation adjustments	¥ (294,279)	¥ 6,666	¥ (287,613)
Unrealized gains (losses) on securities:			
Unrealized net holding gains (losses) arising for the year	(31,899)	9,643	(22,256)
Less: reclassification adjustments for (gains) 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 (losses) on securities:			
Unrealized net holding gains (losses) arising for the year	164,872	(65,642)	99,230
Less: reclassification adjustments for (gains) 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)
For the year ended March 31, 2013			
Foreign currency translation adjustments	¥ 447,302	¥ (12,664)	¥ 434,638
Unrealized gains (losses) on securities:			
Unrealized net holding gains (losses) arising for the year	517,169	(175,839)	341,330
Less: reclassification adjustments for (gains) losses included in net income attributable to Toyota Motor Corporation	45,253	(18,076)	27,177
Pension liability adjustments	30,232	(10,667)	19,565
Other comprehensive income (loss)	¥ 1,039,956	¥ (217,246)	¥ 822,710

	U.S. dollars in millions		
	Pre-tax amount	Tax amount	Net-of-tax amount
For the year ended March 31, 2013			
Foreign currency translation adjustments	$ 4,756	$ (134)	$ 4,622
Unrealized gains (losses) on securities:			
Unrealized net holding gains (losses) arising for the year	5,499	(1,870)	3,629
Less: reclassification adjustments for (gains) losses included in net income attributable to Toyota Motor Corporation	481	(192)	289
Pension liability adjustments	321	(113)	208

Other comprehensive income (loss)	$ 11,057	$ (2,309)	$ 8,748

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2011, 2012 and 2013, Toyota recognized stock-based compensation expenses for stock options of ¥2,522 million, ¥1,539 million and ¥325 million ($3 million) as selling, general and administrative expenses.

The weighted-average grant-date fair value of options granted during the year ended March 31, 2011 was ¥724 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:

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

The following table summarizes Toyota s stock option activity:

		Yen		Yen in millions
	Number of shares	Weighted-average exercise price	Weighted-average remaining contractual life in years	Aggregate intrinsic value
Options outstanding at March 31, 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
Granted				
Exercised	(645,000)	3,328		
Canceled	(1,036,000)	5,907		
Options outstanding at March 31, 2013	10,849,000	¥ 4,909	3.56	¥ 5,921

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	¥	
Options exercisable at March 31, 2013	10,849,000	¥	4,909	3.56	¥	5,921

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

No options were exercised for the years ended March 31, 2011 and 2012. The total intrinsic value of options exercised for the year ended March 31, 2013 was ¥364 million ($4 million).

No cash was received from the exercise of stock options for the years ended March 31, 2011 and 2012. Cash received from the exercise of stock options for the year ended March 31, 2013 was ¥2,147 million ($23 million).

The following table summarizes information for options outstanding and options exercisable at March 31, 2013:

	Outstanding				Exercisable			
Exercise price range Yen	Number of shares	Weighted-average exercise price Yen	Weighted-average exercise price U.S. dollars	Weighted-average remaining life Years	Number of shares	Weighted-average exercise price Yen	Weighted-average exercise price U.S. dollars
¥3,183 5,000	7,480,000	¥ 4,068	$ 43	4.31	7,480,000	¥ 4,068	$ 43
5,001 7,278	3,369,000	6,774	72	1.89	3,369,000	6,774	72
3,183 7,278	10,849,000	4,909	52	3.56	10,849,000	4,909	52

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

Japanese plans

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Change in benefit obligation			
Benefit obligation at beginning of year	¥ 1,362,053	¥ 1,480,387	$ 15,740
Service cost	57,241	60,261	641
Interest cost	30,660	27,804	296
Plan participants contributions	834	918	10
Plan amendments	632	(3,462)	(37)
Net actuarial loss	67,098	90,667	964
Acquisition and other	27,435	(776)	(8)
Benefits paid	(65,566)	(61,388)	(653)
Benefit obligation at end of year	1,480,387	1,594,411	16,953
Change in plan assets			
Fair value of plan assets at beginning of year	885,741	927,545	9,862
Actual return on plan assets	1,493	145,141	1,543
Acquisition and other	27,947	(264)	(3)
Employer contributions	50,423	53,906	573
Plan participants contributions	834	918	10
Benefits paid	(38,893)	(36,988)	(393)
Fair value of plan assets at end of year	927,545	1,090,258	11,592
Funded status	¥ 552,842	¥ 504,153	$ 5,361

Amounts recognized in the consolidated balance sheets as of March 31, 2012 and 2013 are comprised of the following:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Accrued expenses (Accrued pension and severance costs)	¥ 19,553	¥ 25,160	$ 268
Accrued pension and severance costs	553,096	582,491	6,193

Investments and other assets - Other (Prepaid pension and severance costs)	(19,807)	(103,498)	(1,100)
Net amount recognized	¥ 552,842	¥ 504,153	$ 5,361

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2012 and 2013 are comprised of the following:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Net actuarial loss	¥ (381,770)	¥ (333,203)	$ (3,543)
Prior service costs	57,930	53,360	567
Net transition obligation			
Net amount recognized	¥ (323,840)	¥ (279,843)	$ (2,976)

The accumulated benefit obligation for all defined benefit pension plans was ¥1,379,373 million and ¥1,494,011 million ($15,885 million) at March 31, 2012 and 2013, 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 March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Projected benefit obligation	¥ 728,469	¥ 749,561	$ 7,970
Accumulated benefit obligation	639,196	685,763	7,291
Fair value of plan assets	153,945	165,262	1,757

Components of the net periodic pension cost are as follows:

	Yen in millions For the years ended March 31, 2011	2012	2013	U.S. dollars in millions For the year ended March 31, 2013
Service cost	¥ 61,134	¥ 57,241	¥ 60,261	$ 641
Interest cost	31,782	30,660	27,804	296
Expected return on plan assets	(21,200)	(21,558)	(22,352)	(238)
Amortization of prior service costs	(24,421)	(16,326)	(8,033)	(86)
Recognized net actuarial loss	15,029	28,342	16,619	177
Amortization of net transition obligation	1,944	1,626		
Net periodic pension cost	¥ 64,268	¥ 79,985	¥ 74,299	$ 790

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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,
	2011	2012	2013	2013
Net actuarial gain (loss)	¥ (15,734)	¥ (87,163)	¥ 32,122	$ 341
Recognized net actuarial loss	15,029	28,342	16,619	177
Prior service costs	1,287	(632)	3,462	37
Amortization of prior service costs	(24,421)	(16,326)	(8,033)	(86)
Amortization of net transition obligation	1,944	1,626		
Other	10,529	63	(173)	(2)
Total recognized in other comprehensive income (loss)	¥ (11,366)	¥ (74,090)	¥ 43,997	$ 467

The other amount includes the impact of transition to defined contribution pension plans and consolidation and deconsolidation of certain entities due to changes in ownership interest during the years ended March 31, 2011, 2012 and 2013.

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, 2014 are ¥(5,000) million ($(53) million) and ¥12,200 million ($130 million), respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2012 and 2013 are as follows:

	March 31,	
	2012	2013
Discount rate	2.0%	1.7%
Rate of compensation increase	2.3%	2.2%

As of March 31, 2012 and 2013, 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.

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2011, 2012 and 2013 are as follows:

	For the years ended March 31,		
	2011	2012	2013
Discount rate	2.3%	2.3%	2.0%
Expected return on plan assets	2.3%	2.5%	2.5%
Rate of compensation increase	2.3%	2.3%	2.3%

During the years ended March 31, 2011, 2012 and 2013, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2012 and 2013. 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, 2012			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	¥ 353,282	¥	¥	¥ 353,282
Commingled funds		158,027		158,027
	353,282	158,027		511,309
Debt securities				
Government bonds	63,327			63,327
Commingled funds		176,596		176,596
Other		20,155	591	20,746
	63,327	196,751	591	260,669
Insurance contracts		83,993		83,993
Other	27,006	4,503	40,065	71,574
Total	¥ 443,615	¥ 443,274	¥ 40,656	¥ 927,545

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Yen in millions March 31, 2013			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	¥ 440,971	¥	¥	¥ 440,971
Commingled funds		184,879		184,879
	440,971	184,879		625,850
Debt securities				
Government bonds	81,867			81,867
Commingled funds		203,933		203,933
Other		23,594	441	24,035
	81,867	227,527	441	309,835
Insurance contracts		91,326		91,326
Other	17,789	3,923	41,535	63,247
Total	¥ 540,627	¥ 507,655	¥ 41,976	¥ 1,090,258

	U.S. dollars in millions March 31, 2013			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	$ 4,689	$	$	$ 4,689
Commingled funds		1,966		1,966
	4,689	1,966		6,655
Debt securities				
Government bonds	870			870
Commingled funds		2,168		2,168
Other		251	5	256
	870	2,419	5	3,294
Insurance contracts		971		971
Other	189	42	441	672
Total	$ 5,748	$ 5,398	$ 446	$ 11,592

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 69% of Japanese stocks and 31% of foreign stocks as of March 31, 2012, and 71% of Japanese stocks and 29% of foreign stocks as of March 31, 2013.

Quoted market prices for identical securities are used to measure fair value of government bonds. Government bonds include 35% of Japanese government bonds and 65% of foreign government bonds as of March 31, 2012, and 44% of Japanese government bonds and 56% of foreign government bonds as of March 31, 2013.

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Commingled funds are beneficial interests of collective trust. 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, 2011, 2012 and 2013:

	Yen in millions For the year ended March 31, 2011		
	Debt securities	**Other**	**Total**
Balance at beginning of year	¥ 928	¥ 37,421	¥ 38,349
Actual return on plan assets	7	934	941
Purchases, sales and settlements	(189)	19	(170)
Other			
Balance at end of year	¥ 746	¥ 38,374	¥ 39,120

	Yen in millions For the year ended March 31, 2012		
	Debt securities	**Other**	**Total**
Balance at beginning of year	¥ 746	¥ 38,374	¥ 39,120
Actual return on plan assets	5	(1,762)	(1,757)
Purchases, sales and settlements	(160)	3,453	3,293
Other			
Balance at end of year	¥ 591	¥ 40,065	¥ 40,656

	Yen in millions For the year ended March 31, 2013		
	Debt securities	**Other**	**Total**
Balance at beginning of year	¥ 591	¥ 40,065	¥ 40,656
Actual return on plan assets	3	438	441
Purchases, sales and settlements	(153)	1,032	879
Other			
Balance at end of year	¥ 441	¥ 41,535	¥ 41,976

	U.S. dollars in millions For the year ended March 31, 2013		
	Debt securities	**Other**	**Total**
Balance at beginning of year	$ 6	$ 426	$ 432

Actual return on plan assets	0	4	4
Purchases, sales and settlements	(1)	11	10
Other			
Balance at end of year	$ 5	$ 441	$ 446

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Toyota expects to contribute ¥54,094 million ($575 million) to its pension plans in the year ending March 31, 2014.

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
2014	¥ 62,508	$ 665
2015	64,803	689
2016	66,445	706
2017	66,497	707
2018	67,780	721
from 2019 to 2023	379,369	4,034
Total	¥ 707,402	$ 7,522

Foreign plans

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Change in benefit obligation			
Benefit obligation at beginning of year	¥ 367,125	¥ 467,000	$ 4,965
Service cost	21,298	27,943	297
Interest cost	21,739	24,300	258
Plan participants contributions	221	246	3
Plan amendments	108	(43)	(0)
Net actuarial loss	50,222	38,986	415
Acquisition and other	13,061	82,907	881
Benefits paid	(6,774)	(8,179)	(87)
Benefit obligation at end of year	467,000	633,160	6,732
Change in plan assets			
Fair value of plan assets at beginning of year	297,644	343,226	3,649
Actual return on plan assets	14,816	46,359	493
Acquisition and other	19,600	60,138	640
Employer contributions	16,125	35,354	376
Plan participants contributions	221	246	3
Benefits paid	(5,180)	(6,084)	(65)
Fair value of plan assets at end of year	343,226	479,239	5,096
Funded status	¥ 123,774	¥ 153,921	$ 1,636

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amounts recognized in the consolidated balance sheets as of March 31, 2012 and 2013 are comprised of the following:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Accrued expenses (Accrued pension and severance costs)	¥ 1,523	¥ 1,762	$ 18
Accrued pension and severance costs	155,306	183,621	1,953
Investments and other assets - Other (Prepaid pension and severance costs)	(33,055)	(31,462)	(335)
Net amount recognized	¥ 123,774	¥ 153,921	$ 1,636

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2012 and 2013 are comprised of the following:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Net actuarial loss	¥ (75,069)	¥ (96,151)	$ (1,022)
Prior service costs	(2,333)	(1,921)	(20)
Net transition obligation			
Net amount recognized	¥ (77,402)	¥ (98,072)	$ (1,042)

The accumulated benefit obligation for all defined benefit pension plans was ¥385,348 million and ¥533,551 million ($5,673 million) at March 31, 2012 and 2013, 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 March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Projected benefit obligation	¥ 229,015	¥ 251,596	$ 2,675
Accumulated benefit obligation	190,422	213,934	2,275
Fair value of plan assets	52,123	43,277	460

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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,
	2011	2012	2013	2013
Service cost	¥ 21,288	¥ 21,298	¥ 27,943	$ 297
Interest cost	20,720	21,739	24,300	258
Expected return on plan assets	(21,164)	(22,864)	(23,177)	(246)
Amortization of prior service costs	389	351	369	4
Recognized net actuarial loss	1,066	1,783	2,884	31
Amortization of net transition obligation				
Net periodic pension cost	¥ 22,299	¥ 22,307	¥ 32,319	$ 344

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,
	2011	2012	2013	2013
Net actuarial loss	¥ (6,244)	¥ (58,270)	¥ (15,804)	$ (168)
Recognized net actuarial loss	1,066	1,783	2,884	31
Prior service costs	142	(108)	43	0
Amortization of prior service costs	389	351	369	4
Amortization of net transition obligation				
Other	30,466	5,888	(8,162)	(87)
Total recognized in other comprehensive income (loss)	¥ 25,819	¥ (50,356)	¥ (20,670)	$ (220)

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, 2011, 2012 and 2013.

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, 2014 are ¥300 million ($3 million) and ¥4,400 million ($47 million), respectively.

Weighted-average assumptions used to determine benefit obligations as of March 31, 2012 and 2013 are as follows:

	March 31,	
	2012	2013

Discount rate	5.0%	4.5%
Rate of compensation increase	4.5%	4.6%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Weighted-average assumptions used to determine net periodic pension cost for the years ended March 31, 2011, 2012 and 2013 are as follows:

	For the years ended March 31,		
	2011	2012	2013
Discount rate	6.2%	5.7%	5.0%
Expected return on plan assets	7.4%	7.3%	7.0%
Rate of compensation increase	4.5%	4.4%	4.5%

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 60% of the plan assets is invested in equity securities, approximately 30% is invested in debt securities, and the rest of them is invested in 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, 2012 and 2013. 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, 2012			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	¥ 114,955	¥	¥	¥ 114,955
Commingled funds		74,815		74,815
	114,955	74,815		189,770
Debt securities				
Government bonds	25,084			25,084
Commingled funds		43,062		43,062
Other		29,278		29,278
	25,084	72,340		97,424
Insurance contracts				
Other	21,184	3,471	31,377	56,032

Total	¥ 161,223	¥ 150,626	¥ 31,377	¥ 343,226

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Yen in millions March 31, 2013			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	¥ 183,611	¥	¥	¥ 183,611
Commingled funds		86,539		86,539
	183,611	86,539		270,150
Debt securities				
Government bonds	47,083			47,083
Commingled funds		42,754		42,754
Other		40,486		40,486
	47,083	83,240		130,323
Insurance contracts		1,202		1,202
Other	30,739	6,218	40,607	77,564
Total	¥ 261,433	¥ 177,199	¥ 40,607	¥ 479,239

	U.S. dollars in millions March 31, 2013			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	$ 1,952	$	$	$ 1,952
Commingled funds		920		920
	1,952	920		2,872
Debt securities				
Government bonds	501			501
Commingled funds		455		455
Other		430		430
	501	885		1,386
Insurance contracts		13		13
Other	327	66	432	825
Total	$ 2,780	$ 1,884	$ 432	$ 5,096

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 mainly foreign stocks as of March 31, 2012 and 2013.

Quoted market prices for identical securities are used to measure fair value of government bonds. Government bonds include mainly foreign government bonds as of March 31, 2012 and 2013.

Commingled funds are beneficial interests of collective trust. The fair values of commingled 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.

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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, 2011, 2012 and 2013:

	Yen in millions For the year ended March 31, 2011		
	Debt securities	**Other**	**Total**
Balance at beginning of year	¥ 2,663	¥ 9,097	¥ 11,760
Actual return on plan assets	305	974	1,279
Purchases, sales and settlements	(2,759)	11,471	8,712
Other	(209)	(1,065)	(1,274)
Balance at end of year	¥	¥ 20,477	¥ 20,477

	Yen in millions For the year ended March 31, 2012		
	Debt securities	**Other**	**Total**
Balance at beginning of year	¥	¥ 20,477	¥ 20,477
Actual return on plan assets		1,243	1,243
Purchases, sales and settlements		9,514	9,514
Other		143	143
Balance at end of year	¥	¥ 31,377	¥ 31,377

	Yen in millions For the year ended March 31, 2013		
	Debt securities	**Other**	**Total**
Balance at beginning of year	¥	¥ 31,377	¥ 31,377
Actual return on plan assets		2,472	2,472
Purchases, sales and settlements		2,599	2,599
Other		4,159	4,159
Balance at end of year	¥	¥ 40,607	¥ 40,607

	U.S. dollars in millions For the year ended March 31, 2013		
	Debt securities	**Other**	**Total**
Balance at beginning of year	$	$ 334	$ 334
Actual return on plan assets		26	26
Purchases, sales and settlements		28	28
Other		44	44
Balance at end of year	$	$ 432	$ 432

Toyota expects to contribute ¥8,688 million ($92 million) to its pension plans in the year ending March 31, 2014.

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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
2014	¥ 8,535	$ 91
2015	9,264	99
2016	9,955	106
2017	10,660	113
2018	11,491	122
from 2019 to 2023	73,651	783
Total	¥ 123,556	$ 1,314

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 provided through various insurance companies, health care providers and others. 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, 2011, 2012 and 2013, 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.

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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, 2012 and 2013:

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Derivative financial instruments designated as hedging instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 7,166	¥ 10,769	$ 114
Investments and other assets - Other	61,174	39,569	421
Total	¥ 68,340	¥ 50,338	$ 535
Other current liabilities	¥ (2,060)	¥ (2,554)	$ (27)
Other long-term liabilities	(303)	(143)	(2)
Total	¥ (2,363)	¥ (2,697)	$ (29)
Undesignated derivative financial instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 61,983	¥ 27,731	$ 295
Investments and other assets - Other	157,642	139,419	1,482
Total	¥ 219,625	¥ 167,150	$ 1,777
Other current liabilities	¥ (38,338)	¥ (37,133)	$ (395)
Other long-term liabilities	(120,666)	(122,420)	(1,301)
Total	¥ (159,004)	¥ (159,553)	$ (1,696)
Foreign exchange forward and option contracts			
Prepaid expenses and other current assets	¥ 9,531	¥ 7,340	$ 78
Investments and other assets - Other			
Total	¥ 9,531	¥ 7,340	$ 78
Other current liabilities	¥ (21,736)	¥ (36,087)	$ (384)
Other long-term liabilities	(70)	(5)	(0)
Total	¥ (21,806)	¥ (36,092)	$ (384)

As of March 31, 2012 and 2013, the amounts of counterparty netting and cash collateral received that partially offset derivative assets were ¥218,509 million and ¥158,807 million ($1,689 million), respectively. The amounts of counterparty netting and cash collateral pledged that partially offset derivative liabilities were ¥(90,963) million and ¥(86,477) million ($(919) million), respectively. These amounts included in the above table were offset in the consolidated balance sheets.

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The following table summarizes the notional amounts of derivative financial instruments as of March 31, 2012 and 2013:

	Yen in millions March 31, 2012		Yen in millions March 31, 2013		U.S. dollars in millions March 31, 2013	
	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	¥ 344,623	¥ 10,607,666	¥ 235,219	¥ 12,689,774	$ 2,501	$ 134,926
Foreign exchange forward and option contracts		2,199,627		2,104,048		22,371
Total	¥ 344,623	¥ 12,807,293	¥ 235,219	¥ 14,793,822	$ 2,501	$ 157,297

The following table summarizes the gains and losses on derivative financial instruments and hedged items reported in the consolidated statements of income for the years ended March 31, 2011, 2012 and 2013:

	Yen in millions For the years ended March 31, 2011		Yen in millions For the years ended March 31, 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	¥ 71,491	¥ (68,741)	¥ (1,354)	¥ 2,999
Interest expense	(166)	166		
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	¥ 72,082	¥	¥ 35,834	¥
Foreign exchange gain (loss), net	(1,393)		(28)	
Foreign exchange forward and option contracts				
Cost of financing operations	(2,693)		(3,815)	
Foreign exchange gain (loss), net	110,211		53,272	

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	Yen in millions For the year ended March 31, 2013		U.S. dollars in millions For the year ended March 31, 2013	
	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	¥ (23,965)	¥ 24,738	$ (255)	$ 263
Interest expense				
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	¥ (24,204)	¥	$ (257)	$
Foreign exchange gain (loss), net	1,617		17	
Foreign exchange forward and option contracts				
Cost of financing operations	(4,572)		(49)	
Foreign exchange gain (loss), net	(49,239)		(524)	

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, 2011, 2012 and 2013 were ¥93,370 million, ¥(14,934) million and ¥(60,727) million ($(646) million) those reported in foreign exchange gain (loss), net were ¥(240) million, ¥(5,543) million and ¥(7,447) million ($(79) 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 financial instruments that contain credit risk related contingent features that are in a net liability position after being offset by cash collateral as of March 31, 2013 is ¥3,289 million ($35 million). The aggregate fair value amount of assets that are already posted as cash collateral as of March 31, 2013 is ¥17,305 million ($184 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 ¥3,289 million ($35 million) as of March 31, 2013.

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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 developed 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, 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, 2012				
		Estimated fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Assets (Liabilities)					
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)

	Yen in millions March 31, 2013				
		Estimated fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Assets (Liabilities)					
Cash and cash equivalents	¥ 1,718,297	¥ 1,342,356	¥ 375,941	¥	¥ 1,718,297
Time deposits	106,700		106,700		106,700
Total finance receivables, net	11,144,427			11,434,936	11,434,936
Other receivables	432,693			432,693	432,693
Short-term borrowings	(4,089,528)		(4,089,528)		(4,089,528)
Long-term debt including the current portion	(10,020,853)		(9,244,942)	(979,196)	(10,224,138)

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	U.S. dollars in millions				
	March 31, 2013				
		Estimated fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Assets (Liabilities)					
Cash and cash equivalents	$ 18,270	$ 14,273	$ 3,997	$	$ 18,270
Time deposits	1,135		1,135		1,135
Total finance receivables, net	118,495			121,584	121,584
Other receivables	4,601			4,601	4,601
Short-term borrowings	(43,482)		(43,482)		(43,482)
Long-term debt including the current portion	(106,548)		(98,298)	(10,412)	(108,710)

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. These receivables are carried at amounts which approximate fair value, and the difference between the carrying amount and the fair value is not material. These receivables are classified in Level 3.

Short-term borrowings and long-term debt -

The fair values of short-term borrowings and 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 debts 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.

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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 March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Class of property			
Building	¥ 12,230	¥ 13,999	$ 149
Machinery and equipment	31,698	32,252	343
Less - Accumulated depreciation	(20,284)	(23,843)	(254)
	¥ 23,644	¥ 22,408	$ 238

Amortization expenses under capital leases for the years ended March 31, 2011, 2012 and 2013 were ¥5,966 million, ¥5,572 million and ¥5,265 million ($56 million), respectively.

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2013 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2014	¥ 4,993	$ 53
2015	3,542	38
2016	2,790	30
2017	2,409	25
2018	2,049	22
Thereafter	12,926	137
Total minimum lease payments	28,709	305
Less - Amount representing interest	(7,310)	(77)
Present value of net minimum lease payments	21,399	228
Less - Current obligations	(4,096)	(44)
Long-term capital lease obligations	¥ 17,303	$ 184

Rental expenses under operating leases for the years ended March 31, 2011, 2012 and 2013 were ¥89,029 million, ¥91,052 million and ¥90,081 million ($958 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, 2013 are as follows:

Years ending March 31,	Yen in millions	U.S. dollars in millions
2014	¥ 11,299	$ 120
2015	9,398	100
2016	7,988	85
2017	6,347	67
2018	5,354	57
Thereafter	21,491	229
Total minimum future rentals	¥ 61,877	$ 658

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

Commitments

Commitments outstanding as of March 31, 2013 for the purchase of property, plant and equipment and other assets totaled ¥203,901 million ($2,168 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 as of March 31, 2013, 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, 2013 is ¥1,849,493 million ($19,665 million). Liabilities for guarantees totaling ¥6,590 million ($70 million) have been provided as of March 31, 2013. 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, China and other regions 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 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.

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Class Action and Consolidated Litigation

Approximately 200 putative class actions and more than 500 individual product liability personal injury cases have been filed since November 2009 alleging that certain Toyota, Lexus and Scion vehicles contain defects that lead to unintended acceleration. In April 2010, the approximately 190 putative class actions in federal court as well as the federal product liability personal injury cases and warranty and lemon law cases were consolidated for pretrial proceedings into a single multi-district litigation in the United States District Court for the Central District of California. Approximately 10 putative class actions and various product liability personal injury cases pending in state courts were subsequently consolidated into the federal action. The remaining class actions lawsuits are pending in a consolidated state action in California.

In December 2012, Toyota and the plaintiffs announced that they had reached an agreement to settle the economic loss claims in the consolidated federal action. The court preliminarily approved the agreement and held the final approval hearing in June 2013. The court took the matter under submission and scheduled a hearing in July 2013 for the presentation of additional information. In fiscal 2013, Toyota recorded a $1.1 billion pre-tax charge against earnings to cover the estimated costs of this resolution and other potential recall-related resolutions, including the resolution of the civil litigation filed by the Orange County District Attorney and the state attorneys general s investigation discussed below.

The settlement provides a customer support program covering certain vehicle parts, the free installation of a brake override system on the remaining floor mat entrapment safety campaign vehicles and funds for cash payments to customers who do not receive the brake override system, cash payments to individuals who allegedly suffered a loss on the sale, lease or insuring the residual value of Toyota s vehicles and funds for safety-related research and education programs. The settlement does not cover product liability personal injury claims in the consolidated federal action or pending in various state courts in the United States.

In April 2013, Toyota announced that the court had approved an agreement to resolve the civil action filed by the Orange County District Attorney in California state court seeking, among other things, statutory penalties alleging that Toyota sold and marketed defective vehicles in violation of various California statutes. The amount of the settlement, which was not material to Toyota, was included in the charge taken in fiscal 2013.

Beginning in February 2010, Toyota was sued in approximately 20 putative class actions alleging defects in the antilock braking system in various hybrid vehicles that cause the vehicles to fail to stop in a timely manner when driving in certain road conditions. The plaintiffs 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 alleged defects related to the antilock braking system. These cases have been consolidated into two actions, one in the United States District Court for the Central District of California and one in the Los Angeles County Superior Court. In January 2013, the Court in the federal case issued an order denying the plaintiff s motion for class certification and granting summary judgment in favor of Toyota on the claims of the principal named plaintiff for the cases relating to recalled vehicles. A class certification hearing in connection with the claims related to those vehicles that were not recalled is scheduled in July 2013.

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 alleged violations of the Securities Exchange Act of 1934 and Japan s Financial Instruments and Exchange Act and were consolidated into a single action in the United States District Court for the Central District of California. The judge dismissed with prejudice the claims based on Japan s Financial Instruments and Exchange Act, and Toyota reached an agreement to resolve the claims asserted on behalf of purchasers of Toyota s ADRs for an amount not material to Toyota. The court approved the settlement in March 2013.

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While Toyota has resolved or is attempting to resolve many of these matters, Toyota believes that it has meritorious defenses to all of them and will vigorously defend those matters not resolved.

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 seeking production of documents related to the recalls of the steering relay rod. Toyota is cooperating with the U.S. Attorney s Office and SEC in their investigations, which are on-going.

In June 2012, Toyota announced an amendment to the 2009 floor mat entrapment safety campaign to include model year 2010 RX350 and RX450h. Toyota submitted additional documents related to this amendment pursuant to NHTSA s request. In October 2012, Toyota filed an additional amendment to include model year 2008 through 2011 Land Cruiser. In December 2012, Toyota announced an agreement with NHTSA to resolve timeliness claims related to the model year 2010 RX350 and RX450h safety campaign under which Toyota agreed to make a $17.4 million payment to the U.S. Treasury.

Toyota 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 those recalls and customer handling related to those recalls. In February 2013, Toyota and the attorneys general resolved these investigations for an amount not material to Toyota. Such amount was included in the charge taken in fiscal 2013. In connection with this settlement, Toyota also made commitments to continue to conduct certain activities it is already undertaking.

Beyond the amounts accrued for the recall-related matters, Toyota is unable to estimate a range of reasonably possible loss, if any, for the other recall-related matters because (i) many of the proceedings are in evidence gathering stages, (ii) significant factual issues need to be resolved, (iii) the legal theory or nature of the claims is unclear, (iv) the outcome of future motions or appeals is unknown and/or (v) the outcomes of other matters of these types vary widely and do not appear sufficiently similar to offer meaningful guidance. Although Toyota cannot estimate a reasonable range of loss based on currently available information, the resolution of these matters could have an adverse effect on Toyota s financial position, results of operations or cash flows.

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. Based upon information currently available to Toyota, however, 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

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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, 2013. 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 financial position, results of operations and cash flows.

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 affiliated companies products as well as other products. The All Other segment includes the design, manufacturing and sales of housing, telecommunications and other business.

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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, 2011, 2012 and 2013.

Segment operating results and assets -

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 expenses	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 expenses	744,067	298,757	25,006		1,067,830
Capital expenditure	796,839	683,161	35,340	16,742	1,532,082

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of and for the year ended March 31, 2013:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	¥ 20,378,762	¥ 1,150,042	¥ 535,388	¥	¥ 22,064,192
Inter-segment sales and transfers	40,338	20,628	531,073	(592,039)	
Total	20,419,100	1,170,670	1,066,461	(592,039)	22,064,192
Operating expenses	19,474,396	854,850	1,012,845	(598,787)	20,743,304
Operating income	¥ 944,704	¥ 315,820	¥ 53,616	¥ 6,748	¥ 1,320,888
Assets	¥ 13,179,741	¥ 16,231,473	¥ 1,310,115	¥ 4,761,988	¥ 35,483,317
Investment in equity method investees	2,033,040	4,925	6,968	57,651	2,102,584
Depreciation expenses	745,880	336,528	22,701		1,105,109
Capital expenditure	937,695	1,005,326	29,286	1,845	1,974,152

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues					
Sales to external customers	$ 216,680	$ 12,228	$ 5,693	$	$ 234,601
Inter-segment sales and transfers	429	219	5,646	(6,294)	
Total	217,109	12,447	11,339	(6,294)	234,601
Operating expenses	207,064	9,089	10,769	(6,366)	220,556
Operating income	$ 10,045	$ 3,358	$ 570	$ 72	$ 14,045
Assets	$ 140,135	$ 172,583	$ 13,930	$ 50,633	$ 377,281
Investment in equity method investees	21,617	52	74	613	22,356
Depreciation expenses	7,931	3,578	241		11,750
Capital expenditure	9,970	10,689	311	20	20,990

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Geographic Information -

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

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of and for the year ended March 31, 2013:

	Yen in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	¥ 7,910,456	¥ 6,167,821	¥ 2,003,113	¥ 4,058,629	¥ 1,924,173	¥	¥ 22,064,192
Inter-segment sales and transfers	4,910,562	116,604	80,000	326,847	170,092	(5,604,105)	
Total	12,821,018	6,284,425	2,083,113	4,385,476	2,094,265	(5,604,105)	22,064,192
Operating expenses	12,244,683	6,062,500	2,056,651	4,009,421	1,960,521	(5,590,472)	20,743,304
Operating income	¥ 576,335	¥ 221,925	¥ 26,462	¥ 376,055	¥ 133,744	¥ (13,633)	¥ 1,320,888
Assets	¥ 12,296,731	¥ 11,841,471	¥ 2,199,256	¥ 3,305,319	¥ 2,616,164	¥ 3,224,376	¥ 35,483,317
Long-lived assets	2,929,346	2,633,067	288,288	590,021	410,517		6,851,239

	U.S. dollars in millions						
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination/ Unallocated Amount	Consolidated
Net revenues							
Sales to external customers	$ 84,109	$ 65,580	$ 21,299	$ 43,154	$ 20,459	$	$ 234,601
Inter-segment sales and transfers	52,212	1,240	850	3,475	1,809	(59,586)	
Total	136,321	66,820	22,149	46,629	22,268	(59,586)	234,601
Operating expenses	130,193	64,460	21,868	42,630	20,846	(59,441)	220,556
Operating income	$ 6,128	$ 2,360	$ 281	$ 3,999	$ 1,422	$ (145)	$ 14,045
Assets	$ 130,747	$ 125,906	$ 23,384	$ 35,144	$ 27,817	$ 34,283	$ 377,281
Long-lived assets	31,147	27,996	3,065	6,274	4,365		72,847

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 ¥4,613,672 million, ¥4,749,259 million and ¥5,599,970 million ($59,542 million), as of March 31, 2011, 2012 and 2013, respectively.

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

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 statements users with valuable information.

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	2012	2013	2013
North America	¥ 5,398,278	¥ 4,715,804	¥ 6,790,453	$ 72,200
Europe	1,793,932	1,817,944	1,901,118	20,214
Asia	3,280,384	3,284,392	3,940,175	41,894
Other	3,196,114	3,103,383	3,929,775	41,784

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

TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Certain financial statements 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 March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Non-Financial Services Businesses			
Current assets			
Cash and cash equivalents	¥ 1,104,636	¥ 1,107,409	$ 11,775
Marketable securities	1,015,626	1,204,447	12,806
Trade accounts and notes receivable, less allowance for doubtful accounts	2,031,472	2,033,831	21,625
Inventories	1,622,154	1,715,634	18,242
Prepaid expenses and other current assets	1,464,124	1,597,514	16,986
Total current assets	7,238,012	7,658,835	81,434
Investments and other assets	6,218,377	7,462,767	79,349
Property, plant and equipment	4,510,716	4,741,357	50,413
Total Non-Financial Services Businesses assets	17,967,105	19,862,959	211,196
Financial Services Businesses			
Current assets			
Cash and cash equivalents	574,564	610,888	6,495
Marketable securities	165,444	241,216	2,565
Finance receivables, net	4,114,897	5,117,660	54,414
Prepaid expenses and other current assets	685,611	693,036	7,369
Total current assets	5,540,516	6,662,800	70,843
Noncurrent finance receivables, net	5,602,462	6,943,766	73,830
Investments and other assets	304,906	515,025	5,476
Property, plant and equipment	1,724,664	2,109,882	22,434
Total Financial Services Businesses assets	13,172,548	16,231,473	172,583
Eliminations	(488,688)	(611,115)	(6,498)
Total assets	¥ 30,650,965	¥ 35,483,317	$ 377,281

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

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Yen in millions March 31, 2012	Yen in millions March 31, 2013	U.S. dollars in millions March 31, 2013
Non-Financial Services Businesses			
Current liabilities			
Short-term borrowings	¥ 715,019	¥ 576,685	$ 6,132
Current portion of long-term debt	339,441	185,582	1,973
Accounts payable	2,234,316	2,092,722	22,251
Accrued expenses	1,737,490	2,092,102	22,245
Income taxes payable	123,344	140,935	1,499
Other current liabilities	1,175,801	1,186,870	12,619
Total current liabilities	6,325,411	6,274,896	66,719
Long-term liabilities			
Long-term debt	503,070	521,428	5,544
Accrued pension and severance costs	700,211	754,360	8,021
Other long-term liabilities	531,982	969,668	10,310
Total long-term liabilities	1,735,263	2,245,456	23,875
Total Non-Financial Services Businesses liabilities	8,060,674	8,520,352	90,594
Financial Services Businesses			
Current liabilities			
Short-term borrowings	3,040,373	3,861,699	41,060
Current portion of long-term debt	2,218,526	2,538,249	26,988
Accounts payable	27,095	37,655	400
Accrued expenses	96,247	105,901	1,126
Income taxes payable	10,434	15,331	163
Other current liabilities	536,291	632,025	6,720
Total current liabilities	5,928,966	7,190,860	76,457
Long-term liabilities			
Long-term debt	5,555,112	6,876,849	73,119
Accrued pension and severance costs	8,191	11,752	125
Other long-term liabilities	520,252	724,337	7,702
Total long-term liabilities	6,083,555	7,612,938	80,946
Total Financial Services Businesses liabilities	12,012,521	14,803,798	157,403
Eliminations	(488,708)	(613,689)	(6,525)
Total liabilities	19,584,487	22,710,461	241,472
Total Toyota Motor Corporation shareholders equity	10,550,261	12,148,035	129,166

Noncontrolling interests	516,217	624,821	6,643
Total shareholders equity	11,066,478	12,772,856	135,809
Total liabilities and shareholders equity	¥ 30,650,965	¥ 35,483,317	$ 377,281

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Statements of income -

	Yen in millions			U.S. dollars in millions
	For the years ended March 31,			For the year ended March 31,
	2011	**2012**	**2013**	**2013**
Non-Financial Services Businesses				
Net revenues	¥ 17,826,986	¥ 17,534,872	¥ 20,943,634	$ 222,686
Costs and expenses				
Cost of revenues	15,986,741	15,796,635	18,034,256	191,752
Selling, general and administrative	1,723,071	1,676,999	1,899,997	20,202
Total costs and expenses	17,709,812	17,473,634	19,934,253	211,954
Operating income	117,174	61,238	1,009,381	10,732
Other income (expense), net	88,840	69,935	79,837	849
Income before income taxes and equity in earnings of affiliated companies	206,014	131,173	1,089,218	11,581
Provision for income taxes	178,795	141,558	436,223	4,638
Equity in earnings of affiliated companies	214,229	196,544	230,078	2,446
Net income	241,448	186,159	883,073	9,389
Less: Net income attributable to noncontrolling interests	(54,055)	(82,181)	(119,359)	(1,269)
Net income attributable to Toyota Motor Corporation - Non-Financial Services Businesses	187,393	103,978	763,714	8,120
Financial Services Businesses				
Net revenues	1,192,205	1,100,324	1,170,670	12,447
Costs and expenses				
Cost of revenues	636,374	615,563	633,306	6,734
Selling, general and administrative	197,551	178,323	221,544	2,355
Total costs and expenses	833,925	793,886	854,850	9,089
Operating income	358,280	306,438	315,820	3,358
Other income (expense), net	1,349	(4,679)	(970)	(10)

Income before income taxes and equity in earnings of affiliated companies		359,629		301,759		314,850		3,348
Provision for income taxes		134,094		120,725		116,033		1,234
Equity in earnings of affiliated companies		787		1,157		1,441		15
Net income		226,322		182,191		200,258		2,129
Less: Net income attributable to noncontrolling interests		(3,251)		(2,566)		(1,961)		(21)
Net income attributable to Toyota Motor Corporation - Financial Services Businesses		223,071		179,625		198,297		2,108
Eliminations		(2,281)		(44)		152		2
Net income attributable to Toyota Motor Corporation	¥	408,183	¥	283,559	¥	962,163	$	10,230

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Statements of cash flows -

	Yen in millions For the year ended March 31, 2011			Yen in millions 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	¥ 241,448	¥ 226,322	¥ 465,485	¥ 186,159	¥ 182,191	¥ 368,302
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	844,708	330,865	1,175,573	769,073	298,757	1,067,830
Provision for doubtful accounts and credit losses	1,806	2,334	4,140	5,843	3,780	9,623
Pension and severance costs, less payments	(24,867)	1,453	(23,414)	15,410	1,301	16,711
Losses on disposal of fixed assets	36,076	138	36,214	33,448	80	33,528
Unrealized losses on available-for-sale securities, net	7,915		7,915	53,831		53,831
Deferred income taxes	(17,258)	103,035	85,710	(82,792)	89,199	6,395
Equity in earnings of affiliated companies	(214,229)	(787)	(215,016)	(196,544)	(1,157)	(197,701)
Changes in operating assets and liabilities, and other	591,378	(106,416)	487,402	182,931	(73,020)	93,916
Net cash provided by operating activities	1,466,977	556,944	2,024,009	967,359	501,131	1,452,435
Cash flows from investing activities						
Additions to finance receivables		(14,323,261)	(8,438,785)		(13,455,792)	(8,333,248)
Collection of and proceeds from sales of finance receivables		13,887,751	8,003,940		13,168,058	8,061,710
Additions to fixed assets excluding equipment leased to others	(621,302)	(8,024)	(629,326)	(713,867)	(9,670)	(723,537)
Additions to equipment leased to others	(78,559)	(983,306)	(1,061,865)	(135,054)	(673,491)	(808,545)
Proceeds from sales of fixed assets excluding equipment leased to others	50,742	600	51,342	36,203	430	36,633
Proceeds from sales of equipment leased to others	17,700	468,995	486,695	20,689	410,624	431,313
Purchases of marketable securities and security investments	(4,063,499)	(358,308)	(4,421,807)	(2,565,772)	(607,862)	(3,173,634)
Proceeds from sales of and maturity of marketable securities and security investments	3,423,618	292,538	3,716,156	2,227,812	629,013	2,856,825
Payment for additional investments in affiliated companies, net of cash acquired	(299)		(299)	(147)		(147)
Changes in investments and other assets, and other	394,479	18,303	177,605	213,957	(12,206)	209,972
Net cash used in investing activities	(877,120)	(1,004,712)	(2,116,344)	(916,179)	(550,896)	(1,442,658)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	15,318	2,934,588	2,931,436	39,803	2,379,152	2,394,807
Payments of long-term debt	(309,862)	(2,306,139)	(2,489,632)	(294,646)	(2,608,135)	(2,867,572)
Increase (decrease) in short-term borrowings	(86,884)	122,619	162,260	238,072	93,002	311,651
Dividends paid	(141,120)		(141,120)	(156,785)		(156,785)
Purchase of common stock, and other	(28,617)		(28,617)	(37,448)		(37,448)
	(551,165)	751,068	434,327	(211,004)	(135,981)	(355,347)

Net cash provided by (used in) financing activities						
Effect of exchange rate changes on cash and cash equivalents	(76,960)	(50,069)	(127,029)	(36,093)	(19,846)	(55,939)
Net increase (decrease) in cash and cash equivalents	(38,268)	253,231	214,963	(195,917)	(205,592)	(401,509)
Cash and cash equivalents at beginning of year	1,338,821	526,925	1,865,746	1,300,553	780,156	2,080,709
Cash and cash equivalents at end of year	¥ 1,300,553	¥ 780,156	¥ 2,080,709	¥ 1,104,636	¥ 574,564	¥ 1,679,200

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Yen in millions For the year ended March 31, 2013			U.S. dollars in millions For the year ended March 31, 2013		
	Non-Financial Services Businesses	Financial Services Businesses	Consolidated	Non-Financial Services Businesses	Financial Services Businesses	Consolidated
Cash flows from operating activities						
Net income	¥ 883,073	¥ 200,258	¥ 1,083,482	$ 9,389	$ 2,129	$ 11,520
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation	768,581	336,528	1,105,109	8,172	3,578	11,750
Provision for doubtful accounts and credit losses	1,745	25,622	27,367	19	272	291
Pension and severance costs, less payments	(23,514)	3,085	(20,429)	(250)	33	(217)
Losses on disposal of fixed assets	32,005	216	32,221	341	2	343
Unrealized losses on available-for-sale securities, net	2,104		2,104	22		22
Deferred income taxes	89,834	70,743	160,008	955	753	1,701
Equity in earnings of affiliated companies	(230,078)	(1,441)	(231,519)	(2,446)	(15)	(2,461)
Changes in operating assets and liabilities, and other	472,514	32,066	292,973	5,024	341	3,115
Net cash provided by operating activities	1,996,264	667,077	2,451,316	21,226	7,093	26,064
Cash flows from investing activities						
Additions to finance receivables		(16,877,678)	(10,004,928)		(179,454)	(106,379)
Collection of and proceeds from sales of finance receivables		15,784,681	9,102,856		167,832	96,788
Additions to fixed assets excluding equipment leased to others	(839,756)	(14,805)	(854,561)	(8,929)	(157)	(9,086)
Additions to equipment leased to others	(129,070)	(990,521)	(1,119,591)	(1,372)	(10,532)	(11,904)
Proceeds from sales of fixed assets excluding equipment leased to others	38,051	1,140	39,191	405	12	417
Proceeds from sales of equipment leased to others	68,571	464,870	533,441	729	4,943	5,672
Purchases of marketable securities and security investments	(2,980,821)	(431,602)	(3,412,423)	(31,694)	(4,589)	(36,283)
Proceeds from sales of and maturity of marketable securities and security investments	2,285,566	383,525	2,669,091	24,301	4,078	28,379
Payment for additional investments in affiliated companies, net of cash acquired	16,216		16,216	172		172
Changes in investments and other assets, and other	17,206	(77,848)	3,396	183	(828)	36
Net cash used in investing activities	(1,524,037)	(1,758,238)	(3,027,312)	(16,205)	(18,695)	(32,188)
Cash flows from financing activities						
Proceeds from issuance of long-term debt	182,114	3,089,484	3,191,223	1,937	32,849	33,931
Payments of long-term debt	(328,380)	(2,415,566)	(2,682,136)	(3,492)	(25,684)	(28,518)
Increase (decrease) in short-term borrowings	(162,782)	388,416	201,261	(1,731)	4,130	2,139
Dividends paid	(190,008)		(190,008)	(2,020)		(2,020)
Purchase of common stock, and other	(43,098)		(43,098)	(458)		(458)
Net cash provided (used in) financing activities	(542,154)	1,062,334	477,242	(5,764)	11,295	5,074
Effect of exchange rate changes on cash and cash equivalents	72,700	65,151	137,851	773	693	1,466
Net increase in cash and cash equivalents	2,773	36,324	39,097	30	386	416
Cash and cash equivalents at beginning of year	1,104,636	574,564	1,679,200	11,745	6,109	17,854

Cash and cash equivalents at end of year	¥ 1,107,409	¥ 610,888	¥ 1,718,297	$ 11,775	$ 6,495	$ 18,270

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2011, 2012 and 2013 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, 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		
Effect of dilutive securities					
Assumed exercise of dilutive stock options	(3)	0			
Diluted net income attributable to Toyota Motor Corporation per common share	¥ 283,556	3,143,470	¥ 90.20		
For the year ended March 31, 2013					
Basic net income attributable to Toyota Motor Corporation per common share	¥ 962,163	3,166,909	¥ 303.82	$ 10,230	$ 3.23
Effect of dilutive securities					
Assumed exercise of dilutive stock options	(32)	246		(0)	
Diluted net income attributable to Toyota Motor Corporation per common share	¥ 962,131	3,167,155	¥ 303.78	$ 10,230	$ 3.23

Stock options that were not included in the computation of diluted net income attributable to Toyota Motor Corporation per share for the years ended March 31, 2011, 2012 and 2013 were 12,403 thousand shares, 12,530 thousand shares and 8,682 thousand shares, respectively, 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 statements users with valuable information.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table shows Toyota Motor Corporation shareholders equity per share as of March 31, 2012 and 2013. 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, 2012	¥ 10,550,261	3,166,810	¥ 3,331.51		
As of March 31, 2013	12,148,035	3,167,429	3,835.30	$ 129,166	$ 40.78

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

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis at March 31, 2012 and 2013. Transfers between levels of the fair value are recognized at the end of their respective reporting periods:

	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				
Public and corporate bonds	3,389,882	237,934	1,684	3,629,500
Common stocks	1,034,319			1,034,319
Other	40,619	428,737		469,356
Derivative financial instruments		289,931	7,565	297,496
Total	¥ 4,949,939	¥ 1,229,987	¥ 9,249	¥ 6,189,175
Liabilities				
Derivative financial instruments	¥	¥ (180,347)	¥ (2,826)	¥ (183,173)

Total	¥	¥ (180,347)	¥ (2,826)	¥ (183,173)

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Yen in millions March 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	¥ 245,264	¥ 375,941	¥	¥ 621,205
Time deposits		57,572		57,572
Marketable securities and other securities investments				
Public and corporate bonds	3,753,451	792,806	6,889	4,553,146
Common stocks	1,401,183			1,401,183
Other	49,731	518,955		568,686
Derivative financial instruments		217,745	7,083	224,828
Total	¥ 5,449,629	¥ 1,963,019	¥ 13,972	¥ 7,426,620
Liabilities				
Derivative financial instruments	¥	¥ (196,386)	¥ (1,956)	¥ (198,342)
Total	¥	¥ (196,386)	¥ (1,956)	¥ (198,342)

	U.S. dollars in millions March 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 2,608	$ 3,997	$	$ 6,605
Time deposits		612		612
Marketable securities and other securities investments				
Public and corporate bonds	39,909	8,430	73	48,412
Common stocks	14,898			14,898
Other	529	5,518		6,047
Derivative financial instruments		2,315	75	2,390
Total	$ 57,944	$ 20,872	$ 148	$ 78,964
Liabilities				
Derivative financial instruments	$	$ (2,088)	$ (21)	$ (2,109)
Total	$	$ (2,088)	$ (21)	$ (2,109)

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.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Marketable securities and other securities investments -

Marketable securities and other securities investments include public and corporate bonds, common stocks and other investments. Public and corporate bonds include primarily government bonds and represent 60% of Japanese bonds, and 40% of U.S., European and other bonds as of March 31, 2012, and 49% of Japanese bonds, and 51% of U.S., European and other bonds as of March 31, 2013. Listed stocks on the Japanese stock markets represent 83% and 85% of common stocks as of March 31, 2012 and 2013, respectively. Toyota uses primarily quoted market prices for identical assets to measure fair value of these securities. Other includes primarily investment trusts. 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. These assets are classified in Level 2.

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, 2011, 2012 and 2013:

	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 (loss)	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

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	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

	Yen in millions For the year ended March 31, 2013		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	¥ 1,684	¥ 4,739	¥ 6,423
Total gains (losses)			
Included in earnings	24	2,118	2,142
Included in other comprehensive income (loss)	58		58
Purchases and issuances	3,607		3,607
Settlements	(1,563)	(2,343)	(3,906)
Other	3,079	613	3,692
Balance at end of year	¥ 6,889	¥ 5,127	¥ 12,016

	U.S. dollars in millions For the year ended March 31, 2013		
	Marketable securities and other securities investments	Derivative financial instruments	Total
Balance at beginning of year	$ 18	$ 50	$ 68
Total gains (losses)			
Included in earnings	0	22	22
Included in other comprehensive income (loss)	1		1
Purchases and issuances	38		38
Settlements	(16)	(25)	(41)
Other	32	7	39
Balance at end of year	$ 73	$ 54	$ 127

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.

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TOYOTA MOTOR CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In the reconciliation table above, derivative financial instruments are presented net of assets and liabilities. The other amount 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, and includes the currency translation adjustments for the year ended March 31, 2013.

As of March 31, 2013, 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, 2012 and 2013, Toyota measured certain finance receivables at fair value of ¥32,056 million and ¥32,974 million ($351 million) based on the collateral value, resulting in gains of ¥1,736 million and ¥978 million ($10 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.

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ITEM 19. EXHIBITS

Index to Exhibits

1.1	Amended and Restated Articles of Incorporation of the Registrant (English translation)
1.2	Amended and Restated Regulations of the Board of Directors of the Registrant (English translation)
1.3	Amended and Restated Regulations of the Audit & Supervisory Board of the Registrant (English translation)
2.1	Amended and Restated Share Handling Regulations of the Registrant (English translation) (incorporated by reference to Exhibit 2.1 to Toyota s Annual Report on Form 20-F for the fiscal year ended March 31, 2009 filed with the SEC on June 24, 2009 (file no. 001-14948))
2.2	Form of Deposit Agreement among the Registrant, The Bank of New York (predecessor of The Bank of New York Mellon), as depositary, and the owners and beneficial owners from time to time of American Depositary Receipts, including the form of American Depositary Receipt (incorporated by reference to Exhibit 1 to Toyota s Registration Statement on Form F-6, filed with the SEC on November 7, 2006 (file no. 333-138477))
2.3	Form of ADR (included in Exhibit 2.2)
8.1	List of Principal Subsidiaries (See Organizational Structure in Item 4. Information on the Company)
11.1	Code of Ethics of the Registrant applicable to its directors and managing officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (English translation) (incorporated by reference to Exhibit 11.1 to Toyota s Annual Report on Form 20-F for the fiscal year ended March 31, 2011 filed with the SEC on June 24, 2011 (file no. 001-14948))
12.1	Certifications of the Registrant s Chairman of the Board and Executive Vice President, Member of the Board pursuant to Section 302 of the Sarbanes-Oxley Act
13.1	Certifications of the Registrant s Chairman of the Board and Executive Vice President, Member of the Board pursuant to Section 906 of the Sarbanes-Oxley Act
15.1	Consent of Independent Registered Public Accounting Firm
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TOYOTA MOTOR CORPORATION

By:	/s/ TAKUO SASAKI
Name:	**Takuo Sasaki**
Title:	**Managing Officer**

Date: June 24, 2013