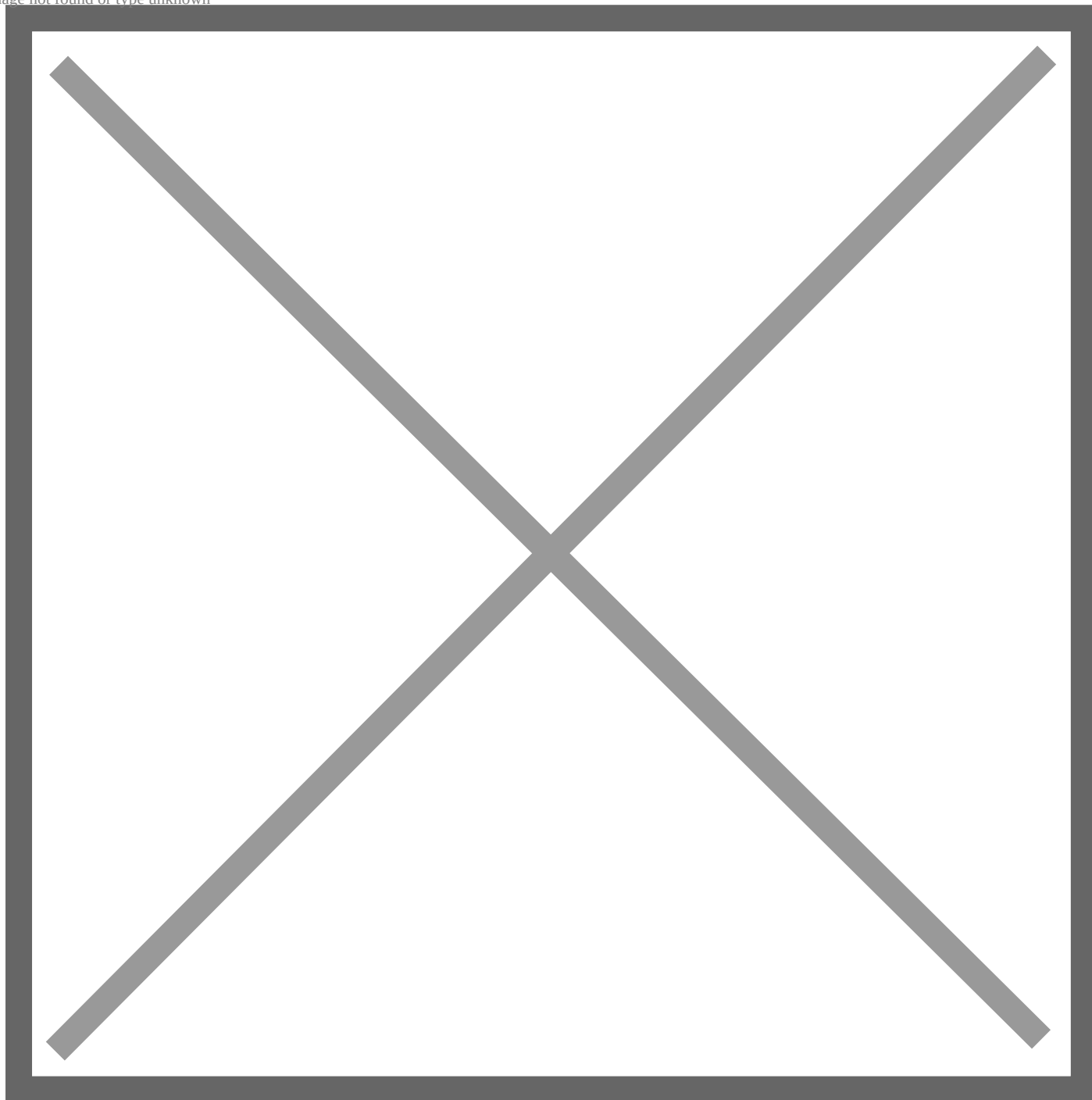


Bob Carter: Deutsche Bank 2018 Global Auto Industry Conference - Remarks

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As prepared for:

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Toyota Motor North America

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MGM Grand Detroit

Introduction: Kurt Sanger, Deutsche Bank

Thank you.

You know, I've been in the auto business many years, and I haven't felt this excited about the future of our industry – or the future of our Toyota and Lexus brands – in a very long time.

As a “car guy,” I still get fired up to walk the floor in Cobo Hall and see all the models coming to our dealer-partner showrooms later this year.

And then I put on my analyst hat and see an even brighter road ahead.

But before we get too far ahead, let's recap some highlights from the past year.

The U.S. auto industry wrapped up 2017 with 17.2-Million vehicles sold.

- Even with a slight two percent drop, it was still a top-10 all-time sales year...
- And only the third time the U.S. industry has exceeded 17-Million.
- So, following our recent record-setting pace, we should see some stability back in the market.
- Toyota and Lexus performed just ahead of the industry, with U.S. sales of 2.4-Million vehicles, reflecting the continued strength of our product portfolio.

For the sixth consecutive year, our Toyota division was the industry's number-one retail brand, led by:

- The all-new 2018 Camry, the best-selling passenger car for the 16th year in a row...
- Plus, best-ever pickup and SUV sales, including...
- Our Tacoma mid-size truck, manufactured in San Antonio, Texas, which posted sales of over 198-Thousand units.
- And RAV4, which is built across the lake in our Woodstock, Ontario, plant.
- With more than 400-Thousand units sold, RAV4 was the favorite SUV among U.S. consumers...
- And the only “non-pickup” to be purchased over 400,000times.

Lexus, our luxury division, established its own benchmarks with luxury utility vehicle sales up nearly three percent for a best-ever year, paced by:

- NX, which closed 2017 up more than eight percent...
- GX, also up more than eight percent...
- And LX, which grew by more than five percent.
- That's in addition to over 108-Thousand RX sales.

Ok, let's put a wrap on 2017.

Overall, we enjoyed steady year-over-year growth with sales of 2.45-Million vehicles...

- In a market that saw overall sales drop by about 300,000.

And our Toyota retail sales grew by 33-Thousand, or 2.1 percent...

- While Toyota fleet sales decreased 9.8 percent.

All right... let's turn our attention to the road ahead... and the factors we believe will help drive sustainable sales for both the auto industry – and Toyota – in 2018.

We're coming off a turbo-charged fourth quarter, which saw:

- The Dow Jones industrial average rise to a record high...
- Consumer confidence climbed to its highest mark in 17 years...
- Unemployment dropped to a 17-year low...
- And new home sales hit a 10-year high.

The year also closed with the president and Congress agreeing to a comprehensive tax reform package which should greatly benefit the auto industry.

By reducing the corporate tax rate, providing immediate expensing of machinery and equipment costs and retaining the research credit, we believe the tax bill will strengthen the U.S. economy and create more American jobs. To the extent the bill puts more money in consumers' pockets, it will hopefully continue the demand for cars and trucks that we've seen over recent years.

We're also closely watching NAFTA renegotiation. Companies are investing and adding jobs in the United States, but we believe withdrawal from NAFTA could wipe out many of those benefits, by disrupting intricate supply chains that have been built over the past 24 years.

And, NAFTA has enabled the U.S. to become an automotive powerhouse. In fact, it helped Toyota establish our country as a key export hub for the eight U.S.-built models we export to 34 countries. Toyota has increased U.S. jobs by 80 percent since NAFTA became law, supporting 136,000housand American workers today.

So I hope you'll agree... we've got a great tailwind behind us.

For our Toyota and Lexus brands, with several key product launches, we estimate a slight rise this year in our U.S. sales to more than 2.4-Million, in an industry that analysts agree will decline moderately to about 16.8million.

To reach our goals we'll feature 14 new or refreshed models over the next 18 months along with full-year sales of recently introduced models, including...

- The all-new Toyota Camry and C-HR crossover...
- The beautiful Lexus LC 500 coupe...
- The RX-L SUV with an all-new third row seat...

- And the Lexus LS, the brand's next-generation flagship sedan.

And there's more.

Yesterday, we debuted the all-new 2019 Toyota Avalon, a premium mid-size luxury sedan that will redefine its segment and surpass our customers' expectations.

Designed and engineered right here in Michigan and manufactured in our Kentucky plant the all-new Avalon combines a rich American heritage, with the Toyota brand's well-known reputation for reliability and safety.

The all-new Avalon is manufactured on a similar architecture and platform as our new Camry, which has been received exceptionally well by consumers.

Now, in 2017, new vehicle buyers preferred SUVs by a two-to-one margin. There is no denying the customer demand toward SUVs, and some of our competitors are even signaling a disinterest in sedans.

At Toyota, as a full-line manufacturer of products and powertrains we recognize the size and importance of these diverse segments and we plan to continue our investments in innovative products and technologies.

The Lexus brand had a thrilling debut of its own yesterday when we revealed the all-new Lexus LF-1 Limitless Concept, a flagship CUV which represents the next generation in luxury crossover vehicles.

- Lexus LF-1 Limitless was designed by our CALTY studio in California...
- It showcases advanced technology systems such as chauffeur mode and 4-D navigation...
- And features limitless powertrain possibilities, including internal combustion, hybrid, fuel cell and electric.

We're anxious to get feedback from analysts, media, customers and dealers as to whether it's something we should add to the Lexus lineup.

And that's just the beginning. We'll have some more big surprises throughout the year... so stay tuned!

Now, in addition to new products, we'll continue to make significant investments in our future to remain profitable and competitive.

Let's start with manufacturing and R&D.

Over the past four years, Toyota has invested more than \$9 billion in the U.S. in manufacturing, R&D and operations. And, we have plans to invest more than 10 billion in the near future.

In addition, we were excited last week to announce a new joint venture manufacturing plant with Mazda in Huntsville, Alabama... which will be Toyota's 11th U.S. plant.

- This new plant represents a \$1.6 billion joint investment with Mazda...
- And will have the capacity to build 300,000 new vehicles annually...
- Including the Toyota Corolla.
- Production is expected to begin by 2021...
- And the plant will create up to 4-Thousand new jobs.
-

Our continued expansion and investment in America reflects a long-term commitment to build cars and trucks where we sell them...

- Which creates jobs...
- Supports local suppliers...
- And grows our economy.

And speaking of our future... let's talk about mobility.

Our global president, Akio Toyoda, has a vision for our company to lead the way to future mobility. We want to create mobility for everyone... whether it's:

- Across the room...
- Across town...
- Or across the country.

For example, in addition to its ongoing research into mobility solutions for the elderly and disabled, the Toyota Research Institute – or “TRI” – has joined the American Center for Mobility here in Michigan with a 5million dollar sponsorship... to help create a large-scale mobility test environment.

- This center will help support the development of innovative connected and automated vehicle technologies, under a safe and controlled environment.

And last week, TRI showcased its next-generation automated driving research vehicle, called “Platform Three-Point-O.”

- “Platform Three-Point-O” has a sensor-rich package that makes it one of the most perceptive automated-driving test cars on the road.

And at CES last week, President Toyoda announced both a new mobility service alliance... and a concept vehicle called “e-Palette.”

- The e-Palette concept vehicle and alliance, which includes companies like Amazon, Pizza Hut and Uber, are designed to help alliance members better serve their customers with a multi-mode, fully-autonomous transportation solution.

And I think you'll agree... e-Palette was the star of the show.

Engadget gave e-Palette its “Best of the Best” from CES award, as well as its “Best Transportation Technology” and “Best Innovation” awards.

Edmunds and the Consumer Technology Association also honored e-Palette with their inaugural “Hackomotive Award” for being “the most innovative and transformative automotive concept or technology” unveiled at this year's show.

E-Palette also...

- Ranked in “Popular Mechanics Editors’ Choice Awards” Top 10...
- Earned a spot on CNET’s CES list of cool new gadgets...
- Received the “Best Automotive Award” from SlashGear...
- And made PC Magazine’s “Snazziest Cars of CES 2018” list.

We’re also addressing future mobility needs at our “Toyota Connected” company, based near our new North America headquarters campus in Plano, Texas.

- This venture will leverage customer-approved data to anticipate and create a more fully-connected car experience.

So it’s clear, TRI, e-Palette and Toyota Connected represent Toyota’s ongoing mission... to lead the development of technology-powered products and services.

Additionally, Toyota’s investments reflect our long-term commitment to sustainable mobility, which includes our vision of a hydrogen society.

Two years after debuting Mirai, the first mass-market fuel cell sedan, there are over 3,000 Mirais on California roads.

And now, we’re applying fuel cell technology beyond Mirai by piloting a fuel cell-powered, heavy-duty truck at the Port of Los Angeles.

The truck, called Project Portal, is a fully-functional, zero-emission, Class 8 truck concept powered by the fuel cell stacks from two Mirai sedans and a small, 12- kilowatt-hour battery.

Our commitment to a hydrogen society also includes building the required refueling infrastructure, so last fall we announced construction of our new Tri-Gen Fueling Center, located at the Port of Long Beach in California.

And there’s more.

Our new partnership with Mazda supports our plans to build future battery electric vehicles.

- Today, Toyota offers 37 electrified vehicle models in over 90 countries.
- By the early 2020s, we’ll have ten battery electric models...
- And by 2025, every model in the Toyota and Lexus lineup will have an electrified powertrain option.

Toyota’s commitment to mobility also goes beyond vehicles. We want to help people experience the freedom of mobility in every stage of life.

That’s why our company has signed on to be the first-ever Worldwide Mobility Partner for the Olympic and Paralympic Games through 2024.

- As a partner, we’ll bring people together from across the world...
- To support human movement through sport...
- By removing mobility barriers... and creating solutions for challenges that limit human potential.

From our Toyota team members across the globe to the world’s Olympians and Paralympians we want to

challenge everyone to look past their finish line and strive to achieve the impossible.

So, with a new year on the horizon the road ahead is clear and bright. We have a terrific sales and economic momentum at our backs and exciting new products for our customers as the year unfolds.

Toyota will take advantage of this momentum by continuing to invest in...

- Our North American manufacturing, R&D and operations...
- Innovative new products for our customers...
- A portfolio of improved and sustainable powertrains...
- And mobility solutions that bring the dream of movement to everyone.

That's why we're so confident about this year, and the future ahead, for both our company, and across our industry.

Our confidence is centered on the cars, trucks and SUVs we're bringing to the market today... which will fuel our development of the life-changing technologies of tomorrow.

We'll continue to put our customers first in everything we do, making this a terrific time to invest in the auto business, and in Toyota.

Thank you again, and all the best for a successful year.