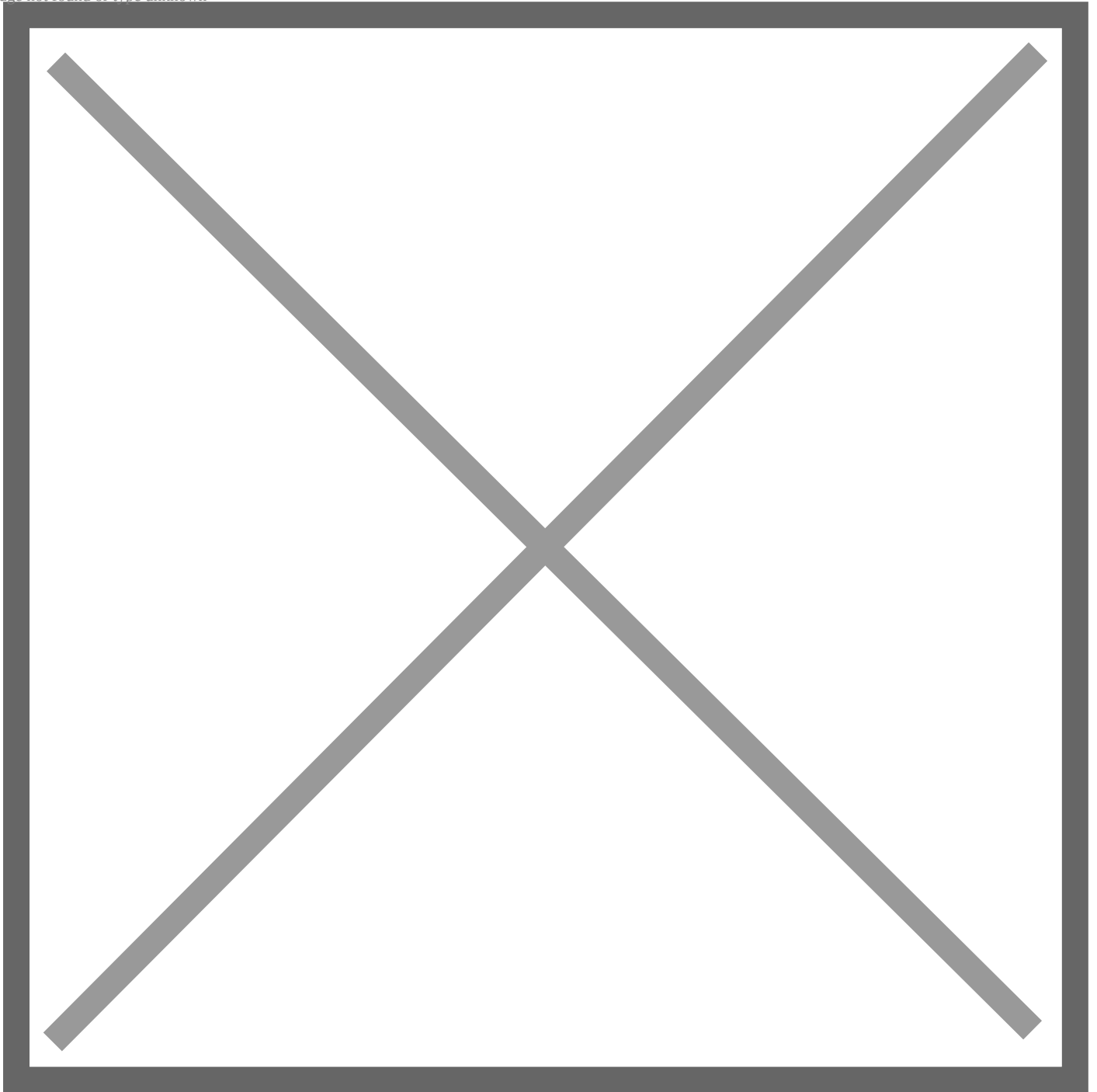


2014 Deutsche Bank Global Auto Industry Conference - Bob Carter

January 15, 2014

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As prepared for:

**Deutsche Bank Global Auto Industry Conference
Wednesday, January 15, 2014**

Bob Carter, Senior Vice President, Automotive Operations, Toyota Motor Sales, U.S.A., Inc.

Thank you Kurt... and good morning.

You know, each year at this time marks a renewal for our industry... when automakers showcase their latest vehicles... concepts... and technologies.

It's always an exciting time...and there is no better place than Detroit for coming together to discuss the state of the auto industry and our outlook for the coming year.

I'm lucky to have spent my entire career in this industry... a sector so critical to our economy and culture.

From drop-dead gorgeous exteriors to interiors that put my house to shame... and sleek, speedy sports cars to advanced technologies that save lives and gasoline... automakers are driving innovations every day. And it's great to be a part of it.

In this spirit of enthusiasm... I'd like to share several reasons why we think 2014 will be another good year for the auto industry and for Toyota.

To start... we're confident the auto industry will continue growing in 2014... but at a more moderate pace than in previous years. And that's not a bad thing.

Automakers have enjoyed four consecutive year-over-year sales increases... largely due to pent-up demand for new vehicles as the economy emerged from the recession. (Sources: autoalliance.org "Auto Marketplace/Sales Data" section; "U.S. auto industry posts best sales year since recession," by Karl Henkel, The Detroit News, January 3, 2014)

In fact... 2013 was the industry's best year since 2007.

This year... we believe the industry will enter a leveling-off period...and growth will come from gains in the economy rather than mostly pent-up demand. That's good because pent-up demand can carry you just so far.

Currently... analysts predict industry-wide sales within a range of 16.2 million to 16.4 million vehicles. (Source: "U.S. auto industry sales to hit 16.4 million in 2014, forecast says," Reuters, Oct. 8, 2013)

At Toyota... we're planning for roughly 16-Million units... healthy growth but slower than the past few years.

And... the industry has a very powerful ally for sales again this year...historically low auto loan rates.

Thirty years ago... we saw loan rates in the mid-to-high teens... but rates have steadily receded to the 3-to-4% rates we see today.

So... despite the beginnings of a leveling off period... we have a positive industry outlook for 2014... and when we look down the road 5-to-10 years... we believe the best is yet to come.

Even better, we believe Toyota is well positioned to have another successful year.

Let me tell you some of the reasons why.

First, we had an outstanding 2013 that will provide strong momentum coming into this year.

Last year, combined Toyota, Lexus and Scion sales topped 2.23 million vehicles... our best sales year since 2007... for a 7.4% increase from 2012.

Of course... our success wouldn't have been possible without our loyal owners. With their help... we've achieved some significant company milestones:

In 2013:

- Toyota was the industry's number 1 retail brand
- Camry was the best-selling U.S. car... for the 12th consecutive year
- Our 12-model hybrid lineup set a new all-time sales record and retained about 60% of the hybrid market.
- And Lexus sales increased by 12%, outperforming the industry for the year.

So we are beginning the new year with powerful sales momentum behind us.

In 2014, we'll introduce 8 new or updated products to go along with full-year sales of 3 core models... including:

- Corolla...
- RAV4...
- and Tundra

As a result, we estimate our sales will increase by about 100,000 vehicles to 2.3 million vehicles.

And to do that we're adding new, fun and exciting products to our lineups.

One example is the hot-looking 2015 Lexus RC sports coupe we unveiled last November in Tokyo.

It features a 3.5-Liter V6 engine... and a sporty 8-speed transmission. And when the RC comes to market this fall... it will compete with...

- BMW 4 Series,
- Mercedes C Class Coupe,
- and Audi A5.

And yesterday, we unveiled a new coupe that joins our performance F line... the all-new Lexus RC F.

It offers true racecar performance with a high revving... 450+ horsepower... 5-Liter V8 engine under the skin. And the 8-speed transmission has been tuned to produce quick shifts to optimize acceleration.

Many of the RC F's features are inspired by our super sports car, the LFA... and let me tell you... I got a chance to drive it... talk about a rush!

My son keeps asking me when he can lease one... and I keep telling him... "not in my lifetime".

The RC-F showcases Lexus' performance capabilities and our vision for the brand's bright future.

And on Monday... we unveiled Toyota's newest concept... the FT-1 sports car... I'm already getting people asking me when they can get their hands on one.

This baby is powerful, agile and pure eye candy. The FT-1 represents our company's iconic lineage of sports cars like the 2000GT, Celica, Supra and most recently, the FR-S... as well as our passion for designing the future of mobility.

The FT-1's exterior just gets my heart racing just looking at it... and the interior... with its integrated cockpit... and fighter jet-inspired Heads Up Meter... provides a pure racing experience.

You know... our Global President, Akio Toyoda, challenged his designers to create cars that spark people's emotions... cars that make them say, "I

want this...I HAVE to drive this!"

And with the RC- F and FT-1... that's what we're already hearing!

Along with adding new products, we're continuing to deliver vehicles that offer the highest standards in the areas most important to customers. Areas like quality...reliability ...safety ...resale value...fuel economy...environmental leadership...and customer care.

For instance, when it comes to reliability... Toyota and Lexus are still the industry standards. In 2013, Consumer Reports named Lexus the #1... and Toyota the #2 most reliable brands.

Seven Toyota... Lexus... and Scion models won best- in-class awards from the J.D. Power Vehicle Dependability Study... which also tapped Lexus as the #1 brand for the 2nd year in a row.

For safety, 21 model year 2013 Toyota... Lexus... and Scion vehicles received Top Safety Picks by the Insurance Institute for Highway Safety.

For the 2014 model year... Camry and Scion tC were named 2014 IIHS Top Safety Picks; while Prius and Highlander were named Top Safety Pick Plus winners.

Also this year... 11 models have received 5-Star Safety Ratings from the National Highway Traffic Safety Administration.

And consistent quality, reliability and safety ratings produce outstanding resale value for our customers.

For the third year in a row... Toyota and Lexus earned top honors in Kelley Blue Book's Resale Value Awards... as best brand and best luxury brand, respectively.

Toyota also received more ALG Residual Value Awards than any automaker... earning eight awards. (Sources: "2014 Best Resale Value Awards," kbb.com; "Mercedes-Benz, Honda Take Top Brand Honors in ALG's 14th Annual Residual Value Awards," alg.com, Nov. 18, 2013)

And in this era of high gas prices... our customers appreciate Toyota's fuel economy leadership. Toyota is still the most fuel-efficient full-line automaker in the industry... according to the NHTSA Final CAFE report.

And Toyota's commitment to our customers and society doesn't end with building quality, dependable, safe and fuel efficient vehicles. We're also a global environmental leader.

Being conscious of our environment is good for the planet... good for our customers... and good for business.

Although hybrids and other alternative powertrain vehicles are still a small part of the overall market, they are growing rapidly and totaled nearly 600,000 units last year (actual number 598,277).

In fact, if you counted gas/electric hybrids...pure electrics...and the trickle of fuel cell vehicles as a segment in 2013, it would be the 7th largest segment out of 21.

Even better, it would have been the second-fastest growing segment in 2013...jumping more than 17% ...better than the hot-selling full-size pickup segment.

In the U.S... Toyota and Lexus have 12 hybrids on the market... including the Prius, the first mass-produced hybrid. In total... we've sold more than 2.2 million hybrids here in the U.S... nearly 70% of the hybrid market.

And... we just announced this morning... that we hit 6 million sales worldwide. The latest million-unit milestone was achieved in the fastest time yet for Toyota, taking just nine months.

Hybrids now account for 14 percent of Toyota's worldwide sales.

These sales have created a more than 41 million tons reduction in CO2 emissions... the equivalent of taking 4.8-Million vehicles off the road.

And... we're just getting started. Between August of last year and 2015... we're on track to launch 15 new or updated hybrids globally.

That's important because our customers want it and because it will help us meet the upcoming stringent Corporate Average Fuel Economy...or CAFE...standards.

The 2015 to 2025 CAFE regulations will require automakers to significantly reduce emissions... and increase fuel economy across their fleet of vehicles.

That won't be easy, but at Toyota... we plan to EXCEED these new standards. And with our wide-ranging lineups and lead in hybrid vehicles, we think we are in the pole position on CAFE.

And we aren't relying solely on hybrids to get us there. We plan to introduce new platforms and conventional engine families, to develop long-range batteries and to launch a zero-emission hydrogen fuel cell sedan next year.

We're particularly excited about fuel cells because they have the ability to provide all the benefits of electric cars without range anxiety and lengthy charge times.

In fact, we took the wraps off a hydrogen fuel-cell sedan we plan to introduce in 2015 at last week's Consumer Electronics Show in Las Vegas.

Our industry-leading fuel cell sedan will travel approximately 300 miles on each refueling... takes about three minutes to fill... and emits only water vapor.

Many other automakers are moving forward with the technology and we believe IT IS viable in the foreseeable future.

And the good news is... some states are stepping up to build the infrastructure necessary to support consumer acceptance and vehicle sales.

For instance... in California... 9 hydrogen stations are currently in operation.

And... the state has approved funding to support construction of about 20 new stations by 2015... and double that number by 2016.

Further... the State of California has implemented an innovative public-private partnership for individuals who want to construct hydrogen stations. This program provides 50- 70% of the capital costs to install a station... and could jumpstart future infrastructure development. (Source: cafc.org)

And states aren't limiting their environmental leadership to building a fuel cell infrastructure.

In October... the governors of eight states signed a memorandum of understanding to put 3.3 million zero emission vehicles on their roads by 2025... and to construct the required refueling infrastructure.

The memorandum includes battery electric... plug-in hybrid... and fuel cell vehicles. (Source: cafc.org)

So, we'll continue to work with fellow stakeholders, other automakers and government agencies to advance the development of this needed infrastructure.

No one knows for sure what new technologies will catch on in the future, so our position is to introduce a range of advanced fuel options... and let consumers decide the technologies and vehicles best suited for their needs.

However, I can tell you this. Whatever customers choose...Toyota WILL BE ready.

Another key reason why we believe Toyota is well-positioned for 2014...and beyond...is our outstanding dealer network....we have the best.

We wouldn't be successful without the outstanding dealers and their team members... thousands of dedicated men and women who develop

relationships with our customers... and become an integral part of their communities.

And our dealers' confidence in the future of our brands is evident.

In the past 8 years, Toyota and Lexus dealers have invested more than 8-Billion Dollars of their own money to expand and upgrade their dealerships and improve the sales and service experience for customers.

And we're proud of the fact that we were the first main-line brand to offer a free maintenance plan for two years or 25,000 miles with the purchase or lease of every eligible new Toyota.

Since launching our ToyotaCare program 3 years ago... we've serviced those customers more than 9-Million times... and each month we help thousands of customers with flat tire changes, lockout assistance and emergency fuel delivery.

As a result, service retention and customer satisfaction is increasing... because customers develop a trusting relationship with their dealership... and they know it's the best place to service their vehicle and buy a new one when they're ready.

Another reason we're confident about the future is the advantage we have through our partnership with Toyota Financial Services ... or TFS for short.

TFS enjoys some of the highest credit ratings in the business... and that allows our dealers to offer low interest rates... make more loans... and offer more aggressive lease rates to attract new and younger customers.

So when you put all these elements together, you can see why we believe Toyota is well positioned for 2014 and beyond.

But we know that we can't rest and have to constantly challenge ourselves...

So we're doubling our efforts to listen closely to our customers... and then incorporating their needs into our future products...including some things they might not even think about.

One of my favorite examples... is how Toyota involves our customers in the product development process... so we can build vehicles that excite their senses.

Think about it. From the moment we all open a car door and sit behind the wheel... we immediately connect to numerous interior vehicle components through our senses of sight... touch... and sound.

But until recently... we lacked a metric at Toyota to measure the connection between a driver... and their car.

So one of our engineers at our Toyota Technical Center in nearby Ann Arbor developed a metric and standardized process... to measure what she calls "Interior Sensory Quality"... the driver's emotional connection to an array of interior shapes... sounds... and visuals.

Her metric allows Toyota to continuously improve our cars and trucks... so customers feel more connected and comfortable with their car. In other words...when they open the door... they feel at home.

We're also developing vehicles and cutting-edge technology to meet all forms of future mobility needs.

At the 2013 Tokyo Motor Show, we showcased three concept vehicles that reach new levels of connectivity between the vehicle and driver.

The first is our Toyota Winglet, a stand-up electric scooter the driver can maneuver forward... backward... and turn left or right by shifting their body weight. It can be used on sidewalks and urban areas that are inaccessible by cars.

The next step up is our Toyota FV2 concept vehicle.

Drivers intuitively shift their body to move the car... while intelligent transport technology connects with other vehicles and traffic infrastructure to

enhance safety.

Finally, there is the Toyota iRoad... a thrilling... ultra-compact... two-seater vehicle that provides the convenience of a motorcycle and the comfort and stability of a car.

The iRoad's "active lean technology" automatically raises and lowers its wheels to optimize the vehicle's angle... ensuring stability and a feeling of unity with the vehicle.

These three concepts show some of our vision for the future...a future where new forms of transportation will supplement the cars we use today. Our goal at Toyota is to be a leader in these future mobility platforms.

Well by now I hope I've made a convincing case that Toyota is well-positioned... not only for 2014... but for the future of mobility... in all its forms.

Today, Toyota is adding better designs, more excitement and fun-to-drive characteristics to its vehicles to go along with its traditional strengths of quality...reliability...safety...resale value...fuel economy...environmental leadership...and customer care.

And we're listening more closely to our customers early in the product development stage to make sure we meet their needs today and tomorrow.

Add to that our historical drive to never rest, but to constantly improve in EVERY area...and we think it's the formula for a bright future.

In short, it's a GREAT time to be in the auto business.

Thank you... and I wish you all the best for a successful 2014.

Here's the usual disclaimer about forward-thinking statements...and now I would be happy to answer your questions...

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