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Month Ended	High (¥ per \$1.00)	Low
December 31, 2008	93.71	87.84
January 31, 2009	94.20	87.80
February 28, 2009	98.55	89.09
March 31, 2009	99.34	93.85
April 30, 2009	100.71	96.49
May 31, 2009	99.24	94.45

Fluctuations in the exchange rate between the Japanese yen and the U.S. dollar will affect the dollar equivalent of the price of the shares on the Japanese stock exchanges. As a result, exchange rate fluctuations are likely to affect the market price of the American Depositary Shares (“ADSs”) on the New York Stock Exchange (“NYSE”). Toyota will declare any cash dividends on shares in Japanese yen. Exchange rate fluctuations will also affect the U.S. dollar amounts received on conversion of cash dividends.

Exchange rate fluctuations can also materially affect Toyota’s reported operating results. In particular, a strengthening of the Japanese yen against the U.S. dollar can have a material adverse effect on Toyota’s reported operating results. For a further discussion of the effects of currency rate fluctuations on Toyota’s operating results, please see “Operating and Financial Review and Prospects – Operating Results – Overview – Currency Fluctuations”.

### **3.B CAPITALIZATION AND INDEBTEDNESS**

Not applicable.

### **3.C REASONS FOR THE OFFER AND USE OF PROCEEDS**

Not applicable.

### **3.D RISK FACTORS**

#### **Industry and Business Risks**

***The worldwide automotive market is highly competitive.***

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

***The worldwide automotive industry is highly volatile.***

Each of the markets in which Toyota competes has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on social, political and economic conditions in a given market and the introduction of new vehicles and technologies. As Toyota’s revenues are derived from sales in markets worldwide, economic conditions in such markets are particularly important to Toyota. In reflection of the

worldwide deterioration in the economy stemming from the financial crisis, the demand for automobiles in Japan, North America and Europe, which are Toyota's main markets, declined substantially particularly since the latter half of 2008, adversely affecting Toyota. Such decline in demand for automobiles and the adverse effect on Toyota are currently ongoing, and it is unclear how long this situation would continue or how it would transition in the future. Toyota's financial condition and results of operations may be affected adversely if the demand for automobiles remain weak or further weakens as a result of a further decline in the world economy. Demand may also be affected by factors directly impacting vehicle price or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations (including tariffs, import regulation and other taxes). Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations.

***Toyota's future success depends on its ability to offer new innovative, price competitive products that meet and satisfy customer demand on a timely basis.***

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

***Toyota's ability to market and distribute effectively and maintain its brand image is an integral part of Toyota's successful sales.***

Toyota's success in the sale of vehicles depends on its ability to market and distribute effectively based on distribution networks and sales techniques tailored to the needs of its customers as well as its ability to maintain and further cultivate its brand image across the markets in which it operates. There is no assurance that Toyota will be able to develop sales techniques and distribution networks that effectively adapt to changing customer preferences or changes in the regulatory environment in the major markets in which it operates. Nor is there assurance that Toyota will be able to cultivate and protect its brand image. Toyota's inability to maintain well developed sales techniques and distribution networks or a positive brand image may result in decreased sales and market share and may adversely affect its financial condition and results of operations.

***The worldwide financial services industry is highly competitive.***

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

## Financial Market and Economic Risks

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

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

Toyota believes that its use of certain derivative financial instruments including interest rate swaps and increased localized production of its products have reduced, but not eliminated, the effects of interest rate and foreign currency exchange rate fluctuations. Nonetheless, a negative impact resulting from fluctuations in foreign currency exchange rates and changes in interest rates may adversely affect Toyota's financial condition and results of operations. For a further discussion of currency and interest rate fluctuations and the use of derivative financial instruments, see "Operating and Financial Review and Prospects – Operating Results – Overview – Currency Fluctuations", "Quantitative and Qualitative Disclosures About Market Risk", and notes 20 and 21 to Toyota's consolidated financial statements.

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

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

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

Financial markets worldwide have been significantly disrupted in the wake of the global financial crisis. A number of financial institutions and investors have been facing difficulties providing capital to the financial markets due to their deteriorated financial conditions. As a result, there is a risk that companies may not be able to raise capital under terms that they would expect to receive with their creditworthiness. If Toyota is unable to raise the necessary capital under appropriate conditions on a timely basis, Toyota's financial condition and results of operations may be adversely affected.

## Political, Regulatory and Legal Risks

### ***The automotive industry is subject to various governmental regulations.***

The worldwide automotive industry is subject to various laws and governmental regulations including those related to vehicle safety and environmental matters such as emission levels, fuel economy, noise and pollution. Many governments also impose tariffs and other trade barriers, taxes and levies, and enact price or exchange controls. Toyota has incurred, and expects to incur in the future, significant costs in complying with these regulations. New legislation or changes in existing legislation may also subject Toyota to additional expenses in the future.