

Asserting Market Leadership

**2010
VISION**

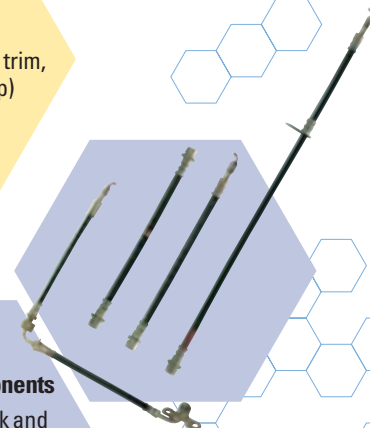
We seek to position Toyota Gosei among the world's three largest suppliers in the eight product categories listed below. Our efforts toward attaining that goal include reordering our priorities in allocating resources.



Safety systems
(airbags, steering wheels)



Body sealing
(glass runs, opening trim, door weatherstrip)



Functional components
(brake hoses, rack and pinion boots, constant velocity joint boots)



Cockpit modules
(including instrument panels, center clusters, console boxes)

Fuel tank modules
(including tanks, valves, hoses, pipes, caps)



Exterior molding
(radiator grilles, wheel caps, side protection molding)



Highly luminous LEDs for nonautomotive applications
(including cell phone backlights, full-color displays)



Highly luminous LEDs for automobiles
(including meters, stop lamps)

Companywide growth. Sales gains in each business unit

Interior & Exterior Parts

Fiscal 2004 sales:	Up 6.6%, to ¥98.4 billion (\$931 million)
Percentage of net sales:	24.8%
Plants:	11 in 6 nations

Two product categories in the Interior & Exterior Parts business unit—cockpit modules and exterior trim—are among the eight priority categories cited in our 2010 vision (product categories in which we are aiming to rank among the world's three largest suppliers in 2010). Sales gains in exterior trim and in cockpit modules were important reasons for the continuing sales growth in this business unit in fiscal 2004.

We have shifted the focus of our business in interior parts from individual components to value-added modules and assemblies that comprise multiple components. The best example of that strategic shift is our fast-growing business in cockpit modules, which include complete instrument panels and a full range of peripheral items. Another example is our extensive business in supplying console assemblies. Those and other modules and assemblies account for about 40% of our sales in Interior & Exterior Parts, and individual interior parts account for about 20%.

Similarly, we have shifted our emphasis in exterior parts to items that allow for asserting a competitive edge through technological value-added. Exterior parts also account for about 40% of our business in this business unit.

Highlighting our technological value-added in Interior & Exterior Parts are strengths in materials technologies and in surface finishing. One recent example is the unprecedented, satin-like finish on a cockpit module that we created for several vehicle models. Another recent example is a radar panel that we developed for Toyota.

The radar panel is for a safety system that monitors the distance to the vehicle ahead. The center of the front grille is the most-effective position for sending and receiving the radar signals. But the ornamental embossing on the grille interferes with radar transmission and reception. Our engineers used composite materials and sophisticated finishing to attain an attractive raised effect with ultrathin embossing that does not impede radar performance.



Digital prototyping of instrument panel module (above)
Instrument panel module (right)



Body Sealing Products

Fiscal 2004 sales:	Up 24.0%, to ¥75.3 billion (\$713 million)
Percentage of net sales:	19.0%
Plants:	16 in 10 nations

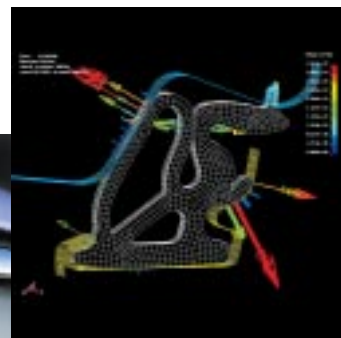
We estimate that we were the world's third-largest supplier of body sealing products in 2003 and that our global market share was about 15%. In our 2010 vision, we have committed ourselves to strengthening our global standing further in this product category. The 24.0% sales growth in body sealing products in fiscal 2004 signaled progress in fulfilling that goal.

The Body Sealing Products business unit posted sales gains in every principal region in fiscal 2004. Unit sales gains offset the ongoing downward trend in prices. We supply body sealing products to all of Japan's automakers, and our sales benefited from growth in unit vehicle production by Japanese automakers in Japan, North America, Southeast Asia, China, and Europe. We also expanded our business with non-Japanese automakers, especially with Ford Motor Company in North America.

Continuing innovations in value-added features reinforce our competitiveness in body sealing products. In fiscal 2004, we developed weatherstrip with an uncannily fabric-like finish for a new Toyota model. The luxurious surface finishing provides unprecedented harmony with the vehicle interior. Another important advance was a newly developed design for opening trim that accommodates sharp corners. Manufacturers of opening trim have traditionally needed to install specially configured joints in their trim to accommodate sharp angles. We have developed a new cross-section design and extrusion technology that allow for bending the opening trim freely.

Expanding business in comprehensive, whole-vehicle orders remains a strategic priority for us in body sealing products. Those orders comprise all of the door weatherstrip, glass runs, opening trim, and outer weatherstrip installed in vehicles.

In addition to marshaling industry-leading capabilities in body sealing technologies, our Body Sealing Products business unit can handle the design of entire door assemblies. Those capabilities position this business unit to take the initiative in proposing innovative new product concepts to automakers.



Stress distribution analysis (above)
Cross-sectional diagram of body sealing products for frame door (left)

Functional Parts

Fiscal 2004 sales:	Up 10.1%, to ¥78.8 billion (\$746 million)
Percentage of net sales:	19.9%
Plants:	15 in 7 nations

The Functional Parts business unit includes two product categories—fuel tank modules and individual functional parts—that are among the eight product priorities in the 2010 vision. Highlighting the 19.9% sales growth in this business unit in fiscal 2004 were especially strong sales of plastic fuel tanks. We make and sell those tanks as individual functional parts and as part of our fuel tank modules.

This business unit spans a vast range of products, and we have taken several steps in recent years to focus its business on high-value items that offer excellent growth potential. Those steps have included divesting our business in vibration-absorbing companies and phasing out the production of some low-value-added items.

Fast-growing business in plastic fuel tanks and in fuel tank modules epitomizes the strategic focus of the Functional Parts business unit. Our subsidiary Fuel Total Systems Co., Ltd., began mass-producing plastic fuel tanks in Japan in 2002 and in the United States in May 2004 at a new plant in California.

Other products in our Functional Parts business unit include hoses, ducts, covers, valves, diaphragms, and numerous other items for applications in chassis, engine, and drive train systems. Those products include several items developed to help fulfill increasingly stringent environmental regulations, such as the European Union's Euro IV regulations and California's LEV II regulations.

Along with developing products for conventional cars and trucks, the Functional Parts business unit develops components and systems for next-generation vehicles. It has developed Japan's first all-composite fuel tank for compressed natural gas (CNG) vehicles, for example, and it is working on hydrogen storage tanks for fuel cell vehicles.



Safety System Products

Fiscal 2004 sales:	Up 22.6%, to ¥97.2 billion (\$919 million)
Percentage of net sales:	24.5%
Plants:	13 in 10 nations

Toyota Gosei has long been a global market leader in steering wheels, and airbag-equipped steering wheels were the company's initial foothold in automotive safety products. The Safety System Products business unit now includes a full range of airbags. We ranked among the world's leading suppliers of airbags in 2003, with a market share of about 11%. Airbag safety systems are another priority product category in our 2010 vision.

The 24.4% sales growth posted by the Safety System Products business unit in fiscal 2004 exceeded our target. It comprised growth in every principal region, supported by the business unit's newly global manufacturing capabilities. A Czech subsidiary began providing our European customers with locally produced safety system products. And we continued to expand our production capabilities for safety system products in Southeast Asia and China during fiscal 2004.

Airbags remain a growth market as the number and variety of airbags per vehicle continues to increase. Knee airbags, for example, became an important contributor to sales in our Safety System Products business unit in fiscal 2004. We also began supplying a substantial volume of curtain airbags during the fiscal year. And demand for side-impact protection is poised to grow rapidly. The U.S. automobile industry, for example, is working to meet a 2009 deadline to equip all passenger cars with side and curtain air bags.

Developing airbags takes place increasingly in the context of overall vehicle development. We are stepping up our collaboration with automakers and with manufacturers of peripheral components to optimize safety functions. We are working with Tokai Rika Co., Ltd., for instance, in developing integrated airbag-and-seat-belt systems. Our two companies have set up a joint venture technical center in Detroit to conduct product-evaluation work. Elsewhere, the Safety System Products business unit stationed engineers in Germany recently to step up collaboration with customers and partners in Europe.



Optoelectronic Products

Fiscal 2004 sales:	Up 21.1%, to ¥30.6 billion (\$289 million)
Percentage of net sales:	7.7%
Plants:	2, in Japan

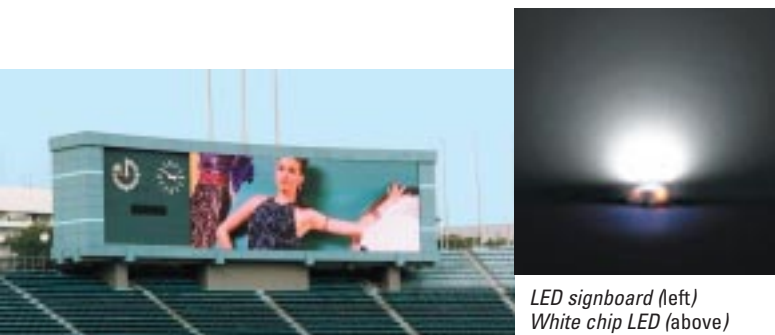
Light-emitting diodes (LEDs) account for most of our business in nonautomotive parts, which generated 44.7% of our operating income in fiscal 2004. LEDs also account for two priority product categories in the 2010 vision: high-output LEDs for consumer electronics products and high-output LEDs for automotive applications.

Applications in cell phones account for more than 70% of our business in LEDs, and sales in the cell phone sector increased 24.2% in fiscal 2004. We supply white LED lamps as backlights for cell phones' liquid crystal displays (LCDs), and we supply LED chips of various colors for keypads and other cell phone components. During the fiscal year, we won supply contracts with several new customers in the cell phone sector while expanding business with established customers.

Chief among the other markets for our LEDs are signboard displays and automotive applications. We recorded 35% growth in the signboard sector and 70% growth in the automotive sector in fiscal 2004. Our business in LEDs for signboard displays is growing especially fast in Japan, the Republic of Korea, Europe, and China. In the automotive sector, demand for LEDs for rear combination lamps was the main growth factor in fiscal 2004, but we also supplied LEDs for a growing range of applications in vehicle interiors. Those applications include instrument panel meters, reading lamps, and floor illumination, among others.

High-output white LEDs became an important part of our sales portfolio for the first time in fiscal 2004. They accounted for most of our growth in the Optoelectronics business unit and contributed more than 40% of the unit's sales. White LEDs are a crucial product in this sector because white is the color required for backlighting in LCDs, which are the biggest market for our LEDs.

Our production capacity for LED chips was 160 million dies a month at fiscal 2004 year-end, and expansion at our two existing plants will increase our capacity to 220 million dies a month in fiscal 2005. We are building a third LED plant, in Kyushu, which will increase our capacity to more than 350 million dies a month.



LED signboard (left)
White chip LED (above)

General Industry Products

Fiscal 2004 sales:	Up 7.4%, to ¥13.9 billion (\$132 million)
Percentage of net sales:	3.5%
Plants:	None, company outsources nearly all production

Sales in the General Industry Products business unit center on plastic cases for cell phones, on air purifiers, and on plastic panels for air conditioners. We develop those components for the product manufacturers and vendors and produce them through outsourcing arrangements. This business unit also has a large volume of business in supplying interior, body sealing, and other components for industrial vehicles and for agricultural and construction equipment.

Cell phone cases, air purifiers, and air-conditioner panels account for nearly 80% of sales in the General Industry Products business unit. Sales growth in air purifiers and in air-conditioner panels offset a small decline in sales of cell phone cases in fiscal 2004.

Our core strength in cell phone cases is our ability to handle the entire process of component design and development for customers. The customer simply provides us with a product concept, and we take over from there, providing the diagrams, prototype, evaluation data, and final component.

In product development for cell phone cases, our work includes exploring and proposing new possibilities in materials and processes. Our main line of cases incorporates thin-molding technology based on Toyoda Gosei expertise in materials and in molding processes. We also reach beyond plastic materials, as in our new magnesium frames for cell phones. Those frames provide greater strength and thinner construction than are possible with plastic, and a Toyoda Gosei breakthrough in painting technology allows for achieving surface luster and quality comparable to plastic.

Our business in air purifiers and in air-conditioner panels benefits similarly from our ability to handle a full range of design and development. Likewise, we provide manufacturers of industrial vehicles and of agricultural and construction equipment with comprehensive solutions for needs in interior parts and other components.

A product highlight of fiscal 2004 was a new dynamic damper that we developed for two- and three-story prefabricated homes. Noise from footsteps overhead is a nuisance. Our dampers absorb the vibration of footsteps and minimize noise for occupants below.



Air purifier (above)
Cell phones (right)