

Toyoda Gosei Globally

Globalizing production supports continuing growth for each of Toyoda Gosei's business units.

North America

A regional management company coordinates Toyoda Gosei's extensive and highly integrated operations in the United States, Canada, and Mexico. Those operations include local research and development for some products, as well as comprehensive manufacturing capabilities.



Toyoda Gosei's Texas plant will produce interior and exterior parts for the Toyota Tundra pickup at a site adjacent to the Tundra plant.

Europe

Multiple production sites in central and western Europe support a growing presence for Toyoda Gosei in Europe. The company accompanies European production with pan-European marketing and technical support.



A newly established Austrian joint venture between Toyoda Gosei and the Zumtobel Group will develop and market high-output white LEDs for illumination.

China and Taiwan

Each of Toyoda Gosei's automotive business units is expanding production in China in step with Toyota Motor Corporation's growing operations there. The company's General Industry Products business unit also established a Chinese production subsidiary recently, which will produce cell phone cases.



Tianjin is the site of a Toyoda Gosei plant under construction that will produce cases for cell phones.

Japan

The parent company and core subsidiaries in Japan are the hub of Toyoda Gosei's globalization. Japan-based research and development provide a continuing stream of new products for manufacturing and marketing worldwide. And production engineering teams from Japan oversee smooth start-ups at new manufacturing projects in each region.

Southeast Asia, India, and Australia

Several Toyoda Gosei production subsidiaries in Thailand and in other Southeast Asian nations serve the region's fast-growing automotive industry. Toyoda Gosei also has a production foothold in the promising Indian market and a well-established production subsidiary in Australia.



Toyoda Gosei Asia Co., Ltd., a management company for Southeast Asian operations, completed this new headquarters building in May 2004.



The Body Sealing Products business unit opened its Global Production Center in 2005 to hone the production skills of an international cast of manufacturing personnel.

Interior & Exterior Parts

Leading the sales growth in interior and exterior parts in fiscal 2005 were instrument panel modules. Those modules include instrument panels and peripheral items. Together with exterior molding, they are one of two product categories in this business unit where we aim to rank among the world's three largest suppliers by 2010.

We develop instrument panel modules with automakers for global vehicle models. Our participation includes supplying parts or complete modules, depending on the automakers' production strategies. We are doing R&D on switches and display components with an eye to supplying a broadened range of items for the modules.

New products augment our sales portfolio in exterior parts. Materials development and surface finishing are core strengths, and we present automakers with advances in visual appeal, weight savings, recyclability, and functionality in exterior trim.

Our products in interior and exterior parts are subject to intense price competition. We concentrate on developing high-



Instrument panel module and radiator grille equipped with milliwave radar collision-prevention functionality

Body Sealing Products

Our business in body sealing products consists mainly of glass runs, which provide sealing along the doorframe grooves through which windows slide; opening trim weatherstrip, attached on the vehicle body to provide sealing between the body and the doors; and door weatherstrip, attached on the doors to provide sealing between the doors and the vehicle body. We estimate we are the world's third-largest supplier of these products, and we aim to raise that ranking further by 2010.

The sales expansion in this business unit in fiscal 2005 reflected growth in shipments to Toyota and to other automakers. A highlight was the production start-up for Toyota's new IMV model family in autumn 2004. That family consists of pickup truck, minivan, and utility vehicle models developed mainly for newly industrializing economies and produced exclusively outside Japan. We secured a large share of the IMV body sealing business in the pickup model produced in Thailand. We also secured a large share of the body sealing business in the newly remodeled



Body sealing products: As installed in vehicle (left) and cross-sectional diagram

Sales and Production Network

Fiscal 2005 sales	Up 12.2%, to ¥110.4 billion (\$1.0 billion)
Percentage of net sales	25.4%
Plants	11 in 8 nations (excluding Japanese subsidiaries)

value-added products and on upgrading our production processes. Our measures for raising value added in trim and in other products include (1) asserting strengths in plating and coating and (2) studying ways to incorporate LEDs. We are highly responsive in flexible manufacturing, and we accompany that strategic advantage with continuing cost reductions. Efficiency-raising design innovations include adopting common specifications for clips and materials across multiple product lines. Even more important are our continuing advances in process engineering.

An unprecedented, global deployment of resources is fortifying our competitiveness in interior and exterior parts. We established our 10th and 11th plants in this business unit in fiscal 2005. Toyoda Gosei (Foshan) Auto Parts Co., Ltd., due to begin production in May 2006, will serve vibrant demand in southern China. Toyoda Gosei Texas, LLC, scheduled to inaugurate production in October 2006, is adjacent to a Toyota plant that will start producing Tundra pickup trucks in 2006. It is this business unit's first experiment with "embedded" production on-site at a vehicle plant.

Sales and Production Network

Fiscal 2005 sales	Up 8.0%, to ¥81.3 billion (\$757 million)
Percentage of net sales	18.7%
Plants	14 in 10 nations (excluding Japanese subsidiaries)

Toyota Vitz. That model is an extremely popular small compact in Japan and, as the Yaris, in Europe.

This business unit opened our first Global Production Center in early 2005 in Japan's Shizuoka Prefecture. Global production centers, which our other business units will also open, are for ensuring global uniformity in Toyoda Gosei products. They will provide training for manufacturing personnel from our operations worldwide. Work at the centers will focus on establishing standardized procedures for preparations for mass production and on equipping trainees with skills for supervising those procedures.

A newly developed Toyoda Gosei surface-treatment agent for weatherstrip is environmentally benign. We have traditionally relied on organic solvents for surface treatment, but we are working to reduce our reliance on those solvents to reduce the environmental effect of our manufacturing operations. Our new agent is a water-based silicone emulsion. Unlike the solvents that it replaces, it does not evaporate into the air, so it is easy to keep out of the plant environment. The new surfacing agent is also superior to its predecessors in creating a low-friction surface.

Functional Parts

The name refers to the basic vehicle functions—notably drive, braking, steering—that products in the Functional Parts business unit support. Unit sales gains offset competitive pressure on prices in fiscal 2005, resulting in double-digit sales growth. That growth occurred despite the final phasing out of our business in vibration-absorbing components.

Showcasing our strengths in this business unit are fuel tank modules. Those modules, together with individual functional parts, are one of the two product categories in this unit that are strategic priorities in our 2010 vision—categories where we are aiming to rank among the world's three largest suppliers by 2010. Our world-class offerings in individual functional parts include brake hoses, constant velocity joint boots, and rack-and-pinion boots.

Manufacturers of passenger cars have largely replaced metal fuel tanks with plastic tanks in Europe and in North America, and plastic tanks appear in a growing proportion of the cars produced in Japan. We make plastic fuel tanks at our subsidiary Fuel Total Systems Co., Ltd., which has plants in Japan and, since May 2004, in the United States. We supply fuel tank modules—including valves, caps, hoses, and tubes, as well as the tanks—for a growing range of vehicle models. We also continue to supply the tanks and peripheral components separately.

In fiscal 2005, we unveiled a plastic tank to hold liquid hydrogen fuel for fuel cell vehicles. Our tank offers gas barrier characteristics comparable to those of aluminum. It is extremely light, and its pressure capacity ranks among the highest anywhere.

Safety System Products

Safety system products are another product category where we aim to position Toyota Gosei solidly among the world leaders by 2010. In fiscal 2005, sales growth of 20% strengthened our position in the global market for airbags. Supply contracts for a growing range of airbags in a growing range of vehicles underlie our mounting business momentum in safety system products, our biggest business unit.

We supply the entire range of airbags commonly employed in vehicles worldwide, including driver, front-passenger, side, curtain, and knee airbags. We continue to upgrade those airbags with advances, such as dual-stage inflation. And we develop airbags for possible new applications, such as pedestrian protection.

Demand for airbags is growing faster than unit vehicle sales. Regulatory initiatives in every principal market are mandating a steadily broadening scope of airbag protection. We are sharing in the growth in global demand by offering exceedingly high and consistent quality and state-of-the-art functionality.

Indicative of our leadership in product quality was a recent award from Toyota for our airbag subsidiary in the Czech Republic. That recognition was for achieving zero defects in airbags supplied to Toyota vehicle plants in the United Kingdom and Turkey in 2004. The company, just three years old, also earned recognition from Toyota for reliable delivery. In addition, it received an Investor of the Year Award in 2004 from the Czech government. That award was for contributions to local industrial vitality, including a high employee-retention rate.

Sales and Production Network

Fiscal 2005 sales	Up 12.4%, to ¥88.6 billion (\$825 million)
Percentage of net sales	20.3%
Plants	13 in 7 nations (excluding Japanese subsidiaries)

Another highlight pertained to the metal end fittings for brake hoses. Our line of brake hose fittings had ballooned to 90 variations. New breakthroughs will enable us to reduce that number by more than two-thirds. We developed cold-forging technology for simultaneously fabricating metal fittings that we formerly needed to fabricate separately. And we developed design specifications to accommodate the same range of performance requirements with fewer fitting variations.



Clockwise from upper right: brake hoses, noise unreflective duct for air intake, constant-velocity joint boots, and water hose



Clockwise from upper right: fuel tank module, fuel hoses and tubes, fuel caps, fill-limit vent valves, and inlet check valve

Sales and Production Network

Fiscal 2005 sales	Up 19.8%, to ¥116.4 billion (\$1.1 billion)
Percentage of net sales	26.7%
Plants	13 in 11 nations (excluding Japanese subsidiaries)

We established a company in Haiphong, Vietnam, in September 2004 that will begin producing cushions for airbag modules in October 2005. Expansion continued at our airbag operations worldwide, including those in Japan, Thailand, and China. We continued to upgrade our capacity for developing airbag systems in North America and Europe, as well as in Japan.

Sales of side and curtain airbags were especially strong amid overall growth in this product sector. A new contributor to our product portfolio in airbags is a side airbag for thorax and pelvis protection. Demand for that protection is rising especially in large sport-utility vehicles.

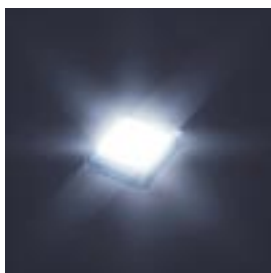
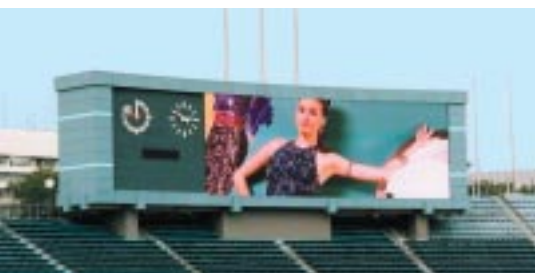


Dual-stage driver- and passenger-side airbags and knee airbags (above) and side airbag and curtain airbag

Optoelectronic Products

The Optoelectronic Products business unit supplies LEDs as chips and as lamp packages. Most of our LEDs are for cell phones, including white backlighting for the phones' LCDs and colored lighting for their keypads. We also supply a growing volume of LEDs for signboard displays and for automotive applications. Our disappointing sales performance in optoelectronic products in fiscal 2005 reflected (1) a sharper-than-expected decline in prices for LEDs in the cell phone sector and (2) a competitive lapse in adapting packages to customer needs.

Toyoda Gosei has pioneered decisive advances in LED technology, including the development of blue LEDs. That pioneering momentum has helped us gain a solid business foundation in this product sector. Two LED categories—high-output LEDs for consumer electronics products and high-output LEDs for automotive applications—are among the sectors where we aim to rank among the world's three largest suppliers by 2010.



Sales and Production Network

Fiscal 2005 sales	Down 27.0%, to ¥22.3 billion (\$208 million)
Percentage of net sales	5.1%
Plants	Four in 3 nations (excluding Japanese subsidiaries)

Organizational changes in this business unit are making us more responsive to demand. We have reallocated responsibilities to strengthen long-range technological development and to speed product development for customer applications.

In another move, we purchased a share of the rights to crucial technology for white LEDs in July 2004. The technology, which we formerly used as a licensee, pertains to generating white light with blue LEDs and yellow phosphor. We bought a share of the applicable patent held by a subsidiary of Austria's Zumtobel Group and two German companies. We subsequently established a joint venture with the Zumtobel Group in June 2005 to develop and market high-output white LEDs for illumination.

In October 2004, we announced a white LED of unexcelled brightness: 1,000 millicandelas. That LED, which combines our blue LED and yellow phosphor technologies, has strengthened our position in backlights for cell phone displays. We unveiled an even-brighter, 1,300 millicandela version in June 2005.

We have installed LED production equipment at a plant in Kyushu that will begin operation in September 2005. We will expand our production capacity there as market trends warrant.

LED signboard (left) and white chip LED

General Industry Products

The General Industry Products business unit is a highly entrepreneurial operation that specializes in planning and developing products and that outsources most production. Its core products are plastic cases for cell phones, air purifiers, and plastic panels for air conditioners, which together account for about 70% of the unit's sales. The sales downturn in fiscal 2005 reflected unit sales declines in cell phone cases and in air purifiers.

We have supplied cell phone cases exclusively in Japan. As cell phone manufacturers concentrate their production increasingly in China, we are moving to establish supply capabilities there, too. The General Industry Products business unit established a company in Tianjin in September 2004 to produce cases for cell phones.

Sales and Production Network

Fiscal 2005 sales	Down 5.6%, to ¥13.1 billion (\$122 million)
Percentage of net sales	3.0%
Plants	One, in China; company outsources most production

That subsidiary is the first in-house production platform for the General Industry Products business unit. Along with strengthening our existing customer relationships, the Chinese production venture has enabled us to develop business with new customers.

Japanese demand for air purifiers is surging as hay fever becomes a national problem. We were between product cycles in this sector in fiscal 2005, which largely accounts for our unit sales decline. A new and greatly fortified air purifier scheduled for launch in September 2005 promises to help rekindle our sales momentum.

A promising new product line is dynamic dampers for absorbing upstairs noise from footsteps in two- and three-story fabricated homes. Sales of those dampers grew rapidly in fiscal 2005. We also continue to supply interior, body sealing, and other components for industrial vehicles and for agricultural and construction equipment.



Cell phones and air purifier