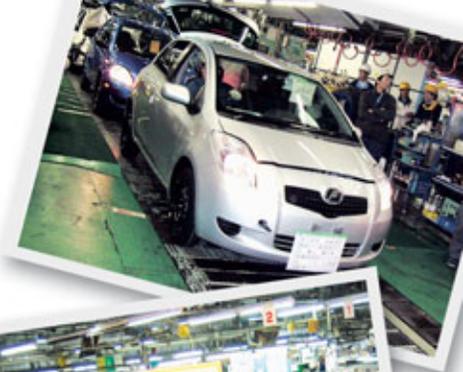


4 Pursuing a Higher Level of Manufacturing with Skill and Spirit

Working Together to Achieve Continuous Improvement and Innovation



Aiming to Be the Top Automobile Manufacturer in the Industry and amongst the Global Toyota Group

As an automobile manufacturer, our vehicle business is responsible for realizing quality, low costs and delivery that satisfies customers. The entire division comes together to strive for continuous improvement and innovation in unison and always strives to realize the most advanced manufacturing.

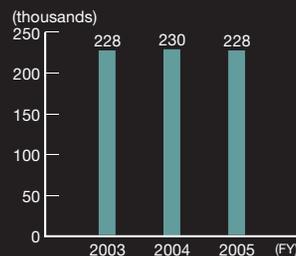
Our vehicle business has been manufacturing the popular Vitz (Yaris in Europe) since 1999 and the RAV4 since 2001 under consignment from Toyota Motor Corporation and is continuously producing them at a high level. There has been no single case of a serious quality problem in the manufacturing process. Our vehicle business competes in quality terms with the other automobile manufacturers of the Toyota Group throughout the world and received the Toyota Quality Management Outstanding Performance Award for two consecutive years in 2003 and 2004.

Our efficiency in carrying out production preparations that enable us to begin production in a shorter period is also highly renowned. An example of this ability is the fundamental reformation we implemented throughout the production preparation process for the Vitz, which achieved an extremely short lead-time by implementing measures that were groundbreaking and a first within the Toyota Group.

In addition, we give top priority to the safety of our employees during the production process.



Production Units of Vehicles



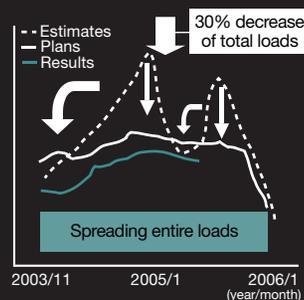
Nagakusa Plant, Vehicle Business



Simulation with Three Dimensional Image



Production Preparation Loads



We constantly strive to enact even better safety management to ensure the safety of all production line members, including temporary workers that regularly join Toyota Industries to handle increases in production loads.

Think Out of the Box to Reform Production Preparation

In preparation for production of the Vitz, which was re-launched in February 2005, we carried out reform of production preparation processes that went beyond conventional ideas, and attained excellent results. In the past, during the planning for operation processes and specifications of facilities, we used to confirm our plans by making an actual production line after discussing various issues on drawings. Then, we would begin to solve problems that occurred.

This time, we implemented a production line simulation at the planning and conceptual stages using three-dimensional data (three dimensional images), thereby front-loading discussions for specifications and increasing efficiency. Furthermore, using virtual training and virtual manuals (moving manuals) that employ three-dimensional data, we shortened the work training period and enhanced production accuracy.

In addition, through project activities that removed every conceivable barrier among departments, such as production engineering, quality assurance and manufacturing, we created a system where decisions could be made more quickly and promptly. These improvements reduced the total production preparation load by 30% and spread that load more evenly across the entire production preparation process. Furthermore, at the request of TMC, members of our manufacturing department are participating in production preparations for the Yaris in France, utilizing their experiences in Japan.