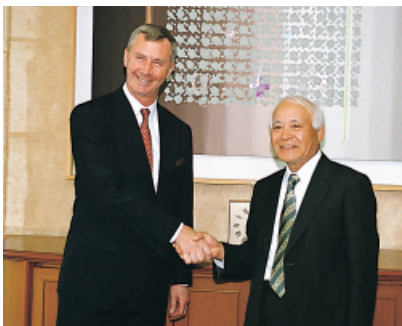


The half-year period under review marked a time of rapid progress for TOYODA. We introduce various highlights of this dynamic period in the following section.

▶ TOYODA Acquires the Swedish Warehouse Equipment and Forklift Maker BT Industries

In June 2000, we acquired 97% of the outstanding shares of BT Industries AB (BT Industries) in Sweden and it became our subsidiary. BT Industries will become one of the key pillars of our future strategy, as the new subsidiary has a highly competitive edge in the warehouse equipment business and is expanding the scale of its operations globally, with an especially strong base in the European and U.S. markets. Since our current strength is as a manufacturer of counterbalanced forklifts, this acquisition will enhance our product lines and will result in maximum synergy in our quest to become the world's leading manufacturer in our industry.



TOYODA President Tadashi Ishikawa (right) shakes hands with BT Industries CEO Carl-Erik Ridderstråle (left).

▶ Materials Handling Equipment Operations to Be Integrated with Toyota



TOYODA senior management and their Toyota Motor Corporation counterparts announce the integration of materials handling equipment operations at a press conference.

In late July 2000, we reached an agreement with Toyota to consolidate the forklift and materials handling systems operations of both companies at TOYODA. We now develop and manufacture these products, while Toyota handles sales and marketing. In April 2001, we will assume the sales and marketing operations currently handled by Toyota. This integration will accelerate decision making, enhance efficiency, and maximize the Toyota Group's materials handling equipment operations.

▶ Production of 4.7-Liter V8 2UZ-type Gasoline Engine Starts

In August 2000, production of a 4.7-liter V8 2UZ-type gasoline engine for

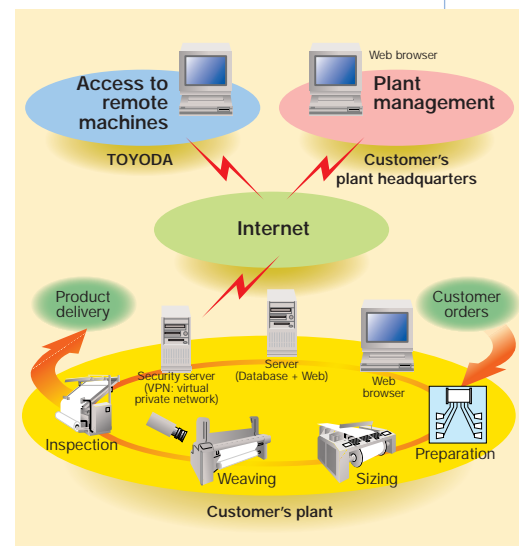


2UZ-type gasoline engine

SUVs began at the Hekinan Plant. The engine was originally developed for Toyota's upscale Celsior model (Lexus LS430). The 2UZ-type gasoline engine we manufacture will be used mainly in the North American market for the Lexus LX470.

▶ Internet-Compatible TTCS (Toyoda Total Computer System) Developed to Enhance Efficiency of Textile Plants

Our Textile Machinery Division has developed and launched sales of the Internet-compatible TTCS (Toyoda Total Computer System), which enhances the efficiency of weaving mills. The system enables real-time access to weaving machines anywhere in the world through the Internet and contributes to efficiency by providing information on the operating conditions of the looms, production volume, and quality control.



Internet TTCS: TOYODA'S IT solution for the textile industry



A view of TDDK

► **Production of Car Air-Conditioning Compressors Begins at Our Subsidiary in Germany**

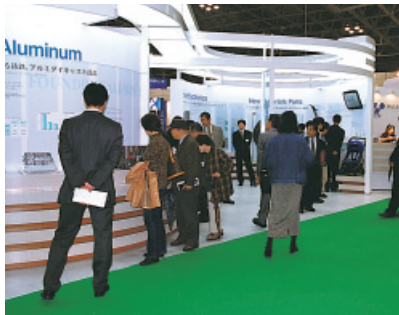
The manufacture of car air-conditioning compressors was launched in April 2000 at TD Deutsche Klimakompressor GmbH (TDDK), a joint venture with DENSO Corporation in Sachsen, Germany. We now have three production bases worldwide as part of our global manufacturing network for compressors, which also includes plants in Japan and the United States. By situating production facilities as close as possible to our customers, we are able to answer market needs promptly. Furthermore, the addition of the third production facility helps reduce the risks presented by currency fluctuations.

In September 2000, a dedication ceremony was held to commemorate TDDK's start of operations.



TDDK President Nobuyuki Araki gives an address at TDDK's opening ceremony.

► **TOYODA Exhibits Cutting-Edge Technologies at Tokyo Motor Show 2000**



The TOYODA booth at the Tokyo Motor Show

At the 34th Tokyo Motor Show, held November 1–4, 2000, at the Makuhari Messe in Chiba, we exhibited car air-conditioning compressors, AC motor drive systems, power electronic parts, and other automobile-related products. Our exhibit theme was “Dreaming of a Green Earth,” reflecting our desire to contribute to a better environment through advanced technologies that facilitate greater automotive fuel and combustion efficiency.

► **Announcement of the Third Environmental Action Plan and Issue of Environmental Report**

One of our operating principles is to contribute, through our corporate activities, to the improvement of the environment and society, as well as provide safe products with superior quality. In this way, we actively

promote environmental protection.

To approach environmental issues in a deliberate manner, we proclaimed our First Environmental Action Plan in 1993. In 1996, we implemented a revised plan (the Second Plan) to include new environmental problems, and in August 2000 we announced our Third Five-Year Environmental Action Plan, effective from 2001 to 2005. The new plan aims at advancing production technologies that will facilitate zero waste emission from plants, as well as other specific objectives to actively promote environmental protection. In October 2000, we published our

Environmental Report 2000, which summarizes the steps we have taken to advance environmental protection.



TOYODA's Environmental Report 2000

► **Issue of 30 Million New Shares**

We issued 30 million new shares in October 2000 to finance the acquisition of BT Industries and investment in plant and equipment for our car air-conditioning compressor operations. This issue raised a total of ¥55.7 billion in funds. To answer the expectations of our new shareholders, we will make the utmost effort to maximize corporate value.

Note: Some topics described in this section are related to subsequent events or events in the second half of the fiscal year.