



Long-Term Business Plan

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Vision and Policies of the Long-term Business Plan

Management Vision – Intent Remains Unchanged

“VISION 2015 – LEAD THE NEXT –”

Create next-generation businesses in the six business areas (i.e., product divisions) for further spectacular advances

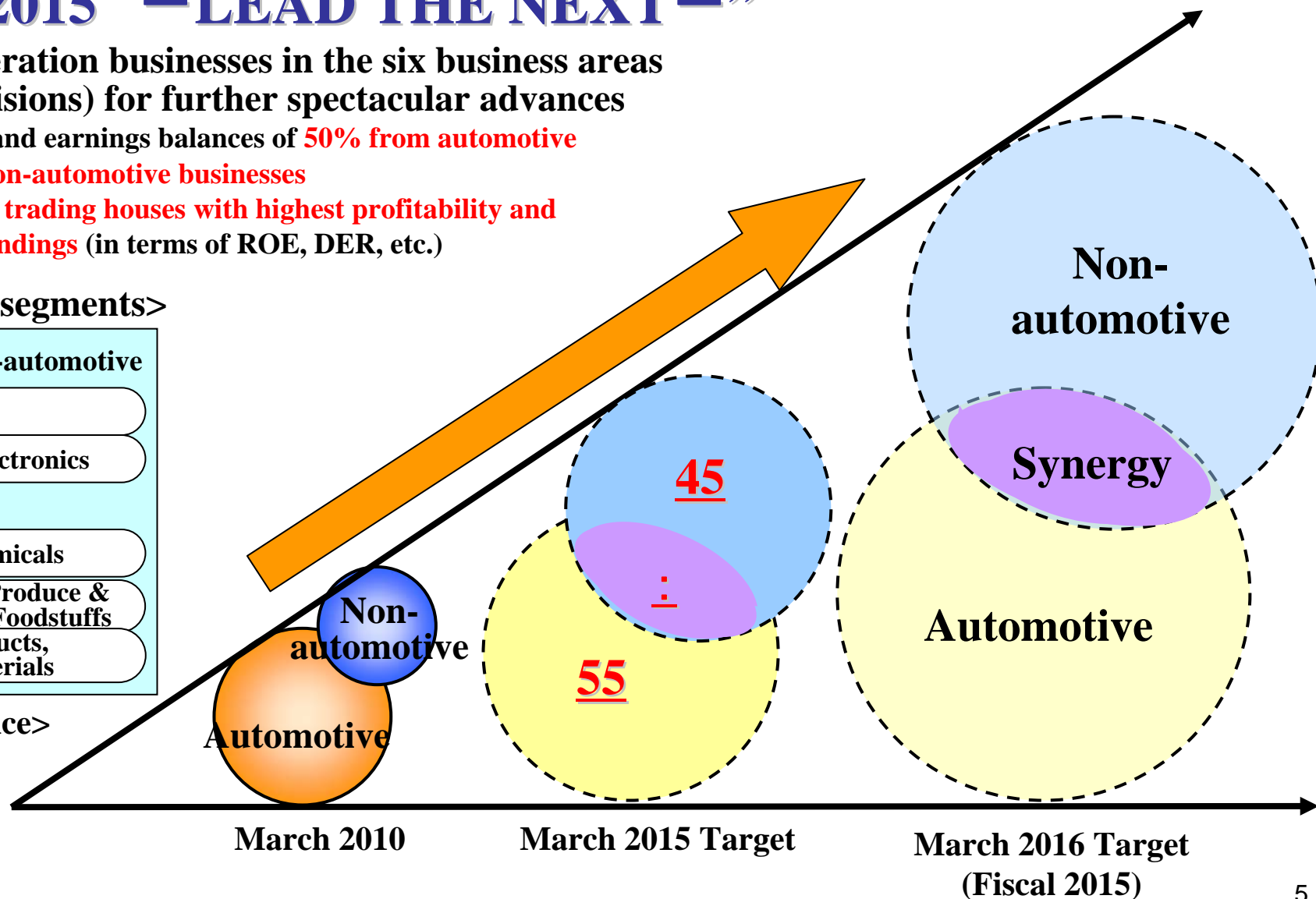
- ◆ Target revenues and earnings balances of **50% from automotive** and **50% from non-automotive businesses**
- ◆ **Seek to be among trading houses with highest profitability and best financial standings** (in terms of ROE, DER, etc.)

<Classification of segments>

Automotive	Non-automotive
Metals	
Machinery and Electronics	
Automotive	
Energy and Chemicals	
	Produce & Foodstuffs
Consumer Products, Services & Materials	

<Profit balance>

70 : 30

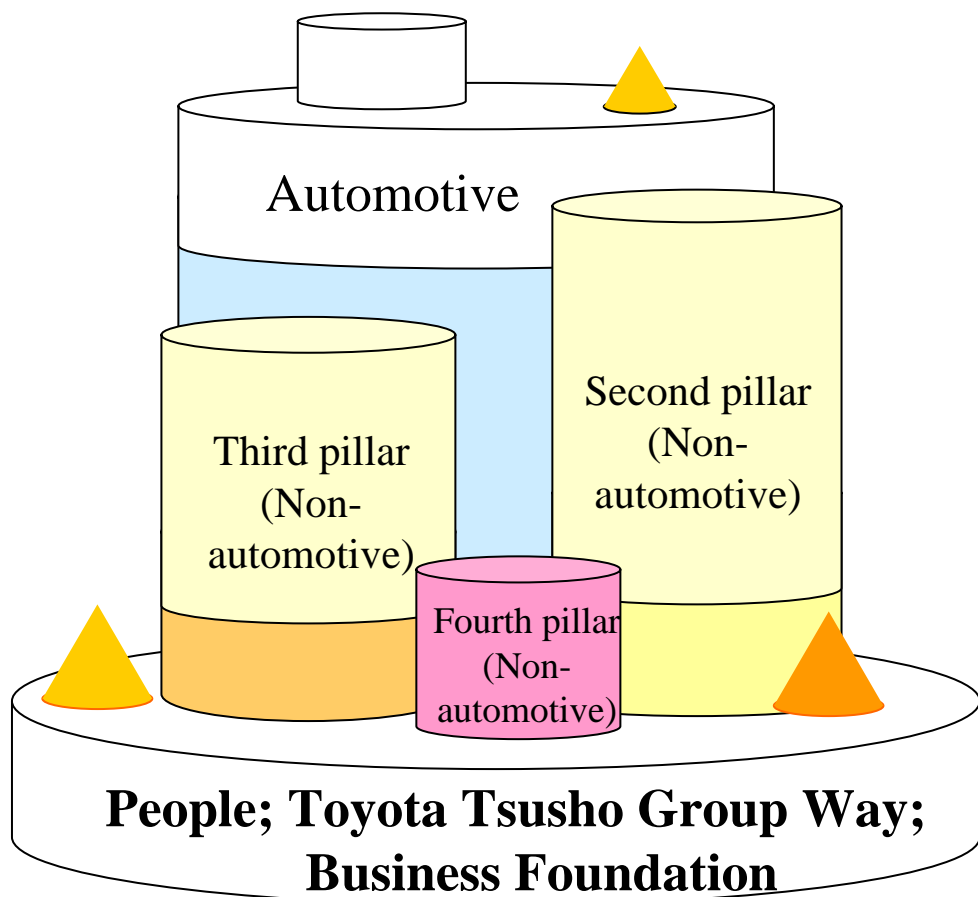


March 2010

March 2015 Target

March 2016 Target
(Fiscal 2015)

Long-Term Management Policy for Fiscal Years to March 2015 – Ideal Situation



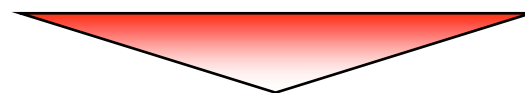
Changes in the Company's environment

◆ Paradigm Shift in the Automobile Industry

Includes shift in the business model from tangibles to intangibles as ownership and usage change and market needs polarize.

◆ Changing Paradigm for Trading Companies

Upstream inflation and downstream deflation, increasingly borderless, changing consumer values and needs, proactive business creation



Ideal situation

Both automotive and non-automotive areas to maintain growth to realize the vision

- Strengthen the core business foundation
- Grasp the business opportunities in a revolutionary phase of major changes

[Policies in Fiscal Year to March 2011 to Achieve Ideal Situation]

⇒ **Management and operations under the key words of “Think”, “Challenge”, and “Change”**



Key Policies for the Year to March 2011 in Accordance with the Long-Term Business Plan

Challenge: Develop Business in Emerging Countries and New Markets

Overseas Markets

- Continue to grow strongly (BRICs, VISTA)
- Expanding investment in resource-rich countries due to upstream inflation
- Expanding global consumption due to population growth
- Food shortages

Our
Approach

- Promote social infrastructure businesses (electric power, etc.)
 - Secure rights in resource-rich countries, invest in upstream businesses
 - Strengthen foodstuff procurement capabilities and expand distribution network
 - Develop downstream businesses (retail, services)
- ⇒ **Build both the automotive and non-automotive businesses**



Selecting our countries, regions and markets of focus and concentrating assets on them

“Challenge”: Environmental Businesses

Environmentally Friendly Energy for Society

Toward a society and lifestyles centered on electricity use

Our Approach

Programs for new materials, new raw material technology development, production and distribution

[Batteries]

- Resource development (lithium)
- Electrolytic solutions, plastic film production

[Mobility]

- Resource development (rare earth)
- Overseas recycling business development, etc.



Ecological housing



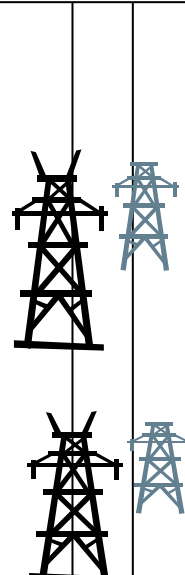
Storage batteries

Fuel cells



HV/EV

Recharging stations



Electricity transmission network



Wind power generation



Solar & geothermal power generation



Thermal power generation

Toward a society with diverse power generation that includes renewable energy

Our Approach

[Wind & Solar Power Generation]

Accelerate business development centered on Eurus Energy

[Thermal Power Generation]

Shift to natural gas for fuel

- ⇒ • Develop gas resources
- Gas-fired generation business
- Power plant business, etc.

Concentrate on environmental areas in which we can deploy our business assets with maximum effectiveness

“Challenge”: Cost Reduction Activities

Offense

1. Cut costs as a provider of added value

Propose and support cost reductions (process improvements, reduced resource use, etc.) for customers and business partners, and work to add value

2. Horizontally expand logistics functions to reduce costs

Extend logistics functions to other businesses and customers and generate cost benefits for customers through economies of scale, etc.

Defense

1. Enhance the strength and efficiency of affiliates

Review the functions and resources of affiliates that are decentralized through specialization and enhance their strength and efficiency through measures including scrap and build

2. Review corporate administration and assiduously reduce expenses

Review logistics, IT and other corporate infrastructure costs, new business development costs, and corporate administrative costs, and work to raise efficiency while assiduously reducing expenses

Reduce costs as one measure to add value and generate earnings



Major Investment Plans for the Next Two Years in Accordance with the Key Policies for the Year to March 2011

Past Investment & Future Investment Scale

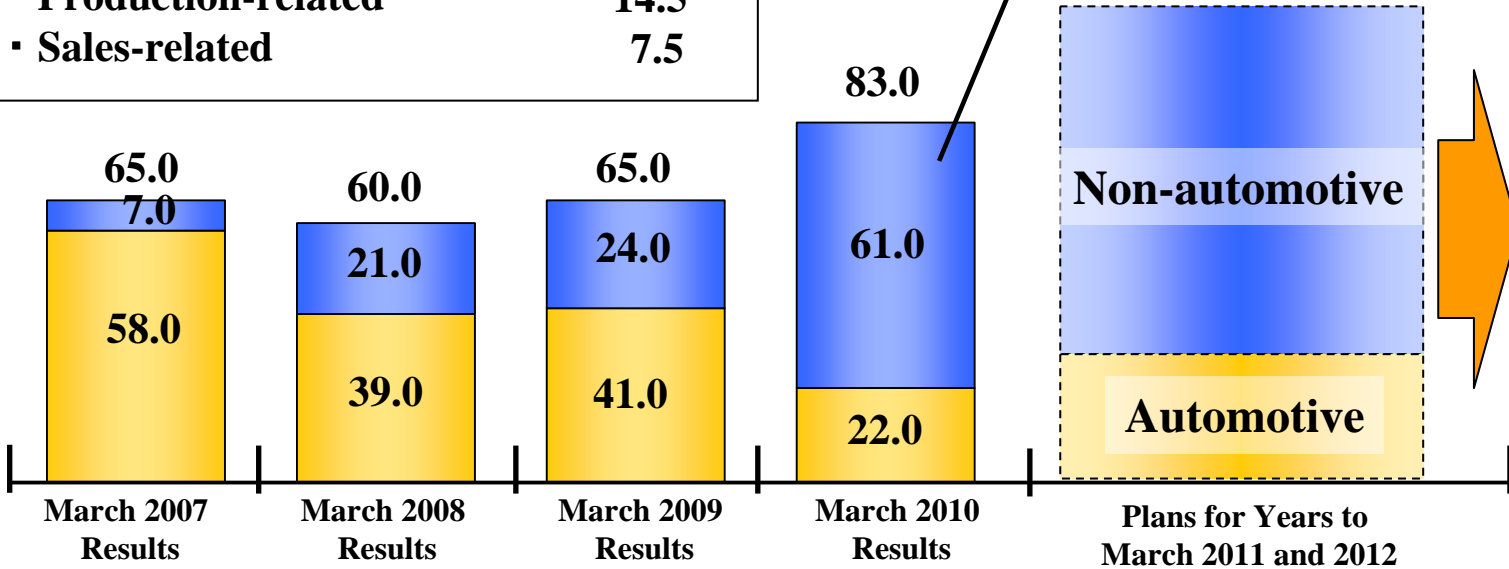
◆ Past & Planned Investment (Billion Yen)

Major Investments in Year to March 2010

Non-automotive	Total 61.0
▪ Energy & power generation	33.0
▪ Lifestyle	6.0
▪ Metals & chemicals	7.5
▪ Foodstuffs	7.0
▪ Others	7.5
Automotive	Total 22.0
▪ Production-related	14.5
▪ Sales-related	7.5

Over the next two years, we plan to invest approx. ¥200 billion. However, this will include scrapping some businesses after a comprehensive portfolio review.

Non-automotive Areas
Investment of approx. ¥100 billion from April 2006 through March 2010, with ¥85 billion invested during the past two years.
⇒ The likelihood of investment has risen significantly



Allocation of Total Investment over Next Two years
Non-automotive : Automotive = 70:30 level

Investment over the Next Two Years

Non-automotive	Emerging countries	<ul style="list-style-type: none"> ▪ Diversification of grain suppliers and customers ▪ Petroleum-related upstream businesses in crude oil-producing countries <p style="text-align: right;">etc.</p>	Sub-total ¥65 billion
	New markets	<ul style="list-style-type: none"> ▪ Non-automotive businesses (home electronics, aircraft, precision machinery, etc.) ▪ Upstream gas businesses (development, liquefaction, logistics) in resource-rich countries <p style="text-align: right;">etc.</p>	
	Environment	<ul style="list-style-type: none"> ▪ Renewable energy generation businesses (wind, solar and thermal power) ▪ Scrap car and waste recycling businesses <p style="text-align: right;">etc.</p>	Sub-total ¥40 billion
	Other	<ul style="list-style-type: none"> ▪ Gas-fired power generation business, development & manufacture of inorganic chemical products ▪ Practical apparel and nursing care-related businesses <p style="text-align: right;">etc.</p>	Sub-total ¥40 billion

**(Total)
¥145 billion**

Automotive	Emerging countries	<ul style="list-style-type: none"> ▪ Metal processing and plastic compounding in India, Brazil and elsewhere ▪ Dealer network in Russia, Africa, Brazil and elsewhere <p style="text-align: right;">etc.</p>	Sub-total ¥20 billion
	New markets	<ul style="list-style-type: none"> ▪ Production-related businesses for automobile companies other than Toyota ▪ Automotive multimedia businesses <p style="text-align: right;">etc.</p>	
	Environment	<ul style="list-style-type: none"> ▪ Development & manufacture of components for HV/EV (including SiC wafers) <p style="text-align: right;">etc.</p>	Sub-total ¥2 billion
	Other	<ul style="list-style-type: none"> ▪ Improving after-sales service for car dealers ▪ Enhancing processing and logistics functions in regions we already serve <p style="text-align: right;">etc.</p>	Sub-total ¥33 billion

**(Total)
¥55 billion**

Managing the Financial Risk on Realizing Investments

Expected Balance Sheet Changes from Implementing the Long-Term Business Plan

Year to 3/2015

Aiming to grow while balancing growth potential, efficiency and soundness

Year to 3/2010

Current assets ¥1,554.3 billion
Investments & other assets ¥720.2 billion

Assets

Deploy financial resources more efficiently
⇒ Improve internal TVA benchmark

Control using risk asset management (RAM)

Current assets
¥2.3 trillion

Investments & other assets
¥1.0 trillion

Target

[Growth potential]
Expand strategic investment
[Efficiency]
Increase investment selectivity

Liabilities ¥890.6 billion
Interest-bearing debt ¥733.7 billion
Shareholders' equity ¥650.2 billion

Liabilities & Equity

Secure fiscal soundness

Liabilities
Total: ¥2.4 trillion

Interest-bearing debt

Shareholders' equity
¥900 billion

Target

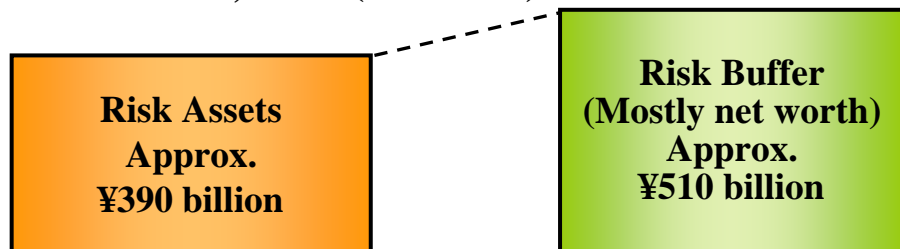
Emphasize Net DER

Emphasize ROE

Net income ¥100 billion

Risk Asset Management (RAM)

As of March 31, 2010 (Estimate)



Ratio of RA to RB (RA/RB) $\Rightarrow \approx 0.8$

Risk return ratio (RR ratio):

(After-tax ordinary income/risk assets): $\approx 10\%$

◆ Introduction of RAM measures

1) Measures for individual risks already in place

- Credit risks (application for transactions)
- Commodity risks (application for positions)
- Business investment risks (application for individual business investments), etc.

2) Measures to be in place from current fiscal year onward

- Target management of RA/RR for corporate and divisional basis
- Establishment and monitoring of RA/RR plans in long-term and 2-year business plans

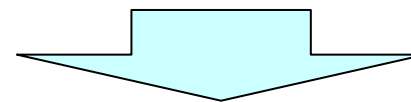
◆ Basic policy on risk asset management (RAM)

1) Total risks within sustainable amount ($RA \leq RB$)

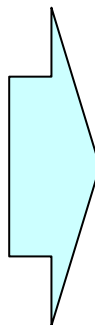
2) Secure sufficient earnings for risks (Min. $R/R \geq \text{Equity cost}$)

◆ Expand business investment

We expect to further expand non-automotive investments to achieve our vision of a 50:50 ratio between automotive and non-automotive areas



Reorganize by reviewing the function and position of subsidiaries in the value chain and scrapping and building businesses according to standards for evaluating and withdrawing from businesses in order to allocate limited management resources.

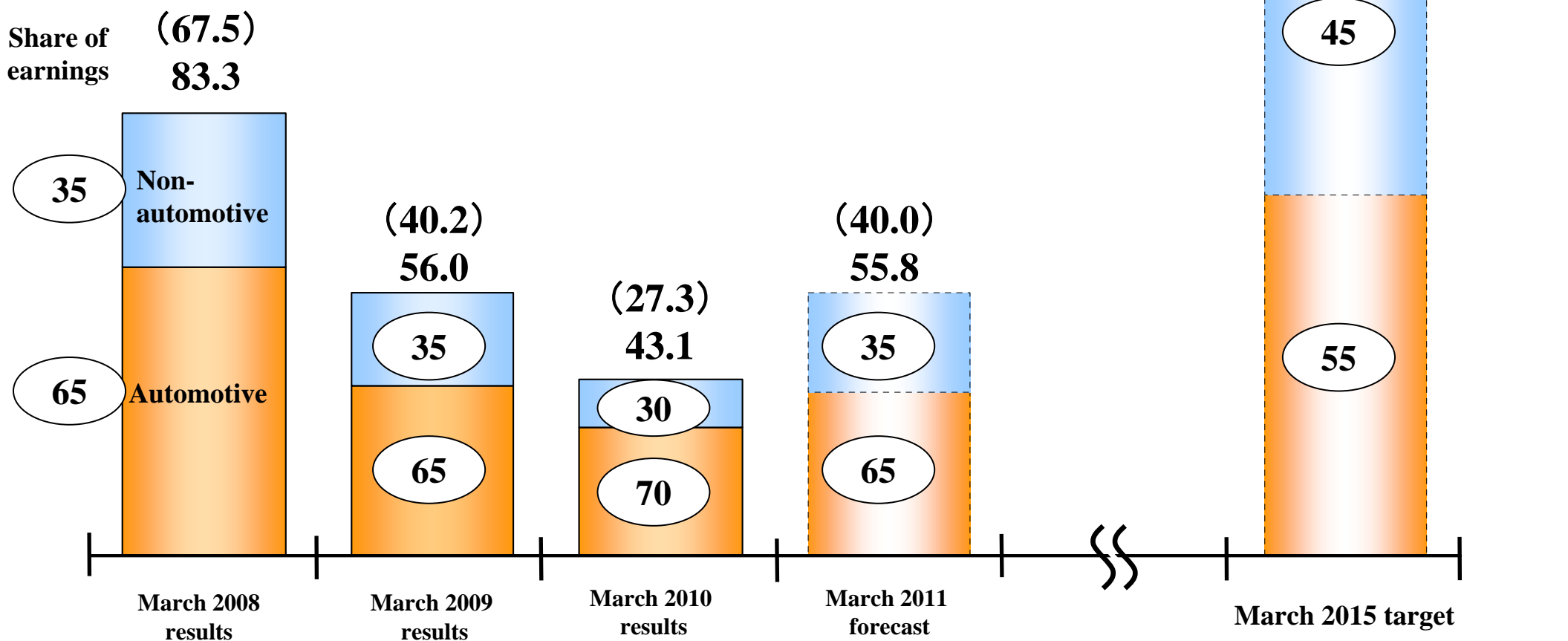




Numerical Targets of the Long-term Business Plan

Numerical Targets of the Long-term Business Plan: Net Income Targets

*Totals are effective after-tax income excluding amortization of goodwill. Figures in parentheses above the totals are net income including amortization of goodwill.

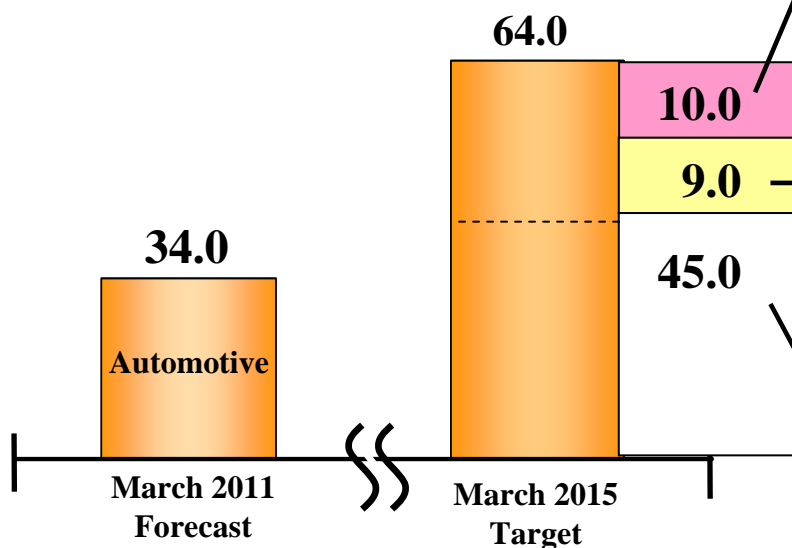


Numerical Targets of the Long-term Business Plan: Path towards Net Income Targets

[Net Income from Automotive-related]

*Totals are effective net income
excluding amortization of goodwill.

(Billion yen)



Earnings expected from new investment include:

- Procurement & production of components for HV/EV
- Expansion of business with automobile companies other than Toyota
- Development of sales bases in emerging countries

etc.

Earnings from investments already made to be added after the year to March 2011 include:

- Expansion in the number of car dealers
- Strengthening functions for the Toyota Group customers
- Horizontal development of business with automobile companies other than Toyota

etc.

Maintain and increase core earnings:

- Recovery in Toyota production
- Increased profitability through cost reductions
- Increased sales at existing car dealers

Toyota production
(Toyota & Lexus
brands)

7.4 million units

9.0 million units

Toyota Tsusho
overseas sales

110 thousand units

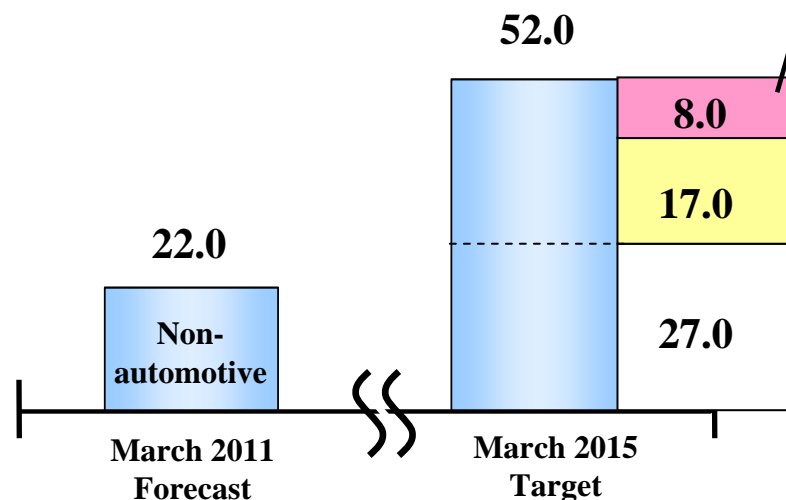
300 thousand units

Numerical Targets of the Long-term Business Plan: Path towards Net Income Targets

[Net Income from Non-automotive-related]

*Totals are effective net income
excluding amortization of goodwill.

(Billion yen)



Earnings expected from new investment include:

- Expansion in upstream areas (metal resources, gas, oil-related)
- Strengthening of foodstuff procurement capabilities
- Global development of lifestyle-related businesses

etc.

Earnings from investments already made to be added after the year to March 2011 include:

- Power generation (gas-fired, wind), chemicals business
- Metals (non-automotive, resources, recycling)
- Lifestyle (development of retail businesses in Japan and overseas)
- Foodstuff businesses (food products, raw material production, grain)
- Machinery & electronics (construction equipment, forklifts, mobile)

etc.

Maintain and increase core earnings:

- Expansion of existing trading businesses
- Development of new customers

Numerical Targets of the Long-term Business Plan: Efficiency, Soundness and Dividends

Numerical Fiscal Targets

- ◆ Establishment of financial structure to ensure sustained growth by means of reinvestment of profits for further generation of profits

Equity	<p>Net income to exceed equity cost ⇒ Emphasis on ROE as an index highly correlated with equity cost</p>
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Debt	<p>Maintain low debt level that allows rating to remain at “A” even after a large-scale M&A ⇒ Continued emphasis on Net DER as an index to measure financial soundness.</p>
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Average ROE of 12~15% over medium-to-long term

Maintain net DER (excluding goodwill) at 1.5 times or less



We will realize our numerical fiscal targets by achieving the goals of the long-term business plan.

Dividends

Basic Policy

Dividends are linked to consolidated earnings, with a target consolidated payout ratio of 20%



	March 2008	March 2009	March 2010	March 2011 (Forecast)
Full year	¥30	¥26	¥16	¥24
Consolidated payout ratio	15.6%	22.7%	20.5%	21.0%