

NEW PRIUS PRESENTATION

Script for TMC President Fujio Cho and TMC Chief Engineer Masao Inoue

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(Translation of prepared remarks.)

OPENING REMARKS BY PRESIDENT CHO

Good afternoon. I am Fujio Cho, president of Toyota Motor Corporation. I would like to thank you all for taking the time out from your busy schedules to attend this event.

Today I have the pleasure of presenting the new Prius.

The word “prius” is Latin for “prior to”, indicating that the Prius is a vehicle at the forefront of its age.

The first-generation Prius, a car with a groundbreaking level of environmental performance based on a hybrid system, was released in 1997 under the catchphrase: “In time for the 21st century”. It thus appeared prior to the so-named “century of the environment” and also before any other marketed hybrid vehicle.

Thanks to your support, the name Prius has now become a by-word for the eco-car, and appreciative customers not only in Japan but around the world have helped push worldwide sales over the 120,000 mark.

The Prius has thus opened up the innovative field of hybrid vehicle technology, and been a major force in the promotion of automotive environmental technology and the spread of environmentally considerate cars, defining options for the vehicle technology of the 21st century. I can therefore say with pride that I believe it has amply fulfilled its role “to go before”.

I believe that the mission of the Prius is to constantly stay ahead of the times and set the benchmark for other vehicles. In order to carry on fulfilling this crucial role, it is necessary to adopt the spirit of challenge of always seeking to exceed oneself. In other words, the Prius must always surpass its own past performance.

This was the idea shared by the engineers in charge of developing the Prius, who teamed up to explore an unknown field of technology.

The completely redesigned and revitalized Prius before you today is the fruit of this sort of dedicated developmental work.

Allow me now to present some of the features of the new Prius that make it a worthy bearer of its name.

The new Prius is equipped with the next-generation Toyota hybrid system THS II developed under Toyota's "Hybrid Synergy Drive" concept, which aims at improved environmental performance and greater driving power.

The Toyota hybrid system features a high-efficiency gasoline engine and a high-output electric motor. This engine and motor can be likened to partners in a three-legged race: helping each other and working to bring out each other's strong points.

The new Toyota hybrid system THS II, installed in the new Prius, represents a vast evolutionary step in energy management—a characteristic feature of the Toyota Hybrid System.

As a result, the new Prius boasts 15% better fuel efficiency than the previous model at 35.5 km/liter and attains a world-leading level of fuel efficiency. Needless to say, it also qualifies as an ultra-low emission vehicle.

This radically enhanced environmental performance has been realized through THS II, as well as overall improvements such as advanced aerodynamic characteristics, use of aluminum in parts allowing for great achievements in weight reduction, and other features.

At the same time, THS II endows the new Prius with a smoother, more-responsive and dynamic hybrid experience that heightens the "fun to drive" quotient.

A high-voltage power circuit boosts current voltage, to give the motor an output 1.5 times greater than the output of the motor in the previous system, allowing the motor to produce increased drive power. This is the key factor that has enhanced the performance of the Prius. I have tried driving it and felt the difference for myself.

In this way, the new Prius has simultaneously evolved the contradicting functions of environmental performance and driving performance.

In aiming to take the new Prius one step further, we have also included a large number of advanced functions and fixtures that are both Japan and world firsts.

For example, the new Prius features the world's first EV Drive Mode, which allows the vehicle to be driven on the electric motor alone. This means that the new Prius can change in an instant into an electric vehicle. This is possible due to the increase in motor power realized by THS II.

When I drove the new Prius onto the stage, I was actually using the new EV Drive Mode.

Among the other advanced electronic functions based on Toyota's cutting-edge hybrid control technology, the new Prius features the world's first Intelligent Parking Assist system, to guide steering in curbside parking and when reversing into parking spaces.

The Electroshiftmatic system allows fingertip control of the gears and is the first of its kind in Japan.

As you can see, the highly futuristic and individualistic styling of the all-new Prius creates a new 5-door sedan with excellent aerodynamic characteristics.

And now it is time for me to hand it over to the person in charge of the Prius' development for a more detailed explanation.

EXPLANATION BY CHIEF ENGINEER INOUE

Good afternoon. I am Masao Inoue, chief engineer of the new Prius.

To attract more people to the vehicle, the new Prius has been designed not only as a vehicle boasting the world's best environmental performance, but also as a vehicle with personality. In other words, it is a vehicle that delivers happiness and offers the joy and exhilaration of driving—a vehicle that allows you to experience everything that a car has to offer.

In order to achieve this, the new Prius boasts:

- 1) Innovative hybrid vehicle driving performance
- 2) Innovative styling and packaging
- 3) Innovative human-machine interface – that is, innovative drive and display systems
- 4) Advanced environmental features

Let me explain each of these features in more specific terms.

Firstly, the key behind the Prius' innovative driving performance is the use of the newly developed THS II, an improved design based on the existing Toyota Hybrid System and representing the latest evolutionary stage in Toyota's hybrid technologies.

THS II has dramatically advanced both environmental performance and power at the same time. Based on the Hybrid Synergy Drive concept, this next-generation hybrid system from Toyota achieves a synergistic effect between electric motor power and internal combustion engine power, leading to the simultaneous advance of both environmental performance and that all-important feature of any vehicle: driving performance.

A newly developed variable high-voltage power circuit boosts current voltage between the motor, the generator and the hybrid vehicle battery to 500V. Motor output has been greatly increased to 1.5 times the output of the previous model through improvement of the motor itself and significant advances in the control system.

As you can tell from this graph, through synergistic effects with the higher-efficiency 1.5-liter engine, at 85 kilometers per hour, system output is approximately 26% greater than in the previous system.

System torque has also been improved by about 14%. As I'm sure you can see, this has resulted in significant performance improvement. Compared to a 2.4-liter automatic transmission vehicle, the new Prius achieves better accelerator response and smoother gear shifting during acceleration, while still maintaining power.

The new Prius boasts acceleration performance on par with that of a 2-liter gasoline engine vehicle. The large-torque motor is used to maximum effect when overtaking other vehicles in an urban setting, as is often necessary, allowing the driver to experience a sense of exhilaration that only the new Prius can provide.

In order to fully realize the new Prius' dynamic performance, we developed the world's first vehicle movement control system—the Steering-assisted Vehicle Stability Control system, or S-VSC. This system seamlessly integrates the existing Vehicle Stability Control system (VSC), the Electrically Controlled Brake system (ECB), the Antilock Braking System (ABS), the motor Traction Control system (TRC) and the new Electric Power Steering system (EPS).

When a vehicle loses its stability on a slippery surface, it is necessary to adjust the vehicle's trajectory to regain stability. In such a situation, the EPS system makes the steering wheel heavier and harder to turn, helping to avoid over-correction and allowing the driver to regain vehicle stability faster. You can see this effect demonstrated in this short video clip.

A more compact hybrid system, greater utilization of aluminum in the body and other parts, and other features, allow for a great reduction in weight of approximately 140kg. Combined with a lower center of gravity, the new Prius offers the driver a pleasant yet safe driving experience.

Secondly, let's look at the innovative styling and package.

The new Prius adopts an all-new futuristic theme.

It's a new generation five-door vehicle boasting a futuristic and emotive advanced aerodynamic form. The simple yet pristine visage delivers a refined and futuristic presence.

The new five-door, long wheelbase package offers a spacious interior that exceeds its class. A distance of 950mm between the hip points of the front and rear seats raises comfort levels in the back seat.

Ample luggage space with flexible utility is provided through various seat arrangements.

Based on the user-friendly concept of universal design, we employed a variety of innovative devices and functions in the new Prius in our bid to reinvent the driving control and display systems that comprise the human-machine interface.

The interior is a completely unique and futuristic design. The layout of the features reflects consideration given to ease of use of the instrument panel.

The instrument readouts have been placed in an easy to see location and an elliptical steering wheel has been employed to further improve visibility. Adoption of steering wheel-mounted switches makes it possible to operate various features without letting go of the steering wheel, while placement of the Electroshiftmatic close to the steering wheel also raises overall ease of operation.

Next, I would like to introduce the innovative devices and functions that the new Prius has to offer.

As you can see from this video demonstration, the new Prius employs a Smart Entry System. Simply by having the Smart Key in a pocket or handbag, the door automatically unlocks as the driver places a hand on the door handle, allowing unhindered access to the vehicle.

No turn of the key is needed to start the vehicle – an easy push of the power switch will do the trick. By simply operating the Electrosiftmatic, a first in Japan, the vehicle gently slides into gear.

What you are now seeing is not simply the vehicle in motion, but the world's first "EV Drive Mode" in action. One push of a switch lets you turn off the engine and drive solely on the power of the clean and quiet motor. This function is particularly welcome first thing in the morning or late at night as you drive the vehicle in or out of the garage, or when parking in a parking building.

I would now like to demonstrate on stage for you the world's first Intelligent Parking Assist.

First, we use the backup guide monitor screen to set the parking location. Press the "confirm" button, adjust the brakes and back the vehicle into position.

As you can see, the car does all the steering, helping you park. This is a very convenient feature for use in curbside parking or when backing up into the garage.

An automatic air conditioner with an electric inverter-compressor is also employed, offering ideal comfort and also helping to improve fuel efficiency even when the air conditioner is in use.

The new Prius has also been outfitted with a G-BOOK information network service compatible navigation system.

A JBL premium sound system and UV-filtering glass add to the lineup of innovative features incorporated in this vehicle.

The advanced collision-safety body GOA construction has been further evolved by incorporating the concept of compatibility. Omni-directional two-vehicle collision tests were carried out using the SUV Land Cruiser Prado.

Looking at the advanced environmental features in the new Prius, world-leading levels of fuel efficiency at 35.5 km/liter (10-15 Japanese test cycle) have been achieved, and the new Prius also qualifies as an ultra-low emission vehicle.

Efficient system management resulting from the new THS II hybrid system combined with lighter vehicle parts and an excellent aerodynamic form with a Cd value of 0.26 all greatly contribute to the Prius' innovative environmental performance.

Reducing environmental impact over the entire life cycle of the vehicle, from production to use and finally disposal, was also a major consideration. Meticulous measures were taken in all areas of the vehicle's design, including the utilization of plant-derived Toyota Eco-Plastic and recyclable materials, design for recyclability that improves dismantling efficiency, and the considerable reduction of substances of environmental concern, specifically lead and PVC.

Through Hybrid Synergy Drive, the new Prius achieves smooth yet powerful drive performance and a world-leading level of environmental performance. And the human-machine interface, based on the concept of universal design, has reinvented the way people can communicate with a vehicle. With the new Prius, we have managed to develop an innovative vehicle that leads the present into the future, a vehicle that truly befits its namesake, "to go before". It is my hope that the new Prius will be able to share the value of Toyota's hybrid cars with many people around the world, and above all else, in some way help preserve our natural environment.

Thank you.

CLOSING REMARKS BY PRESIDENT CHO

So, what do you think? I'm sure you'll agree that the new Prius lives up to its name as one "to go before".

Even with these many new, innovative features, the new Prius is priced at only 2.15 million yen, cheaper even than the current model, which is priced at 2.18 million yen. I hope even more people will be inspired to choose the new Prius.

Sales will be conducted through existing Toyota dealers, as well as through Toyopet dealers, and we are aiming at a monthly sales target of 3,000 units. The vehicle will be launched in Japan first, and then in the United States, Europe and other markets around the world.

As I mentioned earlier, sales of the Prius have topped 120,000 vehicles worldwide since its launch six years ago. With the new Prius, we are aiming at worldwide annual sales of 76,000 units by the end of 2004.

With the first Prius having created a hybrid vehicle market, I firmly believe that we will see that market grow on a global scale, as not only Toyota but also other manufacturers develop many new products.

Based on my belief that automobiles will have no future unless they respond appropriately to the environment, I have positioned global environmental preservation as a top-priority management issue. And as I am always saying, I believe hybrid technology will be the key technology for the development of an eco car of the future. The current hybrid system, which represents the key technology of the 21st century, is the culmination of the technology and knowledge that Toyota has developed, and this is the strength of Toyota and the sustenance for future growth. It is my hope that Toyota will continue to make further developments and lead the hybrid vehicle market. The new Prius is the very embodiment of this thinking.

I look forward to your careful inspection and assessment of the new Prius.

Thank you.

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