

2013 U.S. Lexus ES 350 Production Announcement - Akio Toyoda

April 19, 2013

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New York, N.Y. and Georgetown, K.Y.
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As prepared for:

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Jim Lentz, CEO, Toyota North America Region
Julie Hamp, CCO, Toyota North America Region
Steve Beshear, Governor, Commonwealth of Kentucky
Wil James, President, Toyota Motor Manufacturing, Kentucky
Mark Templin, Executive Vice President, Lexus International

Julie Hamp:

Good morning and thank you for joining us.

Today marks a very special day for our luxury brand ... Lexus.

In a few minutes we'll make a major announcement about the brand ...and later tonight we're having a very fun and unique event centered around design...which you'll hear more about this morning.

Now, before we start ...I would like to say to those of you here in New York ...we appreciate you coming into Manhattan to spend time with us ... and to those watching this simulcast at our manufacturing plant in Georgetown, Kentucky...hello from all of us here in the Big Apple.

Okay, here's an overview of what's going to happen this morning.

First ...from New York ...you will hear from Toyota's Global President, Akio Toyoda ...followed by Jim Lentz ...our new Chief Executive Officer of Toyota North America Region.

Then we'll turn it over to Mike Goss of our Extern Affairs group in Kentucky who will introduce the Governor of Kentucky, Steve Beshear, and the President of our Kentucky plant ...Wil James.

After that we'll close our broadcast and follow with a press Q & A session here in New York and one at the Kentucky plant.

For those in the news media ...this press conference is being simultaneously translated ...channel one is English and channel two is in Japanese.

Now that you know the agenda ...it's my great pleasure to introduce the gentleman whose love of cars and enthusiasm has brought style and fun back to Lexus and Toyota products.

Ladies and gentlemen please welcome ...Mr. Akio Toyoda.

Akio Toyoda:

Thank you Julie ...and good morning to everyone here in New York and to those of you in Kentucky.

You know ...I have a special place in my heart for America ...its people ...and its communities.

In fact ...I went to graduate school in Boston and worked in California for a few years.

Before I go on ...after hearing the news about the tragedy in Boston... I know all of us are united in our feelings of sadness ...and are also united in our support for the victims and their families.

Let us take a moment of silence to reflect upon this.

Thank you ...

Let us continue ...

Today ...I am pleased to announce one of our worst kept secrets ...that ...starting in 2015 ...we will build the popular Lexus ES 350 sedan in the United States on a new, dedicated assembly line at our plant in Georgetown, Kentucky.

It is fitting that the first country to build the ES outside of Japan is the United States ...because this is HOME for Lexus ... it is where the brand was founded ...and it is still the biggest market for our luxury brand.

And Americans LOVE the ES.

Since 1990 ... we have sold nearly 1.2 million ES sedans in the U.S. ...and it has one of the highest customer loyalty rates in the Lexus lineup.

This decision is in line with two key goals.

First ... to serve our U.S. customers ...and second ...reduce the effects of the exchange rates on our customers.

Here in the United States ...we chose Kentucky because of our successful 25-year partnership with the state.

I want to personally thank Governor Steve Beshear for creating a positive business environment and supporting our partnership ...which is still going strong after more than a quarter century.

I also want to thank local officials in Georgetown and Scott County for their strong support over the years.

It is also fitting that we chose Kentucky because it was Toyota's first stand-alone plant in America.

So in a way ...for manufacturing ...Kentucky IS Toyota's home.

It also has some of the most-experienced Toyota team members in the world.

To our Kentucky teams watching this webcast...THIS is a tribute to your extraordinary efforts and the hard work

you have put into EVERY single car for the past 25 years.

Congratulations ... and keep up the good work!

Now ...along with bringing ES production to the U.S. ...we recently made organization changes to make faster decisions that will better serve our customers.

For instance ...

- Jim Lentz is now CEO of Toyota North America region
- Mark Hogan ...who I worked with at NUMMI in California ...has been appointed a Toyota board member...
- And Mark Templin who ran Lexus U.S.A. is now the Executive Vice President of Lexus International.

I am very confident in this new American leadership team.

In fact the first decision they made... in less than one month... is to bring production of a Lexus model to the United States.

This is a NEW team ...a NEW beginning ...and a NEW Lexus.

We are changing at Toyota ...but one thing will never change.

And that is our strong commitment to the United States.

We are united and committed to fulfilling the needs of our customers and strengthening local communities ...here and around the world.

Thank you ...and now it is my pleasure to turn it over to our new CEO for the North America Region ...Mr. Jim Lentz.

Jim Lentz:

Thanks, Akio ...and thanks for coming to New York to announce major steps that will help us put our customers first ... and better serve them.

I'm happy to tell you that the story of our Lexus expansion at our Kentucky plant gets even BETTER because we will add 750 NEW American jobs...and ...in partnership with the state ...invest 360 million dollars for the expansion and other plant improvements.

Our target is to build 50,000 ES sedans annually in America.

This is on top of the expansions in North America that we have been announcing and completing during the last 17 months.

In all ...Toyota is spending nearly two BILLION dollars and adding 4,200 NEW jobs... to expand and improve our North American manufacturing plants ...to build products our customers want.

This is in addition to an already massive presence we've developed in America for more than half a century.

Today ...Toyota operates 14 plants across North America that produce seven out of every 10 vehicles we sell here.

And the American content of many of our vehicles... continues to rise.

For example ...90% of the parts and materials that go into our Toyota Camrys and Avalons are sourced from local suppliers.

And our other locally-built models average about 75 percent North American content.

In terms of local jobs ... Toyota directly employs more than 31,000 Americans.

And ...according to the Center for Automotive Research ...every direct job created by ...

- Toyota,
- our dealers,
- and suppliers ...creates over 10 ‘spin-off’ jobs.

So by that measure ...Toyota is actually responsible for over 365,000 American jobs today ...roughly equivalent to the population of St. Louis.

In addition ... our U.S. Toyota and Lexus dealers have made HUGE commitments to their business and to their communities.

In just the past eight years... our dealers have invested over SEVEN-BILLION dollars to rebuild and upgrade their facilities to improve the customer experience.

These investments ...and our dealers’ ability to create an industry-leading customer experience...have helped our customer loyalty remain high and provided much-needed community support throughout our nation.

And there is one other great benefit from expanding our U.S. manufacturing base.

We’ve been able to increase exports of our North American-built vehicles to 23 countries around the world.

In fact ... our exports jumped by 45% last year ...and we’ll export even more vehicles this year.

So ... all in all ...today's Lexus ES announcement is a logical extension of Toyota's strategy to better serve customers in the largest market for Lexus.

Governor Beshear ...I would like to extend my personal appreciation to you and the state of Kentucky for all your support of Toyota ...and now ... Lexus.

Thank you ...and now let’s go live to our Kentucky plant where host Mike Goss has some special guests...

Mike ...

Mike Goss introduces Governor Steve Beshear and Wil James

Gov. Steve Beshear:

In Kentucky, today is a day of celebration.

We are excited and honored by Toyota's decision to build its top-selling, top-of-the-line Lexus sedan in Georgetown.

And frankly, we are very proud.

You see, although Toyota is a Japanese-owned company, here in the Bluegrass – because of our long history together and our close ties – we actually see Toyota as a *Kentucky* company.

I was lieutenant governor back in the 1980s when Toyota began scouting the country for a location for its first U.S. manufacturing plant, and I had a front-row seat when Kentucky won the fierce competition.

That announcement transformed our economy and helped propel us to the top echelon of U.S. auto-manufacturing.

It also began a long-term relationship.

Today, tens of thousands of Kentucky families owe their livelihoods to Toyota, employed either at the manufacturing plant in Georgetown or the corporate headquarters in Erlanger, or at the many dozens of companies which supply parts and services to Toyota.

Many times that number of Kentucky citizens rely on Toyota's finely crafted cars and trucks to get their families back and forth from work, school, church and numerous other activities.

And Toyota and its employees have set the standard for community involvement, with millions of dollars and 10s of thousands of volunteer hours.

That relationship deepens with today's announcement.

The numbers alone are impressive: a total new investment of over \$531 million, including \$360 million for Lexus – plus 750 new jobs... not to mention many others that will be created as suppliers are chosen to produce Lexus parts.

But there's also the prestige.

President Toyoda, we are deeply honored that you have entrusted the manufacturing of your top-selling Lexus sedan to us in Kentucky.

We realize the care and pride you take in this vehicle, and that it requires the utmost in a skilled workforce, not to mention top-quality components.

Your confidence in the quality of Kentucky's workers – especially our team at Georgetown – is appreciated and well-placed.

We know how to build vehicles in Kentucky – last year we built over a million of them.

We also know how to partner with our corporate citizens to help them succeed in competitive industries, changing markets and challenging economic times.

Since becoming governor I have made three trips to Japan, including one in November, to meet with Toyota executives.

I have talked with Akio and others on many occasions about helping Toyota's Kentucky operations grow, and I listened intently to their ideas and concerns.

Last year I signed into law House Bill 400, a critical piece of legislation that broadened the reach of the Kentucky Jobs Retention Act to make it applicable to other qualifying companies, including Toyota.

I'm proud that Toyota is using that incentive program to create 750 jobs for Kentucky families.

I want to congratulate Akio, Jim Lentz...Wil James and the entire Kentucky team... as well as the many state and local officials who had a hand in this exciting news.

This is a great day for Toyota and Kentucky.

Wil James:

Good morning everyone... what a glorious day it is! ...And not just because its my birthday.

It's because...just a few feet away there are thousands of Kentuckians building the award winning Camry, Avalon and Venza.

And... today's announcement is all about them and their families.

A few minutes ago, I told the team we were chosen to build the Lexus ES...and they are really pumped up about it.

The past couple years have been very busy for us in Georgetown.

We launched the best-selling Camry...announced a substantial capacity increase in four-cylinder engine production...and, last fall, started production of the all-new Avalon.

With today's announcement, it appears we're going to stay busy and I'm very excited about that.

This production move will bring our plant employment to nearly seventy-four hundred team members... and Toyota's investment here to more than six billion dollars.

That's great news for Toyota and Kentucky...and we appreciate the support of Governor Beshear as well as our local elected officials and partners.

Ladies and Gentlemen...it's a pleasure working with you to bring additional jobs and investments to the Commonwealth.

Thank you all for supporting Toyota and this new expansion project.

Finally, I'd like to say a special thank you to Akio Toyoda and Jim Lentz.

I know I speak for all of us in Kentucky when I say... we sincerely appreciate your faith in our team members

here.

Since 1988, our plant has been dedicated to manufacturing excellence, winning ten J.D. Power top plant awards.

And you have my word...we won't let you down...I can promise you that!

Thank you!

Now I'll send it back to New York and Mark Templin, Executive Vice President of Lexus International.

Mark Templin:

Thank you, Wil.

And let me just say with the Kentucky plant's 25-year history of assembling great vehicles ...I'm confident your team will provide the same level of quality and craftsmanship Lexus products have been known for ...for more than two decades.

I'd also like to thank Akio for coming to our event ...but to be honest ...I don't think we could've kept him away.

He has a very keen and deeply personal interest in seeing Lexus become one of the world's top luxury brands ...not just for automotive ...but among ALL luxury brands.

As most of you already know ...Akio is an avid car enthusiast and a race car driver ...I'm still waiting for him to take me out on the tracks one day ...and his personal passion for cars has made its way into Lexus products ...from great driving dynamics to more expressive styling.

Now ...as part of our global expansion ...we have to speak to a broader audience ...and what better way to do that than to put a much stronger and sharper focus on design ...because let's face it ...design matters.

We started last year with the launch of the all-new GS with our signature spindle grille ...we followed that with the new ...

- LX,
- RX,
- ES,
- LS

...and it continues with the upcoming launch of the all-new IS.

In just 24 months ... we'll have transformed the design for our entire lineup.

And it doesn't end there...we also showed our award-winning LF-LC and LF-CC coupe concepts ...and people just love them.

With these concepts and all the new cars we've launched ...we're changing people's perception of Lexus!

To further demonstrate our design focus ...as Julie mentioned...tonight Lexus is celebrating the international design community with an event called 'Design Matters' ...hosted by Akio Toyoda ... right here in this building.

We'll showcase our commitment to design...both in our products and our global brand initiatives.

With these initiatives ... we're collaborating with established and up-and-coming creative talents ... to both inspire and be inspired.

For instance:

Working together with The Weinstein Company...who... by the way ... have produced films that received 75 Academy Award nominations ... together we commissioned up-and-coming film makers to create short films based on the theme of 'Life is Amazing.'

Last year during Tokyo Design Week we launched the Lexus Design Award ...and then last week at Design Week in Milan we showcased the works of the top two winners ...they earned the opportunity to be mentored by two world famous designers.....Sam Hect and Junya Ishigami.

We're also creating a gallery space we call INTERSECT by Lexus.

It's not a dealership nor a traditional retail space.

It's a place for people to engage with Lexus through...

- design,
- art,
- food,
- fashion,
- culture,
- movies,
- music,
- and technology ...all in one space.

The first INTERSECT gallery will open this summer in Tokyo...and next year ... we'll bring this unique experience to Dubai ... and here to New York.

This is an exciting time at Lexus.

We have all new products with great designs ...dynamic performance ...and advanced technologies that people love.

And now ...with ES production moving to Kentucky ...our two highest volume products will be manufactured here in North America.

Ladies and gentlemen ...as Akio said ...this is a brand new global Lexus.

Thank you!

Julie Hamp:

Thank you, Mark.

And thank you to all our speakers.

As you can see ...we are very excited to have the ES manufactured here in the U.S.

It will help us meet the needs of our customers ...and that's exactly what the Lexus and Toyota brands do best.

Thanks again for joining us ... and this concludes the broadcast portion of our conference.