

**1. Government & Industry Affairs**

2. Corporate Communications/ Media & IR
3. Philanthropy / CSR
4. Technical & Regulatory Affairs (Environment)
5. Technical & Regulatory Affairs (Safety)
6. LATAM Marketing & CS
7. Strategic Research & Planning
8. Human Resources Accounting Administration

**Group's Main Activities**

**October 15-17** = TEMA Fall Supplier Event – Orlando FL

**October 17** = Matsui Foundation Reception

**October 18** = Meeting with Tom Friedman (*Times*)

**October 23-25** = State Gov't Affairs Annual Lobbyist Conf.

**October 25** = Green Expo Day on Capitol Hill

**1. Government & Industry Affairs**

(1) On Wednesday, October 17, to bolster relations with Democrats, Toyota hosted a special reception in honor of the Congressman Robert Matsui Foundation for Public Service, which provides stipends and scholarships to young professionals interested in pursuing a career in public service. Former President Bill Clinton was the evening's keynote speaker, and joined Toyota at the VIP reception in the TMA office along with Rep. Doris Matsui, the Congressman's widow who now holds his seat. House leaders at the event were Speaker Nancy Pelosi, and Ways and Means Trade Subcommittee Chairman Sander Levin.



TMA President Hayakawa meets Rep. Matsui & Clinton

[Hoshin function: Messaging; KPI tie-in: Hosted MOC events; Contributors: A. Schneider, E. Quist]

(2) TMA and Alliance members are pushing Congress to pass a CAFE/Energy bill acceptable to the industry this year. A proposed formal conference to reconcile the House and Senate passed bills has been blocked by the Senate, limiting staff from both chambers to informal discussion about how to resolve differences between the measures, and threatening chances of resolution before Thanksgiving. GVP Jo Cooper and Charlie Ing have met with key Senate negotiators – Commerce Committee Chairman Daniel Inouye and Republican Whip Trent Lott – to discuss Toyota's priorities. [Hoshin function: Risk management; KPI tie-in: Avoid unfair FE standards; Contributors: C. Ing, E. Quist]



Tom Friedman

(3) During October Toyota was attacked by the Natural Resources Defense Council and eight other NGOs over the decision to oppose the Senate CAFE Bill. TMS is responding to all calls with one voice. Even New York Times columnist Thomas L. Friedman, long time Toyota fan, went negative in a column entitled, "Et tu, Toyota?". GVP Jo Cooper and Martha Voss met with Friedman to share technical information about CAFE and the consequences of various proposals and to explain how Toyota is leading the industry

toward a workable CAFE solution. The meeting resulted in the beginning of a good, open relationship for the future. [Hoshin function: Messaging; KPI tie-in: Enhance reputation; Contributors: M. Voss, E. Quist]

(4) Fifty representatives of TMA, TMS, TEMA, TTC, SET, GST, and a number of their contract lobbyists attended a State Government Affairs conference in San Antonio, Texas to discuss priority issues in the state legislatures. Experts spoke to the conference about federal legislation, environmental regulation, telematics, service information, supplier relations, and legal issues. The group toured TMMTX and compared features of the Tundra with competitors Silverado and F-150.

[Hoshin function: Antenna; KPI tie-in: Grassroots; Contributors: N. Barranco, E. Quist]

(5) TMA showed FCHV and Prius in the "Green Transportation Expo" at the Capitol, sponsored by House Speaker Nancy Pelosi. Toyota's booth delivered our message that hybrids are the core technology for the future. Several hundred Hill staff attended and many of those we met were Toyota boosters and Prius owners. No one criticized Toyota's CAFE position. Rep. Jay Inslee (D-WA) shared his pride and satisfaction with his Prius, and told us Toyota is featured in his new book, Apollo's Fire, in which he appeals for a national commitment to deliver a future with clean, sustainable energy. [Hoshin function: Messaging; KPI tie-in: Enhance reputation; Contributors: M. Voss, E. Quist]



1. Government & Industry Affairs
2. **Corporate Communications/  
Media & IR**
3. Philanthropy / CSR
4. Technical & Regulatory Affairs (Environment)
5. Technical & Regulatory Affairs (Safety)
6. LATAM Marketing & CS
7. Strategic Research & Planning
8. Human Resources  
Accounting  
Administration

#### Group's Main Activities

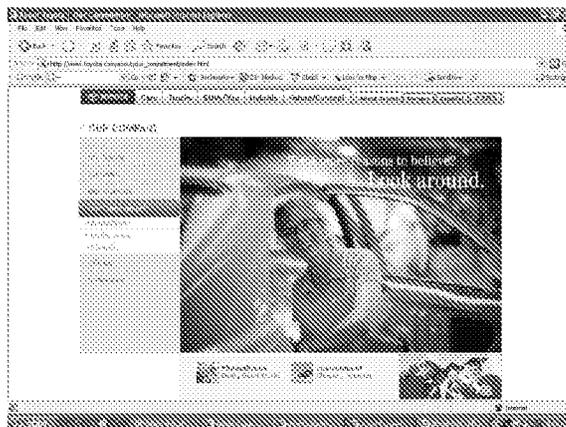
## 2. Corporate Communications / Media & Investor Relations

### (1) Media & Investor Relations

- The IR team met with TMC accounting and finance group during the Tokyo Motor Show to discuss U.S. investor feedback to recent TMC presentations. Discussion resulted in a commitment from TMC to increase U.S. involvement at an earlier stage of preparation.

### (2) Corporate Communications

- Final internal sell-through of the new corporate advertising campaign was completed during the month of October. In addition to the TMA, TMS and TMC executives who were exposed to the campaign in September, this month the ads were presented to TMC-GEAD, TEMA executives (Messrs. Sudo, Morita, Tanguay and Brown) and the semi-annual meeting of all of the North American manufacturing PR representatives. The new campaign, featuring Toyota's commitment to the economy, environment and social responsibility, will launch on November 5<sup>th</sup> on NBC Nightly News and in major national newspapers and magazines. The campaign will direct consumers to a microsite for more information on Toyota's corporate citizenship. *[Hoshin function: Messaging; KPI tie-in: Campaign launch; Contributors: M. Schussel]*
- The corporate information section of Toyota.com has been updated with a new design and refreshed content. The section of the website, entitled "Our Company", features information on Toyota's U.S. operations, commitment to the environment, philanthropy, diversity, investor relations and the latest news releases. The new site can be accessed from the Toyota.com home page or directly at [Toyota.com/about](http://Toyota.com/about). *[Hoshin function: Messaging; KPI tie-in: Campaign launch; Contributors: M. Schussel]*



1. Government & Industry Affairs
2. Corporate Communications/ Media & IR
- 3. Philanthropy / CSR**
4. Technical & Regulatory Affairs (Environment)
5. Technical & Regulatory Affairs (Safety)
6. LATAM Marketing & CS
7. Strategic Research & Planning
8. Human Resources Accounting Administration

#### Group's Main Activities

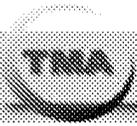
### 3. Philanthropy & CSR

(1) The Toyota USA Foundation grants were acknowledged at three events. Tracy Underwood was in San Francisco to show Toyota's support for Biotech Partners' *Science for Life*, a science education program for high school students. Biotech received a \$200,000 grant from the foundation. On the same day, Anna Schneider received on behalf of the company, a Challenger Seven Award from the Challenger Center for Space and Science Education. In 2005, the foundation supported Challenger Center with a \$150,000 grant. Patricia Pineda presented Mills College, her Alma matter, with a check for \$275,562 on October 11. The foundation's contribution will support *Expanding Your Horizons in Math & Science*, an education program for students in grades 6 through 8. [Hoshin function: Messaging; KPI tie-in: Media tracking; Contributors: Y. Dinzey]

(2) Philanthropy continued working on finalizing the plan for the announcement that will take place on November 6th in celebration of the 50th anniversary. The announcement will include \$5M to National Parks and 50 vehicles to various nonprofits and \$100M increase to the Foundation endowment. [Hoshin function: Messaging; KPI tie-in: Media tracking; Contributors: J. Rochkind]

(3) On Saturday, September 29th TMA staff, family and friends participated in National Public Lands Day (NPLD) at Swindler's Cove Park in upper Manhattan. This marked the ninth year that Toyota has partnered with the National Environmental Education and Training Foundation to sponsor this company-wide volunteer activity. Participants lend a hand in planting, pruning, and other gardening activities in preserving America's public land. [Hoshin function: Local Community Relations; KPI tie-in: local plan; Contributors: J. Williams]





1. Government & Industry Affairs
2. Corporate Communications/ Media & IR
3. Philanthropy / CSR
4. **Technical & Regulatory Affairs (Environment)**
5. Technical & Regulatory Affairs (Safety)
6. Strategic Research & Planning
7. LATAM Marketing & CS
8. Human Resources Accounting

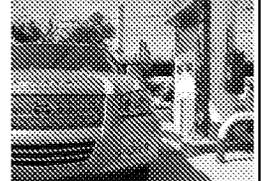
**Group's Main Activities**

- Oct 1-2 = GCEP Symposium
- Oct 3 = Mtg with Diesel Technology Forum
- Oct 5 = FedEx Mtg in NY
- Oct 10 = CAFE Mtg with NHTSA Administrator Nason
- Oct 9 = U of Iowa Cellulose Mtg
- Oct 10 = TTC Research Mtg
- Oct 11 = US Fuel Cell Council Mtg
- October 15 = Mtg with NYTimes on CAFE
- Oct 16 = Presentation @ Hart World Fuels Conference
- Oct 17 = ExxonMobil-Toyota W/G1 Meeting
- Oct 19 = Senate FC/H2 Mtg
- Oct 24 = Apollo Pt Mtg
- Oct 25 = AIAM-Admin Mtg on CAFE/GHG Rule

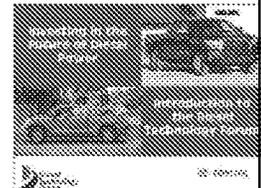
**4. Technical & Regulatory Affairs - Environment**

(1)Fuel Economy & GHG: Activity is increasing as EPA and NHTSA inch closer to developing GHG proposed rule to implement President's "Twenty-in-Ten" proposal and as Congress considers energy bill. We had meetings to explain impact of reformed CAFE and higher standards. On regulatory side, TMA met with NHTSA Administrator Nason to explain our position, and have scheduled a meeting with EPA for Nov. 6. TMA will meet with senior White House officials. On public affairs side, we supported meetings with NY Times reporter Tom Friedman, who strongly criticized Toyota's CAFE lobbying position, as well as meetings various Congressional offices involved in the energy bill. [Hoshin function: Antenna, Risk Management, Sustainability; Contributor: T. Stricker, Yasuda]

(2)Hydrogen Infrastructure for Fuel Cell Vehicles (FCV): Toyota and other OEMs are required to introduce large numbers of FCVs into California beginning in '09. Our analysis indicates that by 2010 hydrogen fuel demand will exceed fueling capacity. We presented this concern to the Senate Hydrogen and FC Caucus and US FC Council. Our fear is if additional fueling stations are not built, customers will become dissatisfied and reject FC vehicles. We recommended federal and state government with traditional fuel suppliers to build additional stations. If this doesn't occur, OEMs will need to invest millions for infrastructure. [Hoshin function: Antenna, Risk Management, Sustainability; Contributor: R.Wimmer]

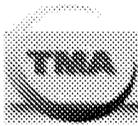


(3)Diesel Technology Forum (DTF): DTF is diesel advocacy group that has been successful in educating Congress, NGOs, and media. DTF's efforts have evolved from defending "dirty diesels" in the 90s, to promoting "clean diesel" passenger cars as a fuel efficiency solution. DTF believes membership would be a strategic investment as Toyota considers to enter U.S. market. We have decided against because 1) DTF promotes the current diesel situation without critical analysis of potential future hurdles, 2) DTF's advocacy could ultimately be at odds with our hybrid message, and 3) any PR benefit for diesel technology will be realized even if Toyota does not join. [Hoshin function: Antenna, Risk Management, Sustainability; Contributor: R.Gezele]



(4)California ZEV Negotiation Status: CARB staff is creating draft idea which includes no change for total required FCV number 25,000 in phase 3, but allow 90% of it can be covered by new "Silver Plus" category, such as PHEV or Hydrogen Combustion Engine. Based on CARB's estimates, Toyota needs 1,400 PHEVs per year. This concept would help Toyota, but need more detailed informations to support or not. Additionally, travel provision will not extend, so ten times PHEVs are needed for all ZEV required states. TMC and our team (\*:TEMA/TMS/TMA) continue to communicate with CARB. [Hoshin function: Antenna, Risk Management, Sustainability; Contributor:K.Abe]

(5)Environmental Strategy: We have been working as the secretary of North America Environmental Committee (NAEC). Current output of the Committee is Environmental Report and Environmental Action Plan. We are trying to make the Committee to be appropriate to develop NA environmental strategy. We have made a straw man of organization, how to manage it and so on and are discussing with several related persons including TTC. [Hoshin function: Antenna, Risk Management, Sustainability; Contributor: R.Gezele]



- 1. Government & Industry Affairs
- 2. Corporate Communications/ Media & IR
- 3. Philanthropy / CSR
- 4. Technical & Regulatory Affairs (Environment)
- 5. **Technical & Regulatory Affairs (Safety)**
- 6. LATAM Marketing & CS
- 7. Strategic Research & Planning
- 8. Human Resources Accounting Administration

Group's Main Activities

- Oct 1 – IS250 NCAP test, Alcohol mtg at Alliance
- Oct 2 – VIIC Policy WG
- Oct 3 – Scion xD IIHS test, 214 WG
- Oct 4 – Camry 305 test, Solara LINCAP test, TMC/TMA qtrly mtg, Scion xD frontal test
- Oct 5 – CChips WG, MADD CEO mtg in DC
- Oct 9 – TMC/TMa videoconf on alcohol, IT mtg, CChips research call
- Oct 10 – Scion xD frontal test, 214 Wg call, Yaris NCAP test
- Oct 11 – Yaris LINCAP test, SPC mtg, industry realign call
- Oct 12 – CIRN mtg, LATCH WG
- Oct 15 – Scio Xd side impact test, ESC WG mtg
- Oct 16 – 201U compl test, AAAM board mtg
- Oct 17 – FJ 201U compl test, IIHS highlander test, TMC videoconf, 214 WG, UVA mtg
- Oct 22– NHTSA mtg, GM CAT mtg, ESC WG mtg
- Oct 23 – AAM president mtg, NCAP mtg
- Oct 24 – Alcohol tech spec mtg
- Oct 25 – NHTSA AF05 spine mtg
- Oct 29–Nov 1 - Japan trip CT, HK, CM), STAPP conf
- Oct 30 - ACAT mtg, VIIC mtg

5. Technical and Regulatory Affairs - Safety

(1) **Regulatory**

- **FMVSS 208: Appendix A NPRM**– NHTSA released its notice proposing changes to the list of child restraint systems (CRS) required for use in 208 compliance testing.
- **FMVSS 214 Side Impact** – The Alliance WGs continue weekly meetings to draft a petition for reconsideration, and TMC and TMA held videoconferences to plan for both Toyota tests/data contributions to the Alliance petition, and a unique Toyota petition.
- **FMVSS 305 Electrolyte Spillage and Electrical Shock Protection** - NPRM issued to ensure fuel cell vehicles are addressed and to upgrade 305 in-line with the high speed impact test of FMVSS 301.
- **FMVSS 101, Controls, Telltales and Indicators** – NHTSA published its response to Alliance petitions granting our request to delete color contrast requirements for the horn.
- **Brake Hoses, FMVSS 106** - Final rule issued to provide technical corrections, while the NPRM seeks comments on suggested changes from petitioners.
- **Crash Avoidance NCAP (CANCAP)** – TMA and TMC developed input to NHTSA on all three technologies NHTSA is planning to include in CANCAP --forward collision warning (FCW), lane departure warning (LDW), and electronic stability control (ESC).

[Hoshin Function: Antenna, Sustainability, Risk Management; Contributors: C. Tinto, H. Kato, K Ro, C. Mullen, A. Kanatani, M. Suzuki, D. Robertson]

(2) **Enforcement/Recalls/Compliance/Assessments**

- **'07 MY Tacoma Throttle Surge Complaints** - TMA received a NHTSA IR letter requesting information about FMVSS 124 compliance of the Tacoma, as NHTSA has received owner complaints about the accelerator control system alleging 'surge', and has decided to conduct testing. Later this month, TMA-DC GA heard that Representative Blackburn (R - TN) had sent a letter to Chairman Dingell of the House Energy and Commerce Committee requesting that the committee ensure that the Administration is looking into the issue. TMA is coordinating internally between technical and government affairs to work with the Hill, and is drafting a letter for Blackburn's office.
- **ES350/Camry Floor Mat Recall** - TMA filed a recall with NHTSA regarding a voluntary safety campaign of optional all-weather floor mats, due to the potential that an unsecured mat can trap the accelerator pedal, resulting in unwanted acceleration. Toyota did not determine the existence of a safety related defect with the mat or with the vehicles, so this campaign is being filed as an 'equipment' recall of the mats, not the 'vehicles'.
- **NHTSA Opens Investigation on Pontiac Vibe** - NHTSA opened an investigation into '03-'04 Pontiac Vibe (built by NUMMI) after receiving complaints that front driver and passenger windows shattered while driving. TMC, TMA, and GM are coordinating.



[Hoshin function: Antenna, Messaging; Contributors: C. Tinto, K Ro, C. Santucci]

(3) **Other**

- **Alcohol Interlock: Technology Specifications WG Discussions** – TMA, in the capacity as WG chair, held a meeting with the Alliance, the Blue Ribbon Panel (BRP) chair, and GM to discuss plans for the first WG meeting and timeline for initial output. All agreed to establish specifications for a "gold standard" system to which the BRP should aspire. Later, TMC and TMA met via videoconference to discuss TMA's role as chair, and TMC's agreement for support and window persons.

[Hoshin function: Antenna, messaging, sustainability, Contributors: C. Tinto, H. Kato, C. Mullen]

1. Government & Industry Affairs
2. Corporate Communications/ Media & IR
3. Philanthropy / CSR
4. Technical & Regulatory Affairs (Environment)
5. Technical & Regulatory Affairs (Safety)
- 6. LATAM Marketing & CS**
7. Strategic Research & Planning
8. Human Resources Accounting Administration

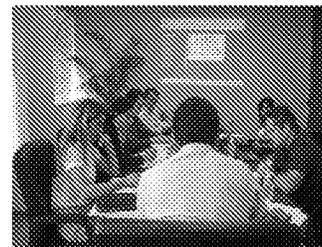
**Group's Main Activities**

- Area Marketing**
- Oct.2= Orientation Meeting by WEBEX
  - Oct.8 & 22= Teleconference with AC team
  - Oct.9= Video conference with TMC AMR
  - Oct.16 & 19= Teleconference with RCC
  - Oct.21-31= JR Meetings with TMC AMR for 0809FY [Japan] CSD
  - Oct. 2-5= PRO Attended Common Rail engine training.
  - Oct. 7-9= PRO TWC related issue discussion
  - Oct. 8-12= TDB Front BRK caliper noise repair support
  - Oct. 16-18= PRO Visited general category skill's GP
  - Oct. 18-22= TDB Visited general category skill's GP
  - Oct. 22-23= Paraguay Confirmed service operation P&A
  - Oct. 22-23=Accessories fitting check in Nisshin with CADD
  - Oct. 24-25=Developing DB Meeting in Nisshin

**6. Latin America Marketing & Customer Service**

**(1) Latin America Area Marketing [Sugita/Coo]**

One of the important marketing tasks for LAC region is to prepare for a successful sales launch of New Generation Corolla, and the taskforces by local distributors, such as Area Coordinator (AC) team, Regional Communication Committee (RCC) and Regional Training Committee are always on the move for the task. TMA-MO coordinates planning and communication among the distributors and TMC for optimized regional activities. RCC concentrates all the energy on regional advertising materials with TMA-MO and fixed a creative idea for the final as a result of three creative competitions with local advertising agencies. The regional materials will be completed with utmost involvement of the distributors to attract customers with the fascinating features and psychological benefits of the new product.



**(2) Customer Service Department [Furukawa/Iwata]**

Front brake caliper rattle noise on Corolla-TDB (Brazil).- Rattle noise occurs on Fr brake when driving on Belgian road around 40Km/h. Large clearance between slide pin which holds caliper and the installation hole on BRK mount causes the noise. TDB-CQD developed F/Fix (adhere caliper with pads by tape) but the effectiveness was low (reoccur less than 2000km on some cases) and customers have to pay the adhesive tape cost when BRK pad replacement. The CQD announced they won't produce permanent C/M because this Corolla is in end of the model life. Thus, TDB-CSD requested our repair support. We investigated affected vehicles therefore we decided the BRK mount replacement is necessary as effective F/Fix. TDB-CSD and we are testing European specification parts (no similar claims) for more effective F/Fix.

		
Other than main roads are all Belgian roads	Installation of noise detecting device	LH: TRW-UK made RH: TRW-Brazil made

**(3) Service Parts & Accessories [Kamiya]**

Attended Developing DB Meeting operated by C&A Development Division from October 24 to 25 in Japan. TMAP, ALJ, TSAM, TMCI, TCI, MST & TMA joined, discussed accessories development from planning stage to on time launch & global development, procurement and agreed the standard schedule responsibility. Made a fitting evaluation for next Corolla MST Accessories on actual vehicle made in Japan. Confirmed the availability of ten items except Trunk Liner. The cooperation of C&A Development Division staff was very much appreciated. Based on this evaluation, we will inform the results to each distributor and support MST to receive the order.



1. Government & Industry Affairs
2. Corporate Communications/ Media & IR
3. Philanthropy / CSR
4. Technical & Regulatory Affairs (Environment)
5. Technical & Regulatory Affairs (Safety)
6. LATAM Marketing & CS
7. **Strategic Research & Planning**
8. Human Resources Accounting Administration

#### Group's Main Activities

**October 16<sup>th</sup>** = ASRP, CC, Media & IR Offsite in NYC

**October 8-16<sup>th</sup>** = ASRP Job Request Trip to Japan

**October 11<sup>th</sup>** = Mexico Now Conference in Mexico City

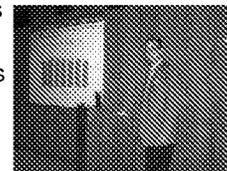
**October 22-26<sup>th</sup>** = Latin American report out in Japan

**October 30-31<sup>st</sup>** = Global Insight Conference

## 7. Strategic Research & Planning

### (1) Image Research

- Cory Highland presented an update on Toyota's U.S. Corporate Image to a diverse 50-person audience at TMS. The presentation showed Toyota has a very strong corporate image in the United States, but also highlighted areas of strength and weakness. For example, Toyota performs particularly well in the image dimensions of Products & Services and Emotional Appeal & Personality, but is weaker in areas such as Workplace Environment and Social Responsibility. Attendees from corporation communications, marketing, corporate planning, HR and other departments expressed great interest in the research results, and followed up later that week with additional questions and requests for information. Mr. Highland also presented at TEMA's annual External Affairs Meeting, again sharing the group's latest data on public perceptions of Toyota in the U.S., and at the TMA Offsite meeting. *[Hoshin function: Antenna & Messaging; KPI tie-in: Establish Image Research Function; Contributors: C. Highland, N. Poderycki, M. Dardarian]*



### (2) Corporate Planning

- CPG hosted a full-day offsite planning session for ASRP, Corporate Communications, and Media & IR. The meeting was held at *Newsweek* magazine's headquarters in NYC and led by Steve Sturm. The day was comprised of internal presentations, group breakouts, team building, and guest speakers from *Newsweek*. Key topics of discussion included areas where TMA can become more innovative, creating synergies with our affiliates, and accomplishing TMA's vision for next year. *[Hoshin function: Sustainability; KPI tie-in: Creating Standardized Processes; Contributors: S. Lewis, J. George]*



### (3) Latin American Research, Mexican Affairs, & Biofuels

- TMA-MO worked with Marie Valentine of TEMA (Ann Arbor) on a US biofuels study that will be presented to TMC-BRE this November. The study will recommend a 20% biodiesel blend level for Toyota diesel engines worldwide. TEMA utilized TMA's biofuels index, created with SoyaTech, that forecasts the amount of FAME-based biodiesel available in the United States. *[Hoshin function: Antenna; KPI tie-in: Cross-affiliate coordination; Contributors: M. Warren & L. Kosaka]*

IFQC Conference



### (4) Strategic Research

- TMA SR published and presented its 3-year Economic and Auto Market Outlook, which expects a gradual auto market recovery, to TMC (Oct. 4<sup>th</sup>) and TMA President Hayakawa and NA affiliates (Oct. 10<sup>th</sup>). The group participated in the TMA ASRP/CC/M/IR Offsite with presentations on Key Economic Trends and the GM UAW Labor Contract, which will allow GM to become more competitive (Oct. 16<sup>th</sup>). The group presented a steel micro and macro inputs analysis to TEMA Steel Buying group (Oct. 26<sup>th</sup>), providing expected cost-based price changes and specific buying strategies. *[Hoshin function: Antenna; KPI tie-in: High Customer Satisfaction/ Broaden Customer Base; Contributors: T. de Barros Conti, N. Nikpour, J. Moreno]*

1. Government & Industry Affairs
2. Corporate Communications/ Media & IR
3. Philanthropy / CSR
4. Technical & Regulatory Affairs (Environment)
5. Technical & Regulatory Affairs (Safety)
6. LATAM Marketing & CS
7. Strategic Research & Planning
- 8. Human Resources Accounting Administration**

Group's Main Activities

**8. Human Resources, Accounting, and Administration**

1. On October 9th TMA visited TEMA to learn about their HR practices to enhance TMA HR processes re: Performance Appraisal and Performance Management and to use as a comparative study with TMS practices. The alignment with TMS Policies continues. On October 17 & 18 TMA held Associate Meetings to explain the TMS 401K Plan & TMS Post Retirement Medical Plan benefit which will become effective January 1, 2008. Also an in-depth explanation was given which is already a part of the TM benefit package.

2. We continue to work on the TMS alignment project within Information Technologies. We have migrated the Webex , Audio conference and Calling Card service to TMS. The Windows domain controllers in TMS are up and functioning. We are working on moving the TMA blackberry pilot user to ATT and TMS blackberry server now. We are working on finalizing the application assessment and software license check.

3. TMA Midyear Operating Results – TMA's expenses are below budget by \$5.5 million at the mid year point. This variance is primarily due to differences between payments and timing of the budget allocation.

Overall expenses are running at 36% of annual budget. Normally, it should be at 50%. The gap is expected to close in the second half as Philanthropy donations are accelerated and Corporate Advertising kicks off its fall campaign. Major line item expense will be reviewed in the second half to determine if savings to budget can be achieved.

