PREPARED TESTIMONY OF

JAMES LENTZ

PRESIDENT AND CHIEF OPERATING OFFICER

TOYOTA MOTOR SALES, U.S.A., INC.

COMMITTEE ON ENERGY AND COMMERCE

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Chairman Waxman, Subcommittee Chairman Stupak, Ranking Members Barton and Walden, members of the Committee, thank you for inviting me here today. My name is Jim Lentz, and I am the President and Chief Operating Officer of Toyota Motor Sales, USA.

In my testimony, I will address Toyota's recent recalls and the decisive steps we are taking to restore the trust of the tens of millions of Americans who purchase and drive our vehicles. For two generations, we have provided Americans with cars and trucks that are safe and reliable. And we fully intend to produce even safer, high quality vehicles in the future, even as we pave the way with the next generation hybrid and electric vehicles that our society needs.

In recent months, we have not lived up to the high standards our customers and the public have come to expect from Toyota. Put simply, it has taken us too long to come to grips with a rare but serious set of safety issues, despite all of our good faith efforts. The problem has also been compounded by poor communications both within our company and with regulators and consumers. While all auto companies have recalls and all major auto companies have experienced complaints about unintended acceleration, Toyota's recalls have caused concerns among our customers.

I would like to assure the Committee, and the American people, that nothing matters more to Toyota than the safety and reliability of the vehicles our customers drive. We are committed not only to fixing vehicles on the road and ensuring they are safe, but to making our new vehicles better and even more reliable through strict quality control, enhanced communication and a redoubled focus on putting our customers first.

Our 1,500 dealers are making extraordinary efforts to complete our recalls as quickly and conveniently as possible. Some dealers are staying open 24/7 and they are repairing vehicles at a rate of about 50,000 a day. To date, we have repaired close to a million vehicles.

We have rigorously tested our solutions and are confident that with these repairs, Toyota vehicles will be among the safest on the road today. Our engineers have identified two specific, mechanical causes of unintended acceleration covered by the recalls and we are currently addressing these through the open recalls. One involves floor mats that when loose

or improperly fitted can entrap the accelerator pedal. The other concerns accelerator pedals that can, over time, grow "sticky" with wear. The solutions we have developed are both effective and durable.

We are confident that no problems exist with the electronic throttle control system in our vehicles. We have designed our electronic throttle control system with multiple fail-safe mechanisms to shut off or reduce engine power in the event of a system failure. We have done extensive testing of this system and have never found a malfunction that caused unintended acceleration.

Additionally, in December we asked Exponent, a world-class engineering and scientific consulting firm, to conduct a comprehensive, independent analysis of our electronic throttle control system with an unlimited budget. Their interim report confirms that it works as designed. Toyota will make the results of this comprehensive evaluation available to the public when it is completed.

Why did it take so long to get to this point? With respect to pedal entrapment, Toyota conducted investigations of customer complaints which focused too narrowly on technical issues without taking full account of the way customers used our vehicles. And in the case of sticking accelerator pedals, we failed to promptly analyze and respond to information emerging from Europe and in the United States.

We acknowledge these mistakes, we apologize for them and we have learned from them. We now understand that we must think differently when investigating complaints and communicate faster, better and more effectively with our customers and our regulators. Our recent voluntary recalls of certain 2010 Prius and Lexus hybrids and of certain 2010 Tacoma trucks illustrate this new approach.

We are also going further. Our President Akio Toyoda has announced a top-to-bottom review of our operations that he will lead personally, with the support of new Chief Quality Officers for North America and our other principal regions. We will ask independent, outside experts to evaluate the findings to make sure we meet or exceed industry standards.

We are expanding our network of technical offices in the U.S. so we can gather information faster and respond more aggressively to incident reports.

And, we will install advanced brake override systems in all our new models – making us one of the first full-line manufacturers to offer this customer confidence feature as standard equipment. Additionally, we are announcing that we will install this system on an expanded range of vehicles – including the Tacoma, Venza and Sequoia models – that are capable of accepting the new software. We had previously announced that the system would be installed onto the Camry, Avalon and Lexus ES 350, IS 350 and IS 250 models. These actions underscore that Toyota is going above and beyond making the necessary vehicle modifications and repairs

to ensure that our customers can be completely confident in the safety and reliability of the cars and trucks they drive.

Chairman Waxman, Subcommittee Chairman Stupak, Ranking Members Barton and Walden, members of the Committee, these are only some of the steps Toyota is taking to earn back the confidence of Congress and the American people. Our 200,000 team members, dealership employees and suppliers in the United States are the backbone of that effort – and I am confident we will succeed in restoring customer trust in the quality, safety and reliability of our vehicles.

Thank you. I look forward to your questions.