Excerpts from Jim Lentz's Report to Congress

May 19, 2010

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Excerpts of James Lentz's Testimony
to the House of Representatives' Subcommittee on Oversight and Investigations
May 20, 2010

James E. Lentz, President and Chief Operating Officer, Toyota Motor Sales, U.S.A., Inc., will update the House Committee on Energy and Commerce Subcommittee on Oversight and Investigations on Thursday on the substantial progress Toyota has made to strengthen its focus on safety and quality assurance and improved communication with customers and regulators.

Below please find excerpts of his prepared testimony.

Lentz on **the progress Toyota has made**:

"We are taking major steps to become a more responsive, safety-focused organization – listening more closely to our customers, responding more quickly to their concerns and those of our regulators, and taking concrete actions to ensure that we are among the industry's leaders in safety."

Lentz on **Quality Assurance**:

"Mr. Toyoda has made improving quality assurance his top priority, and our entire company has mobilized to ensure that Toyota vehicles are safe and reliable for our customers, not only when they are first sold or leased, but also when they are on the road. Under Mr. Toyoda's personal leadership, we have established a Special Committee for Global Quality, which is undertaking a top-to-bottom review of our quality assurance processes in all aspects of our global operations including design, manufacturing and after-market support."

Lentz on **Safety Decision-Making**:

"Importantly, Toyota has appointed a new Chief Quality Officer for North America – a U.S. executive with more than three decades of manufacturing expertise – to act as the 'voice of the customer' in this region.

"North America now has a greater say on recalls and other safety-related issues that affect vehicles sold here in the United States. In fact, our Chief Quality Officer, Mr. Steve St. Angelo, has a direct line to Mr. Toyoda when it comes to ensuring our customers' safety."

Lentz on **Toyota's new SMART Evaluation Process**:

"Our new SMART evaluation process has significantly increased the speed of our response to customer reports of unintended acceleration. SMART stands for 'Swift Market Analysis Response Team.' At its core are 200 highly trained engineers and field technicians who can be deployed anywhere in the U.S. to investigate customer reports of unintended acceleration on-site.

"Under this new evaluation process, the company has completed more than 600 on-site vehicle inspections and our dealership technicians have completed an additional 1,400 inspections … These examinations are giving us a better understanding about the reasons for unintended acceleration complaints. Significantly, none of these investigations have found that our Electronic Throttle Control System with intelligence, or ETCS-i, was the cause."

Lentz on **Equipping Vehicles with Advanced Safety Features**:

"We are also making extraordinary efforts to service our recalled vehicles and equip all of our new cars and trucks with even more advanced safety technologies, including our Star Safety System, brake override and improved event data recorders, or EDRs, that read both pre- and post crash data.

"…And, Toyota is well on the way to being the first full line manufacturer to feature brake override technology as standard equipment on all our new models sold in the United States. Brake override will be available across our entire product line by the end of 2010. Our hybrids already have a braking system that achieves a similar result and we have taken the extraordinary step of retrofitting brake override on seven existing models involved in the recalls – some 3.3 million vehicles – as an additional measure of confidence for our customers."

Lentz on **Validating Safety of ETCS-i**:

"Toyota's ETCS-i has been subjected to comprehensive testing over more than a decade without a single unintended acceleration event. Toyota has never discovered or been provided with any evidence that the ETCS-i can cause unintended acceleration in a real world scenario.

"Nonetheless, we are making a major scientific effort to further validate the safety of our vehicles by opening up our technology to an unprecedented level of independent review by respected safety, quality and engineering experts …"

Lentz on **Exponent's Evaluation of ETCS-i**:

"The engineering and scientific consulting firm Exponent has already completed more than 11,000 hours of testing and analysis of our ETCS-i and its comprehensive evaluation is ongoing …

"Toyota intends to publish Exponent's findings irrespective of Exponent's conclusions. In addition, I have been advised by Secretary Slater that the Quality Advisory Panel he chairs will be initiating a rigorous peer review process as part of its assessment of Exponent's findings."

Lentz on **Progress on Toyota's Recalls**:

"Our dealers have already completed nearly 3.5 million recall remedies. These modifications include 1.67 million to address the potential for sticking accelerator pedals … 1.62 million to address the potential for floor mat pedal entrapment … [and] 118,000 program updates to the anti-lock brake systems (ABS) in certain 2010 Prius and Lexus models."