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February 9, 2010

The Honorable Edolphus Towns
Chairman, Committee on Oversight and Government Reform
Congress of the United States
2157 Rayburn House Office Building
Washinton, DC 20515-6143

CONFIDENTIAL TREATMENT REQUESTED. PROVIDED TO THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM ON BEHALF OF TOYOTA MOTOR NORTH AMERICA, INC. PURSUANT TO COMMITTEE REQUEST.

Dear Chairman Towns:

I am writing on behalf of Toyota Motor North America, Inc. ("TMA" or "Toyota") in response to your letter of February 3, 2010 as Chairman of the Committee on Oversight and Government Reform ("Committee"). Your letter addressed a number of issues related to unintended acceleration in various Toyota models. Toyota welcomes the opportunity to clarify the matters you have raised.

1. Is it safe to drive the Toyota models that have been recalled? Please explain your answer in detail.

The three recalls announced by Toyota address distinct and separate conditions that, if they occur, could give rise to a safety concern for our customers. Absent the occurrence of those conditions, the vehicles included in the recalls are safe to drive. If any of these conditions occur, the vehicle can be brought safely under control.

The first recall, "Floor Mat Entrapment," concerns the potential for an unsecured or incompatible driver's floor mat to interfere with the accelerator pedal and cause it to become entrapped in a wide-open or near wide-open position. A properly secured vehicle-compatible floor mat will not interfere with the accelerator pedal. Toyota has advised its customers to remove all removable floor mats or to make sure that they are properly secured. A Toyota vehicle included in the "Floor Mat Entrapment" recall is safe to drive if the floor mats are removed or properly secured.

The second recall, "Pedal," involves a friction device in the pedal designed to provide the proper "feel" by adding resistance and to make the pedal steady and stable. The friction device includes a "shoe" designed to rub against an adjoining surface during normal pedal operation. Toyota has learned that, due to the materials used, wear, and environmental conditions, these

surfaces may, over time, begin to stick and release instead of operating as intended. In rare cases, friction could increase to a point that the pedal is slow to return to the idle position or, in very rare cases, the pedal may stick leaving the throttle partially open.

To fix these sluggish or sticking accelerator pedals, Toyota's engineers developed and rigorously tested a solution that is both effective and simple. A precision cut steel reinforcement is installed into the accelerator pedal assembly, eliminating the excess friction that has caused pedals to stick in rare instances.

The condition does not occur suddenly. It can occur when the pedal mechanism becomes worn and, in certain circumstances, the pedal may become harder to depress, slower to return or in very rare cases, stuck in a partially depressed position. In the very rare event a driver experiences an accelerator pedal that sticks in a partially open position, the vehicle can be controlled with firm and steady application of the brakes.

Customers who experience a pedal that is hard to depress, slow to return, or is rough during operation should drive the vehicle to the nearest safe location, shut off the engine, and contact a Toyota dealer for assistance. Absent any of the above experiences, Toyota is confident that the vehicle is safe to drive.

The third recall, Prius/HS250h, involves the antilock brake system. When driving on slick or rough roads, customers have reported that the brake system can perform inconsistently when the antilock brake system is activated. While the system is performing as designed, Toyota has developed a software change that revises the antilock brake system's response time and the system's overall sensitivity to tire slippage. While awaiting the recall repair, drivers may wish to allow extra stopping distance when driving on slick or rough roads.

2. According to Toyota officials interviewed by staff, in 2007 Toyota issued a recall involving all-weather floor mats for the Lexus ES 350 and at least some models of the Toyota Camry. At that time, did Toyota also examine other Toyota models to determine whether there was a floor mat problem? If not, why not? After learning about the pedal entrapment problem in the Lexus ES 350 and Toyota Camry in 2007, were potentially obstructive floor mats subsequently added to any of the vehicles that were eventually recalled in 2009?

In March of 2007, the NHTSA Office of Defect Investigation opened a preliminary evaluation to investigate the potential for accessory all weather floor mats to interfere with the accelerator pedal in model year 2007 Lexus ES 350 vehicles. The investigation was later expanded to additional Lexus ES350 models and certain Toyota Camry models. Toyota conducted a voluntary recall of the accessory all weather floor mats designed for 2007 and 2008 model year Lexus ES350 and Toyota Camry vehicles. The recall provided for redesigned accessory all weather floor mats to reduce the potential for pedal interference in the event that they were installed incorrectly. Prior to the redesign of the all weather floor mats, a number of other actions were taken by Toyota, including various enhancements to the labeling of the all

weather mats, the warning on the mat's visible surface and the packaging used for sales of the mats. Toyota also conducted a mailing warning owners of the subject vehicles of the dangers of improper mat installation.

At the time of the NHTSA inquiry, the vehicles of interest were the 2007 and 2008 model years Lexus ES 350 and Toyota Camry. The investigation focused on potential interference with the accelerator pedal by unsecured or improperly installed accessory all weather floor mats. No other Toyota or Lexus vehicles were part of the inquiry. However, after completing the redesign of the all weather floor mats for the 2007 and 2008 model year Camry and Lexus ES350 vehicles, each Toyota and Lexus vehicle went through a process of "fit check" for the carpeted or accessory floor mats for use with the particular vehicle. The "fit check" would ensure that vehicle-appropriate mats would not entrap the accelerator pedal even it moved forward beneath the accelerator pedal.

Any floor mat can be a "potentially obstructive floor mat" if it is improperly stacked or unsecured. A vehicle-appropriate and properly secured floor mat will not interfere with the accelerator pedal. This is true for the original carpeted floor mats and accessory all weather floor mats. It is also true for the redesigned all weather floor mats.

3. A review of the National Highway Traffic Safety Administration's (NHTSA) database on the Toyota Tacoma reveals that in excess of 100 complaints of sudden acceleration have been reported since 2007. Many of these would suggest that something other than floor mat entrapment could be the root cause of these incidents. Nonetheless, as was explained by Toyota officials, the Tacoma is equipped with a Denso pedal assembly which has not been implicated in the "sticky pedal" recall of last month. It is my understanding that the recall is limited to the CTS pedal, which apparently has a different design. Given that fact, what explains the seemingly high number of complaints in NHTSA's database regarding sudden acceleration in this model? Is it Toyota's opinion that most of these can be explained by driver error, erroneous reporting, or faulty floor mats?

Toyota takes all allegations of inadvertent or sudden acceleration very seriously.

Toyota acknowledges that the complaint rate for unwanted acceleration on the 2005 and later Tacoma models is higher than on most other Toyota models. Toyota has previously considered the complaints of sudden acceleration in the Tacoma and has previously concluded that there is no vehicle-based explanation for these complaints. Specifically, in responding to NHTSA's investigation DP08-001, Toyota looked closely at the Tacoma complaints, both in the NHTSA VOQ database and Toyota's own database. Toyota also conducted a field study to inspect and evaluate some customer vehicles. Neither the complaint data review nor the field study identified any vehicle-based cause for the customer complaints.

Toyota found that the complaints on the Tacoma could be categorized into five basic categories:

- Engine idle speed changes when the vehicle is stopped
- High idle speed when the engine is cold
- Cruise control downshifting behavior
- Engine speed changes when shifting (manual transmission)
- Lurching when a vehicle is coming to a stop

While these reports are related to customer satisfaction with the vehicle, they do not suggest the presence of a safety defect. For example, complaints reporting engine idle speed changes when the vehicle is stopped would not be a safety concern.

Nevertheless, in the spirit of the recent commitment made by Mr. Toyoda that our company will review all safety issues and potential safety issues with renewed vigor, we will be reexamining these complaints.

4. Some Tacoma drivers reported to NHTSA that they had sudden acceleration problems when there were no floor mats in the vehicle. For example, on March 26, 2009, one complainant reported:

> **"I bought my 2005 Tacoma about 2 months ago. I have experienced this problem three times now. The last time being tonight after picking up my daughter at work. The truck was accelerating and I was literally standing on the brake and the engine was racing and would not stop. I through [sic] it into neutral and it sounded like it was going to explode! I have no rugs in my vehicle, it did not come with any, and I was going to get the all weather mats, but have not bought them yet. The cruise control was not engaged. I do consider myself to be a fairly experienced driver, I use [sic] to race a 70 Chevelle in the ¼ mile (this was many years ago). If I did not have such experience I am sure I would have ran the car up a tree or something. I am scared, I have beat cancer twice and Ill be ¿!@#$% if I am going to let a faulty Tacoma take me out. *TR"**

NHTSA has received other, similar complaints. What would explain episodes such as this, where drivers are experiencing an uncontrollable acceleration and, reportedly, no floor mats are present in the vehicle (or they reported that the floor mat was not involved), particularly for this make and model where no CTS pedal is involved?

Toyota respects this consumer's report of his experience, and particularly accepts his representation that his experience was unrelated to the floor mat pedal entrapment issue. Although his report may be consistent with numerous other reports of high engine idling when the vehicle is stopped, we would need to inspect this consumer's vehicle to understand better

what is occurring. We would welcome an opportunity to do so if we can be provided with contact information for this consumer.

5. It is our understanding that Toyota intends to build a "brake override" system into the computers of all new models of its vehicles. This brake override system would automatically allow the brake to override an acceleration command to the throttle, which would allow the vehicle to be more easily stopped in the event of unintended, sudden acceleration. Which current models now in operation could be reprogrammed to allow a brake override capability and what would the cost be for each vehicle?

On November 25, 2009, Toyota announced details of remedies to address the problem of potential pedal entrapment due to vehicle-inappropriate or improperly secured floor mats. Independent of the vehicle-based remedies to address the problem of potential pedal entrapment, Toyota announced it would install a brake override system onto the involved Camry, Avalon, Lexus ES 350, IS 350, and IS 250 models to help relieve customer concerns and provide a greater sense of confidence in the safety of our vehicles. Toyota is actively identifying additional models that may be able to be reprogrammed.

A brake override system introduces automatic throttle reduction when the throttle is in an open condition and, at the same time, certain brake pedal actuation is occurring. This provides an extra measure of confidence for Toyota customers that their vehicle will reduce throttle in certain emergency braking situations in the unlikely event of an unintended open throttle. The braking system will operate regardless of the reason for the open throttle.

The Toyota braking system, even without the brake override, allows the vehicle to be controlled and stopped by a firm and steady application of the brakes in the event that a driver experiences what the driver believes to be unwanted or unintended acceleration. If a driver experiences an accelerator pedal that sticks in a partially open throttle position or returns slowly to the idle position, the vehicle can be controlled by a steady application of the brakes.

The brake override system will be standard equipment starting with the 2010 production ES 350 and Camry. It is scheduled to be incorporated into new production of most Toyota and Lexus vehicles by the end of 2010.

6. Is Toyota considering expanding brake override capability to existing models? If so, which models? If not, why not?

Yes. Toyota will consider expanding brake override capability to additional models, and will report back to this Committee the results of its evaluation.

7. Recent media reports have suggested that the federal government is exploring whether electrical problems may be involved in these sudden acceleration incidents. Has Toyota examined the possibility that the sudden acceleration problems are not caused by the floor mats or gas pedal in some models, but by problems with electronic sensors or the

computer system which govern the accelerator? Is Toyota confident that the electronics are not involved in this problem?

Toyota's design process is exhaustive and robust. Toyota does not believe there are any problems with the electronics of its vehicles.

The ETCSi system is described in response to Questions 3 and 4 above. Toyota has built-in redundancies to the system and fail safe modes that allow Toyota to say with confidence that the ETCSi is not the cause of unintended or unwanted acceleration. The ETCSi is designed to cause the engine power to shut off or operate at reduced power in the event of a system failure.

Toyota recently commissioned Exponent, a well respected engineering and scientific consulting firm, to study Toyota and Lexus vehicles and components for concerns related to unwanted acceleration. Exponent was not restricted by scope or by budget considerations in this review. Exponent found that the ETCSi systems performed as designed, and did not exhibit any acceleration or precursor to acceleration, despite concerted efforts to induce unwanted acceleration. In all cases, the vehicle either behaved normally or entered the fail-safe mode described above. Test reports documenting the extensive other testing of the ETCSi system are enclosed, and will be supplemented with additional analyses as our review continues.

If you have any questions regarding this matter, or need additional information, please call me at 202-626-2901.

Sincerely,

Theodore M. Hester

cc: The Honorable Darrell Issa
Ranking Member, Committee on Oversight
and Government Reform