

Toyota Announces New Quality Leadership Initiatives, Building on Significant Accomplishments to Date

October 04, 2010

- Broadens Scope of SMART Evaluation Process as Customer Concerns About Acceleration Drop by 80 Percent
- Equips All 2011 Vehicles With Smart Stop Technology, Enhanced Event Data Recorders
- Launches New North American Center For Quality Excellence to Train Team Members in Customer-First Practices
- Further Enhances Supplier Quality Controls, Including More Frequent Reliability Testing of Key Parts
- Achieves Significant Milestones in Implementing Recall Remedies

ERLANGER, KY, October 4, 2010 – Toyota Motor Engineering and Manufacturing North America, Inc. (TEMA) announced today that it has broadened the scope of its successful on-site SMART evaluation process following a sharp drop in customer concerns regarding acceleration reported to the company, which have decreased by 80 percent compared to April 2010. The company also announced additional quality leadership initiatives and milestones, including:

- Equipping all of its new vehicles with advanced safety features, including Smart Stop Technology and enhanced event data recorders (EDR);
- Instituting new training protocols to further strengthen the quality, safety and reliability of its vehicles and enhance its responsiveness to customer needs;
- Enhancing supplier collaboration and quality controls; and
- Completing more than five million remedies on vehicles involved in three key recalls thanks to the extraordinary efforts of Toyota and Lexus dealers and the exceptional response from our customers.

These measures and accomplishments were unveiled by Toyota's Chief Quality Officer for North America, Steve St. Angelo, at a news briefing with former U.S. Secretary of Transportation Rodney Slater, Chairman of Toyota's independent North American Quality Advisory Panel, which is working closely with the company to help ensure that its quality and safety assurance programs are in keeping with best industry practice.

"Toyota has made significant progress in recent months to help ensure that our customers can have complete confidence in the quality, safety and reliability of their vehicles, and our latest initiatives build on those accomplishments," St. Angelo said. "Toyota's continuous efforts to strengthen vehicle quality and safety, and to respond swiftly and thoroughly to our customers' concerns, are driven by our core values and will always be a fundamental part of our company. Our goal is to set new, even higher standards for quality assurance and customer responsiveness in both the factory and the market by continuing to put our customers first in everything that we do."

The new initiatives and progress updates announced by St. Angelo include:

Expansion of SMART Process: Based on the success of Toyota's SMART evaluation process, and with the sharp decline in customer concerns about acceleration, Toyota is broadening the scope of the SMART process and teams to include investigation of other customer concerns as they arise. This utilization of the SMART portfolio is intended to further strengthen the company's field information gathering and

evaluation capabilities as well as its ability to respond quickly to the needs of its customers.

Toyota's SMART evaluation process was launched in April 2010 to enhance the company's ability to quickly investigate customer acceleration concerns in Toyota and Lexus vehicles. The rapid-response Swift Market Analysis Response Teams, which are drawn from more than 200 highly trained engineers and field technicians, seek to contact customers within 24 hours of a report and, as necessary, arrange for a comprehensive on-site vehicle evaluation.

Since its launch, the SMART process has evaluated approximately 4,200 vehicles, giving Toyota a better understanding of what customers are actually experiencing. Importantly, Toyota has not found a single case in which the vehicle's electronic throttle control system would lead to unintended acceleration.

Production of Vehicles with Smart Stop Technology and Enhanced Event Data Recorders: This year, all new Toyota vehicles for sale in North America are being equipped with Smart Stop Technology, a brake override system that provides customers with an additional level of confidence by automatically reducing engine power when a vehicle's brake and accelerator pedals are applied simultaneously under certain driving conditions.

Smart Stop is already incorporated in 84 percent of the Toyota, Lexus and Scion models on sale in the U.S. and an equivalent technology has been included in all of Toyota and Lexus hybrids since inception. Once the roll-out is completed, Toyota will be the first volume auto manufacturer to feature brake override technology on its entire line of vehicles sold domestically.

In addition, all 2011 model year Toyota, Lexus and Scion vehicles now in production are being equipped with enhanced Event Data Recorders (EDR) that provide both pre- and post-collision data. EDRs are designed to provide data to help understand how a vehicle's various systems functioned in a collision and can play an important role in post-collision reconstruction when corroborated by physical evidence and other forensic research.

Ramping Up North American Center For Quality Excellence: On July 29, Toyota opened its North American Center for Quality Excellence in Ann Arbor, Michigan which offers Toyota's North American employees and select suppliers training to reinforce the "Toyota Way" and the company's Customer-First commitment to quality.

The Center's mission is to provide quality and design-based training to improve the capabilities of Toyota employees so that they are empowered to work from a Customer-First perspective. Toyota team members will learn from a curriculum of safety, design and quality control training to reinforce work methods and develop new work standards through benchmarking and "continuous improvement" (kaizen) processes.

Enhancing Supplier Collaboration and Quality Controls: Toyota is collaborating with its suppliers to review manufacturing processes, quality assurance policies and testing procedures for key parts, with the goal of helping them and the company strengthen existing systems and implement best practices across the supply chain.

The company is increasing the frequency of reliability testing of key parts, including, for example, more frequent evaluation of parts to confirm functionality and identify any damage sustained during shipment. Toyota is also working more closely with suppliers at the beginning of the development and design process so that Toyota's expectations and quality criteria for key parts are clearly communicated.

In order to benefit from the knowledge and experience of its suppliers, Toyota is revising its Supplier Quality Assurance Manual to capture supplier best practices, benchmarks of global competitors, and other feedback from Toyota's supplier review. Toyota's North American Center for Quality Excellence will also expand its curriculum in the near future to include training for suppliers in Toyota Quality and Design activities, best practice sharing and new quality assurance requirements.

Exceptional Customer and Dealer Response to Recall Campaigns: To date, Toyota and Lexus dealers have performed more than five million remedies for the three key recalls the company announced in late 2009 and early 2010, including approximately 1.8 million to address sticking accelerator pedals, 3.1 million to address the potential for unsecured or incompatible floor mat to trap an accelerator pedal, and 128,000 program updates to the anti-lock brake systems (ABS) in certain 2010 Prius and Lexus models. Toyota customers continue to find the remedies to be both effective and durable.

To date, approximately 80 percent of the sticking pedal modifications have been completed on the 2.3 million vehicles that have been recalled, and more than 86 percent of the ABS program updates have been performed on the 148,000 Prius and Lexus models that were recalled. Nearly 58 percent of the floor mat entrapment modifications have been completed on the 5.4 million vehicles that were recalled for this issue, including nearly 80 percent of the Avalon, Camry and ES350 vehicles involved.

The remedies for the floor mat entrapment issue were announced on a rolling basis (model-by-model) for the first eight months of this year. Now that all of the remedies are available, Toyota is seeing a moderate increase in the completions.