

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

IN RE Toyota Motor Corporation)
TQ10-001)
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This agreement (“Agreement”) is made between the National Highway Traffic Safety Administration (“NHTSA”), an operating component of the U.S. Department of Transportation, and Toyota Motor Corporation and its United States-based subsidiaries (“Toyota” or “the Company”), wherein they hereby administratively resolve all potential claims for civil penalties for possible violations of various provisions of federal law commonly known as the National Traffic and Motor Vehicle Safety Act as amended, 49 U.S.C. Chapter 301 (“Safety Act”), relating to Safety Recalls 07E-082, 09V-388 and 10V-023, as described below.

WHEREAS, on September 26, 2007, Toyota formally notified NHTSA of its decision to conduct a safety-related recall involving the all-weather floor mats in certain models of vehicles manufactured by Toyota to address issues related to the risk of accelerator pedal entrapment by the floor mats, which recall was identified as Safety Recall 07E-082; and on October 5, 2009 and January 27, 2010, Toyota formally notified NHTSA of its decision to conduct safety-related recalls involving approximately 5.54 million vehicles manufactured by Toyota to address issues related to the risk of accelerator pedal

entrapment by floor mats, which recalls were identified as Safety Recalls 09V-388 and 10V-023;

WHEREAS, on February 16, 2010, NHTSA informed Toyota that NHTSA had opened a Timeliness Query (TQ10-001) to investigate whether Toyota conducted these recalls in a timely manner under the Safety Act;

WHEREAS, Toyota has provided extensive responses to NHTSA in response to Information Requests and other solicitations of information issued by NHTSA pursuant to this investigation;

WHEREAS, NHTSA has a potential claim that Toyota violated the Safety Act, including regulations thereunder, by not undertaking Safety Recalls 07E-082, 09V-388 and 10V-023 in a timely manner;

WHEREAS, Toyota denies that it has violated the Safety Act or its implementing regulations;

WHEREAS, it is the mutual desire of NHTSA and Toyota to administratively resolve the civil penalties pursuant to 49 U.S.C. § 30165 in connection with possible violations of the Safety Act and its implementing regulations relating to the timeliness of Toyota's actions leading to Safety Recalls 07E-082, 09V-388 and 10V-023 including, but not limited to, the issues explored in Information Requests and other information sought by NHTSA in TQ10-001 and Toyota's responses thereto, through a binding agreement in order to avoid a protracted dispute and possible litigation.

NOW, THEREFORE, the parties agree as follows:

1. The Secretary of Transportation has the authority to compromise the amount

of civil penalties under the Safety Act, 49 U.S.C. § 30165(b). The Secretary's authority has been delegated to the Administrator of NHTSA, 49 C.F.R. § 1.50.

2. Toyota is, and at all times relevant to this action has been, a manufacturer of motor vehicles within the meaning of the Safety Act, as defined in 49 U.S.C. § 30102(a)(5).

3. Without NHTSA making any formal findings with respect to Toyota's possible violations of the Safety Act as to the timeliness of Toyota's actions leading to Safety Recalls 07E-082, 09V-388 and 10V-023 including, but not limited to, the issues explored in Information Requests and other information sought by NHTSA in TQ10-001 and Toyota's responses thereto, Toyota shall, in order to resolve the dispute, pay the United States a civil penalty in the sum of Sixteen Million, Three Hundred and Seventy-Five Thousand Dollars (\$16,375,000.00) pursuant to the Safety Act, 49 U.S.C. § 30165. Toyota shall make this payment in one lump sum payment by electronic funds transfer to the U.S. Treasury, no later than Thirty (30) days following the execution of this Agreement.

4. Upon receipt of the payment set forth in Paragraph 3 above, the Secretary of Transportation, by and through the Administrator of NHTSA, releases Toyota, including its current and former directors, officers, employees, agents, parents, subsidiaries, affiliates, successors, and assigns from liability for civil penalties pursuant to 49 U.S.C. § 30165 in connection with possible violations of the Safety Act and its implementing regulations relating to the timeliness of Toyota's actions leading to Safety Recalls 07E-082, 09V-388 and 10V-023 and the subject matter thereof, including, but not limited to, the issues explored in Information Requests and other information sought by NHTSA in TQ10-001 and to Toyota's responses thereto. Upon this release, Toyota shall be relieved from any further obligation to produce

documents in TQ10-001. TQ10-001 shall be promptly closed following receipt of the payment set forth in Paragraph 3, above, and a copy of the closing report shall be furnished to Toyota.

5. The Secretary of Transportation does not release Toyota from civil or criminal liabilities, if any, that may be asserted by (a) the U.S. Department of Transportation/NHTSA, except as set forth in Paragraph 4; or (b) any other government entity.

6. The parties shall each bear their own respective attorneys' fees, costs, and expenses.

7. This Agreement shall be effective following the execution of this Agreement by the parties.

8. This Agreement constitutes the entire agreement between the parties regarding the resolution of the subject matter therein, and supersedes any and all prior or contemporaneous written or oral agreements or representations of the parties, all of which have become merged and finally integrated into this Agreement. This Agreement may not be modified or waived, in whole or in part, unless such modification or waiver is in writing and executed by the parties.

9. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10. The parties to this Agreement have the legal authority to enter into this Agreement, and each party has authorized its undersigned to execute this Agreement on its behalf.

Toyota Motor Corporation

Date

By: _____

Christopher P. Reynolds
Group Vice President and General Counsel
Toyota Motor Sales, U.S.A., Inc.

Date

By: _____

Erika Z. Jones
Mayer Brown LLP
Counsel to Toyota

NATIONAL HIGHWAY TRAFFIC SAFETY
ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION

December 20, 2010
Date

By: O. Kevin Vincent

O. Kevin Vincent
Chief Counsel

December 20, 2010
Date

By: Jessica F. Lang

Jessica F. Lang
Trial Attorney
National Highway Traffic Safety Administration
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

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Toyota Motor Corporation

By: 

Christopher P. Reynolds
Group Vice President and General Counsel
Toyota Motor Sales, U.S.A., Inc.

December 20, 2010
Date

By: 

Erika Z. Jones
Mayer Brown LLP
Counsel to Toyota

NATIONAL HIGHWAY TRAFFIC SAFETY
ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION

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By: _____

O. Kevin Vincent
Chief Counsel

Date

By: _____

Jessica F. Lang
Trial Attorney
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