



U.S. Department of Justice

United States Attorney  
Southern District of New York

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*The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York New York 10007*

March 19, 2014

James E. Johnson, Esq.  
Matthew Fishbein, Esq.  
Helen Cantwell, Esq.  
Debevoise & Plimpton LLP  
919 Third Avenue  
New York, NY 10022

**Re: Toyota Motor Corporation – Deferred Prosecution Agreement**

Dear Messrs. Johnson and Fishbein and Ms. Cantwell:

Pursuant to our discussions and written exchanges, the Office of the United States Attorney for the Southern District of New York (the “Office”) and the defendant Toyota Motor Corporation (“Toyota”), under authority granted by its Board of Directors in the form of the written authorization attached as Exhibit A, hereby enter into this Deferred Prosecution Agreement (the “Agreement”).

**The Criminal Information**

1. Toyota consents to the filing of a one-count Information (the “Information”) in the United States District Court for the Southern District of New York (the “Court”), charging Toyota with committing wire fraud, in violation of Title 18, United States Code, Section 1343. A copy of the Information is attached as Exhibit B. This Agreement shall take effect upon its execution by both parties.

**Acceptance of Responsibility**

2. Toyota admits and stipulates that the facts set forth in the Statement of Facts, attached as Exhibit C and incorporated herein, are true and accurate. In sum, Toyota admits that it misled U.S. consumers by concealing and making deceptive statements about two safety related issues affecting its vehicles, each of which caused a type of unintended acceleration.

**Financial Penalty**

3. As a result of the conduct described in the Information and the Statement of Facts, Toyota agrees to pay to the United States \$1.2 billion (the “Stipulated Financial Penalty”) representing the financial penalty resulting from the offense described in the Information and Statement of Facts. Toyota agrees that the facts contained in the Information and Statement of Facts are sufficient to establish that the Stipulated Financial Penalty is subject to civil forfeiture to the United States and that this Agreement, Information, and Statement of Facts

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may be attached to and incorporated into the Civil Forfeiture Complaint to be filed against the Stipulated Financial Penalty, a copy of which is attached as Exhibit D hereto. By this Agreement, Toyota specifically waives service of said Civil Forfeiture Complaint and agrees that a Final Order of Forfeiture may be entered against the Stipulated Financial Penalty. Upon payment of the Stipulated Financial Penalty, Toyota shall release any and all claims it may have to such funds and execute such documents as necessary to accomplish the forfeiture of the funds. Toyota agrees that it will not file a claim with the Court or otherwise contest the civil forfeiture of the Stipulated Financial Penalty and will not assist a third party in asserting any claim to the Stipulated Financial Penalty. Toyota agrees that the Stipulated Financial Penalty shall be treated as a penalty paid to the United States government for all purposes, including all tax purposes. Toyota agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, local, or foreign tax for any fine or forfeiture paid pursuant to this Agreement.

4. Toyota shall transfer \$1.2 billion to the United States by no later than March 25, 2014 (or as otherwise directed by the Office following such date). Such payment shall be made by wire transfer to the United States Marshals Service, pursuant to wire instructions provided by the Office. If Toyota fails to timely make the payment required under this paragraph, interest (at the rate specified in Title 28, United States Code, Section 1961) shall accrue on the unpaid balance through the date of payment, unless the Office, in its sole discretion, chooses to reinstate prosecution pursuant to paragraphs 10 and 11 below.

#### **Obligation to Cooperate**

5. Toyota has cooperated with this Office's criminal investigation and agrees to cooperate fully and actively with the Office, the Federal Bureau of Investigation ("FBI"), the Department of Transportation ("DOT"), the National Highway Traffic Safety Administration ("NHTSA"), and any other agency of the government designated by the Office regarding any matter relating to the Office's investigation about which Toyota has knowledge or information.

6. It is understood that Toyota shall (a) truthfully and completely disclose all information with respect to the activities of itself and its subsidiaries Toyota Motor Sales, U.S.A., Inc. ("TMS"), Toyota Motor North America, Inc. ("TMA"), and Toyota Motor Engineering & Manufacturing North America, Inc. ("TEMA"), as well as with respect to the activities of officers, agents, and employees of Toyota, TMS, TMA, and TEMA, concerning all matters about which the Office inquires of it, which information can be used for any purpose; (b) cooperate fully with the Office, FBI, DOT, NHTSA, and any other law enforcement agency designated by the Office; (c) attend all meetings at which the Office requests its presence and use its best efforts to secure the attendance and truthful statements or testimony of any past or current officers, agents, or employees of Toyota, TMS, TMA, and TEMA at any meeting or interview or before the grand jury or at trial or at any other court proceeding; (d) provide to the Office upon request any document, record, or other tangible evidence relating to matters about which the Office or any designated law enforcement agency inquires of it; (e) assemble, organize, and provide in a responsive and prompt fashion, and upon request, on an expedited schedule, all documents, records, information and other evidence in Toyota's possession, custody or control as may be

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requested by the Office, FBI, DOT, NHTSA, or designated law enforcement agency; (f) volunteer and provide to the Office any information and documents that come to Toyota's attention that may be relevant to the Office's investigation of this matter, any issue related to the Statement of Facts, and any issue that would fall within the scope of the duties of the independent monitor (the "Monitor") as set forth in paragraph 15; (g) provide testimony or information necessary to identify or establish the original location, authenticity, or other basis for admission into evidence of documents or physical evidence in any criminal or other proceeding as requested by the Office, FBI, DOT, NHTSA, or designated law enforcement agency, including but not limited to information and testimony concerning the conduct set forth in the Information and Statement of Facts; (h) bring to the Office's attention all criminal conduct by or criminal investigations of Toyota or any of its agents or employees acting within the scope of their employment related to violations of the federal laws of the United States, as to which Toyota's Board of Directors, senior management, or United States legal and compliance personnel are aware; (i) bring to the Office's attention any administrative or regulatory proceeding or civil action or investigation by any U.S. governmental authority that alleges fraud by Toyota; and (j) commit no crimes whatsoever under the federal laws of the United States subsequent to the execution of this Agreement. To the extent the provisions of this paragraph relate to information or attendance of personnel located in Japan, the parties to this Agreement acknowledge that the request, provision, or use of such information, or attendance of personnel, is subject to applicable laws and legal principles in Japan. In the event the Office determines that information it receives from Toyota pursuant to this provision should be shared with DOT and/or NHTSA, the Office may request that Toyota provide such information to DOT and/or NHTSA directly. Toyota will submit such information to DOT and/or NHTSA consistent with the regulatory provisions related to the protection of confidential business information contained in 49 C.F.R. Part 512 and 49 C.F.R. Part 7. Nothing in this Agreement shall be construed to require Toyota to provide any information, documents or testimony protected by the attorney-client privilege, work product doctrine, or any other applicable privilege.

7. Toyota agrees that its obligations pursuant to this Agreement, which shall commence upon the signing of this Agreement, will continue for three years from the date of the Court's acceptance of this Agreement, unless otherwise extended pursuant to paragraph 12 below. Toyota's obligation to cooperate is not intended to apply in the event that a prosecution against Toyota by this Office is pursued and not deferred.

#### **Deferral of Prosecution**

8. In consideration of Toyota's entry into this Agreement and its commitment to: (a) accept and acknowledge responsibility for its conduct; (b) cooperate with the Office, FBI, DOT, NHTSA, and any other law enforcement agency designated by this Office; (c) make the payments specified in this Agreement; (d) comply with Federal criminal laws; and (e) otherwise comply with all of the terms of this Agreement, the Office shall recommend to the Court that prosecution of Toyota on the Information be deferred for three years from the date of the signing of this Agreement. Toyota shall expressly waive indictment and all rights to a speedy trial pursuant to the Sixth Amendment of the United States Constitution, Title 18, United States

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Code, Section 3161, Federal Rule of Criminal Procedure 48(b), and any applicable Local Rules of the United States District Court for the Southern District of New York for the period during which this Agreement is in effect.

9. It is understood that this Office cannot, and does not, agree not to prosecute Toyota for criminal tax violations. However, if Toyota fully complies with the terms of this Agreement, no testimony given or other information provided by Toyota (or any other information directly or indirectly derived therefrom) will be used against Toyota in any criminal tax prosecution. In addition, the Office agrees that, if Toyota is in compliance with all of its obligations under this Agreement, the Office will, within thirty (30) days after the expiration of the period of deferral (including any extensions thereof), seek dismissal with prejudice as to Toyota of the Information filed against Toyota pursuant to this Agreement. Except in the event of a violation by Toyota of any term of this Agreement, the Office will bring no additional charges against Toyota, except for criminal tax violations, relating to its conduct as described in the admitted Statement of Facts. This Agreement does not provide any protection against prosecution for any crimes except as set forth above and does not apply to any individual or entity other than Toyota and its subsidiaries TMS, TMA, and TEMA. Toyota and the Office understand that the Agreement to defer prosecution of Toyota must be approved by the Court, in accordance with 18 U.S.C. § 3161(h)(2). Should the Court decline to approve the Agreement to defer prosecution for any reason, both the Office and Toyota are released from any obligation imposed upon them by this Agreement, and this Agreement shall be null and void, except for the tolling provision set forth in paragraph 10.

10. It is further understood that should the Office in its sole discretion determine based on facts learned subsequent to the execution of this Agreement that Toyota has: (a) knowingly given false, incomplete or misleading information to the Office, FBI, DOT, or NHTSA, either during the term of this Agreement or in connection with the Office's investigation of the conduct described in the Information and Statement of Facts, (b) committed any crime under the federal laws of the United States subsequent to the execution of this Agreement, or (c) otherwise violated any provision of this Agreement, Toyota shall, in the Office's sole discretion, thereafter be subject to prosecution for any federal criminal violation of which the Office has knowledge, including but not limited to a prosecution based on the Information, the Statement of Facts, or the conduct described therein. Any such prosecution may be premised on any information provided by or on behalf of Toyota to the Office and/or FBI, DOT, or NHTSA at any time. In any such prosecution, no charge would be time-barred provided that such prosecution is brought within the applicable statute of limitations period, excluding (a) any period subject to any prior or existing tolling agreement between the Office and Toyota and (b) the period from the execution of this Agreement until its termination. Toyota agrees to toll, and exclude from any calculation of time, the running of the applicable criminal statute of limitations for the length of this Agreement starting from the date of the execution of this Agreement and including any extension of the period of deferral of prosecution pursuant to paragraph 12 below. By this Agreement, Toyota expressly intends to and hereby does waive its rights in the foregoing respects, including any right to make a claim premised on the statute of limitations, as well as any

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constitutional, statutory, or other claim concerning pre-indictment delay. Such waivers are knowing, voluntary, and in express reliance on the advice of Toyota's counsel.

11. It is further agreed that in the event that the Office, in its sole discretion, determines that Toyota has violated any provision of this Agreement, including by failure to meet its obligations under this Agreement: (a) all statements made by or on behalf of Toyota to the Office, FBI, DOT, and/or NHTSA, including but not limited to the Statement of Facts, or any testimony given by Toyota or by any agent of Toyota before a grand jury, or elsewhere, whether before or after the date of this Agreement, or any leads from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings hereinafter brought by the Office against Toyota; and (b) Toyota shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of Toyota before or after the date of this Agreement, or any leads derived therefrom, should be suppressed or otherwise excluded from evidence. It is the intent of this Agreement to waive any and all rights in the foregoing respects.

12. Toyota agrees that, in the event that the Office determines during the period of deferral of prosecution described in paragraph 8 above (or any extensions thereof) that Toyota has violated any provision of this Agreement, an extension of the period of deferral of prosecution may be imposed in the sole discretion of the Office, up to an additional one year, but in no event shall the total term of the deferral-of-prosecution period of this Agreement exceed four (4) years.

13. Toyota, having truthfully admitted to the facts in the Statement of Facts, agrees that it shall not, through its attorneys, agents, or employees, make any statement, in litigation or otherwise, contradicting the Statement of Facts or its representations in this Agreement. Consistent with this provision, Toyota may raise defenses and/or assert affirmative claims in any civil proceedings brought by private parties as long as doing so does not contradict the Statement of Facts or such representations. Any such contradictory statement by Toyota, its present or future attorneys, agents, or employees shall constitute a violation of this Agreement and Toyota thereafter shall be subject to prosecution as specified in paragraphs 8 through 11, above, or the deferral-of-prosecution period shall be extended pursuant to paragraph 12, above. The decision as to whether any such contradictory statement will be imputed to Toyota for the purpose of determining whether Toyota has violated this Agreement shall be within the sole discretion of the Office. Upon the Office's notifying Toyota of any such contradictory statement, Toyota may avoid a finding of violation of this Agreement by repudiating such statement both to the recipient of such statement and to the Office within forty-eight (48) hours after having been provided notice by the Office. Toyota consents to the public release by the Office, in its sole discretion, of any such repudiation. Nothing in this Agreement is meant to affect the obligation of Toyota or its officers, directors, agents or employees to testify truthfully to the best of their personal knowledge and belief in any proceeding.

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14. Toyota agrees that it is within the Office's sole discretion to choose, in the event of a violation, the remedies contained in paragraphs 10 and 11 above, or instead to choose to extend the period of deferral of prosecution pursuant to paragraph 12. Toyota understands and agrees that the exercise of the Office's discretion under this Agreement is unreviewable by any court. Should the Office determine that Toyota has violated this Agreement, the Office shall provide notice to Toyota of that determination and provide Toyota with an opportunity to make a presentation to the Office to demonstrate that no violation occurred, or, to the extent applicable, that the violation should not result in the exercise of those remedies or in an extension of the period of deferral of prosecution, including because the violation has been cured by Toyota.

#### **Independent Monitor**

15. Toyota agrees to retain a Monitor upon selection by the Office and approval by the Office of the Deputy Attorney General, whose powers, rights and responsibilities shall be as set forth below.

(a). Jurisdiction, Powers, and Oversight Authority. To address issues related to the Statement of Facts and Information, the Monitor shall have the authorities and duties defined below. The scope of the Monitor's authority is to review and assess Toyota's policies, practices or procedures as set forth below, and is not intended to include substantive review of the correctness of any of Toyota's decisions relating to compliance with NHTSA's regulatory regime, including the National Traffic and Motor Vehicle Safety Act, its implementing regulations, and related policies. Nor is it intended to supplant NHTSA's authority over decisions related to motor vehicle safety.

(1). Review and assess whether Toyota's policies, practices, or procedures ensure that Toyota's public statements in the United States related to motor vehicle safety are true and accurate;

(2). Review and assess the effectiveness of Toyota's policies, practices, or procedures for making information relating to accidents that take place in the United States available to Toyota's engineers, Toyota's chief quality officer for North America, and Toyota's regional product safety executive for North America; and

(3). Review and assess whether Toyota's policies, practices, or procedures regarding the generation of field technical reports – as opposed to other internal reporting mechanisms, including, but not limited to, the “intra-company communication” – in the United States ensure compliance with 49 C.F.R. Part 579.

It is the intent of this Agreement that the provisions regarding the Monitor's jurisdiction, powers, and oversight authority and duties be broadly construed, subject to the following limitation: the Monitor's responsibilities shall be limited to Toyota's activities in the United States, and to the extent the Monitor seeks information outside the United States, compliance with such requests shall be consistent with the applicable legal principles in that jurisdiction. Toyota shall adopt all

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recommendations submitted by the Monitor unless Toyota objects to any recommendation and the Office agrees that adoption of such recommendation should not be required.

(b). Access to Information. The Monitor shall have the authority to take such reasonable steps, in the Monitor's view, as necessary to be fully informed about those operations of Toyota within or relating to his or her jurisdiction. To that end, the Monitor shall have:

(1). Access to, and the right to make copies of, any and all non-privileged books, records, accounts, correspondence, files, and any and all other documents or electronic records, including e-mails, of Toyota and its subsidiaries TMS, TMA, and TEMA, and of officers, agents, and employees of Toyota, TMS, TMA, and TEMA, within or relating to his or her jurisdiction that are located in the United States. To the extent the Monitor believes such information from Japan is reasonably necessary, Toyota will make its best efforts to request the information and make it available to the Monitor in the United States consistent with applicable laws and legal principles in Japan; and

(2). The right to interview any officer, employee, agent, or consultant of Toyota, TMS, TMA, and TEMA conducting business in or present in the United States and to participate in any meeting in the United States concerning any matter within or relating to the Monitor's jurisdiction.

To the extent that the Monitor seeks access to information contained within privileged documents or materials, Toyota shall use its best efforts to provide the Monitor with the information without compromising the asserted privilege.

(c). Confidentiality.

(1). The Monitor shall maintain the confidentiality of any non-public information entrusted or made available to the Monitor. The Monitor shall share such information only with the Office and FBI. The Monitor may also determine that such information should be shared with DOT and/or NHTSA. In the event of such a determination, the Monitor may request that Toyota provide the subject information directly to DOT and/or NHTSA. Toyota will submit such information to DOT or NHTSA consistent with the regulatory provisions related to the protection of confidential business information contained in 49 C.F.R. Part 512 and 49 C.F.R. Part 7.

(2). The Monitor shall sign a non-disclosure agreement with Toyota prohibiting disclosure of information received from Toyota to anyone other than to the Office, FBI, DOT, or NHTSA, and anyone hired by the Monitor. Within thirty days after the end of the Monitor's term, the Monitor shall either return anything obtained from Toyota, or certify that such information has been destroyed. Anyone hired by the Monitor shall also sign a non-disclosure agreement with similar return or destruction requirements as set forth in this subparagraph.

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(d). Hiring Authority. The Monitor shall have the authority to employ legal counsel, consultants, investigators, experts, and any other personnel necessary to assist in the proper discharge of the Monitor's duties.

(e). Implementing Authority. The Monitor shall have the authority to take any other actions in the United States that are necessary to effectuate the Monitor's oversight and monitoring responsibilities.

(f). Miscellaneous Provisions.

(1). Term. The Monitor's authority set forth herein shall extend for a period of three years from the commencement of the Monitor's duties, except that (a) in the event the Office determines during the period of the Monitorship (or any extensions thereof) that Toyota has violated any provision of this Agreement, an extension of the period of the Monitorship may be imposed in the sole discretion of the Office, up to an additional one-year extension, but in no event shall the total term of the Monitorship exceed the term of the Agreement; and (b) in the event the Office, in its sole discretion, determines during the period of the Monitorship that the employment of a Monitor is no longer necessary to carry out the purposes of this Agreement, the Office may shorten the period of the Monitorship.

(2). Selection of the Monitor. The Office shall consult with Toyota, including soliciting nominations from Toyota, using its best efforts to select and appoint a mutually acceptable Monitor (and any replacement Monitors, if required) as promptly as possible. In the event that the Office is unable to select a Monitor acceptable to Toyota, the Office shall have the sole right to select a monitor (and any replacement Monitors, if required). To ensure the integrity of the Monitorship, the Monitor must be independent and objective and the following persons shall not be eligible as either a Monitor or an agent, consultant or employee of the Monitor: (a) any person previously employed by Toyota; or (b) any person who has been directly adverse to Toyota in any proceeding. The selection of the Monitor must be approved by the Deputy Attorney General.

(3). Notice regarding the Monitor; Monitor's Authority to Act on Information received from Employees; No Penalty for Reporting. Toyota shall establish an independent, toll-free answering service to facilitate communication anonymously or otherwise with the Monitor. Within 10 days of the commencement of the Monitor's duties, Toyota shall advise employees of its subsidiaries TMS, TMA, and TEMA in writing of the appointment of the Monitor, the Monitor's powers and duties as set forth in this Agreement, the toll-free number established for contacting the Monitor, and email and mail addresses designated by the Monitor. Such notice shall inform employees that they may communicate with the Monitor anonymously or otherwise, and that no agent, consultant, or employee of Toyota shall be penalized in any way for providing information to the Monitor. In addition, such notice shall direct that, if an employee is aware of any violation of any law or any unethical conduct that has not been reported to an appropriate federal, state or municipal agency, the employee is obligated to report such violation or conduct to Toyota's compliance office in the United States or the Monitor. The



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Monitor shall have access to all communications made using this toll-free number. The Monitor has the sole discretion to determine whether the toll-free number is sufficient to permit confidential and/or anonymous communications or whether the establishment of an additional toll-free number is required.

(4). Reports to the Office. The Monitor shall keep records of his or her activities, including copies of all correspondence and telephone logs, as well as records relating to actions taken in response to correspondence or telephone calls. If potentially illegal or unethical conduct is reported to the Monitor, the Monitor may, at his or her option, conduct an investigation, and/or refer the matter to the Office. The Monitor should, at his or her option, refer any potentially illegal or unethical conduct to Toyota's compliance office. The Monitor may report to the Office whenever the Monitor deems fit but, in any event, shall file a written report not less often than every four months regarding: the Monitor's activities; whether Toyota is complying with the terms of this Agreement; and any changes that are necessary to foster Toyota's compliance with any applicable laws, regulations and standards related to the Monitor's jurisdiction as set forth in paragraph 15(a). Such periodic written reports are to be provided to Toyota and the Office. The Office may, in its sole discretion, provide to FBI all or part of any such periodic written report, or other information provided to the Office by the Monitor. The Office may also determine that all or part of any such periodic report, or other information provided to the Office by the Monitor, be provided to DOT and/or NHTSA. In the event of such a determination, the Office may request that Toyota transmit such report, part of a report, and/or non-public information to DOT and/or NHTSA directly. Toyota will submit such report, part of a report, and/or non-public information to DOT and/or NHTSA consistent with the regulatory provisions related to the protection of confidential business information contained in 49 C.F.R. Part 512 and 49 C.F.R. Part 7. Toyota may provide all or part of any periodic written reports to NHTSA or other federal agencies or governmental entities. Should the Monitor determine that it appears that Toyota has violated any law, has violated any provision of this Agreement, or has engaged in any conduct that could warrant the modification of his or her jurisdiction, the Monitor shall promptly notify the Office, and when appropriate, Toyota.

(5). Cooperation with the Monitor. Toyota and all of its officers, directors, employees, agents, and consultants, and all of the officers, directors, employees, agents, and consultants of Toyota's subsidiaries TMS, TMA, and TEMA shall have an affirmative duty to cooperate with and assist the Monitor in the execution of his or her duties provided in this Agreement and shall inform the Monitor of any non-privileged information that may relate to the Monitor's duties or lead to information that relates to his or her duties. Failure of any Toyota, TMS, TMA, or TEMA officer, director, employee, or agent to cooperate with the Monitor may, in the sole discretion of the Monitor, serve as a basis for the Monitor to recommend dismissal or other disciplinary action.

(6). Compensation and Expenses. Although the Monitor shall operate under the supervision of the Office, the compensation and expenses of the Monitor, and of the persons hired under his or her authority, shall be paid by Toyota. The Monitor, and any persons hired by the Monitor, shall be compensated in accordance with their respective typical hourly

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rates. Toyota shall pay bills for compensation and expenses promptly, and in any event within 30 days. In addition, within one week after the selection of the Monitor, Toyota shall make available, at either TMS, TMA or TEMA, office space, telephone service and clerical assistance sufficient for the Monitor to carry out his or her duties.

(7). Indemnification. Toyota shall provide an appropriate indemnification agreement to the Monitor with respect to any claims arising out of the performance of the Monitor's duties.

(8). No Affiliation. The Monitor is not, and shall not be treated for any purpose, as an officer, employee, agent, or affiliate of Toyota.

#### **Limits of this Agreement**

16. It is understood that this Agreement is binding on the Office but does not bind any other Federal agencies, any state or local law enforcement agencies, any licensing authorities, or any regulatory authorities. However, if requested by Toyota or its attorneys, the Office will bring to the attention of any such agencies, including but not limited to any regulators, as applicable, this Agreement, the cooperation of Toyota, and Toyota's compliance with its obligations under this Agreement.

#### **Public Filing**

17. Toyota and the Office agree that, upon the submission of this Agreement (including the Statement of Facts and other attachments) to the Court, this Agreement and its attachments shall be filed publicly in the proceedings in the United States District Court for the Southern District of New York.

18. The parties understand that this Agreement reflects the unique facts of this case and is not intended as precedent for other cases.

#### **Execution in Counterparts**

19. This Agreement may be executed in one or more counterparts, each of which shall be considered effective as an original signature.

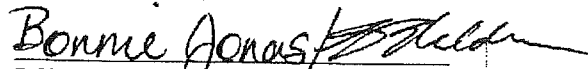
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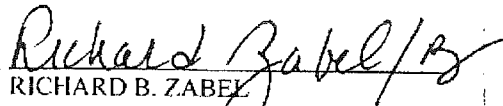
Integration Clause

20. This Agreement sets forth all the terms of the Deferred Prosecution Agreement between Toyota and the Office. No modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Office, Toyota's attorneys, and a duly authorized representative of Toyota.

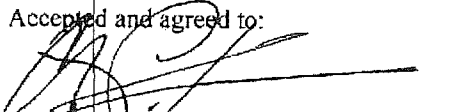
PREET BHARARA  
United States Attorney  
Southern District of New York

By:

  
BONNIE JONAS  
SARAH E. MCCALLUM  
Assistant United States Attorneys

  
RICHARD B. ZABEL  
Deputy United States Attorney

Accepted and agreed to:

  
Christopher P. Reynolds  
General Counsel and Chief Legal Officer,  
Toyota Motor North America, Inc.  
Group Vice President,  
Toyota Motor Sales U.S.A., Inc.

James E. Johnson, Esq.  
Matthew Fishbein, Esq.  
Helen Cantwell, Esq.  
Attorneys for TOYOTA

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Integration Clause

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PREET BHARARA  
United States Attorney  
Southern District of New York

By: Bonnie Jonas / Sarah E. McCallum  
BONNIE JONAS  
SARAH E. MCCALLUM  
Assistant United States Attorneys

Richard B. Zabel  
RICHARD B. ZABEL  
Deputy United States Attorney

Accepted and agreed to:

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Christopher P. Reynolds  
General Counsel and Chief Legal Officer,  
Toyota Motor North America, Inc.  
Group Vice President,  
Toyota Motor Sales U.S.A., Inc.

James E. Johnson  
James E. Johnson, Esq.  
Matthew Fishbein, Esq.  
Helen Cantwell, Esq.  
Attorneys for TOYOTA

# Exhibit A

CERTIFICATE OF CORPORATE APPROVAL

I, Nobuyori Kodaira, Representative Director and Executive Vice President of Toyota Motor Corporation, hereby certify that:

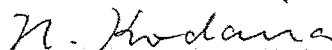
1. On March 19, 2014, a meeting was held of the Board of Directors of Toyota Motor Corporation. I am a member of the Board and attended the meeting.

2. At the March 19, 2014 meeting, the Board approved Toyota Motor Corporation's entry into a Deferred Prosecution Agreement with the Office of the United States Attorney for the Southern District of New York ("Agreement") and authorized all necessary steps to be taken to effectuate and finalize the Agreement. The approval has not been amended or revoked in any respect and remains in full force and effect.

3. Under the Japanese Companies Act, each Representative Director is authorized to carry out the directions of the Board. In this case, I, as one of the Representative Directors, am authorized to carry out the directions of the Board.

4. I hereby delegate and authorize Christopher P. Reynolds, Chief Legal Officer and General Counsel of Toyota Motor North America, Inc., and Group Vice President of Toyota Motor Sales, U.S.A., Inc., to execute and deliver the Agreement in the name and on behalf of Toyota Motor Corporation.

IN WITNESS WHEREOF, I have signed this Certificate of Corporate Approval on March 19, 2014.



Nobuyori Kodaira  
Representative Director and  
Executive Vice President  
Toyota Motor Corporation

# Exhibit B

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

- - - - -X

UNITED STATES OF AMERICA, : INFORMATION  
 :  
 -v.- :  
 : 14 Cr. \_\_\_  
 TOYOTA MOTOR CORPORATION, :  
 :  
 Defendant. :  
 :  
 - - - - -X

COUNT ONE  
(Wire Fraud)

The United States Attorney charges:

1. TOYOTA MOTOR CORPORATION ("TOYOTA") is an automotive company headquartered in Toyota City, Japan. Assisted by its subsidiaries and affiliates worldwide, TOYOTA designs, manufactures, assembles, and sells Toyota and Lexus brand vehicles. For the fiscal year ending March 31, 2010, TOYOTA's revenues from its automotive business were 17.2 trillion Japanese yen (approximately \$184 billion), and its second largest market, with approximately 29% of its worldwide sales, was North America.

2. TOYOTA is responsible for unlawful activities committed by certain TOYOTA employees that resulted in misrepresentations and the hiding of information from the public. As evidenced in part by internal company documents, individual employees not only made misleading public statements



to TOYOTA's consumers, but also concealed from TOYOTA's regulator one safety-related issue (a problem with accelerators getting stuck at partially depressed levels, referred to as "sticky pedal") and minimized the scope of another (accelerators becoming entrapped at fully or near-fully depressed levels by improperly secured or incompatible floor mats, referred to as "floor mat entrapment").

3. Contrary to public statements that TOYOTA made in late 2009 saying it had "addressed" the "root cause" of unintended acceleration through a limited safety recall addressing floor mat entrapment, TOYOTA had actually conducted internal tests revealing that certain of its unrecalled vehicles bore design features rendering them just as susceptible to floor mat entrapment as some of the recalled vehicles. And only weeks before these statements were made, individuals within TOYOTA had taken steps to hide from its regulator another type of unintended acceleration in its vehicles, separate and apart from floor mat entrapment: the sticky pedal problem.

4. When, in early 2010, TOYOTA finally conducted safety recalls to address the unintended acceleration issues it had concealed, TOYOTA provided to the American public, its U.S. regulator, and the United States Congress an inaccurate timeline of events that made it appear as if TOYOTA had acted to remedy

the sticky pedal problem within approximately 90 days of discovering it.

**Statutory Allegations**

5. From at least in or about the fall of 2009 up to and including at least in or about March 2010, in the Southern District of New York and elsewhere, TOYOTA, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted and aid and abet the transmission, by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, TOYOTA defrauded U.S. consumers into purchasing its products by concealing information and making misleading statements about unintended acceleration in Toyota and Lexus brand vehicles, as described in paragraphs 2 through 4 above.

(Title 18, United States Code, Sections 1343 and 2.)

**FORFEITURE ALLEGATION**

6. As a result of committing the offense alleged in Count One of this Information, TOYOTA, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States

Code, Section 2461, any property, real or personal, which constitutes or is derived from proceeds traceable to such offense.

Substitute Asset Provision

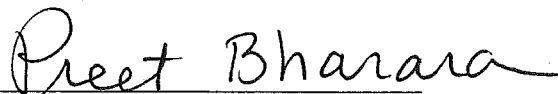
7. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) and Title 21, United States Code, Section 853(p), to seek forfeiture of any

other property of said defendant up to the value of the  
above forfeitable property.

(Title 18, United States Code, Sections 981 and 982; Title 21  
United States Code, Section 853; and  
Title 28, United States Code, Section 2461.)

  
PREET BHARARA  
United States Attorney

# Exhibit C

## Statement of Facts

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1. TOYOTA MOTOR CORPORATION (“TOYOTA”) is an automotive company headquartered in Toyota City, Japan. Assisted by its subsidiaries and affiliates worldwide, TOYOTA designs, manufactures, assembles, and sells Toyota and Lexus brand vehicles. For the fiscal year ending March 31, 2010, TOYOTA’s revenues from its automotive business were 17.2 trillion Japanese yen (approximately \$184 billion), and its second largest market, with approximately 29% of its worldwide sales, was North America.

2. As set forth in more detail below, TOYOTA is responsible for unlawful activities committed by certain employees that resulted in circumstances in which information was hidden from the public. As evidenced in part by internal company documents, individual employees not only made misleading public statements to TOYOTA’s consumers, but also concealed from TOYOTA’s regulator one safety-related issue (a problem with accelerators getting stuck at partially depressed levels, referred to as “sticky pedal”) and minimized the scope of another (accelerators becoming entrapped at fully or near-fully depressed levels by improperly secured or incompatible floor mats, referred to as “floor mat entrapment”).

3. Contrary to public statements that TOYOTA made in late 2009 saying it had “addressed” the “root cause” of unintended acceleration through a limited safety recall addressing floor mat entrapment, TOYOTA had actually conducted internal tests revealing that certain of its unrecalled vehicles bore design features rendering them just as susceptible to floor mat entrapment as some of the recalled vehicles. And only weeks before these statements were made, individuals within TOYOTA had taken steps to hide from its regulator another type of unintended acceleration in its vehicles, separate and apart from floor mat entrapment: the sticky pedal problem.

4. According to a January 2010 report of a discussion following a meeting between TOYOTA and its regulator, one Toyota employee was said to exclaim, “Idiots! Someone will go to jail if lies are repeatedly told. I can’t support this.”

### TOYOTA and Related Entities

5. At least through February 2010, decisions about whether and when to conduct recalls of Toyota and Lexus vehicles were made by the leadership of a group within TOYOTA called “Customer Quality Engineering,” which was centered in Japan and sometimes referred to as “CQE-J.” Customer Quality Engineering had regional arms responsible for monitoring vehicle quality issues in the “field” (that is, for vehicles already on the road) in their respective regions. These regional arms regularly reported field issues and results of vehicle inspections and testing to CQE-J. The U.S. regional arm, located in Torrance, California, was called “CQE-LA.” Technically, CQE-LA was part of Toyota Motor Engineering & Manufacturing North America, Inc. (“TEMA”), an entity that is a wholly-owned subsidiary of TOYOTA headquartered in Kentucky and principally responsible for North American manufacturing of Toyota and Lexus vehicles. In practice, CQE-LA staff reported to CQE-J’s leadership.

6. Toyota Motor Sales, U.S.A., Inc. (“TMS”) is an entity that is a wholly-owned subsidiary of TOYOTA and headquartered in Torrance, California. It is responsible for sales and marketing of Toyota and Lexus brand vehicles in the United States.

7. Toyota Motor North America, Inc. (“TMA”) is an entity that is a wholly-owned subsidiary of TOYOTA with offices in New York, New York, and Washington, D.C. The Washington office was responsible for reporting to and interacting with TOYOTA’s U.S. regulator, the National Highway Traffic Safety Administration (“NHTSA”).

### Overview of the Unlawful Conduct

8. From the fall of 2009 through March 2010, TOYOTA misled U.S. consumers by concealing and making deceptive statements about two safety-related issues affecting its vehicles, each of which caused a type of unintended acceleration.

9. In the fall of 2009, TOYOTA faced intense public concern and scrutiny over the safety of its vehicles after a widely-publicized August 28, 2009 accident in San Diego, California that killed a family of four. A Lexus dealer had improperly installed an unsecured, incompatible rubber floor mat (an “all weather floor mat” or “AWFM”) into the Lexus ES350 in which the family was traveling, and that AWFM entrapped the accelerator at full throttle. A 911 emergency call made from the out-of-control vehicle, which was speeding at over 100 miles per hour, reported, “We’re in a Lexus . . . and we’re going north on 125 and our accelerator is stuck . . . there’s no brakes . . . we’re approaching the intersection . . . Hold on . . . hold on and pray . . . pray.” The call ended with the sound of the crash that killed everyone in the vehicle.

10. Against the backdrop of the San Diego accident, press reports of other unintended acceleration incidents in Toyota and Lexus vehicles, and intensified scrutiny from NHTSA, TOYOTA agreed to NHTSA’s request in or about September 2009 to recall eight of its U.S. models for floor mat entrapment susceptibility. Meanwhile and thereafter, from the fall of 2009 through January 2010, TOYOTA misleadingly assured customers that it had “addressed the root cause” of unintended acceleration in its U.S.-sold vehicles by conducting this recall. In truth, the recall TOYOTA had conducted (a) left unaddressed the Corolla, the Highlander, and the Venza, which shared design features similar to the models that were recalled for floor mat entrapment, and (b) left unaddressed a second type of unintended acceleration: the sticky pedal problem.

11. TOYOTA made these misleading statements and undertook these acts of concealment as part of efforts to defend its brand image in the wake of the fatal San Diego accident and the ensuing onslaught of critical press.

12. When, in early 2010, TOYOTA finally conducted safety recalls to address the unintended acceleration issues it had concealed, TOYOTA provided to the American public, NHTSA, and Congress an inaccurate timeline of events that made it appear as if TOYOTA had acted to remedy the sticky pedal problem within approximately 90 days of discovering it.

### Background to the Unlawful Conduct

13. TOYOTA is required to disclose to NHTSA if it “learns [a] vehicle or equipment contains a defect and decides in good faith that the defect is related to motor vehicle safety.” “Motor vehicle safety” is defined as “performance of a motor vehicle . . . in a way that protects the public against unreasonable risk of accidents . . . and against unreasonable risk of death or injury in an accident.” 49 U.S.C. §§ 30118(c)(1); 30102(a)(8). Such disclosure must be “submitted not more than 5 working days after a defect in a vehicle or item of equipment has

been determined to be safety related” (the “Defect Disclosure Regulation”). See 49 U.S.C. § 30118(c) and 49 C.F.R. § 573.6.

14. The required disclosure is to be made by filing a “Defect Information Report,” or “DIR.”

15. Although TOYOTA is not required to notify NHTSA of any engineering and design changes it made to Toyota and Lexus models sold in the United States, it is required to file a DIR for any safety-related defect addressed by such an engineering and/or design change.

#### Events Prior to 2009: Floor Mat Entrapment

16. In or about the fall of 2007, TOYOTA successfully avoided a potential vehicle recall to address floor mat entrapment in certain Toyota and Lexus brand vehicles.

17. In 2007, following a series of reports alleging unintended acceleration in Toyota and Lexus vehicles, NHTSA opened a defect investigation into the Lexus ES350 model (the vehicle that was subsequently involved in the tragic 2009 San Diego accident), and identified several other Toyota and Lexus models it believed might likewise be defective. Floor mat entrapment can pose a high risk to human life and safety because, when unsecured or incompatible, the AWFMs can entrap the accelerator pedal and it can result in high speed, uncontrolled acceleration.

18. Throughout the summer and fall of 2007, TOYOTA denied the need for any vehicle-based recall related to floor mat entrapment. TOYOTA resisted a recall even though an internal investigation being conducted at the time revealed that certain Toyota and Lexus models, including most of the ones that NHTSA had identified as potentially problematic, had some design features, including an absence of clearance between a fully depressed accelerator pedal and the vehicle floor, that rendered entrapment of the pedal by an unsecured or incompatible AWFMs more likely. TOYOTA did not share these results with NHTSA.

19. In or about September 2007, having kept to itself the results of some of its initial internal investigation related to floor mat entrapment, TOYOTA negotiated with NHTSA a limited recall of 55,000 AWFMs that had been designed for the ES350 and Camry. There was no recall of or fix to the vehicles themselves, just the limited recall of AWFMs. Inside TOYOTA, the limited recall was touted as a major victory in a contemporaneous email: “had the agency . . . pushed for recall of the throttle pedal assembly (for instance), we would be looking at upwards of \$100 million + in unnecessary costs.”

20. Shortly after TOYOTA announced its AWFMs recall, TOYOTA engineers studying floor mat entrapment revised TOYOTA’s internal design guidelines to provide for, among other things, a minimum clearance of 10 millimeters between a fully depressed accelerator pedal and the floor. Engineers also determined that newly designed models would have to undergo vehicle-based tests using unsecured genuine AWFMs to determine whether they had appropriate resistance to floor mat entrapment.

21. The determination was made, however, that these revised guidelines and procedures would apply only in circumstances where a model was receiving a “full model redesign” – a redesign to which each Toyota and Lexus model was subjected approximately once



every three to five years. As a result, even after the revised guidelines had been adopted internally, many new vehicles produced and sold by TOYOTA were not subject to TOYOTA's 2007 guidelines.

Events Immediately Preceding the  
2009 Floor Mat Entrapment Recall

22. As described above, on August 28, 2009, the driver and three passengers of an ES350 sedan fitted with an AWFМ intended for another, larger Lexus sport utility vehicle model were killed in an accident resulting from floor mat entrapment in San Diego, California. The accelerator pedal in this vehicle, the tip of which was designed to reach the floor when fully depressed, got trapped under the ill-fitting, incompatible AWFМ and could not be freed. The ES350 vehicle did not have a brake override system, which, under certain circumstances, may provide an additional safety benefit by closing the throttle upon firm and steady application of the brake pedal.

23. On or about the same day the San Diego accident occurred, staff at CQE-LA in Torrance, California, sent a memorandum to CQE-J identifying as "critical" an "unintended acceleration" issue separate and apart from floor mat entrapment that had manifested itself in an accelerator pedal of a Toyota Matrix vehicle in Arizona. The condition, called "sticky pedal," had already arisen in the European market, and entailed the accelerator pedal "sticking" in a partially depressed position.

24. Sticky pedal, a phenomenon affecting pedals manufactured by a U.S. company ("A-Pedal Company") and installed in some Toyota brand vehicles in North America as well as Europe, resulted from the use of a plastic material inside the pedals that could under certain circumstances result in the accelerator pedal becoming mechanically stuck in a partially depressed position. The pedals incorporating this plastic were installed in, among other models, the Camry, the Matrix, the Corolla, and the Avalon sold in the United States.

25. The August 2009 report about the "critical" sticky pedal issue in the Arizona Matrix was not the only report of the condition that TOYOTA received from U.S. technicians in the field in the summer of 2009. On or about August 4, 2009, a dealer technician made a similar report about a pedal in a Camry vehicle.

26. Reports of the same sticky pedal problem in Europe in or about 2008 and early 2009, where the problem had become apparent earlier, reflected, among other things, instances of "uncontrolled acceleration" and unintended acceleration to "maximum RPM," and customer concern that the condition was "extremely dangerous."

27. In or about early 2009, TOYOTA circulated to European Toyota distributors information about the sticky pedal problem and instructions for addressing the problem if it presented itself in a customer's vehicle. These instructions identified the issue as "Sudden RPM increase/vehicle acceleration due to accelerator pedal sticking," and stated that should a customer complain of pedal sticking, the pedal should be replaced with pedals manufactured by a company other than A-Pedal Company.

28. Contemporaneous documents internal to TOYOTA reflect at least a preliminary assessment by CQE engineers that the sticky pedal problem, as manifested in the above-described European reports, was a “defect” that was “[i]mportant in terms of safety because of the possibility of accidents.” TOYOTA did not then inform its U.S. regulators or conduct a recall. Beginning in or about the spring of 2009, TOYOTA quietly directed A-Pedal Company to change the pedals in new productions of affected models in Europe, and to plan for the same design changes to be rolled out in the United States beginning in the fall of 2009. The design change was to substitute the plastic used in the affected pedal models with another material and to change the length of the friction lever in the pedal.

29. By no later than September 2009, TOYOTA recognized internally that the sticky pedal problem posed a risk of a type of unintended acceleration – or “overrun,” as Toyota sometimes called it – in many of its U.S. vehicles. A September 2009 presentation made by a CQE-LA manager to TOYOTA executives gave a “current summary of O/R [overrun] types in NA market” that listed the three confirmed types as: “mat interference” (*i.e.*, floor mat entrapment), “material issue” (described as “pedal stuck and . . . pedal slow return/deformed”), and “simultaneous pedal press” by the consumer. The presentation further listed the models affected by the “material issue” as including “Camry, Corolla, Matrix, Avalon.”

30. On or about September 9, 2009, a TMS employee who was concerned about the sticky pedal problem in the United States and believed that TOYOTA should address the problem, prepared a “Market Impact Summary” listing (in addition to the August 2009 Matrix and Camry) 39 warranty cases that he believed involved potential manifestations of the sticky pedal problem. This document was circulated to TOYOTA engineers and was later sent to members of CQE-J, and designated the sticky pedal problem as priority level “A,” the highest level.

31. On or about September 17, 2009, TOYOTA reproduced sticky pedal in a pedal recovered from a U.S. vehicle.

32. After the August 2009 fatal floor mat entrapment accident in San Diego, several articles critical of TOYOTA appeared in U.S. newspapers. The articles reported instances of TOYOTA customers allegedly experiencing unintended acceleration and the authors accused TOYOTA of, among other things, hiding defects related to unintended acceleration.

33. Meanwhile, following the San Diego floor mat entrapment accident, NHTSA identified customer complaints that it believed were potentially related to floor mat entrapment. Based principally on complaint data that the agency had itself collected, NHTSA identified eight vehicle models it believed posed an unreasonable risk of floor mat entrapment and should be recalled.

#### TOYOTA’s Negotiations with NHTSA About Floor Mat Entrapment

34. As it had in 2007, TOYOTA initially resisted NHTSA’s recall suggestions. CQE-J prescribed and followed a negotiating position with NHTSA with respect to floor mat entrapment consisting of: (a) a refusal to declare a vehicle defect of any kind, and (b) an effort to narrow the class of vehicles that would be subject to the recall.

35. During a meeting on September 25, 2009 NHTSA requested that TOYOTA immediately file a DIR with respect to AWFEM entrapment risk in eight specific models, with the understanding that remedial action for each affected model would be negotiated in the ensuing months. NHTSA stated that it would open an investigation if TOYOTA declined the request. On or about September 28, 2009, TOYOTA notified NHTSA that it agreed to file the DIR. That document, filed on or about October 5, 2009, identified as the “affected” models just the eight that NHTSA had specified.

36. Shortly before TOYOTA filed its DIR, NHTSA asked TOYOTA to disclose to the agency “any production changes” that had “been made to pedal geometry.” NHTSA had expressed to TOYOTA its view that design features related to pedal geometry – including clearance between the fully depressed pedal and the floor – were important factors in evaluating floor mat entrapment. NHTSA also asked TOYOTA whether it had “a metric for determining which vehicles” to include in the floor mat entrapment recall. TOYOTA did not, at this time, respond to these requests.

#### Cancellation and Suspension of Sticky Pedal Design Change

37. As noted, TOYOTA had developed internal plans to implement design changes for all A-Pedal-Company-manufactured pedals in U.S. Toyota models to address, on a going-forward basis, the still-undisclosed sticky pedal problem that had already been resolved for new vehicles in Europe. As of the date of NHTSA’s request for information about “pedal geometry” in connection with the floor mat entrapment recall, implementation of these pedal design changes had not yet begun in the United States. On or about October 5, 2009, TOYOTA engineers issued to A-Pedal Company the first of the design change instructions intended to prevent sticky pedal in the U.S. market. This was described internally as an “urgent” measure to be implemented on an “express” basis, as a “major” change – meaning that the part number of the subject pedal was to change, and that all inventory units with the old pedal number should be scrapped.

38. On or about October 21, 2009, however, engineers at TOYOTA and the leadership of CQE-J decided to cancel the design change instruction that had already been issued and to suspend all remaining design changes planned for A-Pedal Company pedals in U.S. models. TEMA employees who had been preparing for implementation of the changes were instructed, orally, to alert the manufacturing plants of the cancellation. They were also instructed not to put anything about the cancellation in writing. A-Pedal Company itself would receive no written cancellation at this time; instead, contrary to TOYOTA’s own standard procedures, the cancellation was to be effected without a paper trail.

39. TOYOTA decided to suspend the pedal design changes in the United States, and to avoid memorializing that suspension, in order to prevent NHTSA from learning about the sticky pedal problem.

#### TOYOTA’s Internal Entrapment Investigation

40. Meanwhile, in the fall of 2009, as had occurred in 2007, TOYOTA undertook an internal investigation of floor mat entrapment. That investigation revealed, among other things, the following, some of which echoed the findings from two years prior:

a. All but one of the eight models that NHTSA had identified were designed with 10 millimeters or less of clearance between a fully depressed accelerator pedal and a vehicle floor. Two unrecalled models, the Corolla, one of the best-selling Toyota vehicles in the United States, and the Venza, had 0 millimeters' clearance. One contemporaneous document summarizing measurement and testing data and evaluating the relationship of certain design features to floor mat entrapment contained the following notation related to these clearance measurements: "10 [millimeters] or less is high risk."

b. When CQE-LA engineers subjected Toyota and Lexus models to testing in which an AWFEM was unhooked from its secured position and moved forward by hand in small increments, all but one of the eight models that NHTSA had identified experienced entrapment with the AWFEM intended for that model. In the eighth model, the Prius, a compatible AWFEM did not trap the pedal. The AWFEM used in that particular testing was a recent model that had benefited from a 2006 design change to address floor mat entrapment susceptibility.

c. A notation contained on a CQE-LA document summarizing the testing results (the "Score Chart") for three Toyota models (the Corolla, the Camry, and the Avalon) and two Lexus models (one of which was the ES350) read as follows for each of these models: "The shape of floor underneath A pedal is concave shape and a mat may become bent and easily retained." CQE-LA presented its Score Chart to a senior Toyota executive in mid-October 2009.

d. A CQE-LA engineer involved in the floor mat entrapment testing reported to CQE-J that among the three "worse" vehicles was the Corolla, a model not among those that NHTSA had identified as the potential subjects of a recall.

e. On or about October 27, 2009, TOYOTA engineers in Japan circulated to CQE-J a chart showing that the Corolla had the lowest rating for floor mat entrapment under that analysis.

f. An internal memorandum prepared by a CQE-J leader on or about November 12, 2009 stated: "In the competitor benchmarkings conducted at TMS and CQE-LA, Toyota vehicles tended to have more models that use pedal tips as stoppers [and therefore tend to have zero clearance from the floor], and from the viewpoint of robustness for improper mat use, we would have to say that it is inferior compared to other companies."

41. TOYOTA did not inform NHTSA of its internal analyses concerning models not among those identified by NHTSA, which showed that the top-selling Corolla, the Highlander, and the Venza shared design features similar to several of the eight models for which NHTSA had requested a recall.

#### Misleading Disclosures to NHTSA About Sticky Pedal

42. Throughout the fall of 2009, following reports in August of sticky pedals in a Matrix and a Camry, and following reproduction of the problem by TOYOTA in a pedal from a U.S. vehicle on or about September 17, 2009, as referenced above, TOYOTA became aware of other manifestations of the problem in the United States.

43. In or about late September 2009, TMS employees received a report of sticky pedal in a Corolla. TMS urged CQE-LA to do something about the issue. Then, in or about October 2009, TMS received three more such reports in U.S. Corolla vehicles, and dispatched technicians to prepare “field technical reports” (or “FTRs”) documenting the incidents. In or about November 2009, senior executives at TMS learned of these three reports.

44. On or about November 12, 2009, the leadership of CQE-J discussed a plan to disclose the sticky pedal problem to NHTSA. CQE-J’s leadership was aware at this time not only of the three Corolla FTRs but also of a problem with the Matrix in August 2009. It was also familiar with the sticky pedal problem in Europe, the design changes that had been implemented there, and the cancellation and suspension of similar planned design changes in the United States. Knowing all of this, CQE-J’s leadership decided that (a) it would not disclose the September 2009 Market Impact Summary to NHTSA; (b) if any disclosure were to be made to NHTSA, it would be limited to a disclosure that there were some reports of unintended acceleration apparently unrelated to floor mat entrapment; and (c) NHTSA should be told that TOYOTA had made no findings with respect to the sticky pedal problem reflected in the Corolla FTRs, and that the investigation of the problem had just begun.

45. On or about November 17, 2009, before TOYOTA had negotiated with NHTSA a final set of remedies for the eight models encompassed by the floor mat entrapment recall, TOYOTA informed NHTSA of the three Corolla FTRs and several other FTRs reporting unintended acceleration in Toyota model vehicles equipped with pedals manufactured by A-Pedal Company. In TOYOTA’s disclosure to NHTSA, TOYOTA did not reveal its understanding of the sticky pedal problem as a type of unintended acceleration, nor did it reveal the problem’s manifestation and the subsequent design changes in Europe, the planned, cancelled, and suspended design changes in the United States, the August 2009 Camry and Matrix vehicles that had suffered sticky pedal, the September 2009 Corolla with a similar problem, or the September 2009 Market Impact Summary.

46. In truth, the cause of the issue reflected in the three Corolla FTRs from October 2009 was the same sticky pedal problem that had arisen and been addressed on a going-forward basis in Europe, about which NHTSA remained unaware.

47. In contrast to its public comments in early November 2009 that there was “no evidence to support” theories concerning “other causes of unintended acceleration” in its vehicles beyond floor mat entrapment, on or about November 17, 2009, a CQE-J employee wrote an email to a leader of CQE-J stating: “We have been trying to approach the floor mat issue by treating it as a problem caused by the all weather floor mat interfering with the pedal; however, our understanding is that we can no longer separate this problem from the [A-Pedal Company] problem that just began to surface.” He went on: “[I]t has become increasingly difficult to take the position that ‘the only problems in the return of the gas pedal we have confirmed are related to interference with the floor mat.’ Therefore, we are in a subtle situation as to how much we can emphasize the ‘floor mat problems’ as the top leaders meet with NHTSA and whether we can get NHTSA to agree with our position.”

48. Despite this November 17, 2009 email, TOYOTA took no further steps to disclose to NHTSA what it knew about sticky pedal. In fact, at a meeting on November 24, 2009

between NHTSA and TOYOTA executives about the floor mat entrapment recall, the sticky pedal problem went unmentioned.

TOYOTA's Misleading Statements and Acts of Concealment Following  
Announcement of the Floor Mat Entrapment Remedies

49. On or about November 25, 2009, TOYOTA, through TMS, announced its floor mat entrapment resolution with NHTSA. In a press release that had been approved by TOYOTA, TMS assured customers: "The safety of our owners and the public is our utmost concern and Toyota has and will continue to thoroughly investigate and take appropriate measures to address any defect trends that are identified." A TMS spokesperson stated during a press conference the same day, "We're very, very confident that we have addressed this issue."

50. In truth, the issue of unintended acceleration had not been "addressed" by the remedies announced. A-Pedal Company pedals which could experience stickiness were still on the road and still, in fact, being installed in newly-produced vehicles. And the best-selling Corolla, the Highlander, and the Venza—which had some design features similar to models that had been included in the earlier floor mat entrapment recall—were not being "addressed" at all. One of the vehicle-based remedies that TOYOTA agreed to implement in the eight models subject to the floor mat entrapment recall was a "cut" of the accelerator pedal to improve clearance from the floor. TOYOTA had been concerned throughout much of the fall of 2009 that NHTSA would require TOYOTA to offer replacement pedals to owners of the subject vehicles as part of the recall, and further require that such replacement pedals be made available as early as January 2010.

51. On or about November 26, 2009, CQE-J issued a directive to engineers at TOYOTA not to implement any design improvements for the North American market related to floor mat entrapment in models other than the eight subject to the recall unless the subject model was already undergoing a full model redesign. The justification offered for the directive was that design changes would "most likely mislead the concerned authorities and consumers and such to believe **that we have admitted having defective vehicles.**" (Emphasis in original).

52. On or about December 10, 2009, only after the floor mat entrapment recall remedy had been fully negotiated with NHTSA and announced to the public, TOYOTA finally issued to A-Pedal Company renewed pedal design change instructions to address sticky pedal in newly produced vehicles in the United States. Whereas the single design change instruction that had issued for the U.S. market on or about October 5, 2009 (and then been cancelled on or about October 21, 2009) had called for a "major" change that would have entailed scrapping of old parts, the new design change instructions were issued as "minor" changes – a designation that entailed no part number change and allowed for use of old, defective parts until inventory was exhausted. TOYOTA engineers decided to characterize the changes as minor to prevent their detection by NHTSA. The newly issued design change instructions were to go into effect in or about mid-January 2010, around the same time that TOYOTA would be implementing pedal design changes for models encompassed by the floor mat entrapment recall.

53. At or about the same time that TOYOTA was issuing renewed design change instructions to remedy sticky pedal in newly produced U.S. vehicles, CQE-J instructed TMS that issuance of a "technical service bulletin" to Toyota dealers alerting them to the sticky pedal

problem and explaining how it should be remedied for vehicles in the field was “not permitted.” Under NHTSA regulations, any such communication would have to have been disclosed to NHTSA.

54. On or about December 10, 2009, the date upon which TOYOTA issued renewed design change instructions for sticky pedal in the United States, a statement appeared on TMS’s website, in response to a *Los Angeles Times* editorial dated December 5, 2009. Toyota asserted misleadingly, that “[b]ased on the comprehensive investigation and testing, we are highly confident that we have addressed the root cause of unwanted acceleration – the entrapment of the accelerator pedal.”

55. In truth, TOYOTA had not “addressed the root cause of unwanted acceleration.” TOYOTA had not recalled the Corolla, the Highlander and the Venza, which shared design features similar to the models that had been the subject of the recall.

56. Again, on or about December 23, 2009, TOYOTA responded to media accusations that it was continuing to hide defects in its vehicles by authorizing TMS to publish the following misleading statements on TMS’s website: “Toyota has absolutely not minimized public awareness of any defect or issue with respect to its vehicles. Any suggestion to the contrary is wrong and borders on irresponsibility. We are confident that the measures we are taking address the root cause and will reduce the risk of pedal entrapment.”

57. These statements were misleading because TOYOTA had “minimized public awareness of” both sticky pedal and floor mat entrapment. Further, the measures TOYOTA had taken did not “address the root cause” of unintended acceleration, because TOYOTA had not yet issued a sticky pedal recall and had not yet recalled the Corolla, the Venza, or the Highlander for floor mat entrapment.

#### TOYOTA Is Forced to Disclose Sticky Pedal

58. By in or about early January 2010, TOYOTA had received additional reports of sticky pedal in the United States. The news media, meanwhile, was reporting two incidents of unintended acceleration in Toyota vehicles apparently unrelated to floor mat entrapment. One news outlet in particular was preparing to run a feature about an Avalon vehicle in New Jersey that had experienced what appeared to be sticky pedal three times but had not been involved in an accident.

59. On or about January 16, 2010, TOYOTA finally disclosed to NHTSA that TOYOTA had recently begun implementing design changes to prevent sticky pedal in the United States, and that, in fact, TOYOTA had implemented the same changes to European pedals many months before in response to reports of “uncontrolled acceleration” and unintended acceleration to “maximum RPM.”

#### TOYOTA’s Misleading Statements to NHTSA in January 2010

60. On or about January 19, 2010, representatives of TOYOTA, including executives from TMS and TMA, delivered to NHTSA representatives in Washington, D.C. a presentation that had been developed in large part by the leadership and staff of CQE-J. One of the chronologies used for this presentation purported to present a history of sticky pedal reports in

the United States. It omitted any reference to the August 2009 sticky pedals in the Camry and the Matrix, the September 2009 Corolla, and the September 2009 Market Impact Summary. It also stated that TOYOTA began arrangements to implement design changes for sticky pedal in the U.S market in January 2010 after sticky pedal was reproduced in December 2009. In fact, TOYOTA began considering design changes to address sticky pedal in or about spring 2009, which ultimately were to be implemented in the United States; TOYOTA had also reproduced sticky pedal in a pedal recovered from a U.S. vehicle no later than September 17, 2009.

61. The presentation that TOYOTA gave to NHTSA on January 19, 2010 downplayed the seriousness of reports of sticky pedal in Europe. When, after the presentation, a TOYOTA employee who attended the presentation reviewed the actual reports from Europe, and saw that they included such phrases as “out of control” and “safety issue,” he was said to exclaim “Idiots! Someone will go to jail if lies are repeatedly told. I can’t support this.”

62. On or about January 21, 2010, TOYOTA filed a DIR in which it recalled all vehicles in the United States fitted with the accelerator pedals from A-Pedal Company that could experience a sticky pedal. In that filing, TOYOTA stated that it had begun receiving “field technical information” from the U.S. market about sticky pedal in “October 2009.” In truth, TOYOTA had received information no later than in or about August 2009 and, in October 2009, had *cancelled* the U.S. fix for the sticky pedal problem so as to avoid its disclosure to NHTSA.

#### TOYOTA Recalls the Corolla, the Highlander, and the Venza For Floor Mat Entrapment

63. Also on or about January 21, 2010, NHTSA informed TOYOTA that it had received additional complaints suggesting possible floor mat entrapment in vehicles that had not been recalled in 2009, including the Corolla. Rather than have NHTSA open an investigation, TOYOTA immediately agreed to “amend” its 2009 DIR to add the Corolla, the Highlander, and the Venza to the recall. As one leader of CQE-J explained internally in justifying his decision to so readily agree to this amendment: “Is it really in our best interest to report, ‘We found a problem’ after conducting an inspection? Or maybe we won’t say, ‘We found a problem’ but if we say, ‘Everything is the same as Camry, etc.’, they may come after us by saying ‘Why didn’t you report when we agreed last time? Considering the background that we have been cornered with regard to the [A-Pedal Company] issue [*i.e.*, sticky pedal], I think they might assert we have been hiding something. Don’t you think so?”

#### TOYOTA’s Statements to the Public and Congress About Its Knowledge Timeline

64. In or about late January and early February 2010, TOYOTA, based on talking points approved by TOYOTA executives and distributed to TOYOTA’s U.S. personnel, made several public statements that asserted, misleadingly, that the “fall of 2009” or “October 2009” was the first time TOYOTA learned of sticky pedal in the United States when in fact TOYOTA had received reports of sticky pedal in August 2009. For example, TOYOTA told a reporter on or about January 25, 2010 that “[i]solated reports of sticky accelerator pedals have only recently come to light, in the fall of 2009 to be a little more precise.” Later, TOYOTA told the public it first discovered sticky pedal in the United States after the floor mat recall and that it had started investigating the problem in October 2009. TOYOTA further claimed that it had moved quickly



to investigate and fix the sticky pedal problem within 90 days of TOYOTA's discovery of the problem. During this time period, TOYOTA also acknowledged that sticky pedal, though "rare," was "a grave safety concern."

65. TOYOTA made inaccurate statements during the course of an investigation initiated by the United States Congress in or about late January 2010. Consistent with the talking points described above, but contrary to certain internal documents that TOYOTA had itself produced to Congress among thousands of other documents, TOYOTA repeated to Congress that it became aware of sticky pedal in the United States in October 2009, when in fact it had been investigating sticky pedal in the United States since no later than August 2009.

#### TOYOTA Admits Earlier Knowledge

66. On or about February 16, 2010, NHTSA opened inquiries into the timeliness of the recalls that TOYOTA had conducted to address floor mat entrapment and sticky pedal in 2007, 2009, and 2010.

67. On or about March 25, 2010, in response to NHTSA's inquiries, TOYOTA submitted a timeline of events that listed, among other sticky pedal incidents in the United States, the August 2009 Camry and Matrix incidents.

# Exhibit D

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA	:	
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-v.-	:	VERIFIED CIVIL COMPLAINT
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\$1,200,000,000 IN UNITED STATES	:	14 Civ.
CURRENCY,	:	
	:	
Defendant- <u>in-rem</u> .	:	
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Plaintiff United States of America, by its attorney Preet Bharara, United States Attorney for the Southern District of New York, for its verified complaint, alleges, upon information and belief, as follows:

**I. JURISDICTION AND VENUE**

1. This action is brought pursuant to Title 18, United States Code, Section 981 by the United States of America seeking the forfeiture of approximately \$1,200,000,000 in United States currency (the "Defendant Funds" or the "defendant-in-rem").

2. This Court has jurisdiction pursuant to Title 28, United States Code, Section 1355.

3. Venue is proper under Title 28, United States Code, Section 1355(b)(1)(A) because certain actions and omissions giving rise to forfeiture took place in the Southern District

of New York and pursuant to Title 28, United States Code, Section 1395 because the defendant-in-rem has been transferred to the Southern District of New York.

4. The Defendant Funds constitute property constituting and derived from proceeds of wire fraud in violation of Title 18, United States Code, Sections 1343 and 2, and property traceable to such property; and are thus subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C).

## **II. PROBABLE CAUSE FOR FORFEITURE**

5. Toyota Motor Corporation (“Toyota”), an automotive company headquartered in Toyota City, Japan, entered into a Deferred Prosecution Agreement with the United States, wherein, *inter alia*, Toyota agreed to forfeit a total of \$1.2 billion, *i.e.*, the Defendant Funds, to the United States. The Defendant Funds represent proceeds of Toyota’s wire fraud offense. The Deferred Prosecution Agreement, with the accompanying Statement of Facts and Information to be filed, is attached as Exhibit A and incorporated herein.

## **III. CLAIM FOR FORFEITURE**

6. Incorporated herein are the allegations contained in paragraphs one through five of this Verified Complaint.

7. Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture “[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting ‘specific unlawful activity’ (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense.”

8. “Specified unlawful activity” is defined in Title 18, United States Code, Section 1956(c)(7), and the term includes, among other things, any offense listed under Title 18,


United States Code, Section 1961(1). Section 1961(1) lists, among other offenses, violations of Title 18, United States Code, Sections 1343 (relating to wire fraud).

9. By reason of the foregoing, the defendant-in-rem is subject to forfeiture to the United States of America pursuant to Title 18, United States Code, Section 981(a)(1)(C), because there is probable cause to believe that the defendant-in-rem constitutes property derived from wire fraud, in violations of Title 18, United States Code, Sections 1343.

WHEREFORE, plaintiff United States of America prays that process issue to enforce the forfeiture of the defendant-in-rem and that all persons having an interest in the defendant-in-rem be cited to appear and show cause why the forfeiture should not be decreed, and that this Court decree forfeiture of the defendant-in-rem to the United States of America for disposition according to law, and that this Court grant plaintiff such further relief as this Court may deem just and proper, together with the costs and disbursements of this action.

Dated: New York, New York  
March 19, 2014

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Southern District of New York  
Attorney for the Plaintiff  
United States of America

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