I. T-ADR POLICY STATEMENT (Revised 2/22/2011)

Toyota Motor Sales, U.S.A., Inc. (Toyota or the Company) recognizes that disagreements can surface when people work together. Without a quick and fair way to resolve workplace issues, relationships and productivity suffer unnecessarily, to the detriment of both associates and the Company. T-ADR is designed to encourage associates and the Company to work together to resolve disputes, first using internal company resources and then professional dispute resolution specialists to achieve a resolution. Everyone at Toyota benefits when issues are resolved early and fairly.

II. T-ADR POLICY

To satisfy T-ADR’s dual purpose of fair dispute resolution and early neutral evaluation by independent specialists in workplace issues, all current and former non-union associates and the Company each are required to:

(i) submit all workplace issues (with few exceptions) through T-ADR and
(ii) exhaust T-ADR through Step 4 Arbitration before litigating unresolved claims in court.

III. SUMMARY OF T-ADR PROVISIONS
1. **What is T-ADR?** T-ADR is a fair and neutral dispute resolution process that associates and the Company are required to use in good faith to resolve workplace disputes at Toyota. The outcome of T-ADR is not binding on associates, because associates can choose whether to accept or reject any proposed resolution under T-ADR at any step, including the last step. If the associate accepts an outcome under T-ADR as a complete resolution of the dispute, then the outcome is binding on the Company.

2. **Who must use T-ADR?** Toyota and all current or former non-union associates employed at Toyota on or after January 1, 2002, must use the T-ADR process to resolve workplace issues.

3. **How does T-ADR Work?** T-ADR is comprised of four steps. All covered workplace issues can be submitted through the first three steps, but only legal claims can be taken to Step 4, or beyond T-ADR.

**Step 1: Informal Discussions with local or department management**

Every associate is strongly encouraged to discuss any workplace issue or concern with his/her immediate supervisor, or next level management, as soon as it arises. The associate may ask his/her Human Resources Consultant (HRC) for assistance. The HRC understands the business unit and Company policies, practices and procedures. The HRC can provide practical guidance on how to address the issue(s) and facilitate discussion between the associate and local management.

**Step 2: Formal Written Complaint filed with Human Resources**

If Informal Discussions do not satisfactorily resolve the workplace issue(s), the associate should move to Step 2 by filing the "T-ADR Step 2 Formal Complaint" form with the associate’s HRC. A Corporate Manager or Executive will respond in writing to the associate, usually within 30 days (the associate will be notified in writing if the Company needs additional time). The Reviewing Manager can provide the associate with any relief that the Company considers fair and consistent with Company policies, practices and procedures. Within 30 days of the date of the Company’s Step 2 Response, the associate should notify his/her HRC in writing of his/her decision to accept the Company’s Step 2 resolution or proceed to Step 3.

**Step 3: External Mediation -- Facilitated Discussions using an Independent Professional Mediator**
The associate initiates Step 3 by submitting the “Notice to Mediate Claim(s) form” to his/her HRC. Mediation is a relatively informal process in which the parties discuss their dispute facilitated by a professional mediator who has expertise in resolving workplace issues and who has been jointly chosen by the associate and the Company. All claims brought under T-ADR can be submitted to Step 3 External Mediation. As an independent employment law specialist, the Mediator can offer a neutral evaluation of each side’s position, leading to resolution of nearly all workplace issues submitted to Step 3 Mediation. Mediation is confidential: Nothing said at Mediation can be revealed later. Any party may have legal representation at Mediation, but the Company does not have counsel at Mediation if the associate does not. Resolution of the dispute will be documented by a legally enforceable Memorandum of Understanding or Settlement Agreement. Accepting a proposed resolution at Step 3 Mediation means giving up the right to obtain any additional relief or recovery through either T-ADR or before a government agency or court or in any other dispute resolution forum for the settled claims.

**Step 4: External Arbitration -- Submitting Dispute to an Independent Professional Arbitrator for Decision After a Hearing**

Within 30 days after unsuccessful Mediation, a party should file a T-ADR Step 4 “Notice to Arbitrate Claim(s)” form with his/her HRC. The associate and Company jointly choose an independent professional Arbitrator, who oversees discovery (exchange of information and documents) and conducts a formal hearing. The Arbitration is conducted under the JAMS Employment Arbitration Rules and Procedures. JAMS stands for Judicial Arbitration and Mediation Services, a nationwide dispute resolution firm.

where each side’s witnesses testify under oath and supporting documents are submitted. The Arbitrator issues a written Opinion & Award within 30 days, with his/her findings and ruling(s). If the associate intends to reject the Arbitrator’s decision and pursue other remedies, the associate must notify the Company’s Corporate Manager of Human Resources Consulting in writing of his/her rejection within 30 days of the date of the Arbitrator’s Award. When properly rejected by the associate, the Arbitrator’s Award is not binding on either the associate or the Company, although the Opinion & Award is admissible in any subsequent legal proceeding involving the claims that were part of that T-ADR proceeding. If the associate fails to reject the Arbitrator’s Opinion & Award within 30 days of the date it was issued, the neutral Arbitrator’s Opinion & Award will become binding on the associate and the Company, subject only to the limited grounds for appeal permitted under the Federal Arbitration Act.

4. **What Claims are Covered by T-ADR?** All workplace issues or disputes that relate in any way to an associate’s employment at Toyota, with few exceptions, are covered by and must be submitted for resolution under T-ADR.
Examples of workplace issues covered by T-ADR include but are not limited to the following: issues of unfair or arbitrary treatment; difficult workplace relationships; perceived discrimination, harassment, retaliation or otherwise hostile work environment; failure to accommodate disability or religion; violations of public policy, health codes, safe practices or other regulatory concerns in the workplace; leaves of absence and return to work issues; complaints about Company employment actions such as assignments, appraisals, discipline or corrective action measures, promotions/demotions/transfers, or compensation; concerns about how Company policies, practices or procedures are applied; alleged acts of negligence or intentional wrongful conduct such as defamation, invasion of privacy, wrongful termination or constructive discharge. Even if your particular concern is not listed here, ask your Human Resource Consultant about using T-ADR to find a resolution. The following limitations apply to workplace issues that can be submitted through the T-ADR process:

4.1. **Step 4 “Arbitration” Claims.** Only legal claims or claims impacting legal rights (those claims which a judge or jury would have the authority to decide under applicable law) can proceed to T-ADR Step 4, External Arbitration. The last step under T-ADR for claims that do not involve legal wrongs or violations of legal rights is the independent neutral evaluation received at Step 3 – External Mediation.

4.2. **Claims Excluded From T-ADR:** The following types of claims cannot be submitted through the T-ADR process:

(a) claims for unemployment, workers’ compensation, or employee benefits under an ERISA qualified pension, severance or welfare benefit plan (including disability and other insurance plan benefits), all matters pertaining to Toyota Vehicle Services programs, and immigration or visa issues (all of which have separate administrative and appeal procedures);

(b) challenges to operational business decisions such as to re-structure, re-organize, or downsize or to establish and/or modify Toyota policies, practices and procedures (all of which are business decisions that are subject to the Company's business judgment and sole discretion), unless an Associate’s legally protected rights are violated by the way in which those plans, programs, policies, practices or procedures are applied or implemented;

(c) claims by either an Associate or the Company asserting protection of intellectual property rights (such as patents, copyrights, copyright infringements, trade secrets, inventions, violations of non-compete or non-disclosure
agreements, disclosure of confidential or competition-sensitive business information, etc. (effective nationwide enforcement of legal remedies and equitable relief not available);

(d) Representative claims, class actions, claims brought on behalf of others (unable to effectively manage class in arbitration proceedings through opt-in/opt-out procedures available at law); provided, however, that if class certification is denied, associates’ individual claims would return to T-ADR if Covered Claims are asserted;

(e) Claims for injunctive relief or other interim equitable relief necessary to preserve the status quo until the outcome of T-ADR is determined (timely relief and effective enforcement complicated by jurisdictional issues inherent in non-judicial forum);

(f) Claims for victim restitution in felony white collar or aggravated felony crimes (resolution typically enmeshed in on-going criminal proceedings);

(g) claims that have already been resolved through the T-ADR process;

(h) claims for which the parties have already agreed to another form of dispute resolution, such as binding arbitration in a written settlement agreement or a written employment agreement; and

(i) claims that by operation of law cannot be subject to a pre-dispute arbitration agreement, including claims arising under the whistleblower provisions of the Sarbanes-Oxley Act.

5. **How much does T-ADR cost?** The Company pays the fees of the Mediator and Arbitrator, as well as any expenses directly associated with holding the mediation or arbitration (room costs, administrative fees, etc.) in their entirety. As in court, the associate pays the fees and expenses of his/her lawyer and expert witnesses hired to investigate, analyze or present the associate’s case, as well as other related costs incurred pursuing his/her claim through discovery and a hearing.

6. **Confidentiality.** T-ADR is a private confidential dispute resolution process, designed to permit participants to talk candidly about their issues and concerns while searching for a reasonable resolution. The Company cannot guarantee
complete confidentiality (because, for example, associates accused of misconduct are entitled to know about complaints made against them in order to respond, or it may be necessary to speak to management or others in the company about aspects of the T-ADR complaint); however, the Company limits disclosure to those who need to know specific information. T-ADR records are kept in confidential files separate from the associate’s personnel files. T-ADR proceedings are not referenced in the associate’s personnel records, unless the T-ADR resolution requires a specific change in those records.

7. **Why is Using T-ADR Mandatory?** Unaddressed workplace issues hurt workplace relationships, to the detriment of associates and the Company. Toyota values open and frank communication to resolve issues. Making T-ADR mandatory structures multiple opportunities for associates and the Company to discuss and try to resolve workplace issues early. At later steps, when the parties’ positions may be more inflexible, professional mediators and arbitrators provide neutral evaluations of the facts and merit of each side’s positions. The T-ADR process is highly effective in resolving disputes when parties participate in good faith.

Nothing in this Policy prohibits any associate from filing a complaint with the National Labor Relations Board, the Department of Labor, the Equal Employment Opportunity Commission, the Occupational Safety and Health Commission, or any other federal, state or local government agency overseeing employment laws. Any dispute or claim covered by this Policy not resolved through such agency proceedings must be submitted to the dispute resolution process under this Policy prior to litigating the matter in court.

8. **Does T-ADR Prohibit Filing a Complaint with an Agency?** Nothing in the T-ADR Policy prohibits any associate from filing a complaint with the National Labor Relations Board, Department of Labor, Equal Employment Opportunity Commission, or any other federal or state government agency overseeing employment laws. The Company, however, usually requests the government agency to postpone processing the complaint until T-ADR has been completed, because most disputes resolve through T-ADR. Because agency resources usually are stretched thin and many agencies have been directed to use alternative dispute resolution procedures, agencies generally are willing to defer to the Company’s T-ADR process.

9. **What does “T-ADR is not binding on theAssociate” mean?** Associates are not required or forced to accept any response at any step of T-ADR, but instead are always free to choose to proceed to the next step of T-ADR. This includes being free to reject the Arbitrator's Opinion & Award at the last step of T-ADR.
(Step 4 External Arbitration), including any monetary award provided by the Arbitrator, and pursue a legal claim at a government agency or in court.

10. **Why is the Outcome of T-ADR Not Binding on Associates?** Toyota is confident that by discussing issues frankly, sharing information, and providing for independent neutral evaluations of the facts and parties' positions, it should be possible to find a fair and reasonable resolution. For that reason, the Company agrees to be bound by any resolution that the associate chooses to accept under T-ADR. If a satisfactory resolution cannot be achieved under T-ADR, even using professional neutrals, the associate can pursue a complaint with a government agency or in court.

11. **What Happens When an Associate Accepts a Resolution?** When an associate accepts the offered resolution at any step of the T-ADR process, it becomes binding on both the associate and the Company and constitutes the complete resolution of the associate's issue(s). By accepting a proposed resolution, the associate gives up the right to obtain any additional relief or recovery from a government agency or legal action or in any other dispute resolution forum with respect to the settled claims.

13. **Are there any Mandatory Time Limits Under T-ADR?** Claims must be submitted in writing at Step 2 of T-ADR (or Step 3 for expedited claims) within six (6) months following the event(s) precipitating the claim(s), unless it is a legal claim and the law provides a longer time for filing the claim. **The time required to complete the mandatory T-ADR process does not extend the statute of limitations imposed by law to assert a claim with a government agency or in court.** Any party alleging a legal claim is solely responsible for determining the applicable statute of limitations for filing the claim and taking appropriate action to preserve its right to assert that claim. Following T-ADR timelines promotes prompt processing of claims through the steps of T-ADR. Toyota may allow untimely claims to proceed through T-ADR to encourage resolution of workplace disputes, but Toyota is not waiving any rights or defenses to untimely claims by doing so.

14. **When is Legal Representation permitted under T-ADR?** Any party may seek advice from an attorney at any time at its own expense. Neither party can have an attorney present at any meetings conducted during Steps 1 and 2 of T-ADR, which are internal company proceedings intended to encourage the disputing parties to talk to each other and work together to find a mutually acceptable resolution. Counsel can attend T-ADR proceedings conducted outside the Company -- Step 3 Mediation or Step 4 Arbitration. Any party who will be represented by an attorney at an external T-ADR proceeding is required to notify the other side (for the Company, the HRC) and supply the attorney's name and contact information, at least 14 days before Step 3 Mediation and at least 30
days before Step 4 Arbitration, to permit the other party to arrange for legal representation and so that T-ADR proceedings can be scheduled at a time convenient for all participants, including counsel who will attend.

15. **Special Processing for Termination Claims under T-ADR.** Termination claims begin T-ADR at Step 3—External Mediation, because the employment action received prior Corporate approval and the Company’s reason(s) are specified in the Termination Letter, effectively substituting for the Corporate Step 2 response. Because the employment relationship is ended, terminated associates are required to submit all timely Covered Claims relating to their employment at Toyota for resolution through the T-ADR process at the time they challenge their termination. Failing to exhaust T-ADR for any Covered Claim will bar the associate from pursuing that claim later in a different forum.

16. **Retaliation.** Retaliation or its appearance directed against any associate who has filed or expressed an intention to file a T-ADR complaint or who has participated in any T-ADR proceeding has a chilling effect that could seriously undermine the effectiveness of this dispute resolution process and will not be tolerated. Any associate who believes that s/he is a victim of retaliation or reprisal prohibited by this Policy should contact his/her HRC (or, alternatively, the Corporate Manager of Human Resources Consulting, the Corporate Ethics Officer in Internal Audit, or the Toyota ConcernLine at (800) 963-6401 or at [www.Toyota.EthicsPoint.com](http://www.Toyota.EthicsPoint.com)). Any associate found to have engaged in retaliatory conduct will be subject to discipline, up to and including termination.

17. **Applicable Law.** The T-ADR arbitration agreement is governed by the Federal Arbitration Act. Otherwise, the law of the jurisdiction where the associate worked when the dispute arose governs T-ADR proceedings.

18. **Policies/Forms/Contacts.** This T-ADR Summary [Policy No. 17A] and the full T-ADR Policy and Procedures [Policy No. 17B] are available on the Toyota intranet, Toyota Vision, on the TMS (HR) website under Policies/ Employment. All T-ADR forms referenced in this Policy can be found on Toyota Vision, on the TMS (HR) website under Forms, Guidelines, Handbooks / Employment. The T-ADR Summary, Policies and Procedures, or T-ADR Forms also can be obtained by calling the T-ADR Administrator in Corporate Human Resources at (310) 468-TADR (8237) or HRC.