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Toyota President Offers Apology

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By NORIHIKO SHIROUZU And YOSHIO TAKAHASHI



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Toyota Motor Corp President Akio Toyoda

NAGOYA, Japan—Akio Toyoda, president of Toyota Motor Corp., broke his public silence Friday on the safety crisis battering his company, offering a "heartfelt apology" to customers, but offering little new on what steps the auto maker will take to resolve the doubts of car owners and lawmakers in the U.S.

During an hour-long press conference here, Mr. Toyoda said the company would establish a "special global quality committee," and will take steps to increase communications among the company's managers in the U.S., Europe and other major markets to improve quality.

Toyota will also beef up its vehicle inspection process and seek advice from outside experts to re-evaluate the company's vehicle engineering, manufacturing and sales and marketing practices. Until recently, Toyota was a company that rivals revered as a model of manufacturing efficiency and quality. Its engineering and manufacturing system, dubbed lean production, has been widely emulated in the auto industry and beyond.

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of how Toyota plans to reassure customers around the world that the auto maker's products are safe, and calm politicians and regulators in the U.S. who have taken hostile postures toward the company's behavior.

Mr. Toyoda said the Japanese company "will cooperate sincerely and wholeheartedly" with U.S. regulators in resolving the safety problems that have halted sales and production of eight models in its biggest market.

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"Customer first is our first priority," he said. But Mr. Toyoda had no answers for one urgent question among Toyota customers, which is whether the company plans to recall and fix software glitches linked to brake problems in the 2010 Prius—a car that has been a symbol of the company's technology leadership. U.S. safety regulators are investigating 124 complaints about 2010 Prius brakes.

Mr. Toyoda spoke late Wednesday with U.S. Transportation Secretary Ray LaHood, who has said his department could seek civil penalties against Toyota for its slow response to safety concerns that have led to the recall of six million vehicles in the U.S. to correct problems regulators say have caused cars to accelerate out of control, leading to five deaths.


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Associated Press

A Toyota service technician depresses the pedal of a repaired accelerator pedal assembly in a 2010 Toyota Rav4 in Norwood, Mass.

The grandson of the company founder, Mr. Toyoda has kept a low profile since taking the helm last year. Since the company first announced on Jan. 21 a multi-million car recall over sudden acceleration problems, he has spoken out just once, when a television crew from NHK, the Japanese broadcaster, caught him briefly on tape from Davos, Switzerland, where he was attending the World Economic Forum.

The 53-year-old executive defended his silence by saying he directed his executives from behind the scenes and had let his top quality executive Shinichi Sasaki, "the most

knowledgeable person," communicate with the public.

Mr. Sasaki handled the company's first press conference earlier this week here to announce a fix for sticky acceleration pedals in the recalled cars, which Toyota believes is one of two causes of reported incidents of sudden, unwanted acceleration. It also cites misplaced floor mats. In all, Toyota has recalled nearly 10 million vehicles globally, mostly in the U.S., Canada, and Europe.

According to a senior executive, Mr. Toyoda has suggested to his inner circle that he is prepared to testify before congressional hearings in the U.S., the first of which is next week.

Those who know Mr. Toyoda say his reclusiveness stems from his own notion of an ideal chief executive. His first instinct when dealing with any issue, these people say, is to try to spend more time in the field. His aim is to embrace a traditional Toyota practice called "genchi genbutsu," a leadership maxim that boils down to getting out of the office and visiting the source of the problem, according to these people.

But the same people worry Mr. Toyoda's self-effacing style may be backfiring in this crisis, which has widened to include the Prius, a symbol of Toyota's ascent to industry dominance during the last decade.

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“
I can tell you that a USED Toyota is worth more than a NEW American made car.

—James Richard

Mr. Toyoda sent an email to Toyota employees in Japan to explain the latest U.S. recall, asking them to work together with him to regain customer trust and "work on building great cars" through mutual effort. But lower-level managers wondered why the message had few specifics.

The company says the recalls could cost the company as much as \$2 billion. Toyota faces a long-term challenge to its sales and profitability in the U.S. if it can't soon dispel the doubts about the safety of its vehicles. Car makers hit with high-profile safety scares in the past, such as Volkswagen AG's Audi unit in the 1980s and Ford Motor Co. in 2001, struggled for years

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to regain customer confidence.

Mr. Toyoda said Friday he considers the company's priority to be on safety rather than sales and profit. "Quality is our lifeline," he said.

Write to Norihiko Shirouzu at norihiko.shirouzu@wsj.com and Yoshio Takahashi at yoshio.takahashi@dowjones.com

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