

Fabrice Demarigny
Secretary General
Committee of European Securities Regulators
11-13 Avenue de Friedland
75008 Paris
France

19001 South Western Avenue, NF10
Torrance, CA 90501
(800) 292-1147

29 July, 2004

Dear M. Demarigny,

MANDATE TO CESR FOR TECHNICAL ADVICE ON POSSIBLE IMPLEMENTING MEASURES CONCERNING THE TRANSPARENCY DIRECTIVE

Toyota Motor Credit Corporation (**TMCC**) is a California corporation with debt securities listed on the London Stock Exchange and the Luxembourg Stock Exchange. Accordingly, the Transparency Directive (**TOD**) will affect TMCC when it is implemented in Member States. TMCC has the following suggestions as to what CESR should consider in its advice to the European Commission in relation to the above mandate:

Article 17.1(a) (publication of regulated information)

In addition to its London and Luxembourg listings, TMCC also publicly issues debt securities in the United States and, as a consequence, is required to file reports with the Securities and Exchange Commission (**SEC**). TMCC hopes to be able to fall within the article 19.1 exemption in TOD. In the interests of efficiency and non-duplication, TMCC would like CESR to consider the possibility of linking the officially appointed mechanism(s) for the central storage of regulated information under article 17.1(a) with the SEC's EDGAR database. Such linkage could obviate the need for "double filing". If the officially appointed mechanism was internet based, this would be very easy to achieve by using hyperlinks – something that many US registered companies already do on their corporate websites.

Articles 4.6 and 5.5 (availability of financial reports)

TMCC supports the EU Commission's proposal that the requirement to make available to the public issuers' periodic reports be satisfied by providing the information to the central storage mechanism referred to in article 17.1(a). If for any reason the electronic central storage mechanism is not adopted and/or is delayed, TMCC requests that CESR advise the EU Commission that some alternative form of electronic filing to Member States should be made available rather than requiring manual filings.

Article 5.5 (half yearly financial reports)

TMCC supports the proposal for CESR to provide the EU Commission with advice on the clarification of the auditors' review for half-yearly financial reports. In

particular, TMCC requests that CESR clarify that the form of periodic reports prepared in the United States (including the form of auditors' reviews typically included in such reports) will be acceptable, and that the measures adopted pursuant to paragraph 3.3.2(b) of the TOD mandate on the minimum contents for half-yearly reports will also apply to annual reports. These comments are, in part, made in the expectation that US GAAP will be treated as equivalent to IFRS. Although this is a critical step it is equally critical that practical equivalence is also achieved – for example that the periodic reports that a company like TMCC presently prepares in the US and which are reviewed by US auditors are accepted, in all respects, as equivalent for TOD purposes so that those reports can be used without any modification or additional processes in satisfaction of TOD requirements. See also our comments under Article 19 below.

Article 19 (equivalence)

Article 19.3 of TOD requires a mechanism to be set up that establishes equivalence of all information required under the directive (not just financial statements). However, the IAS equivalence mandate to CESR only proposes to cover financial statements. Paragraph 3.4 of the TOD mandate proposes that individual EU Member States will be able to exercise their discretion in deciding whether a third country's laws (other than those concerning financial statements) are equivalent. TMCC is concerned that this could lead to an inconsistent application of article 19.1 across Europe and believes that for a jurisdiction as important as the United States, CESR and the EU Commission should determine whether or not information other than financial statements is equivalent, so that these decisions are not dictated by political issues and/ or other extraneous matter at a Member State level. TMCC believes that the United States should be considered "wholly equivalent" due to the high standards applied and upheld by the SEC.

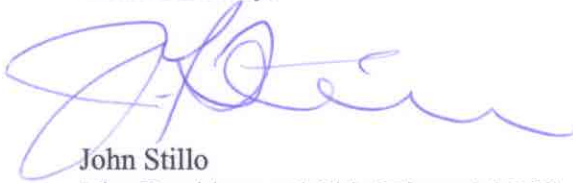
We also believe that CESR should consider, as part of the Mandate, giving some general guidance on equivalence, principally to the effect that Competent Authorities have discretion to determine that, although the information given is not identical to that required under IAS, taken as a whole there is sufficient equivalence. CESR should encourage Competent Authorities to exercise this discretion to facilitate the operation of the capital markets especially for non-EU issuers who are major users (and therefore drivers/customers) of that market. The following example illustrates the type of flexibility that should be possible. An issuer produces quarterly financial statements but not half yearly accounts as such i.e. covering the 6 months. Investors in the US for example are well used to this type of reporting and are content it gives sufficient information. Competent Authorities in the EU should accept as equivalent to the requirement to publish the half yearly statements the publication of the quarterly financial statements. (We note in this regard that the second quarter financial statements prepared by U.S. issuers include information both for the second quarter and for the first 6 months on the year.)

Regarding the IAS equivalence mandate to CESR on financial statements, TMCC believes that US GAAP should be considered equivalent in all respects, and not subject to a consideration of "remedies" mentioned in paragraph 3.3 of the IAS

mandate. As we have emphasised in previous meetings and correspondence we request that the decision on the equivalence of US GAAP be expedited, and a determination made as soon as the "concept paper" has been finalised later this year. This will eliminate the continued uncertainty which is currently affecting our capital raising plans in Europe which operates to our detriment and, we believe, to the detriment of the European capital markets. Apart from these comments we do not propose to comment on the mandate on "equivalence between certain third country GAAP and IAS/FRS". We would however be more than happy to provide assistance and/or comment on this mandate from a US Issuer's perspective if that would be helpful and you were to contact us with specific questions.

Please let me know if you have any queries on any of the above comments.

Yours sincerely,



John Stillo
Vice President and Chief Financial Officer
Toyota Motor Credit Corporation