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Torrance, CA 90501

April 28, 2011

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft – Offsetting Financial Assets and Financial Liabilities (File Reference No. 2011-100)

Dear Sir or Madam:

Toyota Motor Credit Corporation (“TMCC” or the “Company”) appreciates the opportunity to comment on the exposure draft of the Proposed Accounting Standards Update – Balance Sheet (Topic 210) – *Offsetting* (the “Exposure Draft”), recently issued by the Financial Accounting Standards Board (the “FASB”).

We support the efforts on the part of the FASB and the International Accounting Standards Board (“IASB”) (jointly, “the Boards”) to reach agreement on proposed guidance regarding the offsetting of financial assets and financial liabilities. The difference between the offsetting requirements under accounting principles generally accepted in the United States (“U.S. GAAP”) and International Financial Reporting Standards (“IFRS”) represent the single largest quantitative difference in the amounts presented in statements of financial position. Eliminating these differences would significantly improve the comparability of the statements of financial position prepared in accordance with either U.S. GAAP or IFRS, and thus improve the quality of information for users of the financial statements. A converged standard providing guidance as to when financial assets and financial liabilities should be offset allows for consistency in presentation and provides financial statement users with more meaningful information.

In drafting a converged standard, we believe the Boards have charted an appropriate course of action by considering how offsetting fits with the objective and qualitative characteristics of financial reporting information as described in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”). As the Conceptual Framework states, “financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions.” We believe that gross presentation of derivative assets and liabilities, together with the enhanced disclosures required by the Exposure Draft, could provide additional relevant information concerning an entity’s derivative portfolio and exposure to risk. As such, we agree with the Boards’ assertions that presenting eligible assets and eligible liabilities on a gross basis in the statement of financial position better meets the stated objective of financial reporting.

In evaluating the exposure draft, we assessed whether the elimination of the exceptions under current U.S. GAAP for offsetting of assets and liabilities in some arrangements where an entity has a conditional right

of setoff would result in a more accurate reflection of an entity's financial position. We believe that offsetting on the basis of a future occurrence would not provide an accurate depiction of an entity's financial position. Further, consistent with the Boards, we concluded that, while offsetting based on a conditional right of setoff may be appropriate from the standpoint of depicting an entity's net exposure to a counterparty's credit risk, the statement of financial position is not intended to present an entity's aggregate credit risk.

We also considered the second criterion for offsetting whereby an entity must have the intent to either settle the eligible asset and eligible liability on a net basis or realize the eligible asset and settle the eligible liability simultaneously. We agree with the Boards that existence of an unconditional right of setoff without the intent to settle on a net basis is not sufficient to support offsetting. Presenting eligible assets and eligible liabilities on a net basis when an entity does not intend to settle net does not accurately reflect the distinct cash flows of the transactions, again impairing users' ability to assess future cash flows of the entity. However, we would ask the Boards to provide additional guidance as to the practical application of the simultaneous settlement criterion. Operationally, in instances where we have derivative instruments settling with the same counterparty on the same day, the party required to make a net payment on that day would wire a single payment for the net amount at the end of the business day. Assuming we had an unconditional and legally enforceable right to set off the respective asset and liability, we would have presented these specific derivative instruments on a net basis in our statement of financial position. If this is not the Boards' intended application, we ask that further clarification be included in the final standard.

We noted that the proposed standard requires an entity to set off eligible assets and eligible liabilities when the offsetting criteria are met, whereas the current guidance under U.S. GAAP permits, but does not require, offsetting in such instances. We believe the elimination of this option will result in improved comparability of financial information across entities for users. Retaining the option for preparers to present eligible assets and eligible liabilities on a net or gross basis would undermine the Boards' stated objective for this project, which was to improve the international comparability of the statement of financial position.

Some preparers may argue that the balance sheet gross-up resulting from the proposed standard obscures the real economic risks of certain entities, especially those in the financial services sector. Most issuers who prepare their statements of financial position in accordance with U.S. GAAP present eligible assets and eligible liabilities on a net basis. The proposed standard will impact a wide range of entities and will result in significant increases in the balances of assets and liabilities presented in their collective statements of financial position. While there is merit to the argument that grossing up the statement of financial position may obscure the riskier financial assets held by some entities that bear considerably more credit and liquidity risk, we believe the disclosures required by the proposed standard will adequately address this point. The proposed standard is simply relocating the net presentation from the statement of financial position to the footnotes, while adding supplementary disclosures. By requiring footnote disclosures of the gross amounts of eligible assets and eligible liabilities that do not meet the criteria for offsetting (either because the entity has only a conditional right of setoff or because the entity does not intend to settle net or simultaneously), as well as disclosure of collateral obtained or pledged, users of financial statements will have visibility to an entity's net exposure to counterparty credit risk.

We believe the expanded disclosure requirements will improve the quality of information available to users by providing further insight (both qualitatively and quantitatively) into the existence, nature, and effect of netting arrangements to which the entity is subject.

While we believe the proposed standard on offsetting is consistent with the Conceptual Framework and will result in a more accurate presentation of an entity's financial condition, we are concerned that the guidance does not align with the existing regulatory framework covering capital requirements. As such, it may be necessary for regulators, as well as other users, to have access to the information necessary to assess an entity's net exposure to counterparty credit risk. Consistent with our previously stated viewpoint, we believe footnote disclosure requirements are a necessary aspect of the proposed standard to adequately address the needs of regulators and other users. Without supplemental disclosures about the existence, nature and effect of an entity's right of setoff, the gross presentation of eligible assets and eligible liabilities prescribed by the proposed standard would not present financial statement users with a comprehensive view of an entity's liquidity, solvency, and net exposure to credit risk.

We agree with the Boards that the proposed guidance should be applied retrospectively for all comparative periods as we believe that application of the proposed requirements to prior periods should not be an issue. From a presentation viewpoint, retrospective application of the new guidance is necessary to ensure comparability of information between periods and among preparers. Further, prospective application may result in incoherent financial statements that may mislead or confuse financial statement users.

We believe that the proposed guidance will not result in significant operational challenges and should not require any new data that entities are not already generating and reviewing. As such, we do not expect the proposed guidance will necessitate the implementation of significant system upgrades or modifications. The additional footnote disclosures required by the proposed standard may require some additional processes on the part of the financial reporting departments; however, we do not anticipate this will be excessively burdensome. Therefore, we would not expect implementation of the proposed requirements to require a significant period of time.

We appreciate the opportunity to express our opinion on this matter and would be pleased to discuss our comments in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Chu', written in a cursive style.

Ron Chu

Vice President, Accounting and Tax