



**Toyota Motor Engineering &
Manufacturing North America, Inc.**

Vehicle Safety & Compliance
Liaison Office
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19001 South Western Avenue
Torrance, CA 90501

November 5, 2014

Frank S. Borris
Director, Office of Defects Investigation
National Highway Traffic Safety Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Takata Inflator Recalls

Dear Mr. Borris:

This is in response to Mr. Friedman's letter of October 29 concerning the recalls involving Takata front passenger airbag inflators in certain Toyota vehicles. He asked that we respond directly to you. We share NHTSA's desire to promptly and effectively remedy all affected vehicles. Our priority is, and has been, the safety of our customers. We will continue to take steps to resolve this issue for them as quickly and conveniently as possible.

The actions Toyota has undertaken to date demonstrate this commitment. As you know, in April 2013, after Takata determined that a safety-related defect existed in certain of its inflators, Toyota promptly reported that Takata's decision affected certain Toyota and Lexus vehicles. Toyota initiated a recall for those vehicles on April 11, 2013. This is a nationwide recall that remains in effect under NHTSA Recalls 13V-133 and 14V-312.

In June 2014, shortly after opening its Preliminary Evaluation of Takata (PE14-016), NHTSA contacted Toyota and other manufacturers seeking cooperation in collecting and returning to Takata recalled inflators recovered from Florida, Hawaii, Puerto Rico, and the U.S. Virgin Islands for testing by Takata. NHTSA made clear the need for a robust parts collection effort and directed all inflators from vehicles in these areas to be returned to Takata. Toyota initiated an action for this purpose on June 19, 2014 under NHTSA Recall 14V-350.

On October 10 Takata advised Toyota of its test results from some of the returned inflators; we understand that NHTSA was also informed of those results by Takata. All of the recovered inflators that were tested came from the population of vehicles covered by Recalls 13V-133/14V-312 for which a safety-related defect determination had been previously made. The results indicated a possible correlation between consistently high absolute humidity and abnormal passenger air bag deployment caused by the inflator. Parts tested from areas outside of the consistently high absolute humidity areas deployed normally.

Based on these test results discussed with the agency, Toyota and the agency concluded that vehicles in areas with consistently high absolute humidity warranted priority inflator replacement. Therefore, Toyota intensified its efforts to reach customers and remedy affected vehicles in Florida, the Gulf Coast, Hawaii, Puerto Rico and other U.S. Territories by initiating a new recall on October 20 (NHTSA Recall 14V-655). The areas in Florida and along the Gulf Coast included a "buffer" of vehicles located in nearby postal codes at the agency's request. By the end of the week of October 20, Toyota had mailed approximately 247,000 letters to known owners in these areas. The agency instructed Toyota to focus repair activities first in these high absolute humidity locations until parts were available for the remaining areas in our nationwide recall. At NHTSA's direction, and in light of the limited replacement parts supplies, all available replacement inflators were sent from other areas of the U.S. to support this action.

In the owner notification just mailed, we advised owners in the Recall 14V-655 regions that, until a replacement inflator is available and installed in their vehicle, they should not allow the front passenger seating position to be occupied. In addition, the letter stated that dealers will disable the front passenger airbag. When the dealer disables the airbag, a prominent glove box label will be installed warning against the use of this seating position until a replacement inflator is installed and the system is re-enabled. The agency approved this communication in advance as required by regulation. The label was also reviewed by agency staff, and suggested language from staff was incorporated into the final label. We greatly appreciate the agency's prompt review and approval.

NHTSA made clear to Toyota that the permission to temporarily disable the passenger air bag was specifically limited to the areas covered by Recall 14V-655 and was not granted for the remainder of the U.S. Dealers are making loaner vehicles available if the customer prefers that option over disabling the front passenger airbag and keeping the front passenger seat unoccupied.

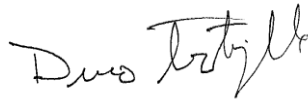
As the agency is aware, Takata must service the needs of all affected manufacturers, not just Toyota. We will continue to work with Takata, and we will explore other avenues of increasing replacement inflator availability, including outreach to alternate suppliers.

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Our staffs have been in frequent and regular contact about this issue. Abbas Saadat will continue to update you on a weekly basis, or more often as new information becomes available. We will also update recall information through the NHTSA portal as it becomes available. We remain committed to working with NHTSA and Takata in the on-going investigation and in the replacement of the front passenger inflators in the affected Toyota models.

Toyota's responses to the agency's information requests are attached.

Sincerely,

A handwritten signature in black ink, appearing to read "Dino Triantafyllos". The signature is written in a cursive style with a large initial "D" and a stylized "T".

Dino Triantafyllos
Chief Quality Officer
Toyota North America

Attachment

cc: Abbas Saadat

Responses to Information Requests

1. The steps that you will take to (a) expedite Takata's production of replacement air bags; (b) expand the supply of replacement air bags by obtaining replacement air bags from other suppliers; (c) accelerate distribution of replacement air bags to repair facilities; and (d) urge and incentivize your dealers to increase the number of vehicles repaired.

Response: Toyota has been in regular contact with Takata concerning the production of replacement passenger air bag inflators and has requested increased supply on an expedited basis to support Toyota's recalls. It is our understanding that in the near future Takata will be adding one or more inflator production lines and is ramping up its ability to supply Toyota and other involved manufacturers with replacement parts. Production estimates provided to us by Takata indicate that capacity will significantly increase starting next month. Toyota will continue to explore ways to assist Takata in improving its production capability.

Toyota has made preliminary contact with other suppliers about the potential acquisition of replacement inflators for use in the recalled vehicles, which involve a number of different Toyota models and Takata inflator types. Air bags and their component parts are vehicle and application specific and require extensive validation to ensure all safety and regulatory performance requirements are met. Based on our preliminary inquiries, we have been advised by suppliers that the development and production of a replacement inflator for a particular model by a supplier other than Takata could take a minimum of one year, and could take longer depending on the "tuning" necessary for specific vehicle characteristics. We are also evaluating whether other suppliers' inflators could be adapted for use in the affected vehicles. There is no certainty that this could be accomplished, and we believe this could require the re-engineering of the air bag module, not substantially reducing development and production timing.

Toyota is making every effort to accelerate the distribution of replacement Takata passenger airbag inflators. As these inflators require special handling, we are taking all necessary shipping precautions. To expedite our launch of Recall 14V-655, Toyota relocated all available inventories at our U.S. parts distribution centers to the parts centers in the affected areas (Southeast Toyota and Gulf States Toyota). To further support the anticipated volume in South Florida, dealers there received advance shipments of inflators.

At this time, all incoming parts received are handled as emergency/time critical at our North American Parts Center in California. This handling provides for manual tracking, and the parts are moved throughout our parts network with expedited handling within all Toyota part facilities. We are also shipping using expedited ground transport. This same process applies to Hawaii and the island territories, as we have implemented air freight for these locations. All Toyota and Lexus dealers are receiving parts from their facing parts distribution center as part of their regular daily delivery (overnight) schedule.

Dealers place a priority on safety recall repairs, and these safety recall actions are no exception. At the launch of Recall 14V-655, Toyota reviewed the details of the action and remedy strategy with our regional staffs nationwide. We asked the involved Toyota Regions and Distributors

and Lexus Area Office teams in the areas covered by Recall 14V-655 to follow up with dealers in their respective geographic areas, reviewing the scope of the program, supporting documents, remedy options, and parts availability.

2. The measures (including innovative approaches) that you will take to encourage and incentivize vehicle owners to bring their vehicles in for repair (e.g. , expanding service hours for more convenience, accommodating owners whose vehicles cannot immediately be repaired by providing loaner vehicles, and the use of print, radio, television, and social media to inform vehicle owners of the recall program).

Response: Toyota mailed approximately 247,000 owner letters, approved by NHTSA, via first-class mail to known owners in the specified areas within five days of filing Recall 14V-655. These customers were clearly informed to follow instructions provided in the letter or to stop driving the vehicle if they were not able to follow the instructions as provided. Customers were further advised not to allow the front passenger seat to be occupied until the remedy is performed. The option of vehicle pick-up/towing was also offered for any customer who is not comfortable driving the vehicle to the dealership to have the remedy completed. As discussed in response to question 4 below, loaner vehicles are available, and dealers are empowered to work with their customers to meet their specific needs.

Toyota is also implementing a secondary outreach program that will include direct customer telephone contacts, email, and direct mail follow-up for all vehicles involved in Recall 14V-655. Details of this program are still being finalized, and we will update the agency on this initiative. We will continue to evaluate other outreach methods along with our completion rates and take additional steps as appropriate to accelerate and encourage customer response.

In the geographic areas covered by Recall 14V-655, more than forty percent of our dealers offer extended business hours for service, and more than ninety percent currently offer weekend service.

3. The efforts you will make to maintain clear, thorough, and up-to-date information regarding the recall on your website, and within your dealer network, to better inform consumers.

Response: Toyota provides online tools and information regarding recall campaigns for our customers on the Toyota and Lexus websites. For example, the Toyota.com and Lexus.com home pages have direct links to our “Safety Recalls & Service Campaigns” page, where owners can use the Vehicle Identification Number (VIN) lookup tool to determine if their vehicle is involved in a Takata campaign or any other safety recall or service campaign. If their vehicle is involved, we provide summary information about the campaign and availability of the remedy. This lookup tool also includes a link to “Frequently Asked Questions” documents that provide customers with more detailed information about the Takata recalls. These FAQs have been provided to the agency in accordance with the regulations. Since October 20 when Toyota announced Recall 14V-655, more than 425,000 visitors used Toyota’s Safety Recalls & Service Campaigns website. NHTSA’s safercar.gov website also includes a link to Toyota’s VIN lookup, which provides another option for owners.

Toyota is also currently implementing additional changes to the Toyota.com and Lexus.com home pages to make it even easier for customers to access recall information about the Takata recall. In addition, we continue to evaluate the utilization and visibility of our VIN lookup on all of our marketing brand websites. Toyota is also sponsoring search results with major search providers, including Google, and engaging in search engine optimization efforts to see that our Toyota.com/recall page is returned as a top result for searches related to our brands and safety recall or recall terms.

Toyota will continually evaluate available information and provide updates through its websites, through dealer communications, and through owner mailings as circumstances warrant.

4. Any other interim measures you have taken or can take to address the safety risk and up-to-date information on the number of loaner vehicles you have provided.

Response: As the agency is aware, there are limited replacement parts available, and Takata must service the needs of all affected manufacturers, not just Toyota. In the owner notification just mailed, we advised owners in the Recall 14V-655 regions that, until a replacement inflator is available and installed in their vehicle, they should not allow the front passenger seating position to be occupied. In addition, the letter stated that dealers will disable the front passenger airbag. When the dealer disables the airbag, a prominent glove box label will be installed at that location advising against the use of this seating position until a replacement inflator is installed and the system is re-enabled.

The agency approved this communication in advance as required by regulation. The label was also reviewed by agency staff, and suggested language from staff was incorporated into the final label. NHTSA made clear to Toyota that the permission to temporarily disable the passenger air bag was specifically limited to the areas covered by Recall 14V-655 and was not granted for the remainder of the U.S. Dealers are making loaner vehicles available if the customer prefers that option over disabling the front passenger air bag and keeping the front passenger seat unoccupied.

We do not have specific information on the number of loaner vehicles that have been provided by dealers at this time, as this information generally becomes available to us at the conclusion of a rental when a dealer submits a claim for reimbursement for this expense.

5. A description of any ongoing efforts to evaluate the safety risks of Takata air bags in your vehicles, including a description of testing that is currently underway or planned.

Response: When Takata determined that certain inflators presented an unreasonable safety risk in April 2013, Toyota promptly reported that Takata's decision affected certain Toyota and Lexus vehicles. Toyota initiated the recall process for the affected vehicles. NHTSA was kept informed as the remedy to replace the inflator was developed. The agency raised a concern about the disposal of replaced inflators from safety and environmental standpoints, and a process was implemented so that the defective inflators would be returned directly from dealers to Takata for processing and disposal.

After NHTSA opened PE14-016 in June 2014, it contacted all affected manufacturers, seeking cooperation in collecting recalled inflators from Florida, Hawaii, Puerto Rico, and the Virgin Islands for testing by Takata. NHTSA made clear the need for a robust parts collection effort

and directed all inflators from vehicles in these areas to be returned to Takata. Toyota continued to remedy vehicles under its nationwide recall (Recall 13V-133/14V-312), with special emphasis on the four jurisdictions noted above, and sent all inflators directly to Takata as directed. Until the initiation of Recall 14V-655, all inflators tested came from the population of vehicles covered by Recalls 13V-133/14V-312 for which a safety-related defect determination had been previously made.

Toyota is presently considering how it might further support Takata's testing initiated when NHTSA opened PE 14V-016, and intends to discuss this further with the Office of Defects Investigation. Toyota is also considering whether additional evaluations can be undertaken, and will also discuss this with ODI. Depending on the testing or other evaluations that might be considered, the availability of specialized facilities and equipment in the U.S. may need to be determined.

6. Testing results and data that you have conducted or gathered concerning your vehicles that contain Takata air bags that were sold or registered within the hot, humid regions of the country identified in NHTSA's consumer advisory.

Response: It is our understanding that all of the results from Takata testing on inflators from Toyota vehicles in the consistently high absolute humidity areas of the U.S. were provided to NHTSA by Takata, and we believe these particular test results, along with the results of tests on inflators from outside of these areas, prompted the consumer advisory issued by the agency. We will confirm with the Office of Defects Investigation that all the data from this Takata testing in Toyota's possession has been provided to the agency.

7. Testing results and data that you have conducted or gathered concerning your vehicles that contain Takata air bags that were sold or registered outside of the hot, humid regions of the country identified in NHTSA's consumer advisory.

Response: It is our understanding that all of the results from Takata testing on inflators from Toyota vehicles outside of the consistently high absolute humidity areas of the U.S. were provided to NHTSA by Takata, and we believe these particular test results, along with the results of tests on inflators from within these areas, prompted the consumer advisory issued by the agency. We will confirm with the Office of Defects Investigation that all the data from this Takata testing in Toyota's possession has been provided to the agency.

8. The testing protocols/methodologies used (or that will be used) to conduct or gather the information described in Nos. 5 through 7 above.

Response: It is our understanding that the testing protocols/methodologies used for the testing by Takata noted in Nos. 5 through 7 above have been provided to NHTSA by Takata. We will confirm with the Office of Defects Investigation that all such information in Toyota's possession has been provided to the agency.

9. Up-to-date information regarding the number of vehicles covered by your recall, the number of those vehicles still in service and the number of vehicles remedied with a replacement air bag.

Response: The total number of vehicles currently covered by Recalls 13V-133/14V-312 and 14V-655 is approximately 877,000. Please note that Recall 13V-133 has been superseded by Recall 14V-312. The regional part recovery/investigation action (Recall14V-350) has also been superseded, and this population has been added to Recall 14V-655. The number of vehicles covered by Recall 14V-655 in the areas of consistently high absolute humidity is approximately 247,000 of the 877,000. As discussed with agency staff, Toyota is currently preparing an amendment for both Recalls 14V-312 and 14V-655 to remove any prior inflator replacements and to reflect recently received updates in sales/registration data. We believe that this more recent registration data will cause the number of vehicles in Recall14V-655 to be adjusted upward with a corresponding reduction in the Recall 14V-312 population.

The total number of vehicles still in service is difficult to determine, but we are studying title branding data to isolate any vehicles currently destroyed or salvaged. We will continue to keep the agency updated on this analysis.

Nationwide, for all recall actions since April 2013, approximately 44,000 have been remedied with a replacement inflator. We have regularly provided completion information in required reports to the agency, as well as in regular meetings that we have with ODI staff, and we will continue to do so.

10. Information on the testing, if any, you have done on the replacement air bags.

Response: Toyota has taken actions to check the quality of replacement inflators currently being supplied by Takata for use in Toyota's recalls. Toyota has visited Takata's Moses Lake, Washington production facility where the wafers incorporated into the inflators are produced. The purpose of this activity was to confirm current production quality control and the details of improvements in production control made as a result of Takata's recall determination. A variety of process confirmations were made, including:

- Receiving of Raw Materials – quality assurance systems (certifications and/or receiving inspection) and lot traceability.
- Materials Mixing and Handling – quality controls for material composition, humidity controls and lot traceability.
- Wafer manufacturing (press) – press controls to assure proper wafer density, humidity controls and lot traceability.
- Final Quality Approval – final production quality confirmation items, quality auditing (sampling), packaging/storage and lot traceability.

Also, although an on-site review was not possible due to internal travel restrictions for the safety of our associates, Toyota received information about Takata's inflator assembly facility in Monclova Mexico to confirm various processes and improvements at that facility as a result of Takata's recall determination. This included the following:

- Receiving of Inflator Wafers (from Moses Lake, WA) – Receiving inspection(s), humidity controls and lot traceability.

- Propellant Material Flow (from receiving storage until final assembly) – specifically focused on humidity controls and lot traceability.
- Final Assembly of Inflator – quality controls to assure correct inflator assembly, humidity controls, and lot traceability for inflator sub-components.
- Final Quality Approval – final production quality confirmation points, quality auditing (sampling), packaging and lot traceability.