

VOLKSWAGEN of America, Inc.

Product Compliance
3800 Hamlin Road
Auburn Hills, MI 48326
Phone: 1 (248) 754-5000
Fax: 1 (248) 754-5093

October 9, 2006

Ms. Patricia Wallace
Recall Analyst for Safety Assurance
National Highway Traffic Safety Administration
NSA-11
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, DC 20590

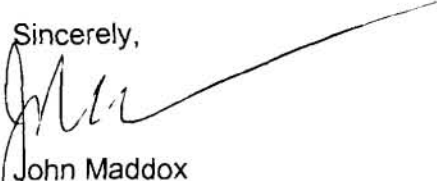
**Subject: Recall Campaign JQ (06V-324)
2004-2005 Model Year Audi A8 Vehicles – Replace Driver's Frontal Airbag**

Dear Ms. Wallace:

Pursuant to the requirements set forth in Part 573.6 of Title 49 of the Code of Federal Regulations, we are submitting three (3) copies of the following communications: Dealer notification (including customer notification, work procedure, and accounting procedure) and Frequently Asked Questions (FAQ) documents.

If you have any questions or require additional information please contact Chris Sandvig at 248-754-5563 or Maria Cotter at (248) 754-4856.

Sincerely,



John Maddox
Product Compliance Officer

Enclosures

Audi of America, Inc.



SAFETY RECALL INFORMATION

Audi of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326
United States of America
www.audiusa.com

October 2006

**Subject: Safety Recall JQ
2004-2005 Model Year Audi A8
Replace Driver's Frontal Airbag**

Dear Audi Dealer Principal and Service Manager:

This letter is to inform you of Safety Recall **JQ** on Model Years 2004-2005 Audi A8.

What is the Issue?

As a result of a supplier quality issue during the production of the airbag, the driver's frontal airbag may not unfold properly. In the event of a crash, the airbag may not inflate as designed, increasing risk of injury to the occupant.

Owner Notification Mailing

On or about October 6, 2006 Audi will notify all known owners of affected vehicles by first-class mail.

What Does the Repair Involve?

Dealers will remove the driver's frontal airbag and replace it with a new airbag.

Parts Allocation Information

You should have received a 25% allocation of parts for this campaign on or about September 22, 2006. If you have exhausted your allocated parts and you require additional parts for vehicles affected by the JQ Safety Recall, but are exceeding your Upper Order Limit, please submit your requests for additional material via email to upperorderlimits@audi.com. Prior to submitting your request, ensure that the vehicle has the JQ code open in ElsaWeb. Be sure to include the affected VINs. Your order will be reviewed and processed accordingly.

Important Reminder on Vehicles Affected by Safety and Compliance Recalls

Federal law prohibits any person from knowingly selling, or offering for sale, any motor vehicle that either contains a defect related to motor vehicle safety or does not comply with applicable motor vehicle safety standards prescribed under Chapter 301 ("Motor Vehicle Safety") of Title 49, United States Code. It is therefore imperative that you correct any vehicle in your inventory that is affected by this recall **prior to delivery** for sale or lease.

Where to Find Complete Campaign Information

Please refer to **Safety Recall JQ** posted on ElsaWeb and on AccessAudi for additional information, and please ensure this information is shared with all personnel with campaign-related responsibilities.



Other Service Work to be Completed at the Same Time

When the vehicle is presented for this recall, check the ElsaWeb Campaign/Action screen for any applicable service procedures, such as Required Vehicle Update Technical Bulletins, and perform these during the service visit. Also, we encourage you to take this opportunity to ask the customer if there are any other concerns with the vehicle, and service them at that time as well.

Service Loaner Vehicles

Dealers should utilize vehicles from the Service Loaner Program to provide customers with alternate transportation. Audi will not reimburse for loaners under warranty. If the dealer does not belong to the service loaner program, the dealer may utilize the Goodwill budget to provide customers with an appropriate loaner.

Goodwill Customer Satisfaction

Dealers may provide additional goodwill for customer satisfaction out of their CAP budget. Dealers can provide goodwill for each customer and Audi will reimburse 50% of the cost for the goodwill item. Please see the JQ Safety Recall campaign circular for recommended methods of goodwill for owners of affected vehicles. Goodwill reimbursement will expire 18 months after initiation of the JQ Safety Recall campaign.

Audi recommends using Goodwill budget for the following:

- Interior detailing
- Gift certificate for use from Audi Collection
- Audi Q7 use for weekend or overnight
- Loaner if dealer does not belong to Service Loaner Program
- Complete fill-up of fuel tank
- \$\$ that customer can spend on repairs performed at dealership

Thank you for your cooperation and assistance in this important matter.

Audi Product Compliance

IMPORTANT INFORMATION

Please inform and provide a copy of this document to every person in your dealership with campaign-related responsibilities, including Service, Parts and Accounting personnel. By law, dealers must correct, prior to delivery for sale or lease, any vehicle that fails to comply with an applicable Federal Motor Vehicle Safety Standard or that contains a defect relating to motor vehicle safety. If you have questions regarding this or any other campaign, please call (800) 741-2919.



Safety Recall Circular

Code: **JQ**

**Subject: 2004 - 2005 Model Year Audi A8 Vehicles
Replace Driver's Frontal Airbag**

October 2006

Problem Description

As a result of a supplier quality issue during the production of the airbag, the driver's frontal airbag may not unfold properly in the event of a crash and therefore may not inflate as designed, increasing the risk of injury to occupants.

Corrective Action

Remove the driver's frontal airbag and replace it with a new airbag.

VIN Range of Affected Vehicles

***Produced between February 2003 and June 2005.
2004 - 2005 Audi A8 (USA including PRI)***

WAU___4E_4N000392 - WAU___4E_5N017118

2004 - 2005 Audi A8 (CAN)

WAU___4E_4N000462 - WAU___4E_5N016266

NOTE: Check ElsaWeb on the day of repair to verify vehicle eligibility and attach the screen print to the repair order. This is the only valid campaign inquiry and verification source. Some vehicles may be involved in an additional action(s); any additional work can be done while the vehicle is in for this action.

Allocation Report of Affected Vehicles

In the Service Manager's Package, dealers with affected vehicles will receive a report containing the complete VIN with customer name and address data. For U.S. dealers, the list is based on vehicles in their AOR. For Canadian dealers, this list is based on vehicles sold by the dealership. Dealers will not receive a report if they have no affected vehicles.

NOTE: The allocation report contains owner names and addresses obtained from Motor Vehicle Registration Records. By law, this data may only be used for recall purposes. Use for any other reason may be a violation of law in many states/provinces. Accordingly, you are urged to limit the use of this report.

Parts Information and Allocation

On or about September 22, 2006 you should have received a 25% initial allocation of parts. If you have exhausted your allocated parts for vehicles affected by the JQ Safety Recall, but are exceeding your Upper Order Limit, please submit your requests for additional material via email to upperorderlimits@audi.com.

Owner Notification Mailing

On or about October 6, 2006 Audi will notify all known owners of affected vehicles by first-class mail. A sample copy of the owner letter is enclosed.

Claim Entry Procedure

Immediately upon completion of the repair work, enter the correct code listed below. Claims will only be paid for vehicles that show this campaign open in ElsaWeb on the day of the repair. To help ensure prompt and proper payment, attach the screen print to the repair order.

Damage Code	Time Units	Work Scope
		<u>Audi A8 Vehicles</u>
JQ11	65 T.U.	- Check driver airbag. No repair.
JQ12	65 T.U.	- Replace driver's frontal airbag Set readiness code 1 4E0 880 201 ** ** Driver Airbag
Part suffix - BH *** (color code) or BJ *** (color code)		
The system will enter labor & parts applicable to the codes above.		
<u>SUB LABOR</u>		<u>LOANER/RENTAL</u>
Exterior wash only Up to \$10.00 USD Up to \$12.00 CAD		One Day - utilize Service Loaner Program.

Note - Utilize Service Loaner vehicles. \$0 will be reimbursed for loaner. See Goodwill Coverage.

<u>GOODWILL COVERAGE</u>	
PID: JQCS	Claim Type: W5
Dealers may provide additional goodwill for customer satisfaction out of their CAP budget. Dealers can provide goodwill for each customer and Audi will reimburse dealers for 50% of the cost of the goodwill item. Claim 100% of goodwill amount, AoA will adjust your CAP budget accordingly.	
Audi recommends the following:	
<ul style="list-style-type: none"> • Interior detailing • Gift certificate for use from Audi Collection • Audi Q7 use for weekend or overnight • Loaner if dealer does not belong to Service Loaner Program • Complete fill-up of fuel tank • \$\$ that customer can spend on repairs performed at dealership 	

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2006 Audi of America, Inc. and Audi Canada. All Rights Reserved.

Customer Letter Example (USA)

October 2006

**Subject: Safety Recall JQ
2004 and 2005 Model Year Audi A8
Replace Driver's Frontal Airbag**

Dear Audi Owner:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act. Audi has decided that a defect, which relates to motor vehicle safety, exists in some 2004 and 2005 model year Audi A8 vehicles. Our records show that you are the owner of one of these vehicles.

What is the Problem?

As a result of a supplier quality issue during the production of the airbag, the airbag may not unfold properly in the event of a crash and therefore may not inflate as designed, increasing the risk of injury to the occupant.

What Audi Will Do

In order to correct this defect, we will install a new driver's frontal airbag in your vehicle.

What We Would Like You to Do

Please contact your authorized Audi dealer and arrange for an appointment without delay. This service will take approximately one and one-half hours and will be free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

Lease Vehicles

If you are the lessor and registered owner of the vehicle identified in this action, the law requires you to forward this information immediately via first-class mail to the lessee within ten (10) days of receipt of this notification.

Have You Changed Your Address or Sold the Vehicle?

If you have, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Reimbursement of Expenses

If you have previously paid for replacement of the driver's frontal airbag, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Service Help from Us

If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

*Audi of America, Inc.
Attn: Customer Relations – Hills East (JQ)
3499 West Hamlin Road
Rochester Hills, MI 48309
1-800-822-2834*

If you still cannot obtain satisfaction, you may file a complaint with: Administrator, National Highway Traffic Safety Administration, U.S. Department of Transportation, 400 Seventh Street, SW, Washington, DC 20590. Telephone: (888) 327-4236.

We regret any inconvenience this matter may cause. Thank you for your continued loyalty!

Audi Product Compliance

Customer Letter Example (CANADA)

October 2006

**Subject: Safety Recall JQ
2004 and 2005 Model Year Audi A8
Replace Driver's Frontal Airbag**

Dear Audi Owner:

This notice is sent to you in accordance with the requirements of the Canadian Motor Vehicle Safety Act. Audi has decided that a defect, which relates to motor vehicle safety, exists in some 2004 and 2005 model year Audi A8 vehicles. Our records show that you are the owner of one of these vehicles.

What is the Problem?

As a result of a supplier quality issue during the production of the airbag, the airbag may not unfold properly in the event of a crash and therefore may not inflate as designed, increasing the risk of injury to the occupant.

What Audi Will Do

In order to correct this defect, we will remove the driver's frontal airbag and replace it with a new airbag.

What We Would Like You to Do

Please contact your authorized Audi dealer and arrange for an appointment without delay. This service will take approximately one and one-half hours and will be free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

Lease Vehicles

If you are the lessor and registered owner of the vehicle identified in this action, the law requires you to forward this information immediately via first-class mail to the lessee within ten (10) days of receipt of this notification.

Have You Changed Your Address or Sold the Vehicle?

If you have, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Reimbursement of Expenses

If you have previously paid for replacement of the driver's frontal airbag, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Service Help from Us

If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

*Audi Canada
Attn: Customer Relations (JQ)
P.O. Box 842, Str. A
Windsor, ON N9A 9Z9
1-800-822-2834*

We regret any inconvenience this matter may cause. Thank you for your continued loyalty!

Audi Product Compliance

Parts:

Only order replacement airbag parts based on the following information.

USA and Puerto Rican Vehicles:

VINs WAU___4E_4N000392 – WAU___4E_4N002618 should receive part number 4E0 880 827 **BJ** *** and

VINs WAU___4E_4N002778 – WAU___4E_5N017118 should receive part number 4E0 880 827 **BH** ***

with the exception of the VINs listed below:

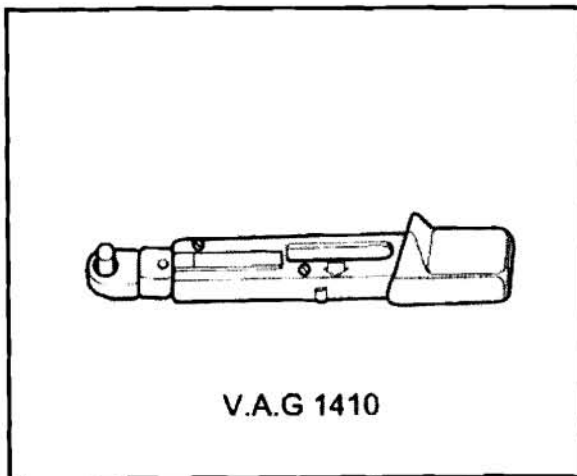
VIN	Part Number to be used
WAUML44E24N002778	4E0 880 827 BJ ***
WAUML44E94N002888	4E0 880 827 BJ ***
WAUML44E34N002952	4E0 880 827 BJ ***
WAUML44E24N002330	4E0 880 827 BJ ***
WAUML44E04N002343	4E0 880 827 BJ ***
WAUML44E04N002357	4E0 880 827 BJ ***
WAUML44E04N002648	4E0 880 827 BH ***
WAUML44E84N002767	4E0 880 827 BH ***
WAUML44E04N003007	4E0 880 827 BH ***
WAUML44E14N003016	4E0 880 827 BH ***
WAUML44E64N013122	4E0 880 827 BH ***

CAN Vehicles:

VINs WAU___4E_4N000462 – WAU___4E_4N002562 should receive part number 4E0 880 827 **BJ** *** and

VINs WAU___4E_4N002593 – WAU___4E_5N016266 should receive part number 4E0 880 827 **BH** ***

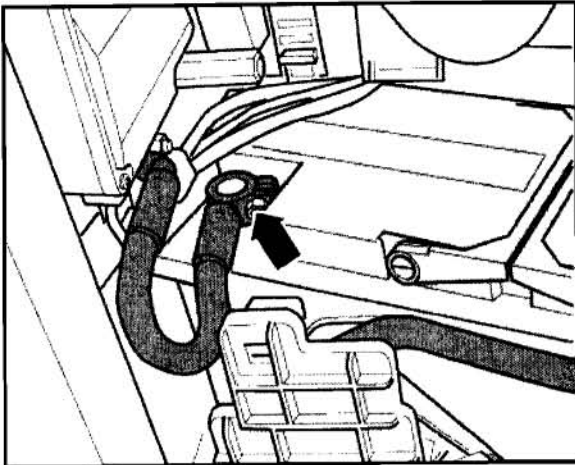
Special tools:



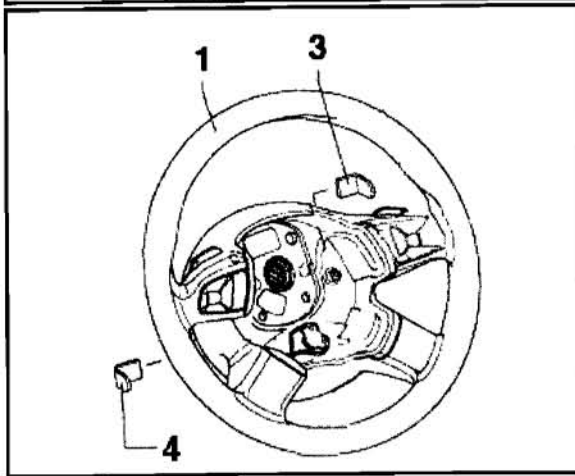
⇐ V.A.G 1410 Torque wrench - or equivalent

- VAS 5051/52 Vehicle Diagnosis, Testing and Information System
- J-44210 Airbag Deployment Device

The information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2006 Audi of America, Inc. and Audi Canada. All Rights Reserved.



← Disconnect battery ground (GND) cable -arrow-



- Turn steering wheel -1- clockwise approximately 80°
- ← Unclip cap -4- from back side of steering wheel and remove T30 Torx bolt
- Turn steering wheel -1- counterclockwise approximately 160°
- ← Unclip cap -3- from right back side of steering wheel and remove T30 Torx bolt
- Return steering wheel -1- to center position



Tip: Illustration shows four spoke steering wheel; three spoke steering wheel is similar.

- Remove airbag from steering wheel only enough to read part number on top of airbag
- If part number is 4E0 880 201 **BD** ___ or 4E0 880 201 **BE** ___ or 4E0 880 201 **BH** ___ or 4E0 880 201 **BJ** ___, **do not replace airbag, go to Section B**
- If part number is not one of the above part numbers, continue to next step



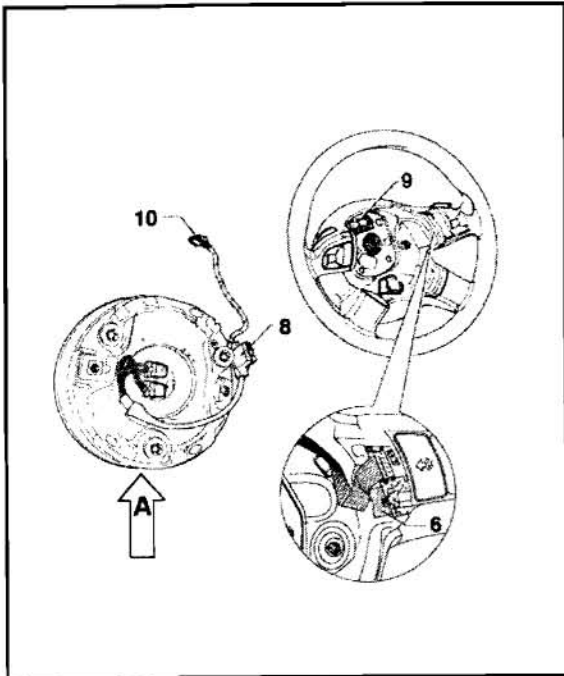
WARNING

Technicians must electrostatically discharge themselves before disconnecting connectors, by briefly touching door striker plate or body

- Remove airbag from steering wheel and hold in place while disconnecting wires



Tip: Arrow -A- is pointing toward back side of airbag



- ⇐ Disconnect connector -8- from coil connector -9- at top center of steering wheel
- ⇐ Remove wiring harness from groove in steering wheel and disconnect connector -10- from multi-function coupling -6-
- Place airbag on a clean level surface with impact cushion facing upward
- Obtain new driver's side airbag per parts information at beginning of work procedure, remove airbag identification label and attach to work order
- ⇐ Connect connector -10- to multi-function coupling -6- in steering wheel
- Route wiring harness into groove in steering wheel
- ⇐ Connect connector -8- to coil connector -9- at top center of steering wheel



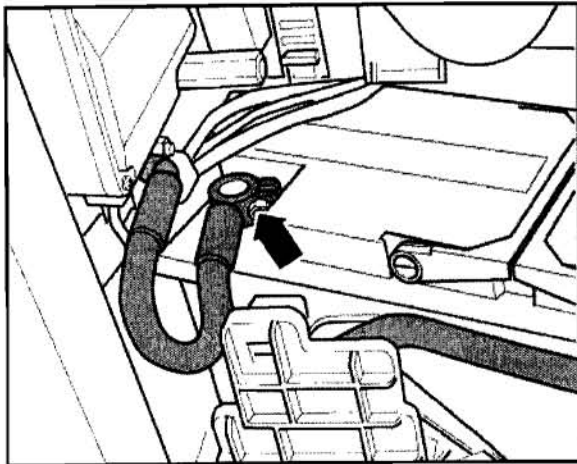
Note: Make certain connector and securing clip engage fully (audibly). Ensure wiring is not trapped.

- **Proceed to Section B**

Section B – Driver’s Side Airbag Installation

- Place driver’s side airbag in steering wheel
- Turn steering wheel clockwise approximately 80°
- Screw in T30 Torx bolt approximately 2 turns
- Turn steering wheel counterclockwise approximately 160°
- Screw in T30 Torx bolt approximately 2 turns
- Push horn 3 times to achieve alignment with steering wheel
- Avoid further contact with driver’s side airbag
- Tighten T30 Torx bolts to 7 Nm (62 in. lbs.)
- Re-clip caps making sure they engage properly
- Reposition steering wheel as close as possible to same position owner had it set
- **Proceed to Section C**

Section C – Reconnecting Battery and Power Restoration



Warning

No person may be inside vehicle when connecting the battery

- Make certain ignition switch is in the “ON” position
- ← Reconnect battery ground (GND) cable -arrow- and tighten to 6 Nm (53 in. lbs.)
- Reinstall battery cover and right luggage compartment trim
- On vehicles equipped with Audi Telematics by OnStar, switch-on emergency (back-up) battery for Telematic/Telephone Control Module
- Activate automatic open/close function of electric window lifters
- Reset time on clock and date

- Interrogate fault memories of all control units and erase DTCs
- Set engine readiness code



Tip: After re-connecting power supply, ABS warning lamp may only go out after the vehicle has been driven a few yards

- Destroy and properly dispose of removed parts in accordance with local, state and federal/provincial environmental regulations
- Deployed airbags and pyrotechnic seatbelts can be disposed of as normal scrap
- Undeployed airbags and pyrotechnic seatbelts are considered to be hazardous materials. When disposing of an undeployed airbag or pyrotechnic seatbelt that is either defective or expired, use the appropriate repair information and Airbag Deployment Device J-44210. **DO NOT** deploy airbags and pyrotechnic seatbelts in the vehicle

WORK IS COMPLETE

Safety Recall JQ Information

Frequently Asked Questions & Answers for Safety Recall Campaign JQ

This FAQ is intended to provide supplementary information regarding the JQ Safety Recall Campaign. For additional information, please refer to the JQ Safety Recall Campaign circular that will be posted on ElsaWeb and on AccessAudi.

■ What vehicles are affected?

Affected Model Year 2004 and 2005 Audi A8 vehicles that were produced between February 2003 and June 2005.

The affected VIN range is as follows:

WAU___4E_4N000392 - WAU___4E_5N017118 (USA - including Puerto Rico)

WAU___4E_4N000462 - WAU___4E_5N016266 (Canada)

Note: please refer to ElsaWeb for accurate information regarding specific vehicles applicable to JQ Safety Recall campaign.

■ How many vehicles are affected?

Approximately 7,674 vehicles are affected in the U.S. (including Puerto Rico) and 375 in Canada.

■ What is the issue?

As a result of a supplier quality issue during the production of the driver's frontal airbag, the airbag may not unfold properly in the event of a crash.

■ What can happen?

In the event of a crash, the driver's frontal airbag may not inflate as designed, increasing the risk of injury to the occupant.

■ Can the customer drive the vehicle until it is repaired?

Yes, the vehicle can still be driven, although Audi strongly recommends making an appointment to have the driver's frontal airbag replaced without delay.

■ What if the vehicle's airbag light is on?

If the airbag warning light in the instrument cluster of the customer's vehicle is illuminated, the customer should bring his or her vehicle to the nearest authorized Audi dealer as soon as possible so that the airbag system may be properly inspected.

■ What exactly will be repaired on the vehicle and how long will the repair take?

Dealers will install a new driver's frontal airbag your vehicle. The replacement of the driver's frontal airbag should take approximately one and one-half hours.

■ Is a loaner vehicle being offered under this action?

A loaner may be provided from dealer's Service Loaner Program. However if the dealer does not belong to the Service Loaner Program, the dealer may utilize the Goodwill coverage to obtain alternate transportation for the customer.

Safety Recall JQ Information

■ **Will the customer be reimbursed if they previously paid for replacement of the driver's frontal airbag?**

For customer reimbursement requests, AoA will consider such expenses according to reimbursement guidelines.

■ **Is any additional Goodwill coverage being provided?**

For any additional Goodwill coverage, please refer to the guidelines posted in the JQ Safety Recall Campaign circular.

■ **When will this repair be available?**

Audi expects that dealer notification will take place on or about October 2, 2006 and customer notification will take place on or about October 6, 2006.