

Safety Defect and Noncompliance Report Guide for Equipment
PART 573 Defect and Noncompliance Report Form

On May 8, 2009 , Southeast Toyota Distributors, LLC decided that (a defect which relates to motor vehicle safety) exists in items of motor vehicle equipment listed below, and is furnishing notification to the National Highway Traffic Safety Administration in accordance with 49 CFR Part 573 Defect and Noncompliance Reports.

Date this report was prepared: May 9, 2009..

Furnish the manufacturer's identification code for this recall (if applicable):
NHTSA assigned no. is **09E-028**

1. Identify the full corporate name of the fabricating manufacturer/brand name/trademark owner of the recalled item of equipment. If the recalled item of equipment is imported, provide the name and mailing address of the designated agent as prescribed by 49 U.S.C. §30164.

Southeast Toyota Distributors, LLC (“SET”)
100 Jim Moran Boulevard
Deerfield Beach, Florida 33442

Identify the corporate official, by name and title, whom the agency should contact with respect to this recall

L. Taylor Ward, III
Vice President & Deputy General Counsel
Southeast Toyota Distributors, LLC (“SET”)
100 Jim Moran Blvd. Deerfield Beach, Fl. 33442
Ph: (954) 429-2242

Name and Title of Person who prepared this report.

Roger Blandford
Manager Product Support
9983 Pritchard Rd.
Jacksonville, Fl. 32219
Telephone: (904) 378-4832 Fax: (904)419-5981

Signed:

I. Identify the Recalled Items of Equipment

2. Identify the Items of Equipment Involved in this Recall, for each make and model or applicable item of equipment product line (provide illustrations or photographs as necessary to describe the item of equipment), provide:

Generic name of the item:

Make: Model Valor Stainless Exhaust Tips

Part Number: 00016-48060 Size: N/A

PTS18-48080 Size: N/A

Function: Appearance item attached to end of exhaust pipe on a vehicle

Other information which characterizes/distinguishes the items of equipment to be recalled:

- 2008 Toyota Highlander with Port installed Stainless Exhaust Tip. The vehicles were processed at Southeast Toyota's processing centers in Jacksonville, FL and Commerce, GA from 07/30/2007 through 09/12/2008.
- 2008 Toyota Highlander HV with Port installed Stainless Exhaust Tip. The vehicles were processed at Southeast Toyota's processing centers in Jacksonville, FL and Commerce, GA from 07/30/2007 through 09/12/2008.
- Stainless Exhaust Tip manufactured by Valor Corp for use on 2008 Toyota Highlanders sold by Southeast Toyota Dealers from 07/30/2007 through 09/12/2008. The beginning date was start of production. The ending date was change of clamp and zero out of inventory.

Make: Model: Stainless Exhaust Tips

Part Number:00016-48060 Size: N/A

PTS18-48080 Size: N/A

Function: Appearance item attached to end of exhaust pipe on a vehicle

Other information which characterizes/distinguishes the items of equipment to be recalled:

- Valor Stainless Exhaust Tip for 2008 Highlander that was sold to our Southeast Toyota Dealers for installation on vehicles in dealer stock.
- Valor Stainless Exhaust Tip for 2008 Highlander that was sold to our Southeast Toyota Dealers for sale over the parts counter to customers.

Identify the approximate percentage of the production of all the recalled models manufactured by your company between the inclusive dates of manufacture provided above, that the recalled model population represents. For example, if the recall involved Widgets equipped with certain items of equipment from January 1, 1996, through April 1, 1997, then what was the percentage of the recalled Widgets of all Widgets manufactured during that time period.

Less than 18.6%.

II. Identifying the Recall Population

3. Furnish the total number of items of equipment recalled potentially containing the defect or noncompliance.

Model: Toyota Highlander **Year:** 2008 **Number of Items Potentially Involved:** 3499.

Total Number Potentially Affected by the Recall: 3499 vehicles

4. Furnish the approximate percentage of the total number of items of equipment estimated to actually contain the defect or noncompliance: less than 1%.

Identify and describe how the recall population was determined--in particular how the recalled models were selected and the basis for the beginning and final dates of manufacture of the recalled items of equipment:

The vehicle recall affects

1. 2008 Toyota Highlanders with option code FSA (CT90) processed at Southeast Toyota's processing centers in Jacksonville, FL and Commerce, GA from 07/30/2007 through 09/12/2008. The beginning date was start of production. The ending date was change of clamp design and zero out of inventory.
2. 2008 Toyota Highlander HV's with option code FSA (CT90) processed processed at Southeast Toyota's processing centers in Jacksonville, FL and Commerce, GA from 07/30/2007 through 09/12/2008. The beginning date was start of production. The ending date was change of clamp design and zero out of inventory.
3. Stainless Exhaust Tip manufactured by Valor Corp for use on 2008 Toyota Highlanders sold by Southeast Toyota Dealers from 07/30/2007 through 09/12/2008. The beginning date was start of production. The ending date was change of clamp design and zero out of inventory.

III. Describe the Defect or Noncompliance

5. Describe the defect or noncompliance. The description should address the nature and physical location of the defect or noncompliance. Illustrations should be provided as appropriate.

Due to improper heat treatment during the manufacturing process, the original clamp used to secure the Toyota Stainless Steel Exhaust Tip to the exhaust pipe may develop microscopic cracks. Eventually the crack may expand causing the clamp to break. In the worst case, the original clamp and the Toyota Stainless Steel Exhaust Tip may fall off the vehicle's exhaust pipe and become a road hazard.

Describe the cause(s) of the defect or noncompliance condition.

The clamp that secures the Stainless Exhaust tip to the exhaust pipe may fail causing the Stainless Exhaust Tip to fall off.

Describe the consequence(s) of the defect or noncompliance condition.

The original clamp and the Stainless Steel Exhaust Tip may fall off the vehicle's exhaust pipe and become a road hazard.

Identify any warning which can (a) precede or (b) occur.

A rattling noise may be heard from the rear of the vehicle.

If the defect or noncompliance is in a component or assembly purchased from a supplier, identify the supplier by corporate name and address.

Component assembly was purchased from:

Valor Manufacturing Inc.

5403 Harvester Road

Burlington, Ontario

L7L5J7

800-568-9188

Identify the name and title of the chief executive officer or knowledgeable representative of the supplier:

S.C. (Steve) Hollingshead

905-631-6200

IV. Provide the Chronology in Determining the Defect/Noncompliance

If the recall is for a defect, complete item 6, otherwise item 7.

6. With respect to a defect, furnish a chronological summary (including dates) of all the principle events that were the basis for the determination of the defect. The summary should include, but not be limited to, the number of reports, accidents, injuries, fatalities, and warranty claims.

There have been no accidents, injuries or fatalities to date due to an Stainless Exhaust tip falling off and creating a road hazard. To date Southeast Toyota Distributors, LLC has experienced 10 reported failures of the Stainless Exhaust Tip Clamp.

Date	Subject
06/08/2007	Begin installation of Toyota Motor Sales Stainless Exhaust Pipe Tip part no PTS18-48080
08/16/07	Begin installation of Valor Exhaust pipe tip on 2008 Highlander vehicles. Part no 00016-480060. Clamp
04/21/08	Conference call with George, Mark and Bill (TMS) about proposed Campaign.
06/16/08	Advised parts about placing stop sale on exhaust clamp and look for break point
06/16/08	Stop sale placed on Highlander
06/18/08	Request for update on stop sale
06/19/08	TMS advise to continue delete for exhaust tips for Highlander
06/20/08	Package pricing adjusted on FSA without tips.
06/20/08	Advised of warranty audit. 3 highlanders with failures.
06/25/08	Advised by TMS to continue installing tip on FSA option until pricing is complete.
07/02/08	Advised by new products we should not be installing tips as of 6/20.
08/06/08	New Products advise of a new interim clamp being tested for interim use.
09/12/08	Replacement of original Exhaust pipe clamp with interim clamp (Fig. 2) in production.
10/28/08	Part no changed and New exhaust clamp is included in kit (Fig 3). Part number 00016-48004.
11/25/08	TMS Advised to put stop sale on TMS exhaust tip.
03/19/09	Advised by GST that TMS had stop sale on Valor exhaust tips.
03/20/09	Discussed possible TMS recall with Mark Milliron. He had no information.

03/24/09 Requested parts sales track of Exhaust tips.

03/27/09 Advised by TMS that they are looking at campaigning the exhaust tips on the Highlander.

03/27/09 TMS advised their campaign in process

03/30/09 Requested customer list of Highlander owners with exhaust tips.

04/01/09 Received customer list of Highlander owners with exhaust tips.

04/07/09 Determined Break point for SET clamp as 9/12/08.

04/17/09 Received list from TMS of all vehicles TMS advises we should campaign.

04/21/09 Received updated warranty audit.

04/21/09 Received total TMS parts purchased from TMS.

04/22/09 Received list of TMS Exhaust clamps that we purchased in 2007.

04/24/09 Received copy of TMS Campaign information.

04/24/09 Advised SET management about Toyota's recall campaign and the fact that SET is not involved. We will make decision and run our own.

04/24/09 Received list of parts sales by dealer and port for exhaust tips. (not TMS)

04/24/09 TMS notified us they were submitting paperwork to campaign TMS Exhaust Tips

04/24/09 Management notified of TMS decision.

04/26/09 Requested parts sales lists from SET Parts.

04/27/09 Requested part no and pricing on the campaign claimp.

04/27/09 Sent Valor estimated projected costs for possible recall campaign.

04/28/09 Requested DIO customer information from Parts Reps 210 customers.

05/01/09 Received parts pricing quote for new exhaust clamp

05/01/09 Called NHTSA requested information

05/01/09 Received Valor Contact information

05/03/09 Completed Campaign paperwork and sent to management for approval.

05/04/09 PO request for campaign parts initiated by Byrkett

05/05/09 Requested parts for campaign

05/05/09 500 parts ordered

05/08/09 Receive reply from legal , Decision Date

05/11/09 Review of warranty information for dealer letter – pannons

05/12/09 Submitted cost projection to Valor

05/12/09 Sent letter to NHTSA

05/12/09 Sent draft to Simoneaux

05/12/09 Review of documents – Simoneaux

05/14/09 Paper work sent to NHTSA.

05/14/09 NHTSA acknowledge receipt of letter

05/15/09 Received approval from N.H.T.S.A

05/15/09 NHTSA approves customer letter assigns campaign no 09E-028

05/18/09 Check on parts availability from valso

05/21/09 Request for Parts Rep help with Owner s for DIO

05/26/09 DIO parts sales list sent to DPM and AGM

06/02/09 Q&A regarding the campaign sent to the field.

06/02/09 Dealer cover letter sent for Review

06/03/09 Customer letter sent to Simoneaux

06/03/09 Requested update for list from Carpenter

06/04/09 Initial request for printing of customer letter

06/05/09 Draft dealer letter to Simoneaux

06/05/09 Customer letter to Simoneaux final

06/05/09 DIO list rework- pannone

06/10/09 Final count of DIO parts

06/11/09 Review final draft of letter

06/11/09 Customer letter sent to printer

06/11/09 Customer list sent to printer

06/11/09 Dealer letter mailed to Dealers

06/12/09 TMS placed stop sale on Exhaust Tips

06/13/09 Received letter from TMS advising that they were placing a stop sale on TMS clamps

06/15/09 Customer letters mailed to customer that had the Exhaust tip Port installed

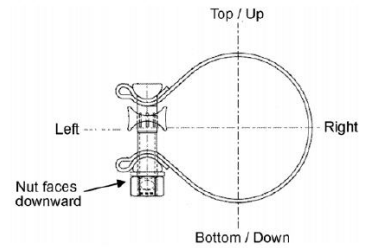
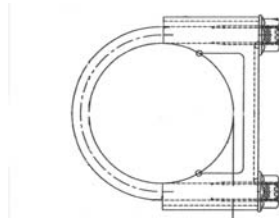
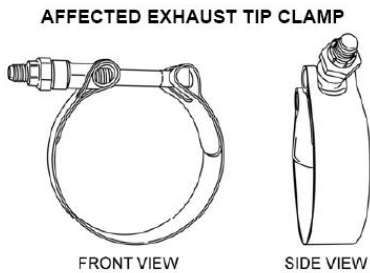
06/23/09 FAQ letter mailed to field staff for distribution to dealers.

06/26/09 Conference call with field staff regarding Campaign .

06/26/09 Conference call with Parts field reps asking for completion of DIO customer search by 07/02/09.

7. With respect to a noncompliance, identify and provide the test results or other data (in chronological order and including dates) on which the noncompliance was determined.

V. Identify the Remedy



8.

Furnish a description of the manufacturer's remedy for the defect or noncompliance. Clearly describe the differences between the recall condition and the remedy.

The original clamp (Fig. 1) was replaced by an interim clamp (Fig. 2) on 9/12/08 and the Stainless Exhaust tip assembly part no was changed when the new improved clamp (Fig. 3) was added. On 10/28/08.

Clearly describe the distinguishing characteristics of the remedy component/assembly versus the recalled component/assembly.

See Figures 1,2 and 3 above.

Identify and describe how and when the recall condition was corrected in production. If the production remedy was identical to the recall remedy in the field, so state. If the product was discontinued, so state.

Production remedy is the same as the recall remedy.

VI. Identify the Recall Schedule

Furnish a schedule or agenda (with specific dates) for notification to other manufacturers, dealers/retailers, and purchasers. Please, identify any foreseeable problems with implementing the recall.

Customer letter will be mailed 06/15/09

Fig. 1 Affected Exhaust Tip	Dealer to be	Fig. 2 Interim Exhaust Clamp	letter mailed	Fig. 3 New Exhaust Tip
06/11/09				

VII. Furnish Recall Communications

9. Furnish a final copy of all notices, bulletins, and other communications that relate directly to the defect or noncompliance and which are sent to more than one manufacturer, distributor, or purchaser. This includes all communications (including both original and follow-up) concerning this recall from the time your company determines the defect or noncompliance condition on, not just the initial notification. A DRAFT copy of the notification documents should be submitted to this office by Fax (202-366-7882) for review prior to mailing.

Note: These documents are to be submitted separately from those provided in accordance with Part 573.8 requirements.

1. Each manufacturer must furnish a report, to the Associate Administrator for Safety Assurance, for each defect or noncompliance condition which relates to motor vehicle safety.

This guide was developed from 49 CFR Part 573, "Defect and Noncompliance Reports" and also outlines information currently requested. Any questions, please consult the complete Part 573 or contact Mr. Jon White at (202) 366-5226 or by FAX at (202) 366-7882.

The Privacy Act of 1974 - Public Law 93-579, As Amended: This information is requested pursuant to the authority vested in the National Highway Traffic Safety Act and subsequent amendments. You are under no obligation to respond to this questionnaire. Your response maybe used to assist the NHTSA in determining whether a manufacturer should take appropriate action to correct a safety defect. If the NHTSA proceeds with administration enforcement or litigation against a manufacturer, your response, or statistical summary thereof, may be used in support of the agency's action.