

Published October 13, 2016

To: All Toyota Dealer Principals, General Managers, Service Managers, and Parts Managers

Subject: Safety Recall G0R (Interim G1R) – **Remedy Notice**
Multiple Models and Model Years
Takata Front Passenger Airbag Inflator (**Zone B**)

Toyota has sufficient parts to begin a phased implementation of the remedy.

Background

On May 4, 2016, the National Highway Traffic Safety Administration (NHTSA) announced an expansion of the Takata Airbag Inflator Recalls. This announcement explained that Takata will, over time, recall additional specific front airbag inflators manufactured with phase-stabilized ammonium nitrate (PSAN) propellant that does not contain a material called a “desiccant.” This expansion impacts Toyota and multiple other automotive manufacturers using specific Takata frontal airbag inflators.

On May 16, 2016, Takata filed the first of multiple Defect Information Reports (DIRs) with NHTSA to address the first phase of this expansion.

On May 23, 2016, Toyota filed a Defect Information Report (DIR) with the National Highway Traffic Safety Administration (NHTSA) identifying the vehicles involved in the first phase of the Takata recall and informing the agency of our intent to conduct a voluntary Safety Recall on the vehicles described below:

- 2007 – 2008 Yaris Hatchback
- 2007 – 2008 Yaris Sedan
- 2008 Scion xB

Condition

The subject vehicles are equipped with front passenger airbag inflators produced by Takata. According to Takata, the propellant in these inflators may degrade after prolonged exposure to high absolute humidity and fluctuating high temperatures. Degraded propellant can cause inflator rupture during airbag deployment. In the event of an inflator rupture, metal fragments could pass through the airbag cushion material, striking the vehicle occupants, and result in serious injury or death.

Remedy

Toyota has sufficient parts to begin a phased implementation of the remedy. The remedy, when available, will consist of the replacement of the airbag inflator or the airbag assembly, depending on the vehicle model. Refer to the following table for anticipated remedy launch timing.

To determine if the remedy is available for a specific MODEL and MODEL YEAR VEHICLE, refer to the “Notification Type” column in the table below. If this column indicates “Remedy”, the remedy can be performed.

| Zone | Model Name | Model Year | Notification Type | Anticipated Remedy Date | Approximate UIO |
|------|-----------------|-------------|-------------------|-------------------------|-----------------|
| B | Yaris Hatchback | 2007 – 2008 | Remedy | Mid-October 2016 | 30,800 |
| B | Yaris Sedan | 2007 – 2008 | Interim | December 2016 | 53,100 |
| B | Scion xB | 2008 | Interim | TBD | 18,600 |

Note: Vehicles opened for the remedy can have the repair performed at any authorized Toyota dealership **regardless of geographical location.**

Covered Vehicles

This Safety Recall currently covers the first phase of Zone B. There are approximately 102,500 Toyota and Scion vehicles in this Safety Recall. Refer to the table in the previous section for additional UIO information.

Zone Descriptions

Time, temperature, and humidity have been found by NHTSA and multiple independent investigations to contribute to significant propellant degradation that can lead to an unreasonable risk of inflator rupture. Based on this information, NHTSA has identified the specific states and U.S. territories for each of the three Zones.

ZONE A: G0P (Interim G1P): Zone A vehicles are identified as having been originally sold, currently registered, or previously registered in a Zone A state or US territory: AL, CA, FL, GA, HI, LA, MS, SC, TX, American Samoa, Guam, Puerto Rico, Saipan, and the US Virgin Islands. These states and U.S. territories have been identified as having high temperature cycling and humidity. Time in service until significant propellant degradation may occur is projected at between 6-9 years.

ZONE B: G0R (Interim G1R): Zone B vehicles are identified as having been originally sold, currently registered, or previously registered in a Zone B states: AZ, AR, DE, IL, IN, KS, KY, MD, MO, NE, NV, NJ, NM, NC, OH, OK, PA, TN, VA, WV, and the District of Columbia. These states have been identified as having moderate temperature cycling and humidity. Time in service until significant propellant degradation may occur is projected at between 10-15 years.

ZONE C: (Future Projected Safety Recall): Zone C vehicles are identified as having not been originally sold in zone A or B, not currently registered in Zone A or B, and never previously registered in Zone A or B. Zone C states are: AK, CO, CT, ID, IA, ME, MA, MI, MN, MT, NH, NY, ND, OR, RI, SD, UT, VT, WA, WI, and WY. These states have been identified as having lower temperature cycling and humidity. Time in service until significant propellant degradation may occur is projected at between 15-20 years.

Refer to the attached Takata Phase and Zone Summary for additional details on involved vehicles and zones as well as other projected future Safety Recall applicability for additional Toyota vehicles.

Owner Letter Mailing Date

Toyota will begin to notify owners of vehicles open for remedy approximately one week after the remedy is made available. A sample of the owner notification letter has been included for your reference. **Refer to the table in the Remedy section of this letter for approximate remedy owner notification timing.**

Toyota makes significant effort to obtain current customer name and address information from each state through industry resources when mailing owner letters. In the event your dealership receives a notice for a vehicle that was sold prior to the Safety Recall announcement, it is the dealership's responsibility to forward the owner letter to the customer who purchased the vehicle.

Current Phase - Pre-Owned Vehicles in Dealer Inventory

Toyota typically requests that dealers **NOT** deliver any pre-owned vehicles in dealer inventory that are covered by a Safety Recall unless the defect has been remedied. In this case, until remedy parts are available, delivery of a pre-owned vehicle is acceptable if disclosed to the customer that the vehicle is involved in this Safety Recall and that the remedy is currently being prepared by Toyota.

Toyota expects dealers to use the attached Pre-Owned Vehicle-Safety Recall Customer Contact and Vehicle Disclosure Form to obtain vehicle buyer information. Dealers are expected to provide a copy of the completed form, along with the most current FAQ, to the vehicle buyer. Toyota and the dealer may use this information to contact the customer when the remedy becomes available.

Keep the completed form on file at the dealership and send a copy to quality_compliance@toyota.com. In the subject line of the email state "Disclosure Form" and include the VIN.

Also, as a reminder, Toyota Certified Used Vehicle (TCUV) policy prohibits the certification of any vehicle with an outstanding Special Service Campaign or Safety Recall. Thus, no affected units should be designated, sold or delivered as a TCUV until the Safety Recall has been completed on that vehicle.

Future Phase - New and Pre-Owned Vehicles in Dealership Inventory

There are no new vehicles in dealership inventory that are currently included in this Safety Recall. However, there may be some new and pre-owned vehicles in inventory that will be included in a future phase.

| NEW | Model Name | Model Year | Applicable Zones |
|-----|------------|--------------|------------------|
| | 4Runner | 2015 – 2016* | All |

| PRE-OWNED | Model Name | Model Year | Applicable Zones |
|-----------|-----------------|--------------|---|
| | Yaris Hatchback | 2006 – 2011 | Varies by Zone – Refer to Takata Phase and Zone Summary |
| | Yaris Sedan | 2007 – 2012 | |
| | Scion xB | 2008 – 2015 | |
| | Corolla | 2009 – 2013 | |
| | Matrix | 2009 – 2013 | |
| | 4Runner | 2010 – 2016* | |
| | Sienna | 2011 – 2014 | |

*Some late production 2016 model year 4Runner vehicles have been manufactured with an airbag that is not affected by this Safety Recall condition and will not be included in a future phase. To determine if a 2016 model year 4Runner will be included in a future phase of this Safety Recall, input the VIN in the following website: <https://takata-lookup.imagespm.info/>. **Note: The default password is XXXXX. Each dealer has only one account. Please ensure that the reset password is communicated to all technicians and dealer associates that will be utilizing this website.**

Importantly, these non-desiccated passenger frontal PSAN airbag inflators in these Future Phase vehicles are not subject to a current recall. Based on multiple independent investigations and NHTSA's independent expert, NHTSA has concluded that the non-desiccated frontal Takata airbag inflators do not pose an unreasonable risk to safety until they reach a certain level of propellant degradation after long-term exposure to environmental moisture and fluctuating high temperatures. NHTSA and Takata are prioritizing these recalls based on when affected inflators are likely to pose an unreasonable risk to safety, considering time, temperature, and environmental moisture, which depends on a vehicle's operating location. According to NHTSA's current order, these components will be recalled by the end of 2019. **Toyota expects dealers to disclose this information to their customers prior to sale.**

Toyota expects dealers to use the attached Future Phase – Customer Contact and Vehicle Disclosure Form to explain this information to the customer and to obtain vehicle buyer contact information. Dealers are to provide a copy of the completed form, along with the most current FAQ, to the vehicle buyer prior to delivery. Toyota or the dealer may use this information to contact the customer when the remedy becomes available. Sales, Finance and Insurance, and Vehicle Delivery personnel should also refer to the Takata Airbag Recall Hot Sheet published July 2016 for additional details.

Keep the completed form on file at the dealer and send a copy to quality_compliance@toyota.com. In the subject line of the email state "Disclosure Form" and include the VIN.

Toyota Rent-A-Car (TRAC) & Service Loaners

Toyota requests that dealers remove all TRAC and Service Loaner vehicles from service that are covered by a Safety Recall unless the defect has been remedied.

Loaner Vehicle Reimbursement Procedure

For vehicles currently involved in Safety Recall G0R/G1R: Toyota recommends that no passengers sit in the front passenger seat. If this recommendation is not feasible for the customer's personal or business needs, a loaner vehicle or alternative transportation through Toyota Rent-A-CAR (TRAC) can be claimed for \$35 per day for a maximum of 4 days. Per day expense exceeding \$35 or loaners exceeding 4 days, requires DSPM authorization. For additional information, reference the Toyota Transportation Assistance Program (TTAP) guidelines.

NOTE: At this time, Toyota is reserving alternative transportation options to specifically support those customers with vehicles **currently under recall**.

| Opcode (for G0R remedy) | Opcode (for G1R interim) | Description | DSPM Authorization |
|-------------------------|--------------------------|------------------------------|--------------------|
| QCAB1A | QCGRRA | Vehicle Rental: 1-30 Days | Required |
| QCAB1B | QCGRRB | Vehicle Rental: 31-60 Days | |
| QCAB1C | QCGRRC | Vehicle Rental: 61-90 Days | |
| QCAB1D | QCGRRD | Vehicle Rental: 91-120 Days | |
| QCAB1E | QCGRRE | Vehicle Rental: 121-150 Days | |
| QCAB1F | QCGRRF | Vehicle Rental: 151-180 Days | |

Technician Training Requirements

The repair quality of covered vehicles is extremely important to Toyota. All dealership technicians performing this repair are required to successfully complete the most current version of the E-Learning course "Safety Recall and Service Campaign Essentials". To ensure that all vehicles have the repair performed correctly, technicians performing this repair are required to currently hold at least one of the following certification levels:

- Toyota Expert (Electrical)
- Master Technician
- Master Diagnostic Technician (MDT)

Always check which technicians can perform the recall remedy by logging on to <https://www.uotdealerreports.com>. It is the dealership's responsibility to select technicians with the above certification level or greater to perform this repair. Carefully review your resources, the technician skill level, and ability before assigning technicians to this repair. It is important to consider technician days off and vacation schedules to ensure there are properly trained technicians available to perform this repair at all times.

Remedy Procedures

Please refer to TIS for Technical Instructions on repair. Conduct all non-completed Safety Recalls and Service Campaigns on the vehicle during the time of appointment.

Repair Quality Confirmation

The repair quality of covered vehicles is extremely important to Toyota. To help ensure that all vehicles have the repair performed correctly, please designate at least one associate (someone other than the individual who performed the repair) to verify the repair quality of every vehicle prior to customer delivery.

Parts Ordering Process - Non SET and GST Parts Ordering Process

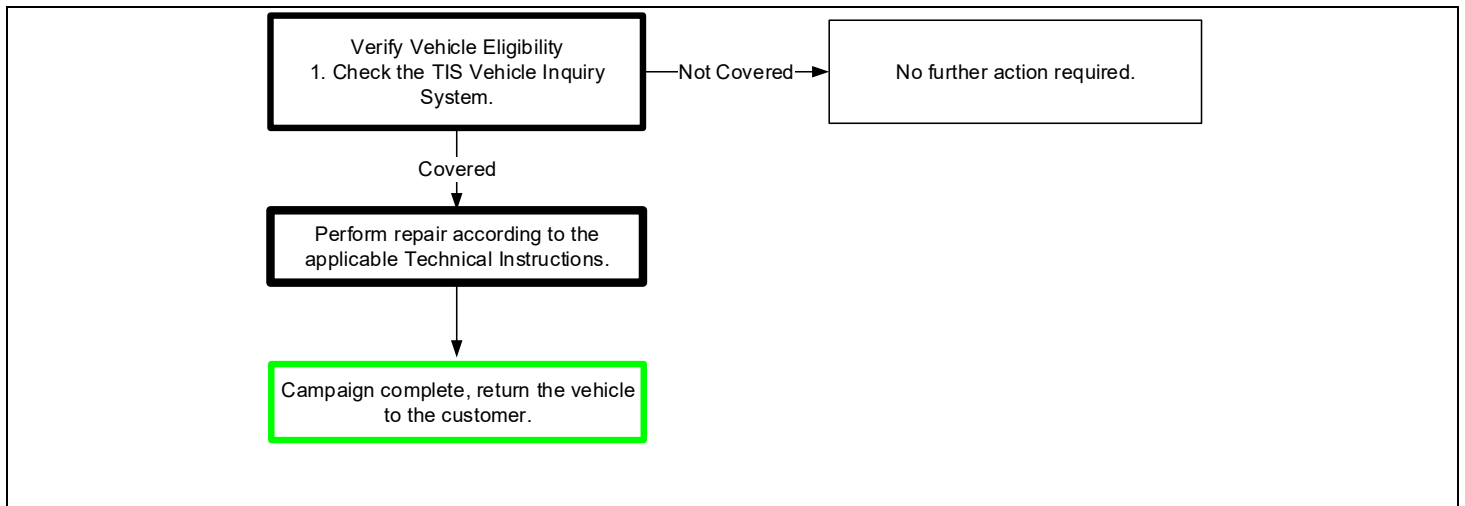
Due to potentially limited availability, the parts may have been placed on either Manual Allocation Control (MAC) or Dealer Ordering Solutions (DOS). As the parts inventory changes, the ordering process may change. Please check the Toyota Special Activities MAC/DOS report on Dealer Daily for the most up-to-date parts ordering information.

All Safety Recall, Service Campaign (SSC/LSC) parts are eligible for the Monthly Parts Return Program. Please refer to PANT Bulletin 2011-087 for campaign parts that are currently returnable under the Monthly Parts Return Program and for additional details.

Parts

| Model Year/Model | Part Number | Part Description | Quantity |
|-----------------------------|--------------|--------------------------------|----------|
| 2007 - 2008 Yaris Hatchback | 04005-23752 | Instrument Panel Airbag Module | 1 |
| 2007 - 2008 Yaris Hatchback | 04005-28352 | Wire Harness | 1 |
| 2007 - 2008 Yaris Hatchback | Local Source | Tie-wrap | 2 |

Warranty Reimbursement Procedure



| Model | Op. code | Description | Flat Rate Hours |
|-----------------------------|----------|--|-----------------|
| 2007 - 2008 Yaris Hatchback | BAG23A | Replace Instrument Panel Airbag Module | 0.8 hrs/veh |

- The flat rate times include 0.1 hours for administrative cost per unit for the dealership.
- Dealers may claim the cost for 2 plastic ties and the cost for materials needed for inflator return shipping under Op. code BAG23A at a maximum rate of \$0.70 per vehicle as sublet type "ZZ."

Media Contacts

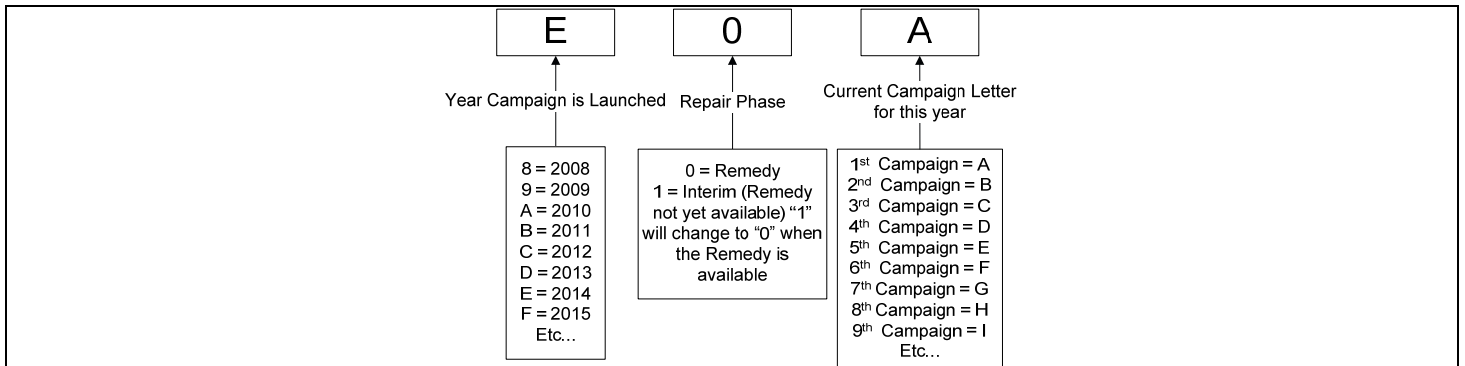
It is imperative that all media contacts (local and national) receive a consistent message. In this regard, all media contacts must be directed to Victor Vanov (469) 292-1318 in Toyota Corporate Communications. Please do not provide this number to customers. Please provide this contact only to media associates.

Customer Contacts

Customers who receive the owner letter may contact your dealership with questions regarding the letter and/or the Safety Recall. Please welcome them to your dealership and answer any questions that they may have. A Q&A document is provided to assure a consistent message is communicated.

Customers with additional questions or concerns are asked to please contact the Toyota Customer Experience Center (1-888-270-9371) - Monday through Friday, 7:00 am to 7:00 pm, Saturday 7:00 am to 4:30 pm Central Time.

Campaign Designation Decoder



Examples:

- A0D = Launched in 2010, Remedy Phase, 4th Campaign Launched in 2010
- C1B = Launched in 2012, Interim Phase, 2nd Campaign Launched in 2012
- E0A = Launched in 2014, Remedy Phase, 1st Campaign Launched in 2014

Please review this entire package with your Service and Parts staff to familiarize them with the proper step-by-step procedures required to implement this Safety Recall.

Thank you for your cooperation.
TOYOTA MOTOR SALES, U.S.A., INC.