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Ford Motor Company
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March 27, 2017

TO: All U.S. Ford and Lincoln Dealers

SUBJECT: NEW VEHICLE DEMONSTRATION / DELIVERY HOLD - Compliance Recall 17C02
Certain 2017 Model Year Continental and 2016-2017 Model Year Edge and MKX Vehicles
Driver Airbag Module Replacement

AFFECTED VEHICLES

Vehicle	Model Year	Assembly Plant	Build Dates
Continental	2017	Flat Rock	January 13, 2016 through January 18, 2017
Edge	2016-2017	Oakville	October 8, 2015 through February 15, 2017
MKX	2016-2017	Oakville	November 11, 2014 through February 15, 2017

Affected vehicles are identified in OASIS and FSA VIN Lists.

REASON FOR THIS COMPLIANCE RECALL

Some of the affected vehicles may not conform to the requirements specified by Federal Motor Vehicle Safety Standard (FMVSS) No. 208, Occupant Crash Protection. In the event of a driver airbag deployment, the driver airbag cushion may not completely fill, or the cushion may detach from the airbag module, increasing risk of an injury to the driver in a crash.

SERVICE ACTION

Before demonstrating or delivering any new in-stock vehicles involved in this recall, dealers are to replace the driver airbag module. This service must be performed on all affected vehicles at no charge to the vehicle owner.

OWNER NOTIFICATION MAILING SCHEDULE

Owner letters were mailed week of March 13, 2017, informing owners that parts were not available to repair their vehicles. Owner letters will be phased mailed second quarter 2017, informing owners that parts are available. Dealers should repair any affected vehicles that arrive at their dealerships, whether or not the customer has received a letter.

SEED STOCK PLAN

Beginning the week of April 3, 2017, some dealers will receive an initial seed stock of certain driver airbag modules. The volume of parts will vary by part number and will be based on the assigned vehicles in FSA VIN Lists. Dealers will receive additional part distributions in weekly intervals based on part availability. Certain parts will be available through restricted ordering with the SSSC. Please see Attachment II for details.

PLEASE NOTE:

Federal law requires dealers to complete this recall service before a new vehicle is delivered to the buyer or lessee. Violation of this requirement by a dealer could result in a civil penalty of up to \$21,000 per vehicle. Correct all vehicles in your new vehicle inventory before delivery.

ATTACHMENTS

Attachment I: Administrative Information
Attachment II: Labor Allowances and Parts Ordering Information
Attachment III: Technical Information
Owner Notification Letters

QUESTIONS & ASSISTANCE

For questions and assistance, contact the Special Service Support Center (SSSC) via the SSSC Web Contact Site. The SSSC Web Contact Site can be accessed through the Professional Technician Society (PTS) website using the SSSC link listed at the bottom of the OASIS VIN report screen or listed under the SSSC tab.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Berardi".

Michael A. Berardi

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OASIS ACTIVATION

OASIS was activated on March 1, 2017.

FSA VIN LISTS ACTIVATION

FSA VIN Lists were available through <https://web.fsavinlists.dealerconnection.com> on March 1, 2017. Owner names and addresses will be available after phase mailing is complete.

NOTE: Your FSA VIN Lists may contain owner names and addresses obtained from motor vehicle registration records. The use of such motor vehicle registration data for any purpose other than in connection with this recall is a violation of law in several states, provinces, and countries.

Accordingly, you must limit the use of this listing to the follow-up necessary to complete this recall.

SOLD VEHICLES

- Owners of affected vehicles will be directed to dealers for repairs.
- Immediately contact any of your affected customers whose vehicles are not on your VIN list but are identified in OASIS. Give the customer a copy of the Owner Notification Letter (when available) and schedule a service date.
- Correct other affected vehicles identified in OASIS which are brought to your dealership.
- Dealers are to prioritize repairs of customer vehicles over repairs of new and used vehicle inventory.

STOCK VEHICLES

- Correct all affected units in your new vehicle inventory before delivery.
- Use OASIS to identify any affected vehicles in your used vehicle inventory.

DEALER-OPERATED RENTAL VEHICLES

A new law prohibits a Rental Company from selling, renting or leasing vehicles subject to a safety or compliance recall. This could impact dealer-operated rental fleets of 35 vehicles or more, including FRAC, LRAC, and DDR vehicles. Please see EFC04833 for details and consult your legal counsel for legal advice.

TITLE BRANDED / SALVAGED VEHICLES

Affected title branded and salvaged vehicles are eligible for this recall.

ADDITIONAL REPAIR (LABOR TIME AND/OR PARTS)

Additional repairs identified as necessary to complete the FSA should be managed as follows:

- For vehicles within new vehicle bumper-to-bumper warranty coverage, follow existing warranty and policy guidelines for related damage claims. No SSSC approval is required for these vehicles:
 - Ford vehicles – 3 years or 36,000 miles
 - Lincoln vehicles – 4 years or 50,000 miles
- For vehicles outside new vehicle bumper-to-bumper warranty coverage, submit an Approval Request to the SSSC Web Contact Site prior to completing the repair.

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OWNER REFUNDS

Refunds are not approved for this program.

RENTAL VEHICLES

The use of rental vehicles is not approved for this program.

LINCOLN PICKUP AND DELIVERY

Owners of 2017 MY and newer Lincoln vehicles have the option of requesting pickup and delivery service with a Lincoln loaner, from their dealership. For this FSA, Lincoln dealers may also offer and claim this service for affected 2016 Lincoln vehicles. For details, reference EFC05539 titled 17C02 Lincoln Dealer & Client Support Tools.

LINCOLN CLIENT SPECIAL HANDLING

On a case by case basis, your existing Lincoln Loyalty funds are available for your use to assist in managing client expectations, such as client “surprise and delights”, covering “out of bounds” pickup & delivery, providing clients with a full tank of fuel, etc. Please see EFC05539 titled 17C02 Lincoln Dealer & Client Support Tools for additional details.

CLAIMS PREPARATION AND SUBMISSION

- Enter claims using Direct Warranty Entry (DWE) or One Warranty Solution (OWS).
 - DWE: refer to ACESII manual for claims preparation and submission information.
 - OWS: when entering claims in DMS software, select claim type 31: Field Service Action. The FSA number 17C02 is the sub code.
- Additional labor and/or parts must be claimed as related damage on a separate repair line from the FSA.
- Claims for Lincoln Loyalty should be submitted as a separate line on the same Repair Order.

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LABOR ALLOWANCES

Description	Labor Operation	Labor Time
Replace Driver Airbag Module	17C02B	0.3 Hour

PARTS REQUIREMENTS / ORDERING INFORMATION

To manage the supply of driver airbag modules, parts will be administered with seed stock and restricted ordering beginning the week of April 3, 2017.

Please obtain the VIN-specific part number from the Ford Parts Catalog to ensure the correct color driver airbag module is obtained.

To place an order for the five part numbers listed below, submit a VIN-specific Part Order contact via the SSSC Web Contact Site.

Part Number	Vehicle Line	Interior Trim Color	Order Quantity	Claim Quantity
GD9Z-78043B13-BK	Continental	Rhapsody In Blue	1	1
GD9Z-78043B13-BM	Continental	Destination	1	1
HA1Z-58043B13-JB	MKX	Hazelnut	1	1
HA1Z-58043B13-JE	MKX	Muse	1	1
HA1Z-58043B13-JD	MKX	Indulgence	1	1

Each dealer will receive a seed stock of some of the five part numbers listed below, based on assigned vehicles in FSA VIN Lists.

Part Number	Vehicle Line	Interior Trim Color	Order Quantity	Claim Quantity
GD9Z-78043B13-BJ	Continental	Cappuccino	1	1
GD9Z-78043B13-BL	Continental	Terra/Ebony, Jade Gray, Thoroughbred, Ebony	1	1
GT4Z-58043B13-JA	Edge	All	1	1
HA1Z-58043B13-JA	MKX	Cappuccino	1	1
HA1Z-58043B13-JC	MKX	Terra/Ebony, Triple Crown, Ebony/Cashmere, Ebony Interior	1	1

The DOR/COR number for this program is 51074.

Beginning the week of April 3, 2017, dealers will be able to view their parts distribution status (five parts from the bottom table only) on the PTS website under the white SSSC tab. Select the Part Seed Stock Status menu for details. Dealers will receive additional part distributions on a regular basis and no additional action is required from the dealer.

Dealers will be notified via a DOES II communication if circumstances warrant a change in part supply strategy and when open ordering begins.

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DEALER PRICE

For latest prices, refer to DOES II.

PARTS RETENTION AND RETURN

Follow the provisions of the Warranty and Policy Manual, Section 1 - WARRANTY PARTS
RETENTION AND RETURN POLICIES.

EXCESS STOCK RETURN

Excess stock returned for credit must have been purchased from Ford Customer Service Division in
accordance with Policy Procedure Bulletin 4000.

CERTAIN 2017 MODEL YEAR CONTINENTAL AND 2016-2017 MODEL YEAR EDGE AND MKX VEHICLES — DRIVER AIRBAG MODULE REPLACEMENT

OVERVIEW

Some of the affected vehicles may not conform to the requirements specified by Federal Motor Vehicle Safety Standard (FMVSS) No. 208, Occupant Crash Protection. In the event of a driver airbag deployment, the driver airbag cushion may not completely fill, or the cushion may detach from the airbag module, increasing risk of an injury to the driver in a crash. Dealers are to replace the driver airbag module.

SERVICE PROCEDURE

1. Replace the driver airbag module. Please follow the Workshop Manual (WSM) procedures in Section 501-20B.

