

TOYOTA

◀ IMPORTANT UPDATE ▶

PRODUCT SUPPORT DIVISION

The attached Dealer Letter has been updated. Refer to the details below.

| DATE | TOPIC |
|------------|---|
| 10/31/2016 | This Limited Service Campaign has expired as of October 31, 2016. |

The most recent update in the attached Dealer Letter will be highlighted with a red box.

Please review this notification with your staff to assure that all relevant personnel have been briefed regarding this subject.

Thank you for your cooperation.

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

Subject: Limited Service Campaign (LSC) D0N
Certain 2011 – 2012 Model Year Highlander Hybrid Vehicles
Rear Driveshaft Assembly Replacement

In our continuing efforts to ensure the best in customer satisfaction, Toyota is launching a Limited Service Campaign (LSC) on certain 2011 – 2012 Model Year Highlander Hybrid Vehicles. This LSC will cover approximately 4,000 vehicles.

Background

Due to an assembly error during manufacturing, the Rear Driveshaft in certain 2011-2012 Model Year Highlander Hybrid vehicles can disengage from its inboard joint assembly. If this occurs, the driveshaft could vibrate and rattle inside the inboard joint, causing a loud noise from the rear of the vehicle while driving. Continuing to drive the vehicle can damage the housing of the Rear Differential Motor. If the housing is damaged, the entire differential motor would also require replacement.

Limited Service Campaign (LSC) Remedy

Authorized Toyota dealerships are requested to inspect and replace the Rear Driveshaft Assemblies (both right and left) at **NO CHARGE** to the vehicle's owner. If the dealership determines that the driveshaft has disengaged from the inboard joint assembly, the Rear Differential Motor assembly will be replaced at **NO CHARGE** to the vehicle's owner.

This LSC will be available until **October 31, 2016**, and will only be available at an authorized Toyota Dealer.

1. Owner Notification Mailing Date

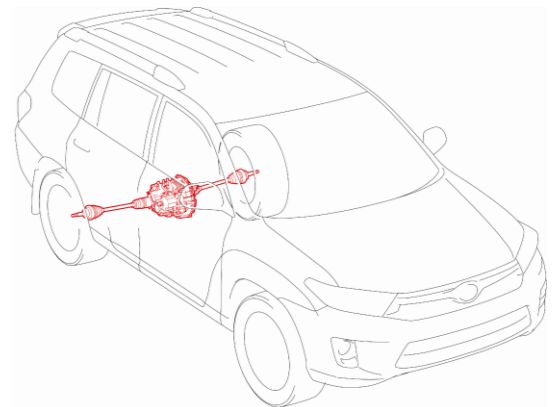
The owner notification will commence in early October 2013, approximately 1 week after the dealer notification.

Toyota tries hard 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 LSC announcement, it is the dealership's responsibility to forward the owner letter to the customer who purchased the vehicle.

Please note that only owners of the covered vehicles will be notified. If you are contacted by an owner who has not yet received a notification, please **verify eligibility by confirming through TIS prior to performing repairs**. Dealers should perform the repair as outlined in the Technical Instructions found on TIS.

2. New and Used Vehicles in Dealership Inventory (In-Stock Vehicles)

To ensure customer satisfaction Toyota requests that dealers conduct the LSC remedy on any new or used vehicles currently in dealer inventory that are covered by this LSC prior to customer delivery.



3. Number and Identification of Covered Vehicles

There are approximately 4,000 (2012 – 2013 MY) Highlander Hybrid Vehicles covered by this LSC.

| WMI | MY | VDS | Start | Finish |
|-----|------|-------|---------|---------|
| JTE | 2011 | BC3EH | 2003742 | 2003975 |
| | | DC3EH | 2003733 | 2003980 |
| | 2012 | BC3EH | 2003982 | 2008657 |
| | | DC3EH | 2003983 | 2008658 |

Please note that only owners of the covered vehicles will be notified. If a dealer is contacted by an owner who has not yet received the notification, please **verify coverage by confirming through TIS**. Dealers should perform the procedure as outlined in the Technical Instructions located on TIS. **Not all vehicles in the VIN range are covered** by this LSC.

A UIO matrix by state is provided to inform your dealership of the number of covered vehicles in your state.

| STATE | UIO | STATE | UIO | STATE | UIO | STATE | UIO | STATE | UIO |
|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|
| AK | 18 | HI | 25 | ME | 15 | NJ | 123 | SD | 6 |
| AL | 25 | IA | 32 | MI | 49 | NM | 37 | TN | 55 |
| AR | 13 | ID | 23 | MN | 64 | NV | 28 | TX | 159 |
| AZ | 47 | IL | 193 | MO | 53 | NY | 233 | UT | 64 |
| CA | 809 | IN | 56 | MS | 11 | OH | 92 | VA | 184 |
| CO | 127 | KS | 16 | MT | 15 | OK | 33 | VT | 13 |
| CT | 84 | KY | 46 | NC | 84 | OR | 118 | WA | 232 |
| DE | 16 | LA | 12 | ND | 8 | PA | 123 | WI | 69 |
| FL | 144 | MA | 170 | NE | 23 | RI | 16 | WV | 10 |
| GA | 71 | MD | 85 | NH | 29 | SC | 31 | WY | 11 |

4. Dealer Summary Reports

Summary Reports, containing the following will be enclosed in the dealer packet:

- The number of covered vehicles in your dealership’s primary marketing area. (Please verify eligibility by confirming through TIS prior to performing repairs.)
- A suggested initial parts ordering quantity.

5. Parts Ordering

Dealer Ordering Solutions.

Orders can be placed through the dealership’s facing PDC. The kits have been placed on Dealer Ordering Solutions and will be systematically released daily based on dealer ordering criteria

All covered vehicles will require the replacement of the Rear Driveshaft Assemblies.

| Part Number | Part Description | Quantity |
|---|----------------------------|----------|
| 04003-34148 | Shaft Kit Rr Drive | 2 |
| The kit above includes the following parts. | | |
| 42340-48081 | Shaft Assembly, Rear Drive | 1 |
| 90177-22001 | Nut | 1 |

Each dealership will receive specific dealer ordering criteria in an email from TMS Special Activities group based on Repair Order Volume * PDC Affected UIO. Dealers ordering criteria will also be available through the Customer Support Leader at their facing PDC. Therefore, it is vital that each dealership work with both Parts and Service to immediately file claims and coordinate appropriate kit orders. A sample of the Parts Allocation Report has been attached below for your reference.

(Parts Ordering Continued . . .)

Manual Allocation Control (MAC):

Approximately **1.5%** of vehicles will fail the inspection and need the following parts. **Do not** order these components until your dealership has confirmed the Rear Driveshaft has disengaged from its inboard joint assembly.

(See the Warranty Processor section for rental car information.)

| Part Number | Part Description | Quantity | |
|--------------|--|---------------------|---|
| 16492-21050* | Packing (For Radiator Drain Cock) | 1 | |
| G1050-48010 | Motor Assembly, Rr Traction W/ Transaxle | 1 | |
| 04003-36148 | Bolt & Gasket Kit: | | |
| | 17451-28040 | Gasket Exhaust Pipe | 2 |
| | 90109-12082 | Bolt | 2 |
| | 90119-14099 | Bolt, W/ Washer | 2 |
| | 91552-81265 | Bolt, Flange | 2 |

* Part 16492-21050 will not be on MAC but is need if the Rear Differential Motor is replaced.



To ensure parts availability, the parts have been place on Manual Allocation Control (MAC). If you require a part that has been placed on MAC, please send an email to Quality_Compliance@Toyota.com with the following information:

- **Subject Line: D0N MAC Release Request (Dealer Code)**
- **Dealer Code**
- **VIN Number**
- **Part Number and Qty. Ordered**
- **Order Reference Number**
- **Order Date**
- **Contact Person**

Once a representative confirms the information provided, the part will be released. If there is a concern regarding the information provided, a representative will contact your dealership. Please allow 2-3 days for part release after providing the requested information.

Important Notes:

- **Once you have placed your order DO NOT change or upgrade your order status.**
- **Failure to provide the above information within 48 hours will result in an order cancellation.**

TOYOTA
Parts Allocation Report

99999
SAMPLE TOYOTA of NOWHERE

The below matrix provides information for parts managed by NAPO Dealer Ordering Solution (DOS) and illustrates updates to your current daily allocation quantities. Parts shipments, arrivals and inventory quantities at your local PDC will change daily as parts are received and shipped from NAPO Suppliers. Therefore, your daily allocation quantity is subject to change based on the parts in-stock availability as well as in-transit inventory to your facing PDC. This report is provided as needed when daily allocation changes for DOS parts.

Parts with recent changes will be illustrated from top to bottom with the most recent effective date.

If you have any questions or concerns, please contact your facing PDC Customer Support Leader, John Q Sample at (999) 999-9999.

| Part Number | Total Allocation Quantity | Allocation Quantity | Allocation Frequency | Total Allocation Shipped | Total Allocation Remaining | Effective Date |
|-------------|---------------------------|---------------------|----------------------|--------------------------|----------------------------|----------------|
| | | | | | | |
| | | | | | | |

IMPORTANT PARTS ORDERING UPDATE

All Safety Recall, Service Campaign (SSC/LSC) and Customer Support Program (CSP) 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 additional details.

6. Technician Training Requirements

The repair quality of covered vehicles is extremely important to Toyota. All dealership associates involved in the recall process are required to successfully complete E-Learning course SC13A. To ensure that all vehicles have the repair performed correctly; technicians performing this recall repair must also meet at least one of the certification levels listed below:

- Hybrid Expert
- Drivetrain Expert and completion of course 071 Toyota Hybrid System
- Master Technician
- Master Diagnostic Technician

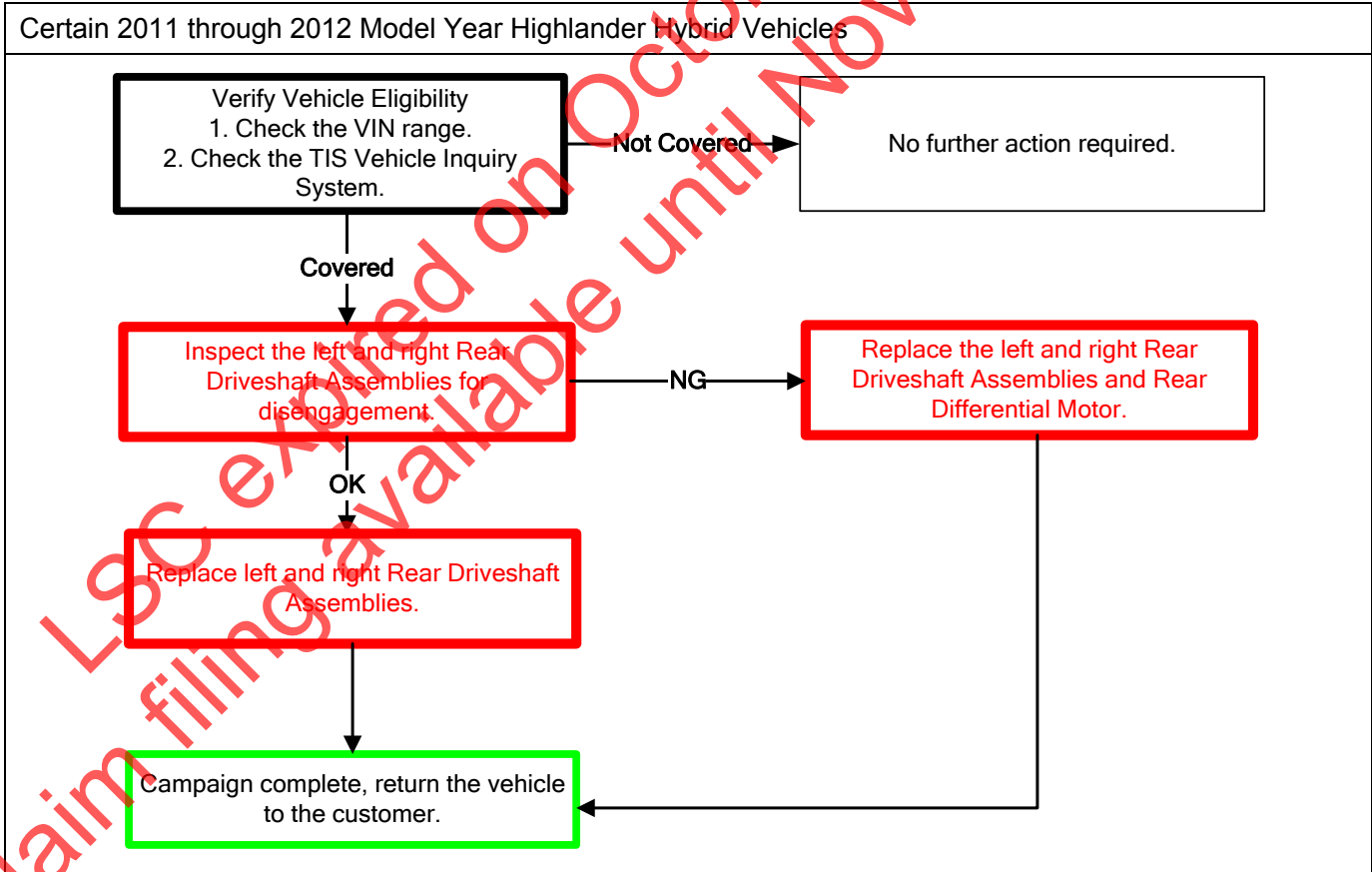
It is the dealership’s responsibility to select technicians with the above certification level or greater to perform this LSC repair. Carefully review your resources, the technician skill level, and ability before assigning technicians to this repair. It is important to consider technician days off and vacation schedules to ensure there are properly trained technicians available to perform this repair at all times.

7. Remedy Procedures

Please refer to TIS for Technical Instructions.

Conduct all applicable, non-completed Safety Recall and Service Campaigns on the vehicle during the time of appointment.

8. Warranty Reimbursement Procedure



Claim filing available until November 30, 2016

(Warranty Reimbursement Procedure Continued...)

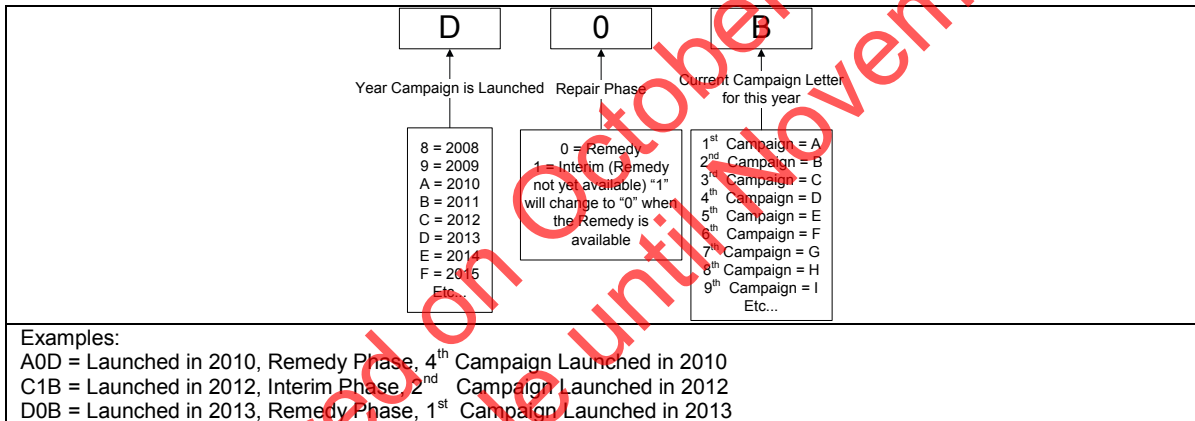
| LSC | Op. Code | Description | Flat Rate |
|-----|--|--|------------|
| D0N | 3619HA | Inspect & Replace Rear Driveshaft Assemblies | 2.0 hr/veh |
| | 3619HB <i>(Use only in limited cases where the condition has occurred.)</i> | Inspect and Replace Rear Driveshaft Assemblies and Rear Differential Motor | 4.2 hr/veh |

- The above operation codes include 0.1 hour for administrative cost per unit for the dealership.

Allowable Sublets for LSC D0N:

- Rental Vehicle:** Use sublet type “RT” for OpCode 3619HB. During the replacement of the driveshaft assemblies and the Rear Differential Motor, customer’s rental car through the Toyota Rent-A-Car (TRAC) Program is available for a maximum of 2 days. Follow the Toyota Transportation Assistance Program (TTAP) guidelines.
- Fluids:** Use sublet type “OF” for OpCode 3619HB. A maximum of \$39/vehicle cost for hybrid transaxle fluid (Automatic Transmission Fluid – World Standard) and 50% pre-mixed Super Long Life Coolant will be accepted.

9. Campaign Designation Decoder



10. 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.

11. 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 Cindy Knight (310) 468-2170 in Toyota Corporate Communications. (Please do not provide this number to customers. Please provide this contact to only media associates.)

12. Customer Contacts

Customers who receive the owner letter may contact your dealership with questions regarding the letter and/or LSC remedy. Please welcome them to your dealership and answer any questions that they may have. A Q&A 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).

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 Limited Service Campaign.

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

**Certain 2011 - 2012 Model Year Toyota Highlander Hybrid Vehicles
Rear Driveshaft Assembly Replacement
LIMITED SERVICE CAMPAIGN**

[VIN]

Dear Toyota Highlander Hybrid Owner:

At Toyota, we are dedicated to providing vehicles of outstanding quality and value. As part of our continuing efforts to provide superior customer satisfaction, Toyota is announcing a Limited Service Campaign, which includes your vehicle.

What is the condition?

Due to an assembly error during manufacturing, the Rear Driveshaft in certain 2011-2012 Model Year Highlander Hybrid vehicles can disengage from its inboard joint assembly. If this occurs, the driveshaft could vibrate and rattle inside the inboard joint, causing a loud noise from the rear of the vehicle while driving. Continuing to drive the vehicle can damage the housing of the Rear Differential Motor. If the housing is damaged, the entire differential motor would also require replacement.

(Please see the FAQ included with this owner letter for additional details)

You received this notice because our records, which are based primarily on state registration and title data, indicate that you are the current owner.

What is included in the Limited Service Campaign?

Any authorized Toyota dealership will inspect and replace the Rear Driveshaft Assemblies (both left and right) at **NO CHARGE** to you. If the dealership determines that the driveshaft has disengaged from the inboard joint assembly, the Rear Differential Motor assembly will be replaced at **NO CHARGE** to you.

This Limited Service Campaign will be available until October 31, 2016, and will only be available at an authorized Toyota Dealer.

This offer is limited to your specific vehicle whose Vehicle Identification Number (VIN) is printed at the beginning of this letter and is subject to the same conditions set forth in the New Vehicle Limited Warranty section of your Owner's Manual Supplement or Owner's Warranty Information booklet. For additional information, please refer to the booklet.

How do you take advantage of this Limited Service Campaign?

Please contact an authorized Toyota dealer and make an appointment to have this remedy performed before **October 31, 2016**.

Inspection and replacement of the Rear Driveshaft Assemblies will take approximately 2 hours. If the dealership determines that the driveshaft has disengaged from the inboard joint assembly, the repair will take approximately 12 hours because the Rear Differential Motor will need to be replaced. However, depending upon the dealer's work schedule, it may be necessary to make the vehicle available for a longer period of time.

Note: If the Rear Differential Motor requires replacement, a rental vehicle will be provided while your vehicle is being repaired.

If your vehicle is covered by this Limited Service Campaign, you do not need this owner letter to have the campaign completed; however, to assist the dealer in confirming vehicle eligibility, we request that you present this notice at the time of your service appointment.

What if you have other questions?

- Your local Toyota dealer will be more than happy to answer any of your questions and set up an appointment to perform the repair.
- You can find additional information and locate a Toyota dealer in your area by going online and visiting www.toyota.com/recall.
- If you require further assistance, you may contact the Toyota Customer Experience Center at 1-888-270-9371 Monday through Friday, 5:00 am to 6:00 pm, Saturday 7:00 am through 4:00 pm Pacific Time.

What if you have previously paid for repairs to your vehicle for this specific condition?

If you have previously paid for a repair to your vehicle for this specific condition prior to receiving this letter, please mail a copy of your repair order, proof-of-payment and proof-of-ownership to the following address for reimbursement consideration:

Toyota Motor Sales, U.S.A., Inc
Toyota Customer Experience, WC 10
19001 South Western Avenue
Torrance, CA 90509

Include your name, address, and telephone number(s) in your request. Please allow us 6-9 weeks to process your request.

Please note the dealer will need to perform this LSC before reimbursement consideration requests can be processed.

If you would like to update your vehicle ownership or contact information, please go to www.toyota.com/ownersupdate. You will need your full 17-digit Vehicle Identification Number (VIN) to input the new information. If you are a vehicle lessor, please assist us by forwarding this notice to the lessee.

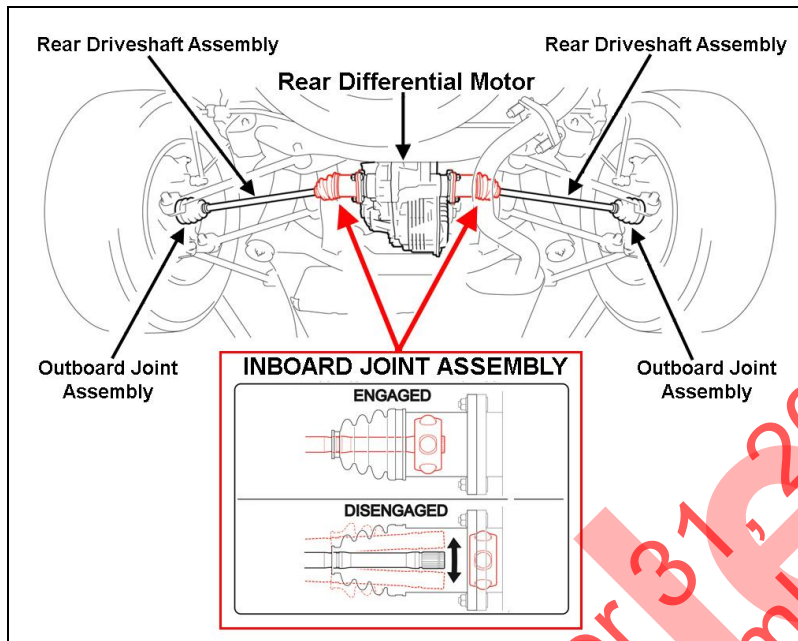
We have sent this notice in the interest of your continued satisfaction with our products, and we sincerely regret any inconvenience this condition may have caused you.

Thank you for driving a Toyota.

Sincerely,
TOYOTA MOTOR SALES, USA, INC.

LSC expired on October 31, 2016
Claim filing available until November 30, 2016

**Limited Service Campaign D0N
Frequently Asked Questions**



Q1: What is the condition?

A1: Due to an assembly error during manufacturing, the Rear Driveshaft in certain 2011-2012 Model Year Highlander Hybrid vehicles can disengage from its inboard joint assembly. If this occurs, the driveshaft could vibrate and rattle inside the inboard joint, causing a loud noise from the rear of the vehicle while driving. Continuing to drive the vehicle can damage the housing of the Rear Differential Motor. If the housing is damaged, the entire differential motor would also require replacement.

Q2: What is a Rear Driveshaft Assembly?

A2: The Rear Driveshaft Assemblies connect the Rear Differential Motor to the rear wheels. The driveshafts contain inboard and outboard joints that allow the shaft to move with the vehicle suspension. Due to an assembly error, this movement may disengage the driveshaft from the inboard joint assembly.

Q3: What is a Rear Differential Motor Assembly?

A3: The Rear Differential Motor is part of the hybrid system. The Rear Differential Motor works with the gasoline engine and the front electric motors during vehicle operation.

Q4: What will the inspection include?

A4: Before the Rear Driveshaft Assemblies are removed from the vehicle, a technician will check for excessive driveshaft movement inside the inboard joint assembly. If the driveshaft has disengaged from the inner joint the Rear Differential Motor will also be replaced.

Q5: How does Toyota obtain my mailing information?

A5: Toyota uses an industry provider who works with each state's Department of Motor Vehicles (DMV) to receive registration or title information based upon the DMV records. Please make sure your registration or title information is correct.

Q6: Are there any symptoms that this condition exists?

A6: Yes, if this condition exists, you will notice an abnormal noise (vibration / rattle) coming from the rear of the vehicle while it is being driven.

Q7: When will this Limited Service Campaign expire?

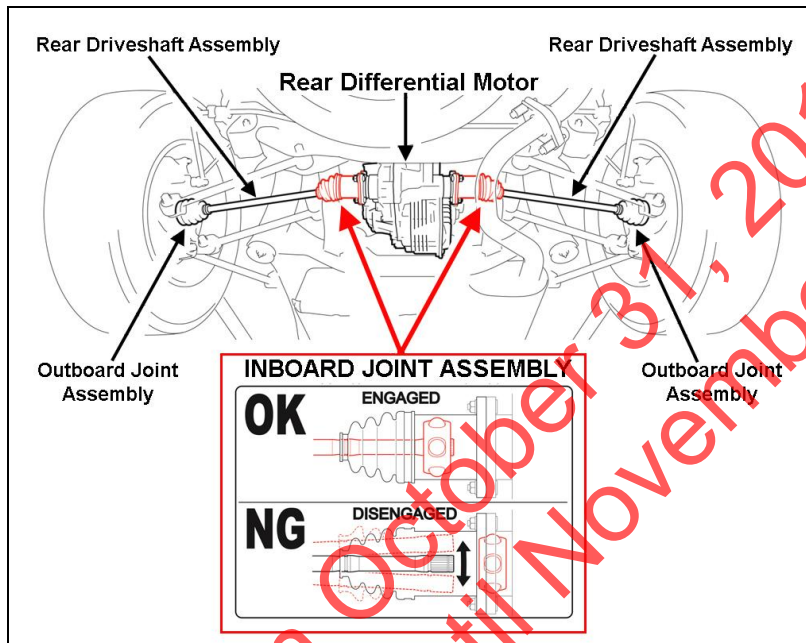
A7: This Limited Service Campaign will be available until **October 31, 2016**.



Limited Service Campaign (LSC) – D0N
Certain 2011–2012 Model Year Highlander Hybrid Vehicles
Rear Driveshaft Assembly Replacement – FAQ

Frequently Asked Questions

Published Early October 2013



Q1: What is the condition?

A1: Due to an assembly error during manufacturing, the Rear Driveshaft in certain 2011-2012 Model Year Highlander Hybrid vehicles can disengage from its inboard joint assembly. If this occurs, the driveshaft could vibrate and rattle inside the inboard joint, causing a loud noise from the rear of the vehicle while driving. Continuing to drive the vehicle can damage the housing of the Rear Differential Motor. If the housing is damaged, the entire differential motor would also require replacement.

Q1a: What is a Rear Driveshaft Assembly?

A1a: The Rear Driveshaft Assemblies connect the Rear Differential Motor to the rear wheels. The driveshafts contain inboard and outboard joints that allow the shaft to move with the vehicle suspension. Due to an assembly error, this movement can disengage the driveshaft from the inboard joint assembly.

Q1b: What is a Rear Differential Motor Assembly?

A1b: The Rear Differential Motor is part of the hybrid system. The Rear Differential Motor works together with the gasoline engine and the front electric motors in the following ways:

- *Starting from Stop* – The Rear Differential Motor works together with the front electric motors to propel the vehicle forward.
- *Light Acceleration, Light Load, & Cruising Conditions* – The Rear Differential Motor becomes inert to improve fuel economy.
- *Heavy Acceleration* – The Rear Differential Motor works in tandem with the front electric motors and the gasoline engine to provide the additional power.
- *Reverse* – The Rear Differential Motor works together with the front electric motors to propel the vehicle backward.
- *Decelerating & Braking* – The Rear Differential Motor and a front electric motor are used as a generator to recharge the hybrid battery & reduce the load on the brakes.

Q2: What is the cause of this condition?

A2: During the manufacturing process, there was an error in the equipment used to assemble the Rear Driveshaft Assemblies.

Q3: What is Toyota going to do?

A3: Owners of vehicles covered by this Limited Service Campaign will receive an owner notification letter by first class mail starting in early October 2013.

Any authorized Toyota dealership will inspect and replace the Rear Driveshaft Assemblies (both left and right) at **NO CHARGE** to you. If the dealership determines that the driveshaft has disengaged from the inboard joint assembly, the Rear Differential Motor assembly will be replaced at **NO CHARGE** to you.

Q3a: What will the inspecting entail?

A3a: Before the Rear Driveshaft Assemblies are removed from the vehicle, a technician will check for excessive driveshaft movement inside the inboard joint assembly.

Q3b: How does Toyota obtain my mailing information?

A3b: Toyota uses an industry provider who works with each state's Department of Motor Vehicles (DMV) to receive registration or title information based upon the DMV records. Please make sure your registration or title information is correct.

Q3c: Do I need my owner letter to have the remedy performed?

A3c: No, you do not need an owner letter to have this LSC completed; however, to assist the dealer in confirming vehicle eligibility, we request that you present the owner notification at the time of your service appointment.

Q4: Are there any symptoms that this condition exists?

A4: Yes, if this condition exists, you will notice an abnormal noise (vibration / rattle) coming from the rear of the vehicle while it is being driven.

Q5: Which and how many vehicles are covered?

A5: There are approximately 4,000 vehicles, certain 2011-2012 Model Year Highlander Hybrid Vehicles, covered in the USA.

| Model | Model Year | Production Range | Appx. UIO |
|-------------------|-------------|---|-----------|
| Highlander Hybrid | 2011 – 2012 | Late June, 2011 through mid-March, 2012 | 4,000 |

Q6: Are there any other vehicles covered by this Limited Satisfaction Campaign?

A6: No. This specific condition only affects certain 2011-2012 Model Year Highlander Hybrid Vehicles.

Q7: How long will the repair take?

A7: Inspection and replacement of the Rear Driveshaft Assemblies will take approximately 2 hours. If the dealership determines that the driveshaft has disengaged from the inboard joint assembly, the repair will take approximately 12 hours because the Rear Differential Motor will need to be replaced. However, depending upon the dealer's work schedule, it may be necessary to make the vehicle available for a longer period of time.

Note: If the Rear Differential Motor requires replacement, a rental vehicle will be provided while your vehicle is being repaired.

Q8: When will this Limited Service Campaign expire?

A8: This Limited Service Campaign will be available until **October 31, 2016**.

Q9: What if you have previously paid for repairs to your vehicle for this specific condition?

A9: Owners who have previously paid for repairs to address this specific condition should refer to the owner letter for instructions regarding reimbursement consideration.

Please note the dealer will need to perform this LSC before reimbursement consideration requests can be processed.

Q10: What if an owner has additional questions?

A10: Owners with questions or concerns are asked to please contact the Toyota Customer Experience Center at 1-888-270-9371 Monday through Friday, 5:00 am to 6:00 pm, or Saturday 7:00 am through 4:00 pm Pacific Time.

LSC expired on October 31, 2016
Claim filing available until November 30, 2016