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By delia.lopez at 9:16 am, Oct 21, 2010

TOYOTA

TOYOTA MOTOR NORTH AMERICA, INC.

WASHINGTON OFFICE
601 THIRTEENTH STREET, NW - SUITE 910 SOUTH, WASHINGTON, DC 20005

TEL: (202) 775-1700
FAX: (202) 822-0928

10V-499
(5 Pages)

October 21, 2010

Mr. Daniel C. Smith
Senior Associate Administrator for Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Ave, SE - Room W45-306
Washington, D.C. 20590

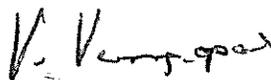
Re: Certain Toyota & Lexus Vehicles Brake Master Cylinder Issue
Part 573, Defect Information Report

Dear Mr. Smith:

In accordance with the requirements of the National Traffic and Motor Vehicle Safety Act of 1966 and 49 CFR Part 573, on behalf of Toyota Motor Corporation ["TMC"], we hereby submit the attached Defect Information Report concerning a voluntary safety recall of certain Toyota and Lexus vehicles to address an issue with the brake master cylinder.

Should you have any questions about this report, please contact me at (202) 463-6971.

Sincerely,



Vinnie Venugopal
General Manager
Toyota Motor Engineering & Manufacturing
North America Inc.

DEFECT INFORMATION REPORT

1. Vehicle Manufacturer Name:

Toyota Motor Manufacturing, Kentucky, Inc. ["TMMK"]
1001 Cherry Blossom Way Georgetown, Kentucky, 40324

Toyota Motor Manufacturing Canada Inc. ["TMMC"]
1055 Fountain Street North, Cambridge, Ontario, Canada N3H 5K2

Toyota Motor Corporation ["TMC"]
1, Toyota-cho, Toyota-city, Aichi-ken, 471-8571, Japan

Affiliated U.S. Sales Company

Toyota Motor Sales, USA, Inc. ["TMS"]
19001 South Western Avenue, Torrance, CA 90509

Component containing Defect

Brake Master Cylinder
ADVICS CO.,LTD.
2-1, Showa-cho, Kariya, Aichi 448-8688, Japan
+81-566-63-8000

2. Identification of Affected Vehicles:

Based on production records, we have determined the affected vehicle population as in the table below.

| Make/ Car Line | Model Year | Manufac- turer | VIN | | Production Period |
|----------------------|----------------|-------------------|-------|---------------------|--|
| | | | VDS | VIS | |
| Toyota Avalon | 2005 - 2006 | TMMK | BK36B | 5U001003 - 6U124198 | Sept. 17, 2004 Through Feb. 22, 2006 |
| Toyota Highlander | 2004 - 2006 | TMC | ##21A | 40001001 - 60153766 | May 30, 2003 Through Nov. 24, 2005 |
| Lexus RX | 2004 - 2006 | TMMC | #A31U | 4C001001 - 6C109797 | Feb. 10, 2003 Through Feb. 18, 2006 |
| | | TMC | | 40001010 - 60103457 | |
| Lexus GS | 2006 | TMC | #H96S | 60001002 - 65029308 | Sept. 20, 2004 Through Dec. 21, 2005 |
| Lexus IS | 2006 | TMC | ##262 | 60001001 - 65007476 | May 27, 2005 Through Mar. 20, 2006 |

Note: Although the involved vehicles are within the above VIN ranges, not all vehicles within

these ranges were sold in the U.S.

No other Toyota or Lexus models sold in the United States use the same brake master cylinder as the affected vehicles.

3. Total Number of Vehicles Potentially Affected:

| | |
|--------------------|---------|
| Toyota Avalon: | 115,856 |
| Toyota Highlander: | 285,490 |
| Lexus RX: | 286,115 |
| Lexus GS: | 28,699 |
| Lexus IS: | 12,384 |
| Total: | 728,544 |

4. Percentage of Vehicles Estimated to Actually Experience Malfunction:

Unknown

5. Description of Problem:

During vehicle assembly, Toyota uses brake fluids containing polymers that act as lubricants for certain brake system components. If replacement brake fluid is used that does not contain such polymers, or that contains only small amounts, a part of the rubber seal located at the rear of the brake master cylinder may become dry, and the seal may curl during movement of the piston. If this occurs, a small amount of brake fluid could slowly leak from the seal into the brake booster, resulting in illumination of the brake warning lamp.

If the vehicle continues to be operated in this condition, the brake pedal feel could change, and eventually braking performance could begin to gradually degrade. Although Toyota does not believe that this condition constitutes a safety-related defect, as noted further below, Toyota will voluntarily conduct a recall campaign to address this issue.

6. Chronology of Principal Events:

February 2005 – January 2006

Toyota received field technical reports indicating brake warning lamp illumination and fluid leakage from the brake master cylinder in several Toyota models. Toyota examined returned master cylinders and found that a part of the rubber seal located at the rear of the brake master cylinder had curled. Residual brake fluid was available in some of the returned master cylinders and was also examined. It was found that this fluid was different from the original Toyota fluid and in some cases was DOT4. Toyota presumed that the problems were attributed to the use of this fluid. Toyota also conducted replication tests using DOT4 fluid and confirmed that the rubber seal may curl when this fluid is used.

In addition, in November of 2005, the rubber seals in the master cylinders covered by this recall were changed to be common with other Toyota vehicles. This change resulted in more robustness against seal curling.

February 2006 – February 2010

Toyota continued to sporadically receive field technical reports, along with the failed parts, Toyota examined each returned brake master cylinder and the residual brake fluid in those parts, when available. In all cases, the rubber seals had curled and the residual brake fluid was different from the original Toyota fluid.

March 2010 – June 2010

Toyota continued to receive field technical reports, predominantly from the Japan market, and began further investigation. This included studying the mechanism of seal curling, the effect on intrusion of the fluid into the brake booster, and the composition of the brake fluid. The investigation found that certain brake fluids sold in the aftermarket contain only small amounts of polymers, causing deteriorated lubrication at the seal, which could lead to the seal curling during piston movement. However, it was confirmed that intrusion of the brake fluid into the brake booster does not have any effect on the function of the booster.

July 2010 – Early October 2010

Toyota conducted an additional assessment of this issue, including testing. Toyota found that the amount of leakage from the brake master cylinder is very small. Even if there is sufficient leakage to cause the brake warning lamp to illuminate, testing indicates that the vehicle can be driven after warning lamp illumination for an additional 300 kilometers (with six brake applications each kilometer) before any noticeable difference in brake pedal feel can be discerned (i.e., a gradual “spongy” feel), and without deterioration of braking performance. If brake fluid is not added at this point, the brake pedal feel could change and brake performance could begin to gradually decline. However, even if this were to occur, sufficient braking force remains to stop the vehicle safely. After another 150 kilometers, one of the brake circuits could become non-functional, but, because of the location of the seal, no further leakage can occur that would compromise the other brake circuit. Based on this assessment, Toyota believed that this condition does not present an unreasonable safety risk. In addition, it was also confirmed that seals produced from November 2005 are not affected when brake fluid with little or no polymer material is used in the master cylinder.

Mid October 2010

Notwithstanding the absence of risk to motor vehicle safety, this condition creates a non-compliance with a Japanese regulation that prohibits leakage of brake fluid in in-use vehicles and, therefore, Toyota will conduct a recall campaign in Japan. For other countries, including the U.S., although Toyota has not determined that a safety-related defect exists, in order to alleviate potential customer concerns and avoid confusion, Toyota has decided to conduct a voluntary recall campaign in the U.S. and other countries.

7. Description of Corrective Repair Action:

All known owners of the subject vehicles will be notified by first class mail to return their vehicles to a Toyota or a Lexus dealer. The dealer will replace the seal with a newly designed one.

Reimbursement Plan for pre-notification remedies for Toyota and Lexus Vehicles

The owner letter will instruct vehicle owners who have had the brake master cylinder replaced for this condition prior to this campaign to seek reimbursement by mailing a copy of their repair order, proof-of-payment, and proof-of-ownership for reimbursement consideration.

8. Recall Schedule:

Toyota's mailing of the owner notifications will commence in early November and be completed by the end of January 2011.

Copies of the owner notification and dealer instructions will be submitted as soon as they are available.

9. Distributor/Dealer Notification Schedule:

Toyota's notifications to distributors/dealers will be sent at the end of October 2010.