



Warranty Enhancement ZLD – Program and Parts Update

June 20, 2016

Dear Lexus DP, GM, Service and Part Managers,

It has been a year since Lexus launched the first of four phases to provide parts replacement to qualifying vehicles covered by Warranty Enhancement ZLD (the “Warranty Enhancement”). Lexus would like to share the following program progress report with you:

- To date, approximately 65% of those vehicles anticipated to exhibit the condition addressed by the Warranty Enhancement have been repaired, including many older vehicles which have long been out of the original warranty.
- Customer calls to the Lexus Customer Assistance Center with regard to this program have continued to decline each month for the last four months, which reflects the great care you have been providing to these guests.
- 77% of parts managers completed Lexus’ parts need survey, which will provide information to support planning for the balance of this program.
- Dealers across the country have almost 2,700 dashes collectively in inventory available to support guests who qualify for Warranty Enhancement.

We know our guests and dealers have raised an issue about parts supply. As we have explained, while we have been working hard to prepare replacement parts since before the announcement of the Warranty Enhancement, given the number of vehicles and the range of ages, colors, and sizes of the parts covered by the Warranty Enhancement, the supply for certain configurations varies by model. To address this issue, Lexus has transferred parts from PDCs with lower demand to PDCs with higher demand to ensure parts are used when and where needed. Additionally, Lexus has worked with TMC to secure the share of parts our market deserves within the worldwide demand for parts. Moreover, Lexus has continued to increase production levels for RX and GX parts, and additional IS and LS door panels are being shipped to the United States for those guests qualifying for door panel replacement.

To support our joint efforts to satisfy our guests, Lexus is offering:

- A **one-time, restocking fee free** return of any dashes or door panels currently in dealer inventory which have been determined not to be needed to satisfy guest demand.
 - Please take this opportunity to **return in-stock inventory or cancel pending orders** for those parts/orders determined not to be required by your dealership.
 - **Return these parts under your normal monthly return prior to July 31st.**
 - Cancellation of pending orders must be completed by July 31st.

To further support dealers, Lexus has:

- Removed all DOS limits on parts orders.
 - Please order only those parts needed for confirmed vehicle conditions.
- **Any dashes or door panels in dealer inventory or ordered by dealers on or after August 1, 2016, will not be eligible for return.**

We are working diligently to take care of all guests with vehicles covered by this voluntary Warranty Enhancement program. Thank you for your patience and on-going support.

Sincerely,

Lexus, Owner Retention and Satisfaction