

Lexus Update: Our Response to the Los Angeles Times on Lexus ES 300/330 Drivetrain Issue

May 23, 2010

Lexus objects to the *Los Angeles Times*'s portrayal of how the company responded to customer concerns regarding a drivetrain issue in the 2002-2006 Lexus ES300/330 (‘Toyota Kept Lexus Issue from Buyers’ May 23, 2010).

The *Times* mischaracterizes a service process that is common throughout the auto industry to address rare performance issues. Transmission hesitation and momentary surge in the Lexus ES 300/330 was not a safety or unintended acceleration issue but a customer satisfaction and drivability issue about which only a limited number of customers raised concerns. We did not keep this issue from ES owners but, instead, proactively addressed the needs of those customers who were dissatisfied with the feel and performance of their vehicle's drivetrain.

Overall, 98% of all customers were satisfied with their vehicle's performance, as evidenced by the numerous quality and customer satisfaction awards and recognition the Lexus ES has received, including best-in-class in J.D. Power and Associates' Initial Quality Study (IQS) in three of the first five years after it was introduced:

- May 2003 ? Lexus ES 300 is the highest ranked entry luxury car in the 2003 J.D Power and Associates IQS.
- May 2005 ? The Lexus ES 330 is the highest ranked mid-luxury car in the J.D. Power and Associates IQS.
- June 2006 ? Lexus ES 330 earns J.D. Power and Associates IQS award in the Mid-size Premium Car segment.
- July 2003 ? ES 300 ranks first in the entry luxury sedan class in the 2003 J.D. Power and Associates Vehicle Dependability Study (VDS).
- On the manufacturing side, J.D. Power and Associates awarded the ES 300 manufacturing facility, the Tsutsumi Plant in Japan, the Bronze Plant Award.

What's more, our own research shows that owner loyalty for the fourth- and fifth-generation ES sedan was at or near the top for the entry-luxury segment.

The technical service bulletins (TSB) issued to address this drivetrain issue in the Lexus ES300/330 were efforts to achieve greater customer satisfaction with smoother shifting between gears in the automatic transmission.

Once a TSB was available to address this condition, we proactively reached out to the small segment of Lexus customers who had previously contacted us about this issue to ensure they were aware the TSB was available, that their concerns were properly addressed and that they were satisfied with their vehicle's performance. This TSB is still available to all other customers who may experience the same issue.

Transmission shifting is often a matter of customer preference, and the vast majority of owners were either not affected by or did not have a concern about this drivability issue. More specifically, some like quick, firm shifts, while others prefer slower, gentler shifting. In addressing drivetrain performance, Lexus strived to satisfy the widest range of customer expectations and preferences.

The term "surge" has been used across the industry for many years to describe a condition where there is a very slight slow-down and speed-up perception (typically two miles per hour or less) while holding steady throttle at low to moderate speeds. This issue was in no way related to any kind of sustained acceleration. Drivability concerns related to momentary surges or throttle hesitation are not unique to Lexus or Toyota, and nearly every major auto manufacturer has published technical service bulletins to address this type of issue in their vehicles.

In the last ten years, nearly 80 service bulletins related to this issue with corresponding repairs and/or program updates have been released across the industry. Issuing a TSB is commonplace for addressing issues such as this, and there are numerous similar circumstances where other manufacturers have also done so, versus direct notification to customers.

Toyota and Lexus make all available TSBs accessible to the public through the internet by subscribing to our Technical Information System. Toyota also submits copies of TSBs monthly to the National Highway Traffic Safety Administration (NHTSA), and most are summarized on the NHTSA website for anyone to review.

Lexus strives to achieve the highest standards of product quality and customer satisfaction, and we made every effort to make the shifting characteristics of the ES truly best in-class before and after production began. Given the concerns raised by some customers about this drivability issue, we did not meet the very high customer satisfaction standards we set for ourselves. However, we fully stand behind the engineering and production quality of the vehicle, as well as our after-sale customer service and technical support.