

DATE: NOVEMBER 18, 2005

TO: US and Canada Dealer Principals, Service Managers, Parts Managers and Sales Managers

FROM: Diana Lidgett, Regulations and Compliance Programs Manager

RE: **Recall 150 for U.S. and Canada MY2005-6, Volvo XC90 and S80, Battery Positive Cable**

Volvo Cars North America, LLC (VCNA) and Volvo Cars Canada Ltd. (VCCL) have decided to have a recall (Recall 150) for the involved vehicles in the U.S. and Canada. We have notified NHTSA and Transport Canada of this action and they are in agreement with the action.

Note:

This action is for the U.S (approximately 10,259 vehicles) and Canada (approximately 465 vehicles)

RECALL 150 CAMPAIGN DESCRIPTION:

In a certain few vehicles (MY2005-6, Volvo XC90 and S80) due to an error in the factory assembly instruction, the B+ terminal may be in conflict with the starter motor solenoid. If this occurs, the conflict between the B+ terminal and the starter motor solenoid may develop into a short circuit of the battery cable to ground.

SYMPTOMS CUSTOMER MAY EXPERINECE:

- If the vehicle is parked, smoke may appear from under the hood and/or it may be impossible to start the car.
- If the short circuit happens during driving, electrical power could be lost, resulting in warning lamps being deactivated.

REMEDY:

Increase distance between the B+ terminal and the starter motor solenoid, by adjusting the terminal.

COMMUNICATION:

- NHTSA opened an investigation PE05-057 concerning this matter with Volvo on November 2, 2005.
- This matter has subsequently received media attention.
- VCNA provided defect notification concerning Volvo's decision to recall to NHTSA on November 16, 2005.
- NHTSA will likely post this onto the NHTSA website within two days of this notification and other websites may soon copy this posting to their own websites and/or publications.

Please note that the NHTSA information about this recall differs from the Volvo information as follows:

- NHTSA has added a statement that "**an electrical short could result in a fire**".
 - The fact that is a "**certain few vehicles**" has been omitted
- It is possible that customers may contact you upon seeing this posting from NHTSA or another publication.
 - Vehicle owners will begin to receive letters via first class mail in approximately 60 days. This letter will request that the owner of the vehicle take their vehicle to a Volvo retailer for inspection and/or remedy

CORRECTIVE ACTION:

- The remedy is to increase distance between the B+ terminal and the starter motor solenoid, by adjusting the terminal.
- Retailers must confirm vehicle eligibility in VRC2 prior to beginning recall campaign repairs. The following involved vehicles shall may be subject to this recall:

S80	184	0390050-0427400
XC90	275	0134117-0218976
XC90	275	0224089-0229094
- TNN 37-150 has been released that can be used for implementing this recall remedy in advance of the owner letter mailing.
- All work performed under Recall 150 will be performed at no charge to the customer.

WARRANTY CLAIM INSTRUCTIONS:

RETAILER ALLOWANCE (SHORT FORM APPLICATION)

Parts and labor reimbursement amounts are effective at time of release and may change in the future:

Claim Type	Repair Code	Repair Description	Labor Time
R35042	02	B+ Cable solenoid check/adjust	0.2

CONSUMER INQUIRIES:

As you know, the current state of media and Internet technology can bring immediate attention and public awareness of Recalls. We are sending you this information before formally launching this Recall to help you prepare for customer inquiries. Please work with your local Volvo Field representative to handle these consumers. This is very important.

The following are some tips for handling inquiries:

- Inform the customer that letters have not yet been sent and will not begin to be sent for approximately 60 days.
- Explain to the customer that NHTSA's posting to their website accurately indicates that there will be a recall but NHTSA posts their information independent of the manufacturer's timing to initiate the recall.
- **THERE HAVE BEEN NO REPORTED FIRES.** It is important that customers are communicated this fact if they ask.
- Volvo has estimated that only a very small percentage of all affected vehicles may have this specific defect.

WHAT THIS MEANS TO U.S. RETAILERS:

U.S. retailers cannot sell any vehicles that are affected by this recall in the U.S. unless they are properly corrected. Violation of this U.S. regulation could have significant civil penalties. You may want to check with your legal advisor about this matter.

Note: This legislation is not applicable to Canada.

If you have any questions concerning this information, please contact Diana Lidgett, Compliance Programs Manager, at 201-768-7300 extension 7249 (dlidgett@volvocars.com).

Direct all media inquiries to Dan Johnston 201- 784- 4504.