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(4 pages) Amended

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May 6, 2010
Ref. No.: GR10-011

Mr. Daniel C. Smith
Associate Administrator for Enforcement, NVS-200
National Highway Traffic Safety Administration
Room W 45-306
1200 New Jersey Ave. SE
Washington, DC 20590

RE: Part 573 Defect Information Report – Crack of CVT Fluid Cooler Hose on 2010 Subaru Legacy & Outback-Compete Submission

Dear Mr. Smith,

In accordance with 49 CFR Part 573 Defect and Noncompliance Responsibility and Reports, Fuji Heavy Industries USA, Inc. on behalf of Subaru of America, Inc. and Fuji Heavy Industries, Ltd., submits the enclosed notification and report concerning a defect in the CVT Fluid Cooler Hose on certain 2010 model year Subaru Legacy and Outback vehicles sold in the United States. Our internal designation for this recall campaign will be: WVQ-27. This submission completes the initial DIR which was submitted on 5/4/2010.

If you have any questions on the enclosed report, please contact me.

Sincerely,

Fuji Heavy Industries USA, Inc.



Maurice Arcangeli, Director
Government Relations

Enclosure

cc: Fuji Heavy Industries, Ltd. (Japan)
Subaru of America, Inc. (Cherry Hill, NJ)

Defect Information Report (49 CFR Part 573.6)

573.6(c)(1) - Manufacturer's Name

Vehicle Fabricating Manufacturers:

Fuji Heavy Industries, Ltd. ["FHI"]
1-7-2 Nishi-Shinjuku
Shinjuku-ku
Tokyo 160-8316, Japan

Subaru of Indiana Automotive, Inc. ["SIA"]
5500 State Road 38 East
Lafayette, Indiana 47903

Designated U.S. Agency:

Fuji Heavy Industries USA, Inc.
2235 Rt. 70 West
Cherry Hill, NJ 08002

573.6(c)(2)(i) - Identification of Vehicles Containing the Defect

Based on vehicle production records, we have determined from production dates that the recall affected passenger car population is as follows:

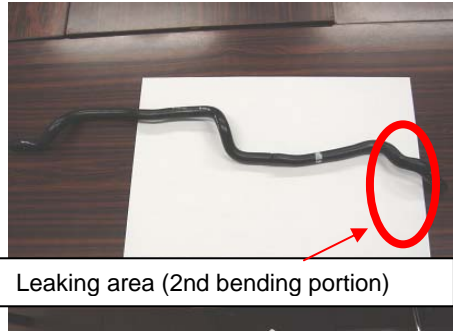
| | |
|-------------------|---|
| Make: | Subaru |
| Model Year(s): | 2010 |
| Model(s): | Legacy & Outback Vehicles |
| Production Dates: | July 31, 2009 through December 1, 2009 |
| VIN Ranges: | 2010 Legacy: A3215537 through A3227670 |
| (Last 8 Digits) | 2010 Outback: A3317662 through A3346480 |

573.6(c)(3) - Total Number of Vehicles Potentially Containing the Defect

| <u>Model</u> | <u>Year</u> | <u>Number of Vehicles Potentially Involved</u> |
|--------------|-------------|--|
| Legacy | 2010 | 7,892 |
| Outback | 2010 | 21,551 |
| | TOTAL | 29,443 |

573.6(c)(4) - Percentage of Vehicles Estimated to Actually Contain the Defect

It is not possible to determine an estimated percentage. We have received only two technical reports of the problem from other markets.



573.6(c)(5) - Description of the Defect

(1) A technical report that FHI received from other markets indicated fluid leak from CVT fluid cooler hose and MIL illumination.

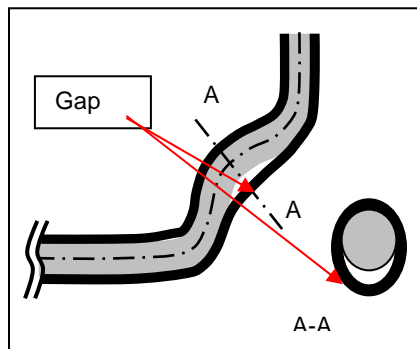
(2) Production change produced the problem:

- a) Length of rubber hose was set up 16mm longer for a specific time, i.e. between 7th of August, '09 and 10th of September, '09.
- b) An additional new associate worked the hose insertion to mandrel (shaft to process hose) with 3 experienced workers between 23rd of June, '09 and 31st of August, '09.

(3) Cause of the Defect

A gap between the hose and mandrel became larger than usual when the longer hose was inserted to mandrel with excessive force.

- a) Under these circumstances, if the split area was gripped tightly during hose insertion, the outer surface of the hose collapsed and folding ripples are generated on the internal hose.
- b) A split developed from the starting point of internal folding ripples generated by collapse of the hose to outer surface of the hose during internal pressure, which resulted in a large fluid leak. If the fluid is completely leaked during driving, the vehicle will come to a stop.



573.6(c)(6) - Chronology of Principal Events

March 18, 2010: FHI received the field technical reports from the Subaru Distributor in Japan and one other country concerning fluid leak from CVT fluid cooler hose and MIL illumination.

March 22, 2010: FHI received warranty returned part.

March 23 through April 2, 2010: FHI investigated the warranty part and confirmed the internal hose split starting from internal folding ripples.

April 5, 2010: FHI received additional warranty part and confirmed collapse of the hose in the same way as the initially returned part and it estimated as manufacturing problem.

April 7, 2010: FHI visited supplier to inspect the manufacturing process and the collapse of the hose was duplicated when the hose was gripped tightly during insertion process to mandrel.

April 8 through April 22, 2010: FHI continued its investigations to detect and determine the real cause of the problem.

April 23, 2010: FHI held a general managers' meeting to confirm the whole aspect of the problem.

April 27, 2010: FHI concluded its investigation and determined that this condition relates to motor vehicle safety; accordingly, FHI will conduct a recall campaign.

573.6(c)(8) - Description of the Manufacturer's Remedy Program

(i)

The remedy plan calls for dealers to check lot number of the fluid cooler hose. The hose will be replaced with a new one if the lot number shown is in the effected range.

(ii)

Subaru of America, Inc. expects to notify U.S. dealers around TBD 2010 and include complete inspection and repair instructions. Owner notices are expected to be mailed on TBD 2010.

573.6(c)(10) - Submission of Recall Communications

Fuji Heavy Industries USA, Inc. will provide copies of all notices, bulletins and other recall related communications within 5 days after their distribution.

573.6(c)(11) - Manufacturer's Campaign Number

Our identification code for this recall campaign will be: WVQ-27.

577.5(a) - Submission of Owner Notification Letter

A copy of the owner notification letter will be submitted to NHTSA's Recall Management Division at least 5 days prior to mailing.