

# Memorandum

CONFIDENTIAL

**Date:** March 23, 2018  
**To:** Store Manager  
**From:** Corey Adamson  
**Re:** Recall of Retread Radial Truck Tires (“LS Retread Recall”)

## Important Amended Safety Recall Information

**Amended Notice Information.** Les Schwab Production previously provided you notice that it decided a defect related to motor vehicle safety exists in certain steel-belted radial retreaded truck tires produced at the Prineville, Oregon; Spokane, Washington; and Rupert, Idaho retreading facilities for the weeks identified below (“Recalled Tires”). There are two changes to the prior notice that require your immediate attention. Refer only to this Amended Notice going forward.

First, the DOT-R range of tires being recalled has changed slightly so this Amended Notice replaces and supersedes the prior Recall Notice sent on March 20, 2018. **The only DOT-R number range changed in this Amended Notice is that the last range begins two weeks earlier at “RCEE4217RS” and not “RECC4417RS.”** The list of the affected SKUs remains unchanged and is attached again to this Amended Notice for your convenience. The letters being sent to customers will have the correct DOT-R number ranges noted below.

Second, in order to avoid delay the manner in which the Production Department will process and replace the Recalled Tires has been changed to enhance the stores’ ability to quickly receive replacement product for customers. See the “Store Inventory” discussion below for more details.

Other than the two issues discussed above, all other information in this Amended Notice duplicates the information provided in the March 20, 2018 Notice.

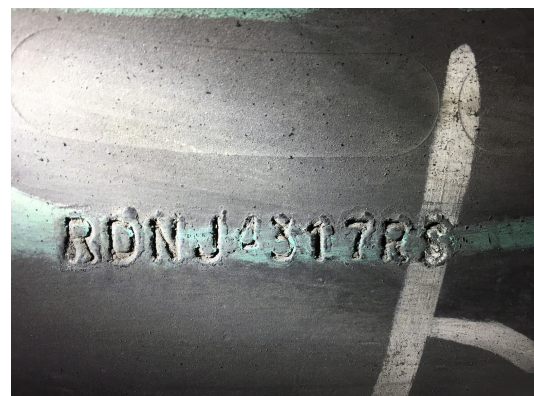
**Description of Tires Covered by LS Retread Recall.** Les Schwab is recalling certain retreaded radial truck tires (of a qualifying SKU) with a DOT-R number branded into the sidewall that falls within any of the following ranges:

**RDNJ4217RS through RDNJ5017RS**

**RNVK4417RS through RNVK5017RS**

**RCEE4217RS through RCEE5017RS**

### Brand Sample



**Description of Defect.** The vulcanizing agent used on some of the tires in the LS Retread Recall population may not have fully cured during the specified minimum curing time and temperature. This was undetectable at the time of production and delivery. Insufficiently cured vulcanizing agent may result in incomplete bonding of the new tread to the tire casing

in tires removed from the curing chamber immediately after the minimum curing period. Affected tires that have been returned from service to date have displayed pieces of tread torn away without further tread separation. There have been no complete tread detachments or loss of control and no reported property damage, accidents, injuries or deaths related to this condition.

Some of the Recalled Tires may have cured sufficiently and may not contain the defect. However, in an abundance of caution, the current LS Retread Recall scope includes all of the radial truck tires (of a qualifying SKU) retreaded during the weeks when the defective vulcanizing compound may have been used.

**Risk to Motor Vehicle Safety.** Lack of full vulcanization of the new tread to the existing tire casing can cause tread separation or detachment and, in the worst case, may lead to loss of vehicle control under certain circumstances. Loss of vehicle control could cause a vehicle crash without prior warning. Therefore, the defect affecting some of these tires could potentially cause a vehicle crash without prior warning under certain circumstances.

**LS Retread Recall Remedy.** Les Schwab will replace Recalled Tires at no charge to the customers. **Do not sell any Recalled Tires and immediately quarantine Recalled Tires from saleable or usable stock.** Customers are concurrently being advised of the impending Safety Recall by way of the Customer Notification Letter. We previously provided you with a draft of the Customer Notification Letter in the prior notice. The official Safety Recall Notice will be sent by Les Schwab Production once it has been approved by the National Highway Traffic Safety Administration (“NHTSA”). The Customer Notification Letter and subsequently the Customer Safety Recall Notice advises customers to immediately remove any recalled tires from service or stock and return those tires back to their local Les Schwab Tire Center for free replacement.

Specific directions to verify LS Retread Recall applicability, to perform the Recalled Tire replacement, and to return all Recalled Tires to the Prineville production center can be found below under Procedure for Disposition of Recalled Tires.

**Procedure for Disposition of Recalled Tires.** All employees of your store who are involved with removal, alteration or disposition of Recalled Tires must be notified of this procedure:

## **Store Inventory:**

1. Immediately inspect all store inventory and quarantine Recalled Product having the exact DOT-R numbers listed above. DOT-R numbers must match all characters of the codes listed above to constitute Recalled Product. We are prohibited by Federal Law from selling new or used tires covered by this LS Retread Recall. **DO NOT SELL ANY OF THE RECALLED PRODUCT, EFFECTIVE IMMEDIATELY.** All stock and recovered Recalled Product must be sent to Les Schwab Production for testing.
2. Tires with DOT-R numbers different than those listed above are not Recalled Product, and not subject to the LS Retread Recall and can be sold.
3. To remove the Recalled Product from inventory and return to LS Production:
  - a. Please complete a Return to Vendor
  - b. Select Vendor ID 00003 LS Production
  - c. Select a Reason code of ‘3’ MANUFACTURER RECALL
  - d. Type ‘Recall’ in the comments field
4. Label the Recalled Product with the orange Bead Tag and attach a copy of the RTV document.
5. Please be sure to print the Return to Vendor document to keep in your credits pending file to be sure you receive credit for the Recalled Product returned.



6. The Production Department will credit your store at 96% of store cost.
7. In order to avoid delay and allow you to quickly receive replacement product for customers, the Production Department will not retread the casings of Recalled Product and return them to the stores in connection with this Recall. Recalled Product returned to Production will be adjusted and receive a credit for the casings.
8. Casing credits will be issued for customer owned casings. The Production Department will issue credit for casings at your store cost for casings when you replace them from our retread shops. The credited amount will be based on the condition of the casing when the Production Department last retreaded it (e.g. if this is the first time it has been retreaded, you will receive credit for as a virgin casing).
9. Stores should work with the Production Department to find acceptable replacement casings for customers. Replacement product can be ordered from the Production Department. We encourage stores to order their retread needs from the retread shops. **NOTE: the retread shops will not automatically send replacement product from now forward.** Please note that supply is somewhat limited, so order replacement product based on what you need to take care of your customers' immediate needs. We will be putting replacement product into the warehouses each day, so your patience is appreciated.
10. A \$25.00 mount/dismount credit will also be provided for tires removed from customer's vehicles.
11. The Production Department may credit casings currently in our system using two separate credit memos. We expect it will take a few days for the crediting process to be executed.

## **Customer Notification:**

1. We previously provided you with a copy of the draft Les Schwab letter sent to customers who purchased potentially Recalled Product explaining the LS Retread Recall and necessary customer action. The letters being sent to customers will have the correct DOT-R number ranges.
2. If a customer comes into your store, please verify the customer's tires qualify as Recalled Product by confirming they fall under the DOT number range listed above.
3. Once you confirm tires qualify as Recalled Product, they should be replaced at no cost to the customer.
4. We have been careful to insure all tires potentially affected by the recall condition have been included in the DOT-R number range identified above. If, however, the customer presents a tire you believe may exhibit the defect condition described above but is not included in the above identified DOT-R number range, please notify the Production Department for further instruction.

## **Replacement of Customer Recalled Product:**

Once you confirm the customer's tires qualify as Recalled Product:

1. All replacement tires and services must be at no charge to the customer (including mounting and balancing), regardless of remaining tread depth.
2. If the customer chooses to replace the Recalled Product with another brand of tire that is more expensive, the customer must pay the difference.
3. To issue credit to the customer, please follow the Warranty Adjustment process and select the Adjustment Description of 'Z' Recall (Policy adjustment).
  - a. The adjustment invoice MUST contain:



- i. Customer name
  - ii. Customer address
  - iii. Customer phone number
  - iv. Vehicle make & model
  - v. Vehicle license & mileage (if applicable)
  - vi. DOT-R number on the Recalled Product
4. Please send a copy of the original Les Schwab invoice with the adjustment invoice to the Production Department. By using the 'Z' Adjustment Description, your store will receive a credit from the Production Department.
5. Follow the procedure described above for returning to Les Schwab all Recalled Product.

**PLEASE NOTE THAT FEDERAL LAW (49 C.F.R. §§ 573.11 and 573.12) PROHIBITS THE SALE OR LEASE OF NEW OR USED RECALLED TIRES COVERED BY THIS NOTICE. All persons must comply with these provisions of the law. Any person who sells or leases new or used Recalled Tires covered by this Notice must report that sale or lease to the NHTSA pursuant to the provisions of 49 C.F.R. §§ 573.10.**

If you have any questions, please call Store Sale Support (855-821-1369).

