

PART 573 Defect and Noncompliance Report

Date: March 15, 2018

This report serves as Les Schwab Warehouse Center, Inc.'s, Les Schwab Tire Centers of Washington, Inc.'s, and Les Schwab Tire Centers of Idaho, Inc.'s (collectively "Les Schwab") notification to the U.S. Department of Transportation, National Highway Traffic Safety Administration that a defect related to motor vehicle safety exists in certain used retreaded, steel-belted radial truck tires manufactured at Les Schwab's Oregon, Washington and Idaho retread facilities. Les Schwab decided that this defect related to motor vehicle safety existed in certain used retreaded, steel-belted radial tires on March 8, 2018.

I. Manufacturer, Designated Agent, and Other Chain of Distribution Information

Manufacturer's corporate name:

Les Schwab Warehouse Center, Inc.; Les Schwab Tire Centers of Washington, Inc.; Les Schwab Tire Centers of Idaho, Inc.

Equipment's brand or trademark name owner(s) (where applicable):

N/A

Designated Agent (imported equipment):

N/A

If this notification concerns equipment that was installed in new motor vehicles or new items of motor vehicle equipment, identify by name, address, and telephone number each vehicle manufacturer and equipment manufacturer who purchased that equipment:

N/A

If this notification concerns a defective or noncompliant component that the above identified manufacturer did not manufacture, identify that component and provide the name, address, and phone number of the manufacturer of the component (if this manufacturer is unknown, provide this information as to the supplier of the component):

N/A

Name, address, email, and phone and fax numbers for the person(s) to whom inquiries about this report should be directed:

Mr. Neil A. Cole, Director of Legal Services
Les Schwab Warehouse Center, Inc.
20900 Cooley Road, Bend, OR 97701

Phone: (541) 416-5432
Fax: (541) 416-5374
Email: neil.a.cole@lesschwab.com

Manufacturer's assigned campaign number (where applicable):

N/A

II. Identification of the Recall Population and Its Size

Complete the tables below for each item of equipment subject to this notification. Additional tables may be necessary where there are more than three items subject to a notification.

Type of equipment (e.g., tire, child restraint, headlamp): Tire
Part/Model number: Certain used, retreaded, steel-belted radial truck tires manufactured during a limited time period with a specific brand of gum rubber
Size and function (where applicable): Multiple sized retreaded tires for commercial truck application
Inclusive dates of manufacture (month and year): The investigation to date indicates the potentially affected tires were manufactured between October 15, 2017 and December 16, 2017 (production weeks 42-50).
Other information necessary to describe this equipment: The scope involves used steel-belted radial truck tires retreaded by Les Schwab using AZ gum rubber supplied by HEXPOL Rubber Compounding ("HEXPOL") that may be inconsistent with the cure package process requirements at each Les Schwab facility. Les Schwab has now determined HEXPOL's gum rubber compound did not timely cure for some tires in the below specified Scope, causing potential incomplete adhesion of the tread to the tire casing in certain tires. The potentially affected retreaded tires were manufactured at Les Schwab's three retread facilities during calendar weeks 42 through 50 of 2017 (the Spokane and Rupert facilities received significantly less quantity of HEXPOL gum rubber and may have ceased production using this compound before week 50) and bear the following DOTR numbers: <u>Prineville, Oregon facility:</u> RDNJ4217RS – RDNJ5017RS <u>Spokane, Washington facility:</u> RNVK4417RS – RNVK5017RS <u>Rupert, Idaho facility:</u> RCEE4417RS – RCEE5017RS ("Scope"). Only some of the retreaded tires in this discrete Scope were manufactured using HEXPOL's AZ gum rubber. HEXPOL was a new supplier of gum rubber for Les Schwab and provided a specific quantity of the compound for a limited supply period. Existing supplies of gum rubber previously and subsequently provided to Les Schwab by Industrias de Hule, Galgo, S.A. de C.V. ("GALGO") continued to be used at the retread facilities while the limited supply of HEXPOL AZ gum rubber was also being used at the retread facilities. The HEXPOL AZ gum rubber was <u>only</u> used in the identified Scope, although a significant quantity of tires within this Scope would have been manufactured with GALGO gum rubber given the limited supply of HEXPOL gum rubber. The tires retreaded using GALGO gum rubber are not subject to the curing process defect. Out of an abundance of caution, all tires retreaded by Les Schwab during the manufacturing time period when HEXPOL's gum rubber compound was also available are

included in the above Scope.
Total number of these items of equipment: Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

Provide the following information as to all the items of equipment (“the recall population”) identified above:

Grand total number of items of equipment in the recall population:
Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

The percentage of the recall population you estimate actually contain the defect or noncompliance:

Likely less than half of the retreaded tires in this discrete Scope were manufactured using HEXPOL’s AZ gum rubber. HEXPOL was a new supplier of gum rubber for Les Schwab and provided a specific quantity of the compound for a limited supply period. Existing supplies of gum rubber previously and subsequently provided to Les Schwab by GALGO continued to be used at the retread facilities while the limited supply of HEXPOL AZ gum rubber was also being used at the retread facilities. The HEXPOL AZ gum rubber was only used in the identified Scope, although a significant quantity of tires within this Scope would have been manufactured with GALGO gum rubber given the limited supply of HEXPOL gum rubber. The tires retreaded using GALGO gum rubber are not subject to the curing process defect. Out of an abundance of caution, all tires retreaded by Les Schwab during the manufacturing time period when HEXPOL’s gum rubber compound was also available are included in the above Scope.

Additionally, the Spokane and Rupert facilities both received less of the HEXPOL gum rubber than the Prineville facility. Therefore, the Spokane and Rupert facilities may have ceased any production using the HEXPOL gum rubber before week 50. Les Schwab is investigating to confirm the earlier production end date for these two facilities. Thus, the current Scope identified likely includes weeks of non-affected production at the Spokane and Rupert facilities. Les Schwab has provided the larger Scope at this time out of an abundance of caution until further investigation may substantiate a narrower scope for the Spokane and Rupert facilities.

Moreover, some of the Scope tires that were retreaded using HEXPOL gum rubber may have cured properly and do not contain a defect. HEXPOL provided Les Schwab with AZ gum rubber inconsistent with the cure package process requirements at each Les Schwab facility. Specifically, HEXPOL provided AZ gum rubber requiring a longer cure time than Les Schwab’s cure package at each facility. However, in the curing process it is not uncommon for tires to remain in the molds beyond the minimum cure time. It is therefore possible a significant percentage of even the Scope tires using HEXPOL gum rubber may not be defective. To date, approximately 200 tires from the Scope identified above have been discovered to shows signs of incomplete tread adhesion due to gum rubber not fully curing.

Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

Identify and describe how the recall population was determined (e.g., on what basis the recalled

models were selected and how the inclusive dates of manufacture were determined):

See above statements. HEXPOL provided a limited supply of the gum rubber at issue (40,000 lbs) that was used for a limited manufacturing time beginning start of production week 42 in 2017. The limited gum rubber supply was provided directly to the Les Schwab Oregon retread facility, which then controlled the distribution of portions of the same limited supply to the Washington and Idaho retread facilities. The Oregon facility kept the majority of the HEXPOL gum rubber supply. The tires manufactured during the relevant manufacturing time period can be tracked by DOTR number for identification to dealers and customers.

Describe how the recall population is different from any similar items of equipment not subject to this notification:

The potential for incomplete adhesion of the new tread to the existing tire casing occurs in certain tires within the provided Scope due to possible incomplete curing of HEXPOL's AZ gum rubber. Les Schwab only used HEXPOL's gum rubber on tires within the provided Scope. Other tires retreaded by Les Schwab outside this Scope did not use HEXPOL's gum rubber and are not affected by this potential incomplete adhesion condition. Tires within this Scope that were retreaded using GALGO gum rubber are not affected by this potential incomplete adhesion condition.

III. Description of the Defect or Noncompliance and Chronology of Events

Describe the defect or noncompliance, including a summary and detailed description of the nature and physical location (if appropriate) of the defect or noncompliance. Graphic aids should be provided where necessary.

The AZ gum rubber compound supplied by HEXPOL and used to adhere the new tread to the tire casing may not fully cure during the specified minimum curing time and temperature. This was undetectable at the time of production and delivery. Improperly cured gum rubber may result in incomplete adhesion of the new tread to the tire casing in tires removed from the mold immediately after the minimum curing period. Lack of full adhesion can cause tread separation or detachment and, in the worst case, may lead to loss of vehicle control under certain circumstances. This has not been seen or reported on any of the tires at issue. Upon inspection of tires from the above Scope that have been returned from service, a piece of tread was torn away on the tire 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.

Describe the cause(s) of the defect or noncompliance condition.

The AZ gum rubber compound supplied by HEXPOL and used to adhere the new tread to the tire casing may not fully cure during the specified minimum curing time and temperature. This was undetectable at the time of production and delivery. Improperly cured gum rubber may result in incomplete adhesion of the new tread to the tire casing in tires removed from the mold immediately after the minimum curing period. Lack of full adhesion can cause tread separation or detachment and, in the worst case, may lead to loss of vehicle control under certain circumstances. This has not been seen or reported on any of the tires at issue. Upon inspection of tires from the above Scope that have

been returned from service, a piece of tread was torn away on the tire 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.

Describe the consequence(s) of the defect or noncompliance condition.

The AZ gum rubber compound supplied by HEXPOL and used to adhere the new tread to the tire casing may not fully cure during the specified minimum curing time and temperature. This was undetectable at the time of production and delivery. Improperly cured gum rubber may result in incomplete adhesion of the new tread to the tire casing in tires removed from the mold immediately after the minimum curing period. Lack of full adhesion can cause tread separation or detachment and, in the worst case, may lead to loss of vehicle control under certain circumstances. This has not been seen or reported on any of the tires at issue. Upon inspection of tires from the above Scope that have been returned from service, a piece of tread was torn away on the tire 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.

Identify any warning(s) that may precede the defect or noncompliance condition.

The AZ gum rubber compound supplied by HEXPOL and used to adhere the new tread to the tire casing may not fully cure during the specified minimum curing time and temperature. This was undetectable at the time of production and delivery. Improperly cured gum rubber may result in incomplete adhesion of the new tread to the tire casing in tires removed from the mold immediately after the minimum curing period. Lack of full adhesion can cause tread separation or detachment and, in the worst case, may lead to loss of vehicle control under certain circumstances. This has not been seen or reported on any of the tires at issue. Upon inspection of tires from the above Scope that have been returned from service, a piece of tread was torn away on the tire 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.

For defects, provide a dated, chronological summary of all the principle events that were the basis for the determination that the defect is related to motor vehicle safety, including a summary of all warranty claims, field or service reports, and other information such as numbers of crashes, injuries and fatalities.

Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

For noncompliances, identify the test results and other information considered in determining the existence of the noncompliance, and provide the date of each test and observation indicative of that noncompliance.

N/A

IV. The Remedy Program and Its Schedule

Describe the program for remedying the defect or noncompliance, including the plan for reimbursing those owners and purchasers who may have incurred costs to remedy the defect or noncompliance before receiving the manufacturer's notification concerning that defect or noncompliance. Also include, where applicable, details with dates concerning any production remedy that was conducted or will be conducted.

Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

Provide the estimated date(s) on which owner and purchaser notifications will be issued and the estimated date(s) for completion of those notifications.

Les Schwab first notified Les Schwab dealers on March 9, 2018, to hold inventory and to not distribute the Scope of potentially affected retreaded tires because a recall would be forthcoming. Les Schwab has continued to communicate with dealers to clarify the Scope as the investigation continues. The official and complete notice to Les Schwab dealers in compliance with 49 CFR 577.13 is expected to be sent next week. Les Schwab will also begin contacting customers informally before the formal owner recall notice is submitted to NHTSA for approval and sent to customers. Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

Provide the estimated date(s) on which dealer and distributor notifications will be issued and the estimated date(s) for completion of those notifications.

See above statement. Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

Describe the distinguishing characteristics of the remedy component/assembly versus the recalled component/assembly.

Les Schwab will supplement this report pursuant to 49 CFR 573.6(b).

******* IMPORTANT REMINDERS *******

A DRAFT version of the letter that the manufacturer intends to mail to owners and purchasers notifying them of the defect and/or noncompliance must be submitted to NHTSA at least five Federal Government business days before those letters are issued. In addition, it is recommended that the draft version of the letter that the manufacturer intends to send to its dealers and distributors concerning the defect and/or noncompliance also be submitted for review. For prompt receipt and review, drafts may be submitted to the attention of the Recall Management Division (NVS-215) via facsimile on (202) 366-7882, or email to RMD.ODI@dot.gov.

A representative copy of all notices, bulletins, and other communications that relate directly to the defect or noncompliance and which are sent to more than one manufacturer, distributor, dealer, or purchaser, must be submitted to NHTSA no later than five days after they are initially sent. This requirement applies both to the final version of the notification letter that is sent to owners and purchasers, as well as the final version that is sent to dealers and distributors. It also includes any follow-up notifications issued concerning a recall. The representative copies of the letters sent to owners and purchasers, and dealers and distributors, must be submitted via certified mail. It is strongly recommended, however, that additional representative copies be submitted via facsimile on (202) 366-7882, or email to RMD.ODI@dot.gov, so that the submission can be more promptly reviewed. All submissions should be conspicuously labeled with the appropriate NHTSA-assigned recall number.