

NISSAN

NISSAN NORTH AMERICA, INC.

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OFFICE OF DEFECTS INVESTIGATION

July 17, 2006

Mr. George Person
Chief, Recall Analysis Division
Office of Defects Investigation
Safety Assurance
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

Ref: 06V-223

Dear Mr. Person:

The enclosed communication is being provided pursuant to 49 CFR Part 573.6(c)(9).

Technical Compliance Department

Encl.

2006 Altima and Sentra SE-R QR25 Stop Sale

Dear Nissan Dealer:

This is to advise you that Nissan has identified that some 2006 Altima and 2006 Sentra SE-R vehicles equipped with 4 cylinder QR25 engines produced between January and May, 2006, have experienced high oil consumption which has led in some cases to engine failure. In some instances the engine failure has resulted in a fire. Approximately 85,000 Altimas and 2,000 Sentra SE-Rs may be affected by this issue. (NOTE: This issue does NOT affect 6-cylinder vehicles.)

Nissan is aggressively investigating this matter to determine the reason for this unusual oil consumption together with an effective remedy. However, at this point Nissan has determined that if the oil level is maintained there will be no engine damage or resultant fire.

IMPORTANT

Inventory Vehicles

Vehicles within the following VIN ranges MUST BE PLACED ON SALES HOLD IMMEDIATELY to await completion of our investigation and determination of a final action:

Four-cylinder Altimas: 1N4AL116C174681 – 231328**

1N4AL116N360612 – 413015**

Sentra SE-Rs:

3N1AB516L539162 - 592053**

Some vehicles within the range specified above may not need to be placed on sales hold. Use Service Comm (B0043) to determine if a specific vehicle within the ranges specified above must be placed on sales hold.

In addition, you SHOULD NOT OPERATE any of the affected vehicles which have not yet been placed in service.

It is possible that Nissan may decide to transport affected vehicles back to Nissan at Nissan's expense. Regardless of the ultimate decision, however, Nissan will provide flooring assistance for these vehicles until that determination is made. **We will advise you as soon as we determine the ultimate disposition for these vehicles, but it has not yet been determined.**

This action **does not** affect vehicles outside the VIN ranges noted above. In addition, the issue does **not** affect vehicles with 6-cylinder engines or Nissan Frontiers equipped with QR25 4-cylinder engines. All of those vehicles may be retailed.

Engines in Dealer Inventory

If you recently received an engine which has a "red dot" placed next to the Part Number label and a "2X" stamped on the engine block under the letters "QR25", the engine is OK for installation. If you have Any ENGINES WITHOUT THESE MARKINGS, please DO NOT USE OR SELL these engines until you receive further direction from Nissan.

Customer Vehicles

Nissan is sending a letter to all customers who may have purchased or leased one of the affected vehicles explaining the situation (**A SAMPLE owner letter and procedure to check oil level are posted under My Documents in the Sales/Campaigns, Service/Campaigns and Parts/Campaigns folders**).

Nissan is advising customers that:

- We will follow-up with them within 60 days when we have completed our investigation.
- Customers should check their oil every 700 miles, and top off their engine oil to the "H" mark on the dip stick if necessary.
- If they wish, customers may bring their vehicle to a Nissan dealer to have their oil level checked and, if necessary, topped off. Claims bulletin #WB/06-006 provides applicable claims instructions. You can expect to receive this bulletin early next week.
- No engine damage should occur if any oil level is indicated anywhere from the bottom tip of the dipstick to the "H" mark. If the oil level has fallen completely off of the dipstick, customers are being advised to top off the oil level and bring their vehicles to a dealership for further diagnosis.
- If the customer hears any unusual engine noise after adding oil, they are advised to contact their nearest Nissan dealer immediately. If a customer contacts you with this situation, please arrange to have their vehicle towed to your dealership.
- For affected vehicles, Nissan is extending the engine portion of the Powertrain Coverage of their Nissan New Vehicle Limited Warranty to 84 months/100,000 miles.
- Nissan will reimburse customers for any oil they purchase in order to top off their oil level during this interim period, and will advise them in a subsequent letter how to make a claim for reimbursement.

TSB NTB06-045 provides information and direction for you if a customer brings to your dealership a vehicle within the affected VIN range. You can expect to receive this bulletin early next week.

This matter may cause customer concern. Nissan is prepared to fully support you, your customers, and the affected 2006 Altimas and Sentra SE-Rs.

Your support is critical in reinforcing your customers' confidence that their vehicles will not experience any engine damage as long as they maintain the oil level. Your support also will assure customers that Nissan is aggressively investigating the condition and will take appropriate action as soon as possible.

To assist you in addressing potential customer concerns a Q&A is being prepared for your reference You can expect to receive the Q&A early next week.

We recognize there may be disruption in your operations and are working tirelessly to expeditiously bring closure as soon as possible.

Nissan Division

Subject: 2006 Altima and Sentra SE-R QR25 Update #1

Attention: Dealer Principal, Sales, Service and Parts Managers

The following is an update to the communications previously sent to you regarding 2006 Altima and 2006 Sentra SE-R vehicles equipped with 4 cylinder QR25 engines produced between January and May, 2006.

Inventory Vehicles

Vehicles within the following VIN ranges CONTINUE TO BE ON SALES HOLD awaiting completion of our investigation and determination of a final action:

Four-cylinder Altimas: 1N4AL11**6C174681 – 231328
 1N4AL11**6N360612 – 413015
Sentra SE-Rs: 3N1AB51**6L539162 - 592053

Some vehicles within the range specified above may not need to be placed on sales hold. Use Service Comm (B0043) to determine if a specific vehicle within the ranges specified above must be placed on sales hold.

In addition, you SHOULD NOT OPERATE any of the affected vehicles which have not yet been placed in service.

Disposition of vehicles on sales hold has not yet been determined. You will be notified as soon as possible.

Customer Vehicles

Customers may be contacting you for additional information, to have their oil level checked and, in some cases, because they have encountered excessive oil consumption and/ or engine noise.

- TSB NTB06-045 provides information and direction for you if a customer brings to your dealership a vehicle within the affected VIN range. This bulletin is now available on ASIST and also on NNA.net.com under My Documents in the Service/Campaigns and Parts/Campaigns categories.
- Claims bulletin #WB/06-006 provides applicable claims instructions. This bulletin is now available on NNA.net.com under My Documents in the Assurance Products/Claims Administration category

Nissan Division

Subject: 2006 Altima and Sentra SE-R QR25 Update #2

Attention: Dealer Principal, Sales, Service and Parts Managers

The following is an update to the communications previously sent to you regarding 2006 Altima and 2006 Sentra SE-R vehicles equipped with 4 cylinder QR25 engines produced between January and May, 2006.

Inventory Vehicles

Disposition of vehicles on sales hold has not yet been determined. You will be notified as soon as possible.

Owner Notification

Owner Notification Letters are being mailed to all affected owners on Friday, June 9. Customers may be contacting you for additional information, to have their oil level checked and, in some cases, because they have encountered excessive oil consumption and/ or engine noise. Copies of the Altima and Sentra SE-R Owner Letters including the Customer Oil Level Check Procedure are available on NNA.net.com under My Documents in the Sales/Campaigns and Service/Campaigns categories.

Revised Repair Instructions

TSB NTB06-045 was previously provided to provide information and direction for you when a customer brings a vehicle within the affected VIN range to your dealership. This is to advise you that TSB is currently being revised to simplify and streamline the oil consumption test procedure and, in turn, to minimize customer inconvenience. The revised bulletin is scheduled to be released early next week.

Most customers will no longer be required to return to the dealership 3 times, and engine replacement is specified as soon as excessive oil consumption is indicated. **The revised procedure for when the customer returns to the dealership after 700 miles is attached.**

Service Engines in Dealer Inventory

NPSB/06-008 is now available and contains a) instructions to determine if an engine in your inventory (P/N 10102-8J0H0) needs to be returned to Nissan and b) the procedure to be used when returning an engine currently in your inventory to Nissan. The Bulletin is available on NNA.net.com under My Documents in the Parts/Bulletin, Parts/Campaigns and Service/Campaigns categories.

Thank you for your continuing patience as we continue toward a final resolution of this issue.

Nissan Division

Attachment:

Draft of Revised procedure to be followed when the customer returns after 700 miles, recheck the engine oil level.

If the oil level is in the range shown in Figure 5:

- Order a replacement engine.
- Schedule an appointment for engine replacement.
- Fill the engine oil to the "H" mark and release the vehicle to the customer

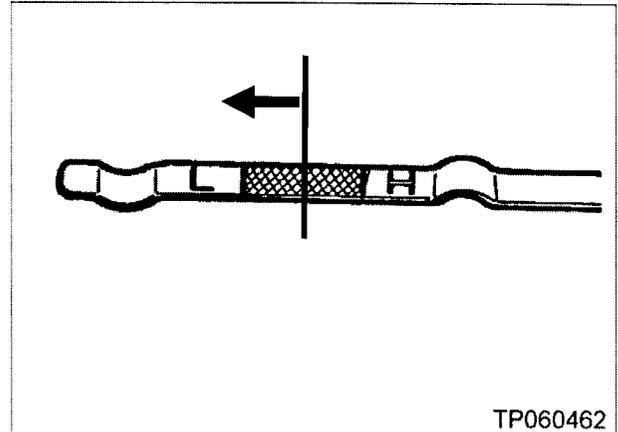


Figure 5

NOTE: Make sure an "oil level check" is conducted every 700 miles and the oil level is refilled to the "H" mark while waiting for the scheduled engine replacement date.

If the oil level is in the range shown in Figure 6:

- a. Fill the engine oil to the "H" mark on the dip stick.
- b. Record the amount of oil added.
- c. Record the vehicle mileage.
- d. Release the vehicle to the customer. Remind the customer to continue to check the oil level every 700 miles or every other fuel fill up.

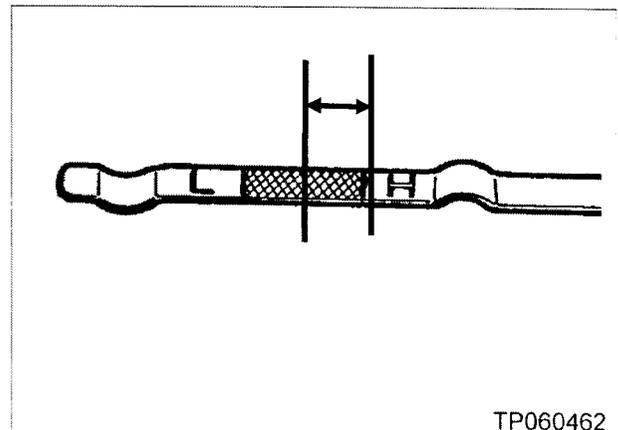


Figure 6

Subject: 2006 Altima and Sentra SE-R QR25 Update #3

Attention: Dealer Principal, Sales, Service and Parts Managers

The following is an update to the communications previously sent to you regarding 2006 Altima and 2006 Sentra SE-R vehicles equipped with 4 cylinder QR25 engines produced between January and May, 2006.

Owner Notification

Nissan mailed letters to all owners of record on Friday, June 9 including Nissan dealers as owners of vehicles currently in dealer inventory. Please take the following actions regarding the letters you received:

- If you received a letter for a vehicle which has been retailed, please forward the letter to the current owner of the vehicle.
- If you received a letter for a vehicle currently in your inventory, the letter can be discarded. **Important: This does not affect the current status of the vehicle. The vehicle remains on sales hold until further notice from Nissan.**
- If you receive a letter for a vehicle traded to another dealer, please forward the letter to the dealer who received the vehicle who can then forward the letter to the current owner, if applicable.

Q&A for Customer Inquiries

Nissan has prepared a Q&A to assist you when contacted by a customer who may be concerned about the oil consumption issue as related to their Altima or Sentra SE-R vehicle. The Q&A is available on NNA.net.com under My Documents in the Sales/Campaigns, Parts/Campaigns and Service/Campaigns categories.

Revised Repair Instructions

TSB NTB06-045a is now available on ASIST and also on NNA.net.com under My Documents in the Service/Campaigns and Parts/Campaigns categories. The procedure was revised to simplify and streamline the oil consumption test procedure and, in turn, to minimize customer inconvenience.

Thank you for your continuing patience as we continue toward a final resolution of this issue.

Nissan Division
06/16/2006

Subject: 2006 Altima and Sentra SE-R QR25 Update #4

Attention: Dealer Principal, Sales, Service and Parts Managers

The following is an update to the communications previously sent to you regarding 2006 Altima and 2006 Sentra SE-R vehicles equipped with 4 cylinder QR25 engines produced between January and May, 2006.

NHTSA Notification

On June 20, Nissan North America filed a preliminary defect information report (DIR) with the National Highway Traffic Safety Administration regarding the company's examination of excessive oil consumption in some 2006 Nissan Altima and Sentra SE-R models with 2.5-liter, four-cylinder engines.

The DIR, a voluntary submission, is the first step in a process that leads to a voluntary recall of the vehicles. Operating a vehicle with an insufficient amount of oil can cause engine damage and, in extreme cases, may lead to engine fire. If proper oil levels are maintained, there is no risk of engine damage or failure due to this condition.

The final root cause of the conditions has not yet been determined. Consequently, the field remedy is under study and a final determination of the affected vehicles has not yet been made.

Thank you for your continued patience as we work toward a final resolution of this issue.

Nissan Division
6/23/2006