

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

If you purchased or leased in the continental United States of America and Hawaii a 2002-2007 Model Year Subaru vehicle, you are a member of a proposed Settlement Class and may be entitled to an extension of your vehicle's warranties, an extension of your lease contract or a cash refund. Please read this notice carefully, as it affects your legal rights.

You can receive more information about this notice by calling 1-800-345-6488 or visiting www.odometersettlement.com. Non-English speakers may request a translator when contacting the SOA Customer Dealer Service-Odometer Settlement.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

If the Court approves the proposed Settlement, Subaru of America, Inc. ("SOA") will extend by 5% the mileage-based coverage periods of certain warranties, extend annual mileage allowed by vehicles leased from Subaru Auto Leasing, Ltd. ("SAL") by 5%, and reimburse certain repairs and excess mileage charges, as detailed below. All persons and entities who agree to accept these benefits will release SOA, the other defendants and others from claims in connection with the odometers in the subject vehicles.

Your Options:

YOU MAY PARTICIPATE IN THE SETTLEMENT

No action is required if you wish to participate in the Settlement, although if you wish to make a monetary claim you must submit a claim form and supporting information.

YOU MAY EXCLUDE YOURSELF FROM THE SETTLEMENT

You may not participate in the Settlement if you choose this option.

This is the only option that allows you to retain any rights you may have against SOA, SAL, Subaru of Indiana Automotive, Inc. ("SIA") and Fuji Heavy Industries Ltd. ("FHI") over the claims in this case.

YOU MAY OBJECT OR COMMENT AND/OR ATTEND THE HEARING

You may write the Court about why you do, or do not, support the Settlement or any of its provisions.

Ask to speak to the Court about the fairness of the Settlement.

1. **THE LITIGATION:** On March 22, 2007, Peter A. Vasilas, Scott Diamond and Robert Kasindorf filed this suit against SOA and SAL, in the United States District Court for the Southern District of New York, complaining that the odometers in their Subaru vehicles overstated the mileage of the vehicle. They also alleged that SOA had breached the warranty and violated the Federal Odometer Act. Plaintiffs brought the suit on behalf of all owners and lessees of Subaru vehicles sold or leased in the United States from March 22, 2002 to the present. On July 20, 2008, Plaintiffs amended their complaint to include SIA and FHI, the manufacturer and assembler of the vehicles. Plaintiffs alleged that these companies had also violated the Federal Odometer Act.

2. THE COMPANIES' POSITION: The Companies deny all allegations of wrongdoing asserted in the Litigation, including that the odometers in the subject automobiles are defective or inaccurate, and that they are liable to any buyer or lessee of the vehicles under any cause of action. Nonetheless, the companies have agreed to settle the Litigation by providing the benefits described in this Notice.

3. NOTICE: This Notice informs Settlement Class Members of the Litigation and the proposed settlement, and describes the Settlement Class Members' rights and options.

4. SETTLEMENT CLASS: The following Settlement Class has been conditionally certified. If you are a member of the class described here, the proposed settlement will affect your legal rights. Please read this Notice carefully.

All persons and entities who either bought or leased in the continental United States of America and Hawaii a Subaru vehicle, Model Years 2002-2007 (the "Class Vehicles").

The Settlement Class does not include: (a) all federal court judges who have presided over this case and their spouses and anyone within three degrees of consanguinity from those judges and their spouses, (b) all persons and entities who elect to exclude themselves from the Settlement Class, (c) all persons and entities who have previously executed and delivered to the Companies releases of their claims, and (d) the Companies' employees, officers, directors, agents, and representatives and their family members.

The Court has appointed Traiger & Hinckley LLP as Class Counsel to represent the Settlement Class.

5. SETTLEMENT BENEFITS. If the Court approves the proposed Settlement at the Fairness Hearing scheduled for _____, 2010, SOA will provide the following benefits to Settlement Class members.

a. Warranty Extension. SOA will retroactively extend, by 5%, the mileage-based coverage periods of (a) original written warranties of SOA that came with the Class Vehicles when initially sold or leased, (b) Subaru Added Security Agreements, applicable to Class Vehicles, that were purchased before the Effective Date of the Settlement and (c) original written warranties that are provided in connection with the purchase of a Subaru Certified Pre-Owned Class Vehicle. This mileage extension does not affect the warranties' time limitations or other limitations and exclusions, and all warranties remain subject to all their other terms and conditions. These extended warranties will apply to your vehicle without any action on your part if the Court has finally approved the Settlement.

The extended warranties will also be transferable to the same extent that the original warranty is transferable. Remember, Subaru Certified Pre-Owned Class Vehicle warranties and Subaru Added Security Agreements are only transferable to subsequent private party purchasers.

• For example: a 3 year/36,000 mile new vehicle limited warranty and a limited wear item warranty will be extended to 3 years/37,800 miles; a 5 year/60,000 mile powertrain limited warranty will be extended to 5 years/63,000 miles, and a 7 year/70,000 mile California emissions warranty will be extended to 7 years/73,500 miles. If you sell your vehicle, the purchaser will receive the same remaining warranties that you were entitled to receive, subject to limitations described above. All such extensions are subject to all terms and conditions of the original warranty.

b. Reimbursement for Repairs. If you have already paid for repairs during these extended mileage periods and those repairs would otherwise have been covered by warranty, you may be entitled to a refund of the repair cost. Settlement Class members can seek reimbursement for

money spent on "Otherwise Warranted" repairs of Class Vehicles that occurred within a mileage level that is 5% higher than the mileage-based coverage period of the applicable warranty. For your basic 3 year/36,000 mile warranty, this means that the repairs must have been made when your odometer displayed between 36,001 and 37,800 miles. "Otherwise Warranted" means repairs or replacements (1) of component parts that were defective in material or workmanship under normal use as defined and covered by the original warranty, subject to all limitations and exclusions, (2) while the vehicle was still within the time-based limits of the warranty coverage period. It does not include routine maintenance (*e.g.*, oil and filter changes/tire rotations, etc.) or repairs or replacements required because of customer abuse, modification or misuse, or repairs and replacements already paid for by the Companies.

To be reimbursed, Settlement Class members must submit to the SOA Customer Dealer Service-Odometer Settlement at the address shown below a completed claim form and documentation (1) that the vehicle is a Class Vehicle, (2) reflecting the date of purchase and repair, the amount you paid and your vehicle's mileage at the time of the repair and (3) that the repair was Otherwise Warranted. You must submit your claim within 180 days after the Effective Date of the Settlement.

c. Lease Extension. If you are currently leasing a Class Vehicle from SAL, SAL will increase the mileage limits of your lease by 5%. Your lease will be extended automatically. You do not need to file a claim to receive the extension.

- For example, if you have a three-year lease of a Class Vehicle that permits up to 36,000 miles of driving, the allowed mileage period will be increased to 37,800 miles.

If you leased a Class Vehicle from a company other than SAL, SAL will reimburse you for excess mileage charges you pay to your leasing company in the future for the first 5% of your excess mileage, subject to any waivers or credits you may receive against an excess mileage charge. You must file a claim as described below in order to receive these benefits.

d. Reimbursement for Excess Mileage Charges. If you have already paid excess mileage charges on the lease of a Class Vehicle, you may be entitled to a refund.

If you leased your vehicle directly from SAL, you will receive your refund automatically if SAL has your current mailing address. If you believe you are entitled to a refund and have not received it within ninety (90) days after the proposed Settlement is approved at the Fairness Hearing, you should submit a claim to the SOA Customer Dealer Service-Odometer Settlement for a refund of mileage charges. To submit a claim for mileage charges, you will need to provide proof of (1) the year and model of the Class Vehicle, (2) the vehicle identification number, (3) your lease of a Class Vehicle, (4) the amount of miles permitted by your lease, (5) the number of excess miles driven, (6) the charge per mile, (7) any waivers or credits you received against an excess mileage charge, and (8) the amount of mileage charges you paid.

If you leased your vehicle from a company other than SAL, SOA has established a claims process by which you can request a refund for excess mileage charges you paid for "excess" miles up to 5% over the allowed mileage. You will need to provide the same proof as requested above in the prior paragraph.

- Here is how the excess mileage charge refund works. Assume you leased a Class Vehicle for three years and up to 36,000 miles. Your odometer registered 38,000 miles when you returned the vehicle. Your lease provided for a charge of 15 cents per mile for the 2,000 extra miles you drove. This would have cost you \$300.00 (2,000 miles times 15 cents/mile). Because a 5% extension would entitle you to drive the vehicle for up to 37,800 miles, SOA will refund you the \$270.00 you paid for these miles (15 cents for each of the first 1,800 miles).

You cannot receive a refund of excess mileage charges you did not pay. If your leasing company has already reduced your charge for some reason, your refund will be reduced by the same amount. You cannot recover any excess mileage charges paid for miles beyond the 5% lease extension.

- Taking the example above (a three-year lease that permitted up to 36,000 miles), if your leasing company has already reduced the excess mileage charge to \$150 for the 2,000 excess miles, your refund under the Settlement Agreement would also be reduced by \$150.00. Instead of a \$270.00 refund, you would receive \$120.00. If your leasing company did not charge you any excess mileage charge, you will not receive any refund.

All claims for mileage charge reimbursement must be received by SOA within 180 days after the Settlement's Effective Date or sixty (60) days after your lease contract's expiration, whichever is later.

You will receive these benefits only if the Court approves the proposed Settlement following the Fairness Hearing on ____ ____, 2010 and only if you remain a member of the Settlement Class. If you exclude yourself from the Settlement, you will receive no benefits. You may obtain and submit a claim form by calling the SOA Customer Dealer Service-Odometer Settlement at 800-345-6488, writing the SOA Customer Dealer Service-Odometer Settlement at Subaru Plaza, P.O. Box 6000, Cherry Hill, NJ 08034-6000, or downloading a form at www.odometersettlement.com. You may submit a claim form now or wait until the Settlement is approved. The SOA Customer Dealer Service-Odometer Settlement will review your claim and advise you of their evaluation of your claim following Court approval and will not pay the claim unless and until the Court approves the Settlement following the Fairness Hearing. You may check the website or call the SOA Customer Dealer Service-Odometer Settlement to monitor the status of the Settlement.

6. ATTORNEYS' FEES, COSTS AND EXPENSES AND INCENTIVE AWARD: Counsel for the Settlement Class have pursued the Litigation on a contingent basis and have paid all the costs and expenses of the Litigation. These lawyers have not yet been paid or recovered any of their expenses. As part of the Settlement, the Named Plaintiffs' attorneys will seek up to \$1.6 million in attorneys' fees and costs and expenses. The Court will determine a reasonable fee and cost/expense award at the Fairness Hearing based on Class Counsel's Fee and Expense Application and responses thereto. The Companies will not oppose Class Counsel's Fee and Expense Application for up to \$1.6 million. Class Counsel will also ask the Court to approve a \$10,000 Incentive Award to each Named Plaintiff, Peter A. Vasilas, Scott Diamond and Paul Thomas, Jr. None of these payments will reduce the benefits you receive. Any money the Court awards to Class Counsel and Named Plaintiffs will be paid by the Companies.

7. RESULT IF COURT APPROVES SETTLEMENT: If the Court approves the proposed Settlement, it will dismiss the Litigation, and the Companies will provide the benefits described above to the Settlement Class Members who have not excluded themselves from the Class. No Settlement Class Member will be able to file his, her or its own lawsuit or claim for recovery on any claims relating to the design, manufacture, accuracy and/or operation of the odometer system and related components of the odometer system in his, her or its Class Vehicle. If you want to bring your own lawsuit, you must exclude yourself from this Settlement.

8. YOUR OPTIONS: If you are a member of the Settlement Class, you have the following options:

(a) **PARTICIPATE IN THE SETTLEMENT:** If you agree with the proposed Settlement, you need not do anything. If you believe you are entitled to a refund of vehicle repair costs or excess

mileage charges, you may submit your refund claim(s) immediately. If the Court approves the Settlement, you will receive all the benefits to which you are entitled. You will also release all odometer-related claims you may have against the Companies.

If you wish to comment in favor of the Settlement, you may send your comment to: Christoph C. Heisenberg, Traiger & Hinckley LLP, 501 Fifth Avenue, Suite 506, New York, New York 10017 or by email to odometersettlement@traigerlaw.com.

(b) REQUEST TO BE EXCLUDED: If you wish to be excluded from the Settlement Class, SOA must receive a letter or postcard from you on or before _____, 2010. Your letter or postcard must include your name, address, telephone number; the year, model, and vehicle identification number of your Class Vehicle; and an unambiguous statement that you wish to be excluded from the Settlement Class. Your request must be sent to the SOA Customer Dealer Service-Odometer Settlement at Subaru Plaza, P.O. Box 6000, Cherry Hill, New Jersey 08034-6000. If you do not submit a clear request for exclusion to the proper location or if you do not do so timely, you will be bound by the Settlement Agreement and all your claims will be released. If you validly and timely request exclusion from the Settlement Class, you will not be bound by the final judgment, and you will not be precluded from instituting or prosecuting any individual claim you may otherwise have against SOA, SAL, SIA and FHI, and others, based upon the design, manufacture, accuracy and/or operation of the odometer system and related components of the odometer system in the Class Vehicles.

(c) OBJECTIONS: If you are a member of the Settlement Class and you do not request to be excluded, you may object to the terms of the Settlement, to Class Counsels' request for attorneys' fees and costs and expenses, or to the Named Plaintiffs' incentive awards. If you object and the settlement is approved, you will be barred from bringing your own lawsuit, and you will be bound by the final judgment and release and all Orders entered by the Court. You may, but need not, enter an appearance through counsel of your choice. If you do, you will be responsible for your own attorneys' fees and costs and expenses. If you object to the Settlement, you must, on or before _____, 2010: (1) file with the Clerk of the United States District Court for the Southern District of New York, and (2) serve upon Christoph C. Heisenberg, Traiger & Hinckley LLP, 501 Fifth Avenue, Suite 506, New York, New York 10017 (counsel for Plaintiffs); and Jeffrey L. Chase, Herzfeld & Ruben, P.C., 125 Broad Street, New York, New York 10004 (counsel for the Companies), a written objection including: (a) your full name, address and telephone number, (b) the year, model, and vehicle identification number of your Class Vehicle, along with proof that you owned or leased the Class Vehicle in the form of a true copy of a vehicle title, registration, or license receipt, (c) a written statement of all grounds for the objection accompanied by any legal support for your objection, (d) copies of any papers, briefs, or other documents upon which the objection is based, (e) a list of all persons who will be called to testify in support of the objection, (f) a statement of whether you intend to appear at the Fairness Hearing, (g) a list of other cases in which you or your counsel have appeared either as settlement objectors or as counsel for objectors in the preceding five (5) years, and (h) your signature, even if you are also represented by counsel. If you intend to appear at the Fairness Hearing through counsel, the objection must also state the identity of all attorneys representing you who will appear at the Fairness Hearing. Class members who do not timely make their objections in this manner will waive all objections and shall not be heard or have the right to contest or appeal approval of the Settlement.

9. **FAIRNESS HEARING:** A hearing will be held before the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007 on _____, 2010, at 9:30 a.m. At the hearing, the Court will decide whether the proposed settlement is fair, reasonable, and adequate and should be approved and, if so, determine what amount of fees and costs and expenses should be awarded to Class Counsel, and what incentive award should be given to the Named Plaintiffs. The time, date and location of this hearing may be changed by the Court without further notice to you. If you plan to attend the hearing, you should confirm its time, date and location before making any plans.

10. **ADDITIONAL INFORMATION:** For additional information, you may contact the SOA Customer Dealer Service-Odometer Settlement, which is staffed by representatives trained to answer your questions about the proposed Settlement, by (a) visiting www.odometersettlement.com. (b) calling 800-345-6488, or (c) sending correspondence to SOA Customer Dealer Service-Odometer Settlement, Subaru Plaza, P.O. Box 6000, Cherry Hill, New Jersey 08034-6000. If the SOA Customer Dealer Service-Odometer Settlement representatives cannot answer your question, you may contact Class Counsel by e-mail to odometersettlement@traigerlaw.com. Please do not call or write the Court or the Office of the District Clerk.

11. A copy of the full Stipulation and Settlement Agreement is available by request from Class Counsel.

BY ORDER OF THE COURT

Dated: _____, 2010

Clerk of the Court