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November 11, 2004

VIA FACSIMILE & U.S. MAIL
202.366.7882

George H. Person, Chief
Recall Management Division
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: Eaton Hydraulics Inc. / EQ-04-021

Dear Mr. Person:

In follow-up to my October 29, 2004 letter and my recent telephone conversations with Mrs. Barbara E. Cooke, Eaton Hydraulics Inc ("Eaton") would like to provide your office with additional information concerning Eaton's motor-manifold assembly MCD 7810, Rev "G", part number 02-198616, part of motor-manifold assembly 100AT00002A. After Eaton had the opportunity to further review its shipping records and discuss the matter with various entities, Eaton has concluded that, through its distributor, Cross Fluid Power (Cross), it sold and shipped a total of 619 of the MCD 7810, Rev "G", part number 02-198616, motor-manifold assemblies, all of which were sold to North American Bus Industries, Inc. (NABI).

As previously noted, NABI incorporated 299 of these motor-manifold assemblies into buses it sold to the Massachusetts Bay Transit Authority (MBTA). However, recent investigation revealed that NABI may have also incorporated the specific motor-manifold assembly in question into buses it sold to the Chicago Transit Authority (CTA) and Miami-Dade Transit (MDT). NABI and Eaton currently estimate that approximately 183 of these buses may be at CTA, approximately 110 with MDT, and the remainder still located at NABI.

There have been no reported problems with steering or stability concerning the Chicago and Miami buses, which have different hydraulic systems in comparison with the MBTA buses. Nevertheless, in an abundance of caution, Eaton has recommended following the same

Mr. George H. Person
November 11, 2004
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procedures outlined in service bulletin #RY-04-0016 to recall of all of the subject MCD 7810, Rev "G", part number 02-198616, motor-manifold assemblies in Chicago and Miami.

Contact information for the responsible purchasers are identified as follows: Mrs. Aledia Combs, North American Bus Industries, 106 National Drive, Anniston, AL 36201, (256) 831-4296; and Mike McVay, Cross Fluid Power, 4400 Piedmont Parkway, Greensboro, NC 27419, (251) 648-6944.

Thank you for your attention; please call should you have any questions.

Sincerely,

QUARLES & BRADY LLP

A handwritten signature in black ink, appearing to read "Daniel Hanrahan", with a long horizontal flourish extending to the right.

Daniel I. Hanrahan

DIH/mkr



North American
Bus Industries, Inc.

**Headquarters
& Manufacturing**
106 National Drive
Anniston, AL 36207

Tel: (256) 831-4296
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Email: nabiusa@nabiusa.com
www.nabiusa.com

RECEIVED
10/1/04
2004 OCT -1 A 9:42
DEFECTS INVESTIGATION

September 24, 2004

Associate Administrator for Enforcement
National Highway Traffic Safety Administration
400 Seventh Street, S. W.
Washington, D.C. 20590

Subject: NABI Safety Recall #20043

Dear Sir:

Attached is a vehicle defect initial information report which is submitted pursuant to Parts 573.5, 151 (1), and 153 (1-6) of the National Traffic And Motor Vehicle Safety Act.

The undersigned should be contacted for any additional information regarding this recall.

Very truly yours,

North American Bus Industries (NABI)

Dan C. Allen
Director of Product Engineering

Enclosures

04V-474
(6 pages)

NORTH AMERICAN BUS INDUSTRIES (NABI)

VEHICLE DEFECT
INITIAL INFORMATION REPORT

Date: September 24, 2004

NABI Recall No. 20043

| MAKE | MODEL | MODEL YEAR | NUMBER OF VEHICLES | MANUFACTURED DATES | | OTHER IDENTIFICATION NECESSARY TO DESCRIBE VEHICLE |
|------|-------|------------|--------------------|--------------------|---------|---|
| | | | | FROM | THROUGH | |
| NABI | 40LFW | 2003-2004 | 297 | 9/01/03 | 6/1/04 | Certain 40' Low Floor City Transit buses equipped with Eaton hydraulic system |

Total Number of Vehicles: 297

Percent Potentially Containing Defect: 100%

NORTH AMERICAN BUS INDUSTRIES, Inc. (NABI)

NABI RECALL NO. 20043

VEHICLE DEFECT
INITIAL INFORMATION REPORT

DESCRIPTION OF DEFECT: The bus hydraulic system that provides power to the radiator cooling fan and power steering system is subject to becoming unstable. The system becoming unstable is caused by severe oscillations or pulses occurring in the hydraulic system and may happen during normal operation of the vehicle. When this occurs, the priority valve that provides hydraulic fluid to the power system may be damaged and may not function properly. If the priority valve fails to function properly, the hydraulic system may not provide sufficient hydraulic fluid to the power steering gear, under certain conditions.

RISK TO MOTOR VEHICLE SAFETY: The power steering assist may not function properly in hard turns at low speed. When this occurs the driver will be subjected to hard turning of the steering wheel and loss of power assist in the steering system. An accident could occur causing property damage or injuries.

1) CHRONOLOGY OF PRINCIPAL EVENTS WHICH LED TO DETERMINATION OF DEFECT:

- On or about September 7, 2004, NABI received a letter from Eaton noting that certain components of the hydraulic system would be campaigned on the NABI buses at the Massachusetts Bay Transportation Authority (MBTA). At this time, NABI was not aware of any steering problems associated with this campaign.
- On or about September 15, 2004, NABI received a phone call from NHTSA regarding a Part 573 report that had been received by NHTSA from Eaton. NABI initiated an investigation.
- On or about September 20, 2004, NABI received a copy of the Part 573 report noted above from Cross Fluid Power, a distributor of Eaton products.

- On or about September 21, 2004, after numerous conversations with Cross Fluid Power and Eaton, NABI concluded that the reported problem involved a certain group of buses all of which were sold to Massachusetts Bay Transportation Authority (MBTA).
 - On September 23, 2004 NABI decided to recall all buses that had been delivered to Massachusetts Bay Transportation Authority (MBTA).
- 2) MEASURES TO BE TAKEN TO REPAIR VEHICLE: The owner will be officially notified of the defect and NABI will arrange to have the vehicles repaired.
 - 3) REMEDY EXPENSE: Eaton and Cross Fluid Power will repair the vehicles free of charge.
 - 4) EARLIEST DATE TO BE REMEDIED: October 4, 2004
 - 5) PUBLIC ANNOUNCEMENT DATE: There will be no public announcement.
 - 6) OWNER LETTER: Draft notification letter is enclosed for review and approval by NHTSA.

NABI letterhead

draft

RECALL NOTICE

October, 2004
Dear NABI Customer:

NHTSA Campaign # xxxxx
NABI Recall # 20043

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act. North American Bus Industries, Inc. (NABI) has decided that a defect which relates to motor vehicle safety exists in certain 40 LFW (40' low floor), buses manufactured between September 1, 2003 and June 1, 2004.

Our records identify you as the owner of the vehicles shown on the attached list that are affected by this recall.

REASON FOR THIS RECALL

NABI has determined that the hydraulic system that provides power to the radiator cooling fan and power steering system is subject to becoming unstable. The system becoming unstable is caused by severe oscillations or pulses occurring in the hydraulic system and may happen during normal operation of the vehicle. When this occurs, the priority valve that provides hydraulic fluid to the power system may be damaged and may not function properly. If the priority valve fails to function properly, the hydraulic system may not provide sufficient hydraulic fluid to the power steering gear.

The power steering assist may not function properly in hard turns at low speed. When this occurs the driver will be subjected to hard turning of the steering wheel and loss of power assist in the steering system. An accident could occur, causing property damage and/or injuries.

ACTION YOU SHOULD TAKE

Drivers should be advised of the potential problem involving the hydraulic and power steering system. Drivers should be on the alert for possible loss of power assisted turning during slow hard turns until these vehicles can be repaired.

Eaton Corporation and Cross Fluid Power will make arrangements to repair the vehicles at your location prior to October 15, 2004.

If NABI does not remedy this condition without charge on the mutually agreed upon service date or within 5 days of this agreed upon date, you can obtain assistance by calling NABI Customer Service at (888) 424-5844, Ext 7900. You may also wish to submit a complaint to the Administrator, National Highway Traffic Safety Administration, 400 Seventh St., S.W., Washington D.C. 20590, or call the toll-free Auto Safety Hot-line at 1-888-327-4236 if you believe that NABI has failed to remedy the vehicle without charge, within a reasonable time, which is no longer than 60 days after your first tender to obtain repair. You may be eligible to receive reimbursement for the cost of obtaining a pre-notification remedy of a problem associated with this recall. For more information, contact NABI at 1 256-831-4296.

Federal law requires that any vehicle lessor receiving this recall notice must forward a copy of this notice to the lessee within ten days.

We apologize for any inconvenience this matter may cause you.

North American Bus Industries, Inc.

Cooke, Barbara

From: Allen, Dan [dan.allen@nabiusa.com]
Sent: Tuesday, October 12, 2004 4:25 PM
To: Cooke, Barbara
Subject: RE: Recall Campaign 04V-474

That is correct. This recall involved the Eaton hydraulic system. All buses in this recall were sold and delivered to one customer:

Massachusetts Bay Transportation Authority
80 Broadway
Everett, MA 02149

From: Cooke, Barbara [mailto:Barbara.Cooke@nhtsa.dot.gov]
Sent: Tuesday, October 12, 2004 2:45 PM
To: Allen, Dan
Subject: RE: Recall Campaign 04V-474

Dan, I believe your recall number is 20043.

-----Original Message-----

From: Allen, Dan [mailto:dan.allen@nabiusa.com]
Sent: Tuesday, October 12, 2004 3:33 PM
To: Cooke, Barbara
Subject: FW: Recall Campaign 04V-474

Barbara, I'm having trouble cross referencing the Campaign number 04V-474 to our NABI campaign number. I assume this number (04V-474) has been assigned recently by NHTSA to the recall involving Detroit Diesel engines (NABI recall # 20044). Can you tell me if this is correct?

From: Wallner, Mike
Sent: Tuesday, October 12, 2004 1:12 PM
To: Allen, Dan
Subject: FW: Recall Campaign 04V-474

From: Cooke, Barbara [mailto:Barbara.Cooke@nhtsa.dot.gov]
Sent: Tuesday, October 12, 2004 10:09 AM
To: nabiusa
Subject: Recall Campaign 04V-474

Mr. Allen please provide us with a list of your customers who are affected by this recall. If you have questions, please contact me on 202-366-6098.

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