

SETRA

LUXURY COACHES

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OFFICE OF DEFECTS
INVESTIGATION

SETRA of North America, Inc.
6012B High Point Road
Greensboro, NC 27407
Office Tel.: 336-878 5400
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June 7, 2006

Mr. Daniel Smith, Associate Administrator for Enforcement
National Highway Traffic Safety Administration
400 Seventh Street S.W. (NSA-01)
Washington, DC 20590
Fax: (202) 366-7882

06V-207
(5 pages)

Re: **Part 573 – Defect Report**

Dear Mr. Medford,

Pursuant to the requirements of 49 C.F.R. Part 573, Setra of North America, Inc. ("Setra"), as the importer of motor coaches manufactured by EvoBus GmbH, submits this report regarding a potential defect related to motor vehicle safety present in certain Setra S417 motor coaches.

Part 573.6(c)(1) – Manufacturer Name

EvoBus GmbH, Ulm, Germany

Designated Agent:
Setra of North America, Inc.,
6012-B High Point Road
Greensboro, NC 27407

Part 573.6(c)(2) – Vehicles Potentially Containing the Defect

The affected vehicles are Model Year 2005 and 2006 Setra Model S417 motor coaches (36-58 passengers). These "affected vehicles" include those buses bearing the Serial #'s:

WKKA34CD353000297-WKKA34CDX53000300; WKKA34CD553000303-WKKA34CD653000312;
WKKA34CD863000314-WKKA34CD863000331; WKKA34CD063000338-WKKA34CD863000359;
WKKA34CD863000376-WKKA34CD363000382; WKKA34CD763000384-WKKA34CD963000404;
WKKA34CD463000410-WKKA34CD863000412, WKKA34CD163000414
and specifically include all model S417 coaches produced from April 2005 to May 2006.

The basis for determination of the affected vehicle population is an analysis of the production records identifying all S417 models with the transverse control arm at the front axle described below.

Part 573.6(c)(3) – Total Number of Vehicles Potentially Affected

At total of up to 84 motor coaches are potentially affected.

Part 573.6(c)(4) - Percentage of Affected Vehicles Estimated to Contain the Problem

3% of the subject vehicles may contain the problem described below.

Part 573.6(c)(5) – Chronology of Events Leading to Discovery of the Issue

EvoBus has determined that in the vehicles described above the transverse control arm at the front axle could be damaged.

This Problem was originally brought to EvoBus GmbH's attention by the Italian subsidiary of EvoBus Germany, who reports on a transverse control arm break at the front axle of a European vehicle, Model TC 400 series, (a substantial similar vehicle to the USA Model S 417). Another breakage occurred at on a German vehicle. During the following investigation 5 further incidents occurred (none in the North America).

EvoBus and the supplier of the transverse control arm, ZF Passau, conducted extensive testing and inspections. The investigation showed irregularities in the manufacturing of the transverse control arm.

In certain circumstances a break of the transverse control arm at the front axle might occur during extreme pressures to the transverse control arm (e.g. by a sudden application of the brake while backing into a parking space). The highest load on the transverse control arm occurs during a full application of the brake, briefly before the vehicle comes to a full stop. In other words, while driving at a very low forward speed. Extremely high loading of the transverse control arm, can in a very few cases lead to fracture of the front axle transverse control arm. As a result no longitudinal or transverse forces can be transmitted via the wheel on the affected side of the vehicle. Fracture of the transverse control arm leads unavoidably to a safety-critical driving condition because the steering of the affected front wheel is no longer taking place.

Although the circumstances in which the foregoing scenario might happen are highly unlikely to occur, Setra has decided to conduct a recall campaign by notifying affected customers of this issue and offering to remedy the situation by testing the transverse control arm and changing it if necessary.

EvoBus delivered approximately 4000 Vehicles (84 for the US Market,) with the same part and received 7 incidents with a broken transverse control arm.

Neither EvoBus nor Setra have received reports of accidents, injuries or deaths caused by the alleged defect.

Component Supplier Contact:

Mr. Petro Dellai
ZF Passau GmbH
Donaustraße 25-71
D-94034 Passau
Germany
Phone number:0049 851 494 2157

Part 573.6(c)(8)(i) – Remedy Program

Setra is conducting a voluntary recall campaign for the affected vehicles, which will be performed at no charge to vehicle owners. As part of the recall plan, Setra will send out a customer notification asking the customer to test the transverse control arm of vehicles according to an instruction sheet provided by Setra. In addition Setra will send technicians to test the transverse control arm a second time on all affected vehicles.

In order to correct this issue, ZF changed the production process of the transverse control arm. In order to ensure that this type of problem does not arise in the future, ZF has amended its quality assurance and quality control program to include an additional check of the transverse control arm as part of the final inspection prior to release.

The remedy described above will be also introduced into series production.

Part 573.6(c)(8)(ii) – Customer Notification

Direct contact with the affected customers will be undertaken by Setra in addition to written notification pursuant to Part 577. Specifically, Setra's Field Service Representatives in each region of the United States will contact customers to arrange the tests for the coaches. Setra expects that the remedy program will be complete by September, 2006.

Part 573.6(c)(10) – Copies of Proposed Owner Notification Letter

A copy of the customer letter is enclosed.

Setra Contact:

Mr. Joe Labonte
Compliance and Safety Officer
350 Hazelhurst Road,
Mississauga, Ontario,
L5J 4T8
905-403-7807

Please do not hesitate to contact us if you have any questions regarding this matter. Thank you for your consideration.

Best regards,



Joe Labonte
Compliance and Safety Officer

.cc Patricia Wallace, Safety Defects Analyst, NHTSA

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Safety Recall # [INSERT NUMBER]

June, [DATE], 2006

Dear Setra Owner,

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act. WE SENT YOU THIS NOTICE BECAUSE WE ARE CONCERNED ABOUT YOUR SAFETY.

Setra of North America, Inc. ("Setra") has decided that a defect which relates to motor vehicle safety exists in certain model year 2005 and 2006 motor coaches, model S417. Setra has therefore initiated a voluntary recall of these vehicles. Our records indicate that your vehicle is included in this group.

Setra has determined that in the vehicles described above, at final stopping speed, the transverse control arm of the front axle might break as a result of extreme pressure (e.g. during a sudden application of the brakes and then only at the final stage of the stop). Extremely high loading of the transverse control arm, can in a very few cases lead to a fracture of the control arm. As a result no longitudinal or transverse forces can be transmitted to the wheel on the affected side of the vehicle. Fracture of the transverse control arm leads unavoidably to a safety-critical driving condition because steering of the affected front wheel is no longer taking place. This could result in a crash without warning.

In order to remedy this issue, Setra is asking you to test your vehicle as shown in the description attached to this letter. Furthermore a Setra Technical Representative will contact you shortly to schedule an appointment for a test and if necessary, replacement of the transverse control arm free of charge. The time required for the test is approximately ½ hour. The replacement of the transverse control arm, if necessary will take approximately 4.5 hours. We are sorry to inconvenience you, BUT IT IS IMPORTANT FOR YOUR SAFETY, AND THE SAFETY OF OTHERS, TO HAVE THE WORK PERFORMED IMMEDIATELY.

If you are no longer the vehicle owner, or have a change of address, please complete the reverse side of this letter and return it in the enclosed envelope. If this is a leased vehicle and the lessor (registered owner) receives this notice, please forward this information by registered mail to the lessee. If you have paid to have this recall condition corrected prior to this notice you may be eligible to receive reimbursement. Please see the reverse side of this notice for details.

Please contact your authorized Setra dealer should you have any questions or encounter any difficulty regarding this recall. If your dealer is unable to remedy your situation please contact us at 1-(800) 882-8054.

If, after contacting Setra of North America, Inc., at the number listed above, you are still unable to have the safety defect remedied, US residents may submit a complaint to the Administrator, National Highway Traffic Safety Administration, 400 Seventh Street, S.W., Washington, DC 20590. Auto Safety Hotline's toll free number: 1-888-327-4236.

Again, we apologize for any inconvenience this situation may cause you.

Sincerely

Paul Conover
Product Support Manager, NA
Setra of North America, Inc.
(336) 878-5440

IMPORTANT

IF FOR ANY REASON YOU DO NOT NOW OWN THIS VEHICLE OR HAVE A CHANGE OF ADDRESS, PLEASE COMPLETE THE SECTION BELOW, PLACE IN THE ENCLOSED ENVELOPE, AND DROP IN ANY MAIL BOX. IF POSSIBLE, PROVIDE THE NAME AND ADDRESS OF THE PRESENT OWNER SO THAT WE MAY CONTACT THEM.

- SCRAPPED
- STOLEN
- OTHER _____
- SOLD _____ I HAVE SOLD THE VEHICLE TO:
- MY NEW ADDRESS IS:

NAME _____

STREET _____ APT. _____

CITY _____ STATE _____ ZIP _____

PHONE _____

THANK YOU FOR YOUR COOPERATION

**** PLEASE DO NOT DETACH. RETURN COMPLETE LETTER ****
DO NOT USE THE ENCLOSED ENVELOPE FOR OTHER CORRESPONDENCE

Reimbursement to Customers for Repairs Performed Prior to Recall

If you have already paid to have this recall condition corrected you may be eligible to receive reimbursement.

Requests for reimbursement may include parts, labor, fees and taxes. Reimbursement may be limited to the amount the repair would have cost if completed by an authorized Setra dealer. The following documentation must be presented to your dealer for reimbursement.

Original or clear copy of all receipts, invoices and/or repair orders that show:

- The name and address of the person who paid for the repair.
- The Vehicle Identification Number (VIN) of the vehicle that was repaired.
- What problem occurred, what repair was done, when it was done and who repaired it.
- The total cost of the repair expense that is being claimed.
- Proof of payment of repair (copy of front and back of cancelled check, or copy of credit card receipt).
- Reimbursement will be made by check from your dealer. If your claim is denied you will receive a letter from Setra within 60 days of receipt with the reason(s) for the denial.

Please speak with your dealer concerning this matter.