03V-354 (1/2)

IC CORPORATION
2600 SOUTH HARKRIDER, CONWAY, AR 72032
Phone: (501) 505-2190 Fax: (501) 505-2185
email: bob.douglas@ic-corp.com

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

September 19, 2003

Subject: Safety Recall 03305 (NHTSA N/A)

Dear Sir:

September 18, 2003, IC Corporation declared that a non-compliant defect may exist in some motor vehicles manufactured at their Tulsa facility and is furnishing notification to the National Highway Traffic Safety Administration in accordance with 49 CFR Part 573 Defect and Noncompliance Reports. IC is not able at this time to provide the list of vehicles involved in this defect. IC is implementing an inspection of sold vehicles to determine what units will be involved in this campaign. It is IC's goal to have the affected vehicles identified and reported to NHTSA by November 24, 2003.

Attached is the partial vehicle defect 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,

IC CORPORATION

Robert L. Douglas
Director of Product Integrity

Enclosures

IC CORPORATION 03V-354 (1/2)

IC Corporation NHTSA N/A
RECALL NO 03305

VEHICLE DEFECT INFORMATION REPORT

DESCRIPTION OF DEFECT: Some CE school buses were built with the roof top sheet improperly located when installed. If the top sheet is not properly located, it may reduce the material edge distance at the rivet line. Insufficient edge distance with the rivet line will cause the roof top sheet joint to fail compliance with FMVSS 221 joint strength test. The original defective unit was built October 3rd 2002. IC is in the process of determining the time frame when and how many other units may be involved.

CHRONOLOGY OF PRINCIPAL EVENTS, WHICH LED TO DETERMINATION OF DEFECT:
August 27, 2003 – Amanda Prescott left message regarding the test failure.
August 28, 2003 – Amanda Prescott forwarded pictures and explanation of test failure.
September 3, 2003 – IC personnel visited test site and discussed with Amada Prescott.
September 18, 2003 – Our Compliance Committee declared this defect non-compliant with FMVSS 221.

MEASURES TO BE TAKEN TO REPAIR VEHICLE: All units built with this defect and not shipped as of September 2, 2003 will be repaired at the plant facility. All owners will be notified of the defect. Instructions to the customer on how to have their buses inspected and repaired if required will be included in the recall notice. The repair procedure for this defect will require inspecting each joint for proper placement. All defective joints will be repaired.

REMEDY EXPENSE: IC will reimburse owners for labor or provide free inspection or repair. All parts will be provided to the customer at no charge. IC and its Affiliate Companies warrants the equipment involved in this defect notice for five (5) years/unlimited miles after delivery to the original retail purchaser and therefore will not provide notification, regarding reimbursement because the vehicles involved in this defect notification were built within the last (5) years.

EARLIEST DATE DEFECT TO BE REMEDIED: Units involved have not been determined. This information will follow.

PUBLIC ANNOUNCEMENT DATE: There will be no public announcement.

OWNER LETTER AND TECHNICAL LETTER: Units involved have not been determined. This information will follow.

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IC CORPORATION
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December 28, 2003

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

Subject: Safety Recall 03305
NHTSA # 03V-354

Dear Sir:

On September 18, 2003, IC Corporation declared that a non-compliant defect might exist in some motor vehicles manufactured at their Tulsa facility. On September 19, 2003, IC furnished notification to the National Highway Traffic Safety Administration in accordance with 49 CFR Part 573, Defect and Noncompliance Reports. IC was not able at that time to provide the list of vehicles involved in the possible defect. IC advised NHTSA that an inspection of sold vehicles to determine what units would be involved in this campaign was being implemented. The following describes IC's inspection criteria, method of inspection and conclusion.

Method Used to Determine Time Frame of Top Roof Sheet Noncompliance:

As a result of NHTSA's test of a single unit, IC Corporation reported to NHTSA that it had built a unit with a noncompliant top sheet (roof outer panel) joint. IC also advised NHTSA that it could not at the time determine if other units were built with the same defect. IC informed NHTSA that it would proceed with an inspection procedure to better understand if and when other units may have been manufactured with the same defect.

IC used the manufacturing process change made in April 2, 2002 as the original start date and the new inspection procedures put in place on September 1, 2003 as the end date.

- Defective unit was built on October 3, 2002
- Process changed to gang drill on April 2, 2002. Prior to this date, the holes were drilled into the top sheets from inside the bus using the pre-drilled hole in the bow as a template. At the same time, the operator drilling the holes was very aware of the placement of the

top sheet. Starting April 2, 2002, this operation was performed by a gang drill, drilling all of the rivet holes from the top. The operator of the gang drill could not see the overlapped top sheet location.

- New inspection procedure started on September 1, 2003
  Production process changed to require operation sign-off that included top sheet placement. Also additional inspection randomly performed two times per shift. Process sheets were also revised with additional pictures and information.

Time Frame of Inspection Process:
IC used the following statistical sampling to determine which units to inspect.

- Started with twenty five (25) percent of the month's production at the determined start and end dates.
  IC took the total production of April 2002 times twenty five percent, making sure that we selected units built on different days of that month. We did the same for the month of August 2003.

- With no defective joints discovered, we then moved to the second group for inspection.
  The production dates for the second group were determined by selecting approximately a month's production halfway between the original inspection groups and the production date of the defective unit, October 3, 2003. IC took the total production of the later half of June and the first half of July 2002 times twenty five percent, making sure that we selected units built on different days of that month. We did the same for the month of April 2003.

- With no defective joints discovered in the second group, we then moved to the third group for inspection.
  The production dates for the third group were determined by selecting approximately a month's production halfway between the second set of inspection groups and the production date of the defective unit, October 3, 2003. IC took the total production of August 2002 times twenty five percent, making sure that we selected units built on different days of that month. We did the same for the later half of December 2002 and the first half of January 2003.

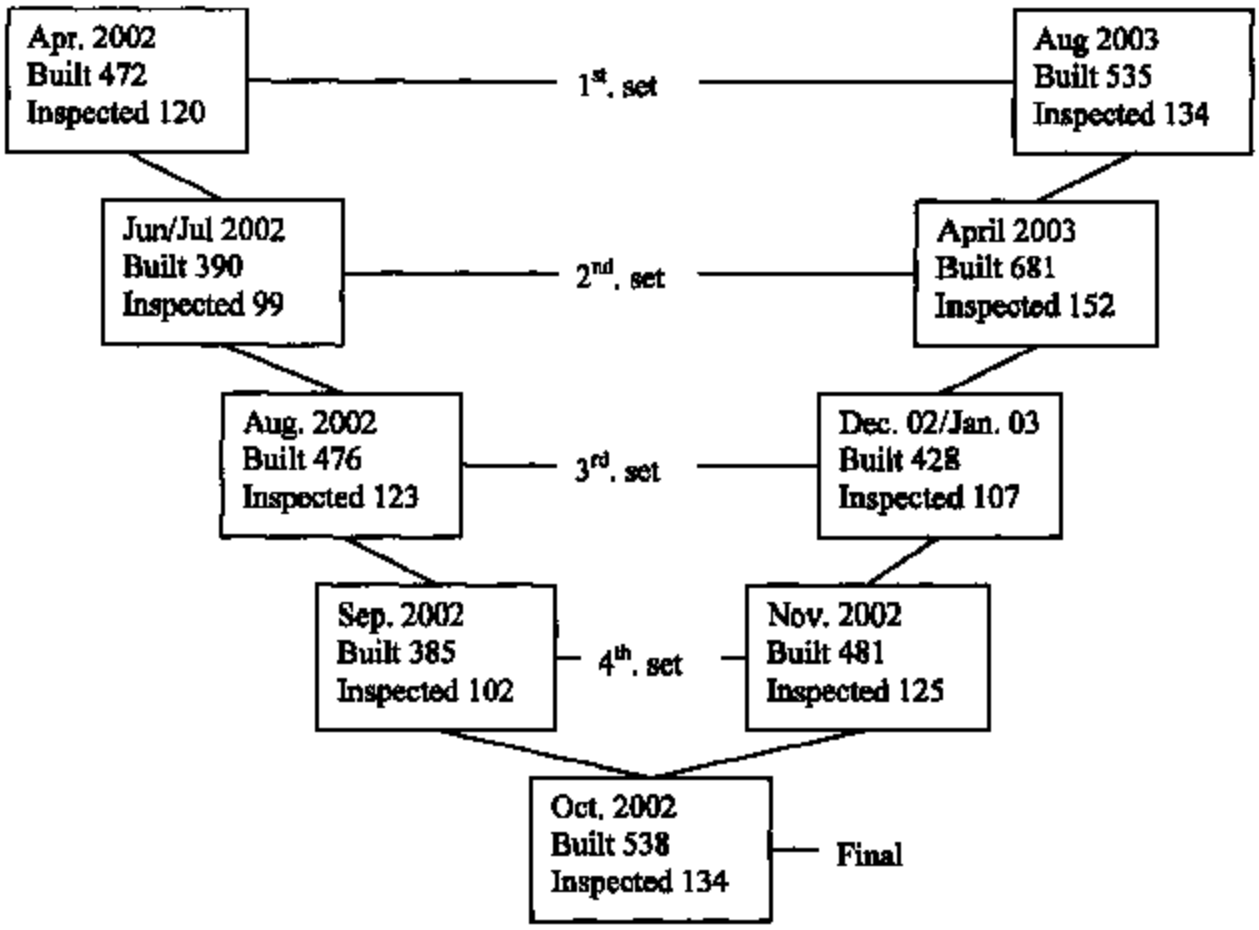
- With no defective joints discovered in the third group, we then moved to the fourth group for inspection.
  The production dates for the fourth group were determined by selecting approximately a month's production halfway between the third set of inspection groups and the production date of the defective unit, October 3, 2003. IC took the total production of September 2002 times twenty five percent, making sure that we selected units built on different days of that month. We did the same for the later half of November 2002.

- With no defective joints discovered in the fourth group, we then moved to the final group for inspection.
  The production date for the final group was the month of October 2002. This was the month in which the defective unit was built. IC took the total production of October

2002 times twenty five percent, making sure that we selected units built on different days of that month.

- Total units built for the months inspected was 4,386, with inspection of 25 percent of those units, totaling 1,096 units. Total number of units built from April 1, 2002 through August 30, 2003 was 8,521.

A graphical illustration of the inspection group looks like this:



Field Inspection Procedure:

Every top sheet joint same as the one involved in the noncompliant defect on the inspected bus went through the attached process.

Inspection Results:

While inspecting approximately 5,480 joints, (1,096 units times an average of 5 joints per unit) IC did not find any joint that would not meet the edge distance from the edge of the top sheet to the surface of the rivet that is required to meet FMVSS 221 certification.

Conclusion:

Based on the above information, IC requests NHTSA close this noncompliant investigation and campaign. IC inspected a statistical sampling of the relevant time frame to determine if and when other units could have been built with the same defect that was found on the unit tested by NHTSA last fall. This inspection did not reveal

any units with incorrectly assembled joints affecting certification compliance. IC has taken seriously the defect found in NHTSA's test unit by performing the preceding inspections and by changing its process for this joint and other similar joints in an attempt to eliminate this type of defect in new product. Because the inspection process revealed no other affected units, IC seeks to close this investigation and Safety Recall 03305, NHTSA # 03V-354.

If you have any questions, please contact me at (501) 505-2190.

Sincerely,

Robert L. Douglas
Director of Product Integrity

cc:
Amanda Prescott - NHTSA-Office of Vehicle Safety Compliance
Bob Whitehouse – IC Corporation
Keith Stone – IC Corporation
Ron Read – IC Corporation

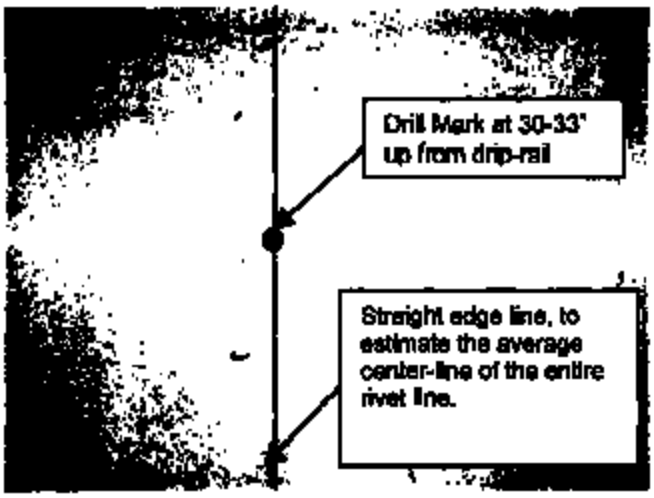
Enclosed

FMVSS 221 JOINT INSPECTION PROCESS

STEP ONE: MEASUREMENT

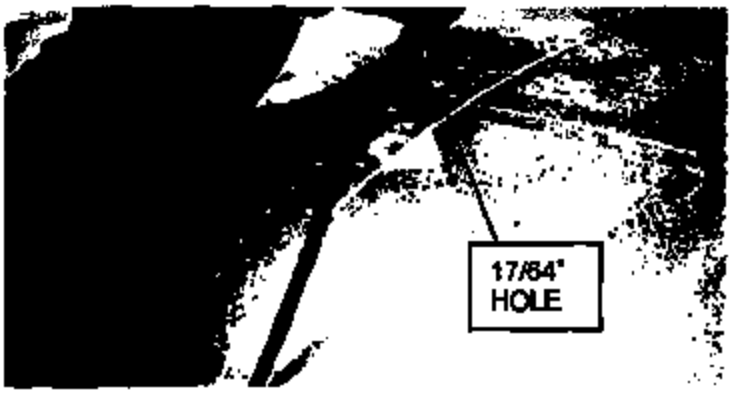
MEASURE FROM THE DRIP-RAIL UPWARDS, TOWARD THE CENTER OF THE BUS ROOF, 30-33" INCHES. (DUE TO THE STAGGERED SPACING OF OUR RIVET SEAM.)

STEP TWO: MARKING INSPECTION HOLE FOR DRILLING



MAKE A MARK BETWEEN TWO RIVETS AT 30-33", USING A STRAIGHT EDGE, TO ESTIMATE AN AVERAGE CENTER LINE OF THE RIVETS

STEP THREE: DRILL INSPECTION HOLE



DRILL A 17/64" HOLE AT THE 30-33" MARK UP FROM THE DRIPRAIL

FMVSS 221 JOINT INSPECTION PROCESS

STEP FOUR: INSPECTION

This is the inspection step to verify if a joint is compliant.

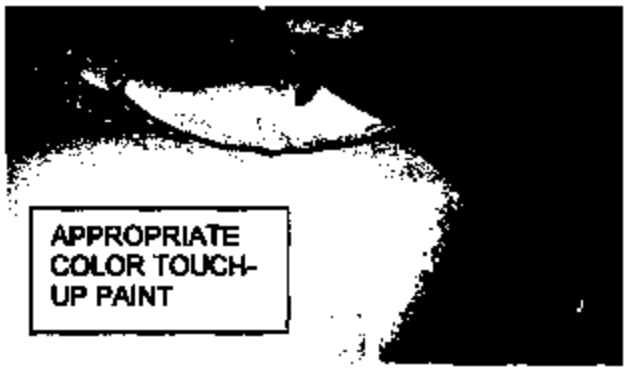
After the hole has been drilled, look into the hole and count the layers of sheet metal. If there are three layers or the middle layer 99% visible through the hole, then continue to step five.

If there are only two layers or the middle layer has less than 99% material visible, you must strengthen the joint by installing a #10 screw between every other rivet on the rivet line to the rear of the drilled hole. (See attached repair guide.) Carl Thomason and/or Bob Douglas must be notified immediately of this finding.

STEP FIVE: REPAIRING HOLE

INSTALL ¼" MAGNA-LOCK (PART # 413537000)

STEP SIX: TOUCH UP



APPLY APPROPRIATE COLOR TOUCH-UP PAINT.