

this condition and has received no communications of any kind from owners, dealers, or anyone else indicating any awareness of the missing label.

Interested persons are invited to submit written data, views, and arguments on the application described above. Comments should refer to the docket number and be submitted to: U.S. Department of Transportation, Docket Management, Room PL-401, 400 Seventh Street, SW., Washington, DC 20590. It is requested that two copies be submitted.

All comments received before the close of business on the closing date indicated below will be considered. The application and supporting materials, and all comments received after the closing date, will also be filed and will be considered to the extent possible. When the application is granted or denied, the notice will be published in the **Federal Register** pursuant to the authority indicated below. Comment closing date: March 5, 2003.

(49 U.S.C. 301118, 301120; delegations of authority at 49 CFR 1.50 and 501.8)

Issued on: January 27, 2003.

Stephen R. Kratzke,

Associate Administrator for Rulemaking.

[FR Doc. 03-2426 Filed 1-31-03; 8:45 am]

BILLING CODE 4910-59-P

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[Docket No. NHTSA-03-14197; Notice 1]

Shelby American, Inc.; Application for Temporary Exemption From Federal Motor Vehicle Safety Standard No. 208

Shelby American, Inc., of Las Vegas, Nevada ("Shelby"), on behalf of its wholly-owned subsidiary Shelby Series One, Inc., has applied for a three-year exemption from the automatic restraint provisions of Federal Motor Vehicle Safety Standard No. 208 *Occupant Crash Protection* (S4.1.5.3). The basis of the application is that compliance would cause substantial economic hardship to a manufacturer that has tried in good faith to comply with the standard.

This notice of receipt of the petition is published in accordance with agency regulations on the subject and does not represent any judgment by the agency about the merits of the petition.

Shelby is a Texas corporation, privately held and owned by Carroll H. Shelby and Venture Holdings, Inc. Its current business activities are

conducted by four wholly-owned subsidiaries. The first of these subsidiaries is Shelby Series One, Inc., the unit that produces the passenger cars which are the subject of this application for a temporary exemption. The current vehicle is designated Series 1 and its successor will be Series 2. The second Shelby subsidiary is Shelby CSX4000, Inc., which produces "component vehicles" sold without engine or transmission. The third subsidiary is Shelby Original 427 S/Cs, Inc., whose business is to assemble automobiles "from certain new old stock parts surviving from the original 1965 Shelby Cobra production run * * * supplemented by newly manufactured parts utilizing original tooling." The fourth subsidiary, Shelby Performance, Inc., does not assemble vehicles but offers aftermarket products.

Shelby informed us that, as of the date of its petition, July 29, 2002, it had produced a total of 256 Series 1 vehicles, and "one or two" vehicles annually assembled from 1965 stock parts. These vehicles "are sold for off-road (racing) or museum display purposes only, and under current regulatory restrictions may not be licensed for street use." Shelby has also produced something over 270 "component vehicles," without power trains, whose manufacture is completed by an entity other than Shelby. With respect to these vehicles, Shelby invites prospective purchasers to "call for the name of a Recognized Shelby American Dealer who can build one for you."

The Series 1 and Series 2 are two-passenger convertible passenger cars. The Series 2 "is a face lifted version of the Series 1, utilizing the same chassis components as the Series 1, with modified exterior body panels and trim details." It will enter production when the planned 500-unit production run of the Series 1 is completed. The company was previously granted NHTSA Temporary Exemption No. 99-1 from the automatic restraint provisions of Standard No. 208 for the Series 1, which expired on January 1, 2001 (64 FR 6736). Shelby had hoped to meet the standard by January 1, 2000, but anticipated sales did not materialize with the funds needed to sustain the air bag development project. In fact, only 256 of the planned 500 Series 1 vehicles had been sold as of the date of the petition. Since submitting its first petition in May 1998, Shelby stated that it has "spent an estimated total of 800 man-hours and \$150,000 related to the installation of a passenger and driver's side airbag system on the Series 1." Its efforts are now devoted to development of an advanced air bag system which it

hopes to implement at the end of 2005, well before September 1, 2006 when Standard No. 208 requires it to comply. The Series 1 is equipped with a three-point driver and passenger restraint system.

Based on quotations it has received, the "total projected cost for [a] subcontractor to develop a driver and passenger-side advanced airbag system for the Shelby Series 1 and 2 is \$6,005,000." The unaudited balance sheet of Shelby American, Inc., shows cumulative net losses exceeding \$23,000,000 for its last three fiscal years, almost \$6,000,000 of which are those of Shelby Series 1, Inc. for its most recent fiscal year.

Shelby stated that "without a temporary exemption, which will enable the company to generate funds through the sale of vehicles, Shelby American will not be able to sustain the airbag development program and will have to discontinue the Shelby Series 1 and 2 programs, causing substantial hardship to the company." For fiscal/calendar 2003, the company projects a net income exceeding \$15,000,000 if an exemption is granted, and a net loss of over \$6,000,000 if it is not.

The applicant argues that "the production of the Shelby Series 1 is in the best interest of the public and the U.S. economy." The company opened a new 100,000 square foot facility in June 1998 in Las Vegas to produce the Series 1, and has employed "up to 103 individuals" there. The car will be sold through select dealers " * * * providing employment to many sales and service personnel at the dealership level." Most major components are produced in the United States, including the engine (Oldsmobile), tires (Goodyear), and transmission (ZF, from RBT, a U.S. company). The Series 1 is technically advanced, combining "an aluminum chassis with a carbon-fiber body, a new concept amongst production vehicles, which provides strength and durability while minimizing weight." Shelby believes that the reduced weight achieved with this vehicle will translate into a new standard for improved emissions and fuel efficiency. Aside from Standard No. 208, the car will be certified as conforming to all applicable Federal motor vehicle safety standards.

Interested persons are invited to submit comments on the application described above. Comments should refer to the docket and notice number, and be submitted to: Docket Management, National Highway Traffic Safety Administration, room PL-401, 400 Seventh Street, SW., Washington, DC 20590. It is requested that two copies be submitted.