



06V-236
(3 pages)

June 26, 2006

**VIA FACSIMILE AND
CERTIFIED U.S. MAIL
RETURN RECEIPT REQUESTED**

Mr. George H. Person
National Highway Traffic Safety Administration
Office of Defects Investigation
400 7th Street, S.W. NSA-11
Washington, DC 20590

Re: Damon Corporation
Defect and Non-Compliance Report

Dear Mr. Person:

Damon Corporation ("Damon") has been notified by Workhorse Custom Chassis ("Workhorse") concerning the potential defect involving a steering intermediate shaft used on certain W20, W22 and W24 chassis supplied by Workhorse to Damon. Workhorse has already initiated a safety recall campaign with respect to this potential defect. NHTSA has assigned recall number 06V-148 to the Workhorse recall campaign.

Pursuant to Part 573 of Title 49 of the Code of Federal Regulations, we are hereby notifying the National Highway Traffic Safety Administration that certain motorhomes manufactured by Damon were built on the Workhorse chassis that may contain the defective steering intermediate shaft.

As more specifically set forth below, Workhorse has agreed to conduct the recall campaign involving these defective chassis. Damon will provide Workhorse with a list of dealers and owners to assist Workhorse in remedying the defect. Workhorse will be filing the quarterly reports in connection with the recall campaign.

- A. Recall Population and Vehicle Identification. The defective chassis supplied by Workhorse have been used on certain 2005 through 2007 model year Challenger, Intruder and Outlaw motorhomes, which were manufactured by Damon on chassis supplied by

Workhorse during the period from April 28, 2005 through March 15, 2006. The total number of motorhomes/chassis subject to this recall campaign is 116.

- B. Description of Defect. All of the motorhomes subject to this recall campaign were built on Workhorse chassis that contain a steering shaft and gear connection. The potential defect involves the installation of an incorrect steering intermediate shaft on the chassis. Use of this incorrect shaft may cause the spline not to match correctly with the corresponding steering gear input shaft. This condition may result in loss of steering control and increase the risk of a crash.
- C. Basis for Determining that a Defect Exists. Damon received notification from Workhorse on June 12, 2006 that a potential defect exists with respect to the steering intermediate shaft used on certain Workhorse chassis. Subsequently, Damon confirmed that certain of the chassis purchased by Damon from Workhorse contain the potential defect.
- D. Remedying of Defect. As set forth in the notification issued by Workhorse in connection with recall campaign 06V-148, Workhorse dealers will replace the incorrect shaft with a correct one. The owners of the motorhomes subject to this recall campaign will be advised to contact Workhorse in order to make arrangements to have the remedy completed by Workhorse. Workhorse will implement the recall campaign in accordance with the procedures specified in recall campaign 06V-148. Workhorse has agreed to remedy the defect without charge to the owners.
- E. Owner Notifications. Workhorse will notify the owners of the motorhomes, which Damon will provide owners information to Workhorse.
- F. Dealer Notifications. Workhorse will notify the Damon dealers that have sold motorhomes subject to this recall campaign or that have such motorhomes currently in inventory. Damon will provide dealers information to Workhorse as well.
- G. Quarterly Reporting Requirements. Workhorse will be responsible for filing quarterly reports in connection with recall campaign 06V-148. Because the information included by Workhorse in its quarterly reports will encompass the remedying of the Damon motorhomes subject to this recall campaign, Damon will not file quarterly reports to avoid duplication.
- H. Campaign Number. Damon does not have an internal campaign number for this recall. Damon will use the recall campaign number assigned by NHTSA.

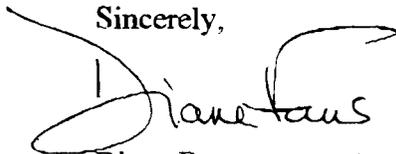
Mr. George H. Person

June 26, 2006

Page 3

The enclosed information should comply with the NHTSA regulations and satisfy the obligations of Damon with respect to this recall campaign. If you need any additional information regarding the participation of Damon in this recall campaign, please feel free to contact me at 800-860-3812, Ext. 346.

Sincerely,

A handwritten signature in black ink that reads "Diane Faus". The signature is written in a cursive style with a large, sweeping initial "D".

Diane Faus

Legal Affairs Coordinator

Dfaus@DamonRV.com

574-264-3837 Fax

cc: Dan Bensman
Faulkner, Garmhausen, Keister & Shenk