



November 17, 2006

**VIA FACSIMILE/REGULAR MAIL
RECEIPT CONFIRMATION REQUESTED**

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

06V-451
(2 pages)

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 fuel rail pulse damper retainer clips on the 8.1L V8 GM Engines used on certain P32, 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-225 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 retainer clips.

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.

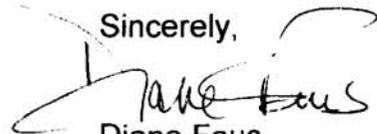
- A. Recall Population and Vehicle Identification. The defective chassis supplied by Workhorse have been used on certain 2004, 2005, 2006 and 2007 DayBreak, Challenger, Intruder and Outlaw motorhomes, which were manufactured by Damon on chassis supplied by Workhorse which were built from 5/13/2003 through 06/29/2006. The total number of motorhomes/chassis subject to this recall campaign is 1517.
- B. Description of Defect. All of the motorhomes subject to this recall campaign were built on Workhorse chassis that contain a 8.1L V8 GM Engine. The potential defect involves the fuel rail pulse damper retainer

clips. As a result of possible improper hardening during the heat treatment process, the fuel rail pulse damper retainer clip on these engines may fracture, resulting in inadequate retention of the damper. If the damper becomes loose, fuel could be pumped by the fuel pump, into the under-hood area. In the presence of an ignition source, a fire could result.

- C. Basis for Determining that a Defect Exists. Damon received notification from Workhorse on September 6, 2006 that a potential defect exists with respect to the fuel rail pulse damper retainer clips on the 8.1L V8 GM engine 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-225, Workhorse dealers will replace the fuel rail pulse damper clips on all of the effected engines. 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-225. 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 owner's information to Workhorse.
- F. Quarterly Reporting Requirements. Workhorse will be responsible for filing quarterly reports in connection with recall campaign 06V-225. 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.
- G. Campaign Number. Damon does not have an internal campaign number for this recall. Damon will use the recall campaign number assigned by NHTSA.

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 574-264-5517, Ext. 346.

Sincerely,



Diane Faus
Legal Affairs Coordinator