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April 13, 2006

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(3 Pages)

**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
EQ05-006

Dear Mr. Person:

Our firm is general counsel for Damon Corporation ("Damon"), 2958 Gateway Drive, P.O. Box 2888, Elkhart, Indiana 46515. This letter is in response to the notification received on March 31, 2006 from your office concerning the defect notice (Recall No. 04V-195) that was filed by Workhorse Custom Chassis ("Workhorse") in which your office requested whether Damon has purchased from Workhorse any of the chassis equipped with the Actia Corporate instrument cluster that fails to comply with the requirement of FMVSS Nos. 101 and 105.

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 fail to conform to FMVSS Nos. 101 and 105.

As more specifically set forth below, Workhorse has agreed to conduct the recall campaign involving these non-compliant chassis, including but not limited to providing notification to all of Damon's potential customers that are subject to the recall campaign, remedying the non-compliance, and filing the quarterly reports in connection with the recall campaign.

- A. Recall Population and Vehicle Identification. The non-compliant chassis supplied by Workhorse have been used on certain 2003 through 2005 model year Challenger, Daybreak, and Intruder motorhomes, which were manufactured by Damon on chassis supplied by Workhorse during the period from July 2002 through May 2004. The total number of motorhomes subject to this recall campaign is 1,705.
- B. Description of Non-Compliance. All of the motorhomes subject to this recall campaign were built on Workhorse chassis that contain an Actia Corporate instrument panel cluster. The non-compliance involves incorrect software programmed into the instrument panel cluster such that certain driver warnings required by FMVSS Nos. 101 and 105 are not displayed. As a result of this incorrect software, the instrument panel cluster may fail to illuminate warning lamps indicating brake system failure codes.
- C. Basis for Determining that a Non-Compliance Exists. Damon initially received notification from NHTSA on March 31, 2006 that a potential non-compliance exists with respect to the Actia Corporate instrument panel cluster used on certain Workhorse chassis. Subsequently, Damon confirmed that certain of the chassis purchased by Damon from Workhorse contain the potential non-compliance.
- D. Remedying of Non-Compliance. As set forth in the notification issued by Workhorse in connection with recall campaign 04V-195, Workhorse dealers will reprogram the software used in the instrument panel cluster or exchange the instrument panel cluster. The owners of the motorhomes subject to this recall campaign have been advised to contact Workhorse in order to make arrangements to have the remedy completed by Workhorse. Workhorse has agreed to remedy the non-compliance without charge to the owners.

The owners of the motorhomes sold by Damon that are subject to this recall campaign have already been notified by Workhorse. Workhorse will implement the recall campaign in accordance with the procedures specified in recall campaign 04V-195.
- E. Owner Notifications. Workhorse has already provided the notification letters to the owners of the Damon motorhomes that are subject to this recall campaign in accordance with the procedures specified in recall campaign 04V-195.
- F. Quarterly Reporting Requirements. Workhorse will be responsible for filing quarterly reports in connection with recall campaign 04V-195. 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.

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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 (937) 492-1271.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. A. Bensman".

Daniel A. Bensman

dja

cc: Damon Corporation
Mr. John M. Garmhausen

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