



March 25, 2008

K&N ENGINEERING, INC.

Ms. Kelly Schuler  
Recall Management Division  
Office of Defects Investigation  
National Highway Traffic Safety Administration  
1200 New Jersey Avenue, SE  
Room W46-421  
Washington, DC 20590

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Re: Recall No. 06E-024; K&N Fuel Injection Performance Kits

Dear Ms. Schuler:

On October 30, 2007, K&N Engineering, Inc. (K&N), submitted its sixth quarterly report regarding the performance of the above-referenced recall, No. 06E-024. That recall addressed a defect associated with the failure of certain air intake kits that had been sold as replacement equipment for use on certain specified vehicle models. The items in question were manufactured by K&N from April 20, 1999 through September 23, 2004.

In response to the e-mail from Arleen Pruitt of K&N that transmitted that quarterly report and asked for verification that it fulfilled NHTSA's reporting requirements under 49 CFR 573.7, your e-mail of November 2, 2007 stated:

You are correct, this is technically the last report due. Please be advised that the agency can require that K&N do a renotification to owners and provide additional quarterly reports. This campaign doesn't appear to be doing so well. Has K&N considered sending a second notice to try and improve on the completion of this campaign?

K&N has reviewed its records with respect to this recall, and we believe that it is extremely unlikely that a renotification would improve the completion rate, since, as explained below, the company has already conducted a de facto renotification. Therefore, although we recognize that NHTSA has the authority to order such a renotification, we respectfully urge the agency not to do so.

As reflected in K&N's Part 573 report dated March 10, 2006, approximately 5,500 of the kits covered by this recall had previously been either remedied or returned to the company pursuant to a service action that the company had conducted in early 2005, after it identified durability problems with the air intake tubes that did not appear to create a safety risk. Under that service action, K&N notified its distributors and all owners of the covered items that it was able to identify (*i.e.*, those consumers who had


mailed in a warranty registration card) of the durability issues. The company offered its customers a free replacement tube made with a more durable material, and it advised its distributors to return all unsold inventory.

On the basis of additional facts, in early March 2006, K&N decided that the durability problems associated with these air intake systems constituted a safety-related defect that warranted a safety recall, and it filed its Part 573 Report. At that time, it renotified all known customers that had not previously received the replacement kit under the prior service action, renotified all of its distributors, and sent placards to all of those distributors for placement in their facilities. These renotifications referred to the defect determination and reiterated the company's willingness to provide a free remedy. However, as could be expected, the renotifications did not result in a significant number of new requests for the replacement kits, since most of the known customers had already received a free replacement under the service action, and the unsold inventories had already been returned to K&N.

As reflected in a seventh quarterly report submitted to NHTSA in early February 2008, K&N's records indicate that as of December 31, 2007, it has remedied a total of 8,005 of the 42,119 defective kits that it had sold, including parts that were returned from individual consumers and kits that were returned from distributors (including the Mopar division of Chrysler). This yields a completion percentage of approximately 19 percent. While K&N recognizes that this is not a very high percentage compared to recalls of motor vehicles in which the identity of virtually all owners is known, we believe that it is reasonable under all the circumstances, given the limited number of known customers and the fact that the company had stopped manufacturing the defective items about 18 months prior to the commencement of the recall (about three and one-half years ago). Moreover, in view of the fact that the recall campaign constituted a de facto renotification of information provided in the service action, it is extremely unlikely that any further renotification would yield additional returns.

I hope you will agree that, under these circumstances, a further renotification is not required. If you have any questions, please contact me at 1-800-858-3333 extension 4144.

Sincerely,



Steve Williams  
Vice President,  
Product Development & Engineering