

**UNITED STATES DEPARTMENT OF TRANSPORTATION  
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION**

1200 New Jersey Avenue, SE  
West Building, W41-326  
Washington, DC 20590

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**In re:** )  
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PE14-016 )  
Air Bag Inflator Rupture )  
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**Initial Response of TK Holdings Inc. to Second Special Order Served in PE14-016**

On November 18, 2014, the Chief Counsel of the National Highway Traffic Safety Administration (“NHTSA”), issued the Second Special order Directed to TK Holdings, Inc. pursuant to 49 U.S.C. § 30166(g)(1)(A) and 49 CFR Part 510 to TK Holdings Inc. (“Takata”) in the above-referenced proceeding (the “Second Special Order”). This response, and the documents Takata has produced and is continuing to produce in connection with both this response and its response to NHTSA’s Special Order issued October 30, 2014 (the “Special Order”), respond to the Second Special Order.

As detailed more fully in its December 1, 2014 response to the Special Order, Takata has undertaken an exhaustive effort to identify and collect an extensive number of documents and other electronically stored information that may be responsive to the various special orders issued by NHTSA. In its initial productions to NHTSA on November 28 and December 1, 2014, Takata produced 31,656 documents with a total of 371,090 pages (the “Initial Productions”). Nevertheless, given the significant amounts of data that Takata has collected for review and the time constraints imposed by the Second Special Order, Takata is still in the process of reviewing documents and electronically stored information and of identifying additional responsive materials. Moreover, in its search for responsive materials, Takata has also identified numerous documents that are not in the English language, which, consistent with the Second Special

Order's definition of "Document(s)," must be translated into English. Accordingly, Takata will supplement this response with further responsive materials as they are identified and with the foreign language documents and their English translations when the translations have been completed.

Takata has marked portions of this response as "Confidential" pursuant to 49 C.F.R. Part 512 in order to preserve the confidentiality of confidential business information protected by 5 U.S.C. § 552b(4). Takata is submitting the required Part 512 justification and certificate to the Office of Chief Counsel. Takata has also identified certain documents responsive to the Second Special Order that contain confidential business information protected by 5 U.S.C. § 552(b)(4). Takata is currently working with NHTSA to develop appropriate procedures for the submission of those confidential documents. Takata will produce those documents promptly after it and NHTSA have agreed on those procedures.

To the extent reasonably practical under the circumstances, information and documents provided in this response are current as of the date of the Second Special Order (November 18, 2014), except where otherwise specified in a particular response.

Consistent with Instruction No. 5 of the Second Special Order, Takata is not producing privileged documents in its response. Takata believes that there are privileged documents that may be responsive to that order. These include (a) communications between outside counsel and employees of Takata's Law Department, other Takata employees, or employees of parties represented by Takata in litigation or claims; (b) communications between employees of Takata's Law Department and other Takata employees or employees of parties represented by Takata in litigation or claims; (c) notes and other work product of outside counsel or employees of Takata's Law Department, including work product of employees or consultants done for or at

the request of outside counsel or Takata's Law Department. Moreover, Takata does not waive its attorney-client privilege or work product protection with respect to any documents that were or will be prepared in connection with any litigation or anticipated litigation, including but not limited to NHTSA defect investigations.

Although Takata has endeavored to identify and will provide all documents that are responsive to the requests in the Second Special Order, Takata objects to two of the definitions contained in the Order. First, Takata objects to the definition of "Document(s)" because it exceeds a reasonable understanding of the term "documents" and requires, among other things, that Takata produce copies of the backs of documents which may contain no information, provide documents in color which may not be maintained in color, and provide data in formats that may not be replicable. Takata will interpret the term "document" in accordance with the definition contained in Rule 34 of the Federal Rules of Civil Procedure. Second, Takata objects to the definition of "Takata" to the extent it purports to include outside counsel. It would be unduly burdensome and costly to require Takata to request that outside counsel search files for responsive documents. Moreover, it is highly unlikely that outside counsel would possess any non-privileged documents responsive to the Second Special Order that are not already being produced by Takata. In light of these considerations, Takata has not asked its outside counsel to search for responsive documents.

Takata understands that NHTSA will protect any personal or private information about persons, including the last six digits of their vehicle's VIN.

Consistent with Instruction No. 2 in the Second Special Order, Takata will repeat each request verbatim above the response.

**Request 1:**

*Explain the process by which Takata manufactures propellant for the Takata Inflators. Your response should include a summary of the step-by-step process from the time the chemical compounds are received at Takata's Moses Lake, Washington facility (or any other facility at which Takata receives chemical compounds) to the time the propellant wafers are shipped to the Takata Inflator manufacturing facilities.*

**Response:**

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**Request 2:**

*Explain the chemical composition and manufacturing process for the propellant that is currently being used in the Takata Inflators.*

**Response:**

Takata incorporates by reference its response to Request 1 as its response to this Request.

**Request 3:**

*Explain the chemical composition and manufacturing process for the propellant that was used in the Recalled Inflators.*

**Response:**

Takata incorporates by reference its response to Request 1 as its response to this Request.

**Request 4:**

*Explain the chemical composition and manufacturing process for the propellant that is currently being used in the Replacement Inflators.*

**Response:**

Takata incorporates by reference its response to Request 1 as its response to this Request.

**Request 5:**

*Produce a chronology identifying each point in time that Takata made a change to the chemical composition of the propellant used in Takata Inflators from January 1, 2000 to the present. Your response shall include the precise date and time on which the change was made, the Takata Inflators affected by the change, the nature of the change made to the propellant formula, and the reason(s) for that change.*

**Response:**

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**Request 6:**

*Produce the names, titles, and complete contact information for each and every Takata employee who recommended that a change to the propellant formula be made.*

**Response:**

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**Request 7:**

*Produce the names, titles, and complete contact information for each and every Takata employee who was involved in the decision to change the propellant formula.*

**Response:**

Takata incorporates by reference its response to Request 6 as its response to this Request.

**Request 8:**

*Produce the names, titles, and complete contact information for each and every Takata employee who developed the propellant formula used in the Recalled Inflators.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent “developed” is an undefined term whose meaning is unclear. Notwithstanding that objection, Takata states that the following employees participated in the development of the propellant formula for the 2004 Propellant and were also responsible for the testing of the 2004 Propellant:<sup>3</sup>

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<sup>3</sup> The list below identifies the respective individuals’ current, or last, job title, which in certain instances may be different than the title they held in 2000.

Notwithstanding the prior objection, Takata incorporates by reference its response to Request 6 as its response to this Request concerning the 2004L Propellant.

**Request 9:**

*Produce the names, titles, and complete contact information for each and every Takata employee who developed the propellant formula used in the Replacement Inflators.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent “developed” is an undefined term whose meaning is unclear. Notwithstanding that objection, Takata incorporates by reference its response to Request Nos. 6 and 8 as its response to this Request.

**Request 10:**

*Produce the names, titles, and complete contact information for each and every Takata employee who formulated the propellant formula used in the Recalled Inflators.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent “formulated” is an undefined term whose meaning is unclear. Notwithstanding that objection, Takata incorporates by reference its response to Request Nos. 6 and 8 as its response to this Request.

**Request 11:**

*Produce the names, titles, and complete contact information for each and every Takata employee who formulated the propellant formula used in the Replacement Inflators.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent “formulated” is an undefined term whose meaning is unclear. Notwithstanding that objection, Takata incorporates by reference its response to Request Nos. 6 and 8 as its response to this Request.

**Request 12:**

*Produce the names, titles, and complete contact information for each and every Takata employee who tested the propellant formula used in the Recalled Inflators.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent “tested” is an undefined term whose meaning is unclear. Notwithstanding that objection, Takata incorporates by reference its response to Request Nos. 6 and 8 as its response to this Request.

**Request 13:**

*Produce the names, titles, and complete contact information for each and every Takata employee who tested the propellant formula used in the Replacement Inflators.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent “tested” is an undefined terms whose meaning is unclear. Notwithstanding that objection, Takata incorporates by reference its response to Request Nos. 6 and 8 as its response to this Request.

**Request 14:**

*Produce all documents that refer to, relate to, discuss or concern the propellant used in the Takata Inflators; including, but not limited to, any studies or testing of the propellant formulas.*

**Response:**

Takata objects to this Request on the ground that it is vague and unduly burdensome. Notwithstanding that objection, in the short time period provided to respond to the Second Special Order, Takata has already collected and begun its review of documents and data that may

be responsive to this Request. In its effort to comply with this Second Special Order in a timely fashion, Takata identifies, in Exhibit A, the Bates ranges for the documents and data that may be responsive to this Request and potentially other Requests. Takata is continuing its collection and review efforts to respond to this Request and will produce additional information it determines is responsive to this Request, if any is located, on a rolling basis.

**Request 15:**

*Produce all documents that refer or relate to concerns or allegations (regardless of whether or not such concerns or allegations were substantiated) by any Takata employee or contractor, or any motor vehicle manufacturer, that ammonium nitrate is too volative or that there is otherwise a problem with using ammonium nitrate in the propellant for the Takata Inflators.*

**Response:**

Takata objects to this Request on the ground that it is vague and unduly burdensome. Notwithstanding that objection, in the short time period provided to respond to the Second Special Order, Takata has already collected and begun its review of documents and data that may be responsive to this Request. In its effort to comply with this Second Special Order in a timely fashion, Takata identifies, in Exhibit A, the Bates ranges for the documents and data that may be responsive to this Request and potentially other Requests. Takata is continuing its collection and review efforts to respond to this Request and will produce additional information it determines is responsive to this Request, if any is located, on a rolling basis.

**Request 16:**

*Produce all internal Takata documents referenced in the Reuters article entitled “Takata changes chemical compound involved in air bag recalls,” a copy of which is attached hereto as Exhibit A.*

**Response:**

In the short time period provided to respond to the Second Special Order, Takata has already collected and begun its review of documents and data that may be responsive to this

Request. In its effort to comply with this Second Special Order in a timely fashion, Takata identifies, in Exhibit A, the Bates ranges for the documents and data that may be responsive to this Request and potentially other Requests. Takata is continuing its collection and review efforts to respond to this Request and will produce additional information it determines is responsive to this Request, if any is located, on a rolling basis.

**Request 17:**

*Produce the Reuters analysis of internal Takata documents referenced in the Reuters article, attached as **Exhibit A**.*

**Response:**

Takata objects to this Request on the ground that it seeks documents not in Takata's possession, custody, or control.

**Request 18:**

*Produce all documents that refer to, relate to, discuss or concern the decision to change the propellant formula as reported in the Reuters article, attached as **Exhibit A**; including, but not limited to, emails, design specifications, and studies.*

**Response:**

Takata objects to this request as vague and ambiguous to the extent "change" is an undefined term whose meaning is unclear. [

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In the short time period provided to respond to the Second Special Order, Takata has already collected and begun its review of documents and data that may be responsive to this Request. In its effort to comply with this Second Special Order in a timely fashion, Takata identifies, in Exhibit A, the Bates ranges for the documents and data that may be responsive to



this Request and potentially other Requests. Takata is continuing its collection and review efforts to respond to this Request and will produce additional information it determines is responsive to this Request, if any is located, on a rolling basis.

Dated: December 5, 2014

**AFFIDAVIT OF VERIFICATION**

I, Don A. Schiemann, General Counsel of TK Holdings Inc. (“TK Holdings”), am authorized to make this verification on behalf of TK Holdings. In connection with the Second Special Order served on TK Holdings by the National Highway Traffic Safety Administration (“NHTSA”), dated November 18, 2014 (the “Second Special Order”), employees of TK Holdings have been directed to conduct an inquiry reasonably calculated to assure that the answers to NHTSA’s requests for information are, or will be, complete and correct. That inquiry is continuing and ongoing. Additionally, employees of TK Holdings have been directed to search diligently the documents in the possession of TK Holdings, and its affiliates, to identify documents that are responsive to the Second Special Order. That search is also continuing and ongoing. Numerous documents have been provided, and TK Holdings will supplement its production of documents on an ongoing basis.

I hereby verify that the information contained in this response to the Second Special Order is accurate to the best of my knowledge and belief and that, except as otherwise stated in this response, TK Holdings has provided, or will shortly provide, the documents responsive to the Second Special Order that it has identified to date.

I verify under penalty of perjury that the foregoing is true and correct.

Executed on: December 5, 2014

  
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Don A. Schiemann, Esq.

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Signed before me on December 5, 2014  


DEBRA HATTON  
Notary Public, State of Michigan  
County of Oakland  
My Commission Expires 06-22-2015  
Residing in the county of \_\_\_\_\_

