

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

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

In re:)
)
PE14-016)
Air Bag Inflator Rupture)
)

Initial Response of TK Holdings Inc. to General Order Directed to Manufacturers

On November 18, 2014, the Chief Counsel of the National Highway Traffic Safety Administration (“NHTSA”), issued a general order 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 “General Order”). This response and Takata’s Initial Response to the Special Order, dated October 30, 2014, including its Initial Production, respond, in part, to the General Order.

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

Consistent with Instruction No. 5 of the General 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 General 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 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 General 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 General Order, Takata will repeat each request verbatim above the response.

Request 1:

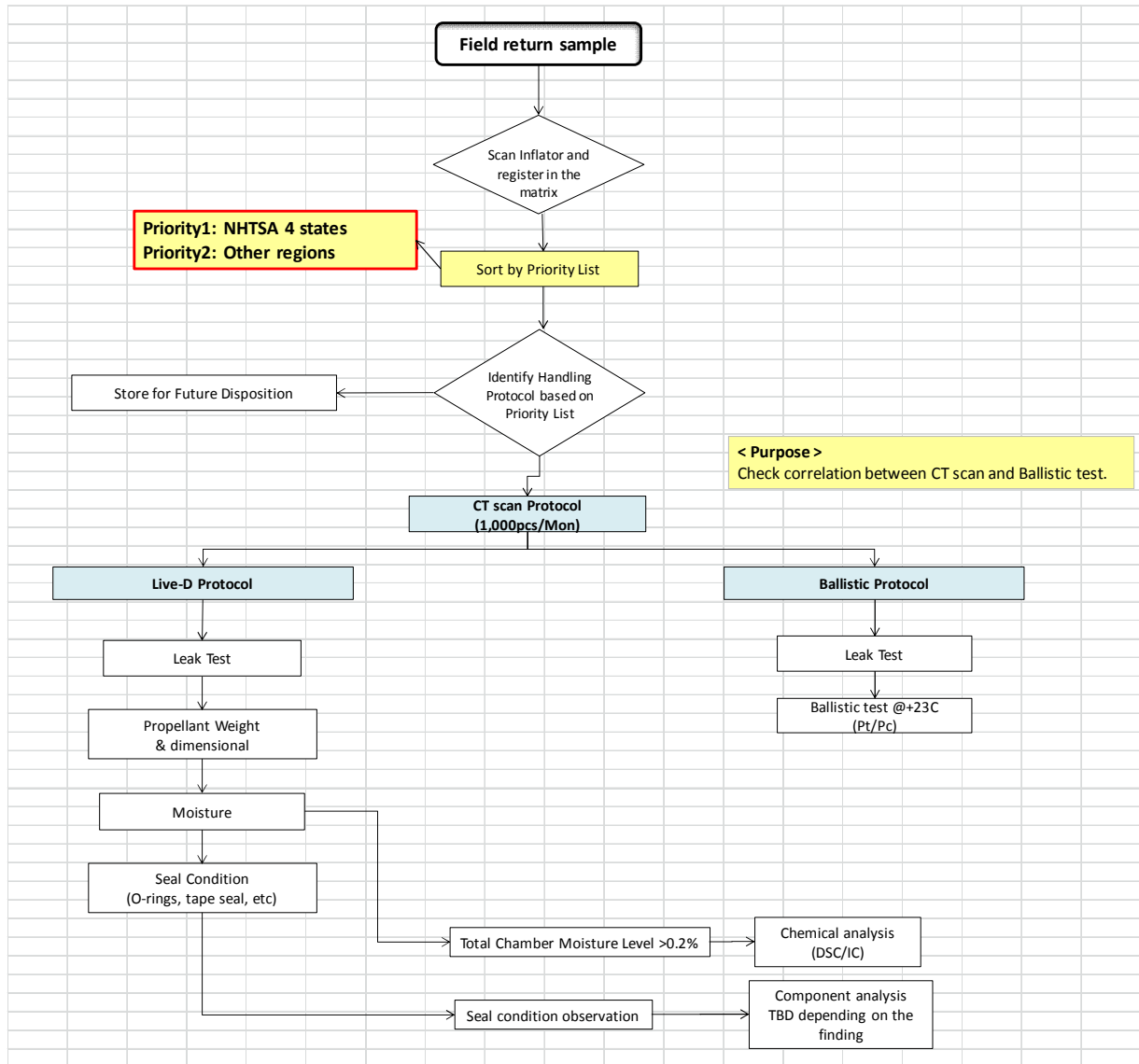
File a report that describes, in detail, all completed, ongoing or planned testing of Takata inflators outside of the HAH Region. At a minimum, your report must include, but should not be limited to, the following:

Response:

Takata's testing program related to potentially defective inflators began in September 2014 and has been ongoing since that time. Tests are conducted daily at Takata's laboratory located in Armada, Michigan.

When inflator field samples are returned to Takata's laboratory, the inflator's serial number is scanned and logged into a testing matrix. The zip code of the dealer that replaced the airbag module is recorded and correlated to the inflator's serial number. Through the inflator's serial number, Takata is able to identify the airbag module's serial number in Takata's internal tracing database. Automobile manufacturers do not provide Takata with the model, model year, or VIN information for the respective inflators. In certain instances, however, automobile manufacturers provide Takata with sufficient information for Takata to link the airbag module's serial number to a VIN number. Using the VIN number, and working with the vehicle manufacturers, efforts are made to obtain vehicle history for inflators that have ruptured.

Upon arriving at Takata's laboratory, inflators that are located in Florida, Puerto Rico, Hawaii and the Virgin Islands are prioritized for testing. Inflators are subjected to either (i) ballistic testing – conducted to confirm the performance of the unit as it is deployed or (ii) live dissections – conducted to assess sealing conditions, propellant chemistry and moisture, and dimensional properties of the propellant. Approximately half of the inflators that are tested are also subject to CT scanning – used to make physical measurements of the propellant wafers. The results of the aforementioned testing is analyzed along with production processing and quality records to help Takata understand the link between performance and manufacturing and to attempt to determine the root cause of the issue being investigated. The following flow chart summarizes Takata's testing procedure for inflators returned from the field:



The table below sets forth the minimum quantity of each inflator part number that Takata intends to test for each month of production as part of its testing program (Takata recently announced plans to increase its testing efforts):

<u>Region</u>	<u>State</u>	Dimensional parts per month* (Density, Weight, <u>Moisture, etc. data</u>)	Pt/Pc parts per month* <u>Randomly Selected</u>
NHTSA Priority States	Florida	30	30
	Puerto Rico	30	30
	Hawaii	**	**
	Virgin Island	**	**
Other Southern States	Alabama	10	10
	California	10	10
	Georgia	10	10
	Louisiana	10	10
	Mississippi	10	10
	South Carolina	10	10
	Texas	10	10
Other States	TBD	10	10
	TBD	10	10

	TBD	10	10
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* Number of pieces for each month of inflator production within the defined field action range

** Quantities may be limited by low volume in the region

Takata’s testing program is designed to permit Takata to assess the scope of any identified issues from both a geographical perspective and a production timing perspective. Takata’s testing described above remains ongoing.

Request a:

All documents regarding or relating to the testing contained in your report;

Response:

In the short time period provided to respond to the General 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 General Order in a timely fashion, Takata identifies, in Exhibit D, 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 b:

The location of the testing; the dates of the testing; whether the testing is completed, in progress, or planned; anticipated date of completion of testing; the nature and objective of the testing; and, testing protocols;

Response:

Takata’s testing of inflators from outside of the HAH Region is conducted daily at Takata’s laboratory located in Armada, Michigan. Takata’s testing is ongoing, and there is no anticipated date of completion. Inflators that are tested are subjected to either (i) ballistic testing – conducted to confirm the performance of the unit as it is deployed or (ii) live dissections –

conducted to assess sealing conditions, propellant chemistry and moisture, and dimensional properties of the propellant. Approximately half of the inflators that are tested are also subject to CT scanning – used to make physical measurements of the propellant wafers. The results of this testing will be analyzed along with production processing and quality records to help Takata understand the link between performance and manufacturing and to attempt to determine the root cause of the issue being investigated.

Request c:

A roster of all vehicles where the inflator was tested which includes: the model; model year; vehicle build date; VIN; the vehicle's registration history, by location; inflator serial number; inflator type; dealership location with zip code where the inflator unit was returned; whether any deaths, injuries or claims are associated with the inflator in the vehicle; and, product specifications for the air bag and inflator modules in each vehicle.

Response:

Attached as Exhibit A is a list of the vehicles that Takata has tested outside of the HAH regions,¹ including, to the extent available, inflator serial number; inflator type; dealership location with zip code where the inflator unit was returned, and product specifications.

Automobile manufacturers do not provide Takata with the model; model year; vehicle build date; or the vehicle's registration history, so that information is not available for all tested inflators.

Although some manufacturers provide Takata with VIN information, that information is not readily available and Takata will supplement its response to this Request with that information, if necessary. Takata is not aware of any deaths, injuries or claims that are associated with the inflators listed in Exhibit A.

¹ Takata has used the zip codes provided to it by Scott Yon, of NHTSA, on October 29, 2014 to compile the requested information for Southern Georgia and the coastal areas of Alabama.

Request d:

If testing of inflators has been completed, describe in detail the results of the testing and the conclusions you have reached based upon the test results. If your conclusion is that a safety defect does not exist in inflators outside of the HAH Region, describe in detail the basis for that conclusion and when the decision was made and by whom. Provide a copy of all documents to or from any person(s) related to the conclusion that no safety defect exists in inflators outside of the HAH Region.

Response:

Takata's testing of inflators outside of the HAH Region is ongoing and, therefore, it has not reached any conclusions regarding those test results. However, Takata notes that, as of December 1, 2014, none of the inflators that it has tested from outside of the HAH Region has ruptured.

Request e:

Sub-part (e) is directed to BMW, Chrysler, Ford, GM, Honda, Mazda, Mitsubishi, Nissan, Subaru and Toyota: State in your report whether or not Takata has performed testing of inflators used in your vehicles outside of the HAH Region. If so, describe in detail what Takata has communicated to you about the testing and/or test results. Produce all documents related to Takata's testing, test results and your communications, internal and external, related to the testing. State whether you have requested additional information from Takata concerning its testing of inflators outside of the HAH Region which you believe would assist in your determination of whether a defect exists. Identify and describe any information, documents or categories of information and documents that you reasonably believe that Takata has or reasonably should have concerning inflators or testing of inflators used in your vehicles that Takata has not provided you and which you believe would assist you in testing inflators to determine whether a safety defect exists in inflators outside of the HAH Region.

Response:

Request e is not directed to Takata.

Request f:

Provide the name, title and complete contact information for each and every manager or supervisor (at all levels of management or supervisory responsibility) involved in your investigation and decision-making process concerning rupturing air bag inflators manufactured, in whole or in part, by Takata.

Response:

Exhibit B identifies the Takata managers and supervisors that are currently involved in its investigation and consideration of issues related to rupturing air bag inflators manufactured by Takata.

Request g:

Provide the name, title and complete contact information for each and every person who prepared and provided input and/or data included in the report contained in Request No. I, including but not limited to inside or outside counsel, accountants, engineers, employees and other professionals.

Response:

The individuals identified in Exhibit C prepared and/or provided input and/or data included in the report contained in the response to Request No. 1.

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 General Order served on TK Holdings by the National Highway Traffic Safety Administration (“NHTSA”), dated November 18, 2014 (the “General 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 General 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 General 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 General 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

Don A. Schiemann

Don A. Schiemann, Esq.

Signed before me on December 5, 2014
Debra Hatton

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

