

Fuji Heavy Industries U.S.A., Inc. c/o Subaru of America Subaru Plaza PO Box 6000 Cherry Hill, NJ 08034-6000 856-488-8500 856-488-8669 fax

November 6, 2014 Ref. No.: GR14-077

The Honorable David Friedman Acting Administrator National Highway Traffic Safety Administration 1200 New Jersey Avenue, S.E., Room W42-308 Washington, DC 20590

Subaru Response re NHTSA Letter regarding "Takata Inflator Recalls" (Second Submission)

Dear Mr. Friedman:

Fuji Heavy Industries USA, Inc. ("FUSA"), on behalf of Fuji Heavy Industries Ltd. and Subaru of America, Inc., hereby submits the enclosed in response to your letter dated October 29, 2014 regarding a series of questions you had posed specific to Takata inflator recalls.

Subaru appreciates the severity and urgency of this matter. We will continue to support the collective goal of quickly and effectively remedying the risk to motor vehicle safety that certain Takata air bag inflators may pose to the driving public. In the interest of the safety of our customers, Subaru is working aggressively to pursue all affected owners in order to repair as many vehicles as quickly as possible, and is actively collecting the recalled inflators to assist in the ongoing investigation.

We hope the enclosed responses help NHTSA better understand our activities related to this critical matter. Subaru is committed to working with the Agency in the future and as requested, will provide weekly updates going forward to ensure you have the most current information available.

Second Submission: The enclosed updates our previous response dated November 5, 2014 (Ref. No. GR14-075). Subsequent to our initial submission on November 5, 2014, Takata informed us that our inflators may not have been tested as previously reported. Our response to question number six in the enclosed response has been revised to reflect this update.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Maurice Arcangeli

Director, Government Relations

Fuji Heavy Industries USA, Inc. (FUSA)

Q1. The steps that you will take to:

(a) Expedite Takata's production of replacement air bags;

Fortunately, Subaru has not experienced a parts shortage issue. We have been receiving the parts required for the recalls in a timely fashion. Takata has been responsive to our Parts Department's requests. The replacement air bag inflators have been produced for approximately 80% of our affected vehicles. Currently, there are no backorders from our retailers.

(b) Expand the supply of replacement air bags by obtaining replacement air bags from other suppliers;

Considering our response above, there is no current need to expand the supply of replacement air bag inflators by obtaining replacement air bags from other suppliers.

(c) Accelerate distribution of replacement air bags to repair facilities;

In consideration of the sensitivity and urgency surrounding the Takata air bag inflator recalls, Subaru will offer free next day air shipping to our retailers for any air bag inflator ordered for these recalls.

(d) Urge and incentivize your dealers to increase the number of vehicles repaired.

On our dealer-facing website, the VP of Parts and Service will be posting a message to our retailers on November 6, 2014 strongly urging them to ensure that the vehicles are repaired in an expeditious manner. If necessary, retailers will be encouraged to offer extended hours and priority for these appointments, and have their Service Advisors review the open recall lists on a daily basis. If there are any issues or questions that would hinder a quick resolution to a vehicle repair, the retailers will be advised to immediately contact the appropriate Subaru retailer call center - the Parts Information Helpline, the Claims Helpline, or the Technical Helpline. This message will also be distributed by email to all field personnel, urging them to reiterate the importance of the urgent need for expediency and the extreme priority for this matter.

We plan to perform a second mailing for both our non-regional recall (14V-399) and our regional recall (14V-471) to the owners that have not had the repair performed. These letters will be followed by emails to any affected owners with a MySubaru.com account. We will include a precaution in the letters to avoid seating any occupants in the right front passenger seat. We expect the second notifications to occur by mid-December. At that time, affected VIN lists will be updated and distributed to each dealer through their district manager. Dealers will be urged to contact their customers to schedule their appointments.

Q2. The measures (including innovative approaches) that you will take to encourage and incentivize vehicle owners to bring their vehicles in for repair (e.g., expanding service hours for more convenience, accommodating owners whose vehicles cannot immediately be repaired by providing loaner vehicles, and the use of print, radio, television, and social media to inform vehicle owners of the recall program).

Although we have not experienced a parts shortage, we will cover the expense of a loaner vehicle if the retailer does not have the part in stock to repair a customer's vehicle under these recalls. We will also cover towing if the customer is not comfortable driving the vehicle in for the repair.

Q3. The efforts you will make to maintain clear, thorough, and up-to-date information regarding the recall on your website, and within your dealer network, to better inform consumers.

On November 3, 2014, in response to retailer feedback about their customers' concerns over the safety of our products since Subaru is included in the Takata air bag recalls, the monthly letter posted on our dealer-facing website from Subaru's top executive management included information about which vehicles and air bags are affected by the recalls. The statement explains that none of our driver's side air bags were supplied by Takata, and that none of our current model year vehicles are affected by the Takata recalls. They asked that the retailers share this information with their staff so they can reassure their customers about the issue, and advised that they will keep them informed of any additional information.

On our customer-facing website, subaru.com, we are adding to our recall lookup tool a message to our customers about the air bag recalls. This message defines the scope of the Subaru vehicles affected by the Takata air bag recalls, encourages the customers to use our VIN lookup tool to check if their vehicle is affected, urges them to schedule an appointment immediately if their vehicle is affected, and advises them to avoid seating occupants in the right front passenger seat until the repair can be performed. This should be in place by November 13, 2014.

Future information will be posted to our websites as appropriate.

Q4. Any other interim measures you have taken or can take to address the safety risk and up-to-date information on the number of loaner vehicles you have provided.

Notifications:

In addition to sending the owner notification letters by first class mail, emails were sent to any affected owners with a MySubaru.com account. If mail is returned, we look for an alternative address in our customer database and re-mail a letter to it if one is found.

Customer Service Support:

Our Government Relations Campaign Manager held a training meeting with the Customer Service employees prior to owner notification, and provided talking points to them to ensure that accurate information is conveyed to our customers.

We have hired temporary employees to help with the increased call volume due to the Takata air bag issue, and trained them to specifically answer calls that are routed through the 'recall queue' in our customer service phone system.

We created FAQ micro sites for both the non-regional and regional recalls, and the URL for those pages was included in the owner notification letters and emails.

South Florida:

We are working closely with the district managers in south Florida to expedite the repairs to vehicles in that area, and to collect as many inflators as possible for Takata's testing. We receive daily emails from them with the VINs of the vehicles repaired, often before the recall claim has been entered in the system. Once a week, we check for paid recall claims for VINs not received during the week. A cumulative file is sent to NHTSA every day which includes: VIN repaired, city/state of customer

information from IHS (Polk), repairing retailer and their location, part number of the inflator replaced, type of inflator replaced, vehicle air bag module serial number, and vehicle production date. As of November 4, 2014, our south Florida dealers have collected and returned 123 inflators to Takata.

In support of the urgent focus on the south Florida area, we requested phone number data from IHS (Polk) for the customers registered in the south Florida area to help retailers contact customers that were never in their dealership for service. The district managers have reported that the phone information was helpful due to the older age of the vehicles.

Loaner Vehicles:

As of October 31, 2014, there have been 11 Takata air bag inflator recall claims paid showing that a loaner vehicle was provided to the customer.

Q5. A description of any ongoing efforts to evaluate the safety risks of Takata air bags in your vehicles, including a description of testing that is currently underway or planned.

Takata is prioritizing the testing of inflators returned from south Florida. Takata will first conduct ballistic testing once they have located 20 of each type of inflator, until 50 of that type of inflator are tested. After ballistic testing is completed, the other types of testing that will be performed by Takata on subsequent inflators are listed below:

- CT Scanning
- Leak Testing
- Ballistic testing
- Propellant weight and dimensional testing
- Moisture testing
- Seal condition testing

Takata will share their testing results with Subaru.

Q6. Testing results and data that you have conducted or gathered concerning your vehicles that contain Takata air bags that were sold or registered within the hot, humid regions of the country identified in NHTSA's consumer advisory.

At this moment, the preliminary information we have received from Takata is unclear with regard to the status of testing Subaru inflators. Takata is in the process of locating returned Subaru inflators to test.

Q7. Testing results and data that you have conducted or gathered concerning your vehicles that contain Takata air bags that were sold or registered outside of the hot, humid regions of the country identified in NHTSA's consumer advisory.

At this moment, Takata is prioritizing the testing of inflators returned from south Florida. We are not aware of any testing or results for the inflators collected outside the hot, humid regional areas.

Q8. The testing protocols/methodologies used (or that will be used) to conduct or gather the information described in Nos. 5 through 7 above.

At the time of this response, the detailed testing protocols/methodologies used for each type of test described in question 5 are not available. Once the information is available, we will submit it to NHTSA.

Q9. Up-to-date information regarding the number of vehicles covered by your recall, the number of those vehicles still in service and the number of vehicles remedied with a replacement air bag.

(As of November 5, 2014)

Number of vehicles covered by the recalls:

14V-399 (WQL48 non-regional): 8,557 vehicles

14V-471 (WQM49 regional): 8,964 vehicles (5 vehicles were added since launch)

<u>Unreachable or scrapped:</u>

14V-399 (WQL48 non-regional): 318 vehicles

14V-471 (WQM49 regional): too early to report

The number of vehicles remedied with a replacement air bag inflator:

14V-399 (WQL48 non-regional): 1,421 vehicles (16.61% completion rate since 8/12/2014 mailing)

14V-471 (WQM49 regional): 727 vehicles (8.11% completion rate since 9/29/2014 mailing)

Q10. Information on the testing, if any, you have done on the replacement air bags.

Subaru has not done any testing on new replacement air bags.





Fuji Heavy Industries U.S.A., Inc. c/o Subaru of America Subaru Plaza PO Box 6000 Cherry Hill, NJ 08034-6000 856-488-8500 856-488-8669 fax

November 5, 2014 Ref. No.: GR14-075

The Honorable David Friedman Acting Administrator National Highway Traffic Safety Administration 1200 New Jersey Avenue, S.E., Room W42-308 Washington, DC 20590

Subaru Response re NHTSA Letter regarding "Takata Inflator Recalls"

Dear Mr. Friedman:

Fuji Heavy Industries USA, Inc. ("FUSA"), on behalf of Fuji Heavy Industries Ltd. and Subaru of America, Inc., hereby submits the enclosed in response to your letter dated October 29, 2014 regarding a series of questions you had posed specific to Takata inflator recalls.

Subaru appreciates the severity and urgency of this matter. We will continue to support the collective goal of quickly and effectively remedying the risk to motor vehicle safety that certain Takata air bag inflators may pose to the driving public. In the interest of the safety of our customers, Subaru is working aggressively to pursue all affected owners in order to repair as many vehicles as quickly as possible, and is actively collecting the recalled inflators to assist in the ongoing investigation.

We hope the enclosed responses help NHTSA better understand our activities related to this critical matter. Subaru is committed to working with the Agency in the future and as requested, will provide weekly updates going forward to ensure you have the most current information available.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Maurice Arcangeli

Director, Government Relations

Fuji Heavy Industries USA, Inc. (FUSA)

Q1. The steps that you will take to:

(a) Expedite Takata's production of replacement air bags;

Fortunately, Subaru has not experienced a parts shortage issue. We have been receiving the parts required for the recalls in a timely fashion. Takata has been responsive to our Parts Department's requests. The replacement air bag inflators have been produced for approximately 80% of our affected vehicles. Currently, there are no backorders from our retailers.

(b) Expand the supply of replacement air bags by obtaining replacement air bags from other suppliers;

Considering our response above, there is no current need to expand the supply of replacement air bag inflators by obtaining replacement air bags from other suppliers.

(c) Accelerate distribution of replacement air bags to repair facilities;

In consideration of the sensitivity and urgency surrounding the Takata air bag inflator recalls, Subaru will offer free next day air shipping to our retailers for any air bag inflator ordered for these recalls.

(d) Urge and incentivize your dealers to increase the number of vehicles repaired.

On our dealer-facing website, the VP of Parts and Service will be posting a message to our retailers on November 6, 2014 strongly urging them to ensure that the vehicles are repaired in an expeditious manner. If necessary, retailers will be encouraged to offer extended hours and priority for these appointments, and have their Service Advisors review the open recall lists on a daily basis. If there are any issues or questions that would hinder a quick resolution to a vehicle repair, the retailers will be advised to immediately contact the appropriate Subaru retailer call center - the Parts Information Helpline, the Claims Helpline, or the Technical Helpline. This message will also be distributed by email to all field personnel, urging them to reiterate the importance of the urgent need for expediency and the extreme priority for this matter.

We plan to perform a second mailing for both our non-regional recall (14V-399) and our regional recall (14V-471) to the owners that have not had the repair performed. These letters will be followed by emails to any affected owners with a MySubaru.com account. We will include a precaution in the letters to avoid seating any occupants in the right front passenger seat. We expect the second notifications to occur by mid-December. At that time, affected VIN lists will be updated and distributed to each dealer through their district manager. Dealers will be urged to contact their customers to schedule their appointments.

Q2. The measures (including innovative approaches) that you will take to encourage and incentivize vehicle owners to bring their vehicles in for repair (e.g., expanding service hours for more convenience, accommodating owners whose vehicles cannot immediately be repaired by providing loaner vehicles, and the use of print, radio, television, and social media to inform vehicle owners of the recall program).

Although we have not experienced a parts shortage, we will cover the expense of a loaner vehicle if the retailer does not have the part in stock to repair a customer's vehicle under these recalls. We will also cover towing if the customer is not comfortable driving the vehicle in for the repair.

Q3. The efforts you will make to maintain clear, thorough, and up-to-date information regarding the recall on your website, and within your dealer network, to better inform consumers.

On November 3, 2014, in response to retailer feedback about their customers' concerns over the safety of our products since Subaru is included in the Takata air bag recalls, the monthly letter posted on our dealer-facing website from Subaru's top executive management included information about which vehicles and air bags are affected by the recalls. The statement explains that none of our driver's side air bags were supplied by Takata, and that none of our current model year vehicles are affected by the Takata recalls. They asked that the retailers share this information with their staff so they can reassure their customers about the issue, and advised that they will keep them informed of any additional information.

On our customer-facing website, subaru.com, we are adding to our recall lookup tool a message to our customers about the air bag recalls. This message defines the scope of the Subaru vehicles affected by the Takata air bag recalls, encourages the customers to use our VIN lookup tool to check if their vehicle is affected, urges them to schedule an appointment immediately if their vehicle is affected, and advises them to avoid seating occupants in the right front passenger seat until the repair can be performed. This should be in place by November 13, 2014.

Future information will be posted to our websites as appropriate.

Q4. Any other interim measures you have taken or can take to address the safety risk and up-to-date information on the number of loaner vehicles you have provided.

Notifications:

In addition to sending the owner notification letters by first class mail, emails were sent to any affected owners with a MySubaru.com account. If mail is returned, we look for an alternative address in our customer database and re-mail a letter to it if one is found.

Customer Service Support:

Our Government Relations Campaign Manager held a training meeting with the Customer Service employees prior to owner notification, and provided talking points to them to ensure that accurate information is conveyed to our customers.

We have hired temporary employees to help with the increased call volume due to the Takata air bag issue, and trained them to specifically answer calls that are routed through the 'recall queue' in our customer service phone system.

We created FAQ micro sites for both the non-regional and regional recalls, and the URL for those pages was included in the owner notification letters and emails.

South Florida:

We are working closely with the district managers in south Florida to expedite the repairs to vehicles in that area, and to collect as many inflators as possible for Takata's testing. We receive daily emails from them with the VINs of the vehicles repaired, often before the recall claim has been entered in the system. Once a week, we check for paid recall claims for VINs not received during the week. A cumulative file is sent to NHTSA every day which includes: VIN repaired, city/state of customer

information from IHS (Polk), repairing retailer and their location, part number of the inflator replaced, type of inflator replaced, vehicle air bag module serial number, and vehicle production date. As of November 4, 2014, our south Florida dealers have collected and returned 123 inflators to Takata.

In support of the urgent focus on the south Florida area, we requested phone number data from IHS (Polk) for the customers registered in the south Florida area to help retailers contact customers that were never in their dealership for service. The district managers have reported that the phone information was helpful due to the older age of the vehicles.

Loaner Vehicles:

As of October 31, 2014, there have been 11 Takata air bag inflator recall claims paid showing that a loaner vehicle was provided to the customer.

Q5. A description of any ongoing efforts to evaluate the safety risks of Takata air bags in your vehicles, including a description of testing that is currently underway or planned.

Takata is prioritizing the testing of inflators returned from south Florida. Takata will first conduct ballistic testing once they have located 20 of each type of inflator, until 50 of that type of inflator are tested. After ballistic testing is completed, the other types of testing that will be performed by Takata on subsequent inflators are listed below:

- CT Scanning
- Leak Testing
- Ballistic testing
- Propellant weight and dimensional testing
- Moisture testing
- Seal condition testing

Takata will share their testing results with Subaru.

Q6. Testing results and data that you have conducted or gathered concerning your vehicles that contain Takata air bags that were sold or registered within the hot, humid regions of the country identified in NHTSA's consumer advisory.

At this moment we have received a preliminary notification that limited testing has occurred but the results have not been documented for us yet. As soon as they are, we will share them with NHTSA.

Q7. Testing results and data that you have conducted or gathered concerning your vehicles that contain Takata air bags that were sold or registered outside of the hot, humid regions of the country identified in NHTSA's consumer advisory.

At this moment, Takata is prioritizing the testing of inflators returned from south Florida. We are not aware of any testing or results for the inflators collected outside the hot, humid regional areas.

Q8. The testing protocols/methodologies used (or that will be used) to conduct or gather the information described in Nos. 5 through 7 above.

At the time of this response, the detailed testing protocols/methodologies used for each type of test described in question 5 are not available. Once the information is available, we will submit it to NHTSA.

Q9. Up-to-date information regarding the number of vehicles covered by your recall, the number of those vehicles still in service and the number of vehicles remedied with a replacement air bag.

(As of November 5, 2014)

Number of vehicles covered by the recalls:

14V-399 (WQL48 non-regional): 8,557 vehicles

14V-471 (WQM49 regional): 8,964 vehicles (5 vehicles were added since launch)

<u>Unreachable or scrapped:</u>

14V-399 (WQL48 non-regional): 318 vehicles

14V-471 (WQM49 regional): too early to report

The number of vehicles remedied with a replacement air bag inflator:

14V-399 (WQL48 non-regional): 1,421 vehicles (16.61% completion rate since 8/12/2014 mailing)

14V-471 (WQM49 regional): 727 vehicles (8.11% completion rate since 9/29/2014 mailing)

Q10. Information on the testing, if any, you have done on the replacement air bags.

Subaru has not done any testing on new replacement air bags.