

CONFIDENTIAL MEMORANDUM

TO: National Highway Traffic Safety Administration, U.S. Department of Transportation

Mark R. Rosekind, Ph.D.

Administrator

Timothy H. Goodman

Assistant Chief Counsel for Litigation and Enforcement

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FROM: TK Holdings Inc.

DATE: July 17, 2015

RE: Takata "Get the Word Out" Consumer Outreach Campaign

Following the signing of the Consent Order with NHTSA on May 18, 2015, TK Holdings Inc. ("Takata") consulted with its automaker customers and developed a plan to help maximize completion rates for all recalls involving Takata frontal airbag inflators. This memorandum outlines the proposed plan. A separate presentation provides additional detail on the proposal, including advertising and website mockups.

Separately, as discussed with NHTSA, Takata is coordinating with the Insurance Institute for Highway Safety on a potential direct mailing to affected vehicle owners. This additional initiative is described below.

Overview of Proposed Ad Plan

The attached presentation details a proposed phased, scalable digital advertising campaign that would enable Takata to move forward rapidly on advancing public safety and support NHTSA's goal of increasing recall response rates. The campaign will feature various forms of targeted advertisements that would direct consumers to a centralized recall website, where they can click through directly to automaker recall pages or NHTSA's safercar.gov page to get general information about the recalls, enter their VIN number to see if they are affected and, if so, find out how to get their airbags replaced. The campaign will proceed in three phases, with an initial focus on priority regions of high absolute humidity. The company will augment paid advertising with press coverage, social media, and other initiatives to further increase consumer awareness of the recall.

The campaign is designed to address potential consumer recall "fatigue" by reaching vehicle owners through new, digital mediums and will underscore the importance and urgency of the recalls, particularly in high humidity regions. As detailed below, we have had discussions with all of the affected OEMs and are unaware of any OEM currently conducting a similar digital media campaign. (Honda conducted a targeted digital effort earlier this year with favorable results, but our understanding is that the company currently is focused on direct outreach to vehicle owners).

Importantly, Takata's digital advertising campaign will deliver measurable results, enabling Takata to make real-time adjustments based on performance. The campaign will begin with a 30-day test phase, during which Takata will measure the performance of various ad designs and copy, and determine which sites are producing the highest engagement and "click-through" rates. Takata will refine the campaign and make adjustments as needed on an ongoing basis. Takata will provide monthly reports to NHTSA and OEMs that summarize key data, findings, and adjustments to strategy.

How the Campaign Works

Takata would launch an advertising campaign across multiple digital channels simultaneously in order to generate maximum exposure among impacted drivers in targeted regions. The campaign will use popular digital platforms, including Google (display ads will appear for certain key search words and unrelated searches), regional online publications, Twitter, and Facebook. Advertisements will be delivered to mobile devices as well. Select advertisements will be in English and Spanish based on the publication.

With approval, we would like to include NHTSA's logo on the advertisements. Consumers may be hesitant to click on a banner ad if the sponsor is not clear or recognizable. We believe the addition of the NHTSA logo would lend credibility and increase consumer comfort.

Banner ads will direct people to a centralized recall-website (www.airbagrecall.com), which will be built specifically for this effort and hosted by Takata. The website will provide direct links to OEM-specific recall websites and a link to NHTSA's safercar.gov website. The website also will contain an FAQ on the recalls and important driver information.

Copies of the banners, including advertisements with and without the NHTSA logo, and website are included in the attached presentation.

Three Phases of Campaign

The campaign will proceed in three phases that are based generally on geographic regions outlined in the DIRs.

- Phase 1 of the plan will target the highest priority geographic regions (11 states/territories): Florida, Puerto Rico, U.S. Virgin Islands, Hawaii, the Outlying U.S. Territories, Texas, Louisiana, Georgia, South Carolina, Alabama, and Mississippi.
- Phase 2 of the plan will expand the advertisements to additional states in the U.S.: California, Oklahoma, North Carolina, Virginia, Arkansas, Kentucky, Tennessee, Illinois, Delaware, Maryland, Missouri, Ohio, Indiana, New Jersey, West Virginia, Washington D.C., Kansas, Pennsylvania, Washington, Massachusetts, Connecticut, Michigan, New York, Rhode Island, Oregon, Iowa, and Nebraska.
- Phase 3 of the plan will include broader advertising on a national level.

The phased advertising approach is consistent with the prioritization of the replacement of inflators in accordance with testing results to-date. This approach also will help ensure the availability of replacement kits in areas where advertisements are running.

As you know, the DIR for SPI passenger airbag inflators contemplates a phased remedy based on age, not geographic region. However, given the importance of ensuring availability of replacement kits, potential consumer confusion that could be caused by running a national campaign focused on one type of inflator, and testing that continues to show the primary role of exposure to persistent conditions of high absolute humidity to the inflator ruptures, we think the phased geographic approach for the advertising campaign is appropriate.

Measurable Results

The campaign will be regularly monitored, and will be optimized, enhanced, and modified on an ongoing basis to ensure that Takata is reaching the target audience. The company will track visitors to its centralized website, and ad diagnostics will help capture as many drivers as possible by shifting budgets to top performing sites. Measurable metrics include:

- Number of impressions by platform and location (banner ads, Google, Facebook, etc.);
- Number of people who have clicked on advertisements, including various versions, on multiple platforms;
- Most effective advertisement at generating clicks;

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- Websites driving the most traffic to airbagrecall.com;
- Number of people who clicked NHTSA logo directing users to enter their VIN; and
- Which car logo is generating the most "click-throughs."

Coordination with OEMs

The campaign is designed to augment and support efforts by OEMs to increase recall completion rates. Takata has met with OEM representatives to discuss ideas to increase recall completion rates and Takata's "Get the Word Out" digital advertising proposal. Based on our discussions, we do not believe any of the affected OEMs currently are engaged in digital advertising in the U.S. related to vehicle recalls on the airbag matter. We strongly believe that this campaign would complement their own efforts to maximize recall rates, which are primarily focused on direct outreach to vehicle owners. The proposal incorporates OEM feedback on ad copy and on the central recall website.

According to the OEMs, their most effective form of outreach has been direct mailings. Other direct outreach initiatives mentioned by OEMs include "robo" calling, predictive dialing, as well as email and text alerts when contact information is available. As announced earlier this year, Honda also has used radio, print, and digital advertising to raise awareness of the recall, with good success. We understand that they have not launched the next phase of digital advertising, and we will coordinate closely with Honda to ensure we are complementing – not duplicating – their efforts.

OEMs also indicated that they have experienced a spike in recall completion rates during periods of heightened media attention on the recall. Takata will issue a press release announcing the launch of the campaign, and reach out to local media to drive press coverage. In addition, Takata is discussing with automakers the possibility of a coordinated mailing that directly references the advertisements, which we believe will lend both credibility and increased attention to the campaign.

Based on discussions, most OEMs are supportive of the proposed digital advertising plan, although some have expressed concern about the availability of replacement parts to meet the increased demand generated from the campaign. We would work in close coordination with the OEMs to ensure the availability of replacement kits in regions where digital advertising is being targeted at any given time.

[

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Timing

With NHTSA's approval, the campaign can be launched within approximately three weeks, pending final approval of ad copy and design, and coordination with OEMs on final details. We also would need to ensure supply of replacement kits in areas where ads will run in advance of launching the campaign.

Auto Insurance Mailing

As discussed with NHTSA, Takata has reached out to the Insurance Institute for Highway Safety ("IIHS") to propose a direct mailing to affected auto insurance customers. We understand that IIHS auto insurance members cover approximately 85% of the U.S. market.

Under the proposal, IIHS would assist in coordinating a mailing by insurers that would encourage affected policyholders to respond to the recalls. With NHTSA's approval and possible involvement, IIHS or its members would need access to the relevant 17-digit VINs for vehicles covered by each applicable stage of the remedy program.

Takata will seek to work with State DMVs in Zone 1 States to see if a similar direct mailing from DMVs is possible.

* * *

We look forward to discussing these initiatives at your convenience.

TK Holdings Inc. "Get the Word Out" Campaign

July 17, 2015



Overview

- This presentation details a phased, scalable and measurable digital advertising campaign by TK Holdings Inc. ("Takata")
 designed to maximize airbag recall completion rates.
- Takata has had multiple discussions with OEM representatives on ideas to increase airbag recall completion rates and this campaign is designed to augment and support their efforts.
- Campaign will:
 - 1. Further raise awareness of the recalls and keep the issue "top of mind" among drivers as media coverage decreases;
 - 2. Enable vehicle owners to quickly determine if they are affected and, if so, how they can get their airbag inflators replaced; and
 - 3. Help raise completion rates through a comprehensive outreach plan that addresses all affected vehicle manufacturers.
- Advertisements will drive consumers to a central website where they can click through to individual OEM recall pages or NHTSA's safercar.gov VIN number lookup page.
 - » Results from the initial 30-day test phase will be used to inform and perfect the campaign.
 - » Different banner, search engine and mobile ads will be tested.
 - » Ads and central website will be in English and Spanish.
 - » Strong focus on delivering measurable results.
- The campaign will be supported by an aggressive public relations "earned media" and social media campaign that will help further drive awareness.
- We are seeking to obtain NHTSA's support for the plan.
 - » We would like NHTSA's approval for use of its logo on ads, which will add creditability to the campaign and increase participation.
 - » Coordination with NHTSA and OEMs will be needed to ensure the availability of replacement kits in regions where digital advertising is being targeted at any given time.
- Separately, as discussed with NHTSA, Takata is coordinating with Insurance Institute for Highway Safety on a potential direct mailing to affected vehicle owners. This additional initiative is described on Slide 23.

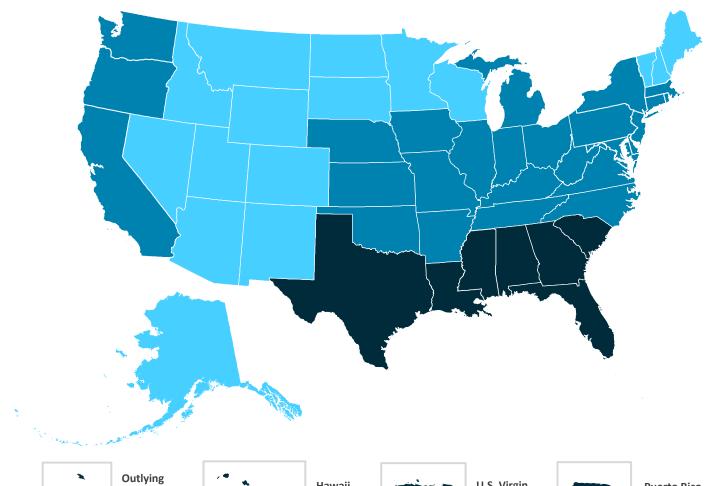


Digital Campaign Strategy

- Launch "zip code targeted" advertising campaign across multiple digital channels simultaneously in order to generate maximum exposure among impacted drivers across targeted regions.
 - » Phase 1 will target the highest risk geographic regions (11 states/territories).
 - » Phase 2 of the plan will scale-up the campaign, consistent with Takata's DIR reports, and expand the advertisements to additional states in the U.S.
 - » Phase 3 of the plan will include broader advertising on a national level, additional social media outreach and other communication efforts.
- Takata will leverage opportunities to amplify the message through earned media to further increase awareness and recall efficacy.
 - » Takata will drive coverage of the campaign through media outreach.
 - » Company is discussing potential mailings with OEMs to further increase awareness of campaign and the recall.
- Broad platform of digital channels will be used, e.g.:
 - » Google/Bing/Yahoo!: text ads will appear for certain key search words ("recall", "Takata airbag", etc.) and unrelated searches.
 - » Online Publications: regional publications in impacted areas will include display ads.
 - » Facebook/Social Media: targeted ads to users most likely affected by recall.
- Ads will direct people to centralized recall-website (www.airbagrecall.com), and will include:
 - » Links to OEM-specific websites where they can easily find information on their particular vehicle.
 - » Link to NHTSA's safercar.gov website and relevant NHTSA information.
 - » A FAQ on the recall and important driver information.
 - » The Takata logo clearly displayed on the each page, which was discussed with OEMs.
- Centralized website and ads will be in English and Spanish in order to maximize reach.



Phased Ad Rollout





Outlying U.S. Territories



Hawaii



U.S. Virgin Islands



Puerto Rico



PHASE 1 STATES:

Florida, Puerto Rico, U.S. Virgin Islands, Hawaii, the Outlying U.S. Territories, Texas, Louisiana, Georgia, South Carolina, Alabama and Mississippi

PHASE 2 STATES:

California, Oklahoma, North Carolina, Virginia, Arkansas, Kentucky, Tennessee, Illinois, Delaware, Maryland, Missouri, Ohio, Indiana, New Jersey, West Virginia, Washington D.C., Kansas, Pennsylvania, Washington, Massachusetts, Connecticut, Michigan, New York, Rhode Island, Oregon, Iowa, and Nebraska

PHASE 3: National



Digital Campaign Implementation

The digital advertising campaign will be simultaneously deployed to reach vehicle owners across a variety of news outlets and other websites in and around the target regions.

Search engine marketing	Social media marketing	News + Display	Mobile	Content Integration
Google	facebook.	CNBC		
	twitter	THE WALL STREET JOURNAL.	Place	Tab 1991a
YAHOO!	Ťaykey	YAHOO!	CONVERSANT	⊚utbrain
bing	ShareThis			



Digital Ad Content and Creative – Version 1 (with NHTSA Logo)

URGENT AIRBAG RECALL NOTICE DOES YOUR AIRBAG INFLATOR NEED TO BE REPLACED? >>>





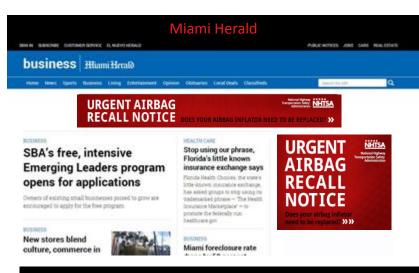
Urgent Airbag Recall Notice

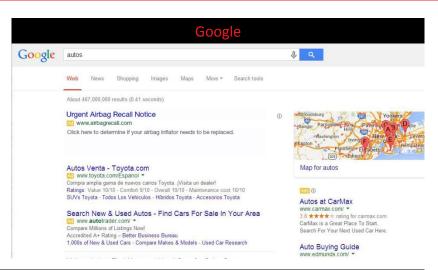
www.airbagrecall.com

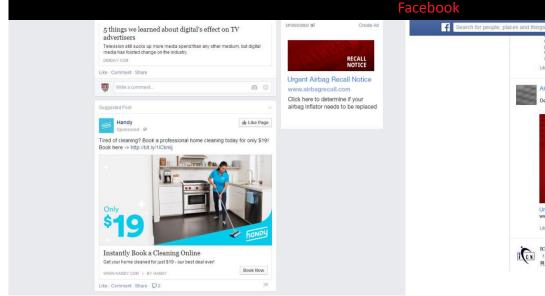
Click here to determine if your airbag inflator needs to be replaced.



Digital Ad Content and Creative – Version 1 Mockups











Digital Ad Content and Creative – Version 2

URGENT AIRBAG RECALL NOTICE

DOES YOUR AIRBAG INFLATOR NEED TO BE REPLACED? >>>



Like Page

URGENT AIRBAG RECALL NOTICE DOES YOUR AIRBAG INFLATOR NEED TO BE REPLACED?





Urgent Airbag Recall Notice www.airbagrecall.com

Like · Comment · Share · 1 · · · Sponsored

Urgent Airbag Recall Notice

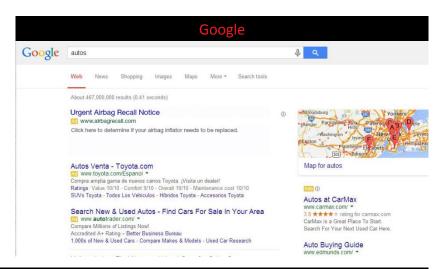
M www.airbagrecall.com

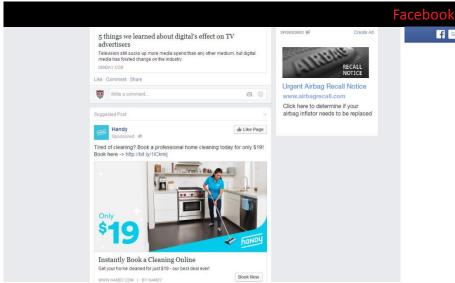
Click here to determine if your airbag inflator needs to be replaced.



Digital Ad Content and Creative – Version 2 Mockups











Digital Ad Content and Creative – Version 3

DOES YOUR AIRBAG INFLATOR NEED TO BE REPLACED?

FIND OUT IF YOUR VEHICLE IS PART OF THE RECENT AIRBAG RECALLS

DOES YOUR AIRBAG INFLATOR NEED TO BE REPLACED? IS YOUR VEHICLE PART OF THE RECENT AIRBAG RECALLS





Urgent Airbag Recall Notice www.airbagrecall.com

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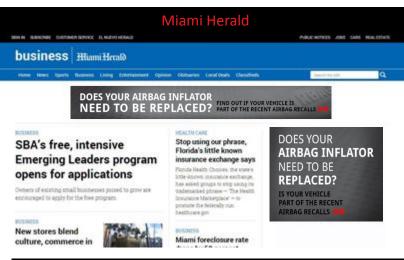
Urgent Airbag Recall Notice

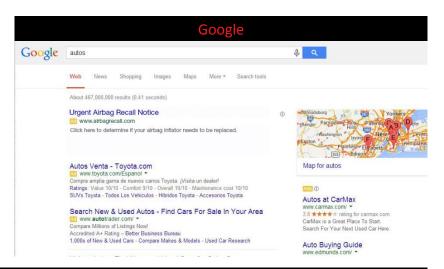
Milliam www.airbagrecall.com

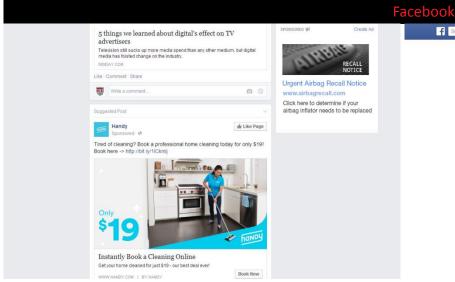
Click here to determine if your airbag inflator needs to be replaced.



Digital Ad Content and Creative – Version 3 Mockups











Digital Ad Content and Creative – Version 4 (with NHTSA Logo)

DOES YOUR AIRBAG INFLATOR NEED TO BE REPLACED?

FIND OUT IF YOUR VEHICLE IS
PART OF THE RECENT AIRBAG RECALLS





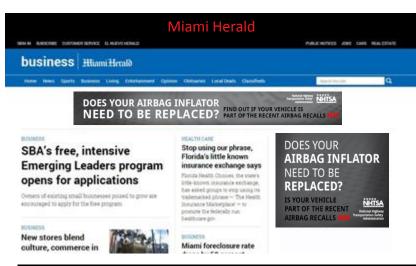
Urgent Airbag Recall Notice

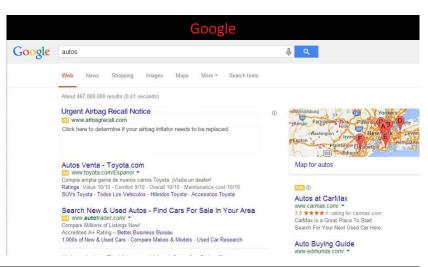
www.airbagrecall.com

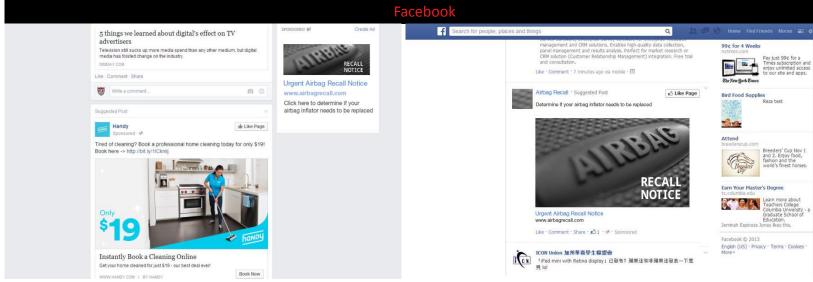
Click here to determine if your airbag inflator needs to be replaced.



Digital Ad Content and Creative – Version 4 Mockups





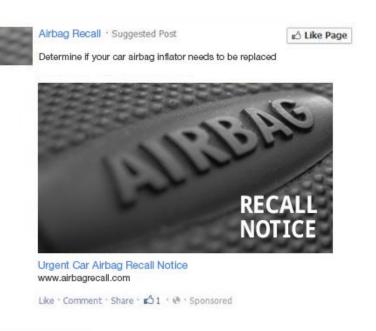




Digital Ad Content and Creative – Version 5

URGENT CAR AIRBAG RECALL NOTICE YOUR CAR AIRBAG INFLATOR NEEDS TO BE REPLACED? ***





Urgent Car Airbag Recall Notice

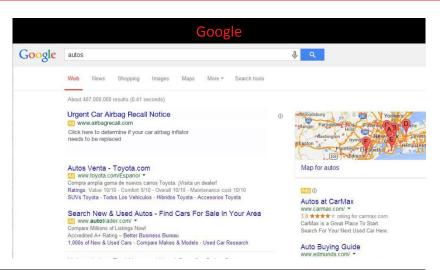
Marchage Marchage

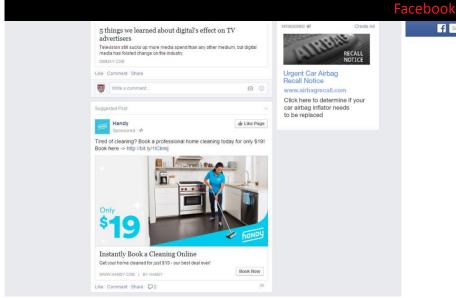
Click here to determine if your car airbag inflator needs to be replaced



Digital Ad Content and Creative – Version 5 Mockups











Digital Ad Content and Creative – Version 6 (Spanish)

NOTIFICACIÓN DE LLAMADO URGENTE A REVISIÓN DE BOLSA DE AIRE ¿SU BOLSA DE AIRE NECESITA SER REEMPLAZADA? *****





Notificación De Llamado Urgente A Revisión De Bolsa De Aire

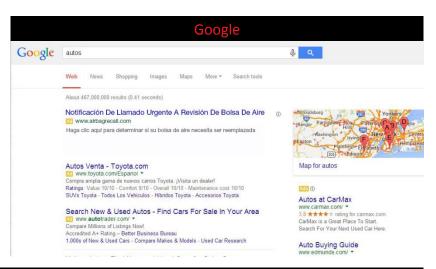
Marchanne Marchanne (Marchanne) (Marcha

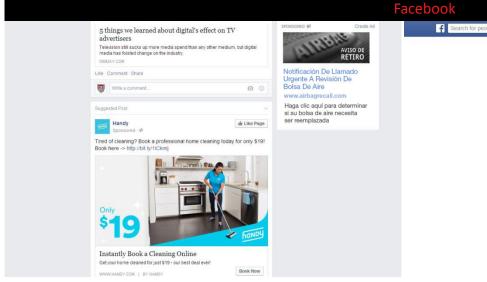
Haga clic aquí para determinar si su bolsa de aire necesita ser reemplazada



Digital Ad Content and Creative – Version 6 Mockups











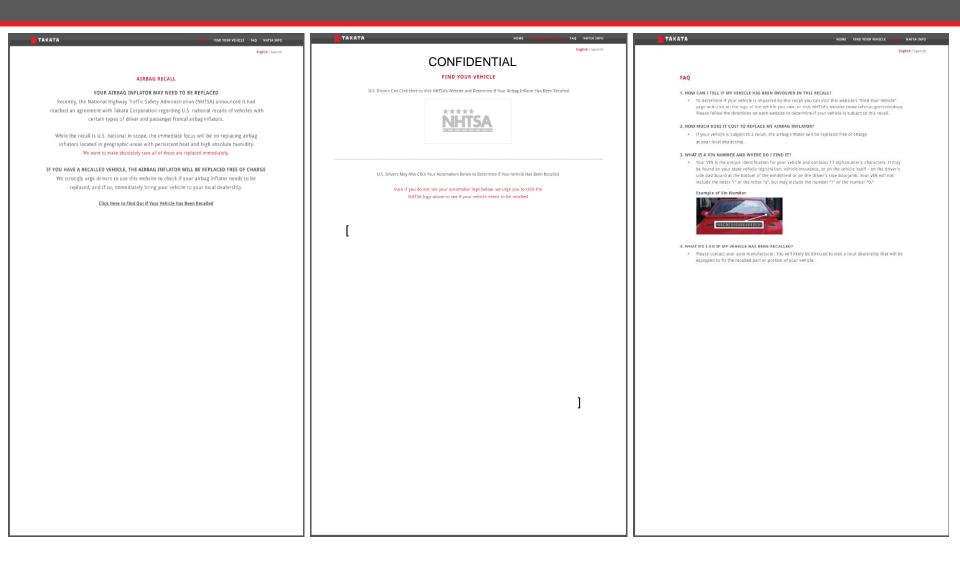
Digital Ad Content and Creative – Mobile Ad Mockups





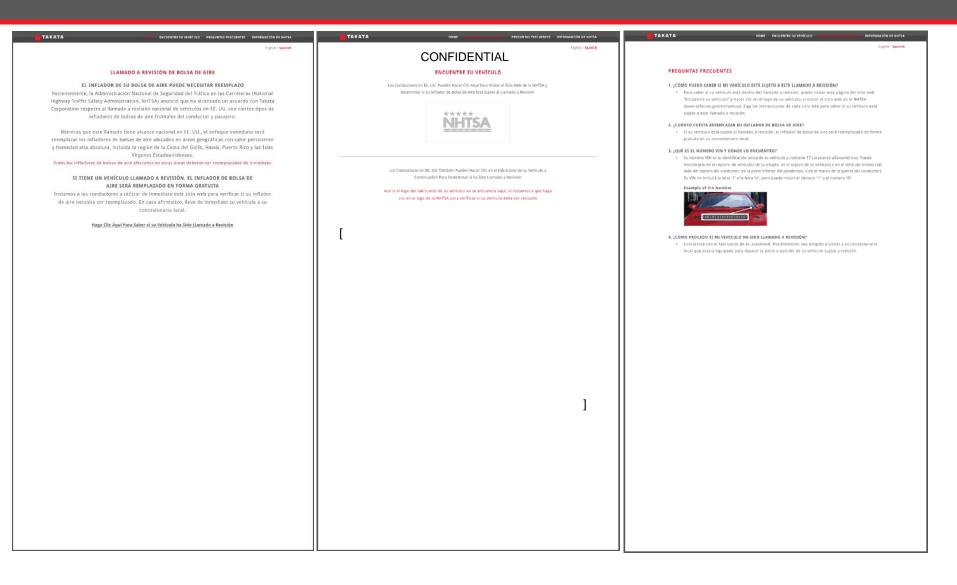


Takata Recall Website – Mockup*





Takata Recall Website - Mockup (Spanish Version)





Measurable Results

- The ad campaign will be regularly monitored, and will be optimized, enhanced, and modified to ensure that we are reaching the target audience.
- We will provide monthly reports that will summarize key data, findings, and proposed adjustments to strategy if needed.
- Digital campaign will continually track visitors to our website.
- Ad diagnostics will help capture as many drivers as possible by shifting budgets to top performing markets and demographics.
- Metrics used to assess effectiveness include, but are not limited to:
 - 1. Number of impressions by platform and location (banner ads, Google, Facebook, etc.);
 - 2. Number of people who have clicked ads, including various versions, on multiple platforms;
 - 3. Most effective ad at generating clicks;
 - 4. Websites driving the most traffic to airbagrecall.com;
 - 5. Number of people who clicked NHTSA logo directing users to enter their VIN; and
 - 6. Which car logo is generating the most "click-throughs".



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Additional Initiative: Auto Insurance Mailing

- Takata has reached out to the Insurance Institute for Highway Safety ("IIHS") to propose a direct mailing to affected auto insurance customers. We understand that IIHS auto insurance members cover approximately 85% of the U.S. market.
- Under the proposal, IIHS would assist in coordinating a mailing by insurers that would encourage affected policyholders to respond to the recalls.
- With NHTSA's approval and possible involvement, IIHS or its members would need access to the relevant 17-digit VINs for vehicles covered by each applicable stage of the remedy program.
- Takata will seek to work with State DMVs in Zone 1 States to see if a similar direct mailing from DMVs is possible.



APPENDIX



Appendix: Proposed Ad Campaign Report

Digital Marketing Campaign

August 1 - August 31



Total Impressions

Visitors by Platform

34,987

Click Throughs

0.20%

Industry Standard: [XX]

Click Through Rate

DESKTOP

85%

Airbagrecall.com

August 1 - August 31



45,005

Unique Visitors



9,578

Total Clicks to NHTSA



Total OEM Clicks

- CNN was the most effective at driving users to airbagrecall.com
- 30,000 users have clicked the NHTSA logo vs. 20,000 for the most clicked OEM logo



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