

**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)
_____)

SPECIAL ORDER DIRECTED TO TK HOLDINGS, INC.

To:

Kazuo Higuchi
Senior Vice President
TK Holdings Inc.
888 16th Street NW, Suite 800
Washington, DC 20006

This Special Order¹ is issued by the Secretary of Transportation pursuant to 49 U.S.C. § 30166(g)(1)(A) and 49 C.F.R. §§ 510.7 and 510.8, and pursuant to a delegation of authority to the Chief Counsel of the National Highway Traffic Safety Administration (“NHTSA”), an Operating Administration of the United States Department of Transportation, 49 C.F.R. §§ 1.95, 501.8(d).

Over 7 million Toyota, Honda, Mazda, BMW, Nissan, Mitsubishi, Subaru, Chrysler, Ford, and General Motors vehicles have been recalled to replace defective Takata air bags. When inflated, defective air bag inflators may project fragments rather than properly inflating the attached air bag. As part of NHTSA’s ongoing oversight of these recalls and its investigation into the defect, this Special Order now demands certain information and documents from TK Holdings Inc.

TK Holdings Inc.’s response to this Special Order must be provided by **December 1,**

¹ A Special Order is the functional equivalent of a subpoena. See 49 U.S.C. § 30166(g).

2014. TK Holdings Inc.'s response must be signed under oath, i.e., accompanied by an affidavit, signed by a responsible officer of TK Holdings Inc., stating that he/she has undertaken and directed an inquiry reasonably calculated to assure that the answers and production of documents are complete and correct, that he/she has caused the documents of TK Holdings Inc. to be searched diligently for information and documents responsive to this Special Order and produced them to NHTSA, and that the answers to the inquiries provided to NHTSA respond completely and correctly to this Special Order. 49 U.S.C. § 30166(g)(1)(A); 49 C.F.R. § 510.7.

Failure to respond fully or truthfully to this Special Order may result in a referral to the United States Department of Justice for a civil action to compel responses, and may subject TK Holdings Inc. to civil penalties of up to \$7,000 per day, up to a maximum penalty of \$35,000,000 for a related series of daily violations. 49 U.S.C. §§ 30163(a)(1), 30165(a)(3); 49 C.F.R. § 578.6(a)(3). Falsifying or withholding information in response to this Special Order may also lead to criminal penalties of a fine or imprisonment of up to 15 years, or both. 49 U.S.C. § 30170(a)(1).

DEFINITIONS

To the extent used in this Special Order, the following definitions apply:

1. **“Affiliates”** means a corporation that is related to another corporation (such as a subsidiary, parent, or sibling corporation) by shareholdings or other means of control.
2. **“Agent”** means an individual, such as a representative, who is authorized to act for or in place of another.
3. **“Document(s)”** is used in the broadest sense of the word under Rule 34 of the Federal Rules of Civil Procedure, and includes all original written, printed, typed, recorded, or graphic matter whatsoever, however produced or reproduced, of every kind, nature, and

description, and all non-identical copies of both sides thereof, including, but not limited to, papers, letters, memoranda, correspondence, electronic communications (existing in hard copy and/or in electronic storage), invoices, contracts, agreements, manuals, publications, photographs of all types, and all mechanical, magnetic, and electronic records or recordings of any kind. Any document, record, graph, chart, film or photograph originally produced in color must be provided in color. Furnish all documents whether verified by the manufacturer or not. If a document is not in the English language, provide both the original document and an English translation of the document.

4. **“Employee”** means a person who works in the service of another person (the employer) under an express or implied contract of hire, under which the employer has the right to control the details of work performance.

5. **“Takata”** means TK Holdings, Inc. and Takata Corporation, all of their past and present officers and employees, whether assigned to their principal offices or any of their field or other locations, including all of their divisions, subsidiaries (whether or not incorporated) and affiliated enterprises and all of their headquarters, regional, zone and other offices and their employees, and all agents, contractors, consultants, attorneys and law firms and other persons engaged directly or indirectly (e.g., employee of a consultant) by or under the control of TK Holdings, Inc. or Takata Corporation (including all business units and persons previously referred to).

6. **“Officer”** means a person who holds an office of trust, authority, or command, such as a person elected or appointed by the board of directors to manage the daily operations of a corporation, such as a CEO, president, secretary, or treasurer.

7. **“Inflator”** means Takata frontal air bag inflator modules and attached air bags involved in any safety recall or similar remedial action initiated by a vehicle manufacturer between January 1, 2001 and the present, including, but not limited to, inflators designated by Takata and/or Takata customers as type SDI, SDI+, SDI-X, PSDI, PSDI-4, PSDI-4K, SPI, PSPI, and PSPI-L.

INSTRUCTIONS

1. Your response to the Special Order shall be sent to Office of the Chief Counsel (NCC-111), National Highway Traffic Safety Administration, West Building, W41-326, 1200 New Jersey Avenue, SE, Washington, DC 20590.

2. Please repeat the applicable request verbatim above your response. After your response to each request, identify the source of the information and indicate the last date the information was gathered.

3. After your response to each request, state whether you previously had any responsive documents that are no longer within its possession, custody, or control, including but not limited to because the documents were lost or destroyed. If yes, state describe the documents; identify the reason that the documents are no longer in your possession, custody, or control; and identify the date that you last had the documents.

4. When documents are produced and the documents would not, standing alone, be self-explanatory, the production of documents shall be supplemented and accompanied by explanation. Please also be reminded that where a document responsive to a request is not in the English language, both the original document and an English translation of the document must be produced.

5. You are required to respond to every request listed in this Special Order. If you

cannot respond to any specific request or subpart(s) thereof, please state the reason why you are unable to do so. You are instructed and cautioned not to assert privilege in connection with any information you submit to the Agency. Should you anticipate doing so for any reason (and the Agency can contemplate none), you are instructed to contact Christie Iannetta at (202) 366-2239 to discuss why any information you submit would constitute privileged information.

6. The response to this Special Order, including the document requests, must be submitted in duplicate to this office by the deadline stated above.

7. We expect that you will not claim that materials we request contain confidential business information. If you claim that any of the information or documents provided in response to this Special Order constitutes confidential commercial material within the meaning of 5 U.S.C. § 552(b)(4), or is protected from disclosure pursuant to 18 U.S.C. § 1905, you must submit supporting information together with the materials that are the subject of the confidentiality request, in accordance with 49 C.F.R. Part 512, to the Office of Chief Counsel (NCC-111), National Highway Traffic Safety Administration, West Building, W41-326, 1200 New Jersey Avenue, SE, Washington, DC 20590. You are required to submit two copies of the documents containing allegedly confidential information and one copy of the documents from which information claimed to be confidential has been deleted. Failure to adhere to the requirements of 49 C.F.R. Part 512 will result in a rejection of your request for confidential treatment.

8. All documents shall be produced electronically, as described below, and accompanied by a Concordance-format load file.

a. Hard copy documents shall be imaged in TIFF format. They shall be provided as multi-page TIFFs with document level OCR. The following metadata fields

shall be provided for each document:

- i. Custodian—Name of person or division (if the document is from a file shared by multiple employees) from which the file is being produced;
- ii. Bates Begin—Beginning Production Number;
- iii. Bates End—Ending Production Number;
- iv. Attach Begin—Beginning Attachment Range Number;
- v. Attach End—Ending Attachment Range Number (i.e. parentage is maintained); and
- vi. Page Count.

b. Electronically Stored Information (ESI) shall be converted to multi-page

TIFF images and produced along with document level OCR/extracted text. The following metadata fields will be provided for non-email ESI:

- i. Custodian (name of custodian from which file is being produced);
- ii. Other Custodian(s) (name of other custodian(s) who had a copy of the file);
- iii. Doc Title (title of file from properties);
- iv. Doc Subject (subject of file from properties);
- v. Created Date (date the file was created);
- vi. Created Time (time the file was created);
- vii. Last Modified Date (date the file was last modified);
- viii. Last Modified Time (time the file was last modified);
- ix. Last Saved By (name of user who last saved the file);
- x. Doc Type (attachment or loose file);
- xi. File Type (Microsoft Word, Microsoft Excel, etc.);
- xii. File Name (names of the file);
- xiii. Full Path (full path location to where the file resided);
- xiv. File Ext (extension for the file);
- xv. MD5 Hash (or equivalent);
- xvi. Bates Begin (beginning production number);
- xvii. Bates End (ending production number);
- xviii. Attach Begin (beginning attachment range number);
- xix. Attach End—Ending Attachment Range Number (i.e. parentage is maintained);
- xx. Page Count; and
- xxi. Native link (path to the native file as included in the production, e.g., d:\PROD001\Natives\ABC00015.xls).

The following metadata fields will be provided for electronic mail:

- i. Custodian (name of custodian from which file is being produced);

- ii. Other Custodian(s) (name of other custodian(s) who had a copy of the file prior to de-duplication);
- iii. Author (FROM filed);
- iv. CC;
- v. BCC;
- vi. Recipient (TO field);
- vii. MD5 Hash Value (or equivalent);
- viii. Date Sent (date the email was sent);
- ix. Date Received (date the email was received);
- x. Time Sent (time the email was sent);
- xi. Time Received (time the email was received);
- xii. File Ext (extension for the file);
- xiii. Email Folder (the folder within the mailbox where the message resided);
- xiv. Body Text (extracted text);
- xv. Bates Begin (beginning production number);
- xvi. Bates End (ending production number);
- xvii. Attach Begin (beginning attachment range number);
- xviii. Attach End—Ending Attachment Range Number (i.e. parentage is maintained);
- xix. Page Count;
- xx. Subject; and
- xxi. Native link (path to the native file as included in the production, e.g., d\PROD001\Natives\ABC00015.xls).

For all date fields, please produce them in either YYYYMMDD or MM/DD/YYYY format. Do not include the time in any date fields. Electronic mail shall be produced along with attachments to the extent the message or any attachment is responsive, relevant, and not privileged. As a general matter, subject to specific review, a message and its attachments shall not be withheld from production based on the fact that one or more attachments are privileged, irrelevant, or non-responsive.

c. Excel spreadsheets, PowerPoint files (or like presentations), photographs, and brochures shall be produced both in native and TIFF formats. For Excel documents or any documents with embedded links to other files or documents, any linked files should be sequentially numbered and produced after the source file and the Attach Beg/Attach End fields be used to denote the parent/child relationship.

d. If a particular file is not provided in a common format (e.g. Word or PDF) and requires the use of special software that is not readily available, you must provide a copy of that software with its submission.

9. Provide all documents requested in this Special Order, even if such documents have been previously produced.

10. The singular includes the plural; the plural includes the singular. The masculine gender includes the feminine and neuter genders; and the neuter gender includes the masculine and feminine genders. “And” as well as “or” shall be construed either disjunctively or conjunctively, to bring within the scope of this Special Order all responses that might otherwise be construed to be outside its scope. “Each” shall be construed to include “every” and “every” shall be construed to include “each.” “Any” shall be construed to include “all” and “all” shall be construed to include “any.” The use of a verb in any tense shall be construed as the use of the verb in a past or present tense, whenever necessary to bring within the scope of the document requests all responses which might otherwise be construed to be outside its scope.

11. TK Holdings Inc.’s response to this Special Order must be under oath, i.e., accompanied by an affidavit, signed by a responsible officer of TK Holdings Inc., stating that he/she has undertaken and directed an inquiry reasonably calculated to assure that the answers and production of documents are complete and correct, that he/she has caused the documents of TK Holdings Inc. to be searched diligently for information and documents responsive to this Special Order and produced them to NHTSA, and that the answers to the inquiries provided to NHTSA respond completely and correctly to this Special Order.

REQUESTS

1. Provide every Failure Mode and Effects Analysis (FMEA) that refers or relates to

any Takata inflator or air bag component in which propellant combustion occurs more rapidly than intended.

2. Provide all documents that refer or relate to post-manufacturing conditions (including but not limited to high humidity) that may result in propellant combustion occurring more rapidly than intended in any inflator manufactured in whole or in part by Takata.

3. Provide all documents that refer or relate to manufacturing conditions that may result in propellant combustion occurring more rapidly than intended in any inflator manufactured in whole or in part by Takata.

4. Provide all documents that refer or relate to any Takata inflator that failed to meet product quality standards or specifications of Takata and/or its customer(s).

5. Provide all documents that refer or relate to mistakes, errors or omissions made in the production of any Takata inflator including, but not limited to, improper welding of inflators, improper sealing of inflators, use of materials that deviated from specifications, and incorporation of contaminated, recycled or improperly compacted or formulated propellant in inflators.

6. Provide all documents that refer or relate to concerns or allegations (regardless of whether or not such concerns or allegations were substantiated) by a Takata employee or contractor that any Takata inflator was defective or improperly manufactured. Your response should include a March 2011 email from Guillermo Apud titled "Defectos y defectos y defectos!!!!" and stated, when translated into English, "A part that is not welded = one life less, which shows we are not fulfilling the mission," along with all emails replying to or forwarding that email.

7. Provide all documents that refer or relate to communications between Takata and

any customer(s) of Takata regarding concerns or allegations (regardless of whether or not such concerns or allegations were substantiated) that any Takata inflator was defective or improperly manufactured.

8. Provide all documents that refer or relate to communications between Takata and any competitor of Takata regarding rupturing air bags manufactured and/or propellant combustion that occurs more rapidly than intended.

9. Provide all documents that refer or relate to changes to inspections and/or quality control procedures as a result of any problems in Takata's production of inflators, including, but not limited to, improper welding of inflators, improper sealing of inflators, use of materials that deviated from specifications, and incorporation of contaminated, recycled or improperly compacted or formulated propellant in inflators.

10. Provide all documents that refer or relate to changes in production or production processes as a result of any problems in Takata's production of inflators including, but not limited to, improper welding of inflators, improper sealing of inflators, use of materials that deviated from specifications, and incorporation of contaminated, recycled or improperly compacted or formulated propellant in inflators.

11. Provide all documents cited in the Reuters article entitled "Takata engineers struggled to maintain air bag quality, documents reveal," a copy of which is attached hereto as **Exhibit A**.

12. Provide all audits that refer or relate to Takata's production of air bags or air bag components.

13. Provide a list of every incident involving a death or injury of which Takata is aware of, by any means (including but not limited to media reports), in which the death or injury

was caused, may have been caused, or allegedly was caused (regardless of whether or not such allegations were substantiated) by a rupturing air bag in a vehicle that contained or may have contained a Takata inflator. For every incident, provide the date of the incident; provide the location of the incident (including city and state, if in the United States); state whether the incident involved a death(s) and/or an injury or injuries; provide the name of the person(s) killed or injured and his or her position in the vehicle; describe the nature of the injury or injuries; state the make, model, and model year of the vehicle; and provide the vehicle's VIN.

14. For each incident identified in your response to Request No. 13, provide a copy of any documents related to Takata's assessment of the incident and any documents that Takata gathered as part of its investigation of the incident (including any police accident report).

15. Provide a list of every lawsuit filed on or after January 1, 2000 naming Takata as a defendant and alleging that an inflator or air bag component manufactured by Takata was defective and/or caused physical injury or death. For each lawsuit, provide the full case caption (including case number and jurisdiction), provide the name and contact information for the plaintiff's counsel, and describe the current status of the lawsuit. For any lawsuit that has been resolved, state the date of the resolution, describe the nature of the resolution as to Takata, and identify the amount of the judgment or settlement, if any.

16. For each lawsuit identified in your response to Request No. 15, provide the complaint and any amended complaint(s); all answers by Takata; all interrogatory responses by Takata; all expert reports and transcripts of expert depositions; all technical analyses of the claims (whether prepared by Takata internally or produced in the litigation by any party); all dispositive motions related to Takata; all opinions concerning dispositive motions related to Takata; all deposition transcripts of Takata employees, former employees, or contractors; all

transcripts of trial testimony; all demand letters and responses; and all settlement agreements.

17. Provide a list of every lawsuit filed on or after January 1, 2000, of which you are aware which does not name Takata as a defendant, but which alleges that an inflator or air bag component manufactured by Takata was defective and/or caused physical injury or death. For each lawsuit, provide the full case caption (including case number and jurisdiction), provide the name and contact information for the plaintiff's counsel, describe the current status of the lawsuit, and describe Takata's involvement (if any) in the lawsuit, including but not limited to production of documents pursuant to a subpoena or witness testimony. For any lawsuit that has been resolved, state the date of the resolution and describe the nature of the resolution (including the amount of any judgment or settlement, if known).

18. For each lawsuit identified in your response to Request No. 17, provide the complaint and any amended complaint(s); all filings or other submissions in the lawsuit by Takata; all expert reports and transcripts of expert depositions; all technical analyses of the claims (whether prepared by Takata internally or produced in the litigation by any party); all dispositive motions related to Takata; all opinions concerning dispositive motions related to Takata; all deposition transcripts of Takata employees, former employees, or contractors; all transcripts of trial testimony; all demand letters and responses; and all settlement agreements.

19. Provide a list of every pre-suit claim presented to Takata on or after January 1, 2000 alleging that an inflator or air bag component manufactured by Takata was defective and/or caused physical injury or death. For each pre-suit claim, provide the name of the claimant, provide the name and contact information for the plaintiff's counsel (if any), describe the nature of the claim, and describe the current status of the claim. For any pre-suit claim that has been resolved, state the date of the resolution, describe the nature of the resolution as to Takata, and

identify the amount of the settlement, if any.

20. For each pre-suit claim identified in your response to Request No. 19, provide a copy of any written documentation of the allegations, all technical analyses of the claims (whether prepared by Takata internally or provided to Takata by the claimant), all demand letters and responses, and all settlement agreements.

21. Identify all insurance policies providing liability coverage for the lawsuits and claims asserted against Takata in Request Nos. 15 through 20.

22. Provide all documents that Takata submitted to any insurer(s) that refer to, relate to, discuss, or concern rupturing air bags and/or propellant combustion occurring more rapidly than intended.

23. Provide the following information:

a. Takata's current production capacity in terms of how many replacement inflator units per day (or week) it is capable of producing;

b. Takata's ability to expand that capacity and the time it will take to achieve that expansion;

c. The contributions that other inflator manufacturers can make to providing replacement parts; and

d. The steps Takata is taking towards having inventory tracking, process control and quality verification for purposes of carrying out the inflator recalls.

24. Describe in detail Takata's testing program related to defective or potentially defective inflators, including by providing the make, model, model year, and VINs of the vehicles from which the inflators were removed; the locations the vehicles operated; the location of the testing; the dates of the testing (whether completed, in progress, or planned); the nature of the testing; and the results of the testing.

25. Provide a copy of all documents containing, describing, or otherwise related to the results of any testing described in your response to Request No. 24.

26. Describe in detail Takata's testing program related to replacement inflators, including by describing the dates of the testing (whether completed, in progress, or planned), the nature of the testing, and the results of the testing.

27. Provide a copy of all documents containing, describing, or otherwise related to the results of any testing described in your response to Request No. 26.

28. Provide all chronologies, timelines or summaries of events that refer to, relate to, discuss, or concern rupturing air bags and/or propellant combustion occurring more rapidly than intended, regardless of whether prepared by Takata or provided to Takata by any third party.

29. Describe in detail Takata's process for investigating whether a safety-related defect exists in any motor vehicle equipment it manufactures.

30. Describe in detail Takata's process for determining whether a safety-related defect exists in any motor vehicle equipment it manufactures, including by identifying the ultimate decision-maker(s) by name and title.

31. Provide a copy of any documents to or from any decision-maker(s) identified in response to Request No. 30, or concerning any communications with any decision-maker(s) identified in response to Request No. 30, that refer or relate to rupturing air bags manufactured in whole or in part by Takata.

32. Provide a corporate organizational chart(s) identifying the employees, by name and title, who have been involved in investigating or decision-making concerning rupturing air bags manufactured in whole or in part by Takata.

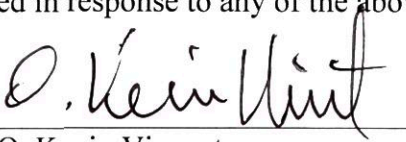
33. Describe Takata's document retention policies, including for electronic mail.

34. Provide a copy of any document retention policy that applies to the documents requested herein.

35. Provide a copy of any litigation hold for documents associated with rupturing air bags manufactured in whole or in part by Takata. To the extent not identified on the face of the litigation hold, identify the date that it was put in place and identify each individual (by name and title) to whom the litigation hold applies.

36. Provide all documents that refer or relate to rupturing air bags manufactured in whole or in part by Takata, other than provided in response to any of the above requests.

Dated: October 30, 2014



O. Kevin Vincent
Chief Counsel

SPECIAL ORDER DIRECTED TO TK HOLDINGS, INC.

EXHIBIT A

Business & Financial News, Breaking US & International News | Reuters.com

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Exclusive: Takata engineers struggled to maintain air bag quality, documents reveal

Fri, Oct 17 2014

By Joanna Zuckerman Bernstein, [Ben Klayman](#) and [Yoko Kubota](#)

MEXICO CITY/DETROIT/TOKYO (Reuters) - Manufacturing problems with Takata Corp (7312.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) air bags go beyond what the Tokyo-based company has disclosed to U.S. safety regulators about why the devices are at risk of exploding with dangerous force, according to internal company documents reviewed by Reuters.

Takata has cooperated with an investigation begun in June by National Highway Traffic Safety Administration (NHTSA) investigators into whether its air bags contain a defect in the inflator - the device at the core of the air bag that allows it to inflate in a fraction of a second in the event of a crash to protect vehicle occupants.

Specifically, NHTSA has been looking in part at whether some Takata air bag inflators made between 2000 and 2007 were improperly sealed, a flaw that could expose the explosive material inside and cause the air bag to blow apart in an accident. That investigation has focused on inflators recovered from cars being recalled for repairs in hot and humid places like Florida. Takata is cooperating with that investigation along with nine automakers.

Dozens of internal Takata engineering reports, presentations and copies of emails reviewed by Reuters show the company struggled to meet its own standards for safety in manufacturing air bag inflators for a decade until 2011 - four years beyond the period now under investigation by U.S. safety regulators.

The documents also show Takata's engineers at its flagship inflator plant near Monclova, Mexico tracked a range of problems that they believed could have prevented inflators from being sealed air-tight at the factory and could have caused them to fail in accidents.

"DEFECTOS"

Among the problems recorded by Takata engineers: inflators that were improperly welded or sealed because of mistakes by workers at the Monclova plant or - in one case - because Takata had been using the wrong kind of steel tube, according to the documents.

"A part that is not welded = one life less, which shows we are not fulfilling the mission," Takata supervisor Guillermo Apud told other employees in a March 2011 email in Spanish titled "Defectos y defectos y defectos!!!!" prompted by the discovery of an improperly welded inflator that had been shipped to an automaker. Takata subsequently tightened inspections, records show.

Under NHTSA rules, Takata and other suppliers are under no obligation to report quality control issues like those detailed at the Monclova plant. NHTSA relies on automakers, accident reports and defect claims as the starting point for investigations. Vehicle manufacturers have a responsibility to identify defects that pose a safety risk and report them to NHTSA.

In response to questions from Reuters, NHTSA declined to comment on the manufacturing flaws recorded in Takata documents. The agency said it was "aggressively looking into this potential safety defect issue and was able to get the industry to act despite the uncertainties."

NHTSA said it had not looked at the issue of leaks in Takata inflators before beginning the current probe and had not been notified of manufacturing issues at the Monclova plant. If NHTSA, automakers or Takata determined the inflators under review contain a defect, the investigation would turn to the cause of that flaw, including design and manufacturing issues.

Takata declined to comment in detail. Spokesman Alby Berman said: "Takata remains focused on its mission to produce the highest quality products to ensure the safety of the driving and riding public."

It was not clear whether the improperly welded inflators detailed in those records reviewed by Reuters made their way into vehicles sold in North America.

Still, the problems now coming to light at the plant in Mexico may intensify the scrutiny the Japanese company faces from safety advocates and its customers.

Takata's largest customer, Honda Motor Co (7267.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), has already moved some business to rival inflator maker Daicel Corp (4202.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), a person with knowledge of the matter said. Honda Executive Vice President Tetsuo Iwamura said in July the automaker was reviewing whether to keep buying from Takata.

More than 16 million vehicles globally have been recalled for defective Takata air bags since 2008. That could rise depending on the outcome of NHTSA's investigation. Accidents involving Honda vehicles with defective Takata air bags have caused two deaths in the United States and been linked to another two fatalities, according to the automaker, police and medical officials. In addition, 160 injury claims have been reported to NHTSA, according to a Reuters count of those complaints.

Before June, the prior recalls were linked to problems in the way that the explosive propellant packed into Takata's air bag inflators had been handled between 2000 and 2002, not issues with the inflator now under review by NHTSA. Between June and August, Honda and General Motors (GM.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) recalled another 96,000 vehicles for a separate defect after determining Takata workers at the Monclova plant had put the wrong part into some driver's side inflators.

That defect came to light after GM was sued by a Georgia woman who said a Takata air bag in her Chevy Cruze hit her with such force in a minor accident in October 2013 that it left her blind in one eye. The lawsuit against GM was resolved on undisclosed terms in August.

PROBLEMS IN MEXICO



SPECIAL ORDER DIRECTED TO TK HOLDINGS, INC.

EXHIBIT A

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The manufacturing problems were recorded by Takata workers at the Monclova plant, about a 3-hour drive from the Texas border. That plant began making almost all of Takata's inflators for the North American market beginning in 2005, according to internal presentations.

Starting in 2001, engineers at the plant identified a range of problems, including faulty welding and rust, that they said could have caused inflators to fail, according to records kept as part of an effort to track and manage defects. In 2002, the plant recorded 60 to 80 defects for every million inflators shipped to automakers - six to eight times above Takata's quality control limit, according to an internal presentation.

Between 2001 and 2003, Takata struggled with at least 45 different inflator manufacturing problems, according to dozens of internal reports titled "potential failures" reviewed by Reuters.

On at least three occasions between 2005 and 2006, Takata engineers struggled to eliminate leaks found in inflators made at Monclova, according to engineering presentations. In 2005, Shainin, a U.S. consulting firm, found a pattern of bad welding, documents show. Shainin told Reuters it could not discuss its work with clients.

In April 2011, Apud told other Takata supervisors that chewing gum had been found in an inflator, one of what he called several "grave problems" in inflator production at the Monclova plant. Apud, who was since promoted to engineering manager at Monclova, declined to comment.

In the current Takata probe, NHTSA became involved after three complaints of air bag ruptures in 2013 and 2014 involving cars from Honda, Toyota Motor (7203.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and Mazda Motor (7261.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)).

Defects with Takata air bags have shown up after a lag of years, NHTSA records show.

NHTSA's records for vehicles covered by Takata recalls show 17 cases where drivers reported air bags blowing apart in an accident and shooting out metal or plastic shards. On average, those cars had been on the road for more than seven years before the incident, according to a Reuters analysis of the NHTSA claims data.

In order to derive an approximate age for those vehicles, Reuters looked at the difference in years between the model-year of a vehicle involved in a reported Takata air bag rupture and the date of the accident recorded in the NHTSA complaint database.

Takata - the world's second-largest supplier of auto safety parts behind Sweden's Autoliv (ALV.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), and just ahead of rival TRW Automotive Holdings Corp <TRW.N - has taken almost \$750 million in charges over the past two years for the recalls, and its stock is down by almost 29 percent this year.

(Editing by [Kevin Krollicki](#) and [Ian Geoghegan](#))

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