

**Honda's Early Warning Report Audit & NHTSA Special Order
Questions and Answers**

November 24, 2014

1	Who conducted your third party audit?	The law firm of Bowman and Brooke began the audit on September 23, 2014.
2	Was this audit "independent"?	<p>Honda asked Bowman and Brooke to perform a comprehensive and transparent report on our shortcomings in Early Warning Reporting.</p> <p>The audit is the result of our interest and effort to determine the number of claims and notices that had not been captured in our Early Warning Reporting and why we experienced such problems.</p>
3	Are you willing to make the audit report public?	Yes. The report is included in our November 24, 2014 Special Order filing with NHTSA.
4	When did you first learn of discrepancies in your TREAD Act reporting?	A Honda associate first recognized an issue related to the recording of a verbal date code in the legal file management system in 2011 and believed that it could have affected the accuracy of the EWR reports; however, apparently, there was no follow-up. NHTSA made Honda aware of its under-reporting EWRs in early January 2012.
5	If you knew about these problems in 2011, why did it take more than 2 years to launch your third-party audit and report your findings to NHTSA?	<p>Honda began looking into the issue at that time, but did not take conclusive action.</p> <p>Honda began a third-party audit to determine the full extent of its under-reporting in September 2014, and first notified NHTSA of the discrepancies in Honda's Early Warning Reporting in October 2014.</p> <p>Honda acknowledges that it lacked the urgency needed to correct its problems on a timely basis.</p>
6	Honda did not report 1729 claims. How many claims <u>did</u> Honda report from July 1, 2003 – June 30 2014?	Honda reported 1144 claims from July 1, 2003 – June 30, 2014.
7	In entering injury and death claims into the company's database why didn't Honda consistently enter a date in the "written claim received" field?	<p>We did not have an adequate understanding of the required data fields that were to be completed.</p> <p>Honda will implement full training regarding the data entry process, including refresher training</p>

		with detailed written guidelines
8	Why did the computer program not properly map all of Honda's internal sub-codes to a NHTSA code?	<p>Early Warning Reports are required to identify the particular component (e.g., brakes) involved in the injury or death claims being reported using a series of NHTSA codes.</p> <p>Historically Honda has maintained a more exhaustive series of its own component/defect sub-codes to track incoming claims. However, the EWR computer program was not set up properly at the outset, and did not properly map all of Honda's internal sub-codes to a NHTSA code. Therefore, when generating its Early Warning Reports, Honda's computer program included only those written injury and death claims or notices that mapped to a NHTSA component code – thus underreporting claims.</p> <p>Honda has already corrected the computer programming issue and mapped the complete universe of Honda's codes to correspond to NHTSA component codes.</p>
9	Why did Honda adopt a narrow interpretation of what constitutes a "written notice," under NHTSA's rules?	<p>Honda made mistakes at the initial set up of its reporting system due to a misunderstanding of the TREAD Act.</p> <p>Honda also believed that the reporting regulation was focused on information received from customers or their representatives, rather than information that Honda obtained at its own initiative. Going forward, Honda will be reporting all claims and notices of death and injury, so this distinction will not matter.</p> <p>We now understand very well the reporting requirements.</p>
10	Was Honda's under-reporting deliberate?	<p>Our review to date indicates that these were inadvertent data entry and computer programming errors. In order to ensure these errors do not happen again, Honda is in the process of enhancing its oversight of the Early Warning reporting process, and will make organizational and staffing level changes in the functional areas responsible for its Early Warning reporting.</p>