



COPY ONLY

TK HOLDINGS INC.
2500 Takata Drive
Auburn Hills, MI 48326 USA
TEL 248-373-8040
FAX 248-377-2040

June 11, 2014

Mr. Frank Borris
Director
Office of Defects Investigation
National Highway Traffic Safety Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

Re: Takata Support For Regional Field Actions To Address Potential Inflator Issues

Dear Mr. Borris:

I am writing to confirm certain understandings communicated to you by a representative of TK Holdings, Inc. ("Takata"), during a telephone conversation on June 6, 2014.

By way of background, on May 20, 2014, at the request of the Office of Defects Investigation ("ODI"), Takata officials met with ODI officials in order to provide the agency with information regarding certain incidents involving ruptures of inflators manufactured by Takata that were not covered by previous inflator-related recalls. At that meeting, Takata pointed out that all six of the potentially-relevant rupture incidents had occurred in either Florida or Puerto Rico. Takata also described the research being conducted to better understand the causes of those incidents. Among other things, Takata explained that Florida and Puerto Rico have exceptionally high levels of absolute humidity, and that exposure to that level of humidity, in conjunction with potential processing issues during certain manufacturing time periods that may influence aging stability, are the focus of Takata's current research and investigation efforts. At that meeting, NHTSA indicated that it was willing to work with Takata as the Company's investigation proceeds over the next several months.

During a June 5, 2014 conference call, you and other ODI officials requested that Takata support field actions by vehicle manufacturers to replace potentially suspect inflators in vehicles originally sold in or currently registered in Florida and Puerto Rico, and other states with similarly high levels of absolute humidity. ODI proposed that the selection of the inflators to be replaced in these field actions should be based on the dates of the six incidents (separately for driver-side inflators and passenger-side inflators), with a "buffer" period of twelve months before and after those dates to maximize confidence that any potentially problematic inflators would be included.

These requested field actions would be analogous to "regional recalls." However, at the meeting, Takata stated, and you agreed, that since the currently available information does not indicate that any Takata inflators – other than those in vehicles that were previously recalled – contain

a safety defect, neither Takata nor the vehicle manufacturers conducting these field actions would be expected to admit that its products contain such a defect.

Consistent with the fact that Takata's highest priority is safety, and Takata's desire to address potential safety concerns promptly and thoroughly, on June 6, 2014, a Takata representative advised you that the Company agreed to accommodate ODI's request. In conformity with your suggestions, and assuming the applicable vehicle manufacturers agree, Takata will support the requested regional field actions. Specifically, Takata would support regional campaigns to replace PSDI and PSDI-4 inflators (which are used in driver-side air bags) manufactured between January 1, 2004 and June 30, 2007, as well as to replace PSPI, PSPI-L and SPI inflators (which are used in passenger-side air bags) manufactured between the start of production in June 2000 and July 31, 2004. These dates were chosen based on the dates of the relevant incidents, with a "buffer" period slightly greater than the twelve-month period that you requested. Assuming the vehicle manufacturers agree, Takata will support the replacement of the identified inflators in vehicles in Puerto Rico, Florida, Hawaii, and the Virgin Islands, based on the high levels of absolute humidity in those areas.

At this time, Takata believes that an number of the inflators identified above were provided to the following vehicle manufacturers for use in vehicles sold in the United States (the manufacturers are listed in alphabetical order): BMW, Chrysler, Ford, Honda, Mazda, Nissan, and Toyota. If we determine that any of those inflators were sold to other vehicle manufacturers, we will let you know promptly.

Takata is not certain which models or model years of vehicles are equipped with the subject inflators, and it does not know how many of those vehicles were sold in or are registered in the States to be covered by the requested field actions. That information will need to be obtained from the affected vehicle manufacturers.

Takata wants to assure you that it will work with each manufacturer that agrees to conduct a field action to develop a schedule for that action, based on parts availability. In addition, Takata plans to continue its wide-ranging investigative efforts to better understand the causes of these inflator incidents, and it will keep ODI informed of the progress of those efforts.

If you or your staff have any questions, please contact the undersigned. I can be reached at (248) 340-7626 or by e-mail at mike.rains@takata.com.

Sincerely,

A handwritten signature in black ink that reads "M. Rains". The signature is written in a cursive style with a large, stylized "M" and "R".

Mike Rains
Government Affairs Specialist
TK Holdings, Inc.