NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
1200 New Jersey Avenue, SE
West Building, W41-326
Washington, DC 20590

In re:	)
AQ14-004	)

AMERICAN HONDA MOTOR CO., INC.'S NOVEMBER 24, 2014
RESPONSE TO NHTSA's NOVEMBER 3, 2014 SPECIAL ORDER

This responds to the Special Order issued by NHTSA on November 3, 2014, regarding Honda's compliance with NHTSA's Early Warning Reporting (EWR) requirements.

In the responses that follow, Honda acknowledges that it has identified several shortcomings in its compliance with NHTSA's Early Warning Reporting requirements.

With respect to death and injury reporting, Honda has previously explained to NHTSA that Honda established its EWR reporting system with the intent of reporting to NHTSA all written claims involving death or injury, and all written notices received by Honda alleging that a possible defect in the vehicle caused the death or injury. Honda will refer to such a notice as a "reportable notice." As permitted by Part 579 of NHTSA's regulations, Honda decided not to try to report claims or notices of death or injury that were received only orally by the company or otherwise did not meet the definition of a claim or reportable notice. Honda has now determined that its EWR reporting system was not reporting certain claims and reportable notices in part due to (1) a failure to properly enter the date that a written claim or reportable notice was received into one of Honda's databases from which Honda's EWR report draws information, nearly all of which involved incidents that were initially received by Honda only orally, but which were subsequently supplemented with a written claim or reportable notice, converting them into

reportable incidents; or (2) Honda's EWR reporting system failing to capture certain incidents that were coded as having allegations that did not map onto the TREAD EWR component code list.

As a result of its initial review, Honda identified approximately 400 claims and reportable notices that were not reported under EWR for the reasons described above. In October 2014, Honda previewed this to NHTSA. Honda now confirms a total of 431 death and injury incidents that were not reported for the reasons described above.

In addition, Honda has historically interpreted the reference to a "notice received by a manufacturer" in §579.21(b) of the EWR regulations to exclude third-party documents that were obtained at the initiative of a Honda employee or contractor. For example, if the only third-party document in a file was the police accident report that was obtained by a Honda employee who was investigating the specific facts of the reported incident, Honda did not consider that police accident report to constitute a reportable notice under EWR rules. In the interest of transparency, Honda requested a further review of the unreported death and injury files to determine which would have been reportable if the term "notice received by a manufacturer" were interpreted more broadly to include documents that were obtained by Honda itself in the course of an internal investigation of an orally reported incident, and which documents could be interpreted as alleging that the death or injury was caused by a possible defect in the vehicle. When this broader interpretation was applied, Honda determined that 1,298 additional incidents were not reported to NHTSA under EWR.

With respect to the warranty claim files, Honda's review to date has revealed that the company's system for sorting EWR-reportable warranty claims from those that are excluded from the reporting requirements by EWR regulation is inconsistent with the regulation.

Although Honda's review of the warranty claim system is ongoing, Honda has identified that the warranty claim system is not in compliance with Part 579 of NHTSA's regulations. The EWR regulation permits exclusion of warranty claims associated with safety recall campaigns that were conducted pursuant to Part 573 of NHTSA's regulations, as well as warranty claims associated with an emissions recall under the Clean Air Act, or under State law as authorized by 42 U.S.C. 7543(b) or 7507. However, the EWR regulation does not permit exclusion of warranty claims associated with other campaigns, including but not limited to customer satisfaction campaigns or special warranty extensions, or warranty claims involving good will, third party vehicle service contracts, or Honda certified pre-owned vehicles. Based on Honda's review, warranty claims falling within these categories were not reported to NHTSA under EWR.

With respect to the property damage claim files, Honda's review is ongoing, but has identified a discrepancy between the property damage EWR system and the applicable EWR regulation. The EWR regulation requires reporting of all written property damage claims received by the company without regard to whether they were paid or denied. Honda's system only reported those property damage claims that were denied, because its system classifies a paid property damage claim as a "warranty claim," and reports it in that category. Thus, while it appears that all written property damage claims are reported to NHTSA under EWR, the claims that are paid are classified in the wrong EWR reporting category.

In the three weeks provided to respond to this Special Order, Honda has interviewed numerous witnesses, and reviewed a substantial number of files. The results of Honda's investigation thus far are reflected in this Response, and in the documents Honda is producing herewith. Given the time constraints, Honda still is in the process of reviewing files and

conducting interviews in an effort to identify additional responsive materials. Honda will supplement this response as additional responsive materials are identified.

To the extent reasonably practical under the circumstances, information and documents provided in this response are current as of the date of this Response.

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST:

1. Provide a corporate organizational chart(s) identifying the employees, by name, division and title, who are responsible for collecting and reporting EWR Information to NHTSA.

RESPONSE:

1. The individuals who have or had management responsibility for collecting EWR Information to NHTSA has changed over time; indeed, many of the individuals responsible for originally setting up Honda's EWR Information reporting system are no longer employed by Honda. Individuals who currently hold positions responsible for managing the collection and reporting of EWR Information are listed on the charts attached.

REQUEST:

2. Describe the systems used by Honda, between April 1, 2003 and the present, for storing and reporting EWR Information.

RESPONSE:

2. Honda notes that its obligation to report EWR Information did not arise until the close of the third quarter of calendar year 2003 (July 1, 2003 – September 30, 2003), although it was required to report certain historical information related to the numbers of warranty claims recorded in its warranty system, as well as field reports, that it received in each calendar quarter from July 1, 2000, to June 30, 2003, for vehicles manufactured in model years 1994 through 2003 (including any vehicle designated as a 2004 model).

With that understanding, Honda responds to Request No. 2 as follows:

The various systems used by Honda to store and report EWR Information are described in detail in Honda's TREAD Act Compliance Documentation Manual (the "TREAD Manual"), Bates Nos. : AQ14-004_00000355 – 419; AQ14-004_00011679 – 742; AQ14-004_00015451 – 514; AQ14-004_00047706 – 770; AQ14-004_00089802 – 865. The following description provides an executive summary of the systems illustrated more fully in the TREAD Manual.

Honda's EWR system is an SQL-based database that draws from data contained in several component databases maintained by various departments throughout Honda. Relevant EWR data is fed into Honda's SQL-based database, which data is then processed to eliminate records that are not reportable under the relevant EWR regulations.

Sorted by the various types of EWR Information defined in the Special Order, the following databases provide the source EWR Information reported to NHTSA on a quarterly basis:

Production Information: Production information consisting of counts of automobiles or motorcycles offered for sale in the United States is supplied by Honda's factories and aggregated in Unit Tables kept by American Honda Motor Company's Automobile Operations and Motorcycle Division. A minor exception to this concerns information on some vehicles offered for sale in Guam or Saipan; production counts of those vehicles is obtained directly by Honda's Product Regulatory Office ("PRO") from Honda Japan, and entered into the TREAD database.

Incidents Involving Death or Injury: EWR Information on incidents involving death or injury comes from one of three sources. Information about incidents involving death or injuries reside primarily in files maintained by Honda North America's ("HNA") Law Department, in its internal legal file management system. HNA Law uses the legal file management system to track all incidents, claims, or litigation that fall within HNA Law's sphere of responsibility. Information about incidents involving injuries that did not require medical attention and did not involve a demand for compensation reside in Honda's Customer Relations Management System ("CRMS") database, the comprehensive database maintained by Honda's Auto or Motorcycle Customer Relations group to track all customer relations inquiries and contacts. Finally, information on incidents involving foreign fatalities caused by a defect in a vehicle that is identical or substantially similar to a vehicle sold in the United States is obtained from Honda Japan.

Records in both the legal file management system and CRMS database are created when the underlying data involving the incident is manually entered by the relevant personnel or customer relations representative, respectively. Historically, EWR Information was taken from the legal file management system if the "Written Claim Date Received" field for that particular incident had been filled out in that system. Records that had no "Written Claim Date Received" value were not captured in Honda's EWR Information, even if the record showed a "Verbal Claim Date Received" value.

Historically, before Honda's quarterly EWR report was submitted, personnel from the American Honda Motor Co., Inc. Product Regulatory Office and HNA Legal informally consulted on certain information concerning the death or injury incidents, such as the minimum specificity for EWR death and injury reports (for example, incident date, applicable component codes and VIN numbers), reported during any relevant reporting quarter.

Prospectively, in an effort to ensure that all reportable records are included in Honda's EWR Information, Honda has reconfigured its EWR system to go beyond what is required under the EWR regulations so that any death or injury incident resulting in a file being created in the

HNA Law Department legal file management system will be included in the Company's relevant EWR report, regardless of whether the claim received was written or oral, assuming the claim is otherwise TREAD-reportable. A similar change has been instituted with respect to records in the CRMS database; all records – written or oral – will be reported pursuant to the requirements of 49 C.F.R. §579.21(b). Moreover, the historic review process will be augmented to include a complete and comprehensive review of all claims or notices, written or verbal, received by Honda during any given reporting quarter to provide checks and balances to enhance compliance.

Numbers of Property Damage Claims: As with incidents involving death or injury, information concerning the number of property damage claims resides in both Honda's legal file management system and CRMS database. Both databases allow users to indicate whether any given claim involves damage to property.

As noted elsewhere herein, Honda's investigation to date has determined that the property damage claims that were paid were included in the warranty claims category of the EWR report, and not in the property damage category, which was reporting only the claims that were denied.

Prospectively, Honda will take steps to revise its processes to ensure that all reportable property damage claims are included in the correct category in EWR reports.

Numbers of Consumer Complaints: Information concerning the number of consumer complaints received during any given quarter resides in Honda's CRMS database.

Numbers of Warranty Claims: Information concerning the number of warranty claims resides in a number of different locations. Dealer-submitted auto and motorcycle warranty and extended-warranty claims are aggregated in the automobile or motorcycle warranty system, which information is captured by Honda's EWR system for inclusion in the appropriate EWR Report provided that the claim meets the required characteristics.

The warranty system likewise reflects instances of monetary goodwill provided to customers, dealers, or third parties. It also contains information related to extended warranty claims, claims on Honda certified pre-owned vehicles, warranty claims covered by third party service contracts, and warranty claims made pursuant to Honda campaigns, including product improvement, product update, customer satisfaction, safety recall, and emissions-based campaigns. As discussed elsewhere herein, based on Honda's investigations to date, of these additional categories of warranty claims, only those records relating to product improvement and product update campaigns historically have been included in Honda's quarterly EWR reports.

The number of warranty claims included in Honda's EWR submission also encompasses certain instances of non-monetary goodwill provided to customers, including payment of customers' finance payments, or extensions of warranties. Warranty claim numbers falling within these categories is taken from CRMS.

Warranty claims involving litigation, or other extraordinary claims involving large amounts at issue, are forwarded to the HNA Law department. Data concerning the number of those warranty claims is taken from the legal file management system.

Prospectively, Honda will take steps to revise its warranty system to ensure that all reportable warranty claims are included in EWR reports.

Field Reports: EWR Field Report data are assembled from two databases within Honda: (1) the Field Quality Report system, which assembles reports submitted by Honda District Parts & Service Managers; and (2) Auto and Motorcycle Tech Line (which captures calls initiated by Honda dealers and technical assistance provided by Honda Auto Field Engineers).

* * *

Honda's EWR database is supplied with relevant information from the above-described databases. The EWR database was designed with the intent to identify (and not report) records that do not fall within the scope of the TREAD Act's reporting requirements. These include records that lack minimal specificity (i.e., make, model, and model year), those that are not attributed to specified EWR components, and those associated with vehicles at least ten years old at the time of the reportable incident.

That information is first converted to a .txt file within the EWR database, at which point it is reviewed by personnel from HNA Law and PRO. The .txt files are converted within the EWR database into a format that will be submitted to NHTSA. After a final review by personnel from Honda PRO, the files are uploaded to NHTSA via file transfer protocol.

REQUEST:

3. Provide all written company policies, memoranda and/or directives for reporting EWR information to NHTSA since the passage of the TREAD Act in October 2000, until the present.

RESPONSE:

3. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date, including but not limited to Honda's TREAD Manual, are provided electronically in the folder "Response No. 3" located on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant documents, it will supplement this response.

REQUEST:

4. Describe the procedures that Honda employs to ensure that all EWR Information is timely and accurately reported to NHTSA.

RESPONSE:

4. Honda has instituted a variety of measures in an effort to ensure that all EWR Information is timely and accurately reported to NHTSA. As discussed in Honda's Response to Request No. 2, the EWR system was programmed with the intent to include records that fall within the scope of the TREAD Act's reporting requirements, but we have now determined that the EWR system's programming and deployment resulted in reporting deficiencies.

As part of that programming, historically, EWR Information collected from the HNA Law Department concerning incidents involving death or injuries initially was limited to those records in the HNA Law Department legal file management system that had been assigned a value in the "Written Claim Received Date" field. In an effort to ensure that all reportable records are included in Honda's EWR Information, Honda has reconfigured its EWR system to go beyond what is required under the EWR regulations so that any death or injury incident resulting in a file being created in the HNA Law Department legal file management system will be included in the Company's relevant TREAD report, regardless of whether the claim received was written or oral, assuming the claim is otherwise TREAD-reportable. A similar change has been instituted with respect to records in the CRMS database; all records—written or oral—will be reported pursuant to the requirements of 49 C.F.R. § 579.21(b)

Moreover, with respect to the additional EWR Information required of incidents involving death or injury under 49 C.F.R. § 579.21(b), Honda's EWR system is able to identify any potential inconsistencies between the reported make, model, and model year of a vehicle and the make, model and model year information reflected in a vehicle's Vehicle Identification Number ("VIN").

Finally, to avoid the risk of an untimely submission, Honda's general practice has been to submit EWR Information within 45 days after the end of the reporting quarter. By regulation, EWR Information is not due until 60 days after the end of the reporting quarter. *See* 49 CFR §579.28(b).

REQUEST:

5. Provide all documents that refer or relate to concerns or allegations (regardless of whether or not such concerns or allegations were substantiated) by any Honda employee or contractor that there was a problem with any of Honda's EWR reporting processes or that EWR Information was not being reported to NHTSA as required.

RESPONSE:

5. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 5" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

6. Provide all documents that refer, relate to, evidence or concern any investigation into Honda's EWR reporting processes and procedures, regardless of whether the investigation was conducted by Honda or a third party.

RESPONSE:

6. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 6" on the concurrently submitted hard drive or are attached hereto. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

7. Provide all documents that refer, relate to, evidence or concern internal audits, whether formal or informal, of Honda's EWR reporting processes, procedures or systems.

RESPONSE:

7. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 7" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

8. Identify the outside counsel retained by Honda on September 19, 2014 to perform a third-party audit of Honda's EWR reporting procedures.

RESPONSE:

8. Honda assigned this project to Bowman & Brooke LLP on or about September 19, 2014.

REQUEST:

9. Provide a copy of the retainer agreement between Honda and the outside counsel identified in your response to Request No. 8.

RESPONSE:

9. There was no separate retainer agreement for this project. It was assigned under the general on-going engagement relationship between Honda and Bowman and Brooke.

REQUEST:

10. Provide the third-party audit described in Request No. 8.

RESPONSE:

10. Honda has attached hereto the Report on Audit of Certain Aspects of TREAD Act Reporting performed by Bowman and Brooke LLP.

REQUEST:

11. Provide all documents that refer to, relate to, evidence or concern any third-party audit of Honda's EWR reporting processes, procedures or systems, conducted at any time between July 1, 2003 and the present.

RESPONSE:

11. In response to this Request, in addition to the attached Report on Audit of Certain Aspects of TREAD Act Reporting, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 11" on the concurrently submitted hard drive or are attached hereto. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

12. Describe the process by which Honda collects death and injury information, and explain how this information is reported to NHTSA.

RESPONSE:

12. Honda assumes this Request seeks a description of how Honda collects EWR Information it receives related to death and injury claims and notices, as defined by 49 C.F.R. §§ 579.4 and 579.21(b)(1) & (2), and how it then provides that EWR Information to NHTSA in order to satisfy Honda's reporting obligations under § 579.21(b), and responds to this Request on that basis.

In addition to the information provided in response to Requests Nos. 2 and 4, above, Honda responds to this Request as follows:

With respect to U.S.-generated information, the process is completely described in the TREAD Manual, which is being provided in response to Request No. 3.

The process can be summarized as follows. Subject to limited exceptions, Honda typically receives death and injury information either (or both) through the provision of information to (1) Honda's customer relations department; or (2) Honda's legal department, often by service effectuated on Honda's registered agent for service of process. Incidents involving fatalities in other geographic markets are obtained from Honda Japan.

Death and injury information received by customer service is entered into Honda's customer service database, CRMS. The CRMS system includes a variety of data points, including the affected part of the automobile. Any records involving an allegation of death or serious injury (defined as an injury requiring medical attention) are routed immediately to HNA Law for further attention, and the record is closed within CRMS. Records involving non-serious injuries (defined as an injury not requiring medical attention) remain in the CRMS database.

As to those "non-serious" injuries that remain in CRMS, those that stem from written claims are captured by Honda's EWR system and reported in Honda's report pursuant to 49 C.F.R. § 579.21(b). The "non-serious" injury claims that were only made orally are included in the aggregate consumer complaints report.

Claims involving death or serious injuries that are routed to HNA Law are first entered into the legal file management system. Among other characteristics, the legal file management system allows the user performing the data entry to indicate whether the claim that gave rise to the particular record was written or oral. Historically, a user performing the data entry would indicate this information in fields designated "Written Claim Received Date" or "Verbal Claim Received Date." Historically, those records in which the initiating user had entered a value in the "Written Claim Received Date" would be included in the death and injury report submitted to NHTSA. The process pursuant to which that report is generated is described in more detail in Honda's Response to Request No. 2.

REQUEST:

13. Provide all written company policies, memoranda and/or directives regarding the procedures for entering information and data into Honda Law Department's case matter management system since the passage of the TREAD Act in October 2000, until the present.

RESPONSE:

13. Honda assumes that this Request seeks policies, memoranda and/or directives regarding the procedures for entering information and data related to death and injury claims and notices, as defined by 49 C.F.R. §§579.4 and 579.21(b)(1) & (2), into the

HNA Law Department's legal file management system that then would be used to create EWR Information reported to NHTSA, and responds on that basis. Honda is not providing documents that relate to other aspects of the legal file management system and, for that reason, the documents being provided contain redactions of unresponsive information.

Subject to the foregoing assumptions, understandings and conditions, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 13" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

14. Explain the process by which death and injury information is communicated by Honda's Law Department to its Product Regulatory Office, and the process by which that information is then submitted by the Product Regulatory Office to NHTSA.

RESPONSE:

14. Honda assumes this Request seeks a description of the process by which EWR Information related to death and injury claims and notices, as defined by 49 C.F.R. §§ 579.4 and 579.21(b)(1) & (2), received or handled by the HNA Law Department is transmitted to Honda's Product Regulatory Office, and then how that EWR Information is provided to NHTSA in order to satisfy Honda's reporting obligations under § 579.21(b), and responds to this Request on that basis.

Please see the responses to Requests Nos. 2, 4, and 12, above.

REQUEST:

15. State how and when Honda first became aware that it had not been reporting all EWR Information to NHTSA. Include in your answer a summary of events leading up to Honda's discovery of this issue.

RESPONSE:

15. As far as we have been able to confirm to date, 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. We are still investigating this information. Honda next became aware in early January 2012 of the possibility that it had failed to report EWR Information related to all death and injury claims or notices (as defined by 49 CFR §§ 579.4 and 579.21(b)(1) & (2)) that it had received. Specifically, in December 2011, Honda had provided NHTSA with detailed information regarding all of the deaths and injuries associated with the rupture of Takata driver airbag inflators in Honda or Acura vehicles that it was then aware of, and NHTSA staff noticed

that some of those death and injury incidents did not appear to have associated TREAD death and injury reports. NHTSA staff raised the issue with Honda in several telephone calls in early- and mid-January 2012. While some of the unreported death and injuries identified by NHTSA in January 2012 were not reportable under TREAD, including several reports involving vehicles that were more than ten years old at the time of the claim, it appeared that some of the death and injury reports related to the rupture of Takata driver airbag inflators should have been reported under TREAD, although they had been reported to NHTSA ODI in the form of the summary of incidents of Takata airbag ruptures. Honda agreed to investigate the issue further and report back to NHTSA; however, there was no follow-up with NHTSA after January 2012. See the Report on Audit of Certain Aspects of TREAD Act Reporting, which is attached hereto, for more information.

REQUEST:

16. Provide all chronologies, timelines and/or summaries of events, previously prepared by Honda or any third party, that refer to, relate to, discuss or concern Honda's discovery that it had not been reporting all EWR Information to NHTSA.

RESPONSE:

16. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 16" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

17. Provide all documents that refer to, relate to, evidence or concern the EWR reporting issue described in Request No. 15.

RESPONSE:

17. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 17" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

18. Describe any and all efforts undertaken by Honda to correct the EWR reporting issue identified in Request No. 15.

RESPONSE:

18. As a result of its investigation into the events described in its Response to Request No. 15, and the underlying causes of those events, Honda has taken the following steps to address the EWR reporting issues identified in that Response:

1. **Refinements to Honda's EWR Reporting Processes.**

As discussed in Honda's response to Request No. 12, death or injury incidents routed to the HNA Law Department were historically included in Honda's EWR death or injury report only in those instances in which the incident record in the legal file management system contained a value in the "Written Claim Received Date" field; records with only a "Verbal Claim Received Date," or with no "Claim Received Date" value entered at all, were not included in Honda's EWR Report. While some claims received by the HNA Legal Department were never in fact reduced to writing, and thus were not EWR reportable, in other instances, claims that began as oral communications, but which were later followed-up with written notices, were not updated in the legal file management system. As a result, even though a written notice had been received, making the matter reportable, without an update to the "Written Claim Received Date" field, the EWR system did not list the matter on the quarterly death or injury EWR report.

In addition, Honda's investigation revealed a prior interpretation of the EWR reporting regulations pursuant to which written claims that were received by Honda *from* the claimant or an interested third party were deemed written notices received by the manufacturer that would make an incident reportable (again, assuming that other necessary criteria were met), but written notice that resulted from efforts undertaken *by Honda* (rather than the claimant) to obtain more information were *not* considered to constitute written notices received by the manufacturer for EWR reporting purposes. In these situations, the "Written Claim Receipt Date" field was not filled out and, as discussed above, was not included in the EWR reports.

Going forward, the EWR system now will be configured to include any record created in the legal file management system, provided that it otherwise meets the requirements of a TREAD-reportable event. In this way, the existence of a written claim no longer will be determinative of whether a particular incident involving death or injury will be included in Honda's death or injury report. Thus, prospectively, Honda will go beyond the regulatory definition of a TREAD-reportable event, and will consider all oral, as well as written, claims and notices of death or injury incidents to qualify for EWR reporting.

Moreover, HNA Law, working with the PRO group, has instituted additional review procedures to ensure that information reported out of the HNA Law legal file management system for EWR reporting is complete and accurate.

2. **Technical Changes in EWR System.**

In addition to the reporting gaps discussed above, Honda identified a technical issue involving the component codes made available in CRMS and the legal file management system and how those component codes were mapped to corresponding component codes provided by the TREAD Act. Some of the component code mapping was missing, such that certain incidents that should have been included in Honda's EWR report were omitted because the EWR system

did not recognize the incident as involving one of the required EWR components. Honda has reviewed its EWR system and has ensured that the previously unmapped codes are associated with the appropriate EWR component code, or when there is no code, that the system will identify EWR code 98 or 99, as appropriate.

3. **Warranty Claims**

With respect to the warranty claim files, Honda's review to date has revealed that the company's system for sorting EWR-reportable warranty claims from those that are excluded from the reporting requirements by EWR regulation is inconsistent with the regulation. Although Honda's review of the warranty claim system is ongoing, Honda has identified that the warranty claim system is not in compliance with Part 579 of NHTSA's regulations. Specifically, the EWR regulation permits exclusion of warranty claims associated with safety recall campaigns that were conducted pursuant to Part 573 of NHTSA's regulations, as well as warranty claims associated with an emissions recall under the Clean Air Act, or under State law as authorized by 42 U.S.C. 7543(b) or 7507. However, the EWR regulation does not permit exclusion of other campaign-based warranty claims, included but not limited to those associated with customer satisfaction campaigns or special warranty extensions.

Additionally, Honda has determined that its historical practices in reporting warranty claims involving good will, certified pre-owned vehicles, or third party vehicle service contracts were not in compliance with the EWR regulations.

Going forward, Honda is taking steps to ensure that the warranty system will be reprogrammed so that all warranty claims (as that term is defined by Part 579 of NHTSA's regulations) will be included in the EWR reports.

4. **Property Damage Claims**

With respect to the property damage claim files, Honda's review is on-going, but has identified a discrepancy between the property damage EWR reporting system and the regulation. The EWR regulation requires reporting of all written property damage claims received by the company without regard to whether they were paid or denied. Honda's system was set up to report only those property damage claims that were denied, because its system classified a paid property damage claim as a "warranty claim," and reported it in that category. Thus, while it appears that all written property damage claims were reported to NHTSA under EWR, the claims that were paid were classified in the wrong EWR reporting category.

Going forward, Honda is taking steps to ensure that the property damage EWR reports will include all property damage claims, regardless of whether they were paid or denied.

5. **Training**

Honda intends to develop appropriate written training materials and ensure that all personnel responsible for any aspect of TREAD reporting are trained, and that refresher training is conducted periodically for all relevant personnel.

6. **Additional Remedial Measures**

Honda is in the process of designing additional oversight and review mechanisms and increased staffing levels to detect and correct potential inaccuracies in its EWR reporting.

REQUEST:

19. Provide all documents that refer to, relate to, evidence or concern the EWR reporting issue described in Request No. 15.

RESPONSE:

19. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 19" on the concurrently submitted hard drive or are attached hereto. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

20. Identify all Honda employees and contractors, by name and title, who attended a meeting with representatives of NHTSA that was held on or about January 26, 2012.

RESPONSE:

20. Jay Joseph, Senior Manager [now Assistant Vice President], Safety, Product Regulatory Office, American Honda Motor Co., Inc.; Aki Yasuoka, Advisor, Product Regulatory Office [now Advisor, Environmental Business Development Office], American Honda Motor Co., Inc.; Mark Sislowski, Senior Staff Engineer, Honda of America Mfg., Inc. [now Associate Chief Engineer, Honda North America, Inc.].

REQUEST:

21. Provide all documents that refer to, relate to, discuss or concern the meeting between representatives of Honda and NHTSA that was held on or about January 26, 2012.

RESPONSE:

21. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 21" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

22. For each field incident listed on the December 13, 2011 Summary of Field Incidents that was provided to NHTSA on or about January 26, 2012, state whether the incident was reported in EWR. If so, when was the incident reported? If not, explain why the incident was not reported.

RESPONSE:

22. See the Exhibit to the Report on Audit of Certain Aspects of TREAD Act Reporting.

REQUEST:

23. Provide all documents that refer to, relate to, discuss or concern the discrepancies between the December 13, 2011 Summary of Field Incidents that was provided to NHTSA on or about January 26, 2012, and EWR Information reported by Honda.

RESPONSE:

23. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 23" on the concurrently submitted hard drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

24. Provide the EWR reporting policy implemented by Honda on or about March 21, 2012.

RESPONSE:

24. See the document beginning at Bates AQ14-004_00015251 – 52.

REQUEST:

25. Provide all documents that refer to, relate to, discuss or concern the EWR reporting policy implemented by Honda on or about March 21, 2012.

RESPONSE:

25. In response to this Request, copies of responsive documents currently in Honda's possession, custody or control that are not protected from disclosure by the attorney-client privilege or attorney work-product protection doctrine and that have been located to date are provided electronically in the folder "Response No. 25" on the concurrently submitted hard

drive. Other documents responsive to this request may be contained in documents obtained from the ongoing review of Honda's files and records. If Honda identifies additional relevant and non-privileged documents, it will supplement this response.

REQUEST:

26. Describe the process by which Honda collects information and data regarding property damage claims, consumer complaints, and warranty claims, and explain how this information is reported to NHTSA.

RESPONSE:

26. See Honda's responses to Request Nos. 2 and 4, above.

REQUEST:

27. Describe Honda's process for collecting field reports and submitting copies to NHTSA.

RESPONSE:

27. See Honda's responses to Request Nos. 2 and 4, above.

REQUEST:

28. Identify all death and injury claims known to Honda since 2003 that have not been reported in EWR.

RESPONSE:

28. In responding to this Request, Honda assumes that the reference to "death and injury claims" is to "claims," as defined under 49 C.F.R. §§ 579.4, that allege a death or injury in conjunction with an alleged defect in a Honda or Acura vehicle (or motorcycle), as described by 49 C.F.R. § 579.21(b)(1) & (b)(2). Honda further assumes that the statement "since 2003" means claims received on or after the third quarter of calendar year 2003, as set forth in 49 C.F.R. § 579.28(a).

Subject to the foregoing assumptions, understandings and conditions, the death and injury claims known to Honda since the third quarter of calendar year 2003 that were not reported to NHTSA as required by 49 C.F.R. § 579.21 are included in the Exhibit to the Report on Audit of Certain Aspects of TREAD Act Reporting. This Exhibit also includes incidents that would be considered "notices" under the EWR rules. This Exhibit does not include incidents that were reported only orally to the consumer relations department and that alleged an injury that did not require medical treatment.

REQUEST:

29. Explain why each death or injury claim identified in your response to Request No. 28 was not reported in EWR.

RESPONSE:

29. The explanation for each incident is on the Exhibit.

REQUEST:

30. State whether the California claim by the family of Devin Xu was reported in EWR. If so, when was the incident reported? If not, explain why this incident was not reported.

RESPONSE:

30. This Request appears to assume that Honda has received a claim (as defined under 49 C.F.R. § 579.4) by or from the family of Devin Xu, or any other person, related to September 3, 2013, crash of a 2002 Acura TL in Alhambra, California; however, that is not correct. No such claim has been made of or received by Honda. Further, even had Honda received (or in the future does receive) a claim from the family of Devin Xu, that claim would not be reportable EWR Information as the 2002 TL was over 10 years old at the time of the crash (and any subsequent claim, should there be one). Honda did not learn of the September 3, 2013, crash until October 2, 2014, when it learned of the crash in connection with media reports.

REQUEST:

31. State whether the Oklahoma complaint filed by the family of Ashley Parham was reported in EWR. If so, when was the incident reported? If not, explain why this complaint was not reported.

RESPONSE:

31. Honda first learned of Ashley Parham's crash on or about May 29, 2009, as the result of media reports, but did not receive a claim until on or about July 2, 2009, which is in the third calendar year quarter.

On September 16, 2009, more than 60 days in advance of the deadline for reporting EWR Information for the third quarter of calendar year 2009, Honda provided NHTSA with details of Ms. Parham's crash, the inflator rupture, and death as part of a comprehensive list of confirmed inflator rupture incidents up to that point in time. However, Honda did not include the Parham incident in its EWR Report for the third quarter of 2009, because the HNA legal file management system did not have an entry in the written claim received field and thus this incident was not properly reported out of the HNA legal file management system for EWR reporting.

REQUEST:

32. State whether the Virginia complaint filed by the family of Gurjit Rathore was reported in EWR. If so, when was the incident reported? If not, explain why this complaint was not reported.

RESPONSE:

32. Honda first learned of the Rathore crash as the result of a letter dated February 1, 2010, from counsel for the Estate of Gurjit Rathore sent to CT Corporation, American Honda Motor Co., Inc.'s corporate agent in Virginia. The Rathore family's claim was included in the EWR Information report for the first quarter of calendar year 2010, which was filed in May, 2010.

REQUEST:

33. Provide payment records evidencing any payment by Honda of warranty claims, property damage claims, and/or settlements.

RESPONSE:

33. By agreement with the Office of Chief Counsel, this request is interpreted to require summary information for the warranty claim payments and property damage claims, and a list of settlements of death or injury claims. The requested information is being provided under separate cover with a claim of confidentiality.

REQUEST:

34. Provide all other documents not otherwise requested herein that refer to, relate to, discuss or concern Honda's EWR reporting processes, procedures or systems.

RESPONSE:

34. It is not reasonable or practicable to reconstruct all of the information necessary to respond to this Request, particularly in the time permitted for response. Without waiving this objection, and with the understanding that Honda's review of potentially responsive materials is continuing, Honda states that it has provided in response to other Requests in this Special Order all of the non-privileged, responsive documents that it has located to date that refer to Honda's EWR reporting processes, procedures or systems and all of the non-privileged, responsive documents related to the EWR reporting issue that gave rise to the Special Order.

ADDITIONAL STATEMENTS

Honda is not providing privileged documents that may be responsive to this information request. These include (a) communications between outside counsel and employees of Honda's Law Department, other Honda employees, or employees of parties represented by Honda in

litigation or claims; (b) communications between employees of Honda's Law Department and other Honda employees or employees of parties represented by Honda in litigation or claims; (c) notes and other work product of outside counsel or employees of Honda's Law Department, including work product of employees or consultants done for or at the request of outside counsel or Honda's Law Department. Honda is not claiming a legal privilege for any documents provided with this response; however, Honda does not waive the legal privilege or work product protection with respect to other documents that may have been prepared in connection with a specific litigation or claim. In addition, Honda may assert the attorney client privilege or claim protection under the work-product doctrine for analyses or other documents that may be prepared in connection with litigation or claims in the future.

In its search for responsive materials, Honda has identified numerous documents in the Japanese language. Consistent with the instructions in the Special Order, Honda is arranging for translations of each such document into English. For those documents that have not yet been translated, but that have been identified as responsive due to connected family documents, the original foreign-language document will be included in this Response. However, Honda will supplement this response with the Japanese documents and the English translations when those translations have been completed. As is the case with all the Requests herein, Honda's efforts to identify responsive documents in both the United States and Japan remain ongoing.

Although Honda is responding to all of the requests posed by the agency and has endeavored to identify and provide all responsive documents (efforts which are ongoing), Honda is objecting to certain of the definitions, instructions and requests contained in the IR:

Honda objects to the definition of "documents" in the IR because it exceeds a reasonable understanding of the term "documents."

Honda objects to the definition of "Honda" to the extent it purports to include outside counsel. It would be unduly burdensome to require Honda to request that outside counsel search files for responsive documents. Moreover, it is highly unlikely that outside counsel would possess any non-privileged documents responsive to this IR that are not already being produced by Honda. In light of the significant burden and cost associated with canvassing outside counsel for potentially responsive documents and the very low probability of identifying any non-privileged document not already being produced, Honda has not asked its outside counsel to search for responsive documents.

Honda understands that NHTSA will protect any private information about persons that is contained in this response, based on privacy considerations. Such private information includes data such as names, addresses, phone or fax numbers, email addresses, license plate numbers, driver's license numbers and last 6 digits of the vehicle's VIN.

AFFIDAVIT

I declare under penalty of perjury that I have undertaken and directed an inquiry reasonably calculated to assure that the answers and production of documents are complete and correct, that I have caused the documents of Honda to be searched diligently for information and documents responsive to this Special Order and produced them to NHTSA, and that, to the best of my knowledge, the answers to the inquiries provided to NHTSA respond completely and correctly to this Special Order.

Executed on this 24th day of November, 2014 at Marysville, Ohio.

Rick Schostek
Executive Vice President
Honda North America, Inc.