U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

Deputy Administrator

1200 New Jersey Avenue SE.
Washington, DC 20590

October 29, 2014

BY EMAIL AND U.S. MAIL

Kazuo Higuchi
Senior Vice President
TK Holdings Inc.
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Re: Takata Inflator Recalls

Dear Mr. Higuchi:

I am writing in follow up to the National Highway Traffic Safety Administration's ("NHTSA's") ongoing investigation into defective Takata air bags, and to express a number of serious concerns that must be resolved to ensure public safety.

Takata has supplied tens of millions of air bag inflators to various vehicle manufacturers over the last fifteen years that, when functioning as designed, save lives and reduce or prevent serious injuries in crashes. However, as you are well aware based on months of discussions your technical experts have had with my staff, millions of Takata inflators are being recalled because, when activated, a growing number are creating an unacceptable risk of deaths and injuries by projecting metal fragments into vehicle occupants rather than properly inflating the attached air bag. Further action by Takata is required to better understand the failures and further mitigate the safety risk.

Actual and potential inflator failures have led to a large number of recalls in the last eighteen months. General Motors, Ford, Chrysler, Toyota, Nissan, Honda, Subaru, Mitsubishi and BMW have all initiated recall campaigns to address the serious safety risks posed by inflator failures. These recalls encompass a population of millions of vehicles. I am deeply troubled by this situation because of the potential risk for death and injury as well as the erosion of public confidence in a proven life-saving technology.

Your first task must be to do all that is possible to replace the affected air bag inflators quickly and responsibly. To that end, we have contacted the vehicle manufacturers and asked

them to expedite recall notification campaigns, work with their dealer networks to facilitate repairs and to pursue innovative and proactive strategies for getting vehicle owners to bring their vehicles in to have their inflators replaced.

However, these efforts will not be effective if replacement parts are not available. Given the challenge that the auto manufacturers likely face in providing these replacement parts, Takata's production capacity is critically important. In conversations with NHTSA staff, Takata agreed to take aggressive steps to accelerate its ability to supply replacement air bags. In order to confirm these steps, Takata must provide NHTSA with the following information:

(1) Its current production capacity in terms of how many units per day (or week) it is capable of producing;

(2) Its ability to expand that capacity and the time it will take to achieve that expansion;

(3) The contributions that other inflator manufacturers can make to providing replacement parts; and

(4) The steps it is taking towards having inventory tracking, process control and quality verification equal to the task ahead.

The breadth and scope of the inflator recalls demonstrate that increased production of replacement parts is only one of the challenges that must be met. We are confronted by a broad equipment problem, which differs substantially from a single recall administered and managed by a single vehicle manufacturer. Production of replacement parts must not just be expedited, it must be prioritized.

In addition to increasing production, I cannot stress enough the importance of testing to the overall effort to solve the problem of defective Takata inflators. Takata has worked with manufacturers and NHTSA in testing products returned from the field. This testing has been instrumental in identifying the acute risk posed by inflators in Toyota vehicles whose propellant has degraded when exposed over time to climates that are consistently hot and humid. In response to a NHTSA request, Takata has pledged that it will double its testing program. The details of this revised testing program must be shared with NHTSA as soon as possible. Takata, vehicle manufacturers and NHTSA must, and will, perform more testing and more analysis to fully understand and appropriately address the risk. This must be done with all possible speed and with complete candor to the public and NHTSA.

I expect Takata to be in a position to fully and frankly discuss the concerns raised in this letter and its plans to address them at our meeting on October 30th and on a weekly basis thereafter. I expect Takata to submit written information regarding the production and testing issues discussed above, as well as any additional information that we request, on such terms we shall provide shortly.

Sincerely,

David J. Friedman
Deputy Administrator