

Honda Statement and Background Information

June 23, 2017

Honda has taken the following actions this week in the Takata airbag inflator economic loss class actions consolidated in federal court in Miami. In these cases, plaintiffs' attorneys are suing Honda and other automakers, seeking money damages on the theory that the inflator defect has caused affected vehicles to lose value, even if those vehicles have been repaired and in the absence of any physical injury. We have taken the steps below to reaffirm our treatment of Honda's customers and demonstrate that Honda has acted responsibly.

- Honda has asked the court to admit into evidence - over the objection of the plaintiffs' attorneys - the guilty plea of Takata, as well as Takata's admissions that it defrauded Honda with respect to the safety of Takata's airbag inflators;
- Honda has also asked the court - again over the objection of the plaintiffs' attorneys - to admit into evidence the sworn testimony of Takata employees taken in personal injury cases involving Takata airbag inflators. This testimony establishes that Honda was a victim of Takata's fraud, and not a participant;
- Honda is also filing a motion asking the court to rule in Honda's favor on plaintiffs' misguided RICO claim, showing with undisputed evidence that a victim of a fraud - such as Honda - cannot and did not conspire with Takata to harm our customers. In addition, this motion establishes that there was no economic harm to these customers, as required by the RICO statute. To the contrary, this motion highlights the extraordinary efforts that Honda has taken to protect our customers over and above all other industry participants;
- Honda is releasing an email and affidavit from a Honda engineer in Japan. Plaintiffs' attorneys have filed a motion to compel this engineer to testify about an email he wrote in 2013. At the time the engineer wrote the email, he had no knowledge that Takata had for years intentionally misrepresented the safety of its inflators and the root cause of market ruptures in the airbag inflators it supplied to Honda. He therefore mistakenly came to incorrect conclusions about the significance of the rupture of a prototype inflator during development testing in 1999. Plaintiffs' attorneys incorrectly argue that this email is evidence that Honda misled its customers. Regarding this issue, a full statement and background are included below:

Statement Regarding Release of Engineer Email

The class actions seeking monetary damages for a supposed loss of vehicle value as a result of the Takata airbag inflator defect wrongly claim that Honda and the other automakers knew and withheld information about the defect from customers.

Honda wants to be absolutely clear that any suggestion by plaintiffs' lawyers that Honda concealed the cause of field ruptures of Takata airbag inflators installed in Honda vehicles is completely false and misleading. Regarding the 2013 email from the Honda engineer concerning the rupture of a prototype inflator during testing, the engineer himself now agrees that there is no evidence to suggest the 1999 prototype rupture was in any way related to the subsequent rupture events in the market. Further, no inflator ruptures linked to the cause of that prototype rupture, an internal inflator welding issue, have been reported in the market.

Background

The following is factual background information relating to the email by a Honda engineer written to a colleague on July 18, 2013. Taken out of context, and without sufficient background, plaintiffs' attorneys are attempting to use this email in court to misrepresent Honda's knowledge and actions.

Plaintiffs' attorneys have filed a motion to compel a Honda engineer in Japan to testify about the email he wrote in 2013. This email contains an incorrect assertion by the engineer regarding the cause of Takata airbag inflator ruptures. At the time the email was written, the engineer mistakenly believed that a rupture of a prototype inflator he had witnessed in 1999 was caused by a problem with Takata's inflator propellant. This was an incorrect assumption on his part.

In fact, an investigation by Takata of that 1999 prototype inflator rupture established that it was solely due to the failure of an internal weld. Based on this analysis, Takata corrected its inflator welding process prior to mass production. Not a single inflator rupture linked to the internal welding issue has been reported since that time.

The Honda engineer has since stated in a sworn affidavit that his earlier assertion was based on incorrect assumptions and limited information available to him at the time of his email.

Plaintiffs' attorneys have requested that this engineer be compelled to provide deposition testimony. Honda does not oppose this testimony. However, the engineer, who is

located in Japan, does not consent to this request, which is his right under applicable law. At the engineer's request, Honda has formally opposed the demand on his behalf.

Further Background on the Prototype Test in 1999

In October 1999, a prototype Takata PSDI driver's front airbag inflator ruptured during testing at a Honda research and development facility in Japan. Honda took this rupture very seriously and instructed the inflator supplier, Takata, to conduct a "root cause" evaluation into the test rupture. Takata provided a prompt and detailed report conclusively demonstrating that poor welding at its prototype production facility caused the rupture. Takata provided a second report describing changes implemented at its prototype manufacturing facilities to ensure the welding problem would not recur. These changes worked. No further prototype ruptures occurred. Additionally, no Takata inflators later installed in Honda vehicles were manufactured in this prototype facility. NHTSA was provided with both reports during its extensive investigation of the Takata inflator ruptures.

It has also been conclusively established by multiple engineering experts, including those retained by NHTSA, that the Takata inflator ruptures that have occurred in multiple automakers' vehicles were not caused by bad welds. Rather, recent extensive studies have shown that the ruptures in the field are the result of propellant that degrades due to exposure to moisture and temperature cycling over long periods of time. The prototype inflator that ruptured in October 1999 contained new propellant, not the aged propellant that has been identified as part of the root cause.

"Aging Specifications" Mentioned in the Email.

The engineer's email also refers to the development of aging specifications. The Honda engineer has extensive experience in the methods of aging certain materials for test purposes. Specifically, the aging specifications referenced in the email involve plastics and the plastic resins used in airbag modules. However, his experience does not include the exposure of metal inflators or propellants to environmental conditions. His email makes no reference to metal airbag inflator testing or to propellant aging testing. Thus, the "aging specification" reference is unrelated to the cause of subsequent Takata inflator ruptures in the market.

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