

CONFIDENTIAL BUSINESS INFORMATION REDACTED

December 14, 2017

Mr. Jonathan Morrison
Chief Counsel
National Highway Traffic Safety Administration
(NCC-111), Room W41-227
1200 New Jersey Avenue, SE
West Building
Washington, DC 20590

RE: Docket No. NHTSA-2015-0055 – Daimler Vans Request for Extension of Priority Group 6 Launch Deadline Under ¶ 34 of the Third Amended Coordinated Remedy Order - Revised

Dear Mr. Morrison:

On behalf of our client, Daimler Vans, this letter requests an extension of time in which to comply with the sufficient supply and remedy launch deadline for Priority Group 6 vehicles contained in Paragraph 34 of the Third Amended Takata Coordinated Remedy Order (ACRO). The Daimler Vans vehicles included in Priority Group 6 are Model Year (MY) 2013 and 2014 Freightliner and Mercedes-Benz Sprinters in Zones A and non-A, for the driver side airbag.

Daimler Vans originally submitted an extension request for Priority Group 6 vehicles on September 26, 2017. Daimler Vans is now updating its extension request to reflect changing part supply circumstances and to provide additional information, as requested by NHTSA.

1. Daimler Vans' Original Extension Request

As discussed with NHTSA and the Monitor team last August and September, Daimler Vans learned in August 2017 that its expected supply of Takata [] inflators for the remainder of 2017 would not be as robust as planned. Daimler Vans worked with Takata to increase its part supply allocation, and had some success in improving the situation. Daimler Vans initially thought that, despite the supply disruption, it might have enough parts to launch Priority Group 6 by the September 30, 2017 deadline. However, based on the information available in late September and the company's corresponding calculations, Daimler Vans concluded that it could not fully launch Priority Group 6 on time. Accordingly, Daimler Vans requested an extension for MY 2013 vehicles to October 30, 2017, and for MY 2014 vehicles to November 17, 2017. This phased launch would address the oldest vehicles first, and allow additional time for parts to accumulate. Daimler Vans also intended to "flag" MY14 vehicles for dealers, in the event a MY14 owner demanded a driver-side replacement prior to receiving the notification letter.

2. Update for MY 2013 Vehicles

Daimler Vans believed it had a reasonable plan in place to procure a sufficient quantity of Takata [] inflators to launch the Priority Group 6 recall for MY 2013 vehicles. The parts ordering process for the Takata recall is different from the standard process used in other recalls, and involves much longer lead times. In particular, Takata has limited capacity to supply the [] driver side inflators needed for Priority Group 6 due to competing worldwide demand. Although Daimler Vans initiated the process for obtaining parts in May 2017, well in advance of the Priority Group 6 launch deadline, and placed parts orders starting in July 2017, these actions were insufficient and by August 2017 Daimler Vans realized it was facing a critical parts planning situation. Once it realized that it would not be receiving sufficient supplies in time for the Priority Group 6 launch deadline, Daimler Vans escalated this issue with Takata on August 17, 2017 (escalation through Daimler purchasing department), August 31, 2017, and September 5, 2017 (telephone conference with Takata to confirm shipment schedules for remainder of 2017), in order to increase its part allocation. Daimler Vans was able to successfully increase the number of inflators to be delivered for the remainder of 2017 from [] to [], and to move up the anticipated delivery date for the resumption of parts shipments from Takata to the week of October 9, 2017.

Daimler Vans normally launches a recall with [] of the replacement parts available to dealers; however, in this case Daimler Vans planned to launch the MY 2013 recall with approximately [] in order to expedite the recall launch.

Although part supplies did begin to rebound as anticipated in mid to late October, there was an added difficulty that Daimler Vans did not contemplate at the time of its original extension request. When parts began arriving, they were designated for dealer backorders. Daimler Vans quickly instituted a policy requiring dealers to supply a VIN for any Takata parts order, but was unable to apply this policy retroactively. This means that the initial part supplies expected for the MY 2013 launch went largely to satisfy backorders, which caused a slight additional delay. Daimler Vans was able to launch its MY 2013 Priority Group 6 recall on November 10, 2017. Part supplies have increased steadily as anticipated, with [] of remedy parts currently available based on the number of MY 2013 vehicles remaining to be repaired.

Daimler Vans respectfully requests that NHTSA consider this letter an amended request for an extension of time to comply with the Priority Group 6 launch deadline for MY 2013 vehicles, to November 10, 2017.

3. Update for MY 2014 Vehicles

Daimler Vans has faced similar supply issues with its MY 2014 Priority Group 6 vehicles, with an additional complication. There was a [] for the MY 2014 Mercedes-Benz Sprinter, impacting the highline/multi-functional steering wheel option for Mercedes-Benz Sprinter vehicles only. [

] Unfortunately, Daimler Vans was unaware of this parts incompatibility issue for this specific group of vehicles until very recently. Daimler Vans is expediting delivery of the unique parts needed for this sub-population of Priority Group 6 [] from the DAG Parts Center in Germany. Given normal airfreight delivery times and allowing time for allocation to dealers, and considering typical year-end distribution delays, Daimler Vans expects to have the parts in place to launch the remedy for this group of vehicles by January 12, 2018, at which point approximately [] of remedy parts will be available. Daimler Vans proposes to open the

recall in its internal systems on that date, with immediate dealer notification, and customer notification letters one week later, on January 19, 2018. MY 2014 Mercedes-Benz Sprinters with the [] would be flagged in Daimler Vans' recall management system at the time this phase of the recall is launched on January 12, 2018, so that any affected vehicle owner who requests a driver side replacement prior to receiving a notification letter can obtain a remedy.

For the remainder of MY 2014 Priority Group 6 vehicles – Freightliner Sprinters, which did not receive the [], and Mercedes-Benz Sprinters with the [] version of the steering wheel – Daimler Vans is quickly rebuilding its part supplies and expects to have a sufficient quantity of remedy parts in place to begin launching the remedy in the immediate future. However, because MY 2013 Priority Group 6 vehicles also utilize the same remedy parts, Daimler Vans proposes to launch the remedy for this sub-group in two phases, in order to allow sufficient part supplies to accumulate. Daimler Vans proposes to launch the remedy for the first phase of this group, MY 2014 Freightliner Sprinters [] on December 20, 2017, at which point approximately [] of remedy parts will be available. Daimler Vans proposes to open the recall in its internal systems on that date, with immediate dealer notification, and customer notification letters one week later, on December 27, 2017. MY 2014 Freightliner Sprinters would be flagged in Daimler Vans' recall management system at the time this phase of the recall is launched on December 20, 2017, so that any affected vehicle owner who requests a driver side replacement prior to receiving a notification letter can obtain a remedy.

For the second phase of this group, MY 2014 Mercedes-Benz Sprinters produced with the [] version of the steering wheel [] Daimler Vans proposes to launch the remedy with the remainder of the MY 2014 Mercedes-Benz Sprinters (those with the [] version of the steering wheel, []) on January 12, 2018, at which point approximately [] of remedy parts will be available. Daimler Vans proposes to open the recall in its internal systems on that date, with immediate dealer notification, and customer notification letters one week later, on January 19, 2018. Daimler Vans will flag all of the MY 2014 Mercedes-Benz Sprinters produced with the [] version of the steering wheel for dealers at the time this phase of the recall is launched on January 12, 2018, so that any affected vehicle owner who requests a driver side replacement prior to receiving a notification letter can obtain a remedy.

Daimler Vans believes this approach will provide clarity, in that all MY 2014 Freightliner Sprinters will be addressed at once (on December 20, 2017), and all MY 2014 Mercedes-Benz Sprinters will be addressed at once (on January 12, 2018). Moreover, this approach will help ensure that sufficient part supplies accumulate so that there are adequate remedy parts available to customers at the time each phase is launched.

In summary, Daimler Vans respectfully requests that NHTSA consider this letter an amended request for an extension of time to comply with the Priority Group 6 launch deadline for MY 2014 vehicles, as follows:

- to December 20, 2017 (recall launch date; customer notification date December 27, 2017) for MY 2014 Freightliner Sprinters; and
- to January 12, 2018 (recall launch date; customer notification date January 19, 2018) for MY 2014 Mercedes-Benz Sprinters.

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Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Latane Montague". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

R. Latane Montague

Attachment: Affidavit in Support of Extension Request

Cc: Stephen Hench, Esq.
R. Thomas Brunner
Michael D. Scott