



Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
T +1 202 637 5600
F +1 202 637 5910
www.hoganlovells.com

CONFIDENTIAL BUSINESS INFORMATION REDACTED

February 14, 2018

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 8 and 9 Launch Deadlines 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 deadlines for Priority Group 8 and 9 vehicles contained in Paragraph 34 of the Third Amended Takata Coordinated Remedy Order (ACRO). The Daimler Vans vehicles included in Priority Group 8 are Model Year (MY) 2012 Freightliner and Mercedes-Benz Sprinters in Zones A and non-A, for the passenger side airbag. The Daimler Vans vehicles included in Priority Group 9 are MY 2013 Freightliner and Mercedes-Benz Sprinters in Zones A and non-A, for the passenger side airbag.

[
]

[] Daimler Vans' approach to the Takata recalls is to replace non-desiccated PSAN inflators with the superior technical solution []. The new [] inflators are being produced by [] and sourced through []. The [] inflators will provide advantages in performance and geometry. Moreover, from the point at which passenger side inflators become available, Priority Group 8 and 9 vehicles, which still have an open repair on both sides, will be able to receive a non-PSAN solution within the same workshop visit.

[
]

[] Daimler Vans has worked with [] and [] to develop a reasonable plan to identify replacement parts, develop and validate these parts, and have a production process in place. According to initial production

estimates, the [] inflators were to be available by January 2018, which would have been sufficient time to enable adequate parts supply for launching Priority Group 8 by March 31, 2018 and Priority Group 9 by June 30, 2018. In the summer and fall of 2017, there were unforeseen delays in the development process [

]. Daimler Vans was able to escalate the issue with [] in late 2017 and early 2018, leading to a new start of production (SOP) date for the [] inflators of April 2018. Despite having this information, Daimler Vans struggled to obtain reliable production capacity information for 2018 from [], and only received firm production capacity data on February 1, 2018. That data confirmed that there would be insufficient parts to launch Priority Group 8 by March 31, 2018.

As the development process for the [] inflators stalled, there was an additional complication. [] informed Daimler Vans in September 2017 that it would be phasing out the production of SPI-D inflators by February 2018. This meant that SPI-D inflators would not be available as an interim solution for the vehicles impacted by the [] inflator delay.

Daimler Vans normally launches a recall with [] of replacement parts available to dealers. According to the production capacity data received from [] on February 1, 2018, Daimler Vans does not expect to have the requisite [] part supply available until July 31, 2018 for both Priority Groups 8 and 9.

Daimler Vans plans to continue working closely with [] to expedite production of the [] solution and to address any remaining production issues. In particular, product validation testing is ongoing, and expected to be completed by April 2018. Daimler Vans will continue to conduct weekly conferences with [] to track test results. In addition, Daimler Vans is altering its [] recall realignment strategy slightly. Daimler Vans originally planned to recall MY 2014 vehicles to replace the passenger side airbags early, in January 2018, but now plans to recall them as directed under the ACRO in January 2019, in order to ease the burden on the supply chain.

Daimler Vans notes that it remains subject to the limitations of the [] production and supply process. [] has only confirmed the supply capacity for Daimler Vans through [], so Daimler Vans does not yet know the potential impact on the launch of Priority Group 10. Daimler Vans will continue to seek capacity information and assurances from [], and will keep NHTSA informed as further supply information is obtained, including part supply information for the fourth quarter of 2018 and for Priority Group 10.

In addition, Daimler Vans' parts availability estimates are based on the continued steady progress of its previously-launched Priority Groups. Any spikes in completion rates could impact parts planning, since the airbag modules with the []-based inflator will also fit the passenger side in the already-launched Priority Groups.

Finally, additional recall announcements in other markets, as well as further unforeseen supply issues, could also impact part supply plans, as could any delays in technical release resulting from the product validation testing noted above.

Mr. Jonathan Morrison
February 14, 2018
Page 3

Daimler Vans respectfully requests an extension of time to comply with the Priority Group 8 and 9 launch deadlines to July 31, 2018.

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.

R. Latane Montague

Attachments:

Affidavit in Support of Extension Request
Attachment 1 – February 8, 2018 Presentation

Cc: Stephen Hench, Esq.
Michael D. Scott