



June 28, 2018

VIA EMAIL

Stephen Hensch
Trial Attorney, Litigation & Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Ave, SE, Room W41-227
Washington, DC 20590

USG 4760
NHTSA-2015-0055

Re: General Motors LLC's Amended Request to Modify Certain Sufficient Supply and Launch Deadlines under Paragraph 39 of the Third Amendment to the Coordinated Remedy Order (the "Extension Request")

Dear Stephen:

On August 25, 2017, GM requested, pursuant to paragraph 39 of the Third Amendment to the Coordinated Remedy Order (the "ACRO"), that NHTSA modify the Sufficient Supply and Launch Deadlines for the GMT900 vehicles covered by GM's Inconsequentiality Petitions (the "GMT900 Vehicles"). Since that filing, GM and ZF (formerly TRW), GM's replacement inflator supplier, have made substantial progress preparing to conduct a remedy campaign, if necessary, on the GMT900 Vehicles and in assembling a substantial bank of PPI3 guanadine nitrate replacement inflators—progress detailed in the October 16, 2017, January 2, 2018, and March 28, 2018 Sufficient Supply and Remedy Launch Certification Reports (the "Supply Reports") that GM submitted to the Agency.

Drawing on repair-rate data from other GM recalls, including recalls of Takata airbag inflators, GM recently conducted an in-depth analysis of its readiness to launch a recall campaign on the GMT900 Vehicles. Based on this analysis, GM hereby amends its August 2017 Extension Request to account for the following facts and developments:

1. Priority Group Six GMT900 Vehicles

As of June 21, 2018, GM had approximately 486,000 replacement inflators in its warehouse in Pontiac, Michigan. Totalling approximately 2.5 million GMT900 Vehicles, Priority Group Six is the largest of the priority groups covered by GM's petitions; the other three priority groups together total only 1.6 million vehicles. Even with a substantially larger bank of replacement parts, GM's analysis indicates that launching all 2.5 million vehicles in Priority Group Six simultaneously could rapidly deplete GM's bank, stress GM's dealer network, and delay the launch of subsequent priority groups.

2. GM's January 2018 Third Inconsequentiality Petition

GM's original August 2017 Extension Request included GMT900 Vehicles in Priority Groups Six, Seven, and Eight, then the only GMT900 Vehicles covered by one of GM's Petitions. In January 2018, GM filed its Third Inconsequentiality Petition, which covered Priority Group Nine vehicles. Under the ACRO, these vehicles would have been scheduled to launch on June 30, 2018.

3. Unforeseen ZF Supply Delays

Under its contracts with GM, ZF committed to supply GM with replacement inflators in the following volumes: (i) 900,000 in 2018; (ii) 1,095,000 in 2019; and (iii) 1,525,000 in 2020. Citing supply constraints, ZF has been unable, thus far, to supply GM with replacement inflators at the contracted rate of 900,000 parts-per-year that GM paid for under its capacity reservation and supply agreements with ZF. Over the last few months, ZF has not met GM's supply releases and informed GM that it was unable to supply more than approximately 50,000 replacement inflators per month.

GM is actively working with ZF to increase this production rate. On June 20, 2018, at GM's insistence, ZF committed to increase production of replacement inflators, but not to the extent required to supply GM with the promised 900,000 replacement inflators in 2018. Moreover, ZF has indicated to GM that it will backload 2019 replacement inflator shipments to the end of 2019, further disrupting GM's near-term capacity to build a bank of replacement parts and replenish that bank if a launch occurs. Although ZF's unexpected production shortfalls have delayed GM's progress in assembling its bank of replacement inflators, GM has still amassed a bank of approximately 486,000 replacement inflators as of June 21, 2018, and expects to have 900,000 by the end of 2018.

4. GM's Amended Request For Relief

To facilitate an orderly launch and avoid part shortfalls, GM's revised launch schedule, attached as **Exhibit B**,¹ divides the 2.5 million GMT900 Vehicles in Priority Group 6 into three tranches: (i) Tranche A, containing 2007-2008 Zone A vehicles; (ii) Tranche B, containing 2009-2011 Zone A vehicles; and (iii) Tranche C, containing 2007-2008 Zone B vehicles. Because GM's three Petitions remain pending, GM's proposed launch dates are calculated from the effective date of a final order denying the Petitions (a "**Final Order**").

After the Final Order, GM's proposed launch schedule provides for a 120-day ramp-up period, which will allow GM to:

- notify the approximately 1 million owners of GMT900 Vehicles in Priority Group Six Tranche A (owner notification for each subsequent launch will commence at the start of its corresponding launch date);
- secure sufficient hazardous material transportation and logistics support to transport large volumes of replacement inflators from GM's central warehouse in Pontiac, Michigan to GM dealers nationwide; and

¹ GM's revised launch schedule is based on GM's current replacement inflator bank and ZF's most recent representations regarding its capacity commitment to supply GM with replacement inflators. The launch schedule is subject to change as GM continues to build its bank of replacement inflators and work with ZF on increasing its production rate.

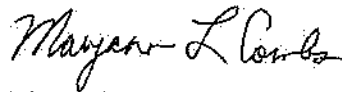
- prepare dealers to conduct a relatively complex repair procedure—which, for many GMT900 Vehicles, involves electrically bypassing a seat-position switch in addition to replacing the airbag inflator.

In support of this request, GM relies on its original August 2017 Extension Request, its periodic Supply Reports, three Inconsequentiality Petitions, and August 25, 2017 Supplemental Brief, which collectively demonstrate that:

- GM and ZF have been working diligently and with urgency to prepare to replace the inflators in the GMT900 Vehicles, if ultimately required. Originally delayed by unanticipated engineering challenges, GM and ZF have built nearly half-a-million replacement inflators for use as a potential remedy component. Throughout this process, GM has kept NHTSA apprised of its progress through the Supply Reports.
- Granting GM's request will not adversely impact consumers. The facts and evidence that GM has supplied in its Petitions, August 2017 Supplemental Brief, and in regular updates establishes that the inflators in the GMT900 Vehicles are not at risk of rupture.
- Modifying the launch dates for the GMT900 Vehicles in the manner requested will preserve the ACRO's orderly launch phasing, prevent unanticipated parts shortages, and permit the further prioritization of limited production and supply resources to other inflators in these priority groups that, to date, have not been as rigorously tested and analyzed for risk of rupture as the inflators in the GMT900 Vehicles. *See* ACRO ¶¶ 33-34.

Please contact me if you have any questions. Nothing in this request is intended to supersede or prejudice any of the positions taken, arguments made, or evidence presented in the administrative record of the pending Petitions.

Sincerely,



Maryann L. Combs
Vice President, Global Vehicle Safety
General Motors LLC

EXHIBIT A

**UNITED STATES DEPARTMENT OF TRANSPORTATION
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION**

In re:

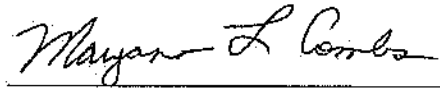
Docket No. NHTSA-2015-0055
Coordinated Remedy Program Proceeding

**DECLARATION OF MARYANN COMBS IN SUPPORT OF GENERAL MOTORS
LLC'S AMENDED REQUEST TO MODIFY CERTAIN SUFFICIENT SUPPLY AND
REMEDY LAUNCH DEADLINES UNDER PARAGRAPH 39 OF THE THIRD
AMENDMENT TO THE COORDINATED REMEDY ORDER**

Maryann Combs, pursuant to 28 U.S.C. § 1746, hereby declares as follows:

1. I am the Vice President of Global Vehicle Safety for General Motors LLC (“GM”), and I am authorized to submit this Declaration on GM’s behalf.
2. I submit this Declaration under paragraph 39 of the Third Amendment to the Coordinated Remedy Order in the above-captioned proceeding and in support of GM’s Amended Request to Modify Certain Sufficient Supply and Launch Deadlines under Paragraph 39 of the Third Amendment to the Coordinated Remedy Order (the “**Request**”).
3. GM will promptly supplement the Request if GM becomes aware of any information that contradicts the statements in the Request, and will continue to keep NHTSA informed on the status of its efforts to produce replacement inflators for the GMT900 Vehicles.
4. The contents of the Request are complete and accurate to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed on
June 28, 2018.

A handwritten signature in cursive script that reads "Maryann L. Combs".

Maryann L. Combs
Vice President, Global Vehicle Safety
General Motors LLC

EXHIBIT B

EXHIBIT B
Summary of Requested Relief

<u>Zone</u>	<u>NHTSA No.</u>	<u>MY</u>	<u>Models</u>	<u>Priority Group</u>	<u>Current ACRO Launch Deadline</u>	<u>Requested ACRO Launch Deadline</u>
Zone A	16V381	2007-2008	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Suburban, Tahoe, <u>GMC</u> : Sierra 1500, Yukon, Yukon XL	6 (Tranche A)	9/30/2017	120 days after Final Order
Zone A	16V381	2009-2011	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Silverado 2500/3500, Suburban, Tahoe, <u>GMC</u> : Sierra 1500, Sierra 2500/3500, Yukon, Yukon XL	6 (Tranche B)	9/30/2017	9 months after PG6 Tranche A*
Zone B	16V383	2007-2008	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Yukon, Yukon XL	6 (Tranche C)	9/30/2017	9 months after PG6 Tranche B*
Zone A	17V010	2012	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Silverado 2500/3500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Sierra 2500/3500, Yukon, Yukon XL	7	12/31/2017	90 days after PG6 Tranche C*
Zone B	17V019	2009	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Silverado 2500/3500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Sierra 2500/3500, Yukon, Yukon XL	8	3/31/2018	90 days after PG7*
Zone C	17V021	2007-2008	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Yukon, Yukon XL	8	3/31/2018	90 days after PG7*
Zone A	18V027	2013	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Silverado 2500/3500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Sierra 2500/3500, Yukon, Yukon XL	9	6/30/2018	90 days after PG8*
Zone B	18V028	2010	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Silverado 2500/3500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Sierra 2500/3500, Yukon, Yukon XL	9	6/30/2018	90 days after PG8*
Zone C	18V029	2009	<u>Cadillac</u> : Escalade, Escalade ESV, Escalade EXT <u>Chevrolet</u> : Avalanche, Silverado 1500, Silverado 2500/3500, Suburban, Tahoe <u>GMC</u> : Sierra 1500, Sierra 2500/3500, Yukon, Yukon XL	9	6/30/2018	90 days after PG8*

*Based on most recent ZF representations regarding its capacity commitment to supply GM with replacement inflators