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**Statement of Rick Schostek
Subcommittee on Commerce, Manufacturing and Trade
House of Representatives Energy and Commerce Committee
December 3, 2014**

Mr. Chairman, Ranking Member Schakowsky and members of the subcommittee thank you for this opportunity to testify. My name is Rick Schostek. I'm an executive vice president with Honda North America.

I want to begin by expressing our deepest sympathies to those individuals and families who have been affected by these tragic incidents. We offer our sincere apologies to the families of those who have died, to those who have been injured and to those who have been in any way inconvenienced due to the defects in Takata airbags in our vehicles.

Airbags save thousands of lives each year. But we recognize that even one customer who is injured or loses their life when an airbag does not perform as intended, is one too many, and is completely unacceptable.

On November 17, NHTSA called for a nationwide recall of the driver airbag inflators that have been included in the regional Safety Improvement Campaign, undertaken in four states and territories with consistently high absolute humidity. We understand that Takata hasn't identified or acknowledged any defect of the driver airbag inflators. And thus far, Takata has not announced plans to follow NHTSA's request for a national recall.

We want to inform you that Honda is going to expand our existing regional Safety Improvement Campaign on affected driver airbag inflators to a national campaign. Why are we doing this? Because our customers have concerns and we want to address them.

With this expansion and acceleration of current action, we believe that a parts shortage may occur despite Takata's efforts to increase the supply of inflators. To further increase the parts supply, we have been in discussions with Takata and two other suppliers, Autoliv and Daicel, about expanding the production of replacement inflators. These talks have been encouraging and we believe will ultimately reduce the duration of any shortage. Until those parts are available, we will continue to discuss with NHTSA and Takata how to best manage the supply issue. Based on the information from them, we believe it is best to prioritize the replacement of driver airbag inflators in what are considered to be the highest risk areas of the country.

In addition, Honda believes that all stakeholders would benefit from the expert third-party testing of Takata's airbag inflators that we announced yesterday as an industry-wide program. By coming together as an industry and sharing

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information and testing, and with Takata's continued cooperation, we believe we can achieve greater results more quickly.

Let me briefly summarize how we got to this point. Between 2008 to 2014, Honda has conducted seven national recalls related to specific Takata manufacturing defects. Since June 2014, Honda, along with other automakers, has been supporting NHTSA's request to conduct regional Safety Improvement Campaigns in states and territories with high absolute humidity.

We understand the urgency of the current situation and we have been taking proactive steps to address the needs of our customers. In addition to the required first class mail notification, we have made hundreds of thousands of phone calls, used overnight mail delivery and routinely sent letters in both English and Spanish. We have also hired a search firm to help us locate hard-to-find customers in some circumstances. For customers whose vehicles cannot be immediately repaired, Honda has instructed our dealers to provide loaner or rental vehicles at no cost.

To summarize, we are:

- (1) going to expand the safety improvement campaign on affected driver airbag inflators nationwide, prioritizing the high risk areas;
- (2) working with multiple suppliers to increase parts availability; and
- (3) participating in a joint industry research effort.

Our entire company is operating with the greatest energy and focus to quickly address our customers' needs and concerns. In the days ahead, with every action of our company, we are dedicating ourselves to honor the relationship we have with our customers.

Thank you.