

Takata loses \$342 million as air bag investigation widens

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(Photo: AFP/Getty Images)

Takata, the Japanese air bag supplier at the center of a federal safety investigation of exploding air bags linked to 7.8 million recalled vehicles in the U.S. and four deaths, lost \$341.7 million in the six months ended Sept. 30, the company reported today.

The loss contrasts with a \$6.8 million profit in the year earlier period. The company faces a Nov. 24 deadline to produce extensive documents to the National Highway Traffic Safety Administration about when and how it learned that some of its air bags could detonate with excessive force and injure or kill drivers or their passengers.

Next Thursday the Senate Commerce Committee will holding a hearing on Takata's air bag recalls as well as the government's recall process.

A grand jury for the U.S. District Court for the Southern District of New York has subpoenaed Takata documents about the air bag defects.

Takata is the world's second-largest air bag maker with 22% of the market. But in the recalled vehicles, particularly those owned and driven in climates of high humidity, the air bags that can deploy with excessive force, spraying metal fragments that can injure drivers and passengers. The problem has led 10 automakers to recall nearly 8 million vehicles in the U.S. and 12 million worldwide over the last 13 years.

Four deaths in the U.S. related to the malfunctioning air bags have been reported by Takata and automakers

Honda disclosed a fifth fatality Thursday involving a woman in Malaysia, who died in a crash that occurred in July. The automaker learned about the accident in August and traced the cause to a bag produced at a Takata plant in Georgia, a Honda spokeswoman told Bloomberg.

While the recall affects more than 50 models sold by 10 automakers, Honda sold more than 5 million of those.

NHTSA wants to know Takata's current production of replacement inflators, its ability to increase that production and how much it could rely on competing air bag suppliers to make enough inflators to repair the nearly 8 million recalled vehicles.

Two competing air bag suppliers, TRW Automotive and Autoliv, have said they can help.

One request from regulators seeks a 2011 internal Takata e-mail in which an employee at a plant in Mexico sent to superiors with the subject line "Defectos y defectos y defectos!!!"

Based on an English translation, the message warned that "a part that is not welded equals one life less, which shows we are not fulfilling the mission."

NHTSA can fine Takata \$7,000 in civil penalties for each day it takes beyond Dec. 1 to deliver the requested documents, up to a maximum of \$35 million for a series of related violations.

Takata shares rose 68 cents Thursday to close at \$21.15, but the supplier's stock has lost 51% of its value since July 1.