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April 24, 1998

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VIA HAND DELIVERY

Jeffrey S. Bromme, Esq.
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U.S. Consumer Product Safety Commission
4330 East-West Highway
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Bethesda, MD 20814-4408

Re: U.S. v. American Honda Motor Co., et al.
Civil Action No. 87-3525 (D.D.C.)

Dear Mr. Bromme:

The ATV industry has successfully implemented a consumer safety program of unprecedented scope and magnitude over the past decade. Substantial components of this program were embodied in the Final Consent Decrees which took effect in April 1988 between the ATV distributors, including Kawasaki Motors Corp., U.S.A. ("Kawasaki") and the United States government in the above-captioned matter. Other components of the program reflect industry initiatives begun several years earlier. Kawasaki and the other distributors have also taken additional steps, in consultation with the CPSC, in order to prevent sales of adult-size ATVs for use by children under 16 years of age. CPSC's own estimates indicate that ATV-related injuries and the risk of ATV-related fatalities have declined substantially since 1986.

As you know, the ten-year term of the Final Consent Decree to which Kawasaki is a party is set to expire as of April 29, 1998. Kawasaki has authorized me to inform CPSC of the actions that Kawasaki intends voluntarily to undertake after that date in order to continue to promote the safe and responsible use of ATVs. Kawasaki notes that these voluntary actions have been discussed extensively with the CPSC staff and address concerns it has identified.

Age Recommendations

Kawasaki will continue to represent affirmatively that its adult-size ATV models (i.e., with engine sizes greater than 90 cc's) are intended for use only by persons 16 years of age or older. Kawasaki will not recommend, market, or sell ATV models intended for adult users to, or for the use of, persons under 16 years of age.

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Dealer Monitoring

Kawasaki will continue to use its best efforts to obtain dealer compliance with the age recommendations. This will include continuing the current level of monitoring of dealer sales activity through random annual inspections of at least the same number of dealers inspected in prior years (selected through a cluster sampling methodology) using an outside monitoring firm, and undertaking remedial actions, including possible termination to the extent permitted by applicable state and local laws, against dealers who do not abide by Kawasaki's age recommendations.

Information/Education Effort

Kawasaki is participating with other ATV distributors in the development of an informational and educational effort to communicate age recommendation, no passenger, and other safety-related messages to present and potential ATV users. Among other things, this effort will reinforce Kawasaki's ongoing activities to deter operation of adult-size Kawasaki ATVs by children under 16. Kawasaki will provide the CPSC staff with additional information regarding the nature and scope of this effort as it is developed.

ATV Labels

Kawasaki will continue to use the general warning, passenger, age and tire pressure/overloading labels that are displayed on its current model year ATVs and which have previously been approved by CPSC.

Training

Kawasaki will continue to offer free hands-on training to all purchasers of new Kawasaki ATVs and age-appropriate members of their immediate families through the current ATV Safety Institute training course. Kawasaki notes that this training program is in addition to the training information it already provides in a variety of forms to all purchasers, including through the owner's manual, hang tags, ATV safety video, and other media. Consistent with CPSC's stated interest in promoting the training of first-time ATV purchasers without prior operating experience, Kawasaki intends to continue offering an incentive to promote participation in the hands-on training program by inexperienced operators. The incentive, to be offered specifically to first-time purchasers who represent that they do not have significant prior operating experience, will consist of a check in the amount of $100.00. As before, the incentive will be offered if the purchaser, or any age-appropriate member of the

purchaser's immediate family, takes training. Other measures will also be used to promote the training program to all ATV purchasers, including a new videotape packaged with each vehicle. Kawasaki will also maintain reasonable dealer loan programs to make ATVs available for training purposes, although the terms may be adjusted to be consistent with Kawasaki's motorcycle and personal watercraft loan programs.

Owner's Manuals

Kawasaki will continue to use owner's manuals for its new model ATVs that include the elements set forth in paragraph H.2.b.(2) of the Consent Decree (including relevant cross references). Kawasaki notes that it may update and modify the format, language, illustrations and other associated components used to convey these safety messages and warnings, consistent with generally accepted communication techniques and standards. Kawasaki will provide the CPSC staff with copies of updated and modified owner's manuals when they become available with new Kawasaki ATVs.

Advertising

Kawasaki company policy will continue to require future ATV advertising and promotional materials to conform to the General Provisions set forth in Section II.A.1-4 of Appendix K of the Consent Decree (including relevant cross references), and to depict ATVs in a manner consistent with safe and responsible use of the product. In addition, Kawasaki will, as a matter of policy, continue to include the substance of the safety messages currently required in Section III of Appendix K to the Consent Decree in future Kawasaki ATV advertising and promotional materials. Kawasaki will also use its best efforts to promote dealer compliance with Kawasaki's ATV advertising policies, including conditioning cooperative advertising funding on such compliance.

Hang Tags

Kawasaki will continue to use vehicle hang tags that convey the same substantive safety messages as the current hang tags under the Consent Decree. Kawasaki will further use its best efforts to require dealers to display these hang tags on new ATVs displayed at the dealership.

Safety Alert

Kawasaki will continue to provide to its dealers, for dissemination to prospective purchasers, information that conveys the substantive safety messages contained in the current "ATV Safety Alert." Information concerning the estimated number of fatalities and injuries associated with ATVs will be accompanied by our explanation that such numbers are estimated and do not imply any causative factors involved in such incidents.

Toll-Free ATV Hotline

Kawasaki will continue to contribute to funding the toll-free ATV hotline administered by SVIA.

ATV Safety Video

Kawasaki will continue to use the current ATV safety video at its dealerships, but may replace it with an updated video that communicates essentially the same safety and training-related information. Kawasaki also intends to provide a copy of this updated video, when it becomes available, to each purchaser of a new Kawasaki ATV with the product.

3-Wheel ATVs

Although no product or design defect in 3-wheel ATVs has been found, Kawasaki does not intend to market or sell such vehicles.

Notice

Kawasaki intends, as a voluntary matter and in the exercise of its own business judgment, to implement the foregoing programs and actions for the foreseeable future in order to continue to promote safe and appropriate use of ATVs. Implementation of these plans will, in some instances, require changes in existing procedures and development of new or updated materials, which will be used once they are put in place or become available. Kawasaki will provide information about these activities in response to reasonable requests from CPSC. Kawasaki will notify the agency at least 60 days prior to terminating or materially altering these various programs or actions.

April 24, 1998

Voluntary Standards

Kawasaki is participating in the efforts of the SVIA Technical Committee to update and revise the ANSI voluntary standard for 4-wheel ATVs. As a member of the Technical Committee, Kawasaki will discuss and consider potential technical issues identified by the CPSC staff, in keeping with the procedures and requirements of the ANSI canvass process.

Very truly yours,

Michael A. Wiegard
Counsel for Kawasaki Motors Corp., U.S.A.

cc: Roger F. Hagie