

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C 36, AS AMENDED**

**AND IN THE MATTER OF TK HOLDINGS INC., AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "A" HERETO (collectively, the "Chapter
11 Debtors")**

**AND IN THE MATTER OF TAKATA CORPORATION, AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "B" HERETO (the "Japanese Debtors",
and collectively with the Chapter 11 Debtors, the "Debtors")**

**APPLICATION OF TK HOLDINGS INC. AND TAKATA CORPORATION
UNDER SECTION 46 OF THE
*COMPANIES' CREDITORS ARRANGEMENT ACT***

**MOTION RECORD
VOLUME V OF V**

**(Re: Recognition Of Chapter 11 Plan And Related Orders)
(Returnable March 14, 2018)**

March 6, 2018

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TO: The Service List

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This is **Exhibit "P"** referred to in the
affidavit of **KENNETH BOWLING**
sworn before me this
6th day of March, 2018

Donna Marie Matyanowski
A Commissioner for taking affidavits

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X		
	:		
In re	:		Chapter 11
	:		
TK HOLDINGS INC., et al.,	:		Case No. 17-11375 (BLS)
	:		
Debtors.¹	:		Jointly Administered
	:		
	:		Re: Docket Nos. 1629, 1789
	X		

**NOTICE OF FILING OF SECOND PLAN SUPPLEMENT PURSUANT TO THE
THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION
OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

PLEASE TAKE NOTICE that on January 5, 2018, TK Holdings Inc. (“*TKH*”) and its affiliated debtors in the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”), as debtors and debtors in possession (collectively, the “*Debtors*”), filed solicitation versions of the *Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors* [Docket No. 1629] (the “*Plan*”) and the *Disclosure Statement for Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors* [Docket No. 1630] (the “*Disclosure Statement*”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan and Disclosure Statement contemplate the submission of certain documents (or forms thereof), schedules, and exhibits (the “*Plan Supplement*”) in advance of the hearing on confirmation of the Plan.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Takata Americas (9766); TK Finance, LLC (2753); TK China, LLC (1312); TK Holdings Inc. (3416); Takata Protection Systems Inc. (3881); Interiors in Flight Inc. (4046); TK Mexico Inc. (8331); TK Mexico LLC (9029); TK Holdings de Mexico, S. de R.L. de C.V. (N/A); Industrias Irvin de Mexico, S.A. de C.V. (N/A); Takata de Mexico, S.A. de C.V. (N/A); and Strosshe-Mex, S. de R.L. de C.V. (N/A). Except as otherwise set forth herein, the Debtors’ international affiliates and subsidiaries are not debtors in these chapter 11 cases. The location of the Debtors’ corporate headquarters is 2500 Takata Drive, Auburn Hills, Michigan 48326.

PLEASE TAKE FURTHER NOTICE that, on January 23, 2018, the Debtors filed the *Notice of Filing of Plan Supplement Pursuant to the Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors* [Docket No. 1789] (the “**Plan Supplement**”) in support of the Plan.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the revised PSAN PI/WD Trust Distribution Procedures, attached hereto as **Exhibit N**, which replaces and supersedes all prior-filed versions of such document, and that a redline of such document compared with the version filed on January 23, 2018 is attached hereto as **Exhibit N-1**.

PLEASE TAKE FURTHER NOTICE that the forms of the documents contained in the Plan Supplement are integral to, and are considered part of, the Plan. If the Plan is confirmed, the documents contained in the Plan Supplement will be approved by the Bankruptcy Court pursuant to the order confirming the Plan.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right, subject to the terms and conditions set forth in the Plan, to alter, amend, modify, or supplement any document in the Plan Supplement; provided, if any document in the Plan Supplement is altered, amended, modified, or supplemented in any material respect prior to the hearing to confirm the Plan, the Debtors will file a blackline of such document with the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that the Plan Supplement, Plan, and Disclosure Statement may be viewed for free at the website of the Debtors’ claims and noticing agent, Prime Clerk LLC (“**Prime Clerk**”) at TKRestructuring.com or for a fee on the Bankruptcy Court’s website at <http://www.deb.uscourts.gov>. To obtain hard copies of the Plan Supplement, Plan, or Disclosure Statement, please contact Prime Clerk at Prime Clerk LLC, 850 Third Avenue, Suite

412, Brooklyn, New York 11232 or by calling 844-822-9229 (U.S.) or 920-238-6810
(international).

Dated: February 11, 2018
Wilmington, Delaware

/s/ Mark D. Collins

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EXHIBIT N

PSAN PI/WD Trust Distribution Procedures

PSAN PI/WD TRUST DISTRIBUTION PROCEDURES

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PSAN PI/WD TRUST DISTRIBUTION PROCEDURES

SECTION 1

PSAN PI/WD Trust

1.1 Overview

The goal of the PSAN PI/WD Trust (the “Trust”)¹ is to provide an efficient process to fairly and reasonably compensate valid PSAN PI/WD Claims as swiftly as possible, as provided in and required by the Plan and the PSAN PI/WD Trust Agreement. The Trust also has the goal of fully compensating P-OEM Claims. The PSAN PI/WD Trust Distribution Procedures (“TDP”) set forth herein apply to all PSAN PI/WD Claims. The TDP should be read together with its Exhibits, all of which are incorporated herein. The Trustee of the PSAN PI/WD Trust (the “Trustee”) shall implement and administer the TDP in accordance with the Plan, the PSAN PI/WD Trust Agreement, the Participating OEM Contribution Agreement, and the Confirmation Order. Pursuant to the Plan and the PSAN PI/WD Trust Agreement, the Trustee shall administer the Trust and this TDP in consultation with the TAC, the OAC, and the FCR, as set forth herein and in other applicable Trust documents. Nothing in these documents is admissible in any legal proceeding to prove the existence or absence of a defect in a Takata PSAN inflator.

The TDP provides procedures for valuing and paying:

1. PSAN PI/WD Claims against the Debtors for personal injury or wrongful death caused by their PSAN inflators installed in any OEM’s vehicle (“TD Claims” as

¹ Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the PSAN PI/WD Trust Agreement, or if not defined herein or in the PSAN PI/WD Trust Agreement, in the Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors (the “Plan”).

defined in Section 2.30 below), and

2. PSAN PI/WD Claims against Participating OEMs for personal injury or wrongful death caused by the PSAN Inflator Defect (“P-OEM Claims” as defined in Section 2.19 below).²

Claimants injured in a Non-Participating OEM vehicle receive compensation under this TDP only for any TD Claim they may have against the Debtors, and not for any PSAN PI/WD Claim they may have against Non-Participating OEMs. Nothing in this TDP interferes with any rights these Claimants may have to assert such claims against Non-Participating OEMs in the tort system.

PSAN PI/WD Claims valued and paid under this TDP may also be eligible for compensation from the DOJ PI/WD Restitution Fund, administered by the DOJ Special Master. Claimants can apply for compensation from the DOJ PI/WD Restitution Fund using the same Claim Form that is described in this TDP to apply for compensation for TD Claims and/or P-OEM Claims. Any amount paid to a Claimant for a P-OEM Claim will be reduced by the amount, if any, paid to the same person arising out of the same incident from (1) the DOJ PI/WD Restitution Fund and (2) the PSAN PI/WD Trust on account of any TD Claim.

1.2 TD Claims Procedures Generally

² If as of the Initial Distribution Date, (a) no Consenting OEM has become a Participating OEM or (b) the PSAN PI/WD Trust’s liquid assets (not including estimated future receipts by the PSAN PI/WD Trust) total less than \$40 million in the aggregate, then the Trustee may, and if requested to do so by the TAC or the FCR, shall, promptly develop and propose modifications to this TDP in accordance with Section 2.4 of the Trust Agreement.

To liquidate TD Claims, the TDP establishes a relative valuation process adopted from the Special Master's Individual Restitution Fund Methodology as initially approved by the U.S. District Court for the Eastern District of Michigan (the "Michigan District Court").³ That valuation process classifies compensable claims into injury categories and assigns points to them as provided in Exhibit A to the TDP. The points assigned to each TD Claim will be converted into a monetary award based on the value of each point pursuant to Section 5.2 and Exhibit A. The Trustee shall have no discretion to adopt any other methodology for valuation of TD Claims without the consent of the TAC, FCR, and Consenting OEMs (pursuant to the guidelines set forth in Section 9.6). There can be no guarantee of any specific level of payment to Claimants for TD Claims. However, the Trustee shall use his best efforts to treat similar TD Claims in substantially the same manner, consistent with his duties as Trustee, the purposes of the PSAN PI/WD Trust, and the practical limitations imposed by the inability to predict the future with precision. The TDP also provides for an Extraordinary Review process for certain TD Claims that warrant additional consideration and/or compensation for Claimants whose injury or injuries do not fit within a particular category or deserve extraordinary compensation, as well as a FCR Supplemental Review Process. The parties have agreed that this is a reasonable methodology for valuing TD Claims, considering that the funds available to compensate such TD Claims are limited.

³ Any subsequent amendments to the Individual Restitution Fund Methodology shall not be automatically applicable to claims in the PSAN PI/WD Trust, nor shall the Michigan District Court have any authority over the PSAN PI/WD Trust, this TDP, or any claims handled by the PSAN PI/WD Trust.

For TD Claims that have not been liquidated by the Debtors or released by the Claimant (other than pursuant to Section 10.6(c) of the Plan) on or before the Effective Date, the PSAN PI/WD Trust shall liquidate TD Claims that meet the requirements for compensability pursuant to Section 4.2 of the TDP.

1.3 P-OEM Claim Procedures Generally

To liquidate P-OEM Claims, the TDP establishes the Scheduled Claim Process, which incorporates a schedule (the “Valuation Schedule”) of potential PSAN Inflator Defect-related injuries (“Injury Types”), each of which have medical requirements (“Injury Criteria”) and values falling between a specific Base (or minimum) value and High (or maximum) value. The Injury Types, Injury Criteria, Base values, High values, and the Scheduled Claim Process have been developed with the intention of satisfying all P-OEM Claims in light of available information, including the Debtors’ settlement history, the OEMs’ settlement history, the defenses available to the Protected Parties, the individual strengths and weaknesses of each P-OEM Claim, and the rights that Claimants would have in the court system absent the Chapter 11 Cases. The Scheduled Claim Process also provides for an Individual Review (“IR”) Process for certain P-OEM Claims that warrant additional consideration, as well as an appeals process.

The PSAN PI/WD Trust shall take all reasonable steps to resolve P-OEM Claims as efficiently and expeditiously as possible at each stage of processing and review by the Trustee and, when applicable, the Appeals Panel (the “P-OEM Claim Process”).

For P-OEM Claims that have not been liquidated by the Debtors or P-OEM against whom the claim is asserted, or released by the Claimant (other than pursuant to Section 10.6 of the Plan), on or before the Effective Date, the PSAN PI/WD Trust shall liquidate P-OEM Claims that meet the requirements for compensability as set forth in the TDP pursuant to the Scheduled

Claim Process and shall value those claims as described in Section 6. Certain P-OEM Claims may undergo the Individual Review Process as described in Section 6.2(c).

All unresolved disputes concerning the Trustee's denial of a P-OEM Claim, or the Trustee's determination of the proper Injury Type or valuation for a P-OEM Claim, shall be subject to review in the appeals process as defined and set forth in Section 6.3. P-OEM Claims that cannot be resolved by the appeals process and any subsequent conference with the FCR may enter the court system subject to the conditions set forth in Section 6.4.

SECTION 2

Definitions

2.1 Aggressive Deployment Claim. A PSAN PI/WD Claim that alleges that the Claimant was injured when the airbag deployed with excessive force caused by the PSAN Inflator Defect.⁴ To receive compensation from the PSAN PI/WD Trust, an Aggressive Deployment Claim must meet the compensability requirements set forth in Section 4.2(b).

2.2 Claimant. An individual who asserts a TD Claim or a P-OEM Claim. This definition includes any personal representative or legal representative for the Claimant. Where an Indirect Claim has been asserted, for purposes of establishing and evaluating compensability and valuation of the claim, "Claimant" shall mean the individual who allegedly suffered the underlying personal injury or wrongful death.

⁴ Throughout this document, the terms "caused by" or similar words mean a contributing cause.

2.3 Claim Parties. For any individual TD Claim, the Trustee and the Claimant (or Indirect Claimant). For any individual P-OEM Claim, the Trustee, the Claimant, and the Participating OEM for that claim.

2.4 Claims Administrator. Any person, persons, or third-party retained by the Trustee to assist in the administration of the PSAN PI/WD Trust. The Trustee will identify on the Trust website the identities and roles of third-parties and others assisting in the administration of the Trust.

2.5 Claim File. All materials submitted to or created by the Trust related to a particular claim for compensation pursuant to this TDP.

2.6 Claim Submission. All materials submitted in support of a claim for compensation pursuant to this TDP, including the Claim Form, supporting documentation, and physical evidence.

2.7 Compensable Claim. A Compensable P-OEM Claim or Compensable TD Claim.

2.8 Compensable P-OEM Claim. A P-OEM Claim that meets the compensability requirements in Section 4.2 for either a Rupture Claim or an Aggressive Deployment Claim.

2.9 Compensable TD Claim. A TD Claim that meets the compensability requirements in Section 4.2 for either a Rupture Claim or an Aggressive Deployment Claim or that meets the compensability requirements to be determined with regard to any other claims that are determined to be compensable by the PSAN PI/WD Trust.

2.10 Enhanced Injury. Injuries suffered by a Claimant that are alleged to be greater or more severe than those that would have been caused by normal airbag deployment, allegedly as a result of an aggressive airbag deployment caused by the PSAN Inflator Defect.

2.11 Extraordinary Review (“ER”) or Extraordinary Review Process. A methodology utilized by the Trustee and/or FCR to evaluate certain TD Claims.

2.12 Future Claims Representative (“FCR”). FCR has the meaning given it in the Plan. The initial FCR will be Roger Frankel and his successor FCR shall be Richard H. Wyron with any further successor appointed in accordance with the PSAN PI/WD Trust Agreement.

2.13 Global Adjustment Criteria. Valuation adjustment criteria listed in Section 4.4(b)(2).

2.14 Indirect Claim. Any TD Claim brought by an Indirect Claimant against the PSAN PI/WD Trust as assignee or subrogee to the rights of a direct Claimant, whether by written assignment, by paying in full any judgment against all the Debtors (or all those Debtors named, as applicable) that extinguishes all claims against the Debtors (or all those Debtors named, as applicable) as a matter of law, or by obtaining a full release of all the Debtors (or all those Debtors named, as applicable) in consideration for amounts paid by the OEM as part of any settlement. For purposes of the Trust and this TDP, a PSAN PI/WD Claim cannot be an Indirect Claim unless (1) it has been settled by an OEM after the Petition Date, and (2) the OEM has not obtained a recovery or contribution from the Debtors for it.

2.15 Indirect Claimant. An OEM that is the holder of an Indirect Claim.

2.16 Individual Review (“IR”) or Individual Review Process. A more extensive methodology utilized by the Trustee for valuation of certain P-OEM Claims outside of the Scheduled Claim Process as set forth in Section 6.2(c).

2.17 Individual Review Claim. A P-OEM Claim valued under the IR Process as set forth in Section 6.2(c).

2.18 Non-Participating OEM (“NP-OEM”). A vehicle manufacturer or U.S. distributor who has not elected to become a Participating OEM pursuant to section 5.10(s) of the Plan.

2.19 P-OEM Claim. Any PSAN PI/WD Claim involving a vehicle manufactured or sold⁵ by a Participating OEM for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death, allegedly caused by the PSAN Inflator Defect in a product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs before or after the Petition Date, and that is either (1) brought by a citizen of the United States or permanent resident, wherever the injury occurs, or (2) arises from an incident occurring in the United States or its territories or possessions, whether or not such claim is brought by a citizen or permanent resident of the United States, or (3) involving a vehicle registered in the United States or its territories or possessions. All P-OEM Claims are channeled into the PSAN PI/WD Trust. P-OEM Claims do not include PSAN PI/WD Claims against a Participating OEM that such Participating OEM has previously settled, liquidated, or paid to the Claimant. P-OEM Claims exclude claims for economic loss.

2.20 P-OEM Program. The process through which P-OEM Claims are liquidated and compensated pursuant to these TDP and the Participating OEM Contribution Agreement.

2.21 Points Schedule. The schedule used for TD Claims which classifies the types of injury claims into a manageable number of categories and assigns relative points to them.

⁵ In a case where one OEM manufactured the vehicle and another OEM sold it, the OEMs will, upon notice of the TD Claim, advise the PSAN PI/WD Trust which OEM’s reserve should be used for the claim. If the OEMs do not so advise the PSAN PI/WD Trust within a reasonable time, then the Trustee shall resolve the issue in the way most favorable to the Claimant.

2.22 PSAN PI/WD OEM Advisory Committee (“OAC”). If there is at least one Participating OEM, a committee selected in accordance with the terms of the PSAN PI/WD Trust Agreement consisting of (1) members comprised of the Initial Participating OEM and any additional Participating OEMs, if they elect to serve; and (2) up to three non-member (non-voting), observer representatives that are Non-Participating OEMs, who may consult with the OAC members and other Non-Participating OEMs on any matter before the OAC other than matters pertaining to the treatment, liquidation or valuation of P-OEM Claims. Any such members, successor members and observers shall be appointed in accordance with the terms of the PSAN PI/WD Trust Agreement and shall be subject to reasonable confidentiality and privacy constraints.

2.23 PSAN Inflator Defect. As defined in the Plan, a manufacturing and/or design defect that occurs in certain Takata inflators because of propellant degradation due to environmental exposure.

2.24 PSAN PI/WD Claim. As defined in the Plan, (i) any Claim asserted against the Debtors or the Protected Parties other than the Participating OEMs for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition, including on or after the Closing Date, or (ii) a Claim asserted against a Participating OEM for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death allegedly caused by the PSAN Inflator Defect in a Product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition and such Claim (a) is brought by a citizen of

the United States, wherever the injury occurs or (b) arises from an incident occurring in the United States or its territories, whether or not such Claim is brought by a citizen of the United States.

2.25 PSAN PI/WD Trust Advisory Committee (“TAC”). A three-person committee selected in accordance with the terms of the PSAN PI/WD Trust Agreement to serve as fiduciaries of holders of PSAN PI/WD Claims with any such members and successor members appointed in accordance with the terms of the PSAN PI/WD Trust Agreement. The initial TAC shall consist of Joe Rice, Curt Miner, and a third individual to be selected by them.

2.26 Rupture Claim. A PSAN PI/WD Claim that alleges that the Claimant was injured during the deployment of an airbag incorporating a Takata PSAN inflator when it produced excessive internal pressure which caused the metal inflator canister to fragment, break apart, or rupture as a result of the PSAN Inflator Defect. To receive compensation from the PSAN PI/WD Trust, a Rupture Claim must meet the compensability requirements set forth in Section 4.2(a) below.

2.27 Scheduled Claim. A P-OEM Claim valued under the Scheduled Claim Process as set forth in Section 6.2(b) and Exhibit B.

2.28 Scheduled Claim Process. A methodology utilized by the Trustee for valuation of compensable personal injury and wrongful death P-OEM Claims. In the Scheduled Claim Process, the Trustee shall determine the compensable injuries, if any, and determine a value for those injuries, applying the Valuation Schedule and the relevant Global Adjustment Criteria and Specific Injury Adjustment Criteria as set forth in Exhibit B.

2.29 Specific Injury Adjustment Criteria. Valuation adjustment criteria associated with particular injuries and listed in the Valuation Schedule.

2.30 TD (“Takata Defendant”) Claim. A PSAN PI/WD Claim against the Debtors for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death, allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition, including on or after the Closing Date, excluding claims for economic loss. TD Claims include claims as to which the Claimant (1) is a United States citizen or permanent resident of the United States or any of its territories or possessions, wherever the injury occurred), (2) was injured in an incident occurring within the United States or its territories, or possessions, and (3) was injured in a vehicle registered in the United States or its territories or possessions. TD Claims also include International TD Claims as defined in Section 5.1 herein.

2.31 Trustee. The individual selected to receive and administer the funds paid into the PSAN PI/WD Trust, make determinations regarding compensability and valuation of TD Claims and P-OEM Claims submitted to the Trust, distribute funds to eligible Claimants and Indirect Claimants, and undertake such other responsibilities as set forth in this TDP and the PSAN PI/WD Trust Agreement. The initial Trustee will be Eric D. Green so long as he is the Special Master to administer the DOJ PI/WD Restitution Fund, and his successor Trustee shall be David J. Molton with any further successor appointed in accordance with the PSAN PI/WD Trust Agreement.⁶

2.32 Valuation Schedule. The schedule used for P-OEM Claims which identifies certain injuries potentially associated with the PSAN Inflator Defect, organizes those injuries into

⁶ If Mr. Molton is unable to serve, the successor Trustee shall be appointed in accordance with Section 8.13 of the PSAN PI/WD Trust Agreement.

appropriate Injury Types, assigns each Injury Type a Scheduled Value with both Base and High values, and provides specific Injury Criteria for each Injury Type.⁷

SECTION 3

Submission of Claims

3.1 General Requirements for Submitting a Claim

Each Claimant alleging a TD Claim or P-OEM Claim, or Indirect Claimant alleging a TD Claim, may submit a Notice of Claim which shall include information identifying the Claimant and owner or lessee of the vehicle, if different from the Claimant, make and model year of vehicle, VIN, date and location of incident, and type of event such as rupture, aggressive deployment, or other allegation; or may submit a wrongful death or personal injury claim form (“Claim Form”), depending on the type of injury alleged. The Notice of Claim, Claim Forms, and Claim Form instructions will be made available on the [_____] website or from the Trustee. Information describing the compensability criteria, claims valuation protocol, eligibility criteria for ER and IR, and the procedure for requesting ER and IR will be available on the website.

Any statute of limitation, statutes of repose, or similar deadline for filing a PSAN PI/WD Claim against Debtors were tolled as of the Petition Date and through the Effective Date. A Claimant shall file a Notice of Claim or Claim Form for a claim arising out of an incident that occurred prior to the Trust Effective Date within three years after the Effective

⁷ The Valuation Schedule has not been agreed to or endorsed by any NP-OEM, and shall not be used in connection with TD Claims involving vehicles of NP-OEMs nor in any other legal proceeding or in connection with claims asserted in any context whatsoever against an NP-OEM.

Date of the Trust⁸ or the claim is deemed waived, absent a finding by the Trustee of good cause shown. A Claimant shall file a Notice of Claim or Claim Form for a claim arising out of an incident occurring after the Effective Date of the Trust within the latter of three years from the date of the incident, or the time allowed under the applicable state law, or the claim is deemed waived, absent a finding by the Trustee of good cause shown. The filing of a Notice of Claim or Claim Form, whichever is filed sooner, shall be accepted as the notice date for claims filing deadlines. Indirect Claims arising before the Effective Date of the Trust shall be filed within one year of the Effective Date. Indirect Claims arising after the Effective Date of the Trust shall be filed within one year of the event giving rise to the Indirect Claim—i.e., the date of a written assignment from the direct Claimant, or the date of the judgment or the settlement release that gave rise to the Indirect Claim.

After filing a Notice of Claim or Claim Form, a Claimant may defer the consideration of the claim for not less than one year and not more than three years from the Notice of Claim or Claim Form filing, or as long as a related claim is pending in the tort system (“Deferral Period”).⁹

Claim Forms will be evaluated once they are completed in their entirety and signed

⁸ For minor Claimants, the time period for noticing the claim will not begin to run until the Claimant reaches the age of majority. For incompetent Claimants, the time period for noticing the claim will not begin to run until competency is restored or a legal guardian has been appointed with appropriate authority to pursue the claim, and notice thereof. If during the applicable time period for noticing the claim, the Claimant becomes incompetent, the time period will be paused (tolled) until such time as competency is restored or a legal guardian has been appointed with appropriate authority to pursue the claim, and notice thereof.

⁹ If the Claimant is relying on a pending lawsuit to defer consideration of her claim, she must provide the Trust with appropriate documentation of the lawsuit. The Claimant may also terminate the Deferral Period and activate the claim by providing written notice to the Trust.

either by the injured individual, counsel, or legal representative, or the Deferral Period has ended. In signing a Claim Form, the signer, including an Indirect Claimant, will certify, under penalty of perjury, that the information provided in the Claim Form and all supporting documentation is complete, true, and accurate to the best of their knowledge. Legal representatives of a direct Claimant must supply proof of their representative capacity, such as a power of attorney, an appointment as guardian or attorney *ad litem*, or the equivalent.

For P-OEM Claims, an individual who seeks Individual Review shall indicate that request on the Claim Form. The Claim Form will inform individuals asserting P-OEM Claims that they consent to the inspection of the subject vehicle and its components, if available, by the P-OEM pursuant to the protocols referenced in this TDP and Exhibits. The Claim Form will inform individuals seeking IR for a P-OEM Claim that they consent to an Independent Medical Examination (IME).

If a Claimant or Indirect Claimant submits an incomplete or facially deficient Claim Submission (by, for example, failing to sign the form or failing to include required documentation), a Deficiency Notice will be issued by the Trustee with instructions regarding how to cure the deficiencies in the Claim Submission. The Deficiency Notice will inform the Claimant or Indirect Claimant that they have 90 days from receipt of the notice to cure all noticed deficiencies in the Claim Submission. The Trustee will be available to answer questions relating to deficiencies and the curing process. If the Claimant or Indirect Claimant fails to respond to the Deficiency Notice in whole or in part, the Trustee, in his discretion, may extend the time to respond, may evaluate the claim on the information submitted, or may deny the claim without prejudice to refile within one year of the date the claim was denied.

3.2 Withdrawal of Claims

A Claimant may withdraw a claim at any time prior to execution of a Claimant Release upon written notice to the Trustee. A withdrawn claim may not be refiled absent the express permission of the Trustee. Deferred claims are governed by Section 3.1.

3.3 Distribution of the Claim File

The Trust shall provide notice of claim to a designated representative of the relevant OEM within 30 days of receipt of the Notice of the Claim. In the case of a P-OEM Claim, the Trustee shall provide a copy of the Notice of Claim, or Claim Form, and any supporting documentation or materials to a designated representative of the relevant P-OEM within 20 days of receipt. If additional information is submitted by the Claimant, or the P-OEM submits information or reports, or the Trustee generates information for the Claim File, the Trustee shall promptly provide such information to the Claim Parties.

Nothing herein shall prevent an OEM from conducting an inspection of any vehicle or its component, upon consent of the owner of the vehicle, consistent with any regulatory reporting requirements or ongoing practice of providing inspection information to the federal government, or shall otherwise limit the ability of the Trustee, in his discretion, to obtain information from the Consenting OEMs as he deems necessary to evaluate Claims. Requests by a P-OEM to inspect a Claimant's vehicle must be made pursuant to the procedures set forth in a vehicle inspection protocol in a form to be agreed upon. If the Claimant owns the subject vehicle and is represented by counsel, any request to inspect the vehicle or inflator must be made through such counsel. Any such inspection of the subject vehicle or inflator by a P-OEM does not affect any P-OEM's right to inspect the subject vehicle or inflator at a later time as part of the Claim Process as provided herein or in any other legal proceeding if it is available.

3.4 Trustee Request for Vehicle and Inflator Information from OEM

The Trustee may request information from the OEM concerning the manufacturer of the inflator, age and type of the inflator, whether the inflator in the subject vehicle is the original equipment inflator or a replacement, or any additional information from an OEM that the Trustee deems necessary, in his discretion, to evaluate a claim. Any submission by a P-OEM made pursuant to this Section does not affect the P-OEM's right to submit information in the Claims Process identified below. Copies of information submitted pursuant to this provision will be provided to the Claimant.

3.5 Confidentiality of Claim Submissions

Except as provided herein, submissions to the PSAN PI/WD Trust by a Claimant involving a vehicle manufactured or sold by a Participating OEM shall be treated as made in the course of settlement discussions between the party who submitted a Claim Form and the PSAN PI/WD Trust, and intended by the Trustee, FCR, TAC, and Participating OEMs to be confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions. The PSAN PI/WD Trust shall preserve the confidentiality of Claim Submissions, and shall disclose the contents thereof only for the following purposes: (i) processing the claim for an award from the PSAN PI/WD Trust, (ii) legitimate business use associated with administering the Trust, including the prevention of fraud and/or the resolution of liens, (iii) providing a copy to the Participating OEM to whom the Claim Form relates as provided herein, or to any issuer of a PI/WD Insurance Policy solely for the purpose of pursuing insurance coverage and provided that such issuer of a PI/WD Insurance Policy agrees to maintain the confidentiality of the submissions, and (iv) other necessary, regulatory, and judicial requirements or processes, including the need to share information with

the FCR. Furthermore, the Trustee shall immediately provide the Claimant and the Participating OEM a copy of any subpoena served upon the PSAN PI/WD Trust. The Trustee, on his own initiative or at the request of the Claimant, shall take all reasonable and appropriate steps to preserve any and all available privileges.

Except as provided herein, submissions to the PSAN PI/WD Trust by a Claimant or Indirect Claimant involving a vehicle manufactured or sold by an NP-OEM shall be treated as made in the course of settlement discussions between the Claimant, or Indirect Claimant, and the PSAN PI/WD Trust, and intended by the Trustee, FCR, and TAC to be confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions, except that, in the case of a direct claim, the Trustee can share the following information with such NP-OEM: the name and address of the Claimant, the name and address of the owner of the vehicle (if different), and the VIN. In addition, the Trustee can, only with the permission of the Claimant, and subject to a release reasonably satisfactory to the Trustee and the Claimant, as well as with appropriate confidentiality agreements with the NP-OEM, in a form approved by the TAC, share additional information with the NP-OEM that the Trustee deems necessary, in his discretion, to share in order to evaluate a claim. The Trustee shall share with the NP-OEMs on a semi-annual basis a list of Claimants to whom distributions were made and the aggregate amount of such distributions. Nothing in this TDP shall prevent the Trustee from complying with valid court orders or other legal process.

SECTION 4

Resolution of Claims and Compensability

4.1 Review by the Trustee Generally

The process for the Trustee to determine compensation, if any, for a TD Claim is a three-step process:

1. Is the TD Claim one involving personal injury or death allegedly caused by a Takata PSAN airbag inflator, and, therefore, appropriate for resolution through the PSAN PI/WD Trust?
2. Does the TD Claim meet the compensability requirements for payment as a Rupture Claim or an Aggressive Deployment or the compensability requirements for other claims determined to be eligible for compensation through the PSAN PI/WD Trust?
3. What is the value assigned to the TD Claim under the Points Schedule?

The process for the Trustee to determine compensation, if any, for a P-OEM Claim is a three-step process:

1. Is the claim a P-OEM Claim and, therefore, channeled through the Trust?
2. Does the P-OEM Claim meet the compensability requirements for payment as a Rupture Claim or an Aggressive Deployment Claim?
3. What is the full, fair, and reasonable compensation either within the Scheduled Claim Process or as part of the Individual Review Process?

The P-OEM Program shall compensate only for injuries caused by a rupture or aggressive deployment. A Claimant will have no recourse in the tort system against the Trust or a

Participating OEM to litigate any channeled P-OEM Claim except as specifically described herein.

In evaluating the evidence presented by any Claimant, Indirect Claimant, or P-OEM in the TD or P-OEM Claims Process, the Trustee or Reviewer shall rely only on evidence he determines to be reliable and helpful. The Trustee or Reviewer shall not rely on speculative or unsupported evidence when determining the compensability or valuation of a P-OEM or TD Claim. The Trustee or Reviewer should also consider whether expert medical, scientific, engineering, or other technical opinion or evidence is required to demonstrate or refute the compensability or value of a P-OEM or TD Claim under the terms of this TDP. If so, the Trustee or Reviewer shall consider that evidence only if it is from a qualified expert and is supported by reliable and sufficient facts.

4.2 TD Claim and P-OEM Claim Compensability

4.2(a) Rupture Claims

For a Rupture Claim to be a Compensable TD or P-OEM Claim, the Claimant must present evidence of the following:

1. Deployment of a Takata PSAN inflator in a vehicle manufactured or distributed by an NP-OEM or Participating OEM.
2. Physical evidence of rupture of the inflator canister to be demonstrated either by vehicle-based evidence, or by occupant-based evidence.
 - Vehicle-based evidence requires the following:
 - a. Ruptured inflator canister or metal/mesh fragments; or
 - b. Photographs of ruptured inflator canister or metal/mesh fragments; or
 - c. Cushion with evidence of cuts consistent with inflator rupture; or

- d. Photographs of cushion with evidence of cuts consistent with inflator rupture.

or

- Occupant-based¹⁰ evidence requires one of the following:
 - a. Photographs of injuries consistent with inflator rupture; or
 - b. Medical records documenting removal of metal fragments embedded in occupant; or
 - c. Medical records identifying injuries consistent with inflator rupture;
- 3. Evidence that the rupture was a contributing cause to the claimed injury or injuries.

4.2(b) Aggressive Deployment Claims

For an Aggressive Deployment Claim to be a TD or P-OEM Compensable Claim, the Claimant must present evidence of the following:

1. A delayed deployment of a Takata PSAN dual-stage inflator;¹¹
2. Over-pressurization of the inflator; and
3. The Claimant's injuries were caused by interaction with the airbag as it was deploying; and the injuries were enhanced such that they were greater than the typical

¹⁰ An occupant includes any person performing maintenance on the vehicle, whether inside the vehicle or not.

¹¹ If significant scientific or engineering data emerges, including tests and/or studies of field events, or becomes available in the future, a party (Claimant or the OEM against whom the claim is asserted) can seek revision of the compensability criteria for non-rupture claims—including the “delayed” and “dual-stage” requirements. The Trustee and FCR, after consultation with the TAC and OAC, may modify or expand the compensability criteria to appropriately compensate Claimants harmed by the PSAN Inflator Defect.

injuries an occupant in this crash would receive from an interaction with an airbag as it deploys normally.¹²

To establish the compensability of an Aggressive Deployment claim, the vehicle and inflator must be produced for inspection, if available. If the vehicle is not available for inspection, the Claimant must submit a statement explaining why it is not available.¹³ If the vehicle and inflator are unavailable for inspection, the Claimant may submit representative evidence of the inflator or the vehicle, including evidence establishing expansion/yielding of the housing of the inflator canister, deformed inflator mounting hardware, or charred airbag cushion; photographs or documentation of the interior and exterior of the vehicle and inflator in their post-accident condition; evidence of belt use, seat occupant position, or steering wheel position; and information from the subject accident scene confirming an airbag deployment. In making his compensability decision, the Trustee shall consider the age of the inflator and the region in which the vehicle has been registered. He may also consider other evidence, including report(s) of qualified expert(s) concerning the inflator performance, injury causation, and accident reconstruction; a police report of the subject accident; photographs or videos of the accident scene; and photographs and medical records of Claimant.

The determination that an airbag had a delayed deployment shall be demonstrated by the SRS (“Supplemental Restraint System”) Electronic Control Unit, or equivalent electronic unit

¹² This requirement does not alter the provisions in this section on the types of evidence allowable to establish compensability.

¹³ If the Trustee determines that the Claimant failed to exercise due diligence to preserve the vehicle and inflator evidence after notice of the existence of a claim, there shall be a rebuttable presumption that the claim is not compensable.

per P-OEM specifications, readout and interpretation, if available. If not available, the Claimant may present other evidence to demonstrate the delayed deployment criteria. Upon Claimant's request, the Trustee will require the P-OEM whose vehicle is at issue, or through its supplier (as applicable), to conduct a download of the SRS unit. The Trustee shall promptly notify the P-OEM of the VIN and location of the vehicle and shall provide the consent of the owner for the download. The P-OEM will utilize best efforts to conduct a timely download of the SRS unit or equivalent electronic unit. Upon request by the Trustee for a download, the P-OEM will provide the Trustee and Claimant relevant supporting documentation including codes, keys, and other inflator specification information needed to translate and interpret the data that is recorded in the SRS, the airbag control module, or other electronic control unit or Vehicle Event Data Recorder (EDR) for the subject vehicle. As well as any applicable module fault or self-diagnostic codes. The P-OEM shall also provide the Claimant and the Trust with a copy of the electronic data download at the time of the SRS/EDR download. Thereafter, the P-OEM shall provide an interpretation of the results within 30 days to the Trustee who shall provide them to the Claimant. If the vehicle can be downloaded using third party tools such as the Bosch CDR (Crash Data Retrieval) tool, it shall be utilized either in addition to the above process or in place of it to provide the crash data available from all modules allowing download upon request of the Trustee or Claimant. Nothing referenced in this TDP is intended to affect a vehicle owner's rights under any relevant state SRS/EDR privacy laws.

For a P-OEM Claim, the Trustee shall require the Claimant to make the vehicle, inflator, or other components available for inspection by the P-OEM, if requested and available. The P-OEM or Claimant may submit a report regarding the alleged aggressive deployment to the

Trustee for his consideration in evaluating the Aggressive Deployment Claim pursuant to a schedule determined by the Trustee.

4.2(c) Other TD Claims

The Trustee will develop compensability criteria for TD Claims that allege a means of injury other than rupture or aggressive deployment.

4.2(d) Timeline

The Trustee will, in consultation with the TAC, OAC, and FCR, create a timeline no later than the Plan confirmation date, for the determination of all claims submitted to the PSAN PI/WD Trust.

SECTION 5

Resolution of TD Claims and Indirect Claims

5.1 Is the Claim a TD Claim?

As set out above, this TDP applies to all PSAN PI/WD Claims against the Debtors. The Trust conclusively presumes that a PSAN PI/WD Claim against the Debtors is a TD Claim if the Claimant (1) is a United States citizen or permanent resident of the United States or any of its territories or possessions, wherever the injury occurred), (2) was injured in an incident occurring within the United States or its territories or possessions, or (3) was injured in a vehicle registered in the United States or its territories or possessions.

If the Claimant does not satisfy any of the criteria set out in (1), (2), or (3) above, then, in order to proceed with a claim against the Trust, the Claimant must establish, to the satisfaction of the Trustee, that the Claimant's PSAN PI/WD Claim (a) could have been asserted in a complaint filed in any court in the United States or any of its territories or possessions against one or more of the Debtors (for purposes of this analysis, as if the Chapter 11 Cases had not been filed), and

(b) such complaint, if filed, would have withstood challenge on a motion to dismiss (or other dispositive motion) upon the grounds of lack of jurisdiction (e.g., lack of subject matter jurisdiction) and/or on forum selection grounds (e.g., under the *forum non conveniens* doctrine).

If a Claimant does not satisfy any of the criteria set out in (1), (2), or (3) above, but establishes, to the satisfaction of the Trustee, that such Claimant satisfies the criteria in the immediately preceding paragraph (such Claimant's PSAN PI/WD Claim, for purposes of this TDP, an "International TD Claim"), then the Trust shall proceed to consider such International TD Claim under the criteria for TD Claims in this TDP; provided, however, that, in determining the appropriate point award for such International TD Claim, the Trustee shall have discretion to reduce the Points awarded to reflect the relative differences with respect to applicable law and the tort system in the United States compared to applicable law and the tort system in the jurisdiction(s) in which the Claimant resides or was injured (including the compensation available and likely to be awarded to a Claimant in the circumstances and with the injuries of such TD Claimant), in order to fairly compensate such Claimant in light of the law and procedures that would apply to such International TD Claim.

5.2 Valuation of TD Claims

Compensable TD Claims will be valued using the methodology outlined in Exhibit A to the TDP. The Trustee will make reasonable efforts to complete his valuation determination within 30 days of making his compensability determination.

5.3 Extraordinary Review Process

The Trustee may, in his discretion, award additional compensation to Claimants who present proof of injury or loss of a type or severity not otherwise captured by the TD Claim points schedule. Such additional compensation will in no event exceed a one-hundred-and-fifty

percent increase above the award to which the Claimant would otherwise be entitled. To be considered for additional compensation, a Claimant must specifically request ER and submit supporting information pursuant to the instructions on the Claim Form.

5.4 TD Claim FCR Supplemental Review Process

If a Claimant appeals a determination of a TD Claim, the Claim File shall be submitted to the FCR for supplemental review. If the Claimant appeals a denial of compensability, the FCR will reconsider the claim under the criteria set forth in Section 4 above. If the FCR finds that the TD Claim is compensable, it will be returned to the Trustee for valuation. If the Claimant appeals a valuation determination, the FCR will review the TD Claim valuation using the following criteria:

- Life expectancy, age, and pre-accident health of Claimant
- Existence and age of dependents
- Past and future economic loss (excluding medical and/or funeral expenses) and household services calculated to present value
- Past and future medical expenses calculated to present value – using Core CPI from prior year
- Severity and/or permanency of injury
- Any unique effect of the injury on the Claimant's quality of life
- Pain and suffering
- Existence of multiple injuries not separately compensated

If the FCR, after reviewing the criteria above, determines that the points awarded under Section 5.2 should be supplemented, the FCR may in his discretion adjust the points awarded for the TD Claim upward in an amount not to exceed a one hundred-and-fifty percent increase in

points from the point award to which the Claimant would otherwise be entitled. By example, a TD Claim awarded 1,000 Points may be awarded up to an additional 1,500 Points by the FCR for a total of 2,500 Points. The FCR will make his compensability and/or valuation determination, as applicable, within 30 days of receiving the Claim File.

5.5 Payment of TD Claims

Once the point award for a TD Claim is determined, the Trustee will convert the point award to a dollar value pursuant to Section 8 of the TDP, and then will initiate the distribution process pursuant to Section 7 of the TDP.

5.6 Indirect Claims

Any OEM that resolves or has resolved in the past a claim of personal injury or wrongful death resulting from the PSAN Inflator Defect or any other claim determined to be compensable by the PSAN PI/WD Trust that includes a full release of the Debtors (or any of them named, as applicable), with respect to such Claim for payment made by the OEM, may obtain an assignment of the Claimant's rights to bring a TD Claim against the PSAN PI/WD Trust or be subrogated to those rights even without a written assignment, upon proof that such release of the Debtors (or any of them named, as applicable) was granted for and in consideration for the amounts paid by the OEM or that a judgment arising from such claim was paid in full by the OEM. The Trustee shall process Indirect Claims in the same manner as a direct TD Claim or P-OEM Claim, as applicable, and shall determine and pay to the OEM the amount to which the direct Claimant would have been entitled to be paid if the direct Claimant had submitted the

claim resolved by the OEM directly to the PSAN PI/WD Trust, provided however that the OEM shall not receive more than 65%¹⁴ of the amount the OEM paid to resolve the claim.

In the case of an OEM asserting an Indirect Claim, the OEM must present evidence of compensability that satisfies the requirements in Section 4.2 just as a direct Claimant would be required to do; the OEM cannot merely stipulate to facts to satisfy those requirements.

SECTION 6

Resolution of P-OEM Claims

6.1 Is the Claim a P-OEM Claim?

The Trustee will verify that the claim involves a Participating OEM vehicle and that any individual submitting a Claim Form has submitted sufficient evidence to show (i) that they are a United States citizen or permanent resident at the time of the accident, (ii) that the accident occurred in the United States or its territories or possessions, or (iii) involves a vehicle registered in the U.S. or its territories or possessions. The Claim Form will indicate the types of evidence that can be relied on to meet this burden.¹⁵

¹⁴ This percentage shall not be deemed applicable in any context outside the resolution of TD Claims in the PSAN PI/WD Trust.

¹⁵ If a Non-Participating OEM becomes a Participating OEM and PSAN PI/WD Claims are currently asserted against such OEM in the tort system, the Trustee will provide notice of the OEM's election to counsel of record for the plaintiffs. Any such PSAN PI/WD Claim will not be channeled to the PSAN PI/WD Trust and will continue in the tort system unless the plaintiff gives his affirmative consent to the Trustee for the claim to be channeled. If the plaintiff gives his consent, the claim will not be channeled unless and until the court grants a voluntary dismissal and the plaintiff files a Claim Form with the Trust. In that event, the Trustee may coordinate the processing of any unliquidated TD Claim with the processing of the new filed P-OEM Claim.

6.2 Valuation of P-OEM Claims

6.2(a) In General

Compensable P-OEM Claims will be valued using the Scheduled Claim Process, including the Valuation Schedule, unless the Claimant requests, and the claim qualifies for, IR, or the Trustee concludes, upon reviewing the Claim Submission, that consideration under IR is necessary to fairly and fully compensate the Claimant.

If the Trustee determines an Aggressive Deployment Claim to be compensable, then the Claimant may receive compensation for only the Enhanced Injury. Compensation for the Enhanced Injury is to be determined by the Trustee, who shall use the Valuation Schedule for the injuries as guidance in determining the appropriate award, if any.

6.2(b) Scheduled Claim Process

Under the Scheduled Claim Process, the Trustee will determine which Injury Type(s) was sustained by the Claimant as a result of the PSAN Inflator Defect and assign a value to each P-OEM Claim consistent with this section. Compensation for multiple Injury Types shall be combined or “stacked” as described in Exhibit B. The Trustee may not award compensation for any injury unless the Claimant has presented evidence demonstrating that the Injury Criteria for the claimed Injury Type(s) are met and that the injury was caused by the PSAN Inflator Defect.

6.2(c) Individual Review Process

IR has been established as a potential means to address wrongful death P-OEM Claims and those personal injury P-OEM Claims in which the Claimant demonstrates that (a) the combination of injuries sustained is not contemplated by the Scheduled Claim Process, (b) the Claimant’s injury and/or damages require a more comprehensive review, or (c) the injuries and damages would not be compensated adequately, or at all, through the application of the

Scheduled Claim Process. Considerations for setting the compensation amount include the Global Adjustment Criteria and the Specific Injury Adjustment Criteria for the injuries suffered. Even if a Claimant meets the criteria for IR, the Trustee may determine that compensation within the Valuation Schedule is appropriate and award compensation within the valuation range for the Claimant's injuries.

6.2(c)(1) IR Eligibility for P-OEM Claims

If the Claimant wishes her P-OEM Claim to be evaluated under IR, she shall request such review on her Claim Form. The Trustee may also choose to consider a P-OEM Claim under IR on his own initiative. By proceeding under IR, the Claimant consents to an Independent Medical Examination ("IME") and agrees to produce the subject vehicle and/or inflator, if available, for inspection. Once IR is initiated, the Trustee will make an initial determination as to whether the claim is a Compensable Claim and, if so, whether it meets the threshold criteria for IR. If the Trustee determines that a claim is appropriate for IR, he will notify the Claimant and the Participating OEM and identify the basis for his determination. The Trustee will forward the Claim Materials to the Participating OEM. If the Trustee determines the P-OEM Claim is a Compensable Claim but not appropriate for IR, the Trustee will continue his evaluation of the claim under the Scheduled Claim Process.

When the Claimant requests IR, the Claimant must demonstrate one of the following to qualify:

- A fatality;
- Loss of vision resulting in legal blindness in both eyes;

- Special Damages (meaning economic damages related to the Claimant's injuries, including but not limited to, funeral costs, lost earning capacity, and past and future medical care supported by a qualified expert) that exceed \$1.5M in net present value;
- An AIS 5 rated injury;
- A moderate or severe TBI;
- Over 50% loss of use of limb or hand;
- Permanent profound hearing loss considering the Specific Adjustment Criteria identified for Permanent Hearing Loss above;
- Permanent injury to a fetus that survives to childhood;
- Spinal injury resulting in partial or full paralysis; or
- An injury or combination of injuries not contemplated by the Valuation Schedule and the Scheduled Claim Process.

6.2(c)(2) Participating OEM Submission

The Participating OEM may submit a report in response to the Claimant's IR Claim. The report may address any aspect of the P-OEM Claim, including compensability, injury causation and the value of the P-OEM Claim.

6.2(d) Trustee Report

After evaluating each Claim Submission, the Trustee shall make determinations regarding the compensability and valuation, if any, for the Scheduled Claim or IR Claim. The Trustee will prepare a written report indicating his findings and citing the Claim Submission evidence in support. The determinations of the Trustee are deemed final, binding, and non-appealable unless the Claimant timely appeals in compliance with the procedures set forth in Section 6.3. The Trustee, FCR, TAC, and OAC have intentionally and willingly limited appeals

to the process in Section 6.3 and do not allow appeals to any court. The Trustee will complete his valuation of Scheduled Claims within 30 days of determining compensability.

6.3 Appeals Process for P-OEM Claims

6.3(a) Appeals Panel

Appeals shall be conducted by a single Reviewer. The Appeals Panel shall be composed of up to twelve Reviewers (“the Appeals Panel”) unanimously agreed upon by the Trustee, OAC, TAC, and FCR. Each individual appeal shall be conducted by a single Reviewer. Each Reviewer must be a court certified mediator/arbitrator or former state or federal judge. On the Effective Date, the following persons will be members of the Appeals Panel: Joseph Farina, Michael Siboni, Cathy Yanni, Jean H. Toal, Costa M. Pleicones, and Peter Wechsler.

Vacancies on the Appeal Panel shall be filled by nominations from Trustee, TAC, and OAC, in turn, subject to unanimous approval of the Trustee, FCR, TAC, and OAC. Each Reviewer will serve a three-year term subject to renewal with the unanimous consent of the Trustee, FCR, TAC, and OAC. The Trustee, FCR, TAC, and OAC will make reasonable efforts to have Reviewer representation from all National Highway Safety Administration (“NHTSA”) Zones;¹⁶ at least three of the members must be from Zone A. Each Reviewer shall attend a training session(s) to be conducted by representatives of the TAC and OAC upon appointment and before participating in any appeal.

¹⁶ NHTSA Zones are defined in the May 4, 2016 Amendment to the November 2015 Consent Order.

6.3(b) Selection of Reviewer for an Appealed P-OEM**Claim**

Appeals shall be conducted by a single Reviewer. For any given appeal, the Reviewer shall be chosen at random from the Appeals Panel. Neither the Participating OEM nor the Claimant may challenge the choice of the Reviewer who hears any given appeal.

6.3(c) Process for Initiation and Resolution of Appeal**of P-OEM Claims**

Initiation of Reviewer Appeal. The determination of the Trustee is deemed final and binding on the parties unless the Claimant or the P-OEM provides a written Notice of Appeal of the Trustee's determination, within 20 days of receipt of the Trustee's Report pursuant to the process identified in this TDP.¹⁷

For Scheduled Claims, Claimants have the right to appeal the Trustee's determination on the compensability of the claim, the amount of the award and the denial of IR, if applicable. The Claimant must identify the issues they are appealing in their Notice of Appeal. P-OEMs do not have a right to appeal the Trustee's determination of a Scheduled Claim. For IR Claims, the Claimant or P-OEM may appeal the Trustee's determination on the compensability of the claim, appropriateness of IR, and the amount of the award. To initiate the appeal of any P-OEM Claim, the Claim Parties must first complete the Scheduled Claim or IR Claim Process.

¹⁷ The Trustee may, upon request in his discretion, allow additional time for appeal of Claims held by representatives of deceased or incompetent Claimants for which court or probate approval of the Trustee's offer is required.

The Trustee shall forward a copy of all written Notices of Appeal to the non-appealing party within 10 days of receipt of the Notice. Within 30 days of receipt of the Notice of Appeal, the Trustee shall randomly assign a Reviewer, notify the Claim Parties, and provide the assigned Reviewer and non-appealing party with a copy of the complete Claim Submission. Within 30 days after the Notice of Appeal, the appealing party or parties may submit an appeal submission of no more than 10 double-spaced pages setting forth the reasons for the appeal. The non-appealing party shall receive a copy of any appeal submission by the appealing party and may submit a written response within 30 days of receipt. The Reviewer may only consider the evidence submitted to the Trustee in evaluating the appeal, except when the appeal concerns the Trustee's denial of compensation for a submitted claim, in which case the P-OEM may submit evidence supporting the Trustee's decision that a claim is not compensable or for the appeal of IR claims, if the Claimant appeals, the P-OEM may submit evidence on all the Trustee's determinations. The Reviewer shall review only those determinations appealed in the Notice of Appeal.

Standard of Review. At all stages of the Appeals Process, the de novo standard of review will be used for review of determinations involving (i) choice and enunciation of applicable state law¹⁸ and (ii) compensability of P-OEM Rupture Claims as set forth in Section 4.2. At all stages of the appeals process, the clearly erroneous standard of review will be used for review of: (i)

¹⁸ The appropriate choice and enunciation of state law to determine questions including but not limited to bystander claims, loss of consortium claims, and injury to fetus claims are questions of law subject to de novo review. Whether the Trustee's valuation determination or award is full, fair, and reasonable compensation is not a legal question subject to de novo review, but will be reviewed pursuant to this Section.

determinations involving the compensability of P-OEM Aggressive Deployment Claims (section 4.2(b) of TDP), (ii) determinations of the appropriateness of IR as set forth in Section 6.2(c), and (iii) the Trustee's findings of fact in support of a valuation determination or Trustee's award. The Trustee's valuation determination or award amount will be reviewed as described herein.

Reviewer Review of Trustee Award. When evaluating the Trustee's award amount, the Reviewer shall affirm the Trustee's award unless she determines that the award fails to provide full, fair, and reasonable compensation to the Claimant. If the Reviewer determines that the Trustee award did not provide full, fair, and reasonable compensation, the Reviewer may modify the Trustee's award by an amount not to exceed the lesser of (a) 30% of the original award amount, OR (b) \$400,000 (the "Non-Appealable Modification Range"). The Reviewer may modify the Trustee's award by an amount in excess of the Non-Appealable Modification Range only if the Reviewer determines that the Trustee's award was clearly erroneous or that the Trustee's choice or enunciation of applicable law was incorrect under the de novo standard of review. The Reviewer may not value an appealed Scheduled Claim outside the Valuation Schedule.

The Reviewer shall notify the Trust of her decision within 30 days of receipt of all Claim Parties' submissions. The Reviewer shall provide a written report setting forth the reasons for any reversal of compensability or modification of the Trustee's award. If the Reviewer reverses a denial of compensation and finds the claim to be a compensable or reverses a denial of IR, the claim will be returned to the Trustee for valuation.

Panel Review Process. If a Reviewer has modified the Trustee's award in excess of the Non-Appealable Modification Range for a Scheduled or IR Claim, then the P-OEM or the Claimant may appeal that Reviewer's award by submitting a written notice to the Trustee within

30 days of receipt of the Reviewer's determination. The Trustee will provide all Claim Parties with any such submission and identify a Review Panel which shall include the original Reviewer and two randomly selected Reviewers to review the Reviewer's award.¹⁹ The non-appealing party may submit a written response within 30 days of receipt of notice of the appeal of the Reviewer's award. The Review Panel will review the Trustee's choice and enunciation of law using a de novo standard and the Trustee's findings of fact in support of his valuation determination or award, and the award using a clearly erroneous standard, and shall affirm the Trustee's award unless it finds by majority vote that the Trustee's valuation determination or award was clearly erroneous. If the Review Panel by a majority vote overturns the Trustee's award, the Review Panel may award an amount the majority determines will provide full, fair, and reasonable compensation to the Claimant. Under no circumstances may the Review Panel award more than the Reviewer award (if she proposed to increase the Trustee award) or less than the Reviewer award (if she proposed to decrease the Trustee award). The Review Panel may not value an appealed Scheduled Claim outside the Valuation Schedule.

6.3(d) FCR Conference

The decision of the Reviewer or the Review Panel (whichever is the final appeal) will be final and binding unless, within 20 days of notification of the Reviewer or Review Panel determination, the Claimant submits a written notification of intent to reject the determination and to proceed in the tort system. For the avoidance of doubt, the Claimant must exhaust all

¹⁹ For example, if the Trustee awarded a Claimant \$100,000 and the Reviewer increases the award above \$130,000, or decreases it to less than \$70,000 the P-OEM or Claimant may appeal that decision.

available appeals identified in this section before seeking a conference with the FCR and before opting into the tort system. Upon receipt of a Claimant's notification to reject a determination, the Trustee shall forward the Claim File to the FCR for review and the FCR shall hold a conference with the Claimant and the P-OEM. Before holding such a conference, the FCR will ensure that the Claimant has exhausted all applicable appeals as identified in the TDP. Within 10 days after the conference with the FCR, the Claimant may submit written confirmation to the Trustee of her rejection of the award and intent to proceed in the tort system. If the Claimant does not confirm her intent to reject the award within that 10-day period, the Reviewer's or Review Panel's offer, as applicable, will be deemed final and binding on all parties.

6.4 Litigation in Tort System of P-OEM Claims

After the Claimant has exhausted the Claim Process, including a review and determination by the Trustee, an appeal, and a conference with the FCR, if the Claimant is dissatisfied with the offer made, he may pursue relief in an appropriate jurisdiction of law after submitting written rejection of the PSAN PI/WD Trust's proposed final claim award to the PSAN PI/WD Trust pursuant to the terms of this TDP.

6.4(a) Proceeding in the Tort System

Any claim must be filed in a state or federal court in the United States by the Claimant within 120 days of the date that the Claimant submits written rejection of the PSAN PI/WD Trust's proposed final claim award or all legal rights will be deemed waived as to the claim against the P-OEM and the Trust. The claim must be filed in her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit, except that claims arising out of a single incident may be brought together in a single

action. Except as provided herein, the laws of the applicable jurisdiction will govern all claims filed pursuant to this Section.

Any trial will be limited to the issues of injury causation and valuation/damages only. Liability for all claims, including third party claims of bystander liability and loss of consortium, shall be based on strict liability only. Neither Plaintiff (including consortium and bystander claimants) nor the Trust shall assert any claims or defenses based in negligence including defenses of contributory or comparative fault. To the extent the laws of the applicable jurisdiction do not provide for strict liability, the Claim Parties agree that strict liability will apply to all claims asserting injuries resulting from the PSAN Inflator Defect.

The Trust in such litigation shall not assert as a defense Plaintiff's conduct, including contributory or comparative negligence in causing the underlying accident, or notice of recall, or the statute of limitations or statute of repose defenses. The Trust shall not assert as a defense in any litigation the conduct or negligence of any third-party potential tortfeasor, including but not limited to the Debtors and its affiliated entities, any dealership against whom concurrent liability is asserted, or any dealership or other party against whom independent liability is asserted related to the PSAN Inflator Defect. The P-OEM shall indemnify any third-party defendants against whom the Plaintiff asserts concurrent liability.

If any third-party defendant not indemnified by the P-OEM asserts any comparative or contributory fault as a defense against a Plaintiff, the Trust shall not take any position on those claims or defenses, including but not limited to participating in any written discovery, depositions, or assistance to counsel in pursuing any comparative or contributory negligence against the plaintiff. If any third-party defendant not indemnified by the P-OEM Claims that the

conduct of the Plaintiff is a complete or partial defense, such defenses will not apply to the claims against the Trust.

With respect to the Trust and any Participating OEM: (a) No Plaintiff shall assert any cause of action, seek discovery related to, or present any evidence related except as to causation and damages; (b) the Plaintiff shall not seek conduct-based discovery nor present conduct-based evidence at trial; and (c) punitive or exemplary damages cannot be sought and will not be payable.

In the event that there is a verdict for compensable damages and the jury attributes any portion of the damages to the Trust, the Trust shall be responsible for satisfying the full compensatory verdict amount. If a jury apportions fault between the Trust and any other tortfeasor, the Trust shall be responsible for satisfying the full compensatory verdict amount regardless of any apportionment of fault (by cross-claim, third party liability, comparative fault of the plaintiff, or otherwise). Under no circumstances shall the Trust be responsible for any exemplary or punitive damages awarded against any third-party defendant or tortfeasor. Nothing herein shall prevent the P-OEM from pursuing indemnification against any third-party defendant or tortfeasor and the Plaintiff shall assign its rights to pursue any portion of the verdict attributed to a third-party defendant or tortfeasor to the P-OEM. There is no litigation scenario in which the Trust is not responsible for paying the entire compensatory verdict.

If the Plaintiff was alive at the time the Claim Form was filed with the PSAN PI/WD Trust and died during the pendency of the claim, the Plaintiff shall be entitled to all personal injury damages incurred prior to death, regardless of the law of the jurisdiction, in addition to any wrongful death damages arising from his death.

The Alabama wrongful death statute shall not apply to any Claims filed in any jurisdiction pursuant to the terms of this TDP. See Ala. Code § 6-5-410 (1975) and Ala. Code § 6-5-391 (1975). Rather, in any wrongful death case in which Alabama law would govern, the Parties agree that the law of the State of Georgia effective as of the date of this TDP will govern the determination of compensation for those wrongful death cases.

In any jury trial, the parties agree to jointly seek the court's approval to include in the court's instructions to the jury the instructions set forth in Exhibit C with appropriate refinements to make them consistent with state law relating to the parties' agreement as set forth in this section.

6.4(b) Payment of Claims in the Tort System

If a P-OEM Claim proceeds in the tort system under the provisions of this TDP and is subsequently liquidated by either a settlement and/or a jury verdict, the liquidated amount shall be paid by the Trust in the following manner.

Payments of any pre-trial settlement, jury verdict, or post-trial settlement in the tort system shall be paid by the Trust as follows:

- **Pretrial Settlement.** If the P-OEM Claim is liquidated by a pretrial settlement and the Claimant received an amount from the Trust ("Trust Award"), 50% of the Trust Award will be paid to the Claimant within 10 days of the pretrial settlement, the lesser of the remaining 50% of the Trust Award or the remaining liquidated balance will be paid on the first anniversary of the settlement, and the remainder of the liquidated value, if any, paid on the second anniversary of the settlement. If the Claimant did not receive a Trust Award, any pretrial settlement will be paid in three equal payments with the first payment made 10 days following the pretrial

settlement, the second payment made on the first anniversary of the pretrial settlement, and the final payment made on the second anniversary of the pretrial settlement.

- **No Appeal of a Jury Verdict.** If the P-OEM Claim is liquidated by a jury verdict and the Claimant received a Trust Award, 50% of the Trust Award will be paid to the Claimant within 10 days of the verdict, the lesser of the remaining 50% of the Trust Award or the remaining liquidated balance will be paid on the first anniversary of the verdict, and the remainder of the liquidated value, if any, will be paid on the second anniversary of the verdict. If the Claimant did not receive a Trust Award, any jury verdict will be paid in three equal payments with the first payment made 10 days following the jury verdict, the second payment made on the first anniversary of the verdict, and the final payment made on the second anniversary of the verdict.
- **Appeal of a Jury Verdict by the Trust.** If the Trust appeals a jury verdict in favor of the Claimant and the Claimant received a Trust Award, 50% of the Trust Award will be paid to the Claimant within 10 days of the verdict, the lesser of the remaining 50% of the Trust Award or the remaining liquidated balance will be paid on the later of the first anniversary of the verdict, any post-trial settlement, or any appellate decision, and the remainder of the liquidated value, if any, one year later. If the Claimant did not receive a Trust Award, the Trust will pay the Claimant one-third of the verdict amount 10 days following the verdict, 50% of the remaining liquidated balance on the later of the first anniversary of the verdict,

any post-trial settlement, or any appellate decision, and the remainder of the liquidated value, if any, one year after the second payment.

- **Appeal of a Jury Verdict by the Claimant.** If the Claimant appeals a jury verdict in favor of the Trust and the Claimant did not receive a Trust Award, and the parties reach a post-trial settlement, the Trust will pay the Claimant in three equal payments with the first payment made 10 days following the settlement.

Any unliquidated amount of any jury verdict will be entitled to post-judgment interest under applicable law.

SECTION 7

General Guidelines for Liquidating and Paying Claims

7.1 Payment of P-OEM and TD Claims, Including Indirect Claims

Once an award on a P-OEM Claim or TD Claim, including Indirect Claims, is deemed final, the Trustee will initiate the distribution process. The Trustee shall pay the Claimant or Indirect Claimant, subject to the terms of this TDP and the PSAN PI/WD Trust Agreement, the amount of the award. Distributions for Compensable Claims to Claimants not represented by an attorney will be issued by checks mailed to the Claimant's address set forth on the Claimant's Claim Form, which will be negotiable for 90 days. If the Claimant is represented by an attorney, the distribution may be issued by check or by electronic payment to the attorney.

In determining all award amounts, the Trustee will take into account all known outstanding medical liens, if any, currently owed by the Claimant. Claimants shall be responsible

for the payment of all medical or other applicable liens.²⁰ The Claimant will undertake to resolve such liens, and if not done, the Trustee will take over the process. The Trustee will retain the services of a Lien Resolution Administrator to identify, resolve, and satisfy, in accordance with applicable law, certain Claimant repayment obligations, including, but not limited to, Medicare (Parts A and B), Medicaid, and other governmental liens.

Where the Claimant is deceased or has been determined to be incompetent, and the settlement and payment of her claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of the claim by the Claimant's representative, an offer made by the Trustee on the claim shall remain open so long as proceedings before that court or in that probate process remain pending; provided that the Trustee has been furnished with evidence that the settlement offer has been submitted to such court or to the probate process for approval prior to the expiration of the time to accept the offer. If the offer is ultimately approved by the court or through the probate process and accepted by the Claimant's representative and the Trustee receives written notice of the approval and acceptance, the Trustee shall pay, subject to the terms of this TDP and the PSAN PI/WD Trust Agreement, the claim in the amount so offered.

In accordance with the terms of the Participating OEM Contribution Agreement, to the extent the Claimant has established a PSAN PI/WD Claim that is a P-OEM Claim for which a Participating OEM would otherwise be liable but for the Channeling Injunction, the Participating

²⁰ In the case of an Indirect Claim, the OEM shall not be responsible for, nor required to release the Trust as to any medical or other applicable liens of the direct Claimant, provided the OEM supplies a settlement agreement, release or other legally sufficient evidence that the direct Claimant has agreed to satisfy any outstanding medical or other liens.

OEM shall pay the Net Liquidated Value, if any, (as defined in the Participating OEM Contribution Agreement) of such PSAN PI/WD Claim into a segregated account established solely for the purpose of paying PSAN PI/WD Claims asserted against the Participating OEM. The Trust shall pay the Claimant (a) the amount of the Net Liquidated Value of such PSAN PI/WD Claim received from the Participating OEM, and (b) the amount such PSAN PI/WD Claim is entitled to receive from the PSAN PI/WD Trust including on account of (i) the TD Claim and (ii) any recovered PSAN PI/WD Insurance Proceeds allocable to the PSAN PI/WD Claim.

7.2 Order of Payment

The Trustee shall attempt to pay all Compensable Claims on an efficient and fair basis. In making decisions on compensability and compensation amounts, the Trustee may evaluate and pay claims on an ongoing basis, even if this means later submitted claims are evaluated or paid before earlier submitted claims.

7.3 Costs Considered

Notwithstanding any provisions of this TDP to the contrary, the Trustee shall always give appropriate consideration to the cost of investigating and uncovering invalid claims, including issues relating to the validity of the medical or inflator defect evidence supporting or disputing such a claim, so that the payment of valid claims is not impaired by such processes. The Trustee shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the PSAN PI/WD Trust so that valid claims are not unduly impaired by the costs of additional investigation or frivolous defense.

7.4 Claimant Releases

As a condition for payment from the PSAN PI/WD Trust, all persons who apply for compensation from the PSAN PI/WD Trust must execute and submit to the Trustee a release (the "Claimant Release") in the form or forms provided by the Trustee for Claimants and Indirect Claimants.

For TD Claims, by signing the Claimant Release, the Claimant or Indirect Claimant will agree to release the Trust, the Trustee, the FCR, the TAC, and the OAC (the "Released Parties") from any and all past, present and future claims, counterclaims, actions, rights or causes of action, liabilities, suits, demands, damages, losses, payments, judgments, debts, dues, sums of money, costs and expenses (including, without limitation, attorneys' fees and costs), accounts, reckonings, bills, covenants, contracts, controversies, agreements, obligations, or promises, in law or in equity, contingent or non-contingent, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, whether direct, representative, class or individual in nature, in any forum that an applicant had, have, or may have in the future (a "Released Claim") arising out of, in any way relating to or in connection with the PSAN PI/WD Trust and the discharge of the Trustee's duties and responsibilities under the PSAN PI/WD Trust Agreement.

The Release will also require the Claimant to (i) acknowledge and agree that the Claimant remains solely responsible for resolving all open Government Payors' and Non-Government Payors' liens, rights of reimbursement, and other claims (collectively, "Liens"); (ii) use best efforts to resolve all known Liens; (iii) agree to indemnify and hold harmless the Trust in connection with all known Liens and any future Liens; (iv) agree that the Trust will not be liable for any act, or failure to act, of the lien resolution administrator retained in connection with the PSAN PI/WD Trust; and (v) assign the Trust the right to pursue the PI/WD Insurance

Rights, if any, for the full value of the TD Claim. Subparts (v) also applies to Indirect Claimants. Subpart (iii) applies to Indirect Claimants only if they do not provide a settlement agreement, release, or other legally sufficient evidence that the direct Claimant has agreed to satisfy any outstanding medical or other liens.²¹

For P-OEM Claims, upon final determination of a P-OEM Claim, the Release shall identify the injury category for which compensation is awarded, and where applicable allocation among related claims, estopping the Claimant from seeking any further relief for that injury, or portion thereof, regardless of defect theory. If the Claimant is awarded compensation for an Aggressive Deployment Claim, the Release will identify the specific enhanced injury and percentage of the injury deemed enhanced. Nothing in this TDP or any subsequent order approving this TDP precludes the Claimant from seeking recovery in the tort system for any portion of an injury not compensated. The Claimant is responsible for promptly securing any court approval required in the applicable jurisdiction for any awards made as necessary to complete the Release. If the Claimant is awarded compensation for any loss of consortium or bystander claims, all beneficiaries of such claims shall also execute the Release, barring the assertion of those indirect or third-party claims in the tort system.

The Trustee may, with consent of the TAC, OAC and FCR, (i) adopt a form of release and (ii) modify any form of release that has previously been approved by the TAC, OAC, and FCR.

7.5 Third Party Services

²¹ This language subject to consultation with the Trustee.

Nothing in this TDP shall preclude the PSAN PI/WD Trust from contracting with another claims resolution organization to provide services to the PSAN PI/WD Trust so long as decisions about the categorization and value of claims are based on the relevant provisions of this TDP, including, in the case of P-OEM Claims, the Injury Levels, Scheduled Values, Base and High Values, and Injury Criteria set forth above. Subject to the terms and conditions of the Trust Agreement, the Trustee may retain one or more Claims Administrators to assist him in aspects of the administration of the PSAN PI/WD Trust, but final determination of Claims by the Trust shall be made by the Trustee.

SECTION 8

Point Value and Periodic Estimates

8.1 PSAN PI/WD Trust's Determination of the Point Value

To seek to ensure substantially equivalent treatment of all present and future PSAN PI/WD Claims, the Trustee must determine from time to time the per-point dollar value of the points used to value TD Claims under Section 5.2 of the TDP (the "Point Value").

Promptly after the PSAN PI/WD Trust is established, the Trustee, with the consent of the TAC, OAC, and FCR, shall set an initial Point Value for TD Claims (the "Initial Point Value"). The Initial Point Value shall be calculated in accordance with Section 8.

The Initial Point Value, and any later determined Point Value, as in effect at the beginning of each calendar year, will be adjusted for inflation annually, beginning as of January 1, 2020 (the "Inflation Adjustment"). The amount of each such Inflation Adjustment shall equal the increase for the preceding year in the Consumer Price Index for All Urban Consumers ("CPI-U"), but such Inflation Adjustment for any year shall not be less than an increase of 2% or more than an increase of 5%. The Trust shall rely upon CPI-U as published by the United States

Department of Labor, Bureau of Labor Statistics (“BLS”); provided, however, that if BLS ceases to publish CPI-U, the Trustee shall select the most comparable index of inflation published by BLS or another reputable and established source.

At least thirty (30) days prior to proposing in writing to the TAC, OAC, and FCR a change in the Point Value, the Trustee shall issue a written notice to Claimants or Claimants’ counsel indicating that the Trustee is reconsidering such Point Value.

There is uncertainty surrounding the value of the PSAN PI/WD Trust’s assets in the future. There is also uncertainty surrounding the totality of the TD Claims to be paid over time. If the value of the PSAN PI/WD Trust’s future assets increases significantly and/or if the value or volume of TD Claims actually filed with the PSAN PI/WD Trust is significantly lower than originally estimated, the PSAN PI/WD Trust shall use those proceeds and/or claims savings, as the case may be, first to maintain the Point Value then in effect.

If the Trustee, with the consent of the TAC, OAC, and FCR, makes a determination to increase the Point Value due to a material change in the estimates of the PSAN PI/WD Trust’s future assets and/or liabilities, the Trustee shall also make supplemental payments to Claimants and Indirect Claimants who previously liquidated their claims against the PSAN PI/WD Trust and received payments based on a lower Point Value; provided, however, that no supplemental payments will be made to a Claimant who has already received a PSAN PI/WD Top-Up Amount as defined by the Plan. The amount of any supplemental payment shall be the liquidated value of the TD Claim in question multiplied by the newly adjusted Point Value, less all amounts previously paid by the Trust to the Claimant or Indirect Claimant for that TD Claim.

The PSAN PI/WD Trust’s obligation to make a supplemental payment to a Claimant or Indirect Claimant shall be suspended in the event the payment in question would be less than

\$100.00, and the amount of the suspended payment shall be added to the amount of any prior supplemental payment/payments that was/were also suspended because it/they would have been less than \$100.00. However, the PSAN PI/WD Trust's obligation shall resume, and the PSAN PI/WD Trust shall pay any such aggregate supplemental payments due the Claimant or Indirect Claimant at such time that the total exceeds \$100.00.

8.2 Computation of Point Value

As provided in Section 8.1 above, the Trustee, with the consent of the TAC and the FCR, shall establish the Initial Point Value after the Plan's Effective Date.

The Trustee shall base his determination of the Point Value on current estimates of the number, types, and Points assigned present and future TD Claims, the value of the assets then available to the PSAN PI/WD Trust for payment of TD Claims, all anticipated administrative and legal expenses, and any other matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all present and future holders of PSAN PI/WD Claims. When making these determinations, the Trustee shall evaluate all relevant factors to determine a conservative Point Value with the goal of assuring that the PSAN PI/WD Trust will pay a comparable percentage of each TD Claim's total value to all present and future holders. The Point Value shall be subject to change pursuant to the terms of the TDP and the PSAN PI/WD Trust Agreement. The Trustee shall review the then-applicable Point Value as he deems necessary to assure that it is based on accurate, current information, and shall compare the liability forecast on which the then-applicable Point Value was based with the actual claims filing and payment experience of the PSAN PI/WD Trust to date, and the projected assets of the PSAN PI/WD Trust on which the then-applicable Point Value was based with the current assets, and any updated projections of asset values, of the PSAN PI/WD Trust. If the results of the

comparisons call into question the ability of the PSAN PI/WD Trust to rely upon the current liability and asset forecasts, the Trustee may, if necessary, propose a change in the Point Value. Any change in the Point Value must be approved by the Trustee and the FCR, after consultation with the TAC and the OAC.

8.3 Applicability of the Point Value

Except as otherwise provided in (a) Section 7.1 for TD Claims involving deceased or incompetent Claimants for which approval of the PSAN PI/WD Trust's offer by a court or through a probate process is required; and (b) the paragraph below with respect to Released Claims; no holder of any TD Claim shall receive a payment that exceeds the product of the total points attributed to the claim under the TD Claim Process multiplied by the Point Value in effect at the time of payment.

If a redetermination of the Point Value has been proposed in writing by the Trustee to the TAC, OAC, and FCR but has not yet been adopted, the Claimant or Indirect Claimant, as applicable, shall receive the lower of the current Point Value or the proposed Point Value. However, if the proposed Point Value is the lower amount but is not subsequently adopted, the Claimant or Indirect Claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed Point Value is the higher amount and is subsequently adopted, the Claimant or Indirect Claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount. In either event, however, no supplemental payments will be made to a Claimant who has already received a PSAN PI/WD Top-Up Amount, although a participating OEM may receive a credit in such circumstances.

Notwithstanding anything contained herein, if the proposed Point Value is lower than the current Point Value, a Claimant whose TD Claim was liquidated prior to the date on which the redetermination of the Point Value was proposed (the “Proposal Date”) and who either (a) transmitted²² an executed release to the PSAN PI/WD Trust prior to the Proposal Date or (b) with respect to those Claimants who had received releases fewer than thirty (30) days prior to the Proposal Date, transmitted an executed release to the PSAN PI/WD Trust within thirty (30) days of the Claimant’s receipt of the release (the claims described in (a) and (b) are collectively referred to herein as the “Released Claims”) shall be paid based on the current Point Value (the “Released Claims Point Value”). For purposes hereof, (a) a Claimant represented by counsel shall be deemed to have received a release on the date that the Claimant’s counsel receives the release, (b) if the PSAN PI/WD Trust transmits a release electronically, the release shall be deemed to have been received on the date the PSAN PI/WD Trust transmits the offer notification, and (c) if the PSAN PI/WD Trust places the release in the U.S. mail, postage prepaid, the release shall be deemed to have been received three (3) business days after such mailing date. A delay in the payment of the Released Claims for any reason shall not affect the rights of the holders of the Released Claims to be paid based on the Released Claims Point Value.

SECTION 9

Miscellaneous

9.1 Amendments

²² For purposes of this sentence, “transmitted” is defined as the date/time postmarked if submitted by mail or the date/time uploaded if submitted electronically.

Except as otherwise provided herein, the Trustee may amend any provisions of this TDP except the methodology for valuing TD Claims and Indirect Claims (including, without limitation, amendments to conform this TDP to advances in scientific or medical knowledge or other changes in circumstances), provided that (i) he or she first obtains the unanimous consent of the TAC, the OAC, and the FCR pursuant to the consent process set forth in Sections 5.7, 6.7, and 7.6 of the PSAN PI/WD Trust Agreement; (ii) the right to adjust the Point Value for TD Claims is governed by Section 8 above; and (iii) such amendments, modifications, deletions, or additions do not impact the Channeling Injunction and are not otherwise inconsistent with the Confirmation Order or the Plan. Nothing herein is intended to preclude the TAC, the OAC, the NP-OEMs or the FCR from proposing to the Trustee, in writing, amendments to this TDP. The Trustee, after consultation with the TAC, OAC, and FCR, may make changes as necessary for the administration of the PSAN PI/WD Trust, so long as those changes do not amend the terms of this TDP, the PSAN PI/WD Trust Agreement, the Channeling Injunction, Confirmation Order, the Plan, or other Plan Document.

9.2 Extensions of Time

Upon written request, the Trustee may in his discretion grant extensions of time for any deadline or time limit identified herein to any Claimant or OEM.

9.3 Severability

Should any provision contained in this TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this TDP.

9.4 Governing Law

Administration of this TDP shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the determination of PSAN PI/WD Claims in the case litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in Section 6.4(a) above.

9.5 Claims Audit Program

The TDP includes an audit program ("Claims Audit Program") to assist in the prevention of consideration of suspicious evidence included in any Claimant Submission.

9.5(a) Trustee Audit

The Trustee may select TD Claims and P-OEM Claims for audit if the Trustee determines, based upon experience with the claims process, that the Claim Submission may contain fraudulent documentation or misrepresentations of material fact relating to the claim.

9.5(a)(1) TD Claim Audit

If a TD Claim is selected for audit, the Trustee shall promptly notify the Claimant or Indirect Claimant as applicable, of the selection of the claim for audit, the specific reasons the Trustee suspects a Claimant or Indirect Claimant has submitted fraudulent documentation or made misrepresentations of material fact, and which specific documents or statements are alleged to be suspect. The audited party shall, within 30 days, submit to the Trustee, documentation establishing the accuracy and reliability of the documentation or misrepresentation the Trustee has put at issue. If, after completing an audit, the Trustee determines that the Claimant or Indirect Claimant has not intentionally supplied false evidence or made intentional misrepresentations of material fact, the Trustee shall proceed to evaluate and pay the TD Claim. If the Trustee determines that the TD Claim is fraudulent, he will not pay the

claim The Trustee may, as he deems appropriate, report the alleged fraudulent conduct to the Bankruptcy Court or to law enforcement.

9.5(a)(2) P-OEM Claim Audit

If the Trustee selects a P-OEM Claim for audit, the Trustee shall promptly notify the Claimant and Participating OEM of the selection of the claim for audit, the specific reasons the Trustee suspects a Claimant or Participating OEM has submitted fraudulent documentation or made intentional misrepresentations of material fact, and which specific documents or statements are alleged to be suspect. The Participating OEM and Claimant shall, within 90 days, submit to the Trustee, documentation establishing the accuracy and reliability of the documentation or misrepresentation the Trustee has put at issue. If, after completing an audit, the Trustee determines that the Claimant or Participating OEM has not intentionally supplied false evidence or made intentional misrepresentation of material fact, the Trustee shall proceed to evaluate and pay the P-OEM Claim.

If, after completing an audit, the Trustee determines that the Claimant or Participating OEM has intentionally supplied false evidence or made intentional misrepresentation of material fact, the Trustee shall notify them both. The Claimant or Participating OEM still suspected may then respond, within 15 days, with any evidence indicating that it has not intentionally submitted fraudulent documentation or has not made an intentional misrepresentation of material fact. Alternatively, for the Claimant, he shall be given an opportunity to withdraw his claim. If the Trustee accepts such additional evidence or explanation, the Trustee shall proceed to evaluate and pay the P-OEM Claim. If the Claimant or Participating OEM does not respond to the Trustee's notice, or if the Trustee, after considering the response, does not alter its determination, the Trustee shall exclude any such suspect evidence. The ultimate determination of

compensability and valuation for that P-OEM Claim will be subject to the Appeals Process in the same manner as any other Scheduled Claim or IR Claim, as applicable. If the Appeal Panel upholds the Trustee's determination that the audited Claimant or Participating OEM intentionally supplied false or fraudulent information material to the claim, the Trustee may require the Claimant or Participating OEM to pay the costs associated with the audit. In addition, the Trustee may report the alleged fraudulent conduct to the Bankruptcy Court or to law enforcement.

9.5(b) OAC-TAC-FCR Financial Audit

The Participating OEM(s) on the OAC, the TAC, and the FCR shall have the right, beginning on the first January after the Effective Date, and each January thereafter, to cause an annual audit to of the Trust's operations including payment of claims to be performed by a Certified Public Accountant upon the financial records of the Trust. Complete copies of such audits shall be provided to the Bankruptcy Court, Trustee, OAC, TAC, and FCR.

9.5(c) OAC, TAC, and FCR General Audit

The Participating OEM(s) on the OAC, the TAC, or the FCR shall be entitled to individually audit and review all aspects of the PSAN PI/WD Trust, including but not limited to its operations, claims processing procedures, and results. The Trustee shall provide to the auditing party, at their sole discretion and, if the auditing party is a Participating OEM, the Participating OEM's sole expense, such information and documentation as they request. The Trustee shall cooperate with the auditing party in connection with any such audit, including but not limited to providing the OAC reasonable access to the Trustee and Claims Administrator's personnel for interviews and reasonable direct access to any computer hardware, software, or data used or maintained by the PSAN PI/WD Trust. Such an audit shall be at the sole discretion and expense of the auditing party, and if the auditing party is a P-OEM, at that P-OEM's sole

expense. The auditing party may – and shall be entitled to as part of its audit rights – make recommendations to the Trustee, OAC, TAC, and FCR, as applicable, concerning the PSAN PI/WD Trust, including but not limited to the PSAN PI/WD Trust’s claims processing operations. Any dispute between the Trustee, OAC, TAC, and FCR arising from the recommendations of an auditing party shall be subject to the dispute resolution procedures set forth in Section 8.13 of the PSAN PI/WD Trust Agreement.

9.6 Consenting OEM and OAC Consent Rights

The following terms and provisions of this TDP may not be amended or modified without the consent of the Consenting OEMs, which consent may not be unreasonably withheld: (1) the methodology for valuation of TD Claims as set forth in section 1.2 herein, (2) section 5.5, (3) footnote 7 and any term or provision of similar meaning, and (4) the first paragraph of section 9.6. In addition, this TDP may not be amended or modified to impose additional obligations on the Consenting OEMs that otherwise affect the rights of the Consenting OEMs in any material respect without the consent of the Consenting OEMs, which consent may not be unreasonably withheld. The procedures for obtaining such consent are specified in the PSAN PI/WD Trust Agreement. The Consenting OEMs reserve any and all rights, and are granted standing as third-party beneficiaries of this TDP, to enforce the terms or provisions of this TDP pertaining to the Consenting OEMs or the OEMs generally.

In addition, as provided in the PSAN PI/WD Trust Agreement, if there is not at least one Participating OEM, the OAC shall not be formed and the rights granted to the OAC hereunder shall be deemed to be of no force and effect. For any matter in which this TDP requires the consent of the OAC, the consent of the OAC shall not be unreasonably withheld. The procedures

for obtaining such consent are specified in the PSAN PI/WD Trust Agreement. This paragraph of section 9.6 may not be amended without the consent of the OAC.

Exhibit A

TD Claim Process

A. Valuation Process

The first step in the TD Claim valuation process is to classify the types of injury claims into a manageable number of categories in a manner that is objectively based on the settlement history, consistent, efficient for claims handling purposes, explainable and understandable, and grounded in the way in which experts in the valuation and settlement of such cases (plaintiff and defense attorneys) have actually valued them in the past in real cases. For purposes of valuing TD Claims, the following types of injuries will be used: (i) fatality; (ii) permanent loss of vision in two eyes; (iii) permanent loss of vision in one eye; (iv) other eye injuries; (v) traumatic brain injury; (vi) larynx/vocal cord injuries; (vii) skull/dental/mandibular fractures; (viii) head/face/neck lacerations, scars, or burn disfigurements; (ix) facial nerve damage; (x) neck/back injuries; (xi) torso/limb lacerations, scars, burns, or disfigurement; (xii) permanent hearing loss/impairment; (xiii) non-permanent hearing injuries; (xiv) other broken bones/fractures; (xv) vascular complications (xvi) internal injuries; (xvii) injury to pregnancy; (xviii) concussion; (xix) minor bruising; (xx) fetal fatality;²³ and (xxi) dental injury. Individual injuries within these twenty-one categories may then be classified as mild, moderate, or severe.

The second step in the TD Claim valuation process is to assign relative values, i.e. points, to each injury category and subcategory, taking care to relatively value each type of injury clearly, fairly, objectively, and consistently. The TD Claim points schedule assigns a specific

²³ This claim is compensable only if permitted by applicable law.

number of points to each of the identified injury categories and, where appropriate, for mild, moderate, and severe subcategories within each category. In addition, the schedule identifies situations where additional points may be added to a claim based on factors such as age and number of dependents to adjust the relative case value consistent with the historical settlement experience and fairness.

The dollar value of each point shall be determined and adjusted periodically in accordance with Section 8 of the TDP.

B. Points Schedule

Injury	Level 3 (Mild)	Level 3 (Moderate)	Level 1 (Severe)	Additional Factors for Level 1 Injuries	Additional Points
1. Fatality			4,000	Prolonged suffering	1,500
				Age under 25	3,000
				Age between 25 and 39	2,000
				Age 40 to 59	1,000
				Spouse/each dependent	75
2. Permanent loss of vision - two eyes			4,000	Age under 25	500
				Age between 25 and 49	250
				Spouse	75
3. Permanent loss of vision - one eye			2,000	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
4. Other eye injuries	100	400	1,000		
5. Traumatic Brain Injury	250	750	2,000	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
6. Larynx/vocal cord injury	100	400	2,000	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
7. Skull/dental/mandible fractures	100	350	1,600		
8. Head/face/neck laceration, scars, burns disfigurement	100	350	1,000		
9. Facial nerve damage/paralysis	100	400	1,000	Age under 25	500
				Age between 25 and 49	250
10. Neck/back injuries	10	350	2,000		
11. Torso/limb laceration, scars, burns, disfigurement	20	100	275		
12. Permanent hearing loss/impairment	100	500	1,500	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
13. Hearing - non-permanent injuries	10	100	150		
14. Other broken bones/fractures	40	150	600		
15. Vascular complications		50	150		
16. Internal injuries		50	250		
17. Injury to pregnancy		50	500		
18. Concussion		20	80		
19. Minor bruising/None		10	25		
20. Fetal fatality			4,000		
21. Dental injury	25	50	150		

EXHIBIT B

Scheduled Claim Process

A. Valuation Process

To determine the Scheduled Value for a Compensable Claim, first, the Trustee shall review the Claim Submission, identify the Injury Types claimed by the Claimant and then determine which of the Injury Type(s) claimed, if any, were caused by the PSAN Inflator Defect subject to the above criteria for Rupture and Aggressive Deployment Claims. Each Injury Type is assigned a value range (Base to High) in the Valuation Schedule. The default value for a Claimant's injury is the Base value for the corresponding Injury Type, but may be increased based on the Global Adjustment Criteria listed below in this section and the Specific Injury Adjustment Criteria listed in the Valuation Schedule.

Second, if the Claimant's compensable injuries fall into more than one Injury Type within a single Group, the Claimant will receive compensation for those injuries within the range of the most valuable of those Injury Types. As noted below, the existence of multiple injuries within the same Group is a Global Adjustment Criterion that justifies increasing a Claimant's compensation amount within the range.

Third, if the Claimant's compensable injuries fall into more than one Group and/or Ungrouped Injury Type, compensation for each Group and/or Ungrouped Injury Type will be added together ("stacked") to determine the total compensation amount for the Claimant. For stacked injuries, the minimum scheduled value will be the sum of the Base value for each Group and/or Ungrouped Injury Type for which the Claimant has a Compensable Claim and meets the applicable Injury Criteria. However, the Trustee may stack no more than three different Groups and/or Ungrouped Injury Types (using the highest three) when calculating the total compensation

amount. The total compensation amount represents the total and complete value that will be paid to the Claimant for his injuries. Nothing in this Agreement, Plan or the TDP interferes with a Claimant's obligation, if any, to pay attorney's fees.

Beginning in 2019, and every other year thereafter, the scheduled values, both Base and High, shall be adjusted upward by the percentage increase in the Core Consumer Price Index (CPI) from the value for the prior year, but such adjustment will never fall below 2% and never exceed 5%.

The Trustee may adjust the compensation amount within the Valuation Schedule based on Global Adjustment Criteria and Specific Injury Adjustment Criteria where appropriate.

Global Adjustment Criteria include:

- Life expectancy, age, and pre-accident health of Claimant
- Existence and age of dependents
- Past and future economic loss (excluding medical and/or funeral expenses) and household services calculated to present value
- Past and future medical expenses calculated to present value – using Core CPI from prior year
- Severity and/or permanency of injury
- Any unique effect of the injury on the Claimant's quality of life
- Pain and suffering
- Existence of multiple injuries not separately compensated
- Existence of bystander Claims under applicable law
- Existence of loss of consortium Claims under applicable law

Potential Specific Injury Adjustment Criteria are identified in the Valuation Schedule. The Valuation Schedule is organized into Groups of Injury Types as follows.

- Group 1: Lacerative Injuries
 - Minor Bruising
 - Neck or Back Injuries
 - Torso/Limb Lacerative Injuries
 - Head/Facial/Neck Lacerative Injuries
 - Skull/Facial/Neck Fractures
 - Permanent eye injury not resulting in any degree of legal blindness
 - Loss of Vision in One Eye
 - Loss of Vision in Two Eyes
- Group 2: Traumatic Brain Injury
 - Mild TBI
 - Moderate TBI
 - Severe TBI
- Group 3: Other Laceration-Related Injury
 - Larynx or Vocal Cord Injury
 - Vascular Complications
 - Nerve Damage or Facial or Limb Paralysis
- Group 4: Hearing Injury
 - Non-permanent Hearing Injury
 - Permanent Hearing Injury
 - Permanent Hearing Loss or Impairment
- Ungrouped Injury Types
 - Non-permanent eye injury
 - Other Broken/Fractured Bones
 - Internal Injuries
 - Injury to Pregnancy
 - Dental Injury

B. Valuation Schedule

Fatality

Compensation for a fatality is not stackable (i.e., a Claimant who receives compensation for a Fatality will not receive separate compensation for any other Injury Type).

Injury Type	Values	Injury Criteria
Fatality	Base: \$2,000,000 High: \$5,000,000	Specific Injury Adjustment Criteria for a Fatality include miscarriage. ²⁴ For a Fatality, all Global Adjustment Criteria apply.

Group 1: Lacerative Injuries

Claimant receives compensation in the range of most valuable Injury Type in this Group for which he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

Injury Type	Values	Injury Criteria
Minor Bruising	Base: \$10,000 High: \$50,000	Minor bruising, contusions, or swelling. A minor bruise or contusion is a temporary bruise under the skin (subcutaneous) that might also involve deep bruising of the muscles (intramuscular). It does <u>not</u> include bruising of the bones (periosteal).
Neck or Back Injuries	Base: \$25,000 High: \$1,000,000	A neck or back injury or aggravation to existing neck or back injury confirmed by a medical opinion of a board-certified physician. To receive compensation for nerve-related vertebrae damage requires medical documentation by a board-certified neurologist or neurosurgeon of the severity of the injury.

²⁴ If the fatality of a pregnant mother also results in miscarriage of an unborn fetus, the Trustee may consider this fact in determining the level of compensation for the death of the mother if such claim is compensable under applicable law.

Injury Type	Values	Injury Criteria
Torso/Limb Lacerative Injuries ²⁵	Base: \$25,000 High: \$750,000	Abrasions, cuts, lacerations, contact burns, scarring, or other damage to the soft tissue of the torso or limbs, beyond minor bruising. ²⁶ Includes bruising of the bones (periosteal).
Head/Facial/Neck Lacerative Injuries	Base: \$50,000 High: \$1,250,000	Lacerations, disfigurement, abrasions, cuts, contact burns, scarring, or other damage to the soft tissue of the head (including scalp, face, and ears) and/or neck, beyond minor bruising. Includes bruising of the bones (periosteal).
Head/Facial/Neck Fractures	Base: \$100,000 High: \$1,500,000	Fracture of skull, mandible, facial bones, and/or neck. Specific Injury Adjustment Criteria include need for surgical treatment, hospitalization, and severity of lacerations and scarring.

²⁵ Specific Injury Adjustment Criteria for all lacerative injury categories include but are not limited to the following: number or severity of these and other injuries; visibility when clothed; surgical or non-surgical removal of metal fragments from skin; surgical drain; surgical scar repair; number of surgeries; infection; hypertrophic scars; keloid scars; atrophic scars; disfigurement; sensory, and/or autonomic impairment or weakness; and neuropathy. If the Claimant is seeking compensation for sensory and/or autonomic impairment or weakness or neuropathy, then that injury must be supported by diagnosis of a board-certified neurologist or neurosurgeon. Relevant properties of scars include size, thickness, reduced pliability, pigmentation, pain, innervation, pruritus, texture, vascularity, irregularities, hatchmarks, location, surface area, depth, and thickness. Claimant may submit a scar severity rating prepared by a qualified medical professional, and if applicable submit ratings on a rating scale, including but not limited to the Stony Brook, Vancouver, the Manchester Scar Scale, and POSAS scales. Scarring may be from lacerations, burns, and/or any subsequent treatments.

²⁶ For all lacerative injury categories, “soft tissue” includes oral and nasal tissue, muscles, ligaments, and tendons.

Injury Type	Values	Injury Criteria
Permanent eye injury not resulting in any degree of legal blindness	Base: \$100,000 High: \$1,250,000	Permanent eye injury diagnosed by a board-certified ophthalmologist, including but not limited to permanent diminished vision. Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by board-certified ophthalmologist, inability for the impairment to be corrected, overall vision of Claimant.
Loss of Vision in One Eye	Base: \$1,750,000 High: \$5,000,000	Diagnosis of uncorrectable legal blindness in one eye at the time of evaluation by a board-certified ophthalmologist. The Claimant's overall vision in both eyes pre- and post-trauma should be considered when determining appropriate compensation.
Loss of Vision in Two Eyes	Base: \$3,000,000 High: \$5,000,000	Diagnosis of uncorrectable legal blindness in both eyes at the time of evaluation by a board-certified ophthalmologist. The Claimant's overall vision in both eyes pre- and post-trauma should be considered when determining appropriate compensation. For the avoidance of doubt, if a Claimant already was legally blind in one eye, and the event resulted in legal blindness in the other eye, this category governs.

Group 2: Traumatic Brain Injury

Claimant receives compensation in the range of the most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

Traumatic Brain Injury Type	Values	Injury Criteria
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Traumatic Brain Injury Type	Values	Injury Criteria
Mild Traumatic Brain Injury (Concussion)	Base: \$25,000 High: \$300,000	Requires: (1) Diagnosis of a traumatic brain injury (“TBI”) ²⁷ by a board-certified or treating physician; and (2) supporting medical documentation establishing the degree and severity of the TBI.
Moderate Traumatic Brain Injury	Base: \$250,000 High: \$750,000	Requires: (1) Diagnosis of a moderate TBI ²⁸ and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.
Severe Traumatic Brain Injury	Base: \$1,000,000 High: \$3,000,000	Requires: (1) Diagnosis of a severe TBI ²⁹ and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.

²⁷ Mild TBI is defined as a loss or alteration of consciousness for less than thirty minutes, post-traumatic amnesia of less than one hour where observable in light of the claimant's multiple injuries, demonstrated and documented focal neurologic deficits that may or may not be transient, and/or Glasgow Coma Score (GCS) of 13-15, an AIS-Head of 1, or other TBI rating tool typically relied on by a neurologist. Mild TBI is also known as concussion. See Daniel Friedland, Peter Hutchison, *Classification of Traumatic Brain Injury*, *Advances in Clinical Neuroscience and Rehabilitation* (July 27, 2013), <http://www.acnr.co.uk/2013/07/classification-of-traumatic-brain-injury>.

²⁸ Moderate TBI entail loss of consciousness for greater than thirty minutes, post-traumatic amnesia for greater than one hour where observable in light of the claimant's multiple injuries, and additional ratings the neurologist concludes supports the diagnosis, which could include a GCS of 9-12, an AIS-Head of 2, or other TBI rating tool typically relied on by a neurologist. *Id.*

²⁹ Severe TBI entail all of the moderate criteria listed above, and requires additional ratings the neurologist concludes supports the diagnosis, which could include a GCS of 8 or lower, an AIS-Head of 3 or higher, or other TBI rating tool typically relied on by a neurologist.

Group 3: Other Laceration-Related Injury

Claimant receives compensation in the range of most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

Other Laceration-Related Injury Type	Values	Injury Criteria
Larynx or Vocal Cord Injury	Base: \$150,000 High: \$2,500,000	Larynx, trachea, or vocal cord injury (including injuries that result in partial loss of voice) confirmed by a medical opinion of a board-certified physician. Specific adjustment criteria can include level of severity of laryngeal trauma on Schaefer Classification system. Compensation for permanent loss of voice must be supported by diagnosis by a board-certified ear, nose, and throat physician. If such physician diagnoses total loss of voice, the Claimant has an automatic right to IR.
Vascular Complications	Base: \$50,000 High: \$400,000	Diagnosis of injury caused by loss of blood or damage to circulatory system confirmed by a medical opinion of a board-certified physician.
Nerve Damage, Facial or Limb Paralysis	Base: \$50,000 High: \$2,500,000	Nerve damage or paralysis of facial or limb muscles including motor impairment. This category does not include nerve-related vertebrae injuries to the neck or back. To receive compensation for this injury, the claimant must submit medical documentation of the severity and permanency of the injury by a board-certified neurologist or neurosurgeon. Specific Injury Adjustment Criteria would include the degree and location of nerve damage (e.g., facial, loss of use of limb/hand).

Group 4: Hearing Injury

Claimant receives compensation in the range of most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

Hearing Injury Type	Values	Injury Criteria
Non-permanent Hearing Injury	Base: \$10,000 High: \$125,000	Tinnitus, inner ear pain, temporary hearing loss, balance issues, or other ear related injuries such as eardrum damage, supported by a qualified physician.
Permanent Hearing Injury	Base: \$100,000 High: \$1,500,000	Permanent moderate to severe tinnitus, inner ear pain, slight, mild, or moderate hearing loss, mildly or moderately diminished speech recognition, balance issues, or other ear related injuries such as eardrum damage, confirmed by a board-certified ear, nose, and throat ("ENT") physician.
Permanent Hearing Loss or Impairment	Base: \$150,000 High: \$3,000,000	Permanent diminishment of hearing and/or reduced speech recognition confirmed by a board-certified ear, nose, and throat ("ENT") physician. Specific Injury Adjustment Criteria include pre-accident hearing status, classification by an ENT of severity of hearing loss using recognized dB scale, severe diminished speech recognition, and the effect of auditory aids mitigation and ongoing speech/hearing therapy.

Stackable Injury Types Not in a Group

Claimant receives compensation in the applicable range for each of the Injury Types below for which s/he qualifies, if any. Compensation for these Injury Types is stackable with compensation for all Groups.

Injury Type	Values	Injury Criteria
Non-permanent eye injury	Base: \$10,000 High: \$175,000	Non-permanent eye injury diagnosed by a physician, including but not limited to non-permanent diminished vision. Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by physician, and overall vision of Claimant.
Other Broken/Fractured Bones	Base: \$25,000 High: \$175,000	Broken or fractured bones other than skull and facial bones. Specific Injury Adjustment Criteria include need for surgical treatment, and consideration that the likelihood of limb fractures from rupture event is extremely rare and likelihood of lower extremity fractures caused by airbag deployment is extremely rare unless occupant is out of position.
Internal Injuries	Base: \$50,000 High: \$500,000	Damage to the internal organs, such as collapsed lung, spleen, kidney, damage to diaphragm, etc. confirmed by a medical opinion of a board-certified physician.

Injury Type	Values	Injury Criteria
Injury to Pregnancy	Base: \$100,000 High: \$2,000,000	Miscarriage, complications to pregnancy, or injury to fetus confirmed by a medical opinion of a board-certified obstetrician. ³⁰ This category is only applicable where the mother is not deceased. If the mother's case is a fatality, then the fatality category governs. Additionally, see footnote 23 above.
Dental Injury	Base: \$25,000 High: \$125,000	Loss of one or more teeth or other dental injury. Specific Injury Adjustment Criteria include number and location of teeth damaged or lost, number and duration of treatments to replace the teeth or get implants, position of teeth, projected future cost of replacing the implants, and impact on everyday life.

C. Loss of Consortium and Bystander Claims

The Trustee may increase a Claimant's compensation within the applicable range(s) based on the availability of a Loss of Consortium and/or Bystander Claim under the applicable law of any jurisdiction in which the claim could be properly filed. The Trustee shall take into account whether the claim would be permitted by the relevant state law most favorable to the Claimant that could be applied to the claim in the tort system.

A Claimant may request consideration for either or both of these Global Adjustment Criteria with submission of a Claim, and submit supporting documentation at that time. If the Trustee finds that either or both of these Global Adjustment Criteria are applicable, he will determine a single value for the Claim and apportion the amount between the person directly

³⁰ This claim is compensable only if permitted by applicable law.

injured and the third party or parties. Any third party (such as a Bystander or Loss of Consortium claimant) for whom compensation was provided must provide a Claimant Release.

EXHIBIT C**Jury Instruction**

1. The Defendant in this case is a PSAN PI/WD Trust (the “PSAN Defendant”) created by the United States Bankruptcy Court when Takata filed for bankruptcy. The PSAN Defendant was created to provide compensation for injuries caused by defective Takata inflators. The PSAN Defendant has assumed the liability of Takata for injuries caused by defective inflators designed, manufactured, and sold by Takata, and liability of [Relevant P-OEM] for injuries caused by defective Takata inflators installed in [Relevant P-OEM] vehicles. Therefore, the PSAN Defendant is responsible just as if it were both [Relevant P-OEM] and Takata, and they were the defendants here.
2. In order to recover in this case, the Plaintiff must prove three essential elements of her claim by the preponderance or greater weight of the evidence. She must prove: (1) that the Defendant designed, manufactured or sold a product that was at the time it was sold in a defective condition unreasonably dangerous to the Plaintiff; (2) the Plaintiff suffered personal injuries; and (3) the defective product was a contributing cause of the Plaintiff’s injuries.
3. The Defendant agrees and stipulates that Takata designed manufactured and sold the airbag inflator that is the subject of this action and that [Relevant P-OEM] sold that inflator by incorporating it into the (model and model year) vehicle in which the Plaintiff was a passenger (or the driver.) The Defendant further agrees that the inflator was in a defective condition unreasonably dangerous when it was sold. Therefore, the first element of Plaintiff’s claim is established and requires no further proof by the plaintiff. You must accept the stipulation as conclusive evidence that the product was defective.

4. Therefore, in order for Plaintiff to recover in this case you must answer the following questions:
- Did Plaintiff present evidence to convince you that by a preponderance of the evidence more likely than not the PSAN Inflator Defect was a contributing cause of the Plaintiff's injuries [or death]? If the answer to that question is no, you must find the Defendant is not liable and render a verdict in favor of the Defendant. [If causation is admitted this will be omitted and Causation stipulated above] [If aggressive deployment alleged, add enhancement language]
 - If the answer to that question is yes, you will be asked to determine the amount of money that will fully and fairly compensate Plaintiff for those injuries and award those damages in favor of the Plaintiff.

EXHIBIT N-1

Redline

~~PSAN PI/WD TRUST DISTRIBUTION PROCEDURES[†]~~

~~THIS DOCUMENT HAS NOT BEEN APPROVED OR CONSENTED TO BY THE FUTURE CLAIMANTS' REPRESENTATIVE OR THE OFFICIAL COMMITTEE OF TORT CLAIMANTS OR ANY OF THEIR REPRESENTATIVES, AND IS SUBJECT TO REVIEW, NEGOTIATION AND REVISION IN ALL RESPECTS. THE FCR AND TCC HAVE RESERVED ALL RIGHTS WITH RESPECT TO THIS DOCUMENT.~~

~~THE OFFICIAL COMMITTEE OF TORT CLAIMANTS RESERVES ALL RIGHTS WITH RESPECT TO ANY PROVISION IN THE TDP WHICH PURPORTS TO ESTABLISH DIFFERING DEBTOR LIABILITY TO ANY TRUST BENEFICIARY BASED UPON THE TYPE, KIND, OF MANUFACTURER OF THE VEHICLE IN WHICH THE BENEFICIARY WAS INJURED. MOREOVER, THE TORT CLAIMANTS COMMITTEE RESERVES ALL RIGHTS WITH RESPECT TO WHETHER THE TRUST BENEFICIARIES HAVE RECEIVED ADEQUATE INFORMATION ABOUT TO MAKE AN INFORMED DECISION ABOUT HOW TO VOTE ON THE PLAN.~~

~~[†]No Non-Participating OEM has consented to the TDP, which is the subject of ongoing negotiations and is expected to be modified during the course of proceedings in these cases. Such modifications may be material, including, but not limited to, amendments or additional documents to address the treatment of claims involving vehicles of Non-Participating OEMs to make clear that such claims are not subject to, among other things, the Valuation Schedule, Liquidated Value, Maximum Value, and Minimum Value described in the TDP, and may instead be evaluated, processed and determined pursuant to a process as yet to be determined.~~

~~Non-Participating OEMs have not waived and do not waive any and all rights that they may have with respect to the TDP and the transactions contemplated thereby, including objection rights, and, reserve all rights, remedies, defenses and powers available at law or in equity or otherwise. None of the Debtors, Participating OEMs, FCR, Tort Committee, Trustee, or any other parties shall consider any discussions or course of dealings that any Non-Participating OEM or its representatives have had or may have with them or their representatives as a consent to the TDP and nothing in this TDP is intended or shall be deemed or construed in any way to waive, alter or impair the ability of Non-Participating OEMs to supplement, revise, amend or alter in any way the provisions in the TDP.~~

PSAN PI/WD TRUST DISTRIBUTION PROCEDURES

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PSAN PI/WD TRUST DISTRIBUTION PROCEDURES

SECTION 1

PSAN PI/WD Trust

1.1 Overview

The goal of the PSAN PI/WD Trust (the “Trust”)²¹ is to provide an efficient process to ~~fully, fairly, and swiftly~~ reasonably compensate ~~any~~-valid PSAN PI/WD ~~Claim over which the Delaware Bankruptcy Court has jurisdiction~~ Claims as swiftly as possible, as provided in and required by the Plan and the PSAN PI/WD Trust Agreement. The Trust also has the goal of fully compensating P-OEM Claims. The PSAN PI/WD Trust Distribution Procedures (“TDP”) set forth herein apply to all PSAN PI/WD Claims ~~over which the Delaware Bankruptcy Court has jurisdiction~~. The TDP should be read together with its Exhibits, all of which are incorporated herein. The Trustee of the PSAN PI/WD Trust (the “Trustee”) shall implement and administer the TDP in accordance with the Plan, the PSAN PI/WD Trust Agreement, the Participating OEM Contribution Agreement, and the Confirmation Order. Pursuant to the Plan and the PSAN PI/WD Trust Agreement, the Trustee shall administer the Trust and this TDP in consultation with the TAC, the OAC, and the FCR, as set forth herein and in other applicable Trust documents. Nothing in these documents is admissible in ~~court~~ any legal proceeding to prove the existence or absence of a defect in a Takata PSAN inflator.

The ~~current version of the~~ TDP provides procedures for valuing and paying ~~TABI Claims~~

²¹ Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the PSAN PI/WD Trust Agreement, or if not defined herein or in the PSAN PI/WD Trust Agreement, in the Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors (the “Plan”).

~~through the TABI Program, as those terms are defined in Section 2.³ The Trustee, with the consent of the TAC and the FCR, will develop procedures for valuing and paying PSAN PI/WD Claims that are not TABI Claims and over which the Delaware Bankruptcy Court has jurisdiction, based in the best data available to them with respect to such types of claims.:~~

1. PSAN PI/WD Claims against the Debtors for personal injury or wrongful death caused by their PSAN inflators installed in any OEM's vehicle ("TD Claims" as defined in Section 2.30 below), and
2. PSAN PI/WD Claims against Participating OEMs for personal injury or wrongful death caused by the PSAN Inflator Defect ("P-OEM Claims" as defined in Section 2.19 below).²

Claimants injured in a Non-Participating OEM vehicle receive compensation under this TDP only for any TD Claim they may have against the Debtors, and not for any PSAN PI/WD Claim they may have against Non-Participating OEMs. Nothing in this TDP interferes with any rights these Claimants may have to assert such claims against Non-Participating OEMs in the tort system.

~~³The procedures references in TDP in Sections 3-5 of this TDP relate only to TABI Claims. All terms defined in Section 2 of the TDP except for Sections 2.4, 2.12, 2.13, 2.14, 2.15, and 2.21 pertain only to TABI Claims and incorporate by reference that definition.~~

² If as of the Initial Distribution Date, (a) no Consenting OEM has become a Participating OEM or (b) the PSAN PI/WD Trust's liquid assets (not including estimated future receipts by the PSAN PI/WD Trust) total less than \$40 million in the aggregate, then the Trustee may, and if requested to do so by the TAC or the FCR, shall, promptly develop and propose modifications to this TDP in accordance with Section 2.4 of the Trust Agreement.

PSAN PI/WD Claims valued and paid under this TDP may also be eligible for compensation from the DOJ PI/WD Restitution Fund, administered by the DOJ Special Master. Claimants can apply for compensation from the DOJ PI/WD Restitution Fund using the same Claim Form that is described in this TDP to apply for compensation for TD Claims and/or P-OEM Claims. Any amount paid to a Claimant for a P-OEM Claim will be reduced by the amount, if any, paid to the same person arising out of the same incident from (1) the DOJ PI/WD Restitution Fund and (2) the PSAN PI/WD Trust on account of any TD Claim.

~~If as of the Initial Distribution Date, (a) no OEM has become a Participating OEM and (b) the PSAN PI/WD Trust's liquid assets (not including estimated future receipts by the PSAN PI/WD Trust) total less than \$40 million in the aggregate, then the Trustee, if requested to do so by the TAC or the FCR, shall promptly develop and propose modifications to this TDP in accordance with Section 2.4 of the Trust Agreement.~~

1.2 ~~TABI Claim~~ TD Claims Procedures Generally

~~In order to liquidate TABI~~ To liquidate TD Claims, the TDP establishes a relative valuation process adopted from the Special Master's Individual Restitution Fund Methodology as initially approved by the U.S. District Court for the Eastern District of Michigan (the "Michigan District Court").³ That valuation process classifies compensable claims into injury categories and assigns points to them as provided in Exhibit A to the TDP. The points assigned to each TD Claim will be converted into a monetary award based on the value of each point

³ Any subsequent amendments to the Individual Restitution Fund Methodology shall not be automatically applicable to claims in the PSAN PI/WD Trust, nor shall the Michigan District Court have any authority over the PSAN PI/WD Trust, this TDP, or any claims handled by the PSAN PI/WD Trust.

pursuant to Section 5.2 and Exhibit A. The Trustee shall have no discretion to adopt any other methodology for valuation of TD Claims without the consent of the TAC, FCR, and Consenting OEMs (pursuant to the guidelines set forth in Section 9.6). There can be no guarantee of any specific level of payment to Claimants for TD Claims. However, the Trustee shall use his best efforts to treat similar TD Claims in substantially the same manner, consistent with his duties as Trustee, the purposes of the PSAN PI/WD Trust, and the practical limitations imposed by the inability to predict the future with precision. The TDP also provides for an Extraordinary Review process for certain TD Claims that warrant additional consideration and/or compensation for Claimants whose injury or injuries do not fit within a particular category or deserve extraordinary compensation, as well as a FCR Supplemental Review Process. The parties have agreed that this is a reasonable methodology for valuing TD Claims, considering that the funds available to compensate such TD Claims are limited.

For TD Claims that have not been liquidated by the Debtors or released by the Claimant (other than pursuant to Section 10.6(c) of the Plan) on or before the Effective Date, the PSAN PI/WD Trust shall liquidate TD Claims that meet the requirements for compensability pursuant to Section 4.2 of the TDP.

1.3 P-OEM Claim Procedures Generally

To liquidate P-OEM Claims, the TDP establishes the Scheduled Claim Process, which incorporates a schedule (the “Valuation Schedule”) of potential PSAN Inflator Defect-related injuries (“Injury Types”), each of which have medical requirements (“Injury Criteria”) and values falling between a specific Base (or minimum) value and High (or maximum) value. The Injury Types, Injury Criteria, Base values, High values, and the Scheduled Claim Process have been developed with the intention of satisfying all ~~TABI~~ P-OEM Claims in light of ~~the best~~

available information ~~considering~~, including the Debtors' settlement history, the OEMs' settlement history, the defenses available to the Protected Parties, the individual strengths and weaknesses of each TABI P-OEM Claim, and the rights that Claimants would have in the court system absent the Chapter 11 Cases. The TDP Scheduled Claim Process also provides for an Individual Review ("IR") Process for certain TABI P-OEM Claims that warrant additional consideration, as well as an Appeals Pprocess.

The PSAN PI/WD Trust shall take all reasonable steps to resolve TABI P-OEM Claims as efficiently and expeditiously as possible at each stage of processing and review by the Trustee and, when applicable, the Appeals Panel (the "TABI P-OEM Claim Process").

For TABI P-OEM Claims that have not been liquidated by the Debtors or P-OEM against whom the claim is asserted, or released by the Claimant (other than pursuant to Section 10.6 of the Plan), on or before the Effective Date, the PSAN PI/WD Trust shall liquidate TABI P-OEM Claims that meet the requirements for compensability as set forth in the TDP pursuant to the Scheduled Claim Process and shall value those claims as described in Section 36. Certain TABI P-OEM Claims may undergo the Individual Review Process as described in Section 4.4(e6.2(c)).

All unresolved disputes concerning the Trustee's denial of a TABI P-OEM Claim, or the Trustee's determination of the proper Injury Type or valuation for a TABI P-OEM Claim, shall be subject to review in the Appeals Pprocess as defined and set forth in Section 4.56.3. TABI P-OEM Claims that cannot be resolved by the Appeals Pprocess and any subsequent conference with the FCR may enter the court system subject to the conditions set forth in Section 4.66.4.

~~Claims shall be paid in accordance with the relevant provisions in this TDP and with the PSAN PI/WD Trust Agreement.~~

SECTION 2

Definitions

2.1 Aggressive Deployment Claim. A ~~TABI~~PSAN PI/WD Claim that alleges that the Claimant was injured when the airbag deployed with excessive force caused by the PSAN Inflator Defect.⁴ To receive compensation from the PSAN PI/WD Trust, an Aggressive Deployment Claim must meet the compensability requirements set forth in Section 4.32(b).

2.2 Claimant. An individual who asserts a ~~TABI~~TD Claim or a P-OEM Claim. This definition includes any personal representative or legal representative for the Claimant. ~~{The parties are confirming about the following term: This definition also includes, as a subrogee of a Claimant, any Consenting OEM that has settled a PSAN PI/WD Claim with a Claimant.}~~Where an Indirect Claim has been asserted, for purposes of establishing and evaluating compensability and valuation of the claim, “Claimant” shall mean the individual who allegedly suffered the underlying personal injury or wrongful death.

2.3 Claim Parties. For any individual ~~TABI~~TD Claim, the Trustee and the Claimant (or Indirect Claimant). For any individual P-OEM Claim, the Trustee, the Claimant, and the Participating OEM for that claim.

2.4 Claims Administrator. Any person, persons, or third-party retained by the Trustee to assist in the administration of the PSAN PI/WD Trust. The Trustee will identify on the Trust website the identities and roles of third-parties and others assisting in the administration of the Trust.

⁴ Throughout this document, the terms “caused by” or similar words mean a contributing cause.

2.5 Claim File. All materials submitted to or created by the Trust related to a particular ~~request to the Trust claim~~ for compensation ~~as a TABI Claim~~ pursuant to this TDP.

2.6 Claim Submission. All materials submitted in support of a ~~request to the Trust claim~~ for compensation ~~as pursuant a TABI Claim to this TDP~~, including the Claim Form, supporting documentation, and physical evidence.

2.7 Compensable Claim. A ~~TABI Claim that meets the compensability requirements in Section 4.3 for either a Rupture Claim or an Aggressive Deployment Claim.~~ Compensable P-OEM Claim or Compensable TD Claim.

2.8 Compensable P-OEM Claim. A P-OEM Claim that meets the compensability requirements in Section 4.2 for either a Rupture Claim or an Aggressive Deployment Claim.

2.9 Compensable TD Claim. A TD Claim that meets the compensability requirements in Section 4.2 for either a Rupture Claim or an Aggressive Deployment Claim or that meets the compensability requirements to be determined with regard to any other claims that are determined to be compensable by the PSAN PI/WD Trust.

2.10 ~~2.8~~ Enhanced Injury. Injuries suffered by a Claimant that are alleged to be greater or more severe than those that would have been caused by normal airbag deployment, allegedly as a result of an aggressive airbag deployment caused by the PSAN Inflator Defect.

2.11 Extraordinary Review (“ER”) or Extraordinary Review Process. A methodology utilized by the Trustee and/or FCR to evaluate certain TD Claims.

2.12 Future Claims Representative (“FCR”). FCR has the meaning given it in the Plan. The initial FCR will be Roger Frankel and his successor FCR shall be Richard H. Wyron with any further successor appointed in accordance with the PSAN PI/WD Trust Agreement.

2.13 ~~2.9~~**Global Adjustment Criteria.** Valuation adjustment criteria listed in Section 4.4(b)(2).

2.14 Indirect Claim. Any TD Claim brought by an Indirect Claimant against the PSAN PI/WD Trust as assignee or subrogee to the rights of a direct Claimant, whether by written assignment, by paying in full any judgment against all the Debtors (or all those Debtors named, as applicable) that extinguishes all claims against the Debtors (or all those Debtors named, as applicable) as a matter of law, or by obtaining a full release of all the Debtors (or all those Debtors named, as applicable) in consideration for amounts paid by the OEM as part of any settlement. For purposes of the Trust and this TDP, a PSAN PI/WD Claim cannot be an Indirect Claim unless (1) it has been settled by an OEM after the Petition Date, and (2) the OEM has not obtained a recovery or contribution from the Debtors for it.

2.15 Indirect Claimant. An OEM that is the holder of an Indirect Claim.

2.16 ~~2.10~~**Individual Review (“IR”) or Individual Review Process.** A more extensive methodology utilized by the Trustee for valuation of certain ~~TABI~~P-OEM Claims outside of the Scheduled Claim Process as set forth in Section ~~—~~6.2(c).

2.17 ~~2.11~~**Individual Review Claim.** A ~~TABI~~P-OEM Claim valued under the IR Process as set forth in Section ~~—~~6.2(c).

2.18 Non-Participating OEM (“NP-OEM”). A vehicle manufacturer or U.S. distributor who has not elected to become a Participating OEM pursuant to section 5.10(s) of the Plan.

2.19 P-OEM Claim. Any PSAN PI/WD Claim involving a vehicle manufactured or sold⁵ by a Participating OEM for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death, allegedly caused by the PSAN Inflator Defect in a product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs before or after the Petition Date, and that is either (1) brought by a citizen of the United States or permanent resident, wherever the injury occurs, or (2) arises from an incident occurring in the United States or its territories or possessions, whether or not such claim is brought by a citizen or permanent resident of the United States, or (3) involving a vehicle registered in the United States or its territories or possessions. All P-OEM Claims are channeled into the PSAN PI/WD Trust. P-OEM Claims do not include PSAN PI/WD Claims against a Participating OEM that such Participating OEM has previously settled, liquidated, or paid to the Claimant. P-OEM Claims exclude claims for economic loss.

2.20 P-OEM Program. The process through which P-OEM Claims are liquidated and compensated pursuant to these TDP and the Participating OEM Contribution Agreement.

2.21 Points Schedule. The schedule used for TD Claims which classifies the types of injury claims into a manageable number of categories and assigns relative points to them.

2.22 ~~2.12~~ **PSAN PI/WD OEM Advisory Committee (“OAC”).** ~~A~~ If there is at least one Participating OEM, a committee selected in accordance with the terms of the PSAN PI/WD Trust Agreement ~~initially~~ consisting of (1) members comprised of the Initial Participating OEM

⁵ In a case where one OEM manufactured the vehicle and another OEM sold it, the OEMs will, upon notice of the TD Claim, advise the PSAN PI/WD Trust which OEM’s reserve should be used for the claim. If the OEMs do not so advise the PSAN PI/WD Trust within a reasonable time, then the Trustee shall resolve the issue in the way most favorable to the Claimant.

and ~~up to two~~ any additional Participating ~~OEM members that serve in a fiduciary capacity representing the interests of only the Participating OEMs, with any such members and successor members~~ OEMs, if they elect to serve; and (2) up to three non-member (non-voting), observer representatives that are Non-Participating OEMs, who may consult with the OAC members and other Non-Participating OEMs on any matter before the OAC other than matters pertaining to the treatment, liquidation or valuation of P-OEM Claims. Any such members, successor members and observers shall be appointed in accordance with the terms of the PSAN PI/WD Trust Agreement and shall be subject to reasonable confidentiality and privacy constraints.

2.23 ~~2.13~~ **PSAN Inflator Defect.** As defined in the Plan, a manufacturing and/or design defect that occurs in certain Takata inflators because of propellant degradation due to environmental exposure.

2.24 ~~2.14~~ **PSAN PI/WD Claim.** As defined in the Plan, (i) any Claim asserted against the Debtors or the Protected Parties other than the Participating OEMs for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition, including on or after the Closing Date, ~~and~~ or (ii) a Claim asserted against a Participating OEM for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death allegedly caused by the PSAN Inflator Defect in a Product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition and such Claim (a) is brought by a citizen of the United States, wherever the injury occurs or (b) arises from an incident occurring in the

United States or its territories, whether or not such Claim is brought by a citizen of the United States.

2.25 ~~2.15~~ PSAN PI/WD Trust Advisory Committee (“TAC”). A three-person committee selected in accordance with the terms of the PSAN PI/WD Trust Agreement to serve as fiduciaries of ~~current~~ holders of PSAN PI/WD Claims with any such members and successor members appointed in accordance with the terms of the PSAN PI/WD Trust Agreement. The initial TAC shall ~~be Joe Rice, a representative appointed by the MDL Court, and an at-large representative~~ consist of Joe Rice, Curt Miner, and a third individual to be selected by them.

2.26 ~~2.16~~ Rupture Claim. A PSAN PI/WD Claim that alleges that the Claimant was injured during the deployment of an airbag incorporating a Takata PSAN inflator when it produced excessive internal pressure which caused the metal inflator canister to fragment, break apart, or rupture as a result of the PSAN Inflator Defect. To receive compensation from the PSAN PI/WD Trust, a Rupture Claim must meet the compensability requirements set forth in Section ~~==~~ 4.2(a) below.

2.27 ~~2.17~~ Scheduled Claim. A ~~TABI~~ P-OEM Claim valued under the Scheduled Claim Process as set forth in Section ~~==~~ 6.2(b) and Exhibit B.

2.28 ~~2.18~~ Scheduled Claim Process. A methodology utilized by the Trustee for valuation of compensable personal injury and wrongful death P-OEM Claims ~~in the TABI Program.~~ In the Scheduled Claim Process, the Trustee shall determine the compensable injuries, if any, and determine a value for those injuries, applying the Valuation Schedule and the relevant Global Adjustment Criteria and Specific Injury Adjustment Criteria as set forth in ~~Section~~ 4Exhibit B.

2.29 ~~2.19~~ **Specific Injury Adjustment Criteria.** Valuation adjustment criteria associated with particular injuries and listed in the Valuation Schedule.

2.30 ~~2.20~~ **TABI-TD (“Takata Defendant”) Claim.** ~~Any~~ A PSAN PI/WD Claim ~~asserted~~ against the Debtors ~~and a Participating OEM or a Participating OEM~~ for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to ~~a personal~~ an injury or death, ~~allegedly caused by the a PSAN Inflator Defect in a product~~ sold or supplied to ~~a Participating an~~ OEM or any other pPerson prior to the Petition Date, regardless of whether the injury occurs ~~before or after the Petition Date, and that is either (1) brought by a citizen~~ prepetition or postpetition, including on or after the Closing Date, excluding claims for economic loss. TD Claims include claims as to which the Claimant (1) is a United States citizen or permanent resident of the United States or any of its territories or possessions, wherever the injury occurs ~~red~~, ~~or~~ (2) ~~arises from~~ was injured in an incident occurring ~~in~~ within the United States or its territories, ~~whether or not such Claim is brought by a citizen of the United States. All TABI Claims are channeled into the PSAN PI/WD Trust~~ or possessions, and (3) was injured in a vehicle registered in the United States or its territories or possessions. TD Claims also include International TD Claims as defined in Section 5.1 herein.

2.31 ~~2.21~~ **Trustee.** The individual selected to ~~administer the Takata Vehicle Manufacturer Recovery Fund. The Trustee will~~ receive and administer the funds paid into the PSAN PI/WD Trust, make determinations regarding compensability and valuation of ~~TABI~~ TD Claims and P-OEM Claims submitted to the Trust, distribute funds to eligible Claimants and Indirect Claimants, and undertake such other responsibilities as set forth in this TDP and the PSAN PI/WD Trust Agreement. The initial Trustee will be Eric D. Green so long as he is the Special Master to administer the DOJ PI/WD Restitution Fund, and ~~any~~ his successor Trustee

shall be [David J. Molton with any further successor](#) appointed in accordance with the PSAN PI/WD Trust Agreement.⁶

2.32 ~~2.22~~ **Valuation Schedule.** The schedule used ~~in the Scheduled Claim Process for P-OEM Claims~~ which identifies certain injuries potentially associated with the PSAN Inflator Defect, organizes those injuries into appropriate Injury Types, assigns each Injury Type a Scheduled Value with both Base and High values, and provides specific Injury Criteria for each Injury Type.⁷

SECTION 3

Submission of ~~TABI Claim Forms~~ Claims

3.1 General Requirements for Submitting a Claim~~Form~~

~~Each individual alleging an injury must submit either a wrongful death Claim Form or a~~
Each Claimant alleging a TD Claim or P-OEM Claim, or Indirect Claimant alleging a TD Claim, may submit a Notice of Claim which shall include information identifying the Claimant and owner or lessee of the vehicle, if different from the Claimant, make and model year of vehicle, VIN, date and location of incident, and type of event such as rupture, aggressive deployment, or other allegation; or may submit a wrongful death or personal injury claim form (“Claim Form”), depending on the type of injury alleged. [The Notice of Claim](#).

⁶ If Mr. Molton is unable to serve, the successor Trustee shall be appointed in accordance with Section 8.13 of the PSAN PI/WD Trust Agreement.

⁷ The Valuation Schedule has not been agreed to or endorsed by any NP-OEM, and shall not be used in connection with TD Claims involving vehicles of NP-OEMs nor in any other legal proceeding or in connection with claims asserted in any context whatsoever against an NP-OEM.

⁵ Claim Forms and Claim Form Instructions will be made available on the [] website, ~~and will describe or from the Trustee. Information describing~~ the compensability criteria, claims valuation protocol, eligibility criteria for ER and IR, and the procedure for requesting ~~IR. An individual who seeks review of her claim pursuant to the Individual Review Process shall indicate that request on the Claim Form. The Claim Forms will also inform individual submitting Claim Forms that by requesting IR, they consent to an Independent Medical Examination (IME) and the inspection of the subject vehicle and its components by the Participating OEM pursuant to the protocols referenced in this TDP and Exhibits.~~ ER and IR will be available on the website.

Any statute of limitation, statutes of repose, or similar deadline for filing a PSAN PI/WD Claim against Debtors were tolled as of the Petition Date and through the Effective Date. A Claimant shall file a Notice of Claim or Claim Form for a claim arising out of an incident that occurred prior to the Trust Effective Date within three years after the Effective Date of the Trust⁸ or the claim is deemed waived, absent a finding by the Trustee of good cause shown. A Claimant shall file a Notice of Claim or Claim Form for a claim arising out of an incident occurring after the Effective Date of the Trust within the latter of three years from

~~⁵ If an injured individual asserting a Claim dies prior to receiving compensation from the Trust, the legal representative of the estate shall immediately notify the Trust and shall be allowed to amend her Claim Form to seek compensation for wrongful death, if appropriate.~~

⁸ For minor Claimants, the time period for noticing the claim will not begin to run until the Claimant reaches the age of majority. For incompetent Claimants, the time period for noticing the claim will not begin to run until competency is restored or a legal guardian has been appointed with appropriate authority to pursue the claim, and notice thereof. If during the applicable time period for noticing the claim, the Claimant becomes incompetent, the time period will be paused (tolled) until such time as competency is restored or a legal guardian has been appointed with appropriate authority to pursue the claim, and notice thereof.

the date of the incident, or the time allowed under the applicable state law, or the claim is deemed waived, absent a finding by the Trustee of good cause shown. The filing of a Notice of Claim or Claim Form, whichever is filed sooner, shall be accepted as the notice date for claims filing deadlines. Indirect Claims arising before the Effective Date of the Trust shall be filed within one year of the Effective Date. Indirect Claims arising after the Effective Date of the Trust shall be filed within one year of the event giving rise to the Indirect Claim—i.e., the date of a written assignment from the direct Claimant, or the date of the judgment or the settlement release that gave rise to the Indirect Claim.

After filing a Notice of Claim or Claim Form, a Claimant may defer the consideration of the claim for not less than one year and not more than three years from the Notice of Claim or Claim Form filing, or as long as a related claim is pending in the tort system (“Deferral Period”).⁹

~~Claim Forms must be~~ Claim Forms will be evaluated once they are completed in their entirety and signed either by the injured individual ~~or her~~, counsel, or legal representative, or the Deferral Period has ended. In signing a Claim Form, the signer ~~including an Indirect Claimant,~~ will certify, under penalty of perjury, that the information provided in the Claim Form and all supporting documentation is complete, true, and accurate to the best of ~~her~~ their knowledge. Legal representatives of a direct Claimant must supply proof of their representative capacity, such as a power of attorney, an appointment as guardian or attorney *ad*

⁹ If the Claimant is relying on a pending lawsuit to defer consideration of her claim, she must provide the Trust with appropriate documentation of the lawsuit. The Claimant may also terminate the Deferral Period and activate the claim by providing written notice to the Trust.

~~litem, a retention agreement, or the equivalent. All Claim Forms must be supported with proper documentation as set forth in the Claim Form Instructions.~~

For P-OEM Claims, an individual who seeks Individual Review shall indicate that request on the Claim Form. The Claim Form will inform individuals asserting P-OEM Claims that they consent to the inspection of the subject vehicle and its components, if available, by the P-OEM pursuant to the protocols referenced in this TDP and Exhibits. The Claim Form will inform individuals seeking IR for a P-OEM Claim that they consent to an Independent Medical Examination (IME).

If a Claimant or Indirect Claimant submits an incomplete or facially deficient Claim Submission (by, for example, failing to sign the form or failing to include required documentation), a Deficiency Notice will be issued by the Trustee with instructions regarding how to cure the deficiencies in the Claim Submission. The Deficiency Notice will inform the Claimant or Indirect Claimant that they have 90 days from receipt of the notice to cure all noticed deficiencies in the Claim Submission. The Trustee will be available to answer questions relating to deficiencies and the curing process. If the Claimant or Indirect Claimant fails to respond to the Deficiency Notice in whole or in part, the Trustee, in his discretion, may extend the time to respond, may evaluate the claim on the information submitted, or may deny the claim without prejudice to refile within one year of the date the claim was denied.

3.2 Withdrawal of Claims

A Claimant may withdraw a claim at any time prior to execution of a Claimant Release upon written notice to the Trustee. A withdrawn claim may not be refiled absent the express permission of the Trustee. Deferred claims are governed by Section 3.1.

3.3 ~~3.2~~ Distribution of the Claim File

The Trustee shall provide ~~a copy of the Claim File~~ notice of claim to a designated representative of the relevant ~~Participating~~ OEM within ~~10 business~~ 30 days of receipt of ~~a complete~~ the Notice of the Claim. In the case of a P-OEM Claim, the Trustee shall provide a copy of the Notice of Claim, or Claim Form- and any supporting documentation or materials to a designated representative of the relevant P-OEM within 20 days of receipt. If additional information is submitted ~~pursuant to a Deficiency Notice~~ by the Claimant, or the P-OEM submits information or reports, or the Trustee generates information for the Claim File, the Trustee shall promptly provide such information to the Claim Parties.

Nothing herein shall prevent an OEM from conducting an inspection of any vehicle or its component ~~where a rupture is alleged~~, upon consent of the owner of the vehicle, ~~as part of its~~ consistent with any regulatory reporting requirements or ongoing ~~agreements to provide practice of providing inspection~~ information to the federal government. ~~—If the injured individual, or shall otherwise limit the ability of the Trustee, in his discretion, to obtain information from the Consenting OEMs as he deems necessary to evaluate Claims. Requests by a P-OEM to inspect a Claimant's vehicle must be made pursuant to the procedures set forth in a vehicle inspection protocol in a form to be agreed upon. If the Claimant~~ owns the subject vehicle and is represented by counsel, any request to inspect the vehicle or inflator must be made through ~~her~~ such counsel. Any such inspection of the subject vehicle or inflator by a ~~n~~ P-OEM does not affect any ~~Participating~~ OEM's right to inspect the subject vehicle or inflator at a later time as part of the ~~TABI~~ Claim Process as provided herein or in any other legal proceeding if it is available.

3.4 ~~3.3~~ Trustee Request for Vehicle and Inflator Information from OEM

The Trustee may request information from the OEM concerning the manufacturer of the inflator, age and type of the inflator, whether the inflator in the subject vehicle is the original equipment inflator or a replacement, ~~and vehicle registration history~~ or any additional information from an OEM that the Trustee deems necessary, in his discretion, to evaluate a claim. Any submission by a ~~Participating~~ Participating OEM made pursuant to this Section does not affect the ~~Participating~~ Participating OEM's right to submit information in the ~~Scheduled Claim Process, Individual Review Process, or Appeal Claims~~ Claims Process identified below. Copies of information submitted pursuant to this provision will be ~~simultaneously~~ provided to the ~~party who submitted the Claim Form~~ Claimant.

~~3.4~~ — ~~Withdrawal of Claim Submissions~~

~~A party who submitted a Claim Form may withdraw her submission at any time prior to receiving compensation from the Trust upon written notice to the Trustee. The party must re-file a Claim Form for her injuries, if at all, within one year of withdrawal of the initial Claim Form or at another time with the express permission of the Trustee. Failure to re-file the claim within the time provided will result in the loss of all legal rights to pursue the TABI Claim against the Trust or any Participating OEM absent a finding by the Trustee of good cause shown.~~

3.5 Confidentiality of Claim Submissions

Except as provided herein, ~~all materials in a Claim File~~ submissions to the PSAN PI/WD Trust by a Claimant involving a vehicle manufactured or sold by a Participating OEM shall be treated as made in the course of settlement discussions between the party who submitted a Claim Form and the PSAN PI/WD Trust, and intended by the Trustee, FCR, TAC, and ~~OAC~~ Participating OEMs to be confidential and to be protected by all applicable state and federal

privileges, including, but not limited to, those directly applicable to settlement discussions. The PSAN PI/WD Trust shall preserve the confidentiality of Claim Submissions, and shall disclose the contents thereof only for the following purposes: (i) processing the claim for an award from the PSAN PI/WD Trust, (ii) legitimate business use associated with administering the Trust, including the prevention of fraud and/or the resolution of liens, (iii) providing a copy to the Participating ~~or Non-Participating~~ OEM to whom the Claim Form relates as provided herein, or to any issuer of a PI/WD Insurance Policy solely for the purpose of pursuing insurance coverage ~~relating to Trust Claims~~ and provided that such issuer of a PI/WD Insurance Policy agrees to maintain the confidentiality of the submissions, and (iv) other necessary, regulatory, and judicial requirements or processes, including the need to share information with the FCR. Furthermore, the Trustee shall immediately provide the Claimant and the ~~relevant Participating or Non-Participating~~ OEM a copy of any subpoena served upon the PSAN PI/WD Trust. The Trustee, on his own initiative or at the request of the Claimant, shall take all ~~necessary~~ reasonable and appropriate steps to preserve any and all available privileges.

Except as provided herein, submissions to the PSAN PI/WD Trust by a Claimant or Indirect Claimant involving a vehicle manufactured or sold by an NP-OEM shall be treated as made in the course of settlement discussions between the Claimant, or Indirect Claimant, and the PSAN PI/WD Trust, and intended by the Trustee, FCR, and TAC to be confidential and to be protected by all applicable state and federal privileges, including, but not limited to, those directly applicable to settlement discussions, except that, in the case of a direct claim, the Trustee can share the following information with such NP-OEM: the name and address of the Claimant, the name and address of the owner of the vehicle (if different), and the VIN. In addition, the Trustee can, only with the permission of the Claimant, and subject to a release reasonably

satisfactory to the Trustee and the Claimant, as well as with appropriate confidentiality agreements with the NP-OEM, in a form approved by the TAC, share additional information with the NP-OEM that the Trustee deems necessary, in his discretion, to share in order to evaluate a claim. The Trustee shall share with the NP-OEMs on a semi-annual basis a list of Claimants to whom distributions were made and the aggregate amount of such distributions. Nothing in this TDP shall prevent the Trustee from complying with valid court orders or other legal process.

SECTION 4

Resolution of ~~TABI~~ Claims and Compensability

4.1 Review by the Trustee Generally

The process for the Trustee to determine compensation, if any, for a ~~claim~~-TD Claim is a three-step process:

1. Is the TD Claim one involving personal injury or death allegedly caused by a Takata PSAN airbag inflator, and, therefore, appropriate for resolution through the PSAN PI/WD Trust?
2. Does the TD Claim meet the compensability requirements for payment as a Rupture Claim or an Aggressive Deployment or the compensability requirements for other claims determined to be eligible for compensation through the PSAN PI/WD Trust?
3. What is the value assigned to the TD Claim under the Points Schedule?

The process for the Trustee to determine compensation, if any, for a P-OEM Claim is a three-step process:

1. ~~+~~Is the claim a ~~TABI~~-P-OEM Claim and, therefore, channeled through the Trust?

2. ~~2.~~ Does the ~~claim~~ P-OEM Claim meet the compensability requirements for payment as a Rupture Claim or an Aggressive Deployment Claim?
3. ~~3.~~ What is the full, fair, and reasonable compensation either within the Scheduled Claim Process or as part of the Individual Review Process?

The ~~TABI~~ P-OEM Program shall compensate only for injuries caused by a rupture or aggressive deployment. ~~The~~ A Claimant will have no recourse in the tort system against the Trust or a Participating OEM to litigate any ~~TABI~~ channeled P-OEM Claim except as specifically described herein.

~~{The parties are negotiating language related to certain aspects of the evidence to be considered by the Trustee.}~~

~~4.2 — Is the Claim a TABI Claim?~~

~~The Trustee will verify that any individual submitting a Claim Form has submitted sufficient evidence to show (i) that she is a United States citizen or permanent resident at the time of the accident or (ii) that the accident occurred in the United States or its territories.~~

In evaluating the evidence presented by any Claimant, Indirect Claimant, or P-OEM in the TD or P-OEM Claims Process, the Trustee or Reviewer shall rely only on evidence he determines to be reliable and helpful. The Trustee or Reviewer shall not rely on speculative or unsupported evidence when determining the compensability or valuation of a P-OEM or TD Claim. The Trustee or Reviewer should also consider whether expert medical, scientific, engineering, or other technical opinion or evidence is required to demonstrate or refute the compensability or value of a P-OEM or TD Claim under the terms of this TDP. If so, the Trustee or Reviewer shall consider that evidence only if it is from a qualified expert and is supported by reliable and sufficient facts.

4.2 TD Claim and P-OEM ~~4.3~~ **Claim Compensability**

4.2(a) ~~4.3(a)~~ **Rupture Claims**

For a ~~claim to be a compensable~~ Rupture Claim to be a Compensable TD or P-OEM

Claim, the Claimant must present evidence of the following:

1. Deployment of a Takata PSAN inflator; in a vehicle manufactured or distributed by an NP-OEM or Participating OEM.
2. Physical evidence of rupture of the inflator canister to be demonstrated either by vehicle-based evidence, or by occupant-based evidence.

- Vehicle-based evidence requires the following:
 - a. Ruptured inflator canister or metal-mesh fragments; or
 - b. Photographs of ruptured inflator canister or metal-mesh fragments; or
 - c. Cushion with evidence of cuts consistent with inflator rupture; or
 - d. Photographs of cushion with evidence of cuts consistent with inflator rupture.

or

- Occupant-based⁶¹⁰ evidence requires one of the following:
 - a. Photographs of injuries consistent with inflator rupture; or
 - b. Medical records documenting removal of metal fragments embedded in occupant; or
 - c. Medical records identifying injuries consistent with inflator rupture;

⁶¹⁰ An occupant includes any person performing maintenance on the vehicle, whether inside the vehicle or not.

3. Evidence that the rupture was a contributing cause to the ~~E~~claimed injury or injuries.

4.2(b) ~~4.3(b)~~ **Aggressive Deployment Claims**

For ~~a~~ an Aggressive Deployment Claim to be a ~~compensable Aggressive Deployment TD~~ or P-OEM Compensable Claim, the Claimant must present evidence of the following:

1. A delayed deployment of a Takata PSAN dual-stage inflator:^{7, 11}

2. Over-pressurization of the inflator; and

~~2. The inflator and vehicle are available for inspection, or representative evidence of inflator and vehicle in post-accident condition.~~

3. The Claimant's injuries were caused by interaction with the airbag as it was deploying; and the injuries were enhanced such that they were greater than the typical injuries an occupant in this crash would receive from an interaction with an airbag as it deploys normally.¹²

~~4. Over-pressurization of the inflator. In determining whether over-pressurization has~~

~~⁷ If significant scientific or engineering data emerges, including tests and/or studies of field events, or becomes available in the future, a party (Claimant or the Participating OEM against whom the claim is asserted) can seek revision of the compensability criteria for non-rupture claims—including the “delayed” and “dual-stage” requirements. The Trustee, with the consent of the TAC, OAC, and FCR, may modify or expand the compensability criteria to appropriately compensate Claimants harmed by the PSAN Inflator Defect.~~

¹¹ If significant scientific or engineering data emerges, including tests and/or studies of field events, or becomes available in the future, a party (Claimant or the OEM against whom the claim is asserted) can seek revision of the compensability criteria for non-rupture claims—including the “delayed” and “dual-stage” requirements. The Trustee and FCR, after consultation with the TAC and OAC, may modify or expand the compensability criteria to appropriately compensate Claimants harmed by the PSAN Inflator Defect.

¹² This requirement does not alter the provisions in this section on the types of evidence allowable to establish compensability.

~~occurred, the Trustee may consider:~~

~~a. The age of the inflator;~~

~~b. The region in which the vehicle has been registered; and~~

~~c. Evidence of over-pressurization of the inflator, including but not limited to:~~

~~i. Evidence establishing expansion/yielding of the housing of the relevant inflator design indicating aggressive deployment; and~~

~~ii. Other proof as subsequently accepted by the Trustee as credible evidence of aggressive deployment.~~

To establish the compensability of an Aggressive Deployment claim, the vehicle and inflator must be produced for inspection, if available. If the vehicle is not available for inspection, the Claimant must submit a statement explaining why it is not available.¹³ If the vehicle and inflator are unavailable for inspection, the Claimant may submit representative evidence of the inflator or the vehicle, including evidence establishing expansion/yielding of the housing of the inflator canister, deformed inflator mounting hardware, or charred airbag cushion; photographs or documentation of the interior and exterior of the vehicle and inflator in their post-accident condition; evidence of belt use, seat occupant position, or steering wheel position; and information from the subject accident scene confirming an airbag deployment. In making his compensability decision, the Trustee shall consider the age of the inflator and the region in which the vehicle has been registered. He may also consider other evidence, including report(s) of

¹³ If the Trustee determines that the Claimant failed to exercise due diligence to preserve the vehicle and inflator evidence after notice of the existence of a claim, there shall be a rebuttable presumption that the claim is not compensable.

qualified expert(s) concerning the inflator performance, injury causation, and accident reconstruction; a police report of the subject accident; photographs or videos of the accident scene; and photographs and medical records of Claimant.

The determination that an airbag had a delayed deployment shall be demonstrated by the SRS (“Supplemental Restraint System”) Electronic Control Unit, or equivalent electronic unit per P-OEM specifications, readout and interpretation, if available. If not available, the Claimant may present other evidence to demonstrate the delayed deployment criteria. ~~The Claimant may request that the Participating OEM~~ Upon Claimant’s request, the Trustee will require the P-OEM whose vehicle is at issue, or through its supplier (as applicable), to conduct a download of the SRS unit. ~~If requested, the The~~ Trustee shall promptly notify the ~~Participating~~ OEM of the VIN and location of the vehicle and shall provide the consent of the owner for the download. ~~The Participating OEM shall~~ The P-OEM will utilize best efforts to conduct a timely download of the SRS unit ~~and provide the results~~ or equivalent electronic unit. Upon request by the Trustee for a download, the P-OEM will provide the Trustee and Claimant relevant supporting documentation including codes, keys, and other inflator specification information needed to translate and interpret the data that is recorded in the SRS, the airbag control module, or other electronic control unit or Vehicle Event Data Recorder (EDR) for the subject vehicle. As well as any applicable module fault or self-diagnostic codes. The P-OEM shall also provide the Claimant and the Trust with a copy of the electronic data download at the time of the SRS/EDR download. Thereafter, the P-OEM shall provide an interpretation of the results within 30 days to the Trustee who shall provide them to the Claimant. ~~The Participating OEM shall also provide information sufficient for the Claimant to determine whether the unit commanded a delayed or simultaneous deployment of the airbag inflator. The download will be conducted pursuant to the protocol set~~

~~forth in Exhibit ___~~ If the vehicle can be downloaded using third party tools such as the Bosch CDR (Crash Data Retrieval) tool, it shall be utilized either in addition to the above process or in place of it to provide the crash data available from all modules allowing download upon request of the Trustee or Claimant. Nothing referenced in this TDP is intended to affect a vehicle owner's rights under any relevant state SRS/EDR privacy laws.

~~The Trustee or Participating OEM may~~ For a P-OEM Claim, the Trustee shall require the Claimant to make the vehicle, inflator, or other components available for inspection ~~pursuant to the protocol set forth in Exhibit ___~~. ~~After an inspection by the P-OEM, the Participating if requested and available.~~ The P-OEM or Claimant may submit a report regarding the alleged aggressive deployment to the Trustee for his consideration in evaluating the Aggressive Deployment Claim pursuant to a schedule determined by the Trustee.

4.2(c) Other TD Claims

The Trustee will develop compensability criteria for TD Claims that allege a means of injury other than rupture or aggressive deployment.

4.2(d) Timeline

The Trustee will, in consultation with the TAC, OAC, and FCR, create a timeline no later than the Plan confirmation date, for the determination of all claims submitted to the PSAN PI/WD Trust.

SECTION 5

Resolution of TD Claims and Indirect Claims

5.1 Is the Claim a TD Claim?

As set out above, this TDP applies to all PSAN PI/WD Claims against the Debtors. The Trust conclusively presumes that a PSAN PI/WD Claim against the Debtors is a TD Claim if the

Claimant (1) is a United States citizen or permanent resident of the United States or any of its territories or possessions, wherever the injury occurred), (2) was injured in an incident occurring within the United States or its territories or possessions, or (3) was injured in a vehicle registered in the United States or its territories or possessions.

If the Claimant does not satisfy any of the criteria set out in (1), (2), or (3) above, then, in order to proceed with a claim against the Trust, the Claimant must establish, to the satisfaction of the Trustee, that the Claimant's PSAN PI/WD Claim (a) could have been asserted in a complaint filed in any court in the United States or any of its territories or possessions against one or more of the Debtors (for purposes of this analysis, as if the Chapter 11 Cases had not been filed), and (b) such complaint, if filed, would have withstood challenge on a motion to dismiss (or other dispositive motion) upon the grounds of lack of jurisdiction (e.g., lack of subject matter jurisdiction) and/or on forum selection grounds (e.g., under the *forum non conveniens* doctrine).

If a Claimant does not satisfy any of the criteria set out in (1), (2), or (3) above, but establishes, to the satisfaction of the Trustee, that such Claimant satisfies the criteria in the immediately preceding paragraph (such Claimant's PSAN PI/WD Claim, for purposes of this TDP, an "International TD Claim"), then the Trust shall proceed to consider such International TD Claim under the criteria for TD Claims in this TDP; provided, however, that, in determining the appropriate point award for such International TD Claim, the Trustee shall have discretion to reduce the Points awarded to reflect the relative differences with respect to applicable law and the tort system in the United States compared to applicable law and the tort system in the jurisdiction(s) in which the Claimant resides or was injured (including the compensation available and likely to be awarded to a Claimant in the circumstances and with the injuries of

such TD Claimant), in order to fairly compensate such Claimant in light of the law and procedures that would apply to such International TD Claim.

5.2 ~~4.4~~Valuation of TD Claims

Compensable TD Claims will be valued using the methodology outlined in Exhibit A to the TDP. The Trustee will make reasonable efforts to complete his valuation determination within 30 days of making his compensability determination.

5.3 Extraordinary Review Process

The Trustee may, in his discretion, award additional compensation to Claimants who present proof of injury or loss of a type or severity not otherwise captured by the TD Claim points schedule. Such additional compensation will in no event exceed a one-hundred-and-fifty percent increase above the award to which the Claimant would otherwise be entitled. To be considered for additional compensation, a Claimant must specifically request ER and submit supporting information pursuant to the instructions on the Claim Form.

5.4 TD Claim FCR Supplemental Review Process

If a Claimant appeals a determination of a TD Claim, the Claim File shall be submitted to the FCR for supplemental review. If the Claimant appeals a denial of compensability, the FCR will reconsider the claim under the criteria set forth in Section 4 above. If the FCR finds that the TD Claim is compensable, it will be returned to the Trustee for valuation. If the Claimant appeals a valuation determination, the FCR will review the TD Claim valuation using the following criteria:

- Life expectancy, age, and pre-accident health of Claimant
- Existence and age of dependents

- Past and future economic loss (excluding medical and/or funeral expenses) and household services calculated to present value
- Past and future medical expenses calculated to present value – using Core CPI from prior year
- Severity and/or permanency of injury
- Any unique effect of the injury on the Claimant's quality of life
- Pain and suffering
- Existence of multiple injuries not separately compensated

If the FCR, after reviewing the criteria above, determines that the points awarded under Section 5.2 should be supplemented, the FCR may in his discretion adjust the points awarded for the TD Claim upward in an amount not to exceed a one hundred-and-fifty percent increase in points from the point award to which the Claimant would otherwise be entitled. By example, a TD Claim awarded 1,000 Points may be awarded up to an additional 1,500 Points by the FCR for a total of 2,500 Points. The FCR will make his compensability and/or valuation determination, as applicable, within 30 days of receiving the Claim File.

5.5 Payment of TD Claims

Once the point award for a TD Claim is determined, the Trustee will convert the point award to a dollar value pursuant to Section 8 of the TDP, and then will initiate the distribution process pursuant to Section 7 of the TDP.

5.6 Indirect Claims

Any OEM that resolves or has resolved in the past a claim of personal injury or wrongful death resulting from the PSAN Inflator Defect or any other claim determined to be compensable by the PSAN PI/WD Trust that includes a full release of the Debtors (or any of them named, as

applicable), with respect to such Claim for payment made by the OEM, may obtain an assignment of the Claimant's rights to bring a TD Claim against the PSAN PI/WD Trust or be subrogated to those rights even without a written assignment, upon proof that such release of the Debtors (or any of them named, as applicable) was granted for and in consideration for the amounts paid by the OEM or that a judgment arising from such claim was paid in full by the OEM. The Trustee shall process Indirect Claims in the same manner as a direct TD Claim or P-OEM Claim, as applicable, and shall determine and pay to the OEM the amount to which the direct Claimant would have been entitled to be paid if the direct Claimant had submitted the claim resolved by the OEM directly to the PSAN PI/WD Trust, provided however that the OEM shall not receive more than 65%¹⁴ of the amount the OEM paid to resolve the claim.

In the case of an OEM asserting an Indirect Claim, the OEM must present evidence of compensability that satisfies the requirements in Section 4.2 just as a direct Claimant would be required to do; the OEM cannot merely stipulate to facts to satisfy those requirements.

SECTION 6

Resolution of P-OEM Claims

6.1 Is the Claim a P-OEM Claim?

The Trustee will verify that the claim involves a Participating OEM vehicle and **that any individual submitting a Claim Form has submitted sufficient evidence to show (i) that they are a United States citizen or permanent resident at the time of the accident, (ii) that the accident occurred in the United States or its territories or possessions, or (iii) involves a vehicle registered**

¹⁴ This percentage shall not be deemed applicable in any context outside the resolution of TD Claims in the PSAN PI/WD Trust.

in the U.S. or its territories or possessions. The Claim Form will indicate the types of evidence that can be relied on to meet this burden.¹⁵

6.2 Valuation of P-OEM Claims

6.2(a) ~~4.4(a)~~ In General

~~If the Trustee determines that a Claim is compensable, he shall value it pursuant to~~
Compensable P-OEM Claims will be valued using the Scheduled Claim Process, including the Valuation Schedule, unless the Claimant requests, and the Claim qualifies for, IR, or the Trustee concludes, upon reviewing the Claim Submission, that consideration under IR is necessary to fairly and fully compensate the Claimant.

If the Trustee determines ~~the~~ an Aggressive Deployment Claim to be compensable, then the Claimant may receive compensation for only the Enhanced Injury ~~-based on the Valuation Schedule~~. Compensation for the Enhanced Injury is to be determined by the Trustee, who shall use the Valuation Schedule for the injuries as guidance in determining the appropriate award, if any.

¹⁵ If a Non-Participating OEM becomes a Participating OEM and PSAN PI/WD Claims are currently asserted against such OEM in the tort system, the Trustee will provide notice of the OEM's election to counsel of record for the plaintiffs. Any such PSAN PI/WD Claim will not be channeled to the PSAN PI/WD Trust and will continue in the tort system unless the plaintiff gives his affirmative consent to the Trustee for the claim to be channeled. If the plaintiff gives his consent, the claim will not be channeled unless and until the court grants a voluntary dismissal and the plaintiff files a Claim Form with the Trust. In that event, the Trustee may coordinate the processing of any unliquidated TD Claim with the processing of the new filed P-OEM Claim.

6.2(b) ~~4.4(b)~~ Scheduled Claim Process

Under the Scheduled Claim Process, the Trustee will determine which Injury Type(s) was sustained by the Claimant as a result of the PSAN Inflator Defect and assign a value to each P-OEM Claim consistent with this section. Compensation for multiple Injury Types shall be combined or “stacked” as described ~~herein~~ in Exhibit B. The Trustee may not award compensation for any injury unless the Claimant has presented evidence demonstrating that the Injury Criteria for the claimed Injury Type(s) are met and that the injury was caused by the PSAN Inflator Defect.

~~4.4(b)(1)~~ ~~— Injury Types~~

~~Each Compensable Claim shall be assigned an Injury Type(s) for the injury or injuries alleged and supported by the evidence submitted in the Claim Form. The Valuation Schedule is organized into Groups of Injury Types as shown here:~~

- ~~● Group 1: Lacerative Injuries~~
 - ~~○ Minor Bruising~~
 - ~~○ Neck or Back Injuries~~
 - ~~○ Torso/Limb Lacerative Injuries~~
 - ~~○ Head/Facial/Neck Lacerative Injuries~~
 - ~~○ Skull/Facial/Neck Fractures~~
 - ~~○ Permanent eye injury not resulting in any degree of legal blindness~~
 - ~~○ Loss of Vision in One Eye~~
 - ~~○ Loss of Vision in Two Eyes~~
- ~~● Group 2: Traumatic Brain Injury~~
 - ~~○ Mild TBI~~
 - ~~○ Moderate TBI~~
 - ~~○ Severe TBI~~
- ~~● Group 3: Other Laceration-Related Injury~~
 - ~~○ Larynx or Vocal Cord Injury~~
 - ~~○ Vascular Complications~~
 - ~~○ Nerve Damage or Facial or Limb Paralysis~~

- ~~Group 4: Hearing Injury~~
 - ~~Non-permanent Hearing Injury~~
 - ~~Permanent Hearing Injury~~
 - ~~Permanent Hearing Loss or Impairment~~
- ~~Ungrouped Injury Types~~
 - ~~Non-permanent eye injury~~
 - ~~Other Broken/Fractured Bones~~
 - ~~Internal Injuries~~
 - ~~Injury to Pregnancy~~
 - ~~Dental Injury~~

~~4.4(b)(2) Scheduled Claim~~

~~Valuation~~

~~To determine the Scheduled Value for a Compensable Claim, first, the Trustee shall review the Claimant's submission, identify the Injury Types claimed by the Claimant and then determine which of the Injury Type(s) claimed, if any, were caused by the PSAN Inflator Defect, subject to the above criteria for Rupture and Aggressive Deployment Claims. Each Injury Type is assigned a value range (Base to High) in the Valuation Schedule. The default value for a Claimant's injury is the Base value for the corresponding Injury Type, but may be increased based on the Global Adjustment Criteria listed below in this section and the Specific Injury Adjustment Criteria listed in the Valuation Schedule.~~

~~Second, if the Claimant's compensable injuries fall into more than one Injury Type within a single Group, the Claimant will receive compensation for those injuries within the range of the most valuable of those Injury Types. As noted below, the existence of multiple injuries within the same Group is a Global Adjustment Criterion that justifies increasing a Claimant's compensation amount within the range.~~

~~Third, if the Claimant's compensable injuries fall into more than one Group and/or Ungrouped Injury Type, compensation for each Group and/or Ungrouped Injury Type will be added together ("stacked") to determine the total compensation amount for the Claimant. For stacked injuries, the minimum scheduled value will be the sum of the Base value for each Group and/or Ungrouped Injury Type for which the Claimant has a Compensable Claim and meets the applicable Injury Criteria. However, the Trustee may stack no more than three different Groups and/or Ungrouped Injury Types (using the highest three) when calculating the total compensation amount. The total compensation amount represents the total and complete value that will be paid to the Claimant for his injuries. Nothing in this Agreement, Plan or the TDP interferes with a Claimant's obligation, if any, to pay attorney's fees.~~

~~Beginning in 2019, and every other year thereafter, the scheduled values, both Base and High, shall be adjusted upward by the percentage increase in the Core Consumer Price Index (CPI) from the value for the prior year, but such adjustment will never fall below 2% and never exceed 5%.~~

~~The Trustee may adjust the compensation amount within the Valuation Schedule based on Global Adjustment Criteria and Specific Injury Adjustment Criteria where appropriate.~~

~~Global Adjustment Criteria include:~~

- ~~• Life expectancy, age, and pre-accident health of Claimant~~
- ~~• Existence and age of dependents~~
- ~~• Past and future economic loss (excluding medical and/or funeral expenses) and household services calculated to present value~~
- ~~• Past and future medical expenses calculated to present value—using Core CPI from prior year~~
- ~~• Severity and/or permanency of injury~~
- ~~• Any unique effect of the injury on the Claimant's quality of life~~
- ~~• Pain and suffering~~
- ~~• Existence of multiple injuries not separately compensated~~
- ~~• Existence of bystander Claims under applicable law~~
- ~~• Existence of loss of consortium Claims under applicable law~~

~~Potential Specific Injury Adjustment Criteria are identified in the Valuation Schedule.~~

~~4.4(e) Valuation Schedule~~

~~Fatality~~

~~Compensation for a fatality is not stackable (i.e., a Claimant who receives compensation for a Fatality will not receive separate compensation for any other Injury Type).~~

Injury Type	Values	Injury Criteria
Fatality	Base: \$2,000,000 High: \$5,000,000	Specific Injury Adjustment Criteria for a Fatality include miscarriage. ⁸ For a Fatality, all Global Adjustment Criteria apply.

Group 1: Lacerative Injuries

Claimant receives compensation in the range of most valuable Injury Type in this Group for which he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

Injury Type	Values	Injury Criteria
Minor Bruising	Base: \$10,000 High: \$50,000	Minor bruising, contusions, or swelling. A minor bruise or contusion is a temporary bruise under the skin (subcutaneous) that might also involve deep bruising of the muscles (intramuscular). It does <u>not</u> include bruising of the bones (periosteal).
Neck or Back Injuries	Base: \$25,000 High: \$1,000,000	A neck or back injury or aggravation to existing neck or back injury confirmed by a medical opinion of a board-certified physician. To receive compensation for nerve-related vertebrae damage requires medical documentation by a board-certified neurologist or neurosurgeon of the severity of the injury.
Torso/Limb Lacerative Injuries ⁹	Base: \$25,000 High: \$750,000	Abrasions, cuts, lacerations, contact burns, scarring, or other damage to the soft tissue of the torso or limbs, beyond minor bruising. ¹⁰ Includes bruising of the bones (periosteal).

⁸ If the fatality of a pregnant mother also results in miscarriage of an unborn fetus, the Trustee may consider this fact in determining the level of compensation for the death of the mother if such claim is compensable under applicable law.

⁹ Specific Injury Adjustment Criteria for all lacerative injury categories include but are not limited to the following: number or severity of these and other injuries; visibility when clothed;

Injury Type	Values	Injury Criteria
Head/Facial/Neck Lacerative Injuries	Base: \$50,000 High: \$1,250,000	Lacerations, disfigurement, abrasions, cuts, contact burns, scarring, or other damage to the soft tissue of the head (including scalp, face, and ears) and/or neck, beyond minor bruising. Includes bruising of the bones (periosteal).
Head/Facial/Neck Fractures	Base: \$100,000 High: \$1,500,000	Fracture of skull, mandible, facial bones, and/or neck. Specific Injury Adjustment Criteria include need for surgical treatment, hospitalization, and severity of lacerations and scarring.
Permanent eye injury not resulting in any degree of legal blindness	Base: \$100,000 High: \$1,250,000	Permanent eye injury diagnosed by a board-certified ophthalmologist, including but not limited to permanent diminished vision. Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by board-certified ophthalmologist, inability for the impairment to be corrected, overall vision of Claimant.

~~surgical or non-surgical removal of metal fragments from skin; surgical drain; surgical scar repair; number of surgeries; infection; hypertrophic scars; keloid scars; atrophic scars; disfigurement; sensory, and/or autonomic impairment or weakness; and neuropathy. If the Claimant is seeking compensation for sensory and/or autonomic impairment or weakness or neuropathy, then that injury must be supported by diagnosis of a board-certified neurologist or neurosurgeon. Relevant properties of scars include size, thickness, reduced pliability, pigmentation, pain, innervation, pruritus, texture, vascularity, irregularities, hatchmarks, location, surface area, depth, and thickness. Claimant may submit a scar severity rating prepared by a qualified medical professional, and if applicable submit ratings on a rating scale, including but not limited to the Stony Brook, Vancouver, the Manchester Scar Scale, and POSAS scales. Scarring may be from lacerations, burns, and/or any subsequent treatments.~~

⁴⁰~~For all lacerative injury categories, “soft tissue” includes oral and nasal tissue, muscles, ligaments, and tendons.~~

Injury Type	Values	Injury Criteria
Loss of Vision in One Eye	Base: \$1,750,000 High: \$5,000,000	Diagnosis of uncorrectable legal blindness in one eye at the time of evaluation by a board-certified ophthalmologist. The Claimant’s overall vision in both eyes pre and post trauma should be considered when determining appropriate compensation.
Loss of Vision in Two Eyes	Base: \$3,000,000 High: \$5,000,000	Diagnosis of uncorrectable legal blindness in both eyes at the time of evaluation by a board-certified ophthalmologist. The Claimant’s overall vision in both eyes pre and post trauma should be considered when determining appropriate compensation. For the avoidance of doubt, if a Claimant already was legally blind in one eye, and the event resulted in legal blindness in the other eye, this category governs.

Group 2: Traumatic Brain Injury

Claimant receives compensation in the range of the most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

Traumatic Brain Injury Type	Values	Injury Criteria
Mild Traumatic Brain Injury (Concussion)	Base: \$25,000 High: \$300,000	Requires: (1) Diagnosis of a traumatic brain injury (“TBI”) ^{††} by a board-certified or treating physician; and (2) supporting medical documentation establishing the degree and severity of the TBI.

^{††} Mild TBI is defined as a loss or alteration of consciousness for less than thirty minutes, post-traumatic amnesia of less than one hour where observable in light of the claimant’s multiple injuries, demonstrated and documented focal neurologic deficits that may or may not be transient, and/or Glasgow Coma Score (GCS) of 13-15, an AIS Head of 1, or other TBI rating tool typically relied on by a neurologist. Mild TBI is also known as concussion. See Daniel Friedland, Peter Hutchison, *Classification of Traumatic Brain Injury*, *Advances in Clinical Neuroscience and Rehabilitation* (July 27, 2013), <http://www.acnr.co.uk/2013/07/classification-of-traumatic-brain-injury>.

Traumatic Brain Injury Type	Values	Injury Criteria
Moderate Traumatic Brain Injury	Base: \$250,000 High: \$750,000	Requires: (1) Diagnosis of a moderate TBI¹² and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.
Severe Traumatic Brain Injury	Base: \$1,000,000 High: \$3,000,000	Requires: (1) Diagnosis of a severe TBI¹³ and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.

~~**Group 3: Other Laceration-Related Injury**~~

~~Claimant receives compensation in the range of most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.~~

Other Laceration-Related Injury Type	Values	Injury Criteria

~~¹² Moderate TBI entail loss of consciousness for greater than thirty minutes, post-traumatic amnesia for greater than one hour where observable in light of the claimant's multiple injuries, and additional ratings the neurologist concludes supports the diagnosis, which could include a GCS of 9-12, an AIS Head of 2, or other TBI rating tool typically relied on by a neurologist. *Id.*~~

~~¹³ Severe TBI entail all of the moderate criteria listed above, and requires additional ratings the neurologist concludes supports the diagnosis, which could include a GCS of 8 or lower, an AIS Head of 3 or higher, or other TBI rating tool typically relied on by a neurologist.~~

Other Laceration-Related Injury Type	Values	Injury Criteria
Larynx or Vocal Cord Injury	Base: \$150,000 High: \$2,500,000	Larynx, trachea, or vocal cord injury (including injuries that result in partial loss of voice) confirmed by a medical opinion of a board-certified physician. Specific adjustment criteria can include level of severity of laryngeal trauma on Schaefer Classification system. Compensation for permanent loss of voice must be supported by diagnosis by a board-certified ear, nose, and throat physician. If such physician diagnoses total loss of voice, the Claimant has an automatic right to IR.
Vascular Complications	Base: \$50,000 High: \$400,000	Diagnosis of injury caused by loss of blood or damage to circulatory system confirmed by a medical opinion of a board-certified physician.
Nerve Damage, Facial or Limb Paralysis	Base: \$50,000 High: \$2,500,000	Nerve damage or paralysis of facial or limb muscles including motor impairment. This category does not include nerve-related vertebrae injuries to the neck or back. To receive compensation for this injury, the claimant must submit medical documentation of the severity and permanency of the injury by a board-certified neurologist or neurosurgeon. Specific Injury Adjustment Criteria would include the degree and location of nerve damage (e.g., facial, loss of use of limb/hand).

~~Group 4: Hearing Injury~~

~~Claimant receives compensation in the range of most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.~~

Hearing Injury Type	Values	Injury Criteria
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Hearing Injury Type	Values	Injury Criteria
Non-permanent Hearing Injury	Base: \$10,000 High: \$125,000	Tinnitus, inner ear pain, temporary hearing loss, balance issues, or other ear related injuries such as eardrum damage, supported by a qualified physician.
Permanent Hearing Injury	Base: \$100,000 High: \$1,500,000	Permanent moderate to severe tinnitus, inner ear pain, slight, mild, or moderate hearing loss, mildly or moderately diminished speech recognition, balance issues, or other ear related injuries such as eardrum damage, confirmed by a board-certified ear, nose, and throat (“ENT”) physician.
Permanent Hearing Loss or Impairment	Base: \$150,000 High: \$3,000,000	Permanent diminishment of hearing and/or reduced speech recognition confirmed by a board-certified ear, nose, and throat (“ENT”) physician. Specific Injury Adjustment Criteria include pre-accident hearing status, classification by an ENT of severity of hearing loss using recognized dB scale, severe diminished speech recognition, and the effect of auditory aids mitigation and ongoing speech/hearing therapy.

Stackable Injury Types Not in a Group

~~Claimant receives compensation in the applicable range for each of the Injury Types below for which s/he qualifies, if any. Compensation for these Injury Types is stackable with compensation for all Groups.~~

Injury Type	Values	Injury Criteria
Non-permanent eye injury	Base: \$10,000 High: \$175,000	Non-permanent eye injury diagnosed by a physician, including but not limited to non-permanent diminished vision. Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by physician, and overall vision of Claimant.

Injury Type	Values	Injury Criteria
Other Broken/Fractured Bones	Base: \$25,000 High: \$175,000	Broken or fractured bones other than skull and facial bones. Specific Injury Adjustment Criteria include need for surgical treatment, and consideration that the likelihood of limb fractures from rupture event is extremely rare and likelihood of lower extremity fractures caused by airbag deployment is extremely rare unless occupant is out of position.
Internal Injuries	Base: \$50,000 High: \$500,000	Damage to the internal organs, such as collapsed lung, spleen, kidney, damage to diaphragm, etc. confirmed by a medical opinion of a board-certified physician.
Injury to Pregnancy	Base: \$100,000 High: \$2,000,000	Miscarriage, complications to pregnancy, or injury to fetus confirmed by a medical opinion of a board-certified obstetrician. This category is only applicable where the mother is not deceased. If the mother's case is a fatality, then the fatality category governs. Additionally, see footnote ___ above.
Dental Injury	Base: \$25,000 High: \$125,000	Loss of one or more teeth or other dental injury. Specific Injury Adjustment Criteria include number and location of teeth damaged or lost, number and duration of treatments to replace the teeth or get implants, position of teeth, projected future cost of replacing the implants, and impact on everyday life.

~~4.4(d) — Loss of Consortium and Bystander Claims~~

~~The Trustee may increase a Claimant's compensation within the applicable range(s) based on the availability of a Loss of Consortium and/or Bystander Claim under the applicable law of any jurisdiction in which the claim could be properly filed. The Trustee shall take into~~

~~account whether the claim would be permitted by the relevant state law most favorable to the Claimant that could be applied to the claim in the tort system.~~

~~A Claimant may request consideration for either or both of these Global Adjustment Criteria with submission of a Claim, and submit supporting documentation at that time. If the Trustee finds that either or both of these Global Adjustment Criteria are applicable, he will determine a single value for the Claim and apportion the amount between the person directly injured and the third party or parties. Any third party (such as a Bystander or Loss of Consortium claimant) for whom compensation was provided must provide a Claimant Release.~~

6.2(c) ~~4.4(e)~~ **Individual Review Process**

IR has been established as a potential means to address wrongful death P-OEM Claims and those personal injury ~~cases~~ P-OEM Claims in which the Claimant demonstrates that (a) the combination of injuries sustained is not contemplated by the Scheduled Claim Process, (b) the Claimant's injury and/or damages require a more comprehensive review, or (c) the injuries and damages would not be compensated adequately, or at all, through the application of the Scheduled Claim Process. Considerations for setting the compensation amount include the Global Adjustment Criteria and the Specific Injury Adjustment Criteria for the injuries suffered. Even if a Claimant meets the criteria for IR, the Trustee may determine that compensation within the Valuation Schedule is appropriate and award compensation within the valuation range for the Claimant's injuries.

6.2(c)(1) ~~4.4(e)(1)~~ **IR Eligibility for P-OEM Claims**

If the Claimant wishes her P-OEM Claim to be evaluated under IR, she shall request such review on her Claim Form. The Trustee may also choose to consider a P-OEM Claim under IR

on his own initiative. By proceeding under IR, the Claimant consents to an Independent Medical Examination (“IME”) and agrees to produce the subject vehicle and/or inflator, if available, for inspection ~~pursuant to Exhibit ____~~. Once IR is initiated, the Trustee will make an initial determination as to whether the Eclaim is a Compensable Claim and, if so, whether it meets the threshold criteria for IR. If the Trustee determines that a Eclaim is appropriate for IR, he will notify the Claimant and the Participating OEM and identify the basis for his determination. The Trustee will forward the Claim Materials to the Participating OEM. If the Trustee determines the P-OEM Claim is a Compensable Claim but not appropriate for IR, the Trustee will continue his evaluation of the Eclaim under the Scheduled Claim Process.

When the Claimant requests IR, the Claimant must demonstrate one of the following to qualify:

- A fatality;
- Loss of vision resulting in legal blindness in both eyes;
- Special Damages (meaning economic damages related to the Claimant’s injuries, including but not limited to, funeral costs, lost earning capacity, and past and future medical care supported by a qualified expert) that exceed \$1.5M in net present value;
- An AIS 5 rated injury;
- A moderate or severe TBI;
- Over 50% loss of use of limb or hand;
- Permanent profound hearing loss considering the Specific Adjustment Criteria identified for Permanent Hearing Loss above;
- Permanent injury to a fetus that survives to childhood;
- Spinal injury resulting in partial or full paralysis; or

- An injury or combination of injuries not contemplated by the Valuation Schedule and the Scheduled Claim Process.

6.2(c)(2) ~~4.4(e)(2)~~ Participating OEM

Submission

The Participating OEM may submit a report in response to the Claimant's IR Claim ~~as described in Exhibit ____~~. The report may address any aspect of the P-OEM Claim, including compensability, injury causation and the value of the P-OEM Claim.

6.2(d) ~~4.4(f)~~ Trustee Report

After evaluating each Claim Submission, the Trustee shall make determinations regarding the compensability and valuation, if any, for the Scheduled Claim or IR Claim. The Trustee will prepare a written report indicating his findings and citing the Claim Submission evidence in support. The determinations of the Trustee are deemed final, binding, and non-appealable unless the Claimant timely appeals in compliance with the procedures set forth in Section ~~____~~ ~~below~~ 6.3. The Trustee, FCR, TAC, and OAC have intentionally and willingly limited appeals to the process in Section ~~4.5~~ 6.3 and do not allow appeals to any court. The Trustee will complete his valuation of Scheduled Claims within 30 days of determining compensability.

6.3 Appeals Process for P-OEM Claims

~~4.5~~ Appeal Process

~~The TDP provides a process for the appeal of a Claim under the conditions set forth in this Section.~~

6.3(a) ~~4.5(a)~~ Appeals Panel

Appeals shall be conducted by a single Reviewer. The Appeals Panel shall be composed of up to twelve Reviewers (“the Appeals Panel”) unanimously agreed upon by the Trustee, OAC, TAC, and FCR. Each individual appeal shall be conducted by a single Reviewer. Each Reviewer must be a court certified mediator/arbitrator or former state or federal judge. On the Effective Date, the following persons will be members of the Appeals Panel: ~~list~~ Joseph Farina, Michael Siboni, Cathy Yanni, Jean H. Toal, Costa M. Pleicones, and Peter Wechsler.

Vacancies on the Appeal Panel shall be filled by nominations from Trustee, TAC, and OAC, in turn, subject to unanimous approval of the Trustee, FCR, TAC, and OAC. Each Reviewer will serve a ~~two~~three-year term subject to renewal with the unanimous consent of the Trustee, FCR, TAC, and OAC. The Trustee, FCR, TAC, and OAC will make reasonable efforts to have Reviewer representation from all National Highway Safety Administration (“NHTSA”) Zones;⁴⁴¹⁶ at least three of the members must be from Zone A. Each Reviewer shall attend a training session(s) to be conducted by representatives of the TAC and OAC upon appointment and before participating in any appeal.

6.3(b) ~~4.5(b)~~ Selection of Reviewer for an Appealed P-

OEM Claim

Appeals shall be conducted by a single Reviewer. For any given appeal, the Reviewer shall be chosen at random from the Appeals Panel. ~~The TAC’s proposal that the assigned Reviewer must have his principal place of business in the same NHTSA Zone as the Claimant’s~~

⁴⁴¹⁶ NHTSA Zones are defined in the May 4, 2016 Amendment to the November 2015 Consent Order.

~~residence is under consideration.~~ Neither the Participating OEM nor the Claimant may challenge the choice of the Reviewer who hears any given appeal.

6.3(c) ~~4.5(e)~~ Appeal Process for Scheduled Initiation and Resolution of Appeal of P-OEM Claims

~~Claimants have the right to appeal the decision of the Trustee on the compensability of the claim or the compensation awarded for their Scheduled Claim. The Participating OEM does not have a right to appeal the determination of a Scheduled Claim. To appeal a Scheduled Claim determination, the Claimant must first complete the Scheduled Claim Process~~ Initiation of Reviewer Appeal. The determination of the Trustee is deemed final and binding on the parties unless the Claimant or the P-OEM provides a written Notice of Appeal ~~as described in Exhibit — of the Trustee’s determination~~, within 20 days of receipt of the Trustee’s Report, ~~except for Claims held by representatives of deceased or incompetent Claimants for which court or probate approval of the Trustee’s offer is required.~~ pursuant to the process identified in this TDP.¹⁷

For Scheduled Claims, Claimants have the right to appeal the Trustee’s determination on the compensability of the claim, the amount of the award and the denial of IR, if applicable. The Claimant must identify the issues they are appealing in their Notice of Appeal. P-OEMs do not have a right to appeal the Trustee’s determination of a Scheduled Claim. For IR Claims, the Claimant or P-OEM may appeal the Trustee’s determination on the compensability of the claim.

¹⁷ The Trustee may, upon request in his discretion, allow additional time for appeal of Claims held by representatives of deceased or incompetent Claimants for which court or probate approval of the Trustee’s offer is required.

appropriateness of IR, and the amount of the award. To initiate the appeal of any P-OEM Claim, the Claim Parties must first complete the Scheduled Claim or IR Claim Process.

The Trustee shall forward a copy of ~~the all~~ written Notices of Appeal to the ~~Appeals Panel and the Participating OEM non-appealing party~~ within 10 days of receipt of the ~~n~~Notice. Within 30 days of receipt of the Notice of Appeal, the Trustee shall randomly assign a Reviewer ~~to the Claim~~, notify the Claim Parties, and provide the assigned Reviewer and ~~Participating OEM non-appealing party~~ with a copy of the complete Claim Submission. Within 30 days after the Notice of Appeal, the ~~Claimant-appealing party or parties~~ may submit an ~~application for an~~ appeal submission of no more than 10 double-spaced pages setting forth the reasons for the appeal ~~to the Reviewer. The Participating OEM. The non-appealing party~~ shall receive a copy of any appeal submission by the appealing party and may ~~provide-submit~~ a written response ~~of no more than 10 double-spaced pages within 30 days. The Participating OEM may present evidence only in response to the issues raised by the Claimant on appeal. For example, if the Claimant does not challenge the Trustee's determination of injury causation on appeal, but only challenges the compensation amount, the Participating OEM against whom the appeal is brought may only submit evidence on the amount of compensation and cannot challenge the Trustee's decision on injury causation. If the Claimant appeals the Trustee's determination of injury causation, the Participating OEM may submit evidence regarding injury causation~~ within 30 days of receipt. The Reviewer may only consider the evidence submitted to the Trustee in evaluating the appeal, except ~~in the case where~~ when the appeal concerns the Trustee's denial of compensation for a submitted ~~C~~claim, ~~-~~ in which case the ~~Participating~~ OEM may submit evidence supporting the Trustee's decision that a ~~Claim is not a Compensable Claim~~ claim is not compensable or for the appeal of IR claims, if the Claimant appeals, the P-OEM may submit

evidence on all the Trustee's determinations. The Reviewer shall review only those determinations appealed ~~by the Claimant~~ in the Notice of Appeal.

~~The Reviewer shall affirm the compensability and valuation determinations of the Trustee [standard of review to be agreed upon].⁴⁵ The Reviewer shall provide a written report setting forth the reasons for any reversal of compensability or increase or decrease of the Trustee's award. The Reviewer may not value an appealed Scheduled Claim outside the Valuation Schedule. The review of compensability shall be done in adherence to Section 4 of this TDP. If the Reviewer reverses a denial of compensation and finds the Claim to be a Compensable Claim, the Claim will be returned to the Trustee for valuation.~~

Standard of Review. At all stages of the Appeals Process, the de novo standard of review will be used for review of determinations involving (i) choice and enunciation of applicable state law¹⁸ and (ii) compensability of P-OEM Rupture Claims as set forth in Section 4.2. At all stages of the appeals process, the clearly erroneous standard of review will be used for review of: (i) determinations involving the compensability of P-OEM Aggressive Deployment Claims (section 4.2(b) of TDP), (ii) determinations of the appropriateness of IR as set forth in Section 6.2(c), and (iii) the Trustee's findings of fact in support of a valuation determination or Trustee's award. The Trustee's valuation determination or award amount will be reviewed as described herein.

⁴⁵~~The Reviewer must affirm unless she determines that the Trustee "has made a clear error of judgment, or has applied an incorrect . . . standard." *Alexander v. Fulton County*, 207 F.3d 1303, 1326 (11th Cir. 2000).~~

¹⁸The appropriate choice and enunciation of state law to determine questions including but not limited to bystander claims, loss of consortium claims, and injury to fetus claims are questions of law subject to de novo review. Whether the Trustee's valuation determination or award is full, fair, and reasonable compensation is not a legal question subject to de novo review, but will be reviewed pursuant to this Section.

Reviewer Review of Trustee Award. When evaluating the Trustee’s award amount, the Reviewer shall affirm the Trustee’s award unless she determines that the award fails to provide full, fair, and reasonable compensation to the Claimant. If the Reviewer determines that the Trustee award did not provide full, fair, and reasonable compensation, the Reviewer may modify the Trustee’s award by an amount not to exceed the lesser of (a) 30% of the original award amount, OR (b) \$400,000 (the “Non-Appealable Modification Range”). The Reviewer may modify the Trustee’s award by an amount in excess of the Non-Appealable Modification Range only if the Reviewer determines that the Trustee’s award was clearly erroneous or that the Trustee’s choice or enunciation of applicable law was incorrect under the de novo standard of review. The Reviewer may not value an appealed Scheduled Claim outside the Valuation Schedule.

The Reviewer shall notify the Trust of her decision within 30 days of receipt of all Claim Parties’ submissions. The Reviewer shall provide a written report setting forth the reasons for any reversal of compensability or modification of the Trustee’s award. If the Reviewer reverses a denial of compensation and finds the claim to be a compensable or reverses a denial of IR, the claim will be returned to the Trustee for valuation.

Panel Review Process. If a Reviewer has modified the Trustee’s award in excess of the Non-Appealable Modification Range for a Scheduled or IR Claim, then the P-OEM or the Claimant may appeal that Reviewer’s award by submitting a written notice to the Trustee within 30 days of receipt of the Reviewer’s determination. The Trustee will provide all Claim Parties with any such submission and identify a Review Panel which shall include the original Reviewer

and two randomly selected Reviewers to review the Reviewer's award.¹⁹ The non-appealing party may submit a written response within 30 days of receipt of notice of the appeal of the Reviewer's award. The Review Panel will review the Trustee's choice and enunciation of law using a de novo standard and the Trustee's findings of fact in support of his valuation determination or award, and the award using a clearly erroneous standard, and shall affirm the Trustee's award unless it finds by majority vote that the Trustee's valuation determination or award was clearly erroneous. If the Review Panel by a majority vote overturns the Trustee's award, the Review Panel may award an amount the majority determines will provide full, fair, and reasonable compensation to the Claimant. Under no circumstances may the Review Panel award more than the Reviewer award (if she proposed to increase the Trustee award) or less than the Reviewer award (if she proposed to decrease the Trustee award). The Review Panel may not value an appealed Scheduled Claim outside the Valuation Schedule.

6.3(d) FCR Conference

~~The Reviewer shall notify the Claim Parties of her decision within a reasonable time after all submissions are received and, if applicable, provide any written report to the Claim Parties. The determination of the Reviewer.~~ The decision of the Reviewer or the Review Panel (whichever is the final appeal) will be final and binding unless, within 20 days of notification of the Reviewer or Review Panel determination, the Claimant submits a written notification of intent to reject the determination. ~~Upon receipt of such~~ and to proceed in the tort system. For

¹⁹ For example, if the Trustee awarded a Claimant \$100,000 and the Reviewer increases the award above \$130,000, or decreases it to less than \$70,000 the P-OEM or Claimant may appeal that decision.

the avoidance of doubt, the Claimant must exhaust all available appeals identified in this section before seeking a conference with the FCR and before opting into the tort system. Upon receipt of a Claimant's notification to reject a determination, the Trustee shall forward the Claim File to the FCR for review and the FCR shall hold a conference with the Claimant and the ~~Participating OEM. Within ten~~ P-OEM. Before holding such a conference, the FCR will ensure that the Claimant has exhausted all applicable appeals as identified in the TDP. Within 10 days after ~~that~~ the conference with the FCR, the Claimant may submit written confirmation to the Trustee of her rejection of the award and intent to proceed in the tort system. If the Claimant does not confirm ~~his-her~~ intent to reject the award within that ~~ten-day~~ 10-day period, the Reviewer's or Review Panel's offer ~~, as applicable,~~ will be deemed final and binding on all parties.

~~4.5(d) — Appeal Process for Individual Review Claims~~

~~The Appeals Process for TABI Claims subject to IR shall be the same as the Appeal Process for Scheduled Claims with two exceptions: (1) the Participating OEM may appeal the Trustee's compensability and valuation determinations, and (2) the Claimant may appeal the Trustee's denial of the Claimant's request for IR. The Trustee's denial of the Claimant's request for IR must be affirmed [standard of review to be agreed upon]. The review of compensability shall be done in adherence to Section 4.3 of this TDP. If the Reviewer reverses the Trustee's denial of the Claimant's request for IR, the TABI Claim shall be returned to the Trustee for evaluation under the IR Process as described above.~~

6.4 ~~4.6~~ **Litigation in Tort System** of P-OEM Claims

After the Claimant has exhausted the Claim Process, including a review and determination by the Trustee, an appeal, and a conference with the FCR, if the Claimant is dissatisfied with the offer made, he may pursue relief in an appropriate jurisdiction of law after

submitting written rejection of the PSAN PI/WD Trust's proposed final claim award to the PSAN PI/WD Trust pursuant to the terms of this TDP.

6.4(a) 4.6(a) Proceeding in the Tort System

Any ~~€~~claim must be filed in a state or federal court in the United States by the Claimant within 120 days of the date that the Claimant submits written rejection of the PSAN PI/WD Trust's proposed final claim award. ~~The Claim~~ or all legal rights will be deemed waived as to the claim against the P-OEM and the Trust. The claim must be filed in her own right and name and not as a member or representative of a class, and no such lawsuit may be consolidated with any other lawsuit. ~~Claims~~ , except that claims arising out of a single incident may be brought together in a single action. ~~Any trial will be limited to the issues of injury causation and valuation/damages only. [The parties are considering a template jury instruction/stipulation which would be utilized in the tort system to implement the language and intent of the parties of 4.6(a) of the TDP. Further, the parties are negotiating possible language in that stipulation for certain claims in certain jurisdictions that may be lost upon death of the Claimant during the processing of their claim.] The Trust in such litigation shall not assert as a defense Claimant's conduct, including contributory or comparative negligence in causing the underlying accident, or notice of recall, or the statute of limitations or statute of repose defenses. The Claimant shall not assert any cause of action, seek discovery related to, or present any evidence related except as to causation and damages. The Claimant shall not seek conduct based discovery nor present conduct based evidence at trial. Punitive or exemplary damages cannot be sought and will not be~~

payable.⁴⁶ Except as provided herein, the laws of the applicable jurisdiction will govern all claims filed pursuant to this Section.

Any trial will be limited to the issues of injury causation and valuation/damages only.

Liability for all claims, including third party claims of bystander liability and loss of consortium, shall be based on strict liability only. Neither Plaintiff (including consortium and bystander claimants) nor the Trust shall assert any claims or defenses based in negligence including defenses of contributory or comparative fault. To the extent the laws of the applicable jurisdiction do not provide for strict liability, the Claim Parties agree that strict liability will apply to all claims asserting injuries resulting from the PSAN Inflator Defect.

The Trust in such litigation shall not assert as a defense Plaintiff's conduct, including contributory or comparative negligence in causing the underlying accident, or notice of recall, or the statute of limitations or statute of repose defenses. The Trust shall not assert as a defense in any litigation the conduct or negligence of any third-party potential tortfeasor, including but not limited to the Debtors and its affiliated entities, any dealership against whom concurrent liability is asserted, or any dealership or other party against whom independent liability is asserted related to the PSAN Inflator Defect. The P-OEM shall indemnify any third-party defendants against whom the Plaintiff asserts concurrent liability.

~~⁴⁶The Alabama wrongful death statute shall not apply to any Claims filed in the any jurisdiction pursuant to the terms of this TDP. See Ala. Code § 6-5-410 (1975) and Ala. Code § 6-5-391 (1975). Rather, in any wrongful death case in which Alabama law would govern, the Parties agree that the law of the State of Georgia effective as of the date of this TDP will govern the determination of compensation for those wrongful death cases.~~

If any third-party defendant not indemnified by the P-OEM asserts any comparative or contributory fault as a defense against a Plaintiff, the Trust shall not take any position on those claims or defenses, including but not limited to participating in any written discovery, depositions, or assistance to counsel in pursuing any comparative or contributory negligence against the plaintiff. If any third-party defendant not indemnified by the P-OEM Claims that the conduct of the Plaintiff is a complete or partial defense, such defenses will not apply to the claims against the Trust.

With respect to the Trust and any Participating OEM: (a) No Plaintiff shall assert any cause of action, seek discovery related to, or present any evidence related except as to causation and damages; (b) the Plaintiff shall not seek conduct-based discovery nor present conduct-based evidence at trial; and (c) punitive or exemplary damages cannot be sought and will not be payable.

In the event that there is a verdict for compensable damages and the jury attributes any portion of the damages to the Trust, the Trust shall be responsible for satisfying the full compensatory verdict amount. If a jury apportions fault between the Trust and any other tortfeasor, the Trust shall be responsible for satisfying the full compensatory verdict amount regardless of any apportionment of fault (by cross-claim, third party liability, comparative fault of the plaintiff, or otherwise). Under no circumstances shall the Trust be responsible for any exemplary or punitive damages awarded against any third-party defendant or tortfeasor. Nothing herein shall prevent the P-OEM from pursuing indemnification against any third-party defendant or tortfeasor and the Plaintiff shall assign its rights to pursue any portion of the verdict attributed to a third-party defendant or tortfeasor to the P-OEM. There is no litigation scenario in which the Trust is not responsible for paying the entire compensatory verdict.

If the Plaintiff was alive at the time the Claim Form was filed with the PSAN PI/WD Trust and died during the pendency of the claim, the Plaintiff shall be entitled to all personal injury damages incurred prior to death, regardless of the law of the jurisdiction, in addition to any wrongful death damages arising from his death.

The Alabama wrongful death statute shall not apply to any Claims filed in any jurisdiction pursuant to the terms of this TDP. See Ala. Code § 6-5-410 (1975) and Ala. Code § 6-5-391 (1975). Rather, in any wrongful death case in which Alabama law would govern, the Parties agree that the law of the State of Georgia effective as of the date of this TDP will govern the determination of compensation for those wrongful death cases.

In any jury trial, the parties agree to jointly seek the court's approval to include in the court's instructions to the jury the instructions set forth in Exhibit C with appropriate refinements to make them consistent with state law relating to the parties' agreement as set forth in this section.

6.4(b) ~~4.6(b)~~ Payment of Claims in the Tort System

If a ~~FABI~~P-OEM Claim proceeds in the tort system under the provisions of this TDP and is subsequently liquidated by either a settlement and/or a jury verdict, the liquidated amount shall be paid by the Trust in the following manner.

~~[The parties are negotiating a payment schedule, where applicable, for all tort system claims whether resolved by judgment or settlement.]~~

Payments of any pre-trial settlement, jury verdict, or post-trial settlement in the tort system shall be paid by the Trust as follows:

- **Pretrial Settlement.** If the P-OEM Claim is liquidated by a pretrial settlement and the Claimant received an amount from the Trust ("Trust Award"), 50% of the

Trust Award will be paid to the Claimant within 10 days of the pretrial settlement, the lesser of the remaining 50% of the Trust Award or the remaining liquidated balance will be paid on the first anniversary of the settlement, and the remainder of the liquidated value, if any, paid on the second anniversary of the settlement. If the Claimant did not receive a Trust Award, any pretrial settlement will be paid in three equal payments with the first payment made 10 days following the pretrial settlement, the second payment made on the first anniversary of the pretrial settlement, and the final payment made on the second anniversary of the pretrial settlement.

- **No Appeal of a Jury Verdict.** If the P-OEM Claim is liquidated by a jury verdict and the Claimant received a Trust Award, 50% of the Trust Award will be paid to the Claimant within 10 days of the verdict, the lesser of the remaining 50% of the Trust Award or the remaining liquidated balance will be paid on the first anniversary of the verdict, and the remainder of the liquidated value, if any, will be paid on the second anniversary of the verdict. If the Claimant did not receive a Trust Award, any jury verdict will be paid in three equal payments with the first payment made 10 days following the jury verdict, the second payment made on the first anniversary of the verdict, and the final payment made on the second anniversary of the verdict.
- **Appeal of a Jury Verdict by the Trust.** If the Trust appeals a jury verdict in favor of the Claimant and the Claimant received a Trust Award, 50% of the Trust Award will be paid to the Claimant within 10 days of the verdict, the lesser of the remaining 50% of the Trust Award or the remaining liquidated balance will be

paid on the later of the first anniversary of the verdict, any post-trial settlement, or any appellate decision, and the remainder of the liquidated value, if any, one year later. If the Claimant did not receive a Trust Award, the Trust will pay the Claimant one-third of the verdict amount 10 days following the verdict, 50% of the remaining liquidated balance on the later of the first anniversary of the verdict, any post-trial settlement, or any appellate decision, and the remainder of the liquidated value, if any, one year after the second payment.

- **Appeal of a Jury Verdict by the Claimant.** If the Claimant appeals a jury verdict in favor of the Trust and the Claimant did not receive a Trust Award, and the parties reach a post-trial settlement, the Trust will pay the Claimant in three equal payments with the first payment made 10 days following the settlement.

Any unliquidated amount of any jury verdict will be entitled to post-judgment interest under applicable law.

~~SECTION 7~~SECTION 5

General Guidelines for Liquidating and Paying Claims

7.1 ~~5.1~~ **Payment of P-OEM and TD Claims, Including Indirect Claims**

Once an award on a P-OEM Claim or TD Claim, including Indirect Claims, is deemed final, the Trustee will initiate the distribution process. The Trustee shall pay the Claimant or Indirect Claimant, subject to the terms of this TDP and the PSAN PI/WD Trust Agreement, the ~~Claim in the~~ amount ~~so offered~~ of the award. Distributions for ~~valid~~ Compensable Claims to Claimants not represented by an attorney will be issued by checks mailed to the Claimant's address ~~of record via certified U.S. Mail~~ set forth on the Claimant's Claim Form, which will be

negotiable for 90 days. If the Claimant is represented by an attorney, the distribution may be issued by check or by electronic payment to the attorney.

In determining all award amounts, the Trustee will take into account all known outstanding medical liens, if any, currently owed by the Claimant. Claimants shall be responsible for the payment of all medical or other applicable liens.²⁰ The Claimant will undertake to resolve such liens, and if not done, the Trustee will take over the process ~~as detailed in Ex. ____~~. The Trustee will retain the services of a Lien Resolution Administrator to identify, resolve, and satisfy, in accordance with applicable law, certain Claimant repayment obligations, including, but not limited to, Medicare (Parts A and B), Medicaid, and other governmental liens.

Where the Claimant is deceased or has been determined to be incompetent, and the settlement and payment of her claim must be approved by a court of competent jurisdiction or through a probate process prior to acceptance of the claim by the Claimant's representative, an offer made by the Trustee on the claim shall remain open so long as proceedings before that court or in that probate process remain pending; provided that the Trustee has been furnished with evidence that the settlement offer has been submitted to such court or to the probate process for approval prior to the expiration of the time to accept the offer. If the offer is ultimately approved by the court or through the probate process and accepted by the Claimant's representative and the Trustee receives written notice of the approval and acceptance, the Trustee

²⁰ In the case of an Indirect Claim, the OEM shall not be responsible for, nor required to release the Trust as to any medical or other applicable liens of the direct Claimant, provided the OEM supplies a settlement agreement, release or other legally sufficient evidence that the direct Claimant has agreed to satisfy any outstanding medical or other liens.

shall pay, subject to the terms of this TDP and the PSAN PI/WD Trust Agreement, the Eclaim in the amount so offered.

In accordance with the terms of the Participating OEM Contribution Agreement, to the extent the Claimant has established a PSAN PI/WD Claim that is a P-OEM Claim for which a Participating OEM would otherwise be liable but for the Channeling Injunction, the Participating OEM shall pay the Net Liquidated Value, if any, (as defined in the Participating OEM Contribution Agreement) of such PSAN PI/WD Claim into a segregated account established solely for the purpose of paying PSAN PI/WD Claims asserted against the Participating OEM. The Trust shall pay the Claimant (a) the amount of the Net Liquidated Value of such PSAN PI/WD Claim received from the Participating OEM, and (b) the amount such PSAN PI/WD Claim is entitled to receive from the PSAN PI/WD Trust including on account of (i) the TD Claim and (ii) any recovered PSAN PI/WD Insurance Proceeds allocable to the PSAN PI/WD Claim.

7.2 ~~5.2~~ Order of Payment

The Trustee shall attempt to pay all Compensable Claims on an efficient and fair basis. In making decisions on compensability and compensation amounts, the Trustee may evaluate and pay Eclaims on an ongoing basis, even if this means later submitted Eclaims are evaluated or paid before earlier submitted Eclaims.

7.3 ~~5.3~~ Costs Considered

Notwithstanding any provisions of this TDP to the contrary, the Trustee shall always give appropriate consideration to the cost of investigating and uncovering invalid ~~Claims so that the payment of valid Claims is not further impaired by such processes with respect to issues related~~ claims, including issues relating to the validity of the medical or inflator defect evidence

supporting ~~a Claim~~ or disputing such a claim, so that the payment of valid claims is not impaired by such processes. The Trustee shall also have the latitude to make judgments regarding the amount of transaction costs to be expended by the PSAN PI/WD Trust so that valid ~~Claims~~ are not unduly ~~further~~ impaired by the costs of additional investigation or frivolous defense. ~~Nothing herein shall prevent the Trustee, in appropriate circumstances, from contesting the validity of any Claim against the PSAN PI/WD Trust whatever the costs, or to decline to accept medical evidence from sources that the Trustee have determined to be unreliable pursuant to the Claims Audit Program described in Section [] above.~~

~~5.4 — Discretion to Vary the Amounts of Payments~~

~~There can be no guarantee of any specific level of payment to Claimants. However, the Trustee shall use his best efforts to treat similar Claims in substantially the same manner, consistent with his duties as Trustee, the purposes of the PSAN PI/WD Trust, and the practical limitations imposed by the inability to predict the future with precision.~~

~~5.5 — Claimant Releases [This Section is subject to review by Honda and the TAC.]~~

7.4 Claimant Releases

As a condition for payment from ~~TABI Program~~ the PSAN PI/WD Trust, all ~~individuals~~ persons who apply for compensation from ~~TABI Program~~ the PSAN PI/WD Trust must execute and submit to the Trustee a release (the “Claimant Release”) in the form or forms provided by the Trustee for Claimants and Indirect Claimants. ~~The Claimant Release shall be signed and submitted by a Claimant when submitting a Claim Form.~~

~~By~~ For TD Claims, by signing the Claimant Release, the ~~individual~~ Claimant or Indirect Claimant will agree to release the Trust, the Trustee, ~~and the FCR,~~ the TAC, and the OAC (the “Released Parties”) from any and all past, present and future claims, counterclaims, actions,

rights or causes of action, liabilities, suits, demands, damages, losses, payments, judgments, debts, dues, sums of money, costs and expenses (including, without limitation, attorneys' fees and costs), accounts, reckonings, bills, covenants, contracts, controversies, agreements, obligations, or promises, in law or in equity, contingent or non-contingent, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, whether direct, representative, class or individual in nature, in any forum that an applicant had, have, or may have in the future (a "Released Claim") arising out of, in any way relating to or in connection with the ~~Takata Vehicle Manufacturer Airbag Recovery Program~~ PSAN PI/WD Trust and the discharge of the Trustee's duties and responsibilities under the PSAN PI/WD Trust Agreement.

The Release will also require the Claimant to (i) acknowledge and agree that the Claimant remains solely responsible for resolving all open Government Payors' and Non-Government Payors' liens, rights of reimbursement, and other claims (collectively, "Liens"); (ii) use best efforts to resolve all known Liens; (iii) agree to indemnify and hold harmless the Trust in connection with all known Liens and any future Liens; (iv) agree that the Trust will not be liable for any act, or failure to act, of the lien resolution administrator retained in connection with the PSAN PI/WD Trust; and (v) assign the Trust the right to pursue the PI/WD Insurance Rights, if any, for the full value of the TD Claim. Subparts (v) also applies to Indirect Claimants. Subpart (iii) applies to Indirect Claimants only if they do not provide a settlement

agreement, release, or other legally sufficient evidence that the direct Claimant has agreed to satisfy any outstanding medical or other liens.²¹

~~Upon~~ For P-OEM Claims, upon final determination of ~~the a P-OEM~~ Claim, the Release shall identify the injury category for which compensation is awarded, and where applicable allocation among related claims, estopping the Claimant from seeking any further relief for that injury ~~-, or portion thereof,~~ regardless of defect theory. If the Claimant is awarded compensation for an Aggressive Deployment Claim, the Release will identify the specific enhanced injury and percentage of the injury deemed enhanced. Nothing in this ~~Protocol-TDP~~ or any subsequent order approving this ~~Protocol-TDP~~ precludes the Claimant from seeking recovery in the tort system for any portion of an injury not compensated. The Claimant is responsible for promptly securing any court approval required in the applicable jurisdiction for any awards made as necessary to complete the Release. If the Claimant is awarded compensation for any loss of consortium or bystander claims, all beneficiaries of such claims shall also execute the Release, barring the assertion of those indirect or third-party claims in the tort system.

~~The Release will also require the Claimant to (i) acknowledge and agree that the Claimant remains solely responsible for resolving all open Government Payors' and Non-Government Payors' liens, rights of reimbursement, and other claims (collectively, "Liens"); (ii) provide the Trustee with authority for his Lien Resolution Administrator to seek resolution of Liens; (iii) provide evidence of negotiation and payment of all Liens with respect to payment of all Liens not resolved by the Trustee's Lien Resolution Administrator; (iv) agree to indemnify and hold harmless the Trustee in connection with all Liens and any future Liens; and~~

²¹ This language subject to consultation with the Trustee.

~~(v) and agree that the Trustee will not be liable for any act, or failure to act, of the Lien Resolution Administrator retained in connection with the Takata Vehicle Manufacturer Airbag Recovery Program.~~

~~The Trustee shall have the discretion to modify the form and substance of the releases to be provided by the Claimants to the PSAN PI/WD Trust and the Protected Parties in order to maximize recovery for Claimants against other tortfeasors without increasing the risk or amount of claims for indemnification or contribution from the PSAN PI/WD Trust or the Protected Parties with respect to the PSAN PI/WD Trust. As a condition to making any payment to a Claimant, the PSAN PI/WD Trust shall obtain, for the benefit of the PSAN PI/WD Trust and the Protected Parties, a general, partial, or limited release as appropriate in accordance with the applicable state or other law.~~ The Trustee may, with consent of the TAC, OAC and FCR, (i) adopt a form of release and (ii) modify any form of release that has previously been approved by the ~~PSAN PI/WD Trust Advisory Committees and the Future Claims Representative~~ [TAC, OAC, and FCR](#).

7.5 **5.6 Third Party Services**

Nothing in this TDP shall preclude the PSAN PI/WD Trust from contracting with another claims resolution organization to provide services to the PSAN PI/WD Trust so long as decisions about the categorization and value of ~~C~~Claims are based on the relevant provisions of this TDP, including-, [in the case of P-OEM Claims](#), the Injury Levels, Scheduled Values, Base and High Values, and Injury Criteria set forth above. [Subject to the terms and conditions of the Trust Agreement, the Trustee may retain one or more Claims Administrators to assist him in aspects of the administration of the PSAN PI/WD Trust, but final determination of Claims by the Trust shall be made by the Trustee.](#)

~~SECTION 8~~SECTION 6 ~~Payment Percentage~~

Point Value and Periodic Estimates

~~[SECTION TO BE REVIEWED AND COMMENTED ON BY TKH; TO APPLY TO CLAIMS AGAINST TKH AND OTHER PROTECTED PARTIES; SUBJECT TO APPROVAL BY TAC AND OEMs]~~

8.1 ~~6.1~~ PSAN PI/WD Trust's Determination of the ~~Payment Percentage~~ Point Value

~~There is inherent uncertainty regarding Debtors' and Participating OEMs' total PSAN Inflation-related liabilities, as well as the total value of the assets available to the PSAN PI/WD Trust to pay Claims (other than the assets contributed by any Participating OEM). Consequently, there is inherent uncertainty regarding the amounts that holders of Claims shall receive. To seek to ensure substantially equivalent treatment of all present and future PSAN PI/WD Claims, the Trustee must determine from time to time the percentage Liquidated Value Claimants will be likely to receive on account of their Claims absent any contribution from a Participating OEM per-point dollar value of the points used to value TD Claims under Section 5.2 of the TDP (the "Payment Percentage"). The Payment Percentage shall apply to liquidated Claims described in Section 4.2. Point Value).~~

~~To the extent the Claimant has established a Claim for which a Participating OEM is liable, the Participating OEM shall contribute to the Trust, and the Trust shall pay to the Claimant, the difference between full Liquidated Value and the Liquidated Value reduced by the Payment Percentage (the "Participating OEM Contribution").~~

Promptly after the PSAN PI/WD Trust is established, the Trustee, with the consent of the TAC, OAC, and FCR, shall set an initial ~~Payment Percentage~~ Point Value for TD Claims (the "Initial ~~Payment Percentage~~ Point Value"). The ~~Payment Percentage~~ Initial Point Value shall be calculated in accordance with Section ~~6.4.8.~~

The Initial Point Value, and any later determined Point Value, as in effect at the beginning of each calendar year, will be adjusted for inflation annually, beginning as of January 1, 2020 (the “Inflation Adjustment”). The amount of each such Inflation Adjustment shall equal the increase for the preceding year in the Consumer Price Index for All Urban Consumers (“CPI-U”), but such Inflation Adjustment for any year shall not be less than an increase of 2% or more than an increase of 5%. The Trust shall rely upon CPI-U as published by the United States Department of Labor, Bureau of Labor Statistics (“BLS”); provided, however, that if BLS ceases to publish CPI-U, the Trustee shall select the most comparable index of inflation published by BLS or another reputable and established source.

~~Except as otherwise provided in (a) Section 4.1(b) for Claims involving deceased or incompetent Claimants for which approval of the PSAN PI/WD Trust’s offer by a court or through a probate process is required and (b) the paragraph below with respect to Released Claims, no holder of any Claim shall receive a payment that exceeds the Liquidated Value of the claim times the Payment Percentage in effect at the time of payment; provided, however, that if there is a reduction in the Payment Percentage, the Trustee, in his sole discretion, may cause the PSAN PI/WD Trust to pay a Claim based on the Payment Percentage that was in effect prior to the reduction if such Claim was filed and actionable with the PSAN PI/WD Trust ninety (90) days or more prior to the date the Trustee proposed the new Payment Percentage in writing to the PSAN PI/WD Trust Advisory Committee(s) and the Future Claimants’ Representative (the “Proposal Date”) and the processing of such claim was unreasonably delayed due to circumstances beyond the control of the Claimant or the Claimant’s counsel, but only if such claim had no deficiencies for the ninety (90) days prior to the Proposal Date.~~

~~If a redetermination of the Payment Percentage has been proposed in writing by the Trustee to the PSAN PI/WD Trust Advisory Committee(s) and the Future Claimants' Representative but has not yet been adopted, the Claimant shall receive the lower of the current Payment Percentage or the proposed Payment Percentage. However, if the proposed Payment Percentage is the lower amount but is not subsequently adopted, the Claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed Payment Percentage is the higher amount and is subsequently adopted, the Claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount. In either event, however, no supplemental payments will be made to a Claimant who has already received a Participating OEM Contribution.~~

~~Notwithstanding anything contained herein, if the proposed Payment Percentage is lower than the current PPayment Percentage, a Claimant whose Claim was liquidated prior to the Proposal Date and who either (a) transmitted¹⁷ an executed release to the PSAN PI/WD Trust prior to the Proposal Date or (b) with respect to those claimants who had received releases fewer than thirty (30) days prior to the Proposal Date, transmitted an executed release to the PSAN PI/WD Trust within thirty (30) days of the Claimant's receipt of the release (the claims described in (a) and (b) are collectively referred to herein as the "Released Claims") shall be paid based on the current Payment Percentage (the "Released Claims Payment Percentage"). For purposes hereof, (a) a Claimant represented by counsel shall be deemed to have received a release on the date that the Claimant's counsel receives the release, (b) if the PSAN PI/WD Trust transmits a~~

~~¹⁷ For purposes of this sentence, "transmitted" is defined as the date/time postmarked if submitted by mail or the date/time uploaded if submitted electronically.~~

~~release electronically, the release shall be deemed to have been received on the date the PSAN PI/WD Trust transmits the offer notification, and (c) if the PSAN PI/WD Trust places the release in the U.S. mail, postage prepaid, the release shall be deemed to have been received three (3) business days after such mailing date. A delay in the payment of the Released Claims for any reason, including delays resulting from limitations on payment amounts in a given year pursuant to Sections 2.4 hereof, shall not affect the rights of the holders of the Released Claims to be paid based on the Released Claims Payment Percentage.~~

At least thirty (30) days prior to proposing in writing to the TAC, OAC, and FCR a change in the ~~Payment Percentage~~Point Value, the Trustee shall issue a written notice to Claimants or Claimants' counsel indicating that the Trustee is reconsidering such ~~Payment Percentage~~Point Value.

There is uncertainty surrounding the value of the PSAN PI/WD Trust's assets in the future. There is also uncertainty surrounding the totality of the TD Claims to be paid over time. If the value of the PSAN PI/WD Trust's future assets increases significantly and/or if the value or volume of TD Claims actually filed with the PSAN PI/WD Trust is significantly lower than originally estimated, the PSAN PI/WD Trust shall use those proceeds and/or claims savings, as the case may be, first to maintain the ~~Payment Percentage~~Point Value then in effect.

If the Trustee, with the consent of the TAC, OAC, and ~~the~~ FCR, makes a determination to increase the ~~Payment Percentage~~Point Value due to a material change in the estimates of the PSAN PI/WD Trust's future assets and/or liabilities, the Trustee shall also make supplemental payments to ~~claimants~~Claimants and Indirect Claimants who previously liquidated their claims against the PSAN PI/WD Trust and received payments based on a lower ~~Payment Percentage~~Point Value; provided, however, that no supplemental payments will be made to a

Claimant who has already received a ~~Participating OEM Contribution~~ PSAN PI/WD Top-Up Amount as defined by the Plan. The amount of any supplemental payment shall be the liquidated value of the ~~claim~~ TD Claim in question ~~times multiplied by~~ the newly adjusted ~~Payment Percentage~~ Point Value, less all amounts previously paid ~~to the claimant with respect to the claim~~ by the Trust to the Claimant or Indirect Claimant for that TD Claim.

The PSAN PI/WD Trust's obligation to make a supplemental payment to a ~~claimant~~ Claimant or Indirect Claimant shall be suspended in the event the payment in question would be less than \$100.00, and the amount of the suspended payment shall be added to the amount of any prior supplemental payment/payments that was/were also suspended because it/they would have been less than \$100.00. However, the PSAN PI/WD Trust's obligation shall resume, and the PSAN PI/WD Trust shall pay any such aggregate supplemental payments due the ~~claimant~~ Claimant or Indirect Claimant at such time that the total exceeds \$100.00.

~~6.2 — Determination of the Maximum Annual Payment and Maximum Available Payment~~

~~After calculating the Payment Percentage, the PSAN PI/WD Trust shall model the cash flow, principal, and income year by year so that they will be utilized over the entire life of the PSAN PI/WD Trust in a manner that ensures that all present and future holders of Claims are compensated in amounts reflecting the same the Payment Percentage. In each year, based upon the model of cash flow, the PSAN PI/WD Trust shall be empowered to pay out the portion of its funds payable for that year according to the model (the "Maximum Annual Payment"). The PSAN PI/WD Trust's distributions to all claimants for that year shall not exceed the Maximum Annual Payment. When the PSAN PI/WD Trust determines that offers have reached the~~

~~Maximum Annual Payment in a given year, the PSAN PI/WD Trust shall continue processing claims but shall not give new offers or releases until the next year.~~

~~The Payment Percentage and the Maximum Annual Payment figures are based on projections over the lifetime of the PSAN PI/WD Trust. As noted in Section 2.3 above, if such long-term projections are revised, the Payment Percentage may be adjusted accordingly, which would result in a new model of the PSAN PI/WD Trust's anticipated cash flow and a new calculation of the Maximum Annual Payment. However, year to year variations in the PSAN PI/WD Trust's flow of claims or the value of its assets, including earnings thereon, will not necessarily mean that the long-term projections are inaccurate; they may simply reflect normal variations, both up and down, from the smooth curve created by the PSAN PI/WD Trust's long-term projections. If, in a given year, however, asset values, including earnings thereon, are below projections, the PSAN PI/WD Trust may need to distribute less in that year than would otherwise be permitted based on the Maximum Annual Payment derived from long-term projections. Accordingly, the applicable Maximum Annual Payment for a given year may be temporarily decreased if the present value of the assets of the PSAN PI/WD Trust as measured on a specified date during the year is less than the present value of the assets of the PSAN PI/WD Trust projected for that date by the cash flow model described in the foregoing paragraph. The PSAN PI/WD Trust shall make such a comparison whenever the Trustee becomes aware of any information that suggests that such a comparison should be made and, in any event, no less frequently than once every six months. If the PSAN PI/WD Trust determines that as of the date in question, the present value of the PSAN PI/WD Trust's assets is less than the projected present value of its assets for such date, then it will remodel the cash flow year-by-year to be paid over the life of the PSAN PI/WD Trust based upon the reduced value of the total assets as~~

~~so calculated and identify the reduced portion of its funds to be paid for that year, which will become the “Temporary Maximum Annual Payment.” Additional reductions in the Maximum Annual Payment can occur during the course of that year based upon subsequent calculations. If in any year the Maximum Annual Payment was temporarily reduced as a result of an earlier calculation and, based upon a later calculation, the difference between the projected present value of the PSAN PI/WD Trust’s assets and the actual present value of its assets has decreased, the Temporary Maximum Annual Payment shall be increased to reflect the decrease in the differential. In no event, however, shall the Temporary Maximum Annual Payment exceed the original Maximum Annual Payment. As a further safeguard, the PSAN PI/WD Trust’s distribution to all Claimants for the first nine months of a year shall not exceed 85% of the Maximum Annual Payment determined for that year. If on December 31 of a given year, the original Maximum Annual Payment for such year is not in effect, the original Maximum Annual Payment for the following year shall be reduced proportionately.~~

~~In distributing the Maximum Annual Payment, the PSAN PI/WD Trust shall first allocate the amount in question to (a) [any Claims liquidated prior to the Effective Date,] (b) any Claims (i) based on an injury incurred prior to the Effective Date and (ii) subsequently filed with the PSAN PI/WD Trust within one (1) year following the date the PSAN PI/WD Trust first accepts for processing the proof of claim forms and other materials required to file a claim with the~~

~~PSAN PI/WD Trust,¹⁸ which are liquidated by the PSAN PI/WD Trust (“Existing Claims”), and (c) Exigent Hardship PI/WD Claims (as defined in Section 4.3(b) below).~~

~~Should the Maximum Annual Payment be insufficient to pay all such claims in full, the available funds shall be paid in proportion to the aggregate value of each group of claims and the available funds allocated to each group of claims shall be paid to the maximum extent to claimants in the particular group based on their place in their respective FIFO Payment Queue. Claims in any group for which there are insufficient funds shall maintain their place in the FIFO Payment Queue and shall be carried over to the next year. If there is a decrease in the Payment Percentage prior to the payment of such claims, any such claims shall nevertheless be entitled to be paid at the Payment Percentage that they would have been entitled to receive but for the application of the Maximum Annual Payment. The remaining portion of the Maximum Annual Payment (the “Maximum Available Payment”), if any, shall then be allocated and used to satisfy all other liquidated Claims; provided, however, that if the Maximum Annual Payment is reduced during a year pursuant to the provisions above, the Maximum Available Payment shall be adjusted accordingly. The Trustee, with the consent of the TAC and OAC, may offer the option of a reduced Payment Percentage to holders of claims in return for prompter payment (the “Reduced Payment Option”).~~

~~6.3 — Uncertainty of the Total PSAN-Related Personal Injury Liabilities~~

¹⁸~~—Exceptions to the satisfaction of this one year filing requirement may be made where a claimant can show an inability to file within the one year period caused by extraneous factors beyond the claimant’s control.~~

~~As discussed above, there is inherent uncertainty regarding the Protected Parties' total PSAN Inflation related tort liabilities, as well as the total value of the assets available to the PSAN PI/WD Trust to pay Claims. Consequently, there is inherent uncertainty regarding the amounts that holders of Claims shall receive. To ensure substantially equivalent treatment of all present and future Claims, the Trustee must determine from time to time the percentage of full liquidated value that holders of present and future Claims will be likely to receive, i.e., the "Payment Percentage" described in Section 2.3 above and Section 4.2 and Section 4.3 below.~~

8.2 ~~6.4~~ **Computation of ~~Payment Percentage~~ Point Value**

~~As provided in Section 2.3 above, the Trustee, with the consent of the TAC, OAC, and FCR, shall establish the Initial ~~Payment Percentage~~ after the Plan's Effective Date. 8.1 above, the Trustee, with the consent of the TAC and the FCR, shall establish the Initial Point Value after the Plan's Effective Date.~~

~~The ~~Payment Percentage~~ shall be subject to change pursuant to the terms of these TDP and the PSAN PI/WD Trust Agreement if the Trustee, after consultation with the TAC, OAC and FCR, determines that an adjustment is required. No less frequently than once every two (2) years, commencing with the first day of January occurring after the Effective Date, and whenever the amount of offers in a year exceed the Maximum Annual Payment, the Trustee shall reconsider the then applicable ~~Payment Percentage~~ to assure that it is based on accurate, current information and may, if necessary after such reconsideration, change the ~~Payment Percentage~~ after consultation with the TAC, OAC, and FCR. The Trustee shall also reconsider the ~~Payment Percentage~~ at shorter intervals if he deems such reconsideration to be appropriate or if requested to do so by the TAC, OAC or FCR. In any event, no less frequently than six (6) months, commencing on the date when the PSAN PI/WD Trust begins to accept claims, the~~

~~Trustee shall compare the liability forecast on which the Payment Percentage is based with the actual claims filing and payment experience of the PSAN PI/WD Trust to date. If the results of the comparison call into question the ability of the PSAN PI/WD Trust to rely upon the current liability forecast, the Trustee shall reconsider the Payment Percentage. The Trustee must~~ Trustee shall base his determination of the ~~Payment Percentage~~ Point Value on current estimates of the number, types, and ~~values of~~ Points assigned present and future TD Claims, the value of the assets then available to the PSAN PI/WD Trust for payment of TD Claims, all anticipated administrative and legal expenses, and any other matters that are reasonably likely to affect the sufficiency of funds to pay a comparable percentage of full value to all present and future holders of PSAN PI/WD Claims. When making these determinations, the Trustee shall ~~exercise common sense and flexibly~~ evaluate all relevant factors to determine a ~~conservative Payment Percentage that will guarantee to the greatest extent reasonably possible,~~ conservative Point Value with the goal of assuring that the PSAN PI/WD Trust will pay a comparable percentage of ~~Liquidated Value~~ each TD Claim's total value to all present and future holders. The Point Value shall be subject to change pursuant to the terms of the TDP and the PSAN PI/WD Trust Agreement. The Trustee shall review the then-applicable Point Value as he deems necessary to assure that it is based on accurate, current information, and shall compare the liability forecast on which the then-applicable Point Value was based with the actual claims filing and payment experience of the PSAN PI/WD Trust to date, and the projected assets of the PSAN PI/WD Trust on which the then-applicable Point Value was based with the current assets, and any updated projections of asset values, of the PSAN PI/WD Trust. If the results of the comparisons call into question the ability of the PSAN PI/WD Trust to rely upon the current liability and asset forecasts, the

Trustee may, if necessary, propose a change in the Point Value. Any change in the Point Value must be approved by the Trustee and the FCR, after consultation with the TAC and the OAC.

8.3 ~~6.5~~ **Applicability of the ~~Payment Percentage~~ Point Value**

~~Except as provided in this Section 4.3, no holder of a Claim shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage in effect at the time of the payment.~~ Except as otherwise provided in (a) Section ~~5.19e~~ 7.1 for TD Claims involving deceased or incompetent Claimants for which approval of the PSAN PI/WD Trust's offer ~~must be approved~~ by a court or through a probate process ~~and (b) the paragraph below with respect to Released Claims, no holder of any Claim shall receive a payment that exceeds the liquidated value of the claim times the Payment Percentage is required; provided, however, that if there is a reduction in the Payment Percentage, the Trustee, in his discretion, may cause the PSAN PI/WD Trust may cause the PSAN PI/WD Trust to pay a Claim based on the Payment Percentage that was in effect prior to the reduction if such Claim was filed and actionable with the PSAN PI/WD Trust ninety (90) days or more prior to the date the Trustee proposed the new Payment Percentage in writing to the TAC, OAC, and FCR ("Proposal Date") and the processing of such claim was unreasonably delayed due to circumstances beyond the control of the Claimant or the Claimant's counsel, but only if such claim had no deficiencies for the ninety (90) days prior to the Proposal Date.~~ and (b) the paragraph below with respect to Released Claims; no holder of any TD Claim shall receive a payment that exceeds the product of the total points attributed to the claim under the TD Claim Process multiplied by the Point Value in effect at the time of payment.

~~If a redetermination of the Payment Percentage~~ If a redetermination of the Point Value has been proposed in writing by the Trustee to the TAC, OAC, and FCR, but has not yet been adopted, the ~~claimant~~ Claimant or Indirect Claimant, as applicable, shall receive the lower of the

current ~~Payment Percentage~~ Point Value or the proposed ~~Payment Percentage~~ Point Value. However, if the proposed ~~Payment Percentage was~~ Point Value is the lower amount but ~~was is~~ not subsequently adopted, the ~~claimant~~ Claimant or Indirect Claimant shall thereafter receive the difference between the lower proposed amount and the higher current amount. Conversely, if the proposed ~~Payment Percentage was~~ Point Value is the higher amount and ~~was is~~ subsequently adopted, the Claimant or Indirect Claimant shall thereafter receive the difference between the lower current amount and the higher adopted amount. In either event, however, no supplemental payments will be made to a Claimant who has already received a PSAN PI/WD Top-Up Amount, although a participating OEM may receive a credit in such circumstances.

Notwithstanding anything contained herein, if the proposed Point Value is lower than the current Point Value, a Claimant whose TD Claim was liquidated prior to the date on which the redetermination of the Point Value was proposed (the "Proposal Date") and who either (a) transmitted²² an executed release to the PSAN PI/WD Trust prior to the Proposal Date or (b) with respect to those Claimants who had received releases fewer than thirty (30) days prior to the Proposal Date, transmitted an executed release to the PSAN PI/WD Trust within thirty (30) days of the Claimant's receipt of the release (the claims described in (a) and (b) are collectively referred to herein as the "Released Claims") shall be paid based on the current Point Value (the "Released Claims Point Value"). For purposes hereof, (a) a Claimant represented by counsel shall be deemed to have received a release on the date that the Claimant's counsel receives the release, (b) if the PSAN PI/WD Trust transmits a release electronically, the release shall be

²² For purposes of this sentence, "transmitted" is defined as the date/time postmarked if submitted by mail or the date/time uploaded if submitted electronically.

deemed to have been received on the date the PSAN PI/WD Trust transmits the offer notification, and (c) if the PSAN PI/WD Trust places the release in the U.S. mail, postage prepaid, the release shall be deemed to have been received three (3) business days after such mailing date. A delay in the payment of the Released Claims for any reason shall not affect the rights of the holders of the Released Claims to be paid based on the Released Claims Point Value.

SECTION 9~~SECTION 7~~

Miscellaneous

9.1 ~~7.1~~ Amendments

Except as otherwise provided herein, the Trustee may amend ~~to~~ any provisions of this TDP except the methodology for valuing TD Claims and Indirect Claims (including, without limitation, amendments to conform this TDP to advances in scientific or medical knowledge or other changes in circumstances), provided that (i) he or she first obtains the unanimous consent of the TAC, the OAC, and the FCR pursuant to the consent process set forth in ~~Section []~~ Sections 5.7, 6.7, and 7.6 of the PSAN PI/WD Trust Agreement; (ii) the right to adjust the ~~Payment Percentage~~ Point Value for TD Claims is governed by Section ~~[]~~ 8 above; and (iii) such amendments, modifications, deletions, or additions do not impact the Channeling Injunction and are not otherwise inconsistent with the Confirmation Order or the Plan. Nothing herein is intended to preclude the TAC, the OAC, the NP-OEMs or the FCR from proposing to the Trustee, in writing, amendments to this TDP. ~~Any amendment proposed by the TAC or the FCR shall remain subject to Section [] of the PSAN PI/WD Trust Agreement.~~ The Trustee, after consultation with the TAC, OAC, and ~~the~~ FCR, may make changes as necessary for the administration of the PSAN PI/WD Trust, so long as those changes do not amend the terms of

this TDP, the PSAN PI/WD Trust Agreement, the Channeling Injunction, Confirmation Order, ~~or~~ the Plan, or other Plan Document.

9.2 ~~7.2~~ **Extensions of Time**

Upon written request, the Trustee may in his discretion grant extensions of time for any deadline or time limit identified herein to any Claimant or ~~Participating~~ OEM.

9.3 ~~7.3~~ **Severability**

Should any provision contained in this TDP be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this TDP.

9.4 ~~7.4~~ **Governing Law**

Administration of this TDP shall be governed by, and construed in accordance with, the laws of the State of Delaware. The law governing the determination of PSAN PI/WD Claims in the case litigation in the tort system shall be the law of the Claimant's Jurisdiction as described in Section ~~F-1~~ 6.4(a) above.

9.5 ~~7.5~~ **Claims Audit Program**

The TDP includes an audit program ("Claims Audit Program") to assist in the prevention of consideration of suspicious evidence included in any Claimant Submission.

9.5(a) ~~7.5(a)~~ **Trustee Audit**

The Trustee may select TD Claims and P-OEM Claims for audit if the Trustee determines, based upon experience with the claims process, that the Claim Submission may contain fraudulent documentation or ~~intentional~~ misrepresentations of material fact relating to the ~~C~~claim.

9.5(a)(1) TD Claim Audit

~~If the Trustee selects a Claim~~ If a TD Claim is selected for audit, the Trustee shall promptly notify the Claimant ~~and Participating OEM~~ or Indirect Claimant as applicable, of the selection of the claim for audit, the specific reasons the Trustee suspects a Claimant or ~~Participating OEM~~ Indirect Claimant has submitted fraudulent documentation or made ~~intentional~~ misrepresentations of material fact, and which specific documents or statements are alleged to be suspect. The ~~Participating OEM and Claimant~~ audited party shall, within 30 days, submit to the Trustee, documentation establishing the accuracy and reliability of the documentation or misrepresentation the Trustee has put at issue. If, after completing an audit, the Trustee determines that the Claimant or Indirect Claimant has not intentionally supplied false evidence or made intentional misrepresentations of material fact, the Trustee shall proceed to evaluate and pay the TD Claim. If the Trustee determines that the TD Claim is fraudulent, he will not pay the claim The Trustee may, as he deems appropriate, report the alleged fraudulent conduct to the Bankruptcy Court or to law enforcement.

9.5(a)(2) P-OEM Claim Audit

If the Trustee selects a P-OEM Claim for audit, the Trustee shall promptly notify the Claimant and Participating OEM of the selection of the claim for audit, the specific reasons the Trustee suspects a Claimant or Participating OEM has submitted fraudulent documentation or made intentional misrepresentations of material fact, and which specific documents or statements are alleged to be suspect. The Participating OEM and Claimant shall, within 90 days, submit to the Trustee, documentation establishing the accuracy and reliability of the documentation or misrepresentation the Trustee has put at issue. If, after completing an audit, the Trustee determines that the Claimant or Participating OEM has not intentionally supplied false evidence

or made intentional misrepresentation of material fact, the Trustee shall proceed to evaluate and pay the P-OEM Claim.

If, after completing an audit, the Trustee determines that the Claimant or ~~POEM~~ Participating OEM has intentionally supplied false evidence or made intentional misrepresentation of material fact, the Trustee shall notify them both. The Claimant or ~~POEM~~ Participating OEM still suspected may then respond, within 15 days, with any evidence indicating that it has not intentionally submitted fraudulent documentation or has not made an intentional misrepresentation of material fact. Alternatively, for the Claimant, he shall be given an opportunity to withdraw his claim-. If the Trustee accepts such additional evidence or explanation, the Trustee shall proceed to evaluate and pay the P-OEM Claim. If the Claimant or ~~POEM~~ Participating OEM does not respond to the Trustee's notice, or if the Trustee, after considering the response, does not alter its determination, the Trustee shall exclude any such suspect evidence. The ultimate determination of compensability and valuation for that P-OEM Claim will be subject to the Appeals Process in the same manner as any other Scheduled Claim or IR Claim, as applicable. If the Appeal Panel upholds the Trustee's determination that the audited Claimant or ~~POEM~~ Participating OEM intentionally supplied false or fraudulent information material to the ~~C~~claim, - the Trustee may require the Claimant or ~~POEM~~ Participating OEM to pay the costs associated with the audit. In addition, the Trustee may report the alleged fraudulent conduct to the Bankruptcy Court or to law enforcement.

9.5(b) ~~7.5(b)~~ OAC-TAC-~~FCR~~ Financial Audit

The Participating OEM(s) on the OAC-, the TAC, and ~~TAC~~ the FCR shall have the right, beginning on the first January after the Effective Date, and each January thereafter, to ~~jointly~~ cause an annual audit to of the Trust's operations including payment of claims to be performed

by a Certified Public Accountant upon the financial records of the Trust. Complete copies of such audits shall be provided to the Bankruptcy Court, ~~the Trust Parties~~ Trustee, OAC, TAC, and FCR. ~~This annual audit would be only undertaken if the OAC and TAC so agree.~~

9.5(c) ~~7.5(e)~~ OAC, TAC, and TAC-FCR General

Audit

The Participating OEM(s) on the ~~OAC or~~ the TAC, or the FCR shall be entitled to individually audit and review all aspects of the PSAN PI/WD Trust, including but not limited to its operations, claims processing procedures, and results. The Trustee shall provide to the auditing party, at their sole discretion and ~~if the auditing party is a Participating OEM, the~~ Participating OEM's sole expense, such information and documentation as they request. The Trustee shall cooperate with the auditing party in connection with any such audit, including but not limited to providing the OAC reasonable access to the Trustee and Claims Administrator's personnel for interviews and reasonable direct access to any computer hardware, software, or data used or maintained by the PSAN PI/WD Trust. Such an audit shall be at the sole discretion and expense of the auditing party, and if the auditing party is a P-OEM, at that P-OEM's sole expense. The auditing party may – and shall be entitled to as part of its audit rights – make recommendations to the Trustee, OAC, TAC, and FCR, as applicable, concerning the PSAN PI/WD Trust, including but not limited to the PSAN PI/WD Trust's ~~C~~ claims processing operations. Any dispute between the Trustee, OAC, TAC, and FCR arising from the recommendations of an auditing party shall be subject to the dispute resolution procedures set forth in Section 8.13 of the PSAN PI/WD Trust Agreement.

9.6 Consenting OEM and OAC Consent Rights

The following terms and provisions of this TDP may not be amended or modified without the consent of the Consenting OEMs, which consent may not be unreasonably withheld: (1) the methodology for valuation of TD Claims as set forth in section 1.2 herein, (2) section 5.5, (3) footnote 7 and any term or provision of similar meaning, and (4) the first paragraph of section 9.6. In addition, this TDP may not be amended or modified to impose additional obligations on the Consenting OEMs that otherwise affect the rights of the Consenting OEMs in any material respect without the consent of the Consenting OEMs, which consent may not be unreasonably withheld. The procedures for obtaining such consent are specified in the PSAN PI/WD Trust Agreement. The Consenting OEMs reserve any and all rights, and are granted standing as third-party beneficiaries of this TDP, to enforce the terms or provisions of this TDP pertaining to the Consenting OEMs or the OEMs generally.

In addition, as provided in the PSAN PI/WD Trust Agreement, if there is not at least one Participating OEM, the OAC shall not be formed and the rights granted to the OAC hereunder shall be deemed to be of no force and effect. For any matter in which this TDP requires the consent of the OAC, the consent of the OAC shall not be unreasonably withheld. The procedures for obtaining such consent are specified in the PSAN PI/WD Trust Agreement. This paragraph of section 9.6 may not be amended without the consent of the OAC.

Exhibit A

~~Claim Protocol~~

Exhibit B
Claim Form

Exhibit C

Vehicle Inspection Protocol

TD Claim Process

A. Valuation Process

The first step in the TD Claim valuation process is to classify the types of injury claims into a manageable number of categories in a manner that is objectively based on the settlement history, consistent, efficient for claims handling purposes, explainable and understandable, and grounded in the way in which experts in the valuation and settlement of such cases (plaintiff and defense attorneys) have actually valued them in the past in real cases. For purposes of valuing TD Claims, the following types of injuries will be used: (i) fatality; (ii) permanent loss of vision in two eyes; (iii) permanent loss of vision in one eye; (iv) other eye injuries; (v) traumatic brain injury; (vi) larynx/vocal cord injuries; (vii) skull/dental/mandibular fractures; (viii) head/face/neck lacerations, scars, or burn disfigurements; (ix) facial nerve damage; (x) neck/back injuries; (xi) torso/limb lacerations, scars, burns, or disfigurement; (xii) permanent hearing loss/impairment; (xiii) non-permanent hearing injuries; (xiv) other broken bones/fractures; (xv) vascular complications (xvi) internal injuries; (xvii) injury to pregnancy; (xviii) concussion; (xix) minor bruising; (xx) fetal fatality;²³ and (xxi) dental injury. Individual injuries within these twenty-one categories may then be classified as mild, moderate, or severe.

²³ This claim is compensable only if permitted by applicable law.

The second step in the TD Claim valuation process is to assign relative values, i.e. points, to each injury category and subcategory, taking care to relatively value each type of injury clearly, fairly, objectively, and consistently. The TD Claim points schedule assigns a specific number of points to each of the identified injury categories and, where appropriate, for mild, moderate, and severe subcategories within each category. In addition, the schedule identifies situations where additional points may be added to a claim based on factors such as age and number of dependents to adjust the relative case value consistent with the historical settlement experience and fairness.

The dollar value of each point shall be determined and adjusted periodically in accordance with Section 8 of the TDP.

B. Points Schedule

Injury	Level 3 (Mild)	Level 3 (Moderate)	Level 1 (Severe)	Additional Factors for Level 1 Injuries	Additional Points
1. Fatality			4,000	Prolonged suffering	1,500
				Age under 25	3,000
				Age between 25 and 39	2,000
				Age 40 to 59	1,000
				Spouse/each dependent	75
2. Permanent loss of vision - two eyes			4,000	Age under 25	500
				Age between 25 and 49	250
				Spouse	75
3. Permanent loss of vision - one eye			2,000	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
4. Other eye injuries	100	400	1,000		
5. Traumatic Brain Injury	250	750	2,000	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
6. Larynx/vocal cord injury	100	400	2,000	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
7. Skull/dental/mandible fractures	100	350	1,600		
8. Head/face/neck laceration, scars, burns disfigurement	100	350	1,000		
9. Facial nerve damage/paralysis	100	400	1,000	Age under 25	500
				Age between 25 and 49	250
10. Neck/back injuries	10	350	2,000		
11. Torso/limb laceration, scars, burns, disfigurement	20	100	275		
12. Permanent hearing loss/impairment	100	500	1,500	Age under 25	500
				Age between 25 and 49	250
				Spouse/each dependent	75
13. Hearing - non-permanent injuries	10	100	150		
14. Other broken bones/fractures	40	150	600		
15. Vascular complications		50	150		
16. Internal injuries		50	250		
17. Injury to pregnancy		50	500		
18. Concussion		20	80		
19. Minor bruising/None		10	25		
20. Fetal fatality			4,000		
21. Dental injury	25	50	150		

EXHIBIT B

Scheduled Claim Process

A. Valuation Process

To determine the Scheduled Value for a Compensable Claim, first, the Trustee shall review the Claim Submission, identify the Injury Types claimed by the Claimant and then determine which of the Injury Type(s) claimed, if any, were caused by the PSAN Inflator Defect subject to the above criteria for Rupture and Aggressive Deployment Claims. Each Injury Type is assigned a value range (Base to High) in the Valuation Schedule. The default value for a Claimant's injury is the Base value for the corresponding Injury Type, but may be increased based on the Global Adjustment Criteria listed below in this section and the Specific Injury Adjustment Criteria listed in the Valuation Schedule.

Second, if the Claimant's compensable injuries fall into more than one Injury Type within a single Group, the Claimant will receive compensation for those injuries within the range of the most valuable of those Injury Types. As noted below, the existence of multiple injuries within the same Group is a Global Adjustment Criterion that justifies increasing a Claimant's compensation amount within the range.

Third, if the Claimant's compensable injuries fall into more than one Group and/or Ungrouped Injury Type, compensation for each Group and/or Ungrouped Injury Type will be added together ("stacked") to determine the total compensation amount for the Claimant. For stacked injuries, the minimum scheduled value will be the sum of the Base value for each Group and/or Ungrouped Injury Type for which the Claimant has a Compensable Claim and meets the applicable Injury Criteria. However, the Trustee may stack no more than three different Groups and/or Ungrouped Injury Types (using the highest three) when calculating the total compensation

amount. The total compensation amount represents the total and complete value that will be paid to the Claimant for his injuries. Nothing in this Agreement, Plan or the TDP interferes with a Claimant's obligation, if any, to pay attorney's fees.

Beginning in 2019, and every other year thereafter, the scheduled values, both Base and High, shall be adjusted upward by the percentage increase in the Core Consumer Price Index (CPI) from the value for the prior year, but such adjustment will never fall below 2% and never exceed 5%.

The Trustee may adjust the compensation amount within the Valuation Schedule based on Global Adjustment Criteria and Specific Injury Adjustment Criteria where appropriate.

Global Adjustment Criteria include:

- Life expectancy, age, and pre-accident health of Claimant
- Existence and age of dependents
- Past and future economic loss (excluding medical and/or funeral expenses) and household services calculated to present value
- Past and future medical expenses calculated to present value – using Core CPI from prior year
- Severity and/or permanency of injury
- Any unique effect of the injury on the Claimant's quality of life
- Pain and suffering
- Existence of multiple injuries not separately compensated
- Existence of bystander Claims under applicable law
- Existence of loss of consortium Claims under applicable law

Potential Specific Injury Adjustment Criteria are identified in the Valuation Schedule. The Valuation Schedule is organized into Groups of Injury Types as follows.

- Group 1: Lacerative Injuries
 - Minor Bruising
 - Neck or Back Injuries
 - Torso/Limb Lacerative Injuries
 - Head/Facial/Neck Lacerative Injuries
 - Skull/Facial/Neck Fractures
 - Permanent eye injury not resulting in any degree of legal blindness
 - Loss of Vision in One Eye
 - Loss of Vision in Two Eyes
- Group 2: Traumatic Brain Injury
 - Mild TBI
 - Moderate TBI
 - Severe TBI
- Group 3: Other Laceration-Related Injury
 - Larynx or Vocal Cord Injury
 - Vascular Complications
 - Nerve Damage or Facial or Limb Paralysis
- Group 4: Hearing Injury
 - Non-permanent Hearing Injury
 - Permanent Hearing Injury
 - Permanent Hearing Loss or Impairment
- Ungrouped Injury Types
 - Non-permanent eye injury
 - Other Broken/Fractured Bones
 - Internal Injuries
 - Injury to Pregnancy
 - Dental Injury

B. Valuation Schedule

Fatality

Compensation for a fatality is not stackable (i.e., a Claimant who receives compensation for a Fatality will not receive separate compensation for any other Injury Type).

<u>Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Fatality</u>	<u>Base: \$2,000,000</u> <u>High: \$5,000,000</u>	<u>Specific Injury Adjustment Criteria for a Fatality include miscarriage.²⁴</u> <u>For a Fatality, all Global Adjustment Criteria apply.</u>

Group 1: Lacerative Injuries

Claimant receives compensation in the range of most valuable Injury Type in this Group for which he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

<u>Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Minor Bruising</u>	<u>Base: \$10,000</u> <u>High: \$50,000</u>	<u>Minor bruising, contusions, or swelling. A minor bruise or contusion is a temporary bruise under the skin (subcutaneous) that might also involve deep bruising of the muscles (intramuscular). It does not include bruising of the bones (periosteal).</u>
<u>Neck or Back Injuries</u>	<u>Base: \$25,000</u> <u>High: \$1,000,000</u>	<u>A neck or back injury or aggravation to existing neck or back injury confirmed by a medical opinion of a board-certified physician.</u> <u>To receive compensation for nerve-related vertebrae damage requires medical documentation by a board-certified neurologist or neurosurgeon of the severity of the injury.</u>

²⁴ If the fatality of a pregnant mother also results in miscarriage of an unborn fetus, the Trustee may consider this fact in determining the level of compensation for the death of the mother if such claim is compensable under applicable law.

<u>Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Torso/Limb Lacerative Injuries</u> ²⁵	<u>Base: \$25,000</u> <u>High: \$750,000</u>	<u>Abrasions, cuts, lacerations, contact burns, scarring, or other damage to the soft tissue of the torso or limbs, beyond minor bruising.</u> ²⁶ <u>Includes bruising of the bones (periosteal).</u>
<u>Head/Facial/Neck Lacerative Injuries</u>	<u>Base: \$50,000</u> <u>High: \$1,250,000</u>	<u>Lacerations, disfigurement, abrasions, cuts, contact burns, scarring, or other damage to the soft tissue of the head (including scalp, face, and ears) and/or neck, beyond minor bruising. Includes bruising of the bones (periosteal).</u>
<u>Head/Facial/Neck Fractures</u>	<u>Base: \$100,000</u> <u>High: \$1,500,000</u>	<u>Fracture of skull, mandible, facial bones, and/or neck.</u> <u>Specific Injury Adjustment Criteria include need for surgical treatment, hospitalization, and severity of lacerations and scarring.</u>

²⁵ Specific Injury Adjustment Criteria for all lacerative injury categories include but are not limited to the following: number or severity of these and other injuries; visibility when clothed; surgical or non-surgical removal of metal fragments from skin; surgical drain; surgical scar repair; number of surgeries; infection; hypertrophic scars; keloid scars; atrophic scars; disfigurement; sensory, and/or autonomic impairment or weakness; and neuropathy. If the Claimant is seeking compensation for sensory and/or autonomic impairment or weakness or neuropathy, then that injury must be supported by diagnosis of a board-certified neurologist or neurosurgeon. Relevant properties of scars include size, thickness, reduced pliability, pigmentation, pain, innervation, pruritus, texture, vascularity, irregularities, hatchmarks, location, surface area, depth, and thickness. Claimant may submit a scar severity rating prepared by a qualified medical professional, and if applicable submit ratings on a rating scale, including but not limited to the Stony Brook, Vancouver, the Manchester Scar Scale, and POSAS scales. Scarring may be from lacerations, burns, and/or any subsequent treatments.

²⁶ For all lacerative injury categories, “soft tissue” includes oral and nasal tissue, muscles, ligaments, and tendons.

<u>Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Permanent eye injury not resulting in any degree of legal blindness</u>	<u>Base: \$100,000</u> <u>High: \$1,250,000</u>	<u>Permanent eye injury diagnosed by a board-certified ophthalmologist, including but not limited to permanent diminished vision.</u> <u>Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by board-certified ophthalmologist, inability for the impairment to be corrected, overall vision of Claimant.</u>
<u>Loss of Vision in One Eye</u>	<u>Base: \$1,750,000</u> <u>High: \$5,000,000</u>	<u>Diagnosis of uncorrectable legal blindness in one eye at the time of evaluation by a board-certified ophthalmologist. The Claimant's overall vision in both eyes pre- and post-trauma should be considered when determining appropriate compensation.</u>
<u>Loss of Vision in Two Eyes</u>	<u>Base: \$3,000,000 High: \$5,000,000</u>	<u>Diagnosis of uncorrectable legal blindness in both eyes at the time of evaluation by a board-certified ophthalmologist. The Claimant's overall vision in both eyes pre- and post-trauma should be considered when determining appropriate compensation. For the avoidance of doubt, if a Claimant already was legally blind in one eye, and the event resulted in legal blindness in the other eye, this category governs.</u>

Group 2: Traumatic Brain Injury

Claimant receives compensation in the range of the most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

<u>Traumatic Brain Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
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<u>Traumatic Brain Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Mild Traumatic Brain Injury (Concussion)</u>	<u>Base: \$25,000</u> <u>High: \$300,000</u>	<u>Requires: (1) Diagnosis of a traumatic brain injury (“TBI”)²⁷ by a board-certified or treating physician; and (2) supporting medical documentation establishing the degree and severity of the TBI.</u>
<u>Moderate Traumatic Brain Injury</u>	<u>Base: \$250,000</u> <u>High: \$750,000</u>	<u>Requires: (1) Diagnosis of a moderate TBI²⁸ and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.</u>
<u>Severe Traumatic Brain Injury</u>	<u>Base: \$1,000,000</u> <u>High: \$3,000,000</u>	<u>Requires: (1) Diagnosis of a severe TBI²⁹ and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.</u>

²⁷ Mild TBI is defined as a loss or alteration of consciousness for less than thirty minutes, post-traumatic amnesia of less than one hour where observable in light of the claimant's multiple injuries, demonstrated and documented focal neurologic deficits that may or may not be transient, and/or Glasgow Coma Score (GCS) of 13-15, an AIS-Head of 1, or other TBI rating tool typically relied on by a neurologist. Mild TBI is also known as concussion. See Daniel Friedland, Peter Hutchison, *Classification of Traumatic Brain Injury*, *Advances in Clinical Neuroscience and Rehabilitation* (July 27, 2013), <http://www.acnr.co.uk/2013/07/classification-of-traumatic-brain-injury>.

²⁸ Moderate TBI entail loss of consciousness for greater than thirty minutes, post-traumatic amnesia for greater than one hour where observable in light of the claimant's multiple injuries, and additional ratings the neurologist concludes supports the diagnosis, which could include a GCS of 9-12, an AIS-Head of 2, or other TBI rating tool typically relied on by a neurologist. *Id.*

²⁹ Severe TBI entail all of the moderate criteria listed above, and requires additional ratings the neurologist concludes supports the diagnosis, which could include a GCS of 8 or lower, an AIS-Head of 3 or higher, or other TBI rating tool typically relied on by a neurologist.

Group 3: Other Laceration-Related Injury

Claimant receives compensation in the range of most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

<u>Other Laceration-Related Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Larynx or Vocal Cord Injury</u>	<u>Base: \$150,000</u> <u>High: \$2,500,000</u>	<u>Larynx, trachea, or vocal cord injury (including injuries that result in partial loss of voice) confirmed by a medical opinion of a board-certified physician.</u> <u>Specific adjustment criteria can include level of severity of laryngeal trauma on Schaefer Classification system.</u> <u>Compensation for permanent loss of voice must be supported by diagnosis by a board-certified ear, nose, and throat physician.</u> <u>If such physician diagnoses total loss of voice, the Claimant has an automatic right to IR.</u>
<u>Vascular Complications</u>	<u>Base: \$50,000</u> <u>High: \$400,000</u>	<u>Diagnosis of injury caused by loss of blood or damage to circulatory system confirmed by a medical opinion of a board-certified physician.</u>
<u>Nerve Damage, Facial or Limb Paralysis</u>	<u>Base: \$50,000</u> <u>High: \$2,500,000</u>	<u>Nerve damage or paralysis of facial or limb muscles including motor impairment. This category does not include nerve-related vertebrae injuries to the neck or back.</u> <u>To receive compensation for this injury, the claimant must submit medical documentation of the severity and permanency of the injury by a board-certified neurologist or neurosurgeon.</u> <u>Specific Injury Adjustment Criteria would include the degree and location of nerve damage (e.g., facial, loss of use of limb/hand).</u>

Group 4: Hearing Injury

Claimant receives compensation in the range of most valuable Injury Type in this Group for which s/he qualifies, if any. That compensation is stackable with compensation for injuries in other Groups.

<u>Hearing Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Non-permanent Hearing Injury</u>	<u>Base: \$10,000</u> <u>High: \$125,000</u>	<u>Tinnitus, inner ear pain, temporary hearing loss, balance issues, or other ear related injuries such as eardrum damage, supported by a qualified physician.</u>
<u>Permanent Hearing Injury</u>	<u>Base: \$100,000</u> <u>High: \$1,500,000</u>	<u>Permanent moderate to severe tinnitus, inner ear pain, slight, mild, or moderate hearing loss, mildly or moderately diminished speech recognition, balance issues, or other ear related injuries such as eardrum damage, confirmed by a board-certified ear, nose, and throat (“ENT”) physician.</u>
<u>Permanent Hearing Loss or Impairment</u>	<u>Base: \$150,000</u> <u>High: \$3,000,000</u>	<u>Permanent diminishment of hearing and/or reduced speech recognition confirmed by a board-certified ear, nose, and throat (“ENT”) physician.</u> <u>Specific Injury Adjustment Criteria include pre-accident hearing status, classification by an ENT of severity of hearing loss using recognized dB scale, severe diminished speech recognition, and the effect of auditory aids mitigation and ongoing speech/hearing therapy.</u>

Stackable Injury Types Not in a Group

Claimant receives compensation in the applicable range for each of the Injury Types below for which s/he qualifies, if any. Compensation for these Injury Types is stackable with compensation for all Groups.

<u>Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Non-permanent eye injury</u>	<u>Base: \$10,000</u> <u>High: \$175,000</u>	<u>Non-permanent eye injury diagnosed by a physician, including but not limited to non-permanent diminished vision.</u> <u>Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by physician, and overall vision of Claimant.</u>
<u>Other Broken/Fractured Bones</u>	<u>Base: \$25,000</u> <u>High: \$175,000</u>	<u>Broken or fractured bones other than skull and facial bones.</u> <u>Specific Injury Adjustment Criteria include need for surgical treatment, and consideration that the likelihood of limb fractures from rupture event is extremely rare and likelihood of lower extremity fractures caused by airbag deployment is extremely rare unless occupant is out of position.</u>
<u>Internal Injuries</u>	<u>Base: \$50,000</u> <u>High: \$500,000</u>	<u>Damage to the internal organs, such as collapsed lung, spleen, kidney, damage to diaphragm, etc. confirmed by a medical opinion of a board-certified physician.</u>

<u>Injury Type</u>	<u>Values</u>	<u>Injury Criteria</u>
<u>Injury to Pregnancy</u>	<u>Base: \$100,000</u> <u>High: \$2,000,000</u>	<u>Miscarriage, complications to pregnancy, or injury to fetus confirmed by a medical opinion of a board-certified obstetrician.³⁰ This category is only applicable where the mother is not deceased. If the mother's case is a fatality, then the fatality category governs. Additionally, see footnote 23 above.</u>
<u>Dental Injury</u>	<u>Base: \$25,000</u> <u>High: \$125,000</u>	<u>Loss of one or more teeth or other dental injury.</u> <u>Specific Injury Adjustment Criteria include number and location of teeth damaged or lost, number and duration of treatments to replace the teeth or get implants, position of teeth, projected future cost of replacing the implants, and impact on everyday life.</u>

C. Loss of Consortium and Bystander Claims

The Trustee may increase a Claimant's compensation within the applicable range(s) based on the availability of a Loss of Consortium and/or Bystander Claim under the applicable law of any jurisdiction in which the claim could be properly filed. The Trustee shall take into account whether the claim would be permitted by the relevant state law most favorable to the Claimant that could be applied to the claim in the tort system.

A Claimant may request consideration for either or both of these Global Adjustment Criteria with submission of a Claim, and submit supporting documentation at that time. If the Trustee finds that either or both of these Global Adjustment Criteria are applicable, he will determine a single value for the Claim and apportion the amount between the person directly

³⁰ This claim is compensable only if permitted by applicable law.

injured and the third party or parties. Any third party (such as a Bystander or Loss of Consortium claimant) for whom compensation was provided must provide a Claimant Release.

EXHIBIT C

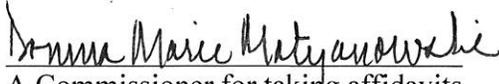
Jury Instruction

1. The Defendant in this case is a PSAN PI/WD Trust (the “PSAN Defendant”) created by the United States Bankruptcy Court when Takata filed for bankruptcy. The PSAN Defendant was created to provide compensation for injuries caused by defective Takata inflators. The PSAN Defendant has assumed the liability of Takata for injuries caused by defective inflators designed, manufactured, and sold by Takata, and liability of [Relevant P-OEM] for injuries caused by defective Takata inflators installed in [Relevant P-OEM] vehicles. Therefore, the PSAN Defendant is responsible just as if it were both [Relevant P-OEM] and Takata, and they were the defendants here.
2. In order to recover in this case, the Plaintiff must prove three essential elements of her claim by the preponderance or greater weight of the evidence. She must prove: (1) that the Defendant designed, manufactured or sold a product that was at the time it was sold in a defective condition unreasonably dangerous to the Plaintiff; (2) the Plaintiff suffered personal injuries; and (3) the defective product was a contributing cause of the Plaintiff’s injuries.
3. The Defendant agrees and stipulates that Takata designed manufactured and sold the airbag inflator that is the subject of this action and that [Relevant P-OEM] sold that inflator by incorporating it into the (model and model year) vehicle in which the Plaintiff was a passenger (or the driver.) The Defendant further agrees that the inflator was in a defective condition unreasonably dangerous when it was sold. Therefore, the first element of Plaintiff’s claim is established and requires no further proof by the plaintiff. You must accept the stipulation as conclusive evidence that the product was defective.

4. Therefore, in order for Plaintiff to recover in this case you must answer the following questions:

- o Did Plaintiff present evidence to convince you that by a preponderance of the evidence more likely than not the PSAN Inflator Defect was a contributing cause of the Plaintiff's injuries [or death]? If the answer to that question is no, you must find the Defendant is not liable and render a verdict in favor of the Defendant. [If causation is admitted this will be omitted and Causation stipulated above] [If aggressive deployment alleged, add enhancement language]
- o If the answer to that question is yes, you will be asked to determine the amount of money that will fully and fairly compensate Plaintiff for those injuries and award those damages in favor of the Plaintiff.

This is **Exhibit "Q"** referred to in the
affidavit of **KENNETH BOWLING**
sworn before me this
6th day of March, 2018


A Commissioner for taking affidavits

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

-----X
 :
In re : **Chapter 11**
 :
TK HOLDINGS INC., et al., : **Case No. 17-11375 (BLS)**
 :
Debtors.¹ : **Jointly Administered**
 :
 : **Re: Docket Nos. 1629, 1789, 2019, 2056**
 :
 -----X

**NOTICE OF FILING OF THIRD PLAN SUPPLEMENT PURSUANT TO THE
FOURTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION
OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

PLEASE TAKE NOTICE that, on February 14, 2018, TK Holdings Inc. and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “*Debtors*”), filed the *Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors* [Docket No. 2056] (the “*Plan*”)² with the Bankruptcy Court. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan and Disclosure Statement contemplate the submission of certain documents (or forms thereof), schedules, and exhibits in advance of the hearing on confirmation of the Plan.

PLEASE TAKE FURTHER NOTICE that, on January 23, 2018, the Debtors filed the *Notice of Filing of Plan Supplement Pursuant to the Third Amended Joint Chapter 11 Plan of*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Takata Americas (9766); TK Finance, LLC (2753); TK China, LLC (1312); TK Holdings Inc. (3416); Takata Protection Systems Inc. (3881); Interiors in Flight Inc. (4046); TK Mexico Inc. (8331); TK Mexico LLC (9029); TK Holdings de Mexico, S. de R.L. de C.V. (N/A); Industrias Irvin de Mexico, S.A. de C.V. (N/A); Takata de Mexico, S.A. de C.V. (N/A); and Strosshe-Mex, S. de R.L. de C.V. (N/A). Except as otherwise set forth herein, the Debtors’ international affiliates and subsidiaries are not debtors in these chapter 11 cases. The location of the Debtors’ corporate headquarters is 2500 Takata Drive, Auburn Hills, Michigan 48326.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Motion.

Reorganization of TK Holdings Inc. and Its Affiliated Debtors [Docket No. 1789] (the “**First Plan Supplement**”) in support of the Plan.

PLEASE TAKE FURTHER NOTICE that, on February 11, 2018, the Debtors filed the *Notice of Filing of Second Plan Supplement Pursuant to the Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors* [Docket No. 2019] (the “**Second Plan Supplement**” and, together with the First Plan Supplement, the “**Plan Supplement**”) in support of the Plan.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the revised PSAN PI/WD Trust Agreement, attached hereto as **Exhibit M**, which replaces and supersedes all prior-filed versions of such document, and that a redline of such document compared with the version filed on January 23, 2018 is attached hereto as **Exhibit M-1**.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file the revised Participating OEM Contribution Agreement, attached hereto as **Exhibit O**, which replaces and supersedes all prior-filed versions of such document, and that a redline of such document compared with the version filed on January 23, 2018 is attached hereto as **Exhibit O-1**.

PLEASE TAKE FURTHER NOTICE that the forms of the documents contained in the Plan Supplement are integral to, and are considered part of, the Plan. If the Plan is confirmed, the documents contained in the Plan Supplement will be approved by the Bankruptcy Court pursuant to the order confirming the Plan.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve the right, subject to the terms and conditions set forth in the Plan, to alter, amend, modify, or supplement any document in the Plan Supplement; provided, if any document in the Plan Supplement is altered, amended,

modified, or supplemented in any material respect prior to the hearing to confirm the Plan, the Debtors will file a blackline of such document with the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that the Plan Supplement, Plan, and Disclosure Statement may be viewed for free at the website of the Debtors' claims and noticing agent, Prime Clerk LLC ("**Prime Clerk**") at TKRestructuring.com or for a fee on the Bankruptcy Court's website at <http://www.deb.uscourts.gov>. To obtain hard copies of the Plan Supplement, Plan, or Disclosure Statement, please contact Prime Clerk at Prime Clerk LLC, 850 Third Avenue, Suite 412, Brooklyn, New York 11232 or by calling 844-822-9229 (U.S.) or 920-238-6810 (international).

Dated: February 16, 2018
Wilmington, Delaware

/s/ Brett M. Haywood

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*Attorneys for the Debtors and Debtors in
Possession*

EXHIBIT M

PSAN PI/WD Trust Agreement

PSAN PI/WD TRUST AGREEMENT¹

DATED AS OF [●], 2018

**PURSUANT TO THE FIFTH AMENDED JOINT CHAPTER 11 PLAN OF
REORGANIZATION OF TK HOLDINGS INC.
AND ITS AFFILIATED DEBTORS**

¹ **The Trust Agreement is still undergoing continuing negotiation and review by the TCC, FCR, OEM Customer Group and Special Master. The parties reserve all rights with respect to the Trust Agreement.**

PSAN PI/WD TRUST AGREEMENT

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PSAN PI/WD TRUST AGREEMENT

This PSAN PI/WD Trust Agreement (this “**Trust Agreement**”), dated as of [●], 2018, and effective as of the Effective Date, is entered in accordance with the Fifth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors, dated as of February [●], 2018 (as it may be amended, modified, or supplemented, the “**Plan**”),² by TK Holdings Inc. and its affiliated Debtors (collectively, the “**Debtors**” or the “**Settlers**”), the debtors and debtors-in-possession whose Chapter 11 cases are administered under Case No. 17-11375 (BLS) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”); the Future Claimants’ Representative (the “**FCR**”); the PSAN PI/WD Trustee (the “**Trustee**”); [Wilmington Trust, National Association,] as the Delaware Trustee pursuant to Section 4.10 hereof and any successor Delaware Trustee serving in such capacity (the “**Delaware Trustee**”); and the members of the PSAN PI/WD Trust Advisory Committee (the “**TAC**”) and the PSAN PI/WD OEM Advisory Committee (the “**OAC**”) (together with the TAC, the “**PPTACs**”) identified on the signature page hereof.

WHEREAS, pursuant to the February 27, 2017 order entered in U.S. v. Takata Corp., Case No. 16-cr-20810-04, the United States District Court for the Eastern District of Michigan (the “**Michigan District Court**”) approved the establishment of a personal injury and wrongful death restitution fund of \$125 million to provide restitution to individuals who suffered or will suffer personal injury caused by the malfunction of Takata airbags (the “**DOJ PI/WD Restitution Fund**”); and

² All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined herein or defined in the Plan, but defined in the Bankruptcy Code or Rules, shall have the meanings ascribed to them by the Bankruptcy Code and Rules, and such definitions are incorporated herein by reference.

WHEREAS, on July 31, 2017, the Michigan District Court entered an order appointing Eric D. Green as Special Master (the “**Special Master**”) to administer the DOJ PI/WD Restitution Fund; and

WHEREAS, the Debtors have reorganized under the provisions of Chapter 11 of the Bankruptcy Code in a case filed in the Bankruptcy Court, administered and known as In re TK Holdings Inc., et al., Case No. 17-11375 (BLS); and

WHEREAS, the Confirmation Order has been entered by the Bankruptcy Court and, unless such requirement was waived as described in the Plan, affirmed by the District Court; and

WHEREAS, the Plan provides, *inter alia*, for the creation of the PSAN PI/WD Trust (the “**PSAN PI/WD Trust**”) in accordance with this Trust Agreement; and

WHEREAS, the Plan provides that, on the Effective Date, the PSAN PI/WD Funds shall be transferred to, vested in and assumed by the PSAN PI/WD Trust; and

WHEREAS, the Plan provides that, on the Effective Date, the Other PI/WD Funds shall be transferred to, vested in and assumed by the PSAN PI/WD Trust; and

WHEREAS, pursuant to the Plan, the PSAN PI/WD Trust is to use the PSAN PI/WD Funds and the Other PI/WD Funds to satisfy and make payments to holders of all PSAN PI/WD Claims against the Debtors and the Protected Parties and all holders of Other PI/WD Claims, respectively, and, after the Non-PSAN PI/WD Claims Termination Date, to use the amounts transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable, to the PSAN PI/WD Trust to satisfy and make payments to holders of the Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims; and

WHEREAS, it is the intent of the Debtors, the Trustee, the PPTACs, and the FCR that the PSAN PI/WD Trust be administered, maintained, and operated at all times through mechanisms that provide reasonable assurance that the PSAN PI/WD Trust will compensate all PSAN PI/WD Claims against the Debtors and the Protected Parties pursuant to the PSAN PI/WD Trust Distribution Procedures (the “**TDP**”) that are attached hereto as **Exhibit 1**, and in compliance with the terms of this Trust Agreement; and

WHEREAS, pursuant to the Plan, the PSAN PI/WD Trust is intended to qualify as a “qualified settlement fund” within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the Internal Revenue Code of 1986, as amended (the “**QSF Regulations**”); and

WHEREAS, the Bankruptcy Court and, if required, the District Court, has or have determined that the Plan satisfies all the prerequisites for an injunction pursuant to section 105(a) of the Bankruptcy Code with respect to any and all PSAN PI/WD Claims against the Debtors and the Protected Parties with such claims being channeled to the PSAN PI/WD Trust, and such Channeling Injunction has been approved in connection with the entry of the Confirmation Order and, if required, has been affirmed by the District Court;

NOW, THEREFORE, it is hereby agreed as follows:

SECTION I **AGREEMENT OF TRUST**

1.1 Creation and Name. The Debtors as Settlers hereby create a trust known as the “PSAN PI/WD Trust,” which is the PSAN PI/WD Trust provided for and referred to in the Plan. The Trustee of the PSAN PI/WD Trust may transact the business and affairs of the PSAN PI/WD Trust in the name of the PSAN PI/WD Trust [or such other name as the PSAN PI/WD Trustee

shall designate for the purposes of doing business],³ and references herein to the PSAN PI/WD Trust shall include the Trustee acting on behalf of the PSAN PI/WD Trust [however named or designated by the PSAN PI/WD Trustee for the purpose of doing business]. It is the intention of the parties hereto that the PSAN PI/WD Trust created hereby constitutes a statutory trust under Chapter 38 of title 12 of the Delaware Code, 12 Del. C. § 3801 *et seq.* (the “**Act**”) and that this document, together with the bylaws described herein and the TDP, constitute the governing instruments of the PSAN PI/WD Trust. The Trustee and the Delaware Trustee are hereby authorized and directed to execute and file a Certificate of Trust with the Delaware Secretary of State in the form attached hereto as **Exhibit 2**.

1.2 Purpose.

(a) The PSAN PI/WD Trust has the following purposes:

(i) to assume liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties;

(ii) to administer, process, settle, resolve, liquidate and pay the PSAN PI/WD Claims in accordance with the terms of the Trust Agreement, PSAN PI/WD Trust Bylaws (as defined below), if any, TDP, Participating OEM Contribution Agreement(s), Indemnification Obligations (as defined below), PI/WD Insurance Rights Transfer Agreement (as defined below), and PSAN PI/WD Cooperation Agreement (as defined below), including all related exhibits (collectively, the “**Trust Documents**”) and the Plan;

(iii) to administer, process, settle, resolve, liquidate and pay the Other PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims (collectively, the

³ [Language bracketed in this sentence remains under discussion]

“**Trust Administered Claims**” and together with the PSAN PI/WD Claims, the “**Trust Claims**”), in accordance with the Plan and the Trust Documents;

(iv) to administer, process, settle, resolve and liquidate PSAN PI/WD Claims arising out of vehicles manufactured or sold by Participating OEM(s), and to pay to each holder of such PSAN PI/WD Claim (a) in accordance with the Participating OEM Contribution Agreement, the amount of the Net Liquidated Value (as defined in the Participating OEM Contribution Agreement), if any, received by the PSAN PI/WD Trust from the Participating OEM on account of such PSAN PI/WD Claim, and (b) the amount, if any, such PSAN PI/WD Claim is entitled to receive from the PSAN PI/WD Trust including on account of (i) the TD Claim (as defined in the TDP) and (ii) any recovered PSAN PI/WD Insurance Proceeds allocable to such PSAN PI/WD Claim in accordance with Section 3.3(g) below.

(v) to preserve, hold and manage:

(A) the PSAN PI/WD Funds, for use in paying and satisfying PSAN PI/WD Claims against the Debtors and the Protected Parties that qualify for a recovery under the Plan and the Trust Documents, in accordance with the terms of the Plan and the Trust Documents;

(B) the Other PI/WD Funds transferred by the Debtors, Reorganized Debtors and/or Legacy Trustee for the purpose of paying Allowed Other PI/WD Claims;

(C) all amounts transferred by the Legacy Trustee on the Non-PSAN PI/WD Claims Termination Date from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve to the PSAN PI/WD Trust for the purpose of paying all

Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims (the “**Claims Reserves Funds**”), including, without limitation, by establishing a segregated account for each of the Administrative Expense PI/WD Claims and the Administrative Expense PSAN PI/WD Claims to hold such funds for such purposes;

(D) all PSAN PI/WD Top-Up Amounts in accordance with the applicable Participating OEM Contribution Agreement(s); provided, however, the Trustee will separately track, account for and maintain each PSAN PI/WD Top-Up Amount contributed by each Participating OEM in separate PSAN PI/WD Top-Up Funds maintained in segregated accounts on account of each such Participating OEM; provided, further, however that each PSAN PI/WD Top-Up Amount shall only be used to fund distributions to holders of PSAN PI/WD Claims whose injuries resulted from a vehicle manufactured by the applicable Participating OEM;

(E) [the amounts transferred on account of the Consenting OEM Contributions and the Plan Sponsor Contribution Amount based on the Contributions Distribution formula and to hold such amounts in a reserve established and maintained by the Trustee (the “**Disputed Contributions Reserve**”) for the benefit of holders of PSAN PI/WD Claims and subsequently Allowed Other PI/WD Claims for contribution to the PSAN PI/WD Funds and the Other PI/WD Funds, respectively and all in accordance with Section 7.12 of the Plan;]⁴

⁴ [Under review with respect to Plan language]

(F) any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under or attributable to any and all insurance policies that were issued or allegedly issued that do or may afford the Debtors rights, benefits, indemnity or insurance coverage with respect to any PSAN PI/WD Claims (the “**PSAN PI/WD Insurance Policies**”), accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent (the “**PSAN PI/WD Insurance Rights**”); and

(G) [any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under or attributable to any and all insurance policies that were issued or allegedly issued that do or may afford the Debtors rights, benefits, indemnity or insurance coverage with respect to any Other PI/WD Claim (the “**PI/WD Insurance Policies**”), accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent (the “**PI/WD Insurance Rights**”)].

(b) The PSAN PI/WD Trust shall administer, process, settle, resolve, liquidate, satisfy, and pay, as applicable, PSAN PI/WD Claims against the Debtors and the Protected Parties in such a way that all holders of valid PSAN PI/WD Claims are treated equitably and in accordance with the terms of the Plan, the Trust Agreement, and the other Trust Documents. From and after the Effective Date, the PSAN PI/WD Claims against the Debtors

and/or the Protected Parties will be channeled to the PSAN PI/WD Trust pursuant to the Channeling Injunction set forth in Section 10.7 of the Plan and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. All such PSAN PI/WD Claims will be liquidated and paid in accordance with the Trust Agreement, the TDP, the Plan, the Confirmation Order, and the Other Trust Documents including any Participating OEM Contribution Agreement, if applicable.

(c) The PSAN PI/WD Trust will be administered and implemented by the Trustee as provided in this Trust Agreement.

1.3 Transfer of Assets. Pursuant to, and in accordance with, Section 5.10 of the Plan, upon the Effective Date, the PSAN PI/WD Trust will receive the PSAN PI/WD Funds and the Other PI/WD Funds to resolve all PSAN PI/WD Claims against the Debtors and the Protected Parties and the Other PI/WD Claims, respectively, and, on the Non-PSAN PI/WD Claims Termination Date, will receive the Claims Reserves Funds to pay all Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims, all in accordance with the terms of the Plan. The PSAN PI/WD Trust shall also receive certain funds that shall be held by the Trustee in the Disputed Contributions Reserve (the “**Disputed Contributions Funds**”) on account of Disputed Other PI/WD Claims in accordance with the terms of Section 7.12 of the Plan. In all events, the PSAN PI/WD Funds, the Other PI/WD Funds, the Claims Reserves Funds, the Disputed Contributions Funds and any other assets to be transferred to the PSAN PI/WD Trust under the Plan will be transferred to the PSAN PI/WD Trust free and clear of any liens, encumbrances, charges, or other claims by the Debtors, the Protected Parties, any creditor, or other entity. The Debtors shall execute and deliver such documents to the PSAN PI/WD Trust as the Trustee reasonably requests to transfer and assign any PSAN PI/WD Funds,

Other PI/WD Funds, Disputed Contributions Funds and Claims Reserves Funds to the PSAN PI/WD Trust. No monies, choses in action, and/or assets comprising the PSAN PI/WD Funds that have been transferred, granted, assigned or otherwise delivered to the PSAN PI/WD Trust shall be used for any other purpose other than in accordance with the TDP, the Trust Agreement and the Participating OEM Contribution Agreement(s), and for the payment, defense or administration of the PSAN PI/WD Claims against the Debtors and the Protected Parties and payment of expenses of the PSAN PI/WD Trust.

1.4 Acceptance of Assets and Assumption of Liabilities.

(a) In furtherance of the purposes of the PSAN PI/WD Trust, the PSAN PI/WD Trust hereby expressly accepts the transfer to the PSAN PI/WD Trust of the PSAN PI/WD Funds, the Other PI/WD Funds, the Disputed Contributions Funds and, on the Non-PSAN PI/WD Claims Termination Date, the Claims Reserves Funds in the time and manner as, and subject to the terms, of the Plan and the Trust Documents.

(b) In furtherance of the purposes of the PSAN PI/WD Trust, and subject to the terms of the Trust Documents and the Plan, the PSAN PI/WD Trust expressly assumes (i) all liabilities and responsibility for (1) all PSAN PI/WD Claims against the Debtors and the Protected Parties and (2) all PSAN PI/WD Claims arising from rights of indemnification, subrogation and/or contribution against the Debtors that were contingent and unliquidated as of the Petition Date for settlements entered into by a holder of a PSAN PI/WD Claim after the Petition Date, and (ii) any and all costs, expenses, fees, taxes, disbursements, debts, or obligations incurred for the administration of the PSAN PI/WD Trust pursuant to this Trust Agreement (collectively, the “**PSAN PI/WD Trust Expenses**”), and neither the Reorganized Debtors nor any of the other Protected Parties specified in the Plan shall have any further

financial or other responsibility or liability therefor, except as otherwise expressly set forth in the Plan, this Trust Agreement and the applicable Participating OEM Contribution Agreement, if any. The PSAN PI/WD Trust also accepts responsibility for administering and paying the Trust Administered Claims with the Other PI/WD Funds and the Claims Reserves Funds transferred to the PSAN PI/WD Trust by the Debtors, the Reorganized Debtors and/or the Legacy Trustee for such purposes. Except as otherwise expressly provided in this Trust Agreement and the TDP, the PSAN PI/WD Trust shall have all defenses, cross-claims, offsets, and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights, regarding such claims that the Debtors, Reorganized Debtors or the Protected Parties have or would have had under applicable law; provided, however, that no such claims, defenses or rights may be asserted against any Protected Party.⁵

(c) No provision herein or in the Trust Documents shall be construed or implemented in a manner that would cause the PSAN PI/WD Trust to fail to qualify as a “qualified settlement fund” under the QSF Regulations.

(d) Nothing in this Trust Agreement shall be construed in any way to (i) limit the scope, enforceability, or effectiveness of the Channeling Injunction or (ii) subject to the provisions of Section 1.4(b) above, limit the PSAN PI/WD Trust’s assumption of all liability for PSAN PI/WD Claims against the Debtors and the Protected Parties.

(e) The PSAN PI/WD Trust shall be bound by the Plan and the Confirmation Order.

(f) Pursuant to Section 5.10(w)(iv) of the Plan and subject to the conditions and limitations set forth therein, the PSAN PI/WD Trust shall comply with and fulfill the indemnification obligations under such Section 5.10(w)(iv) with respect to the PSAN PI/WD

⁵ [Parties are considering language proposed by Special Master concerning privileges.]

Claims (the “**Indemnification Obligations**”). As described in Section 5.10(v)(iv) of the Plan, such Indemnification Obligations require that the PSAN PI/WD Trust shall indemnify a Participating OEM, and any Person set forth in subpart (v) of the Plan’s definition of “Protected Party” that is affiliated with such Participating OEM, for any loss, cost, fees, or expenses incurred by such Participating OEM or any such Person if, after the payment of any portion or all of the PSAN PI/WD Top-Up Amount by the applicable Participating OEM, the Participating OEM or any such Person is (a) held liable for any PSAN PI/WD Claim or (b) required to provide payment, reimbursement, or restitution under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust is otherwise based on the same events, facts, matters, or circumstances that gave rise to the PSAN PI/WD Claim, in each case in an amount not to exceed the applicable Participating OEM’s PSAN PI/WD Top-Up Amount. The PSAN PI/WD Trust shall not be obligated to provide the indemnification set forth herein if, after exercising its best efforts, the PSAN PI/WD Trust is unable to obtain insurance for such obligations at a reasonable cost, with any such cost to be funded solely by the Participating OEM(s).

(g) As further described in the TDP, the PSAN PI/WD Trust shall require all holders of TD Claims and P-OEM Claims (as defined in the TDP) to execute a release (the “**Claimant Release**”), in the form or forms provided by the Trustee for Claimants and Indirect Claimants (as defined in the TDP), as applicable, as a condition to receiving payment on account of their PSAN PI/WD Claims from the PSAN PI/WD Trust.

(h) The PSAN PI/WD Trust shall have the authority to enter into (i) any transfer agreement (the “**Insurance Rights Transfer Agreement**”), necessary or appropriate to implement the transfer, assignment and vesting of any insurance rights and proceeds assigned or

transferred to the Trust by any Debtor or non-Debtor entity (the “**Insurance Rights Transfer**”) and (ii) any and all other documents necessary or appropriate to implement the Insurance Rights Transfer pursuant to the Plan.

1.5 Beneficial Owners. To the extent required by the Act, the beneficial owners (within the meaning of the Act) of the PSAN PI/WD Trust (the “**Beneficial Owners**”) shall be deemed to be the holders of PSAN PI/WD Claims against the Debtors and the Protected Parties, provided that (i) the holders of such PSAN PI/WD Claims, as such Beneficial Owners shall have only such rights with respect to the PSAN PI/WD Trust and its assets as are set forth in the Plan, the TDP, the Trust Agreement and the other Trust Documents, and (ii) no greater or other rights, including upon dissolution, liquidation, or winding up of the PSAN PI/WD Trust, shall be deemed to apply to the holders of such PSAN PI/WD Claims in their capacity as Beneficial Owners. The holders of Trust Administered Claims shall not be Beneficial Owners of the Trust.⁶ The Beneficial Owners shall be deemed to include any Indirect Claimant solely with respect to its Indirect Claim(s) (as defined under the TDP).

SECTION II

POWERS AND TRUST ADMINISTRATION

2.1 Powers.

(a) The Trustee is and shall act as the fiduciary to the PSAN PI/WD Trust in accordance with the provisions of this Trust Agreement, the TDP and the Plan. The Trustee shall administer the PSAN PI/WD Trust, the PSAN PI/WD Funds, the Other PI/WD Funds, the Claims Reserves Funds, and any other amounts received under the terms of the Plan, in accordance with the purposes set forth in Section 1.2 above and in the manner prescribed by this Trust Agreement, the TDP and, to the extent applicable, the Participating OEM Contribution

⁶ [Parties are reviewing impact on QSF status.]

Agreement(s). Subject to the limitations set forth in this Trust Agreement, the Trustee shall have the power to take any and all actions that in the judgment of the Trustee are necessary or proper to fulfill the purposes of the PSAN PI/WD Trust, including, without limitation, each power expressly granted in this Section 2.1, any power reasonably incidental thereto and any trust power now or hereafter permitted under the laws of the State of Delaware.

(b) Except as required by applicable law or otherwise specified herein, the Trustee need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(c) Without limiting the generality of Section 2.1(a) above, and except as limited below, the Trustee shall have the power to:

(i) receive and hold the PSAN PI/WD Funds, the Other PI/WD Funds, the Disputed Contribution Funds and, after the Non-PSAN PI/WD Claims Termination Date, the Claims Reserves Funds, and exercise all rights with respect thereto, including the right to vote and sell any securities that are included in such funds;

(ii) invest the monies held from time to time by the PSAN PI/WD Trust; provided that the PSAN PI/WD Top-Up Amounts may only be invested, if at all, in accordance with the terms of the Participating OEM Contribution Agreement(s);

(iii) enter into leasing and financing agreements with third parties to the extent such agreements are reasonably necessary to permit the PSAN PI/WD Trust to operate;

(iv) pay liabilities and expenses of the PSAN PI/WD Trust, subject to Section 2.2(d);

(v) establish such funds, reserves and accounts within the PSAN PI/WD Trust estate, as required by the Trust Documents or the Trustee deems useful in carrying out the purposes of the PSAN PI/WD Trust;

(vi) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitrative, or other proceeding;

(vii) establish, supervise and administer the PSAN PI/WD Trust in accordance with this Trust Agreement and the TDP and the terms thereof;

(viii) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing, and forecasting, and other consultants and agents, including, but not limited to, entities affiliated with the Trustee, as the PSAN PI/WD Trust requires, and delegate to such persons such powers and authorities as the fiduciary duties of the Trustee permit and as the Trustee, in his or her discretion, deems advisable or necessary in order to carry out the terms of this Trust Agreement;

(ix) [reimburse the Trustee for reasonable expenses incurred prior to the execution hereof specifically incurred in connection with this Trust Agreement, the PSAN PI/WD Trust, and the TDP;

(x) pay the reasonable fees and costs of the Trust Professionals (as defined below) for services provided and expenses incurred prior to the execution hereof specifically incurred in connection with this Trust Agreement, the PSAN PI/WD Trust, and the TDP;]⁷

(xi) subject to Section 2.2(d) and Section 4.7 herein, pay reasonable compensation to employees and any consultants, advisors, counsel and agents, including but not limited to (a) entities affiliated with the Trustee, and (b) those engaged by the PSAN PI/WD

⁷ [Under review and subject to further discussion]

Trust for legal, financial, accounting, investment, auditing and forecasting purposes and alternative dispute resolution activities;

(xii) subject to Section 2.2(d) and Sections 4.5, 4.7, 5.5, 5.6, 7.4 and 7.5 herein, compensate the Trustee, the Delaware Trustee, the TAC and the FCR as provided below, and their employees, legal, financial, accounting, investment, and other advisors, consultants, independent contractors, and agents, including, but not limited to, entities affiliated with the Trustee, and reimburse the Trustee, the Delaware Trustee, the TAC's members and the FCR for all reasonable and documented out-of-pocket costs and expenses incurred by such persons in connection with the performance of their duties hereunder;

(xiii) execute and deliver such instruments as the Trustee considers proper in administering the PSAN PI/WD Trust;

(xiv) enter into such other arrangements with third parties as are deemed by the Trustee to be useful in carrying out the purposes of the PSAN PI/WD Trust, provided such arrangements do not conflict with any other provision of this Trust Agreement;

(xv) in accordance with Section 4.6 below, defend, indemnify, and hold harmless (and purchase insurance indemnifying) (A) the Trustee, the Delaware Trustee, the members of the PPTACs and the FCR and (B) the officers and employees of the PSAN PI/WD Trust, and any agents, lawyers, advisors, and consultants of the PSAN PI/WD Trust, including but not limited to entities affiliated with the Trustee, the PPTACs, the members of the PPTACS or the FCR, each solely in his or her capacity as such (collectively, the “**Additional Indemnitees**”), to the fullest extent, as permitted by 12 Del. C. § 3817, after giving application to the provisions of Section 8.11 below, that a statutory trust organized under the laws of the State of Delaware is from time to time entitled to indemnify and/or insure its directors, trustees,

officers, employees, agents, advisors, and representatives; provided, however that notwithstanding anything to the contrary herein, no party shall be indemnified or defended in any way for any liability, expense, claim, damage, or loss for which he or she is ultimately liable under Section 4.4 below;

(xvi) in accordance with Section 1.4(f) above, perform the Indemnification Obligations;

(xvii) [enter into the PSAN PI/WD Cooperation Agreement, substantially in the form attached hereto as **Exhibit 3**, and fulfill its obligations thereunder;]⁸

(xviii) delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the PSAN PI/WD Funds, the Other PI/WD Funds, the Disputed Contributions Funds and/or the Claims Reserves Funds to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 4.4 below; provided that the PSAN PI/WD Top-Up Amounts may only be invested, if at all, in accordance with the terms of the Participating OEM Contribution Agreement(s);

(xix) consult with the PPTACs and the FCR at such times and with respect to such issues relating to the conduct of the PSAN PI/WD Trust as set forth herein;

(xx) make, pursue (by litigation or otherwise), collect, compromise, or settle, in the name of the PSAN PI/WD Trust, any claim, right, action, or cause of action included in the PSAN PI/WD Funds, the Other PI/WD Funds, the Claims Reserves Funds, the funds to be held in the Distributed Contributions Reserve, the PSAN PI/WD Insurance Rights, or

⁸ [Under discussion]

[the PI/WD Insurance Rights] including, but not limited to, insurance recoveries before any court of competent jurisdiction;

(xxi) purchase such insurance as the Trustee deems appropriate or as required under the Trust Documents, including with respect to any indemnification obligations of the Trust;

(xxii) take any and all actions required or necessary in order to carry out the terms of this Trust Agreement and the Plan.

(d) The Trustee shall not have the power to guarantee any debt of other persons.

(e) The Trustee shall give the PPTACs and the FCR prompt notice of any act performed or taken pursuant to Sections 2.1(c)(iii), (vi), (xiv), (xviii), (xx) or (xxi) above, and any act proposed to be performed or taken pursuant to Section 2.2(f) below (provided that, for the avoidance of doubt, such notice shall not satisfy the consent requirements contained in Section 2.2(f)).

2.2 General Administration.

(a) The Trustee shall act in accordance with the Trust Agreement and the Plan, and accordance with any PSAN PI/WD Trust Bylaws (“**PSAN PI/WD Trust Bylaws**”), adopted as provided below. The Trustee may, with the consent of the FCR and the PPTACs, adopt the PSAN PI/WD Trust Bylaws. To the extent not inconsistent with the terms of this Trust Agreement, the PSAN PI/WD Trust Bylaws shall, if adopted, govern the affairs of the PSAN PI/WD Trust. In the event of any inconsistency between the PSAN PI/WD Trust Bylaws and this Trust Agreement, this Trust Agreement shall govern.

(b) The Trustee shall (i) timely file such income tax and other returns and statements required to be filed and shall timely pay all taxes required to be paid by the PSAN PI/WD Trust from the corpus of the PSAN PI/WD Trust, provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims involving a vehicle manufactured or sold by such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used by the Trustee to pay taxes of the PSAN PI/WD Trust (unless such taxes are incurred as a result of investment or other income earned on such segregated account(s)), (ii) comply with all applicable reporting and withholding obligations, (iii) satisfy all requirements necessary to qualify and maintain qualification of the PSAN PI/WD Trust as a qualified settlement fund within the meaning of the QSF Regulations, and (iv) take no action that could cause the PSAN PI/WD Trust to fail to qualify as a qualified settlement fund within the meaning of the QSF Regulations.

(c) The Trustee shall timely account as follows:

(i) For the fiscal year 2018 and for each successive fiscal year thereafter until the PSAN PI/WD Trust is terminated pursuant to Section 8.2 below, the Trustee shall cause to be prepared and posted on the Trustee's publicly available website, as soon as available, and in any event within one hundred and twenty (120) days following the end of such fiscal year, or as soon as practicable thereafter, an annual report (the "**Annual Report**") containing financial statements of the PSAN PI/WD Trust (including, without limitation, a balance sheet of the PSAN PI/WD Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the

financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles applicable to trusts such as the PSAN PI/WD Trust. The Trustee shall provide a copy of such Annual Report to the PPTACs and the FCR when such reports are posted on its website.

(ii) In connection with the preparation of the Annual Report, the Trustee shall cause to be prepared and posted on its website a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements (the "**Claims Report**"). The Trustee shall provide a copy of the Claims Report to the PPTACs and the FCR when it is posted on its website.

(iii) [In connection with the posting of the Annual Report, the Trustee shall also provide to the PPTACs and the FCR, on a confidential basis, a report containing a more detailed summary including the following: (1) the number and type of claims made, denied and compensated, (2) the number and amount of awards made and the basis for such awards, (3) the number and amount of awards accepted without appeal, (4) the number and amount of awards accepted after appeal, (5) the number and amount of awards not accepted after appeal, (6) the number of IR Claims (as defined in the TDP) made, and (7) a description of each award made or denied (the "**Committee Report**").]⁹ Except as set forth herein, the Trustee shall keep the Committee Report confidential, provided disclosure of the Committee Report to the Trustee's agents, lawyers, advisors and other consultants, including but not limited to entities affiliated with the Trustee, or otherwise required by the Trust Documents or the Plan, shall not constitute a violation of this Section 2.2(c)(iii). Should the Trustee receive notice of a legal proceeding in which an individual or entity requests a court or other tribunal to order the Trustee to disclose the Committee Report, the Trustee will provide notice to the PPTACs and the FCR of any such

⁹ [Information made available to non-voting members TBD]

pending proceeding related to the Committee Report, and shall duly advise such court and individual or entity of the terms of the confidentiality provision in this Section 2.2(c)(iii). If disclosure of the Committee Report is required to be made to a court of law, the Trustee, in conjunction with the PPTACs and the FCR, will take all reasonable methods to protect the confidentiality of the provisions within the Committee Report. In addition, and notwithstanding any other provision of this Section 2.2(c)(iii), the Trustee shall provide (i) a quarterly report to the FCR containing substantially the same information as the Committee Report presented with respect to the prior calendar quarter, (ii) such other periodic reports as the Trustee and FCR shall agree, and (iii) any other reports that may be required by a Participating OEM Contribution Agreement.

(iv) All materials posted to the Trustee's website in accordance with this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Trustee on such website.

(v) The Trustee shall comply with the audit requirements described in Sections 9.5(b) and 9.5(c) of the TDP.

(d) The Trustee shall cause to be prepared, as soon as practicable prior to the commencement of each fiscal year, a budget (the "**Budget**") covering the administrative costs and expenses of the PSAN PI/WD Trust (including compensation for the Trustee, Delaware Trustee, FCR and TAC and their members and advisors) for such fiscal year and the succeeding four fiscal years. The initial Budget shall be prepared promptly following the Effective Date. The Trustee shall provide a copy of each Budget to the PPTACs and the FCR, and shall consult with the PPTACs and the FCR concerning each such Budget before the Trustee adopts such Budget for the current fiscal year. In any calendar quarter, no amounts shall be expended by the

PSAN PI/WD Trust (with the exception of amounts utilized to pay PSAN PI/WD Claims and the Trust Administered Claims in accordance with the TDP and this Trust Agreement), and the Trustee shall have no authority to spend any such amounts, that are in the aggregate in excess of 110% of the expenditures provided for in the Budget for such calendar quarter; provided that the Trustee shall have authority in his or her sole discretion to exceed 110% of the expenditures provided for in the Budget for matters reasonably unforeseen when the Budget was created.

(e) The Trustee shall consult with the PPTACs and the FCR (i) on the general implementation and administration of the PSAN PI/WD Trust, (ii) on the general implementation and administration of the TDP, and (iii) on such other matters as may be required under this Trust Agreement and the TDP pursuant to the consultation provisions set forth in Sections 5.7(a) and 6.7(a), in the case of the TAC and the OAC, respectively, and Section 7.6(a) in the case of the FCR. For the avoidance of doubt, the Trustee shall not be required to consult with, or obtain the consent of, the non-voting representatives to the OAC except as otherwise required with respect to the matters described in Section 2.2(h) hereof.

(f) The Trustee shall be required to obtain the consent of the FCR and the PPTACs, which consent shall not be unreasonably withheld, pursuant to the consent provisions set forth in Sections 5.7(b) and 6.7(b), in the case of the TAC and OAC, respectively and Section 7.6(b) in the case of the FCR, in addition to any other instances elsewhere enumerated, in order to:

- (i) seek to amend, supplement or modify the Plan in any respect;
- (ii) amend, supplement or modify the TDP in any respect;
- (iii) establish and/or to change the Submission of Claims requirements under Section 3 of the TDP;

(iv) adopt the form of release(s) to be provided pursuant to Section 7.4 of the TDP and/or modify or change the form of the release(s) that has/have been previously approved by the TAC, OAC and FCR thereto;

(v) terminate the PSAN PI/WD Trust pursuant to Section 8.2 below;

(vi) alter the term and successorship of the FCR or the PPTAC members;

(vii) alter the methods and manner of auditing the PSAN PI/WD Trust, including those audit provisions contained in Section 9.5 of the TDP;

(viii) implement structural changes;

(ix) settle any rights or monetize any assets (including, without limitation, the PSAN PI/WD Insurance Rights [and the PI/WD Insurance Rights]) assigned to the PSAN PI/WD Trust, including, without limitation, to settle the liability of any insurer under any insurance policy or legal action related thereto;

(x) change the compensation of the FCR, the TAC, the Delaware Trustee, or Trustee;

(xi) take actions to minimize any tax on the PSAN PI/WD Funds; provided that no such action prevents the PSAN PI/WD Trust from qualifying as a qualified settlement fund within the meaning of the QSF Regulations, provided further that no party hereto shall make any election to cause the PSAN PI/WD Trust to be treated as a “grantor trust” within the meaning of Section 671 of the Internal Revenue Code of 1986, as amended;

(xii) if the Trustee shall determine to do so, adopt the PSAN PI/WD Trust Bylaws in accordance with Section 2.2(a) above or thereafter to amend the PSAN PI/WD Trust Bylaws in accordance with the terms thereof;

(xiii) amend, supplement or modify any provision of this Trust Agreement, the TDP, any Participating OEM Contribution Agreement or any other Trust Document in accordance with the terms thereof, provided, however that no such amendments shall be inconsistent with the Plan, other Plan Documents (including the U.S. Acquisition Agreement), and the Indemnity Agreement (as defined in the Plan), if any;

(xiv) acquire an interest in or to merge any claims resolution organization formed by the PSAN PI/WD Trust with another claims resolution organization that is not specifically created by this Trust Agreement or the TDP, or permit any other party to join in any claims resolution organization that is formed by the PSAN PI/WD Trust pursuant to the Trust Agreement or the TDP; provided that such merger, acquisition, contract, or joinder shall not (a) subject any Protected Party to any risk of having any PSAN PI/WD Claim asserted against it or (b) otherwise jeopardize the validity or enforceability of the Channeling Injunction or any other injunction or release issued or granted in connection with the Plan and/or the Confirmation Order; and provided, further that (a) the terms of such merger will require the surviving organization to make decisions about the allowability and value of claims in accordance with the TDP and (b) in the case of a merger or acquisition, such merged or acquired entity agrees in writing to be bound by the Plan and the Confirmation Order, just as the PSAN PI/WD Trust is bound by Section 1.4(e) hereof;

(xv) and if to the extent required by Section 3.5 of the TDP, disclose any information, documents or other materials to preserve, litigate, resolve or settle coverage or to comply with an applicable obligation under an insurance policy or settlement agreement pursuant to Section 3.5 of the TDP; or

(xvi) determine that an OEM has satisfied the terms and conditions to become a Participating OEM.

The PPTACs and the FCR shall not unreasonably withhold any consent required under this Section 2.2(f), and if the OAC, the TAC or the FCR shall withhold any such consent required hereunder, at the election of any of them or the Trustee, the dispute shall be resolved in accordance with Section 8.13 of the Trust Agreement, except that no amendment to a Participating OEM Contribution Agreement may be made without such Participating OEM's consent, which it may withhold in its sole and absolute discretion.

(g) The Trustee shall not take any action that has a material adverse impact on the funding obligations of the Participating OEMs, without obtaining the consent of the OAC pursuant to Section 6.7(b) below, which consent may not be unreasonably withheld.

(h) The Trustee shall be required to obtain the consent of the Consenting OEMs, which consent may not be unreasonably withheld, pursuant to the consent provisions set forth in Section 6.8 below, in order to amend or modify:

- (i) the methodology for valuation of TD Claims as set forth in Section 1.2 of the TDP;
- (ii) Section 5.6 of the TDP;
- (iii) footnote 7 of the TDP and any term or provision of similar meaning;
- (iv) the first paragraph of Section 9.6 of the TDP;
- (v) the provisions of Section 2.5 of this Agreement; and

(vi) the TDP, this Trust Agreement or any other Trust Document that would impose additional obligations on the Consenting OEMs or that would otherwise affect the rights of the Consenting OEMs in any material respect.

[For the avoidance of doubt, the defined terms utilized in Sections 2.14, 2.15 and 2.30 of the TDP shall not be amended or modified without obtaining the consent of the Consenting OEMs pursuant to Section 6.8 below, which consent shall not be unreasonably withheld.]¹⁰

(i) The applicable Participating OEM shall have the right, at its discretion and sole expense, to assume, control, defend, and settle any and all litigation with respect to a PSAN PI/WD Claim to which the PSAN PI/WD Trust is a party, except where the PSAN PI/WD Trust is a plaintiff and the OAC or any of its members or any OEM is a defendant in such action. For the avoidance of doubt, the OAC shall not have the right to assume, control, defend or settle any insurance coverage action. If there is any inconsistency between this paragraph 2.2(i) and the TDP, the TDP shall control.

(j) The Trustee shall meet with the PPTACs and the FCR no less often than quarterly, to the extent practicable. The Trustee shall meet with the PPTACs and the FCR between such quarterly meetings at mutually convenient times and locations when so requested by the TAC, the OAC or the FCR, to the extent practicable.

(k) The Trustee shall consider issues submitted by the TAC, the OAC or the FCR at the Trustee's meetings with the PPTACs and the FCR, if practicable in view of pending business.

(l) The Trustee shall receive periodic reporting from the Legacy Trustee or the Plan Administrator of the determination and any re-determination of the Legacy Entities Reserves, Warehousing Entity Reserves, Post-Closing Reserves, the Reorganized TK Holdings

¹⁰ [Under discussion]

Trust (as well as any Residual Value in the Reorganized TK Holdings Trust upon dissolution), Disputed Claims Reserves and Claims Reserves (as applicable).

2.3 Claims Administration. The Trustee shall promptly proceed to implement the TDP.

2.4 Administration of the Trust if No Participating OEM. If as of the Initial Distribution Date, (a) no OEM has become a Participating OEM or (b) the PSAN PI/WD Trust's liquid assets (not including estimated future receipts by the PSAN PI/WD Trust) total less than \$40 million in the aggregate, then the Trustee may, and if requested to do so in writing by the TAC or the FCR shall, promptly develop and propose to the TAC and FCR for their consent, which consent shall not be unreasonably withheld, in accordance with Sections 5.7(b) and 7.6(b) respectively, and in consultation with the Consenting OEMs, modifications to this Trust Agreement, the TDP and other Trust Documents to permit the PSAN PI/WD Trust to operate and make distributions to present and future claimants utilizing the processes, procedures, valuations and distribution mechanisms of the DOJ PI/WD Restitution Fund, to the extent appropriate and feasible, or in an alternative manner to which the Trustee, TAC and FCR agree. For the avoidance of doubt, no assets of the DOJ PI/WD Restitution Fund shall be utilized and no expenses shall be imposed on the DOJ PI/WD Restitution Fund in connection with the PSAN PI/WD Trust.

2.5 Consenting OEM PSAN PI/WD Trust Reserves. The Trustee and FCR will utilize an estimation process agreed upon with Consenting OEMs that seeks to insure that current and future PSAN PI/WD Claims receive substantially similar treatment over the life of the PSAN PI/WD Trust, with the goal of paying each such claim the same percentage of its value as determined by the PSAN PI/WD Trust, as paid to all other current and future PSAN PI/WD

Claims. The OAC shall have right to require a re-estimation unless an estimation has otherwise been performed by the Trustee during the preceding 12 months, as an additional check to insure that the PSAN PI/WD Trust is meeting its goals. If the aggregate funds to be administered by the PSAN PI/WD Trust exclusive of PSAN PI/WD Top-Up Funds are estimated as of the Effective Date by the Trustee in consultation with the FCR and the TAC to exceed \$75 million (including, for the avoidance of doubt, Available Cash, Consenting OEM Contributions, the Plan Sponsor Contribution Amount, and PSAN PI/WD Insurance Proceeds), the PSAN PI/WD Trust will incorporate a limited period, diminishing Consenting OEM PSAN PI/WD Trust Reserve relating to each Consenting OEM to be calculated in accordance with the Agreed Allocation, as follows: 2/3 of each Consenting OEM's contribution to the Plan Settlement Fund (*i.e.*, such contribution being whatever gets re-directed to the PSAN PI/WD Trust through the waterfall pursuant hereto on account of recoveries on the Consenting OEM Unsecured Claims), less any amounts paid after the Effective Date by the Plan Settlement Fund on claims arising from an injury sustained in a vehicle sold or manufactured by such Consenting OEM (including a claim, if any, by such Consenting OEM for contribution, indemnification or subrogation), will be reserved for payment on claims relating to vehicles sold or manufactured by such Consenting OEM (each Consenting OEM's "**Trust Reserve**") for the first 3 years of the PSAN PI/WD Trust's existence; each Consenting OEM's Trust Reserve will be reduced to 1/2 in year 4 of the PSAN PI/WD Trust's existence; each Consenting OEM's Trust Reserve will be reduced to 1/3 in year 5 of the PSAN PI/WD Trust's existence; and after year 5, the Trust Reserves will be eliminated. Payment of claims relating to vehicles sold or manufactured by a particular Consenting OEM will first reduce such Consenting OEM's Trust Reserve dollar-for-dollar until fully depleted before the payment of claims is made from the general PSAN PI/WD Trust

Reserves that excludes the Trust Reserves. If there are any PSAN PI/WD Claims relating to vehicles sold or manufactured) by a Participating OEM during the 5 year period in which the Trust Reserves exist that would exceed the amount available to pay such claims after taking into account the estimated payment percentage for holders of PSAN PI/WD Claims and Other PI/WD Claims and applicable Trust Reserves, such Participating OEM will be required to pay such claims in full through its PSAN PI/WD Top-Up Amount. For any vehicles not sold and manufactured by the same OEM, the PSAN PI/WD Trust will accept joint instructions on how to apply / adjust the reserves from the relevant OEMs, provided that the PSAN PI/WD Trust and holder of a PSAN PI/WD Claim shall not be adversely affected by such instructions. In the event that such joint instructions are not timely provided following notice to the relevant OEMs, the Trustee shall apply the reserves in the manner most favorable to the holders of PSAN PI/WD Claims. In recognition of the goal of minimizing administrative expenses to manage the Trust Reserve structure, no sub-funds would need to be created to accomplish the same percentage treatment goals and no OEM-specific claims estimation would be required. For the avoidance of doubt, the existence of Trust Reserves is not intended to provide a greater recovery to any holder of PSAN PI/WD Claims based on whether such holder's injury was sustained in a vehicle manufactured by a specific Consenting OEM, and the Trustee shall make distributions in accordance with the minimum percentage payment or points system, as applicable, set forth in the PSAN PI/WD TDPs to all holders of PSAN PI/WD Claims throughout the life of the PSAN PI/WD Trust as may be more fully set forth in the PSAN PI/WD TDPs.

2.6 Channeling Injunction Opt-In Mechanics.

(a) If at any time during the Initial Opt-In Period an individual Consenting OEM elects to become Participating OEM, such Consenting OEM shall provide the Trustee, the

FCR and the PPTACs written notice of such election as provided in Section 8.6 of this Trust Agreement. The Trustee shall have [5 business days] to object to such election if the Trustee believes that the election is invalid under the terms of the Plan and this Trust Agreement. In the absence of an objection, the Consenting OEM shall become a Participating OEM as of the [6th business day] following written notice as provided above. If the Trustee timely objects to the election in writing, such dispute shall be resolved in accordance with Section 8.13 of this Agreement. Upon a Consenting OEM becoming a Participating OEM as provided herein, the Trustee shall provide notice to any plaintiffs asserting PSAN PI/WD Claims in pending litigations against such Consenting OEM at the time of such election, and such plaintiffs shall have the opportunity, but not the obligation, to elect to have their PSAN PI/WD Claims resolved as though they were subject to the Channeling Injunction in accordance with the terms of the Plan and the TDP by providing written notice of such election to the Trustee and the applicable Consenting OEM within 30 days of such notice being sent by the Trustee.

(b) If at any time during the Extended Opt-In Period an individual Consenting OEM that had no resolved or pending litigation raising PSAN PI/WD Claims against such Consenting OEM as of the Effective Date elects to become a Participating OEM, such Consenting OEM shall provide the Trustee, the FCR and the PPTACs written notice of such election as provided in Section 8.6 of this Agreement. The Trustee shall have [5 business days] to object to such election if the Trustee believes that the election is invalid under the terms of the Plan. In the absence of an objection, the Consenting OEM shall become a Participating OEM as of the later of (i) the [6th business day] following written notice as provided above and (ii) the date that the Trustee has received payment from such Consenting OEM of its \$10,000,000 option payment (the “**Option Payment**”); provided, however, each Consenting OEM will be given a

dollar-for-dollar credit against the Option Payment in an amount equal to its Consenting OEM Contribution to the Plan Settlement Fund based upon the percentages set forth in the Customer Allocation Schedule attached as **Exhibit 1** to the Plan. If the Trustee timely objects to the election in writing, such dispute shall be resolved in accordance with Section 8.13 of this Agreement. Upon a Consenting OEM becoming a Participating OEM as provided herein, the Trustee shall provide notice to any plaintiffs asserting PSAN PI/WD Claims in pending litigations against such Consenting OEM at the time of such election, and such plaintiffs shall have the opportunity, but not the obligation, to elect to have their PSAN PI/WD Claims resolved as though they were subject to the Channeling Injunction in accordance with the terms of the Plan and the TDP by providing written notice of such election to the Trustee and the applicable Consenting OEM within 30 days of such notice being sent by the Trustee.

SECTION III
ACCOUNTS, INVESTMENTS, AND PAYMENTS

3.1 Accounts.

(a) The Trustee may, from time to time, create such accounts and reasonable reserves within the PSAN PI/WD Trust estate as he or she may deem reasonably necessary, prudent, or useful in order to provide for the payment of expenses and payment of PSAN PI/WD Claims and may, with respect to any such account or reserve, reasonably restrict the use of monies therein. Pursuant to the terms of the Plan and the Trust Documents, the Trustee shall establish segregated bank accounts to hold the (i) Disputed Contributions Funds in accordance with Section 7.12 of the Plan and (ii) Claims Reserves Funds to pay estimated Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims on the Non-PSAN PI/WD Claims Termination Date, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust for such purpose. The Trustee shall further establish separate PSAN

PI/WD Top-Up Funds with respect to each individual Participating OEM to hold the PSAN PI/WD Top-Up Amounts contributed by such Participating OEM, as provided under the Plan and the applicable Participating OEM Contribution Agreement.

(b) The Trustee shall include a reasonably detailed description of the creation of any account or reserve in accordance with this Section 3.1 and, with respect to any such account, the transfers made to such account, the proceeds of or earnings on the assets held in each such account and the payments from each such account in the accounts to be posted on the Trustee's website and provided to the PPTACs and the FCR pursuant to Section 2.2(c)(i) above.

3.2 Investments. The Trustee shall invest monies held in the accounts and reserves established by the Trustee in a manner consistent with the standards set forth in the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws in 1994.

(a) **Investment Guidelines.** The Trustee shall establish written Investment Guidelines for the PSAN PI/WD Funds, the Other PI/WD Funds and the Claims Reserves Funds, and may modify such Investment Guidelines in his or her discretion, consistent with the requirements of this Section 3.2; provided that the PSAN PI/WD Top-Up Amounts may only be invested, if at all, in accordance with the terms of the Participating OEM Contribution Agreement(s). The Trustee shall provide copies of the Investment Guidelines to the PPTACs and the FCR, shall review the Investment Guidelines with the PPTACs and the FCR at least annually, and shall promptly advise the PPTACs and the FCR of modifications made thereto.

3.3 Source of Payments.

(a) **Payment of PSAN PI/WD Trust Expenses.** All PSAN PI/WD Trust Expenses shall be, subject to Section 2.2(d), payable by the PSAN PI/WD Trust from the corpus

of the PSAN PI/WD Trust, provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims asserted against such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used by the Trustee to pay any PSAN PI/WD Trust Expenses (except as provided in the next sentence). Any incremental PSAN PI/WD Trust Expenses incurred by the PSAN PI/WD Trust specifically in connection with the consideration and liquidation of the PSAN PI/WD Trust with respect to Participating OEMs shall be borne by such Participating OEMs in accordance with the terms of the applicable Participating OEM Contribution Agreement(s). None of the Protected Parties, nor the Trustee, the Delaware Trustee, the PPTACs, or the FCR, or any of their officers, agents, advisors, consultants, or employees, including but not limited to entities affiliated with the Trustee, shall be liable for the payment of any PSAN PI/WD Trust Expense or any other liability of the PSAN PI/WD Trust, except to the extent specifically provided herein with respect to a Participating OEM in the applicable Participating OEM Contribution Agreement, provided, however that nothing herein imposes on the Plan Sponsor Parties any obligation to pay PSAN PI/WD Trust Expenses absent their express consent. Nothing herein shall be deemed to waive any rights of the holders of claims which constitute PSAN PI/WD Claims, PSAN PI/WD Trust Expenses, or any other liability of the PSAN PI/WD Trust.

(b) **Payment of PSAN PI/WD Claims.** The PSAN PI/WD Trust shall fairly and reasonably compensate valid P-OEM and TD Claims against the Debtors and the Protected Parties, and shall pay up to the full amount of such claims, in accordance with this Trust Agreement and the TDP. The TDP describes the procedures for liquidating, valuing and paying TD Claims and P-OEM Claims. Pursuant to the terms of this Trust Agreement, including for the

avoidance of doubt Section 2.5, the Trust, upon determining that each such claim is a Compensable Claim (as defined in the TDP and pursuant to the terms of Section 4.2 therein), shall pay such claims from the (i) proceeds (the “**PSAN PI/WD Insurance Proceeds**”), if any, recovered under the PSAN PI/WD Insurance Policies that have been received by the PSAN PI/WD Trust as allocated in Section 3.3(g) below, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds and received by the PSAN PI/WD Trust in accordance with the Plan, (iii) the Consenting OEM Contributions and the Plan Sponsor Contributions allocated to the PSAN PI/WD Funds in accordance with the terms of the Plan, (iv) only with respect to Compensable P-OEM Claims (as defined in the TDP) and subject in all respects to the terms of the applicable Participating OEM Contribution Agreement, the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such P-OEM Claim after application of the funds described in clauses (i)-(iii) plus funds, if any, received by the holder of such P-OEM Claim from the DOJ PI/WD Restitution Fund, provided, however that any such PSAN PI/WD Top-Up Amounts shall only be utilized to pay P-OEM Claims related to vehicles manufactured or sold by the applicable Participating OEM, if any, subject to the terms of the applicable Participating OEM Contribution Agreement, and (v) [any other sources of funding contemplated under the Plan].¹¹ Each holder of a PSAN PI/WD Claim that qualifies for recovery under the Plan, in accordance with the terms of the plan and the TDP, shall receive its Pro Rata Share of the Consenting OEM Contributions and the Plan Sponsor Contribution Amount allocated to the PSAN PI/WD Funds in accordance with the Contributions Distribution Formula set forth in Section 6.3 of the Plan. If any applicable PSAN PI/WD Insurance Proceeds are not available to pay a PSAN PI/WD Claim at the time it is liquidated under the PSAN PI/WD Claims protocol, then the applicable

¹¹ [Language to ensure inclusion of all sources of funding anticipated in Plan, wording to be discussed]

Participating OEM shall advance to the PSAN PI/WD Trust all amounts required to make full timely payment that the holder(s) of such PSAN PI/WD Claim is entitled to receive from the PSAN PI/WD Trust. The PSAN PI/WD Trust shall reimburse the applicable Participating OEM for any such advances only to the extent of and solely from the PSAN PI/WD Insurance Proceeds actually collected and allocable in accordance with Section 3.3(g) below to the PSAN PI/WD Claim on which the advance was made.

(c) **Payment of Other PI/WD Claims.** The PSAN PI/WD Trust shall be used to pay Other PI/WD Claims as anticipated under the Plan, and shall pay such Other PI/WD Claims from the (i) [the proceeds (the “**PI/WD Insurance Proceeds**”), if any, recovered under the PI/WD Insurance Policies and that have been received by the PSAN PI/WD Trust as allocated in Section 3.3(g) below], (ii) the portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the Other PI/WD Funds and received by the PSAN PI/WD Trust in accordance with the Plan, provided, however that such Other PI/WD Claims shall not be administered or liquidated pursuant to the TDPs and (iii) [any other sources of funding contemplated under the Plan].¹² Each holder of an Allowed Other PI/WD Claim shall receive its Pro Rata Share of the Consenting OEM Contributions and the Plan Sponsor Contribution Amount allocated to the Other PI/WD Funds in accordance with the Contributions Distribution Formula set forth in Section 6.3 of the Plan. The PSAN PI/WD Trust shall have no obligation to pay any further or additional amounts to holders of Other PI/WD Funds from the PSAN PI/WD Funds or any other assets held by the PSAN PI/WD Trust, except as provided in Section 3.3(g).

(d) **Payment of Administrative Expense PSAN PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the

¹² [Language to ensure inclusion of all sources of funding anticipated in Plan, wording to be discussed]

PSAN PI/WD Trust for the benefit of the holders of Administrative Expense PSAN PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PSAN PI/WD Claims as reevaluated and as may be subject to downward adjustment, based on the Updated Claims Estimation Report and by agreement of the Legacy Trustee and the Trustee or, if an agreement cannot be reached, an order of the Bankruptcy Court will be used to pay Administrative Expense PSAN PI/WD Claims in the full amount of such claims, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust expressly for such purpose as part of the Claims Reserve. The PSAN PI/WD Trust shall have no obligation to pay any further or additional amounts to holders of Administrative Expense PSAN PI/WD Claims from the PSAN PI/WD Funds, the Other PI/WD Funds, or any other assets held by the PSAN PI/WD Trust, except as provided in Section 3.3(g).

(e) **Payment of Administrative Expense PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of holders of Administrative Expense PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PI/WD Claims will be used to pay Administrative Expense PI/WD Claims in the full amount of such Claims, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust expressly for such purpose as part of the Claims Reserve. The PSAN PI/WD Trust shall have no obligation to pay any further or additional amounts to holders of Administrative Expense PI/WD Claims from the PSAN PI/WD Funds, the Other PI/WD Funds, or any other assets held by the PSAN PI/WD Trust, except as provided in Section 3.3(g).

(f) **[Intentionally Left Blank]**

(g) **Allocation of Insurance Proceeds.**

(i) All PSAN PI/WD Insurance Proceeds recovered expressly for PSAN PI/WD Claims, or for any specific PSAN PI/WD Claim, will be allocated to all holders of PSAN PI/WD Claims on a pro rata basis according to the total value of each claim. A pro rata share of the proceeds will be reserved for future claims based on the estimated total value of future PSAN PI/WD Claims at the time that the proceeds are recovered and as such estimates are updated. To the extent that a holder of a PSAN PI/WD Claim has received the total value of his or her PSAN PI/WD Claim through payment by a Participating OEM, such claimant's allocated share of the PSAN PI/WD Insurance Proceeds not previously paid by the PSAN PI/WD Trust to such claimant will be refunded to the Participating OEM by the PSAN PI/WD Trust as provided in Section 3.3(b).

(ii) [All PI/WD Insurance Proceeds recovered expressly for Other PI/WD Claims, or for any specific Other PI/WD Claim, will be allocated to all holders [on a pro rata basis according to the amount of Other PI/WD Claims determined as set forth in the Plan]. [To the extent there is a surplus in any such reserve after all such Other PI/WD Claims are paid, such surplus shall become part of the corpus of the PSAN PI/WD Trust available for payment of PSAN PI/WD Claims.]]

(iii) All PSAN PI/WD Insurance Proceeds and PI/WD Insurance Proceeds recovered expressly for Trust Administered Claims (other than Other PI/WD Claims), or for any specific Trust Administered Claim (other than an Other PI/WD Claim) will be allocated to the PSAN PI/WD Trust's reserve applicable to such Trust Administered Claim(s). To the extent there is a surplus in any such reserve after all such Trust Administered Claims are

paid, such surplus shall become part of the corpus of the PSAN PI/WD Trust available for payment of PSAN PI/WD Claims.

(iv) All PSAN PI/WD Insurance Proceeds and PI/WD Insurance Proceeds that are not specifically paid by the PSAN PI/WD Insurance Company or PI/WD Insurance Company, respectively, for particular Trust Claims or types of Trust Claims will be allocated to all holders of Trust Claims, including holders of Trust Administered Claims, on a pro rata basis according to the total value of their claim, until such claims are paid in full. A pro rata share of the proceeds will be reserved for future PSAN PI/WD Claims based on the estimated total value of the future claims at the time that the proceeds are recovered and as such estimates are updated. A pro rata share will be allocated to reserves applicable to Trust Administered Claims solely to the extent that, the Trustee determines, based on the best available information at the time the proceeds are recovered, that existing reserves will be insufficient to pay in full those Trust Administered Claims that are entitled to payment in full under the Plan. To the extent that a holder of a PSAN PI/WD Claim has received the full Liquidated Value of their PSAN PI/WD Claim through payment by a Participating OEM, the claimant's allocated share of the PSAN PI/WD Insurance Proceeds not previously paid by the PSAN PI/WD Trust to such claimant will be refunded to the Participating OEM by the PSAN PI/WD Trust as provided in Section 3.3(b).

(h) The Trustee shall include a reasonably detailed description of any payments made in accordance with this Section 3.3 in the Annual Report.

SECTION IV **TRUSTEE; DELAWARE TRUSTEE**

4.1 Number. In addition to the Delaware Trustee appointed pursuant to Section 4.10 hereof, there shall be one (1) initial Trustee, who shall be Eric D. Green. For the avoidance of

doubt, there shall be at least one (1) Trustee serving at all times (in addition to the Delaware Trustee).

4.2 Term of Service.

(a) The Trustee shall serve for a term of five (5) years, beginning on the Effective Date. At the end of each five (5) year term, absent extraordinary circumstances or the occurrence of any of the events described in subsections (i) through (iv) in Section 4.2(b) below, the TAC, OAC and FCR shall renew the term of the Trustee for an additional five (5) year term.

(b) Subject to the other provisions of this Section 4, the Trustee shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 4.2(c) below, (iii) his or her removal pursuant to Section 4.2(d) below, (iv) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below or (v) the end of his or her term (unless renewed) as described in Section 4.2(a).

(c) The Trustee may resign at any time before the end of his or her term by written notice to the TAC, OAC and FCR. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(d) The Trustee may be removed at the recommendation of the TAC, the OAC and the FCR, in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or for other good cause. Good cause shall be deemed to include, without limitation, any substantial failure to comply with the general administration provisions of Section 2.2 above, a consistent pattern of neglect and failure to perform or participate in performing the duties of a Trustee hereunder, or a pattern of repeated nonattendance at meetings scheduled pursuant to Section 8.4. Such removal shall

require the approval of the Bankruptcy Court and shall take effect at such time as the Bankruptcy Court shall determine.

4.3 Appointment of Successor Trustees.

(a) In the event of the death, resignation or removal of Eric D. Green as Trustee (for purposes of this Section 4.3, the “**Initial Trustee**”), or in the event the term of service of such Initial Trustee is not renewed as provided in Section 4.2(a), such vacancy shall immediately be filled by David J. Molton, who shall thereafter serve as Trustee pursuant to the terms of the Trust Agreement and other Trust Documents, provided that if Mr. Molton is unable to serve as the successor Trustee, the successor Trustee shall be appointed in accordance with the terms of the following sentence. In the event of any vacancy in the office of the Trustee, including the death, resignation or removal of the successor Trustee, or in the event the term of service of the successor Trustee is not renewed as provided in Section 4.2(a), such vacancy shall be filled by the TAC, OAC and FCR as set forth herein. The TAC, OAC and FCR will each nominate an individual to serve as successor Trustee (up to a total of three nominees). If the TAC, OAC and FCR agree upon a successor Trustee, then, subject to the approval of the Bankruptcy Court, such individual shall become the Trustee. In the event that the TAC, OAC and the FCR cannot agree on the successor Trustee, the Bankruptcy Court shall make the appointment from the three nominated candidates. Each successor Trustee will be eligible to serve two consecutive five (5) year terms.

(b) Immediately upon the appointment of any successor Trustee pursuant to Section 4.3(a) above, all rights, titles, duties, powers, and authority of the predecessor Trustee hereunder shall be vested in and undertaken by the successor Trustee without any further act. No successor Trustee shall be liable personally for any act or omission of his or her predecessor

Trustee. No predecessor Trustee shall be liable personally for any act or omission of his successor Trustee.

(c) Each successor Trustee shall serve until the earliest of (i) his or her death, (ii) his or her resignation pursuant to Section 4.2(c) above, (iii) his or her removal pursuant to Section 4.2(d) above, (iv) the end of his or her term as described in Section 4.3(a) above or (v) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below.

4.4 Liability of Trustee, Members of the PPTAC and the FCR. The Trustee, Delaware Trustee, the members of the PPTACs, the FCR, and the other individuals identified as Additional Indemnites in Section 2.1(c)(xiii) above shall not be liable in those capacities to the PSAN PI/WD Trust, to any holder of any PSAN PI/WD Claim or any other Trust Administered Claim, or to any other person other than for such person's gross negligence, willful misconduct or fraud.¹³

¹³ [Trustee comments under review by the parties].

4.5 Compensation and Expenses of Trustee and Delaware Trustee.

(a) The Trustee's compensation and expense reimbursement as described herein shall be payable from the corpus of the PSAN PI/WD Trust, subject to Section 2.2(d), provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims asserted against such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used to pay any of the Trustee's compensation and/or expense reimbursement. The Trustee shall cause the PSAN PI/WD Trust to pay the Delaware Trustee such compensation as agreed to pursuant to a separate fee agreement and any reimbursement to which the Delaware Trustee may be entitled under Section 4.5(b) below, subject to Section 2.2(d).

(b) Subject to Section 2.2(d), the PSAN PI/WD Trust will promptly reimburse the Trustee and the Delaware Trustee for all reasonable and documented out-of-pocket costs and expenses incurred by the Trustee or the Delaware Trustee in connection with the performance of their duties hereunder, including reasonable expenses incurred prior to the execution hereof.

(c) The PSAN PI/WD Trust shall include a description of the amounts paid under this Section 4.5 in the Annual Report.

4.6 Indemnification.

(a) The PSAN PI/WD Trust shall indemnify and defend the Trustee, and the Delaware Trustee, including but not limited to entities affiliated with the Trustee and the Delaware Trustee and their employees, officers, directors, and consultants of such entities, the members of the PPTACs, and the FCR in the performance of their duties hereunder to the fullest extent that a statutory trust organized under the laws of the State of Delaware as permitted by 12

Del. C. § 3817 after giving application to the provisions of Section 8.11 below is entitled to indemnify and defend such persons against any and all liabilities, expenses, claims, damages, or losses incurred by them in the performance of their duties hereunder or in connection with activities undertaken by them prior to the Effective Date in connection with the formation, establishment, operation or funding of the PSAN PI/WD Trust. The PSAN PI/WD Trust also shall indemnify any of the Additional Indemnitees in the performance of their duties hereunder to the fullest extent that a statutory trust organized under the laws of the State of Delaware is entitled to indemnify and defend such persons against any and all liabilities, expenses, claims, damages, or losses incurred by them in the performance of their duties hereunder or in connection with activities undertaken by them prior to the Effective Date in connection with the formation, establishment, operation or funding of the PSAN PI/WD Trust. Notwithstanding anything to the contrary herein, no party shall be indemnified or defended in any way for any liability, expense, claim, damage, or loss for which he or she is ultimately liable under Section 4.4 above.

(b) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of the Trustee, including but not limited to entities affiliated with the Trustee and employees, officer, and directors of such entities, the Delaware Trustee including its employees, officers, directors, and consultants, members of the PPTACs, the FCR, or any Additional Indemnitee in connection with any action, suit, or proceeding, whether civil, administrative, or arbitrate, from which they are indemnified by the PSAN PI/WD Trust pursuant to Section 4.6(a) above, shall be paid by the PSAN PI/WD Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of the Trustee, the Delaware Trustee the members of the PPTACs, the FCR, or the Additional Indemnitee, to repay such

amount in the event that it shall be determined ultimately by final order that the Trustee, the Delaware Trustee, members of the PPTACs, the FCR, or the Additional Indemnitee is not entitled to be indemnified by the PSAN PI/WD Trust.

(c) The Trustee may purchase and maintain reasonable amounts and types of insurance including but not limited entities affiliated with the Trustee and employees, officers, and directors of such entities, on behalf of an individual who is or was a Trustee, a Delaware Trustee, a member of the PPTACs, the FCR, or an Additional Indemnitee, including against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, a Delaware Trustee, a member of the PPTACs, an FCR, an officer or an employee of the PSAN PI/WD Trust, or an agent, lawyer, advisor, or consultant of the PSAN PI/WD Trust, the Delaware Trustee, the members of the PPTACs, or the FCR; provided, however that if either the PPTACs or the FCR requests such insurance on its behalf, the Trustee shall purchase and maintain the insurance; provided, further, however that the cost of any such insurance for the benefit of the OAC shall be paid by the members of the OAC and any non-voting observers if such parties are insured under such insurance.

4.7 Trustee's Employment of Experts; Delaware Trustee's Employment of Counsel.

(a) The Trustee may, but shall not be required to, retain and/or consult with legal counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors, including but not limited to entities affiliated with the Trustee, and such other parties deemed by the Trustee to be qualified as experts or otherwise experienced and competent advisors on the matters submitted to them (the "**Trust Professionals**"), and in the absence of a bad faith violation of the implied contractual covenant of good faith and fair dealing, the written

opinion of or information provided by the Trust Professionals on the particular matter submitted to such Trust Professional shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustee hereunder in good faith and in accordance with the written opinion of or information provided by any such Trust Professional. The Trustee may retain and reasonably compensate the Trust Professionals without Bankruptcy Court approval, subject to the terms of this Trust Agreement including, without limitation, Section 2.2(d); provided that the Trustee may hire counsel on a contingency fee basis without the limitations set forth in Section 2.2(d). All fees and expenses of the Trust Professionals incurred in connection with the foregoing (other than counsel hired on a contingency fee basis) [including reasonable fees and expenses for services provided and expenses incurred prior to the execution hereof,] shall be payable from the corpus of the PSAN PI/WD Trust, provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims asserted against such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used to pay any fees or expenses of the Trust Professionals, provided, further that for the avoidance of doubt, any fees and expenses of Trust Professionals retained by the Special Master pursuant to the DOJ Restitution Order that are performing services pursuant to the DOJ Restitution Order will be compensated pursuant to the DOJ Restitution Order and not by the PSAN PI/WD Trust for services provided in connection with the DOJ Restitution Order, provided, further that the costs and fees of the Special Master and his professionals for services rendered solely in connection with the Special Master's role as putative Trustee, whether incurred prior to or after the Effective Date, will be paid for by the PSAN PI/WD Trust, provided, further, however that, in accordance with the terms of Section 5.8(c) of the Plan, and upon the expiration of the Operating Term, the

PSAN PI/WD Trust may receive from the Plan Administrator certain cash allocated to the costs and fees of the Special Master and his professionals, which shall be held by the Trustee for the costs and fees of the Special Master and his professionals. The Trustee's determination of the proper allocation of professional fees and costs between service rendered in connection with the DOJ Restitution Order and services rendered solely in connection with the PSAN PI/WD Trust shall be accorded due deference consistent with the provisions of this Trust Agreement.

(b) The Delaware Trustee shall be permitted to retain counsel only in such circumstances as required in the exercise of its obligations hereunder and in accordance with the written agreement entered into with the Delaware Trustee, and compliance with the advice of such counsel shall be full and complete authorization and protection for actions taken or not taken by the Delaware Trustee in good faith in compliance with such advice.

4.8 Trustee's Independence. Except as otherwise contemplated and disclosed in the Plan, the Trustee shall not, during the term of his or her service, hold a financial interest in, act as attorney or agent for, or serve as any other professional for any entity with a financial interest in the PSAN PI/WD Trust. Further, while acting as Trustee of the PSAN PI/WD Trust, Trustee shall be permitted to also act as Special Master of the DOJ PI/WD Restitution Fund to maximize efficiency and prompt payment of valid claims and to avoid unnecessary duplication, confusion and inconsistency of resolution. The Trustee shall not (i) act as an attorney for any claimant who holds a PSAN PI/WD Claim either (a) in connection with such claimant's PSAN PI/WD Claim, or (b) otherwise prior to final payment on account of such PSAN PI/WD Claim, (ii) make any agreement with the holder of any PSAN PI/WD Claim or such holder's representative prior to final payment on account of such PSAN PI/WD Claim applicable after such final payment; or (iii) act as a representative, attorney or consultant for any OEM while serving as Trustee. In

addition to the circumstances set forth in Section 4.2(d) of this Trust Agreement, any violation of this Section 4.8 shall be cause for removal of the Trustee. For the avoidance of doubt, this Section shall not be applicable to the Delaware Trustee.

4.9 Bond. The Trustee and the Delaware Trustee shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

4.10 Delaware Trustee.

(a) There shall at all times be a Delaware Trustee. The Delaware Trustee shall either be (i) a natural person who is at least 21 years of age and a resident of the State of Delaware or (ii) a legal entity that has its principal place of business in the State of Delaware, otherwise meets the requirements of applicable Delaware law to be eligible to serve as the Delaware Trustee, and shall act through one or more persons authorized to bind such entity. If at any time the Delaware Trustee shall cease to be eligible in accordance with the provisions of this Section 4.10, it shall resign immediately in the manner and with the effect hereinafter specified in Section 4.10(c) below. For the avoidance of doubt, the Delaware Trustee will only have such rights and obligations as expressly provided by reference to the Delaware Trustee hereunder.

(b) The Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities of the Trustee set forth herein. The Delaware Trustee shall be a trustee of the PSAN PI/WD Trust for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Act and for taking such actions as are required to be taken by a Delaware Trustee under the Act. The duties (including fiduciary duties), liabilities, and obligations of the Delaware Trustee shall be limited to (i) accepting legal process served on the PSAN PI/WD Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Secretary of State of the State of

Delaware that the Delaware Trustee is required to execute under Section 3811 of the Act. There shall be no other duties (including fiduciary duties) or obligations, express or implied, at law or in equity, of the Delaware Trustee. To the extent that, at law or in equity, the Delaware Trustee has duties (including fiduciary duties) and liabilities relating to the PSAN PI/WD Trust or the Beneficial Owners, such duties and liabilities are replaced by the duties and liabilities of the Delaware Trustee expressly set forth in this Trust Agreement. The Delaware Trustee shall have no liability for the acts or omissions of any Trustee.

(c) The Delaware Trustee shall serve until such time as the Trustee removes the Delaware Trustee or the Delaware Trustee resigns and a successor Delaware Trustee is appointed by the Trustee in accordance with the terms of Section 4.10(d) below. The Delaware Trustee may resign at any time upon the giving of at least sixty (60) days' advance written notice to the Trustee, provided that such resignation shall not become effective unless and until a successor Delaware Trustee shall have been appointed by the Trustee in accordance with Section 4.10(d) below. If the Trustee does not act within such 60-day period, the Delaware Trustee may apply to the Court of Chancery of the State of Delaware for the appointment of a successor Delaware Trustee.

(d) Upon the resignation or removal of the Delaware Trustee, the Trustee shall appoint a successor Delaware Trustee by delivering a written instrument to the outgoing Delaware Trustee. Any successor Delaware Trustee must satisfy the requirements of Section 3807 of the Act. Any resignation or removal of the Delaware Trustee and appointment of a successor Delaware Trustee shall not become effective until a written acceptance of appointment is delivered by the successor Delaware Trustee to the outgoing Delaware Trustee and the Trustee, and any fees and expenses due to the outgoing Delaware Trustee are paid. Following

compliance with the preceding sentence, the successor Delaware Trustee shall become fully vested with all of the rights, powers, duties and obligations of the outgoing Delaware Trustee under this Trust Agreement, with like effect as if originally named as Delaware Trustee, and the outgoing Delaware Trustee shall be discharged of his or her duties and obligations under this Trust Agreement. The successor Delaware Trustee shall make any related filings required under the Act.

SECTION V
TRUST ADVISORY COMMITTEE

5.1 Members. The TAC shall consist of three (3) members selected by the Tort Claimants' Committee to represent the interests of holders of current PSAN PI/WD Claims. The TAC shall initially consist of Joe Rice, Curt Miner and [_____].

5.2 Duties. The members of the TAC shall serve in a fiduciary capacity representing current holders of PSAN PI/WD Claims. The TAC shall not have any fiduciary duties or responsibilities to any party other than holders of present PSAN PI/WD Claims, provided that the TAC shall be entitled to the protections and limitations of duties provided for herein even with respect to the holders of present PSAN PI/WD Claims. The Trustee must consult with the TAC on matters identified in Section 2.2(e) above and in other provisions herein, and must obtain the consent of the TAC on matters identified in Section 2.2(f) above. Where provided elsewhere in the Trust Agreement or in the TDP, certain other actions by the Trustee are also subject to the consent of the TAC.

5.3 Term of Office.

(a) Members of the TAC shall serve four-year terms. Each member of the TAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 5.3(b) below, (iii) his or her removal pursuant to Section 5.3(c) below, (iv) the end of his

or her term as provided above, or (v) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below.

(b) A member of the TAC may resign at any time by written notice to the other members of the TAC, the Trustee, and the FCR. Such notice shall specify a date when such resignation shall take effect, which shall not be less than thirty (30) days after the date such notice is given, where practicable.

(c) A member of the TAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause. Such removal shall be made at the recommendation of the remaining members of the TAC with the approval of the Bankruptcy Court.

5.4 Appointment of Successor.

(a) If, prior to the termination of service of a member of the TAC other than as a result of removal, he or she elects to serve another term, or has designated in writing an individual to succeed him or her as a member of the TAC, such existing TAC member shall continue to serve as a member of the TAC for another term, or such individual so designated shall be his or her successor, in either event subject to the approval of the remaining members of the TAC. If such member of the TAC does not elect to serve another term, and did not designate an individual to succeed him or her prior to the termination of his or her service as contemplated above, such member's law firm may designate his or her successor, subject to the approval of the remaining members of the TAC. If (i) a member of the TAC does not elect to serve another term and did not designate an individual to succeed him or her prior to the termination of his or her

service, and such member's law firm does not designate his or her successor as contemplated above, (ii) he or she is removed pursuant to Section 5.3(c) above, or (iii) a member of the TAC's election to serve another term or a successor designated by a member of the TAC or the member's law firm as contemplated above is not approved by the remaining members of the TAC, then his or her successor shall be appointed by a majority of the remaining members of the TAC or, if such members cannot agree on a successor, by the Bankruptcy Court.

(b) Each successor member of the TAC shall serve until the earlier of (i) the end of the full term of four (4) years for which he or she was appointed if his or her predecessor member of the TAC completed his or her term, (ii) the end of the term of the member of the TAC whom he or she replaced if his or her predecessor member did not complete such term, (iii) his or her death, (iv) his or her resignation pursuant to Section 5.3(b) above, (v) his or her removal pursuant to Section 5.3(c) above, or (vi) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below. Nothing in this Trust Agreement shall prevent the reappointment of an individual serving as a member of the TAC for additional terms.

5.5 TAC's Employment of Professionals.

(a) The TAC may but is not required to retain and/or consult legal counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the TAC to be qualified as experts on matters submitted to the TAC (the "**TAC Professionals**"), provided, however that no TAC Professionals may be retained to act on behalf of any individual holder of a PSAN PI/WD Claim or a Trust Administered Claim.

(b) The PSAN PI/WD Trust shall promptly reimburse, or pay directly if so instructed, the TAC for all reasonable and documented fees and costs associated with the TAC's

employment of legal counsel pursuant to this provision in connection with the TAC's performance of its duties hereunder. The PSAN PI/WD Trust shall also promptly reimburse, or pay directly if so instructed, the TAC for all reasonable and documented fees and costs associated with the TAC's employment of any other TAC Professional pursuant to this provision in connection with the TAC's performance of its duties hereunder. Such reimbursement or payment shall be treated as a PSAN PI/WD Trust Expense, provided, however that any such reimbursement or payment described in this Section 5.5(b) will be subject to Section 2.2(d).

5.6 Compensation and Expenses of the TAC.

(a) The members of the TAC shall be entitled to reasonable compensation for their services and shall be reimbursed promptly for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the performance of their duties hereunder. The TAC shall, in its sole discretion, be permitted to procure and maintain insurance in addition to insurance procured and maintained by the PSAN PI/WD Trust, the cost of which shall be paid directly by the PSAN PI/WD Trust. Such compensation, reimbursement or direct payment shall be deemed a PSAN PI/WD Trust Expense, provided, however that any such compensation, reimbursement or direct payment described in this Section 5.6(a) will be subject to Section 2.2(d). The PSAN PI/WD Trust shall include a description of the amounts paid under this Section 5.6(a) in the Annual Report to be posted on the Trustee's website and provided to the FCR and the TAC pursuant to Section 2.2(c)(i).

5.7 Procedures for Consultation with and Obtaining the Consent of the TAC.

(a) **Consultation Process.**

(i) In the event the Trustee is required to consult with the TAC pursuant to Section 2.2(e) above or on other matters as provided herein, the Trustee shall provide

the TAC with written advance notice of the matter under consideration, to the extent practicable, and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustee shall also provide the TAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustee is considering such matter, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee, to the extent practicable.

(ii) In determining when to take definitive action on any matter subject to the consultation procedures set forth in this Section 5.7(a), the Trustee shall take into consideration the time required for the TAC, if its members so wish, to engage and consult with its own independent advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the TAC with the initial written notice that such matter is under consideration by the Trustee, unless such time period is waived in writing by the TAC or at a meeting where the TAC and Trustee are present, or the Trustee determines in his reasonable discretion that definitive action is required earlier.

(b) **Consent Process.**

(i) In the event the Trustee is required to obtain the consent of the TAC pursuant to Section 2.2(f) above or otherwise in the Trust Documents, the Trustee shall provide the TAC with a written notice stating that its consent is being sought, describing in detail the nature and scope of the action the Trustee proposes to take, and explaining in detail the reasons why the Trustee desires to take such action. The Trustee shall provide the TAC as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the TAC with such reasonable access to the

Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustee is considering such action, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee.

(ii) The TAC must consider in good faith and in a timely fashion any request for its consent by the Trustee, and must in any event advise the Trustee, in writing, of its consent or its objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The TAC may not withhold its consent unreasonably. If the TAC decides to withhold its consent, it must explain in detail its objections to the proposed action. If the TAC does not advise the Trustee, in writing, of its consent or its objections to the action within thirty (30) days of receiving notice regarding such request, the TAC's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 5.7(b), the TAC continues to object to the proposed action and to withhold its consent to the proposed action, the Trustee and/or the TAC shall resolve their dispute pursuant to Section 8.13 below. However, the burden of proof, described in Section 8.13 below, with respect to the validity of the TAC's objection and withholding of its consent shall be on the TAC.

SECTION VI **OEM ADVISORY COMMITTEE**

6.1 Members. The OAC shall initially consist of the Initial Participating OEM(s) and any additional Participating OEM members, if they elect to serve, and shall be the entities identified on the signature page hereof or, if appointed later, shall be the entities who sign a joinder to this Agreement. There shall also be up to three non-voting observers that are Non-Participating OEMs and that may attend meetings of the OAC (including those described in

Sections 8.4(a) and (b) herein) and be consulted on any matter before the OAC other than matters pertaining to the treatment, liquidation or valuation of P-OEM Claims. The non-voting observers of the OAC will serve four (4) year terms. If there is not at least one Participating OEM on the Effective Date, the OAC shall not be formed and the rights granted to the OAC hereunder shall be deemed to be of no force and effect.

6.2 Duties. The members of the OAC shall represent the interests of only the Participating OEMs. The members and non-voting observers of the OAC shall not have any fiduciary duties or responsibilities to any party. The Trustee must consult with the OAC on matters identified in Section 2.2(e) above and in other provisions herein, and must obtain the consent of the OAC on matters identified in Section 2.2(f) above. Where provided elsewhere in the Trust Agreement or in the TDP, certain other actions by the Trustee are also subject to the consent of the OAC. For the avoidance of doubt, the Trustee shall not be required to consult with, or obtain the consent of, the non-voting observers to the OAC with respect to any matter, except as otherwise required pursuant to Section 2.2(h) hereof.

6.3 Term of Office.

(a) Each member and non-voting observer of the OAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 6.3(b) below, (iii) his or her removal pursuant to Section 6.3(c) or Section 6.3(d) below, (iv) if a non-voting observer of the OAC, the end of his or her four-year term, subject to Section 6.4(a) below, (v) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below or (vi) if a member of the OAC, a default by the Participating OEM that is affiliated with such member of the OAC under its Participating OEM Contribution Agreement (after a reasonable opportunity to cure such default as provided thereunder).

(b) A member or non-voting observer of the OAC may resign at any time, and shall resign in the event he or she is no longer an employee, officer or director of or a consultant to the OEM that designated such OAC member or non-voting observer, in each case by giving written notice to the members of the OAC, the Trustee, and the FCR. Such notice shall specify a date when such resignation shall take effect, which shall not be less than thirty (30) days after the date such notice is given, where practicable.

(c) A member or non-voting observer of the OAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member or non-voting observer hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause. Such removal shall be made at the recommendation of the remaining members of the OAC with the approval of the Bankruptcy Court, provided that a successor shall be appointed by the OEM such removed OAC member or non-voting observer represented in accordance with the terms of Section 6.4 below.

(d) A member or non-voting observer of the OAC may be removed by the OEM that designated such member or non-voting observer for any reason and in such OEM's sole discretion.

6.4 Appointment of Successor.

(a) Following the death, resignation, removal, or (if applicable) end of term of an OAC member or non-voting observer pursuant to Section 6.3 (other than pursuant to Section 6.3(a)(vi)), the OEM such OAC member or non-voting observer represents shall designate his or her successor, provided, however that, if prior to end of his or her four-year term, an OAC non-

voting observer elects to serve another term, such existing OAC non-voting observer shall continue to serve for another term. Successor members or non-voting observers of the OAC shall serve in accordance with the terms of Section 6.3.

6.5 OAC's Employment of Professionals.

(a) The OAC may but is not required to retain and/or consult legal counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the OAC to be qualified as experts on matters submitted to the OAC (the "**OAC Professionals**"), provided, however that any fees, costs or other expenses of such OAC Professionals shall be solely borne by the members of the OAC (unless an OAC Professional is retained and/or provides services with respect to issues specific to any non-voting observer of the OAC, in which case, such fees, costs or other expenses shall be solely borne by such non-voting observer(s) of the OAC), subject to such allocation among members of the OAC as may be agreed to by such members, and shall not be an obligation of the PSAN PI/WD Trust or the Consenting OEMs (unless such Consenting OEM has incurred its own costs with respect to the OAC Professionals as described in this Section 6.5).

(b) The PSAN PI/WD Trust shall have no obligation to pay or reimburse any fees and costs associated with the OAC's employment of legal counsel or any other OAC Professional pursuant to this provision in connection with the OAC's performance of its duties hereunder and any such fees and costs shall be solely borne by the members of the OAC, unless an OAC Professional is retained and/or provides services with respect to issues specific to any non-voting observer of the OAC, in which case, such fees, costs or other expenses shall be solely borne by such non-voting observer(s) of the OAC.

6.6 Procuring of Insurance of the OAC. The OAC shall, in its sole discretion, be permitted to procure and maintain insurance in addition to insurance procured and maintained by the PSAN PI/WD Trust. The PSAN PI/WD Trust shall have no obligation to pay or reimburse any fees and costs associated with the OAC's procuring and maintaining of insurance pursuant to this provision in connection with the OAC's performance of its duties hereunder. Any such fees and costs shall be solely borne by the members of the OAC, provided, however that any such fees and costs incurred pursuant to this Section 6.6 for reasons and/or insurance specific to any non-voting observer of the OAC shall be solely borne by such non-voting observer(s) of the OAC.

6.7 Procedures for Consultation with and Obtaining the Consent of the OAC.

(a) **Consultation Process.**

(i) In the event the Trustee is required to consult with the OAC pursuant to Section 2.2(e) above or on other matters as provided herein, the Trustee shall provide the OAC with written advance notice of the matter under consideration, and with all relevant information concerning the matter as is reasonably practicable under the circumstances, to the extent practicable. The Trustee shall also provide the OAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the OAC may reasonably request during the time that the Trustee is considering such matter, and shall also provide the OAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee, to the extent practicable.

(ii) In determining when to take definitive action on any matter subject to the consultation procedures set forth in this Section 6.7(a), the Trustee shall take into consideration the time required for the OAC, if its members so wish, to engage and consult with

its own independent advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the OAC with the initial written notice that such matter is under consideration by the Trustee, unless such time period is waived in writing by the OAC or at a meeting where the OAC, and Trustee are present or the Trustee determines in his reasonable discretion that definitive action is required earlier.

(b) **Consent Process.**

(i) In the event the Trustee is required to obtain the consent of the OAC pursuant to Section 2.2(f) above or otherwise in the Trust Documents, the Trustee shall provide the OAC with a written notice stating that its consent is being sought, describing in detail the nature and scope of the action the Trustee proposes to take, and explaining in detail the reasons why the Trustee desires to take such action, to the extent practicable. The Trustee shall provide the OAC as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the OAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the OAC may reasonably request during the time that the Trustee is considering such action, and shall also provide the OAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee, to the extent practicable.

(ii) The OAC must consider in good faith and in a timely fashion any request for its consent by the Trustee, and must in any event advise the Trustee, in writing, of its consent or its objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The OAC may not withhold its consent unreasonably. If the OAC decides to withhold its consent, it must explain in detail its objections to the proposed

action. If the OAC does not advise the Trustee, in writing, of its consent or its objections to the action within thirty (30) days of receiving notice regarding such request, the OAC's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 6.7(b), the OAC continues to object to the proposed action and to withhold its consent to the proposed action, the Trustee and/or the OAC shall resolve their dispute pursuant to Section 8.13 below.

6.8 Procedures for Obtaining the Consent of the Consenting OEMs.

(a) In the event the Trustee is required to obtain the consent of the Consenting OEMs pursuant to Section 2.2(h) above, the Trustee shall promptly provide Alderney Advisors LLC, or any successor representative named by the Consenting OEMs, (the "Representative") with written notice that it wishes to modify or amend the TDP in a manner that would require the consent of the Consenting OEMs, which notice shall describe in detail the nature and scope of the action the Trustee proposes to take and explain in detail the reasons why the Trustee desires to take such action. The Representative shall be responsible for contacting the Consenting OEMs, obtaining their collective consent or disapproval, and communicating the result to the Trustee.

(b) The Consenting OEMs must consider in good faith and in a timely fashion any request for their consent by the Trustee, and must in any event advise the Trustee (via the Representative), in writing, of their collective consent or their objection to the proposed action within thirty (30) days of receiving the original request for consent. The Consenting OEMs may not withhold their consent unreasonably. If the Consenting OEMs decide to withhold their consent, they must explain in detail their objections to the proposed action. If the Consenting OEMs do not advise the Trustee, in writing (via the Representative), of their consent or their

objections to the action within thirty (30) days of receiving notice regarding such request, the Consenting OEMs' consent to the proposed actions shall be deemed to have been affirmatively granted. The decision-making process to be utilized by the Consenting OEMs may be subject to an intra-OEM agreement.

(c) The Trustee shall provide the Representative (on behalf of the Consenting OEMs) as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the Representative (on behalf of the Consenting OEMs) with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the Representative (on behalf of the Consenting OEMs) may reasonably request during the time that the Trustee is considering such action, and shall also provide the Representative (on behalf of the Consenting OEMs) the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee.

(d) If, after following the procedures specified in this Section 6.8, the Consenting OEMs continue to object to the proposed action and to withhold their consent to the proposed action, the Trustee and/or the Consenting OEMs shall resolve their dispute pursuant to Section 8.13 below.

SECTION VII **THE FCR**

7.1 Duties. The initial FCR shall be Roger Frankel. He shall serve in a fiduciary capacity, representing only the interests of the holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date, as provided in the Bankruptcy Court's amended order entered on October 13, 2017, appointing Roger Frankel as Legal Representative for Future Personal Injury Claimants [Docket No. 992],

the Plan and the Confirmation Order. The FCR shall not have any fiduciary duties or responsibilities to any party other than the holders of future PSAN PI/WD Claims, provided that the FCR shall be entitled to the protections and limitations of duties provided for herein even with respect to the holders of future PSAN PI/WD Claims. The Trustee must consult with the FCR on matters identified in Section 2.2(e) above and in other provisions in the Trust Documents, and must obtain the consent of the FCR on matters identified in Section 2.2(f) above and in other provisions in the Trust Documents. Where provided in the TDP, certain other actions by the Trustee are also subject to the consent of the FCR. The FCR's responsibilities shall include any other FCR duties identified in the TDP.

7.2 Term of Office.

(a) The FCR shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 7.2(b) below, (iii) his or her removal pursuant to Section 7.2(c) below, or (iv) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below.

(b) The FCR may resign at any time by written notice to the Trustee. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) At the request of the Trustee, the FCR may be removed by the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause.

7.3 Appointment of Successor. In the event of the death, resignation or removal of Roger Frankel as the initial FCR, such vacancy shall immediately be filled by Richard H. Wyron

(for purposes of this Section 7.3, the “**Successor FCR**”), who shall thereafter serve as FCR pursuant to the terms of the Trust Agreement and other Trust Documents. In the event of the death, resignation or removal of the Successor FCR, such vacancy shall be filled with an individual nominated by the Trustee, with the consent of the TAC and the OAC. In the event either the TAC or the OAC does not consent to the individual nominated by the Trustee, then the successor FCR shall be appointed by the Bankruptcy Court. Immediately upon any successor FCR filing a vacancy as provided in this Section 7.3, all rights, titles, duties, powers, and authority of the predecessor FCR hereunder shall be vested in and undertaken by the successor FCR without any further act. No successor FCR shall be liable personally for any act or omission of his or her predecessor FCR. No predecessor FCR shall be liable personally for any act or omission of his successor FCR.

7.4 FCR’s Employment of Professionals.

(a) The FCR may, but is not required to, retain and/or consult legal counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the FCR to be qualified as experts on matters submitted to the FCR (the “**FCR Professionals**”), provided, however that no FCR Professionals may be retained to act on behalf of any individual holder of a PSAN PI/WD Claim or a Trust Administered Claim.

(b) The PSAN PI/WD Trust shall promptly reimburse the FCR for, or pay directly to the FCR’s counsel if so instructed, all reasonable and documented fees and costs associated with the FCR’s employment of legal counsel pursuant to this provision in connection with the FCR’s performance of his or her duties hereunder. The PSAN PI/WD Trust shall also promptly reimburse the FCR for, or pay directly to such other FCR Professionals if so instructed, all reasonable and documented fees and costs associated with the FCR’s employment of any

other FCR Professionals pursuant to this provision in connection with the FCR's performance of his or her duties hereunder. Such reimbursement or direct payment described in this Section 7.4(b) shall be treated as a PSAN PI/WD Trust Expense and shall be subject to Section 2.2(d).

7.5 Compensation and Expenses of the FCR.

(a) Subjection to Section 2.2(d), the FCR shall receive compensation from the PSAN PI/WD Trust in the form of payment at the FCR's normal hourly rate, as such rate may be adjusted by the FCR from time to time, for services performed. The PSAN PI/WD Trust will promptly reimburse the FCR for all reasonable and documented out-of-pocket costs and expenses incurred by the FCR in connection with the performance of his or her duties hereunder, subject to Section 2.2(d).

(b) The FCR shall, in his or her sole discretion, be permitted to procure and maintain insurance in addition to insurance procured and maintained by the PSAN PI/WD Trust, the cost of which shall be paid directly by the PSAN PI/WD Trust, subject to compliance with Section 2.2(d). Such reimbursement or direct payment shall be deemed a PSAN PI/WD Trust Expense. The PSAN PI/WD Trust shall include a description of the amounts paid under this Section 7.5 in the Annual Report to be posted on the Trustee's website and provided to the FCR and the PPTACs pursuant to Section 2.2(c)(i) above.

7.6 Procedures for Consultation with and Obtaining the Consent of the FCR.

(a) **Consultation Process.**

(i) In the event the Trustee is required to consult with the FCR pursuant to Section 2.2(e) above or on any other matters specified herein, the Trustee shall provide the FCR with written advance notice of the matter under consideration, and with all relevant information concerning the matter as is reasonably practicable under the circumstances,

to the extent practicable. The Trustee shall also provide the FCR with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the FCR may reasonably request during the time that the Trustee is considering such matter, and shall also provide the FCR the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee, to the extent practicable.

(ii) In determining when to take definitive action on any matter subject to the consultation process set forth in this Section 7.6(a), the Trustee shall take into consideration the time required for the FCR, if he or she so wishes, to engage and consult with his or her own independent advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the FCR with the initial written notice that such matter is under consideration by the Trustee, unless such period is waived in writing by the FCR or at a meeting where the FCR and Trustee are present or the Trustee determines in his reasonable discretion that definitive action is required earlier.

(b) **Consent Process.**

(i) In the event the Trustee is required to obtain the consent of the FCR pursuant to Section 2.2(f) above or otherwise in the Trust Documents, the Trustee shall provide the FCR with a written notice stating that his or her consent is being sought, describing in detail the nature and scope of the action the Trustee proposes to take, and explaining in detail the reasons why the Trustee desires to take such action, to the extent practicable. The Trustee shall provide the FCR as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the FCR with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the FCR may reasonably request during the time that the Trustee is

considering such action, and shall also provide the FCR the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee, to the extent practicable.

(ii) The FCR must consider in good faith and in a timely fashion any request for his or her consent by the Trustee, and must in any event advise the Trustee, in writing, of his or her consent or objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The FCR may not withhold his or her consent unreasonably. If the FCR decides to withhold consent, he or she must explain in detail his or her objections to the proposed action. If the FCR does not advise the Trustee, in writing, of his or her consent or objection to the proposed action within thirty (30) days of receiving the notice from the Trustee regarding such consent, the FCR's consent shall be deemed to have been affirmatively granted.

(iii) If, after following, the procedures specified in this Section 7.6(b), the FCR continues to object to the proposed action and to withhold his or her consent to the proposed action, the Trustee and/or the FCR shall resolve their dispute pursuant to Section 8.13 below. However, the burden of proof, described in Section 8.13 below, with respect to the validity of the FCR's objection and withholding of his or her consent shall be on the FCR.

SECTION VIII
GENERAL PROVISIONS

8.1 Irrevocability. To the fullest extent permitted by applicable law, the PSAN PI/WD Trust is irrevocable.

8.2 Term; Termination.

(a) The term for which the PSAN PI/WD Trust is to exist shall commence on the date of the filing of the Certificate of Trust and shall terminate pursuant to the provisions of Section 8.2 below.

(b) The PSAN PI/WD Trust shall automatically dissolve on the date (the “**PSAN PI/WD Trust Termination Date**”) ninety (90) days after the first to occur of the following events:

(i) the date on which the Trustee decides to dissolve the PSAN PI/WD Trust because (A) he or she deems it unlikely that new PSAN PI/WD Claims will be filed against the PSAN PI/WD Trust, (B) all PSAN PI/WD Claims, Other PI/WD Claims, Non-PSAN PI/WD Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims duly filed with the PSAN PI/WD Trust have been liquidated and, to the extent possible based upon the funds available to the PSAN PI/WD Trust through the Plan, paid to the extent provided in this Trust Agreement and the TDP or have been disallowed by a final non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new PSAN PI/WD Claim, Other PI/WD Claim, Non-PSAN PI/WD Administrative Expense PI/WD Claim, or Administrative Expense PSAN PI/WD Claim has been filed with the PSAN PI/WD Trust; or

(ii) if the PSAN PI/WD Trust has procured and has in place irrevocable insurance policies and has established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining

obligations and expenses of the PSAN PI/WD Trust in a manner consistent with this Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or

(iii) to the extent that any rule against perpetuities shall be deemed applicable to the PSAN PI/WD Trust, the date on which twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

(c) On the PSAN PI/WD Trust Termination Date, after the payment of all PSAN PI/WD Claims that are entitled to a Distribution from the PSAN PI/WD Trust, Allowed Other PI/WD Claims, Allowed Administrative Expense PI/WD Claims, Allowed Administrative Expense PSAN PI/WD Claims, and PSAN PI/WD Trust Expenses that have been provided for and the liquidation of all assets then held by the PSAN PI/WD Trust, any remaining value in the PSAN PI/WD Funds, Other PI/WD Funds, and the Claims Reserves Funds will be distributed (i) first, to the Special Master for contribution to the DOJ PI/WD Restitution Fund, if it still exists, and (ii) second, if the Special Master's appointment has concluded, to one or more charitable organization(s) exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code to be selected by the Trustee; provided, however that (i) if practicable, the charitable organization(s) (i) shall be related to vehicle safety, and (ii) the charitable organization(s) shall not bear any relationship to Reorganized TKH within the meaning of Section 468(d)(3) of the Internal Revenue Code. For the avoidance of doubt, nothing herein shall govern the distribution of any remaining value in the DOJ PI/WD Restitution Fund.

(d) Following the dissolution and distribution of the assets of the PSAN PI/WD Trust, the PSAN PI/WD Trust shall terminate and the Trustee (acting alone) shall execute

and cause a Certificate of Cancellation of the Certificate of Trust of the PSAN PI/WD Trust to be filed in accordance with the Act. Notwithstanding anything to the contrary contained in this Trust Agreement, the existence of the PSAN PI/WD Trust as a separate legal entity shall continue until the filing of such Certificate of Cancellation. The Trustee shall provide to the Delaware Trustee a certified copy of the Certificate of Cancellation within a reasonable time after the filing of such Certificate of Cancellation. The Certificate of Cancellation need not be signed by the Delaware Trustee.

8.3 Amendments. The Trustee, subject to (i) the consent of each of the TAC, the OAC and the FCR and (ii) Section 2.2 of this Trust Agreement, may modify or amend this Trust Agreement and the PSAN PI/WD Trust Bylaws; provided, however that no such modification, unless the modification is signed by the Delaware Trustee, may adversely affect the rights, duties and obligations of the Delaware Trustee, and no such modification or amendment may, unless the modification or amendment is signed by the TAC, the OAC and the FCR, impair or modify in any way (a) Section 1.4(f) hereof or any rights, benefits, or protections provided to the indemnified parties pursuant to the Indemnification Obligations, or (b) the terms of the Claimant Release or the obligation of the PSAN PI/WD Trust to obtain a properly executed Claimant Release as a pre-condition to a claimant receiving a distribution from the PSAN PI/WD Trust, except that the Claimant Release may be modified to include the release of a settling PSAN PI/WD Insurance Company. Any amendment or modification of the TDP shall be only made in accordance with requirements described therein. Any modification or amendment made pursuant to this Section 8.3 shall be made in writing. No amendment to this Trust Agreement, the TDP, or the PSAN PI/WD Trust Bylaws may be made that will in any manner increase the amount of the Participating OEMs' funding obligations to the PSAN PI/WD Trust (either on

account of Trust Administrative Expenses or Trust Claims) without the OAC's consent, which the OAC may withhold in its sole and exclusive discretion. Notwithstanding anything contained in this Trust Agreement or the TDP to the contrary, neither this Trust Agreement, the PSAN PI/WD Trust Bylaws, the TDP, nor any document annexed to the foregoing shall be modified or amended in any way that could jeopardize, impair, or modify (i) the applicability of section 105 of the Bankruptcy Code to the Plan and the Confirmation Order, (ii) the efficacy or enforceability of the Channeling Injunction or any other injunction or release issued or granted in connection with the Plan, (iii) the PSAN PI/WD Trust's qualified settlement fund status under the QSF Regulations, (iv) without the written consent of the TAC, OAC and the FCR, Section 1.4(f) hereof or any rights, benefits or protections provided to indemnified parties under the Indemnification Obligations, or (v) without the written consent of the TAC, OAC and the FCR, the terms of the Claimant Release or the obligation of the PSAN PI/WD Trust to obtain a properly executed Claimant Release as a pre-condition to a claimant receiving a distribution from the PSAN PI/WD Trust.

8.4 Meetings and Annual Review.

(a) The PPTACs and the FCR shall have the right to attend all meetings of the Trustee and shall be provided five (5) days' advance notice in writing whenever meetings are scheduled. The Delaware Trustee shall not be required nor permitted to attend meetings relating to the PSAN PI/WD Trust.

(b) The PPTACs shall meet as needed separately or jointly. The Trustee and/or the FCR may participate as requested by the TAC or OAC. Minutes will be maintained at joint meetings of the PPTACs and shall be made available to the Trustee and FCR upon request.

(c) The PPTACs and the FCR shall be responsible for conducting an annual review of the PSAN PI/WD Trust, including by reviewing the materials provided pursuant to Section 2.2(c), to evaluate the PSAN PI/WD Trust's compliance with the Trust Agreement and the other Trust Documents and to provide feedback to the Trustee.

8.5 Severability. Should any provision in this Trust Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Trust Agreement.

8.6 Notices. Notices to persons asserting claims shall be given by e-mail, followed by first class mail, postage prepaid, at the address of such person, or, where applicable, such person's legal representative, in each case as provided on such person's claim form submitted to the PSAN PI/WD Trust with respect to his or her PSAN PI/WD Claim or Trust Administered Claims.

(a) Any notices or other communications required or permitted hereunder to the following parties shall be in writing and delivered at the addresses designated below, or sent by email or facsimile pursuant to the instructions listed below, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other address or addresses as may hereafter be furnished in writing to each of the other parties listed below in compliance with the terms hereof.

To the PSAN PI/WD Trust through the Trustee:

Eric D. Green
Resolutions, LLC
125 High Street
Boston, MA 02110
Telephone: 617-556-0800

with a copy (which alone will not constitute notice) to:

David J. Molton
Brown Rudnick LLP
Seven Times Square
New York, NY 10036
Telephone: 212-209-4822
Email: dmolton@brownrudnick.com

To the Delaware Trustee:

[Wilmington Trust, National Association
1100 North Market Street
Wilmington, Delaware 19890-1605
Attention: Corporate Trust Administration]

To the TAC:

[TBD]

with a copy (which alone will not constitute notice) to:

[TBD]

To the OAC:

[TBD]

with a copy (which alone will not constitute notice) to:

[TBD]

To the FCR:

Roger Frankel
Future Claimants' Representative
for the PSAN PI/WD Trust
2500 South Ocean Boulevard
Palm Beach, FL 33480
Telephone: (202) 309-1110
Email: rfrankel@frankelwyron.com

with a copy (which alone will not constitute notice) to:

Richard H. Wyron
Frankel Wyron, LLP
Suite 800

2101 L Street, NW
Washington, DC 20030
Telephone: (202) 367-9127
Email: rwyron@frankelwyron.com

To the Reorganized Debtors:

[TBD]

To the Consenting OEMs:

Alderney Advisors LLC

[TBD]

with a copy (which alone will not constitute notice) to:

[TBD]

(b) All such notices and communications if mailed shall be effective when physically delivered at the designated addresses or, if electronically transmitted, when the communication is received at the designated addresses and confirmed by the recipient by return transmission.

8.7 Successors and Assigns. The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Protected Parties, the PSAN PI/WD Trust, the Trustee, the TAC, the OAC, the FCR, and their respective successors and assigns, except that none of such persons may assign or otherwise transfer any of its rights or obligations, if any, under this Trust Agreement except, in the case of the PSAN PI/WD Trust and the Trustee, as contemplated by Section 2.1 above.

8.8 Limitation on Claim Interests for Securities Laws Purposes. PSAN PI/WD Claims, and any interests therein (a) shall not be assigned, conveyed, hypothecated, pledged, or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution, or in accordance with the provisions of this Trust

Agreement, the TDP or the Contribution Agreement; (b) shall not be evidenced by a certificate or other instrument; (c) shall not possess any voting rights; and (d) shall not be entitled to receive any dividends or interest; provided, however that clause (a) of this Section 8.8 shall not apply to the holder of an Indirect Claim or any claim that is subrogated to any Trust Administered Claim as a result of its satisfaction of such Trust Administered Claim.

8.9 Entire Agreement; No Waiver. The entire agreement of the parties relating to the subject matter of this Trust Agreement is contained herein, in the Trust Documents, in the Plan and in the other documents referred to herein, and this Trust Agreement and all such documents supersede any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power, or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

8.10 Headings. The headings used in this Trust Agreement are inserted for convenience only and do not in any manner affect the construction of the provisions of this Trust Agreement.

8.11 Governing Law. The validity and construction of this Trust Agreement and all amendments hereto and thereto shall be governed by the laws of the State of Delaware, and the rights of all parties hereto and the effect of every provision hereof shall be subject to and construed according to the laws of the State of Delaware without regard to the conflicts of law provisions thereof which would purport to apply the law of any other jurisdiction; provided, however that the parties hereto intend that the provisions hereof shall control and there shall not

be applicable to the PSAN PI/WD Trust, the Trustee, the Delaware Trustee, the TAC, the OAC, the FCR, or this Trust Agreement, any provision of the laws (statutory or common) of the State of Delaware pertaining to trusts that relate to or regulate in a manner inconsistent with the terms hereof: (a) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (b) affirmative requirements to post bonds for trustees, officers, agents, or employees of a trust, (c) the necessity for obtaining court or other governmental approval concerning the acquisition, holding, or disposition of real or personal property, (d) fees or other sums payable to trustees, officers, agents, or employees of a trust, (e) the allocation of receipts and expenditures to income or principal, (f) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage, or other manner of holding of trust assets, (g) the existence of rights or interests (beneficial or otherwise) in trust assets, (h) the ability of beneficial owners or other persons to terminate or dissolve a trust, or (i) the establishment of fiduciary or other standards or responsibilities or limitations on the acts or powers of trustees or beneficial owners that are inconsistent with the limitations on liability or authorities and powers of the Trustee, the Delaware Trustee, the TAC, the OAC, or the FCR set forth or referenced in this Trust Agreement. Section 3540 of Title 12 of the Delaware Code shall not apply to the Trust.

8.12 Settlers' Representative and Cooperation. The Debtors are hereby irrevocably designated as the Settlers and are hereby authorized to take any action required of the Settlers by the Trustee in connection with this Trust Agreement. The Reorganized Debtors agree to cooperate in implementing the goals and objectives of this Trust Agreement.

8.13 Dispute Resolution. Any disputes that arise under this Trust Agreement or under the TDP among the parties hereto shall be resolved by an alternative dispute resolution (the

“ADR”) process mutually agreeable to the parties involved. Any party to the ADR process that is dissatisfied with the decision of the arbitrator(s) may apply to the Bankruptcy Court for a judicial determination of the matter. Any review conducted by the Bankruptcy Court shall be *de novo*. In any case, if the dispute arose pursuant to the consent provision set forth in Section 5.7(b) above (in the case of the TAC), Section 6.7(b) (in the case of the OAC), Section 6.8 (in the case of the Consenting OEMs), or Section 7.6(b) above (in the case of the FCR), the burden of proof shall be on the party or parties who withheld consent to show by a preponderance of the evidence that the objection was valid.¹⁴ Should the dispute not be resolved by the ADR process within thirty (30) days after submission of all items needed for a decision in the ADR process, the parties are relieved of the requirement to pursue ADR prior to application to the Bankruptcy Court. If the Trustee determines that the matter in dispute is exigent and cannot await the completion of the ADR process, the Trustee shall have the discretion to elect out of the ADR process altogether or at any stage of the process and seek resolution of the dispute in the Bankruptcy Court.

8.14 Enforcement and Administration. The provisions of this Trust Agreement, the TDP and the other Trust Documents shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the indemnified parties under the Indemnification Obligations shall have the right to enforce (a) any rights, benefits, or protections provided to them pursuant to the Indemnification Obligations, and (b) the obligation of the PSAN PI/WD Trust to obtain a properly executed Claimant Release as a precondition to a claimant receiving a distribution from the PSAN PI/WD Trust. The parties also acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of

¹⁴ [Standard of review and appropriate standard under discussion.]

accounts of the Trustee and over any disputes hereunder not resolved by alternative dispute resolution in accordance with Section 8.13 above.

8.15 Effectiveness. This Trust Agreement shall not become effective until it has been executed and delivered by all the parties hereto.

8.16 Counterpart Signatures. This Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument. Delivery of a counterpart hereof by facsimile or email transmission of an Adobe portable document format file (also known as a “PDF” file) shall be effective as delivery of a manually executed counterpart hereof.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA AMERICAS

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK FINANCE, LLC

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK CHINA, LLC

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK HOLDINGS INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA PROTECTION SYSTEMS INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

INTERIORS IN FLIGHT INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK MEXICO INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK MEXICO LLC

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

**TK HOLDINGS DE MEXICO,
S. DE R.L. DE C.V.**

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

**INDUSTRIAS IRVIN DE MEXICO,
S.A. DE C.V.**

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA DE MEXICO, S.A. DE C.V.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

STROSSHE-MEX, S. DE R.L. DE C.V.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA AMERICAS

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TRUSTEE

By: _____
[NAME]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

**DELAWARE TRUSTEE
WILMINGTON TRUST, NATIONAL
ASSOCIATION**

By: _____

Name: _____

Title: _____

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

FUTURE CLAIMANTS' REPRESENTATIVE

Roger Frankel

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TRUST ADVISORY COMMITTEE

[NAME[S]]

[Signature page to PSAN PI/WD Trust Agreement]

EXHIBIT 1

PSAN PI/WD Trust Distribution Procedures

(Attached)

EXHIBIT 2

Form of Certificate of Trust

**CERTIFICATE OF TRUST
OF THE
PSAN PI/WD TRUST**

This Certificate of Trust of the PSAN PI/WD Trust (the “*Trust*”) is being duly executed and filed by the undersigned trustees of the Trust, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. Code § 3801 *et seq.*) (the “*Act*”).

1. **Name.** The name of the statutory trust formed hereby is:

PSAN PI/WD Trust

2. **Delaware Trustee.** The name and business address of the Delaware Trustee of the Trust in the State of Delaware is:

[Wilmington Trust, National Association, Rodney Square North, 1100 North Market Street
Wilmington, Delaware 19890-1605, Attention: Corporate Trust Administration.]

3. **Effective Date.** This Certificate of Trust shall be effective upon filing.

IN WITNESS WHEREOF, the undersigned have duly executed this Certificate of Trust in accordance with Section 3811(a) of the Act.

<p>TRUSTEE:</p> <hr/> <p>[NAME]</p>	<p>DELAWARE TRUSTEE</p> <p>By: _____</p> <p>Name: _____</p> <p>Title _____</p>
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EXHIBIT 3

PSAN PI/WD Cooperation Agreement

(Attached)

EXHIBIT M-1

Redline of PSAN PI/WD Trust Agreement

PSAN PI/WD TRUST AGREEMENT¹**DATED AS OF [●], 2018****PURSUANT TO THE ~~THIRD~~-FIFTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

¹ ~~No Non-Participating OEM has consented to. The Trust Agreement is still undergoing continuing negotiation and review by the TDP, which is the subject of ongoing negotiations and is expected to be modified during the course of proceedings in these cases. Such modifications may be material, including, but not limited to, amendments or additional documents to address the treatment of claims involving vehicles of Non-Participating OEMs to make clear that such claims are not subject to, among other things, the Valuation Schedule, Liquidated Value, Maximum Value, and Minimum Value described in the TDP, and may instead be evaluated, processed and determined pursuant to a process as yet to be determined. Non-Participating OEMs have not waived and do not waive any and TCC, FCR, OEM Customer Group and Special Master. The parties reserve all rights that they may have with respect to the TDP and the transactions contemplated thereby, including objection rights, and, reserve all rights, remedies, defenses and powers available at law or in equity or otherwise. None of the Debtors, Participating OEMs, FCR, Tort Committee, Trustee, or any other parties shall consider any discussions or course of dealings that any Non-Participating OEM or its representatives have had or may have with them or their representatives as a consent to the TDP and nothing in this TDP is intended or shall be deemed or construed in any way to waive, alter or impair the ability of Non-Participating OEMs to supplement, revise, amend or alter in any way the provisions in the TDP Trust Agreement.~~

~~THIS DOCUMENT HAS NOT BEEN APPROVED OR CONSENTED TO BY THE FUTURE CLAIMANTS' REPRESENTATIVE OR THE OFFICIAL COMMITTEE OF TORT CLAIMANTS OR ANY OF THEIR REPRESENTATIVES, AND IS SUBJECT TO REVIEW, NEGOTIATION AND REVISION IN ALL RESPECTS. THE FCR AND TCC HAVE RESERVED ALL RIGHTS WITH RESPECT TO THIS DOCUMENT.~~

~~THE OFFICIAL COMMITTEE OF TORT CLAIMANTS RESERVES ALL RIGHTS WITH RESPECT TO ANY PROVISION IN THE TDP WHICH PURPORTS TO ESTABLISH DIFFERING DEBTOR LIABILITY TO ANY TRUST BENEFICIARY BASED UPON THE TYPE, KIND, OF MANUFACTURER OF THE VEHICLE IN WHICH THE BENEFICIARY WAS INJURED. MOREOVER, THE TORT CLAIMANTS COMMITTEE RESERVES ALL RIGHTS WITH RESPECT TO WHETHER THE TRUST BENEFICIARIES HAVE RECEIVED ADEQUATE INFORMATION ABOUT TO MAKE AN INFORMED DECISION ABOUT HOW TO VOTE ON THE PLAN.~~

PSAN PI/WD TRUST AGREEMENT

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PSAN PI/WD TRUST AGREEMENT

This PSAN PI/WD Trust Agreement (this “**Trust Agreement**”), dated as of [●], 2018, and effective as of the Effective Date, is entered in accordance with the ~~Third~~Fifth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors, dated as of February [●], 2018 (as it may be amended, modified, or supplemented, the “**Plan**”),² by TK Holdings Inc. and its affiliated Debtors (collectively, the “**Debtors**” or the “**Settlers**”), the debtors and debtors-in-possession whose Chapter 11 cases are administered under Case No. 17-11375 (BLS) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”); the Future Claimants’ Representative (the “**FCR**”); the PSAN PI/WD Trustee (the “**Trustee**”); **[Wilmington Trust, National Association,]** as the Delaware Trustee pursuant to Section 4.10 hereof and any successor Delaware Trustee serving in such capacity (the “**Delaware Trustee**”); and the members of the PSAN PI/WD Trust Advisory Committee (the “**TAC**”) and the PSAN PI/WD OEM Advisory Committee (the “**OAC**”) (together with the TAC, the “**PPTACs**”) identified on the signature page hereof;~~and~~.

WHEREAS, pursuant to the February 27, 2017 order entered in U.S. v. Takata Corp., Case No. 16-cr-20810-04, the United States District Court for the Eastern District of Michigan (the “**Michigan District Court**”) approved the establishment of a personal injury and wrongful death restitution fund of \$125 million to provide restitution to individuals who suffered or will suffer personal injury caused by the malfunction of Takata airbags (the “**DOJ PI/WD Restitution Fund**”); and

² All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Plan, and such definitions are incorporated herein by reference. All capitalized terms not defined herein or defined in the Plan, but defined in the Bankruptcy Code or Rules, shall have the meanings ascribed to them by the Bankruptcy Code and Rules, and such definitions are incorporated herein by reference.

WHEREAS, on July 31, 2017, the Michigan District Court entered an order appointing Eric D. Green as Special Master (the “**Special Master**”) to administer the DOJ PI/WD Restitution Fund; and

WHEREAS, the Debtors have reorganized under the provisions of Chapter 11 of the Bankruptcy Code in a case filed in the ~~United States~~ Bankruptcy Court ~~for the District of Delaware~~, administered and known as In re TK Holdings Inc., et al., Case No. 17-11375 (BLS); and

WHEREAS, the Confirmation Order has been entered by the Bankruptcy Court and, unless such requirement was waived as described in the Plan, affirmed by the District Court; and

WHEREAS, the Plan provides, *inter alia*, for the creation of the PSAN PI/WD Trust (the “**PSAN PI/WD Trust**”) in accordance with this Trust Agreement; and

WHEREAS, the Plan provides that, on the Effective Date, the PSAN PI/WD Funds shall be transferred to, vested in and assumed by the PSAN PI/WD Trust; and

WHEREAS, the Plan provides that, on the Effective Date, the Other PI/WD Funds shall be transferred to, vested in and assumed by the PSAN PI/WD Trust; and

WHEREAS, pursuant to the Plan, the PSAN PI/WD Trust is to use the PSAN PI/WD Funds and the Other PI/WD Funds to satisfy and make payments to holders of all PSAN PI/WD Claims against the Debtors and the Protected Parties and all holders of Other PI/WD Claims, respectively, and, after the Non-PSAN PI/WD Claims Termination Date, to use the amounts transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable, to the PSAN PI/WD Trust to satisfy and make payments to holders of the Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims, ~~and Post-Closing PSAN PI/WD Claims~~; and

WHEREAS, it is the intent of the Debtors, the Trustee, the PPTACs, and the FCR that the PSAN PI/WD Trust be administered, maintained, and operated at all times through mechanisms that provide reasonable assurance that the PSAN PI/WD Trust will compensate all PSAN PI/WD Claims against the Debtors and the Protected Parties pursuant to the PSAN PI/WD Trust Distribution Procedures (the “TDP”) that are attached hereto as **Exhibit 1** ~~in substantially the same manner~~, and in compliance with the terms of this Trust Agreement; and

WHEREAS, pursuant to the Plan, the PSAN PI/WD Trust is intended to qualify as a “qualified settlement fund” within the meaning of section 1.468B-1 *et seq.* of the Treasury Regulations promulgated under section 468B of the Internal Revenue Code of 1986, as amended (the “**QSF Regulations**”); and

WHEREAS, the Bankruptcy Court ~~has and, if required, the District Court, has or have~~ determined that the ~~PSAN PI/WD Trust and the~~ Plan satisfies all the prerequisites for an injunction pursuant to section 105(a) of the Bankruptcy Code with respect to any and all PSAN PI/WD Claims against the Debtors and the Protected Parties with such claims being channeled to the PSAN PI/WD Trust, and such ~~injunction~~ Channeling Injunction has been ~~entered~~ approved in connection with the entry of the Confirmation Order and, if required, has been affirmed by the District Court;

NOW, THEREFORE, it is hereby agreed as follows:

SECTION I **AGREEMENT OF TRUST**

1.1 Creation and Name. The Debtors as Settlor hereby create a trust known as the “PSAN PI/WD Trust,” which is the PSAN PI/WD Trust provided for and referred to in the Plan. The Trustee of the PSAN PI/WD Trust may transact the business and affairs of the PSAN PI/WD Trust in the name of the PSAN PI/WD Trust [or such other name as the PSAN PI/WD Trustee

shall designate for the purposes of doing business],³ and references herein to the PSAN PI/WD Trust shall include the Trustee acting on behalf of the PSAN PI/WD Trust [however named or designated by the PSAN PI/WD Trustee for the purpose of doing business]. It is the intention of the parties hereto that the PSAN PI/WD Trust created hereby constitutes a statutory trust under Chapter 38 of title 12 of the Delaware Code, 12 Del. C. § 3801 *et seq.* (the “Act”) and that this document, together with the bylaws described herein and the TDP, constitute the governing instruments of the PSAN PI/WD Trust. The Trustee and the Delaware Trustee are hereby authorized and directed to execute and file a Certificate of Trust with the Delaware Secretary of State in the form attached hereto as **Exhibit 2**.

1.2 Purpose.

(a) The PSAN PI/WD Trust has the following purposes:

(i) to assume liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties;

(ii) ~~The purpose of the PSAN PI/WD Trust is to (i) assume the liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties, (ii) to~~ administer, process, settle, resolve, liquidate and pay ~~(or direct the foregoing) of such (a) PSAN PI/WD Claims and (b) Other PI/WD Claims³ and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims (collectively, the “Trust Administered Claims” and together with the PSAN PI/WD Claims, the “Trust Claims”), (iii) preserve, hold, manage and maximize the amounts transferred by the Legacy Trustee from the HIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKH Claims Reserve, and the Post-Closing~~

³ [Language bracketed in this sentence remains under discussion]

~~³ [Under discussion and subject to global settlement. Certain OEMs may only want seatbelt claims administered by the trust].~~

~~PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust on the Non-PSAN PI/WD Claims Termination Date including, without limitation, by establishing segregated bank accounts to hold funds sufficient to pay in full all estimated Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims on the Non-PSAN PI/WD Claims Termination Date (the “Claims Reserves Funds”), but only to the extent sufficient funds have been transferred by the Debtors and/or the Legacy Trustee to the PSAN PI/WD Trust for such purpose, (iv) preserve, hold, manage and maximize the PSAN PI/WD Funds for use in paying and satisfying PSAN PI/WD Claims that qualify for a recovery under the Plan, all PSAN PI/WD Claims in accordance with the terms of the Plan (including Section 5.10(g) thereof), and the Trust Agreement, PSAN PI/WD Trust Bylaws (as defined below), if any, TDP, Participating OEM Contribution Agreement(s), Indemnification Agreement Obligations (as defined below), PI/WD Insurance Rights Transfer Agreement (as defined below), and PSAN PI/WD Cooperation Agreement (as defined below), including all related exhibits (collectively, the “Trust Documents”), and (v) preserve, hold, manage and maximize and the Plan;~~

~~(iii) (a) to administer, process, settle, resolve, liquidate and pay the any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors, [TKJP and any other Takata entity] to any proceeds, payments, benefits, causes of action, choses in action, defense or indemnity arising under or attributable to any and all PI/WD Insurance Policies (as defined below), accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent (the “PI/WD Insurance Rights”); provided, however, that each PSAN PI/WD Top Up Amount will only be used to fund distributions to holders of PSAN PI/WD Claims whose injuries resulted from a vehicle~~

~~manufactured by the applicable Participating OEM, and the Trustee will separately track, account for and maintain each PSAN PI/WD Top-Up Amount contributed by each Participating OEM in separate PSAN PI/WD Top-Up Funds. Any incremental PSAN PI/WD Trust Expenses incurred by the PSAN PI/WD Trust specifically in connection with the consideration and liquidation of the PSAN PI/WD Trust with respect to Participating OEMs shall be borne by such Participating OEMs in accordance with the terms of the applicable Participating OEM Contribution Agreement(s). Other PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims (collectively, the “Trust Administered Claims” and together with the PSAN PI/WD Claims, the “Trust Claims”), in accordance with the Plan and the Trust~~

Documents:

(iv) to administer, process, settle, resolve and liquidate PSAN PI/WD Claims arising out of vehicles manufactured or sold by Participating OEM(s), and to pay to each holder of such PSAN PI/WD Claim (a) in accordance with the Participating OEM Contribution Agreement, the amount of the Net Liquidated Value (as defined in the Participating OEM Contribution Agreement), if any, received by the PSAN PI/WD Trust from the Participating OEM on account of such PSAN PI/WD Claim, and (b) the amount, if any, such PSAN PI/WD Claim is entitled to receive from the PSAN PI/WD Trust including on account of (i) the TD Claim (as defined in the TDP) and (ii) any recovered PSAN PI/WD Insurance Proceeds allocable to such PSAN PI/WD Claim in accordance with Section 3.3(g) below.

(v) to preserve, hold and manage:

(A) the PSAN PI/WD Funds, for use in paying and satisfying PSAN PI/WD Claims against the Debtors and the Protected Parties that

qualify for a recovery under the Plan and the Trust Documents, in accordance with the terms of the Plan and the Trust Documents:

(B) the Other PI/WD Funds transferred by the Debtors, Reorganized Debtors and/or Legacy Trustee for the purpose of paying Allowed Other PI/WD Claims;

(C) all amounts transferred by the Legacy Trustee on the Non-PSAN PI/WD Claims Termination Date from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve to the PSAN PI/WD Trust for the purpose of paying all Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims (the “Claims Reserves Funds”), including, without limitation, by establishing a segregated account for each of the Administrative Expense PI/WD Claims and the Administrative Expense PSAN PI/WD Claims to hold such funds for such purposes;

(D) all PSAN PI/WD Top-Up Amounts in accordance with the applicable Participating OEM Contribution Agreement(s); provided, however, the Trustee will separately track, account for and maintain each PSAN PI/WD Top-Up Amount contributed by each Participating OEM in separate PSAN PI/WD Top-Up Funds maintained in segregated accounts on account of each such Participating OEM; provided, further, however that each PSAN PI/WD Top-Up Amount shall only be used to fund distributions to holders of PSAN PI/WD Claims whose injuries resulted from a vehicle manufactured by the applicable Participating OEM;

(E) [the amounts transferred on account of the Consenting OEM Contributions and the Plan Sponsor Contribution Amount based on the Contributions Distribution formula and to hold such amounts in a reserve established and maintained by the Trustee (the “Disputed Contributions Reserve”) for the benefit of holders of PSAN PI/WD Claims and subsequently Allowed Other PI/WD Claims for contribution to the PSAN PI/WD Funds and the Other PI/WD Funds, respectively and all in accordance with Section 7.12 of the Plan;]⁴

(F) any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under or attributable to any and all insurance policies that were issued or allegedly issued that do or may afford the Debtors rights, benefits, indemnity or insurance coverage with respect to any PSAN PI/WD Claims (the “PSAN PI/WD Insurance Policies”), accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent (the “PSAN PI/WD Insurance Rights”); and

(G) [any and all rights, titles, privileges, interests, claims, demands or entitlements of the Debtors to any proceeds, payments, benefits, Causes of Action, choses in action, defense or indemnity arising under or attributable to any and all insurance policies that were issued or allegedly issued that do or may afford the Debtors rights, benefits, indemnity or insurance coverage with respect to any Other PI/WD Claim

⁴ [Under review with respect to Plan language]

(the “PI/WD Insurance Policies”), accrued or unaccrued, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent (the “PI/WD Insurance Rights”)].

(b) The PSAN PI/WD Trust shall administer, process, settle, resolve, liquidate, satisfy, and pay, as applicable, PSAN PI/WD Claims against the Debtors and the Protected Parties in such a way that all holders of valid PSAN PI/WD Claims, ~~are~~ are treated equitably and in ~~a substantially similar manner, subject to~~ accordance with the terms of the Plan, the Trust Agreement, and the other Trust Documents. From and after the Effective Date, the PSAN PI/WD Claims against the Debtors and ~~/or~~ the Protected Parties will be channeled to the PSAN PI/WD Trust pursuant to the Channeling Injunction set forth in Section 10.7 of the Plan and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. All such PSAN PI/WD Claims will be liquidated and paid in accordance with the Trust Agreement, the TDP, the Plan, the Confirmation Order, and the Other Trust Documents including any Participating OEM Contribution Agreement, if applicable.

(c) ~~(b)~~ The PSAN PI/WD Trust will be administered and implemented by the Trustee as provided in this Trust Agreement.

1.3 Transfer of Assets. Pursuant to, and in accordance with, Section 5.10 of the Plan, upon the Effective Date, the PSAN PI/WD Trust will receive the PSAN PI/WD Funds ~~to fund and~~ the ~~PSAN Other~~ PI/WD Trust and Funds to resolve all PSAN PI/WD Claims against the Debtors and the Protected Parties and the Other PI/WD Claims, ~~after~~ respectively, and, on the Non-PSAN PI/WD Claims Termination Date, will receive the Claims Reserves Funds to ~~resolve pay~~ all Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims, ~~and Post-Closing PSAN PI/WD Claims~~ all in accordance with the terms of the Plan. The

PSAN PI/WD Trust shall also receive certain funds that shall be held by the Trustee in the Disputed Contributions Reserve (the “Disputed Contributions Funds”) on account of Disputed Other PI/WD Claims in accordance with the terms of Section 7.12 of the Plan. In all events, the PSAN PI/WD Funds, the Other PI/WD Funds, the Claims Reserves Funds, the Disputed Contributions Funds and any other assets to be transferred to the PSAN PI/WD Trust under the Plan will be transferred to the PSAN PI/WD Trust free and clear of any liens, encumbrances, charges, or other claims by the Debtors, the Protected Parties, any creditor, or other entity. The Debtors shall execute and deliver such documents to the PSAN PI/WD Trust as the Trustee reasonably requests to transfer and assign any PSAN PI/WD Funds ~~and the~~ Other PI/WD Funds, Disputed Contributions Funds and Claims Reserves Funds to the PSAN PI/WD Trust. No monies, choses in action, and/or assets comprising the PSAN PI/WD Funds that have been transferred, granted, assigned or otherwise delivered to the PSAN PI/WD Trust shall be used for any other purpose other than in accordance with the TDP, the Trust Agreement and the Participating OEM Contribution Agreement(s), and for the payment, defense or administration of the PSAN PI/WD Claims against the Debtors and the Protected Parties and payment of expenses of the PSAN PI/WD Trust.

1.4 Acceptance of Assets and Assumption of Liabilities.

(a) In furtherance of the purposes of the PSAN PI/WD Trust, the PSAN PI/WD Trust hereby expressly accepts the transfer to the PSAN PI/WD Trust of the PSAN PI/WD Funds ~~and, after~~ the Other PI/WD Funds, the Disputed Contributions Funds and, on the Non-PSAN PI/WD Claims Termination Date, the Claims Reserves Funds in the time and manner as, and subject to the terms, ~~contemplated in of~~ the Plan and the Trust Documents.

(b) In furtherance of the purposes of the PSAN PI/WD Trust, and subject to the terms of ~~this~~ Trust Agreement Documents and the Plan, the PSAN PI/WD Trust expressly assumes (i) all liabilities and responsibility for (1) all PSAN PI/WD Claims against the Debtors and the Protected Parties and (2) all PSAN PI/WD Claims arising from rights of indemnification, subrogation and/or contribution against the Debtors that were contingent and unliquidated as of the Petition Date for settlements entered into by a holder of a PSAN PI/WD Claim after the Petition Date, and (ii) ~~all PSAN PI/WD Trust Expenses~~ any and all costs, expenses, fees, taxes, disbursements, debts, or obligations incurred for the administration of the PSAN PI/WD Trust pursuant to this Trust Agreement (collectively, the “PSAN PI/WD Trust Expenses”), and neither the Reorganized Debtors nor any of the other Protected Parties specified in the Plan shall have any further financial or other responsibility or liability therefor, except as otherwise expressly set forth in the Plan, this Trust Agreement and the applicable Participating OEM Contribution Agreement, if ~~applicable~~ any. The PSAN PI/WD Trust also accepts responsibility for administering and paying the Trust Administered Claims with the Other PI/WD Funds and the Claims Reserves ~~and other funds~~ Funds transferred to the PSAN PI/WD Trust by the Debtors, the Reorganized Debtors and/or the Legacy Trustee for such purposes. Except as otherwise expressly provided in this Trust Agreement and the TDP, the PSAN PI/WD Trust shall have all defenses, cross-claims, offsets, and recoupments, as well as rights of indemnification, contribution, subrogation, and similar rights, regarding such claims that the Debtors, Reorganized Debtors or the Protected Parties have or would have had under applicable law; provided, however, that no such claims, defenses or rights may be asserted against any Protected Party.⁵

⁵ [Parties are considering language proposed by Special Master concerning privileges.]

(c) No provision herein or in the ~~TDP~~ Trust Documents shall be construed or implemented in a manner that would cause the PSAN PI/WD Trust to fail to qualify as a “qualified settlement fund” under the QSF Regulations.

(d) Nothing in this Trust Agreement shall be construed in any way to (i) limit the scope, enforceability, or effectiveness of the Channeling Injunction or (ii) subject to the provisions of Section 1.4(b) above, limit the PSAN PI/WD Trust’s assumption of all liability for PSAN PI/WD Claims against the Debtors and the Protected Parties.

(e) The PSAN PI/WD Trust shall be bound by the Plan and the Confirmation Order.

(f) Pursuant to Section 5.10(~~sw~~)(iv) of the Plan and subject to the conditions and limitations set forth therein, the PSAN PI/WD Trust shall ~~enter into an~~ comply with and fulfill the indemnification ~~agreement obligations under such Section 5.10(w)(iv)~~ with respect to the PSAN PI/WD Claims (the “**Indemnification Agreement**”), ~~and shall fulfill its obligations thereunder~~ Obligations”). As described in Section 5.10(v)(iv) of the Plan, such Indemnification Obligations require that the PSAN PI/WD Trust shall indemnify a Participating OEM, and any Person set forth in subpart (v) of the Plan’s definition of “Protected Party” that is affiliated with such Participating OEM, for any loss, cost, fees, or expenses incurred by such Participating OEM or any such Person if, after the payment of any portion or all of the PSAN PI/WD Top-Up Amount by the applicable Participating OEM, the Participating OEM or any such Person is (a) held liable for any PSAN PI/WD Claim or (b) required to provide payment, reimbursement, or restitution under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust is otherwise based on the same events, facts, matters, or circumstances that gave rise to the PSAN PI/WD Claim, in each case in an amount not to exceed

the applicable Participating OEM's PSAN PI/WD Top-Up Amount. The PSAN PI/WD Trust shall not be obligated to provide the indemnification set forth herein if, after exercising its best efforts, the PSAN PI/WD Trust is unable to obtain insurance for such obligations at a reasonable cost, with any such cost to be funded solely by the Participating OEM(s).

(g) As further described in the TDP, the PSAN PI/WD Trust shall require all holders of ~~PSAN PI/WD-TD~~ Claims and P-OEM Claims (as defined in the TDP) to execute a release (the "**Claimant Release**") ~~as a precondition,~~ in the form or forms provided by the Trustee for Claimants and Indirect Claimants (as defined in the TDP), as applicable, as a condition to receiving payment on account of their PSAN PI/WD Claims from the PSAN PI/WD Trust.

(h) The PSAN PI/WD Trust shall have the authority to enter into (i) ~~a~~ any transfer agreement (the "**PI/WD Insurance Rights Transfer Agreement**"), ~~attached hereto as Exhibit 3,~~ necessary or appropriate to implement the transfer, assignment and vesting of ~~the PI/WD Insurance Rights as contemplated under the Plan and in Section [] of the PI/WD Insurance Rights Transfer Agreement~~ any insurance rights and proceeds assigned or transferred to the Trust by any Debtor or non-Debtor entity (the "**Insurance Rights Transfer**") and (ii) any and all other documents necessary or appropriate to implement the Insurance Rights Transfer pursuant to the Plan.

1.5 Beneficial Owners. To the extent required by the Act, the beneficial owners (within the meaning of the Act) of the PSAN PI/WD Trust (the "**Beneficial Owners**") shall be deemed to be the holders of PSAN PI/WD Claims against the Debtors and the Protected Parties, provided that (i) the holders of such PSAN PI/WD Claims, as such Beneficial Owners shall have only such rights with respect to the PSAN PI/WD Trust and its assets as are set forth in the Plan,

the TDP, the Trust Agreement and the other Trust Documents, and (ii) no greater or other rights, including upon dissolution, liquidation, or winding up of the PSAN PI/WD Trust, shall be deemed to apply to the holders of such PSAN PI/WD Claims in their capacity as Beneficial Owners. The holders of Trust Administered Claims shall not be Beneficial Owners of the Trust.⁶ The Beneficial Owners shall ~~also include, as a subrogee of a Beneficial Owner, any Consenting OEM that has settled a PSAN PI/WD Claim with a Beneficial Owner~~ be deemed to include any Indirect Claimant solely with respect to its Indirect Claim(s) (as defined under the TDP).

SECTION II **POWERS AND TRUST ADMINISTRATION**

2.1 Powers.

(a) The Trustee is and shall act as the fiduciary to the PSAN PI/WD Trust in accordance with the provisions of this Trust Agreement-, the TDP and the Plan. The Trustee shall administer the PSAN PI/WD Trust, the PSAN PI/WD Funds, the Other PI/WD Funds, the Claims Reserves Funds, and any other amounts ~~to be~~ received under the terms of the Plan, in accordance with the purposes set forth in Section 1.2 above and in the manner prescribed by this Trust Agreement-, the TDP and, to the extent applicable, the Participating OEM Contribution Agreement(s). Subject to the limitations set forth in this Trust Agreement, the Trustee shall have the power to take any and all actions that in the judgment of the Trustee are necessary or proper to fulfill the purposes of the PSAN PI/WD Trust, including, without limitation, each power expressly granted in this Section 2.1, any power reasonably incidental thereto and any trust power now or hereafter permitted under the laws of the State of Delaware.

⁶ [Parties are reviewing impact on QSF status.]

(b) Except as required by applicable law or otherwise specified herein, the Trustee need not obtain the order or approval of any court in the exercise of any power or discretion conferred hereunder.

(c) Without limiting the generality of Section 2.1(a) above, and except as limited below, the Trustee shall have the power to:

(i) receive and hold the PSAN PI/WD Funds, the Other PI/WD Funds, the Disputed Contribution Funds and, after the Non-PSAN PI/WD Claims Termination Date, the Claims Reserves Funds, and exercise all rights with respect thereto, including the right to vote and sell any securities that are included in ~~the PSAN PI/WD Funds, and the Claims Reserves Funds~~ such funds;

(ii) invest the monies held from time to time by the PSAN PI/WD Trust; provided that the PSAN PI/WD Top-Up Amounts may only be invested, if at all, in accordance with the terms of the Participating OEM Contribution Agreement(s);

(iii) enter into leasing and financing agreements with third parties to the extent such agreements are reasonably necessary to permit the PSAN PI/WD Trust to operate;

(iv) pay liabilities and expenses of the PSAN PI/WD Trust, subject to Section 2.2(d);

(v) establish such funds, reserves and accounts within the PSAN PI/WD Trust estate, as ~~deemed by~~ required by the Trust Documents or the Trustee ~~to be~~ deems useful in carrying out the purposes of the PSAN PI/WD Trust;

(vi) sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitral, or other proceeding;

(vii) establish, supervise and administer the PSAN PI/WD Trust in accordance with this Trust Agreement and the TDP and the terms thereof;

(viii) appoint such officers and hire such employees and engage such legal, financial, accounting, investment, auditing, and forecasting, and other consultants and agents ~~as the business of~~, including, but not limited to, entities affiliated with the Trustee, as the PSAN PI/WD Trust requires, and delegate to such persons such powers and authorities as the fiduciary duties of the Trustee permit and as the Trustee, in his or her discretion, deems advisable or necessary in order to carry out the terms of this Trust Agreement;

(ix) [reimburse the Trustee for reasonable expenses incurred prior to the execution hereof specifically incurred in connection with this Trust Agreement, the PSAN PI/WD Trust, and the TDP;

(x) pay the reasonable fees and costs of the Trust Professionals (as defined below) for services provided and expenses incurred prior to the execution hereof specifically incurred in connection with this Trust Agreement, the PSAN PI/WD Trust, and the TDP;]⁷

(xi) ~~(ix)subject to the Budget (as defined below)~~subject to Section 2.2(d)⁴ and Section 4.7 herein, pay reasonable compensation to employees and any consultants, advisors-, counsel and agents, including but not limited to (a) entities affiliated with the Trustee, and (b) those engaged by the PSAN PI/WD Trust for legal, financial, accounting, investment, auditing and forecasting purposes and alternative dispute resolution activities;

(xii) ~~(x)~~subject to ~~the Budget~~ Section 2.2(d) and Sections 4.5, 4.7, 5.5, 5.6, 7.4 and 7.5 herein, compensate the Trustee, the Delaware Trustee, the TAC and the FCR as

⁷ [Under review and subject to further discussion]

⁴ ~~[Budget concepts still under review].~~

provided below, and their employees, legal, financial, accounting, investment, and other advisors, consultants, independent contractors, and agents, including, but not limited to, entities affiliated with the Trustee, and reimburse the Trustee, the Delaware Trustee, the TAC's members, and the FCR for all reasonable and documented out-of-pocket costs and expenses incurred by such persons in connection with the performance of their duties hereunder; ~~provided that the compensation provided to the TAC, its members, advisors, consultants, independent contractors, and agents shall further be subject to the Participating OEM Contribution Agreement(s);~~

(xiii) ~~(xi)~~ execute and deliver such instruments as the Trustee considers proper in administering the PSAN PI/WD Trust;

(xiv) ~~(xii)~~ enter into such other arrangements with third parties as are deemed by the Trustee to be useful in carrying out the purposes of the PSAN PI/WD Trust, provided such arrangements do not conflict with any other provision of this Trust Agreement;

(xv) ~~(xiii)~~ in accordance with Section 4.6 below, defend, indemnify, and hold harmless (and purchase insurance indemnifying) (A) the Trustee, the Delaware Trustee, the members of the PPTACs and the FCR and (B) the officers and employees of the PSAN PI/WD Trust, and any agents, lawyers, advisors, and consultants of the PSAN PI/WD Trust, including but not limited to entities affiliated with the Trustee, the PPTACs, the members of the PPTACS or the FCR, each solely in his or her capacity as such (collectively, the “**Additional Indemnitees**”), to the fullest extent, as permitted by 12 Del. C. ~~§ 3817~~ § 3817, after giving application to the provisions of Section 8.11 below, that a statutory trust organized under the laws of the State of Delaware is from time to time entitled to indemnify and/or insure its directors, trustees, officers, employees, agents, advisors, and representatives; provided, however;

that notwithstanding anything to the contrary herein, no party shall be indemnified or defended in any way for any liability, expense, claim, damage, or loss for which he or she is ultimately liable under Section 4.4 below;⁵

(xvi) ~~(xiv)~~ in accordance with Section 1.4(f) above, ~~enter into perform~~ the Indemnification ~~Agreement and fulfill its obligations thereunder~~ Obligations;

(xvii) ~~[(xv)]~~ enter into the PSAN PI/WD Cooperation Agreement, substantially in the form attached hereto as **Exhibit 43**, and fulfill its obligations thereunder;⁸

(xviii) ~~(xvi)~~ delegate any or all of the authority herein conferred with respect to the investment of all or any portion of the PSAN PI/WD Funds, the Other PI/WD Funds, the Disputed Contributions Funds and/or the Claims Reserves Funds to any one or more reputable individuals or recognized institutional investment advisors or investment managers without liability for any action taken or omission made because of any such delegation, except as provided in Section 4.4 below; provided that the PSAN PI/WD Top-Up Amounts may only be invested, if at all, in accordance with the terms of the Participating OEM Contribution Agreement(s);

(xix) ~~(xvii)~~ consult with the PPTACs and the FCR at such times and with respect to such issues relating to the conduct of the PSAN PI/WD Trust as set forth herein;

(xx) ~~(xviii)~~ make, pursue (by litigation or otherwise), collect, compromise, or settle, in the name of the PSAN PI/WD Trust, any claim, right, action, or cause of action included in the PSAN PI/WD Funds, ~~or~~ the Other PI/WD Funds, the Claims Reserves Funds, the funds to be held in the Distributed Contributions Reserve, the PSAN PI/WD

⁵ ~~[Trust satisfaction of indemnification obligations in light of structure under review.]~~

⁸ [Under discussion]

Insurance Rights, or [the PI/WD Insurance Rights] including, but not limited to, insurance recoveries before any court of competent jurisdiction;

(xxi) ~~(xix)~~ purchase such insurance as the Trustee deems appropriate or as required under the Trust Documents, including with respect to any indemnification obligations of the Trust; ~~and~~

(xxii) ~~(xx)~~ take any and all actions required ~~by~~ or necessary in order to carry out the terms of this Trust Agreement and the Plan.

(d) The Trustee shall not have the power to guarantee any debt of other persons.

~~(e) — The Trustee agrees to take the actions of the PSAN PI/WD Trust required hereunder.~~

(e) ~~(f)~~ The Trustee shall give the PPTACs and the FCR prompt notice of any act performed or taken pursuant to Sections 2.1(c)(iii), (vi), ~~(xii), (xvi-xiv)~~, (xviii), (xx) or (xxi) above, and any act proposed to be performed or taken pursuant to Section 2.2(f) below (provided that, for the avoidance of doubt, such notice shall not satisfy the consent requirements contained in Section 2.2(f)).

2.2 General Administration.

(a) The Trustee shall act in accordance with the Trust Agreement. ~~The Trustee shall adopt and act in~~ and the Plan, and accordance with any PSAN PI/WD Trust Bylaws (“PSAN PI/WD Trust Bylaws”), adopted as provided below. The Trustee may, with the consent of the FCR and the PPTACs, adopt the PSAN PI/WD Trust Bylaws. To the extent not inconsistent with the terms of this Trust Agreement, the PSAN PI/WD Trust Bylaws shall, if adopted, govern the affairs of the PSAN PI/WD Trust. In the event of any inconsistency

between the PSAN PI/WD Trust Bylaws and this Trust Agreement, this Trust Agreement shall govern.

(b) The Trustee shall (i) timely file such income tax and other returns and statements required to be filed and shall timely pay all taxes required to be paid by the PSAN PI/WD Trust ~~out of the PSAN PI/WD Trust Reserve or, if not sufficient,~~ from the corpus of the PSAN PI/WD Trust, provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims ~~asserted against~~ involving a vehicle manufactured or sold by such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used by the Trustee to pay taxes of the PSAN PI/WD Trust (unless such taxes are incurred as a result of investment or other income earned on such segregated account(s)), (ii) comply with all applicable reporting and withholding obligations, (iii) satisfy all requirements necessary to qualify and maintain qualification of the PSAN PI/WD Trust as a qualified settlement fund within the meaning of the QSF Regulations, and (iv) take no action that could cause the PSAN PI/WD Trust to fail to qualify as a qualified settlement fund within the meaning of the QSF Regulations.

(c) The Trustee shall timely account ~~to the Bankruptcy Court~~ as follows:

(i) For the fiscal year 2018 and for each successive fiscal year thereafter until the PSAN PI/WD Trust is terminated pursuant to Section 8.2 below, the Trustee shall cause to be prepared and ~~filed with the Bankruptcy Court~~ posted on the Trustee's publicly available website⁶, as soon as available, and in any event within one hundred and twenty (120) days following the end of such fiscal year, or as soon as practicable thereafter, an annual report

⁶ ~~[Alternative if the Bankruptcy Cases are closed and any such filing would trigger US Trustee fees or other administrative costs still under review.]~~

(the “**Annual Report**”) containing financial statements of the PSAN PI/WD Trust (including, without limitation, a balance sheet of the PSAN PI/WD Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements’ presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles [applicable to trusts such as the PSAN PI/WD Trust](#). The Trustee shall provide a copy of such Annual Report to the PPTACs and the FCR when such reports are ~~filed with the Bankruptcy Court~~ [posted on its website](#).

(ii) In connection with the ~~filing preparation~~ [filing preparation](#) of the Annual Report, the Trustee shall cause to be prepared and ~~filed with the Bankruptcy Court~~ [posted on its website](#) a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements (the “**Claims Report**”). The Trustee shall provide a copy of the Claims Report to the PPTACs and the FCR when it is ~~filed~~ [posted on its website](#).

(iii) ~~[~~ [In connection with the filing posting](#) of the Annual Report, the Trustee shall also provide to the PPTACs and the FCR, on a confidential basis, a report containing a more detailed summary including the following: (1) the number [and type](#) of claims made, denied and compensated, (2) the number and amount of awards made and the basis for such awards, (3) the number and amount of awards accepted without appeal, (4) the number and amount of awards accepted after appeal, (5) the number and amount of awards not accepted after appeal, (6) the number of IR Claims [\(as defined in the TDP\)](#) made, and (7) a description of each award made or denied (the “**Committee Report**”).⁹ [Except as set forth herein, the Trustee shall keep the Committee Report confidential, provided disclosure of the Committee Report to the](#)

⁹ [\[Information made available to non-voting members TBD\]](#)

Trustee's agents, lawyers, advisors and other consultants, including but not limited to entities affiliated with the Trustee, or otherwise required by the Trust Documents or the Plan, shall not constitute a violation of this Section 2.2(c)(iii). Should the Trustee receive notice of a legal proceeding in which an individual or entity requests a court or other tribunal to order the Trustee to disclose the Committee Report, the Trustee will provide notice to the PPTACs and the FCR of any such pending proceeding related to the Committee Report, and shall duly advise such court and individual or entity of the terms of the confidentiality provision in this Section 2.2(c)(iii). If disclosure of the Committee Report is required to be made to a court of law, the Trustee, in conjunction with the PPTACs and the FCR, will take all reasonable methods to protect the confidentiality of the provisions within the Committee Report. In addition, and notwithstanding any other provision of this Section 2.2(c)(iii), the Trustee shall provide (i) a quarterly report to the FCR containing substantially the same information as the Committee Report presented with respect to the prior calendar quarter, ~~and (ii)~~ such other periodic reports as the Trustee and FCR shall agree, and (iii) any other reports that may be required by a Participating OEM Contribution Agreement.

(iv) All materials ~~filed with the Bankruptcy Court by~~ posted to the Trustee's website in accordance with this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the ~~Bankruptcy Court~~ Trustee on such website.

(v) The Trustee shall comply with the audit requirements described in Sections 9.5(b) and 9.5(c) of the TDP.

(d) The Trustee shall cause to be prepared, as soon as practicable prior to the commencement of each fiscal year, a budget (the "**Budget**") covering the administrative costs

and expenses of the PSAN PI/WD Trust (including compensation for the Trustee, Delaware Trustee, FCR and TAC and their members and advisors) for such fiscal year and the succeeding four fiscal years. The initial Budget shall be prepared promptly following the Effective Date.

The Trustee shall provide a copy of each Budget to the PPTACs and the FCR. ~~The Budget (including the initial Budget), including any amendments thereto, shall be acceptable to the Participating OEMs and no proposed Budget (or amendment thereto) will be effective without the consent of the Participating OEMs, and shall consult with the PPTACs and the FCR concerning each such Budget before the Trustee adopts such Budget for the current fiscal year.~~

In any calendar quarter, no amounts shall be expended by the PSAN PI/WD Trust (with the exception of amounts utilized to pay PSAN PI/WD Claims and the Trust Administered Claims in accordance with the TDP and this Trust Agreement), and the Trustee shall have no authority to spend any such amounts, that are in the aggregate in excess of 110% of the expenditures provided for in the Budget for such calendar quarter; provided that the Trustee shall have authority in his or her sole discretion to exceed 110% of the expenditures provided for in the Budget for matters reasonably unforeseen when the Budget was created.⁷

(e) The Trustee shall consult with the PPTACs and the FCR (i) on the general implementation and administration of the PSAN PI/WD Trust, (ii) on the general implementation and administration of the TDP, and (iii) on such other matters as may be required under this Trust Agreement and the TDP pursuant to the consultation provisions set forth in Sections 5.7(a) and 6.7(a), in the case of the TAC and the OAC, respectively, and Section 7.6(a) in the case of the FCR. For the avoidance of doubt, the Trustee shall not be required to consult with, or obtain the consent of, the non-voting representatives to the OAC except as otherwise required with respect to the matters described in Section 2.2(h) hereof.

⁷ ~~[Budget concept still under discussion]~~

- (f) The Trustee shall be required to obtain the consent of the FCR and the PPTACs, which consent shall not be unreasonably withheld, pursuant to the consent provisions set forth in Sections 5.7(b), and 6.7(b) and, in the case of the TAC and OAC, respectively and Section 7.6(b) below in the case of the FCR, in addition to any other instances elsewhere enumerated, in order to:
- (i) seek to amend, supplement or modify the Plan in any respect;
 - (ii) amend, supplement or modify the TDP in any respect, including, without limitation, in order to establish and/or change the Payment Percentage, the Maximum Annual Payment, Medical Criteria and the evidentiary requirements (each as defined and described in the TDP);
 - (iii) establish and/or to change the Submission of Claims Materials to be provided to holders of PSAN PI/WD Claims requirements under Section 3 of the TDP;
 - (iv) change adopt the form of the releases release(s) to be provided pursuant to Section 5.5 of the TDP 7.4 of the TDP and/or modify or change the form of the release(s) that has/have been previously approved by the TAC, OAC and FCR thereto;
 - (v) terminate the PSAN PI/WD Trust pursuant to Section 8.2 below;
 - (vi) alter the term and successorship of the FCR or the PPTAC members;
 - (vii) alter the methods and manner of auditing the PSAN PI/WD Trust, including those audit provisions contained in Section 9.5 of the TDP;
 - (viii) implement structural changes to the PSAN PI/WD Trust;
 - (ix) settle any rights or monetize any assets (including, without limitation, the PSAN PI/WD Insurance Rights [and the PI/WD Insurance Rights]) assigned to the

PSAN PI/WD Trust, including, without limitation, to settle the liability of any insurer under any insurance policy or legal action related thereto;

(x) change the compensation of the FCR, the TAC, the Delaware Trustee, or Trustee;

(xi) take actions to minimize any tax on the PSAN PI/WD Funds; provided that no such action prevents the PSAN PI/WD Trust from qualifying as a qualified settlement fund within the meaning of the QSF Regulations ~~or requires an~~ provided further that no party hereto shall make any election ~~for to cause~~ the PSAN PI/WD Trust to be treated as a “grantor trust” within the meaning of Section 671 of the Internal Revenue Code of 1986, as amended;

(xii) if the Trustee shall determine to do so, adopt the PSAN PI/WD Trust Bylaws in accordance with Section 2.2(a) above or thereafter to amend the PSAN PI/WD Trust Bylaws in accordance with the terms thereof;

(xiii) amend ~~,~~ supplement or modify any provision of this Trust Agreement, the TDP, any Participating OEM Contribution Agreement or any other Trust Document in accordance with the terms thereof, provided, however, that no such amendments shall be inconsistent with the Plan, other Plan Documents (including the U.S. Acquisition Agreement), and the Indemnity Agreement (as defined in the Plan), if any;

(xiv) acquire an interest in or to merge any claims resolution organization formed by the PSAN PI/WD Trust with another claims resolution organization ~~that is not specifically created by this Trust Agreement or the TDP, or to contract with another claims resolution organization or other entity~~ that is not specifically created by this Trust Agreement or the TDP, or permit any other party to join in any claims resolution organization that is formed by

the PSAN PI/WD Trust pursuant to the Trust Agreement or the TDP; provided that such merger, acquisition, contract, or joinder shall not (a) subject any Protected Party to any risk of having any PSAN PI/WD Claim asserted against it or (b) otherwise jeopardize the validity or enforceability of the Channeling Injunction or any other injunction or release issued or granted in connection with the Plan and/or the Confirmation Order; and provided, further that (a) the terms of such merger will require the surviving organization to make decisions about the allowability and value of claims in accordance with the TDP and (b) in the case of a merger or acquisition, such merged or acquired entity agrees in writing to be bound by the Plan and the Confirmation Order, just as the PSAN PI/WD Trust is bound by Section 1.4(e) hereof; ~~or~~

(xv) ~~if~~ and if to the extent required by Section 3.65 of the TDP, disclose any information, documents, ~~or~~ or other materials to preserve, litigate, resolve, ~~or~~ or settle coverage; or to comply with an applicable obligation under an insurance policy or settlement agreement pursuant to Section 3.65 of the TDP; ~~or~~

(xvi) determine that an OEM has satisfied the terms and conditions to become a Participating OEM.

The PPTACs and the FCR shall not unreasonably withhold any consent required ~~hereunder~~ under this Section 2.2(f), and if the OAC, the TAC or the FCR shall withhold any such consent required hereunder, at the election of any of them or the Trustee, the dispute shall be resolved in accordance with Section 8.13 of the Trust Agreement, ~~provided, however except~~ that no ~~such~~ amendment ~~which would increase the amount of funding would be obligated to provide and the applicable to a~~ Participating OEM Contribution Agreement may be made without such Participating OEM's consent, which it may withhold in its sole and absolute discretion.

(g) The Trustee shall not take any action that has a material adverse impact on the funding obligations of the Participating OEMs, without obtaining the consent of the OAC pursuant to Section 6.7(b) below, which consent may not be unreasonably withheld.

(h) The Trustee shall be required to obtain the consent of the Consenting OEMs, which consent may not be unreasonably withheld, pursuant to the consent provisions set forth in Section 6.8 below, in order to amend or modify:

(i) the methodology for valuation of TD Claims as set forth in Section 1.2 of the TDP;

(ii) Section 5.6 of the TDP;

(iii) footnote 7 of the TDP and any term or provision of similar meaning;

(iv) the first paragraph of Section 9.6 of the TDP;

(v) the provisions of Section 2.5 of this Agreement; and

(vi) the TDP, this Trust Agreement or any other Trust Document that would impose additional obligations on the Consenting OEMs or that would otherwise affect the rights of the Consenting OEMs in any material respect.

[For the avoidance of doubt, the defined terms utilized in Sections 2.14, 2.15 and 2.30 of the TDP shall not be amended or modified without obtaining the consent of the Consenting OEMs pursuant to Section 6.8 below, which consent shall not be unreasonably withheld.]¹⁰

(i) ~~(g)The OAC~~The applicable Participating OEM shall have the right, at its discretion and sole expense, to assume, control, defend, and settle any and all litigation with respect to a PSAN PI/WD Claim to which the PSAN PI/WD Trust is a party, except where the PSAN PI/WD Trust is a plaintiff and the OAC or any of its members or any ~~Participating~~ OEM

¹⁰ [Under discussion]

is a defendant in such action. For the avoidance of doubt, the OAC shall not have the right to assume, control, defend or settle any insurance coverage action. If there is any ~~conflict~~ inconsistency between this paragraph 2.2(i) and the TDP, the TDP shall control.

(j) ~~(h)~~ The Trustee shall meet with the PPTACs and the FCR no less often than quarterly, to the extent practicable. The Trustee shall meet with the PPTACs and the FCR between such quarterly meetings at mutually convenient times and locations when so requested by the TAC, the OAC or the FCR, to the extent practicable.

(k) ~~(i)~~ The Trustee shall consider issues submitted by the TAC, the OAC or the FCR at the Trustee's meetings with the PPTACs and the FCR, if practicable in view of pending business.

(l) The Trustee shall receive periodic reporting from the Legacy Trustee or the Plan Administrator of the determination and any re-determination of the Legacy Entities Reserves, Warehousing Entity Reserves, Post-Closing Reserves, the Reorganized TK Holdings Trust (as well as any Residual Value in the Reorganized TK Holdings Trust upon dissolution), Disputed Claims Reserves and Claims Reserves (as applicable).

2.3 Claims Administration. The Trustee shall promptly proceed to implement the TDP.

2.4 Administration of the Trust if No Participating OEM. ⁸ If as of the Initial Distribution Date, (a) no OEM has become a Participating OEM ~~and or~~ (b) the PSAN PI/WD Trust's liquid assets (not including estimated future receipts by the PSAN PI/WD Trust) total less than \$40 million in the aggregate, then the Trustee may, and if requested to do so in writing by the TAC or the FCR shall, shall promptly develop and propose to the TAC and FCR for their consent, which consent shall not be unreasonably withheld, in accordance with Sections 5.7(b)

⁸ ~~[Consultation/consent rights of the Consenting OEMs/OAC if there is no Participating OEM are under discussion].~~

and 7.6(b) respectively, and in consultation with the Consenting OEMs, modifications to this Trust Agreement, the TDP and other Trust Documents to permit the PSAN PI/WD Trust to operate and make distributions to present and future claimants ~~(x)~~utilizing the processes, procedures, valuations and distribution mechanisms of the DOJ PI/WD Restitution Fund, to the extent appropriate and feasible, or ~~(y)~~in an alternative manner to which the Trustee, TAC and FCR agree. For the avoidance of doubt, no assets of the DOJ PI/WD Restitution Fund shall be utilized and no expenses shall be imposed on the DOJ PI/WD Restitution Fund in connection with the PSAN PI/WD Trust.

2.5 Consenting OEM PSAN PI/WD Trust Reserves. The Trustee and FCR will utilize an estimation process agreed upon with Consenting OEMs that seeks to insure that current and future PSAN PI/WD Claims receive substantially similar treatment over the life of the PSAN PI/WD Trust, with the goal of paying each such claim the same percentage of its value as determined by the PSAN PI/WD Trust, as paid to all other current and future PSAN PI/WD Claims. The OAC shall have right to require a re-estimation unless an estimation has otherwise been performed by the Trustee during the preceding 12 months, as an additional check to insure that the PSAN PI/WD Trust is meeting its goals. If the aggregate funds to be administered by the PSAN PI/WD Trust exclusive of PSAN PI/WD Top-Up Funds are estimated as of the Effective Date by the Trustee in consultation with the FCR and the TAC to exceed \$75 million (including, for the avoidance of doubt, Available Cash, Consenting OEM Contributions, the Plan Sponsor Contribution Amount, and PSAN PI/WD Insurance Proceeds), the PSAN PI/WD Trust will incorporate a limited period, diminishing Consenting OEM PSAN PI/WD Trust Reserve relating to each Consenting OEM to be calculated in accordance with the Agreed Allocation, as follows: 2/3 of each Consenting OEM's contribution to the Plan Settlement Fund (i.e., such

contribution being whatever gets re-directed to the PSAN PI/WD Trust through the waterfall pursuant hereto on account of recoveries on the Consenting OEM Unsecured Claims), less any amounts paid after the Effective Date by the Plan Settlement Fund on claims arising from an injury sustained in a vehicle sold or manufactured by such Consenting OEM (including a claim, if any, by such Consenting OEM for contribution, indemnification or subrogation), will be reserved for payment on claims relating to vehicles sold or manufactured by such Consenting OEM (each Consenting OEM's "Trust Reserve") for the first 3 years of the PSAN PI/WD Trust's existence; each Consenting OEM's Trust Reserve will be reduced to 1/2 in year 4 of the PSAN PI/WD Trust's existence; each Consenting OEM's Trust Reserve will be reduced to 1/3 in year 5 of the PSAN PI/WD Trust's existence; and after year 5, the Trust Reserves will be eliminated. Payment of claims relating to vehicles sold or manufactured by a particular Consenting OEM will first reduce such Consenting OEM's Trust Reserve dollar-for-dollar until fully depleted before the payment of claims is made from the general PSAN PI/WD Trust Reserves that excludes the Trust Reserves. If there are any PSAN PI/WD Claims relating to vehicles sold or manufactured) by a Participating OEM during the 5 year period in which the Trust Reserves exist that would exceed the amount available to pay such claims after taking into account the estimated payment percentage for holders of PSAN PI/WD Claims and Other PI/WD Claims and applicable Trust Reserves, such Participating OEM will be required to pay such claims in full through its PSAN PI/WD Top-Up Amount. For any vehicles not sold and manufactured by the same OEM, the PSAN PI/WD Trust will accept joint instructions on how to apply / adjust the reserves from the relevant OEMs, provided that the PSAN PI/WD Trust and holder of a PSAN PI/WD Claim shall not be adversely affected by such instructions. In the event that such joint instructions are not timely provided following notice to the relevant OEMs,

the Trustee shall apply the reserves in the manner most favorable to the holders of PSAN PI/WD Claims. In recognition of the goal of minimizing administrative expenses to manage the Trust Reserve structure, no sub-funds would need to be created to accomplish the same percentage treatment goals and no OEM-specific claims estimation would be required. For the avoidance of doubt, the existence of Trust Reserves is not intended to provide a greater recovery to any holder of PSAN PI/WD Claims based on whether such holder's injury was sustained in a vehicle manufactured by a specific Consenting OEM, and the Trustee shall make distributions in accordance with the minimum percentage payment or points system, as applicable, set forth in the PSAN PI/WD TDPs to all holders of PSAN PI/WD Claims throughout the life of the PSAN PI/WD Trust as may be more fully set forth in the PSAN PI/WD TDPs.

2.6 Channeling Injunction Opt-In Mechanics.

(a) If at any time during the Initial Opt-In Period an individual Consenting OEM elects to become Participating OEM, such Consenting OEM shall provide the Trustee, the FCR and the PPTACs written notice of such election as provided in Section 8.6 of this Trust Agreement. The Trustee shall have [5 business days] to object to such election if the Trustee believes that the election is invalid under the terms of the Plan and this Trust Agreement. In the absence of an objection, the Consenting OEM shall become a Participating OEM as of the [6th business day] following written notice as provided above. If the Trustee timely objects to the election in writing, such dispute shall be resolved in accordance with Section 8.13 of this Agreement. Upon a Consenting OEM becoming a Participating OEM as provided herein, the Trustee shall provide notice to any plaintiffs asserting PSAN PI/WD Claims in pending litigations against such Consenting OEM at the time of such election, and such plaintiffs shall have the opportunity, but not the obligation, to elect to have their PSAN PI/WD Claims resolved

as though they were subject to the Channeling Injunction in accordance with the terms of the Plan and the TDP by providing written notice of such election to the Trustee and the applicable Consenting OEM within 30 days of such notice being sent by the Trustee.

(b) If at any time during the Extended Opt-In Period an individual Consenting OEM that had no resolved or pending litigation raising PSAN PI/WD Claims against such Consenting OEM as of the Effective Date elects to become a Participating OEM, such Consenting OEM shall provide the Trustee, the FCR and the PPTACs written notice of such election as provided in Section 8.6 of this Agreement. The Trustee shall have [5 business days] to object to such election if the Trustee believes that the election is invalid under the terms of the Plan. In the absence of an objection, the Consenting OEM shall become a Participating OEM as of the later of (i) the [6th business day] following written notice as provided above and (ii) the date that the Trustee has received payment from such Consenting OEM of its \$10,000,000 option payment (the “**Option Payment**”); provided, however, each Consenting OEM will be given a dollar-for-dollar credit against the Option Payment in an amount equal to its Consenting OEM Contribution to the Plan Settlement Fund based upon the percentages set forth in the Customer Allocation Schedule attached as **Exhibit 1** to the Plan. If the Trustee timely objects to the election in writing, such dispute shall be resolved in accordance with Section 8.13 of this Agreement. Upon a Consenting OEM becoming a Participating OEM as provided herein, the Trustee shall provide notice to any plaintiffs asserting PSAN PI/WD Claims in pending litigations against such Consenting OEM at the time of such election, and such plaintiffs shall have the opportunity, but not the obligation, to elect to have their PSAN PI/WD Claims resolved as though they were subject to the Channeling Injunction in accordance with the terms of the

Plan and the TDP by providing written notice of such election to the Trustee and the applicable Consenting OEM within 30 days of such notice being sent by the Trustee.

SECTION III ACCOUNTS, INVESTMENTS, AND PAYMENTS

3.1 Accounts-

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(a) The Trustee may, from time to time, create such accounts and reasonable reserves within the PSAN PI/WD Trust estate as he or she may deem reasonably necessary, prudent, or useful in order to provide for the payment of expenses and payment of PSAN PI/WD Claims and may, with respect to any such account or reserve, reasonably restrict the use of monies therein. Pursuant to the terms of the Plan and the Trust Documents, the Trustee shall establish segregated bank accounts to hold the (i) Disputed Contributions Funds in accordance with Section 7.12 of the Plan and (ii) Claims Reserves Funds to pay estimated Administrative Expense PI/WD Claims, and Administrative Expense ~~PSAN PI/WD Claims, and Post-Closing~~ PSAN PI/WD Claims on the Non-PSAN PI/WD Claims Termination Date, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust for such purpose. The Trustee shall further establish separate PSAN PI/WD Top-Up Funds with respect to each individual Participating OEM to hold the PSAN PI/WD Top-Up Amounts contributed by such Participating OEM, as provided under the Plan and the applicable Participating OEM Contribution Agreement. ~~Subject to the provisions of this Section 3.1(a), the Trustee may, from time to time, create such other accounts and reasonable reserves within the PSAN PI/WD Trust estate as he or she may deem reasonably necessary, prudent, or useful in order to provide for the payment of expenses and payment of PSAN PI/WD Claims and may, with respect to any such account or reserve, reasonably restrict the use of monies therein.~~

(b) The Trustee shall include a reasonably detailed description of the creation of any account or reserve in accordance with this Section 3.1 and, with respect to any such account, the transfers made to such account, the proceeds of or earnings on the assets held in each such account and the payments from each such account in the accounts to be ~~filed with~~ posted on the ~~Bankruptcy Court~~ Trustee's website and provided to the PPTACs and the FCR pursuant to Section 2.2(c)(i) above.

3.2 Investments. ~~Investment of~~ The Trustee shall invest monies held in the accounts and reserves established by the Trustee ~~shall be administered~~ in a manner consistent with the standards set forth in the Uniform Prudent Investor Act promulgated by the National Conference of Commissioners on Uniform State Laws in 1994.

(a) **Investment Guidelines.** The Trustee shall establish written Investment Guidelines for the PSAN PI/WD Funds, the Other PI/WD Funds and the Claims Reserves Funds, and may modify such Investment Guidelines in his or her discretion, consistent with the requirements of this Section 3.2; ~~provided,~~ that the PSAN PI/WD Top-Up Amounts may only be invested, if at all, in accordance with the terms of the Participating OEM Contribution Agreement(s). The Trustee shall provide copies of the Investment Guidelines to the PPTACs and the FCR, shall review the Investment Guidelines with the PPTACs and the FCR at least annually, and shall promptly advise the PPTACs and the FCR of modifications made thereto.

3.3 Source of Payments.

(a) **Payment of PSAN PI/WD Trust Expenses.** All PSAN PI/WD Trust Expenses shall be, subject to ~~the Budget~~ Section 2.2(d), payable by the PSAN PI/WD Trust ~~out of the PSAN PI/WD Trust Reserve or, if not sufficient,~~ from the corpus of the PSAN PI/WD Trust, provided that in no event shall funds contributed by a Participating OEM for payment of

liquidated PSAN PI/WD Claims asserted against such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used by the Trustee to pay any PSAN PI/WD Trust Expenses (except as provided in the next sentence). Any incremental PSAN PI/WD Trust Expenses incurred by the PSAN PI/WD Trust specifically in connection with the consideration and liquidation of the PSAN PI/WD Trust with respect to Participating OEMs shall be borne by such Participating OEMs in accordance with the terms of the applicable Participating OEM Contribution Agreement(s). None of the Protected Parties, nor the Trustee, the Delaware Trustee, the PPTACs, or the FCR, or any of their officers, agents, advisors, consultants, or employees-, including but not limited to entities affiliated with the Trustee, shall be liable for the payment of any PSAN PI/WD Trust Expense or any other liability of the PSAN PI/WD Trust, except to the extent specifically provided herein with respect to a Participating OEM ~~and in the applicable~~ Participating OEM Contribution ~~Agreements, as applicable~~ Agreement, provided, ~~however,~~ that nothing herein imposes on the Plan Sponsor Parties any obligation to pay PSAN PI/WD Trust Expenses absent their express consent. Nothing herein shall be deemed to waive any rights ~~in respect of~~ of the holders of claims which constitute PSAN PI/WD Claims, PSAN PI/WD Trust Expenses, or any other liability of the PSAN PI/WD Trust.

(b) **Payment of PSAN PI/WD Claims.** The PSAN PI/WD Trust ~~will pay PSAN PI/WD~~ shall fairly and reasonably compensate valid P-OEM and TD Claims against the ~~Debtors, the Reorganized~~ Debtors and the Protected Parties, and shall pay up to the full amount of such ~~C~~ claims, in accordance with this Trust Agreement and the TDP. The TDP describes the procedures for liquidating, from valuing and paying TD Claims and P-OEM Claims. Pursuant to the terms of this Trust Agreement, including for the avoidance of doubt Section 2.5, the Trust,

upon determining that each such claim is a Compensable Claim (as defined in the TDP and pursuant to the terms of Section 4.2 therein), shall pay such claims from the (i) proceeds (the “PSAN PI/WD Insurance Proceeds”) ~~of any insurance policies held by any Takata entity that were issued or allegedly issued that do or may afford the Debtors [or any other Takata entity] rights, benefits, indemnity or insurance coverage with respect to any Trust Claim (as defined below) (the “PI/WD Insurance Policies”)~~, if any, recovered under the PSAN PI/WD Insurance Policies that have been received by the PSAN PI/WD Trust as allocated in Section 3.3(g) below; ~~if any,~~ (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds and received by the PSAN PI/WD Trust in accordance with the Plan, ~~and~~ (iii) ~~if applicable~~ the Consenting OEM Contributions and the Plan Sponsor Contributions allocated to the PSAN PI/WD Funds in accordance with the terms of the Plan, (iv) only with respect to Compensable P-OEM Claims (as defined in the TDP) and subject in all respects to the terms of the applicable Participating OEM Contribution Agreement, the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such ~~PSAN PI/WD Claims~~ P-OEM Claim after application of the funds described in clauses (i)-(iii) ~~and plus~~ funds, if any, received by the holder of such P-OEM Claim from the DOJ PI/WD Restitution Fund, provided, however, that any such PSAN PI/WD Top-Up Amounts shall only be utilized to pay P-OEM Claims related to vehicles manufactured or sold by the applicable Participating OEM, if any, subject to the terms of the applicable Participating OEM Contribution Agreement. ~~If any applicable,~~ and (v) [any other sources of funding contemplated under the Plan].¹¹ Each holder of a PSAN PI/WD Claim that qualifies for recovery under the Plan, in accordance with the terms of the plan and the TDP, shall receive its Pro Rata Share of the Consenting OEM Contributions and the Plan Sponsor Contribution Amount allocated to the

¹¹ [Language to ensure inclusion of all sources of funding anticipated in Plan, wording to be discussed]

PSAN PI/WD Funds in accordance with the Contributions Distribution Formula set forth in Section 6.3 of the Plan. If any applicable PSAN PI/WD Insurance Proceeds are not available to pay ~~the a~~ PSAN PI/WD Claims at the time ~~they are~~ it is liquidated ~~as part of~~ under the PSAN PI/WD Claims protocol, then the applicable Participating OEM shall advance to the PSAN PI/WD Trust all amounts required to make full timely payment that the holder(s) of such PSAN PI/WD Claims is entitled to receive from the PSAN PI/WD Trust. The PSAN PI/WD Trust shall reimburse the applicable Participating OEM for any such advances only to the extent of and solely from the PSAN PI/WD Insurance Proceeds actually collected and allocable in accordance with Section 3.3(g) below to the PSAN PI/WD Claim on which the advance was made.

(c) Payment of Other PI/WD Claims. The PSAN PI/WD Trust shall be used to pay Other PI/WD Claims as anticipated under the Plan, and shall pay such Other PI/WD Claims from the (i) [the proceeds (the “PI/WD Insurance Proceeds”), if any, recovered under the PI/WD Insurance Policies and that have been received by the PSAN PI/WD Trust as allocated in Section 3.3(g) below], (ii) the portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the Other PI/WD Funds and received by the PSAN PI/WD Trust in accordance with the Plan, provided, however that such Other PI/WD Claims shall not be administered or liquidated pursuant to the TDPs and (iii) [any other sources of funding contemplated under the Plan].¹² Each holder of an Allowed Other PI/WD Claim shall receive its Pro Rata Share of the Consenting OEM Contributions and the Plan Sponsor Contribution Amount allocated to the Other PI/WD Funds in accordance with the Contributions Distribution Formula set forth in Section 6.3 of the Plan. The PSAN PI/WD Trust shall have no obligation to pay any further or additional amounts to holders of Other PI/WD

¹² [Language to ensure inclusion of all sources of funding anticipated in Plan, wording to be discussed]

Funds from the PSAN PI/WD Funds or any other assets held by the PSAN PI/WD Trust, except as provided in Section 3.3(g).

(d) ~~(e)~~**Payment of Administrative Expense PSAN PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of the holders of Administrative Expense PSAN PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PSAN PI/WD Claims as ~~set forth in~~ reevaluated and as may be subject to downward adjustment, based on the Updated Claims Estimation Report ~~or as otherwise agreed~~ and by agreement of the Legacy Trustee and the Trustee or, if an agreement cannot be reached, an order of the Bankruptcy Court will be used to pay Administrative Expense PSAN PI/WD Claims in the full amount of such claims, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust expressly for such purpose as part of the Claims Reserve. The PSAN PI/WD Trust shall have no obligation to pay any further or additional amounts to holders of Administrative Expense PSAN PI/WD Claims from the PSAN PI/WD Funds, the Other PI/WD Funds, or any other assets held by the PSAN PI/WD Trust, except as provided in Section 3.3(g).

(e) ~~(d)~~**Payment of Administrative Expense PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of holders of Administrative Expense PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PI/WD Claims will be used to pay Administrative Expense PI/WD Claims in the full amount of such Claims, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust expressly for such purpose as part of the Claims Reserve. The PSAN PI/WD Trust shall have no obligation to pay any further or additional amounts to holders of Administrative Expense PI/WD Claims from

the PSAN PI/WD Funds, the Other PI/WD Funds, or any other assets held by the PSAN PI/WD Trust, except as provided in Section 3.3(g).

(f) **[Intentionally Left Blank]**

~~(e) **Payment of Other PI/WD Claims.** [TBD]~~

~~(f) **Payment of Post-Closing PSAN PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the Post-Closing PSAN PI/WD Claims Reserve will be transferred to the PSAN PI/WD Trust and used to pay Post-Closing PSAN PI/WD Claims in the full amount of such Claims, but only to the extent sufficient funds have been transferred to the PSAN PI/WD Trust for such purpose.~~

(g) **Allocation of Insurance Proceeds.**

(i) All ~~proceeds recovered under any~~ PSAN PI/WD Insurance ~~Policy~~ Proceeds recovered expressly for PSAN PI/WD Claims, or for any specific PSAN PI/WD Claim, will be allocated to all holders of PSAN PI/WD Claims on a pro rata basis according to the ~~Liquidated Value (as defined in the TDP) of each Claim.~~ total value of each claim. A pro rata share of the proceeds will be reserved for future claims based on the estimated ~~Liquidated total~~ value of future PSAN PI/WD Claims at the time that the proceeds are recovered and as such estimates are updated. To the extent that a holder of a PSAN PI/WD Claim has received the ~~full Liquidated Value~~ total value of his or her PSAN PI/WD Claim through payment by a Participating OEM, such claimant's allocated share of the PSAN PI/WD Insurance Proceeds not previously paid by the PSAN PI/WD Trust to such claimant will be refunded to the Participating OEM by the PSAN PI/WD Trust ~~as provided in Section 3.3(b).~~

(ii) [All PI/WD Insurance Proceeds recovered expressly for Other PI/WD Claims, or for any specific Other PI/WD Claim, will be allocated to all holders [on a pro

rata basis according to the amount of Other PI/WD Claims determined as set forth in the Plan].
[To the extent there is a surplus in any such reserve after all such Other PI/WD Claims are paid,
such surplus shall become part of the corpus of the PSAN PI/WD Trust available for payment of
PSAN PI/WD Claims.]]

(iii) ~~(ii) All proceeds recovered under any~~ All PSAN PI/WD Insurance ~~Policy~~ Proceeds and PI/WD Insurance Proceeds recovered expressly for Trust Administered Claims (other than Other PI/WD Claims), or for any specific Trust Administered Claim (other than an Other PI/WD Claim) will be allocated to the PSAN PI/WD Trust's reserve applicable to such Trust Administered Claim(s). To the extent there is a surplus in any such reserve after all such Trust Administered Claims are paid, such surplus shall become part of the corpus of the PSAN PI/WD Trust available for payment of PSAN PI/WD Claims.

(iv) ~~(iii) All~~ proceeds recovered under any PSAN PI/WD Insurance ~~Policy~~ Proceeds and PI/WD Insurance Proceeds that are not specifically ~~related to~~ paid by the PSAN PI/WD Insurance Company or PI/WD Insurance Company, respectively, for particular Trust Claims or types of Trust Claims will be allocated to all holders of Trust Claims, including holders of Trust Administered Claims, on a pro rata basis according to the ~~Liquidated total~~ Vvalue of their ~~C~~claim, until such ~~C~~claims are paid in full. A pro rata share of the proceeds will be reserved for future PSAN PI/WD Claims based on the estimated ~~Liquidated total~~ Vvalue of the future claims at the time that the proceeds are recovered and as such estimates are updated. A pro rata share will be allocated to reserves applicable to Trust Administered Claims solely to the extent that, the Trustee determines, based on the best available information at the time the proceeds are recovered, that existing reserves will be insufficient to pay in full those Trust Administered Claims that are entitled to payment in full under the Plan. To the extent that a

holder of a PSAN PI/WD Claim has received the full Liquidated Value of their PSAN PI/WD Claim through payment by a Participating OEM, the claimant's allocated share of the [PSAN PI/WD Insurance Proceeds](#) not previously paid by the PSAN PI/WD Trust to such claimant will be refunded to the Participating OEM by the PSAN PI/WD Trust [as provided in Section 3.3\(b\)](#).

(h) The Trustee shall include a reasonably detailed description of any payments made in accordance with this Section 3.3 in the Annual Report.

SECTION IV **TRUSTEE; DELAWARE TRUSTEE**

4.1 Number. In addition to the Delaware Trustee appointed pursuant to Section 4.10 hereof, there shall be one (1) initial Trustee, who shall be Eric D. Green, ~~and, for~~, [For](#) the avoidance of doubt, there shall be at least one (1) Trustee serving at all times [\(in addition to the Delaware Trustee\)](#).

4.2 Term of Service.

(a) The Trustee shall serve for a term of five (5) years, beginning on the Effective Date. At the end of each five (5) year term, absent extraordinary circumstances or the occurrence of any of the events described in subsections (i) through (iv) in Section 4.2(b) below, the TAC, OAC and FCR shall renew the term of the Trustee for an additional five (5) year term.

(b) Subject to the other provisions of this Section 4, the Trustee shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 4.2(c) below, (iii) his or her removal pursuant to Section 4.2(d) below, (iv) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below or (v) the end of his or her term (unless renewed) as described in Section 4.2(a).

(c) The Trustee may resign at any time before the end of his or her term by written notice to the TAC, OAC and FCR. Such notice shall specify a date when such

resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(d) The Trustee may be removed at the recommendation of the TAC, the OAC ~~or~~ and the FCR, in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or for other good cause. Good cause shall be deemed to include, without limitation, any substantial failure to comply with the general administration provisions of Section 2.2 above, a consistent pattern of neglect and failure to perform or participate in performing the duties of a Trustee hereunder, or a pattern of repeated nonattendance at meetings scheduled pursuant to Section 8.4. Such removal shall require the approval of the Bankruptcy Court and shall take effect at such time as the Bankruptcy Court shall determine.

4.3 Appointment of Successor Trustees.

(a) In the event of the death, resignation or removal of ~~the~~ Eric D. Green as Trustee (for purposes of this Section 4.3, the “**Initial Trustee**”), or in the event the term of service of such Initial Trustee is not renewed as provided in Section 4.2(a), such vacancy shall immediately be filled by ~~[Insert Name] (for purposes of this Section 4.3, the “**Successor Trustee**”)~~ David J. Molton, who shall thereafter serve as Trustee pursuant to the terms of the Trust Agreement and other Trust Documents. ~~In the event of,~~ provided that if Mr. Molton is unable to serve as the successor Trustee, the successor Trustee shall be appointed in accordance with the terms of the following sentence. In the event of any vacancy in the office of the Trustee, including the death, resignation or removal of the ~~S~~ successor Trustee, or in the event the term of service of the ~~Successor Trustee is not renewed as provided in Section 4.2(a), such vacancy shall immediately be filled by~~ [Insert Name] (for purposes of this Section 4.3, the

~~“Second Successor Trustee”), who shall thereafter serve as Trustee pursuant to the terms of the Trust Agreement and other Trust Documents. In the event of the death, resignation or removal of the Second Successor Trustee, or in the event the term of service of the Second Successor~~
successor Trustee is not renewed as provided in Section 4.2(a), such vacancy shall be filled by the TAC, OAC and FCR as set forth herein. The TAC, OAC and FCR will each nominate an individual to serve as successor Trustee (up to a total of three nominees). If the TAC, OAC and FCR agree upon a successor Trustee, then, subject to the approval of the Bankruptcy Court, such individual shall become the Trustee. In the event that the TAC, OAC and the FCR cannot agree on the successor Trustee, the Bankruptcy Court shall make the appointment from the three nominated candidates. Each successor Trustee will be eligible to serve two consecutive five (5) year terms.

(b) Immediately upon the appointment of any successor Trustee pursuant to Section 4.3(a) above, all rights, titles, duties, powers, and authority of the predecessor Trustee hereunder shall be vested in and undertaken by the successor Trustee without any further act. No successor Trustee shall be liable personally for any act or omission of his or her predecessor Trustee. No predecessor Trustee shall be liable personally for any act or omission of his successor Trustee.

(c) Each successor Trustee shall serve until the earliest of (i) his or her death, (ii) his or her resignation pursuant to Section 4.2(c) above, (iii) his or her removal pursuant to Section 4.2(d) above, (iv) the end of his or her term as described in Section 4.3(a) above or (v) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below.

4.4 Liability of Trustee, Members of the TAC PPTAC and the FCR. The Trustee, Delaware Trustee, the members of the PPTACs, the FCR, and the other individuals identified as

Additional Indemnites in Section 2.1(c)(xiii) above shall not be liable in those capacities to the PSAN PI/WD Trust, to any holder of any PSAN PI/WD Claim or any other Trust Administered Claim, or to any other person other than for such person's gross negligence, willful misconduct or fraud.¹³

4.5 Compensation and Expenses of Trustee and Delaware Trustee.

(a) The Trustee's compensation and expense reimbursement as described herein shall be payable from the ~~PSAN PI/WD Trust Reserve or, if not sufficient, from the~~ corpus of the PSAN PI/WD Trust, ~~in accordance with the Budget~~ subject to Section 2.2(d), provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims asserted against such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable Participating OEM Contribution Agreement, be used to pay any of the Trustee's compensation and/or expense reimbursement. The Trustee shall cause the PSAN PI/WD Trust to pay the Delaware Trustee such compensation as agreed to pursuant to a separate fee agreement and any reimbursement to which the Delaware Trustee may be entitled under Section 4.5(b) below ~~and in accordance with the Budget,~~ subject to Section 2.2(d).

(b) Subject to ~~the Budget~~ Section 2.2(d), the PSAN PI/WD Trust will promptly reimburse the Trustee and the Delaware Trustee for all reasonable and documented out-of-pocket costs and expenses incurred by the Trustee or the Delaware Trustee in connection with the performance of their duties hereunder, including reasonable expenses incurred prior to the execution hereof.

(c) The PSAN PI/WD Trust shall include a description of the amounts paid under this Section 4.5 in the Annual Report.

¹³ [Trustee comments under review by the parties].

4.6 Indemnification⁹.

(a) The PSAN PI/WD Trust shall indemnify and defend the Trustee, and the Delaware Trustee ~~(including its~~ but not limited to entities affiliated with the Trustee and the Delaware Trustee and their employees, officers, ~~and directors)~~ directors, and consultants of such entities, the members of the PPTACs, and the FCR in the performance of their duties hereunder to the fullest extent that a statutory trust organized under the laws of the State of Delaware as permitted by 12 Del. C. § 3817 after giving application to the provisions of Section 8.11 below is entitled to indemnify and defend such persons against any and all liabilities, expenses, claims, damages, or losses incurred by them in the performance of their duties hereunder or in connection with activities undertaken by them prior to the Effective Date in connection with the formation, establishment, operation or funding of the PSAN PI/WD Trust. The PSAN PI/WD Trust also shall indemnify any of the Additional Indemnitees in the performance of their duties hereunder to the fullest extent that a statutory trust organized under the laws of the State of Delaware is entitled to indemnify and defend such persons against any and all liabilities, expenses, claims, damages, or losses incurred by them in the performance of their duties hereunder or in connection with activities undertaken by them prior to the Effective Date in connection with the formation, establishment, operation or funding of the PSAN PI/WD Trust. Notwithstanding anything to the contrary herein, no party shall be indemnified or defended in any way for any liability, expense, claim, damage, or loss for which he or she is ultimately liable under Section 4.4 above.

(b) Reasonable expenses, costs and fees (including attorneys' fees and costs) incurred by or on behalf of the Trustee, including but not limited to entities affiliated with the Trustee and employees, officer, and directors of such entities, the Delaware Trustee ~~(including its~~

⁹ ~~[Trust satisfaction of indemnification obligations under discussion.]~~

employees, officers, directors, and ~~directors~~consultants, members of the PPTACs, the FCR, or any Additional Indemnitee in connection with any action, suit, or proceeding, whether civil, administrative, or arbitrative, from which they are indemnified by the PSAN PI/WD Trust pursuant to Section 4.6(a) above, shall be paid by the PSAN PI/WD Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of the Trustee, the Delaware Trustee the members of the PPTACs, the FCR, or the Additional Indemnitee, to repay such amount in the event that it shall be determined ultimately by final order that the Trustee, the Delaware Trustee, members of the PPTACs, the FCR, or the Additional Indemnitee is not entitled to be indemnified by the PSAN PI/WD Trust.

(c) The Trustee may purchase and maintain reasonable amounts and types of insurance including but not limited entities affiliated with the Trustee and employees, officers, and directors of such entities, on behalf of an individual who is or was a Trustee, a Delaware Trustee, a member of the PPTACs, the FCR, or an Additional Indemnitee, including against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, a Delaware Trustee, a member of the PPTACs, an FCR, an officer or an employee of the PSAN PI/WD Trust, or an agent, lawyer, advisor, or consultant of the PSAN PI/WD Trust, the Delaware Trustee, the members of the PPTACs, or the FCR; provided, ~~however;~~ that if either the PPTACs or the FCR requests such insurance on its behalf, the Trustee shall purchase and maintain the insurance; provided, further, however that the cost of any such insurance for the benefit of the OAC shall be paid by the members of the OAC and any non-voting observers if such parties are insured under such insurance.

4.7 Trustee's Employment of Experts; Delaware Trustee's Employment of Counsel.

(a) The Trustee may, but shall not be required to, retain and/or consult with legal counsel, accountants, appraisers, auditors, forecasters, experts, financial and investment advisors, including but not limited to entities affiliated with the Trustee, and such other parties deemed by the Trustee to be qualified as experts or otherwise experienced and competent advisors on the matters submitted to them (the "**Trust Professionals**"), and in the absence of a bad faith violation of the implied contractual covenant of good faith and fair dealing, the written opinion of or information provided by ~~any such party deemed by the Trustee to be an expert~~ the Trust Professionals on the particular matter submitted to such ~~party~~ Trust Professional shall be full and complete authorization and protection in respect of any action taken or not taken by the Trustee hereunder in good faith and in accordance with the written opinion of or information provided by any such ~~party~~ Trust Professional. The Trustee may retain and reasonably compensate the Trust Professionals without Bankruptcy Court approval, subject to the terms of this Trust Agreement including ~~the Budget, without limitation, Section 2.2(d); provided that the Trustee may hire counsel on a contingency fee basis without the limitations set forth in Section 2.2(d).~~ the Budget, without limitation, Section 2.2(d); provided that the Trustee may hire counsel on a contingency fee basis without the limitations set forth in Section 2.2(d). All fees and expenses of the Trust Professionals incurred in connection with the foregoing (other than counsel hired on a contingency fee basis) [including reasonable fees and expenses for services provided and expenses incurred prior to the execution hereof,] shall be payable ~~from the PSAN PI/WD Trust Reserve or if not sufficient~~ from the corpus of the PSAN PI/WD Trust, provided that in no event shall funds contributed by a Participating OEM for payment of liquidated PSAN PI/WD Claims asserted against such Participating OEM, which such funds are to be held by the Trustee in segregated account(s) pursuant to the applicable

Participating OEM Contribution Agreement, be used to pay any fees or expenses of the Trust Professionals, provided, further that for the avoidance of doubt, any ~~professionals fees and expenses of Trust Professionals~~ retained by the Special Master pursuant to the DOJ Restitution Order that are performing services pursuant to the DOJ Restitution Order will be compensated pursuant to the DOJ Restitution Order and not by the PSAN PI/WD Trust ~~or from the PSAN PI/WD Trust Reserve, provided further, that the only~~ for services provided in connection with the DOJ Restitution Order, provided, further that the costs and fees of the Special Master and his professionals ~~paid by the PSAN PI/WD Trust will be those that are necessary solely due to~~ for services rendered solely in connection with the Special Master's role as ~~Trustee and that would not have otherwise been provided~~ putative Trustee, whether incurred prior to or after the Effective Date, will be paid for by the PSAN PI/WD Trust, provided, further, however that, in accordance with the terms of Section 5.8(c) of the Plan, and upon the expiration of the Operating Term, the PSAN PI/WD Trust may receive from the Plan Administrator certain cash allocated to the costs and fees of the Special Master and his professionals, which shall be held by the Trustee for the costs and fees of the Special Master and his professionals. The Trustee's determination of the proper allocation of professional fees and costs between service rendered in connection with the DOJ Restitution Order and services rendered solely in connection with the PSAN PI/WD Trust shall be accorded due deference consistent with the provisions of this Trust Agreement.

(b) The Delaware Trustee shall be permitted to retain counsel only in such circumstances as required in the exercise of its obligations hereunder and in accordance with the written agreement entered into with the Delaware Trustee, and compliance with the advice of

such counsel shall be full and complete authorization and protection for actions taken or not taken by the Delaware Trustee in good faith in compliance with such advice.

4.8 Trustee's Independence. Except as otherwise contemplated and disclosed in the Plan, the Trustee shall not, during the term of his or her service, hold a financial interest in, act as attorney or agent for, or serve as any other professional for any entity with a financial interest in the PSAN PI/WD Trust. Further, while acting as Trustee, ~~the Special Master of the PSAN PI/WD Trust, Trustee~~ shall be permitted to also act as ~~trustee~~ Special Master of the ~~Takata Airbag DOJ PI/WD Restitution Program Fund~~ to maximize efficiency and prompt payment of valid claims and to avoid unnecessary duplication, confusion and inconsistency of resolution. The Trustee shall not (i) act as an attorney for any claimant who holds a PSAN PI/WD Claim either (a) in connection with such claimant's PSAN PI/WD Claim, or (b) otherwise prior to final payment on account of such PSAN PI/WD Claim, (ii) make any agreement with the holder of any PSAN PI/WD Claim or such holder's representative prior to final payment on account of such PSAN PI/WD Claim applicable after such final payment; or (iii) act as a representative, attorney or consultant for any OEM while serving as Trustee. In addition to the circumstances set forth in Section 4.2(d) of this Trust Agreement, any violation of this Section 4.8 shall be cause for removal of the Trustee. For the avoidance of doubt, this Section shall not be applicable to the Delaware Trustee.

4.9 Bond. The Trustee and the Delaware Trustee shall not be required to post any bond or other form of surety or security unless otherwise ordered by the Bankruptcy Court.

4.10 Delaware Trustee.

(a) There shall at all times be a Delaware Trustee. The Delaware Trustee shall either be (i) a natural person who is at least 21 years of age and a resident of the State of

Delaware or (ii) a legal entity that has its principal place of business in the State of Delaware, otherwise meets the requirements of applicable Delaware law to be eligible to serve as the Delaware Trustee, and shall act through one or more persons authorized to bind such entity. If at any time the Delaware Trustee shall cease to be eligible in accordance with the provisions of this Section 4.10, it shall resign immediately in the manner and with the effect hereinafter specified in Section 4.10(c) below. For the avoidance of doubt, the Delaware Trustee will only have such rights and obligations as expressly provided by reference to the Delaware Trustee hereunder.

(b) The Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities of the Trustee set forth herein. The Delaware Trustee shall be a trustee of the PSAN PI/WD Trust for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Act and for taking such actions as are required to be taken by a Delaware Trustee under the Act. The duties (including fiduciary duties), liabilities, and obligations of the Delaware Trustee shall be limited to (i) accepting legal process served on the PSAN PI/WD Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Secretary of State of the State of Delaware that the Delaware Trustee is required to execute under Section 3811 of the Act. There shall be no other duties (including fiduciary duties) or obligations, express or implied, at law or in equity, of the Delaware Trustee. To the extent that, at law or in equity, the Delaware Trustee has duties (including fiduciary duties) and liabilities relating to the PSAN PI/WD Trust or the Beneficial Owners, such duties and liabilities are replaced by the duties and liabilities of the Delaware Trustee expressly set forth in this Trust Agreement. The Delaware Trustee shall have no liability for the acts or omissions of any Trustee.

(c) The Delaware Trustee shall serve until such time as the Trustee removes the Delaware Trustee or the Delaware Trustee resigns and a successor Delaware Trustee is appointed by the Trustee in accordance with the terms of Section 4.10(d) below. The Delaware Trustee may resign at any time upon the giving of at least sixty (60) days' advance written notice to the Trustee, provided that such resignation shall not become effective unless and until a successor Delaware Trustee shall have been appointed by the Trustee in accordance with Section 4.10(d) below. If the Trustee does not act within such 60-day period, the Delaware Trustee may apply to the Court of Chancery of the State of Delaware for the appointment of a successor Delaware Trustee.

(d) Upon the resignation or removal of the Delaware Trustee, the Trustee shall appoint a successor Delaware Trustee by delivering a written instrument to the outgoing Delaware Trustee. Any successor Delaware Trustee must satisfy the requirements of Section 3807 of the Act. Any resignation or removal of the Delaware Trustee and appointment of a successor Delaware Trustee shall not become effective until a written acceptance of appointment is delivered by the successor Delaware Trustee to the outgoing Delaware Trustee and the Trustee, and any fees and expenses due to the outgoing Delaware Trustee are paid. Following compliance with the preceding sentence, the successor Delaware Trustee shall become fully vested with all of the rights, powers, duties and obligations of the outgoing Delaware Trustee under this Trust Agreement, with like effect as if originally named as Delaware Trustee, and the outgoing Delaware Trustee shall be discharged of his or her duties and obligations under this Trust Agreement. The successor Delaware Trustee shall make any related filings required under the Act.

SECTION V
TRUST ADVISORY COMMITTEE

5.1 Members. The TAC shall ~~initially~~ consist of three (3) members selected by the Tort Claimants' Committee to represent the interests of holders of current PSAN PI/WD Claims. The TAC shall initially consist of Joe Rice, ~~and shall be the persons named on the signature page hereof~~ Curt Miner and [_____].

5.2 Duties. The members of the TAC shall serve in a fiduciary capacity representing current holders of PSAN PI/WD Claims. The TAC shall not have any fiduciary duties or responsibilities to any party other than holders of present PSAN PI/WD Claims, provided that the TAC shall be entitled to the protections and limitations of duties provided for herein even with respect to the holders of present PSAN PI/WD Claims. The Trustee must consult with the TAC on matters identified in Section 2.2(e) above and in other provisions herein, and must obtain the consent of the TAC on matters identified in Section 2.2(f) above. Where provided elsewhere in the Trust Agreement or in the TDP, certain other actions by the Trustee are also subject to the consent of the TAC.

5.3 Term of Office.

(a) Members of the TAC shall serve four-year terms. Each member of the TAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 5.3(b) below, (iii) his or her removal pursuant to Section 5.3(c) below, (iv) the end of his or her term as provided above, or (v) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below.

(b) A member of the TAC may resign at any time by written notice to the other members of the TAC, the Trustee, and the FCR. Such notice shall specify a date when

such resignation shall take effect, which shall not be less than thirty (30) days after the date such notice is given, where practicable.

(c) A member of the TAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause. Such removal shall be made at the recommendation of the remaining members of the TAC with the approval of the Bankruptcy Court.

5.4 Appointment of Successor.

(a) If, prior to the termination of service of a member of the TAC other than as a result of removal, he or she elects to serve another term, or has designated in writing an individual to succeed him or her as a member of the TAC, such existing TAC member shall continue to serve as a member of the TAC for another term, or such individual so designated shall be his or her successor, in either event subject to the approval of the remaining members of the TAC. If such member of the TAC does not elect to serve another term, and did not designate an individual to succeed him or her prior to the termination of his or her service as contemplated above, such member's law firm may designate his or her successor, subject to the approval of the remaining members of the TAC. If (i) a member of the TAC does not elect to serve another term and did not designate an individual to succeed him or her prior to the termination of his or her service, and such member's law firm does not designate his or her successor as contemplated above, (ii) he or she is removed pursuant to Section 5.3(c) above, or (iii) a member of the TAC's election to serve another term or a successor designated by a member of the TAC or the member's law firm as contemplated above is not approved by the remaining members of the

TAC, then his or her successor shall be appointed by a majority of the remaining members of the TAC or, if such members cannot agree on a successor, by the Bankruptcy Court.

(b) Each successor member of the TAC shall serve until the earlier of (i) the end of the full term of four (4) years for which he or she was appointed if his or her predecessor member of the TAC completed his or her term, (ii) the end of the term of the member of the TAC whom he or she replaced if his or her predecessor member did not complete such term, (iii) his or her death, (iv) his or her resignation pursuant to Section 5.3(b) above, (v) his or her removal pursuant to Section 5.3(c) above, or (vi) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below. Nothing in this Trust Agreement shall prevent the reappointment of an individual serving as a member of the TAC for additional terms.

5.5 TAC's Employment of Professionals.

(a) The TAC may but is not required to retain and/or consult legal counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the TAC to be qualified as experts on matters submitted to the TAC (the "**TAC Professionals**"), provided, however that no TAC Professionals may be retained to act on behalf of any individual holder of a PSAN PI/WD Claim or a Trust Administered Claim.

(b) The PSAN PI/WD Trust shall promptly reimburse, or pay directly if so instructed, the TAC for all reasonable and documented fees and costs associated with the TAC's employment of legal counsel pursuant to this provision in connection with the TAC's performance of its duties hereunder. The PSAN PI/WD Trust shall also promptly reimburse, or pay directly if so instructed, the TAC for all reasonable and documented fees and costs associated with the TAC's employment of any other TAC Professional pursuant to this provision

in connection with the TAC's performance of its duties hereunder. Such reimbursement or payment shall be treated as a PSAN PI/WD Trust Expense, provided, however that any such reimbursement ~~will be funded solely through contributions to the PSAN PI/WD Trust by Participating OEMs pursuant to the applicable Participating OEM Contribution Agreement(s) in accordance with a funding allocation agreement to be agreed upon by the Participating OEMs, provided, further, however that any such reimbursement shall be subject to compliance with the Budget~~ or payment described in this Section 5.5(b) will be subject to Section 2.2(d).

5.6 Compensation and Expenses of the TAC¹⁰.

(a) The members of the TAC shall be entitled to reasonable compensation for their services and shall be reimbursed promptly for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the performance of their duties hereunder. The TAC shall, in its sole discretion, be permitted to procure and maintain insurance in addition to insurance procured and maintained by the PSAN PI/WD Trust, the cost of which shall be paid directly by the PSAN PI/WD Trust. Such compensation, reimbursements or direct payments shall be deemed a PSAN PI/WD Trust Expense, provided, however that any such ~~reimbursement will be funded solely through contributions to the PSAN PI/WD Trust by Participating OEMs in accordance with a funding allocation agreement to be agreed upon by the Participating OEMs, provided, further, however that any such reimbursement shall be subject to compliance with the Budget~~ compensation, reimbursement or direct payment described in this Section 5.6(a) will be subject to Section 2.2(d). The PSAN PI/WD Trust shall include a description of the amounts paid under this Section 5.6-(a) in the Annual Report to be ~~filed with~~ posted on the ~~Bankruptcy Court~~ Trustee's website and provided to the FCR and the TAC pursuant to Section 2.2(c)(i).

¹⁰ ~~{Discussions ongoing regarding potentially paying TAC expenses provided for in Sections 5.5 and 5.6 out of the corpus of the Trust}.~~

5.7 Procedures for Consultation with and Obtaining the Consent of the TAC.

(a) Consultation Process.

(i) In the event the Trustee is required to consult with the TAC pursuant to Section 2.2(e) above or on other matters as provided herein, the Trustee shall provide the TAC with written advance notice of the matter under consideration, [to the extent practicable](#), and with all relevant information concerning the matter as is reasonably practicable under the circumstances. The Trustee shall also provide the TAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustee is considering such matter, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee, [to the extent practicable](#).

(ii) In determining when to take definitive action on any matter subject to the consultation procedures set forth in this Section 5.7(a), the Trustee shall take into consideration the time required for the TAC, if its members so wish, to engage and consult with its own independent advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the TAC with the initial written notice that such matter is under consideration by the Trustee, unless such time period is waived in writing by the TAC or at a meeting where the TAC and Trustee are present, [or the Trustee determines in his reasonable discretion that definitive action is required earlier](#).

(b) Consent Process.

(i) In the event the Trustee is required to obtain the consent of the TAC pursuant to Section 2.2(f) above or otherwise in the Trust Documents, the Trustee shall provide the TAC with a written notice stating that its consent is being sought, describing in detail

the nature and scope of the action the Trustee proposes to take, and explaining in detail the reasons why the Trustee desires to take such action. The Trustee shall provide the TAC as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the TAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the TAC may reasonably request during the time that the Trustee is considering such action, and shall also provide the TAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee.

(ii) The TAC must consider in good faith and in a timely fashion any request for its consent by the Trustee, and must in any event advise the Trustee, in writing, of its consent or its objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The TAC may not withhold its consent unreasonably. If the TAC decides to withhold its consent, it must explain in detail its objections to the proposed action. If the TAC does not advise the Trustee, in writing, of its consent or its objections to the action within thirty (30) days of receiving notice regarding such request, the TAC's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 5.7(b), the TAC continues to object to the proposed action and to withhold its consent to the proposed action, the Trustee and/or the TAC shall resolve their dispute pursuant to Section 8.13 below. However, the burden of proof, described in Section 8.13 below, with respect to the validity of the TAC's objection and withholding of its consent shall be on the TAC.

SECTION VI
OEM ADVISORY COMMITTEE

6.1 Members. ~~The OAC shall initially consist of the Initial Participating OEM(s), and shall be the entities identified on the signature page hereof. ^{††}Any Consenting OEMs that subsequently become Participating OEMs shall automatically become members of the OAC.~~

. The OAC shall initially consist of the Initial Participating OEM(s) and any additional Participating OEM members, if they elect to serve, and shall be the entities identified on the signature page hereof or, if appointed later, shall be the entities who sign a joinder to this Agreement. There shall also be up to three non-voting observers that are Non-Participating OEMs and that may attend meetings of the OAC (including those described in Sections 8.4(a) and (b) herein) and be consulted on any matter before the OAC other than matters pertaining to the treatment, liquidation or valuation of P-OEM Claims. The non-voting observers of the OAC will serve four (4) year terms. If there is not at least one Participating OEM on the Effective Date, the OAC shall not be formed and the rights granted to the OAC hereunder shall be deemed to be of no force and effect.

6.2 Duties. The members of the OAC shall represent the interests of only the Participating OEMs. The members and non-voting observers of the OAC shall not have any fiduciary duties or responsibilities to any party. The Trustee must consult with the OAC on matters identified in Section 2.2(e) above and in other provisions herein, and must obtain the consent of the OAC on matters identified in Section 2.2(f) above. Where provided elsewhere in the Trust Agreement or in the TDP, certain other actions by the Trustee are also subject to the consent of the OAC. For the avoidance of doubt, the Trustee shall not be required to consult with, or obtain the consent of, the non-voting observers to the OAC with respect to any matter, except as otherwise required pursuant to Section 2.2(h) hereof.

^{††} ~~[CG discussing representation of non-Participating OEMs' interests in the trust—possibly by membership on the OAC or formation of a separate committee to consult on such interests.]~~

6.3 Term of Office.

(a) ~~The members of the OAC will serve four (4) year terms.~~ Each member and non-voting observer of the OAC shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 6.3(b) below, (iii) his or her removal pursuant to Section 6.3(c) or Section 6.3(d) below, (iv) if a non-voting observer of the OAC, the end of his or her four-year term ~~as provided in this,~~ subject to Section ~~6.3(a)~~6.4(a) below, (v) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below or (vi) if a member of the OAC, a default by the Participating OEM that is affiliated with such member of the OAC under its Participating OEM Contribution Agreement (after a reasonable opportunity to cure such default as provided thereunder).

(b) A member or non-voting observer of the OAC may resign at any time ~~by,~~ and shall resign in the event he or she is no longer an employee, officer or director of or a consultant to the OEM that designated such OAC member or non-voting observer, in each case by giving written notice to the ~~other~~ members of the OAC, the Trustee, and the FCR. Such notice shall specify a date when such resignation shall take effect, which shall not be less than thirty (30) days after the date such notice is given, where practicable.

(c) A member or non-voting observer of the OAC may be removed in the event that he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties of such member or non-voting observer hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause. Such removal shall be made at the recommendation of the remaining members of the OAC with the approval of the Bankruptcy Court, provided that a successor shall be appointed by the OEM

such removed OAC member or non-voting observer represented in accordance with the terms of Section 6.4 below.

(d) A member or non-voting observer of the OAC may be removed by the OEM that designated such member or non-voting observer for any reason and in such OEM's sole discretion.

6.4 Appointment of Successor.

~~If, prior to the termination of service of a member of the OAC other than as a result of removal, he or she elects to serve another term, or has designated in writing an individual to succeed him or her as a member of the OAC, such existing OAC member shall continue to serve as a member of the OAC for another term, or such individual so designated shall be his or her successor, in either event subject to the approval of the remaining members of the OAC. If such member of the OAC does not elect to serve another term, and did not designate an individual to succeed him or her prior to the termination of his or her service as contemplated above, such member's law firm, if any, or a representative of the OEM such member of the OAC represents, may designate his or her successor, subject to the approval of the remaining members of the OAC. If ((a) — i) a member of the OAC did not designate an individual to succeed him or her prior to the termination of his or her service and such member's law firm, if any, or the applicable OEM does not designate his or her successor as contemplated above, (ii) he or she is removed pursuant to Section 6.3(e) above, or (iii) a member of the OAC's election to serve another term or a successor designated by a member of the OAC, the member's law firm or the applicable OEM as contemplated above is not approved by the remaining members of the OAC, then his or her successor shall be appointed by a majority of the remaining members of the OAC or, if such members cannot agree on a successor, by the Bankruptcy Court.~~

~~(b) — Each successor member of the OAC shall serve until the earlier of (i) the end of the full term of four (4) years for which he or she was appointed if his or her predecessor member of the OAC completed his or her term, (ii) the end of the term of the member of the OAC whom he or she replaced if his or her predecessor member did not complete such term, (iii) his or her death, (iv) his or her resignation pursuant to Section 6.3(b) above, (v) his or her removal pursuant to Section 6.3(c) above, or (vi) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below. Nothing in this Trust Agreement shall prevent the reappointment of an individual serving as a member of the OAC.~~

(a) Following the death, resignation, removal, or (if applicable) end of term of an OAC member or non-voting observer pursuant to Section 6.3 (other than pursuant to Section 6.3(a)(vi)), the OEM such OAC member or non-voting observer represents shall designate his or her successor, provided, however that, if prior to end of his or her four-year term, an OAC non-voting observer elects to serve another term, such existing OAC non-voting observer shall continue to serve for another term. Successor members or non-voting observers of the OAC shall serve in accordance with the terms of Section 6.3.

6.5 OAC's Employment of Professionals.

(a) The OAC may but is not required to retain and/or consult legal counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the OAC to be qualified as experts on matters submitted to the OAC (the “**OAC Professionals**”), provided, however that any fees, costs or other expenses of such OAC Professionals shall be solely borne by the ~~OAC~~ members of the OAC (unless an OAC Professional is retained and/or provides services with respect to issues specific to any non-voting observer of the OAC, in which case, such fees, costs or other expenses shall be solely borne by

such non-voting observer(s) of the OAC), subject to such allocation among members of the OAC as may be agreed to by such members, and shall not be an obligation of the PSAN PI/WD Trust or the Consenting OEMs (unless such Consenting OEM has incurred its own costs with respect to the OAC Professionals as described in this Section 6.5).

(b) The PSAN PI/WD Trust shall have no obligation to pay or reimburse any fees and costs associated with the OAC's employment of legal counsel or any other OAC Professional pursuant to this provision in connection with the OAC's performance of its duties hereunder and any such fees and costs shall be solely borne by the members of the OAC, unless an OAC Professional is retained and/or provides services with respect to issues specific to any non-voting observer of the OAC, in which case, such fees, costs or other expenses shall be solely borne by such non-voting observer(s) of the OAC.

6.6 Procuring of Insurance of the OAC. The OAC shall, in its sole discretion, be permitted to procure and maintain insurance in addition to insurance procured and maintained by the PSAN PI/WD Trust. The PSAN PI/WD Trust shall have no obligation to pay or reimburse any fees and costs associated with the OAC's procuring and maintaining of insurance pursuant to this provision in connection with the OAC's performance of its duties hereunder. Any such fees and costs shall be solely borne by the members of the OAC, provided, however that any such fees and costs incurred pursuant to this Section 6.6 for reasons and/or insurance specific to any non-voting observer of the OAC shall be solely borne by such non-voting observer(s) of the OAC.

6.7 Procedures for Consultation with and Obtaining the Consent of the OAC.**(a) Consultation Process.**

(i) In the event the Trustee is required to consult with the OAC pursuant to Section 2.2(e) above or on other matters as provided herein, the Trustee shall provide the OAC with written advance notice of the matter under consideration, and with all relevant information concerning the matter as is reasonably practicable under the circumstances, [to the extent practicable](#). The Trustee shall also provide the OAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the OAC may reasonably request during the time that the Trustee is considering such matter, and shall also provide the OAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee, [to the extent practicable](#).

(ii) In determining when to take definitive action on any matter subject to the consultation procedures set forth in this Section 6.7(a), the Trustee shall take into consideration the time required for the OAC, if its members so wish, to engage and consult with its own independent advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the OAC with the initial written notice that such matter is under consideration by the Trustee, unless such time period is waived in writing by the OAC or at a meeting where the OAC, ~~and~~ Trustee are present [or the Trustee determines in his reasonable discretion that definitive action is required earlier](#).

(b) Consent Process.

(i) In the event the Trustee is required to obtain the consent of the OAC pursuant to Section 2.2(f) above or otherwise in the Trust Documents, the Trustee shall provide the OAC with a written notice stating that its consent is being sought, describing in

detail the nature and scope of the action the Trustee proposes to take, and explaining in detail the reasons why the Trustee desires to take such action, to the extent practicable. The Trustee shall provide the OAC as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the OAC with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the OAC may reasonably request during the time that the Trustee is considering such action, and shall also provide the OAC the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee, to the extent practicable.

(ii) The OAC must consider in good faith and in a timely fashion any request for its consent by the Trustee, and must in any event advise the Trustee, in writing, of its consent or its objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The OAC may not withhold its consent unreasonably. If the OAC decides to withhold its consent, it must explain in detail its objections to the proposed action. If the OAC does not advise the Trustee, in writing, of its consent or its objections to the action within thirty (30) days of receiving notice regarding such request, the OAC's consent to the proposed actions shall be deemed to have been affirmatively granted.

(iii) If, after following the procedures specified in this Section 6.7(b), the OAC continues to object to the proposed action and to withhold its consent to the proposed action, the Trustee and/or the OAC shall resolve their dispute pursuant to Section 8.13 below.

6.8 Procedures for Obtaining the Consent of the Consenting OEMs.

(a) In the event the Trustee is required to obtain the consent of the Consenting OEMs pursuant to Section 2.2(h) above, the Trustee shall promptly provide Alderney Advisors

LLC, or any successor representative named by the Consenting OEMs, (the “Representative”)
with written notice that it wishes to modify or amend the TDP in a manner that would require the
consent of the Consenting OEMs, which notice shall describe in detail the nature and scope of
the action the Trustee proposes to take and explain in detail the reasons why the Trustee desires
to take such action. The Representative shall be responsible for contacting the Consenting
OEMs, obtaining their collective consent or disapproval, and communicating the result to the
Trustee.

(b) The Consenting OEMs must consider in good faith and in a timely fashion
any request for their consent by the Trustee, and must in any event advise the Trustee (via the
Representative), in writing, of their collective consent or their objection to the proposed action
within thirty (30) days of receiving the original request for consent. The Consenting OEMs may
not withhold their consent unreasonably. If the Consenting OEMs decide to withhold their
consent, they must explain in detail their objections to the proposed action. If the Consenting
OEMs do not advise the Trustee, in writing (via the Representative), of their consent or their
objections to the action within thirty (30) days of receiving notice regarding such request, the
Consenting OEMs’ consent to the proposed actions shall be deemed to have been affirmatively
granted. The decision-making process to be utilized by the Consenting OEMs may be subject to
an intra-OEM agreement.

(c) The Trustee shall provide the Representative (on behalf of the Consenting
OEMs) as much relevant additional information concerning the proposed action as is reasonably
practicable under the circumstances. The Trustee shall also provide the Representative (on
behalf of the Consenting OEMs) with such reasonable access to the Trust Professionals and other
experts retained by the PSAN PI/WD Trust and its staff (if any) as the Representative (on behalf

of the Consenting OEMs) may reasonably request during the time that the Trustee is considering such action, and shall also provide the Representative (on behalf of the Consenting OEMs) the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee.

(d) If, after following the procedures specified in this Section 6.8, the Consenting OEMs continue to object to the proposed action and to withhold their consent to the proposed action, the Trustee and/or the Consenting OEMs shall resolve their dispute pursuant to Section 8.13 below.

SECTION VII **THE FCR**

7.1 Duties. The initial FCR shall be Roger Frankel ~~so long as he is the Future Claims Representative in the Chapter 11 Cases as of the Effective Date, otherwise the initial FCR shall be identified on the signature page attached hereto.~~ He shall serve in a fiduciary capacity, representing only the interests of the holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date, as provided in the Bankruptcy Court's amended order entered on ~~September 6~~October 13, 2017, appointing Roger Frankel as Legal Representative for Future Personal Injury Claimants [Docket No. ~~703~~992], the Plan and the Confirmation Order. The FCR shall not have any fiduciary duties or responsibilities to any party other than the holders of future PSAN PI/WD Claims, provided that the FCR shall be entitled to the protections and limitations of duties provided for herein even with respect to the holders of future PSAN PI/WD Claims. The Trustee must consult with the FCR on matters identified in Section 2.2(e) above and in other provisions ~~herein~~in the Trust Documents, and must obtain the consent of the FCR on matters identified in Section 2.2(f) above and ~~elsewhere~~ in other provisions in the Trust Documents. Where provided in the TDP, certain other actions by

the Trustee are also subject to the consent of the FCR. The FCR's responsibilities shall include any other FCR duties identified in the TDP.

7.2 Term of Office.

(a) The FCR shall serve until the earlier of (i) his or her death, (ii) his or her resignation pursuant to Section 7.2(b) below, (iii) his or her removal pursuant to Section 7.2(c) below, or (iv) the termination of the PSAN PI/WD Trust pursuant to Section 8.2 below.

(b) The FCR may resign at any time by written notice to the Trustee. Such notice shall specify a date when such resignation shall take effect, which shall not be less than ninety (90) days after the date such notice is given, where practicable.

(c) At the request of the Trustee, the FCR may be removed by the Bankruptcy Court in the event he or she becomes unable to discharge his or her duties hereunder due to accident, physical deterioration, mental incompetence, or a consistent pattern of neglect and failure to perform or to participate in performing the duties hereunder, such as repeated non-attendance at scheduled meetings, or for other good cause.

7.3 Appointment of Successor. In the event of the death, resignation or removal of Roger Frankel as the initial FCR, such vacancy shall immediately be filled by ~~[Insert Name]~~ [Richard H. Wyron](#) (for purposes of this Section 7.3, the "Successor FCR"), who shall thereafter serve as FCR pursuant to the terms of the Trust Agreement and other Trust Documents. In the event of the death, resignation or removal of the Successor FCR, such vacancy shall ~~immediately be filled by [Insert Name] (for purposes of this Section 7.3, the "Second Successor FCR"), who shall thereafter serve as FCR pursuant to the terms of the Trust Agreement and other Trust Documents. In the event of the death, resignation or removal of the Second Successor FCR, such vacancy shall~~ be filled with an individual nominated by the Trustee, with the consent of the

TAC and the OAC, ~~subject to the approval of the Bankruptcy Court~~. In the event either the TAC or the OAC does not consent to the individual nominated by the Trustee, then the successor FCR shall be appointed by the Bankruptcy Court. Immediately upon any successor FCR filing a vacancy as provided in this Section 7.3, all rights, titles, duties, powers, and authority of the predecessor FCR hereunder shall be vested in and undertaken by the successor FCR without any further act. No successor FCR shall be liable personally for any act or omission of his or her predecessor FCR. No predecessor FCR shall be liable personally for any act or omission of his successor FCR.

7.4 FCR's Employment of Professionals.

(a) The FCR may, but is not required to, retain and/or consult legal counsel, accountants, appraisers, auditors, forecasters, experts, and financial and investment advisors, and such other parties deemed by the FCR to be qualified as experts on matters submitted to the FCR (the "**FCR Professionals**"), provided, however that no FCR Professionals may be retained to act on behalf of any individual holder of a PSAN PI/WD Claim or a Trust Administered Claim.

(b) The PSAN PI/WD Trust shall promptly reimburse the FCR for, or pay directly to the FCR's counsel if so instructed, ~~the FCR for~~ all reasonable and documented fees and costs associated with the FCR's employment of legal counsel pursuant to this provision in connection with the FCR's performance of his or her duties hereunder. The PSAN PI/WD Trust shall also promptly reimburse the FCR for, or pay directly to such other FCR Professionals if so instructed, ~~the FCR for~~ all reasonable and documented fees and costs associated with the FCR's employment of any other FCR Professionals pursuant to this provision in connection with the FCR's performance of his or her duties hereunder. Such reimbursement or direct payment described in this Section 7.4(b) shall be treated as a PSAN PI/WD Trust Expense, ~~provided,~~

~~however that any such reimbursement~~ and shall be subject to ~~compliance with the Budget~~ Section 2.2(d).

7.5 Compensation and Expenses of the FCR.

(a) Subject ion to ~~the Budget~~ Section 2.2(d), the FCR shall receive compensation from the PSAN PI/WD Trust in the form of payment at the FCR's normal hourly rate, as such rate may be adjusted by the FCR from time to time, for services performed. The PSAN PI/WD Trust will promptly reimburse the FCR for all reasonable and documented out-of-pocket costs and expenses incurred by the FCR in connection with the performance of his or her duties hereunder—, subject to Section 2.2(d).

(b) The FCR shall, in his or her sole discretion, be permitted to procure and maintain insurance in addition to insurance procured and maintained by the PSAN PI/WD Trust, the cost of which shall be paid directly by the PSAN PI/WD Trust, subject to compliance with Section 2.2(d). Such reimbursement or direct payment shall be deemed a PSAN PI/WD Trust Expense, ~~provided, however that reimbursement shall be subject to compliance with Budget~~. The PSAN PI/WD Trust shall include a description of the amounts paid under this Section 7.5 in the Annual Report to be ~~filed with~~ posted on the ~~Bankruptcy Court~~ Trustee's website and provided to the FCR and the PPTACs pursuant to Section 2.2(c)(i) above.

7.6 Procedures for Consultation with and Obtaining the Consent of the FCR.

(a) Consultation Process.

(i) In the event the Trustee is required to consult with the FCR pursuant to Section 2.2(e) above or on any other matters specified herein, the Trustee shall provide the FCR with written advance notice of the matter under consideration, and with all relevant information concerning the matter as is reasonably practicable under the circumstances.

to the extent practicable. The Trustee shall also provide the FCR with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the FCR may reasonably request during the time that the Trustee is considering such matter, and shall also provide the FCR the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such matter with the Trustee, to the extent practicable.

(ii) In determining when to take definitive action on any matter subject to the consultation process set forth in this Section 7.6(a), the Trustee shall take into consideration the time required for the FCR, if he or she so wishes, to engage and consult with his or her own independent advisors as to such matter. In any event, the Trustee shall not take definitive action on any such matter until at least thirty (30) days after providing the FCR with the initial written notice that such matter is under consideration by the Trustee, unless such period is waived in writing by the FCR or at a meeting where the FCR and Trustee are present or the Trustee determines in his reasonable discretion that definitive action is required earlier.

(b) **Consent Process.**

(i) In the event the Trustee is required to obtain the consent of the FCR pursuant to Section 2.2(f) above or otherwise in the Trust Documents, the Trustee shall provide the FCR with a written notice stating that his or her consent is being sought, describing in detail the nature and scope of the action the Trustee proposes to take, and explaining in detail the reasons why the Trustee desires to take such action, to the extent practicable. The Trustee shall provide the FCR as much relevant additional information concerning the proposed action as is reasonably practicable under the circumstances. The Trustee shall also provide the FCR with such reasonable access to the Trust Professionals and other experts retained by the PSAN PI/WD Trust and its staff (if any) as the FCR may reasonably request during the time that the Trustee is

considering such action, and shall also provide the FCR the opportunity, at reasonable times and for reasonable periods of time, to discuss and comment on such action with the Trustee, [to the extent practicable](#).

(ii) The FCR must consider in good faith and in a timely fashion any request for his or her consent by the Trustee, and must in any event advise the Trustee, in writing, of his or her consent or objection to the proposed action within thirty (30) days of receiving the original request for consent from the Trustee. The FCR may not withhold his or her consent unreasonably. If the FCR decides to withhold consent, he or she must explain in detail his or her objections to the proposed action. If the FCR does not advise the Trustee, in writing, of his or her consent or objection to the proposed action within thirty (30) days of receiving the notice from the Trustee regarding such consent, the FCR's consent shall be deemed to have been affirmatively granted.

(iii) If, after following, the procedures specified in this Section 7.6(b), the FCR continues to object to the proposed action and to withhold his or her consent to the proposed action, the Trustee and/or the FCR shall resolve their dispute pursuant to Section 8.13 below. However, the burden of proof, described in Section 8.13 below, with respect to the validity of the FCR's objection and withholding of his or her consent shall be on the FCR.

SECTION VIII
GENERAL PROVISIONS

8.1 Irrevocability. To the fullest extent permitted by applicable law, the PSAN PI/WD Trust is irrevocable.

8.2 Term; Termination.

(a) The term for which the PSAN PI/WD Trust is to exist shall commence on the date of the filing of the Certificate of Trust and shall terminate pursuant to the provisions of Section 8.2 below.

(b) The PSAN PI/WD Trust shall automatically dissolve on the date (the “**PSAN PI/WD Trust Termination Date**”) ninety (90) days after the first to occur of the following events:

(i) the date on which the Trustee decides to dissolve the PSAN PI/WD Trust because (A) he or she deems it unlikely that new PSAN PI/WD Claims will be filed against the PSAN PI/WD Trust, (B) all PSAN PI/WD Claims, ~~the~~ Other PI/WD Claims, Non-PSAN PI/WD Administrative Expense PI/WD Claims, and Administrative Expense ~~PSAN PI/WD Claims, and Post-Closing~~ PSAN PI/WD Claims duly filed with the PSAN PI/WD Trust have been liquidated and, to the extent possible based upon the funds available to the PSAN PI/WD Trust through the Plan, paid to the extent provided in this Trust Agreement and the TDP or have been disallowed by a final non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new PSAN PI/WD Claim, Other PI/WD Claim, Non-PSAN PI/WD Administrative Expense PI/WD Claim, or Administrative Expense ~~PSAN PI/WD Claim, or Post-Closing~~ PSAN PI/WD Claim has been filed with the PSAN PI/WD Trust; or

(ii) if the PSAN PI/WD Trust has procured and has in place irrevocable insurance policies and has established claims handling agreements and other

necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the PSAN PI/WD Trust in a manner consistent with this Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or

(iii) to the extent that any rule against perpetuities shall be deemed applicable to the PSAN PI/WD Trust, the date on which twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

(c) On the PSAN PI/WD Trust Termination Date, after the payment of all PSAN PI/WD Claims that are entitled to a Distribution from the PSAN PI/WD Trust, Allowed Other PI/WD Claims, Allowed Administrative Expense PI/WD Claims, Allowed Administrative Expense PSAN PI/WD Claims, and PSAN PI/WD Trust Expenses that have been provided for and the liquidation of all assets then held by the PSAN PI/WD Trust, any remaining value in the PSAN PI/WD Funds, Other PI/WD Funds, and the Claims Reserves Funds will be distributed (i) first, to the Special Master for contribution to the DOJ PI/WD Restitution Fund, if it still exists, and (ii) second, if the Special Master's appointment has concluded, to one or more charitable organization(s) exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code to be selected by the Trustee; provided, however that (i) if practicable, the charitable organization(s) (i) shall be related to vehicle safety, and (ii) the charitable organization(s) shall not bear any relationship to Reorganized TKH within the meaning of Section 468(d)(3) of the Internal Revenue Code. For the avoidance of doubt, nothing herein shall govern the distribution of any remaining value in the DOJ PI/WD Restitution Fund.

(d) Following the dissolution and distribution of the assets of the PSAN PI/WD Trust, the PSAN PI/WD Trust shall terminate and the Trustee (acting alone) shall execute and cause a Certificate of Cancellation of the Certificate of Trust of the PSAN PI/WD Trust to be filed in accordance with the Act. Notwithstanding anything to the contrary contained in this Trust Agreement, the existence of the PSAN PI/WD Trust as a separate legal entity shall continue until the filing of such Certificate of Cancellation. The Trustee shall provide to the Delaware Trustee a certified copy of the Certificate of Cancellation within a reasonable time after the filing of such Certificate of Cancellation. The Certificate of Cancellation need not be signed by the Delaware Trustee.

8.3 Amendments. The Trustee, subject to (i) the consent of each of the TAC, the OAC and the FCR and (ii) Section 2.2 of this Trust Agreement, may modify or amend this Trust Agreement and the PSAN PI/WD Trust Bylaws; provided, however that no such modification, unless the modification is signed by the Delaware Trustee, may adversely affect the rights, duties and obligations of the Delaware Trustee, and no such modification or amendment may, unless the modification or amendment is signed by the TAC, the OAC and the FCR, impair or modify in any way (a) Section 1.4(f) hereof or any rights, benefits, or protections provided to the ~~Indemnified Parties (as defined in~~ indemnified parties pursuant to the Indemnification ~~Agreement) under the Indemnification Agreement~~ Obligations, or (b) the terms of the Claimant Release or the obligation of the PSAN PI/WD Trust to obtain a properly executed Claimant Release as a pre-condition to a claimant receiving a distribution from the PSAN PI/WD Trust, except that the Claimant Release may be modified to include the release of a settling ~~insurer.~~ ~~The Trustee, after consultation with the PPTACs and the FCR, and subject to (i) the consent of the PPTACs and the FCR and (ii) Section 2.2 of this Trust Agreement, may modify or amend the~~

~~TDP; provided, however that no amendment to the TDP shall be inconsistent with the provisions limiting amendments to the document as provided therein, and in particular the provisions limiting amendment of the Payment Percentage set forth in Section 6.1 of the TDP~~PSAN PI/WD Insurance Company. Any amendment or modification of the TDP shall be only made in accordance with requirements described therein. Any modification or amendment made pursuant to this Section 8.3 ~~must~~shall be ~~done~~made in writing. No amendment to this Trust Agreement, the TDP, or the PSAN PI/WD Trust Bylaws may be made that will in any manner increase the amount of the Participating OEMs' funding obligations to the PSAN PI/WD Trust (either on account of Trust Administrative Expenses or Trust Claims) without the OAC's consent, which the OAC may withhold in its sole and exclusive discretion. Notwithstanding anything contained in this Trust Agreement or the TDP to the contrary, neither this Trust Agreement, the PSAN PI/WD Trust Bylaws, the TDP, nor any document annexed to the foregoing shall be modified or amended in any way that could jeopardize, impair, or modify (i) the applicability of section 105 of the Bankruptcy Code to the Plan and the Confirmation Order, (ii) the efficacy or enforceability of the Channeling Injunction or any other injunction or release issued or granted in connection with the Plan, (iii) the PSAN PI/WD Trust's qualified settlement fund status under the QSF Regulations, (iv) without the written consent of the TAC, OAC and the FCR, Section 1.4(f) hereof or any rights, benefits or protections provided to ~~the Indemnified Parties~~indemnified parties under the Indemnification ~~Agreement~~Obligations, or (v) without the written consent of the TAC, OAC and the FCR, the terms of the Claimant Release or the obligation of the PSAN PI/WD Trust to obtain a properly executed Claimant Release as a pre-condition to a claimant receiving a distribution from the PSAN PI/WD Trust.

8.4 Meetings and Annual Review.

(a) The PPTACs and the FCR shall have the right to attend all meetings of the Trustee and shall be provided five (5) days' advance notice in writing whenever meetings are scheduled. The Delaware Trustee shall not be required nor permitted to attend meetings relating to the PSAN PI/WD Trust.

(b) The PPTACs shall meet as needed separately or jointly. The Trustee and/or the FCR may participate as requested by the TAC or OAC. Minutes will be maintained at joint meetings of the PPTACs and shall be made available to the Trustee and FCR upon request.

(c) The PPTACs and the FCR shall be responsible for conducting an annual review of the PSAN PI/WD Trust, including by reviewing the materials provided pursuant to Section 2.2(c), to evaluate the PSAN PI/WD Trust's compliance with the Trust Agreement and the other Trust Documents and to provide feedback to the Trustee.

8.5 Severability. Should any provision in this Trust Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Trust Agreement.

8.6 Notices. Notices to persons asserting claims shall be given by e-mail, followed by first class mail, postage prepaid, at the address of such person, or, where applicable, such person's legal representative, in each case as provided on such person's claim form submitted to the PSAN PI/WD Trust with respect to his or her PSAN PI/WD Claim or Trust Administered Claims.

(a) Any notices or other communications required or permitted hereunder to the following parties shall be in writing and delivered at the addresses designated below, or sent by email or facsimile pursuant to the instructions listed below, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other

address or addresses as may hereafter be furnished in writing to each of the other parties listed below in compliance with the terms hereof.

To the PSAN PI/WD Trust through the Trustee:

[TBD]

[Eric D. Green](#)
[Resolutions, LLC](#)
[125 High Street](#)
[Boston, MA 02110](#)
[Telephone: 617-556-0800](#)

with a copy (which alone will not constitute notice) to:

[TBD]

[David J. Molton](#)
[Brown Rudnick LLP](#)
[Seven Times Square](#)
[New York, NY 10036](#)
[Telephone: 212-209-4822](#)
[Email: dmolton@brownrudnick.com](#)

To the Delaware Trustee:

[Wilmington Trust, National Association
1100 North Market Street
Wilmington, Delaware 19890-1605
Attention: Corporate Trust Administration]

To the TAC:

[TBD]

with a copy (which alone will not constitute notice) to:

[TBD]

To the OAC:

[TBD]

with a copy (which alone will not constitute notice) to:

[TBD]

To the FCR:

Roger Frankel
~~Frankel Wyron, LLP~~
Future Claimants' Representative
for the PSAN PI/WD Trust
2500 South Ocean Boulevard
Palm Beach, FL 33480
Telephone: (202) 309-1110
Email: rfrankel@frankelwyron.com

with a copy (which alone will not constitute notice) to:

Richard H. Wyron
Frankel Wyron, LLP
Suite 800
2101 L Street, NW
Washington, DC 20030
Telephone: (202) 367-9127
Email: rwyron@frankelwyron.com

To the Reorganized Debtors:

[TBD]

To the ~~Participating~~ Consenting OEMs:

Alderney Advisors LLC

[TBD]

with a copy (which alone will not constitute notice) to:

[TBD]

(b) All such notices and communications if mailed shall be effective when physically delivered at the designated addresses or, if electronically transmitted, when the communication is received at the designated addresses and confirmed by the recipient by return transmission.

8.7 Successors and Assigns. The provisions of this Trust Agreement shall be binding upon and inure to the benefit of the Protected Parties, the PSAN PI/WD Trust, the

Trustee, the TAC, the OAC, the FCR, and their respective successors and assigns, except that none of such persons may assign or otherwise transfer any of its rights or obligations, if any, under this Trust Agreement except, in the case of the PSAN PI/WD Trust and the Trustee, as contemplated by Section 2.1 above.

8.8 Limitation on Claim Interests for Securities Laws Purposes. PSAN PI/WD Claims, and any interests therein (a) shall not be assigned, conveyed, hypothecated, pledged, or otherwise transferred, voluntarily or involuntarily, directly or indirectly, except by will or under the laws of descent and distribution, or in accordance with the provisions of this Trust Agreement, the TDP or the Contribution Agreement; (b) shall not be evidenced by a certificate or other instrument; (c) shall not possess any voting rights; and (d) shall not be entitled to receive any dividends or interest; provided, however that clause (a) of this Section 8.8 shall not apply to the holder of ~~a~~ an Indirect Claim or any claim that is subrogated to any ~~PSAN PI/WD Claim or~~ Trust Administered Claim as a result of its satisfaction of such ~~PSAN PI/WD Claim or~~ Trust Administered Claim.

8.9 Entire Agreement; No Waiver. The entire agreement of the parties relating to the subject matter of this Trust Agreement is contained herein, in the Trust Documents, in the Plan and in the other documents referred to herein, and this Trust Agreement and all such documents supersede any prior oral or written agreements concerning the subject matter hereof. No failure to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or of any other right, power, or privilege. The rights and remedies herein provided are cumulative and are not exclusive of rights under law or in equity.

8.10 Headings. The headings used in this Trust Agreement are inserted for convenience only and do not in any manner affect the construction of the provisions of this Trust Agreement.

8.11 Governing Law. The validity and construction of this Trust Agreement and all amendments hereto and thereto shall be governed by the laws of the State of Delaware, and the rights of all parties hereto and the effect of every provision hereof shall be subject to and construed according to the laws of the State of Delaware without regard to the conflicts of law provisions thereof which would purport to apply the law of any other jurisdiction; provided, however that the parties hereto intend that the provisions hereof shall control and there shall not be applicable to the PSAN PI/WD Trust, the Trustee, the Delaware Trustee, the TAC, the OAC, the FCR, or this Trust Agreement, any provision of the laws (statutory or common) of the State of Delaware pertaining to trusts that relate to or regulate in a manner inconsistent with the terms hereof: (a) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (b) affirmative requirements to post bonds for trustees, officers, agents, or employees of a trust, (c) the necessity for obtaining court or other governmental approval concerning the acquisition, holding, or disposition of real or personal property, (d) fees or other sums payable to trustees, officers, agents, or employees of a trust, (e) the allocation of receipts and expenditures to income or principal, (f) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage, or other manner of holding of trust assets, (g) the existence of rights or interests (beneficial or otherwise) in trust assets, (h) the ability of beneficial owners or other persons to terminate or dissolve a trust, or (i) the establishment of fiduciary or other standards or responsibilities or limitations on the acts or powers of trustees or beneficial owners that are

inconsistent with the limitations on liability or authorities and powers of the Trustee, the Delaware Trustee, the TAC, the OAC, or the FCR set forth or referenced in this Trust Agreement. Section 3540 of Title 12 of the Delaware Code shall not apply to the Trust.

8.12 Settlers' Representative and Cooperation. The Debtors are hereby irrevocably designated as the Settlers and are hereby authorized to take any action required of the Settlers by the Trustee in connection with this Trust Agreement. The Reorganized Debtors agree to cooperate in implementing the goals and objectives of this Trust Agreement.

8.13 Dispute Resolution. Any disputes that arise under this Trust Agreement or under the TDP among the parties hereto shall be resolved by an alternative dispute resolution (the "ADR") process mutually agreeable to the parties involved. Any party to the ADR process that is dissatisfied with the decision of the arbitrator(s) may apply to the Bankruptcy Court for a judicial determination of the matter. Any review conducted by the Bankruptcy Court shall be *de novo*. In any case, if the dispute arose pursuant to the consent provision set forth in Section 5.7(b) above (in the case of the TAC), Section 6.7(b) (in the case of the OAC), [Section 6.8 \(in the case of the Consenting OEMs\)](#), or Section 7.6(b) above (in the case of the FCR), the burden of proof shall be on the party or parties who withheld consent to show by a preponderance of the evidence that the objection was valid.¹⁴ Should the dispute not be resolved by the ADR process within thirty (30) days after submission of all items needed for a decision in the ADR process, the parties are relieved of the requirement to pursue ADR prior to application to the Bankruptcy Court. If the Trustee determines that the matter in dispute is exigent and cannot await the completion of the ADR process, the Trustee shall have the discretion to elect out of the ADR process altogether or at any stage of the process and seek resolution of the dispute in the Bankruptcy Court.

¹⁴ [\[Standard of review and appropriate standard under discussion.\]](#)

8.14 Enforcement and Administration. The provisions of this Trust Agreement, the TDP and the other Trust Documents shall be enforced by the Bankruptcy Court pursuant to the Plan. The parties hereby further acknowledge and agree that the ~~Protected Parties~~ indemnified and parties under the ~~Indemnified Parties~~ Indemnification Obligations shall have the right to enforce (a) any rights, benefits, or protections provided to ~~the Protected Parties and the Indemnified Parties under~~ them pursuant to the Indemnification ~~Agreement~~ Obligations, and (b) the obligation of the PSAN PI/WD Trust to obtain a properly executed Claimant Release as a precondition to a claimant receiving a distribution from the PSAN PI/WD Trust. The parties also acknowledge and agree that the Bankruptcy Court shall have exclusive jurisdiction over the settlement of accounts of the Trustee and over any disputes hereunder not resolved by alternative dispute resolution in accordance with Section 8.13 above.

8.15 Effectiveness. This Trust Agreement shall not become effective until it has been executed and delivered by all the parties hereto.

8.16 Counterpart Signatures. This Trust Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute but one and the same instrument. Delivery of a counterpart hereof by facsimile or email transmission of an Adobe portable document format file (also known as a “PDF” file) shall be effective as delivery of a manually executed counterpart hereof.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA AMERICAS

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

~~227730588~~

[IF "4096"="1" " 229149529
NY 247084560v3](#)

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK FINANCE, LLC

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK CHINA, LLC

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK HOLDINGS INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA PROTECTION SYSTEMS INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

INTERIORS IN FLIGHT INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK MEXICO INC.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TK MEXICO LLC

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

**TK HOLDINGS DE MEXICO,
S. DE R.L. DE C.V.**

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

**INDUSTRIAS IRVIN DE MEXICO,
S.A. DE C.V.**

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA DE MEXICO, S.A. DE C.V.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

STROSSHE-MEX, S. DE R.L. DE C.V.

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TAKATA AMERICAS

By: _____
NAME
of [ENTITY]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TRUSTEE

By: _____
[NAME]

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

**DELAWARE TRUSTEE
WILMINGTON TRUST, NATIONAL
ASSOCIATION**

By: _____
Name: _____
Title: _____

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

FUTURE CLAIMANTS' REPRESENTATIVE

Roger Frankel

[Signature page to PSAN PI/WD Trust Agreement]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first set forth above to be effective as of the Effective Date.

TRUST ADVISORY COMMITTEE

[NAME[S]]

[Signature page to PSAN PI/WD Trust Agreement]

EXHIBIT 1

PSAN PI/WD Trust Distribution Procedures

(Attached)

EXHIBIT 2

Form of Certificate of Trust

**CERTIFICATE OF TRUST
OF THE
PSAN PI/WD TRUST**

This Certificate of Trust of the PSAN PI/WD Trust (the “*Trust*”) is being duly executed and filed by the undersigned trustees of the Trust, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. Code § 3801 *et seq.*) (the “*Act*”).

1. **Name.** The name of the statutory trust formed hereby is:

PSAN PI/WD Trust

2. **Delaware Trustee.** The name and business address of the Delaware Trustee of the Trust in the State of Delaware is:

[Wilmington Trust, National Association, Rodney Square North, 1100 North Market Street
Wilmington, Delaware 19890-1605, Attention: Corporate Trust Administration.]

3. **Effective Date.** This Certificate of Trust shall be effective upon filing.

IN WITNESS WHEREOF, the undersigned have duly executed this Certificate of Trust in accordance with Section 3811(a) of the Act.

<p>TRUSTEE:</p> <hr/> <p>[NAME]</p>	<p>DELAWARE TRUSTEE</p> <p>By: _____</p> <p>Name: _____</p> <p>Title _____</p>
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EXHIBIT 3

Insurance Rights Transfer Agreement

(Attached)

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227730588

~~EXHIBIT 4~~

PSAN PI/WD Cooperation Agreement

(Attached)

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~~227730588~~

EXHIBIT O

Participating OEM Contribution Agreement

PARTICIPATING OEM CONTRIBUTION AGREEMENT¹

This PSAN PI/WD Contribution Agreement (the “Agreement”) is effective as of [the Effective Date]², between [Insert Name], as a Participating OEM (the “P-OEM”), and the PSAN PI/WD Trust, a qualified settlement fund created pursuant to the Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors (as has become effective, the “Plan”). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Plan and such definitions are incorporated herein by reference.

WHEREAS, on June 25, 2017 (the “Petition Date”), each of the Debtors commenced cases under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the “Bankruptcy Code”) by filing voluntary petitions for relief with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”);

WHEREAS, pursuant to the terms of the Plan, Eric D. Green (the “Trustee”) has been appointed as the initial trustee of the PSAN PI/WD Trust;

WHEREAS, the Debtors and the P-OEM has been or may be named as defendants in personal-injury and wrongful-death actions seeking recovery for damages allegedly caused by defective PSAN inflators;

WHEREAS, the Plan calls for the creation of the PSAN PI/WD Trust and the assumption by the PSAN PI/WD Trust of all liability for, among other things, all P-OEM Claims (as defined in the PSAN PI/WD TDP) asserted against the P-OEM;

WHEREAS, the Plan was confirmed by the Bankruptcy Court on _____, 2018 and became effective on _____, 2018 (the “Effective Date”);

WHEREAS, pursuant to the Plan, the P-OEM is to contribute certain funds to the PSAN PI/WD Trust for payment of (1) the PSAN PI/WD Top-Up Amounts, which shall be utilized in the manner specified in this Agreement, section 5.10[(g)] of the Plan, the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP to satisfy P-OEM Claims against the P-OEM that are allowed in accordance with the PSAN PI/WD TDP, and (2) P-OEM Expenses (as defined herein);

WHEREAS, the Trustee and the P-OEM have agreed to the confidential schedule attached hereto as Exhibit A (the “Base Payment Schedule”), which provides the parties’ estimate of the aggregate Net Liquidated Value (as defined herein) of P-OEM Claims to be paid

¹ **The Participating OEM Contribution Agreement is still undergoing continuing negotiation and review by the TCC, FCR, OEM Customer Group and Special Master. The parties reserve all rights with respect to this Agreement.**

² [Date to be adjusted based upon timing of P-OEM opt-in to Channeling Injunction.]

by the PSAN PI/WD Trust for each calendar quarter (the amount assigned to each quarter, the “Base Claim Amount”) commencing on the effective date of this Agreement through and including June 30, 2019³; and

WHEREAS, the Trustee and the P-OEM are entering into this Agreement to establish the means by which the P-OEM will contribute amounts to the PSAN PI/WD Trust.

NOW, THEREFORE, it is hereby agreed as follows:

1. PAYMENT OF PSAN PI/WD TOP-UP AMOUNTS

1.1. Net Liquidated Value.

For purposes of this Agreement, “Net Liquidated Value” means the final claim award amount determined pursuant to the PSAN PI/WD TDP, whether through the claims process or the tort system, of a P-OEM Claim against the P-OEM after reduction for (i) the amount to be paid by the PSAN PI/WD Trust to the holder of such P-OEM Claim on account of (a) such holder’s TD Claim and (b) any PSAN PI/WD Insurance Proceeds received by the PSAN PI/WD Trust that may be allocated to such P-OEM Claim, and (ii) the amount, if any, of distributions received by the holder of such P-OEM Claim from the DOJ PI/WD Restitution Fund, with such amounts described in clauses (i) and (ii) being determined as of the time such P-OEM Claim is liquidated pursuant to the PSAN PI/WD TDP. The PSAN PI/WD Trust shall liquidate P-OEM Claims in the manner set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement.

1.2. Quarterly Accounting.

No later than thirty (30) calendar days after the conclusion of each calendar quarter, the PSAN PI/WD Trust shall provide the P-OEM a confidential, written accounting (the “Quarterly Accounting”) of the P-OEM Claims asserted with respect to the P-OEM that were paid during the prior calendar quarter (the “Quarterly Reporting Period”). With respect to each P-OEM Claim, the Quarterly Accounting shall include the name of the Claimant, Injury Type, final claim award amount, Net Liquidated Value, and whether a scheduled or “IR” process or a tort system resolution was applicable to such Claim.

In addition, the Quarterly Accounting shall include (a) a calculation of the Adjusted Base Claim Amount for the next Quarterly Payment Period (as defined below), (b) a detailed reconciliation of any payments made by the Trust to holders of P-OEM Claims against the P-OEM to the Base Claim Amount for the Quarterly Reporting Period, (c) an estimate of P-OEM Claims against the P-OEM expected to be paid during the next Quarterly Payment Period, and (d) a reconciliation of such amounts to the Base Claim Amounts applicable to such Quarterly

³ [Date to be adjusted based upon timing of P-OEM’s opt-in to Channeling Injunction, but should include at least one year plus any stub calendar quarter.]

Payment Period (the “Future Base Claim Reconciliation”). If the Future Base Claim Reconciliation provides that expected P-OEM Claims against the P-OEM to be paid during such Quarterly Payment Period are greater than the Base Claim Amount for such period (“Expected Base Claim Underfunding”), the Quarterly Accounting shall be accompanied by a detailed, claim-by-claim analysis of the basis for the Expected Base Claim Underfunding.

1.3. Adjusted Base Claim Amount.

Each quarterly payment made by the P-OEM pursuant to section 1.4 below shall be calculated by (a) first, subtracting from the Base Claim Amount for the Quarterly Payment Period (as defined below) an amount equal to (i) the amount paid by the P-OEM for the Quarterly Reporting Period, minus (ii) the P-OEM Claims against the P-OEM paid by the PSAN PI/WD Trust for the Quarterly Reporting Period; and (b) second, adding to such amount the Expected Base Claim Underfunding, if any, for the Quarterly Payment Period. The resulting amount is referred to herein as the “Adjusted Base Claim Amount” and shall be calculated in accordance with Exhibit B hereto; provided, however, that the Adjusted Base Claim Amount shall not include the initial payment, if any, required to be made by the P-OEM pursuant to section 6.4(b) of the PSAN PI/WD TDP, but shall include any subsequently scheduled payments on account of such P-OEM Claim.

1.4. Payment Schedule.

On the effective date hereof, the P-OEM shall pay the Base Claim Amount for the first two full quarterly periods (and any initial stub quarterly period). Thereafter, commencing after receipt of the first Quarterly Accounting for the first Quarterly Reporting Period, the P-OEM shall pay in full the Adjusted Base Claim Amount calculated for the second quarterly period following the Quarterly Reporting Period (the “Quarterly Payment Period”). For example, if the Quarterly Reporting Period is the first quarter, the Quarterly Payment Period shall be the third quarter; if the Quarterly Reporting Period is the sixth quarter, the Quarterly Payment Period shall be the eighth quarter. The P-OEM shall make such payment within thirty (30) calendar days (the “Quarterly Payment Date”) of receipt of the Quarterly Accounting; provided, however, that with respect to the initial payment, if any, required to be made by the P-OEM pursuant to section 6.4(b) of the PSAN PI/WD TDP, the P-OEM shall be required to pay such amount (after taking into account the Net Liquidated Value of such P-OEM Claim) in accordance with the time period established in section 6.4(b) of the PSAN PI/WD TDP and not on the Quarterly Payment Date.

Any payments pursuant to this section 1.4 shall be made by wire transfer of immediately available funds to a segregated account established by the Trustee to hold amounts contributed to the PSAN PI/WD Trust by the P-OEM for payment of liquidated P-OEM Claims against the P-OEM, and any such amounts paid by the P-OEM shall not be commingled with any other funds contributed to the PSAN PI/WD Trust. In addition, no amounts paid by the P-OEM shall be utilized to pay, in whole or in part, claims asserted with respect to any other manufacturer’s vehicles. For this purpose, the Trustee shall designate to the P-OEM, not later than two (2) business days prior to the date specified for any payment, the account to which such payment is to be made.

If any date on which a payment is due shall fall on a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed, then the payment due on such date shall be payable on the next calendar day that is not a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed.

The Parties acknowledge and agree that the P-OEM has no obligation hereunder or under the Plan, PSAN PI/WD Trust Agreement, PSAN PI/WD TDP or other PSAN PI/WD Trust Documents to make any payments with respect to a TD Claim and any payments made by the P-OEM shall only be applied to satisfy compensable P-OEM Claims against the P-OEM.

1.5. Base Payment Schedule.

Commencing no later ninety (90) calendar days prior to the last day of any Base Payment Schedule, the Trustee and P-OEM shall negotiate in good faith a Base Payment Schedule for the subsequent annual period. If the Trustee and P-OEM are unable to reach agreement on a subsequent Base Payment Schedule by the sixtieth (60th) calendar day prior to the last day of the Base Payment Schedule then in effect, the dispute shall be resolved in accordance with the dispute resolution procedures set forth in Section 9.13 of the PSAN PI/WD Trust Agreement.

1.6. Subsequent Recoveries on P-OEM Claims.

If the Claimant has not received a recovery from the DOJ PI/WD Restitution Fund as of the effective date of the liquidation of the Claimant's P-OEM Claim, the PSAN PI/WD Trust shall require such Claimant, in order to receive payment of the POEM Top-Up Amount, from the PSAN PI/WD Trust, to assign such Claimant's claim, if any, against the DOJ PI/WD Restitution Fund to the P-OEM and shall acknowledge the P-OEM's sole and exclusive right to seek a payment from the DOJ PI/WD Restitution Fund on account of such P-OEM Claim.⁴

If, after payment in full by the P-OEM to the Trust of the Net Liquidated Value of any P-OEM Claim, the PSAN PI/WD Trust receives any PSAN PI/WD Insurance Proceeds allocable to such claim pursuant to the PSAN PI/WD TDP and PSAN PI/WD Trust Agreement, the PSAN PI/WD Trust shall remit any such amounts to the P-OEM within thirty (30) calendar days of the date of such receipt.

2. FUNDING OF ADMINISTRATIVE EXPENSES

2.1. P-OEM Expenses.

The P-OEM shall pay, in accordance with the terms hereof, the incremental costs and expenses specifically incurred by the PSAN PI/WD Trust in connection with the processing, consideration and liquidation of P-OEM Claims asserted against P-OEM (the "P-OEM Expenses"). Other than the payment of the P-OEM Expenses solely as set forth herein, and

⁴ [Assignment and subrogation issues under review.]

payment of the Adjusted Base Claim Amounts, the P-OEM shall have no obligation to pay any other costs or expenses associated with the PSAN PI/WD Trust.

Except as otherwise agreed with the Trustee, the P-OEM shall pay P-OEM Expenses incurred solely in accordance with the Budget (as defined in the PSAN PI/WD Trust Agreement).

2.2. Expense Statement.

Together with the Quarterly Accounting, the PSAN PI/WD Trust shall submit to the P-OEM an itemized statement ("Expense Statement") setting forth, on a line item basis, the amount of expenditures the PSAN PI/WD Trust paid during the Quarterly Reporting Period that constitute P-OEM Expenses, a reconciliation of such expenses to the Budget and to any amounts previously paid by the P-OEM with respect to P-OEM Expenses, the anticipated P-OEM Expenses, if any, that shall become due during the then-current quarterly period (the "Expected P-OEM Expenses") and the amount of funds remaining in the P-OEM Expense Account at the conclusion of the Quarterly Reporting Period (the "Expense Account Balance").

2.3. Payment Schedule.

On the effective date of this Agreement, the P-OEM shall transfer to a segregated account established by the PSAN PI/WD Trust for purposes of funding P-OEM Expenses (the "P-OEM Expense Account") the amount of \$[500,000].

Thereafter, unless disputed in accordance with section 2.4 herein, on the Quarterly Payment Date, the P-OEM shall pay an amount equal to (the "Net Expense Amount") (a) the Expected P-OEM Expenses, (b)(i) if the Expense Account Balance is greater than \$[250,000], minus an amount equal to the Expense Account Balance minus \$[250,000], or (ii) if the Expense Account Balance is less than \$[250,000], plus an amount equal \$[250,000] minus the Expense Account Balance.

The P-OEM shall pay the Net Expense Amount by wire transfer of immediately available funds to such segregated account or accounts as shall be established by PSAN PI/WD Trustee at any time, and from time to time, to hold amounts contributed to the PSAN PI/WD Trust to pay P-OEM Expenses (the "P-OEM Expense Account"). For this purpose, the Trustee shall designate to the P-OEM, not later than forty-eight (48) hours prior to the date specified for any contribution, the P-OEM Expense Account (together with appropriate wire instructions) to which such contribution is to be made. If any date on which a payment is due shall fall on a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed, then the payment due on such date shall be payable on the next calendar day that is not a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed.

Notwithstanding any provision contained herein, the P-OEM may prepay the P-OEM Expenses at any time based upon the expected Net Expense Amount set forth in the Budget.

2.4. Expense Disputes.

The P-OEM shall provide to the PSAN PI/WD Trustee written notice of any dispute to the Net Expense Amount no later than five business (5) days after receipt of receipt of the Expense Statement (the "Objection Deadline"). In the event a written objection is received by the PSAN PI/WD Trustee on or by the Objection Deadline, the Trustee shall provide the P-OEM with copies of detailed invoices supporting the P-OEM Expenses. The P-OEM and Trustee shall meet within fifteen (15) calendar days of the delivery of such supporting documentation to resolve the objection. If the objection is not resolved within thirty (30) calendar days after the Trustee's receipt of a written objection from the P-OEM, the objection shall be resolved in accordance with the dispute resolution procedures set forth in Section 9.13 of the PSAN PI/WD Trust Agreement. All fees, costs and expenses incurred in connection with resolving an objection from the P-OEM, including those of the PSAN PI/WD Trust or the Trustee, shall be paid by the P-OEM, unless the dispute is resolved in favor of the P-OEM.

3. DEFAULT PROVISIONS

3.1. Default.

Provided that the PSAN PI/WD Trustee and the PSAN PI/WD Trust comply with each of their obligations set forth herein, in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP, if the P-OEM fails to make any payment required by this Agreement as of the date such payment is required under this Agreement (which shall be deemed to be the date any dispute with respect to any disputed payment is resolved), the P-OEM shall then be in default of its obligations under this Agreement and under the PSAN PI/WD Trust.

The Trustee shall provide the P-OEM with written notice of any such default (a "Default Notice"), and the P-OEM shall have fifteen (15) business days after receipt of a Default Notice to cure any such default. If the P-OEM fails to timely cure the default within fifteen (15) business days after receiving a Default Notice from the Trustee (the "Cure Deadline"), then the provisions of the Plan, the Trust Documents and the Confirmation Order and any other orders of any Court granting or implementing the Channeling Injunction and the Releases provided for in the Plan shall immediately terminate, and shall be of no force or effect, as to the P-OEM, without the need for further action by the Bankruptcy Court, any other court or the PSAN PI/WD Trust.

If the PSAN PI/WD Trustee and the PSAN PI/WD Trust have failed to comply with any of their obligations set forth herein, in the PSAN PI/WD Trust Agreement or the PSAN PI/WD TDP, the P-OEM shall provide the PSAN PI/WD Trust with written notice of any such default, and the PSAN PI/WD Trust shall have fifteen (15) business days after receipt of such notice to cure any such default. If the PSAN PI/WD Trust fails to timely cure the default, the P-OEM is excused from performance hereunder until such time as the PSAN PI/WD Trust cures the default.

If either the PSAN PI/WD Trust, the PSAN PI/WD Trustee or the P-OEM dispute the occurrence or continuation of any default hereunder, the Parties agree that the alleged defaulting party may seek relief on an emergency basis from a court of competent jurisdiction provided the non-defaulting party receives advance written notice of the relief sought and an opportunity to be heard.

3.2. Remedies.

In addition to (and not in lieu of) the remedies provided in Section 3.1, if the P-OEM fails to timely cure a monetary default by the Cure Deadline, such P-OEM shall be liable to the PSAN PI/WD Trust for (i) all unpaid Adjusted Base Claim Amounts and Net Expense Amounts through the date of the Cure Deadline, plus interest on such amounts at a rate of ____% per annum, (ii) all amounts that may become due on account of P-OEM Claims pending or resolved in the tort system as of the Cure Deadline and future P-OEM Expenses relating to such P-OEM Claims, unless the defense of and liability for such P-OEM Claims has been assumed by the P-OEM and the PSAN PI/WD Trust has no further liability with respect to such P-OEM Claims, (iii) all fees, costs and expenses reasonably incurred by the PSAN PI/WD Trust (including such fees, costs and expenses incurred after the Cure Deadline) relating to notifying Claimants that the P-OEM is no longer a Participating OEM under the terms of the Plan, the PSAN PI/WD Trust Agreement and this Agreement, and (iv) all fees, costs and expenses, including the fees, costs and expenses of attorneys and other advisors, reasonably incurred by or on behalf of the PSAN PI/WD Trust in connection with enforcing the obligations of the P-OEM under this Agreement (including the collection of any monetary payments which are in default).⁵

4. GENERAL PROVISIONS

4.1. Notices.

Any notices or other communications required or permitted hereunder shall be in writing and shall be delivered by overnight courier, hand delivery or facsimile to:

If to the PSAN PI/WD Trust through the Trustee:

[XXXX]

with a copy to:

[XXXX]

with a copy to the Future Claims Representative:

[XXXX]

with a copy to the Trust Advisory Committee:

[XXXX]

⁵ [In order to be certain that all parties' rights are protected, parties will agree to mechanisms that ensure that the Trust, claimant and the P-OEM are not prejudiced as a result of the Channeling Injunction in the event of a default and termination with respect to the P-OEM.]

If to the P-OEM:

[XXXX]

with a copy to:

[XXXX]

Any notice required or permitted to be provided under this Agreement shall be in writing, sent by overnight carrier for next day delivery, and deemed given one (1) business day after the notifying party delivers the written notice to an overnight carrier.

4.2. Entire Agreement.

The entire agreement of the parties relating to the subject matter of this Agreement is contained herein, and this Agreement and such documents shall supersede any prior oral or written agreements concerning the subject matter hereof. In the event of any inconsistency between this Agreement and the Plan, the Plan shall control.

4.3. Governing Law.

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without giving effect to its principles of conflicts of law.

The parties mutually agree that the Bankruptcy Court, or such other court of competent jurisdiction after the Debtors' chapter 11 cases are closed, shall retain jurisdiction to enforce and effectuate this Agreement, and the parties consent to personal jurisdiction and venue in the Bankruptcy Court, or such other court of competent jurisdiction after the Debtors' chapter 11 cases are closed.

4.4. Recital Provisions.

The recital provisions set forth at the beginning of this Agreement are expressly incorporated herein as terms and conditions of this Agreement.

4.5. Amendments.

This Agreement may be amended or modified only by a written instrument signed by all parties to this Agreement and only with the consent of the Future Claims Representative and the Trust Advisory Committee.

4.6. Enforceability.

To the extent that any provision of this Agreement may be held to be invalid or legally unenforceable by a court of competent jurisdiction, the parties agree that the remaining provisions of this Agreement shall not be affected and shall be given full force and effect.

4.7. Assignment.

This Agreement may not be assigned by any party without the express consent of the other party, the Future Claims Representative and the Trust Advisory Committee. The P-OEM shall remain fully liable for all obligations under this Agreement notwithstanding any permitted assignment hereof. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns. The Future Claims Representative and the Trust Advisory Committee are express third party beneficiaries of this Agreement with the right to enforce the provisions of this Agreement directly against the P-OEM.

4.8. Costs.

Each party shall bear its own attorneys' fees and costs with respect to this Agreement.

4.9. Interpretation.

The parties hereto have participated jointly in this negotiation and drafting of the Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if jointly drafted by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

4.10. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute one and the same instrument. Facsimile or electronic signatures shall be deemed originals.

4.11. Funding Obligations Termination.

All obligations of the P-OEM to fund any amounts hereunder shall cease on the earlier to occur of (i) the last day of the calendar quarter in which the last P-OEM Claim against the P-OEM has been liquidated as determined by the Trustee (after the Trustee consults with the Future Claims Representative, the Trust Advisory Committee and the OAC), and (ii) the termination of the PSAN PI/WD Trust.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement this ____ day of _____, 2018.

PSAN PI/WD TRUST

By: _____
Name: _____
Title: _____

The P-OEM

By: _____
Name: _____
Title: _____

HIGHLY CONFIDENTIAL; NOT ADMISSIBLE IN ANY PROCEEDING

Exhibit A

Base Payment Schedule

Quarterly Period	Dates Covered	Base Claim Amount
Q1	Effective Date – June 30	
Q2	July 1 – Sept 30	
Q3	Oct 1 – Dec 31	
Q4	Jan 1 – Mar 31	
Q5	Apr 1 – June 30	

Exhibit B

Adjusted Base Claim Calculation

Adjusted Base Claim Amount

≡ Base Claim Amount

– (Amount Paid by POEM for Quarterly Reporting Period

– Claims Paid by Trust During Quarterly Reporting Period)

+ Expected Base Claim Underfunding for Quarterly Payment Period

EXHIBIT O-1

Redline of Participating OEM Contribution Agreement

~~THIS DOCUMENT HAS NOT BEEN APPROVED OR CONSENTED TO BY THE FUTURE CLAIMANTS' REPRESENTATIVE OR THE OFFICIAL COMMITTEE OF TORT CLAIMANTS OR ANY OF THEIR REPRESENTATIVES, AND IS SUBJECT TO REVIEW, NEGOTIATION AND REVISION IN ALL RESPECTS. THE FCR AND TCC HAVE RESERVED ALL RIGHTS WITH RESPECT TO THIS DOCUMENT.~~

~~THE OFFICIAL COMMITTEE OF TORT CLAIMANTS RESERVES ALL RIGHTS WITH RESPECT TO ANY PROVISION IN THE TDP WHICH PURPORTS TO ESTABLISH DIFFERING DEBTOR LIABILITY TO ANY TRUST BENEFICIARY BASED UPON THE TYPE, KIND, OF MANUFACTURER OF THE VEHICLE IN WHICH THE BENEFICIARY WAS INJURED. MOREOVER, THE TORT CLAIMANTS COMMITTEE RESERVES ALL RIGHTS WITH RESPECT TO WHETHER THE TRUST BENEFICIARIES HAVE RECEIVED ADEQUATE INFORMATION ABOUT TO MAKE AN INFORMED DECISION ABOUT HOW TO VOTE ON THE PLAN.~~

PARTICIPATING OEM CONTRIBUTION AGREEMENT¹

This PSAN PI/WD Contribution Agreement (the “Agreement”) is effective as of [the Effective Date]², between ~~the Initial~~ [Insert Name], as a Participating OEM ~~signatory hereto~~ (the “Trust Funder P-OEM”), and the PSAN PI/WD Trust, a qualified settlement fund created pursuant to the ~~Third~~ Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors (as ~~confirmed~~ has become effective, the ²“Plan”). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the Plan and such definitions are incorporated herein by reference.

WHEREAS, on June 25, 2017 (the “Petition Date”), each of the Debtors commenced cases under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the “Bankruptcy Code”) by filing voluntary petitions for relief with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”);

¹ ~~Preliminary Draft; Subject to Material Change~~ The Participating OEM Contribution Agreement is still undergoing continuing negotiation and Approval By Restructuring Support Parties review by the TCC, FCR, OEM Customer Group and Special Master. The parties reserve all rights with respect to this Agreement.

² [Date to be adjusted based upon timing of P-OEM opt-in to Channeling Injunction.]

² ~~[Any election by a Consenting OEM to become a Participating OEM (and an Initial Participating OEM) is subject in all respects to (i) the confirmation and effectiveness of the Plan in form and substance acceptable to the Participating OEM(s), (ii) the entry of the Confirmation Order by the Bankruptcy Court and, if required, the District Court (solely with respect to the Channeling Injunction) in form and substance acceptable to the Participating OEM(s), (iii) negotiation and execution of definitive documents governing the PSAN PI/WD Trust and the payment of such Participating OEM(s)' PSAN PI/WD Top Up Amount, including, without limitation, the Participating OEM Contribution Agreement, the PSAN PI/WD Trust Agreement, and the PSAN PI/WD TDP, in each case in form and substance acceptable to the Participating OEM(s), and (iv) the appointment of Eric Green as the PSAN PI/WD Trustee or, if Eric Green declines or is unable to fill the appointment, the appointment of an initial PSAN PI/WD Trustee (if applicable) or a PSAN PI/WD Trustee that is acceptable to the Participating OEM(s).]~~

WHEREAS, pursuant to the terms of the Plan, Eric D. Green (the “Trustee”) has been appointed as the initial trustee of the PSAN PI/WD Trust;

WHEREAS, ~~as of the Petition Date~~, the Debtors and the ~~Trust Funder had~~ P-OEM has been or may be named as defendants in personal-injury and wrongful-death actions seeking recovery for damages allegedly caused by ~~the~~ defective PSAN inflators;

WHEREAS, the Plan calls for the creation of the PSAN PI/WD Trust and the assumption by the PSAN PI/WD Trust of all liability for ~~-, among other things, all P-OEM Claims (as defined in the PSAN PI/WD~~ Claims-TDP) asserted against the ~~Trust Funder~~ P-OEM;

WHEREAS, the Plan was confirmed by the Bankruptcy Court on _____, 2018 and became effective on _____, 2018 (the “Effective Date”);

WHEREAS, pursuant to the Plan, the ~~Trust Funder~~ P-OEM is to contribute certain ~~amounts~~ funds to the PSAN PI/WD Trust for payment of ~~the~~ (1) the PSAN PI/WD Top-Up Amounts, which shall be utilized in the manner specified in this Agreement, section 5.10[(g)] of the Plan, ~~the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP~~ to satisfy ~~PSAN PI/WD P-OEM~~ Claims against the ~~Trust Funder P-OEM~~ that are allowed in accordance with the PSAN PI/WD TDP, and (2) ~~PSAN PI/WD Trust Expenses solely to the extent such expenses are not satisfied from the PSAN PI/WD Trust Reserve; and~~ P-OEM Expenses (as defined herein);

WHEREAS, the Trustee and the P-OEM have agreed to the confidential schedule attached hereto as Exhibit A (the “Base Payment Schedule”), which provides the parties’ estimate of the aggregate Net Liquidated Value (as defined herein) of P-OEM Claims to be paid by the PSAN PI/WD Trust for each calendar quarter (the amount assigned to each quarter, the “Base Claim Amount”) commencing on the effective date of this Agreement through and including June 30, 2019³; and

WHEREAS, the Trustee and the ~~Trust Funder~~ P-OEM are entering into this Agreement to establish the means by which the ~~Trust Funder~~ P-OEM will contribute ~~such~~ amounts to the PSAN PI/WD Trust.

NOW, THEREFORE, it is hereby agreed as follows:

1. PAYMENT OF PSAN PI/WD TOP-UP AMOUNTS

1.1. Net Liquidated Value.

³ [Date to be adjusted based upon timing of P-OEM’s opt-in to Channeling Injunction, but should include at least one year plus any stub calendar quarter.]

~~1.1.~~ For purposes of this Agreement, “Net Liquidated Value” ~~of a PSAN PI/WD Claim~~ means the ~~Liquidated Value (as defined in final claim award amount determined pursuant to the PSAN PI/WD TDP) of such PSAN PI/WD,~~ whether through the claims process or the tort system, of a P-OEM Claim against the Trust Funder P-OEM after application of reduction for (i) any applicable the amount to be paid by the PSAN PI/WD Trust to the holder of such P-OEM Claim on account of (a) such holder’s TD Claim and (b) any PSAN PI/WD Insurance Proceeds; ~~(ii) any portion of the HM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to received by the PSAN PI/WD Funds and Trust that may be allocated to such PSAN PI/WD Claim, (iii) any payments received on account of such PSAN PI/WD P-OEM Claim, and (ii) the amount, if any, of distributions received by the holder of such P-OEM Claim from the DOJ PI/WD Restitution Fund, with such amounts described in clauses (i) and (ii) being determined as of the time such P-OEM Claim is liquidated pursuant to the PSAN PI/WD TDP.~~ The PSAN PI/WD Trust shall liquidate ~~PSAN PI/WD P-OEM~~ Claims in the manner set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. ~~Except for those PSAN PI/WD Claims asserted against the Trust Funder that are liquidated or settled in the tort system, the effective date of any liquidation of a PSAN PI/WD Claim asserted against the Trust Funder shall be the last day of the calendar quarter in which the award with respect to the PSAN PI/WD Claim becomes final. PSAN PI/WD Claims asserted against the Trust Funder that are liquidated or settled in the tort system shall be paid in accordance with the schedule set forth in the PSAN PI/WD TDP; provided, however, that in no event shall the Trust Funder have any obligation to pay more than the Net Liquidated Value of any PSAN PI/WD Claim against it. No earlier than two (2) business~~

1.2. Quarterly Accounting.

~~1.2.~~ No later than thirty (30) calendar days after the conclusion of each calendar quarter, the PSAN PI/WD Trust shall provide the ~~Trust Funder P-OEM~~ a confidential, written accounting (the “Quarterly Accounting”) of the ~~PSAN PI/WD P-OEM~~ Claims asserted ~~against the Trust Funder with respect to the P-OEM~~ that were ~~liquidated paid~~ during ~~such the prior~~ calendar quarter (the “Quarterly Reporting Period”). With respect to each ~~PSAN PI/WD P-OEM~~ Claim, the Quarterly Accounting shall include the name of the Claimant ~~(as defined in the PSAN PI/WD TDP), Injury Type (as defined in the PSAN PI/WD TDP), Liquidated Value, final claim award amount, Net Liquidated Value and process used to liquidate the PSAN PI/WD,~~ and whether a scheduled or “IR” process or a tort system resolution was applicable to such Claim.

In addition, the Quarterly Accounting shall include (a) a calculation of the Adjusted Base Claim Amount for the next Quarterly Payment Period (as defined below), (b) a detailed reconciliation of any payments made by the Trust to holders of P-OEM Claims against the P-OEM to the Base Claim Amount for the Quarterly Reporting Period, (c) an estimate of P-OEM Claims against the P-OEM expected to be paid during the next Quarterly Payment Period, and (d) a reconciliation of such amounts to the Base Claim Amounts applicable to such Quarterly Payment Period (the “Future Base Claim Reconciliation”). If the Future Base Claim Reconciliation provides that expected P-OEM Claims against the P-OEM to be paid during such Quarterly Payment Period are greater than the Base Claim Amount for such period (“Expected Base Claim Underfunding”), the Quarterly Accounting shall be accompanied by a detailed, claim-by-claim analysis of the basis for the Expected Base Claim Underfunding.

1.3. Adjusted Base Claim Amount.

Each quarterly payment made by the P-OEM pursuant to section 1.4 below shall be calculated by (a) first, subtracting from the Base Claim Amount for the Quarterly Payment Period (as defined below) an amount equal to (i) the amount paid by the P-OEM for the Quarterly Reporting Period, minus (ii) the P-OEM Claims against the P-OEM paid by the PSAN PI/WD Trust for the Quarterly Reporting Period; and (b) second, adding to such amount the Expected Base Claim Underfunding, if any, for the Quarterly Payment Period. The resulting amount is referred to herein as the “Adjusted Base Claim Amount” and shall be calculated in accordance with Exhibit B hereto; provided, however, that the Adjusted Base Claim Amount shall not include the initial payment, if any, required to be made by the P-OEM pursuant to section 6.4(b) of the PSAN PI/WD TDP, but shall include any subsequently scheduled payments on account of such P-OEM Claim.

1.4. Payment Schedule.

On the effective date hereof, the P-OEM shall pay the Base Claim Amount for the first two full quarterly periods (and any initial stub quarterly period). Thereafter, commencing after receipt of the first Quarterly Accounting for the first Quarterly Reporting Period, the P-OEM shall pay in full the Adjusted Base Claim Amount calculated for the second quarterly period following the Quarterly Reporting Period (the “Quarterly Payment Period”). For example, if the Quarterly Reporting Period is the first quarter, the Quarterly Payment Period shall be the third quarter; if the Quarterly Reporting Period is the sixth quarter, the Quarterly Payment Period shall be the eighth quarter. The P-OEM shall make such payment within thirty (30) calendar days (the “Quarterly Payment Date”) of receipt of the Quarterly Accounting; provided, however, that with respect to the initial payment, if any, required to be made by the P-OEM pursuant to section 6.4(b) of the PSAN PI/WD TDP, the P-OEM shall be required to pay such amount (after taking into account the Net Liquidated Value of such P-OEM Claim) in accordance with the time period established in section 6.4(b) of the PSAN PI/WD TDP and not on the Quarterly Payment Date.

~~1.3. The Trust Funder shall pay in full the aggregate Net Liquidated Value of all PSAN PI/WD Claims asserted against it and included in the Quarterly Accounting within thirty (30) calendar days of receipt of the Quarterly Accounting; provided, however, that with respect to any PSAN PI/WD Claim liquidated or settled in the tort system, the Trust Funder shall only be required to pay the Net Liquidated Value of such claim required to be paid during the relevant calendar quarter in accordance with the schedule set forth in the PSAN PI/WD TDP. Any payments pursuant to this section 1.4 shall be made by wire transfer of immediately available funds to a segregated account established by the Trustee to hold amounts contributed to the PSAN PI/WD Trust by the Trust Funder P-OEM for payment of liquidated PSAN PI/WD Claims. Payments made by the Trust Funder shall be held by the PSAN PI/WD Trust in a segregated account established solely for the purpose of paying the Net Liquidated Value of PSAN PI/WD Claims asserted against the Trust Funder P-OEM Claims against the P-OEM, and any such amounts paid by the Trust Funder P-OEM shall not be commingled with any other funds contributed to the PSAN PI/WD Trust. In addition, no amounts paid by the Trust Funder P-OEM shall be utilized to pay, in whole or in part, claims asserted with respect to any other OEM's manufacturer's vehicles. For this purpose, the Trustee shall designate to the Trust~~

~~Funder~~P-OEM, not later than two (2) business days prior to the date specified for any payment, the ~~segregated~~ account to which such ~~contribution~~payment is to be made.

If any date on which a payment is due shall fall on a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed, then the payment due on such date shall be payable on the next calendar day that is not a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed.

The Parties acknowledge and agree that the P-OEM has no obligation hereunder or under the Plan, PSAN PI/WD Trust Agreement, PSAN PI/WD TDP or other PSAN PI/WD Trust Documents to make any payments with respect to a TD Claim and any payments made by the P-OEM shall only be applied to satisfy compensable P-OEM Claims against the P-OEM.

1.5. Base Payment Schedule.

Commencing no later ninety (90) calendar days prior to the last day of any Base Payment Schedule, the Trustee and P-OEM shall negotiate in good faith a Base Payment Schedule for the subsequent annual period. If the Trustee and P-OEM are unable to reach agreement on a subsequent Base Payment Schedule by the sixtieth (60th) calendar day prior to the last day of the Base Payment Schedule then in effect, the dispute shall be resolved in accordance with the dispute resolution procedures set forth in Section 9.13 of the PSAN PI/WD Trust Agreement.

1.6. Subsequent Recoveries on P-OEM Claims.

If the Claimant has not received a recovery from the DOJ PI/WD Restitution Fund as of the effective date of the liquidation of the Claimant's ~~PSAN PI/WD P-OEM~~ Claim, the PSAN PI/WD Trust shall require such Claimant, in order to receive payment of the POEM Top-Up Amount, from the PSAN PI/WD Trust, to assign such ~~PSAN PI/WD Claim to the Trust Funder~~Claimant's claim, ~~and the Claimant if any, against the DOJ PI/WD Restitution Fund to the P-OEM and~~ shall acknowledge the ~~Trust Funder's~~P-OEM's sole and exclusive right to seek a payment from the DOJ PI/WD Restitution Fund on account of such ~~PSAN PI/WD P-OEM~~ Claim.³⁴

~~1.4. In addition~~If, if, after payment by in full by the P-OEM to the Trust ~~Funder~~ of the Net Liquidated Value of any ~~PSAN PI/WD P-OEM~~ Claim, the PSAN PI/WD Trust receives any PSAN PI/WD Insurance Proceeds ~~with respect~~allocable to such claim pursuant to the PSAN PI/WD TDP and PSAN PI/WD Trust Agreement, the PSAN PI/WD Trust shall remit any such amounts to the ~~Trust Funder~~P-OEM within thirty (30) calendar days of the date of such receipt.

³⁴ [Assignment and subrogation issues under review.]

2. FUNDING OF ADMINISTRATIVE EXPENSES⁴

2.1. P-OEM Expenses.

~~2.1. The Trust Funder P-OEM shall pay, in accordance with the terms hereof, (a) its proportionate share of the costs and expenses incurred by the PSAN PI/WD Trust in connection with (i) the administration of the PSAN PI/WD Trust solely to the extent the PSAN PI/WD Trust Reserve is insufficient (“Trust Shortfall Expenses”) and (ii) the PSAN PI/WD Trust’s obligations under the PSAN PI/WD Trust Agreement to pay the costs and expenses incurred by the TAC (the “TAC Expenses”) and together with the Trust Shortfall Expenses, the “Proportionate Expenses”); and (b) the incremental costs and expenses specifically incurred by the PSAN PI/WD Trust in connection with the processing, consideration and liquidation of PSAN PI/WD P-OEM Claims asserted against Trust Funder (the “Claims Expenses” and together with the Proportionate Expenses, the “Trust Funder P-OEM (the “P-OEM Expenses”). Other than the payment of the Trust Funder P-OEM Expenses solely as set forth herein, ~~the Trust Funder and~~ payment of the Adjusted Base Claim Amounts, the P-OEM shall have no obligation to pay any other costs or expenses associated with the PSAN PI/WD Trust.~~

~~2.2. The Trust Funder’s Proportionate Expenses for any period of time contemplated hereunder shall be equal to the aggregate amount of the Trust Shortfall Expenses and TAC Expenses for such period of time multiplied by a fraction (a) the numerator of which is the aggregate Liquidated Value of all PSAN PI/WD Claims against the Trust Funder that were resolved during such period of time, and (b) the denominator of which is the aggregate Liquidated Value of all PSAN PI/WD Claims against all Participating OEMs that were resolved during the period of time.~~

~~2.3. The Trust Funder shall pay all Trust Funder Expenses Except as otherwise agreed with the Trustee, the P-OEM shall pay P-OEM Expenses incurred solely in accordance with the Budget (as defined in the PSAN PI/WD Trust Agreement) ~~and shall pay such Trust Funder Expenses only if such Budget has been approved by the OAC.~~~~

2.2. Expense Statement.

~~2.4. On the Effective Date of the Plan, the Trust Funder shall transfer to the PSAN PI/WD Trust \$[]⁵, which is expected to be sufficient to satisfy all Trust Funder Expenses incurred by the PSAN PI/WD Trust during the first calendar quarter of the PSAN PI/WD Trust’s operation (plus any stub period if the Effective Date falls on a date other than the first day of calendar quarter). Thereafter, within five (5) business days of the conclusion of any calendar quarter, the PSAN PI/WD Trust shall submit to the Trust Funder Together with the Quarterly~~

⁴ [Discussions are ongoing regarding the payment of some or all of the Trust Expenses described in this Section 2 from the corpus of the Trust rather than as set forth herein].

⁵ [Amount to be equal to estimated Trust Funder Expenses during first quarter and stub period.]

Accounting, the PSAN PI/WD Trust shall submit to the P-OEM an itemized statement (“Expense Statement”) setting forth, on a line item basis, the amount of expenditures the PSAN PI/WD Trust incurred during the prior calendar quarter (and any applicable stub period) and the sources of payment (including whether such payments were made from the PSAN PI/WD Trust Reserve or amounts funded by the Trust Funder), ~~a reconciliation of such expenses to the Budget, the expected expenditures during the upcoming calendar quarter, the amount of expected funding from the PSAN PI/WD Trust Reserve for such expenditures, the anticipated Trust Funder Expenses, if any, during such calendar quarter and the net payment (the “Net Payment Amount”), if any, of the Trust Funder Expenses due during the calendar quarter. Within five (5) business days of receiving the Expense Statement, the Trust Funder shall remit to the PSAN PI/WD Trust the Net Payment Amount, unless the Net Payment Amount is disputed. The Trust Funder shall provide written notice of any such dispute regarding the Net Payment Amount to the Trustee within five (5) days after receipt of the Expense Statement (the “Objection Deadline”). In the event a written objection is made prior to the Objection Deadline by the Trust Funder, the Trustee shall provide the Trust Funder with copies of detailed invoices supporting the Trust Funder Expenses, and the Trust Funder and Trustee shall meet within fifteen (15) calendar days of the delivery of such supporting documentation to resolve the objection. If the objection is not resolved within thirty (30) calendar days after the Trustee’s receipt of a written objection from the Trust Funder, the objection shall be resolved in accordance with the dispute resolution procedures set forth in Section 8.13 of the PSAN PI/WD Trust Agreement.~~ paid during the Quarterly Reporting Period that constitute P-OEM Expenses, a reconciliation of such expenses to the Budget and to any amounts previously paid by the P-OEM with respect to P-OEM Expenses, the anticipated P-OEM Expenses, if any, that shall become due during the then-current quarterly period (the “Expected P-OEM Expenses”) and the amount of funds remaining in the P-OEM Expense Account at the conclusion of the Quarterly Reporting Period (the “Expense Account Balance”).

2.3. Payment Schedule.

On the effective date of this Agreement, the P-OEM shall transfer to a segregated account established by the PSAN PI/WD Trust for purposes of funding P-OEM Expenses (the “P-OEM Expense Account”) the amount of \$[500,000].

Thereafter, unless disputed in accordance with section 2.4 herein, on the Quarterly Payment Date, the P-OEM shall pay an amount equal to (the “Net Expense Amount”) (a) the Expected P-OEM Expenses, (b)(i) if the Expense Account Balance is greater than \$[250,000], minus an amount equal to the Expense Account Balance minus \$[250,000], or (ii) if the Expense Account Balance is less than \$[250,000], plus an amount equal \$[250,000] minus the Expense Account Balance.

~~2.5. The Net Payment Amount shall be made~~ The P-OEM shall pay the Net Expense Amount by wire transfer of immediately available funds to such segregated account or accounts as shall be established by ~~the~~ PSAN PI/WD Trustee at any time, and from time to time, to hold amounts contributed to the PSAN PI/WD Trust to pay ~~Trust Funder~~ P-OEM Expenses (the “P-OEM Expense Account”). For this purpose, the Trustee shall designate to the ~~Trust Funder~~ P-OEM, not later than forty-eight (48) hours prior to the date specified for any contribution, the

~~account or accounts~~ P-OEM Expense Account (together with appropriate wire instructions) to which such contribution is to be made. If any date on which a payment is due shall fall on a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed, then the payment due on such date shall be payable on the next calendar day that is not a Saturday, Sunday or day on which banks in New York, New York, are permitted to be closed.

~~2.6.~~ Notwithstanding any provision contained herein, the ~~Trust Funder~~ P-OEM may prepay the ~~Trust Funder~~ P-OEM Expenses at any time based upon the expected Net ~~Payment~~ Expense Amount set forth in the Budget.

~~2.4.~~ All obligations of the Trust Funder to fund the Trust Funder Expenses Expense Disputes.

~~2.7.~~ The P-OEM shall provide to the PSAN PI/WD Trustee written notice of any dispute to the Net Expense Amount no later than five business (5) days after receipt of ~~shall cease on the earlier to occur of (i) the last day of the calendar quarter in which the last PSAN PI/WD Claim against the Trust Funder has been liquidated (as certified in writing by the Trustee), and (ii) the termination of the PSAN PI/WD Trust~~ receipt of the Expense Statement (the “Objection Deadline”). In the event a written objection is received by the PSAN PI/WD Trustee on or by the Objection Deadline, the Trustee shall provide the P-OEM with copies of detailed invoices supporting the P-OEM Expenses. The P-OEM and Trustee shall meet within fifteen (15) calendar days of the delivery of such supporting documentation to resolve the objection. If the objection is not resolved within thirty (30) calendar days after the Trustee’s receipt of a written objection from the P-OEM, the objection shall be resolved in accordance with the dispute resolution procedures set forth in Section 9.13 of the PSAN PI/WD Trust Agreement. All fees, costs and expenses incurred in connection with resolving an objection from the P-OEM, including those of the PSAN PI/WD Trust or the Trustee, shall be paid by the P-OEM, unless the dispute is resolved in favor of the P-OEM.

3. DEFAULT PROVISIONS

3.1. Default.

~~3.1.~~ Provided that the PSAN PI/WD Trustee and the PSAN PI/WD Trust comply with each of their obligations set forth herein, in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP, if the ~~Trust Funder~~ P-OEM fails to make any payment required by this Agreement ~~(as of the dates indicated herein, or, if later, the date on which the respective amount owed for any particular payment can be definitively calculated, including, without limitation, pursuant to the dispute provisions in this Section 2.4), the Trust Funder shall be in default of its respective funding requirements to~~ as of the date such payment is required under this Agreement (which shall be deemed to be the date any dispute with respect to any disputed payment is resolved), the P-OEM shall then be in default of its obligations under this Agreement and under the PSAN PI/WD Trust.

The Trustee shall provide the ~~Trust Funder~~ P-OEM with written notice of any such default (a “Default Notice”), and the ~~Trust Funder~~ P-OEM shall have fifteen (15) business days after receipt of a Default Notice to cure any such default. If the ~~Trust Funder~~ P-OEM fails to

timely cure the default within fifteen (15) business days after receiving a Default Notice from the Trustee, ~~the order issuing~~ (the “Cure Deadline”), then the provisions of the Plan, the Trust Documents and the Confirmation Order and any other orders of any Court granting or implementing the Channeling Injunction shall terminate solely as to the Trust Funder for all PSAN PI/WD Claims against the Trust Funder that are then pending or for injuries that occur on any date thereafter, and the Releases provided for in the Plan shall immediately terminate, and shall be of no force or effect, as to the P-OEM, without the need for further action by the Bankruptcy Court, any other court or the PSAN PI/WD Trust.

If the PSAN PI/WD Trustee and the PSAN PI/WD Trust have failed to comply with any of their obligations set forth herein, in the PSAN PI/WD Trust Agreement or the PSAN PI/WD TDP, the P-OEM shall provide the PSAN PI/WD Trust with written notice of any such default, and the PSAN PI/WD Trust shall have fifteen (15) business days after receipt of such notice to cure any such default. If the PSAN PI/WD Trust fails to timely cure the default, the P-OEM is excused from performance hereunder until such time as the PSAN PI/WD Trust cures the default.

If either the PSAN PI/WD Trust, the PSAN PI/WD Trustee or the P-OEM dispute the occurrence or continuation of any default hereunder, the Parties agree that the alleged defaulting party may seek relief on an emergency basis from a court of competent jurisdiction provided the non-defaulting party receives advance written notice of the relief sought and an opportunity to be heard.

3.2. Remedies.

In addition to (and not in lieu of) the remedies provided in Section 3.1, if the P-OEM fails to timely cure a monetary default by the Cure Deadline, such P-OEM shall be liable to the PSAN PI/WD Trust for (i) all unpaid Adjusted Base Claim Amounts and Net Expense Amounts through the date of the Cure Deadline, plus interest on such amounts at a rate of ___ % per annum, (ii) all amounts that may become due on account of P-OEM Claims pending or resolved in the tort system as of the Cure Deadline and future P-OEM Expenses relating to such P-OEM Claims, unless the defense of and liability for such P-OEM Claims has been assumed by the P-OEM and the PSAN PI/WD Trust has no further liability with respect to such P-OEM Claims, (iii) all fees, costs and expenses reasonably incurred by the PSAN PI/WD Trust (including such fees, costs and expenses incurred after the Cure Deadline) relating to notifying Claimants that the P-OEM is no longer a Participating OEM under the terms of the Plan, the PSAN PI/WD Trust Agreement and this Agreement, and (iv) all fees, costs and expenses, including the fees, costs and expenses of attorneys and other advisors, reasonably incurred by or on behalf of the PSAN PI/WD Trust in connection with enforcing the obligations of the P-OEM under this Agreement (including the collection of any monetary payments which are in default).⁵

⁵ [In order to be certain that all parties’ rights are protected, parties will agree to mechanisms that ensure that the Trust, claimant and the P-OEM are not prejudiced as a result of the Channeling Injunction in the event of a default

[Footnote continued on next page]

4. GENERAL PROVISIONS

4.1. Notices.

~~4.1.~~ Any notices or other communications required or permitted hereunder shall be in writing and shall be delivered by overnight courier, hand delivery or facsimile to:

If to the PSAN PI/WD Trust through the Trustee:

[XXXX]

with a copy to ~~(which copy shall not constitute notice):~~

[XXXX]

~~If~~ with a copy to the ~~Trust Funder~~ Future Claims Representative:

[XXXX]

with a copy to ~~(which copy shall not constitute notice):~~ the Trust Advisory Committee:

[XXXX]

If to the P-OEM:

[XXXX]

with a copy to:

[XXXX]

Any notice required or permitted to be provided under this Agreement shall be in writing, sent by overnight carrier for next day delivery, and deemed given one (1) business day after the notifying party delivers the written notice to an overnight carrier.

4.2. Entire Agreement.

~~4.2.~~ The entire agreement of the parties relating to the subject matter of this Agreement is contained herein, and this Agreement and such documents shall supersede any prior oral or written agreements concerning the subject matter hereof. In the event of any inconsistency between this Agreement and the Plan, the Plan shall control.

[Footnote continued from previous page]
and termination with respect to the P-OEM.]

4.3. Governing Law.

~~4.3.~~This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without giving effect to its principles of conflicts of law.

~~4.4.~~The parties mutually agree that the Bankruptcy Court, or such other court of competent jurisdiction after the Debtors' chapter 11 cases are closed, shall retain jurisdiction to enforce and effectuate this Agreement, and the parties consent to personal jurisdiction and venue in the Bankruptcy Court, or such other court of competent jurisdiction after the Debtors' chapter 11 cases are closed.

4.4. Recital Provisions.

~~4.5.~~The recital provisions set forth at the beginning of this Agreement are expressly incorporated herein as terms and conditions of this Agreement.

4.5. Amendments.

~~4.6.~~This Agreement may be amended or modified only by a written instrument signed by all parties to this Agreement and only with the consent of the Future Claims Representative and the Trust Advisory Committee.

4.6. Enforceability.

~~4.7.~~To the extent that any provision of this Agreement may be held to be invalid or legally unenforceable by a court of competent jurisdiction, the parties agree that the remaining provisions of this Agreement shall not be affected and shall be given full force and effect.

4.7. Assignment.

~~4.8.~~This Agreement may not be assigned by any party without the express consent of the other party, the Future Claims Representative and the Trust Advisory Committee. The P-OEM shall remain fully liable for all obligations under this Agreement notwithstanding any permitted assignment hereof. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns. The Future Claims Representative and the Trust Advisory Committee are express third party beneficiaries of this Agreement with the right to enforce the provisions of this Agreement directly against the P-OEM.

4.8. Costs.

~~4.9.~~Each party shall bear its own attorneys' fees and costs with respect to this Agreement.

4.9. Interpretation.

~~4.10.~~The parties hereto have participated jointly in this negotiation and drafting of the Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if jointly drafted by the parties hereto, and no presumption or

burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

4.10. Counterparts.

~~4.11.~~ This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but such counterparts shall together constitute one and the same instrument. Facsimile or electronic signatures shall be deemed originals.

~~4.12. This Agreement shall terminate upon [the PSAN PI/WD Trust Termination Date as defined in the PSAN PI/WD Trust Agreement].~~

4.11. Funding Obligations Termination.

All obligations of the P-OEM to fund any amounts hereunder shall cease on the earlier to occur of (i) the last day of the calendar quarter in which the last P-OEM Claim against the P-OEM has been liquidated as determined by the Trustee (after the Trustee consults with the Future Claims Representative, the Trust Advisory Committee and the OAC), and (ii) the termination of the PSAN PI/WD Trust.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement this ____ day of _____, 2018.

PSAN PI/WD TRUST

By: _____
Name: _____
Title: _____

The ~~Trust Funder~~ P-OEM

By: _____
Name: _____
Title: _____

HIGHLY CONFIDENTIAL; NOT ADMISSIBLE IN ANY PROCEEDING

Exhibit A

Base Payment Schedule

<u>Quarterly Period</u>	<u>Dates Covered</u>	<u>Base Claim Amount</u>
<u>Q1</u>	<u>Effective Date – June 30</u>	
<u>Q2</u>	<u>July 1 – Sept 30</u>	
<u>Q3</u>	<u>Oct 1 – Dec 31</u>	
<u>Q4</u>	<u>Jan 1 – Mar 31</u>	
<u>Q5</u>	<u>Apr 1 – June 30</u>	

Exhibit B

Adjusted Base Claim Calculation

Adjusted Base Claim Amount

= Base Claim Amount

– (Amount Paid by POEM for Quarterly Reporting Period

– Claims Paid by Trust During Quarterly Reporting Period)

+ Expected Base Claim Underfunding for Quarterly Payment Period

This is **Exhibit "R"** referred to in the
affidavit of **KENNETH BOWLING**
sworn before me this
6th day of March, 2018

Donna Marie Matyasowski
A Commissioner for taking affidavits

Trump's Fed chair options: major change or status quo

President says he is 'very, very close' to choosing between a current Fed Governor, an economics professor or bringing Yellen back

BINYAMIN APPELBAUM
WASHINGTON

The two men that U.S. President Donald Trump is considering as replacements for chair Janet Yellen of the Federal Reserve have sharply different views on monetary policy, offering a stark test of Mr. Trump's economic priorities.

The choice pits a status-quo candidate, a current Fed Governor, Jerome H. Powell, against a Stanford University economics professor, John B. Taylor, who is celebrated by many conservative Republicans for his insistence that the economy would produce stronger growth if the Fed would just get out of the way.

Mr. Trump said last week that he also might nominate Ms. Yellen, whom he said he liked "a lot," to a second term. He said on Monday that a decision is "very, very close."

Picking Mr. Powell could allow Mr. Trump to install a Republican Fed chairman without significantly altering monetary policy. Mr. Trump prizes the fact that the economy is growing and the unemployment rate has fallen to 4.2 per cent.

The Fed's current path includes a gradual increase in the benchmark interest rate, which it slashed to nearly zero in the wake of the 2008 financial crisis. The Fed has raised rates four times since then and is expected to approve another in-



From left: Jerome Powell, Janet Yellen and John Taylor are all currently under consideration for chair of the U.S. Federal Reserve. REUTERS

crease before the end of the year. It has also begun slowly reducing its \$4.2-trillion (U.S.) portfolio of U.S. Treasury debt and mortgage-backed securities that it purchased during the crisis to help lower borrowing costs.

Mr. Powell, who joined the Fed in 2012, has generally supported the Fed's expansive efforts to stimulate growth. Analysts regard him as likely to continue the Fed's gradual unwinding of that campaign, although perhaps pressing to raise interest rates a little more quickly.

"Our view is Powell is the GOP version of Yellen, with the added kicker of wanting to reduce regulation," said Tom Porcelli, chief U.S. economist at RBC Capital Markets. He said Mr. Powell was "the easy choice if

you want to maintain continuity."

But some Republicans in Congress and some of Mr. Trump's advisers, including Vice-President Mike Pence, want to overhaul the central bank, beginning right at the top.

Prof. Taylor has been one of the Fed's most outspoken critics in recent years, repeatedly arguing that its stimulus campaign has done little good, considerable harm and should be ended as soon as possible. He also advocates structural reforms to prevent a repeat.

Prof. Taylor's signature proposal is that the central bank should adopt a policy rule — a mathematical formula to guide the movement of its benchmark rate. Prof. Taylor, who developed the first such rule in the early 1990s, argues that this would make

monetary policy more predictable and thus more effective.

Because such rules are calibrated in normal times, that approach could have curtailed the Fed's stimulus campaign. Prof. Taylor's rule, for example, suggests the Fed by now should have raised its benchmark rate to around 3.5 per cent. The rate currently sits between 1 per cent and 1.25 per cent.

Mr. Powell, along with most Fed officials, argues that policy rules are useful benchmarks, but human judgment is indispensable. "Simple policy rules are widely thought to be both interesting and useful, but to represent only a small part of the analysis needed to assess the appropriate path for policy," he said in February. "I am unable to think of any critical, complex human activity that could be safely reduced to a simple summary equation."

Prof. Taylor also favours restraints on other aspects of the Fed's postcrisis response, including the bond-buying campaign it undertook known as quantitative easing.

Prof. Taylor warned repeatedly at the time that the purchases would result in inflation. "We've got a high inflation down the road for sure," he said in June, 2010. "When it will come, I can't predict. But unless there's a change in policy we're going to have inflation like back in the 1970s, or even more." Instead, infla-

tion has been persistently sluggish.

Prof. Taylor has since argued the purchases did no good and that the Fed should be restricted from buying mortgage bonds, because that provides support for a particular kind of borrowing — a decision that belongs to fiscal policy makers.

Still, Mr. Trump has an opportunity to markedly reshape the Fed.

There are currently just four members of the seven-member board, including Ms. Yellen and Mr. Powell. Mr. Trump's first pick for the board, Randal K. Quarles, the Fed's vice-chairman of supervision, has expressed support for Prof. Taylor's approach to monetary policy. The remaining member, Lael Brainard, whose term expires in 2026, has said the Fed should take a cautious approach to raising rates.

But five regional presidents also vote at each policy meeting, which would help blunt any rapid change in approach.

"There's a lot of continuity at the Fed," John Williams, president of the Federal Reserve Bank of San Francisco, said in a recent interview. "We have a deep bench of very professional staff and so I think that the idea that suddenly the Fed turns on a dime if certain positions change is not really accurate. It's a consensus-driven organization."

New York Times News Service

LEGALS

IN RE TK HOLDINGS, INC., ET AL., CASE NO. 17-11375 (BLS)

NOTICE OF DEADLINES FOR FILING PROOFS OF CLAIM INCLUDING CLAIMS OF POTENTIAL TAKATA AIRBAG INFLATOR CLAIMANTS

1. On June 25, 2017 (the "Petition Date"), TK Holdings, Inc. and certain of its affiliates (collectively, the "Debtors") filed chapter 11 cases in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Debtors are subsidiaries of Takata Corporation, a Japanese corporation engaged in the manufacture and sale of automotive components, including airbag inflators. Takata Corporation filed a bankruptcy proceeding in Japan. This notice relates only to claims against the Debtors in the U.S. and Mexico. The name and case number for each Debtor is: Takata Americas, 17-11372; TK Finance, LLC, 17-11373; TK China, LLC, 17-11374; TK Holdings Inc., 17-11375; Takata Protection Systems Inc., 17-11376; Interiors in Flight Inc., 17-11377; TK Mexico Inc., 17-11378; TK Mexico LLC, 17-11379; TK Holdings de Mexico, S. de R.L. de C.V., 17-11380; Industrias Irvin de Mexico, S.A. de C.V., 17-11381; Takata de Mexico, S.A. de C.V., 17-11382; Strosshe-Mex, S. de R.L. de C.V., 17-11383.

2. On October 4, 2017, the Bankruptcy Court entered an order [Docket No. 959] (the "Bar Date Order") establishing deadlines for filing proofs of claim in the Debtors' chapter 11 cases (each a "Proof of Claim"), including a deadline for asserting claims against any Debtor for monetary losses, personal injury, or death (whether past or future) arising out of or relating to an airbag containing phase-stabilized ammonium nitrate propellant ("PSAN Inflators"), or their component parts, manufactured or sold by the Debtors or their affiliates prior to the Petition Date (each a "PPIC Claim"). Except as otherwise stated herein, all persons (including individuals, partnerships, corporations, joint ventures, and trusts), and governmental units who have a claim or potential claim, including under Bankruptcy Code section 503(b)(9), against any Debtor that arose before the Petition Date, no matter how remote or contingent, **MUST FILE A PROOF OF CLAIM.**

I. DEADLINES FOR FILING CLAIMS

The deadlines stated in the Bar Date Order for filing Proofs of Claim are as follows (collectively, the "Bar Dates"):

- For claims against any of the Debtors other than (i) PPIC Claims and (ii) claims of Governmental Units (as defined below), the deadline to file a Proof of Claim is **November 27, 2017 at 5:00 p.m. (Eastern Time)** (the "General Bar Date");
- For PPIC Claims, the deadline to file a Proof of Claim is **December 27, 2017 at 5:00 p.m. (Eastern Time)** (the "PPIC Bar Date"); and
- For claims against any Debtor asserted by a governmental unit (as defined in Bankruptcy Code section 101(27)), the deadline to file a Proof of Claim is **December 22, 2017 at 5:00 p.m. (Eastern Time)** (the "Governmental Bar Date").

II. WHO MUST FILE A PROOF OF CLAIM

4. With limited exceptions stated below, you **MUST** file a Proof of Claim to vote on the Debtors' chapter 11 plan or share in distributions from the Debtors' estates. Claims based on acts or omissions of the Debtors before the Petition Date must be filed on or before the applicable Bar Date, even if such claims are not now fixed, liquidated or certain or did not mature or become fixed, liquidated or certain before the Petition Date.

5. Under Bankruptcy Code section 101(5), "claim" means: (a) a right to payment, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether such right is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

III. SPECIAL PROVISIONS FOR OWNERS OF VEHICLES WITH TAKATA AIRBAG INFLATORS

6. If you have a claim against the Debtors, including for monetary loss, personal injury, or death (past or future) due to your current or past ownership of a vehicle containing a PSAN Inflator regardless of whether it is subject to recall or has already been repaired or you have suffered no harm (as such claims may be deemed to have accrued before the Petition Date), you **MUST** file a Proof of Claim for your PPIC Claim before the PPIC Bar Date in accordance with the instructions below.

7. The Debtors are not seeking to, and the PPIC Bar Date shall not, bar any individuals from filing claims against the Debtors' estates for personal injury or wrongful death tort claims that arise from or relate to incidents that occur after the Petition Date involving vehicles containing PSAN Inflators or their component parts manufactured by the Debtors or their affiliates.

8. You must file a Proof of Claim even if you may be included in, or represented by, a purported class action, class suit, or similar action against the Debtors.

9. Information about how to file a Proof of Claim on account of a PPIC Claim, including how to file electronically, is available at TKRestructuring.com/PPIC. **If you fail to file a Proof of Claim by the PPIC Bar Date: (a) you may be forever barred, estopped, and enjoined from asserting a PPIC Claim against the Debtors even if your loss or injury does not occur until some point in the future (subject to paragraph 7 hereof); (b) the Debtors and their property may be forever discharged from any and all indebtedness or liability with respect to such claim; and (c) you may not receive any distribution on account of such claim.**

IV. WHO NEED NOT FILE A PROOF OF CLAIM

- You do **not** need to file a proof of claim on or prior to the applicable Bar Dates if:
 - Your claim is listed on the Debtors' schedules of assets and liabilities filed with the Court (the "Schedules," available at www.primeclerk.com/takataschedules) and (i) is **not** listed on the Schedules as "disputed," "contingent," or "unliquidated," and (ii) you do not dispute (I) the amount, nature, and priority of the claim as set forth in the Schedules, and (II) that the claim is an obligation of the specific Debtor against which the claim is listed in the Schedules;
 - Your claim has been fully paid;
 - You hold a claim allowable under Bankruptcy Code section 503(b) and 507(a) (2) as an administrative expense (**other than** a section 503(b)(9) claimholder);
 - You hold a claim that has been allowed by order of the Bankruptcy Court entered on or before the applicable Bar Date;
 - You already filed a Proof of Claim with Prime Clerk or the Bankruptcy Court against any of the Debtors with respect to the claim being asserted, utilizing a claim

form that substantially conforms to the proof of claim forms, including a special proof of claim form for PPIC Claims (collectively the

"Proof of Claim Forms"), or Official Form No. 410;

(f) Certain other Bar Date Order exclusions apply.

11. DO NOT FILE A PROOF OF CLAIM IF YOU DO NOT HAVE A CLAIM AGAINST THE DEBTORS.

V. WHAT TO FILE

12. The Proof of Claim Forms may be obtained from (a) the Debtors' Court-approved claims and noticing agent, Prime Clerk LLC ("Prime Clerk"), through TKRestructuring.com or by calling 844-822-9229 (U.S.) or 347-338-6502 (International) or (b) the Bankruptcy Court's website: www.uscourts.gov/forms/bankruptcy-forms. Information about filing a PPIC Proof of Claim is available at TKRestructuring.com/PPIC.

13. All Proof of Claim Forms must: (a) be **signed** by the claimant or its authorized agent, written in English, and denominated in U.S. currency (using the Petition Date exchange rate if applicable); (b) state with specificity the legal and factual basis for the alleged claim, and (c) attach supporting documents, or if voluminous or unavailable, a summary. Any holder of a claim against more than one Debtor must file a separate proof of claim with respect to each such Debtor. Any holder of a claim must identify the Debtor against which its claim is asserted and that Debtor's bankruptcy case number.

14. Your proof of claim form **must not contain**: (a) complete social security or taxpayer identification numbers (only include the last four digits), (b) a complete birth date (include only the year), (c) the name of a minor (include only initials), or (d) financial account numbers (include only the last four digits).

VI. WHEN AND WHERE TO FILE A CLAIM

15. Except as provided herein, all Proofs of Claim Forms must be filed (i) electronically through Prime Clerk's website by using TKRestructuring.com under the link "Submit a Claim" (the "Electronic Filing System") or (ii) by delivering the original Proof of Claim form to: (a) by mail, TK Holdings Inc., Claims Processing Center, c/o Prime Clerk LLC, Grand Central Station, PO Box 4850, New York, NY 10163-4850, or (b) by overnight, courier or hand delivery, TK Holdings Inc., Claims Processing Center, c/o Prime Clerk LLC, 850 Third Avenue, Suite 412, Brooklyn, NY 11232. Proof of Claim Forms may not be delivered by facsimile, telecopy, or electronic transmission (except those filed through the Electronic Filing System).

VII. RESTRUCTURING PROCEEDINGS OF DEBTORS' JAPANESE AFFILIATES

16. Takata Corporation, Takata Kyushu Corporation, and Takata Service Corporation (collectively, "Takata Japan") commenced proceedings under the Civil Rehabilitation Act in Japan, where they are seeking recognition by the Bankruptcy Court under Bankruptcy Code Chapter 15. Parties with claims against Takata Japan can obtain information at www.takata.com.

VIII. RESTITUTION FUND

17. Individuals who have suffered, or will suffer, personal injury caused by a PSAN Inflator may be eligible for compensation from Restitution Funds established by order of the Federal Court for the E.D. of Michigan. The Court has appointed a Special Master, Prof. Eric D. Green, to administer the claimant compensation process and make recommendations regarding fund distribution. If you believe you may qualify for compensation from the Restitution Funds, visit www.takataspécialmaster.com for further information.

IX. PLAN AND DISCLOSURE STATEMENT

18. The Debtors will soon file a chapter 11 plan of reorganization (the "Plan") and disclosure statement (the "Disclosure Statement"). The Plan will describe the proposed treatment of claims against, and interests in, the Debtors; the Disclosure Statement will provide information about the Plan and Debtors. The Bankruptcy Court will hold hearings to consider, and has set deadlines to object to, the Disclosure Statement and Plan.

Disclosure Statement Hearing. January 3, 2018 at 10:00 a.m. (Eastern Time), with objections due by December 27, 2017, at 4:00 p.m. (Eastern Time);

Confirmation Hearing. February 13, 2018 at 10:00 a.m. (Eastern Time), with objections due by February 6, 2018, at 4:00 p.m. (Eastern Time).

19. To receive notices or review the Plan and Disclosure Statement, register your email address at TKRestructuring.com/PPIC. All documents filed with the Bankruptcy Court are available for inspection at the Office of the Clerk of the Court or free of charge at TKRestructuring.com/PPIC. *The Plan will bind all creditors and interest holders upon its confirmation. If you wish to object to Plan or Disclosure Statement, you must properly file and serve an objection by the applicable deadline listed above.*

20. **RELEASES.** The Plan will likely contain broad releases of third-party claims and related injunction provisions. **If approved, these provisions could release claims you hold against certain third parties, including Joyson KSS Auto Safety S.A. (together, with one or more of its current or future subsidiaries or affiliates, the "Plan Sponsor").** The foregoing is a summary only. **Carefully review the full text of the Plan's release, injunction, related provisions and any applicable release "opt out" provision at TKRestructuring.com/PPIC.**

21. **SALE "FREE AND CLEAR."** The Plan will provide for the Plan Sponsor's acquisition of substantially all assets of the Debtors (with specified exclusions generally related to Takata's PSAN Inflator business) free and clear of all claims and interests (collectively, "Claims and Interests"), except for certain specifically assumed liabilities. The Plan Sponsor will not assume any claims of the Debtors or Takata unless it expressly agrees to do so. Without limiting the foregoing, the Plan Sponsor is not assuming any claims or liabilities related in any way to the PSAN Inflators (and the propellant), including PPIC Claims. If you do not file a timely objection to the Plan with the Bankruptcy Court, your right to challenge the sale of the Debtors' assets "free and clear" of Claims and Interests and related injunction will be forfeited. The Bankruptcy Court's approval of the "free and clear" sale and related injunction means that you will be forever barred from asserting any Claims and Interests against the Plan Sponsor and various other related persons. You should review the full text of this provision at TKRestructuring.com/PPIC.

X. CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE APPLICABLE BAR DATE

22. ANY HOLDER OF A CLAIM NOT EXEMPTED FROM THE REQUIREMENTS OF THE BAR DATE ORDER AND THAT FAILS TO TIMELY FILE A PROOF OF CLAIM IN THE APPROPRIATE FORM SHALL NOT BE PERMITTED TO VOTE ON ANY PLAN OF REORGANIZATION FILED IN THESE CASES AND SHALL RECEIVE NO DISTRIBUTION IN THE DEBTORS' CASES ON ACCOUNT OF SUCH CLAIM.

23. A holder of a potential claim against the Debtors should consult an attorney regarding any matters not covered by this Notice, such as whether the holder should file a Proof of Claim Form.

Dated:

October 4, 2017

BY ORDER OF THE COURT
Wilmington, Delaware

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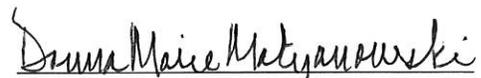
1-800-387-5400
tgam.ca/subscribe

THE GLOBE AND MAIL

This is **Exhibit “S”** referred to
in the affidavit of **Kenneth Bowling**
sworn before me this ___th day of March, 2018.

A Commissioner for taking affidavits.

This is **Exhibit "S"** referred to in the
affidavit of **KENNETH BOWLING**
sworn before me this
6th day of March, 2018


A Commissioner for taking affidavits

This is **Exhibit "T"** referred to in the
affidavit of **KENNETH BOWLING**
sworn before me this
6th day of March, 2018


Dawn Marie Matyasowski
A Commissioner for taking affidavits

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LEGLALS

IN RE TK HOLDINGS, INC., ET AL., CASE NO. 17-11375 (BLS)

NOTICE OF (I) HEARING ON CONFIRMATION OF CHAPTER 11 PLAN AND PROCEDURES AND DEADLINES FOR VOTING ON THE PLAN; AND (II) SUPPLEMENTAL DEADLINE FOR POTENTIAL PSAN INFLATOR CLAIMANTS TO FILE PROOFS OF CLAIM IN THE CHAPTER 11 CASES

1. APPROVAL OF DISCLOSURE STATEMENT. ON JANUARY 5, 2018, THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE (THE “**BANKRUPTCY COURT**”) ENTERED AN ORDER (THE “**DISCLOSURE STATEMENT ORDER**”) APPROVING THE DISCLOSURE STATEMENT FOR THE THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS, FILED ON JANUARY 5, 2018 [DOCKET NO. 1630] (THE “**DISCLOSURE STATEMENT**”). THE DISCLOSURE STATEMENT ORDER, AMONG OTHER THINGS, AUTHORIZES TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS (COLLECTIVELY, THE “**DEBTORS**”) IN THE ABOVE-REFERENCED CHAPTER 11 CASES (THE “**CHAPTER 11 CASES**”) TO SOLICIT VOTES TO ACCEPT OR REJECT THE THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS, FILED ON JANUARY 5, 2018 [DOCKET NO. 1629] (THE “**PLAN**”).

2. CONFIRMATION HEARING. A HEARING (THE “**CONFIRMATION HEARING**”) TO CONSIDER CONFIRMATION HAS BEEN SCHEDULED FOR **FEBRUARY 13, 2018 AT 10:00 A.M.**, BEFORE THE HON. BRENDAN L. SHANNON, CHIEF U.S. BANKRUPTCY JUDGE, IN THE BANKRUPTCY COURT. THE CONFIRMATION HEARING MAY BE ADJOURNED OR CONTINUED WITHOUT FURTHER NOTICE OTHER THAN BY ANNOUNCEMENT IN OPEN COURT OR BY NOTICE OF ADJOURNMENT FILED BY THE DEBTORS AND SERVED IN ACCORDANCE WITH BANKRUPTCY RULE 2002 AND THE LOCAL RULES, OR OTHERWISE. THE PLAN MAY BE MODIFIED, IF NECESSARY, PRIOR TO, DURING, OR AS A RESULT OF THE CONFIRMATION HEARING.

3. SUPPLEMENTAL PPIC BAR DATE. ON DECEMBER 18, 2017, THE BANKRUPTCY COURT ENTERED AN ORDER [DOCKET NO. 1395] (THE “**SUPPLEMENTAL BAR DATE ORDER**”) ESTABLISHING **FEBRUARY 6, 2018 AT 5:00 P.M.** (THE “**SUPPLEMENTAL PPIC BAR DATE**”) AS THE SUPPLEMENTAL DEADLINE FOR PARTIES THAT BECAME THE REGISTERED OWNER OF A VEHICLE CONTAINING THE DEBTORS’ PSAN INFLATORS SUBSEQUENT TO THE COMMENCEMENT OF THE CHAPTER 11 CASES (EACH SUCH PARTY, A “**SUPPLEMENTAL PPIC**” AND EACH SUCH CLAIM, A “**SUPPLEMENTAL PPIC CLAIM**”) TO FILE PROOFS OF CLAIM IN THE CHAPTER 11 CASES.

If you have a claim against the Debtors, including for monetary loss, personal injury, or death (past or future) due to your current or past ownership of a vehicle containing a PSAN Inflator that you purchased subsequent to the commencement of the Chapter 11 Cases regardless of whether it is subject to recall or has already been repaired or you have suffered no harm (as such claims may be deemed to have accrued before the Petition Date), you **MUST** file a Proof of Claim for your Supplemental PPIC Claim before the Supplemental PPIC Bar Date in accordance with the instructions below.

The Debtors are not seeking to, and the Supplemental PPIC Bar Date shall not, bar any individuals from filing claims against the Debtors’ estates for personal injury or wrongful death tort claims that arise from or relate to incidents that occur after the Petition Date involving vehicles containing PSAN Inflators or their component parts manufactured by the Debtors or their affiliates.

You must file a Proof of Claim even if you may be included in, or represented by, a purported class action, class suit, or similar action against the Debtors.

Information about how to file a Proof of Claim on account of a Supplemental PPIC Claim, including how to file electronically, is available at TKRestructuring.com/PPIC. **If you fail to file a Proof of Claim by the Supplemental PPIC Bar Date: (a) you may be forever barred, estopped, and enjoined from asserting a Supplemental PPIC Claim against the Debtors even if your loss or injury does not occur until some point in the future; (b) the Debtors and their property may be forever discharged from any and all indebtedness or liability with respect to such claim; and (c) you may not receive any distribution on account of such claim.**

4. RECORD DATE. EXCEPT AS SET FORTH BELOW OR IN THE DISCLOSURE STATEMENT ORDER, CREDITORS THAT HOLD CLAIMS AGAINST THE DEBTORS IN IMPAIRED CLASSES UNDER THE PLAN AS OF JANUARY 3, 2018 (THE “**RECORD DATE**”) ARE ENTITLED TO VOTE ON THE PLAN. FOR MORE INFORMATION AS TO WHO IS ENTITLED TO VOTE, PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER, WHICH IS AVAILABLE FOR VIEWING FREE OF CHARGE AT WWW.TKRESTRUCTURING.COM (THE “**CASE WEBSITE**”).

5. VOTING DEADLINE. ALL VOTES TO ACCEPT OR REJECT THE PLAN MUST BE **ACTUALLY RECEIVED** BY THE DEBTORS’ VOTING AND TABULATION AGENT, PRIME CLERK LLC (“**PRIME CLERK**”), BY **FEBRUARY 6, 2018 AT 4:00 P.M.** (THE “**VOTING DEADLINE**”). ANY FAILURE TO FOLLOW THE VOTING INSTRUCTIONS INCLUDED WITH YOUR BALLOT MAY DISQUALIFY YOUR BALLOT AND YOUR VOTE. FOR MORE INFORMATION, PLEASE VISIT THE CASE WEBSITE.

6. PARTIES IN INTEREST NOT ENTITLED TO VOTE. HOLDERS OF UNIMPAIRED CLAIMS ARE PRESUMED TO ACCEPT THE PLAN, ARE NOT ENTITLED TO VOTE, AND WILL NOT RECEIVE A BALLOT. HOLDERS OF IMPAIRED CLAIMS AND INTERESTS THAT WILL RECEIVE NO DISTRIBUTION UNDER THE PLAN ARE DEEMED TO REJECT THE PLAN, ARE NOT ENTITLED TO VOTE, AND WILL NOT RECEIVE A BALLOT. SUCH HOLDERS WILL INSTEAD RECEIVE A NOTICE OF NON-VOTING STATUS. IF YOU HAVE TIMELY FILED A PROOF OF CLAIM AND DISAGREE WITH THE DEBTORS’ CLASSIFICATION OF, OBJECTION TO, OR REQUEST FOR ESTIMATION OF YOUR CLAIM AND BELIEVE THAT YOU SHOULD BE ENTITLED TO VOTE ON THE PLAN, THEN YOU MUST SERVE ON THE PARTIES IDENTIFIED IN PARAGRAPH 7 BELOW AND FILE WITH THE BANKRUPTCY COURT A MOTION (A “**RULE 3018(A) MOTION**”) FOR AN ORDER PURSUANT TO BANKRUPTCY RULE 3018(A) TEMPORARILY ALLOWING YOUR CLAIM IN A DIFFERENT AMOUNT OR IN A DIFFERENT CLASS FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN. ALL RULE 3018(A) MOTIONS MUST BE FILED ON OR BEFORE **JANUARY 26, 2018 AT 4:00 P.M.** AS TO ANY CLAIMANT FILING A RULE 3018(A) MOTION, SUCH CLAIMANT WILL BE PROVIDED WITH A BALLOT AND SUCH BALLOT WILL BE COUNTED IN ACCORDANCE THE DISCLOSURE STATEMENT ORDER, UNLESS TEMPORARILY ALLOWED IN A DIFFERENT AMOUNT BY AN ORDER OF THE COURT ENTERED PRIOR TO OR CONCURRENT WITH ENTRY OF AN ORDER CONFIRMING THE PLAN. CREDITORS MAY CONTACT PRIME CLERK IN WRITING AT TK HOLDINGS INC. BALLOT PROCESSING, C/O PRIME CLERK LLC, 850 THIRD AVENUE, SUITE 412, BROOKLYN, NY 11232, BY ELECTRONIC MAIL AT TAKATABALLOTS@PRIMECLERK.COM, OR BY TELEPHONE AT (844) 822-9229 (TOLL-FREE) OR (347) 338-6502 (IF CALLING FROM OUTSIDE THE US OR CANADA) TO RECEIVE AN APPROPRIATE BALLOT FOR ANY CLAIM FOR WHICH A PROOF OF CLAIM HAS BEEN TIMELY FILED AND A RULE 3018(A) MOTION HAS BEEN FILED.

7. OBJECTIONS TO CONFIRMATION. THE DEADLINE TO OBJECT OR RESPOND TO CONFIRMATION OF THE PLAN IS **FEBRUARY 6, 2018 AT 4:00 P.M.** (THE “**PLAN OBJECTION DEADLINE**”).

Objections and responses, if any, to confirmation of the Plan, must: (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules; (c) set forth the name of the objecting party and the nature and amount of Claims held or asserted by the objecting party against the Debtors’ Estates or property; and (d) provide the basis for the objection and the specific grounds thereof.

Registered users of the Bankruptcy Court’s case filing system must electronically file their objections and responses. All other parties in interest must file their objections and responses in writing with the United States Bankruptcy Court Clerk’s Office, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 to the attention of the chambers of the Hon. Brendan L. Shannon, Chief U.S. Bankruptcy Judge.

Any objections or responses must be served (either by regular or electronic mail) so that they are **actually received** by the following parties (collectively, the “**Notice Parties**”) no later than the Plan Objection Deadline:

<p>Debtors TK Holdings Inc. 2500 Takata Drive Auburn Hills, Michigan 48326 Attn: Keith Teel, Esq. (Keith.Teel@Takata.com)</p>	<p>Office of the U.S. Trustee Office of the U.S. Trustee for the District of Delaware 844 King Street, Suite 2207, Lockbox 35 Wilmington, Delaware 19899 Attn: David Buchbinder, Esq. (David.I.Buchbinder@usdoj.gov) Jane Leamy, Esq. (Jane.M.Leamy@usdoj.gov)</p>
<p>Counsel to the Debtors Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 Attn: Marcia L. Goldstein, Esq. (Marcia.Goldstein@weil.com) Ronit J. Berkovich, Esq. (Ronit.Berkovich@weil.com) Matthew P. Goren, Esq. (Matthew.Goren@weil.com)</p>	<p>Counsel to the Creditors’ Committee Milbank, Tweed, Hadley & McCloy LLP 28 Liberty Street New York, New York 10005 Attn: Dennis F. Dunne, Esq. (DDunne@milbank.com) Abhilash M. Raval, Esq. (ARaval@milbank.com) Tyson Lomazow, Esq. (TLomazow@milbank.com) Mary Reidy Doheny, Esq. (MDoheny@milbank.com)</p>
<p>Co-Counsel to the Debtors Richards, Layton & Finger, P.A. 920 N. King Street Wilmington, Delaware 19801 Attn: Mark D. Collins, Esq. (Collins@RLF.com) Michael J. Merchant, Esq. (Merchant@RLF.com)</p>	<p>Counsel to the Tort Claimants’ Committee Pachulski Stang Ziehl & Jones LLP 919 North Market Street, 17th Floor P.O. Box 8705 Wilmington, Delaware 19899 Attn: Laura Davis Jones, Esq. (LJones@pszjlaw.com) James I. Stang, Esq. (JStang@pszjlaw.com)</p>
<p>Counsel to the Plan Sponsor Skadden, Arps, Slate, Meagher & Flom LLP 155 N. Wacker Drive Chicago, IL 60606-1720 Attn: Ron E. Meisler, Esq. (Ron.Meisler@skadden.com) Felicia Gerber Perlman, Esq. (Felicia.Perlman@skadden.com)</p>	<p>Counsel to the Future Claimants’ Representative Frankel Wyron LLP 2101 L Street, NW Suite 800 Washington, DC 20037 Attn: Richard H. Wyron, Esq. (RWyron@frankelwyron.com)</p>
<p>Counsel to the Consenting OEMs Morris, Nichols, Arshat & Tunnell LLP 1201 N. Market Street Wilmington, DE 19899-1347 Attn: Derek C. Abbott, Esq. (DAbbott@mnat.com)</p>	<p>Ashby & Geddes, P.A. 500 Delaware Avenue, 8th Floor P.O. Box 1150 Wilmington, DE 19899-1150 Attn: Karen B. Owens, Esq. (kowens@ashbygeddes.com) William P. Bowden, Esq. (wbowden@ashbygeddes.com)</p>

IF ANY OBJECTION TO CONFIRMATION OF THE PLAN IS NOT FILED AND SERVED AS PRESCRIBED HEREIN, THE OBJECTING PARTY MAY BE BARRED FROM OBJECTING TO CONFIRMATION OF THE PLAN AND MAY NOT BE HEARD AT THE CONFIRMATION HEARING.

8. ADDITIONAL INFORMATION. ANY PARTY IN INTEREST WISHING TO OBTAIN INFORMATION ABOUT THE SOLICITATION AND VOTING PROCEDURES OR COPIES OF THE DISCLOSURE STATEMENT OR THE PLAN SHOULD CONTACT PRIME CLERK AT THE ADDRESS OR NUMBERS SET FORTH IN PARAGRAPH 6 ABOVE. INTERESTED PARTIES MAY ALSO REVIEW THE DISCLOSURE STATEMENT AND THE PLAN FREE OF CHARGE AT THE CASE WEBSITE. IN ADDITION, THE DISCLOSURE STATEMENT AND PLAN ARE ON FILE WITH THE BANKRUPTCY COURT AND MAY BE REVIEWED FOR A FEE BY ACCESSING THE BANKRUPTCY COURT’S WEBSITE: WWW.DEB.USCOURTS.GOV. NOTE THAT A PACER PASSWORD AND LOGIN ARE NEEDED TO ACCESS DOCUMENTS ON THE BANKRUPTCY COURT’S WEBSITE. A PACER PASSWORD CAN BE OBTAINED AT: WWW.PACER.PSC.USCOURTS.GOV. COPIES OF THE DISCLOSURE STATEMENT AND PLAN MAY ALSO BE EXAMINED BY INTERESTED PARTIES DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BANKRUPTCY COURT.

9. EXECUTORY CONTRACTS AND UNEXPIRED LEASES. EXCEPT AS OTHERWISE SET FORTH IN THE PLAN, ALL EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO WHICH ANY OF THE DEBTORS ARE PARTY WILL BE DEEMED ASSUMED BY, AND ASSIGNED TO, THE PLAN SPONSOR UNLESS SPECIFICALLY ASSUMED BY EITHER REORGANIZED TAKATA OR THE WAREHOUSING TRUST OR REJECTED BY THE DEBTORS ON OR BEFORE THE PLAN OBJECTION DEADLINE. THE DEBTORS RESERVE THE RIGHT TO MODIFY THE TREATMENT OF ANY PARTICULAR EXECUTORY CONTRACT OR UNEXPIRED LEASE PURSUANT TO THE PLAN.

10. RELEASES. THE PLAN CONTAINS BROAD RELEASES OF THIRD-PARTY CLAIMS AND RELATED INJUNCTION PROVISIONS. IF APPROVED, THESE PROVISIONS COULD RELEASE CLAIMS YOU HOLD AGAINST CERTAIN THIRD PARTIES, INCLUDING JOYSON KSS AUTO SAFETY S.A. (TOGETHER, WITH ONE OR MORE OF ITS CURRENT OR FUTURE SUBSIDIARIES OR AFFILIATES, THE “**PLAN SPONSOR**”) AND ANY PERSON THAT MAKES A LOAN TO OR INVESTMENT IN THE PLAN SPONSOR FOR PURPOSES OF CONSUMMATING THE SALE OF THE PURCHASED ASSETS TO THE PLAN SPONSOR PURSUANT TO THE PLAN. THE FOREGOING IS A SUMMARY ONLY. CAREFULLY REVIEW THE FULL TEXT OF THE PLAN’S RELEASE, INJUNCTION, RELATED PROVISIONS AND ANY APPLICABLE RELEASE “OPT OUT” PROVISION AT TKRESTRUCTURING.COM/PPIC.

11. SALE “FREE AND CLEAR.” THE PLAN PROVIDES FOR THE PLAN SPONSOR’S ACQUISITION OF SUBSTANTIALLY ALL ASSETS OF THE DEBTORS (WITH SPECIFIED EXCLUSIONS GENERALLY RELATED TO TAKATA’S PSAN INFLATOR BUSINESS) FREE AND CLEAR OF ALL CLAIMS AND INTERESTS (COLLECTIVELY, “**CLAIMS AND INTERESTS**”), EXCEPT FOR CERTAIN SPECIFICALLY ASSUMED LIABILITIES. THE PLAN SPONSOR WILL NOT ASSUME ANY CLAIMS OF THE DEBTORS OR TAKATA UNLESS IT EXPRESSLY AGREES TO DO SO. WITHOUT LIMITING THE FOREGOING, THE PLAN SPONSOR IS NOT ASSUMING ANY CLAIMS OR LIABILITIES RELATED IN ANY WAY TO THE PSAN INFLATORS (AND THE PROPELLANT), INCLUDING PPIC CLAIMS. IF YOU DO NOT FILE A TIMELY OBJECTION TO THE PLAN WITH THE BANKRUPTCY COURT, YOUR RIGHT TO CHALLENGE THE SALE OF THE DEBTORS’ ASSETS “FREE AND CLEAR” OF CLAIMS AND INTERESTS AND RELATED INJUNCTION WILL BE FORFEITED. THE BANKRUPTCY COURT’S APPROVAL OF THE “FREE AND CLEAR” SALE AND RELATED INJUNCTION MEANS THAT YOU WILL BE FOREVER BARRED FROM ASSERTING ANY CLAIMS AND INTERESTS AGAINST THE PLAN SPONSOR AND VARIOUS OTHER RELATED PERSONS. YOU SHOULD REVIEW THE FULL TEXT OF THIS PROVISION AT TKRESTRUCTURING.COM/PPIC.

PLEASE BE ADVISED THAT IF YOUR CLAIM IS UNIMPAIRED UNDER THE PLAN, YOU WILL BE DEEMED TO HAVE GRANTED THE RELEASES CONTAINED IN SECTION 10.6(B) OF THE PLAN.

Dated: January 5, 2018
BY ORDER OF THE COURT
Wilmington, Delaware

TENDERS

FONDUL PROPRIETATEA S.A.

Notice of Foreign Issuer Bid

NOTICE IS HEREBY GIVEN that Fondul Proprietatea S.A. has announced a tender offer pursuant to applicable laws in Romania for up to 1,200,000,000 of its ordinary shares and/or global depositary receipts representing ordinary shares at a purchase price of RON 0.935 per share.

The tender offer will commence on January 18, 2018 and will expire at 12:00 p.m. (Eastern European Time) on February 23, 2018.

The offer documents are available: (i) at the issuer’s registered office located at 78-80 Buzesti Street (7th floor), District 1, Postal Code 011017, Bucharest, Romania; and (ii) on the website of the Bucharest Stock Exchange at www.bvb.ro, as well as on the issuer’s website www.fondulproprietatea.ro.

DATED this 11th day of January, 2018.

Note d’information relative à une offre publique de rachat à l’étranger

AVIS EST PAR LES PRÉSENTES DONNÉ que Fondul Proprietatea S.A. a annoncé le lancement d’une offre publique conformément à la loi roumaine applicable jusqu’à 1.200.000.000 de ses actions ordinaires et/ou des certificats internationaux d’actions étrangères (global depositary receipts) représentant des actions ordinaires au prix d’achat de 0.935 RON par action.

L’offre publique sera ouverte le 18 Janvier 2018 et prendra fin à 12:00 p.m. (Heure d’Europe de l’Est) le 23 Février 2018.

Les documents d’offre seront disponibles: (i) au siège de l’émetteur situé au Str. Buzesti nr. 78-80 (etaj 7), Sector 1, Cod postal 011017, Bucarest, Roumanie; et (ii) sur le site web de la Bourse des Valeurs Bucarest (BVB) au www.bvb.ro, et aussi sur le site web de l’émetteur au www.fondulproprietatea.ro.

FAIT ce Janvier le jour de 11, 2018.

REQUEST FOR TENDERS

Dairy Farmers of Newfoundland and Labrador is the regulatory body for the production and marketing of milk within the province. We are currently inviting tenders from companies interested transporting raw milk in Western NL to various locations in Newfoundland, Nova Scotia, and New Brunswick. To obtain a copy of the complete “Request for Tender for the Transportation of Raw Milk” document please contact:

Dairy Farmers of NL
308 Brookfield Road
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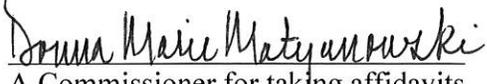


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This is **Exhibit "U"** referred to in the
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sworn before me this
6th day of March, 2018


A Commissioner for taking affidavits

This is **Exhibit "V"** referred to in the
affidavit of **KENNETH BOWLING**
sworn before me this
6th day of March, 2018


A Commissioner for taking affidavits

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X		:	
In re			:	Chapter 11
			:	
TK HOLDINGS INC., et al.,			:	Case No. 17-11375 (BLS)
			:	
Debtors.¹			:	Jointly Administered
			:	

**DISCLOSURE STATEMENT FOR THIRD AMENDED
JOINT CHAPTER 11 PLAN OF REORGANIZATION OF
TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

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Dated: January 5, 2018
 Wilmington, Delaware

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Takata Americas (9766); TK Finance, LLC (2753); TK China, LLC (1312); TK Holdings Inc. (3416); Takata Protection Systems Inc. (3881); Interiors in Flight Inc. (4046); TK Mexico Inc. (8331); TK Mexico LLC (9029); TK Holdings de Mexico, S. de R.L. de C.V. (N/A); Industrias Irvin de Mexico, S.A. de C.V. (N/A); Takata de Mexico, S.A. de C.V. (N/A); and Strosshe-Mex, S. de R.L. de C.V. (N/A). Except as otherwise set forth herein, the Debtors’ international affiliates and subsidiaries are not debtors in these chapter 11 cases. The location of the Debtors’ corporate headquarters is 2500 Takata Drive, Auburn Hills, Michigan 48326.

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THE “***DISCLOSURE STATEMENT***”) IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE DEBTORS’ *THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS*, DATED AS OF JANUARY 5, 2018, (INCLUDING ALL EXHIBITS AND SCHEDULES THERETO AND AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, THE “***PLAN***”) AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.² A COPY OF THE PLAN IS ATTACHED HERETO AS **EXHIBIT A**. NO SOLICITATION OF VOTES TO ACCEPT THE PLAN MAY BE MADE EXCEPT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THE DISCLOSURE STATEMENT AND THE PLAN **IN THEIR ENTIRETY** BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN SECTION X (CERTAIN RISK FACTORS TO BE CONSIDERED) OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THE PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. **IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN WILL GOVERN.**

THE DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH OTHER NON-BANKRUPTCY LAW.

THE DEBTORS BELIEVE THAT THE SOLICITATION OF VOTES ON THE PLAN MADE BY THIS DISCLOSURE STATEMENT ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND RELATED STATE STATUTES BY REASON OF THE EXEMPTION PROVIDED BY SECTION 1145(a)(1) OF THE BANKRUPTCY CODE.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING WITH RESPECT TO PROJECTED CREDITOR RECOVERIES AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE

² Unless otherwise expressly set forth herein, capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to such terms in the Plan. The exhibits to this Disclosure Statement are incorporated as if fully set forth herein and are a part of this Disclosure Statement.

PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CHAPTER 11 CASES.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

THE DEBTORS, THE CONSENTING OEMS, AND THE PLAN SPONSOR (COLLECTIVELY, THE “*SUPPORT PARTIES*”) SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN. THE SUPPORT PARTIES BELIEVE THAT THE PLAN PROVIDES THE HIGHEST AND BEST RECOVERY FOR ALL CREDITORS AND IS IN THE BEST INTERESTS OF STAKEHOLDERS OF THE ESTATES.

I. EXECUTIVE SUMMARY

On June 25, 2017 (the “*Petition Date*”), each of TK Holdings Inc. (“*TKH*”), Takata Americas (“*TKAM*”), TK Finance, LLC (“*TKF*”), TK China, LLC (“*TKC*”), Takata Protection Systems Inc. (“*TPS*”), Interiors in Flight Inc. (“*IIF*”), TK Mexico Inc. (“*TKMI*”), TK Mexico LLC (“*TKML*”), TK Holdings de Mexico S. de R.L. de C.V. (“*TKHM*”), Industrias Irvin de Mexico, S.A. de C.V. (“*IIM*”), Takata de Mexico, S.A. de C.V. (“*TDM*”), and Strosshe-Mex, S. de R.L. de C.V. (“*SMX*” and, collectively, the “*Debtors*”) commenced with the United States Bankruptcy Court for the District of Delaware (the “*Bankruptcy Court*”) a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”). The Debtors’ chapter 11 cases are being jointly administered, for procedural purposes only, under the case *In re TK Holdings Inc., et al.*, Case No. 17-11375 (BLS) (the “*Chapter 11 Cases*”).

On the Petition Date, in coordination with the commencement of the Chapter 11 Cases, Takata Corporation, the Debtors’ ultimate corporate parent (“*TKJP*” and, together with its direct and indirect global subsidiaries, including the Debtors, “*Takata*”), together with Takata Kyushu Corporation and Takata Service Corporation (collectively with TKJP, the “*Japan Debtors*”), commenced civil rehabilitation proceedings under the Civil Rehabilitation Act of Japan (the “*Japan Proceedings*”) in the 20th Department of the Civil Division of the Tokyo District Court (the “*Tokyo District Court*”). On August 9, 2017, the Japan Debtors filed petitions with the Bankruptcy Court seeking recognition of the Japan Proceedings. The Bankruptcy Court entered an order recognizing the Japan Proceedings on November 14, 2017.

On June 28, 2017, the Debtors commenced an ancillary proceeding under the Companies’ Creditors Arrangement Act (Canada), R.S.C. 1985, c. C-36 as amended (the “*CCAA*”) in the Ontario Superior Court of Justice (Commercial List) (the “*Canadian Court*”) in Ontario, Canada. Similarly, on August 25, 2017, the Debtors petitioned the Tokyo District Court for recognition of these Chapter 11 Cases under Article 17(1) of the Act on Recognition of and Assistance for Foreign Insolvency Proceedings. On September 6, 2017, the Tokyo District Court granted the Debtors’ petition.

On July 7, 2017, the United States Trustee for Region 3 (the “*U.S. Trustee*”) appointed the statutory committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code (the “*Creditors’ Committee*”) and the statutory committee of tort claimant creditors pursuant to section 1102(a)(2) of the Bankruptcy Code (the “*Tort Claimants’ Committee*” and, together with the Creditors’ Committee, the “*Committees*”). On September 6, 2017, the Bankruptcy Court, pursuant to sections 105 and 1109(b) of the Bankruptcy Code, appointed Roger Frankel as the legal representative (the “*Future Claims Representative*” or the “*FCR*”) for individuals who sustain injuries related to PSAN Inflators after the Petition Date (such individuals, the “*Future Claimants*”). No bankruptcy trustee or examiner has been appointed in the Chapter 11 Cases.

Pursuant to section 1125 of the Bankruptcy Code, the Debtors submit this Disclosure Statement in connection with the solicitation of votes to accept or reject the Plan (the “*Solicitation*”). As described in further detail below, the Plan represents a significant milestone and achievement in the Debtors’ restructuring as the Debtors continue working to implement and complete the unprecedented recalls relating to certain PSAN Inflators, which

have expanded to become the largest automotive recall campaign in U.S. history. After nearly two (2) years of intensive marketing, diligence, and negotiations between and among Takata, potential sponsor candidates, including KSS (as defined herein), and a group of fifteen (15) of Takata's original equipment manufacturer customers (each a "**Customer**" or an "**OEM**" and each OEM that is a party to the U.S. RSA (as defined herein), a "**Consenting OEM**" and, collectively, the "**Consenting OEMs**"),³ who collectively account for a substantial portion of the PSAN Inflators sold by Takata as of March 2017 and hold a substantial majority of the total unsecured Claims against the Debtors' Estates, Joyson KSS Auto Safety S.A. ("**KSS**" and, collectively with one or more of its current or future subsidiaries or affiliates, the "**Plan Sponsor**") was selected as the purchaser for the sale of substantially all of Takata's worldwide assets unrelated to the manufacture and sale of PSAN Inflators for an aggregate purchase price of \$1.588 billion (the "**Global Transaction**" and the agreements, documents, and instruments executed and delivered in connection with the Global Transaction, as hereafter amended, supplemented, or otherwise modified, the "**Global Transaction Documents**").

The Debtors believe that consummation of the Plan and the closing of the Global Transaction are in the best interests of the Debtors' creditors, employees, vendors, and all other parties in interest. The Plan and the Global Transaction will allow the Debtors to continue operating as a going concern, including with respect to Reorganized Takata for a limited period of time, while also ensuring that the Debtors are able to comply with their ongoing obligations to the National Highway Traffic Safety Administration ("**NHTSA**"), fulfilling a fundamental commitment laid out by the Debtors at the onset of these Chapter 11 Cases—that the commencement of these bankruptcy cases would not impact or impede the general public's ability to fulfill their recalls. In addition, confirmation of the Plan and consummation of the Global Transaction in accordance with the timeline set forth herein will ensure that TKJP is able to comply with the Joint Restitution Order entered by the United States District Court for the Eastern District of Michigan on February 27, 2017 in the case captioned *U.S. v. Takata Corporation*, Case No. 16-cr-20810 (E.D. Mich.) (the "**DOJ Restitution Order**") in connection with the settlement of the two (2) year criminal investigation by the Department of Justice (the "**DOJ**") into Takata. Specifically, the DOJ Restitution Order requires consummation of the Global Transaction by February 27, 2018 and payment of the \$850 million in restitution owed by TKJP and payable for the benefit of the OEMs (the "**DOJ Restitution Claim**" and, together with the \$125 million to recompense individuals who suffered (or will suffer) personal injury caused by the malfunction of a PSAN Inflator, the "**Restitution Payments**") within five (5) days after the Closing Date. Satisfaction of the DOJ Restitution Claim is a condition precedent to consummation of the Global Transaction and is of critical importance to the Debtors. Absent

³ The initial Consenting OEMs consist of the following parties and their affiliates and subsidiaries listed on Schedule 1 to the U.S. RSA: (i) BMW Manufacturing Co., LLC, (ii) Daimler Trucks North America LLC and Mercedes-Benz U.S. International, Inc., (iii) FCA US LLC f/k/a Chrysler Group LLC, FCA Group Purchasing Srl in the name and on behalf of its principals (FCA Italy SpA and FCA Melfi Srl), FCA Fiat Chrysler Automóveis Brasil Ltda., and FCA Automóveis Argentina S.A., (iv) Ford Motor Company, (v) General Motors Holdings LLC, (vi) Honda North America Inc., (vii) Mazda Motor Corporation, (viii) Mitsubishi Motors Corporation, (ix) Nissan North America, Inc. and Nissan Mexicana, S.A. de C.V., (x) Subaru Corporation, (x1) Toyota Motor Corporation, (xii) Volkswagen Group of America, Inc., (xiii) Volvo Group North America LLC and Mack Trucks, Inc., (xiv) Jaguar Land Rover, Ltd (For Voting Purposes Only), and (xv) PSA Automobiles SA (For Voting Purposes Only).

payment of the DOJ Restitution Claim in accordance with the DOJ Restitution Order, the Debtors do not believe that any third-party would be willing to purchase the Debtors' assets as a going concern and the Debtors would likely be forced into a piecemeal liquidation, which could result in the eventual loss of employment for nearly all of the Debtors' employees, the loss of future revenues and contracts for the Debtors' vendors and suppliers, and significantly lower recoveries for creditors. Additionally, if the DOJ declares a breach of the DOJ Restitution Order, the DOJ may reopen its investigation of Takata, including as against TKH, which would likely be fatal to the Debtors' restructuring efforts.

The Plan preserves the going-concern value of the Debtors' businesses, maximizes creditor recoveries, provides for an equitable distribution to all of the Debtors' stakeholders, and protects the jobs of the Debtors' invaluable employees. To evidence their support of the restructuring, the Debtors, the Consenting OEMs, and the Plan Sponsor entered into a restructuring support agreement, dated as of November 16, 2017 (including all exhibits and schedules attached thereto and as may be amended, modified, or supplemented, the "*U.S. RSA*"). On December 8, 2017, the Bankruptcy Court authorized the Debtors' entry into the U.S. RSA and approved the Plan Sponsor Protections (as defined herein) [Docket No. 1335] (the "*RSA Approval Order*").⁴

The Tort Claimants' Committee, the Creditors' Committee, and the Future Claims Representative do not support confirmation of the Plan as presently drafted and may send subsequent letters to their respective creditor constituents which set forth their respective recommendations as to whether to accept or reject the Plan. However, as described below, in developing the Plan, the Debtors gave due consideration to various alternatives, conducted a comprehensive and robust prepetition marketing process, and engaged in significant discussions and negotiations with representatives of and/or professionals for the Consenting OEMs, the Plan Sponsor, and their other stakeholders. After conducting a careful review of their current operations and financial projections developed by management and estimating recoveries in a liquidation scenario, the Debtors concluded that recoveries to the Debtors' stakeholders will be maximized pursuant to the sale of substantially all of the Debtors' assets under the Global Transaction. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part. Furthermore, a liquidation would likely result in significantly greater Claims being filed against the Estates, including, without limitation, Claims from employees, vendors and suppliers, and, most significantly, the Consenting OEMs, which would further dilute or completely diminish recoveries to holders of Allowed General Unsecured Claims. Other parties, including the Tort Claimants' Committee, may disagree with certain of the assumptions in the Liquidation Analysis (as defined below) and may challenge these assumptions and/or that the Plan satisfies the "best interests" test in connection with confirmation of the Plan.

The Debtors believe that any alternative to confirmation of the Plan, such as an attempt by another party to file a competing plan or a sale to a third party other than the Plan

⁴ The Plan Sponsor and certain of the Consenting OEMs have similarly entered into a restructuring support agreement with the Japan Debtors, dated October 30, 2017 (as amended, modified, or supplemented from time to time), to support the Section 42 Business Transfer and other terms of the Global Transaction in connection with the Japan Proceedings (the "*Japan RSA*").

Sponsor, would result in significant delays, litigation, and additional costs, and could negatively affect the Debtors' value by causing unnecessary uncertainty with the Debtors' key customer and supplier constituencies. Additionally, any resulting breach of the milestones for confirmation of the Plan set forth in the U.S. RSA could jeopardize the willingness of the Consenting OEMs and the Plan Sponsor to continue to support the Plan.

Summaries of the Global Transaction and the Global Transaction Documents, including the Plan and the U.S. Acquisition Agreement (as defined herein), including summaries of the proposed releases and injunctions to be implemented pursuant to the Plan, are set forth below. These summaries are qualified entirely by reference to the terms and provisions of the underlying documents or agreements. To the extent there is any discrepancy between the summary contained in this Disclosure Statement and the terms set forth in the underlying documents or agreements, the terms of the underlying documents or agreements shall govern.

THE DEBTORS, THE CONSENTING OEMS, AND THE PLAN SPONSOR SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN TO ACCEPT THE PLAN. THE SUPPORT PARTIES BELIEVE THAT THE PLAN PROVIDES THE HIGHEST AND BEST RECOVERIES FOR ALL CREDITORS AND INTEREST HOLDERS. THE TORT CLAIMANTS' COMMITTEE, THE CREDITORS' COMMITTEE, AND THE FUTURE CLAIMS REPRESENTATIVE DO NOT SUPPORT CONFIRMATION OF THE PLAN AS PRESENTLY DRAFTED.

1.1 *The Global Transaction and U.S. Acquisition Agreement*

As described in further detail below, the Global Transaction provides for the sale of substantially all of Takata's global assets to the Plan Sponsor, other than certain excluded assets that are used exclusively in the manufacture, design, assembly, sale, distribution, or handling of PSAN Inflators (collectively, the "*PSAN Excluded Assets*") and together with certain other excluded assets, the "*Excluded Assets*"). The framework for the Global Transaction is the product of certain conditions imposed by the Plan Sponsor and the Consenting OEMs.

With respect to the Debtors, the Global Transaction will be implemented pursuant to the Plan, the U.S. Acquisition Agreement, dated November 16, 2017 (including all exhibits and schedules attached thereto and each as may be amended, modified, or supplemented from time to time, the "*U.S. Acquisition Agreement*"), and certain other related transaction documents described herein and filed herewith or in the Plan Supplement. With respect to those Takata entities outside of the United States and Mexico, Takata is implementing the Global Transaction through (i) a business transfer pursuant to Section 42 of the Japan Civil Rehabilitation Act filed in the Japan Proceedings (the "*Section 42 Business Transfer*") followed by a liquidating plan in accordance with the Civil Rehabilitation Act, and (ii) certain out-of-court transactions with respect to certain direct or indirect global subsidiaries of TKJP that are not subject to formal insolvency proceedings. Accordingly, the agreements necessary to implement the Global Transaction, which were negotiated in good faith and at arms' length, include (i) at least three (3) purchase agreements, including the U.S. Acquisition Agreement, (ii) the Plan, (iii) the Indemnity Agreement (as defined herein), (iv) the Plan Sponsor Backstop Funding Agreement (as defined

herein), (v) the Global Settlement Agreement (as defined herein), (vi) the U.S. RSA, (vii) the Japan RSA, and (viii) numerous schedules and exhibits to the foregoing documents.

Under the U.S. Acquisition Agreement, TKAM, TKH, TKML, TKHM, IIM, SMX, and TDM (collectively, the “**Sellers**”) will sell substantially all of their non-PSAN Assets to the Plan Sponsor, including the stock of certain subsidiaries of the Sellers, in exchange for the Sellers’ allocable portion of the \$1.588 billion purchase price (approximately \$878 million), subject to certain adjustments in accordance with the U.S. Acquisition Agreement.⁵ The allocation of global purchase price is described in more detail below. The U.S. Acquisition Agreement also provides for certain protections for both the Sellers and the Plan Sponsor. In terms of Seller protections, among other things, the U.S. Acquisition Agreement provides that the Plan Sponsor will be subject to “hell or high water” obligations with respect to both antitrust approvals and clearance by the Committee on Foreign Investment in the United States (“**CFIUS**”), thereby substantially mitigating any antitrust or CFIUS impediments to the closing of the U.S. Acquisition Agreement. The U.S. Acquisition Agreement provides that the Plan Sponsor will pay the Sellers an amount equal to (i) four and one-half percent (4.5%) of the Base Purchase Price (as defined herein) for failure to obtain antitrust approval, or (ii) one-half percent (0.5%) of the Base Purchase Price for failure to obtain CFIUS clearance (in the case of both fees being payable, only the fee for antitrust failure will be due) (the “**Regulatory Termination Fee**”). The U.S. Acquisition Agreement provides for certain break-up fees and/or expense reimbursements (which were approved in the RSA Approval Order and which are also set forth in section 4.6 of the U.S. Acquisition Agreement and, in each case, as amended by the RSA Approval Order, the “**Plan Sponsor Protections**”) in the event that (a) the Sellers consummate a transaction constituting a Superior Proposal (as defined in the U.S. Acquisition Agreement) within fifteen (15) months following termination of the U.S. Acquisition Agreement, (b) the Sellers consummate an Alternative Transaction (as defined in the U.S. Acquisition Agreement) within twelve (12) months following termination of the U.S. Acquisition Agreement for certain reasons, or (c) the U.S. Acquisition Agreement is terminated for certain reasons related to a breach by the Sellers, the sellers under the other Acquisition Agreements or the TSAC Purchase Agreement (if applicable), or the Consenting OEMs with respect to certain obligations under the Global Transaction Documents. The Plan Sponsor Protections will be allocated based upon the Regional Shares⁶ that are used to allocate the global purchase price. The Debtors will be responsible on a joint and several basis for their Regional Share but not the entire amount of the Plan Sponsor Protections. See Section 5.15 below for additional detail on the Plan Sponsor Protections.

1.2 **The Plan**

As described in more detail below, the primary purposes of the Plan include:

⁵ These adjustments are described further in section 7.2 hereof.

⁶ “**Regional Share**” means, with respect to Sellers and the respective sellers under the TKJP Purchase Agreement and the TK Europe Purchase Agreement, the percentages set forth on Schedule B to the U.S. Acquisition Agreement. Such percentages will be adjusted to the extent that the amount of the Base Purchase Price (as defined in the U.S. Acquisition Agreement) is adjusted as provided in section 3.1(b) of the U.S. Acquisition Agreement.

- providing for the sale of substantially all of the Debtors' assets, other than the Excluded Assets, to the Plan Sponsor pursuant to the U.S. Acquisition Agreement, with such sale to be free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, other than the Assumed Liabilities and the Permitted Liens;
- carving out the PSAN Excluded Assets from the sale to the Plan Sponsor and vesting such assets in TKH and certain of its subsidiaries upon TKH's emergence from chapter 11 (TKH, as reorganized, "**Reorganized TK Holdings**" and, collectively with its reorganized subsidiaries, "**Reorganized Takata**" and with respect to the carve out structure, the "**PSAN Carve-Out**");
- vesting the Warehoused PSAN Assets in a Delaware corporation established under the Plan (the "**Warehousing Entity**") to comply with the Debtors' obligations under the Preservation Order (as defined herein) and to continue the maintenance, shipping, and disposal of the Warehoused PSAN Assets after the Effective Date;
- providing for the establishment of a limited liability company organized under the laws of Delaware ("**TK Global LLC**"), which will be the parent holding company of Reorganized TK Holdings and the Warehousing Entity;
- settling the Consenting OEMs' Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims pursuant to Bankruptcy Rule 9019, in exchange for certain consideration including (i) payment of the DOJ Restitution Claim, (ii) the funding of the Warehousing Entity Reserve and Post-Closing Reserve, and (iii) the Business Incentive Plan Payment;
- paying all Administrative Expense Claims, Priority Claims, and Other Secured Claims in full and distributing proceeds of the Global Transaction allocable to the Debtors and other assets to various reserves required to be established under the Plan;
- providing for the establishment of a trust (the "**Reorganized TK Holdings Trust**" and, together with the Warehousing Entity, the "**Legacy Entities**") to, among other things, (i) resolve and make distributions on account of Allowed Administrative Expense Claims until the Non-PSAN PI/WD Claims Termination Date,⁷ (ii) hold the Other Excluded Assets belonging

⁷ The Non-PSAN PI/WD Claims Termination Date refers to the date on which all of the following have occurred: (i) all Claims (other than (a) PSAN PI/WD Claims, (b) Administrative Expense PI/WD Claims, and (c) Administrative Expense PSAN PI/WD Claims) against the Debtors have been resolved, such that there are no more Disputed Claims (other than (a) PSAN PI/WD Claims, (b) Administrative Expense PI/WD Claims, and (c) Administrative Expense PSAN PI/WD Claims); (ii) the Operating Term has concluded and Reorganized Takata has

to the Debtors' estates, the reserves necessary to pay certain claims in full under the Plan, the recovery funds for each of the Debtors to make distributions to holders of Allowed General Unsecured Claims (the "**Recovery Funds**"), other than the Recovery Funds relating to PSAN PI/WD Claims (the "**PSAN PI/WD Funds**") and the Recovery Funds relating to OEM Claims (the "**OEM Funds**"), and the disputed claims reserves established for benefit of holders of subsequently Allowed Claims, and (iii) otherwise wind-down the Debtors' Estates;

- merging the OEM Funds with the DOJ OEM Restitution Fund to be administered by the Special Master; and
- providing for the establishment of a trust (the "**PSAN PI/WD Trust**") to administer the PSAN PI/WD Funds and resolve Allowed PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors.

(a) **The PSAN Carve-Out**

Under the Plan and the U.S. Acquisition Agreement, the PSAN Excluded Assets will be carved out of the sale to the Plan Sponsor and used by Reorganized Takata to continue limited production of PSAN propellant and PSAN Inflators after the Effective Date. The PSAN Excluded Assets consist of assets currently held by two (2) Debtor entities, TKH and TDM, and non-Debtor Takata (Changxing) Safety Systems Co., Ltd. ("**TCX**"). As currently contemplated under the U.S. Acquisition Agreement, TKH will create a new Chinese subsidiary to hold TCX's PSAN Excluded Assets. Although this structure for the formation of the new Chinese subsidiary was provided for in the U.S. Acquisition Agreement, some changes to the structure are being considered by Takata and the Plan Sponsor and will be discussed with the Consenting OEMs.⁸

After the Closing Date, all PSAN propellant necessary for PSAN Inflator production will be produced by Reorganized TK Holdings at the Moses Lake, Washington manufacturing facility, and PSAN Inflators will be produced by TDM at the manufacturing facility in Monclova, Mexico and by the new Chinese subsidiary at the manufacturing facility in

wound down all operations and liquidated all Assets; and (iii) the Legacy Entities have completed the purposes for which they were established and been wound down in accordance with the Plan.

⁸ The proposals currently under discussion include the following: (i) as contemplated in the U.S. Acquisition Agreement, the new Chinese entity that will hold the PSAN Excluded Assets may be formed as a subsidiary of TKH. In connection with the formation of this new Chinese subsidiary by TKH, TKH may be required to make a commitment of \$3 million in registered capital payable to the new entity by late 2018; or (ii) the new Chinese entity that will hold the PSAN Excluded Assets may instead be formed as a subsidiary of Takata (Shanghai) Automotive Component Co., Ltd. ("**TSAC**") and then transferred to TKH prior to or after the Effective Date. It is anticipated that the registered capital of the new Chinese entity would be approximately \$1 million if it is formed as a subsidiary of TSAC. Such amount would be the approximate consideration payable by TKH for the transfer of the equity in the new Chinese entity from TSAC, which payment of consideration may be deferred until there is an obligation to pay the registered capital. This structure would require consent to an amendment to the U.S. Acquisition Agreement by the Plan Sponsor and the Consenting OEMs. In both of the above structures, the transfer of the TCX PSAN Excluded Assets to the new Chinese subsidiary will be completed prior to or contemporaneously with the Closing Date. These proposals are subject to change.

Changxing, China. All non-PSAN Assets in these facilities, and the facilities themselves, will be Purchased Assets sold to the Plan Sponsor under the U.S. Acquisition Agreement or, in the case of the assets of TCX, pursuant to an equity sale of TCX under the Japan Acquisition Agreement (as defined herein).

Reorganized Takata must continue the PSAN Inflator Business (as defined in the U.S. Acquisition Agreement) in order to meet obligations to a limited number of Consenting OEMs that may require post-Closing Date PSAN Inflator production and sale from Reorganized Takata for new production or to fulfill recalls (the “*PSAN Consenting OEMs*”). The PSAN Consenting OEMs are those Consenting OEMs identified on Schedule B to the Plan⁹ that have, prior to December 31, 2017 (or such later date as may be agreed to by the Requisite PSAN Consenting OEMs as of such deadline and the Debtors), entered into agreements with the Debtors that set forth, among other things, the applicable PSAN Consenting OEM’s (i) potential post-Closing Date production requirements and (ii) obligations in respect of any cancellation of its projected post-Closing Date requirements (or portion thereof) of PSAN Inflators. At this time, it is anticipated that Reorganized Takata’s operations will continue for less than a year after the Closing Date.

Reorganized Takata will not manufacture PSAN Inflators for any OEM unless such OEM becomes a PSAN Consenting OEM pursuant to the terms of the Plan. After the Effective Date, Reorganized Takata will only fulfill obligations under existing contracts of PSAN Consenting OEMs (as well as Consenting OEM PSAN Contract Manufacturers and Consenting OEM PSAN Tier Ones) with the Debtors or the Debtors’ non-Debtor affiliates relating solely to PSAN Inflators or covering the manufacture or sale of both PSAN Inflators and other Products that will, under the Plan, be modified at or prior to the Closing Date to apply only to PSAN Inflators, and any renewals or extensions thereof in respect of production for current model series. The contracts between the PSAN Consenting OEMs and Reorganized Takata will provide for Reorganized Takata to manufacture and sell the PSAN Inflators to the PSAN Consenting OEMs based on “piece pricing” for inflators, which will change over time depending on production demands. In this regard, Reorganized Takata will always have the funding and capitalization necessary to continue its operations after the Closing Date on a cost basis with the piece pricing adjustment to account for all operating or production costs.¹⁰ Reorganized Takata will not enter into any new contracts for the sale of PSAN Inflators after the Effective Date.

Reorganized Takata will own and operate the PSAN Excluded Assets until the earlier of (i) such time as production of PSAN Inflators is no longer necessary to comply with the terms of standalone or modified purchase orders with the PSAN Consenting OEMs and any renewals or extensions thereof in respect of production for any current model series and (ii) five (5) years after the Effective Date (the “*Operating Term*”). The Operating Term, however, will be automatically extended if necessary to implement the terms of the Consent Order (as defined herein) or any other order by authorities related to recall, to the extent applicable. Based on

⁹ The PSAN Consenting OEMs may consist of the following, including their applicable subsidiaries and affiliates: FCA US LLC, Nissan Motor Co., Ltd., PSA Automobiles SA, and Toyota Motor Corporation. Reorganized Takata’s total projected inflator revenue is estimated to be an amount that is less than three percent (3%) of the Debtors’ total annual revenue for the previous fiscal year.

¹⁰ The Debtors have prepared financial projections for Reorganized Takata, which are attached hereto as Exhibit K.

current production forecasts, the Operating Term is expected to conclude no later than nine (9) months after the Closing Date. During the Operating Term, Reorganized Takata will be authorized solely to perform certain enumerated actions, in addition to continued PSAN Inflator production, including performing its obligations under the Transition Services Agreement and the Plan Sponsor Backstop Funding Agreement and paying the costs and fees of Eric D. Green (the “*Special Master*”) under the DOJ Restitution Order, the DOJ Monitor, and the NHTSA Monitor.

While Reorganized Takata continues to produce PSAN Inflators after the Closing Date, the Plan Sponsor will assume and complete the Debtors’ module assembly and kitting operations. In this regard, the PSAN Consenting OEMs will purchase PSAN Inflators directly from Reorganized Takata and Reorganized Takata will provide such PSAN Inflators to the Plan Sponsor on a consignment basis (for the benefit of the PSAN Consenting OEMs as consignor) for module assembly and recall kits. Accordingly, the Plan Sponsor will only assemble modules and recall kits with PSAN Inflators produced by Reorganized Takata at the request and direction of the PSAN Consenting OEMs and will never take ownership of PSAN Inflators.

Pursuant to section 7.12 of the U.S. Acquisition Agreement, as Reorganized Takata determines that the PSAN Assets are no longer needed, with such determination to be made in good faith by the Oversight Committee (as defined below in section 1.2(b)(iii)) with the affirmative vote of the Independent Member (as defined below in section 1.2(b)(iii)) based upon then-anticipated production requirements of the PSAN Consenting OEMs as inflator production is transitioned from PSAN to GuNi or another alternative propellant or is otherwise no longer needed, the Plan Sponsor will be required to purchase such PSAN Assets after Reorganized Takata delivers a written notice of sale to the Plan Sponsor. The closing of the purchase and sale of such PSAN Assets will occur within thirty (30) Business Days following delivery of such notice. At each such closing, the Plan Sponsor will pay Cash in an amount equal to the net book value of the PSAN Assets being sold. The aggregate book value of the PSAN Assets subject to section 7.12 of the U.S. Acquisition Agreement is approximately \$16,735,000. Notwithstanding the foregoing, if the Plan Sponsor makes any PSAN Assets Advance Payment (as defined herein) under the Plan Sponsor Backstop Funding Agreement (as defined herein), then such PSAN Assets Advance Payment will be treated as an advance payment of, and will be credited against, any amount required to be paid by the Plan Sponsor to purchase PSAN Assets under section 7.12 of the U.S. Acquisition Agreement.

(i) Transition Services Agreement

On the Closing Date, each of TK Global LLC, Reorganized TK Holdings, and the Warehousing Entity will enter into a services agreement with the Plan Sponsor (the “*Transition Services Agreement*”) pursuant to which the Plan Sponsor will provide certain services to TK Global LLC, Reorganized Takata, and the Warehousing Entity, as applicable, that such entities cannot provide themselves, enabling, among other things, Reorganized Takata to continue PSAN Inflator production after the Closing Date and the Warehousing Entity to complete its warehousing, shipping, and disposal obligations including with respect to any PSAN Inflators returned to the Warehousing Entity after the Effective Date subject to the conditions set forth in the Plan (the “*Services*”). The Services to be provided by the Plan Sponsor will be expressly set forth on a schedule to the Transition Services Agreement and consist of certain engineering

services, manufacturing services, information technology services, financial services, and human resources services. In addition, Reorganized Takata will provide, as a service to the Plan Sponsor, specialty staff capable of maintaining, including through inspection, calibration, replacement, repair, and production support, certain specialty manufacturing equipment to be purchased by the Plan Sponsor. Reorganized Takata will be compensated by the Plan Sponsor for such services in an amount equal to Reorganized Takata's fully-burdened costs for providing such equipment maintenance services, plus three percent (3%). Reorganized Takata will not otherwise provide any services to the Plan Sponsor. Any equipment included in the Purchased Assets that is required for both the production of PSAN Inflators by Reorganized Takata and the production of non-PSAN Inflator Products by the Plan Sponsor will be made available by the Plan Sponsor to Reorganized Takata through Services under the Transition Services Agreement at no cost to Reorganized Takata. The Plan Sponsor will provide all other Services required under the Transition Services Agreement to Reorganized Takata in an amount equal to the Plan Sponsor's fully-burdened costs, in providing the Services, plus three percent (3%) of such costs.

(ii) Ownership and Governance of Reorganized Takata

On the Effective Date, TK Global LLC, a new entity created under the Plan, will become the sole equity interest holder of Reorganized TK Holdings and the terms of the current members of the board of TKH will expire without further action. Except as provided in the Plan or in the Plan Administrator Agreement, the management of Reorganized Takata will be the responsibility of the Plan Administrator.

(b) **Plan Entities**

(i) Post-Closing Date Structure¹¹

In addition to Reorganized Takata, the Plan provides for the establishment of the Reorganized TK Holdings Trust, the Warehousing Entity, and the PSAN PI/WD Trust. Accordingly, the Plan contemplates the post-Closing Date structure for the Chapter 11 Debtors as indicated on the chart attached hereto as **Exhibit B**.

As noted above, TKH, TDM, and the new Chinese subsidiary established to hold the PSAN Assets of TCX will continue their operations after the Closing Date as part of Reorganized Takata. It is also possible that SMX, which is currently a non-manufacturing entity engaged in contracting with OEMs in Mexico for the sale of products, including modules containing PSAN Inflators, will continue to contract with certain of the PSAN Consenting OEMs for the sale of the PSAN Inflators produced by Reorganized Takata post-closing. The non-PSAN Assets at these entities and the non-PSAN assets of TKAM, TKML, TKHDM, and IIM will be sold to the Plan Sponsor. On or after the Effective Date, Reorganized TK Holdings or the Legacy Trustee (as defined herein) may, among other things, cause any or all of the Reorganized Debtors to be merged into one or more of the Reorganized Debtors, dissolved, or otherwise

¹¹ The Reorganized Debtors post-Closing Date structure, including those entities that will be part of Reorganized Takata and continue PSAN Inflator production after the Closing Date, is subject to change and ongoing discussion with the Consenting OEMs. Accordingly, an updated post-Closing Date structure for Reorganized Takata, the Warehousing Entity, and TK Global LLC, as applicable, will be filed with the Plan Supplement on January 23, 2018.

consolidated. Notwithstanding the foregoing, within thirty (30) days after its completion of the acts required by the Plan, or as soon as reasonably practicable thereafter, each Reorganized Debtor will be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each Reorganized Debtor other than the filing of a certificate of cancellation or dissolution by each Reorganized Debtor with the office of the Secretary of State or other appropriate office for the state of its organization.

(ii) The Reorganized TK Holdings Trust

On the Effective Date, the Reorganized TK Holdings Trust will be established in accordance with the Plan to, among other things, (i) be the sole member of TK Global LLC, (ii) hold the Recovery Funds established to make Distributions on account of Other General Unsecured Claims against the Debtors (the “**Other Creditors Funds**”), (iii) hold any Excluded Assets other than the PSAN Assets, the Warehoused PSAN Assets, and any contracts or leases that are rejected by the Debtors or the Reorganized Debtors, and (iv) resolve Disputed Claims and administer Claims, other than (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) the OEM Unsecured Claims, after the Effective Date. The Reorganized TK Holdings Trust will also retain all rights to commence and pursue all Causes of Action, including Avoidance Actions, that are expressly preserved and not released under the Plan. Notwithstanding the foregoing, the Plan Sponsor is acquiring all avoidance actions related to non-PSAN businesses, which are to be released in conjunction with the Closing. *See* Section 6.9(j) hereof. The Debtors estimate that the value of the avoidance actions to be relinquished will be nominal.

The Plan provides for the appointment of a Person to act as trustee of the Reorganized TK Holdings Trust on and after the Effective Date (the “**Legacy Trustee**”) pursuant to the terms of the Reorganized TK Holdings Trust Agreement. The Legacy Trustee will serve in such capacity through the earlier of the date that the Reorganized TK Holdings Trust is dissolved in accordance with the Reorganized TK Holdings Trust Agreement and the date such Legacy Trustee resigns, is terminated, or is otherwise unable to serve for any reason. In furtherance of and consistent with the purposes of the Reorganized TK Holdings Trust and the Plan, the Legacy Trustee will have the power and authority to do the following:

- hold and distribute the Other Creditors Funds to the holders of Allowed Other General Unsecured Claims;
- administer, dispute, object to, compromise, or otherwise resolve all Claims (other than (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims) against the Debtors;
- maintain and administer the Claims Reserves and cash in an amount necessary to administer the Reorganized TK Holdings Trust on and after the Effective Date (the “**Reorganized TK Holdings Trust Reserve**”);

- perform such other functions as are provided in the Plan and the Reorganized TK Holdings Trust Agreement; and
- administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

The Debtors currently anticipate reserving approximately \$12.5 million to fund the Reorganized TK Holdings Trust Reserve. The Reorganized TK Holdings Trust will be dissolved and the Legacy Trustee will be discharged from his/her/its duties upon completion of duties as set forth in the Reorganized TK Holdings Trust Agreement, including when (i) all Disputed Claims (other than PSAN PI/WD Claims, Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims) have been resolved, (ii) all Reorganized TK Holdings Trust Assets have been liquidated, and (iii) all Distributions required to be made by the Legacy Trustee under the Plan and the Reorganized TK Holdings Trust Agreement have been made. The dissolution of the Reorganized TK Holdings Trust, however, will not occur later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(iii) TK Global LLC

On or before the Effective Date, TK Global LLC will be formed to be the parent holding company of Reorganized TK Holdings and the Warehousing Entity. The Reorganized TK Holdings Trust will be the sole member of TK Global LLC. The Plan Administrator and a three-member oversight committee (the “*Oversight Committee*”) shall be appointed to TK Global LLC. TK Global LLC will provide certain support services to each of Reorganized Takata and the Warehousing Entity in accordance with a services agreement to be entered into by TK Global LLC and each of Reorganized Takata and the Warehousing Entity.

The Plan Administrator will be Michael Rains, the current Vice President of the Product Safety Group for TKH (the “*PSG*”). The Plan Administrator will be retained pursuant to the Plan Administrator Agreement and will be authorized solely to perform the Authorized Purposes. In the event the Plan Administrator resigns, is terminated, or is otherwise unable to serve for any reason, a successor shall be designated by the PSAN Consenting OEMs, as reasonably acceptable to the Debtors or Reorganized TK Holdings, as applicable, and the Consenting OEMs. The PSAN Consenting OEMs will have the right, subject to the reasonable consent of the Warehouse Consenting OEMs, to request that the Oversight Committee replace the Plan Administrator if the independent consultant engaged to conduct an assessment and make reports of Reorganized Takata’s operations determines that (i) the Plan Administrator is not operating Reorganized Takata in a reasonable and prudent manner or (ii) Reorganized Takata is not complying with DOJ, NHTSA, or other regulatory requirements.

The fees and expenses of the Plan Administrator will be paid in accordance with the Plan Administrator Agreement from either (i) cash received from the continued operations of Reorganized Takata after the Closing Date, subject to the Reorganized Takata Business Model, as such fees and expenses relate to the Plan Administrator’s oversight and administration of Reorganized Takata or (ii) the Warehousing Entity Reserve, as such fees and expenses relate to

all other services provided by the Plan Administrator, including in connection with the oversight and administration of the Warehousing Entity.

The Oversight Committee will serve as the board of managers of TK Global LLC. Two members of the Oversight Committee will be selected by the Warehouse Consenting OEMs and may include representatives of the Consenting OEMs. The remaining member of the Oversight Committee (the “*Independent Member*”) will be selected by the Debtors, subject to the reasonable consent of the Warehouse Consenting OEMs, and will not be an “insider” of Takata, the Consenting OEMs, or the Plan Sponsor. The Oversight Committee shall have governance rights over TK Global LLC and will review and approve budgets, forecasts, and cash flow projections of TK Global LLC and its subsidiaries, including Reorganized Takata and the Warehousing Entity.

(iv) Reorganized Takata

As described above, Reorganized Takata will continue limited PSAN propellant and PSAN Inflator production for the PSAN Consenting OEMs after the Closing Date. Such production will be completed at production facilities currently held by TKH, TDM, and TCX. During the Operating Term, the Plan Administrator will be authorized solely to perform the Authorized Purposes as they relate to Reorganized Takata, and Reorganized Takata will not manufacture PSAN Inflators for any OEM unless such OEM becomes a PSAN Consenting OEM. Reorganized Takata will also pay the post-Closing Date costs and fees of the Special Master, the DOJ Monitor, and the NHTSA Monitor. According to estimates provided to the Debtors by counsel for each of the Special Master, the DOJ Monitor, and the NHTSA Monitor, the Debtors currently estimate such costs and fees as follows: (i) approximately \$27 million for the Special Master, (ii) approximately \$35 million for the DOJ Monitor, and (iii) approximately \$42 million for the NHTSA Monitor. The estimates for the DOJ Monitor and the NHTSA Monitor reflect estimates from counsel for the Monitors through eighteen (18) months after the Closing Date, with an additional wind down period estimated by the Debtors and their professionals. The Debtors will be responsible for approximately \$9 million of the Special Master costs and fees, approximately \$12 million of the DOJ Monitor costs and fees, and approximately \$14 million for the NHTSA Monitor costs and fees. The allocation of such costs among the Takata entities is based on PSAN Inflators shipped by TKH, TKAM, TKJP, and certain other Takata entities and their subsidiaries, which is discussed further in section 7.4 of this Disclosure Statement.

(v) The Warehousing Entity

On or before the Effective Date, the Warehousing Entity will be established under the Plan to, among other things, administer, acquire, own, maintain, operate, and control the Warehoused PSAN Assets and to comply with Takata’s obligations under the Preservation Order and any other obligations related to the Warehoused PSAN Assets.¹² The Warehoused PSAN Assets are currently stored in eleven (11) warehouses across the globe (the “*PSAN*”

¹² As of the date hereof, it is not yet determined whether the Warehousing Entity will administer the Warehoused PSAN Assets in Asia and Germany. This Disclosure Statement assumes that it will not administer the Warehoused PSAN Assets in Germany.

Warehouses”). The Debtors currently lease three (3) PSAN Warehouses, which are located in Howell, Michigan; Joplin, Missouri; and Eagle Pass, Texas. The remaining PSAN Warehouses are located outside of the United States in Japan, China, and Germany.

The Warehousing Entity will be responsible for the maintenance, shipping, and disposal of PSAN Inflators returned to and warehoused by Takata prior to the Effective Date (including those PSAN Inflators that the Warehouse Consenting OEMs demonstrate, by documentation or otherwise, are in transit to Takata as of the Effective Date). The related costs will be funded by the Debtors and certain non-Debtor affiliates. The Debtors’ share of such costs will be based on the percentage of warehousing, shipping, and disposal costs attributable to the Debtors relative to all global warehousing, shipping, and disposal costs attributable to Takata. In other words, such costs are allocated by region based on each region’s warehousing, shipping, and disposal needs as determined by estimated recalls, capacity, and various related costs. The Debtors currently estimate that the maintenance, shipping, and disposal of PSAN Inflators returned prior to the Effective Date will cost approximately \$92 million,¹³ which includes approximately \$23 million overhead costs related to warehousing, shipping, and disposal activities and the PSG. The Debtors’ share of such costs is estimated to be approximately \$62 million. Notwithstanding the foregoing, upon request by a Warehouse Consenting OEM, the Warehousing Entity and such Warehouse Consenting OEM will enter into an agreement for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date as long as (i) such agreement is in form and substance acceptable to the Warehousing Entity and such Warehouse Consenting OEM and (ii) all related costs are fully paid by such Warehouse Consenting OEM.

The PSG will also be employed by the Warehousing Entity after the Closing Date. The PSG currently manages North American warehouse activities, compliance with the Preservation Order, and the disposal process for PSAN Inflators. The PSG also handles reporting of field claims of PSAN Inflator ruptures to NHTSA and interfaces with the NHTSA Monitor on all PSAN Inflator issues and customer outreach efforts. The primary responsibility of the PSG going forward is the ongoing investigation to determine the safe service life of all desiccated PSAN Inflators, as required under the Consent Order. The PSG will also continue to provide future defect information reports as directed by the Consent Order and maintain communications with NHTSA and other government authorities regarding PSAN Inflators. The PSG may also conduct certain investigations and handle communications related to production concerns at Reorganized Takata. Employment of the PSG is expected to cost approximately \$14 million, with such amounts to be funded by the Warehousing Entity Reserve. This \$14 million for the PSG is included in the overhead costs related to warehousing, shipping, and disposal activities of approximately \$23 million, the costs of which will be allocated among certain Takata entities, including the Debtors. The allocation of these overhead costs, including the PSG, is discussed further in section 7.4 of this Disclosure Statement.

The Warehousing Entity will be dissolved upon completion of its purposes and obligations, including under any agreements entered into by the Warehousing Entity and

¹³ As of the date hereof, the estimate of the Debtors’ contribution to the Warehousing Entity Reserve is less than the amount set forth herein by approximately \$20 million, which may increase the Debtors’ Effective Date Available Cash. This estimate, like all estimates included herein, is subject to change.

Warehouse Consenting OEMs for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date and when all Warehousing Entity Assets have been liquidated. The dissolution of the Warehousing Entity, however, will not occur later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(vi) The PSAN PI/WD Trust

On the Effective Date, the PSAN PI/WD Trust will be established to administer the PSAN PI/WD Funds. The PSAN PI/WD Trust will, among other things:

- assume the liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties,¹⁴ which may potentially include certain Consenting OEMs that become Participating OEMs (as defined herein) as discussed in more detail below;
- administer, process, settle, resolve, and liquidate, as applicable, such PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, in accordance with the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, the Plan, the Confirmation Order, and any Participating OEM Contribution Agreement, if applicable;
- use the PSAN PI/WD Funds to satisfy and make payments to holders of Allowed PSAN PI/WD Claims; and
- use the amounts transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable and as described in Sections 1.2(d) and 6.4(j)(viii)-(x) hereof, to the PSAN PI/WD Trust on the Non-PSAN PI/WD Claims Termination Date to satisfy and make payments to holders of Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims.

For purposes of the Plan, the classification of alleged personal injury, wrongful death, or other similar Claims or Causes of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator is dependent on the timing of the conduct giving rise to the Claim, which is when the PSAN Inflator was sold or supplied to an OEM or any other Person,

¹⁴ “*Protected Parties*” means (i) the Debtors’ non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), (ii) Reorganized Takata, (iii) the Participating OEMs, (iv) the Plan Sponsor Parties, and (v) with respect to each of the foregoing Persons in clauses (i) through (iv), such Persons’ predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons’ respective heirs, executors, estates, and nominees, as applicable.

regardless of whether the injury occurs prepetition, postpetition, or after the Closing Date (as applicable). Specifically, (i) “PSAN PI/WD Claims” relate to PSAN Inflators sold or supplied prior to the Petition Date, (ii) “Administrative Expense PSAN PI/WD Claims” relate to PSAN Inflators sold or supplied on or after the Petition Date, but prior to the Closing Date, and (iii) “Post-Closing PSAN PI/WD Claims” relate to PSAN Inflators sold or supplied on or after the Closing Date.

Further, PSAN PI/WD Claims are defined differently for those Claims asserted against (i) the Debtors or the Protected Parties other than the Participating OEMs and (ii) the Participating OEMs. With respect to the former, PSAN PI/WD Claims are any Claims for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date. With respect to the latter, PSAN PI/WD Claims are any Claims for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death allegedly caused by the PSAN Inflator Defect¹⁵ in a Product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, and such Claims (i) are brought by a citizen of the United States, wherever the injury occurs or (ii) arise from an incident occurring in the United States or its territories, whether or not such Claims are brought by a citizen of the United States. Holders of Claims against the Debtors arising from or relating to PSAN Inflators may reference the flow chart regarding these classifications attached hereto as **Exhibit C**.

The PSAN PI/WD Trust will be administered and implemented by the PSAN PI/WD Trustee, which will be the Special Master, who will act as the initial trustee of the PSAN PI/WD Trust. The PSAN PI/WD Trust Agreement will provide for the continuation of the Future Claims Representative to represent the interests of holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date. The Future Claims Representative will be entitled to reasonable compensation and will be reimbursed by the PSAN PI/WD Trust for the costs of his professionals. In addition to the PSAN PI/WD Trustee and the Future Claims Representative, two trust advisory committees will be created under the Plan to represent current holders of PSAN PI/WD Claims (the “***PSAN PI/WD Trust Advisory Committee***”) and to represent the interests of the Participating OEMs (the “***PSAN PI/WD OEM Advisory Committee***”).

The initial PSAN PI/WD Trust Advisory Committee will consist of three members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trustee will consult with the PSAN PI/WD Trust Advisory Committee on matters pertaining to the general administration of the PSAN PI/WD Trust, must obtain the consent of the PSAN PI/WD Trust Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, and evidentiary requirements, and must meet with the PSAN PI/WD Trust Advisory Committee no less frequently than quarterly. The PSAN PI/WD Trust Advisory Committee will receive reasonable compensation for its services and may utilize professionals, and the members of the PSAN PI/WD Trust Advisory Committee and their professionals will be entitled to reasonable reimbursement from the PSAN PI/WD Trust. Such compensation and

¹⁵ “***PSAN Inflator Defect***” means a defect that occurs in certain Takata inflators because of propellant degradation due to environmental exposure.

reimbursement, however, will be funded solely by the Participating OEMs. The PSAN PI/WD OEM Advisory Committee will consist of the Initial Participating OEM(s) (as defined herein) and up to two additional Participating OEM members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trustee will obtain the consent of the PSAN PI/WD OEM Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, and evidentiary requirements, and must meet with the PSAN PI/WD OEM Advisory Committee no less frequently than quarterly. No fees or expenses of the PSAN PI/WD OEM Advisory Committee will be payable or reimbursable by the PSAN PI/WD Trust. The Debtors currently estimate that the costs, expenses, fees, taxes, or obligations incurred in connection with the administration of the PSAN PI/WD Trust, including the fees and expense of the PSAN PI/WD Trustee and the Future Claims Representative, will be approximately \$4.4 million (the “*PSAN PI/WD Trust Reserve*”).¹⁶

From and after the Effective Date, as described in more detail below, all PSAN PI/WD Claims against the Protected Parties will be channeled to the PSAN PI/WD Trust pursuant to the permanent injunction provided for in section 10.7 of the Plan (the “*Channeling Injunction*”) and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. Accordingly, the PSAN PI/WD Trust will be used to pay PSAN PI/WD Claims against the Debtors and the Protected Parties, up to the full amount of such Claims, from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, (ii) any portion of the Available Cash allocated to the PSAN PI/WD Funds in accordance with the Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii), but only with respect to Claims related to vehicles sold by the applicable Participating OEM.

(c) **Plan Settlement**

Pursuant to Bankruptcy Rule 9019, the provisions of the Plan and the other documents entered into in connection with the Global Transaction constitute a good faith compromise and settlement (the “*Plan Settlement*”) among the Debtors, the Plan Sponsor, and the Consenting OEMs of all Claims and controversies relating to the Consenting OEMs’

¹⁶ Based on the incremental work to be completed by the Special Master as PSAN PI/WD Trustee, the Debtors and their advisors estimated that the PSAN PI/WD Trust Expenses would be approximately \$4.4 million. This number is used in the illustrative waterfall for the allocation of Cash Proceeds attached hereto as Exhibit D. The Debtors recently received a fee estimate in the amount of \$5.5 million from counsel for the Special Master for his role as PSAN PI/WD Trustee. This estimate is subject to change and does not include any other costs, expenses, taxes, or obligations that may be incurred in connection with the administration of the PSAN PI/WD Trust, including the compensation and expenses of the Future Claims Representative after the Effective Date. The fee estimate provided by counsel for the Special Master does not include PSAN PI/WD Trustee fees and costs attributable to duties and work related to channeled PSAN PI/WD Claims against Participating OEMs. Based on information provided by the Future Claims Representative, the Debtors currently estimate such compensation and expenses to be approximately \$1.1 million for five (5) years after the Effective Date. Accordingly, Effective Date Available Cash and Distributions to holders of General Unsecured Claims will decrease incrementally as a result of this increase to the PSAN PI/WD Trust Reserve. In the event that the PSAN PI/WD Trustee is not the Special Master, the costs for the PSAN PI/WD Trust Reserve could be materially higher, which the Debtors and their advisors believe could be as high as approximately \$18 million.

Adequate Protection Claims (currently estimated to be approximately \$285 million), Consenting OEM PSAN Cure Claims (currently estimated to be approximately \$8.5 billion), and Consenting OEM PSAN Administrative Expense Claims (collectively, the “*Settled OEM Claims*”). Other Claims of the Consenting OEMs, including OEM Unsecured Claims, Administrative Expense Claims or Cure Claims that do not constitute Settled OEM Claims (e.g., Administrative Expense Claims or Cure Claims unrelated to PSAN Inflatos) and Claims of the Consenting OEMs against non-Debtor parties (including the Debtors’ non-Debtor affiliates) are not being resolved pursuant to the Plan Settlement and are expressly preserved under the Plan.¹⁷

Upon approval of the Plan Settlement, the Consenting OEMs will receive (i) a Distribution in an amount equal to (a) the positive difference between the \$850 million DOJ Restitution Claim and the aggregate amount of (1) all actual payments to the Special Master from any other source on account of the DOJ Restitution Claim and (2) any amounts received by the OEMs that are credited by the Special Master against such OEMs’ share of the DOJ Restitution Claim, plus (b) the Plan Settlement Turnover Amount, which is up to \$400,000 payable by the Debtors in accordance with the payment waterfall set forth in section 5.18(c) of the Plan, which may constitute Available Cash for IIM, SMX, TDM, and the TKH Debtors (collectively, the “*Plan Settlement Payment*”) and (ii) payment of the Business Incentive Plan Payment under the terms of the U.S. Acquisition Agreement. The Plan Settlement Payment on account of the Settled OEM Claims is currently estimated to be approximately \$246 million, with approximately \$214 million to be paid from the TKH Cash Proceeds and approximately \$31 million to be paid from the SMX Cash Proceeds. In exchange for the Plan Settlement Payment, significant value has been and will be provided to the Debtors’ Estates by the Consenting OEMs and the Plan Sponsor in connection with the Global Transaction, including the following:

- the waiver of any right to receive further recoveries on account of Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims by the Consenting OEMs, other than as set forth above;
- the contribution of the Plan Settlement Turnover Amount by the Consenting OEMs to each of the IIM Recovery Funds, the SMX Recovery Funds, the TDM Recovery Funds, and the TKH Recovery Funds for the benefit of holders of General Unsecured Claims, but such contribution will not be made to the IIM Recovery Funds or the TDM Recovery Funds if the Mexico Class Action Claims are fully resolved prior to the Effective Date, in which case the Plan Settlement Turnover Amount will be limited to \$200,000;
- the funding in full of the Post-Closing Reserve and the Warehousing Entity Reserve in accordance with the Plan;

¹⁷ The Settled OEM Claims are subject to the Challenge Period. To the extent a challenge proceeding is successful, the challenged OEM’s Adequate Protection Claims on account of setoff rights against Customer Accounts will be reduced by the amount of such successful challenge or Released Claims against such OEM will be deemed not to have been released by the Adequate Protection Orders.

- the Consenting OEMs' obligations under the Indemnity Agreement, without which the Plan Sponsor would have been unwilling to enter into the Global Transaction;
- the Consenting OEMs' post-Effective Date commitments to the Plan Sponsor's business;
- the Plan Sponsor's obligation to provide the Plan Sponsor Backstop Funding;
- the Plan Sponsor's commitment to provide the Business Incentive Plan Payment; and
- the Plan Sponsor's Agreement to enter into the Transition Services Agreement.

The Plan Settlement Payment, less the Plan Settlement Turnover Amount, will be paid in full in Cash by the Plan Sponsor pursuant to the payment waterfall to the OEMs in accordance with a method of allocating recoveries among the Consenting OEMs on account of certain categories of Allowed OEM Claims, as agreed to among the Consenting OEMs (the "**Agreed Allocation**"). For the avoidance of doubt, the Debtors are not responsible for or in any way funding the DOJ Restitution Claim under the Plan. Rather, the Consenting OEMs have agreed that the Distribution they receive under the Plan in connection with the Plan Settlement (*i.e.*, on account of the Settled OEM Claims against the Debtors that are independent of the DOJ Restitution Claim) will be credited towards the DOJ Restitution Claim owed by TKJP in order to ensure the viability and closing of the Global Transaction.

(d) **Funding of Reserves and Payments to Holders of Claims**

On the Effective Date, the Plan Sponsor will pay the Purchase Price for the Purchased Assets. The Purchase Price allocable to the Sellers will be further allocated, either directly or indirectly, to each of IIM, SMX, TDM, TKAM, TKC, TKF, and the TKH Debtors pursuant to the allocation methodology described in section 7.1 of this Disclosure Statement (collectively, the Purchase Price allocated to each such Debtor and all Cash and Cash equivalents of such Debtor not acquired by the Plan Sponsor, the "**Cash Proceeds**").

From the Cash Proceeds and the Plan Sponsor Backstop Funding (as defined herein), in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement, the Debtors will first satisfy the following Claims, reserves, funds, and amounts, which are required to be funded in full under the Plan (some of which are being funded by contributions from non-Debtor affiliates):

- Plan Settlement Payment, estimated to be approximately \$245.5 million;
- Claims Reserves, which will be funded on the Effective Date from each applicable Debtor's Cash Proceeds in amounts necessary to pay such Debtor's, as applicable, (i) share of the Disputed Cure Claims Reserve,

(ii) the NHTSA Claims, (iii) Other Secured Claims, (iv) Administrative Expense Claims, (v) Priority Claims, (vi) the Mexico Class Action Claims (estimated to be between approximately \$2.3 million and \$229.3 million with a reserve of approximately \$12 million), and (vii) the Mexico Labor Claims (estimated to be approximately \$900,000);

- the Post-Closing PSAN PI/WD Claims Reserve, estimated to be \$0;
- Reorganized TK Holdings Trust Reserve, estimated to be approximately \$12.5 million, which will be funded from IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, TKH Cash Proceeds, non-Debtor affiliates, Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash,¹⁸ in an amount necessary to fund and administer the Reorganized TK Holdings Trust on and after the Effective Date;
- Post-Closing Reserve, estimated to be approximately \$108 million,¹⁹ which will be funded from the TKH Cash Proceeds, TDM Cash Proceeds, non-Debtor Affiliates, Plan Sponsor Backstop Funding, Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash in an amount necessary to for the post-Effective Date operations, working capital, and wind-down of Reorganized Takata and the costs and fees of the Special Master, the DOJ Monitor, and the NHTSA Monitor;
- Warehousing Entity Reserve, estimated to be approximately \$92 million,²⁰ which will be funded from IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, TKH Cash Proceeds, non-Debtor affiliates, Plan Sponsor Backstop Funding, Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash, in an amount necessary to fund and administer the Warehousing Entity, including the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets, on and after the Effective Date; and
- PSAN PI/WD Trust Reserve, estimated to be approximately \$4.4 million, which will be funded from IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, and TKH Cash Proceeds, pursuant to each Debtor's Allocable Share, to fund any and all costs, expenses, fees, taxes, disbursements, debts, or obligations incurred for the administration of the PSAN PI/WD Trust pursuant to the PSAN PI/WD Trust Agreement.

¹⁸ “*Dissolution Date Cash*” means any Cash in the Reorganized TK Holdings Trust, Reorganized Takata, or the Warehousing Entity, including Cash in the Post-Closing Reserve and the Legacy Entities Reserves (as applicable) and Post-Closing Cash, remaining upon dissolution of any such entity pursuant to the Plan.

¹⁹ The Debtors’ share of the Post-Closing Reserve is estimated to be approximately \$36 million, which also includes approximately \$1 million for capex related costs.

²⁰ The Debtors’ share of the Warehousing Entity Reserve is estimated to be approximately \$62 million.

As noted above, subject to consummation of the Plan Settlement, the Consenting OEMs have agreed to waive certain of their Claims entitled to priority of payment under the Plan in order to ensure that the above reserves and amounts are funded in full.

The TKH Claims Reserve will be funded in an amount necessary for the TKH Debtors to pay the NHTSA Claims in full. Pursuant to section 3.3(b) of the U.S. Acquisition Agreement, the Plan Sponsor will pay a portion of the Purchase Price directly to NHTSA on account of TKH's obligation to pay the NHTSA Claims. As of the date hereof, given the need for NHTSA's ongoing support of and cooperation with the Global Transaction, the Debtors and the Plan Sponsor believe the NHTSA Claims must be satisfied in a manner acceptable to NHTSA. Moreover, as indicated in the Debtors' Schedules, the Debtors believe that the Consent Order may constitute an executory contract that must be assumed by Reorganized Takata in order to permit Reorganized Takata's post-Closing Date operations. If the Consent Order is treated as an executory contract, the Debtors are obligated to pay any outstanding amounts owed thereunder in full. The Committees and the FCR each object to the payment in full of the NHTSA Claims and believe such claims should be treated as a General Unsecured Claim (Class 6(d) – Other General Unsecured Claims against the TKH Debtors) or Subordinated Claims (Class 8(d) – Subordinated Claims against the TKH Debtors). The treatment of the NHTSA Claims will be addressed at the Confirmation Hearing.

In addition, the IIM Claims Reserve and the TDM Claims Reserve will each be funded with Cash Proceeds necessary to satisfy the Mexico Labor Claims and the Mexico Class Action Claims. The amount to be reserved for such Claims is equal to the remaining Cash Proceeds at each of TDM and IIM, after paying other costs owed by these entities in furtherance of the Global Transaction. Reserving such amounts for the Mexico Labor Claims and the Mexico Class Action Claims increases the likelihood that no Available Cash will be distributed to holders of OEM Unsecured Claims, PSAN PI/WD Claims, and Other General Unsecured Claims against each of IIM and TDM. Nevertheless, the Debtors believe that such treatment is necessary to minimize the risk that the Mexico Labor Claims and the Mexico Class Action Claims will negatively impact or burden IIM or TDM after the Closing Date and thereby threaten feasibility in the event the discharge of Claims against such entities is not enforceable under Mexican law. The Committees and the FCR each object to the treatment of the Mexico Labor Claims and the Mexico Class Action Claims. The treatment of the Mexico Labor Claims and the Mexico Class Action Claims will be addressed at the Confirmation Hearing.

An illustrative waterfall for the allocation of Cash Proceeds is attached hereto as **Exhibit D**. Please note that amounts set forth on **Exhibit D** are estimates based on information currently available and actual amounts, including the amount of each adjustment made pursuant to section 3.1 of the U.S. Acquisition Agreement and Base Purchase Price and the Seller Allocated Purchase Price (each as defined herein) for each Debtor, may be materially different (higher or lower) than the amounts reflected herein.

(i) Effective Date Available Cash and Available Cash

Pursuant to the Plan, any Cash Proceeds remaining on the Effective Date after paying or reserving amounts for the Plan Settlement Payment (including the Plan Settlement Payment Turnover Amount), the Claims Reserves, the Legacy Entities Reserves, the Post-

Closing Reserve, and the PSAN PI/WD Trust Reserve will constitute Effective Date Available Cash and be available for the holders of General Unsecured Claims through the Recovery Funds and the Disputed Claims Reserves. In addition to Effective Date Available Cash, Available Cash under the Plan (meaning Cash that will be made available for Distributions to holders of Allowed General Unsecured Claims) will generally consist of (i) a surplus in funding of the Claims Reserves that is not needed to satisfy the Post-Closing Reserve or the Legacy Entities Reserves and that is made available to the Recovery Funds and Disputed Claims Reserves in accordance with section 5.5(d)(i) of the Plan, and (ii) any Residual Value (as defined herein) attributable to or funded by the Debtors. As noted above, \$100,000 of the Plan Settlement Turnover Amount will also constitute Available Cash for each of SMX and the TKH Debtors and for IIM and TDM solely in the event that the Mexico Class Action Claims have not been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date. Available Cash for IIM, SMX, TDM, and the TKH Debtors will be allocated to the Recovery Funds and the Disputed Claims Reserves, as applicable, pursuant to the Distribution Formula. Available Cash allocated to the Recovery Funds will then be made available for Distribution to the holders of Allowed General Unsecured Claims within each relevant Class on a pro rata basis.

(ii) Surplus Reserved Cash, Post-Closing Cash, and Residual Value

Under the Plan, surplus funds (if any) in any reserve will generally be used to fund shortfalls in the various other reserves established under the Plan before such funds are made available for Distribution to holders of Allowed General Unsecured Claims. More specifically, any surplus in the funding of the Claims Reserves, as determined by the Claims Administrator on each six-month anniversary of the Effective Date, will first be made available to the Post-Closing Reserve, the Warehousing Entity Reserve, and the Reorganized TK Holdings Trust Reserve. In the event that these reserves are sufficiently funded to satisfy the purposes for which they were established and both the Warehousing Entity and Reorganized Takata have been dissolved (or such earlier date as agreed to by the Plan Sponsor and the Consenting OEMs), such surplus funding from the Claims Reserve will become Available Cash of the Debtor(s) that contributed such funding and be deposited into the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula. Any surplus in funding of the Legacy Entities Reserves and the Post-Closing Reserve will not become Available Cash prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity.

Following the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity, any surplus in funding of the Legacy Entities Reserves and the Post-Closing Reserve will be allocated in accordance with sections 5.6(l), 5.8(l), and 5.9(h) of the Plan. Similarly, any Cash recovered by the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity after the Effective Date as a result of, among other things, the liquidation of assets in the Reorganized TK Holdings Trust and the continued operations of Reorganized Takata, will not become Available Cash prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity.

More specifically, after the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity, any Dissolution Date Cash in the Reorganized TK Holdings Trust, Reorganized Takata, or the Warehousing Entity that is not needed to satisfy

Claims against Reorganized Takata or the Warehousing Entity (as applicable) upon dissolution thereof or to fund the Post-Closing Reserve, the Legacy Entities Reserves, or the Claims Reserves (the “*Residual Value*”) will generally become Available Cash of the applicable Debtor, according to each Debtor’s Allocable Share²¹ of such Residual Value, and be deposited into the applicable Recovery Funds and Disputed Claims Reserves, as applicable, pursuant to the Distribution Formula.

A chart indicating the potential funds that could be Available Cash, which will be made available for distribution to holders of Allowed General Unsecured Claims under the Plan, is attached hereto as **Exhibit E**. **Exhibit E** also contains information regarding funding available for PSAN PI/WD Claims, as discussed in more detail below.

(e) **Plan Sponsor Backstop Funding**

In connection with the Global Transaction, the Debtors and certain other Takata entities entered into a backstop agreement with the Plan Sponsor, KSS Holdings, Inc., and the Consenting OEMs (the “*Plan Sponsor Backstop Funding Agreement*”). Pursuant to the Plan Sponsor Backstop Funding Agreement, the Plan Sponsor has agreed to backstop up to \$75 million in the funding of certain of the Claims and reserves that are required to be funded in full under the Plan or in other regions. Specifically, with respect to the Debtors, the Plan Sponsor will backstop (i) the Plan Settlement Payment, other than the Plan Settlement Turnover Amount, and (ii) the funding of the Post-Closing Reserve and Warehousing Entity Reserve, which for purposes of triggering the Plan Sponsor’s obligation to provide Plan Sponsor Backstop Funding, will be in an amount not to exceed \$200 million in the aggregate (the “*PSAN Legacy Costs*” and, together with the Plan Settlement Payment, the “*Backstopped Claims*”).²² The Plan Sponsor will backstop up to \$75 million of the amount necessary to satisfy the Backstopped Claims and the other Claims that the Plan Sponsor has agreed to backstop under the terms of the Plan Sponsor Backstop Funding Agreement, subject to a dollar-for-dollar reduction to the extent that the aggregate amount of Allowed Administrative Expense Claims of Professional Persons and certain professional fees of Consenting OEMs exceed \$124 million (the “*Backstop Funding Cap*”).

Up to \$75 million in backstop funding will be available to the Debtors and certain other Takata entities. **No portion of the Plan Sponsor Backstop Funding can be used directly or indirectly as a means to fund distributions to holders of General Unsecured Claims.** With respect to the Debtors: (i) up to \$25 million will be available on the Closing Date until the date on which both Reorganized Takata and the Warehousing Entity have been liquidated,

²¹ With respect to Residual Value in the Legacy Entities Reserves or the Post-Closing Reserve, “Allocable Share” refers to the amounts of such Residual Value attributable to a particular Debtor in the reasonable discretion of the Legacy Trustee (in the case of the Reorganized TK Holdings Trust Reserve) or the Plan Administrator (in the case of the Warehousing Entity Reserve and the Post-Closing Reserve), based on the assets of each Debtor contributed to or monetized by the Legacy Entities or Reorganized Takata.

²² Under the Plan Sponsor Backstop Funding Agreement, Backstopped Claims also include the “Catch-Up Rule Amount,” which refers to a distribution contemplated by the Japan RSA to be made to holders of allowed rehabilitation claims (other than the Consenting OEMs) in the Japan Proceedings in connection with approving the Japan Debtors’ payment as of the Closing Date of their share of the DOJ Restitution Claim and the PSAN Legacy Costs.

dissolved, and wound up (the “**Backstop Expiration Date**”) as an advance payment for the PSAN Assets that the Plan Sponsor is required to purchase pursuant to section 7.12 of the U.S. Acquisition Agreement (the “**PSAN Assets Advance Payment**”), solely to the extent that the Debtors’ share of the Purchase Price and any other value of the Debtors is insufficient to fund in full the Backstopped Claims, and (ii) up to \$25 million will be available on or after the twelve (12) month anniversary of the Closing Date until the Backstop Expiration Date and up to \$25 million will be available on or after the twenty-four (24) month anniversary of the Closing Date until the Backstop Expiration Date, solely to the extent that there exists, at the time of the request for funding, a present or near-term expected deficiency in the funding of the PSAN Legacy Costs (collectively, the “**Plan Sponsor Backstop Payments**”), in each case, in accordance with the terms and conditions of the Plan Sponsor Backstop Funding Agreement. Notwithstanding these timing requirements, the Plan Sponsor will provide up to the full amount of the Backstop Funding Cap to fund the Backstopped Claims on an earlier date as required by the Bankruptcy Court as necessary to confirm the Plan.

While the Debtors have no obligation to reimburse the Plan Sponsor for the PSAN Assets Advance Payment, the Debtors are required to repay any Plan Sponsor Backstop Payments, in addition to certain unreimbursed expenses of the Plan Sponsor, from any distributions of Cash from Takata (Shanghai) Automotive Component Co., Ltd. (“**TSAC**”) to TKC or any of its affiliates after the Effective Date. The Consenting OEMs have also agreed to repay the Plan Sponsor Backstop Payments, in addition to certain unreimbursed expenses of the Plan Sponsor, from any amounts actually received by each Consenting OEM on account of its OEM Unsecured PSAN Claims (as defined in the Plan Sponsor Backstop Funding Agreement) in the Chapter 11 Cases or the Japan Proceedings or from the residual proceeds of the solvent liquidation of certain Takata entities pursuant to the Global Settlement Agreement. Accordingly, a distribution of Cash from TSAC is the Plan Sponsor’s only source of repayment from the Debtors and the other Takata entities party to the Plan Sponsor Backstop Funding Agreement.

On the Closing Date, the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity will each become party to the Plan Sponsor Backstop Funding Agreement and possess all of the rights and be subject to all of the obligations of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity, respectively, under and as set forth in the Plan Sponsor Backstop Funding Agreement

(f) **Classification and Treatment of General Unsecured Creditors**

As described in more detail below, the Plan creates four (4) Classes of unsecured Claims entitled to vote to accept or reject the Plan. Such Classes consist of (i) Mexico Class Action Claims and Mexico Labor Claims (only with respect to IIM and TDM), (ii) OEM Unsecured Claims, (iii) PSAN PI/WD Claims, and (iv) Other General Unsecured Claims²³ and will receive the following treatment:

²³ Other General Unsecured Claims are comprised of any unsecured Claim against the Debtors not entitled to priority of payment under section 507(a) of the Bankruptcy Code, other than an OEM Unsecured Claim, a PSAN PI/WD Claim, or any Claim assumed by the Plan Sponsor under the U.S. Acquisition Agreement, and include any Claim brought by a State or Territory of the United States, any Economic Loss Claim, any Other PI/WD Claim, any

- *Mexico Class Action Claims and Mexico Labor Claims against IIM and TDM* – Holders of Allowed Mexico Class Action Claims and Mexico Labor Claims against IIM and TDM will receive their pro rata share of the amounts separately reserved for such Claims in the IIM Claims Reserve and the TDM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.
- *OEM Claims against the TKH Debtors, IIM, TDM, and SMX* – OEM Unsecured Claims of the Consenting OEMs will be allowed in an estimated aggregate amount of \$38,645,862,823 for distribution purposes and each Holder of an Allowed OEM Unsecured Claim will receive its pro rata share of the Available Cash allocated to the OEM Funds.²⁴
- *PSAN PI/WD Claims against the TKH Debtors, IIM, TDM, and SMX* – Each holder of an Allowed PSAN PI/WD Claim, including those holders of PSAN PI/WD Claims represented by the Future Claims Representative, will receive its pro rata share of the Available Cash allocated to the PSAN PI/WD Funds, which will include PSAN PI/WD Top-Up Amounts for holders of Allowed PSAN PI/WD Claims against a Participating OEM.
- *Other General Unsecured Claims against TKAM, TKF, TKC, the TKH Debtors, IIM, TDM, and SMX* – Each holder of an Allowed Other General Unsecured Claim will receive its pro rata share of the Available Cash allocated to the Other Creditors Fund.

In addition to the four Classes of Claims noted above, the Plan also establishes a Class for Claims that are (i) subject to subordination under section 510 of the Bankruptcy Code and (ii) for a fine, penalty, forfeiture, multiple, exemplary or punitive damages, or otherwise not predicated upon compensatory damages, and that would be subordinated in a chapter 7 case pursuant to section 726(a)(4) of the Bankruptcy Code or otherwise (the “***Subordinated Claims***”).²⁵ Any Claim that satisfies the definition of a Subordinated Claim will be a

antitrust class action Claims, any Intercompany Claims, and any Mexico Class Action Claims solely as against TKH.

²⁴ The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimates provided herein are subject to change.

²⁵ The States take issue with the definition of Subordinated Claims, asserting that the Debtors should explain why subordination under section 726(a)(4) applies in chapter 11 cases. The Debtors submit, however, that there is plentiful applicable authority for subordinating claims under section 726(a)(4) of the Bankruptcy Code in a chapter 11 plan. See *Owens Corning v. Credit Suisse First Boston*, 322 B.R. 719, 724 (D. Del. 2005) (“[I]f subordination of punitive damage claims is mandated in Chapter 7 liquidations, it seems entirely appropriate to subordinate such claims in the Chapter 11 setting.”); *In re New York Med. Grp., P.C.*, 265 B.R. 408, 416 (Bankr. S.D.N.Y. 2001) (“Like tax penalty claims, punitive damage claims are subordinated to general unsecured claims in a chapter 7 liquidation, see 11 U.S.C. § 726(a)(4), and hence, fare differently under the ‘best interest of creditors’ test. This difference may justify the separate classification of punitive damage claims, or if classified with unsecured claims, their subordination to the payment of the unsecured claims. The Supreme Court left this possibility open”); 7 Collier on Bankruptcy § 1129.02 (stating that “section 726(a)(4) also provides a basis for different classification of

Subordinated Claim notwithstanding that such Claim would otherwise be an Other General Unsecured Claim. Holders of Subordinated Claims are not entitled to vote and are deemed to reject the Plan. Additionally, holders of Subordinated Claims will not receive or retain any property under the Plan on account of such Claims, and the obligations of the Debtors and the Reorganized Debtors on account of Subordinated Claims will be discharged. Subordinated Claims will be identified through the Claims resolution process.

(g) **Distribution Formula**

The Plan is designed for the Recovery Funds relating to OEM Unsecured Claims, PSAN PI/WD Claims, and Other General Unsecured Claims for each of IIM, SMX, TDM, and the TKH Debtors to receive amounts of Available Cash that are sufficient to achieve roughly equivalent recoveries for all holders of Allowed General Unsecured Claims on a pro rata basis. The Plan accomplishes this by creating a Disputed Claims Reserve for each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the Distribution Formula generally provides that the percentage of Available Cash to be allocated to the Recovery Funds and the Disputed Claims Reserves of IIM, SMX, TDM, and the TKH Debtors will be based on, as of the applicable Distribution Date, (i) PSAN PI/WD Claims based on the estimate of PSAN PI/WD Claims as set forth in the Claims Estimation Report,²⁶ (ii) Allowed OEM Unsecured Claims, (iii) Allowed Other General Unsecured Claims, and (iv) an aggregate amount equal to an estimate of disputed, unliquidated, or contingent OEM Unsecured Claims and Other General Unsecured Claims, as of the Effective Date, respectively, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv). Notwithstanding the foregoing, the amount of Available Cash allocated to the PSAN PI/WD Funds will be reallocated to the extent necessary to provide proportionate treatment after giving effect to recoveries to holders of allowed PSAN PI/WD Claims from PSAN PI/WD Insurance Proceeds. The Distribution Formula consists of the following steps:

claims in a chapter 11 plan . . . if a chapter 11 plan proposes to pay such a class of penalty claims less than other unsecured claims, this treatment would not be a basis for denying confirmation so long as the proposed plan treatment gives such a penalty class at least as much as it would have received in a chapter 7 distribution.”); *see also In re Wash. Mut., Inc.*, Case No. 08-12229 (MFW) (Bankr. D. Del. Feb. 24, 2012) [Docket No. 9759] (order confirming chapter 11 plan providing for the subordination of penalty claims pursuant to section 726(a)(4) of the Bankruptcy Code); *In re Refco Inc.*, Case No. 05-60006 (RDD) (Bankr. S.D.N.Y. Dec. 15, 2006) [Docket No. 3971] (same); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. July 15, 2004) [Docket No. 19759] (same).

²⁶ “**Claims Estimation Report**” means the report produced by the claims estimation expert retained by the Debtors to estimate existing and future PSAN PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims.

- Step 1:** Total PSAN PI/WD Claims¹ + Total Allowed OEM Unsecured Claims + Total Allowed Other General Unsecured Claims + Total Amount Equal to Estimate of Disputed, Unliquidated, or Contingent OEM Unsecured Claims and Other General Unsecured Claims (as of the Effective Date)² = **Total GUC**³
- Step 2:** Total [Allowed Other General Unsecured Claims]⁴ / Total GUC = **Ratable Percentage**
- Step 3:** Ratable [Other Creditors Fund]⁵ Percentage * Total Available Cash = **Pro Rata Share**⁶

¹ Based on the estimate of PSAN PI/WD Claims set forth in the Claims Estimation Report

² This is required to determine the amount of Available Cash that will be deposited into the Disputed Claims Reserves

³ Total GUC amount would decrease as Disputed Claims are resolved

⁴ Repeat this step for PSAN PI/WD Claims, Allowed OEM Unsecured Claims, and Disputed Claims

⁵ Repeat this step for the Ratable PSAN PI/WD Fund Percentage and Ratable OEM Fund Percentage

⁶ Pro Rata Share would increase as Disputed Claims are resolved

(h) Debtors' Releases and Third-Party Releases

A key component of the Debtors' Plan is the releases and exculpations granted to the Debtors and certain non-Debtor parties in consideration for their contributions to the Estates both prior to and after the Petition Date. The parties being released by the Debtors and by third parties under the Plan, through standard "debtor releases" (section 10.6(a) of the Plan) and "consensual third-party releases" (section 10.6(b) of the Plan), include (i) the Debtors, (ii) the Future Claims Representative, (iii) the Plan Sponsor Parties, (iv) the Debtors' non-Debtor Affiliates (including the Acquired non-Debtor Affiliates), and (v) with respect to each of the foregoing Persons in clauses (i) through (iv) such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons' respective heirs, executors, estates, and nominees, in each case in their capacity as such. In addition, (x) any Consenting OEM that elects, in a timely-submitted Ballot for voting on the Plan, to provide a release of the Debtors and certain related parties in form and substance to be agreed to by the Debtors and the Consenting OEMs, and (y) with respect to such Consenting OEMs, the parties set forth in clause (vi) above, will also be Released Parties solely for purposes of the Debtors' release in section 10.6(a) of the Plan.²⁷ Except for the foregoing, no Consenting OEM will be released under the Plan by the Debtors and Consenting OEMs are not Released Parties under the Plan for purposes of the consensual releases by third parties.

In addition to ordinary and customary consensual releases and exculpations, the Plan provides that the holders of PSAN PI/WD Claims will be deemed to provide a full and complete discharge and release to the Protected Parties (including the Participating OEMs) and their respective property and successors and assigns from any and all Causes of Action whatsoever, whether known or unknown, asserted or unasserted, derivative or direct, foreseen or

²⁷ The Opt-In Consenting OEM release is included as Item 4(a) in the Ballot for holders of OEM Claims.

unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state securities laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any way to such holders' PSAN PI/WD Claims. **Nothing in the Plan, however, will release any OEM that is not a Participating OEM from liability for a PSAN PI/WD Claim. In addition, the Plan does not release Consenting OEMs for any liability for Claims other than PSAN PI/WD Claims (and for the latter, only for Participating OEMs).**

(i) **Plan Injunction**

If the Plan is confirmed by the Bankruptcy Court, substantially all of the Debtors' non-PSAN Assets will be purchased by or otherwise transferred to the Plan Sponsor on the Effective Date in accordance with the U.S. Acquisition Agreement free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liabilities and the terms of such sale will be binding and enforceable against all Persons who have held, hold or may hold Claims or Interests against the Debtors as a permanent injunction pursuant to section 10.5(b) of the Plan. Additionally, if the Plan is confirmed by the Bankruptcy Court, all PSAN Assets will vest in each of the Reorganized Debtors on the Effective Date free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, except any such Claims, Interests, Liens, other encumbrances, and liabilities of any kind of the Consenting OEMs against the Debtors to which Reorganized Takata will remain obligated under the Plan or as otherwise provided in the Plan.

(j) **Channeling Injunction**

In order to supplement the injunctive effect of the Plan Injunction set forth in section 10.5 of the Plan and the Releases set forth in section 10.6 of the Plan for PSAN PI/WD Claims, the Plan provides for the Channeling Injunction to take effect as of the Effective Date to permanently channel all PSAN PI/WD Claims against the Protected Parties²⁸ to the PSAN PI/WD Trust, which will forever stay, restrain, and enjoin all Persons that have held or asserted, or that hold or assert any PSAN PI/WD Claims against the Protected Parties from taking any action to directly or indirectly collect, recover, or receive payment, satisfaction, or recovery from any such Protected Party. Additionally, the transfer to, vesting in, and assumption by the PSAN PI/WD Trust of the PSAN PI/WD Funds will release all obligations and liabilities of and bar recovery or any action against the Protected Parties for or in respect of all PSAN PI/WD Claims.

²⁸ "**Protected Party**" means (i) the Debtors' non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), (ii) Reorganized Takata, (iii) the Participating OEMs, (iv) the Plan Sponsor Parties, and (v) with respect to each of the foregoing Persons in clauses (i) through (iv), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons' respective heirs, executors, estates, and nominees, as applicable. "**Plan Sponsor Parties**" means, individually or collectively, the Plan Sponsor and any Person that makes a loan to or investment in the Plan Sponsor for purposes of consummating the sale of the Purchased Assets to the Plan Sponsor pursuant to the Plan. The Plan Sponsor Parties include Joyson KSS Auto Safety, S.A. and its current and future subsidiaries and affiliates; Deutsche Bank AG, Tokyo branch; Mizuho Bank, Ltd.; China Merchants Bank Co., Ltd., New York Branch; Industrial and Commercial Bank of China Limited; Ningbo Joyson Electronic Corp; and Bain Capital.

In other words, all PSAN PI/WD Claims against the Protected Parties may be asserted only and exclusively against the PSAN PI/WD Trust.

With respect to the Consenting OEMs, the Channeling Injunction will channel PSAN PI/WD Claims against any Consenting OEM (a “*Participating OEM*”) that contributes certain consideration to the PSAN PI/WD Trust (the “*PSAN PI/WD Top-Up Amount*”) in accordance with an agreement, to be filed with the Plan Supplement on or before January 23, 2018, between the PSAN PI/WD Trustee and the applicable Participating OEM with respect to such Participating OEM’s commitment to fund its PSAN PI/WD Top-Up Amount (a “*Participating OEM Contribution Agreement*”).

Accordingly, the Channeling Injunction provides for a non-jury resolution process administered by a court-appointed Trustee in an attempt to provide final, fair, and efficient resolution of PSAN PI/WD Claims against the Participating OEMs brought by claimants injured as a result of the PSAN Inflator Defect. The Channeling Injunction could eliminate the need for prolonged court involvement and the accompanying disruption caused by the traditional legal process. The Channeling Injunction will provide payment to holders of PSAN PI/WD Claims (which qualify for payment pursuant to Exhibit F attached hereto)²⁹ against the Participating OEMs for injuries caused by the PSAN Inflator Defect from a confirmed rupture or aggressive deployment of a PSAN Inflator pursuant to a valuation matrix in which compensation will be awarded based upon the injury type and severity of the injury. Compensation determinations will be made by the PSAN PI/WD Trustee, initially Professor Eric Green (unless he is unable or unwilling to serve in such capacity), who was previously appointed as the Special Master to administer the separate Takata personal injury restitution fund. The Channeling Injunction provides for an individualized analysis of a claimant’s injuries, an appeal process, and prompt payment of approved claims.

The currently proposed resolution process will impose certain conditions on the claimant’s pursuit of a Claim in the tort system. Under the Channeling Injunction, to qualify for payment of an aggressive deployment Claim, the holder must, among other requirements, make the vehicle and inflator available for inspection. It is not definitive what would happen to those Claims in the tort system if the vehicle and inflator were not available. Holders of PSAN PI/WD Claims may not file future litigation against any Participating OEM alleging injury caused by the PSAN Inflator Defect, until he or she has completed the Channeling Injunction process and meets certain other requirements. In any case subsequently brought in the tort system, the claimant may not pursue or receive punitive damages against the Participating OEM. Any trial would be limited to the cause of the claim holder’s injuries and the resulting damages, if any. The Participating OEM, however, agrees to waive legal defenses related to the claimant’s conduct, including comparative negligence, as well as the defenses of the statute of limitations and statute of repose, where applicable, that could bar or significantly reduce any recovery by the claimant in the tort system. Whereas the full payment of PSAN PI/WD Claims resolved pursuant

²⁹ Exhibit F to this Disclosure Statement is a description of the PSAN PI/WD Claims that are subject to the Channeling Injunction in favor of the Participating OEMs and injury valuation schedules. Exhibit F addresses PSAN PI/WD Claims asserted against Participating OEMs and, as a result, only addresses PSAN PI/WD Claims of the type described in clause (ii) of the Plan’s definition thereof. Accordingly, no inference may be drawn from Exhibit F that a PSAN PI/WD Claim is compensable by, or may be pursued against, any party other than the PSAN PI/WD Trust

to the Channeling Injunction will be made within a short period after resolution, payment of any settlement reached after the initiation of a tort action or judgment obtained will be made in five (5) equal yearly installments without interest with the first installment due thirty (30) days after entry of the final judgment or dismissal of the case.

Individual Consenting OEMs may elect to become Participating OEMs during the later of (i) ninety (90) days following the conclusion of the hearing on approval of the Disclosure Statement and (ii) thirty (30) days following the Effective Date (the “**Initial Opt-In Period**”). Individual Consenting OEMs may extend their opt-in period by an additional period of time after the conclusion of the Initial Opt-In Period by executing an opt-in extension agreement and remitting an option payment that is acceptable to the PSAN PI/WD Trustee, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and such Consenting OEM. The Consenting OEMs that have indicated their election to become a Participating OEM at or before the conclusion of the hearing with respect to the Disclosure Statement (the “**Initial Participating OEM(s)**”) are listed on Exhibit 3 attached to the Plan, with such election being subject to the terms and conditions set forth on Exhibit 3.³⁰

On the date the Channeling Injunction becomes effective with respect to an individual Participating OEM (or at such later date as may be otherwise agreed to), each Participating OEM will deliver an executed Participating OEM Contribution Agreement to the PSAN PI/WD Trust. The Participating OEM Contribution Agreement will require a Participating OEM to make quarterly contributions to the PSAN PI/WD Trust in the amount of the PSAN PI/WD Claims associated with such Participating OEM’s vehicles that are liquidated and entitled to payment during the quarterly period after application of the payments specified above.

As discussed above, the Plan provides that if the Channeling Injunction is approved as to a Participating OEM, holders of PSAN PI/WD Claims against such Participating OEM will have their Claims satisfied in an amount equal to the full value of the PSAN PI/WD Claims as described in Exhibit F attached hereto (which shall be incorporated into the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP). Payments to satisfy such PSAN PI/WD Claims shall be funded from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, that provide coverage for such Claims, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds in accordance with the Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts (as defined herein) with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii)³¹; *provided, however* that such PSAN PI/WD Top-Up

³⁰ The Initial Participating OEM(s) consist of American Honda Motor Co., Inc. and its subsidiaries and affiliates.

³¹ If any applicable PSAN PI/WD Insurance Proceeds are not available to pay the PSAN PI/WD Claims at the time they are liquidated as part of the PSAN PI/WD Claims protocol, the applicable Participating OEM shall advance to the PSAN PI/WD Trust all amounts required to make full timely payment that the holder(s) of such PSAN PI/WD Claims is entitled to receive from the PSAN PI/WD Trust. The PSAN PI/WD Trust shall reimburse the applicable Participating OEM for any such advances solely from the PSAN PI/WD Insurance Proceeds paid on account of the claim on which the advance was made.

Amounts shall only be utilized to pay Claims related to vehicles sold by the applicable Participating OEM.

Please note that the terms and conditions of **Exhibit F** were negotiated by and have the support of the Initial Participating OEM(s), the Future Claims Representative, and attorneys from the law firm Motley Rice (“*Resolution Counsel*”), which represents certain current holders of PSAN PI/WD Claims.³² The negotiations regarding the terms and conditions of **Exhibit F** did not include the Debtors or the Plan Sponsor and, as a result, such terms and conditions do not reflect comments or input from the Debtors or the Plan Sponsor. Notwithstanding the foregoing, the Debtors agree with the general structure and substance of **Exhibit F** and continue to evaluate the adoption of such structure and injury valuation schedules in order to resolve and administer all PSAN PI/WD Claims, including those against the Debtors.

While the Future Claims Representative and Resolution Counsel have agreed with the Initial Participating OEM(s) on the claims protocol and injury valuation schedules reflected in **Exhibit F** with respect to PSAN PI/WD Claims against Participating OEMs that will be channeled to the PSAN PI/WD Trust, the Future Claims Representative and Resolution Counsel have not agreed to the terms of funding the PSAN PI/WD Trust or PSAN PI/WD Trust Reserve or to the terms upon which Consenting OEMs may elect to become Participating OEMs, as proposed in the Plan. The Future Claims Representative and Resolution Counsel reserve all of their rights in these Chapter 11 Cases, including with respect to filing objections to confirmation of the Plan, approval of the Global Transaction, issues relating to the DOJ OEM Restitution Fund, and the Claims submitted by the Consenting OEMs, including the Adequate Protection Claims.

In addition to the governance structure for the PSAN PI/WD Trust reflected in the Plan, it is expected that Resolution Counsel will play a lead role, on behalf of holders of current PSAN PI/WD Claims, in selecting the initial members of the PSAN PI/WD Trust Advisory Committee and negotiating the definitive documents for the PSAN PI/WD Trust, including the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, and each Participating OEM Contribution Agreement. After the Effective Date, the parties also expect that Resolution Counsel will assist the PSAN PI/WD Trust, the PSAN PI/WD Trustee, and the PSAN PI/WD Trust Advisory Committee with activities that may be required to ensure that the PSAN PI/WD Trust is in a position to begin processing PSAN PI/WD Claims as quickly and efficiently as possible. Reasonable compensation for Resolution Counsel’s work in designing, negotiating, and implementing the Channeling Injunction and PSAN PI/WD Trust, both prior to and after the

³² In addition, as set forth in **Exhibit 3** to the Plan, certain Consenting OEMs have elected to become Participating OEMs in advance of the Disclosure Statement hearing. The election by each such Consenting OEM to become a Participating OEM (and an Initial Participating OEM) is subject in all respects to (i) the confirmation and effectiveness of the Plan in form and substance acceptable to the Participating OEM(s), (ii) the entry of the Confirmation Order by the Bankruptcy Court and, if required, the District Court (solely with respect to the Channeling Injunction) in form and substance acceptable to the Participating OEM(s), (iii) negotiation and execution of definitive documents governing the PSAN PI/WD Trust and the payment of such Participating OEM(s)’ PSAN PI/WD Top-Up Amount, including the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, and the Participating OEM Contribution Agreement, in each case in form and substance acceptable to the Participating OEM(s), and (iv) the appointment of Eric Green as the PSAN PI/WD Trustee or, if Eric Green declines or is unable to fill the appointment, the appointment of an initial PSAN PI/WD Trustee (if applicable) or a PSAN PI/WD Trustee that is acceptable to the Participating OEM(s).

Petition Date, including post-Effective Date assistance to the PSAN PI/WD Trust, will be paid by the Participating OEMs in accordance with a payment allocation agreement to be entered into between Resolution Counsel and the Participating OEMs.

Importantly, in addition to other conditions set forth in the Plan, the Participating OEMs will not receive the benefits of the Channeling Injunction and the releases by holders of PSAN PI/WD Claims without (i) the Future Claims Representative's consent and (ii) a determination by the Bankruptcy Court or the District Court, as applicable, that holders of PSAN PI/WD Claims in each applicable Class voting on the Plan have indicated their acceptance of the Channeling Injunction in a sufficient number within each such Class to support issuance of the Channeling Injunction for the benefit of the applicable Participating OEM. The effectiveness of the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of any Protected Party is not a condition to the Effective Date.

Additional details of the Channeling Injunction claims process, including the appeal process and requirements for access to the tort system, are under negotiation by the parties and will be provided as part of the Plan Supplement.

II. INTRODUCTION TO THE DISCLOSURE STATEMENT AND PLAN VOTING AND SOLICITATION PROCEDURES

2.1 Purpose of the Disclosure Statement

The purpose of the Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan, (ii) advises holders of Claims and Interests of their rights under the Plan, (iii) assists creditors entitled to vote in making informed decisions as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By order dated January [___], 2018 [Docket No. ___] (the "**Approval Order**"), the Bankruptcy Court approved this Disclosure Statement, finding that it contains "adequate information," as that term is used in section 1125(a)(1) of the Bankruptcy Code. However, the Bankruptcy Court has not ruled on the merits of the Plan. Creditors should carefully read the Disclosure Statement, in its entirety, before voting on the Plan. This Disclosure Statement and the attached Plan, including their respective exhibits, are the only materials creditors should use to determine whether to vote to accept or reject the Plan. Pursuant to the Approval Order, the Court approved certain modified procedures with respect to the solicitation and tabulation of votes on the Plan from individuals who own, or may have owned, vehicles equipped with PSAN Inflators manufactured or sold by the Debtors (each such individual a "**Potential PSAN Inflator Claimant**" or "**PPIC**" and, collectively, the "**PPICs**").

2.2 Disclosure Statement Enclosures

(a) **Solicitation Packages.** The Debtors will mail or cause to be mailed solicitation packages (the "**Solicitation Packages**") containing the information described below as soon as practicable after entry of the Approval Order. With respect to any PPIC that registered an email address with the Solicitation Agent (as defined herein) in connection with the

filing of their PPIC Proof of Claim³³ (each such PPIC, a “**Registered PPIC**” and, collectively, the “**Registered PPICs**”), the Debtors propose to send Solicitation Packages to such claimants by electronic mail at the email addresses provided by such claimants, or by first class mail to any claimant making a written request for a hardcopy thereof. With respect to all holders of Claims other than Registered PPICs entitled to receive a Solicitation Package, the Debtors will send the Solicitation Packages either as printed hard copies or in electronic format, in the Debtors’ discretion. For the avoidance of doubt, with respect to PPICs, the Debtors will only be required to transmit Solicitation Packages to those PPICs who either (a) are identified in the Debtors’ Schedules (as defined herein) as holding a Claim (whether or not such Claim is listed as contingent, unliquidated, or disputed) for personal injury or wrongful death, or (b) have timely and properly filed a proof of Claim against the Debtors. The Solicitation Packages contain the following enclosures:

- (i) Except for any Registered PPIC, if the recipient is in a Voting Class (as defined herein) and is entitled to vote on the Plan, (i) the Cover Letter (as defined in the Approval Order), (ii) a USB flash drive containing electronic copies of the Approval Order, the Disclosure Statement, which will include the Plan as an attachment, and the Plan, as independently filed, (iii) the Confirmation Hearing Notice (as defined in the Approval Order), (iv) a Ballot for such holder (customized as appropriate), and (v) a postage-prepaid, pre-addressed return envelope;
- (ii) If the recipient is a Registered PPIC and is entitled to vote on the Plan, the PPIC Solicitation Email (as defined in the Approval Order) with a hyperlink to a dedicated online portal containing (i) the Approval Order, (ii) the Cover Letter, (iii) the Confirmation Hearing Notice, (iv) the Disclosure Statement, which will include the Plan as an attachment, (v) the Plan, as independently filed, (vi) a Ballot for such holder (customized as appropriate), and (vii) instructions for voting online; or
- (iii) If the recipient is a Non-Voting Claimant, or is not otherwise entitled to vote on the Plan, (i) the Confirmation Hearing Notice, and (ii) the applicable Notice of Non-Voting Status,³⁴ *provided, however*, that if

³³ A “**PPIC Proof of Claim**” is a proof of Claim filed in accordance with the Bar Date Order (as defined herein) alleging any Claim against any of the Debtors for past or future monetary losses, personal injuries (including death), or asserted damages arising out of or relating to an airbag containing a PSAN Inflator, or its component parts, manufactured or sold by the Debtors or their affiliates prior to the Petition Date.

³⁴ “**Notice of Non-Voting Status**” means, collectively, (i) the form of notice applicable to holders of Claims and Interests that are Unimpaired under the Plan and who are, pursuant to section 1126(f) of the Bankruptcy Code, conclusively presumed to accept the Plan (the “**Notice of Non-Voting Status – Unimpaired Classes**”); (ii) the form of notice applicable to holders of Claims and Interests that are Impaired under the Plan and who are, pursuant to section 1126(g) of the Bankruptcy Code, conclusively deemed to reject the Plan (the “**Notice of Non-Voting Status – Impaired Classes**”); and (iii) the form of notice applicable to holders of Claims that are subject to a pending objection by the Debtors and who are not entitled to vote the disputed portion of such Claim, substantially in the forms attached as Exhibits 4-1, 4-2, and 4-3 to the Approval Order.

the recipient is a Registered PPIC that is not entitled to vote on the Plan, such PPIC will receive an email with a hyperlink to (i) the Confirmation Hearing Notice, and (ii) the Notice of Non-Voting Status – Disputed Claim.

2.3 Voting Procedures and Requirements

(a) **Eligible Holders.** A claimant who holds a Claim in a Voting Class, as of the Record Date, is entitled to vote on the Plan (an “*Eligible Holder*”) unless:

- (i) As of the Record Date (as defined below), the outstanding amount of such claimant’s Claim is not greater than zero (\$0.00);
- (ii) As of the Record Date, such claimant’s Claim has been disallowed, expunged, disqualified, or suspended;
- (iii) A claimant is not scheduled in the Debtors’ Schedules, or a claimant’s Claim is scheduled as contingent, unliquidated, or disputed, and such claimant has not timely filed a proof of Claim in accordance with the Bar Date Order, *provided, however*, that any PPIC whose Claim for personal injury or wrongful death is listed on the Schedules will be entitled to vote on the Plan as set forth in paragraph 7(g) of the Approval Order, regardless of whether such Claim is scheduled as contingent, unliquidated, or disputed; or
- (iv) Such claimant’s Claim is subject to an objection or request for estimation as of the Record Date, subject to the procedures set forth below.

(b) Each Eligible Holder has been sent a Ballot (or a hyperlink to a Ballot in the case of Registered PPICs) together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement to cast your vote.

(c) **Record Date.** The record date for determining which creditors are entitled to vote on the Plan is January 3, 2018 (the “*Record Date*”).

(d) **Voting Deadline and Solicitation Agent.** The Debtors have engaged Prime Clerk LLC, as solicitation and voting agent (the “*Solicitation Agent*”), to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE SOLICITATION AGENT AT THE ADDRESS SET FORTH BELOW OR ELECTRONICALLY RECEIVED IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE BALLOT ON OR BEFORE 4:00 P.M. (PREVAILING EASTERN TIME) ON FEBRUARY 6, 2018 (THE “VOTING DEADLINE”), UNLESS EXTENDED BY THE DEBTORS.**

If a Ballot is damaged or lost, you may contact the Solicitation Agent to receive a replacement Ballot. **Any Ballot that is executed and returned but which does not indicate a vote for acceptance or rejection of the Plan will not be counted.** If you have any questions concerning the voting procedures, you may contact the Solicitation Agent at:

TK Holdings Inc. Ballot Processing,
c/o Prime Clerk LLC
850 Third Avenue, Suite 412
Brooklyn, NY 11232,
Email: takataballots@primeclerk.com or
Phone (Toll-Free): (844) 822-9229
Phone (if calling from outside the U.S. or Canada): (347) 338-6502

Copies of the Disclosure Statement are also available on the Solicitation Agent's website (the "*Case Website*"), www.TKRestructuring.com.

(e) **Parties Entitled to Vote.** Under the Bankruptcy Code, only holders of Claims or interests in "impaired" classes are entitled to vote on a plan. Under section 1124 of the Bankruptcy Code, a class of Claims or interests is deemed to be "impaired" under a plan unless: (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or interest entitles the holder thereof; or (ii) notwithstanding any legal right to an accelerated payment of such Claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims that cast ballots for acceptance or rejection of the plan. As set forth below, the Claims in Class 3 (Mexico Class Action Claims and Mexico Labor Claims), Class 4 (OEM Unsecured Claims), Class 5 (PSAN PI/WD Claims), and Class 6 (Other General Unsecured Claims) are impaired and entitled to vote to accept or reject the Plan (the "*Voting Classes*").

(f) **Voting Procedures.** All Ballots must be manually or electronically signed by the holder of record of the Claim or such holder's authorized signatory and comply with the procedures set forth in the Approval Order. As set forth in the Approval Order, unless

otherwise ordered by the Bankruptcy Court, your Ballot will not be counted if you fail to comply with the Solicitation and Voting Procedures, including by: (i) failing to indicate on the Ballot whether you vote to accept or reject the Plan; (ii) marking on the Ballot that you both accept and reject the Plan; (iii) returning your Ballot to the Solicitation Agent after the Voting Deadline; (iv) returning a Ballot that is illegible or that contains insufficient information to permit the identification of the claimant; (v) returning a Ballot that is not manually or electronically signed, (vi) transmitting a Ballot to the Solicitation Agent by a means not specifically permitted under the Solicitation and Voting Procedures as approved by the Approval Order. The Debtors, in their sole discretion, may request that the Solicitation Agent attempt to contact such voters to cure any defects in the Ballots.

Under the Bankruptcy Code, for purposes of determining whether the requisite votes for acceptance have been received, only holders of Claims within the Voting Classes who actually vote will be counted. The failure of a holder to timely deliver a duly executed Ballot to the Solicitation Agent will be deemed to constitute an abstention by such holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another, acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit a separate Ballot for each Eligible Holder for whom they are voting.

UNLESS THE BALLOT IS SUBMITTED TO THE SOLICITATION AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; PROVIDED, HOWEVER, THAT THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST THE BANKRUPTCY COURT TO ALLOW SUCH BALLOT TO BE COUNTED.

2.4 *Confirmation Hearing and Objection Deadline*

(a) **The Confirmation Hearing.** The hearing on confirmation of the Plan (the “*Confirmation Hearing*”) will be held before the Honorable Brendan L. Shannon, Chief United States Bankruptcy Judge, in Courtroom #1 of the United States Bankruptcy Court for the District of Delaware, 824 Market Street N., Wilmington, Delaware, on **February 13, 2018 at 10:00 a.m. (Prevailing Eastern Time)**, or as soon thereafter as counsel may be heard. The Confirmation Hearing may be adjourned from time to time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned confirmation hearing.

(b) **The Plan Objection Deadline.** The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed on or before **February 6, 2018 at 4:00 p.m. (Prevailing Eastern Time)** (the “*Plan Objection Deadline*”). Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of the Claims held or asserted by the objector against the Estates, the basis for the objection and the specific grounds therefore, and

must be filed with the Bankruptcy Court, with a copy to the chambers of the Honorable Brendan L. Shannon, together with proof of service thereof, and served upon the following parties (by regular or electronic mail), including such other parties as the Bankruptcy Court may order:

<p><i>Debtors</i> TK Holdings Inc. 2500 Takata Drive Auburn Hills, Michigan 48326 Attn: Keith Teel, Esq. (keith.teel@takata.com)</p>	<p><i>Office of the U.S. Trustee</i> Office of the U.S. Trustee for the District of Delaware 844 King Street, Suite 2207, Lockbox 35 Wilmington, Delaware 19899 Attn: David Buchbinder, Esq. (david.l.buchbinder@ust.doj.gov) Jane Leamy, Esq. (jane.m.leafy@ust.doj.gov)</p>
<p><i>Counsel to the Debtors</i> Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 Attn: Marcia L. Goldstein, Esq. (marcia.goldstein@weil.com) Ronit J. Berkovich, Esq. (ronit.berkovich@weil.com) Matthew P. Goren, Esq. (matthew.goren@weil.com)</p>	<p><i>Counsel to the Creditors' Committee</i> Milbank, Tweed, Hadley & McCloy LLP 28 Liberty Street New York, New York 10005 Attn: Dennis F. Dunne, Esq. (ddunne@milbank.com) Abhilash M. Raval, Esq. (araval@milbank.com) Tyson Lomazow, Esq. (tlomazow@milbank.com) Mary Reidy Doheny, Esq. (mdoheny@milbank.com)</p>
<p><i>Co-Counsel to the Debtors</i> Richards, Layton & Finger, P.A. 920 N. King Street Wilmington, Delaware 19801 Attn: Mark D. Collins, Esq. (collins@rlf.com) Michael J. Merchant, Esq. (merchant@rlf.com)</p>	<p><i>Counsel to the Tort Claimants' Committee</i> Pachulski Stang Ziehl & Jones LLP 919 North Market Street, 17th Floor P.O. Box 8705 Wilmington, Delaware 19899 Attn: Laura Davis Jones, Esq. (ljones@pszjlaw.com) James I. Stang, Esq. (jstang@pszjlaw.com) Dean A. Ziehl, Esq. (dziehl@pszjlaw.com) David M. Bertenthal, Esq. (dbertenthal@pszj.com)</p>
<p><i>Counsel to the Plan Sponsor</i> Skadden, Arps, Slate, Meagher & Flom LLP 155 N. Wacker Drive Chicago, IL 60606-1720 Attn: Ron E. Meisler, Esq. (ron.meisler@skadden.com) Felicia Gerber Perlman, Esq. (felicia.perlman@skadden.com)</p>	<p><i>Counsel to the Future Claims' Representative</i> Frankel Wyron LLP 2101 L Street, NW Suite 800 Washington, DC 20037 Attn: Richard H. Wyron, Esq. (rwyron@frankelwyron.com)</p>

<p><i>Counsel to the Consenting OEMs</i> Morris, Nichols, Arsht & Tunnell LLP 1201 N. Market Street Wilmington, DE 19899-1347 Attn: Derek C. Abbott, Esq. (dabbott@mnat.com)</p>	
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<p>UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.</p>
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2.5 ***Summary Table of Classification and Treatment of Claims
 and Interests Under the Plan***

Pursuant to the provisions of the Bankruptcy Code, only those holders of claims or interests in classes that are impaired under a plan of reorganization and that are not deemed to have rejected the plan are entitled to vote to accept or reject such proposed plan. Classes of claims or interests in which the holders of claims are unimpaired under a proposed plan are presumed to have accepted such proposed plan and are not entitled to vote to accept or reject the Plan. Classes of claims or interests in which the holders of claims receive no distribution under a proposed plan are deemed to have rejected such proposed plan and are not entitled to vote to accept or reject the Plan.

The following table (the “***Treatment Table***”) summarizes: (i) the treatment of Claims and Interests under the Plan; (ii) which Classes are impaired by the Plan; (iii) which Classes are entitled to vote on the Plan; and (iv) the estimated recoveries for holders of Claims and Interests.³⁵ The table is qualified in its entirety by reference to the full text of the Plan. For a more detailed summary of the terms and provisions of the Plan, *see* Section VI – Summary of the Plan below.

Further, the estimated recoveries set forth in the Treatment Table are based upon estimated claim amounts that could vary significantly. Many of these estimated claim amounts incorporate litigation claims which are in their preliminary stages and can only be estimated by using broad ranges. The resolution and/or estimation of these claims for distribution purposes could have a material effect on the estimated recoveries set forth in the Treatment Table.

³⁵ Certain parties in interest have objected to the proposed classification of Claims under the Plan and may object to such classification and treatment in connection with the Confirmation Hearing.

Class ³⁶	Type of Claim or Interest	Treatment	Impairment	Entitled to Vote	Estimated Percentage Recovery ³⁷	Estimated Claims
Class 1(a)	Other Secured Claims ³⁸ against TKAM	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKAM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TKAM shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 1(b)	Other Secured Claims against TKF	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKF are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TKF shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code,	Unimpaired	No (Presumed to Accept)	100%	\$0

³⁶ Pursuant to section 3.3 of the Plan, any Class that, as of the commencement of the Confirmation Hearing, does not have at least one holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

³⁷ Estimated percentage recoveries do not account for potentially available proceeds from Insurance Policies, any PSAN PI/WD Top-Up Amounts, or any amounts that may be redistributed to certain Classes after the Effective Date to the extent that any of the Funds or Reserves are over-funded.

³⁸ “*Other Secured Claims*” means any Secured Claim against a Debtor other than a Priority Tax Claim or an Adequate Protection Claim.

		Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.				
Class 1(c)	Other Secured Claims against TKC	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKC are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TKC shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 1(d)	Other Secured Claims against the TKH Debtors ³⁹	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against the TKH Debtors are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against the TKH Debtors shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment	Unimpaired	No (Presumed to Accept)	100%	\$0 ⁴⁰

³⁹ “*TKH Debtors*” means TKH, TPS, IIF, TKMI, TKML, and TKHM.

⁴⁰ This estimate is based upon amounts reflected in the Debtors’ books and records as of the Petition Date. The Debtors continue to reconcile asserted claims. The Debtors note that Comerica Bank has asserted a \$777,956.49 secured claim against TKH, including for certain contingent and non-contingent reimbursement obligations [Claim No. 2735]. This asserted secured claim, if Allowed, will not change the Estimated Percentage Recovery for Class 1(d).

		as may be necessary to render such Claim Unimpaired.				
Class 1(e)	Other Secured Claims against IIM	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against IIM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against IIM shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 1(f)	Other Secured Claims against TDM	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TDM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TDM shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 1(g)	Other Secured Claims against SMX	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against SMX are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably	Unimpaired	No (Presumed to Accept)	100%	\$0

		practicable thereafter, each holder of an Allowed Other Secured Claim against SMX shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.				
Class 2(a)	Other Priority Claims ⁴¹ against TKAM	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKAM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TKAM shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 2(b)	Other Priority Claims against TKF	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKF are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TKF shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	\$0

⁴¹ “*Other Priority Claims*” means any Claim other than an Administrative Expense Claim, an Adequate Protection Claim, or a Priority Tax Claim that is entitled to priority of payment as specified in section 507(a) of the Bankruptcy Code.

Class 2(c)	Other Priority Claims against TKC	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKC are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TKC shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 2(d)	Other Priority Claims against the TKH Debtors	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against the TKH Debtors are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against the TKH Debtors shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 2(e)	Other Priority Claims against IIM	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against IIM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against IIM shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of	Unimpaired	No (Presumed to Accept)	100%	\$0

		section 1129(a)(9) of the Bankruptcy Code.				
Class 2(f)	Other Priority Claims against TDM	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TDM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TDM shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 2(g)	Other Priority Claims against SMX	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against SMX are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against SMX shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	\$0
Class 3(a)	Mexico Class Action Claims ⁴² and Mexico	Unless otherwise agreed, holders of Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against IIM shall	Impaired	Yes	1.0% – 76.9%	\$2.9 million – \$229.9 million ⁴⁴

⁴² “*Mexico Class Action Claims*” means Claims based on the class action brought by Acciones Colectivas de Sinaloa, A.C. against TDM, IIM, TKH, and others before the Ninth Federal Judge in the state of Sinaloa, Mexico, captioned *ACS v. Takata de México, S.A. de C.V. et al*, Acción colectiva 95/2016.

⁴⁴ The estimated amount of Claims for Class 3(a) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

	Labor Claims ⁴³ against IIM	receive their Pro Rata Share of the amounts separately reserved for such Claims in the IIM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.				
Class 3(b)	Mexico Class Action Claims and Mexico Labor Claims against TDM	Unless otherwise agreed, holders of Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against TDM shall receive their Pro Rata Share of the amounts separately reserved for such Claims in the TDM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.	Impaired	Yes	4.7% – 100%	\$2.6 million – \$229.6 million ⁴⁵
Class 4(a)	OEM Unsecured Claims ⁴⁶ against the TKH Debtors	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against the TKH Debtors shall receive its Pro Rata Share of the TKH Available Cash allocated to the TKH OEM Fund; <i>provided, however</i> , that the Allowed OEM Unsecured Claims of Consenting OEMs shall be paid in accordance with the Agreed Allocation, to the extent applicable to such OEM Unsecured Claims. The fixed and liquidated portion of the OEM Claims of the Consenting OEMs against the Debtors shall be Allowed for distribution	Impaired	Yes	0.1% – 0.4%	\$15.2 billion – \$50.5 billion

⁴³ “**Mexico Labor Claims**” means Claims asserted by current and former employees of IIM and TDM arising from or related to their employment with either IIM or TDM.

⁴⁵ The estimated amount of Claims for Class 3(b) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

⁴⁶ “**OEM Unsecured Claims**” means an OEM Claim, to the extent unsecured or treated as an unsecured Claim under the Plan. An “OEM Claim” means any Claim of an OEM (including, but not limited to, a Claim related to tooling, engineering, development, design, and other services) arising from or relating to a Takata product, including, but not limited to, any product consisting of or containing a non-desiccated or desiccated PSAN Inflator, developed, designed, manufactured, stored, transported, disposed of, sold, supplied, distributed, or supported by Takata prior to the Petition Date. For the avoidance of doubt, the term “OEM Claim” (x) shall not include the DOJ Restitution Claim and (y) shall include the Adequate Protection Claims.

		purposes in the aggregate amount of \$36,645,862,823. ⁴⁷				
Class 4(b)	OEM Unsecured Claims against IIM	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against IIM shall receive its Pro Rata Share of the IIM Available Cash allocated to the IIM OEM Fund; <i>provided, however,</i> that the Allowed OEM Unsecured Claims of Consenting OEMs shall be paid in accordance with the Agreed Allocation, to the extent applicable to such OEM Unsecured Claims. The fixed and liquidated portion of the OEM Claims of the Consenting OEMs against the Debtors shall be Allowed for distribution purposes in the aggregate amount of \$36,645,862,823.	Impaired	Yes	0% – <0.1%	\$15.2 billion – \$46.8 billion
Class 4(c)	OEM Unsecured Claims against TDM	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against TDM shall receive its Pro Rata Share of the TDM Available Cash allocated to the TDM OEM Fund; <i>provided, however,</i> that the Allowed OEM Unsecured Claims of Consenting OEMs shall be paid in accordance with the Agreed Allocation, to the extent applicable to such OEM Unsecured Claims. The fixed and liquidated portion of the OEM Claims of the Consenting OEMs against the Debtors shall be Allowed for distribution purposes in the aggregate amount of \$36,645,862,823.	Impaired	Yes	0% – <0.1%	\$15.2 billion – \$46.8 billion
Class 4(d)	OEM Unsecured Claims against SMX	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against SMX shall receive its Pro Rata Share of the SMX Available Cash	Impaired	Yes	0% – <0.1%	\$15.2 billion – \$46.8 billion

⁴⁷ The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimate provided herein is subject to change. For the avoidance of doubt, only the portion of the OEM Claims constituting OEM Unsecured Claims (and not Adequate Protection Claims or Consenting OEM PSAN Cure Claims) shall be subject to treatment, including for distribution purposes, as Class 4 Claims against each of the TKH Debtors, IIM, SMX, and TDM.

		allocated to the SMX OEM Fund; <i>provided, however</i> , that the Allowed OEM Unsecured Claims of Consenting OEMs shall be paid in accordance with the Agreed Allocation, to the extent applicable to such OEM Unsecured Claims. The fixed and liquidated portion of the OEM Claims of the Consenting OEMs against the Debtors shall be Allowed for distribution purposes in the aggregate amount of \$36,645,862,823.				
Class 5(a)	PSAN PI/WD Claims ⁴⁸ against the TKH Debtors	This Class consists of holders of Allowed PSAN PI/WD Claims against the TKH Debtors. On the Effective Date, liability for all PSAN PI/WD Claims against the TKH Debtors shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against the TKH Debtors shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against the TKH Debtors are, subject to	Impaired	Yes	0.1% – 0.4%	\$1.05 billion ⁴⁹

⁴⁸ “*PSAN PI/WD Claim*” means, with respect to any Claim asserted against the Debtors or alleged against the Protected Parties other than the Participating OEMs, any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition, including on or after the Closing Date.

⁴⁹ Section 5.9 herein provides additional details regarding the methodology for estimating the PSAN PI/WD Claims. The Consenting OEMs have not reviewed, endorsed, or accepted the estimate of PSAN PI/WD Claims set forth herein and in section 5.9. Such estimate shall not be binding on the Consenting OEMs in any respect, and the Consenting OEMs reserve all rights to challenge, contest or object to such estimate in these Chapter 11 Cases, in any other litigation or proceeding, or otherwise.

		the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.				
Class 5(b)	PSAN PI/WD Claims against IIM	This Class consists of holders of Allowed PSAN PI/WD Claims against IIM. On the Effective Date, liability for all PSAN PI/WD Claims against IIM shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against IIM shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against IIM are, subject to the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may	Impaired	Yes	0% – <0.1%	\$0 – \$1.05 billion

		not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.				
Class 5(c)	PSAN PI/WD Claims against TDM	This Class consists of holders of Allowed PSAN PI/WD Claims against TDM. On the Effective Date, liability for all PSAN PI/WD Claims against TDM shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against TDM shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against TDM are, subject to the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the	Impaired	Yes	0% – <0.1%	\$0 – \$1.05 billion

		PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.				
Class 5(d)	PSAN PI/WD Claims against SMX	This Class consists of holders of Allowed PSAN PI/WD Claims against SMX. On the Effective Date, liability for all PSAN PI/WD Claims against SMX shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against SMX shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against SMX are, subject to the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.	Impaired	Yes	0% – <0.1%	\$0 – \$1.05 billion
Class 6(a)	Other General Unsecured	This Class consists of holders of Allowed Other General Unsecured Claims against	Impaired	Yes	0%	\$0

	Claims ⁵⁰ against TKAM	TKAM. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TKAM, if any, shall receive its Pro Rata Share of the TKAM Available Cash up to the full amount of such Allowed Other General Unsecured Claim.				
Class 6(b)	Other General Unsecured Claims against TKF	This Class consists of holders of Allowed Other General Unsecured Claims against TKF. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TKF, if any, shall receive its Pro Rata Share of the TKF Available Cash up to the full amount of such Allowed Other General Unsecured Claim.	Impaired	Yes	0%	\$0
Class 6(c)	Other General Unsecured Claims against TKC	This Class consists of holders of Allowed Other General Unsecured Claims against TKC. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TKC, if any, shall receive its Pro Rata Share of the TKC Available Cash up to the full amount of such Allowed Other General Unsecured Claim.	Impaired	Yes	0%	\$3.5 million
Class 6(d)	Other General Unsecured Claims	This Class consists of holders of Allowed Other General Unsecured Claims against the TKH Debtors. Unless otherwise agreed, each holder of an	Impaired	Yes	0.1% – 0.4%	\$272 million – \$3.6 billion ⁵¹

⁵⁰ “**Other General Unsecured Claim**” means any unsecured Claim against the Debtors not entitled to priority of payment under section 507(a) of the Bankruptcy Code, other than an OEM Unsecured Claim, a PSAN PI/WD Claim, or any Claim assumed by the Plan Sponsor under the U.S. Acquisition Agreement. Other General Unsecured Claims include, but are not limited to, any Claim brought by a State or Territory of the United States, any Economic Loss Claim, any Other PI/WD Claim, any antitrust class action Claims, any Intercompany Claims, and any Mexico Class Action Claims solely as against TKH.

To the extent that an Other General Unsecured Claim or a portion of such Claim is subordinated under the Bankruptcy Code or other applicable law, such Claim or the applicable portion thereof shall be treated as a Subordinated Claim in accordance with Class 8 herein.

⁵¹ The estimated amount of Claims for Class 6(d) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

	against the TKH Debtors	Allowed Other General Unsecured Claim against the TKH Debtors shall receive its Pro Rata Share of the TKH Available Cash Allocated to the TKH Other Creditors Fund.				
Class 6(e)	Other General Unsecured Claims against IIM	This Class consists of holders of Allowed Other General Unsecured Claims against IIM. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against IIM shall receive its Pro Rata Share of the IIM Available Cash Allocated to the IIM Other Creditors Fund.	Impaired	Yes	0% – <0.1%	\$20 million – \$2.0 billion ⁵²
Class 6(f)	Other General Unsecured Claims against TDM	This Class consists of holders of Allowed Other General Unsecured Claims against TDM. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TDM shall receive its Pro Rata Share of the TDM Available Cash Allocated to the TDM Other Creditors Fund.	Impaired	Yes	0% – <0.1%	\$26 million – \$2.0 billion ⁵³
Class 6(g)	Other General Unsecured Claims against SMX	This Class consists of holders of Allowed Other General Unsecured Claims against SMX. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against SMX shall receive its Pro Rata Share of the SMX Available Cash Allocated to the SMX Other Creditors Fund.	Impaired	Yes	0% – <0.1%	\$42 million – \$2.0 billion ⁵⁴

⁵² The estimated amount of Claims for Class 6(e) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

⁵³ The estimated amount of Claims for Class 6(f) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

⁵⁴ The estimated amount of Claims for Class 6(g) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

Class 7(a)	Intercompany Interests ⁵⁵ in TKAM	After consummation of the Restructuring Transactions, any Intercompany Interest in TKAM shall be cancelled. Each holder of an Intercompany Interest in TKAM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; <i>provided, however,</i> that in the event all Allowed Claims against TKAM have been satisfied in accordance with the Bankruptcy Code and the Plan, each holder of an Intercompany Interest in TKAM shall receive its applicable share of any remaining TKAM Available Cash in accordance with sections 5.5(e)(i) and 5.13 of the Plan.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(b)	Intercompany Interests in TKF	After consummation of the Restructuring Transactions, any Intercompany Interest in TKF shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in TKF shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; <i>provided, however,</i> that in the event all Allowed Claims against TKF have been satisfied in accordance with the Bankruptcy Code and the Plan, each holder of an Intercompany Interest in TKF shall receive its applicable share of any remaining TKF Available Cash in accordance with sections 5.5(e)(i) and 5.13 of the Plan.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(c)	Intercompany Interests in TKC	After consummation of the Restructuring Transactions, any Intercompany Interest in TKC shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of	Impaired	No (Deemed to Reject)	0%	N/A

⁵⁵ “*Intercompany Interests*” means an Interest in a Debtor held by another Debtor or an affiliate of a Debtor or an Interest in an affiliate of a Debtor held by a Debtor.

		the Plan. Each holder of an Intercompany Interest in TKC shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; <i>provided, however,</i> that in the event all Allowed Claims against TKC have been satisfied in accordance with the Bankruptcy Code and the Plan, each holder of an Intercompany Interest in TKC shall receive its applicable share of any remaining TKC Available Cash in accordance with sections 5.5(e)(i) and 5.13 of the Plan.				
Class 7(d)	Intercompany Interests in the TKH Debtors	In each case after consummation of the Restructuring Transactions, any Intercompany Interests in TKH shall be cancelled and any Intercompany Interests in the TKH Debtors, other than TKH, shall be cancelled only when such Debtors are dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in the TKH Debtors shall neither receive nor retain any property or interest in property on account of such Intercompany Interest.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(e)	Intercompany Interests in IIM	After consummation of the Restructuring Transactions, any Intercompany Interest in IIM shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in IIM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; <i>provided, however,</i> that in the event all Allowed Claims against IIM have been satisfied in accordance with the Bankruptcy Code and the Plan, each holder of an Intercompany Interest in IIM shall receive its applicable share of any remaining IIM Available	Impaired	No (Deemed to Reject)	0%	N/A

		Cash in accordance with section 5.13 of the Plan.				
Class 7(f)	Intercompany Interests in TDM	After consummation of the Restructuring Transactions, any Intercompany Interest in TDM shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in TDM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; <i>provided, however,</i> that in the event all Allowed Claims against TDM have been satisfied in accordance with the Bankruptcy Code and the Plan, each holder of an Intercompany Interest in TDM shall receive its applicable share of any remaining TDM Available Cash in accordance with section 5.13 of the Plan.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(g)	Intercompany Interests in SMX	After consummation of the Restructuring Transactions, any Intercompany Interest in SMX shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in SMX shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; <i>provided, however,</i> that in the event all Allowed Claims against SMX have been satisfied in accordance with the Bankruptcy Code and the Plan, each holder of an Intercompany Interest in SMX shall receive its applicable share of any remaining SMX Available Cash in accordance with section 5.13 of the Plan.	Impaired	No (Deemed to Reject)	0%	N/A
Class 8(a)	Subordinated Claims	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against	Impaired	No (Deemed to Reject)	0%	\$0

	against TKAM	TKAM shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TKAM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.				
Class 8(b)	Subordinated Claims against TKF	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKF shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TKF and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	\$0
Class 8(c)	Subordinated Claims against TKC	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKC shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TKC and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	\$0
Class 8(d)	Subordinated Claims against the TKH Debtors	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against the TKH Debtors shall not receive or retain any property under the Plan on account of such Claims, and the obligations of the TKH Debtors and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	\$0 – \$12.8 billion ⁵⁶

⁵⁶ The estimated amount of Claims for Class 8(d) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

Class 8(e)	Subordinated Claims against IIM	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against IIM shall not receive or retain any property under the Plan on account of such Claims, and the obligations of IIM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	\$0 – \$7.6 billion ⁵⁷
Class 8(f)	Subordinated Claims against TDM	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TDM shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TDM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	\$0 – \$7.6 billion ⁵⁸
Class 8(g)	Subordinated Claims against SMX	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against SMX shall not receive or retain any property under the Plan on account of such Claims, and the obligations of SMX and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	\$0 – \$7.6 billion ⁵⁹

⁵⁷ The estimated amount of Claims for Class 8(e) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

⁵⁸ The estimated amount of Claims for Class 8(f) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

⁵⁹ The estimated amount of Claims for Class 8(g) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

2.6 Confirmation under Section 1129(b)

If a Class of Claims is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Plan in accordance with the terms thereof and the Bankruptcy Code.⁶⁰ If a controversy arises as to whether any Claims or Interests, or any class of Claims or Interests, are impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date. Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the rejection of such plan by one or more impaired classes of claims or interests. Under section 1129(b), a plan may be confirmed by a bankruptcy court if it does not “discriminately unfairly” and is “fair and reasonable” with respect to each rejecting class. A more detailed description of the requirements for confirmation of a nonconsensual plan is set forth in Section XI of this Disclosure Statement.

III. OVERVIEW OF THE DEBTORS’ OPERATIONS

3.1 Overview of the Debtors’ Businesses

Takata is one of the world’s leading automotive safety systems companies, supplying nearly all the world’s major OEMs with a product range that includes seat belts and airbag systems, as well as steering wheels, child restraint systems, and electronic devices such as satellite sensors and electronic control units. Founded in 1933 as a textile company in Shiga Prefecture, Japan, Takata began to focus on automotive safety systems in the early 1950s. Over the following decades, Takata became a leader in automotive safety systems and expanded around the world. Indeed, Takata has been and continues to be recognized for its high quality manufacturing by its Customers, as well as by third-party organizations. This is evidenced not only by the Takata’s receipt of over two hundred and fifty (250) awards for research and development, safety, quality, and delivery, but also by its strong and long-standing relationships with its Customers. Many of Takata’s Customers have had business relationships with Takata for over fifty (50) years.

Since bringing Japan’s first seat belt to the market in 1960, Takata has been driven by the pursuit of safety. Significantly, Takata was responsible for being the first to market a number of innovative and revolutionary advances in automotive safety including the following:

- 1960: First in Japan to commercialize two-point seat belts;
- 1962: First in Japan to conduct public seat belt crash tests;
- 1977: First in Japan to commercialize child restraint systems;
- 1980: First in the world to commercialize driver airbag modules;
- 1996: First in Japan to commercialize force limiter seat belts;
- 2005: First in the world to commercialize twin airbag systems;
- 2006: First in the world to commercialize motorcycle airbags;
- 2010: First in the world to commercialize safety airbelts;

⁶⁰ Amendments to the Plan are subject to the consent of the Consenting OEMs and the Plan Sponsor pursuant to section 1.4 of the Plan and the U.S. RSA.

- 2012: First in the world to commercialize front center airbags; and
- 2013: First in the world to commercialize D-shape curtain airbag technology.

Takata first expanded outside of Japan in the 1980s and is now a multinational corporation. As of the Petition Date, Takata operates more than fifty (50) manufacturing plants and research & development centers in over twenty (20) countries on five (5) continents. The Debtors operate eleven (11) different production, testing, and other sales and administration facilities. For management purposes, Takata's global operations are grouped into four (4) regions: Japan, Asia (excluding Japan), the Americas, and EMEA (Europe, the Middle East, and Africa). A detailed summary of Takata's current organizational structure is attached hereto as **Exhibit G-1** (the "***Global Organizational Chart***")⁶¹. Takata is one of the most vertically integrated manufacturers in the global automotive safety industry, manufacturing many of the Component Parts of its automotive safety products in-house, and the Debtors and their direct and indirect subsidiaries provide Component Parts and services to the entire Takata enterprise.

For the twelve (12) months ended March 31, 2017, the audited and consolidated financial statements of TKJP and its Debtor and non-Debtor subsidiaries reflected total sales of approximately \$6.1 billion and a net loss of approximately \$733.8 million. As of March 31, 2017, the consolidated financial statements of the Debtors and their direct and indirect subsidiaries reflected total sales of approximately \$2.0 billion and a net loss of approximately \$340 million. Accordingly, the Debtors and their direct and indirect subsidiaries account for approximately thirty-three percent (33%) of Takata's global sales.

As of March 31, 2017, Takata's audited and consolidated financial statements reflected assets totaling approximately \$3.9 billion and liabilities totaling approximately \$3.7 billion, and the consolidated financial statements of the Debtors and their direct and indirect non-Debtor subsidiaries reflected assets totaling approximately \$1.7 billion and liabilities totaling approximately \$1.6 billion.

3.2 **Operating Segments**

Takata's product range encompasses a broad spectrum of passive and active automotive safety technology, including seat belts, airbag systems, steering wheels, and other electronic devices. For the 2016 fiscal year, Takata's sales by product category were as follows: airbag systems (36%), seat belts (34%), steering wheels (17%), and other products (14%), including electronics and child seats. Each of these product groups as well as Takata's non-automotive safety and research and development segments are discussed in further detail below.

(a) **Airbag Systems**

In 1976, Takata became the first company in Japan to begin research and development related to airbags. Takata commercialized the world's first driver airbags in 1980, which were supplied to Daimler Benz for use in its S-Class model. In 1983, in connection with a safety campaign sponsored by the U.S. Department of Transportation, Takata supplied eight hundred (800) airbags to various U.S. institutions, including police agencies. Since then, Takata

⁶¹ Annexed to the Global Organizational Chart as **Exhibit G-2** is a list of all non-Debtor affiliates.

has continued to enhance its capabilities in the development, design, and production of airbag systems and products, from airbag textiles to hazard detection control units and inflator technology. Today, Takata is one of the few manufacturers of airbags with fully integrated development, design, and manufacturing capabilities for airbag systems.

In addition to driver and passenger airbags, side airbags, curtain airbags, and knee airbags that protect the legs of front seat occupants, Takata has commercialized innovative products such as the D-shape curtain airbag, which protects the head region and helps prevent passenger ejection, and the Front Center Airbag, which inflates between the left and right seats and serves as an energy absorbing cushion between the driver and front seat passenger in both near and far side-impact crashes. In 2013, Takata launched the world's first driver-side airbag with Flexible Venting Technology (FVT), which incorporates a "smart" pressure control mechanism that allows the air vent to be controlled by the airbag itself, rather than via sensors on the vehicle. Takata develops, designs, and produces airbag systems and certain related Component Parts, including the inflator and inflator propellant, in-house.⁶²

Takata's airbag systems are produced and tested in over thirty-two (32) of Takata's plants, eight (8) of which are operated by the Debtors and/or their direct and indirect non-Debtor subsidiaries.

(b) Seat Belts

Since commercializing Japan's first seat belt in 1960, Takata has continued to improve the effectiveness and comfort of seat belts through innovation in areas such as textiles and weaving technology. Takata's seat belt business includes driver, passenger, and rear seat belts. In 2010, Takata became the first company in the world to commercialize the airbelt, a new type of seat belt that inflates like an airbag in the event of a collision. Recently, Takata modified its motorized seat belt to provide enhanced comfort and safety. In addition to tightening automatically to restrain vehicle occupants when pre-crash sensors detect risk of collision, the new comfort function reduces the pressure exerted by the seat belt during normal driving, while holding vehicle occupants in position during sudden braking or sharp turns. Takata has also developed a state-of-the-art inkjet printing technology that allows Takata to create seat belt webbing with patterns, words, or logos in a variety of colors. Takata develops, designs, and produces seat belt systems and products, including webbing, in-house, as well as sourcing from third parties. Takata's seat belts are produced or tested in at least twenty-eight (28) of Takata's plants, including seven (7) plants operated by the Debtors' and/or their direct and indirect non-Debtor subsidiaries.

(c) Steering Wheels

Takata's fully integrated steering wheel development and production system encompasses a variety of processes, from die-cast magnesium inner frames to leather wrapping, switching systems, and final assembly. Ongoing innovations, such as Takata's vacuum folding technology, have reduced the size of some driver airbags in Takata's product line-up, and introduced new features for safety and comfort. This has enabled interior designers to explore

⁶² Takata also relies on certain third parties for inflator propellant.

new opportunities to enhance the driving environment and differentiate their vehicles for the needs of each market and consumer segment. Takata has recently introduced the vibration steering wheel, featuring a unit inside the spoke of the wheel that vibrates to notify the driver of potential dangers such as inadvertent lane departure, traveling too close to the car in front, over-acceleration, and falling asleep at the wheel.

Takata's production and testing of steering wheels occupies approximately seventeen (17) of Takata's plants, including at least two (2) plants which are operated by the Debtors and/or their direct and indirect non-Debtor subsidiaries.

(d) **Other Automotive Safety Products**

This category of Takata's products includes electronic devices such as vehicle occupant sensors, collision sensors, electronic control units (ECUs) for controlling airbag inflation, and child restraint systems. In today's automobiles, sophisticated electronics form part of nearly every automotive safety feature and enable the integration of multiple passive and active safety functions to enhance total safety system effectiveness. In addition to the use of electronics in conventional safety systems such as airbags and seat belt pretensioners, active pre-crash safety systems have opened up new realms of possibilities in safety, with highly developed sensors being used to identify hazards and help prevent accidents from occurring.

(e) **Non-Automotive Safety Products**

In addition to Takata's automotive safety operations, Takata, including certain of TKH's non-Debtor subsidiaries, operates certain non-automotive safety business lines, including webbing fabrics and cushions, and non-automotive products, including school bus seats. As of the Petition Date, Takata's non-automotive safety business includes Highland Industries, Inc. ("**Highland**") and Syntec Seating Solutions LLC ("**Syntec**"), each of which is a wholly-owned subsidiary of TKH and is not a Debtor in these Chapter 11 Cases. Highland manufactures and sells airbag fabric, composites, and textiles to TKH as well as to other automotive manufacturing companies. Syntec, acquired by Takata in 2012, manufactures safety systems (e.g., seats and barriers) for school buses. The non-automotive safety business operates in six (6) independent facilities (Highland owns two (2) facilities and leases two (2) facilities and Syntec owns one (1) facility and leases one (1) facility).

(f) **Research & Development**

Takata conducts analyses from a number of different perspectives to understand the various types of crash configurations and scenarios in automobile accidents, including examining the causes of accidents, the seriousness of injuries as a result of a collision, and other related topics, with the aim of developing systems that protect people, and uses computational crash simulation and dynamic crash testing for safety system development.

Takata's research and development teams have also developed systems that help address dangerous driving situations by minimizing fatigue and making driving more pleasant and convenient. By developing sensors that look outside the vehicle, these systems can warn the driver in advance of potentially dangerous situations. In the event of an accident, Takata has developed systems which detect the magnitude of the collision and provide information on the

condition of the passengers that can be useful to rescuers. In addition, Takata has developed systems that can protect motorcyclists, bicycle riders, and pedestrians.

For developing technology, Takata has established research and development centers in Japan, U.S., and Germany. Takata entities share their high-level technology and other accumulated information throughout the global enterprise.

(g) **Mexican Operations**

Takata's "Americas" region includes Takata's operations in Mexico. TKH indirectly owns six (6) entities incorporated in Mexico,⁶³ four (4) of which are maquiladoras (the "*Maquiladoras*")⁶⁴ that manufacture and assemble inflators, seatbelts, and steering wheels.⁶⁵ The Mexican operations primarily serve to support the production needs in the United States.

3.3 **Debtors' Prepetition Ownership and Capital Structure**

(a) **Ownership Structure**

TKJP is a public company listed on the Tokyo Stock Exchange. On June 16, 2017, trading in the equity of TKJP was suspended upon media speculation of its impending insolvency proceeding. On July 27, 2017, following the commencement of the Japan Proceedings, the equity of TKJP was delisted. The Takada family continues to own a majority of the equity in TKJP. As reflected on the Global Organizational Chart, all of the Debtors are direct or indirect subsidiaries of TKJP and none of the Debtors are owned by third-party (*i.e.*, non-Takata) entities.

(b) **Funded Debt Obligations**

As of the Petition Date, the Debtors had no outstanding funded debt obligations. By contrast, as of the Petition Date, TKJP had outstanding funded debt obligations in an aggregate amount of approximately \$590 million consisting of (i) approximately \$320 million in principal amount of bank debt and (ii) approximately \$269 million in principal amount of unsecured bonds. The bank lenders do not have any liens against TKJP's assets in connection with borrowed funds, but they do have the ability to offset borrowed funds against TKJP's deposit accounts under certain circumstances, including a payment default.

⁶³ These entities include TKHM, TDM, IIM, SMX, Falcomex S.A. de C.V. ("*Falcomex*"), and Equipo Automotriz Americana S.A. de C.V. ("*Equipo*"). Of these six (6) entities, four (4) (TKHM, TDM, IIM, and SMX) are Debtors. The remaining two (2) entities are a Mexican holding company and a trading sales company that contracts for the sale of TKH's products to Mexican OEMs.

⁶⁴ A maquiladora generally refers to a Mexican corporation that is eligible for certain tax and customs benefits due to the fact that, among others, it develops products in Mexico using raw materials, machinery, and equipment primarily owned by a non-Mexican entity. Maquiladoras export all of their product and are owned, at least in part, by a foreign investor.

⁶⁵ The four (4) Maquiladoras are TDM, IIM, Falcomex, and Equipo.

In addition, three (3) of the Debtors' non-Debtor affiliates have outstanding bank debt obligations: (i) TAKATA Europe GmbH, in an aggregate amount of approximately \$153 million,⁶⁶ (ii) Takata Rus LLC, in an aggregate amount of approximately \$1 million, and (iii) Takata Brasil S.A., in an aggregate amount of approximately \$13 million, in each case based on currency exchange rates as of November 15, 2017.

(c) **Trade Payables**

In the ordinary course of business, the Debtors incur fixed, liquidated, and undisputed payment obligations (the "**Trade Payables**") to various third-party providers of goods and services that facilitate the Debtors' business operations (the "**Trade Creditors**"). As set forth in the Caudill Declaration, the Debtors estimated that the aggregate amount of Trade Payables outstanding on the Petition Date was approximately \$118 million. Upon further reconciliation and review of their books and records, the Debtors revised the estimated amount of prepetition Trade Payables to approximately \$97 million, as reflected on the Schedules. As of the date hereof, the Debtors are authorized to pay amounts not to exceed approximately \$80 million on account of prepetition Trade Payables in accordance with the relief granted by the Bankruptcy Court in the *Final Order Authorizing the Debtors to Pay Certain Prepetition Obligations of Critical Vendors* [Docket No. 445] and the *Final Order Authorizing the Debtors to (I) Pay Prepetition Obligations Owed to Certain Foreign Vendors and Lien Claimants and (II) Grant Administrative Status for Certain Goods Delivered to the Debtors Postpetition* [Docket No. 327]. To date, approximately \$60 million of such \$80 million has been paid. The Debtors, the Consenting OEMs, and the Plan Sponsor each have an interest in supporting a transaction that minimizes any disruption or impairment to the Debtors' Trade Creditors.

(d) **Intercompany Transactions**

In the ordinary course of business, the Debtors maintain business relationships between and among the Debtors and also with certain non-Debtor affiliates that generate intercompany receivables and payables (the "**Intercompany Claims**") from a variety of transactions, including intercompany services, reimbursement for shared business expenses, and intercompany loans (each, an "**Intercompany Transaction**"). The Intercompany Claims are tracked on a net basis on a schedule of intercompany balances. There are three (3) major categories of Intercompany Transactions: (i) transactions between and among the Debtors and U.S. affiliates, (ii) transactions between TKH and its indirect Mexican subsidiaries (both Debtor and non-Debtor), and (iii) transactions between the Debtors and their international affiliates, including TKJP.

As of the Petition Date, the Debtors owed, in the aggregate, approximately \$43.6 million on account of Intercompany Claims (which reflected aggregate net amounts owed by the Debtors). In particular, as of the Petition Date, TKH owed TKJP \$33.4 million in intercompany trade claims (which amount reflected aggregate net amounts owed by TKH), of which approximately \$10 million related to goods delivered to the Debtors in the ordinary course within twenty (20) days of the Petition Date. In addition, TKH owed TKJP approximately \$80 million

⁶⁶ Takata International Finance B.V. has provided a EUR \$5 million guarantee to one of the bank lenders in connection with this loan.

in intercompany loans pursuant to two (2) separate intercompany loan agreements with TKJP: the first, dated March 31, 2016, in the amount of \$30 million and the second, dated March 18, 2016, in the amount of \$50 million.

On August 25, 2017, TKH filed a proof of claim in TKJP's Japan Proceeding asserting claims against TKJP in the aggregate amount of \$1,741,688,355.14 and certain other unliquidated amounts, including on account of, among other things, intercompany trade payables, reimbursement, contribution, common law indemnity, allocation of liability, fraudulent transfer, preference and indemnification. Specifically, TKH's claims consist of various amounts, including the following: (a) approximately \$31 million related to certain intercompany transactions; (b) approximately \$235 million related to the obligations pursuant to the NHTSA Consent Order; (c) \$975 million and certain unliquidated amounts related to TKJP's obligations pursuant to the Plea Agreement and the DOJ Restitution Order; (d) approximately \$115 million related to recall related expenses paid by TKH to either TKJP or the OEMs; (e) approximately \$56 million related to personal injury and settlement payments made by TKH with respect to PSAN personal injury claims and claims for injuries sustained from seatbelts and non-PSAN airbags, including claims in which a PSAN injury has not been confirmed; (f) unliquidated amounts for additional liabilities related to recall liabilities and expenses and personal injury, economic loss, lemon law and other tort claims, including the claims asserted by the OEMs against TKH in these Chapter 11 Cases; (g) unliquidated amounts related to damages resulting from TKH's Chapter 11 Case; and (h) approximately \$318 million for payments made by TKH to TKJP in the year prior to the Petition Date. Also, in its proof of claim, TKH reserved its rights to assert, among other things, that claims of TKJP against TKH are subject to setoff pursuant to section 553 of the Bankruptcy Code or applicable Japanese law and that certain intercompany loans made by TKJP to TKH may be recharacterized as equity contributions.

On November 2, 2017, TKJP filed a Notice of Objection in the Japan Proceeding indicating that it objected to TKH's proof of claim in the Statement of Approval or Disapproval of the Rehabilitation Claims dated as of October 30, 2017. The Statement of Approval or Disapproval of the Rehabilitation Claims indicated the reason for disapproval as "nonexistence of claims." On December 13, 2017, in further support of its proof of claim and in response to the Notice of Objection, TKH filed a Petition of Assessment of Rehabilitation Claim (the "***Petition of Assessment***") in TKJP's Japan Proceeding. As of the date of hereof, TKH's proof of claim and the Petition of Assessment is pending in the Japan Proceeding.

Following the filing of the Petition of Assessment, the Tokyo District Court shall interrogate the objecting debtor (TKJP), typically by requiring the objecting debtor to file a written response. After the filing of such written response, the Tokyo District Court has broad discretion on how to proceed. The Tokyo District Court may rule immediately or request the parties to submit further rebuttal, or, if it deems appropriate, may delay ruling to afford the parties an opportunity to negotiate. TKH intends to pursue negotiations with TKJP regarding the parties' respective claims (including the proof of claim filed by TKJP against TKH in the Chapter 11 Cases, as described below) and a potential resolution of the same.

In the event that such negotiations are unsuccessful and the Tokyo District Court rules with regards to the claim, the party not satisfied with the ruling has one (1) month from the day on which such party received the service of the ruling to commence full and plenary

litigation with regards to the claim. There is a statutory fee associated with such litigation that is calculated based on the value of the “subject matter” of the lawsuit. As the Tokyo District Court shall determine the value of the subject matter on the basis of the estimated amount of repayment from the rehabilitation plan, there is some uncertainty as to how this fee would be calculated in this instance, but it could potentially be significant and therefore influence the parties’ decisions on how to proceed.

On November 27, 2017, TKJP filed a proof of claim in the Chapter 11 Cases against TKH [Claim No. 3605] asserting liquidated Claims in the aggregate amount of \$64,059,294,780.03, as well as unliquidated and contingent Claims.

Pursuant to the *Final Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Waiving The Requirements Of 11 U.S.C. 345(b)* [Docket No. 736] (the “**Cash Management Order**”), the Debtors were authorized to pay their intercompany trade claims on account of goods delivered in the twenty (20) days before the Petition Date owed to affiliates other than TKJP. Pursuant to the Cash Management Order, the Debtors will not pay, in advance of confirmation of a chapter 11 plan, any prepetition Intercompany Claims owed to TKJP for the sale of goods received by the Debtors in the twenty (20) days prior to the Petition Date.

3.4 **Takata’s Product Liability Insurance Program**

Beginning in 2001, Takata purchased a global program of claims made liability policies for products liability claims (“**PL Insurance**”) providing worldwide coverage for TKJP and its subsidiaries. The PL Insurance was purchased on an annual basis, with each policy period beginning and ending at 12:01 a.m. on March 31 (Japan standard time). A coverage chart depicting Takata’s global PL Insurance from March 31, 2009 through March 31, 2018 is attached hereto at **Exhibit H**.⁶⁷

The PL Insurance policies generally define the “Named Insured” as Takata Corporation, as well as any subsidiary, associated, affiliated, or allied company or corporation (including subsidiaries thereof) owned or acquired by Takata Corporation.⁶⁸ Additionally, the PL Insurance policies, with the exception of the Local Policies (as defined herein), contain choice of law and choice of forum provisions stating that they shall be governed by and construed in accordance with the laws of Japan, and that any lawsuit arising out of or in connection with the policies shall be filed with a Japanese court of law. The Local Policies do not contain choice of law provisions.

⁶⁷ Although the first incident involving the rupture of a PSAN Inflator occurred in 2003, the first PSAN PI/WD Claim against TKH was made during the 2009-10 policy period.

⁶⁸ The 2015-16 and 2017-18 PL Insurance policies issued by Mitsui Sumitomo, described below, identify Takata Corporation as the Named Insured and do not otherwise define the Named Insured to include its subsidiaries or identify TKH as an additional Named Insured.

Subject to policy limits and other terms and conditions, the PL Insurance policies provide what is known as “claims made” coverage. Specifically, the PL Insurance policies include a statement that “[t]his is a claims made policy,” or “this insurance provides claims made coverage,” and contain insuring agreements that state “[t]his insurance applies to claims for ‘bodily injury’ . . . only if a claim for damages because of ‘bodily injury’ . . . is first made against any insured during the policy period,” or similar language to that effect. With minor variations in language in different policies and policy years, the PL Insurance policies also provide that claims due to occurrences arising out of a common cause (i) are deemed to be a single claim and (ii) are either deemed to have been made at the time the first such claim was made or are deemed to be subject to the limits of the policy in place when the first such claim was made.⁶⁹

The PL Insurance policies are subject to aggregate limits, such that each claim payment, including payment of defense costs, reduces the amount of coverage available under a responding policy regardless of the number of insureds seeking coverage, the number of claims against those insureds, or the number of “occurrences.” Further, the global PL Insurance policies, which are subject to Japanese law, include provisions conforming to Japanese law stating that a claim for payment under the policies cannot be assigned or pledged without the insurer’s consent. Consent to assign TKH’s claims for payment under the PL Insurance to the PSAN PI/WD Trust, as provided in the Plan, has not been requested or obtained from Takata’s insurers.

(a) **Pre-March 31, 2015 PL Insurance**

During the period between March 31, 2009 through March 31, 2015, Takata purchased \$90 million in PL Insurance limits annually. TKH purchased underlying local policies to meet regulatory requirements (the “*Local Policies*”), but these policies did not increase the total available limits in any one year. Instead, the limits of the global PL Insurance were reduced on a dollar-for-dollar basis by the amount of the limits of the Local Policies.

Before the 2014-15 policy period, Takata purchased the global PL Insurance program entirely from AIU Insurance Company (“*AIU*”), an affiliate of American International Group (“*AIG*”), and TKH purchased the underlying Local Policies from other AIG affiliates.⁷⁰

⁶⁹ Illustratively, certain PL Insurance policies contain the following language: “It is hereby understood and agreed that all claims due to occurrences arising from the same cause shall be deemed to have been made at the time the first of those claims is made against the Named Insured.” Other policies state as follows: “For the purpose of clarifying the limits of insurance, a claims series event, which means a series of two or more claims arising out of the same or common cause, including continuous, intermittent or repeated exposure to substantially the same general harmful conditions, shall be considered as arising out of one ‘occurrence’ regardless of the number of ‘occurrences’, even if such claims are made during different policy periods, and our total payment for such losses shall be limited to the same amount as the limits of insurance of the policy which applies to the first claim made for damages caused by such same or common cause.”

⁷⁰ TKH purchased Local Policies from the Insurance Company of the State of Pennsylvania (“*ICSOP*”) annually between March 31, 2010 through March 31, 2013 with aggregate limits of \$4.5 million, \$5 million, and \$6 million for the 2010-11, 2011-12, and 2012-13 policy periods, respectively. The 2012-13 ICSOP policy was extended until May 3, 2013. TKH purchased a Local Policy from Commerce and Industry Insurance Company (“*CIIC*”) with aggregate limits of \$7 million for the period of May 3, 2013 to March 31, 2014. As noted above, the limits of the Local Policies replace the limits of the \$15 million primary layer AIU policy dollar-for-dollar. The Local Policies

During the five-year period from March 31, 2009 to March 31, 2014, Takata annually purchased a tower of PL Insurance from AIU with limits totaling \$90 million in three layers – a \$15 million primary layer (reinsured by Takata’s captive reinsurer, as described below), a \$10 million excess layer, and a \$65 million second excess layer.

For the 2014-15 policy period, Takata again purchased \$90 million of PL Insurance, but for the first time the tower included PL Insurance issued by Tokio Marine & Nichido Fire Insurance Co., Ltd. (“*Tokio Marine*”). Specifically, the 2014-15 PL Insurance tower consisted of a \$15 million primary layer issued by AIU (reinsured by Takata’s captive reinsurer, as described below), a \$15 million excess layer issued by Tokio Marine, a \$40 million second excess layer issued by AIU, and a \$20 million third excess layer issued by Tokio Marine. During this period, TKH purchased a Local Policy from CIIC with aggregate limits of \$7 million.

(b) **Takata’s Captive Reinsurance Program**

During the period from March 31, 2001 to March 31, 2015, a 99% quota share portion of the primary layer of PL Insurance policies issued to Takata by AIU was reinsured by one of two captive reinsurers. First, from March 31, 2001 through September 30, 2010, a 99% quota share portion of the primary layer was reinsured by Norfolk Reinsurance Company, Ltd-Cell 07 (“*Norfolk*”), a Bermuda captive. Second, from October 1, 2010 until March 31, 2015, a 99% quota share portion of the primary layer issued by AIU was reinsured by Takata Re (“*TKRI*”), a Vermont captive. Under a Novation Agreement effective June 2013, TKRI replaced Norfolk as the reinsurer for the March 31, 2001 through September 30, 2010 period.

(c) **Post-March 31, 2015 PL Insurance**

Beginning March 31, 2015, Takata ceased using a captive reinsurer and instead purchased high deductible coverage (the “*High Deductible Policies*”). For the 2015-16 and 2016-17 policy periods, Takata purchased a first layer PL Insurance policy from Tokio Marine with \$35 million in aggregate limits, subject to a per occurrence deductible applicable to indemnity payments of \$10 million and \$20 million, respectively. The deductible, however, does not apply to defense costs. Takata purchased a second layer policy for the 2015-16 policy period from Mitsui Sumitomo (“*Mitsui*”), which provides \$30 million in aggregate limits. This policy states that it applies “in excess of Limits of Liability per occurrence or in the aggregate afforded under the underlying” Tokio Marine policy. For the 2016-17 policy period, Takata purchased a second layer “quota share” policy from Mitsui (67%) and Aioi Nissay Dowa (33%), which provides \$45 million in aggregate limits after exhaustion of a \$55 million aggregate retention. For the 2017-18 policy period, Takata purchased a first layer “quota share” policy from Mitsui (67%) and Aioi Nissay Dowa (33%), with a \$15 million per occurrence deductible (including defense costs) and \$45 million in aggregate limits after exhaustion of the per occurrence deductible or a \$55 million retention. Takata purchased a second layer policy for the

contain provisions stating that the insured’s rights or duties under the policies may not be transferred without the insurer’s consent.

2017-18 policy period from Tokio Marine, which provides \$35 million in aggregate limits in excess of the underlying Mitsui policy.

(d) **Payment of PSAN PI/WD Claims by the PL Insurers**

AIU began paying for the defense and settlement of certain PSAN PI/WD Claims against Takata in early 2009. Tokio Marine also has paid for the defense and settlement of certain PSAN PI/WD Claims. In doing so, both insurers have paid for the defense or settlement of PSAN PI/WD Claims under the PL Insurance policies in effect during the policy period in which the claim was made (*i.e.*, when the claim was asserted against Takata).⁷¹ From March 31, 2009 through March 31, 2014, no PSAN PI/WD Claim payment exceeded the limits of the primary layer AIU PL Insurance policies reinsured by Takata's captive reinsurer. Accordingly, AIU has been reimbursed for all payments it has made during this period by Takata's captive reinsurer.

Claim payments for PSAN PI/WD Claims and Other PI/WD Claims made during the 2014-15 policy period have exhausted the \$15 million aggregate limits of the reinsured layer and the next-in-line \$15 million Tokio Marine policy. Following the exhaustion of the Tokio Marine policy, AIU made claim payments totaling approximately \$18 million under the \$40 million second-layer excess PL Insurance policy, leaving approximately \$22 million in remaining aggregate limits in that policy.⁷² Including the next excess layer Tokio Marine policy, there are approximately \$42 million in aggregate limits remaining in the 2014-15 policy period. There are 16 remaining open Claims that AIU attributes to the 2014-15 policy period, ten of which allege airbag ruptures. Based on Ankura's (as defined herein) estimate of \$50 million for the Debtors' share of liability for PSAN PI/WD Claims that relate to injuries that occurred prior to the Petition Date (as discussed in more detail below), the remaining 2014-15 policy limits would likely be adequate to satisfy these open Claims, subject to coverage being available for and applicable to such Claims.

With respect to PSAN PI/WD Claims made after March 31, 2015, Tokio Marine and Mitsui have treated each claim as a separate occurrence for purposes of application of the deductible such that the High Deductible Policies only cover the amount of any individual settlement or judgment that exceeds the amount of the applicable deductible. Because no claims made during the 2015-18 policy periods have exceeded these deductibles, Tokio Marine and Mitsui have made no indemnity payments under the High Deductible Policies (although Tokio Marine has paid certain defense costs on claims within the deductibles). The second layer policies during the 2015-18 policy periods do not cover claims until exhaustion of an aggregate

⁷¹ In correspondence, AIU and Tokio Marine have acknowledged, and Takata has reserved its rights under, provisions in the PL Insurance policies providing that claims due to occurrences arising out of a common cause are deemed to be a single claim made at the time the first such claim was made.

⁷² On April 26, 2017, AIU issued a supplemental reservation of rights letter stating that, based on facts admitted by Takata in "various regulatory and criminal investigations and proceedings," including the DOJ Plea Agreement, "significant issues exist as to the [AIG] Companies' obligations to provide coverage to Takata relative to lawsuits filed against Takata relating to airbags utilizing PSAN [I]nflators." AIU requested that Takata provide certain additional information related to the Plea Agreement and information contained therein before making a final coverage determination. Takata provided the requested information. As of the date hereof, AIU has not issued a coverage determination.

retention amount of \$45 million in 2015-16 and \$55 million in 2016-17 and 2017-18. Upon exhaustion of the retention, the first layer policies become excess to the second layer policies to the extent of any remaining limits. In light of Ankura's estimates and the high deductible and retentions under the 2015-2018 PL Insurance policies, and absent some other risk transfer mechanism, PSAN PI/WD Claims that relate to injuries incurred after the Petition Date are unlikely to be covered by insurance unless they are deemed to arise out of the same or similar cause as PSAN PI/WD Claims made in an earlier policy period and assuming such Claims are deemed covered under those policies.

Under the Plan, proceeds of the PL Policies attributable to the PSAN PI/WD Claims will be assigned to the PSAN PI/WD Trust. As of this date, there are no PSAN PI/WD Insurance Proceeds, as there are no liquidated PSAN PI/WD Claims that have not been paid. As noted above, the insurers may take the position that any PSAN PI/WD Insurance Proceeds cannot be assigned to the PSAN PI/WD Trust without the insurer's consent.

Finally, the amount available under the PL Policies to pay PSAN PI/WD Claims is uncertain. As noted, AIU has reserved its rights to deny coverage for the PSAN PI/WD Claims based in part on facts admitted in the DOJ Plea Agreement. Additionally, the amount of coverage potentially available depends on, among other factors, the ultimate number and value of PSAN PI/WD Claims, and whether each PSAN PI/WD Claim is treated as a separate "occurrence" or whether multiple PSAN PI/WD Claims are deemed to arise out of the same or similar cause. If coverage litigation is required to resolve these disputed issues, the insurers may take the position that litigation would have to take place before a Japanese court applying Japanese law.

IV. KEY EVENTS LEADING TO THE COMMENCEMENT OF CHAPTER 11 CASES

Historically, Takata has been a pioneer in the active and passive safety market, introducing safety innovations that positively affect the lives and comfort of occupants throughout the driving cycle. Over the last several years, however, certain of Takata's PSAN Inflators have failed to operate as intended. In particular, certain PSAN Inflators have ruptured upon deployment of the airbag causing considerable injury and, in some instances, death. The first incident involving the rupture of a PSAN Inflator occurred in 2003 in Switzerland. At that time, Takata believed that the rupture was an isolated event caused by an overloading of propellant in the assembly of the inflator. Unfortunately, additional inflator ruptures occurred over the next several years prompting voluntary recalls by certain vehicle manufacturers and, ultimately, a nationwide recall in the U.S. by NHTSA. The rupturing of PSAN Inflators and the related recalls have resulted in substantial and expansive claims against the Debtors and other Takata entities, as well as resourcing of future business by the Customers. Under these circumstances, and those described in more detail below (including TKJP's entry into the Plea Agreement as described in Section 4.7 herein), Takata determined that an efficient sale of substantially all of Takata's assets to the Plan Sponsor through coordinated insolvency proceeding in the U.S. and Japan, and ancillary proceedings in the U.S., Canada, and Japan, would provide the best recovery to creditors while also ensuring that the Debtors continue to uphold recall-related and supply obligations to their Customers.

4.1 **NHTSA Orders Civil Penalties and Initiates Expansive Recalls of PSAN Inflators**

On June 11, 2014, after receiving multiple complaints regarding Takata airbag inflator ruptures, NHTSA opened a formal defect investigation into the PSAN Inflators—the first step to what would eventually become one of the largest automotive recalls in U.S. history. On February 25, 2015, NHTSA issued the Preservation Order and Testing Control Plan (the “**Preservation Order**”), which requires, among other things, that TKH take reasonable steps to prevent the destruction of and preserve all recalled or returned PSAN Inflators, ruptured inflators, and other ammonium nitrate-containing inflators in the U.S., as well as documents, data, and tangible things reasonably anticipated to be relevant to the subject of NHTSA’s defect investigation into PSAN inflators. In addition, the Preservation Order requires that TKH set aside ten percent (10%) of recalled or returned inflators for testing by private litigants, and the remaining inflators must be available to the OEMs for inspection, testing, and analysis.

Thereafter, on May 18, 2015, NHTSA issued a consent order (the “**First Consent Order**”). On November 3, 2015, NHTSA issued a second consent order which expressly incorporated the terms and conditions of the First Consent Order (as amended on May 4, 2016, as described below, and as may be further amended and supplemented, the “**Consent Order**”) and companion coordinated remedy order (the “**Coordinated Remedy Order**” and collectively with the Preservation Order and the Consent Order, as each may be amended, the “**NHTSA Orders**”). Pursuant to the Consent Order, TKH agreed to a non-contingent civil penalty in the amount of \$70 million, of which \$20 million has already been paid,⁷³ and a deferred contingent civil penalty in the amount of \$130 million, which amount only becomes due if TKH fails to comply with certain obligations in the Consent Order and the Coordinated Remedy Order.⁷⁴ As of the date hereof, TKH is in compliance with the Consent Order. In addition to the monetary fines and penalties, the Consent Order provides that TKH will implement a series of actions, including the phasing out of the manufacture and sale of non-desiccated PSAN Inflators by the end of 2018 (\$60 million of the \$130 million deferred civil penalty becomes due if TKH fails to meet the deadlines for the phase-out of its production of certain PSAN Inflators by December 31, 2018). The Consent Order also prohibits TKH from entering into any new contracts to provide products containing PSAN Inflators (the remaining \$70 million of the deferred civil penalty becomes due if TKH enters into any new contracts for production of products containing PSAN Inflators or if NHTSA discovers additional violations of safety regulations). Further, pursuant to the Coordinated Remedy Order, TKH is required to cooperate with NHTSA to coordinate and accelerate remedy programs. The Coordinated Remedy Order establishes a schedule based on

⁷³ Prior to the Petition Date, on each of February 1, 2016 and October 31, 2016 Takata made \$10 million payments to NHTSA in partial satisfaction of the non-contingent civil penalty. Of the remaining \$50 million owed to NHTSA, \$10 million was scheduled to become due and payable on August 11, 2017 and October 31, 2017. The Debtors sought authority from the Bankruptcy Court to make this payment [Docket No. 510]. However, to resolve certain objections, the Debtors reached an agreement with NHTSA whereby the Debtors withdrew their request to pay any portion of the civil penalty and agreed to defer consideration of the civil penalty to the Confirmation Hearing. See *Order Pursuant to 11 U.S.C. §§ 105, 363, and 503 for Authority to Pay Fees and Expenses Incurred by the NHTSA Monitor, to Pay the NHTSA Civil Penalty, and to Honor Certain Related Obligations* [Docket No. 781].

⁷⁴ Treatment of civil penalty claims is discussed at section 6.1(e) hereof.

the relative risk of rupture by which certain OEMs must have sufficient parts on hand to replace PSAN Inflators in affected vehicles.

In connection with the Consent Order and the Coordinated Remedy Order, NHTSA appointed John Buretta, a partner at the law firm Cravath, Swaine & Moore LLP, as the NHTSA Monitor to assist NHTSA in overseeing and assessing Takata's compliance with the NHTSA Orders. Takata has been working closely with the NHTSA Monitor to ensure compliance with the NHTSA Orders. The NHTSA Monitor's term is for five (5) years and is scheduled to conclude around the end of 2020 (subject to extension or early termination as may be ordered by NHTSA in its discretion). In accordance with the NHTSA Orders, as well as the order of the Bankruptcy Court [Docket No. 781], the Debtors pay the NHTSA Monitor's fees and expenses.

NHTSA commissioned three (3) independent research organizations to administer scientific evaluations and report on the "root cause" of the rupture of non-desiccated frontal Takata air bag inflators containing PSAN. Based on these reports, NHTSA concluded that the likely root cause of the rupturing of such inflators is a function of time, temperature cycling, and environmental moisture and that, at some point in the future, all non-desiccated frontal Takata PSAN inflators will reach a threshold level of degradation that could result in the inflator becoming unreasonably dangerous. Accordingly, on May 4, 2016, NHTSA issued an amendment to the Consent Order requiring Takata to file defect information reports ("**DIRs**") triggering recall obligations for all non-desiccated frontal PSAN Inflators, including any like-for-like replacement, on a defined, phased schedule broken down by vehicle model, year, and location, concluding by December 31, 2019. On July 11, 2017, Takata filed a DIR and initiated the recall of approximately three (3) million PSAN Inflators with the propellant formulation codenamed "2004" that utilize calcium sulfate as a desiccant. TKH has until December 31, 2019 to demonstrate that PSAN Inflators not currently covered by NHTSA recall (the "**Non-Recalled PSAN Inflators**") are safe, and that recalls should not be extended to the Non-Recalled PSAN Inflators.

The recalls initiated by NHTSA and the subsequent related recalls either required to be initiated by the OEMs or initiated independently by the OEMs, have resulted in mounting claims for reimbursement by the OEMs against the Takata entities with which the OEMs contract. Pursuant to many of the OEMs' contracts with the Debtors, the OEMs are entitled to reimbursement for costs associated with administering the recalls and installing replacement parts. The Debtors estimate such recall-related reimbursement claims against the Debtors to be in the billions of dollars, which includes, among other fees and expenses, (i) costs expended by the OEMs for replacement kits, (ii) labor, (iii) dealer charges, (iv) warehouse, shipping, and disposal charges for returned inflators, (v) recall awareness campaign related costs, and (vi) alternative sourcing costs.

4.2 **Takata Responds Cooperatively to NHTSA Orders**

To comply with the NHTSA Orders, Takata has implemented meaningful remedial oversight and compliance measures within the organization globally. As provided for in the Consent Order and stated above, TKH has agreed to substantial oversight by the NHTSA Monitor and has established processes for TKH employees to report concerns anonymously to

the NHTSA Monitor. TKH also has appointed a Chief Safety Assurance and Accountability Officer and created an enhanced Product Safety Group with authority to investigate and address preemptively safety-related issues across TKH's product lines.

In December 2014, Takata commissioned an independent Quality Assurance Panel (the "*Panel*") with a broad mandate to review Takata's practices and policies for the safe production of airbag inflators and to provide recommendations. Following an extensive review and evaluation of Takata's processes and policies, the Panel submitted a report in February 2016 setting forth fifteen (15) recommendations of concrete actions relating to quality concerns, design and manufacturing processes, and the Takata's "quality culture." Takata has fully implemented ten (10) of the fifteen (15) recommendations, significantly completed two (2) recommendations, and partially completed the three (3) remaining recommendations. Takata expects that by the end of 2017, the two (2) significantly completed recommendations will be fully complete, and that by June 2018 all of the Panel's recommendations will be fully implemented. Following a status meeting of the Panel, Samuel K. Skinner, Chairman of the Panel, reported in a letter, dated June 15, 2017, that in the Panel's view, "the Takata team in many instances has not only met the Panel's expectations but in doing so has set a new standard for the industry [...] the Panel believes that Takata has done an outstanding job in accepting, adopting and implementing the Panel's recommendations."

TKH has also been working cooperatively with NHTSA, world-class technical experts, and Customers to initiate recalls and administer replacement of affected airbag inflators to remedy safety concerns relating to non-desiccated PSAN Inflators nationwide. TKH has funded and developed vigorous "Get the Word Out" campaigns to maximize the recall completion rates and has conducted substantial consumer advertising to encourage car owners receiving recall notices to bring their cars in to dealers for prompt replacement. As of the date hereof, the Debtors have expended over \$29 million towards communicating and noticing vehicle owners of the recalls and risks associated with PSAN Inflators.

4.3 **Significant Litigation Actions Commenced Against the Debtors**

As described below, the Debtors were named as defendants in numerous litigations that arose prior to the Petition Date (collectively, the "*Prepetition Litigation Actions*"). With the exception of the State AG Actions (as defined herein), each of the Prepetition Litigation Actions has been stayed as to the Debtors in accordance with the automatic stay set forth in section 362 of the Bankruptcy Code. Moreover, as detailed below, the Bankruptcy Court granted an injunction which enjoined the State AG Actions as to the Debtors, TKJP, and members of the Customer Group (as defined herein) as well as many of the Prepetition Litigation Actions with respect to TKJP and members of the Customer Group.

(a) **Personal Injury and Wrongful Death Actions; Pending Multi-District Litigation**

Approximately one hundred (100) personal injury and wrongful death lawsuits relating to the PSAN Inflators are currently pending in state and federal courts within the U.S. The lawsuits allege product liability claims based in almost all instances on inflator ruptures, deployments with excessive force, and failures to deploy, primarily against TKH and TKJP, with

some claims also being made against certain of their Debtor and non-Debtor affiliates (collectively, the “*PI/WD Actions*”). Nearly all of the PI/WD Actions allege that the Takata defendants and the relevant OEM (*i.e.*, the OEM that manufactured the vehicle in which the plaintiff was allegedly injured) are jointly and severally liable for the alleged injuries. Many of the OEMs assert contractual or common law claims for indemnification and/or contribution against the Takata entity from which they purchased the PSAN Inflator.

On February 5, 2015, several class actions alleging economic losses from PSAN Inflators proceeding in federal courts in the United States against TKH were centralized in a multi-district litigation (the “*MDL*”) proceeding in the Southern District of Florida. Dozens of additional class actions and PI/WD Actions against both TKH and/or TKJP were transferred to the MDL shortly thereafter. In that centralization order, the Judicial Panel on Multidistrict Litigation also recognized that PI/WD Actions could be included in the MDL and many PI/WD Actions have subsequently been transferred to the MDL. A number of PI/WD Actions remain pending in various state courts. As of the date hereof, there have been no trials or verdicts against TKH, TKJP, or any of their affiliates in any PI/WD Action. There have been numerous settlements entered into by and among the PI/WD claimants, Takata, and the OEMs.

There are approximately two hundred (200) claims against the Debtors that have not presently resulted in filed PI/WD Actions. The Debtors expect that additional PI/WD Actions will be filed in the future, given the number of pending claims and the large population of vehicles containing PSAN inflators that have not yet been repaired pursuant to recall. In addition to the PI/WD Actions relating to the PSAN Inflators, TKH, certain Takata affiliates, and certain OEMs are also defendants in approximately fifteen (15) personal injury lawsuits alleging product liability claims unrelated to PSAN Inflators.

In the aggregate, the existing PI/WD Actions seek damages in the tens of millions of dollars; however, the Debtors strongly dispute the validity of certain of the claims asserted and damages sought in connection with PI/WD Actions.

The PI/WD Actions constitute Class 5 Claims under the Plan, the treatment of which is summarized in section 2.5 hereof.

(b) **U.S. Economic Loss Class Actions**

In addition to the PI/WD Actions, TKH, TKJP, and certain OEMs have also been named defendants in a putative nationwide consumer class action currently pending in the MDL (the “*U.S. Economic Loss Class Action*”). The consolidated U.S. Economic Loss Class Action, which aggregated roughly eighty (80) separately filed consumer class actions, purports to represent (i) approximately fifty million (50,000,000) consumers who purchased or leased vehicles with recalled PSAN Inflators prior to the recalls and, following the recall, still owned or leased the vehicle, sold the vehicle, or received some value for the vehicle after an accident and (ii) automotive recyclers that purchased vehicles containing airbags with recalled PSAN Inflators prior to the recalls and following the recall either continued to possess the airbag or sold the airbag to Takata or an OEM. The consolidated complaint asserts claims for economic losses largely based on the theory that the recall of PSAN Inflators has reduced the market value of those vehicles and/or airbags containing recalled PSAN Inflators. The plaintiffs are seeking to

recover compensation for lost value (*i.e.*, diminution of value of vehicles or airbag parts in vehicles); out-of-pocket and loss-of-use expenses (*e.g.*, reimbursement for repairs, time off from work, substitute transportation, childcare); disgorgement of profits; punitive damages; and attorneys' fees and costs.⁷⁵ The OEMs, TKH, and TKJP may be jointly and severally liable with respect to certain of the claims asserted in the U.S. Economic Loss Class Action. The Debtors strongly dispute the validity of the claims asserted in connection with the U.S. Economic Loss Class Action and any associated liability. Each of the seven (7) OEMs that has been named as a defendant in the U.S. Economic Loss Class Action has asserted cross-claims against TKH and/or TKJP, including claims for contractual or common law indemnification and/or contribution. TKH and TKJP moved to strike all such cross-claims on a number of bases, including the following: (a) cross-claims were improperly filed or pleaded under applicable law, and (b) certain of the OEMs failed to make allegations sufficient to demonstrate that they did not negligently or intentionally participate in the design and manufacture of Takata's defective PSAN Inflators.

Six (6) of the seven (7) co-defendant OEMs (the "***U.S. Economic Loss Settling OEMs***") have entered into settlement agreements with the plaintiffs in the U.S. Economic Loss Class Action. The MDL Court has finally approved the settlements involving four OEMs (Toyota, Subaru, Mazda, and BMW) and has preliminarily approved settlements involving Honda and Nissan. In the aggregate, these settlements amount to \$1.256 billion. A proportion of the settlement amounts will be used to implement certain recall outreach and noticing programs. In exchange, class members have agreed to grant a broad release to the U.S. Economic Loss Settling OEMs as well as certain of their related parties with respect to the subject matter of the class action. These settlements do not resolve claims against Takata. With respect to the remaining claims against Takata and the other OEMs, as of the date hereof, no motion for class certification has been filed and no deadline for the filing of such motion has been set.

The compensatory portions of the U.S. Economic Loss Class Action constitute Class 6 Claims under the Plan. The punitive portions of the U.S. Economic Loss Class Action constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(c) **Canadian Class Actions**

In addition to the U.S. Economic Loss Class Action, TKH, TKJP, and certain non-Debtor subsidiaries, as well as certain OEMs, were named defendants in fourteen (14) class actions across four (4) Canadian provinces (British Columbia, Saskatchewan, Quebec, and Ontario) based on theories similar to those asserted in the U.S. Economic Loss Class Action. As of the date hereof, four (4) of the class actions have been dismissed, five (5) of the class actions are currently in abeyance, and five (5) of the class actions have been consolidated into national class actions proceeding in Ontario (collectively, the "***Canadian Class Actions***"). The Canadian

⁷⁵ In addition to the class actions aggregated into the consolidated U.S. Economic Loss Class Action complaint, additional plaintiffs have filed economic loss class actions against TKH and/or TKJP and certain other OEMs. These actions have been consolidated in the MDL and placed in "civil suspense" by the MDL court pending resolution of the consolidated U.S. Economic Loss Class Action.

Class Actions are on behalf of consumers in Canada who purchased or leased vehicles with airbags containing PSAN Inflators that are subject to recalls.⁷⁶ The Canadian Class Actions have not been certified and have been stayed as against the Debtors and TKJP. The Canadian Class Actions assert an aggregate of CDN \$3.5 billion in damages for, among other things, economic loss based on the reduced value of claimants' vehicles and expenses incurred in connection with replacements and repairs. The Debtors strongly dispute both the asserted damages and the validity of the claims asserted in connection with the Canadian Class Actions and any associated liability.

While joint and several liability has not been expressly pleaded in the Canadian Class Actions, the Canadian court may find that the parties are liable on a joint and several basis absent an express assertion in a pleading, and a number of the OEM defendants have asserted cross-claims against TKH and TKJP. Accordingly, the OEMs that are named defendants in the Canadian Class Actions may assert contractual or common law claims for indemnification and/or contribution against the Takata entity from which they purchased the PSAN Inflator with respect to the Canadian Class Actions. Such Takata entity may have defenses to any such indemnification and/or contribution claims.

The compensatory portions of the Canadian Class Actions constitute Class 6 Claims under the Plan. The punitive portions of the Canadian Class Actions constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(d) **Mexico Class Action**

A class action was also commenced in Mexico by Acciones Colectivas de Sinaloa, A.C. (“ACS”) against, among others, TKH, IIM, TDM, certain OEMs, and certain car dealerships (the “*Mexico Class Action*”) in the Ninth Federal Court in the state of Sinaloa, Mexico (the “*Mexico Class Action Court*”). ACS is a non-profit association whose purpose is to, among other things, promote and defend the interests and rights of consumers and to commence corresponding class actions in order to enforce the claims of such persons. ACS is seeking, among other things, a declaration that the airbags produced and sold by the defendants are defective, an order obligating the defendants to replace the defective airbags free of charge, an order obligating the defendants to refrain from producing airbags until, in the view of the Mexico Class Action Court, they are no longer defective, and an award of damages to each individual member of the class for diminution in value of the vehicles and personal injuries. Under Mexican law, as a non-profit association, ACS is not required to indicate the specific number of individual members seeking damages in the Mexico Class Action and, therefore, as of the date hereof, the number of individual class members is unknown. Further, as of the date hereof, the amount of damages claimed by ACS on behalf of the class has not yet been quantified. As is the case with the U.S. Economic Loss Class Action and Canadian Class Actions, the Debtors strongly dispute the validity of the claims asserted in the Mexico Class Action and any associated liability.

⁷⁶ As of the date hereof, the Debtors are aware of three (3) personal injury lawsuits pending in Canada against TKH and/or TKJP, but no known instances of inflator rupture.

Under Mexican law, if ordered to pay damages, each of the defendants that caused the specific damage in question may be held jointly and severally liable. Those defendants that satisfy the judgment are entitled to file a claim for recovery from other defendants that are determined to have caused or participated in causing the damage. As of the date hereof, the class has not yet been certified and TKH has not been served.

TDM and IIM each commenced separate actions against ACS on July 12, 2017 and August 3, 2017, respectively, seeking to set it aside as a valid association and obtain a declaration that ACS should be declared invalid (collectively, the “*ACS Validity Actions*”). In particular, TDM filed an ordinary civil claim in state court in Mazatlán, requesting a judicial declaration to set aside (inexistencia) the association agreement which incorporates ACS, arguing, among other things, that it would be legally impossible for ACS to fulfill its corporate purpose. IIM filed an ordinary civil claim in state court in Mexico City seeking to set aside ACS for similar reasons as those argued by TDM. As of the date hereof, the ACS Validity Actions are pending.

By means of a November 30, 2017 judgment, pursuant to a motion filed by one of the Debtors’ co-defendants in the Mexico Class Action, the Federal Judicial Council (the “*FJC*”)⁷⁷ revoked ACS’ authorization to file class action claims in Mexico. In accordance with Mexican law, upon becoming aware of such revocation, the Mexico Class Action Court must remove the revoked party from its position as class representative and suspend the class action proceedings pending the appointment of an appropriate class representative. The Mexico Class Action Court will accept and review applications for the class representative position and subsequently appoint a replacement class representative. In the event that no applications are submitted to the Mexico Class Action Court, the Court will notify the Federal Consumers’ Protection Office, who will assume the role of class representative.

As against IIM and TDM, the Mexico Class Action constitutes Class 3 Claims under the Plan. As against TKH, the Mexico Class Action constitutes Class 6 Claims under the Plan. The treatment of Class 3 and Class 6 Claims is summarized in section 2.5 hereof.

(e) **State Civil Enforcement Actions**

Consumer protection actions have also been filed by applicable government authorities in Hawaii, the U.S. Virgin Islands, and New Mexico against TKJP, TKH, and certain OEMs seeking a combination of civil penalties, administrative fines, restitution for consumers, disgorgement of profits, and injunctive relief (the “*State AG Actions*”). Some of the complaints assert liability based upon legal theories other than consumer protection. In the U.S. Virgin Islands action, the government filed a motion for a preliminary injunction at the time it filed the complaint, which sought to have the court presiding over the U.S. Virgin Island action order TKH to pay into an escrow fund monies that could be used to satisfy any damages ultimately awarded to the U.S. Virgin Islands against TKH. This motion was denied without prejudice on June 19, 2017. The government renewed its motion on June 23, 2017, after press reports suggesting that Takata may commence insolvency proceedings on or around June 26th. On June 25, 2017, the court issued an order requiring TKH to pay “forthwith” approximately \$8 million

⁷⁷ The FJC is the Mexican office in charge of the administrative functions for the Mexican federal judicial branch.

into a court-administered escrow account. Prior to any payment being made, on June 30, 2017, the court presiding over the U.S. Virgin Islands action stayed the case.

Certain OEMs have also raised cross-claims or third-party claims against TKJP and TKH for indemnification, contribution, fraud, and misrepresentation in connection with the consumer protection actions. As of the Petition Date, the Hawaii action was in the discovery phase. The U.S. Virgin Islands action has not yet proceeded to discovery. TKJP and TKH's motion to dismiss the New Mexico action is pending.

The State AG Actions may constitute Class 6 Claims and Class 8 Claims under the Plan, the treatment of which is summarized in section 2.5 hereof; *provided, however*, for purposes of voting on the Plan, the State AG Actions shall constitute Class 6 Claims only.

(f) **Multistate Committee of Attorneys General**

In addition to the State AG Actions discussed above, in 2015, Takata's counsel was contacted by a multistate committee of Attorneys General (the "**Multistate AG Committee**") from multiple states, districts, and territories formed to investigate TKJP and/or TKH conduct relating to the marketing and sale of Takata's airbags that contain PSAN Inflators (the "**Multistate AG Investigation**"). The Debtors have been in contact with the Multistate AG Committee regarding their assertions and investigation. To date, the Multistate AG Committee has not filed any formal claims or causes of action against the Debtors or any other Takata entities. The Debtors strongly dispute the validity of any purported claims or causes of action.

(g) **U.S. Antitrust Class Actions**

Additionally, unrelated to the malfunctioning of PSAN Inflators, TKH and TKJP also are named defendants in four (4) antitrust putative class actions (the "**U.S. Antitrust Class Actions**") currently proceeding as a multi-district litigation pending for pre-trial purposes before the United States District Court for the Eastern District of Michigan (the "**Michigan District Court**"). These actions purport to be on behalf of certain direct and indirect purchaser plaintiff groups alleging antitrust-related claims relating to the sale of certain occupant safety systems, including airbags, seat belts, steering wheels, and electronic safety systems. Other defendants originally named in some of those actions are certain of Takata's competitors, namely Autoliv, Inc., TRW Automotive Holdings Corporation, Tokai Rika Co., Ltd., Toyoda Gosei Co., Ltd. and certain of their affiliates. To date, Autoliv, Inc., TRW Automotive Holdings Corporation, and certain of their respective affiliates (the "**Competitor Defendants**"), have settled with each plaintiff group.

The compensatory portions of the U.S. Antitrust Class Actions constitute Class 6 Claims under the Plan. The punitive portions of the U.S. Antitrust Class Actions constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(h) **Canadian Antitrust Class Actions**

TKH and TKJP, along with certain OEMs, are defendants in putative antitrust class actions in four (4) Canadian provinces (British Columbia, Ontario, Saskatchewan, and Quebec) based on theories similar to those asserted in the U.S. antitrust class actions (the “*Canadian Antitrust Class Actions*”). The Canadian antitrust class actions purport to be on behalf of certain consumers in Canada who allege antitrust claims relating to the sale of occupant safety systems, including airbags, seat belts, and steering wheels. In each of these actions, the Competitor Defendants were named as defendants, but have entered into settlement agreements resolving their claims. No deadlines for class certification motions have been set in any of the actions.

The compensatory portions of the Canadian Antitrust Class Actions constitute Class 6 Claims under the Plan. The punitive portions of the Canadian Antitrust Class Actions constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(i) **Mexican Labor Actions**

IIM and TDM are named defendants in approximately one-hundred seventy (170) labor actions currently pending in Mexico (collectively, the “*Mexican Labor Actions*”). Nearly all of the Mexican Labor Actions have been brought by former employees of such entities and allege, among other things, improper termination of employment. The Mexican Labor Actions assert approximately \$820,000 in damages in the aggregate. The Debtors strongly dispute both the asserted damages and the validity of the claims asserted in connection with the Mexican Labor Actions.

(j) **Potential for Future Litigation Claims**

TKH has embarked on an expansive campaign to notify owners of vehicles with PSAN Inflators of the risk associated with such inflators and to encourage owners of such vehicles to visit their local dealers to have a replacement kit installed. The OEMs and NHTSA have independently contributed to such noticing efforts. Nevertheless, vehicles containing PSAN Inflators remain and will continue to remain on the roads in the U.S. and around the world. Accordingly, there is a significant risk that additional personal injury, wrongful death, and economic loss claims will be asserted against the Debtors, other Takata affiliates, and the OEMs arising from pre-and post-closing sale of PSAN Inflators. As discussed below, the Chapter 11 Plan proposes various mechanisms for addressing such claims as against the Debtors.

4.4 **Key Employee Bonus Plan**

In December 2016, to improve employee morale and to incentivize certain key employees in the United States and Mexico to focus their efforts during the Company’s exploration and pursuit of a sale transaction, TKH developed and adopted two (2) employee bonus plans with input from its advisors for (i) eight (8) executives (the “*2016 Executive Bonus*”).

Plan”),⁷⁸ and (ii) approximately eighty (80) non-executive critical employees (the “**2016 Non-Executive Bonus Plan**,” and, together with the 2016 Executive Bonus Plan, the “**2016 Bonus Plans**”).

Under the 2016 Bonus Plans, each eligible employee is entitled to a cash bonus payable in two (2) installments, subject to the terms and conditions set forth in each eligible employee’s letter agreement under the 2016 Bonus Plan. Seventy-five percent (75%) of the bonus awards (the “**First Installment Payment**”), totaling approximately \$6.3 million in the aggregate, was paid to the eligible employees on or about January 4, 2017. Pursuant to the letter agreements, the remaining twenty-five percent (25%) of the awards (the “**Second Installment Payment**”), totaling \$1.6 million, is to be paid on a date that is thirty (30) days following the earliest to occur of (i) the closing of an asset purchase agreement for the sale of all or substantially all of Takata’s assets and (ii) the effective date of a chapter 11 plan for the Debtors, subject to the terms and conditions of each eligible employee’s letter agreement under the 2016 Bonus Plan. Pursuant to the 2016 Bonus Plan letter agreements, any eligible employee who is terminated for Cause (as defined in the letter agreements) or voluntarily terminates his/her employment, agrees to forfeit all rights to payment of any remaining payments.⁷⁹

4.5 **Formation of Customer Group and Appointment of Steering Committee**

The rupturing of PSAN Inflatos and the related recalls have had and continue to have a serious impact on the OEMs that have been administering the recalls and those that are named defendants in the various litigations. In February 2016, recognizing the importance of preserving Takata’s operations for the duration of the recalls, the need for a global coordinated go-forward strategy to manage the mounting litigation and recall related claims against Takata and a number of OEMs, and the need to gain the support and cooperation of the OEMs for any go-forward strategy, Takata contacted certain of the Consenting OEMs to negotiate and develop a restructuring plan with Takata. In March 2016, at the encouragement of Takata, OEMs that, in the aggregate purchased approximately ninety percent (90%) of PSAN Inflatos sold by Takata as of March, 2017, formed an informal group to negotiate and develop a restructuring plan with Takata (the “**Customer Group**”).⁸⁰

Around the time that the Customer Group was formed, the board of directors of TKJP appointed the Steering Committee. The Steering Committee was comprised of the

⁷⁸ The 2016 Executive Bonus Plan originally provided for payment to eleven (11) executives. Three (3) of the eleven (11) original participants are no longer employed by the Debtors.

⁷⁹ Pursuant to the U.S. Acquisition Agreement, the Plan Sponsor is assuming the letter agreements relating to the 2016 Bonus Plan and all obligations thereunder with respect to all Transferred Employees (as defined in the U.S. Acquisition Agreement). Pursuant to the Plan, the Debtors are assuming the letter agreements relating to the 2016 Bonus Plan and all obligations thereunder with respect to all PSAN Employees (as defined in the U.S. Acquisition Agreement). The Plan Sponsor has indicated that it will not be assuming any obligations owed to former employees of the Debtors, including retiree benefits as defined in section 1114 of the Bankruptcy Code.

⁸⁰ The members of the Customer Group include representation from the following OEMs: BMW, Daimler, Fiat Chrysler Automobiles, Ford, General Motors, Honda, Jaguar Land Rover, Mazda, Mitsubishi, Nissan, Subaru, Toyota, Volkswagen, and AB Volvo.

following five (5) independent members each with significant corporate restructuring experience in Japan:

(a) **Hideaki Sudo (Chairman):** Mr. Sudo is an attorney-at-law admitted in Japan and managing partner at Fuji Law Office (Tokyo). Mr. Sudo has served as a corporate reorganization trustee, corporate reorganization examiner, and a civil rehabilitation supervisor. He is the former chairman of the Study Committee on the Bankruptcy Law System of the Japan Federation of Bar Associations and an adjunct professor at Nihon University Law School.

(b) **Masami Hashimoto:** Mr. Hashimoto is a certified public accountant and former partner of Arthur Andersen and KMPG. He is a member of the Management Renewal Committee of Toshiba.

(c) **Kosei Watanabe:** Mr. Watanabe is an attorney-at-law admitted in Japan and the State of New York. Mr. Watanabe is a partner at Fuji Law Office (Tokyo). Mr. Watanabe has experience serving as corporate reorganization trustee in a number of large bankruptcy cases.

(d) **Nobuaki Kobayashi:** Mr. Kobayashi is an attorney-at-law admitted in Japan and partner at Nagashima Ohno & Tsunematsu. He is the current chairman of the Study Committee of the Bankruptcy Law System of the Japan Federation of Bar Associations and has extensive experience handling high-profile restructuring proceedings in Japan, representing debtors and creditors.

(e) **Tomoo Tasaku:** Mr. Tasaku is a senior advisor at PricewaterhouseCoopers Co., Ltd. and has served as a member of the study group on debtor-in-possession financing organized by the Ministry of Economy, Trade and Industry, the Turnaround Task Forces for Japan Airline, and the committee of Industrial Revitalization Corporation of Japan.

Prior to the Petition Date, the Steering Committee met on a weekly basis with Takata's advisors. TKJP's board of directors empowered the Steering Committee to prepare the restructuring plan independent from incumbent management. The formation of the Customer Group and the appointment of the Steering Committee set in motion the development of Takata's restructuring strategy. The Steering Committee was dissolved on June 26, 2017 (JST), when TKJP filed a motion to commence the civil rehabilitation proceeding.

4.6 **Takata Commences Global Prepetition Marketing and Sale Process**

In May 2016, the Steering Committee hired Lazard Frères & Co. LLC ("**Lazard**") to commence an expansive marketing and sale process for Takata to identify either a third-party investor or a purchaser for Takata's global assets and operations. After careful review and analysis of the Debtors' operations, Lazard, with the assistance of Weil, Gotshal & Manges LLP ("**Weil**") and PricewaterhouseCoopers LLP ("**PwC**"), determined that, due to the strong interdependencies among and between the global regions, a sale on a region-by-region basis would be value destructive and would not be in the best interests of the Estates. Accordingly, Lazard pursued the marketing and sale process on behalf of the global enterprise to secure a purchaser or investor interested in keeping the global operations intact.

By July 2016, Lazard had contact with forty (40) potential sponsor candidates that expressed interest in Takata. The forty (40) potential sponsor candidates consisted of nineteen (19) strategic partners, eighteen (18) financial investors, and three (3) trading houses. This initial list of potential sponsors was narrowed down to eighteen (18) potential sponsor candidates (eight (8) strategic and ten (10) financial) based on a number of factors, including feedback from the Customer Group, financial profile, management team, global presence, and ability to execute transaction expeditiously. These remaining potential sponsor candidates received a “teaser” to provoke interest in a potential transaction involving Takata.

Following this official launch of the marketing and sale process, nine (9) candidates (five (5) strategic and four (4) financial) submitted qualification letters. Six (6) of the candidates that submitted qualification letters were selected to advance in the process and were provided with access to due diligence, detailed presentations prepared by management and, in most cases, global site visits, in each case, subject to applicable antitrust law. On September 16, 2016, Lazard received preliminary proposals from five (5) potential sponsors (three (3) strategic, one (1) financial, and one (1) consortium (joint bid from a strategic and financial sponsor)). Lazard, the Customer Group, the Steering Committee, and Takata’s other advisors met to review, evaluate, and discuss the proposals and the potential sponsors and, based on feedback from the Customer Group, four (4) potential sponsors were selected to present to and meet with the Customer Group. By November 2016, three (3) candidates remained (two (2) strategic and one (1) newly formed consortium) in the process and proceeded to final rounds of diligence, including additional site visits, workshops, and Q&A sessions with management. In this final round of diligence, Takata and its advisors addressed approximately eight hundred (800) questions through an online portal and conducted twelve (12) diligence workshops globally.

4.7 **TKJP Enters Plea Agreement with DOJ**

On January 13, 2017, in the midst of Takata’s extensive marketing and sale process, TKJP and the Department of Justice, Criminal Division, Fraud Section and the United States Attorney’s Office for the Eastern District of Michigan (collectively, the “*Offices*”) announced and submitted to the Michigan District Court a plea agreement pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure (the “*Plea Agreement*”). On February 27, 2017, the Michigan District Court approved the Plea Agreement and entered the DOJ Restitution Order.

Pursuant to the Plea Agreement, TKJP pleaded guilty to wire fraud in violation of 18 U.S.C. § 1343 and agreed to pay a criminal fine of \$25 million, which was paid on March 29, 2017. In addition, pursuant to the Plea Agreement and DOJ Restitution Order, TKJP is required to pay, directly or through its affiliates or subsidiaries, the Restitution Payments as follows: (i) \$850 million to automobile manufacturers, which amount must be paid within five (5) days after the closing of a sale of TKJP, which must occur by no later than February 27, 2018 (the “*DOJ Deadline*”)⁸¹ and (ii) \$125 million to recompense individuals who suffered (or will

⁸¹ Pursuant to the Plea Agreement, of the \$850 million, \$481,848,850 is to be paid to those automobile manufacturers who were defrauded in connection with their purchase of the PSAN Inflators and the remaining \$368,151,150 is to be paid to all automobile manufacturers that purchased the PSAN Inflators from Takata or any of its subsidiaries, regardless of location. On or around December 4, 2017, the Special Master provided notice to

suffer) personal injury caused by the malfunction of a PSAN Inflator, which amount was paid to the Offices on or around March 29, 2017, as required by the Plea Agreement.

On July 31, 2017, pursuant to the Plea Agreement and the DOJ Restitution Order, the Michigan District Court entered an order appointing Eric D. Green as “Special Master” to determine the proper administration and disbursement of the Restitution Payments. The Debtors and their professionals have been in regular contact with Mr. Green and his advisors to discuss, among other things, allocation issues with respect to the Restitution Funds, Restitution Fund mechanics, and coordinating noticing and other fund administration issues.

In connection with the Plea Agreement and DOJ Restitution Order, TKJP agreed to implement an effective compliance program, including developing and promulgating compliance policies and procedures designed to reduce violations of data integrity and to retain an independent compliance monitor for a period of three (3) years who will, among other things, assess and monitor Takata’s compliance with its legal and ethical obligations. On April 27, 2017, pursuant to the Plea Agreement, the Offices appointed John Buretta, the NHTSA Monitor, as the DOJ Monitor.

In exchange for the guilty plea of TKJP and the complete fulfillment of all obligations under the Plea Agreement and DOJ Restitution Order, the Offices agreed not to file additional criminal charges against TKJP or any of its direct or indirect affiliates, subsidiaries, or joint ventures based on the conduct underlying the guilty plea. Notably, however, if TKJP fails to perform or fulfill its obligations under the Plea Agreement, Takata may be subject to criminal prosecution and additional fines and penalties, including criminal prosecution for conduct otherwise settled by way of the Plea Agreement. As discussed above, the risk that the Plea Agreement could be rescinded, thereby subjecting TKJP and its affiliates (including TKH and the other Debtors) to criminal liability and additional fines and penalties, means that for any transaction to be successful, the Restitution Payments must be made, because no purchaser or sponsor, including the Plan Sponsor, was or would be willing to close a sale transaction without the assurance that the sale proceeds would be applied first to those obligations owed to the DOJ.⁸²

4.8 **Takata Finalizes Marketing and Sale Process**

The entry of the Plea Agreement and DOJ Restitution Order was an important milestone in the marketing and sale process of the Takata enterprise as each of the potential sponsor candidates had previously indicated that resolution of the DOJ’s investigation of Takata would be an absolute prerequisite to consummation of any transaction. In addition, the Plea

OEMs of a proposed allocation of the \$850 million (the “**Proposed Allocation**”). After a notice and comment period, which expired on December 20, 2017, the Special Master submitted the Proposed Allocation to the Michigan District Court for final approval. The Proposed Allocation is annexed as Exhibit 1 to the Plan. Note: Exhibit 1 to the Plan will be filed prior to January 3, 2017, the hearing to consider the Disclosure Statement.

⁸² Counsel for certain confidential whistleblowers who have pending claims under the Motor Vehicle Safety Whistleblower Act (the “**Whistleblowers**”), filed an objection to the Disclosure Statement [Docket No. 1479], which indicated that they may assert that in connection with confirmation of the Plan that they are entitled to some portion of the DOJ Restitution Claim. The Debtors believe that this is an issue for NHTSA or the United States District Court for the Eastern District of Michigan.

Agreement and DOJ Restitution Order established both a ceiling on Takata's criminal liability to the U.S. government and a floor for a proposed purchase price—at least \$850 million—as the proposed purchasers have every incentive to ensure that the obligations owed by Takata under the Plea Agreement and DOJ Restitution Order are satisfied in full.

Shortly after the announcement of the Plea Agreement, on January 13, 2017, an updated process letter was sent to the three (3) remaining candidates requesting final bids by January 25, 2017. Only two (2) of the three (3) remaining sponsors submitted final bids (the Plan Sponsor and one (1) strategic). At the end of January 2017, the Customer Group, certain additional OEMs, Takata management, the Steering Committee, and Takata's advisors convened to discuss and evaluate the two (2) final proposals. In addition, each of the remaining bidders met with the Customer Group and Takata's advisors to negotiate further the terms of their respective bids.

Following these discussions, on February 3, 2017, the Steering Committee recommended to Takata's board of directors that it proceed with the bid submitted by the Plan Sponsor, without exclusivity, as it was the highest and best offer submitted for Takata's assets by a significant margin. In addition to a higher purchase price relative to the bid submitted by the other candidate, there was concern that the bid submitted by the other remaining candidate presented substantial hurdles to obtain certain regulatory approvals, which likely would result in a lengthy and uncertain review and approval process by various governmental entities in multiple jurisdictions, could require significant asset dispositions in connection with seeking to obtain applicable antitrust approvals, and, despite such efforts, potentially would not secure the necessary approvals. Accordingly, Takata's board of directors accepted the Steering Committee's recommendation, and Takata and the Plan Sponsor continued on to final diligence and documentation of the transaction.

The prepetition marketing and sale process led by Lazard was comprehensive and robust, involving solicitation of interest from a diverse set of potential strategic and financial partners that would be capable of participating in Takata's restructuring efforts. For those potential purchasers that proceeded to diligence rounds, diligence was inclusive and thorough, including document review, discussions with Takata employees, and site visits, in each case, to the extent permitted by applicable antitrust law. Takata recognizes that the OEMs are its primary revenue source and the transfer of its businesses to any purchaser would require the OEMs cooperation and support. For this reason, Takata regularly met and conferred with the Customer Group throughout the marketing and sale process and requested the input of the Customer Group on the selection of the Plan Sponsor and the transaction structure. After observing and participating in the prepetition marketing and sale process, the Customer Group expressed collective support for the Plan Sponsor. For many reasons, including, most importantly, the fact that no purchaser, whether strategic or financial, would be willing to participate in a transaction without clear support from their primary revenue source (*i.e.*, the OEMs), the Consenting OEMs' endorsement of the Plan Sponsor is a strong indication that the prepetition marketing and sale process produced the best result for Takata, including the Debtors.

For a more detailed description of the Debtors' prepetition operations and the events leading up to the commencement of the Chapter 11 Cases, please consult the *Declaration*

of Scott E. Caudill in Support of Debtors' Chapter 11 Petitions and First Day Relief [Docket No. 19] (the "**Caudill Declaration**"), which is incorporated herein by reference.

V. OVERVIEW OF THE DEBTORS' CHAPTER 11 CASES

5.1 Commencement of the Chapter 11 Cases and First-Day Motions

On the Petition Date, the Debtors commenced the Chapter 11 Cases in the Bankruptcy Court. As of the date hereof, the Debtors continue to manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Also on the Petition Date, the Debtors filed several motions seeking various relief from the Bankruptcy Court and authorizing the Debtors to maintain their operations in the ordinary course (collectively, the "**First-Day Motions**"). This relief was designed to ensure a seamless transition between the Debtors' prepetition and postpetition business operations, facilitate a smooth restructuring through the Chapter 11 Cases, and minimize any disruptions to the Debtors' operations. A description of the First-Day Motions is set forth in the Caudill Declaration.

5.2 Commencement of Foreign Insolvency Proceedings

(a) **The Japan Proceedings.** On the Petition Date, in coordination with the commencement of the Chapter 11 Cases, the Japan Debtors commenced the Japan Proceedings with the Tokyo District Court. On August 9, 2017, the Japan Debtors commenced proceedings with the Bankruptcy Court seeking to have the Japan Proceedings recognized by the Bankruptcy Court in accordance with Chapter 15 of the Bankruptcy Code. On August 11, 2017, the Bankruptcy Court entered a provisional order recognizing the Japan Proceedings. On November 14, 2017, the Bankruptcy Court entered a final order recognizing the Japan Proceedings (the "**Chapter 15 Recognition Order**"). On November 28, 2017, certain lead counsels for and on behalf of the plaintiffs and proposed classes in the MDL (the "**MDL Plaintiffs**") filed a notice of appeal of the Chapter 15 Recognition Order (the "**Chapter 15 Recognition Appeal**"). As of the date hereof, the Chapter 15 Recognition Appeal is pending.

Additionally, on August 25, 2017, the Debtors petitioned the Tokyo District Court for recognition of these Chapter 11 Cases. On September 6, 2017, the Tokyo District Court granted the Debtors' petition. Additional information about the Japan Proceedings is available at <http://www.takata.com>.

(b) **The Canadian Proceedings.** The Chapter 11 Cases and the Japan Proceedings have been recognized in Canada in proceedings commenced before the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") pursuant to the Companies' Creditors Arrangement Act, R.S.C., 1985, c. C-36 (the "**CCAA**"). While the Debtors do not have any assets in Canada, other than retainers with professionals, the Debtors do have creditors in Canada. In particular, as described above, there are fourteen (14) putative economic loss class actions, four (4) putative antitrust class actions, and three (3) personal injury actions commenced against TKH and/or TKJP in Canada in addition to certain known general Canadian creditors. Recognition of the Chapter 11 Cases and the Japan Proceedings in Canada was sought to provide for a stay of proceedings against the Chapter 11 Debtors and Japan Debtors in Canada, to keep

Canadian creditors informed in regards to the Chapter 11 Cases and Japan Proceedings, and to seek to bind Canadian creditors to orders issued in the Chapter 11 Cases and Japan Proceedings for which recognition is sought in Canada.

Recognition of the Chapter 11 Cases was sought and obtained from the Canadian Court on June 28, 2017. The orders issued by the Canadian Court on June 28, 2017 (the “*Canadian Recognition Orders*”), among other things, (i) recognized the Chapter 11 Cases as “foreign main proceedings” under the CCAA; (ii) stayed all existing proceedings against the Chapter 11 Debtors in Canada; (iii) appointed FTI Consulting Canada Inc. as information officer to report to the Court, creditors and other stakeholders in Canada on the status of the Chapter 11 Proceedings; and (iv) recognized certain interim orders to permit the Chapter 11 Debtors to continue operating their respective businesses during the course of the Chapter 11 Proceedings.

Recognition of the Japan Proceedings in Canada was obtained on September 1, 2017. TKJP served materials in support of its motion for recognition on August 24, 2017. On September 1, 2017, the Canadian Court issued an order amending the Canadian Recognition Orders such that they (i) recognized the Japan Proceedings as “foreign main proceedings;” (ii) extended the stay of proceedings and other relief to the Japan Debtors; and (iii) extended the mandate of the Information Officer to include the Japan Debtors and Japan Proceedings. The motion was not opposed.

On October 5, 2017, TKH and TKJP served materials in the Canadian recognition proceedings in support of a motion recognizing (i) the claims and noticing processes that had been established in the Chapter 11 Proceedings and Japan Proceedings, which is discussed in greater detail in Section 5.8 hereof; and (ii) various orders that had been issued in the Chapter 11 Proceedings that were either final versions of the interim orders that were previously recognized, or orders concerning the retention and compensation of professionals. On October 13, 2017, the Canadian Court issued orders recognizing these orders in Canada. The motion was not opposed.

5.3 *Appointment of Statutory Committees*

On July 7, 2017, the U.S. Trustee appointed the Creditors’ Committee and the Tort Claimants’ Committee.

The Creditors’ Committee retained Milbank, Tweed, Hadley & McCloy as its attorneys, Moelis & Company LLC as its investment banker, Zolfo Cooper, LLC as its bankruptcy consultant and financial advisor, Whiteford, Taylor & Preston LLC as its Delaware counsel, and Chuo Sogo Law Office PC as its special counsel with respect to the Japan Proceedings, and Davies Ward Phillips & Vineberg LLP, as its Canadian counsel. The Creditors’ Committee currently consists of the following five (5) members:

- **XPO Logistics Worldwide, Inc.**, Attn: Richard EF Valitutto, 4035 Piedmont Parkway, High Point, NC 27265, Phone: 336-232-4128, Fax: 336-882-8249;
- **O & S California, Inc.**, Attn: Jose Luis Furlong, 9731 Siempra Viva Rd., Suite E, San Diego, CA 92154, Phone: 619-988-2901, Fax: 619-661-1900;
- **Mitsubishi Chemical Performance Polymers, Inc.**, Attn: Steve Gregory, 42001 Hood Road, Greer, SC 29652, Phone: 864-879-5965;

- **Anderson Quality Spring Manufacturing, Inc.**, Attn: Andrew Johnston, 125 S. Hazel Dell Way, Canby, OR 97013, Phone: (503)267-3517, Fax (360)566-2633; and
- **Olson Metal Products, LLC**, Attn: Norman Sachs, 511 W. Algonquin Road, Arlington Heights, IL 60005, Phone: 847-981-7500, Fax: 847-981-0772.

The Tort Claimants' Committee retained Pachulski Stang Ziehl & Jones LLP as its attorneys, Alvarez & Marsal North America, LLC as its financial advisor, Gilbert LLP as its insurance counsel, and Sakura Kyodo Law Offices as its special counsel with respect to the Japan Proceedings. The Tort Claimants' Committee currently consists of the following members:

- **Charon Berg**, 2435 Bedford Street, Unit 21-C, Stamford, CT 08905;
- **Heidi Mauro**, 73 W Wild Blueberry Way, Santa Rosa Beach, FL 32459;
- **Janice Krasulja**, Yaini Campo as Guardian Ad Litem, 936 Madison Avenue, Patterson, NJ 07501;
- **Danny Tyrus Barnes**, 2604 S. Chatham Court, Wintersville, NC 28590;
- **Alexander Bowers**, 408 Old Central Road, Apt 4, Clemson, South Carolina 29631;
- **Angelina Sujata**, 230 Pelham Road, Apt 10, Greenville, SC 29615; and
- **Adrian Pielago**, 3501 SW 105th Avenue, Miami, FL 33165.

5.4 **Filings of Schedules of Assets and Liabilities and Statements of Financial Affairs**

On August 9, 2017, the Debtors filed their schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs, which they subsequently updated and supplemented on August 28, 2017 and October 12, 2017 (collectively, as amended, the "*Schedules*").

5.5 **Appointment of Future Claims Representative**

On September 6, 2017, the Bankruptcy Court entered an order [Docket No. 703] (as amended, the "*FCR Order*"), pursuant to sections 105 and 1109 of the Bankruptcy Code, appointing Roger Frankel as the Future Claims Representative. The FCR was appointed as the legal representative for individuals who sustain personal injuries after the Petition Date, arising from or related to PSAN Inflators or their component parts manufactured by the Debtors or their affiliates prior to the effective date of a chapter 11 plan of reorganization in these Chapter 11 Cases. The Bankruptcy Court subsequently approved the FCR's employment of Frankel Wyron LLP as its attorneys, Gnarus Advisors LLC as its claims estimation consultants, Greenberg Traurig as its special counsel, and Ashby & Geddes, P.A. as its co-counsel.

5.6 **Appointment of Fee Examiner**

On September 7, 2017, the Bankruptcy Court entered an order [Docket No. 714] appointing Direct Fee Review as the fee examiner in the Chapter 11 Cases (the "*Fee Examiner*"). The Debtors, the Committees, and the U.S. Trustee conferred regarding the

appointment of a fee examiner and submitted to the Bankruptcy Court a list of candidates, from which Direct Fee Review was chosen by the Bankruptcy Court.

5.7 **Injunction Enjoining Certain Litigation Against Debtors**

On July 13, 2017, the Debtors initiated an adversary proceeding seeking to enjoin certain lawsuits not automatically stayed by section 362 of the Bankruptcy Code. The lawsuits fell into two broad categories: (i) actions by the States of Hawaii and New Mexico and the Government of the U.S. Virgin Islands alleging violations of consumer protection laws against TKH, TKJP, and the Consenting OEMs, and (ii) actions brought by entities and individuals against TKJP and the Consenting OEMs (the “**Individual Actions**”). The Individual Actions include lawsuits for personal injury, wrongful death, economic loss, and failure to complete recalls within a particular timeframe.

On August 9, 2017, the Bankruptcy Court held an evidentiary hearing on the Debtors’ motion for a preliminary injunction. One week later, on August 16, the Court issued an oral ruling enjoining for a period of ninety (90) days, through and including November 15, 2017, the State AG Actions and certain of the Individual Actions (the “**Enjoined Actions**”). Lawsuits consolidated in the MDL were excluded from the injunctive relief granted by the Bankruptcy Court. An order consistent with the Bankruptcy Court’s ruling was entered on August 22, 2017 (the “**Injunction Order**”).

On November 6, 2017, the Debtors moved to extend the Injunction Order and stay the Enjoined Actions until the DOJ Deadline. As part of their motion to extend the Injunction Order, the Debtors also sought to enjoin lawsuits against the Consenting OEMs filed after the Petition Date. On November 20, 2017, the Bankruptcy Court issued an oral ruling enjoining the Individual Actions and the lawsuits against the Consenting OEMs filed after the Petition Date through and including February 27, 2018. The Bankruptcy Court also enjoined the State AG Actions for thirty (30) days, through and including December 20, 2017, and directed the parties to meet and confer to negotiate what litigation activity to expect in the State AG Actions if the injunction were in fact lifted. On December 19, 2017, the injunction was lifted in connection with the Bankruptcy Court’s approval of a stipulated litigation plan setting forth the activity to occur in the State AG Actions through February 27, 2018.

5.8 **Claims Bar Dates and Noticing Procedures**

On October 4, 2017, the Bankruptcy Court entered an order [Docket No. 959] (the “**Bar Date Order**”) establishing certain deadlines (collectively, the “**Bar Dates**”) and procedures for the filing of proofs of claim in the Chapter 11 Cases (each a “**Proof of Claim**”), including a deadline for PPICs asserting claims against any of the Debtors for past or future monetary losses, personal injuries (including death) (except that, as described further below, Future Claimants are not required to file a proof of claim prior to the PPIC Bar Date for damages arising out of or relating to personal injury or wrongful death with respect to injuries sustained after the Petition Date arising from or related to PSAN Inflators or their component parts manufactured by the Debtors or their affiliates prior to confirmation of a chapter 11 plan of reorganization in these Chapter 11 Cases), or asserted damages arising out of or relating to an

airbag containing PSAN Inflators, or their component parts, manufactured or sold by the Debtors or their affiliates prior to the Petition Date (each a “**PPIC Claim**”).

Specifically, the Bar Date Order established the following deadlines for filing proofs of claim:

- **General Bar Date:** November 27, 2017 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for all creditors other than Governmental Units and PPICs to file proofs of claim against the Debtors (*i.e.*, traditional creditors such as lenders, suppliers, vendors, employees, and litigation claimants).
- **Governmental Bar Date:** December 22, 2017 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for all Government Units (as defined in section 101(27) of the Bankruptcy Code) to file proofs of claim against the Debtors.
- **PPIC Bar Date:** December 27, 2017 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for filing all PPIC Claims.

Pursuant to the Bar Date Order, neither the FCR nor any Future Claimant (as defined in the FCR Order) was required to file a proof of claim prior to the PPIC Bar Date for damages arising out of or relating to personal injury or wrongful death with respect to injuries sustained after the Petition Date arising from or related to PSAN Inflators or their component parts manufactured by the Debtors or their affiliates prior to confirmation of a chapter 11 plan of reorganization in these Chapter 11 Cases. In addition, any PPIC whose claim for personal injury was listed on the Schedules was also not required to file a PPIC Proof of Claim.

Further, pursuant to the Bar Date Order, PPIC Proofs of Claim asserting damages for economic loss are being deemed filed and asserted against each of the Debtors that were engaged in the business of designing, manufacturing, or selling products containing PSAN Inflators. For the avoidance of doubt, the only Debtor entities which were involved in the design, manufacture, or sale of products containing PSAN Inflators were TKH, IIM, TDM, and SMX.

In addition to establishing the various Bar Dates, the Bar Date Order approved both a form of notice of the Bar Dates to be served on all traditional creditors in the Chapter 11 Cases (the “**General Bar Date Notice**”) as well as an expansive publication and noticing protocol to provide actual and constructive notice to PPICs during the Chapter 11 Cases. Specifically, the Bankruptcy Court ordered the Debtors to serve a 6” x 9” court-approved postcard (the “**PPIC Combined Notice**”) on approximately eighty-three (83) million parties, which represented all individuals who are currently or, during the period January 1, 2013 to the present, were registered owners of a vehicle in the United States containing a PSAN Inflator manufactured with the propellant formulation codenamed “2004” (such vehicles, the “**PPIC Notice Vehicles**” and such registered owners, the “**PPIC Notice Parties**”). In addition to notice of the PPIC Bar Date, the PPIC Combined Notice provided creditors with actual notice and information regarding (i) the process for obtaining replacement airbags, (ii) the commencement of the Japan Proceedings, (iii) the Restitution Funds, (iv) the Disclosure Statement and Confirmation Hearing dates and objection deadlines, (v) the fact that a claimant’s interests may be affected by a chapter

11 plan of reorganization, through releases, injunctions, discharges, sale “free and clear” orders, or otherwise, and (vi) the website maintained by the Debtors’ noticing agent (www.TKRestructuring.com), where PPICs and other creditors could file proofs of claim, register their email addresses to receive further notices about the Chapter 11 Cases, and view other key documents and pleadings filed in the Chapter 11 Cases.

Additionally, the Bankruptcy Court directed the Debtors to publish the notice of the Bar Dates (the “**Publication Notice**”) in ten (10) publications in the United States as well as fifty-eight (58) publications located across thirty-eight (38) foreign countries. The Bankruptcy Court included in the Bar Date Order its finding that the noticing procedures outlined therein, including the PPIC Combined Notice and Publication Notice, constituted good and sufficient notice of the Bar Dates to creditors of the Debtors, including unknown creditors.⁸³

In addition, on December 18, 2017, the Court entered an order [Docket No. 1395] establishing February 6, 2018 (the “**Supplemental PPIC Bar Date**”) as the supplemental deadline for PPICs who purchased vehicles containing a PSAN Inflator that uses 2004 non-desiccated or desiccated PSAN as propellant between August 2, 2017 through December 19, 2017 to file proofs of claim in the Chapter 11 Cases for past or future monetary losses, personal injuries (including death), or damages arising out of or relating to an airbag containing PSAN Inflators, or their component parts, manufactured or sold by the Debtors or their affiliates.

As of the date hereof, approximately 58,000 proofs of claim were filed in these Chapter 11 Cases. Of these proofs of claim, approximately 56,000 were PPIC Claims. On their proof of claim form, approximately 4,000 PPICs checked the box or otherwise indicated that their asserted Claims were PSAN PI/WD Claims. Many of those PPICs, however, did not indicate on their proofs of claim that they suffered an actual personal injury, wrongful death, or other similar harm or injury, and the Debtors have not been able to confirm the validity of their PSAN PI/WD Claim as of the Record Date. Accordingly, for solicitation purposes only, the Debtors are soliciting such PPICs as holders of Class 6 Other General Unsecured Claims.

5.9 **Retention of Economic Consultant**

In January 2017, the Debtors engaged Ankura Consulting Group, LLC (“**Ankura**”) to, among other things, forecast the cost of resolving pending and future personal injury and wrongful death claims that arise out of vehicles containing PSAN Inflators manufactured by the Debtors or their affiliates (the “**PSAN PI/WD Claims**”). Ankura relied on data provided by the Debtors and their advisors as well as third-parties in conducting their

⁸³ On November 3, 2017, the Debtors filed the Supplemental Declaration of Jim Messina Regarding Supplemental Procedures for Providing Notice of Bar Dates and Other Important Deadlines to Creditors in Puerto Rico and the U.S. Virgin Islands [Docket No. 1102] (the “**Messina PR/USVI Noticing Declaration**”). The Messina PR/USVI Noticing Declaration sets forth the measures that the Debtors are taking to provide notice of the Bar Dates and Chapter 11 Cases to residents of Puerto Rico and the U.S. Virgin Islands in light of the recent natural disasters in these jurisdictions and the corresponding effect on mail and publication notice. The notice being provided to residents of Puerto Rico and the U.S. Virgin Islands is comprised of digital advertisements, additional publications in print and online newspapers, and radio advertisements. Residents of Puerto Rico also received the PPIC Combined Notice; however, PPIC Combined Notices were not sent to residents of the U.S. Virgin Islands because name and address data for residents of the U.S. Virgin Islands was not available for purchase.

analysis. Indeed, Ankura, together with the Debtors' other advisors, worked with the economic consultants and advisors of the Tort Claimants' Committee, FCR, and Special Master in preparing its analysis. Ankura estimates that the Debtors' exposure on PSAN PI/WD Claims will be approximately \$1.05 billion.⁸⁴ The Consenting OEMs have not reviewed, endorsed, or adopted Ankura's estimate of PSAN PI/WD Claims. Such estimate shall not be binding on the Consenting OEMs in any respect, and the Consenting OEMs reserve all rights to challenge, contest, or object to such estimate in these Chapter 11 Cases, in any other litigation or proceeding, or otherwise.

5.10 **Retiree Benefits**

Certain of the Debtors' former employees (the "**Former Employees**") receive health benefits pursuant to the Debtors' executive healthcare plan, one or more agreements with the Debtors, or other arrangements which benefits may constitute "retiree benefits" as such term is defined in section 1114 of the Bankruptcy Code.⁸⁵ The Plan Sponsor is not assuming obligations owed to former employees, including obligations relating to retiree benefits.

The Debtors intend to comply with their obligations under sections 1114 and 1129(a)(13) of the Bankruptcy Code with respect to such retiree benefits. The Debtors have offered the Former Employees a lump sum payment representing a percentage of the estimated present value of the Former Employee's retiree benefits (the "**Proposal**"). The Debtors cannot guarantee that the Proposal will be accepted by the Former Employees. If the Proposal is not accepted by each of the Former Employees, the Debtors may face certain objections to confirmation of the Plan and proceeds may need to be set aside on the Effective Date pending resolution of the Debtors' obligations to provide retiree benefits in accordance with section 1114 of the Bankruptcy Code.

5.11 **Extension of Exclusive Periods**

Section 1121(b) of the Bankruptcy Code provides for a period of one hundred twenty (120) days after the commencement of a chapter 11 case during which time a debtor has the exclusive right to file a plan of reorganization (the "**Exclusive Filing Period**"). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if the debtor files a plan within the Exclusive Filing Period, it shall have a period of one hundred eighty (180) days after commencement of the chapter 11 case to obtain acceptances of such plan (the "**Exclusive Solicitation Period**," and together with the Exclusive Filing Period, the "**Exclusivity Periods**"). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusivity Periods.

⁸⁴ Ankura's estimate is comprised of \$1 billion for PSAN PI/WD Claims that relate to injuries incurred after the Petition Date and \$50 million for injuries that occurred prior to the Petition Date and were not resolved as of the Petition Date. Ankura's estimate is a nominal value which has not been adjusted for inflation. Further, Ankura's estimate is a projection of the Debtors' share of potential liability and does not include the share of liability, if any, that may be owed by the Debtors' co-defendants.

⁸⁵ As of the date hereof, the Debtors believe that fewer than ten (10) former employees receive "retiree benefits" as such term is described in section 1114 of the Bankruptcy Code.

The Debtors' Exclusive Filing Period and Exclusive Solicitation Period were initially set to expire on October 23, 2017 and December 22, 2017, respectively. By order dated November 20, 2017 [Docket No. 1205], the Bankruptcy Court granted the Debtors' request to extend the Exclusive Filing Period and the Exclusive Solicitation Period through and including January 21, 2018, and February 27, 2018, respectively, without prejudice to seek further extensions of the Exclusive Periods at a later date.

5.12 **Global Accommodation Agreement**

On the Petition Date, the Debtors filed a motion seeking approval of that certain accommodation agreement between and among certain of the Consenting OEMs, the Debtors, and certain other Takata entities (as amended, supplemented, or modified, the "**Global Accommodation Agreement**," and the Takata entities signatory thereto, collectively, "**Supplier**"). The Global Accommodation Agreement provides Supplier with certain valuable accommodations and liquidity enhancements to support Supplier's liquidity and operations during the Chapter 11 Cases. Specifically, pursuant to the Global Accommodation Agreement, during the Chapter 11 Cases, the Customers have agreed to provide the Debtors with, among other accommodations, (a) significant liquidity enhancement from the acceleration of payment terms on outstanding purchase orders from the Consenting OEMs' standard payment terms; (b) restrictions on the Consenting OEMs' ability to resource parts and programs to the Debtors' competitors during the term of the Global Accommodation Agreement; (c) certain limitations on the Consenting OEMs' ability to assert setoffs against the Debtors' accounts receivable; and (d) a commitment from the Consenting OEMs to purchase raw materials and furnished goods at established prices in the event of certain trigger events. It is anticipated that the accommodations provided under the Global Accommodation Agreement will provide approximately \$300 million in additional liquidity that would not otherwise be available to the Debtors during the Chapter 11 Cases.

In exchange for these accommodations, the Debtors have committed to continue to produce and deliver Component Parts to the Consenting OEMs and to provide other limited accommodations to safeguard the production of Consenting OEMs. In exchange for agreeing to make payment on their outstanding accounts payable as of the Petition Date (the "**Customer Accounts**") and forgo valuable rights of setoff, the Debtors also agreed to provide certain of the Consenting OEMs with Customer Accounts (the "**Secured Accommodation Parties**") with adequate protection (the "**Adequate Protection**"), including postpetition replacement liens, superpriority administrative expense claims, and other related protections with respect to the Debtors. In connection with the Adequate Protection, the Debtors' stipulated that the amount of the claims owed to the Secured Accommodation Parties vastly exceeded the amount of the Customer Accounts on the Petition Date.

Pursuant to the Global Accommodation Agreement, Supplier (and certain other Supplier related parties) granted the Secured Accommodation Parties a release of all claims, liabilities, demands, actions and causes of action, of whatever kind or nature, that existed or may exist in the future relating to or arising from any action or inaction prior to the Effective Date (as defined in the Global Accommodation Agreement); provided that no person or entity was released from (i) any obligation arising under the Global Accommodation Agreement (or any right to or claim for payment arising in the ordinary course under a Purchase Order) or (ii) any

claim arising from or related to any act or omission that constituted fraud, gross negligence, or willful misconduct. The stipulations and releases granted pursuant to the Global Accommodation Agreement were all subject to a challenge period during which time certain parties in interest with requisite standing (other than the Debtors) could investigate and file actions, if any, objecting to or challenging the appropriateness of the Adequate Protection (the “**Challenge Period**”).

As is customary, the Debtors further agreed, pursuant to an access and security agreement (the “**Access Agreement**”), to provide the Consenting OEMs with limited rights to access and utilize the Debtors’ facilities and equipment in the event there is a continuing default under the Global Accommodation Agreement which has resulted in a substantial likelihood that a Consenting OEM’s production will be interrupted.

The Global Accommodation Agreement included certain milestones relating to the Chapter 11 Cases, which, if not met, would provide the Requisite Consenting OEMs (as defined in the Global Accommodation Agreement) the right to terminate the Global Accommodation Agreement unless waived or deferred in writing. The case milestones generally related to finalizing of the Global Transaction Documentation and interim and final approval of the Global Accommodation Agreement by the Court. The case milestones have been extended a number of times, pursuant to a certain waivers and amendments, to allow the parties sufficient time to finalize the Global Transaction Documents.

On June 27, 2017, the Bankruptcy Court entered an order approving the Global Accommodation Agreement on an interim basis [Docket No. 107] (the “**Interim Adequate Protection Order**”) and the Global Accommodation became effective and was subsequently filed with the Bankruptcy Court on July 18, 2017 [Docket No. 289]. The Access Agreement was executed by Supplier and delivered to the Consenting OEMs on August 9, 2017.

Subsequent to the entry of the Interim Adequate Protection Order, certain parties, including the Tort Claimants’ Committee, requested formal discovery, including document requests and depositions, of the Debtors and certain of the Secured Accommodation Parties relating to the Global Accommodation Agreement. Formal discovery with respect to the Global Accommodation Agreement was completed on or about August 31, 2017.

On October 3, 2017, following amendments mutually-agreed upon by the Debtors, the Consenting OEMs, and the Committees filed with the Court on September 26, 2017 [Docket No. 857], the Bankruptcy Court approved the Global Accommodation Agreement, the Access Agreement, and the Adequate Protection on a final basis [Docket No. 953] (the “**Final Adequate Protection Order**”) and, together with the Interim Adequate Protection Order, the “**Adequate Protection Orders**”). Pursuant to the Final Adequate Protection Order, the Challenge Period was extended to November 2, 2017, which was subsequently further extended by stipulation to December 4, 2017 [Docket No. 1090] and later to January 31, 2018 [Docket No. 1299], in each case, solely with respect to certain parties identified in such stipulation.

5.13 *The Global Transaction and U.S. Acquisition Agreement*

Since selecting the Plan Sponsor as the successful bidder, Takata, the Consenting OEMs, and the Plan Sponsor have engaged in many months of substantive, good faith and, at times, protracted negotiations. These negotiations culminated in the execution of the Global Transaction Documents on November 16, 2017, including the U.S. Acquisition Agreement filed by the Debtors with the Bankruptcy Court on November 3, 2017 [Docket No. 1110].

The Global Transaction, including the U.S. Acquisition Agreement, is designed to further the parties' common goals of (i) ensuring ongoing compliance with the NHTSA Orders, the Plea Agreement, and the DOJ Restitution Order, (ii) complying with the insolvency laws in applicable jurisdictions, including the confirmation standards set forth in section 1129 of the Bankruptcy Code, (iii) providing for the prompt emergence from the various insolvency proceedings currently pending in the United States and internationally, and (iv) providing quality and safe Component Parts to the OEMs, including replacement kits.

The framework for the Global Transaction is the product of certain conditions imposed by the Plan Sponsor and the Consenting OEMs. From the outset, the Plan Sponsor clearly indicated that it would not be willing to assume any liabilities, including contingent liabilities relating to Takata's pre- or post-closing design, assembly, manufacture, sale, distribution and/or handling of desiccated or non-desiccated PSAN Inflators, without a full indemnity from the Consenting OEMs. The Consenting OEMs, unwilling to consent to blanket indemnity obligations, but in many instances, in need of ongoing and post-closing production of PSAN Inflators for either series production, replacement kits, or service parts, engaged in robust negotiations with the Plan Sponsor on the precise contours of their indemnification obligations and on methods to mitigate the Plan Sponsor's exposure and reduce the need for a full indemnity. To that end, and to satisfy the ongoing production needs of the Consenting OEMs as well as the ongoing recall obligations relating to PSAN Inflators, Takata, the Consenting OEMs, and the Plan Sponsor developed the PSAN Carve-Out whereby all PSAN specific assets will be carved-out or transferred, as applicable, into a separate company (*i.e.*, Reorganized Takata) to produce PSAN propellant and PSAN Inflators post-closing. The Plan Sponsor and the Consenting OEMs also entered into the Indemnity Agreement which, as described below, sets forth the scope of indemnification and releases to be provided by the Consenting OEMs to the Plan Sponsor.

Against this backdrop, the parties negotiated the Global Transaction, including the U.S. Acquisition Agreement, the EMEA Acquisition Agreement,⁸⁶ and the Japan Acquisition

⁸⁶ The "*EMEA Acquisition Agreement*" means that certain Asset Purchase Agreement by and among TAKATA Europe GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) established under the laws of Germany registered with the commercial register (Handelsregister) at the lower court (Amtsgericht) of Aschaffenburg under registration number HRB 8513; TAKATA Aktiengesellschaft, a stock corporation (Aktiengesellschaft) established under the laws of Germany registered with the commercial register at the lower court of Aschaffenburg under registration number HRB 120; and TAKATA Sachsen GmbH, a limited liability company established under the laws of Germany registered with the commercial register at the lower court of Chemnitz under registration number HRB 11841, and Joyson KSS Holdings No. 2 S.à r.l., a limited liability

Agreement⁸⁷ (together with the U.S. Acquisition Agreement and the EMEA Acquisition Agreement, the “*Acquisition Agreements*”). The central elements of the U.S. Acquisition Agreement are set forth below.

(a) **Acquired Assets.** The Sellers will sell substantially all non-PSAN-related assets to the Plan Sponsor and retain all PSAN-related assets and liabilities. The assets being sold by the Sellers to the Plan Sponsor include the stock of certain subsidiaries of the Sellers: Highland Industries, Inc., Syntec Seating Solutions LLC, Equipo, Falcomex, ALS Inc., Takata Brasil S.A., New Mexico Trading Company (as defined in the U.S. Acquisition Agreement) and, potentially, TSAC (collectively, the “*Acquired Subsidiaries*”).

(b) **Consideration.** Approximately \$878 million (subject to certain adjustments in accordance with the U.S. Acquisition Agreement), representing the Sellers’ Regional Share of the \$1.588 billion global purchase price, plus potential backstop funding and business incentive plan payments provided by the Plan Sponsor (each as described below), minus certain adjustments relating to, among other things, indebtedness of the Acquired Subsidiaries, outstanding payment obligations of the Acquired Subsidiaries pursuant to the Global Settlement Agreement, transfer taxes, VAT, and certain expenses incurred by the Plan Sponsor (as described under Section (h) below).

(c) **Business Incentive Plan Payment.** Up to \$400 million in the aggregate for all Takata entities, based upon the Plan Sponsor’s achievement of certain revenue targets from 2020-2024 (the “*Business Incentive Plan Payment*”). Pursuant to the Plan Settlement, the portion of the Business Incentive Plan Payment allocable to the Debtors will be paid to the Consenting OEMs.

(d) **Cure Claims.** The Plan Sponsor will be responsible for any cure claims associated with the assumption of Purchased Contracts (as defined in the U.S. Acquisition Agreement), subject to a cap of \$5 million (other than with respect to OEM Assumed Contracts). Any cure claims in excess of the \$5 million cap will be paid by the Debtors’ estates.

(e) **No-Shop.** The Sellers are prohibited from soliciting alternative transactions, but may respond to unsolicited proposals.

(f) **Break-Up Fee and Expense Reimbursement.** The U.S. Acquisition Agreement and the U.S. RSA include the Plan Sponsor Protections, which were heavily negotiated among the Debtors, the Plan Sponsor, the Committees, the U.S. Trustee, and the FCR. On December 5, 2017, the Court held a hearing to, among other things, consider the RSA Approval Order, which sought approval of the Plan Sponsor Protections. The parties, including the objecting parties, continued to negotiate the amount of the Plan Sponsor Protections and circumstances in which such payments will become due. The parties ultimately reached an

company (Société à responsabilité limitée) under the laws of Luxembourg, and solely for purposes of section 7.22 thereof, KSS Holdings, Inc., a Delaware corporation.

⁸⁷ The “*Japan Acquisition Agreement*” means that certain Asset Purchase Agreement, dated as of the date hereof, by and among the Japan Debtors, KSS, and solely for the purposes of section 7.22 thereof, KSS Holdings, Inc., a Delaware corporation.

agreement, limiting both the amount of the Plan Sponsor Protections and circumstances in which such payments are triggered, which agreement was approved by the Court in connection with the RSA Approval Order. Set forth below is a summary of the revised Plan Sponsor Protections:

If the U.S. Acquisition Agreement is terminated because the Sellers enter into a definitive agreement with respect to a Superior Proposal, and the Sellers consummate the Alternative Transaction (as defined in the U.S. Acquisition Agreement) with respect to such Superior Proposal within fifteen (15) months after such termination, the Sellers will pay a break-up fee of three percent (3%) of the Base Purchase Price plus the Sellers' Regional Share (as defined in the U.S. Acquisition Agreement) of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of two percent (2%) of the Base Purchase Price. If the Japan Acquisition Agreement is terminated because the sellers thereunder enter into a transaction that constitutes a superior proposal thereunder, the Plan Sponsor will have the option to (x) terminate the U.S. Acquisition Agreement or (y) require the Sellers to negotiate in good faith for a period of twenty (20) business days to reform the U.S. Acquisition Agreement in order to consummate the transactions contemplated thereby on terms that are fair and reasonable to the Plan Sponsor and the Sellers. If (i) the Plan Sponsor elects to terminate the U.S. Acquisition Agreement pursuant to clause (x) above or (ii) the Plan Sponsor elects to require the Sellers to negotiate in good faith with the Plan Sponsor to seek to reform the U.S. Acquisition Agreement pursuant to clause (y) above, but the Sellers terminate the U.S. Acquisition Agreement because it has not been reformed within twenty (20) business days of the termination of the Japan Acquisition Agreement, and within twelve (12) months after such termination of the U.S. Acquisition Agreement, the Sellers consummate an Alternative Transaction⁸⁸ with the party (or an Affiliate thereof) consummating the superior proposal pursuant to the Japan Acquisition Agreement, then the Sellers will pay a break-up fee of three percent (3%) of the Base Purchase Price plus the Sellers' Regional Share of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of two percent (2%) of the Base Purchase Price. In addition, if the U.S. Acquisition Agreement is terminated for a Seller Breach Termination Trigger (as defined in the U.S. Acquisition Agreement), and the Sellers consummate an Alternative Transaction⁸⁹ within twelve (12) months of termination, then the Sellers will pay a break-up fee of three percent (3%) of the Base

⁸⁸ Under these circumstances, an "Alternative Transaction" shall mean, in a single transaction or a series of related transactions (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving all or substantially all of (A) the Sellers and the Acquired Subsidiaries, (B) the Sellers' Affiliates party to, or to be sold in an equity purchase pursuant to, the Japan Acquisition Agreement, or (C) the Sellers' Affiliates party to, or to be sold in an equity purchase pursuant the EMEA Acquisition Agreement (each group of entities described in any of (A) through (C), a "Deal Subject Entity Set") or (ii) the direct or indirect acquisition of assets, shares of capital stock, or other equity interests, or any combination thereof, by any Person or group, representing (1) fifty percent (50%) or more of the aggregate book value of the assets of all Deal Subject Entity Sets or (2) fifty percent (50%) or more of the aggregate revenues or net income of all Deal Subject Entity Sets. Notwithstanding the foregoing, (i) an Alternative Transaction shall not include a liquidation sale or liquidation transfer of one or more Deal Subject Entity Sets unless all or a material portion of such liquidation sale or liquidation transfer is entered into for the purpose or with the intent of circumventing the obligations of the Sellers under section 4.6 of the U.S. Acquisition Agreement and (ii) in determining whether or not a transaction or series of related transactions constitutes an Alternative Transaction, the inclusion or exclusion therefrom of all or any part of the PSAN Inflater Business shall not be considered.

⁸⁹ *Id.*

Purchase Price plus the Sellers' Regional Share of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of two percent (2%) of the Base Purchase Price. In addition to the above, the U.S. Acquisition Agreement provides for expense reimbursement of the Plan Sponsor in the event that the U.S. Acquisition Agreement is terminated for certain other reasons related to a breach by the Sellers, the sellers under the other Acquisition Agreements or the TSAC Purchase Agreement (if applicable), or the Consenting OEMs of certain obligations under the Global Transaction documents, subject to a cap equal to the Sellers' Regional Share of \$15 million to \$30 million depending on the type of breach and the cure period afforded to the Sellers.

The break-up fee is calculated as a percentage of the Base Purchase Price which amount is calculated based on the Sellers' Regional Shares of the \$1.588 billion global purchase price. The expense reimbursement is allocated based on the Sellers' Regional Share of the Plan Sponsor's Expenses. In each case, the amounts payable by the Sellers are intended to reflect the relative values of the acquired assets and subsidiaries in each region. As described in further detail in Section VII below, the Regional Shares are subject to post-execution refinement, including appraisals of certain Takata entities or assets in Europe, Mexico, and China. Accordingly, the Sellers' Regional Share of the Plan Sponsor Protections expressed in absolute terms may change proportionally to any adjustments made to Regional Shares.

(g) **Regulatory Termination Fee.** In the event that the U.S. Acquisition Agreement fails to close due to a failure to obtain antitrust approval and/or clearance from CFIUS, the Plan Sponsor will pay Sellers an amount equal to (i) four and one-half percent (4.5%) of the Base Purchase Price for failure to obtain antitrust approval, or (ii) one-half percent (0.5%) of the Base Purchase Price for failure to obtain CFIUS clearance (in the case of both fees being payable, only the fee for antitrust failure will be due).

(h) **Closing Expense Reimbursement.** Upon closing, the Sellers will reimburse the Plan Sponsor for Seller's Regional Share (as defined in the U.S. Acquisition Agreement) of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of \$50 million in the aggregate for all regions (as allocated and as more specifically described in the U.S. Acquisition Agreement). Any excess cash conveyed in the transaction will be credited against Sellers' expense reimbursement obligations.

(i) **Transition Services Agreement.** The ancillary documents to the U.S. Acquisition Agreement include a Transition Services Agreement, pursuant to which the Plan Sponsor will provide certain services to Reorganized Takata following the closing that Reorganized Takata cannot provide for itself to enable Reorganized Takata to continue operations.

(j) **Employee Matters.** As of the closing, the Plan Sponsor will continue to employ all Acquired Subsidiary employees and offer employment to non-Acquired-Subsidiary employees (other than PSAN employees, temporary employees employed through a third party, contractors, third-party advisors and outsourced or indirectly employed workers) in the United States. In Mexico, prior to the closing, Takata will transfer all employees, other than PSAN employees, to Equipo (an Acquired Subsidiary) through an employer substitution. The mechanics of the employer substitution will be governed by the Mexican Employees Transfer

Agreement (as defined in the U.S. Acquisition Agreement), which was executed and delivered concurrently with the execution of the U.S. Acquisition Agreement. Designated PSAN business employees will become employed by Reorganized Takata. In connection with the wind-down of the PSAN Inflator Business, the Plan Sponsor will offer employment to PSAN employees upon termination of employment with Reorganized Takata. For at least one (1) year following the closing, the Plan Sponsor will provide the transferred employees with (i) at least the same annual base salary or wage rate and commission or incentive compensation opportunity as of the closing, (ii) employee benefits substantially comparable in the aggregate to those provided as of the closing, and (iii) for those transferred employees in the United States, severance payments and benefits no less favorable than those provided to similarly situated Plan Sponsor employees.

(k) **Termination Rights.** The U.S. Acquisition Agreement may be terminated for the following reasons:

- (i) by either party, if:
 - (a) the transaction fails to close within the earlier of (i) September 30, 2018, and (ii) termination or expiration of the Plea Agreement (the “*Outside Date*”);
 - (b) there is a final non-appealable governmental order restraining the transaction;
 - (c) the Bankruptcy Court enters an order prohibiting the transaction on substantially the terms and conditions set forth in the U.S. Acquisition Agreement;
 - (d) the Sellers enter into an agreement with respect to a transaction that constitutes a Superior Proposal; or
 - (e) one of the other global purchase agreements, the U.S. RSA, or the Global Accommodation Agreement is terminated;
- (ii) by the Sellers, if:
 - (a) the Plan Sponsor breaches the U.S. Acquisition Agreement, resulting in the failure of a closing condition and such breach cannot be cured or has not been cured by the earlier of (i) twenty (20) business days after notice of such breach and (ii) the Outside Date;

- (b) the Joyson Shareholder Approval⁹⁰ has not been obtained by the date that is forty-five (45) days after execution of the U.S. Acquisition Agreement;⁹¹ or
 - (c) the Sellers and the Plan Sponsor are unable to agree on a treatment of intercompany balances that is reasonably acceptable to both the Sellers and the Plan Sponsor by December 22, 2017; provided that such termination right may not be exercised prior to December 22, 2017 or after January 2, 2018.
- (iii) by the Plan Sponsor, if:
- (a) the Sellers breach the U.S. Acquisition Agreement, resulting in the failure of a closing condition and such breach cannot be cured or has not been cured by the earlier of (i) forty-five (45) days after notice of such breach and (ii) the Outside Date;
 - (b) the Indemnity Agreement is not executed on or before January 2, 2018 by a sufficient number of non-Consenting OEMs such that no more than one million eight hundred thousand (1.8 million) PSAN Inflaters are attributable to non-Consenting OEMs (but excluding certain specified Chinese non-Consenting OEMs) that have not become Consenting OEMs; provided, however, that such termination right may not be exercised prior to January 2, 2018 or after the date that is five (5) Business Days after January 2, 2018;
 - (c) certain milestones related to the Chapter 11 Cases are not met;
 - (d) the Global Accommodation Agreement, the Access Agreement, the Global Settlement Agreement, or the Plan is amended or modified in a manner that materially adversely affects the Plan Sponsor without the prior written consent of the Plan Sponsor;
 - (e) one or more of the Consenting OEMs engages in Permitted Resourcing (as defined in the Global Accommodation Agreement) or reduces or ceases orders for component parts in excess of agreed upon thresholds, such that there occurs a Business Resourcing Trigger Event (as defined in the U.S. Acquisition Agreement);
 - (f) one or more of the Consenting OEMs breaches the resourcing limitations set forth in the Global Accommodation Agreement and

⁹⁰ The “*Joyson Shareholder Approval*” is defined in the U.S. Acquisition Agreement as the approval by the affirmative vote (in person or by proxy) of holders holding two-thirds (2/3) of the voting power of shareholders present (in person or by proxy) and entitled to vote at a shareholders meeting of Ningbo Joyson Electronic Corp. duly called and held for the purpose of the Global Transaction or any adjournment or postponement thereof in favor of the approval of the Global Transaction.

⁹¹ The Joyson Shareholder Approval was obtained on December 12, 2017.

such breach is not cured within thirty (30) days of the Plan Sponsor's receipt of notice of such breach;

- (g) any Consenting OEM exercises remedies under the Global Accommodation Agreement for an event of default thereunder, which leads to a Material Adverse Effect (as defined in the U.S. Acquisition Agreement);
- (h) the Sellers breach the Notice Protocol (as defined in the U.S. Acquisition Agreement) and such breach is not cured within twenty-one (21) days following the Sellers' notice of such breach;
- (i) the condition to obtain a written agreement with NHTSA has not been satisfied or irrevocably waived by the Plan Sponsor by January 2, 2018 (provided, that the Plan Sponsor cannot exercise its termination right before such date or after five (5) Business Days following such date); or
- (j) the Sellers and the Plan Sponsor are unable to agree on a treatment of intercompany balances that is reasonably acceptable to both the Sellers and the Plan Sponsor by December 22, 2017; provided that such termination right may not be exercised prior to December 22, 2017 or after January 2, 2018.

(l) **Conditions to Closing:** Conditions to closing include, but are not limited to, the following:

- (i) the Plan Sponsor shall have all permits required under applicable law for the continued operation of the non-PSAN business by the Plan Sponsor and the OEMs' continued sale of vehicles incorporating products sold by the Plan Sponsor;
- (ii) the Indemnity Agreement and the Global Settlement Agreement shall be in full force and effect;
- (iii) the Bankruptcy Court shall have authorized the transfer of the purchased contracts;
- (iv) the Bankruptcy Court shall have approved the Notice Protocol;
- (v) no Material Adverse Effect (as defined in the U.S. Acquisition Agreement) shall have occurred since signing;
- (vi) the separation of the PSAN Inflator Business shall have been consummated;
- (vii) the Plan and the Confirmation Order shall be reasonably acceptable to the Plan Sponsor;

- (viii) except for those rights which expressly survive termination, all rights granted to the Consenting OEMs under the Global Accommodation Agreement shall have been terminated;
- (ix) all liens granted to the Consenting OEMs under the Access Agreement shall have been released;
- (x) the amount of Cash acquired by the Plan Sponsor shall equal or exceed at least ninety percent (90%) of the Required Cash (as defined in the U.S. Acquisition Agreement) and the Plan Sponsor shall have received a certificate signed by an authorized officer of Sellers, dated the Closing Date, to the foregoing effect, together with reasonable supporting documentation;
- (xi) the Plan Sponsor shall have received certain Chinese regulatory approvals;
- (xii) the Plan Sponsor shall have obtained the Joyson Shareholder Approval;⁹²
- (xiii) the Plan Sponsor shall have secured written agreements with NHTSA with respect to certain specified matters; *provided*, that, if such agreements are not obtained on or before January 2, 2018 and the U.S. Acquisition Agreement has not been terminated within five (5) Business Days thereafter, this condition will be waived;
- (xiv) no right, title or interest in, to or under the equity interests of certain Takata subsidiaries will be held by any acquired subsidiary under the U.S. Acquisition Agreement, the Japan Acquisition Agreement, the EMEA Acquisition Agreement or the TSAC Purchase Agreement (if applicable);
- (xv) the Confirmation Order shall have been entered and be a Final Order;
- (xvi) CFIUS clearance shall have been obtained;
- (xvii) (a) the waiting period shall have expired or early termination shall have been granted under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and (b) all antitrust approvals or consents shall have been obtained or any waiting periods thereunder shall have expired or been terminated; and
- (xviii) the conditions to the closings set forth in the Japan Acquisition Agreement, the TSAC Purchase Agreement (if applicable) and the EMEA Acquisition Agreement shall have been satisfied or waived.

⁹² The Joyson Shareholder Approval was obtained on December 12, 2017.

5.14 Indemnity Agreement

On November 16, 2017, the Consenting OEMs and the Plan Sponsor entered into the Indemnity Agreement (the “*Indemnity Agreement*”). The Indemnity Agreement will be filed with the Plan Supplement.

The Indemnity Agreement sets forth, among other things, (i) the treatment of the Consenting OEMS’ purchase orders, (ii) the scope of indemnification to be provided to Parent (as defined in the Indemnity Agreement) by the Consenting OEMs, and (iii) the scope of releases to be provided by the Consenting OEMs to the Released Plan Sponsor Persons, Released Post-Closing Persons and the Acquired Takata Entities (each such term as defined in the Indemnity Agreement). Certain terms, conditions, and other agreements in the Indemnity Agreement became effective as of the execution date of the Indemnity Agreement while other terms, conditions and agreements set forth therein are conditioned upon, among other things, (i) confirmation of the Plan; (ii) approval of the Section 42 Business Transfer; (iii) receipt by each Consenting OEM of its respective Allocation Percentage (as defined in the Indemnity Agreement) of the Consenting OEMs’ aggregate allocable share of the DOJ Restitution Claim; and (iv) funding of the PSAN Legacy Costs.

5.15 The U.S. RSA

On November 16, 2017, the Debtors entered into the U.S. RSA with the Plan Sponsor and the Consenting OEMs. The U.S. RSA memorializes the commitment of the Debtors, the Plan Sponsor and the Consenting OEMs to support the Global Transaction, the Plan and the U.S. Acquisition Agreement, subject to the terms and conditions set forth therein. On November 3, 2017, the Debtors filed the *Motion Pursuant to 11 U.S.C. §§ 105(a), 362, 363(b), 503, and 507 and Fed. R. Bankr. P. 4001 and 6004(h) for Entry of an Order (I) Authorizing Debtors to Enter Into and Perform Under Restructuring Support Agreement; (II) Approving Plan Sponsor Protections; and (III) Modifying the Automatic Stay* [Docket No. 1109] (the “*RSA Motion*”).

Under the U.S. RSA, each of the Consenting OEMs has agreed to, among other things: (i) support and take commercially reasonable steps to effectuate the Global Transaction; (ii) support the Plan Sponsor, and only the Plan Sponsor, in connection with the Global Transaction; (iii) vote any claims it holds against the Debtors to accept the Plan; (iv) not change or withdraw its vote to accept the Plan; and (v) not transfer or sell its claims against the Debtors. Similarly, the Plan Sponsor has agreed to, among other things, (i) support and take all commercially reasonable steps to effectuate the Global Transaction, (ii) not, directly or indirectly, object to, impede or take any other action or inaction to interfere with consummation of the Plan, (iii) cooperate with the Consenting OEMs regarding the distribution of the DOJ Restitution Claim, and (iv) pay the purchase price at the closing of the Global Transaction.

In exchange, the Debtors have agreed to, among other things, take commercially reasonable efforts to (i) facilitate approval of the Disclosure Statement and the confirmation and consummation of the Plan and the Global Transaction, (ii) deliver or cause to be delivered all applicable bankruptcy notices required by the Notice Protocol, and (iii) support, observe, and abide by the Plan Sponsor Protections as approved by the Bankruptcy Court. Importantly, the

Debtors have the ability to terminate the U.S. RSA if the Debtors determine, in good faith based upon the advice of counsel, that continued performance under the U.S. RSA would be inconsistent with the exercise of their fiduciary duties under applicable law.

In light of the significant time and effort that has been, and will be, expended by the Plan Sponsor and its advisors, pursuant to the U.S. RSA, the Debtors sought approval of the Plan Sponsor Protections, which were the product of rigorous, arms' length negotiations among the Debtors, the Plan Sponsor, and their respective advisors. The Plan Sponsor Protections were a condition of the Plan Sponsor's execution of the U.S. Acquisition Agreement, and, as such, allowed the Debtors to secure a binding commitment for the purchase of substantially all of their assets as set forth above. Additionally, in connection with the U.S. RSA and in furtherance of the Bar Date Order, the Debtors also sought approval of a protocol with the Consenting OEMs to govern the form and manner by which each Consenting OEM submitted its claims in the Chapter 11 Cases (the "*Consenting OEM Claims Protocol*").

On December 5, 2017, the Court held a hearing to consider the RSA Motion. In connection with certain objections filed by the Committees, the FCR, and the U.S. Trustee, the Debtors, the Plan Sponsor, and the Consenting OEMs agreed to make certain amendments to the RSA, including the amendments to the Plan Sponsor Protections, which are summarized above. In addition to the amendments to the Plan Sponsor Protections, the RSA Approval Order, among other things (i) amends section 7.11 of the U.S. Acquisition Agreement, which prohibits certain actions by the Debtors relating to Alternative Transactions, to remove certain restrictions against the Debtors engaging in discussions or negotiations regarding any Alternative Transaction Proposal and (ii) provides the U.S. Trustee, the Committees, and the FCR a right to review the Plan Sponsor's Expenses for reasonableness prior to any reimbursement by the Debtors. As noted, the U.S. RSA, including the Plan Sponsor Protections and the Consenting OEM Claims Protocol, was approved pursuant to the RSA Approval Order.

5.16 *Global Settlement Agreement*⁹³

To facilitate the implementation of the Global Transaction, on November 16, 2017, TAKATA Europe GmbH (Germany), TAKATA Sachsen GmbH (Germany) ("*TKSAC*"), and several other Takata entities involved in the production and/or sale of PSAN Inflators (collectively, the "*Released Takata Entities*"), TKJP and Takata International Finance B.V. ("*TIF*") entered into a Global Settlement Agreement (the "*Global Settlement Agreement*") with a broad group of OEMs consisting of the Consenting OEMs and/or certain of their affiliates (the "*GSA Consenting OEMs*"). The Global Settlement Agreement is attached to the U.S. Acquisition Agreement as Exhibit G.

The Global Settlement Agreement provides for the settlement and future treatment of all current and future claims of the GSA Consenting OEMs against the Released Takata Entities arising out of, relating to or with respect to the pre-closing PSAN business, including, but not limited to, warranty and other product liability, producer liability and other damage, compensation and recourse claims (collectively, the "*GSA PSAN Claims*"). The

⁹³ Capitalized terms used in this section but not otherwise defined shall have the meaning ascribed to them in the Global Settlement Agreement.

Global Settlement Agreement is also the legal basis for the Takata entities other than the Debtors and TKJP to pay their share of the DOJ Restitution Claim and the funding of Reorganized Takata and the Warehousing Entity.

Under the Global Settlement Agreement, the GSA Consenting OEMs have agreed not to prosecute or enforce against the Released Takata Entities (i) any PSAN Claims, (ii) claims under any prior settlement agreements regarding PSAN Claims, and (iii) any antitrust claims (the “*Standstill*”). The GSA Consenting OEMs have also committed not to assert any claims against third parties that could, as a consequence, have a compensation or recourse claim against the Released Takata Entities. The Standstill terminates if a requisite majority of the GSA Consenting OEMs notifies Takata of the occurrence of certain events (*e.g.*, an insolvency of any Released Takata Entity).

Furthermore, the GSA Consenting OEMs have agreed to fully settle all PSAN Claims (the “*Settlement*”) once certain conditions are met. These conditions include, but are not limited to, (i) the confirmation of the Plan by the Bankruptcy Court and the occurrence of the Effective Date, (ii) consummation of certain restructuring transactions associated with the Global Transaction as well as the carve out of certain PSAN Assets, (iii) receipt by each GSA Consenting OEM of its respective allocable share of the \$850 million restitution fund under the DOJ Restitution Order, and (iv) in respect of the settlement of claims against the Released Takata Entities that are not sold to the Plan Sponsor or its relevant purchasing subsidiaries in the context of the Global Transaction, the completion of the liquidation of such Released Takata Entities.

In exchange for the Settlement, the Released Takata Entities have agreed to pay or cause to be paid by the Plan Sponsor or its relevant purchasing subsidiaries, as applicable, from the applicable purchase price under the applicable sale and purchase agreement (i) certain settlement amounts calculated pursuant to formulae set out in the Global Settlement Agreement and described in Section VII herein and (ii) in the case of TAKATA Aktiengesellschaft (“*TKAG*”), TKSAC, and certain other Released Takata Entities, their shares of the funding of Reorganized Takata and the Warehousing Entity, in each case as calculated pursuant to the Global Settlement Agreement. Takata Brasil S.A. and TSAC, two non-Debtor subsidiaries of TKAM that are party to the Global Settlement Agreement, are each obligated to make a GSA Settlement Payment in currently estimated amounts of \$51 million and \$199 million, respectively. The GSA Settlement Payment by TK Brasil S.A. and TSAC reduces the Seller Allocated Purchase Price to TKAM as set forth in section 7.2 hereof.

5.17 *Mexican Pre-Restructuring Steps*

On December 5, 2017, the Bankruptcy Court entered an order [Docket No. 1314] (the “*Pre-Restructuring Steps Order*”) authorizing the Debtors to perform certain preparatory, pre-restructuring transactions (the “*Pre-Restructuring Steps*”) with respect to the Debtors’ Mexican affiliates to timely implement the Global Transaction if and when it is subsequently approved by the Bankruptcy Court. The Pre-Restructuring Steps center around two (2) transfers of assets and liabilities: (i) the transfer of certain assets and liabilities of SMX other than those related to PSAN Inflators to a new Mexican trading company (the “*SMX Transfer*”), and (ii) the

transfer to Equipo of certain non-PSAN assets and liabilities of TDM and IIM (the “*Equipo Transfer*” and, together with the SMX Transfer, the “*Transfers*”).

The Pre-Restructuring steps are expected to cost approximately \$12 million on a gross basis through the Closing Date. This \$12 million estimate consists of approximately \$4.3 million in non-recoverable fees and expenses net of \$7.8 million⁹⁴ in value-added taxes that the Debtors expect to recover once an asset appraisal is obtained, certain filings are made with the Mexican government, and certain receivables are collected.⁹⁵ The Pre-Restructuring Steps Order includes a number of provisions designed to protect TDM’s, IIM’s, and SMX’s existing creditors. These safeguards include: (i) language that ensures that the Pre-Restructuring Steps are structured and effected in a manner that preserves and recognizes the respective values of the Debtors that will be transferring assets pursuant to the Pre-Restructuring Steps, (ii) language that ensures that any transfer of Debtor assets in connection with the Pre-Restructuring Steps will reflect the fair market value of such assets, (iii) language that protects creditors of SMX from the risk of being structurally subordinated by the incurrence of non-ordinary course liabilities by New Mexico Trading Company between the time of the SMX Transfer and the closing of the Global Transaction, and (iv) language that protects creditors of TDM and IIM from the risk of being structurally subordinated by the voluntary incurrence of non-ordinary course liabilities by Equipo between the time of the Equipo Transfer and the closing of the Global Transaction. The Pre-Restructuring Steps Order also requires that the Debtors provide counsel to certain creditors with a minimum of three (3) business days’ prior written notice before (i) commencing the sale of receivables associated with the SMX Transfer, or (ii) commencing the sale of assets associated with the Equipo Transfer.

5.18 **International Implementation Issues**

In order to ensure that the Debtors are able to satisfy all of their obligations under the Global Transaction Documents on the Closing Date, certain pre-closing steps must be commenced with respect to the Debtors’ affiliates in China and Mexico.

(a) **TKC Assumption of TSAC Payment Obligations**

Due to certain legal restrictions in China, including currency controls, TSAC is unable to satisfy certain of its payment obligations under the Global Settlement Agreement to OEMs located outside of China. In order to ensure that the DOJ Restitution Claim is fully satisfied, the Plan provides that upon entry of the Confirmation Order, TKC will be authorized to assume, in one or more transactions, some or all of TSAC’s obligations under the Global Settlement Agreement to pay or cause to be paid certain settlement amounts owed to the Consenting OEMs and/or certain of their affiliates. Such settlement amounts will be calculated

⁹⁴ For the avoidance of doubt, this sum represents the amount of recoverable value-added taxes associated with the Pre-Restructuring Steps that the Debtors and their non-Debtor affiliates expect that they would ultimately recover if the Global Transaction were *not* consummated. The U.S. Acquisition Agreement and the other regional purchase agreements will govern the allocation of value-added taxes and corresponding refunds (or other recovery) between Takata and the Plan Sponsor in the event the Global Transaction is consummated.

⁹⁵ The cost estimates herein reflect the Debtors’ reasonable estimates; however, the figures are approximate, and remain subject to change.

pursuant to formulae set out in the Global Settlement Agreement and described in this Disclosure Statement. TKC's assumed payment obligation(s) will be in an amount equal to any dividend(s) made by TSAC to TKC and will be conditioned on receipt of such dividends. Such dividend(s) will be used solely to pay the TSAC payment obligation(s) assumed by TKC under the Global Settlement Agreement. For the avoidance of doubt, nothing in section 5.11 of the Plan will be construed as limiting or otherwise altering the Plan Sponsor's right to receive the Plan Sponsor Backstop Funding Repayment from distributions to TKC after the Effective Date on account of Intercompany Interests held by TKC in TSAC.

(b) **Mexican Pre-Closing Intercompany Implementation Steps**

In connection with the Global Transaction, the Debtors are required to ensure that certain of their Mexican affiliates comply with the minimum cash requirements contained in the Global Transaction Documents on the Closing Date. In addition, the Debtors are required to eliminate certain intercompany obligations in Mexico that the Plan Sponsor is not purchasing prior to the Closing Date. In order to ensure that the Debtors have the flexibility they need in Mexico to satisfy these requirements, the Plan provides that notwithstanding anything to the contrary in the Cash Management Order, upon entry of the Confirmation Order, IIM, SMX, TDM, and TKHDM will be authorized to take any and all steps necessary to prepare for the closing of the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement. Such steps may include (i) completing any remaining unperformed Pre-Restructuring Steps, including the sale of certain assets and liabilities of SMX, (ii) undertaking any changes to the cash management and cash pooling arrangement in Mexico that the Debtors deem necessary in furtherance of the Restructuring Transactions, (iii) satisfying some or all prepetition and postpetition Intercompany Claims owed by TKHDM to IIM, SMX, TDM, and the Debtors' non-Debtor Mexican affiliates in connection with the cash pooling arrangement in Mexico, and (iv) making, approving, or receiving intercompany transfers, dividends, or capital contributions between and among TKHDM, IIM, SMX, TDM and the Debtors' non-Debtor Mexican affiliates in furtherance of the Restructuring Transactions.

VI. SUMMARY OF THE PLAN

This section of this Disclosure Statement summarizes the Plan, a copy of which is attached hereto as **Exhibit A**.⁹⁶ This summary is qualified in its entirety by reference to the Plan.

6.1 **Administrative Expense Claims, Fee Claims, and Priority Tax Claims**

(a) **Administrative Expense Claims Bar Date**

Except as provided for in the Plan or in any order of the Bankruptcy Court, and subject to section 503(b)(1)(D) of the Bankruptcy Code, holders of Administrative Expense Claims (other than holders of Administrative Expense Claims paid in the ordinary course of business, holders of Administrative Expense Claims arising under section 1930 of chapter 123 of title 28 of the United States Code, holders of Fee Claims, holders of Cure Claims, holders of

⁹⁶ Capitalized terms used in this section of the Disclosure Statement shall have the meaning ascribed to them in the Plan.

Consenting OEM PSAN Administrative Expense Claims, holders of Administrative Expense PSAN PI/WD Claims, and holders of Administrative Expense PI/WD Claims) must file and serve on the Debtors requests for the payment of such Administrative Expense Claims not already Allowed by a Final Order in accordance with the procedures specified in the Confirmation Order, on or before the Administrative Expense Claims Bar Date or be forever barred, estopped, and enjoined from asserting such Claims against the Debtors or their assets or properties, and such Claims will be deemed discharged as of the Effective Date.

(b) **Allowance of Administrative Expense Claims**

An Administrative Expense Claim, with respect to which a request for payment has been properly and timely filed pursuant to section 2.1 of the Plan, will become an Allowed Administrative Expense Claim if no objection to such request is filed by the applicable Claims Administrator with the Bankruptcy Court on or before one hundred twenty (120) days after the Effective Date, or on such later date as may be fixed by the Bankruptcy Court. If an objection is timely filed, the Administrative Expense Claim will become an Allowed Administrative Expense Claim only to the extent allowed by Final Order or such Claim is settled, compromised, or otherwise resolved by the applicable Claims Administrator pursuant to section 7.6 of the Plan.

(c) **Payment of Allowed Administrative Expense Claims**

- (i) Administrative Expense Claims. Except to the extent that a holder of an Allowed Administrative Expense Claim (other than a Fee Claim, Consenting OEM PSAN Cure Claim, Consenting OEM PSAN Administrative Expense Claim, Administrative Expense PSAN PI/WD Claim, or Administrative Expense PI/WD Claim) agrees to a different treatment, the holder of such Allowed Administrative Expense Claim will receive, on account of such Allowed Claim, Cash in an amount equal to the Allowed amount of such Claim from the Debtors or from the Plan Sponsor (solely to the extent such Claim is an Assumed Liability), within thirty (30) days following the later to occur of (i) the Effective Date and (ii) the date on which such Administrative Expense Claim will become an Allowed Claim; *provided, however*, that Allowed Administrative Expense Claims against any of the Debtors representing liabilities incurred in the ordinary course of business by the Debtors, as debtors in possession, will be paid by either the Plan Sponsor to the extent such Allowed Administrative Expense Claims are Assumed Liabilities or the Reorganized TK Holdings Trust, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents establishing, such liabilities.
- (ii) Consenting OEM PSAN Administrative Expense Claims. Subject to approval of the Plan Settlement by the Bankruptcy Court, the Consenting OEM PSAN Administrative Expense Claims will be

deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.18 of the Plan.

- (iii) Administrative Expense PI/WD Claims. Prior to the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims will be paid in Cash in full as they are Allowed from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, or the TKH Claims Reserve, as applicable, which will include amounts sufficient to pay in full all Administrative Expense PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors, respectively, for injuries that have not occurred as of the Closing Date, as estimated by the Debtors in their reasonable discretion. After the Non-PSAN PI/WD Claims Termination Date, amounts equal to the total estimated amounts of Administrative Expense PI/WD Claims will be transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable, to a segregated account in the PSAN PI/WD Trust, and the PSAN PI/WD Trustee will thereafter be responsible for resolving and paying Administrative Expense PI/WD Claims. The IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and TKH Claims Reserve, as applicable (prior to the Non-PSAN PI/WD Claims Termination Date), and the PSAN PI/WD Trust (on or after the Non-PSAN PI/WD Claims Termination Date) will have all defenses, cross-claims, offsets, and recoupments regarding Administrative Expense PI/WD Claims that the applicable Debtor has or would have had under applicable law.
- (iv) Administrative Expense PSAN PI/WD Claims. Prior to the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims will be paid in Cash in full as they are Allowed from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, or the TKH Claims Reserve, as applicable, which will include amounts sufficient to pay in full all Administrative Expense PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors, respectively, for injuries that have not occurred as of the Closing Date, as set forth in the Claims Estimation Report. On the Effective Date, a segregated bank account will be established in each of the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, to the extent applicable, for the benefit of the holders of Allowed Administrative Expense PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors and funded with amounts sufficient to pay in full all estimated Administrative Expense PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors, respectively, as set forth in the Claims Estimation Report. After the Non-PSAN PI/WD Claims Termination Date, amounts equal to the total estimated amount of Administrative Expense PSAN PI/WD Claims, as set forth in the Updated Claims Estimation Report, will be

transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable, to a segregated account in the PSAN PI/WD Trust, and the PSAN PI/WD Trustee will thereafter be responsible for resolving and paying Administrative Expense PSAN PI/WD Claims. In no event will any Administrative Expense PSAN PI/WD Claim be asserted against the Plan Sponsor and any such Claim will be asserted exclusively against the Reorganized TK Holdings Trust prior to the Non-PSAN PI/WD Claims Termination Date and the PSAN PI/WD Trust after the Non-PSAN PI/WD Claims Termination Date. The IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable (prior to the Non-PSAN PI/WD Claims Termination Date), and the PSAN PI/WD Trust (on or after the Non-PSAN PI/WD Claims Termination Date) will have all defenses, cross-claims, offsets, and recoupments regarding Administrative Expense PSAN PI/WD Claims that the applicable Debtor has or would have had under applicable law.

(d) **Adequate Protection Claims**

Subject to approval of the Plan Settlement by the Bankruptcy Court, the Adequate Protection Claims will be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.18 of the Plan.

(e) **NHTSA Claims**

The NHTSA Claims will be allowed in the aggregate amount of \$50 million, subject to downward adjustment for any payments made by the Debtors to NHTSA on account of the NHTSA Claims prior to the Effective Date. On the Effective Date or as soon as reasonably practicable thereafter, the NHTSA Claims will be paid in full in Cash from the TKH Cash Proceeds, in full and final satisfaction of such Claims.

(f) **Treatment of Fee Claims**

All Professional Persons seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 1103 of the Bankruptcy Code will (i) file, on or before the date that is forty five (45) days after the Effective Date, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court or authorized to be paid in accordance with the order(s) relating to or allowing any such Fee Claim. On the Effective Date, the Debtors will establish and fund the Fee Escrow Account. The Debtors will fund the Fee Escrow Account with Cash equal to the Professional Persons' good faith estimates of the Fee Claims. Funds held in the Fee Escrow Account will not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but will revert to the Reorganized TK Holdings Trust only after all Fee Claims allowed by the Bankruptcy Court have been irrevocably paid in

full. The Fee Escrow Account will be held in trust for Professional Persons retained by the Debtors and for no other parties until all Fee Claims Allowed by the Bankruptcy Court have been paid in full. Fees owing to the applicable Professional Persons will be paid in Cash to such Professional Persons from funds held in the Fee Escrow Account when such Claims are Allowed by an order of the Bankruptcy Court or authorized to be paid under the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals; *provided, however*, that the Reorganized Debtors' obligations with respect to Fee Claims will not be limited by nor deemed limited to the balance of funds held in the Fee Escrow Account. To the extent that funds held in the Fee Escrow Account are insufficient to satisfy the amount of accrued Fee Claims owing to the Professional Persons, such Professional Persons will have an Allowed Administrative Expense Claim for any such deficiency, which will be satisfied in accordance with section 2.3 of the Plan (but for the avoidance of doubt will not be subject to any Administrative Expense Claims Bar Date). No Claims, Interests, Liens, other encumbrances, or liabilities of any kind will encumber the Fee Escrow Account in any way.

(g) **Treatment of Priority Tax Claims**

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, on the Effective Date or as soon thereafter as is reasonably practicable, the holder of such Allowed Priority Tax Claim will receive, on account of such Allowed Priority Tax Claim, either Cash in an amount equal to the Allowed amount of such Claim or such other treatment as may satisfy section 1129(a)(9) of the Bankruptcy Code.

6.2 **Classification of Claims and Interests**

(a) **Classification in General**

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and Distributions under the Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released, or otherwise settled prior to the Effective Date. In no event will any holder of an Allowed Claim be entitled to receive payments under the Plan that, in the aggregate, exceed the Allowed amount of such holder's Claim.

(b) **Summary of Classification of Claims and Interests**

Section 2.5 of this Disclosure Statement states the designations of Classes of Claims against and Interests in the Debtors under the Plan and specifies which Classes are (i) Impaired and Unimpaired under the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, and (iii) deemed to accept or reject the Plan.

(c) **Elimination of Vacant Classes**

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes will be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

(d) **Voting Classes; Presumed Acceptance by Non-Voting Classes**

With respect to each Debtor, if a Class contained Claims eligible to vote and no holder of Claims eligible to vote in such Class votes to accept or reject the Plan, the Plan will be presumed accepted by the holders of such Claims in such Class.

(e) **Voting; Presumptions; Solicitation**

- (i) Acceptance by Certain Impaired Classes. Only holders of Claims in Classes 3, 4, 5, and 6 are entitled to vote to accept or reject the Plan. An Impaired Class of Claims will have accepted the Plan if (i) the holders of at least two-thirds (2/3) in amount of Claims actually voting in such Class have voted to accept the Plan and (ii) the holders of more than one-half (1/2) in number of the Claims actually voting in such Class have voted to accept the Plan. Holders of Claims in Classes 3, 4, 5, and 6 will receive ballots containing detailed voting instructions.
- (ii) Deemed Acceptance by Unimpaired Classes. Holders of Claims in Classes 1 and 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Plan.
- (iii) Deemed Rejection by Certain Impaired Classes. Holders of Claims and Interests in Classes 7 and 8 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Plan.
- (iv) Individual Creditor Voting Rights. Notwithstanding anything to the contrary in the Plan, the voting rights of holders of Claims in any Class will be governed in all respects by the Solicitation Procedures Order.

(f) **Cramdown**

If any Class of Claims is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Plan in accordance with the terms of the Plan and the Bankruptcy Code. If a controversy arises as to whether any Claims or Interests, or any class of Claims or Interests, are impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date.

(g) **No Waiver**

Nothing contained in the Plan will be construed to waive a Debtor's or other Person's right to object on any basis to any Claim.

6.3 **Treatment of Claims and Interests**

For a summary of the classification and treatment of Claims and Interests under the Plan, *see* Section 2.5 – Summary Table of Classification and Treatment of Claims and Interests Under the Plan. For a full description of the treatment of Claims and Interests under the Plan, *see* Article IV of the Plan.

6.4 **Means for Implementation**

(a) **Restructuring Transactions**

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions consistent with the Plan and the U.S. RSA as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan.

(b) **Sale of Purchased Assets**

- (i) Approval of Sale of Purchased Assets. As permitted by sections 1123(a)(5), 1123(b), and 1141(c) of the Bankruptcy Code, the Debtors have sought approval of the sale of the Purchased Assets to the Plan Sponsor in accordance with the terms of the Plan and the U.S. Acquisition Agreement. Confirmation of the Plan by the Bankruptcy Court will constitute approval of the proposed sale of the Purchased Assets.
- (ii) Sale of Purchased Assets. On the Effective Date, the Debtors will consummate the sale and transfer of the Purchased Assets to the Plan Sponsor and, in exchange, the Plan Sponsor will pay the Purchase Price, the Business Incentive Plan Payment, and the Plan Sponsor Backstop Funding in accordance with the terms of the U.S. Acquisition Agreement.
- (iii) Sale Free and Clear. On the Effective Date, except for the Assumed Liabilities and the Permitted Liens, the Purchased Assets will, in accordance with section 1141(c) of the Bankruptcy Code, be purchased by or otherwise transferred to the Plan Sponsor in accordance with the U.S. Acquisition Agreement free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, including rights or claims based on any successor or transferee liabilities. **The terms of section 5.2(c) of the Plan will be binding on and enforceable against all Persons as a permanent injunction pursuant to section 10.5(b) hereof.**

(c) **Plan Sponsor Backstop Funding**

- (i) Plan Sponsor Backstop Funding. The Plan Sponsor will provide Plan Sponsor Backstop Funding up to the Backstop Funding Cap, solely to the extent of an existing or near-term deficiency in the funding of the Backstopped Claims, all upon the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement.
- (ii) Access to Information. Reorganized Takata, the Reorganized TK Holdings Trust, the Warehousing Entity, and the Plan Administrator will keep the Plan Sponsor and the Consenting OEMs reasonably informed of all material developments that could reasonably be expected to increase the likelihood that the Plan Sponsor Backstop Funding would be triggered during the period commencing on the Closing Date and ending on the Backstop Expiration Date and will promptly comply with any reasonable requests by the Plan Sponsor for financial information relating to its obligation to provide Plan Sponsor Backstop Funding. Reorganized Takata, the Reorganized TK Holdings Trust, and the Warehousing Entity will, and will cause each of their subsidiaries (if any) during the period commencing on the Closing Date and ending on the Backstop Expiration Date to (i) keep proper books of record and accounts in which true and correct entries in conformity in all material respects with U.S. generally accepted accounting principles will be made of all dealings and transactions in relation to its business and activities and (ii) permit any authorized representatives designated by the Plan Sponsor to visit and inspect any of the properties of Reorganized Takata, the Reorganized TK Holdings Trust, or the Warehousing Entity to inspect, copy, and take extracts from its and their financial and accounting records and to discuss its and their affairs, finances, and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested.

(d) **Vesting of Assets**

On the Effective Date, and if applicable, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, all PSAN Assets will vest in each of the Reorganized Debtors which, as Debtors, owned such PSAN Assets as of the Effective Date, free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, except any such Claims, Interests, Liens, other encumbrances, and liabilities of any kind of the Consenting OEMs against the Debtors to which Reorganized Takata will remain obligated under the Plan or as otherwise provided in the Plan. For the avoidance of doubt, (i) no Warehoused PSAN Assets or Other Excluded Assets will vest in any Reorganized Debtor and such assets will instead be transferred to and vest in the Warehousing Entity and the Reorganized TK Holdings Trust, respectively, and (ii) Reorganized Takata will not acquire, own, or maintain the Warehoused PSAN Assets or be

required to, or otherwise be authorized to, comply with the obligations under the Preservation Order related to the Warehoused PSAN Assets.

(e) **Allocation of Purchase Price**

- (i) Cash Proceeds. On the Effective Date, the Plan Sponsor will pay the Purchase Price for the Purchased Assets. The Purchase Price will be allocated, either directly or indirectly, to each of IIM, SMX, TDM, TKAM, TKC, TKF, and the TKH Debtors based on an allocation methodology described in the Disclosure Statement. From the Cash Proceeds and the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement), the Debtors will, pursuant to the Plan Settlement and the other terms of the Plan:
- (a) distribute the Plan Settlement Turnover Amount in accordance with section 5.18(b) of the Plan;
 - (b) establish the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKAM Claims Reserve, the TKC Claims Reserve, the TKF Claims Reserve, and the TKH Claims Reserve from each applicable Debtor's Cash Proceeds;
 - (c) establish the Post-Closing PSAN PI/WD Claims Reserve from the TDM Cash Proceeds and TKH Cash Proceeds pursuant to each of TDM's and the TKH Debtors' Allocable Shares;
 - (d) establish the PSAN PI/WD Trust Reserve from the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares;
 - (e) establish the Reorganized TK Holdings Trust Reserve from the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares;
 - (f) establish the Warehousing Entity Reserve from (a) the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares in accordance with the Plan Settlement and (b) the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement);
 - (g) establish the Post-Closing Reserve from (a) the TDM Cash Proceeds and the TKH Cash Proceeds pursuant to each of TDM's

and the TKH Debtors' Allocable Shares in accordance with the Plan Settlement and (b) the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement); and

- (h) make the Plan Settlement Payment, less the Plan Settlement Turnover Amount, pursuant to the Plan Settlement Payment Waterfall.
- (ii) Effective Date Available Cash. Effective Date Available Cash under the Plan will consist of the Cash Proceeds less amounts to be (i) paid for the Plan Settlement Payment pursuant to the Plan Settlement Payment Waterfall and (ii) reserved for the Claims Reserves (including the Post-Closing PSAN PI/WD Claims Reserve), the Legacy Entities Reserves, the PSAN PI/WD Trust Reserve, and the Post-Closing Reserve.
- (iii) Available Cash. Available Cash under the Plan will consist of (i) Effective Date Available Cash, (ii) Surplus Reserved Cash from the Claims Reserves that is not needed to satisfy the Post-Closing Reserve or the Legacy Entities Reserves and that is made available to the Recovery Funds and Disputed Claims Reserves or otherwise becomes TKAM Available Cash, TKC Available Cash, or TKF Available Cash, as applicable, in accordance with section 5.5(d)(i) of the Plan, and (iii) any Residual Value attributable to or funded by the Debtors. Additionally, \$100,000 of the Plan Settlement Turnover Amount will constitute Available Cash for each of IIM, SMX, TDM, and the TKH Debtors; *provided, however*, that the Plan Settlement Turnover Amount will constitute Available Cash for each of IIM and TDM solely in the event that the Mexico Class Action Claims have not been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date. Available Cash will be (i) in the case of IIM, SMX, TDM, and the TKH Debtors, allocated to the Recovery Funds and the Disputed Claims Reserves, as applicable, pursuant to the Distribution Formula and (ii) in the case of TKAM, TKC, and TKF, made available for Distribution to holders of Intercompany Interests in the applicable Debtor after payment in full of all holders of Allowed Claims against TKAM, TKC, and TKF, as applicable. Available Cash allocated to the Recovery Funds will be made available for Distribution to the holders of Allowed General Unsecured Claims. For the avoidance of doubt, the Plan Sponsor Backstop Funding will not constitute Available Cash.
- (iv) Surplus Reserved Cash
 - (a) **Surplus Reserved Cash from Claims Reserves.** The applicable Claims Administrator will determine on each six-month

anniversary of the Effective Date whether the amounts available in any Claims Reserve, including the Post-Closing PSAN PI/WD Claims Reserve, are in excess of the amount necessary to satisfy the purpose for which such reserve was established. The Claims Administrators' determination of whether the amounts available in the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are in excess of the amounts necessary to satisfy the purposes for which such reserves were established will be based on the Claims Estimation Report. If the applicable Claims Administrator determines that a surplus exists in any Claims Reserve as of the date of such determination, such Surplus Reserved Cash will (a)(1) first, be allocated to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity (as applicable) have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Surplus Reserved Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (2) second, be allocated to the Reorganized TK Holdings Trust Reserve to the extent such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (3) third, become Available Cash of the applicable Debtor and deposited into the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula, if applicable; *provided, however*, that no Surplus Reserved Cash from the Claims Reserves will become Available Cash or be deposited into the Recovery Funds or Disputed Claims Reserves without the consent of the Plan Sponsor and the Requisite Consenting OEMs unless the Warehousing Entity and Reorganized Takata have been dissolved; and (b) otherwise remain in the Claims Reserves.

- (b) **Surplus Reserved Cash from Reorganized TK Holdings Trust Reserve.** Prior to the dissolution of the Reorganized TK Holdings Trust, the Legacy Trustee will determine on each six-month anniversary of the Effective Date whether the amounts available in the Reorganized TK Holdings Trust Reserve are in excess of the amounts necessary to satisfy the purpose for which such reserve was established. If the Legacy Trustee determines that a surplus exists in the Reorganized TK Holdings Trust Reserve as of the date of such determination, such Surplus Reserved Cash will (a) be allocated (1) first, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity (as applicable) have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Surplus Reserved Cash to be in the discretion of the

Legacy Trustee in consultation with the Plan Administrator, and (2) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Surplus Reserved Cash and (b) otherwise remain in the Reorganized TK Holdings Trust Reserve. The Legacy Trustee will periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on the Claims Estimation Report. Following the dissolution of the Reorganized TK Holdings Trust, any Surplus Reserved Cash from the Reorganized TK Holdings Trust Reserve will be allocated in accordance with section 5.6(l) of the Plan.

- (c) **Surplus Reserved Cash from Post-Closing Reserve.** During the Operating Term, the Plan Administrator, in consultation with the Legacy Trustee, will determine on each six-month anniversary of the Effective Date whether the amounts available in the Post-Closing Reserve are in excess of amounts necessary to satisfy the purpose for which such reserve was established. If the Plan Administrator determines that a surplus exists in the Post-Closing Reserve as of the date of such determination, such Surplus Reserved Cash will (a) be allocated to the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established and (b) otherwise remain in the Post-Closing Reserve. After the expiration of the Operating Term and wind down of Reorganized Takata, any remaining Surplus Reserved Cash from the Post-Closing Reserve will be allocated in accordance with section 5.8(l) of the Plan.
- (d) **Surplus Reserved Cash from Warehousing Entity Reserve.** Prior to the dissolution of the Warehousing Entity, the Plan Administrator, in consultation with the Legacy Trustee, will determine on each six-month anniversary of the Effective Date whether the amounts available in the Warehousing Entity Reserve are in excess of the amounts necessary to satisfy the purpose for which such reserve was established. If the Plan Administrator determines that a surplus exists in the Warehousing Entity Reserve as of the date of such determination, such Surplus Reserved Cash will (a) be allocated to the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established and (b) otherwise remain in the Warehousing Entity Reserve. Following dissolution of the Warehousing Entity,

any Surplus Reserved Cash from the Warehousing Entity Reserve will be allocated in accordance with section 5.9(h) of the Plan.

(v) Post-Closing Cash

- (a) **Reorganized TK Holdings Trust Post-Closing Cash.** Prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized TK Holdings Trust Post-Closing Cash will, on each six-month anniversary of the Effective Date, be allocated (a) first, to the Post-Closing Reserve, the Reorganized TK Holdings Trust Reserve, and/or the Warehousing Entity Reserve to the extent that Reorganized Takata, the Reorganized TK Holdings Trust, and the Warehousing Entity (as applicable) have not been dissolved and any such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (b) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Reorganized TK Holdings Trust Post-Closing Cash, and (c) third, to the Reorganized TK Holdings Trust Reserve regardless of whether such reserve is sufficiently funded to satisfy the purpose for which such reserve was established; *provided, however*, that Reorganized TK Holdings Trust Post-Closing Cash arising from distributions after the Effective Date on account of Intercompany Interests held by TKAM, TKC, and TKF will (a) first, solely with respect to distributions from TKC's subsidiary, be used towards the Plan Sponsor Backstop Funding Repayment (including repayment of any unreimbursed Restructuring Expenses) in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement and (b) second constitute Available Cash of such Debtor. The Legacy Trustee will periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on the Claims Estimation Report. Following the dissolution of the Reorganized TK Holdings Trust, any remaining Reorganized TK Holdings Trust Post-Closing Cash will be allocated in accordance with section 5.6(l) of the Plan.
- (b) **Reorganized Takata Post-Closing Cash.** During the Operating Term, Reorganized Takata Post-Closing Cash will, on each six-month anniversary of the Effective Date, be allocated (i) first, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved

and either reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Plan Administrator in consultation with the Legacy Trustee and (ii) second, to the Post-Closing Reserve regardless of whether such reserve is sufficiently funded to satisfy the purpose for which such reserve was established. After the expiration of the Operating Term and wind down of Reorganized Takata, any remaining Reorganized Takata Post-Closing Cash will be allocated in accordance with section 5.8(l) of the Plan.

- (c) **Warehousing Entity Post-Closing Cash.** Prior to the dissolution of the Warehousing Entity, Warehousing Entity Reserve Post-Closing Cash will, on each six-month anniversary of the Effective Date, be allocated (a) first, to the Warehousing Entity Reserve and/or the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Plan Administrator in consultation with the Legacy Trustee and (b) second, to the Warehousing Entity Reserve regardless of whether such reserve is insufficiently funded to satisfy the purpose for which such reserve was established. Following dissolution of the Warehousing Entity, any remaining Warehousing Entity Reserve Post-Closing Cash will be allocated in accordance with section 5.9(h) of the Plan.

(f) **The Reorganized TK Holdings Trust**

- (i) **Execution of the Reorganized TK Holdings Trust Agreement.** On or before the Effective Date, the Reorganized TK Holdings Trust Agreement will be executed by the Debtors and the Legacy Trustee, and all other necessary steps will be taken to establish the Reorganized TK Holdings Trust for the benefit of (i) the holders of Allowed Claims (other than (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (ii) the PSAN PI/WD Trustee, and (iii) the Special Master in his capacity as OEM Claims Administrator. Section 5.6 of the Plan sets forth certain of the rights, duties, and obligations of the Legacy Trustee with respect to the Reorganized TK Holdings Trust. In the event of any conflict between the terms of the Plan and the terms of the Reorganized TK Holdings Trust Agreement, the terms of the Reorganized TK Holdings Trust Agreement will govern.
- (ii) **Purpose of the Reorganized TK Holdings Trust.** The Reorganized TK Holdings Trust will be established to administer certain post-

Effective Date responsibilities under the Plan, including (i) resolving all Disputed Claims (other than Disputed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (ii) maintaining the Claims Reserves, (iii) making Distributions to holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), and (iv) being the sole member of TK Global LLC for the benefit of holders of Claims. The Reorganized TK Holdings Trust will retain all rights to commence and pursue all Causes of Action (including Avoidance Actions) that are expressly preserved and not released under the Plan. The Reorganized TK Holdings Trust will have no objective to continue or engage in the conduct of a trade or business. On the Effective Date, the Reorganized TK Holdings Trust will become party to the Plan Sponsor Backstop Funding Agreement and possess all of the rights and be subject to all of the obligations of the Reorganized TK Holdings Trust under and as set forth in the Plan Sponsor Backstop Funding Agreement.

- (iii) **Reorganized TK Holdings Trust Assets.** The Reorganized TK Holdings Trust will consist of the Reorganized TK Holdings Trust Assets. On the Effective Date, the Debtors will transfer all the Reorganized TK Holdings Trust Assets to the Reorganized TK Holdings Trust free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind.
- (iv) **Appointment of the Legacy Trustee.** The Legacy Trustee is set forth in the Reorganized TK Holdings Trust Agreement. The appointment of the Legacy Trustee will be approved in the Confirmation Order, and such appointment will be effective as of the Effective Date. In accordance with the Reorganized TK Holdings Trust Agreement, the Legacy Trustee will serve in such capacity through the earlier of (i) the date that the Reorganized TK Holdings Trust is dissolved in accordance with the Reorganized TK Holdings Trust Agreement and (ii) the date such Legacy Trustee resigns, is terminated, or is otherwise unable to serve for any reason.
- (v) **Role of the Legacy Trustee.** In furtherance of and consistent with the purpose of the Reorganized TK Holdings Trust and the Plan, the Legacy Trustee shall have the power and authority to (i) hold, manage, sell, invest, and distribute the Reorganized TK Holdings Trust Assets to the holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims) and

the PSAN PI/WD Trustee, (ii) hold the Reorganized TK Holdings Trust Assets for the benefit of holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (iii) hold, manage, sell, invest, and distribute the Reorganized TK Holdings Trust Assets obtained through the exercise of its power and authority, (iv) maintain and administer the Claims Reserves and the Reorganized TK Holdings Trust Reserve, (v) prosecute and resolve objections to Disputed Claims (other than Disputed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (vi) perform such other functions as are provided in the Plan and the Reorganized TK Holdings Trust Agreement, and (vii) administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules, in all cases, consistent with the Plan. The Legacy Trustee will be responsible for all decisions and duties with respect to the Reorganized TK Holdings Trust and the Reorganized TK Holdings Trust Assets. In all circumstances, the Legacy Trustee will act in the best interests of all beneficiaries of the Reorganized TK Holdings Trust, in furtherance of the purpose of the Reorganized TK Holdings Trust, and in accordance with the Reorganized TK Holdings Trust Agreement.

- (vi) **Transferability of Distribution Rights.** Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not be evidenced by any certificate, security, receipt, or in any other form or manner whatsoever, except as maintained on the books and records of the Reorganized TK Holdings Trust by the Legacy Trustee. Further, any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will be nontransferable and non-assignable except by will, intestate, succession, or operation of law. Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not constitute “securities” and will not be registered pursuant to the Securities Act. If it is determined that such rights constitute “securities,” the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.
- (vii) **Costs and Expenses of Legacy Trustee.** The costs and expenses of the Reorganized TK Holdings Trust, including the fees and expenses of the Legacy Trustee and its retained professionals, will be paid out of the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.

- (viii) **Compensation of Legacy Trustee.** The Legacy Trustee will be entitled to reasonable compensation, subject to the terms of the Reorganized TK Holdings Trust Agreement, in an amount consistent with that of similar functionaries in similar types of bankruptcy cases. Such compensation will be payable from the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement. The Legacy Trustee's proposed compensation shall be included in the Plan Supplement.
- (ix) **Retention of Professionals by the Legacy Trustee.** The Legacy Trustee may retain and reasonably compensate counsel and other professionals to assist in their duties as Legacy Trustee on such terms as the Legacy Trustee deems appropriate without Bankruptcy Court approval, subject to the provisions of the Reorganized TK Holdings Trust Agreement. The Legacy Trustee may retain any professional, including any professional who represented parties in interest such as the Debtors in the Chapter 11 Cases. All fees and expenses incurred in connection with the foregoing will be payable from the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.
- (x) **U.S. Federal Income Tax Treatment of the Reorganized TK Holdings Trust.** The Reorganized TK Holdings Trust will be treated as a trust described in Subpart C of Subchapter J of the Internal Revenue Code and the regulations promulgated thereunder. The Reorganized TK Holdings Trust will file (or cause to be filed) statements, returns, or disclosures relating to the Reorganized TK Holdings Trust that are required by any governmental unit, including IRS Form 1041, IRS Form 1041-ES, and IRS Schedule K-1. The Legacy Trustee will be responsible for payment, out of the Reorganized TK Holdings Trust Reserve, of any taxes imposed on the Reorganized TK Holdings Trust or the Reorganized TK Holdings Trust Assets, including estimated and annual U.S. federal income taxes. The Legacy Trustee may request an expedited determination of taxes of the Reorganized TK Holdings Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Reorganized TK Holdings Trust for all taxable periods through the dissolution of the Reorganized TK Holdings Trust.
- (xi) **Dissolution.** The Reorganized TK Holdings Trust will be dissolved and the Legacy Trustee will be discharged from his/her/its duties with respect to the Reorganized TK Holdings Trust upon completion of their duties as set forth in the Reorganized TK Holdings Trust Agreement, including when (i) all Disputed Claims (other than PSAN PI/WD Claims, Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims) have been resolved, (ii) all Reorganized TK Holdings Trust Assets have been liquidated,

and (iii) all Distributions required to be made by the Legacy Trustee under the Plan and the Reorganized TK Holdings Trust Agreement have been made, but in no event will the Reorganized TK Holdings Trust be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

- (xii) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in the Reorganized TK Holdings Trust remaining upon dissolution of the Reorganized TK Holdings Trust pursuant to section 5.6(k) of the Plan will be available (i) first, to the Post-Closing Reserve and/or Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Dissolution Date Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (ii) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Dissolution Date Cash, and (iii) third, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity have not been dissolved, with such allocation of Dissolution Date Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator. The Legacy Trustee will determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After Reorganized Takata and the Warehousing Entity have been dissolved, each Debtor's Allocable Share of the Residual Value of the Reorganized TK Holdings Trust will become Available Cash of such Debtor and, as applicable, be deposited into such Debtor's Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula.
- (xiii) **Indemnification of the Legacy Trustee.** The Legacy Trustee will not be liable for actions taken or omitted in its capacity as, or on behalf of, the Legacy Trustee or the Reorganized TK Holdings Trust, except those acts found by Final Order to be arising out of its willful misconduct, gross negligence, fraud, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), or *ultra vires* act, and will be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Legacy Trustee or the Reorganized TK

Holdings Trust, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, gross negligence, fraud, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), or *ultra vires* act. Any valid indemnification claim of the Legacy Trustee will be satisfied from the Reorganized TK Holdings Trust Reserve.

(g) **TK Global LLC**

- (i) **Ownership and Purpose of TK Global LLC.** On or before the Effective Date, all necessary steps will be taken to form TK Global LLC. The Reorganized TK Holdings Trust will be the sole member of TK Global LLC. TK Global LLC will be established to own the sole equity interest in Reorganized TK Holdings and all the equity interests in the Warehousing Entity, both for the benefit of holders of Claims. The Plan Administrator and the Oversight Committee will be appointed to TK Global LLC.
- (ii) **The Plan Administrator.** On the Effective Date, the Plan Administrator will be appointed solely to perform the Authorized Purposes. In furtherance of and consistent with the purpose of the TK Global Operating Agreement, the Plan Administrator will act as the chief executive officer of TK Global LLC and oversee, along with the Oversight Committee, the management of TK Global LLC. The Plan Administrator will be responsible for developing budgets, forecasts, and cash flow projections and reporting against budgets for TK Global LLC and its subsidiaries, each subject to review and approval by the Oversight Committee.

The Plan Administrator will be Michael Rains, the current Vice President of the Product Safety Group for TKH. The Plan Administrator will be retained pursuant to the Plan Administrator Agreement. In the event the Plan Administrator resigns, is terminated, or is otherwise unable to serve for any reason, a successor will be designated by the PSAN Consenting OEMs, as reasonably acceptable to the Debtors or Reorganized TK Holdings, as applicable, and the Consenting OEMs. The PSAN Consenting OEMs will have the right (subject to the reasonable consent of the Warehouse Consenting OEMs) to request that the Oversight Committee replace the Plan Administrator if the Independent Consultant determines that (i) the Plan Administrator is not operating Reorganized Takata in a reasonable and prudent manner or (ii) Reorganized Takata is not complying with DOJ, NHTSA, or other regulatory requirements. The Plan Administrator will have thirty (30) days to cure any deficiencies

identified in such Consenting OEM report, if such deficiencies are capable of cure.

The fees and expenses of the Plan Administrator will be paid in accordance with the Plan Administrator Agreement from either (a) the Post-Closing Reserve, subject to the Reorganized Takata Business Model, as such fees and expenses relate to the Plan Administrator's oversight and administration of Reorganized Takata or (b) the Warehousing Entity Reserve, as such fees and expenses relate to all other services provided by the Plan Administrator, including in connection with the oversight and administration of the Warehousing Entity.

- (iii) **Oversight Committee.** The Oversight Committee comprised of three (3) members will be appointed to serve as the board of managers of TK Global LLC. Two (2) members of the Oversight Committee will be selected by the Warehouse Consenting OEMs and may include representatives of the Consenting OEMs. The remaining Independent Member of the Oversight Committee will be selected by the Debtors, subject to the reasonable consent of the Warehouse Consenting OEMs, and will not be an "insider" of Takata, the Consenting OEMs, or the Plan Sponsor. The Oversight Committee will have governance rights over TK Global LLC. The Oversight Committee, among other things, will review and approve budgets, forecasts, and cash flow projections of TK Global LLC and its subsidiaries, including Reorganized Takata and the Warehousing Entity.
- (iv) **Exculpation of Plan Administrator and Oversight Committee.** The Plan Administrator and the Oversight Committee will be exculpated (subject, in each case, to exceptions for breach of fiduciary duty, *ultra vires*, fraud, willful misconduct and gross negligence) to the fullest extent allowable by applicable law with respect to the operation and wind-down of TK Global LLC, Reorganized Takata's estates, and the Warehousing Entity, including the services the Plan Administrator provides to Reorganized Takata related to the manufacture and sale of PSAN Inflators to PSAN Consenting OEMs, the liquidation of Reorganized Takata's remaining assets, the services the Plan Administrator provides to the Warehousing Entity related to the warehousing, shipping, and disposal of the Warehoused PSAN Assets, and the liquidation of the Warehousing Entity's remaining assets.
- (v) **Shared Services Agreement.** Certain support services will be provided by TK Global LLC to each of Reorganized Takata and the Warehousing Entity in accordance with the scope and the terms of the Shared Services Agreement.

- (vi) **U.S. Federal Income Tax Treatment of TK Global LLC.** TK Global LLC will be treated as an entity disregarded from its owner, the Reorganized TK Holdings Trust, for purposes of U.S. federal income tax.
- (vii) **Dissolution.** TK Global LLC, the Plan Administrator, and the Oversight Committee will be dissolved or discharged, as applicable, upon completion of their duties, but in no event will TK Global LLC be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.
- (h) **Reorganized Takata**
 - (i) **Ownership and Governance of Reorganized Takata.** On the Effective Date, and in accordance with and pursuant to the terms of the Plan, TK Global LLC will become the sole equity interest holder of Reorganized TK Holdings. As of the Effective Date, the terms of the current members of the board of TKH will expire without further action by any Person. Except as provided herein or in the Plan Administrator Agreement, the management of Reorganized Takata will be the responsibility of the Plan Administrator.
 - (ii) **The Authorized Purposes.** Other than with respect to the Assumed PSAN Contracts and any renewals or extensions thereof or in respect of production of current model series (including current and past model Service Parts) as set forth in the Plan and the continuation of any contracts between the Debtors' non-Debtor Affiliates and the PSAN Consenting OEMs for the manufacture and sale of PSAN Inflators, which such contracts will be assumed by Reorganized TK Holdings or its applicable subsidiary as of the Effective Date in a manner similar to the assumption of Assumed PSAN Contracts and in accordance with the Global Accommodation Agreement, Reorganized Takata will not enter into any new contracts for the sale of PSAN Inflators after the Effective Date, and Reorganized Takata will not agree or consent to any amendment to the NHTSA Consent Order without the prior written consent of the Consenting OEMs. In no event will any Cash on hand or the Post-Closing Reserve be used by Reorganized Takata to manufacture PSAN Inflators for a non-Consenting OEM unless such non-Consenting OEM becomes a PSAN Consenting OEM as provided by the Plan. In the event that any proposed modification to the NHTSA Consent Order may negatively affect the Plan Sponsor in respect of its obligations to provide the Services (as defined in the Transition Services Agreement) under the Transition Services Agreement, the Plan Administrator will first consult with the Plan Sponsor. On the Effective Date, Reorganized Takata will become party to the Plan Sponsor Backstop Funding

Agreement and possess all of the rights and be subject to all of the obligations of Reorganized Takata under and as set forth in the Plan Sponsor Backstop Funding Agreement.

- (iii) **Post-Closing Reserve.** The Post-Closing Reserve will provide the initial capitalization for Reorganized Takata, and the Reorganized Takata Post-Closing Cash will provide the working capital for Reorganized Takata. The anticipated costs of winding down Reorganized Takata are to be covered from the Post-Closing Reserve (to the extent available) and the Reorganized Takata Post-Closing Cash. The Post-Closing Reserve will be held by Reorganized Takata and administered by the Plan Administrator. Consenting OEMs that are not PSAN Consenting OEMs will not be required to support in any way the operations of Reorganized Takata.
- (iv) **Post-Closing PSAN PI/WD Claims Reserve.** The Post-Closing PSAN PI/WD Claims Reserve will be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee; *provided, however,* that, after the Non-PSAN PI/WD Claims Termination Date, an amount equal to the total estimated amount of Post-Closing PSAN PI/WD Claims, as set forth in the Updated Claims Estimation Report, will be transferred from the Post-Closing PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust, and the PSAN PI/WD Trustee shall thereafter be responsible for resolving and paying Post-Closing PSAN PI/WD Claims.
- (v) **Employees.** Reorganized Takata will retain or hire employees as necessary to manufacture and sell PSAN Inflators after the Effective Date, including equipment and machinery operators, safety and regulatory specialists and engineers. Certain personnel of the Plan Sponsor will resign from Plan Sponsor and will be hired by Reorganized Takata, if necessary, pursuant to the Transition Services Agreement. In some instances, services of certain employees of TK Global LLC shall be provided to Reorganized Takata pursuant to the terms of the Shared Services Agreement, and such employees will be paid directly from the Post-Closing Reserve in accordance with the Reorganized Takata Business Model.
- (vi) **Operating Term.** Reorganized Takata's operations related to the production of PSAN Inflators will continue solely for the Authorized Purposes during the Operating Term. Reorganized Takata will continue in existence solely for the purposes specified in the Plan until all Claims, if any, against Reorganized Takata have been fully resolved, and all other duties and functions of the Plan Administrator with respect to Reorganized Takata as set forth in the Plan have been fully performed.

- (vii) **Subordination of PSAN Consenting OEM Claims.** Any Claims of PSAN Consenting OEMs against Reorganized Takata will be subordinated to certain Claims and rights of the Plan Sponsor in accordance with section 5 of the Indemnity Agreement.
- (viii) **Forbearance of PSAN Consenting OEM Claims.** During the Operating Term, the PSAN Consenting OEMs will forbear from exercising remedies with respect to any Claims arising from PSAN recalls and PSAN-related indemnity and monetary warranty Claims (excluding any other Claims, including Claims arising from non-conforming parts, short shipments, or other ordinary course Claims, and non-monetary warranty obligations) against Reorganized Takata.
- (ix) **Reporting Requirements.** Reorganized Takata will be responsible for all disclosure, reporting, and warning obligations regarding the manufacture and sale of PSAN Inflators by Reorganized Takata to the extent required to be made to the PSAN Consenting OEMs and (without limiting the independent disclosure, reporting, and warning obligations of such PSAN Consenting OEMs) consumers and regulators; *provided, however*, that Reorganized Takata will include the Plan Administrator and the Independent Member of the Oversight Committee in any meetings between Reorganized Takata and its applicable regulators. The Plan Administrator will be responsible for developing budgets, forecasts, cash flow projections, and reporting against budgets, each subject to review and approval by the Oversight Committee.
- (x) **Insurance.** Subject to the reasonable consent of the Requisite PSAN Consenting OEMs, Reorganized Takata may fund an upfront premium payment to purchase products liability, economic loss, directors' and officers', and other liability cap insurance policies.
- (xi) **Independent Consultant.** The PSAN Consenting OEMs will have the right to engage the Independent Consultant if agreed by the Requisite PSAN Consenting OEMs to conduct an assessment and make a report to the PSAN Consenting OEMs on a quarterly basis of Reorganized Takata's operations, including quality control, safety, and manufacturing systems (including all systems from receiving to shipping). Reorganized Takata will pay for such Independent Consultant through the Post-Closing Reserve solely to the extent that the Plan Administrator believes that sufficient funds exist in the Post-Closing Reserve for such purpose. Otherwise, the PSAN Consenting OEMs will pay all costs associated with the Independent Consultant. The Independent Consultant will also monitor Reorganized Takata's financial and general business affairs. A copy of the reports produced by the Independent Consultant will be provided to the Oversight Committee.

- (xii) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in Reorganized Takata following expiration of the Operating Term and wind down of Reorganized Takata will be available (i) first, to pay existing creditors of Reorganized Takata (including PSAN Consenting OEMs on account of any non-contingent recall related claims against Reorganized Takata and the Plan Sponsor on account of services provided to Reorganized Takata under the Transition Services Agreement) in accordance with section 5.8(g) of the Plan and fund the Post-Closing PSAN PI/WD Claims Reserve pursuant to either the Claims Estimation Report or Updated Claims Estimation Report, as applicable, (ii) second, to the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved, (iii) third, to the Reorganized TK Holdings Trust Reserve to the extent that the Reorganized TK Holdings Trust has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (iv) fourth, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to an applicable Debtor's Allocable Share of such Dissolution Date Cash; *provided, however*, that no Dissolution Date Cash in Reorganized Takata contributed by a non-Debtor affiliate will be allocated to the Reorganized TK Holdings Trust Reserve pursuant to subparagraph (iii) above. The Legacy Trustee will determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After the Warehousing Entity has been dissolved, each Debtor's Allocable Share of the Residual Value of Reorganized Takata will become Available Cash of such Debtor and, as applicable, be deposited into such Debtor's Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula. Any Residual Value in the Post-Closing Reserve that was contributed by a non-Debtor affiliate of the Debtors will be returned to such affiliate based on its funded share of the Post-Closing Reserve.
- (xiii) **Reorganized Takata Organizational Documents.** The organizational documents of Reorganized Takata, including the Reorganized TK Holdings Organizational Documents, will require the consent of the Requisite PSAN Consenting OEMs to make certain material amendments to such documents.
- (xiv) **U.S. Federal Income Tax Treatment of Reorganized TK Holdings.** Reorganized TK Holdings will be treated as a corporation for U.S. federal income tax purposes. Reorganized TK Holdings will file (or cause to be filed) statements, returns, or disclosures relating to Reorganized TK Holdings that are required by any governmental unit.

The Plan Administrator will be responsible for payment, out of Reorganized Takata Post-Closing Cash, of any taxes imposed on Reorganized TK Holdings, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of Reorganized TK Holdings under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, Reorganized TK Holdings for all taxable periods through the dissolution of Reorganized TK Holdings.

- (xv) **Access to Information.** Reorganized Takata will maintain all product information (including model and serial numbers), drawings and test reports regarding the PSAN Inflators and airbag modules or assemblies that incorporate the PSAN Inflators, including both with respect to PSAN Inflators sold by any Debtor to or for the benefit of a Consenting OEM prior to the Effective Date (including prior to the Petition Date) and PSAN Inflators provided to the Plan Sponsor (or its applicable subsidiary) by Reorganized Takata after the Effective Date for Module Production, Kitting Operations, and PSAN Service Parts (each as defined in the Indemnity Agreement), solely to the extent that such information is necessary to track and identify such PSAN Inflators. Such information will be provided by Reorganized Takata to (i) the Plan Sponsor (or its applicable subsidiary) and (ii) upon request, the applicable Consenting OEM that purchased such Products from the Debtors or Reorganized Takata. In conjunction with and prior to the wind-down of Reorganized Takata, Reorganized Takata will transfer all such information to the Plan Sponsor (or its applicable subsidiary) to maintain in its capacity as a tier one supplier.

(i) **The Warehousing Entity**

- (i) **Ownership and Governance of the Warehousing Entity.** On or before the Effective Date, and in accordance with and pursuant to the terms of the Plan, TK Global LLC will be the holder of all the equity interests of the Warehousing Entity. Except as provided in the Plan or in the Plan Administrator Agreement, the management of the Warehousing Entity will be the responsibility of the Plan Administrator.
- (ii) **Warehousing Entity Organizational Documents.** On or before the Effective Date, all necessary steps will be taken to establish the Warehousing Entity, including the adoption of the Warehousing Entity Organizational Documents. In the event of any conflict between the terms of the Plan and the terms of the Warehousing Entity Organizational Documents, the terms of the Warehousing Entity Organizational Documents will govern.

- (iii) **Purpose of the Warehousing Entity.** The Warehousing Entity will be formed to acquire, own, maintain, operate, and control the Warehoused PSAN Assets and to comply with the obligations under the Preservation Order and any other obligations related to the Warehoused PSAN Assets; *provided, however*, that the Warehousing Entity will only be responsible for the maintenance, shipping, and disposal of PSAN Inflators returned to and warehoused by Takata prior to the Effective Date (including those PSAN Inflators that the Warehouse Consenting OEMs demonstrate, by documentation or otherwise, are in transit to Takata as of the Effective Date). Notwithstanding the foregoing, upon request by a Warehouse Consenting OEM, the Warehousing Entity and such Warehouse Consenting OEM will enter into an agreement for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date as long as (i) such agreement is in form and substance acceptable to the Warehousing Entity and such Warehouse Consenting OEM and (ii) all related costs are the sole responsibility of and paid by such Warehouse Consenting OEM. The Warehousing Entity will be responsible for the payment of the Debtors' share of the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets returned prior to the Effective Date. The Debtors' share of such costs will be based on the percentage of warehousing, shipping, and disposal costs attributable to the Debtors relative to all global warehousing, shipping, and disposal costs attributable to Takata; *provided, however*, that the funding of the Warehousing Entity Reserve from the Cash Proceeds pursuant to the Plan Settlement will not be limited to the Debtors' share of such costs to the extent that the Warehousing Entity Reserve is not otherwise fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates. For the avoidance of doubt, except with respect to certain obligations of the Plan Sponsor set forth in the Plan Sponsor Backstop Funding Agreement and the Transition Services Agreement, the Plan Sponsor will have no obligations related to the maintenance, warehousing, shipping, or disposal of PSAN Inflators. On the Effective Date, the Warehousing Entity will become party to the Plan Sponsor Backstop Funding Agreement and possess all of the rights and be subject to all of the obligations of the Warehousing Entity under and as set forth in the Plan Sponsor Backstop Funding Agreement.
- (iv) **The Warehousing Entity Assets.** The Warehousing Entity will consist of the Warehousing Entity Assets, including the Warehousing Entity Reserve. On the Effective Date, the Debtors will transfer all the Warehousing Entity Assets to the Warehousing Entity free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind. On the Effective Date, the Warehoused PSAN Assets held by the Debtors will vest in and be assumed and assigned to the Warehousing Entity and, subject to any limitations under law or

contract, the Warehoused PSAN Assets held by certain non-Debtor affiliates will be transferred and assigned to the Warehousing Entity.

- (v) **Employees.** The Warehousing Entity will retain or hire employees as necessary to administer and maintain the Warehoused PSAN Assets. In some instances, services of certain employees of TK Global LLC will be provided to the Warehousing Entity pursuant to the terms of the Shared Services Agreement, and such employees will be paid directly from the Warehousing Entity Reserve.
- (vi) **U.S. Federal Income Tax Treatment of Warehousing Entity.** The Warehousing Entity will be treated as a corporation for U.S. federal income tax purposes. The Warehousing Entity will file (or cause to be filed) statements, returns, or disclosures relating to the Warehousing Entity that are required by any governmental unit. The Plan Administrator will be responsible for payment, out of the Warehousing Entity Reserves, of any taxes imposed on the Warehousing Entity or the Warehousing Entity Assets, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of the Warehousing Entity under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Warehousing Entity for all taxable periods through the dissolution of the Warehousing Entity.
- (vii) **Dissolution.** The Warehousing Entity will be dissolved upon completion of its purposes and obligations, including under any agreements entered into by the Warehousing Entity and Warehousing Consenting OEMs for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date and when all Warehousing Entity Assets have been liquidated, but in no event will the Warehousing Entity be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.
- (viii) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in the Warehousing Entity remaining upon dissolution of the Warehousing Entity pursuant to section 5.9(g) of the Plan will be available (i) first, to pay all creditors of the Warehousing Entity, (ii) second, to the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved, (iii) third, to the Reorganized TK Holdings Trust Reserve to the extent that the Reorganized TK Holdings Trust has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (iv) fourth, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to an applicable Debtor's Allocable Share of such Dissolution Date Cash; *provided, however*, that no Dissolution

Date Cash in the Warehousing Entity contributed by a non-Debtor affiliate will be allocated to the Reorganized TK Holdings Trust Reserve pursuant to subparagraph (iii) above. The Legacy Trustee will determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After Reorganized Takata has been dissolved, each Debtor's Allocable Share of the Residual Value of the Warehousing Entity will become Available Cash of such Debtor and, as applicable, be deposited in the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula. Any Residual Value in the Warehousing Entity Reserve that was contributed by a non-Debtor affiliate of the Debtors will be returned to such affiliate based on its funded share of the Warehousing Entity Reserve.

(j) **The PSAN PI/WD Trust**

- (i) **Establishment and Purpose of PSAN PI/WD Trust.** On the Effective Date, the PSAN PI/WD Trust will be established. The PSAN PI/WD Trust will be a "Qualified Settlement Fund" within the meaning of section 468B of the Internal Revenue Code and the regulations promulgated thereunder. The PSAN PI/WD Trust will (i) assume the liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (ii) administer, process, settle, resolve, and liquidate such PSAN PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (iii) use the amounts transferred by the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKH Claims Reserve, and the Post-Closing PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust on the Non-PSAN PI/WD Claims Termination Date to satisfy and make payments to holders of Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (iv) establish segregated bank accounts to hold funds sufficient to pay in full all estimated Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims on the Non-PSAN PI/WD Claims Termination Date, and (v) use the PSAN PI/WD Funds to satisfy and make payments to holders of PSAN PI/WD Claims that qualify for a recovery under the Plan, all in accordance with the terms of the Plan (including section 5.9(g) hereof), the PSAN PI/WD Trust Agreement,

the PSAN PI/WD TDP, and any Participating OEM Contribution Agreement, if applicable; *provided, however*, that each PSAN PI/WD Top-Up Amount will only be used to fund distributions to holders of PSAN PI/WD Claims whose injuries resulted from a vehicle manufactured by the applicable Participating OEM, and the PSAN PI/WD Trustee will separately track, account for, and maintain each PSAN PI/WD Top-Up Amount contributed by each Participating OEM in separate PSAN PI/WD Top-Up Funds. The PSAN PI/WD Trust will administer, process, settle, resolve, liquidate, satisfy, and pay, as applicable, PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims in such a way that the holders of PSAN PI/WD Claims, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims are treated equitably and in a substantially similar manner, respectively, subject to the terms of the Plan, the PSAN PI/WD Trust Agreement, and the PSAN PI/WD TDP to the extent applicable. The PSAN PI/WD Claims against the Protected Parties will be channeled to the PSAN PI/WD Trust pursuant to the Channeling Injunction set forth in section 10.7 of the Plan and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. All such PSAN PI/WD Claims will be liquidated and paid in accordance with the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, the Plan, the Confirmation Order, and any Participating OEM Contribution Agreement, if applicable. The PSAN PI/WD Trust will be administered and implemented by the PSAN PI/WD Trustee as provided in the PSAN PI/WD Trust Agreement.

- (ii) **PSAN PI/WD TDP.** On the Effective Date, the PSAN PI/WD Trust will implement the PSAN PI/WD TDP in accordance with the terms of the PSAN PI/WD Trust Agreement. On or after the Effective Date, the PSAN PI/WD Trustee will have the authority to administer, amend, supplement, or modify the PSAN PI/WD TDP, with the consent of the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, and the PSAN PI/WD OEM Advisory Committee, in accordance with the terms thereof and the PSAN PI/WD Trust Agreement; *provided, however*, that such modifications are not inconsistent with the Plan, other Plan Documents (including the U.S. Acquisition Agreement), and the Indemnity Agreement. From and after the Effective Date, the PSAN PI/WD Trust will liquidate and make distributions to holders of PSAN PI/WD Claims in accordance with the PSAN PI/WD TDP. From and after the Non-PSAN PI/WD Claims Termination Date, the PSAN PI/WD Trust will liquidate and make distributions to holders of Allowed Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims from the segregated

funds available for such purposes in the discretion of the PSAN PI/WD Trustee.

- (iii) **Imposition of Channeling Injunction.** From and after the Effective Date, all PSAN PI/WD Claims against the Protected Parties will be subject to the Channeling Injunction pursuant to section 105(a) of the Bankruptcy Code and the provisions of the Plan and the Confirmation Order. From and after the Effective Date, the Protected Parties will have no obligation with respect to any liability of any nature or description arising out of, relating to, or in connection with any PSAN PI/WD Claims; *provided, however*, that nothing in the Plan will preclude any action by the PSAN PI/WD Trust to enforce the Plan.
- (iv) **Releases of Liabilities to Holders of PSAN PI/WD Claims.** Except as provided in the Plan, the transfer to, vesting in, and assumption by the PSAN PI/WD Trust of the PSAN PI/WD Funds as contemplated by the Plan will, as of the Effective Date, release all obligations and liabilities of and bar recovery or any action against the Protected Parties and their respective estates, affiliates, and subsidiaries, for or in respect of all PSAN PI/WD Claims. The PSAN PI/WD Trust will, as of the Effective Date, assume sole and exclusive responsibility and liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties, and such Claims will be liquidated, resolved, or paid by the PSAN PI/WD Trust from the PSAN PI/WD Funds.
- (v) **Assumption of Liabilities.** In furtherance of the purposes of the PSAN PI/WD Trust, and subject to the PSAN PI/WD Trust Agreement, the PSAN PI/WD Trust will expressly assume all responsibility and liability for all (i) PSAN PI/WD Claims against the Debtors and the Protected Parties, (ii) Administrative Expense PSAN PI/WD Claims, (iii) Administrative Expense PI/WD Claims, (iv) Post-Closing PSAN PI/WD Claims (in the case (ii) through (iv), after the Non-PSAN PI/WD Claims Termination Date), and (v) all PSAN PI/WD Trust Expenses. The PSAN PI/WD Trust will have all defenses, cross-claims, offsets, and recoupments regarding PSAN PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims, Administrative Expense PI/WD Claims, and Post-Closing PSAN PI/WD Claims that the Protected Parties, Debtors or Reorganized Debtors have or would have had under applicable law and solely to the extent consistent with the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, as applicable.
- (vi) **Funding of PSAN PI/WD Trust.** Upon the Effective Date, the Debtors will assign and transfer the PSAN PI/WD Funds to the PSAN PI/WD Trust; *provided, however*, that to the extent certain assets comprising the PSAN PI/WD Funds, because of their nature or

because such assets will accrue or become transferable subsequent to the Effective Date, cannot be transferred to, vested in, and assumed by the PSAN PI/WD Trust on the Effective Date, such assets will be automatically, and without further act or deed, transferred to, vested in, or assumed by the PSAN PI/WD Trust as soon as reasonably practicable after the Effective Date. Notwithstanding anything in the Plan to the contrary, no monies, choses in action, and/or assets comprising the PSAN PI/WD Funds that have been transferred, granted, assigned, or otherwise delivered to the PSAN PI/WD Trust will be used for any purpose other than for the payment, defense, or administration of the PSAN PI/WD Claims.

- (vii) **Payment of PSAN PI/WD Claims.** The PSAN PI/WD Trust will be used to pay PSAN PI/WD Claims against the Debtors, the Reorganized Debtors, and the Protected Parties, up to the full amount of such Claims in accordance with the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP, from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds in accordance with this Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii); *provided, however* that such PSAN PI/WD Top-Up Amounts will only be utilized to pay Claims related to vehicles sold by the applicable Participating OEM.
- (viii) **Payment of Administrative Expense PSAN PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of the holders of Administrative Expense PSAN PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PSAN PI/WD Claims as set forth in the Updated Claims Estimation Report will be used to pay Administrative Expense PSAN PI/WD Claims in the full amount of such Claims.
- (ix) **Payment of Administrative Expense PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of holders of Administrative Expense PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PI/WD Claims will be used to pay Administrative Expense PI/WD Claims in the full amount of such Claims.
- (x) **Payment of Post-Closing PSAN PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the Post-Closing PSAN

PI/WD Claims Reserve will be transferred to the PSAN PI/WD Trust and used to pay Post-Closing PSAN PI/WD Claims in the full amount of such Claims.

- (xi) **Excess Assets in the PSAN PI/WD Trust.** On the PSAN PI/WD Trust Termination Date, after the payment of all PSAN PI/WD Claims that are entitled to a Distribution from the PSAN PI/WD Trust, Allowed Administrative Expense PI/WD Claims, Allowed Administrative Expense PSAN PI/WD Claims, and PSAN PI/WD Trust Expenses that have been provided for and the liquidation of all assets then held by the PSAN PI/WD Trust, any remaining value in the PSAN PI/WD Funds will be distributed (i) first, to the Special Master for contribution to the DOJ PI/WD Restitution Fund and (ii) second, if the Special Master's appointment has concluded, then to a charity to be selected by the PSAN PI/WD Trustee. For the avoidance of doubt, nothing in the Plan will govern the distribution of any remaining value in the DOJ PI/WD Restitution Fund, whether or not merged with the PSAN PI/WD Funds as set forth in the Plan.
- (xii) **PSAN PI/WD Trust Expenses.** The PSAN PI/WD Trust will pay all PSAN PI/WD Trust Expenses from the PSAN PI/WD Trust Reserve, as provided for in the PSAN PI/WD Trust Agreement. The Protected Parties will have no obligation to pay any PSAN PI/WD Trust Expenses, except as expressly provided in the PSAN PI/WD Trust Agreement and the Participating OEM Contribution Agreements (as applicable); *provided, however*, that neither the PSAN PI/WD Trust Agreement nor the Participating OEM Contribution Agreements will impose on the Plan Sponsor Parties any obligation to pay PSAN PI/WD Trust Expenses without their express consent.
- (xiii) **PSAN PI/WD Trustee.** There will be one (1) PSAN PI/WD Trustee. On the Confirmation Date, the Bankruptcy Court will appoint the PSAN PI/WD Trustee to serve in accordance with, and who will have the functions and rights provided in, the PSAN PI/WD Trust Agreement. Any successor PSAN PI/WD Trustee will be appointed in accordance with the terms of the PSAN PI/WD Trust Agreement, which appointment will require the consent of the Debtors if prior to the Effective Date, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, and the PSAN PI/WD OEM Advisory Committee. For purposes of any PSAN PI/WD Trustee performing his or her duties and fulfilling his or her obligations under the PSAN PI/WD Trust and the Plan, the PSAN PI/WD Trust and the PSAN PI/WD Trustee will be deemed to be "parties in interest" within the meaning of section 1109(b) of the Bankruptcy Code. The PSAN PI/WD Trustee shall be the "administrator" of the PSAN PI/WD Trust as such term is used in Treas. Reg. Section 1.468B-2(k)(3).

(xiv) **Compensation of the PSAN PI/WD Trustee and Retention of Professionals.** The PSAN PI/WD Trustee will be entitled to compensation reasonably acceptable to the Debtors, which will be payable from the PSAN PI/WD Trust Reserve, subject to the terms of the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee may retain and reasonably compensate, without Bankruptcy Court approval, counsel and other professionals as reasonably necessary to assist in his duties as PSAN PI/WD Trustee, subject to the terms of the PSAN PI/WD Trust Agreement. All fees and expenses incurred in connection with the foregoing shall be payable from the PSAN PI/WD Trust Reserve. For the avoidance of doubt, any professionals retained by the Special Master pursuant to the DOJ Restitution Order that are performing services relating to the DOJ Restitution Order will be compensated pursuant to the DOJ Restitution Order and not by the PSAN PI/WD Trust or from the PSAN PI/WD Trust Reserve. The only costs and fees of the Special Master and his professionals paid by the PSAN PI/WD Trust will be those that are necessary solely due to the Special Master's role as PSAN PI/WD Trustee and that would not have otherwise been provided.

(xv) **Future Claims Representative and the PSAN PI/WD Trust Committees.**

(a) Future Claims Representative. The PSAN PI/WD Trust Agreement will provide for the continuation of the Future Claims Representative to represent the interests of holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date. The Future Claims Representative will have the functions and rights set forth in the PSAN PI/WD Trust Agreement. The initial Future Claims Representative will be Roger Frankel so long as he is the Future Claims Representative in the Chapter 11 Cases as of the Effective Date. The PSAN PI/WD Trustee will consult with the Future Claims Representative on matters pertaining to the general administration of the PSAN PI/WD Trust and must obtain the consent of the Future Claims Representative on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to compensation of the PSAN PI/WD Trust Advisory Committee, Future Claims Representative, or PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the terms and successorship of the Future Claims Representative, as all set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee will meet with the Future Claims Representative no less frequently than quarterly. The

Future Claims Representative will receive reasonable compensation for his services and may utilize professionals in the performance of his duties, and the Future Claims Representative and his professionals will be entitled to reasonable reimbursement by the PSAN PI/WD Trust, subject to compliance with an agreed upon budget that will be set forth in the PSAN PI/WD Trust Agreement.

- (b) PSAN PI/WD Trust Advisory Committee. The PSAN PI/WD Trust Agreement will provide for the establishment of the PSAN PI/WD Trust Advisory Committee to represent the interests of holders of current PSAN PI/WD Claims. The PSAN PI/WD Trust Advisory Committee will have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The initial PSAN PI/WD Trust Advisory Committee will consist of three members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trust Agreement will provide that the PSAN PI/WD Trustee will consult with the PSAN PI/WD Trust Advisory Committee on matters pertaining to the general administration of the PSAN PI/WD Trust and must obtain the consent of the PSAN PI/WD Trust Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to compensation of the PSAN PI/WD Trust Advisory Committee, the Future Claims Representative, or the PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the terms and successorship of the PSAN PI/WD Trust Advisory Committee members, all as set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee will meet with the PSAN PI/WD Trust Advisory Committee no less frequently than quarterly. The PSAN PI/WD Trust Advisory Committee will receive reasonable compensation for its services and may utilize professionals in the performance of its duties, and the members of the PSAN PI/WD Trust Advisory Committee and their professionals will be entitled to reasonable reimbursement by the PSAN PI/WD Trust, subject to compliance with an agreed upon budget that will be set forth in the PSAN PI/WD Trust Agreement; *provided, however,* that such compensation and reimbursement will be funded solely through contributions to the PSAN PI/WD Trust by Participating OEMs in accordance with a funding allocation agreement to be agreed upon by the Participating OEMs.
- (c) PSAN PI/WD OEM Advisory Committee. The PSAN PI/WD Trust Agreement will provide for the establishment of the PSAN PI/WD OEM Advisory Committee to represent the interests of the

Participating OEMs. The PSAN PI/WD OEM Advisory Committee will have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The initial PSAN PI/WD OEM Advisory Committee will consist of the Initial Participating OEM(s) and up to two additional Participating OEM members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trust Agreement will provide that the PSAN PI/WD Trustee will obtain the consent of the PSAN PI/WD OEM Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to the compensation of the PSAN PI/WD Trust Advisory Committee, the Future Claims Representative, and the PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the term and successorship of the PSAN PI/WD OEM Advisory Committee members, all as set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee will meet with the PSAN PI/WD OEM Advisory Committee no less frequently than quarterly. For the avoidance of doubt, no fees or expenses of the PSAN PI/WD OEM Advisory Committee will be payable or reimbursed by the PSAN PI/WD Trust.

(xvi) **Cooperation; Transfer of Books and Records**

- (a) On the Effective Date or as soon as reasonably practicable thereafter, the Debtors will transfer and assign, or cause to be transferred and assigned, to the PSAN PI/WD Trustee, all of the books and records of the Debtors that pertain to PSAN PI/WD Claims. In addition, on the Effective Date or as soon as reasonably practicable thereafter, the Debtors will provide the PSAN PI/WD Trustee with a copy of a database or other information as reasonably required to assist the PSAN PI/WD Trust in identifying the PSAN PI/WD Claims being channeled to the PSAN PI/WD Trust.
- (b) The transfer or assignment of information, which may include PSAN PI/WD Privileged Information, to the PSAN PI/WD Trustee in accordance with section 5.10(p)(ii) of the Plan will not result in the destruction or waiver of any applicable privileges pertaining to PSAN PI/WD Privileged Information. Further, with respect to any privileges: (a) they are transferred to or contributed for the sole purpose of enabling the PSAN PI/WD Trustee to perform its duties to administer the PSAN PI/WD Trust and for no other reason, (b) they are vested solely in the PSAN PI/WD Trustee and not in the PSAN PI/WD Trust, the PSAN PI/WD Trust Advisory Committee

or any other Person, committee or subcomponent of the PSAN PI/WD Trust, or any other Person (including counsel and other professionals) who has been engaged by, represents or has represented any holder of a PSAN PI/WD Claim or any Person who alleges or may allege a claim directly or indirectly relating to or arising from the Debtors' Products or operations, (c) they will be preserved and not waived, (d) for the avoidance of doubt, any such transfer will have no effect on any right, claim or privilege of any Person other than the Debtors, TKJP, or any other non-Debtor Takata entities, and (e) no information subject to a privilege or a prior assertion thereof will be publicly disclosed by the PSAN PI/WD Trustee or the PSAN PI/WD Trust or communicated to any Person not entitled to receive such information or in a manner that would diminish the protected status of any such information.

- (xvii) **U.S. Federal Income Tax Treatment of the PSAN PI/WD Trust.** The PSAN PI/WD Trust will be a "qualified settlement fund" within the meaning of Treasury Regulation section 1.468B-1. The PSAN PI/WD Trust will file (or cause to be filed) statements, returns, or disclosures relating to the PSAN PI/WD Trust that are required by any governmental unit. The PSAN PI/WD Trustee will be responsible for the payment, out of the PSAN PI/WD Trust Reserve, of any taxes imposed on the PSAN PI/WD Trust or the PSAN PI/WD Trust Assets, including estimated and annual U.S. federal income taxes. The PSAN PI/WD Trustee may request an expedited determination of taxes on the PSAN PI/WD Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the PSAN PI/WD Trust for all taxable periods through the dissolution of the PSAN PI/WD Trust.
- (xviii) **Institution and Maintenance of Legal and Other Proceedings.** As of the Effective Date, the PSAN PI/WD Trust will be empowered to initiate, prosecute, defend, and resolve all legal actions and other proceedings related to any asset, liability, or responsibility of the PSAN PI/WD Trust. The PSAN PI/WD Trust will be empowered to initiate, prosecute, defend, and resolve all such actions in the name of the Debtors if deemed necessary or appropriate by the PSAN PI/WD Trustee. The PSAN PI/WD Trust will be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred subsequent to the Effective Date arising from or associated with any legal action or other proceeding brought pursuant to section 5.10(e) of the Plan and will pay or reimburse all deductibles, retrospective premium adjustments, or other charges which may arise from the receipt of the PSAN PI/WD Insurance Proceeds by the PSAN PI/WD Trust. For the avoidance of doubt, the PSAN PI/WD Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable State corporate law, is appointed as the successor-in-interest to, and representative, of the Debtors and

their Estates for the retention, enforcement, settlement, or adjustment of all PSAN PI/WD Claims.

(xix) **Participating OEMs**

- (a) Opt-In Election. Individual Consenting OEMs may elect to become Participating OEMs during the Initial Opt-In Period. Individual Consenting OEMs may extend their opt-in period by an additional period of time after the conclusion of the Initial Opt-In Period by executing an opt-in extension agreement and remitting an option payment that is acceptable to the PSAN PI/WD Trustee, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and such Consenting OEM. After expiration of the Initial Opt-In Period, pending PSAN PI/WD Claims asserted against a Consenting OEM that elects to become a Participating OEM after such expiration shall not be channeled to the PSAN PI/WD Trust to the extent the applicable holders of such PSAN PI/WD Claims object, although PSAN PI/WD Claims against such Consenting OEM asserted after such election shall be channeled to the PSAN PI/WD Trust and the Participating OEM shall be released from liability subject to the terms of the Plan, the PSAN PI/WD Trust Agreement, and the Participating OEM Contribution Agreement. A Participating OEM may limit its election to become a Participating OEM with respect to only its vehicles that are subject to recall and, in such event, shall agree to a consent order or other appropriate documentation expressly indicating the PSAN PI/WD Claims involving non-recalled vehicles are not released or channeled to the PSAN PI/WD Trust. Consenting OEMs that are not Participating OEMs may make an irrevocable election at any time not to participate in the PSAN PI/WD Trust. If a Consenting OEM elects to become a Participating OEM after the date of the Disclosure Statement hearing, then the Debtors (if before the Effective Date) or the PSAN PI/WD Trust (if after the Effective Date) will provide notice of such election to all holders of pending PSAN PI/WD Claims relating to vehicles manufactured by such Participating OEM, and all costs of such additional noticing will be reimbursed to the Debtors or the PSAN PI/WD Trust, as applicable, by such new Participating OEM.
- (b) Acceptance of Channeling Injunction. The ballots distributed to holders of PSAN PI/WD Claims pursuant to the Solicitation Procedures Order will provide such holders the opportunity to indicate their support for the Channeling Injunction for the benefit of the Participating OEM (or potential Participating OEM) that manufactured the vehicle containing the PSAN Inflator that is alleged to have resulted in such holders' PSAN PI/WD Claims.

The ballot will contain a list of those Consenting OEMs that are potential Participating OEMs and eligible to participate in a Channeling Injunction. The OEMs that appear in that list make no commitment or representation regarding their willingness to participate in the Channeling Injunction by virtue of appearing on such list and expressly reserve the right to decline to participate in the Channeling Injunction.

- (c) Participating OEM Funding. On the date the Channeling Injunction becomes effective with respect to an individual Participating OEM (or at such later date as may be otherwise agreed to by the PSAN PI/WD Trustee, with the consent of the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and the Future Claims Representative, and the applicable Participating OEM), each Participating OEM will deliver an executed Participating OEM Contribution Agreement to the PSAN PI/WD Trust. The Participating OEM Contribution Agreement will require the Participating OEMs to make quarterly contributions to the PSAN PI/WD Trust in the amount of the PSAN PI/WD Claims associated with such Participating OEM's vehicles that are liquidated and entitled to payment during the quarterly period after application of the payments specified in section 5.10(g) of the Plan. If an individual Participating OEM defaults under its Participating OEM Contribution Agreement, after a reasonable opportunity to cure, on its obligations to the PSAN PI/WD Trust pursuant to the Participating OEM Contribution Agreement, the Channeling Injunction and related releases provided for pursuant to the Plan will be null and void with respect to such Participating OEM for all PSAN PI/WD Claims that could otherwise be asserted against such Participating OEM that were not liquidated and paid by the PSAN PI/WD Trust at the time of the default; *provided, however*, that nothing in the Plan will limit the rights of the PSAN PI/WD Trust to seek any and all remedies against any such defaulting Participating OEM.
- (d) Indemnification. The PSAN PI/WD Trust will indemnify a Participating OEM, and any Person set forth in subpart (v) of the definition of "Protected Party" that is affiliated with such Participating OEM, for any loss, cost, fees, or expenses incurred by such Participating OEM or any such Person if, after the payment of any portion or all of the PSAN PI/WD Top-Up Amount by the applicable Participating OEM, the Participating OEM or any such Person is (a) held liable for any PSAN PI/WD Claim or (b) required to provide payment, reimbursement, or restitution under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust is otherwise based on the same events, facts, matters, or circumstances that gave rise to

the PSAN PI/WD Claim, in each case in an amount not to exceed the applicable Participating OEM's PSAN PI/WD Top-Up Amount. The PSAN PI/WD Trust will not be obligated to provide the indemnification set forth in this section 5.10(s)(iv) if, after exercising its best efforts, the PSAN PI/WD Trust is unable to obtain insurance for such obligations at a reasonable cost, with any such cost to be funded solely by the Participating OEMs.

(xx) **Insurance Neutrality**

- (a) Nothing contained in the Plan, the Plan Documents, or the Confirmation Order, including any provision that purports to be preemptory or supervening, shall in any way operate to, or have the effect of, impairing, altering, supplementing, changing, expanding, decreasing, or modifying (a) the rights of any of the Insurers or (b) any rights or obligations of the Debtors arising out of or under any Insurance Policy. For all issues relating to insurance coverage or otherwise, the provisions, terms, conditions, and limitations of the Insurance Policies shall control.
- (b) None of (a) the Bankruptcy Court's or District Court's approval of the Plan or the Plan Documents, (b) the Confirmation Order or any findings and conclusions entered with respect to confirmation, nor (c) any estimation or valuation of any PSAN PI/WD Claims, either individually or in the aggregate in the Chapter 11 Cases, will, with respect to any insurance company, constitute a trial or hearing on the merits or an adjudication or judgment, or accelerate the obligations, if any, of any insurance company under any PSAN PI/WD Insurance Policies.

(k) **TKC Restructuring Transaction**

Upon entry of the Confirmation Order and prior to or on the Effective Date, TKC will be authorized to assume, in one or more transactions, some or all of TSAC's obligations under the Global Settlement Agreement to pay or cause to be paid certain settlement amounts owed to the Consenting OEMs and/or certain of their affiliates. TKC's assumed payment obligation(s) will (i) constitute Administrative Expense Claims against TKC, (ii) be in an amount equal to any dividend(s) made by TSAC to TKC, and (iii) be conditioned on receipt of such dividends. Such dividend(s) will be used solely to pay the TSAC payment obligation(s) assumed by TKC under the Global Settlement Agreement. For the avoidance of doubt, nothing in section 5.11 of the Plan will be construed as limiting or otherwise altering the Plan Sponsor's right to receive the Plan Sponsor Backstop Funding Repayment from distributions to TKC after the Effective Date on account of Intercompany Interests held by TKC in TSAC.

(l) **Mexico Restructuring Transaction**

Notwithstanding anything to the contrary in the *Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Waiving the Requirements of 11 U.S.C. 345(b)* [Docket No. 736], upon entry of the Confirmation Order, IIM, SMX, TDM, and TKHDM will be authorized to take any and all steps necessary to prepare for the closing of the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement. Such steps may include (i) completing any remaining unperformed steps authorized by the Bankruptcy Court pursuant to the *Order for Authority to Effect Certain Pre-Restructuring Steps and Transactions with Respect to the Debtors' Mexican Affiliates Necessary for the Global Transaction* [Docket No. 1314], including the sale of certain assets and liabilities of SMX, (ii) undertaking any changes to the cash management and cash pooling arrangement in Mexico that the Debtors deem necessary in furtherance of the Restructuring Transactions, (iii) satisfying some or all prepetition and postpetition Intercompany Claims owed by TKHDM to IIM, SMX, TDM, and the Debtors' non-Debtor Mexican affiliates in connection with the cash pooling arrangement in Mexico, and (iv) making, approving, or receiving intercompany transfers, dividends, or capital contributions between and among TKHDM, IIM, SMX, TDM and the Debtors' non-Debtor Mexican affiliates in furtherance of the Restructuring Transactions.

(m) **Charters; Bylaws**

The charters, by-laws, and other organizational documents of the Reorganized Debtors will be amended or amended and restated in a manner consistent with section 1123(a)(6) of the Bankruptcy Code, if applicable, and the terms of the Plan, including section 5.8(m).

(n) **Cancellation of Notes, Interests, Instruments, Certificates, and Other Documents**

Except to the extent assumed by the Plan Sponsor in connection with the Restructuring Transactions or as otherwise provided in the Plan, on the Effective Date, all notes, instruments, certificates evidencing debt to, or equity interests in, the Debtors will be cancelled and obligations of the Debtors thereunder will be discharged.

(o) **Separate Plans**

Notwithstanding the combination of separate plans of reorganization set forth in the Plan for purpose of economy and efficiency, the Plan constitutes a separate chapter 11 plan for each Debtor. Accordingly, if the Bankruptcy Court does not confirm the Plan with respect to one or more Debtors, it may still confirm the Plan with respect to any other Debtor that satisfies the confirmation requirements of section 1129 of the Bankruptcy Code.

(p) **Merger; Dissolution; Consolidation; Discharge**

On or after the Effective Date, Reorganized TK Holdings or the Legacy Trustee may (i) cause any or all of the Reorganized Debtors to be merged into one or more of the

Reorganized Debtors, dissolved, or otherwise consolidated, (ii) cause the transfer of assets between or among the Reorganized Debtors, and (iii) engage in any other transaction in furtherance of the Plan. Notwithstanding the foregoing, within thirty (30) days after its completion of the acts required by the Plan, or as soon as reasonably practicable thereafter, each Reorganized Debtor will be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each Reorganized Debtor; *provided, however,* that each Reorganized Debtor, as applicable, will file with the office of the Secretary of State or other appropriate office for the state of its organization a certificate of cancellation or dissolution. No corporate transaction undertaken pursuant to section 5.16 of the Plan will excuse the Legacy Trustee or the Plan Administrator, as applicable, from making the Plan Sponsor Backstop Funding Repayment (including repayment of any unreimbursed Restructuring Expenses) in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement, and, in the case of any corporate transaction under section 5.16 of the Plan involving TKC, the terms and conditions of the Plan Sponsor Backstop Funding Agreement will apply *mutatis mutandis* to TKC's successor-in-interest or the assignee of TKC's payment receivable from its subsidiary.

Upon the liquidation and dissolution of any subsidiary of Reorganized TK Holdings, any proceeds thereof will be treated as Reorganized TK Holdings Trust Post-Closing Cash. Reorganized TK Holdings Trust Post-Closing Cash arising from distributions after the Effective Date on account of Intercompany Interests held by TKAM, TKC, and TKF will (i) first, solely with respect to distributions from TKC's subsidiary, be used towards the Plan Sponsor Backstop Funding Repayment (if any), including repayment of any unreimbursed Restructuring Expenses, in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement and (ii) second constitute Available Cash of such Debtor.

(q) **Closing of the Chapter 11 Cases**

When all Disputed Claims (other than Disputed PSAN PI/WD Claims) filed against the Debtors have become Allowed Claims or have been Disallowed, all of the Reorganized TK Holdings Trust Assets have been distributed in accordance with the Plan, and all Allowed Claims (other than PSAN PI/WD Claims) have been satisfied in accordance with the Plan, the Legacy Trustee will seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

(r) **Plan Settlement**

- (i) **Plan Settlement.** The provisions of the Plan (including provisions relating to the Plan Settlement Payment and the release and injunctive provisions contained in Article X of the Plan to the extent applicable to a Consenting OEM) and the other documents entered into in connection with the Restructuring Transactions constitute a good faith compromise and settlement among the Debtors, the Plan Sponsor, and the Consenting OEMs of all Claims and controversies relating to the Settled OEM Claims, and are also in consideration of the significant value provided to the Estates by the Restructuring Support Parties in connection with the Restructuring Transactions, including, without

limitation (i) the Consenting OEMs' obligations under the Indemnity Agreement (without which the Plan Sponsor would have been unwilling to enter into the Restructuring Transactions and pay the Purchase Price for the Purchased Assets), (ii) the Consenting OEMs' post-Effective Date commitments to the Plan Sponsor's business, (iii) the Consenting OEMs' agreement to certain modifications to the OEM Assumed Contracts and to have such OEM Assumed Contracts be assigned to the Plan Sponsor, (iv) the Plan Sponsor's entry into the Restructuring Transactions, (v) the Plan Sponsor's obligation to provide the Plan Sponsor Backstop Funding in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement, (vi) the Business Incentive Plan Payment, and (vii) the Plan Sponsor's agreement to enter into the Transition Services Agreement. The Plan will be deemed a motion to approve the Plan Settlement and the good faith compromise and settlement of all of the Claims and controversies described in the foregoing sentence pursuant to Bankruptcy Rule 9019, and entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Plan Settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that the Plan Settlement is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates.

- (ii) **Plan Settlement Payment.** Upon approval of the Plan Settlement by the Bankruptcy Court in the Confirmation Order and the occurrence of the Effective Date of the Plan: (i) the Plan Settlement Payment, less the Plan Settlement Turnover Amount, will be paid in full in Cash by the Plan Sponsor (in accordance with the Plan Settlement Payment Waterfall set forth in section 5.18(c) of the Plan) to the OEMs in accordance with the Agreed Allocation for the Consenting OEMs free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind. Such payment will be deemed to be made both (x) on behalf of the Debtors on account of the Plan Settlement Payment and (y) with the consent of the Special Master, on behalf of the Special Master, on account of the DOJ Restitution Claim; (ii) \$100,000 of the Plan Settlement Turnover Amount will be contributed by the Consenting OEMs to each of the IIM Recovery Funds, the SMX Recovery Funds, the TDM Recovery Funds, and the TKH Recovery Funds for the benefit of holders of General Unsecured Claims; *provided, however*, that \$100,000 of the Plan Settlement Turnover Amount will be contributed by the Consenting OEMs to each of the IIM Recovery Funds and TDM Recovery Funds solely in the event that the Mexico Class Action Claims have not been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date; (iii) the Post-Closing Reserve and the Warehousing Entity Reserve will be fully funded in accordance with the Plan; and (iv) the Business Incentive Plan Payment will be paid, when payable

under the terms of the U.S. Acquisition Agreement, to the Consenting OEMs in accordance with the Agreed Allocation. Notwithstanding anything to the contrary in the Plan, to the extent that the Post-Closing Reserve and the Warehousing Entity Reserve are not fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates, the Cash Proceeds will be used to fund such reserves in the full amount necessary to ensure that such reserves are sufficiently funded to satisfy the purposes for which such reserves were established. Such payments, transfers, and funding will be made in full and final satisfaction of the Settled OEM Claims and will be final. For the avoidance of doubt, the Plan Settlement Payment and other payments and funding obligations set forth in section 5.18(b) of the Plan will not be deemed to be in satisfaction of any Claims of Consenting OEMs that do not constitute Settled OEM Claims, including (x) any OEM Unsecured Claims held by any Consenting OEM, (y) any Administrative Expense Claims or Cure Claims held by any Consenting OEM that do not constitute Settled OEM Claims, or (z) any Claims held by any Consenting OEM against any party other than the Debtors, including the Debtors' non-Debtor affiliates.

- (iii) **Plan Settlement Payment Waterfall.** The Consenting OEMs have directed that the Plan Settlement Payment, other than the Plan Settlement Turnover Amount, be paid by the Debtors from the Cash Proceeds as follows: (i) first, from the TKC Cash Proceeds; (ii) second, from the TKAM Cash Proceeds; (iii) third, from the TKF Cash Proceeds; (iv) fourth, from the IIM Cash Proceeds; (v) fifth, from the TDM Cash Proceeds; (vi) sixth, from the SMX Cash Proceeds, and (vii) seventh, from the TKH Cash Proceeds. For the avoidance of doubt, the Plan Settlement Payment will not be paid under clauses (ii) through (vii) hereof unless the applicable Debtor's Cash Proceeds in the immediately preceding clause are exhausted. The Consenting OEMs have directed that the Plan Settlement Turnover Amount be paid by the TKH Debtors from the TKH Cash Proceeds.
- (iv) **Assumed PSAN Contracts.** Reorganized Takata is assuming the Assumed PSAN Contracts in accordance with section 8.4 of the Plan as part of the Plan Settlement and to ensure (i) continued production of PSAN Inflators for the PSAN Consenting OEMs and (ii) compliance with applicable NHTSA regulations and orders. As part of the Plan Settlement, the PSAN Consenting OEMs are agreeing to settle any Consenting OEM PSAN Cure Claims arising under the Assumed PSAN Contracts in exchange for the treatment of the Settled OEM Claims set forth in section 5.18(b) of the Plan.

6.5 Distributions

(a) **Distributions Generally**

The Disbursing Agent will make all Distributions to the appropriate holders of Allowed Claims and Allowed Interests in accordance with the terms of the Plan. Except as otherwise provided in the Plan, Distributions under the Plan will be made only to the holders of Allowed Claims.

(b) **Distribution Formula**

Available Cash will be allocated to the Recovery Funds, with respect to the applicable Debtor, as follows:

- (i) the percentage of IIM Available Cash to be allocated to each of the IIM PSAN PI/WD Fund, the IIM OEM Fund, the IIM Other Creditors Fund, and the IIM Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against IIM, based on the estimate of PSAN PI/WD Claims against IIM as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against IIM, (iii) Allowed Other General Unsecured Claims against IIM, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against IIM, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided, however*, that the amount of IIM Available Cash allocated to the IIM PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the IIM Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against IIM, after giving effect to recoveries to holders of PSAN PI/WD Claims against IIM from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the

allocation of IIM Available Cash among the Recovery Funds in accordance with this paragraph.

- (ii) the percentage of SMX Available Cash to be allocated to each of the SMX PSAN PI/WD Fund, the SMX OEM Fund, the SMX Other Creditors Fund, and the SMX Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against SMX, based on the estimate of PSAN PI/WD Claims against SMX as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against SMX, (iii) Allowed Other General Unsecured Claims against SMX, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against SMX, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided, however*, that the amount of SMX Available Cash allocated to the SMX PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the SMX Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against SMX, after giving effect to recoveries to holders of PSAN PI/WD Claims against SMX from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the allocation of SMX Available Cash among the Recovery Funds in accordance with this paragraph.
- (iii) the percentage of TDM Available Cash to be allocated to each of the TDM PSAN PI/WD Fund, the TDM OEM Fund, the TDM Other Creditors Fund, and the TDM Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against TDM, based on the estimate of PSAN PI/WD Claims against TDM as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to

take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against TDM, (iii) Allowed Other General Unsecured Claims against TDM, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against TDM, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided, however*, that the amount of TDM Available Cash allocated to the TDM PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the TDM Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against TDM, after giving effect to recoveries to holders of PSAN PI/WD Claims against TDM from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the allocation of TDM Available Cash among the Recovery Funds in accordance with this paragraph; and

- (iv) the percentage of TKH Available Cash to be allocated to each of the TKH PSAN PI/WD Fund, the TKH OEM Fund, the TKH Other Creditors Fund, and the TKH Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against the TKH Debtors, based on the estimate of PSAN PI/WD Claims against the TKH Debtors as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against the TKH Debtors, (iii) Allowed Other General Unsecured Claims against the TKH Debtors, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against the TKH Debtors, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the

amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided, however*, that the amount of TKH Available Cash allocated to the TKH PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the TKH Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against the TKH Debtors, after giving effect to recoveries to holders of PSAN PI/WD Claims against the TKH Debtors from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the allocation of TKH Available Cash among the Recovery Funds in accordance with this paragraph.

(c) **Available Cash**

Available Cash will be used to fund (i) Distributions under the Plan to holders of Allowed General Unsecured Claims in each Class from the Recovery Funds on a Pro Rata Basis, and (ii) the Disputed Claims Reserves, all on the terms set forth in the Plan.

(d) **Initial Distribution of Available Cash**

On the Initial Distribution Date, after the satisfaction in full (or the establishment of reserves sufficient for the satisfaction in full) of the Plan Settlement Payment, the Claims Reserves, the Legacy Entities Reserves, the Post-Closing Reserve, and the PSAN PI/WD Trust Reserve, the Disbursing Agent will make an initial Distribution of the Available Cash in the Recovery Funds to holders of Allowed General Unsecured Claims against the Debtors in accordance with the provisions of the Plan. After this initial Distribution, the applicable Claims Administrator will make periodic Distributions of the Available Cash in the Recovery Funds to holders of Allowed General Unsecured Claims against the Debtors on the Periodic Distribution Dates.

(e) **Date of Distributions**

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

(f) **Disbursing Agent**

All Distributions under the Plan by the Reorganized TK Holdings Trust or the PSAN PI/WD Trust will be made by the Disbursing Agent (who may be the applicable Claims Administrator) on and after the Effective Date as provided in the Plan. The Disbursing Agent

will be deemed to hold all property to be distributed under the Plan in trust for the Persons entitled to receive the same. The Disbursing Agent (other than the Plan Sponsor, to the extent the Plan Sponsor is appointed by the Special Master for the purpose of making distributions to the OEMs on account of the DOJ Restitution Claim) will not hold an economic or beneficial interest in the property to be distributed under the Plan. The Disbursing Agent will not be required to give any bond or surety or other security for the performance of its duties.

(g) **Rights and Powers of Disbursing Agent**

The Disbursing Agent will be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) make all Distributions contemplated by the Plan, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

The Disbursing Agent will only be required to act and make Distributions in accordance with the terms of the Plan and will have no liability for actions taken in accordance with the Plan or in reliance upon information provided to it in accordance with the Plan or obligation or liability for Distributions under the Plan to any party who does not hold an Allowed Claim at the time of Distribution or who does not otherwise comply with the terms of the Plan; *provided, however*, that the foregoing will not affect the liability that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, intentional fraud, or criminal conduct of any such Person.

(h) **Expenses of Disbursing Agent**

Except as otherwise ordered by the Bankruptcy Court, any reasonable fees and expenses incurred by the Disbursing Agents on or after the Effective Date will be paid in Cash by the Reorganized TK Holdings Trust, except that fees and expenses incurred by the PSAN PI/WD Trustee will be paid by the PSAN PI/WD Trust.

(i) **Delivery of Distributions**

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim will be made at the address of such holder (i) as set forth on the Schedules filed with the Bankruptcy Court or (ii) on the books and records of the Debtors or their agents, as applicable, unless the Debtors or the applicable Claims Administrator has been notified in writing of a change of address, including, without limitation, by filing of a proof of Claim by such holder that contains an address for such holder different than the address of such holder as set forth in the Schedules.

(j) **Undeliverable and Unclaimed Distributions**

In the event that any Distribution to any holder of an Allowed Claim is returned as undeliverable, no distribution to such holder will be made unless and until the Disbursing Agent has been notified of the then-current address of such holder, at which time or as soon as

reasonably practicable thereafter such distribution will be made to such holder without interest; *provided, however*, that all Distributions under the Plan that are unclaimed for a period of six (6) months after the Distribution thereof will be deemed unclaimed property under section 347(b) of the Bankruptcy Code and revert in either the Reorganized TK Holdings Trust or the PSAN PI/WD Trust, as applicable, and any entitlement of any holder of any Claims to such Distributions will be extinguished and forever barred.

(k) **Distribution Record Date**

As of the close of business on the Distribution Record Date, the claims register will be closed. The applicable Claims Administrator will have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date, and will instead be entitled to recognize and deal for all purposes under the Plan with only those holders of record as of the close of business on the Distribution Record Date.

(l) **Manner of Payment under Plan**

At the option of the Disbursing Agent, any Cash payment to be made pursuant to the Plan may be made by a check or wire transfer or as otherwise required or provided in the Reorganized TK Holdings Trust Agreement.

(m) **Minimum Cash Distributions**

The Disbursing Agent will not be required to make any Distributions of Cash less than \$100, or such lower amount as determined by the Disbursing Agent, to any holder of an Allowed General Unsecured Claim; *provided, however*, that if any Distribution is not made pursuant to section 6.13 of the Plan, such Distribution will be added to any subsequent Distribution to be made on behalf of the holder's Allowed General Unsecured Claims. The Disbursing Agent will not be required to make any final Distribution of Cash less than \$25 to any holder of an Allowed General Unsecured Claim. If the amount of any final Distribution to any holder of Allowed General Unsecured Claims would be \$25 or less, then such Distribution will be made available for distribution to all holders of Allowed General Unsecured Claims receiving final Distributions of at least \$25, in accordance with the Distribution Formula. Available Cash remaining in the Recovery Funds after all final Distributions to holders of Allowed General Unsecured Claims have been made in accordance with the Plan will be distributed to the holders of Intercompany Interests in the applicable Debtor.

(n) **Setoffs and Recoupment**

Subject to sections 10.5 through 10.8 of the Plan, the applicable Claims Administrator may, but will not be required to, setoff against or recoup from any Claim and from any payments to be made pursuant to the Plan in respect of such Claim any claims of any nature whatsoever that the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim under the Plan will constitute a waiver or release by the Debtors or the Claims Administrators of any such Claim it may have against such claimant.

(o) **Distributions after Effective Date**

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, will be deemed to have been made on the Effective Date.

(p) **Interest and Penalties on Claims**

Unless otherwise provided in the Plan or the Confirmation Order, no holder of a Claim will be entitled to interest accruing on or after the Petition Date or penalties on any Claim. Any such interest or penalty component of any such Claims, if Allowed, will be paid only in accordance with section 726(b) of the Bankruptcy Code.

(q) **No Distribution in Excess of Amount of Allowed Claim**

Notwithstanding anything to the contrary in the Plan, no holder of an Allowed Claim will receive, on account of such Allowed Claim, Distributions in excess of the Allowed amount of such Claim when combined with amounts received by such holders from other sources.

(r) **Satisfaction of Claims**

Unless otherwise provided in the Plan, any Distributions and deliveries to be made on account of Allowed Claims under the Plan will be in complete and final satisfaction, settlement, and discharge of and exchange for such Allowed Claims.

(s) **Withholding and Reporting Requirements**

- (i) **Withholding Rights.** In connection with the Plan, and all instruments or Interests issued in connection therewith and in consideration thereof, any party issuing any instrument or making any distribution described in the Plan will comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions pursuant to the Plan and all related agreements will be subject to any such withholding or reporting requirements. In the case of a non-Cash distribution that is subject to withholding, the distributing party may withhold an appropriate portion of such distributed property and either (i) sell such withheld property to generate Cash necessary to pay over the withholding tax (or reimburse the distributing party for any advance payment of the withholding tax), or (ii) pay the withholding tax using its own funds and retain such withheld property. Any amounts withheld pursuant to the preceding sentence will be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding the foregoing, each holder of an Allowed Claim or any other Person that receives a distribution pursuant to the Plan will have responsibility for any taxes imposed by any governmental unit, including, without limitation, income, withholding, and other taxes, on

account of such distribution. In the event any party issues any instrument or makes any non-Cash distribution pursuant to the Plan that is subject to withholding tax and such issuing or distributing party has not sold such withheld property to generate Cash to pay the withholding tax or paid the withholding tax using its own funds and retains such withheld property as described above, such issuing or distributing party has the right, but not the obligation, to not make a distribution until such holder has made arrangements reasonably satisfactory to such issuing or disbursing party for payment of any such tax obligations.

- (ii) **Forms.** Any party entitled to receive any property as an issuance or Distribution under the Plan will, upon request, deliver to the Disbursing Agent or such other Person designated by the Reorganized Debtors (which Person will subsequently deliver to the Disbursing Agent any applicable IRS Form W-8 or Form W-9 received) an appropriate Form W-9 or Form W-8, as applicable, and any other forms or documents reasonably requested by any Reorganized Debtor to reduce or eliminate any withholding required by any federal, state, or local taxing authority. If such request is made by any Reorganized Debtors, the Disbursing Agent, or such other Person designated by the Reorganized Debtors or Disbursing Agent and the holder fails to comply before the date that is three hundred sixty-five (365) calendar days after the request is made, the amount of such Distribution will irrevocably revert to the Reorganized Debtors and any Claim in respect of such Distribution will be discharged and forever barred from assertion against the Reorganized Debtors or its property.
- (iii) **Obligation.** Notwithstanding the above, each holder of an Allowed Claim that is to receive a Distribution under the Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution.

6.6 Procedures for Disputed Claims

(a) **Disputed Claims Reserves**

From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by a Final Order of the Bankruptcy Court, the applicable Claims Administrator will, consistent with and subject to section 1123(a)(4) of the Bankruptcy Code, retain from the Available Cash an aggregate amount equal to the Pro Rata Share of each Distribution that would have been made to a holder of a Disputed Claim from the Recovery Funds in accordance with the Distribution Formula and allocate such amount to the applicable Disputed Claims Reserve in accordance with the Distribution Formula as if such Disputed Claim were an Allowed Claim against the Debtors in an amount equal to the least of

(i) the filed amount of such Disputed Claim, (ii) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed Claim, (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the applicable Claims Administrator, and (iv) with respect to Disputed PSAN PI/WD Claims, the estimate for all future PSAN PI/WD Claims, in the aggregate, as set forth in the Claims Estimation Report.

(b) Claim Objections

On or after the Effective Date, objections to Claims against the Debtors may be interposed and prosecuted only by the applicable Claims Administrator. Except as otherwise provided in section 2.1 of the Plan with respect to Administrative Expense Claims, any objections to Claims will be served on the respective Claim holder and filed with the Bankruptcy Court (i) on or before one hundred twenty (120) days following the later of (a) the Effective Date and (b) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim, or (ii) on such later date as may be fixed by the Bankruptcy Court; *provided, however*, that the foregoing time periods will not apply to PSAN PI/WD Claims.

(c) No Distribution Pending Allowance

Notwithstanding any other provision in the Plan, if any portion of a Claim is Disputed, no payment or Distribution provided under the Plan will be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

(d) Estimation of Claims

The Debtors (before the Effective Date) or the applicable Claims Administrator (on or after the Effective Date) may, at any time, request that the Bankruptcy Court estimate, pursuant to section 502(c) of the Bankruptcy Code, any Disputed Claim that the Bankruptcy Court has jurisdiction to estimate in accordance with the Bankruptcy Code or other applicable law regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates a Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim, the amount used to determine the Disputed Claims Reserve, or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the applicable Claims Administrator may elect to pursue any supplemental proceeding to object to any ultimate Distribution on account of such Claim.

(e) Distribution After Allowance

On the first Distribution Date following the date on which a Disputed Claim becomes an Allowed Claim against a Debtor, the Disbursing Agent will remit to the respective Recovery Fund, for Distribution to the holder of such Allowed Claim, the Available Cash retained in the applicable Disputed Claims Reserve in an amount equal to the amount that would

have been distributed to the holder of such Claim from the Effective Date through and including the Distribution Date had such Claim been Allowed as of the Effective Date. For the avoidance of doubt, the amount to be distributed pursuant to section 7.5 of the Plan will be based on the Distribution Formula as applied on the applicable Distribution Date and not the Distribution Formula as applied on the Effective Date.

(f) **Resolution of Claims**

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date, including the Confirmation Order, the Claims Administrators (on or after the Effective Date) will have and retain any and all rights and defenses held by the Debtors with respect to any Claim as of the Petition Date. On and after the Effective Date, in accordance with the Plan, the Claims Administrators will have the authority to compromise, settle, otherwise resolve, or withdraw any objections to Claims against the Debtors and to compromise, settle, or otherwise resolve any Disputed Claims without approval of the Bankruptcy Court. If a Claims Administrator and a holder of a Disputed Claim are unable to reach a settlement on the Disputed Claim, such Disputed Claim will be submitted to the Bankruptcy Court for resolution.

(g) **Periodic Distributions from the Disputed Claims Reserves**

After the Initial Distribution Date, the applicable Claims Administrator will make distributions on the Periodic Distribution Dates from the Disputed Claims Reserves to the Recovery Funds for holders of Allowed General Unsecured Claims against the Debtors as a result of resolving Disputed Claims and releasing Cash from the Disputed Claims Reserves into the Recovery Funds in accordance with the Distribution Formula, as re-applied at each Distribution Date. The Applicable Claims Administrator will make Distributions on the Periodic Distribution Dates from the Recovery Funds to the holders of Allowed General Unsecured Claims against the Debtors in accordance with ARTICLE VI of the Plan.

(h) **Distributions on the Non-PSAN PI/WD Claims Termination Date**

On the Non-PSAN PI/WD Claims Termination Date, when all Disputed Claims (other than PSAN PI/WD Claims) are resolved and have either become Allowed or are Disallowed, a final Distribution of Available Cash in the Disputed Claims Reserves will be deposited into the Recovery Funds pursuant to the then applicable Distribution Formula. Immediately thereafter, a final Distribution will be made from the Recovery Funds to holders of Allowed Claims (other than PSAN PI/WD Claims) in accordance with ARTICLE VI of the Plan.

(i) **Property Held in the Disputed Claims Reserves**

Each holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the undistributed applicable Available Cash held in the Disputed Claims Reserves for satisfaction of the Distributions to which holders of Allowed Claims are entitled under the Plan, and not against Reorganized Takata or the Legacy Entities, their property (including reserves), or any assets previously distributed on account of any Allowed Claim.

(j) **Claims Resolution Procedures Cumulative**

All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are intended to be cumulative and not exclusive of one another. Claims may be established and subsequently settled, compromised, withdrawn, or resolved in accordance with the Plan by any mechanism approved by the Bankruptcy Court.

(k) **No Postpetition Interest**

Unless otherwise specifically provided for in the Plan or Confirmation Order, or required by applicable bankruptcy law, postpetition interest will not accrue or be paid on any Claims, and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim. Interest will not accrue or be paid upon any Disputed Claim in respect of the period from the Effective Date to the date a Distribution is made thereon on and after such Disputed Claim becomes an Allowed Claim.

6.7 **Executory Contracts and Unexpired Leases**

(a) **Assumption and Rejection of Executory Contracts and Unexpired Leases**

- (i) As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which the Debtors are party will be deemed assumed and assigned to the Plan Sponsor except for an executory contract or unexpired lease that (i) has previously been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically designated on the Schedule of Assumed Contracts or the Schedule of Rejected Contracts, which shall be filed and served at any time on or prior to the Plan Objection Deadline on the counterparties to any executory contract or unexpired lease included on the Schedule of Assumed Contracts or the Schedule of Rejected Contracts in accordance with the Solicitation Procedures Order, (iii) is being assumed, assumed and assigned, or otherwise assigned pursuant to section 8.4 of the Plan, (iv) is the subject of a separate assumption or rejection motion filed by the Debtors under section 365 of the Bankruptcy Code pending on the Confirmation Date, or (v) is the subject of a pending Cure Dispute. The Debtors reserve the right to modify the treatment of any particular executory contract or unexpired lease pursuant to the Plan, and any such modification will be reasonably acceptable to the Plan Sponsor.
- (ii) Subject to the occurrence of the Effective Date, the payment of any applicable Cure Amount, and the resolution of any Cure Dispute, the entry of the Confirmation Order by the Bankruptcy Court will constitute approval of the rejections, assumptions, and assignments provided for in the Solicitation Procedures Order and in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy

Code. Unless otherwise indicated or provided in a separate order of the Bankruptcy Court, rejections or assumptions or assumptions and assignments of executory contracts and unexpired leases pursuant to the Solicitation Procedures Order and the Plan are effective as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to the Plan or by order of the Bankruptcy Court but not assigned to a third party on or before the Effective Date will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

- (iii) Unless otherwise provided in the Plan (including section 8.4 of the Plan) or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed or assumed and assigned will include any and all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument, or other document is listed in the Schedule of Assumed Contracts or the Schedule of Assumed and Assigned Contracts.
- (iv) Except as otherwise expressly set forth on the Cure Amount Notice, any contracts, engagement letters, retention agreements, and similar arrangements, in each case between the Debtors and any attorneys, accountants, financial advisors, investment bankers, or similar professionals, representatives, or advisors have not been included on the Cure Amount Notice and shall not be treated under the Plan as executory contracts subject to assumption, assumption and assignment, or rejection. Counterparties to any such contracts, engagement letters, retention agreements, and similar arrangements were required to file proofs of claim by the General Bar Date (as defined in the Bar Date Order) and any Allowed Claims relating thereto shall be treated as Other General Unsecured Claims against the applicable Debtor.

(b) **Determination of Cure Disputes and Deemed Consent**

- (i) Subject to the entry of the Solicitation Procedures Order and the terms and provisions thereof, the Debtors shall file and serve on all required parties, as directed in the Solicitation Procedures Order, the Cure Amount Notice no later than thirty (30) days prior to the Confirmation Hearing, which Cure Amount Notice shall be in form and substance reasonably acceptable to the Plan Sponsor. If a counterparty to an executory contract or unexpired lease (excluding, for the avoidance of doubt, any OEM Assumed Contract) is not listed on such Cure Amount Notice, the proposed Claim Cure for such executory contract

or unexpired lease shall be deemed to be \$0; *provided, however*, that the foregoing shall not apply to those counterparties not listed on the Cure Amount Notice that otherwise file a proof of Claim with the Bankruptcy Court.

- (ii) Any counterparty to an executory contract or unexpired lease will have the time prescribed by the Solicitation Procedures Order to object to the Cure Claims listed on the notice and to adequate assurance of future performance by the Plan Sponsor.
- (iii) To the extent that a Cure Dispute is asserted in an objection filed in accordance with the Solicitation Procedures Order, such Cure Dispute will be scheduled for a hearing by the Bankruptcy Court. Following resolution of a Cure Dispute by Final Order of the Bankruptcy Court, the applicable contract or lease will be deemed assumed effective as of the Effective Date; *provided, however*, if any Claim subject to a Cure Dispute is Allowed in an amount greater than the Cure Amount for such Claim listed on the Cure Amount Notice, the Debtors reserve the right (and will do so if directed by the Plan Sponsor with respect to any Purchased Contract) to reject such executory contract or unexpired lease for a period of seven (7) Business Days following entry of a Final Order of the Bankruptcy Court resolving the applicable Cure Dispute by filing a notice indicating such rejection with the Bankruptcy Court.
- (iv) To the extent (i) any Cure Dispute with respect to a Purchased Contract has not been resolved prior to the Effective Date and (ii) (a) the aggregate amount of all Disputed Cure Claims with respect to the Purchased Contracts plus (b) the aggregate amount of all other Cure Claims paid by the Plan Sponsor on the Effective Date exceeds the Cure Claims Cap, the Debtors will establish the Disputed Cure Claims Reserve. Any amounts remaining in the Disputed Cure Claims Reserve after the resolution and payment, if applicable, of all Disputed Cure Claims with respect to the Purchased Contracts, will be included in the Claims Reserve of the applicable Reorganized Debtor. For the avoidance of doubt, the Plan Sponsor's obligation to pay Cure Claims in connection with assumption and assignment of the Purchased Contracts will not exceed the Cure Claims Cap. To the extent the total aggregate value of Cure Claims (including all Disputed Cure Claims) with respect to the Purchased Contracts exceeds the Cure Claims Cap, (i) the Plan Sponsor, in its sole discretion, will determine the specific Cure Claims that it will pay up to the Cure Claims Cap and (ii) the Debtors will pay the excess of (x) the aggregate amount of such Cure Claims over (y) the Cure Claims Cap.
- (v) To the extent that an objection is not timely filed and properly served on the Debtors with respect to a Cure Dispute, then the counterparty to

the applicable contract or lease will be deemed to have assented to (i) the Cure Amount proposed by the Debtors and (ii) the assumption of such contract or lease, notwithstanding any provision thereof that (a) prohibits, restricts, or conditions the transfer or assignment of such contract or lease, or (b) terminates or permits the termination of a contract or lease as a result of any direct or indirect transfer or assignment of the rights of the Debtor under such contract or lease or a change in the ownership or control as contemplated by the Plan, and will forever be barred and enjoined from asserting such objection against the Debtors or terminating or modifying such contract or lease on account of transactions contemplated by the Plan.

- (vi) With respect to payment of any Cure Amounts or Cure Disputes, neither the Debtors, the Plan Sponsor, nor the Disbursing Agent will have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned, or otherwise transferred its Cure Claim.

(c) **Payments Related to Assumption of Contracts and Leases**

- (i) Subject to resolution of any Cure Dispute, any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan is in default will be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors or the Plan Sponsor (solely with respect to the Purchased Contracts and up to the Cure Claims Cap), as the case may be, upon assumption thereof.
- (ii) Assumption and assignment of any executory contract or unexpired lease pursuant to the Plan, or otherwise, will result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Amount, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the effective date of assumption and/or assignment. Any proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed will be deemed disallowed and expunged, without further notice to or action, order or approval of the Bankruptcy Court or any other Person.

(d) **OEM Contracts.** Notwithstanding any other provision of ARTICLE VIII of the Plan:

- (i) Each Standalone OEM Assumed Contract will be assumed by the applicable Debtor and assigned (and to the extent not executory, assigned) to the Plan Sponsor entity to which the applicable

Consenting OEM consents (in its sole discretion), as of the Effective Date on an “as is” basis (and without giving effect to any accommodations provided pursuant to the Global Accommodation Agreement) without modification of any kind, including as to terms or price, other than (1) to substitute the Plan Sponsor entity to whom such Standalone OEM Assumed Contract is being assigned (with the consent of the applicable Consenting OEM, in its sole discretion) for the applicable Debtor and (2) for any Standalone OEM Assumed Contract of a Consenting OEM, incorporate the ROLR (as defined in the Indemnity Agreement) on the terms set forth in section 10 of the Indemnity Agreement, to the extent such Standalone OEM Assumed Contract is not otherwise deemed amended in accordance with section 8.4(d) of the Plan.

- (ii) All Standalone PSAN Assumed Contracts will be assumed by Reorganized TK Holdings or its applicable subsidiary (and to the extent not executory, assigned to Reorganized TK Holdings or its applicable subsidiary) as of the Effective Date on an “as is” basis (and without giving effect to any accommodations provided pursuant to the Global Accommodation Agreement) without modification of any kind, including as to terms or price, other than to (i) substitute Reorganized TK Holdings (or its applicable subsidiary) for the applicable Debtor and (ii) account for pricing adjustments consistent with the Reorganized Takata Business Model on a cost basis.
- (iii) Each Non-Standalone OEM Contract will be automatically severed on the Effective Date (to the extent such severance has not occurred prior to the Effective Date) so as to create a Modified Assumed OEM Contract and, in the case of a Non-Standalone OEM Contract of a PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, or Consenting OEM PSAN Tier One, severed so as to create a Modified Assumed OEM Contract and either a Modified Assumed PSAN Contract or a standalone contract for the sale of PSAN Inflators that will be rejected in accordance with the below, as applicable. Each such severed Non-Standalone OEM Contract will be: (i) as it relates to a Modified Assumed OEM Contract, assumed by the applicable Debtor and assigned (and to the extent not executory, assigned) to the Plan Sponsor entity to which the applicable Consenting OEM consents (in its sole discretion), “as is” (and without giving effect to any accommodations provided by the Global Accommodation Agreement), without modification of any kind, including as to terms or price, other than (A) as necessary to separate the manufacture and sale of the PSAN Inflators and release the Plan Sponsor (including the Acquired Non-Debtor Affiliates) from all Liabilities (as defined in the Indemnity Agreement) and obligations thereunder with respect to PSAN Inflators on the terms set forth in the Indemnity Agreement (and such released obligations will be (I) in the

case of a Modified Assumed PSAN Contract, transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities (as defined in the Indemnity Agreement), and obligations novated to and assumed by, Reorganized TK Holdings (or its applicable subsidiary) as a Modified Assumed PSAN Contract; or (II) in all other cases, rejected as of the Effective Date), (B) to account for pricing adjustments for the PSAN Inflator production not being assumed by the Plan Sponsor, where such adjustments are to be resolved between the applicable Consenting OEM and the Plan Sponsor pursuant to normal commercial dealings, (C) to substitute the Plan Sponsor entity to whom the Modified Assumed OEM Contract is assigned (with the consent of the applicable Consenting OEM, in its sole discretion) for the applicable Debtor, and (D) for a Non-Standalone OEM Contract of a Consenting OEM, to incorporate the ROLR (as defined in the Indemnity Agreement) on the terms set forth in section 10 of the Indemnity Agreement to the extent such Consenting OEM's Non-Standalone OEM Contract is not otherwise deemed amended in accordance with section 8.4 of the Plan; and (ii) as it relates to a Modified Assumed PSAN Contract, assumed by Reorganized TK Holdings or its applicable subsidiary (and to the extent not executory, assigned to Reorganized TK Holdings or its applicable subsidiary) "as is" (and without giving effect to any accommodations provided pursuant to the Global Accommodation Agreement) without modification of any kind, including as to terms or price, other than (A) as necessary to separate the manufacture and sale of the PSAN Inflators and release Reorganized Takata from all Liabilities (as defined in the Indemnity Agreement), and obligations thereunder unrelated to PSAN Inflators, and such released obligations will be transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities (as defined in the Indemnity Agreement), and obligations novated to and assumed by, the Plan Sponsor entity to whom the Modified Assumed OEM Contract is assigned (with the consent of the applicable Consenting OEM, in its sole discretion) as a Modified Assumed OEM Contract, (B) to account for pricing adjustments consistent with the Reorganized Takata Business Model on a cost basis, and (C) to substitute Reorganized TK Holdings (or its applicable subsidiary) for the applicable Debtor.

- (iv) The Plan will constitute an amendment to the applicable OEM Assumed Contracts and Assumed PSAN Contracts to incorporate the provisions set forth in the Plan, including, in the case of OEM Assumed Contracts, the ROLR on the terms set forth in section 10 of the Indemnity Agreement, and no additional amendments to such contracts will be necessary to effectuate any of the provisions hereof.
- (v) Notwithstanding the foregoing, in respect of any Non-Standalone OEM Contracts where a Consenting OEM PSAN Contract

Manufacturer or Consenting OEM PSAN Tier One is the counterparty, (i) the applicable Consenting OEM and Plan Sponsor will work cooperatively to cause the Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One to modify its Non-Standalone OEM Contracts consistent with section 8.4 of the Plan and the Plan will not constitute a deemed amendment to such Non-Standalone OEM Contracts, and (ii) Plan Sponsor will have no obligation to assume any Non-Standalone OEM Contract where a Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One is the counterparty unless (A) such counterparty modifies its Non-Standalone OEM Contract consistent with section 8.4 of the Plan and (B) either (x) such counterparty grants a release consistent with sections 8.a, 8.b, and 8.e of the Indemnity Agreement and agrees to the contractual subordination terms set forth in the penultimate paragraph of section 5 of the Indemnity Agreement or (y) the applicable Consenting OEM is required to, or agrees to, indemnify and hold harmless Joyson KSS Auto Safety S.A. pursuant to section 6 of the Indemnity Agreement with respect to any related PSAN Claims (as defined in the Indemnity Agreement) asserted by such counterparty in respect of such Non-Standalone OEM Contract (to the extent such Claim relates to the applicable OEM's vehicles), it being understood that any Non-Standalone OEM Contract that Plan Sponsor does not assume as permitted by section 8.4 of the Plan will not constitute an OEM Assumed Contract for any purposes under the Plan and, notwithstanding anything to the contrary set forth in the Plan, neither Plan Sponsor nor any Acquired Non-Debtor Affiliate will have any obligation under the Plan with respect to any such counterparty with respect to the applicable Non-Standalone OEM Contract.

- (vi) Except as otherwise agreed to between the Plan Sponsor and the Consenting OEMs, the Plan Sponsor will assume all Assumed Liabilities (as defined in the Indemnity Agreement) in accordance with section 4.b of the Indemnity Agreement.
- (vii) Subject to approval of the Plan Settlement by the Bankruptcy Court, the Consenting OEM PSAN Cure Claims will be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.18 of the Plan.
- (viii) Notwithstanding anything in the Plan to the contrary, any Cure Claims of Consenting OEMs, other than Consenting OEM PSAN Cure Claims, will be assumed by the Plan Sponsor and paid to the respective Consenting OEM in the ordinary course of business. The Debtors will have no obligations with respect to such Cure Claims, and such Cure Claims will not be counted for determining the Disputed Cure Claims Reserve or included in or limited by the Cure Claims Cap. Such Cure Claims will not be subject to any Cure Claim

procedures set forth in the Plan or the Solicitation Procedures Order. Further, nothing in the Plan will be deemed a waiver of such Cure Claims by the Consenting OEMs nor affect the assumption and assignment of the OEM Assumed Contracts on an “as is” basis as provided above.

- (ix) All Purchase Orders and other executory contracts and unexpired leases between any Debtor and any OEM that purchased PSAN Inflators from the Debtors that is not a Consenting OEM will be deemed rejected as of the Effective Date, to the extent not rejected prior to the Effective Date. For the avoidance of doubt, any Purchase Orders between any Debtor and any OEM relating solely to PSAN Inflators not assumed or assumed and assigned pursuant to section 8.4 of the Plan shall be deemed rejected as of the Effective Date, to the extent not rejected prior to the Effective Date.

(e) **Rejection Claims**

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors in the Plan results in damages to the other party or parties to such contract or lease, any Claim for such damages, if not heretofore evidenced by a timely filed proof of Claim, will be forever barred and will not be enforceable against the Debtors or the Reorganized Debtors, or their respective Estates, properties or interests in property, unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtors no later than thirty (30) days after the later of (i) the Confirmation Date and (ii) the effective date of the rejection of such executory contract or unexpired lease. Any such Claims, to the extent Allowed, will be classified as Class 5 Other General Unsecured Claims. The Confirmation Order will constitute the Bankruptcy Court’s approval of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

(f) **Survival of the Debtors’ Indemnification Obligations**

Any obligations of the Debtors pursuant to their corporate charters, by-laws, limited liability company agreements, memorandum and articles of association, or other organizational documents and agreements to indemnify current officers, directors, agents, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such officers, directors, agents, or employees based upon any act or omission for or on behalf of the Debtors will not be discharged, impaired, or otherwise affected by the Plan; *provided, however*, that the Reorganized Debtors will not indemnify any Person (i) for any Claims or Causes of Action arising out of or relating to any act or omission that is found by a Final Order of a court to constitute a criminal act or fraud, gross negligence, breach of fiduciary duty, or willful misconduct, including, in each case, in relation to the manufacture and sale of PSAN Inflators and (ii) that is a named defendant in any proceeding brought by the DOJ. All such obligations will be deemed and treated as executory contracts to be assumed by the Debtors under the Plan and will continue as obligations of the Reorganized Debtors. Any Claim based on the Debtors’ obligations in the Plan will not be a Disputed Claim or subject to any objection, in either case, by reason of section 502(e)(1)(B) of the Bankruptcy Code.

(g) **Compensation and Benefit Plans**

Except with respect to any benefit plans, policies, or programs (i) for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date, (ii) that are rejected or terminated pursuant to the Plan, (iii) that are subject to a pending motion to reject or terminate as of the Confirmation Hearing, or (iv) that are listed on the Schedule of Rejected Contracts, all employment and severance policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their respective employees, and non-employee directors, including all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive and bonus plans (including, for the avoidance of doubt, any letter agreements with the PSAN Employees (as defined in the U.S. Acquisition Agreement) relating to the Key Employee Bonus Plan), and life and accidental death and dismemberment insurance plans, are deemed to be, and will be treated as, executory contracts under the Plan and, on the Effective Date, will be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code; *provided, however*, that the Debtors will not assume any obligations owed to Transferred Employees under the following benefit plans: the letter agreements relating to the Key Employee Bonus Plan, the TK Holdings Inc. Supplemental Management Retirement Plan, and the TK Holdings Inc. Executive Retirement Plan.

Pursuant to the U.S. Acquisition Agreement, the Plan Sponsor will assume the letter agreements with the Transferred Employees relating to the Key Employee Bonus Plan and any obligations owed to the Transferred Employees under that certain TK Holdings Inc. Supplemental Management Retirement Plan and that certain TK Holdings Inc. Executive Retirement Plan.

Any employment and severance policies; compensation and benefit plans, policies, and programs; or life and accidental death and dismemberment insurance plans relating or provided to a former employee of the Debtors who is retired as of the Effective Date will be rejected with respect to such former employee except to the extent prohibited by section 1114 of the Bankruptcy Code.

(h) **Insurance Policies**

On or prior to the Effective Date, the Debtors may fund an upfront premium payment to purchase “tail insurance” to continue the Debtors’ existing directors’ and officers’ insurance subject to the reasonable consent of the Requisite Consenting OEMs. All insurance policies to which any Debtor is a party as of the Effective Date will be deemed to be and treated as executory contracts, will be assumed by the applicable Debtor, and will vest in the Reorganized Debtors and continue in full force and effect thereafter in accordance with their respective terms.

(i) **Reservation of Rights**

- (i) Neither the exclusion nor the inclusion by the Debtors or any contract or lease on any exhibit, schedule, or other annex to the Plan or in the Plan Supplement, nor anything contained in the Plan, will constitute an admission by the Debtors that any such contract or lease is or is not an

executory contract or unexpired lease or that the Debtors or the Reorganized Debtors or their respective affiliates has any liability thereunder.

- (ii) Except as explicitly provided in the Plan, nothing in the Plan will waive, excuse, limit, diminish, or otherwise alter any of the defenses, claims, Causes of Action, or other rights of the Debtors or the Reorganized Debtors under any executory or non-executory contract or unexpired lease.
- (iii) Nothing in the Plan will increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors or the Reorganized Debtors, as applicable, under any executory or non-executory contract or unexpired or expired lease.
- (iv) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under the Plan, the Debtors or Reorganized Debtors, as applicable, will have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

6.8 **Conditions Precedent to Confirmation of the Plan and the Occurrence of the Effective Date**

(a) **Conditions Precedent to Confirmation**

Confirmation of the Plan will not occur unless all of the following conditions precedent have been satisfied:

- (i) the Debtors, the Consenting OEMs, and the Plan Sponsor, as applicable, will have approved of or accepted the Confirmation Order in accordance with their respective consent rights under the U.S. RSA, as incorporated by reference in section 1.4 of the Plan;
- (ii) the Confirmation Order will include a finding by the Bankruptcy Court that the Purchased Assets will be purchased by and vested in the Plan Sponsor free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, including rights or claims based on any successor or transferee liabilities other than Assumed Liabilities and Permitted Liens;
- (iii) the U.S. RSA will not have been terminated by the Debtors, the Plan Sponsor, or the Requisite Consenting OEMs (as defined in the U.S. RSA) and will be in full force and effect with respect to such parties; and
- (iv) the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto, will (i) be in form and

substance reasonably acceptable to the Debtors, the Consenting OEMs, and the Plan Sponsor, (ii) consistent in all material respects with the U.S. RSA, and (iii) consistent with the other provisions of the Plan.

(b) Conditions Precedent to the Effective Date

The Effective Date will not occur unless all of the following conditions precedent have been satisfied:

- (i) entry of the Confirmation Order by the Bankruptcy Court and such Confirmation Order has not been stayed, modified, or vacated on appeal;
- (ii) the U.S. RSA will not have been terminated by the Debtors, the Plan Sponsor, or the Requisite Consenting OEMs (as defined in the U.S. RSA), and will be in full force and effect with respect to such parties;
- (iii) the Debtors, the Consenting OEMs, and the Plan Sponsor, as applicable, will have approved of or accepted the Definitive Documentation (as defined in the U.S. RSA) in accordance with their respective consent rights under the U.S. RSA, as incorporated by reference in section 1.4 of the Plan;
- (iv) all conditions precedent to the consummation of the U.S. Acquisition Agreement (other than effectiveness of the Plan) have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof, and the U.S. Acquisition Agreement is in full force and effect and is binding on all parties thereto;
- (v) all conditions precedent to the consummation of any purchase agreement between non-Debtor affiliates of the Debtors and the Plan Sponsor (other than effectiveness of the Plan) have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof, and any such purchase agreement is in full force and effect and is binding on all parties thereto;
- (vi) the Closing Date will have occurred (or will occur simultaneously with the occurrence of the Effective Date);
- (vii) receipt by the Consenting OEMs, or an account or accounts designated by the Consenting OEMs, of the Consenting OEMs' aggregate allocable share of the \$850 million restitution fund under the DOJ Restitution Order (in the Chapter 11 Cases and the Japan Proceedings, free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind) to be allocated among the Consenting OEMs in accordance with the Agreed Allocation;
- (viii) execution of the Reorganized TK Holdings Trust Agreement;

- (ix) the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP will become effective in accordance with the terms of the Plan (except with respect to any provisions of the PSAN PI/WD Trust Agreement or PSAN PI/WD TDP that are expressly conditioned upon effectiveness of the Channeling Injunction);
- (x) the Legacy Entities will be fully funded;
- (xi) the Transition Services Agreement (i) will have been executed and delivered to the Plan Sponsor by Reorganized TK Holdings and (ii) will be in full force and effect, and all conditions precedent to the effectiveness of the Transition Services Agreement will have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof;
- (xii) the Indemnity Agreement (i) will have been executed and delivered to the Plan Sponsor by each of the Consenting OEMs, (ii) will be in full force and effect, and (iii) all conditions precedent to the effectiveness of the Indemnity Agreement will have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof;
- (xiii) the Global Accommodation Agreement and the Access Agreement will have been terminated;
- (xiv) the Consenting OEMs will have released all Liens granted under the Access Agreement and the Adequate Protection Order;
- (xv) the Debtors will have obtained all authorizations, consents, regulatory approvals, ruling, or documents that are necessary to implement and effectuate the Plan (except for approval of the Channeling Injunction by the District Court in accordance with section 10.7(f) of the Plan);
- (xvi) all actions, documents, and agreements necessary to implement and effectuate the Plan will have been effected or executed;
- (xvii) all professional fees and expenses approved by the Bankruptcy Court will have been paid in full or amounts sufficient to pay such fees and expenses after the Effective Date have been placed in a professional fee escrow pending approval by the Bankruptcy Court;
- (xviii) the Restructuring Expenses will have been paid in accordance with section 12.6 of the Plan;
- (xix) the closing of the transactions contemplated by all purchase agreements between non-Debtor affiliates of the Debtors and the Plan Sponsor will have occurred or will occur contemporaneously with the effectiveness of the Plan;

- (xx) a Canadian court of competent jurisdiction will have entered a Final Order recognizing the Confirmation Order entered by the Bankruptcy Court;
- (xxi) the Civil Rehabilitation Court will have entered an order approving the sale of the assets (other than specified excluded assets) of the Japan Debtors pursuant to a business transfer under Section 42 of the Japan Civil Rehabilitation Act, which will remain in full force and effect; and
- (xxii) all conditions precedent to the effectiveness of the business transfer described in the preceding clause will have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof.

(c) **Waiver of Conditions Precedent**

- (i) Each of the conditions precedent to confirmation of the Plan and the occurrence of the Effective Date may be waived subject to the written consent, which will not be unreasonably withheld, of the Debtors, the Plan Sponsor, and the Consenting OEMs. If any such condition precedent is waived pursuant to section 9.3 of the Plan and the Effective Date occurs, each party agreeing to waive such condition precedent will be estopped from withdrawing such waiver after the Effective Date or otherwise challenging the occurrence of the Effective Date on the basis that such condition was not satisfied, the waiver of such condition precedent will benefit from the “equitable mootness” doctrine. If the Plan is confirmed for fewer than all of the Debtors, only the conditions applicable to the Debtor or Debtors for which the Plan is confirmed must be satisfied or waived for the Effective Date to occur.
- (ii) The stay of the Confirmation Order pursuant to Bankruptcy Rule 3020(e) will be deemed waived by and upon the entry of the Confirmation Order, and the Confirmation Order will take effect immediately upon its entry.

6.9 **Effect of Confirmation**

(a) **Binding Effect**

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of the Plan will bind every holder of a Claim against or Interest in any Debtor and inure to the benefit of and be binding on such holder’s respective successors and assigns, regardless of whether the Claim or Interest of such holder is impaired under the Plan and whether such holder has accepted the Plan.

(b) **Discharge of Claims against and Interests in the Reorganized Debtors**

Upon the Effective Date and in consideration of the Distributions to be made under the Plan, except as otherwise provided in the Plan or in the Confirmation Order, each holder (as well as any trustee or agent on behalf of such holder) of a Claim or Interest and any successor, assign, and affiliate of such holder will be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided in the Plan, upon the Effective Date, all such holders of Claims and Interests and their successors, assigns, and affiliates will be forever precluded and enjoined, pursuant to sections 105, 524, and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any Reorganized Debtor.

(c) **Pre-Confirmation Injunctions and Stays**

Unless otherwise provided in the Plan, all injunctions and stays arising under or entered during the Chapter 11 Cases, whether under sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the date of entry of the Confirmation Order, will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

(d) **Injunction against Interference with Plan**

Upon entry of the Confirmation Order, all holders of Claims and Interests shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan; provided, however, that the foregoing shall not enjoin any party to the U.S. RSA, the Definitive Documentation (as defined in the U.S. RSA), or the Global Documentation (as defined in the U.S. RSA) from exercising any of its rights or remedies under such agreements, as applicable, in each case in accordance with the terms thereof.

(e) **Plan Injunction**

- (i) **Except as otherwise provided in the Plan or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, to the maximum extent permitted under applicable law, all Persons who have held, hold, or may hold Claims or Interests are, with respect to any such Claim or Interest, permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting, directly or indirectly, a Debtor, a Reorganized Debtor, or an Estate or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Parties mentioned in**

this subsection (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against a Debtor, a Reorganized Debtor, or an Estate or its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Parties mentioned in this subsection (ii) or any property of any such transferee or successor; (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against a Debtor, a Reorganized Debtor, or an Estate or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this subsection (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; *provided, however*, that nothing contained in the Plan will preclude such Parties who have held, hold, or may hold Claims against or Interests in a Debtor or an Estate from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan and the Plan Documents.

- (ii) **Except as expressly permitted by the U.S. Acquisition Agreement and except as to Assumed Liabilities and Permitted Liens, all Persons, including all debt security holders, governmental, tax, and regulatory authorities, lenders, trade creditors, dealers, customers, employees, litigation claimants, and other creditors, holding Claims, Liens, Interests, charges, encumbrances, and other interests of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liability, against or in a Debtor or the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, known or unknown), arising under or out of, in connection with, or in any way relating to the Debtors, the Purchased Assets, the operation of the Purchased Assets prior to the Effective Date, or the Restructuring Transactions, are forever barred, estopped and permanently enjoined from asserting against the Plan Sponsor Parties, their respective successors and assigns, their property or the Purchased Assets, such Person's Claims, Liens, Interests, charges, encumbrances, and other interests (including rights or Claims based on any successor or transferee liability), including, without limitation, by: (i) commencing, conducting, or continuing in any manner, directly or indirectly,**

any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting, directly or indirectly, a Plan Sponsor Party or the property of any Plan Sponsor Party, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against a Plan Sponsor Party or its property, or any direct or indirect transferee of any property of, or direct or indirect successor-in-interest to, any of the foregoing Persons mentioned in this subsection (ii) or any property of any such transferee or successor; (iii) creating, perfecting, or otherwise enforcing any encumbrance of any kind or asserting any Released Claims in any manner, directly or indirectly, against a Plan Sponsor Party or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this subsection (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan.

(iii) By accepting Distributions pursuant to the Plan, each holder of an Allowed Claim or Allowed Interest will be bound by the Plan, including the injunctions set forth in section 10.5 of the Plan.

(f) Releases

(i) Releases by the Debtors

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, the Confirmation Order, and the obligations contemplated by the Restructuring Transactions, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise provided in the Plan or in the Confirmation Order, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably and forever released and discharged, to the maximum extent permitted by law, as such law may be extended subsequent to the Effective Date, by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, costs, liabilities, attorneys' fees and

expenses whatsoever, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates (including, any Causes of Action arising under chapter 5 of the Bankruptcy Code), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), or their Estates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party (including the exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), the Restructuring Transactions, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Disclosure Statement, the U.S. Acquisition Agreement, the Global Accommodation Agreement, the U.S. RSA, and the Plan and related agreements, instruments, and other documents, and the negotiation, formulation, preparation or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that is a criminal act or constitutes fraud, gross negligence, or willful misconduct. The Reorganized Debtors and any newly-formed entities that will be continuing the Debtors' businesses after the Effective Date will be bound, to the same extent the Debtors are bound, by the releases and discharges set forth in section 10.6(a) of the Plan.

(ii) Releases by Holders of Claims and Interests

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, the Confirmation Order and the obligations contemplated by the Restructuring Transactions, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise provided in the Plan or in the Confirmation Order, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably and forever released and discharged, to the maximum extent permitted by law, as such law may be extended subsequent to the Effective Date, except as otherwise provided in the Plan, by (i) the holders of all Claims, other than the Consenting OEMs, who vote to accept the Plan, (ii) the holders of all Claims, other than the Consenting OEMs, that are Unimpaired under the Plan, (iii) the holders of all Claims, other than the Consenting OEMs, whose vote to accept or reject the Plan is solicited but who do not vote either to accept or to reject the Plan, (iv) the holders of all Claims, other than the Consenting OEMs, or Interests who vote, or are deemed, to reject the Plan but do not opt out of granting the releases set forth in the Plan, (v) the holders of all Claims, other than the Consenting

OEMs, and Interests who were given notice of the opportunity to opt out of granting the releases set forth in the Plan but did not opt out, and (vi) all other holders of Claims, other than the Consenting OEMs, and Interests to the maximum extent permitted by law, in each case from any and all Claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, costs, liabilities, attorneys' fees and expenses whatsoever, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that such holders or their estates, affiliates, heirs, executors, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons or parties claiming under or through them would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), the Reorganized Debtors, or their Estates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements or interactions between any Debtor and any Released Party (including the exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), the Restructuring Transactions, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Disclosure Statement, the U.S. Acquisition Agreement, the Global Accommodation Agreement, the U.S. RSA, and the Plan and related agreements, instruments, and other documents, and the negotiation, formulation, preparation or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that constitutes fraud, gross negligence or willful misconduct. For the avoidance of doubt, no OEM will receive a release from holders of Claims and Interests pursuant to section 10.6(b) of the Plan.

Notwithstanding anything to the contrary in the Plan, nothing in the Plan will release, bar, or discharge any liability of any OEM to any governmental unit, including any Claim by any state attorney general or similar governmental unit enforcing consumer protection laws or any other statutory or common law or principles of equity for any Claim against any OEM, whenever arising, and nothing in the Plan will stay or enjoin any state attorney general or similar governmental unit from enforcing consumer protection laws or any statutory or common law or principles of equity for any Claim, whenever arising, against an OEM. Further, notwithstanding any provision of the Plan, OEMs are not relieved from any obligations to address or comply with requests or inquiries from any state attorney general or similar governmental unit enforcing consumer protection laws. Nothing in the Plan will be a waiver or other limitation of any OEM's rights, Claims, and defenses with respect to any such Claims or other Causes of Action by a governmental unit.

The office of the Texas Attorney General on behalf of the Texas Commission on Environmental Quality (the “*TCEQ*”) has formally advised the Debtors that the TCEQ believes that adequate information under section 1125 of the Bankruptcy Code requires the Debtors to disclose to creditors and other parties in interest who will be reviewing the Disclosure Statement that the TCEQ, Michigan Department of Environmental Quality, Missouri Department of Natural Resources, and possibly other state and federal agencies, will object to confirmation of the Plan on the grounds, among others, that the Plan does not make clear that third-parties are expressly not being released under the Plan and that the Plan may not provide adequate funding for future disposal of recalled inflators as hazardous waste. TCEQ and other agencies will respectfully request that the court include the following language in the Confirmation Order to partially address these and other concerns:

Nothing in this Order or the Plan or related documents discharges, releases, precludes, or enjoins: (i) any liability to any governmental unit as defined in 11 U.S.C. § 101(27) (“Governmental Unit”) that is not a “claim” as defined in 11 U.S.C. § 101(5) (“Claim”); (ii) any Claim of a Governmental Unit arising on or after the Confirmation Date; (iii) any liability to a Governmental Unit under police and regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the Confirmation Date; (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors or Reorganized Debtors (including but not limited to any Original Equipment Manufacturer or any Warehouse Owner or Landlord). Nor shall anything in this Order or the Plan enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence. Nothing in this Order or the Plan or related documents authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order or the Plan shall relieve any entity from any obligation to address or comply with information requests or inquiries from any Governmental Unit. Nothing in this Order or the Plan shall affect any setoff or recoupment rights of any Governmental Unit. Nothing in this Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or the Plan or to adjudicate any defense asserted under this Order or the Plan.

The Debtors and the Support Parties have not agreed to and are still considering the above language that the TCEQ and other agencies requested be included in the Confirmation Order, subject to certain modifications.

(iii) **Releases by Holders of PSAN PI/WD Claims**

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, to the maximum extent permitted under applicable law, the holders of PSAN PI/WD Claims will be deemed to provide a full and complete discharge and release to the Protected Parties and their respective property and successors and assigns from any and all Causes of Action whatsoever, whether known or unknown, asserted or unasserted, derivative or direct, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any way to such holders' PSAN PI/WD Claims. Notwithstanding anything to the contrary in the Plan, nothing in the Plan will release any OEM that is not a Participating OEM from liability for a PSAN PI/WD Claim.

(iv) **Adequate Protection Order Releases**

Nothing in the Plan will limit, modify, or affect in any way the releases granted under paragraph 4(g) of the Adequate Protection Order, and such releases will remain in full force and effect through and after the Effective Date.

(v) **Intercompany Claims**

Notwithstanding sections 10.6(a) and 10.6(b) of the Plan, the Claims of the Debtors against their Non-Debtor Affiliates and the Claims of the Non-Debtor Affiliates against the Debtors will not be released pursuant to such sections, but will instead be treated in accordance with section 7.17 of the U.S. Acquisition Agreement.

(vi) **Channeling Injunction**

In order to supplement the injunctive effect of the Plan Injunction and the Releases set forth in sections 10.5 and 10.6 of the Plan for PSAN PI/WD Claims, the Confirmation Order will provide for the following permanent injunction to take effect as of the Effective Date:

(a) **Terms.** In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the Plan Injunction and the Releases described in sections 10.5 and 10.6 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court and District Court under section 105(a) of the Bankruptcy Code, all Persons that have held or asserted, or that hold or assert any PSAN PI/WD Claim against the Protected Parties, or any of them, will be permanently and forever stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery from any such Protected Party with respect to any such PSAN PI/WD Claims, including:

- (i) **commencing, conducting, or continuing, in any manner, whether directly or indirectly, any suit, action, or other proceeding of any kind in any forum with respect to any**

such PSAN PI/WD Claim, against or affecting any of the Protected Parties, or any property or interests in property of any Protected Party with respect to any such PSAN PI/WD Claim;

- (ii) enforcing, levying, attaching, collecting or otherwise recovering, by any manner or means, or in any manner, either directly or indirectly, any judgment, award, decree or other order against any of the Protected Parties or against the property of any Protected Party with respect to any such PSAN PI/WD Claim;**
- (iii) creating, perfecting, or enforcing in any manner, whether directly or indirectly, any Lien of any kind against any Protected Party or the property of any Protected Party with respect to any such PSAN PI/WD Claims;**
- (iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, whether directly or indirectly, against any obligation due to any Protected Party or against the property of any Protected Party with respect to any such PSAN PI/WD Claim; and**
- (v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to such PSAN PI/WD Claims.**

(b) Reservations. Notwithstanding anything to the contrary in section 10.7 of the Plan, this Channeling Injunction will not enjoin:

- (i) the rights of Entities to the treatment afforded them under the Plan, including the rights of Entities holding PSAN PI/WD Claims to assert such Claims in accordance with the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP solely against the PSAN PI/WD Trust whether or not there are funds to pay such PSAN PI/WD Claims;**
- (ii) the rights of Entities to assert any Claim, debt, litigation, or liability for payment of PSAN PI/WD Trust Expenses solely against the PSAN PI/WD Trust whether or not there are funds to pay such PSAN PI/WD Trust Expenses; and**
- (iii) the PSAN PI/WD Trust from enforcing its rights under the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.**

(c) **Modifications.** There can be no modification, dissolution, or termination of the Channeling Injunction, which will be a permanent injunction.

(d) **Non-Limitation Channeling Injunction.** Nothing in the Plan or the PSAN PI/WD Trust Agreement will be construed in any way to limit the scope, enforceability, or effectiveness of the Channeling Injunction issued in connection with the Plan or the PSAN PI/WD Trust's assumption of all liability with respect to PSAN PI/WD Claims.

(e) **Bankruptcy Rule 3016 Compliance.** The Debtors' compliance with the requirements of Bankruptcy Rule 2016 will not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

(f) **Approval of Channeling Injunction and Related Releases.** The Debtors will seek an order by the District Court approving the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of Participating OEMs and the Plan Sponsor as set forth in section 10.6(c) of the Plan; *provided, however*, that the requirement for District Court approval may be waived by the Debtors and (i) the Participating OEMs as it relates to the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of the Participating OEMs or (ii) the Plan Sponsor as it relates to the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of the Plan Sponsor. In addition, the effectiveness of the Channeling Injunction and Releases by holders of PSAN PI/WD Claims for the benefit of a Participating OEM will be subject to (x) the consent of the Future Claims Representative and (y) the Bankruptcy Court or the District Court (as applicable) having determined that holders of PSAN PI/WD Claims in each applicable Class voting on the Plan in accordance with ARTICLE IV hereof have indicated their acceptance of the Channeling Injunction in a sufficient number within each such Class to support issuance of the Channeling Injunction for the benefit of the applicable Participating OEM. For the avoidance of doubt, the effectiveness of the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of any Protected Party is not a condition to the Effective Date. In the event the Channeling Injunction and related provisions with respect to any Protected Party have not received requisite court approval as of the Effective Date, the Channeling Injunction and such related provisions set forth in the Plan will be of no force and effect solely with respect to such Protected Party unless and until requisite court approval is obtained. The notice of the occurrence of the Effective Date will indicate whether and to what extent the Channeling Injunction is in effect as of the date thereof.

(g) **No Duplicative Recovery.** In no event will any holder of a PSAN PI/WD Claim against a Participating OEM be entitled to receive any duplicative payment, reimbursement or restitution from a Participating OEM under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust or is otherwise based on the same events, facts, matters, or circumstances that gave rise to the PSAN PI/WD Claim.

(g) **Exculpation**

To the maximum extent permitted by applicable law, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, the Confirmation Order, and obligations contemplated by the Restructuring Transactions, no

Exculpated Party will have or incur, and each Exculpated Party is hereby released and exculpated from, any Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, remedy, loss, and liability for any Claim in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement (including any information provided or statements made in the Disclosure Statement or omitted therefrom), the Restructuring Transactions, the Global Accommodation Agreement, the U.S. RSA, the Plan, and the solicitation of votes for, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; the wind-down of the Reorganized Debtors and Reorganized Takata; the issuance of securities under or in connection with the Plan; and the transactions in furtherance of any of the foregoing; except for breach of fiduciary duty, fraud, gross negligence, willful misconduct, failure to comply with the Confirmation Order and failure to distribute assets according to the Plan. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

(h) Injunction Related to Releases and Exculpation

To the maximum extent permitted under applicable law, the Confirmation Order will permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively, or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, or liabilities released pursuant to the Plan, including, without limitation, the Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities released or exculpated in the Plan and the Claims, Liens, Interests, charges, encumbrances, and other interests described in section 5.2(c) of the Plan.

(i) Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments thereof under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, sections 510(a), 510(b), or 510(c) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

(j) Avoidance Actions

All Avoidance Actions that relate to the continued operation of the Business (as defined in the U.S. Acquisition Agreement), Reorganized Takata, or the Warehousing Entity, including with respect to ongoing trade vendors, suppliers, licensors, manufacturers, strategic or other business partners, customers, employees, or counterparties to all Purchased Contracts to be acquired by the Plan Sponsor, assumed by Reorganized Takata, or assumed and assigned to the Warehousing Entity will be waived and released on the Effective Date. The Reorganized TK Holdings Trust will have the right to prosecute any and all Avoidance Actions that are not

acquired by the Plan Sponsor or waived pursuant to section 10.11 of the Plan. Any Avoidance Actions retained by the Reorganized TK Holdings Trust will be identified on a schedule to be filed as part of the Plan Supplement.

(k) **Retention of Causes of Action and Reservation of Rights**

Except as expressly provided in section 10.11 of the Plan, and subject to sections 10.5, 10.6, 10.7, and 10.8 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights, Claims, Causes of Action (including Avoidance Actions), rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law. Subject to sections 10.5, 10.6, 10.7, and 10.8 of the Plan, the Reorganized TK Holdings Trust will have, retain, reserve, and be entitled to assert all such Claims, Causes of Action (including Avoidance Actions), rights of setoff, or recoupment, and other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights in respect of an Unimpaired Claim may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

(l) **Ipsa Facto and Similar Provisions Ineffective**

Any term of any policy, contract, or other obligation applicable to a Debtor will be void and of no further force or effect with respect to any Debtor to the extent that such policy, contract, or other obligation is conditioned on, creates an obligation of the Debtor as a result of, or gives rise to a right of any Person based on any of the following: (i) the insolvency or financial condition of a Debtor; (ii) the commencement of the Chapter 11 Cases; (iii) the confirmation or consummation of the Plan, including any change of control that will occur as a result of such consummation; or (iv) the Restructuring Transactions.

(m) **No Successor Liability**

Except as otherwise expressly provided in the Plan, the Confirmation Order, or the U.S. Acquisition Agreement, each of the Plan Sponsor Parties (i) is not, and will not be deemed to assume, agree to perform, pay, or otherwise have any responsibilities for any liabilities or obligations of the Debtors or any other Person relating to or arising out of the operations of or the assets of the Debtors on or prior to the Effective Date; (ii) is not, and will not be, a successor to the Debtors by reason of any theory of law or equity or responsible for the knowledge or conduct of any Debtor prior to the Effective Date; and (iii) will not have any successor or transferee liability of any kind or character; *provided, however*, that the Plan Sponsor will timely perform and discharge the obligations specified in the U.S. Acquisition Agreement, including the Assumed Liabilities.

6.10 **Retention of Jurisdiction**

(a) **Retention of Jurisdiction.**

The Bankruptcy Court will retain exclusive jurisdiction of all matters arising under, arising out of, or related to the Chapter 11 Cases and the Plan pursuant to, and for the

purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (i) to hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and any disputes over Cure Amounts resulting therefrom;
- (ii) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the entry of the Confirmation Order;
- (iii) to hear and resolve any disputes arising from or related to (i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004 or (ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;
- (iv) to ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan and the Confirmation Order;
- (v) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;
- (vi) to enter, implement, or enforce such orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;
- (vii) to issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;
- (viii) to hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (ix) to hear and determine all Fee Claims;
- (x) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;
- (xi) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments in furtherance of

either, or any agreement, instrument, or other document governing or related to any of the foregoing;

- (xii) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute, and consummate the Plan, including any release, exculpation, or injunction provisions, including the Channeling Injunction, set forth in the Plan, or to maintain the integrity of the Plan following the occurrence of the Effective Date;
- (xiii) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (xiv) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (xv) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;
- (xvi) to resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any bar date established in the Chapter 11 Cases, or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose for determining whether a Claim or Interest is discharged under the Plan or for any other purpose;
- (xvii) to recover all Assets of the Debtors and property of the Estates, wherever located; and
- (xviii) to enter a final decree closing each of the Chapter 11 Cases.

To the extent that the Bankruptcy Court is not permitted under applicable law to preside over any of the foregoing matters, the reference to the “Bankruptcy Court” in ARTICLE XI of the Plan will be deemed to be replaced by the “District Court.” Notwithstanding anything in ARTICLE XI of the Plan to the contrary, the resolution of PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims and Administrative Expense PI/WD Claims and the forum in which such resolution will be determined will be governed by and in accordance with the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Nothing contained in section 11.1 of the Plan will expand the exclusive jurisdiction of the Bankruptcy Court beyond that provided by applicable law.

6.11 Miscellaneous Provisions

(a) **Exemption from Certain Transfer Taxes**

Pursuant to section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition of assets contemplated by the Plan, including the sale of the Purchased Assets to the Plan Sponsor under the U.S. Acquisition Agreement, will not be subject to any stamp, real estate transfer, mortgage recording, sales, use, or other similar tax.

(b) **Dates of Actions to Implement The Plan**

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day but will be deemed to have been completed as of the required date.

(c) **Amendments**

- (i) **Plan Modifications.** The Plan may be amended, modified, or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court; *provided, however*, that any such amendments, modifications, or supplements will be made in accordance with the terms of the U.S. RSA. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims pursuant to the Plan, the Debtors may remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of the Plan, and any holder of a Claim or Interest that has accepted the Plan will be deemed to have accepted the Plan as amended, modified, or supplemented.
- (ii) **Certain Technical Amendments.** Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court; *provided, however*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Interests under the Plan.

(d) **Revocation or Withdrawal of Plan**

The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date as to any or all of the Debtors. If, with respect to a Debtor, the Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date

as to such Debtor does not occur on the Effective Date, then, with respect to such Debtor: (i) the Plan will be null and void in all respects; (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or unexpired leases affected by the Plan, and any document or agreement executed pursuant to the Plan will be deemed null and void; and (iii) nothing contained in the Plan will (a) constitute a waiver or release of any Claim by or against, or any Interest in, such Debtor or any other Person; (b) prejudice in any manner the rights of such Debtor or any other Person; or (c) constitute an admission of any sort by any Debtor or any other Person.

(e) **Payment of Statutory Fees**

All fees payable under section 1930 of chapter 123 of title 28 of the United States Code will be paid on or before the Effective Date by the Debtors. Quarterly fees owed to the U.S. Trustee will be paid when due in accordance with applicable law and the Debtors and Reorganized Debtors will continue to file reports to show the calculation of such fees for the Debtors' Estates until the Chapter 11 Cases are closed under section 350 of the Bankruptcy Code. Each and every one of the Debtors will remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case is closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

(f) **Restructuring Expenses**

Subject to review by the U.S. Trustee, the Committees, and the Future Claims Representative for reasonableness in accordance with the RSA Approval Order and the related procedures set forth in paragraph 9 thereof, the Debtors or the Reorganized Debtors, as applicable, will pay the Restructuring Expenses in accordance with the terms of the U.S. Acquisition Agreement without the need for any application or notice to or approval by the Bankruptcy Court. All Restructuring Expenses payable pursuant to section 12.6 of the Plan will be paid as follows: (A) if and to the extent that at such time any advisor or other third party providing services to the Plan Sponsor in connection with the Restructuring Transactions has not been paid in full (including all estimated amounts for unbilled fees and expenses, subject to the terms hereof) by the Plan Sponsor, such payment will be made directly to the applicable advisor or other third party in accordance with the documentation and written instructions of such advisors or other third parties; *provided, however*, that if the aggregate amounts owing to such advisors or other third parties exceed the amount of the applicable Restructuring Expenses required to be paid by the Debtors or the Reorganized Debtors under the U.S. Acquisition Agreement, then the Debtors or the Reorganized Debtors will pay all such advisors and other third parties ratably based on their relative total percentage of recovery; and (B) with respect to any Restructuring Expenses not paid directly to advisors and other third parties pursuant to subpart (A) hereof, the payment will be made directly to the Plan Sponsor as reimbursement for Restructuring Expenses previously paid. In order to receive a Direct Expense Payment for unbilled fees and expenses, the advisors and other third parties entitled thereto will, as part of the documentation provided to the Debtors or the Reorganized Debtors under the Plan, estimate fees and expenses due for periods that have not been billed as of the Effective Date, it being understood that within forty-five (45) days after the Effective Date, an advisor or other third party receiving payment for the estimated period will submit a detailed invoice covering such

period and, if the estimated payment received by such third party or other advisor exceeds the actual fees and expenses for such period, this excess amount will be paid over to the Plan Sponsor as reimbursement for Restructuring Expenses previously paid or, if all Restructuring Expenses subject to Direct Expense Payment or reimbursement to the Plan Sponsor have been paid or reimbursed in full, then such excess amount will be returned to the Debtors or the Reorganized Debtors.

(g) **Severability**

Subject to section 5.15 of the Plan, if, prior to entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation by the Bankruptcy Court, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with section 12.7 of the Plan, is valid and enforceable pursuant to its terms.

(h) **Governing Law**

Except to the extent that the Bankruptcy Code or other federal law is applicable or to the extent that a Plan Document provides otherwise, the rights, duties, and obligations arising under the Plan and the Plan Documents will be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof (other than section 5-1401 and section 5-1402 of the New York General Obligations Law).

(i) **Immediate Binding Effect**

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Documents will be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, the holders of Claims and Interests, the Released Parties, and each of their respective successors and assigns.

(j) **Successors and Assigns**

The rights, benefits, and obligations of any Person named or referred to in the Plan will be binding on and will inure to the benefit of any heir, executor, administrator, successor, or permitted assign, if any, of each such Person.

(k) Entire Agreement

On the Effective Date, the Plan, the Plan Supplement, the Confirmation Order, and the U.S. Acquisition Agreement will supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understanding, and representations concerning such documents, all of which have become merged and integrated into the Plan.

(l) Computing Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth in the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 will apply.

(m) Exhibits to Plan

All exhibits, schedules, supplements, and appendices to the Plan (including the Plan Supplement) are incorporated into and are part of the Plan as if set forth in full in the Plan.

(n) Reservation of Rights

Except as otherwise provided in the Plan, the Plan will be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or provisions of the Plan, or the taking of any action by the Debtors with respect to the Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors with respect to any Claim or Interests prior to the Effective Date.

VII. ALLOCATION ANALYSIS⁹⁷**7.1 Allocation of Purchase Price**

The aggregate purchase price for Takata's global enterprise of \$1.588 billion was the product of a comprehensive sale process and exhaustive tripartite negotiations among Takata, the Plan Sponsor, and the Customer Group. The purchase price was allocated among those Takata entities that are sellers under the Global Transaction.⁹⁸

The allocation of the purchase price to the seller entities across the global enterprise was derived in consultation with Lazard, and as agreed to by Jefferies LLC, the Plan Sponsor's investment banker, primarily by reference to relative adjusted net asset values ("**NAV**") of the acquired assets to be purchased from each seller entity (including the equity interests of acquired subsidiaries). NAV was adopted as a baseline allocation method for a number of reasons including its objectivity and the availability of entity-level information (for

⁹⁷ As contemplated in the Global Transaction documents, the allocation of purchase price, the DOJ Restitution Claim, and PSAN Legacy Costs have been subject to certain adjustments from the date of execution. The amounts set forth herein reflect adjustments made through the date hereof.

⁹⁸ The following entities are sellers under the Global Transaction: TKH, TKAM, TKHM, TK Mexico LLC, IIM, SMX, TDM, TAKATA Europe GmbH, TKAG, TAKATA Sachsen GmbH, Takata Corporation, Takata Kyushu Corporation, and Takata Service Corporation.

instance, projected cash flow and profitability based metrics were not available on an entity-by-entity basis). While Takata has not been provided access to the Plan Sponsor's detailed business plan, Takata understands based on discussions with the Plan Sponsor and its advisors that the business plan underlying the Plan Sponsor's purchase price and acquisition terms is materially different from Takata's business plan and reflects KSS's assumptions about the go-forward business to be provided to the combined Plan Sponsor/Takata enterprise by the OEMs.

In determining the appropriate allocation of purchase price, Lazard relied on the March 2017 trial balances for each seller entity and acquired subsidiary and the resulting unadjusted NAV. Lazard made certain adjustments to normalize NAV, including consolidating adjustments to eliminate the double counting of capital stock, cash adjustments to eliminate excess cash, and transaction adjustments to remove recall-related liabilities, third-party debt, goodwill, and intercompany balances based on negotiations with the Plan Sponsor.⁹⁹ Entities with negative NAV were assigned a value of zero. Subject to certain limited exceptions described below, the purchase price was then ratably allocated among each Takata entity based on the adjusted NAV by entity or an entity's liquidation value to the extent adjusted NAV was less than its estimated liquidation value, based on preliminary estimates as of September 2017 (the "*NAV Allocated Amount*").¹⁰⁰

At the request of the Plan Sponsor, with respect to assets and/or entities in Europe, Mexico, and China, Takata employed independent appraisers to verify the value to be transferred to the Plan Sponsor and the purchase price allocated to such entities was guided by such appraised amounts (the "*Appraised Allocated Amount*").¹⁰¹ The NAV Allocated Amount for each of the following entities was adjusted to the Appraised Allocated Amount: TSAC, TSTC, TKEUR, TKAG and TKSAC. No adjustments to the NAV Allocated Amount were necessary for the following entities: TKHM, FALC, EQPO, TDM, IIM, and SMX. The amount allocated to a seller entity (whether it is the Appraised Allocated Amount or the NAV Allocated Amount) is referred to herein as the "*Entity Allocated Amount*." The purchase price allocated to each Takata entity based on its Entity Allocated Amount is set forth on **Exhibit I** attached hereto.¹⁰²

⁹⁹ The sellers under the Acquisition Agreements and the Plan Sponsor have agreed that between execution of the Acquisition Agreements and December 15, 2017 which date was extended by the parties through to December 22, 2017 with a five (5) Business Day grace period through January 2, 2018, the Plan Sponsor and such sellers will agree to the treatment of intercompany balances among the Takata entities.

¹⁰⁰ Adjusted NAV for each entity was measured against estimated liquidation value, based on preliminary estimates as of September 2017, to ensure that the purchase price allocated to any entity was not less than the liquidation value.

¹⁰¹ The seller entities in these regions are: TAKATA Europe GmbH, TKAG, TAKATA Sachsen GmbH, TKHM, TK Mexico LLC, IIM, SMX, TDM, and TSAC.

¹⁰² As described herein, the purchase price allocated to each Takata entity is subject to change based on the valuation of certain Takata entities by independent appraisers and the treatment of intercompany balances which, as set forth in the U.S. Acquisition Agreement, are to be completed or agreed to, as applicable, by no later than December 15, 2017 which date was extended by the parties through to December 22, 2017 with a five (5) Business Day grace period through January 2, 2018. The Debtors do not expect any material changes to the amounts set forth on **Exhibit I**; however, the Debtors will file a revised Exhibit I with the Plan Supplement prior to the Voting Deadline to account for any material adjustments if necessary.

In order to determine the purchase price allocated under each of the Acquisition Agreements (with respect to the purchase price for each Acquisition Agreement, the “**Base Purchase Price**”), the Entity Allocated Amounts for the assets or entities in Europe, Mexico, and China were deducted from the aggregate \$1.588 billion purchase price and the remaining purchase price was ratably allocated among the remaining equity sale entities and asset sellers based on their adjusted NAV.

In accordance with the analysis above, a Base Purchase Price of \$878,907,294 was allocated to the Sellers under the U.S. Acquisition Agreement. The Base Purchase Price may be adjusted to account for the treatment of intercompany balances which, as set forth in the U.S. Acquisition Agreement, is to be agreed to between the Sellers and the Plan Sponsor between execution of the Acquisition Agreements and December 15, 2017, which date was extended by the parties through to December 22, 2017 with a five (5) Business Day grace period through January 2, 2018.

7.2 Adjustments to Seller Allocated Purchase Price

The Base Purchase Price was allocated to each Seller entity¹⁰³ (with respect to purchase price allocated to each Seller, the “**Seller Allocated Purchase Price**”). Each Seller Allocated Purchase Price will be subject to certain adjustments at closing as set forth in section 3.1 of the U.S. Acquisition Agreement and as summarized below:¹⁰⁴

At the closing, the following adjustments will be applied to the Seller Allocated Purchase Price(s), if applicable:¹⁰⁵ (x) either increased (by up to \$50 million, in the aggregate, under the Acquisition Agreements) or decreased to account for the difference, if any, between the amount of cash required to be conveyed to the Plan Sponsor at closing and the actual amount so conveyed¹⁰⁶ and (y) reduced by (a) the amount of specified outstanding indebtedness of the Acquired Subsidiaries as of the closing (the repayment of which, at the closing, will be funded by the Plan Sponsor),¹⁰⁷ (b) the amount of outstanding payment obligations of the Acquired

¹⁰³ No amounts were allocated to TK Mexico LLC which is valued at \$0.

¹⁰⁴ Adjustments set forth in section 3.1 of the U.S. Acquisition Agreement will be allocated and applied to the Seller Allocated Purchase Price for those Sellers to which applicable adjustments specifically relate notwithstanding that section 3.1 of the U.S. Acquisition Agreement provides that adjustments apply to Base Purchase Price.

¹⁰⁵ Any values attributed to the following adjustments are estimates and final values may not be known until the U.S. Closing. The amounts set forth herein are based on information known by the Debtors as of December 13, 2017 and the amount of each adjustment is subject to change through to the U.S. Closing.

¹⁰⁶ U.S. Acquisition Agreement § 3.1(a)(x), (xi). This adjustment is expected to adjust Seller Allocated Purchase Price of TKAM and TKH only. The positive adjustment to Purchase Price of TKH and TKAM is estimated to be approximately \$21 million based on the liquidity budget as of December 30, 2017, assuming that the effect of this clause (x) is an aggregate increase of global Base Purchase Price of approximately \$30 million. The maximum positive adjustment to Purchase Price of TKH and TKAM is estimated to be approximately \$36 million, assuming that the effect of this clause (x) is an aggregate increase of global Base Purchase Price of approximately \$50 million.

¹⁰⁷ U.S. Acquisition Agreement § 3.1(a)(ii). As of December 15, 2017, this indebtedness is estimated to be approximately \$15 million at Takata Brasil S.A. and is only expected to adjust the Seller Allocated Purchase Price of TKAM.

Subsidiaries pursuant to the Global Settlement Agreement,¹⁰⁸ (c) the amount of accounts receivable paid prior to closing on an accelerated schedule pursuant to the Accommodation Agreement,¹⁰⁹ (d) in the event that any Consenting OEM exercises its equipment option under the Accommodation Agreement, the amount paid by the OEM for such equipment (to the extent it would have otherwise been acquired by the Plan Sponsor),¹¹⁰ (e) in the event that TSAC's assets are sold to the Plan Sponsor under a separate asset purchase agreement, the purchase price paid to TSAC thereunder,¹¹¹ (f) the estimated amount of transfer taxes (which estimate is subject to a reconciliation following the closing), if any, payable by the Plan Sponsor in connection with the transactions contemplated by the U.S. Acquisition Agreement, the U.S. RSA, and the Plan,¹¹² (g) the estimated non-recoverable value added tax (“**VAT**”) payable in connection with the transactions contemplated by the U.S. Acquisition Agreement, the U.S. RSA, and the Plan (whether due at or after closing) (such estimate being subject to a reconciliation following the closing),¹¹³ (h) an estimate (which will be subject to a reconciliation following the closing) of the Sellers' Regional Share of recoverable VAT due, on a global basis, at or after the closings,¹¹⁴ (i) the amount of expenses incurred by the Plan Sponsor and to be reimbursed by the Sellers at the closing (not to exceed the Sellers' share of \$50 million, in the aggregate, under the Acquisition Agreements),¹¹⁵ and (j) the amount of any receivables set off by any OEM at closing in respect of the DOJ Restitution Claim.¹¹⁶

¹⁰⁸ U.S. Acquisition Agreement § 3.1(a)(iii). As of December 30, 2017, this is estimated to be approximately \$51 million at Takata Brasil S.A. and \$199 million at TSAC and, in each case, is only expected to adjust the Seller Allocated Purchase Price of TKAM; *provided, however*, that to the extent TSAC's contribution under the Global Settlement Agreement is captured under subclause (e) or (j) hereof, all or a portion of the reduction applied under this subclause (b) may be reduced.

¹⁰⁹ U.S. Acquisition Agreement § 3.1(a)(iv). As of December 30, 2017, this amount is budgeted to be \$0 assuming a projected closing date of February 28, 2018 for each of the Debtors.

¹¹⁰ U.S. Acquisition Agreement § 3.1(a)(v).

¹¹¹ U.S. Acquisition Agreement § 3.1(a)(vi). As noted, the Appraised Allocated Amount for TSAC is approximately \$237 million. This adjustment is only expected to adjust the Seller Allocated Purchase Price of TKAM.

¹¹² U.S. Acquisition Agreement § 3.1(a)(vii). As of December 30, 2017, together with 7.2(g) set forth herein, this amount is estimated to be approximately \$8 million.

¹¹³ U.S. Acquisition Agreement § 3.1(a)(viii). As of December 30, 2017, together with 7.2(f) set forth herein, this amount is estimated to be approximately \$8 million. The VAT is expected to adjust the Seller Allocated Purchase Prices for the Mexican Sellers only; *however*, the allocation among such Sellers is not known at this time.

¹¹⁴ U.S. Acquisition Agreement § 3.1(a)(ix). As of December 30, 2017, this amount is estimated to be approximately \$28 million, which is the Sellers' Regional Share of recoverable VAT, and is expected to adjust the Seller Allocated Purchase Prices of TKAM and TKH.

¹¹⁵ U.S. Acquisition Agreement § 3.1(a)(xii). If the \$50 million cap is reached, the Sellers' Regional Share of such Expenses is approximately \$28 million, based on the liquidity budget as of December 30, 2017 and pursuant to section 7.21 of the U.S. Acquisition Agreement. This is expected to adjust the Seller Allocated Purchase Price of TKAM and TKH.

¹¹⁶ U.S. Acquisition Agreement § 3.1(a)(xiii). OEM receivables are only expected to be offset at TSAC and, therefore, this adjustment is only expected to adjust the Seller Allocated Purchase Price of TKAM.

The Purchase Price for each Seller, which is the defined term for the amount that remains after the foregoing deductions are applied to each of the Seller Allocated Purchase Prices, is estimated to be as follows:

Illustrative Waterfall							
Description	Consolid.	TKH	TKAM	TKHM	TDM	IIM	SMX
Base Purchase Price	\$878.9	\$462.9	\$314.5	\$41.6	\$21.1	\$2.6	\$36.3
(-) Illustrative Adjustments under 3.1 of the U.S. Acquisition Agreement	(345.0)	(21.8)	(315.3)	(2.1)	(5.8)	--	--
Purchase Price	\$533.9	\$441.1	(\$0.9)	\$39.5	\$15.3	\$2.6	\$36.3
(+) Balance Sheet Cash Available for Distribution	16.5	15.6	.9	--	--	--	--
(+) Value from Subsidiaries	--	39.5	--	(39.5)	--	--	--
Cash Proceeds	\$550.4	\$496.2	--	--	\$15.3	\$2.6	\$36.3

Please note that amounts set forth herein are estimates based on information currently available and actual amounts, including the amount of each adjustment set forth above and Base Purchase Price and the Seller Allocated Purchase Price for each entity, may be materially (higher or lower) than the amounts reflected herein.

7.3 **Allocation of DOJ Restitution Claim**

As noted, satisfaction of the DOJ Restitution Claim in accordance with the Plea Agreement and the DOJ Restitution Order is a condition precedent to consummation of the Global Transaction. Accordingly, it was of critical importance that the Global Transaction facilitate such payment. To that end, the DOJ Restitution Claim was allocated among the Takata entities based on a fair and feasible global approach devised by Takata and its global advisors. As explained herein, however, the Debtors are not contributing directly to the payment of the DOJ Restitution Claim. Rather, the Consenting OEMs have agreed that the Distribution they receive under the Plan on account of the Plan Settlement, which will fully resolve and settle the Consenting OEMs' Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims, will satisfy a portion of the DOJ Restitution Claim. While the Debtors' estimate that the Plan Settlement Payment will equal the amount of the DOJ Restitution Claim allocated to the Sellers pursuant to the allocation described in this section, the Plan Settlement Payment is determined under the Plan by the delta between \$850 million and all payments made from any source on account of or deemed to be made on account of the DOJ Restitution Claim.

To allocate the DOJ Restitution Claim globally, first, Takata identified which entities were involved in the manufacture and/or sale of PSAN Inflators. The DOJ Restitution Claim is the result of damages caused by such inflators and, therefore, those entities involved in the manufacture and sale of such inflators are each contributing to the satisfaction of the DOJ Restitution Claim (the "**Restitution Payment Funding Entities**").

Next, Takata determined that, with the exception of TKH, TKJP, TKAG, and TKSAC, each of the Restitution Payment Funding Entities will contribute the entire amount of the purchase price allocated to each such entity less any transaction and similar costs (e.g., taxes and reserves for local creditors) to the \$850 million restitution fund under the DOJ Restitution Order. Pursuant to the Global Settlement Agreement, in exchange for such contribution by the Restitution Payment Funding Entities, the Consenting OEMs agreed to release any PSAN

Claims¹¹⁷ against such entities. In addition, pursuant to the Plan, SMX will contribute its Entity Allocated Amount less any taxes and wind-down costs to the \$850 million restitution fund under the DOJ Restitution Order.

Finally, the outstanding DOJ Restitution Claim amount was allocated pro rata among TKH, TKJP, TKAG, and TKSAC based on PSAN Inflators shipped by each entity. The resulting contributions to the DOJ Restitution Claim are outlined as follows:¹¹⁸

<u>Entities</u>	<u>\$ (MM)</u>
TSAC	\$199
SMX	31
TSM	11
TKK	24
TKI	10
TASSI	3
TTC	48
TKBR	29
TKRU	11
TKSAF	4
TKAG	86
TKSAC	67
TKJP	113
TKH	214
Total DoJ Payment	\$850

Once again, pursuant to the Plan, the Debtors' allocable portion of the DOJ Restitution Claim will be satisfied upon payment to the Consenting OEMs in connection with the Plan Settlement.

7.4 **Allocation of PSAN Legacy Costs**

In addition to allocating the DOJ Restitution Claim, Takata also allocated the PSAN Legacy Costs pursuant to the Acquisition Agreements and the Global Settlement Agreement. The method for allocating such costs across the Takata entities varied depending on the nature of the cost.

First, the portion of the Warehousing Entity Reserve relating to the costs of warehousing, shipping and disposal of PSAN Inflators was estimated by Takata management using a "bottoms up" analysis of the warehousing, shipping and disposal needs by region based on each region's estimate of recalls, capacity, and various related costs.

¹¹⁷ The reference to PSAN Claims here refers to such term as defined in the Global Settlement Agreement. The Global Settlement Agreement defines PSAN Claims as "current and future claims held by Consenting OEMs relating to Parent's or Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators prior to the Closing, *provided, however*, that PSAN Claims do not include claims for reimbursement of Professional Fees." See Global Settlement Agreement, § 1(III).

¹¹⁸ As noted above, the allocation set forth in this section 7 remains subject to change through to January 2, 2018. The Debtors do not expect any material changes to the amounts set forth in the DOJ payment chart; however, the Debtors will file a revised DOJ payment chart with the Plan Supplement prior to the Voting Deadline to account for any material adjustments if necessary.

Second, the balance of the Warehousing Entity Reserve (primarily cost relating to the continued operation of the Debtors' Product Safety Group and overhead, which is responsible for, among other things, completing the Debtors' root cause investigation and working with NHTSA) was allocated to TKH, TKAM, TKJP, TKSAC, TKEUR, and TKAG based on the PSAN Inflators shipped by these entities and their subsidiaries.

Likewise, the estimated costs for the PSAN Legacy Costs, including the costs and fees of the Special Master, the DOJ Monitor, and the NHTSA Monitor, was allocated to TKH, TKAM, TKJP, TKSAC, TKEUR and TKAG based on the PSAN Inflators shipped by these entities and their subsidiaries.

After the Base Purchase Price allocated under the Japan Acquisition Agreement is adjusted for the adjustments set forth in section 3.1 therein (which adjustments are substantially similar to those set forth in the U.S. Acquisition Agreement) and TKJP pays expenses relating to its civil rehabilitation case and its allocable share of the DOJ Restitution Claim and the PSAN Legacy Costs, it expects that funds will remain available to pay a percentage of the allowed claims asserted against TKJP.

VIII. TRANSFER RESTRICTIONS AND CONSEQUENCES UNDER FEDERAL SECURITIES LAW

Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not be evidenced by any certificate, security, receipt, or in any other form or manner whatsoever, except as maintained on the books and records of the Reorganized TK Holdings Trust by the Legacy Trustee. Further, any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will be nontransferable and non-assignable except by will, intestate, succession, or operation of law. Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not constitute "securities" and will not be registered pursuant to the Securities Act. If it is determined that such rights constitute "securities," the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.

IX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain holders of General Unsecured Claims entitled to vote to accept or reject the Plan. This summary does not address the federal income tax consequences to holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of section 1126(g) of the Bankruptcy Code, or holders whose Claims are entitled to payment in full in Cash.

This summary is based on the Internal Revenue Code ("**IRC**"), existing and proposed Treasury Regulations, judicial decisions, and published administrative rules and pronouncements of the U.S. Internal Revenue Service (the "**IRS**") as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the federal income tax consequences described below.

This summary does not address state, local, or foreign income or other tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as non-U.S. persons, broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, individual retirement and other tax-deferred accounts, any other Debtor entity, persons holding securities as part of a hedging, straddle, conversion or constructive sale transaction or other integrated investment, traders in securities that elect to use a mark-to-market method of accounting for their security holding, certain expatriates or former long term residents of the United States, persons whose functional currency is not the U.S. dollar, or pass-through entities or investors in pass-through entities).

THE FOLLOWING SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

9.1 **General Discussion of the Plan**

As discussed herein, the Plan provides for the sale of the Purchased Assets, which consist of substantially all of the Debtors' assets other than the Excluded Assets, to the Plan Sponsor on the terms set forth in the U.S. Acquisition Agreement. The Cash Proceeds will be applied as set forth in the Plan, including being transferred to the entities described below to be held for the benefit of holders of certain Claims. The PSAN Assets will vest in Reorganized Takata pursuant to the Plan. The shares of TKH held by TKAM will be cancelled, and the equity of Reorganized TK Holdings will be issued to and held by TK Global LLC, a subsidiary of the Reorganized TK Holdings Trust. The operations of Reorganized Takata are not expected to give rise to positive taxable income.

9.2 **Consequences to the Debtors**

TKAM is one of the Debtors and is the common parent of an affiliated group of U.S. corporations that file on a consolidated basis for U.S. federal income purposes. TKH, TPS, IIF, and TKMI are all domestic corporations and are included on the TKAM consolidated return. TKF and TKC are disregarded entities for U.S. federal income tax purposes, and indirectly hold the stock of Chinese companies not included in the consolidated return, including TSAC. TKMI owns, through TKML, a disregarded entity for U.S. federal income tax purposes, and TKHM, a foreign corporation for U.S. federal income tax purposes, all of the equity of IIM, TDM, and SMX, which are all foreign corporations for U.S. federal income tax purposes. The following discussion will address only the taxation of the U.S. Debtors. It is not anticipated that the non-U.S. Debtors would be subject to U.S. federal income tax.

The sale of substantially all of the Debtors' assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement is expected to be treated as a taxable disposition of those assets

for federal income tax purposes. The Debtors should generally recognize gain or loss on the sales to the Plan Sponsor in an amount equal to the difference between the fair market value of the assets on the date of transfer and the Debtors' adjusted tax basis in such assets. In the event that TSAC makes a distribution to TKC out of its earnings and profits prior to or on the Effective Date, such distribution may give rise to an inclusion of a dividend income to the Debtors included in the TKAM consolidated return.

Even if the Debtors recognize taxable gain on the aforementioned transfer and dividend income on the aforementioned distribution, it is not expected that the Debtors will be subject to a material amount of federal income taxes as a result of the implementation of the Plan. For the tax year ended March 31, 2016, for federal income tax purposes, the TKAM consolidated return reported a consolidated net operating loss ("**NOL**") of approximately \$391,024,287. The Debtors should be able to apply their NOL carryforward to offset gain on the sales, and in addition should be entitled to a current deduction for the amounts transferred to the PSAN PI/WD Trust. Under current law, a credit for taxes incurred in China should be available to offset any inclusion from a TSAC distribution. Under amendments to the IRC being considered by the U.S. Congress, separate deductions would be available to offset income attributable to the earnings of TSAC. It is not expected that the Debtors will realize cancellation of debt ("**COD**") income for federal tax purposes, either because the Debtors have no outstanding amounts treated as indebtedness for U.S. tax purposes or because cancellation of any amounts due by them would be excluded from COD by reason of section 108(e)(2) of the IRC.

Under section 382 of the IRC, if a corporation (or consolidated group) undergoes an "ownership change," the amount of its pre-change losses (including NOL carryforwards from periods before the ownership change and certain losses or deductions which are "built-in" (*i.e.*, economically accrued but unrecognized) as of the date of the ownership change) that may be utilized to offset future taxable income generally is subject to an annual limitation. In general, the amount of this annual limitation is equal to the product of (i) the fair market value of the stock of the corporation (or, in the case of a consolidated group, the common parent) immediately before the ownership change (with certain adjustments) multiplied by (ii) the "long-term tax-exempt rate" in effect for the month in which the ownership change occurs (for example, one point ninety-three percent (1.93%) for ownership changes occurring in October 2017). For a corporation (or consolidated group) in bankruptcy that undergoes the ownership change pursuant to a confirmed bankruptcy plan, the stock value generally is determined immediately after (rather than before) the ownership change by taking into account the surrender or cancellation of creditors' claims, also with certain adjustments. The annual limitation can potentially be increased by the amount of certain recognized built-in gains.

Notwithstanding the general rule, if the corporation (or the consolidated group) does not continue its historic business or use a significant portion of its historic assets in a new business for two (2) years after the ownership change, the annual limitation resulting from the ownership change is zero, thereby precluding any utilization of the corporation's pre-change losses in future taxable periods.

The Debtors will undergo an ownership change as a result of the Plan, and will not continue their historic business or use a significant portion of their historic assets in a new business. Accordingly, the Debtors' annual limitation is expected to be zero, and the Debtors'

historic NOLs and other tax attributes, after having been applied to reduce current year operating income and gain on sales of assets pursuant to the Plan, will be lost.

9.3 *Consequences to Holders of Claims*

The U.S. federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder receives payment in respect of such Claim, whether the holder reports income using the accrual or cash method of tax accounting, whether the holder acquired its Claim at a discount, and whether the holder has taken a bad debt or loss deduction with respect to such Claim.

The U.S. federal income tax treatment of a receipt of payments by a holder of a PSAN PI/WD Claim, an Administrative Expense PI/WD Claim, an Administrative Expense PSAN PI/WD Claims, or a Post-Closing PSAN PI/WD Claim will depend upon the nature of the Claim. Amounts received by a holder of a personal injury claim generally should not be taxable to such holder.

A holder of an Allowed Claim not described above will ultimately recognize gain or loss as a result of the implementation of the Plan. However, in regards to the timing of the recognition of such gain or loss, the law is unclear. To the extent a holder is treated as merely continuing to hold its Claim in modified form, no gain or loss would arise on the Effective Date. Gain or loss would arise only at such time as the Claim was finally paid. The amount of gain or loss recognized would generally equal the difference between the holder's tax basis in the Claim and the amount received in payment therefor.

To the extent a holder is treated as exchanging its Claim for an interest in one or more funds or entities pursuant to the Plan, the holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Claim for such interest in an amount equal to the difference between the value of the interest received and the adjusted tax basis of the Claim exchanged therefor. In that event, any future receipts in an amount in excess of the value of the interest received and taken into account would be taxable, and any shortfall in the amount ultimately received would give rise to an additional loss.

In order to determine the amount of gain or loss realized upon the exchange deemed to occur on the Effective Date, it would be necessary to ascribe a value to the interest received. Given that such value is difficult to determine and contingent upon events that cannot be predicted at the time of the Effective Date, it is possible that the "open transaction" doctrine might apply to defer any loss, or a portion of any gain, realized by a holder of a Claim until all of the distributions so such holder are received under the Plan.

When gain or loss is recognized, such gain or loss will be treated as ordinary income or loss unless the Claim disposed of is a capital asset in the hands of the holder. Each holder of an Allowed Claim should consult its own tax advisor to determine the character of any gain or loss recognized by such holder.

Because the tax treatment of any amounts received by a holder under the Plan will depend on facts peculiar to each holder, all holders of applicable Claims are urged to consult

their own tax advisors as to the proper tax treatment of such receipts in relation to their particular facts and circumstances.

9.4 **Tax Treatment of Trusts and Holders of Beneficial Interests**

(a) **Treatment of the PSAN PI/WD Trust.** Pursuant to the Plan, the PSAN PI/WD Trust will be established on the Effective Date for the purpose of resolving and satisfying the PSAN PI/WD Claims, and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and the Post-Closing PSAN PI/WD Claims. The PSAN PI/WD Trust is intended to be treated as a “qualified settlement fund” within the meaning of Treasury Regulation § 1.468B-1.

Assuming the PSAN PI/WD Trust is respected as a qualified settlement fund, the Debtors generally will be entitled to a current U.S. federal income tax deduction for the amount of Available Cash and the fair market value of other property (other than notes) transferred to the PSAN PI/WD Trust to the same extent that they would have been entitled to a deduction had such amounts been paid directly to the holder of an applicable Claim. The Debtors should also generally recognize gain or loss on the transfer of property to a qualified settlement fund in an amount equal to the difference between the fair market value of such property on the date of transfer and the transferor’s adjusted tax basis in such property.

As a qualified settlement fund, the PSAN PI/WD Trust will be subject to a separate entity-level tax at the maximum rate applicable to trusts and estates (currently thirty-nine point six percent (39.6%)). In determining the taxable income of the PSAN PI/WD Trust, (i) any amounts transferred by the Debtors to the PSAN PI/WD Trust will be excluded from the PSAN PI/WD Trust’s income, (ii) any sale, exchange, or distribution of property by the PSAN PI/WD Trust generally will result in the recognition of gain or loss in an amount equal to the difference between the fair market value of the property on the date of disposition and the adjusted tax basis of the PSAN PI/WD Trust in such property, and (iii) administrative costs (including state and local taxes) incurred by the PSAN PI/WD Trust will be deductible.

The PSAN PI/WD Trustee will file the tax returns required to be filed by the PSAN PI/WD Trust and will be responsible for any payment of taxes imposed upon the trust. All parties (including, without limitation, the Debtors, the PSAN PI/WD Trustee, and the holders of applicable Claims) will be required to report for tax purposes consistently with the foregoing.

(b) **Treatment of the Reorganized TK Holdings Trust.** On or before the Effective Date, pursuant to the Plan, the Reorganized TK Holdings Trust will be established for the purposes of, among other things, owning TK Global LLC and administering certain Claims, including Other General Unsecured Claims, for the benefit of holders of the applicable Claims.

The Reorganized TK Holdings Trust is intended to be treated as a trust described in Subpart C of Subchapter J of the IRC and the regulations promulgated thereunder (a “*complex trust*”). All parties (including, without limitation, the Debtors, the Legacy Trustee, and the holders of applicable Claims) will be required to report for tax purposes consistent with the classification of the Reorganized TK Holdings Trust as a complex trust for U.S. federal income tax purposes.

A complex trust is treated as a separate entity for U.S. federal income tax purposes, taxable in accordance with the trust provisions of section 641 et seq. of the IRC. Any net income earned by a complex trust is generally taxable at ordinary income rates applicable to individuals (with the current top marginal rate being thirty-nine point six percent (39.6%)). The trust is generally allowed a deduction for amounts distributed to a holder during the same taxable year, with such being includible in such holder's gross income. The Legacy Trustee will file the tax returns required to be filed by the Reorganized TK Holdings Trust and will be responsible for any payment of taxes imposed upon the Reorganized TK Holdings Trust.

No opinion of counsel or ruling from the IRS has been requested by the Debtors or Legacy Trustee concerning the tax status of the Reorganized TK Holdings Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. In particular, it is possible that the IRS could take the position that the Reorganized TK Holdings Trust should be treated, in whole or in part, as a "liquidating trust" or a "disputed ownership fund," as such terms are described below. If the IRS were to challenge successfully the classification of the Reorganized TK Holdings Trust, the U.S. federal income tax consequences to a holder of Claims and the Debtors could vary from those discussed herein.

If the IRS were successfully to contend that all or a portion of the Reorganized TK Holdings Trust should be treated as a liquidating trust within the meaning of Treas. Reg. Section 301.7701-4(d), each holder of a Claim administered by such trust would be treated for U.S. federal income tax purposes as receiving its respective share of the liquidating trust assets (consistent with its economic rights in the trust) and as having transferred such assets to the trust. A liquidating trust is not treated as a separate taxpayer. Instead, the beneficiaries of the trust are treated as owning the assets of the trust and are taxable as if they owned such assets directly. Thus, if the Reorganized TK Holdings Trust was treated as a liquidating trust, a holder could incur a U.S. federal income tax liability with respect to its deemed receipt of the trust assets and with respect to its allocable share of liquidating trust income even if the liquidating trust does not make a concurrent distribution to the holder. A holder's share of any proceeds received by a liquidating trust upon the sale or other disposition of the assets of the liquidating trust would be treated as amounts realized in respect of such holder's ownership interest in the underlying assets of the liquidating trust.

If the IRS were to determine that the Reorganized TK Holdings Trust was a liquidating trust, the Legacy Trustee may elect to treat any liquidating trust assets allocable to, or retained on account of, Disputed Claims as a "disputed ownership fund" governed by Treas. Reg. Section 1.468B-9. It is also possible that the IRS could determine that the Reorganized TK Holdings Trust is in whole or in part a disputed ownership fund and not a liquidating trust.

A disputed ownership fund, like a complex trust, is a separate taxable entity subject to federal income tax at the maximum rate applicable to corporations (currently thirty-five percent (35%)). A disputed ownership fund that holds only passive investment assets is taxed as a qualified settlement fund. *See* Section 9.4(a) for the U.S. federal income tax treatment of a qualified settlement fund. As in the case of a complex trust, distributions from a disputed ownership fund are deductible by the trust and treated as received by holders in respect of their interests.

(c) **Treatment of TK Global LLC.** On or before the Effective Date, TK Global LLC will be established pursuant to the Plan for the purposes of, among other things, owning equity in Reorganized TK Holdings and the Warehousing Entity. TK Global LLC should be disregarded as separate from the Reorganized TK Holdings Trust for U.S. federal income tax purposes.

(d) **Treatment of the Warehousing Entity.** On or before the Effective Date, pursuant to the Plan, the Warehousing Entity will be established for the purposes of, among other things, (i) owning, maintaining, operating and controlling the Warehoused PSAN Assets and (ii) complying with obligations under the Preservation Order with respect to the Warehoused PSAN Assets.

The Warehousing Entity will be organized as a Delaware corporation and will be taxable as a corporation for U.S. federal income tax purposes. The Warehousing Entity will be taxed on its net income as a separate entity at the rates applicable to corporations (with the current top marginal rate being thirty-five percent (35%)). In addition, a U.S. federal alternative minimum tax (“*AMT*”) will be imposed on the corporation’s alternative minimum taxable income at a twenty percent (20%) rate, to the extent that such tax exceeds the corporation’s regular U.S. federal income tax. For purposes of computing alternative minimum taxable income, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, generally only ninety percent (90%) of a corporation’s alternative minimum taxable income may be offset by available NOL carryforwards (as computable for AMT purposes). Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against its regular U.S. federal income tax liability in future taxable years if and when the corporation is no longer subject to the AMT.

The U.S. Congress is currently considering amendments to the IRC that would alter the U.S. federal income tax treatment of corporations. Proposals under consideration include those that would reduce the corporate tax rate, eliminate the AMT, and limit utilization of NOLs to ninety percent (90%) of taxable income for any period.

9.5 **Information Reporting and Withholding**

Distributions to holders of Allowed Claims under the Plan are subject to any applicable tax withholding. Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to “backup withholding” at the then applicable withholding rate (currently twenty-eight percent (28%)). Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number, (ii) furnishes an incorrect taxpayer identification number, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

A HOLDER OF AN ALLOWED CLAIM THAT IS A NOT A U.S. PERSON MAY BE SUBJECT TO UP TO THIRTY PERCENT (30%) WITHHOLDING, DEPENDING ON, AMONG OTHER THINGS, THE PARTICULAR TYPE OF INCOME AND WHETHER THE TYPE OF INCOME IS SUBJECT TO A LOWER TREATY RATE. THE LEGACY TRUSTEE AND THE PSAN PI/WD TRUSTEE WILL COMPLY WITH ALL APPLICABLE GOVERNMENTAL WITHHOLDING. THUS, IN THE CASE OF ANY BENEFICIARIES THAT ARE NOT U.S. PERSONS, THE LEGACY TRUSTEE OR PSAN PI/WD TRUSTEE MAY BE REQUIRED TO WITHHOLD UP TO THIRTY PERCENT (30%) OF THE INCOME OR PROCEEDS ALLOCABLE TO SUCH PERSONS, DEPENDING ON THE CIRCUMSTANCES (INCLUDING WHETHER THE TYPE OF INCOME IS SUBJECT TO A LOWER TREATY RATE). AS INDICATED ABOVE, THE FOREGOING DISCUSSION OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN DOES NOT GENERALLY ADDRESS THE CONSEQUENCES TO NON-U.S. HOLDERS; ACCORDINGLY, SUCH HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, INCLUDING HOLDING A CLAIM ADMINISTERED BY THE PSAN PI/WD TRUST OR A LEGACY TRUST.

X. CERTAIN RISK FACTORS TO BE CONSIDERED

Prior to voting to accept or reject the Plan, holders of Claims should read and carefully consider the risk factors set forth below, in addition to the information set forth in this Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference hereto. The factors below should not be regarded as the only risks associated with the Plan or its implementation.

10.1 Risks Associated with Global Transaction

(a) **Conditions to Consummation of Sale under U.S. Acquisition Agreement and Risk of Termination of U.S. Acquisition Agreement.** The U.S. Acquisition Agreement contains an extensive list of conditions to closing. The failure to satisfy such conditions may result in the termination of the U.S. Acquisition Agreement. These conditions include, among others, (i) the compliance with covenants set forth therein in all material respects; (ii) that certain consents and regulatory approvals be obtained, including CFIUS clearance and antitrust approvals; (iii) that the Plan Sponsor will have all permits required under applicable law for (x) the continued operation of the non-PSAN business by the Plan Sponsor and (y) the OEMs' continued sale of vehicles incorporating products sold by the Plan Sponsor; and (iv) that the Plan Sponsor secures written agreements with the DOJ and NHTSA with respect to certain specified matters. Many of the conditions precedent to closing are not within the Debtors' control and the Debtors cannot predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to the Outside Date, it is possible that the closing may not occur.

Further, the Plan Sponsor has the right to unilaterally terminate the U.S. Acquisition Agreement under certain circumstances, including, among other things, if (i) certain bankruptcy-related milestones are not met, or (ii) the Sellers and the Plan Sponsor are unable to

agree on a treatment of Intercompany Balances (as defined in the U.S. Acquisition Agreement) in accordance with the U.S. Acquisition Agreement.

Failure to consummate the sale in accordance with the U.S. Acquisition Agreement or the termination of the U.S. Acquisition Agreement would trigger termination rights under other documents that are critical to the Global Transaction, including the Global Settlement Agreement, the Indemnity Agreement, the EMEA Acquisition Agreement, and the Japan Acquisition Agreement. The termination of the U.S. Acquisition Agreement could result in the Debtors' having insufficient capital to maintain their operations, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors or liquidation of the Debtors, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and the Customers, and reduce recoveries available to creditors. In addition, failure to consummate the sale prior to the Outside Date could trigger a termination of the Global Accommodation Agreement and Japan Accommodation Agreement (as defined in the U.S. Acquisition Agreement), which provide the Debtors with the financing necessary to fund their operations and these cases. Thus, a failure to consummate the sale prior to the Outside Date not only threatens the viability of the Global Transaction, but could also precipitate a liquidity crisis for the Debtors and their affiliates.

(b) **Risk of Termination of U.S. RSA and/or Global Accommodation Agreement.** The U.S. RSA and the Global Accommodation Agreement contain certain provisions entitling the Plan Sponsor and/or each Consenting OEM or the Requisite Consenting OEMs (as defined in the Global Accommodation Agreement or the U.S. RSA, in each case, as applicable), as applicable, to terminate the applicable agreement if various conditions are not satisfied or certain termination events occur, including failure to satisfy certain milestones. Termination of the U.S. RSA or the Global Accommodation Agreement could jeopardize the Global Transaction and confirmation of the Plan, and result in the Debtors' having insufficient capital to maintain their operations, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors, or liquidation of the Debtors, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and the Customers, and reduce recoveries available to creditors.

(c) **Failure to Receive Necessary Approval or Recognition in the Foreign Proceedings.** The U.S. RSA provides that the Plan Sponsor or Consenting OEMs may terminate the U.S. RSA if the Japan Proceedings or Chapter 11 Cases are dismissed or denied recognition in any jurisdiction in which recognition proceedings are commenced.¹¹⁹ As described above, termination of the U.S. RSA could jeopardize the Global Transaction and confirmation of the Plan, and result in protracted Chapter 11 Cases and reduced recoveries for creditors.

(d) **Failure to Secure Necessary Governmental Approvals.** The U.S. RSA provides that the Plan Sponsor and Consenting OEMs may terminate the U.S. RSA if any government authority, including antitrust authorities, enjoins the consummation of the Global Transaction or any material portion thereof, and such ruling, judgment, or order by the governmental authority has not been reversed or vacated within sixty (60) calendar days of its

¹¹⁹ As described herein, the MDL Plaintiffs have appealed the Chapter 15 Recognition Order that was entered by the Bankruptcy Court.

issuance. Similarly, the U.S. Acquisition Agreement allows the Plan Sponsor to terminate the U.S. Acquisition Agreement if there is a final non-appealable governmental order restraining the transaction, including because of a failure to achieve applicable antitrust approvals. The U.S. Acquisition Agreement further provides that (i) receipt of necessary antitrust approvals and (ii) clearance of the U.S. Acquisition Agreement by CFIUS will be conditions precedent to the obligations of the Plan Sponsor and Sellers to consummate the U.S. Acquisition Agreement. Any delay in consummating the U.S. Acquisition Agreement due to governmental approval processes, or the failure to obtain such approvals, could prolong the Chapter 11 Cases (or result in a liquidation of the Debtors), and reduce recoveries available to creditors. Moreover, in order to obtain the regulatory approvals required by the U.S. Acquisition Agreement and the U.S. RSA, the Debtors may be required to divest certain of their assets, which could result in reduced recoveries for creditors.

(e) **Failure of the Parties to Obtain Sufficient Consents from Non-Consenting OEMs.** The U.S. Acquisition Agreement provides that the Plan Sponsor may terminate the U.S. Acquisition Agreement if the Indemnity Agreement is not executed by a sufficient number of the non-Consenting OEMs, such that no more than one million eight hundred thousand (1.8 million) PSAN Inflatos globally are attributable to non-Consenting OEMs that have not executed the Indemnity Agreement. As described herein, termination of the U.S. Acquisition Agreement could result in a piecemeal sale and liquidation of the Debtors' assets, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors, and reduced recoveries for creditors.

(f) **Failure of Plan Sponsor to Obtain Acquisition Financing.** As set forth in the U.S. Acquisition Agreement, although the Plan Sponsor's obligations to close the Global Transaction are not conditioned upon the receipt of financing, the Plan Sponsor is funding the Global Transaction through a combination of debt and equity financing. In addition, KSS Holdings, Inc. (the "**Guarantor**") is a party to the U.S. Acquisition Agreement for purposes of guaranteeing the Plan Sponsor's payment and performance obligations thereunder. Although the Debtors have reviewed the Plan Sponsor's intended acquisition financing, and believe that it is sufficient, no assurances can be made that the Plan Sponsor will actually receive the debt and equity financing or that the Guarantor (to the extent necessary) will satisfy its obligations under the U.S. Acquisition Agreement. If the financing sources fail to satisfy their commitments, and the Plan Sponsor breaches its obligation to fund the purchase price (or the Guarantor fails to satisfy its guarantee obligations), then the Global Transaction and confirmation of the Plan could be delayed or jeopardized, which could result in reduced recoveries for creditors.

(g) **Risks Relating to Integrated Nature of Global Transaction.** The Global Transaction Documents, including the Acquisition Agreements, are, in many respects, cross-conditioned and contain cross-termination rights. For example, the closing under the U.S. Acquisition Agreement is conditioned upon the satisfaction of the conditions to closing under each of the EMEA Acquisition Agreement and the Japan Acquisition Agreement. Such closing conditions include, among other things, under both the EMEA Acquisition Agreement and the Japan Acquisition Agreement, the receipt of relevant regulatory approvals, as well as, under the Japan Acquisition Agreement, approval by the Tokyo District Court of the Section 42 Business Transfer. The failure to satisfy all of the conditions to closing of the Japan Acquisition Agreement or the EMEA Acquisition Agreement, unless waived could result in the inability to

close the transactions contemplated by the U.S. Acquisition Agreement and there is no assurance that the conditions to closing under such agreements will be satisfied. The failure to satisfy the conditions to effectiveness or closing under any of the Global Transaction Documents could jeopardize the Global Transaction and confirmation of the Plan, and result in the Debtors' having insufficient capital to maintain their operations, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors, or liquidation of the Debtors, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and the Customers, and reduce recoveries available to creditors.

In addition, to the extent that any of the Debtors' affiliates are not able to satisfy their allocable portion of the DOJ Restitution Claim by the Closing Date, the amount of the Plan Settlement Payment made by the U.S. Debtors will increase by the amount of such shortfall. For instance, because of certain legal restrictions and currency controls in China, it is possible that payment by TSAC of its allocable portion of the DOJ Restitution Claim may be delayed beyond the Closing Date. As discussed in section 5.18(a) hereof, however, the Debtors believe that such risk may be mitigated by authorizing TKC to assume TSAC's obligations under the Global Settlement Agreement with respect to the DOJ Restitution Claim.

10.2 **Risks Associated with the Bankruptcy Process**

(a) **Risk of Non-Confirmation of the Plan.** Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes, or that the Confirmation Order, if challenged on appeal, will be affirmed. Moreover, the Debtors can make no assurances that they will receive the requisite votes for acceptance to confirm the Plan. Even if all Voting Classes vote in favor of the Plan or the requirements for "cramdown" are met with respect to any Class that rejects the Plan, the Bankruptcy Court could decline to confirm the Plan if it finds that any of the statutory requirements for confirmation are not met. If the Plan is not confirmed, there can be no assurances that the Chapter 11 Cases will continue rather than be dismissed or converted to a liquidation or that any alternative plan of reorganization would be on terms as favorable to the holders of Claims as the terms of the Plan. If a liquidation or protracted reorganization were to occur, there is a substantial risk that the value of the Debtors' assets would be substantially reduced to the detriment of all stakeholders.

(b) **Risk of Non-Consensual Confirmation.** In the event that any impaired class of claims or equity interests does not accept or is deemed not to accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has voted to accept the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable." Should any Class vote to reject the Plan, then these requirements must be satisfied with respect to such rejecting Classes. The Debtors believe that the Plan satisfies these requirements. See section 11.1 hereof for further discussion of non-consensual confirmation.

(c) **Risk of Delayed Confirmation or Effective Date.** Although the Debtors expect that the Plan will be confirmed on or shortly after the Confirmation Hearing scheduled for February 13, 2018, there is a risk that confirmation of the Plan will be delayed. Similarly, there can be no assurances that the Effective Date will occur as scheduled on February 27, 2018 because the Effective Date is contingent upon satisfaction of the conditions precedent to the Effective Date set forth in the Plan. If confirmation of the Plan and/or occurrence of the Effective Date are delayed, then Takata may risk breaching its obligations the Plea Agreement and DOJ Restitution Order, which could lead to the DOJ reopening its investigation of Takata and levying fines in excess of those set forth in the Plea Agreement and DOJ Restitution Order. Moreover, if the Plan is not effective by February 27, 2018, and the DOJ does not extend that deadline or consequently terminates the Plea Agreement, then the Plan Sponsor and the Consenting OEMs would have the right to terminate the Global Transaction. Either of these occurrences could result in protracted Chapter 11 Cases (or liquidation of the Debtors) which could significantly and detrimentally impact the administration of the Estates and reduce recoveries available to creditors.

(d) **Claims Could Be More than Projected.** There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which in turn, could cause the value of distributions to creditors to be reduced substantially. For example, the estimates of the future PSAN PI/WD Claims are based on an analysis prepared by Ankura, which relies on factual information, as well as various assumptions, obtained from a variety of sources. Certain assumptions may not materialize, and unanticipated events and circumstances may affect the ultimate results. In addition, the Debtors are named defendants in numerous actions commenced prior to the Petition Date (as described in further detail in section 4.3 herein). These litigations are at preliminary stages and involve contingencies and uncertainties that may impact the Chapter 11 Cases, such as the allowance of class claims and the apportionment of liability among the Debtors and their third-party co-defendants. Given these uncertainties, the Debtors have utilized broad ranges for the estimated claim amounts of these litigation claims. The resolution and/or estimation of these claims for distribution purposes could have a material effect on the estimated recoveries set forth in section 2.5 herein. For the foregoing reasons, the actual amount of Allowed Claims may vary from the projections and feasibility analysis, and in some instances the variation may be material.

(e) **Amounts Available for Distribution Could Differ From Projections.** The recovery on account of general unsecured claims depends on the amount of funds available for distribution to such creditors. The estimate of available funds relies on numerous estimates and assumptions, including estimates of the total amount of the Debtors' Administrative Expense Claims and assumptions regarding the ongoing performance of the Debtors' businesses and aggregate operating expenses. The Debtors believe that these assumptions and estimates are reasonable. However, unanticipated events or circumstances could result in such estimates or assumptions increasing or decreasing materially. For example, if Administrative Expense Claims are lower (or higher) than anticipated, then the amount available for distribution to creditors would be more (or less) than projected herein and recoveries on account of Allowed Claims would be more (or less) than the estimated recoveries set forth herein.

(f) **Risk of Conversion into Chapter 7 Cases.** If no plan of reorganization can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interest

of holders of Claims and Interests, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. See section 12.3 hereof, as well as the Liquidation Analysis attached hereto as **Exhibit J** (the "*Liquidation Analysis*"), for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

10.3 **Risks Associated with Debtors' Business Operations and Financial Condition**

(a) **NHTSA Recalls Could Be Extended.** Pursuant to the NHTSA Orders, the Debtors have until December 31, 2019 to satisfy NHTSA that the Non-Recalled PSAN Inflators are safe and do not need to be recalled. The Debtors have no reason to believe that the Non-Recalled PSAN Inflators are defective or should otherwise be recalled, but there can be no assurances that NHTSA will not extend its recalls to such inflators, which could have a material impact on Takata's ability to execute the Global Transaction.

(b) **Risks Relating to Environmental Matters.** The Debtors are subject to various environmental laws, including those governing discharges into the air and water, the storage, handling and disposal of solid and hazardous wastes, the remediation of contaminated soil and groundwater, and the health and safety of their employees. The Debtors are also required to obtain permits from governmental authorities for certain operations. Although the Debtors expect to remain in compliance with all applicable environmental laws and regulations, the Debtors may not be in complete compliance with these laws and permits at all times and any related violations could result in governmental fines or other sanctions, some of which could be material. The Debtors' manufacturing operations and the history of industrial uses at some of their facilities expose the Debtors to the risk of environmental liabilities that could have a material adverse effect on their business.¹²⁰ The Debtors could be liable for environmental remediation even if they did not know about or cause the contamination and even if the practices that resulted in the contamination were legal when they occurred. Thus, the Debtors cannot assure that costs of complying with current and future environmental and health and safety laws, and their liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect their financial condition.

10.4 **Risks Associated with the Business Incentive Plan Payment**

(a) **Business Factors and Competitive Conditions.** As described herein and documented in the Global Transaction Documents, the Plan Sponsor has committed to the Business Incentive Plan Payment of up to \$400 million across all Takata entities. The Plan Sponsor will distribute up to approximately \$221 million of the Business Incentive Plan Payment, subject to certain adjustments in accordance with the U.S. Acquisition Agreement, to the Estates for the benefit of the Consenting OEMs if the Plan Sponsor achieves certain revenue targets during the period 2020 – 2024. Achievement of these revenue targets will depend on,

¹²⁰ For example, the Debtors and their affiliates have been working with the Environmental Protection Agency and other regulatory agencies to monitor and remediate certain environmental concerns at their facilities in North Carolina and South Carolina. For additional details on these and other environmental matters, please see Schedule 5.22 of the U.S. Acquisition Agreement.

among other things, the risks and contingencies relating to the automotive industry described below.

- (i) *The Cyclical and Unpredictable Nature of the Automotive Industry.* The Plan Sponsor's businesses are directly related to automotive vehicle production and sales. The automotive industry is highly cyclical and, in addition to general economic conditions, depends on several factors, such as consumer confidence and preference. Automotive sales and production can also easily be affected by labor relations issues, regulatory requirements, trade agreements, the availability of consumer financing, and other similar factors. A significant decrease in the sale of automotive vehicles would likely result in substantially all of the Plan Sponsor's customers lowering vehicle production schedules, which would have a direct impact on the Plan Sponsor's earnings, cash flows, and ability to achieve the Business Incentive Plan Payment thresholds.
- (ii) *A Change in Product Mix Offered by Customers Can Impact Revenue.* The Plan Sponsor is reliant on the continued growth, viability, and financial stability of their customers. The automotive industry is subject to rapid technological change, vigorous competition, short product life cycles, and cyclical and reduced consumer demand patterns. When the Plan Sponsor's customers are adversely affected by these factors, the Plan Sponsor may be similarly affected to the extent that their customers reduce the volume of orders for the Plan Sponsor's products. As a result of changes impacting their customers, sales mix can shift, which may have an unfavorable impact on the Plan Sponsor and decrease the likelihood of the Plan Sponsor achieving the Business Incentive Plan Payment thresholds.
- (iii) *Competitive Automotive Supply Industry.* The automotive industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. While the Debtors and Plan Sponsor expect the Plan Sponsor to continue to be a successful enterprise, there can be no assurance that the Plan Sponsor's products will be able to compete with the products of their competitors. Moreover, consolidation in the automotive industry may lead to decreased product purchases from the Plan Sponsor. As a result, the Plan Sponsor's sales levels and margins could be adversely affected by pricing pressures coming from their customers and pricing actions of competitors, which could militate against the Plan Sponsor achieving the Business Incentive Plan Payment thresholds.
- (iv) *Trained, Dedicated Sales Force.* Many of the Plan Sponsor's products are manufactured, sold, and supported through dedicated staff and specially trained personnel. The loss of this sales force or other conditions could affect the Plan Sponsor's ability to manufacture, sell,

and support its products effectively, which could have an adverse effect on the results of its operations.

- (v) *Escalating Pricing Pressures from Customers May Adversely Affect Plan Sponsor's Business.* The automotive industry has been characterized by increasingly aggressive pricing pressure from customers for many years. This trend is partly attributable to the major automobile manufacturers' strong purchasing power. As with other automotive component manufacturers, the Plan Sponsor is often expected to quote fixed prices or is forced to accept prices with annual price reduction commitments for long-term sales arrangements or discounted reimbursements for engineering work. Price reductions have impacted Plan Sponsor's sales and are expected to continue to do so in the future. A significant increase in these price reductions could decrease the likelihood of the Plan Sponsor achieving the Business Incentive Plan Payment thresholds.
- (vi) *Plan Sponsor's Business Is Exposed to Risks Inherent in International Operations.* The Plan Sponsor currently conducts operations in various countries and jurisdictions, including locating certain of the Plan Sponsor's manufacturing and distribution facilities internationally, which subjects the Plan Sponsor to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. International sales and operations subject the Plan Sponsor to certain risks inherent in doing business abroad, including:
- Exposure to local economic conditions,
 - Foreign tax consequences,
 - Inability to collect, or delays in collecting, value-added taxes and/or other receivables associated with remittances and other payments by subsidiaries,
 - Exposure to local political turmoil, expropriation and nationalization,
 - Difficulty enforcing legal agreements or collecting receivables through foreign legal systems,
 - Currency controls, including lack of liquidity in foreign currency due to governmental restrictions,
 - Investment restrictions or requirements,
 - The imposition of product tariffs, and
 - The burden of complying with a wide variety of international and U.S. export laws, etc.

The international nature of the Plan Sponsor's operations may have a negative impact on its operations and therefore the ability to achieve the Business Incentive Plan Payment thresholds.

10.5 **Other Considerations**

(a) **The Debtors Have No Duty to Update.** The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

(b) **No Representations Outside of this Disclosure Statement Are Authorized.** The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes. No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

(c) **Projections and Other Forward-Looking Statements Are Not Assured, and Actual Results May Vary.** Certain of the information contained in this Disclosure Statement is, by nature, forward-looking, and contains estimates and assumptions, which might ultimately prove to be incorrect, and projections, which may be materially different from actual future experiences. There are uncertainties associated with all projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various Classes that might be allowed.

(d) **No Legal or Tax Advice Is Provided to You by This Disclosure Statement.** The contents of this Disclosure Statement should *not* be construed as legal, business or tax advice. Each holder of a Claim or Interest should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Interest. This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

(e) **No Admission Made.** The information and statements contained in the Plan and this Disclosure Statement will neither constitute an admission of any fact or liability by any Entity nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Reorganized Takata, holders of Claims or Interests or any other parties in interest. In addition, no reliance should be placed on the fact that a particular litigation Claim is, or is not, identified in this Disclosure Statement.

XI. CONFIRMATION OF THE PLAN

11.1 Requirements of Section 1129(a) of the Bankruptcy Code

(a) **General Requirements.** At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in section 1129(a) of the Bankruptcy Code have been satisfied including, without limitation, whether:

- (i) the Plan complies with the applicable provisions of the Bankruptcy Code;
- (ii) the Debtors have complied with the applicable provisions of the Bankruptcy Code;
- (iii) the Plan has been proposed in good faith and not by any means forbidden by law;
- (iv) any payment made or promised by the Debtors or by a person acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;
- (v) the Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Reorganized Debtors, an affiliate of the Debtors participating in a Plan with the Debtors, or a successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests holders of Claims and Interests and with public policy, and the Debtors have disclosed the identity of any insider who will be employed or retained by the Reorganized Debtors, and the nature of any compensation for such insider;
- (vi) with respect to each Class of Claims or Interests, each holder of an impaired Claim or impaired Interest has either accepted the Plan or will receive or retain under the Plan, on account of such holder's Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date of the Plan under chapter 7 of the Bankruptcy Code;
- (vii) except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code with respect to each rejecting Class (as

discussed further below), each Class of Claims either accepted the Plan or is not impaired under the Plan;

- (viii) except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that administrative expenses and priority Claims, other than priority tax Claims, will be paid in full on the Effective Date, and that priority tax Claims will receive either payment in full on the Effective Date or deferred cash payments over a period not exceeding five (5) years after the Petition Date, of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claims;
- (ix) at least one Class of impaired Claims has accepted the Plan, determined without including any vote for acceptance of the Plan by any insider holding a Claim in such Class;
- (x) confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan; and
- (xi) all fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

(b) **Best Interests Test.** As noted above, with respect to each impaired class of claims and equity interests, confirmation of a plan requires that each such holder either: (i) accept the plan; or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the value such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is referred to as the “best interests test.”

This test requires a bankruptcy court to determine what the holders of allowed claims and allowed equity interests in each impaired class would receive from a liquidation of the debtor’s assets and properties in the context of a liquidation under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the debtor’s assets and properties (after subtracting the amounts attributable to the aforesaid claims) is then compared with the value offered to such classes of claims and equity interests under the plan.

The Debtors believe that under the Plan holders of impaired Claims will receive property with a value not less than the value such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors’ belief is based primarily on: (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of impaired Claims and Interests; and (ii) the Liquidation Analysis attached hereto as **Exhibit J**.

The Debtors note that any liquidation analysis is speculative, as it is necessarily premised on assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. Other parties in interest, including the Tort Claimants' Committee, may disagree with certain of the assumptions in the Liquidation Analysis and may challenge these assumptions and/or that the Plan satisfies the "best interests" test in connection with confirmation of the Plan.

The Liquidation Analysis provided in **Exhibit J** is solely for the purpose of disclosing to holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that a bankruptcy court will accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

(c) **Feasibility.** Also as noted above, section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. The Debtors believe that they will be able to timely perform all obligations described in the Plan, and, therefore, that the Plan satisfies the feasibility requirement. In particular, the Debtors believe that the Plan satisfies the feasibility requirement with respect to both (i) obligations relating to the Global Transaction and (ii) obligations relating to the Reorganized Debtors.

- (i) *Obligations Relating to the Global Transaction.* The Debtors believe that proceeds from the Global Transaction, including the Plan Sponsor Backstop Funding (if necessary), and the Debtors' other cash on hand not acquired by the Plan Sponsor will be sufficient to satisfy all of the Debtors' obligations under the Plan that are due on the Effective Date. First, the Debtors are confident that, in accordance with the Plan, the Global Transaction will close immediately prior to or simultaneously with the occurrence of the Effective Date. Indeed, the Plan Sponsor has already secured significant acquisition financing and, as noted, the Guarantor is guaranteeing the Plan Sponsor's payment and performance obligations under the U.S. Acquisition Agreement. The Debtors and the Plan Sponsor do not believe that the Global Transaction will be delayed or enjoined by governmental authorities, including antitrust authorities. Second, as discussed herein, the Plan Sponsor has committed to backstop up to \$75 million in the funding of, among other things, certain categories of administrative expenses to the extent that they cannot be satisfied by the sale proceeds of the Global Transaction in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement.
- (ii) *Feasibility of Reorganized Takata and the Warehousing Entity.* The Debtors have prepared financial projections as set forth in **Exhibit K** attached hereto (the "**Projections**"). The Projections indicate that Reorganized Takata and the Warehousing Entity should have sufficient cash flow or reserves to pay and service their debt

obligations (including Claims arising in the ordinary course of Reorganized Takata's business) and to fund their operations. Indeed, the PSAN Inflatos produced by Reorganized Takata will be priced to cover the costs of such production. Additionally, the Plan Sponsor Backstop Funding will be available to Reorganized Takata and the Warehousing Entity to cover PSAN Legacy Costs. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. As noted in section 10.4, however, the Debtors caution that no representations can be made as to the accuracy of the Projections. Many of the assumptions upon which the Projections are based are subject to uncertainties outside the control of the Debtors. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtors' financial results.

- (iii) *Sufficiency of the Reorganized TK Holdings Trust Reserve.* The Debtors believe that the Reorganized TK Holdings Trust Reserve to be funded pursuant to the Plan, along with Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash allocated to the Reorganized TK Holdings Trust Reserve, will be sufficient for the Reorganized TK Holdings Trust to carry out the purpose for which it was established.

(d) **Additional Requirements for Non-Consensual Confirmation.** In the event that any impaired Class of Claims or Interests does not accept or is deemed to reject the Plan, the Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class of Claims or Interests that has not accepted the Plan, the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such Classes of Claims or Interests, pursuant to section 1129(b) of the Bankruptcy Code. Both of these requirements are in addition to other requirements established by case law interpreting the statutory requirements.

(e) **Unfair Discrimination Test.** The “unfair discrimination” test applies to Classes of Claims or Interests that are of equal priority and are receiving different treatment under the Plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting Class are treated in a manner consistent with the treatment of other Classes whose legal rights are substantially similar to those of the dissenting Class and if no Class of Claims or Interests receives more than it legally is entitled to receive for its Claims or Interests. This test does not require that the treatment be the same or equivalent, but that such treatment is “fair.”

The Debtors believe the Plan satisfies the “unfair discrimination” test with respect to any dissenting Class of Claims. Claims of equal priority are receiving comparable treatment and such treatment is fair under the circumstances. Other parties in interest, including the Tort Claimants' Committee, may disagree that the Plan satisfies the “unfair discrimination” test and may challenge this conclusion in connection with confirmation of the Plan.

(f) **Fair and Equitable Test.** The “fair and equitable” test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirements that (a) no class of claims receive more than 100% of the allowed amount of the claims in such class and (b) no junior class of claims or interests receive any recovery under the Plan until senior classes have received a full recovery on their claims. As to dissenting classes, the test sets different standards depending on the type of claims in such class. The Debtors believe that the Plan satisfies the “fair and equitable” test as further explained below.

- (i) *Unsecured Creditors.* The Bankruptcy Code provides that either: (i) each holder of an impaired unsecured claim receives or retains under the plan of reorganization, property of a value equal to the amount of its allowed claim; or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive any property under the plan of reorganization. The Plan provides that the holders of Claims and Interests in Class 7 (Intercompany Interests) and Class 8 (Subordinated Claims) will not receive or retain any property under the Plan on account of such Claims or Interests, and the obligations of the Debtors and the Reorganized Debtors on account of Intercompany Interests and Subordinated Claims will be discharged, but no holder of Intercompany Interests or Subordinated Claims will receive a distribution under the Plan. Accordingly, the Plan meets the “fair and equitable” test with respect to Unsecured Claims in Class 3 (Mexico Class Action Claims and Mexico Labor Claims), Class 4 (OEM Unsecured Claims), Class 5 (PSAN PI/WD Claims), and Class 6 (Other General Unsecured Claims).
- (ii) *Intercompany Interests and Subordinated Claims.* Pursuant to the Plan, no holders of a Claim or Interests in Class 7 (Intercompany Interests) or Class 8 (Subordinated Claims) will receive a distribution on account of such Interests or Claims. Accordingly, the Plan meets the “fair and equitable” test with respect to those Interests and Claims.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors have evaluated several alternatives to the Plan. After studying these alternatives, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries to parties in interest, assuming confirmation and consummation of the Plan. If the Plan is not confirmed and consummated, the alternatives to the Plan are: (i) the preparation and presentation of an alternative reorganization; (ii) the sale of some or all of the Debtors’ assets pursuant to section 363 of the Bankruptcy Code; or (iii) a liquidation under chapter 7 of the Bankruptcy Code.

12.1 Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. Such a plan might involve either: (a) a reorganization and continuation of the Debtors' businesses; or (b) an orderly liquidation of their assets. The Debtors, however, submit that the Plan, as described herein, enables their creditors to realize the most value under the circumstances and that any alternative plan would likely result in reduced recoveries to the Debtors' creditors.

12.2 Sale Pursuant to Section 363 of the Bankruptcy Code

If the Plan is not confirmed, the Debtors could seek from the Bankruptcy Court, after notice and hearing, authorization to sell some or all of their assets pursuant to section 363 of the Bankruptcy Code. As described herein, the Debtors and their advisors carefully analyzed all potential mechanisms for selling the Debtors' assets and determined that, due to the strong interdependencies among the global regions and between the business lines, a sale on a region-by-region or business-line-by-business-line basis would be value destructive and would not be in the best interests of the Estates. Moreover, pursuant to the U.S. Acquisition Agreement and the U.S. RSA, the Plan Sponsor and the Consenting OEMs have required that the sale of the Debtors' assets be implemented through a plan of reorganization.

Further, abandoning the Global Transaction and pursuing a sale or sales of the Debtors' assets pursuant to section 363 of the Bankruptcy Code would result in significant delay. In order to salvage anything more than a minimal return for their assets, the Debtors would have to commence a new sale process which would involve marketing the Debtors' assets on a piecemeal region-by-region, business-line-by-business-line, or asset-by-asset basis. Additionally, given the complexity of the Debtors' operations, the multitude of litigations currently pending against the Debtors, and the numerous governmental investigations, prospective purchasers would likely require extended diligence prior to purchasing the Debtors' assets. Accordingly, the Debtors do not believe a sale of its assets under section 363 of the Bankruptcy Code would yield a higher recovery for the holders of Claims under the Plan.

12.3 Liquidation Under Chapter 7 of the Bankruptcy Code

If no plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The effect that a chapter 7 liquidation would have on the recovery of holders of Allowed Claims and Interests is set forth in the Liquidation Analysis attached hereto as **Exhibit J**. As set forth above, other parties in interest, including the Tort Claimants' Committee, may disagree with certain of the assumption in the Liquidation Analysis and may challenge these assumptions and/or that the Plan satisfies the "best interests" test in connection with confirmation of the Plan.

The Debtors believe that liquidation under chapter 7 would result in smaller distributions to creditors than those provided for in the Plan because (i) the piecemeal sale of the

Debtors' assets would yield substantially less value, and (ii) the delay resulting from the conversion of the Chapter 11 Cases and the additional administrative expenses associated with the appointment of a trustee and the trustee's retention of professionals who would be required to become familiar with the many legal and factual issues in the Debtors' Chapter 11 Cases.

XIII. CONCLUSION AND RECOMMENDATION

The Debtors and the other Support Parties believe the Plan is in the best interests of all stakeholders and urge the holders of Claims in Class 3 (Mexico Class Action Claims and Mexico Labor Claims), Class 4 (OEM Unsecured Claims), Class 5 (PSAN PI/WD Claims), and Class 6 (Other General Unsecured Claims) to vote in favor of the Plan.

Dated: January 5, 2018

By: /s/ Ken Bowling
Name: Ken Bowling
Title: Authorized Signatory

**TK HOLDINGS INC.
TAKATA AMERICAS
TK FINANCE LLC
TK CHINA, LLC
TAKATA PROTECTION SYSTEMS INC.
INTERIORS IN FLIGHT INC.
TK MEXICO INC.
TK MEXICO LLC
TK HOLDINGS DE MEXICO, S. DE R.L. DE C.V.
INDUSTRIAS IRVIN DE MEXICO, S.A. DE C.V.
TAKATA DE MEXICO, S.A. DE C.V.
STROSSHE-MEX, S. DE R.L. DE C.V.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

AFFIDAVIT OF KENNETH BOWLING

(Sworn March 6, 2018)

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Lawyers for the Foreign Representatives

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.)	WEDNESDAY, THE 14TH
JUSTICE HAINEY)	DAY OF MARCH, 2018
)	

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF TK HOLDINGS INC., AND THOSE OTHER COMPANIES
LISTED ON SCHEDULE "A" HERETO ("collectively, the "Chapter 11 Debtors")**

**AND IN THE MATTER OF TAKATA CORPORATION, AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "B" HERETO (the "Japanese Debtors", and
collectively with the Chapter 11 Debtors, the "Debtors)**

**APPLICATION OF TK HOLDINGS INC. AND TAKATA CORPORATION UNDER
SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT***

CONFIRMATION RECOGNITION ORDER

THIS MOTION, made by TK Holdings Inc. in its capacity as foreign representative (the "U.S. Foreign Representative") of the Chapter 11 Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an order that, among other things, recognizes and gives full force and effect in all provinces and territories of Canada to certain Orders issued by the United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court") in the Chapter 11 Proceedings, and for certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Kenneth Bowling, sworn March 6, 2018 (the “**Bowling Affidavit**”) and the exhibits attached thereto (including the Fifth Amended Joint Chapter 11 Plan of Reorganization of the Chapter 11 Debtors (the “**Fifth Amended Plan**”) and as supplemented by the Plan Supplement and any anything incorporated into the Fifth Amended Plan hereafter, including all exhibits, schedules, and supplements accorded therein, and as otherwise amended in accordance with the Confirmation Order, the “**Chapter 11 Plan**”), the Second Report by FTI Consulting Canada Inc., in its capacity as Information Officer (the “**Information Officer**”), dated December 28, 2017 (the “**Second Report**”) and the Third Report by the Information Officer (the “**Third Report**”), each filed,

AND UPON HEARING the submissions of Canadian counsel for the U.S. Foreign Representative, counsel for the Information Officer, counsel for the Plan Sponsor, and any such other counsel as were present:

Defined Terms and Service

1. **THIS COURT ORDERS** that all capitalized terms used but not defined herein have the meaning given to them in the Bowling Affidavit or the Chapter 11 Plan.
2. **THIS COURT ORDERS** that the time for service of each of the Notice of Motion, the Motion Record, the Second Report and the Third Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

Recognition of U.S. Orders

3. **THIS COURT ORDERS** that the following orders, copies of which are attached as **Schedules “C” to “I”** of this Order of the U.S. Bankruptcy Court made in the Chapter 11

Proceedings are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA:

- (a) the Findings of Fact, Conclusions of Law, and Order Confirming the Fifth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors (“**Confirmation Order**”) dated February 16, 2018;
- (b) the Corrected Order Pursuant to 11 U.S.C. §§105(a), 362, 363(b), 503, and 507, and Fed. R. Bankr. P. 4001 and 6004 (I) Authorizing Debtors to Enter Into and Perform Under Restructuring Support Agreement; (II) Approving Plan Sponsor Protections; and (III) Modifying the Automatic Stay dated December 13, 2017;
- (c) the Order Pursuant to 11 U.S.C. §§502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3001, 3002, 3003(c)(3), 5005, and 9007, and Local Rules 2002-1(e), 3001-1, and 3003-1 to (I) Establish Supplemental Deadline and Related Procedures for Filing Proofs of Claim by, and (II) Approve Procedures for Providing Notice of Supplemental Bar Date, and Other Important Dates and Information to, Certain Potential PSAN Inflater Claimants that Purchased Vehicles Subsequent to the Commencement of the Chapter 11 Cases dated December 18, 2017;
- (d) the Order Pursuant to 11 U.S.C. §§105, 502, 1125, 1126, and 1128, Fed. R. Bankr. P. 2002, 3003, 3016, 3017, 3018, 3020, and 9006, and Local Rules 2002-1, 3017-1, and 9006-1 for Entry of an Order (I) Approving the Proposed Disclosure Statement and the Form and Manner of the Notice of a Hearing Thereon, (II) Establishing Solicitation and Voting Procedures, and (III) Establishing Notice and Objection Procedures for Confirmation of the Debtors' Plan dated January 5, 2018;

- (e) the Order Sustaining Debtors' Third Non-Substantive Omnibus Objection to Claims (Incorrect Debtor Claims) dated February 2, 2018; and
- (f) the Order Pursuant to 11 U.S.C. §§ 502(c) and 105(a) Estimating the Maximum Amount of Certain Contingent, Unliquidated, and Disputed Claims for Purposes of Establishing Disputed Claims Reserves Under Debtors' Proposed Joint Chapter 11 Plan of Reorganization, dated February 26, 2018.

Releases, Injunctions and Sale

4. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contained and referenced in, and the sale and transfer of the Purchased Assets to the Plan Sponsor in accordance with the terms described and set forth in, the Confirmation Order and the Chapter 11 Plan are hereby sanctioned, approved, recognized and given full force and effect in all provinces and territories of Canada in accordance with and subject to the terms of the Confirmation Order and the Chapter 11 Plan.

Information Officer

5. **THIS COURT ORDERS** that the Second Report and the Third Report and the activities of the Information Officer described therein be and are hereby approved.

Termination of Proceedings

6. **THIS COURT ORDERS** that the Information Officer shall file a certificate (the “**Information Officer’s Certificate**”) in substantially the form attached as **Schedule “J”** of this Order certifying that (i) the Chapter 11 Proceedings have been terminated, and (ii) the Japanese Proceedings have been terminated. Upon filing the Information Officer’s Certificate, (a) the Stay

Period as defined in the Supplemental Order (Foreign Main Proceeding) issued by this Court on June 28, 2017 (the “**Supplemental Order**”) as amended by this Court in the Japanese Recognition Order, dated September 1, 2017 (“**Japanese Recognition Order**”) shall terminate and (b) these Canadian recognition proceedings shall be terminated.

7. **THIS COURT ORDERS** that notwithstanding section 14(b) of the Supplemental Order, as amended by this Court in the Japanese Recognition Order, the Information Officer is only required to file a further report upon becoming aware of the occurrence of a material change, and for greater certainty, the Information Officer shall have no obligation or duty to make any inquiries or to conduct any investigations as to whether a material change has occurred.

8. **THIS COURT ORDERS** that the Information Officer may rely on (i) written notice from the U.S. Foreign Representative and/or the Legacy Trustee, that authority to close the Chapter 11 Proceedings has been sought pursuant to section 5.18 of the Chapter 11 Plan and receipt of the Order of the U.S. Bankruptcy Court terminating the Chapter 11 Proceedings, and (ii) written notice from the Japanese Foreign Representative that the Japanese Proceedings have been terminated, and shall incur no liability with respect to the delivery or filing of the Information Officer’s Certificate, save and except for any gross negligence or wilful misconduct on its part.

9. **THIS COURT ORDERS** that upon filing of the Information Officer’s Certificate:

- (a) FTI Consulting Canada Inc. (“**FTI**”) shall be discharged as Information Officer of the Debtors and all duties associated therewith. Notwithstanding its discharge, FTI shall remain the Information Officer for the performance of such incidental duties as may be required to complete the administration of these proceedings and

shall continue to have the benefit of all provisions of all Orders made in these proceedings, including all approvals, and protections and stays of proceedings in favour of FTI in its capacity as Information Officer;

- (b) FTI and its counsel, Bennett Jones LLP (“**BJ**”), and counsel to the Foreign Representatives in these proceedings, McCarthy Tétrault LLP (collectively with BJ, “**Counsel**”), are released and discharged from any and all liability that they now or may hereafter have by reason of, or in any way arising out of, the acts and omissions while acting in their capacity as Information Officer or Counsel respectively in these proceedings, save and except for any gross negligence or willful misconduct on their part.

Aid and Assistance

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States of America or elsewhere, to give effect to this Order and to assist the Chapter 11 Debtors, the U.S. Foreign Representative, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Chapter 11 Debtors, the U.S. Foreign Representative, and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the U.S. Foreign Representative, and the Information Officer and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the U.S. Foreign Representative and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

SCHEDULE "A" – Chapter 11 Debtors

1. TK Holdings Inc.
2. Takata Americas
3. TK Finance, LLC
4. TK China, LLC
5. TK Mexico Inc.
6. TK Mexico LLC
7. Interiors in Flight, Inc.
8. Takata Protection Systems Inc.
9. TK Holdings de Mexico S. de R.L. de C.V.
10. Industrias Irvin de Mexico, S.A. de C.V.
11. Takata de Mexico, S.A. de C.V.
12. Stroshe-Mex, S. de R.L. de C.V.

SCHEDULE “B” – Japanese Debtors

1. Takata Corporation
2. Takata Kyushu Corporation
3. Takata Service Corporation

**Schedule “C” – Findings of Fact, Conclusions of Law, and Order Confirming the
Fifth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its
Affiliated Debtors**

See attached.

Schedule “D” – Order (I) Authorizing Debtors to Enter Into and Perform Under Restructuring Support Agreement; (II) Approving Plan Sponsor Protections; and (III) Modifying the Automatic Stay

See attached.

Schedule “E” – Order (I) Establishing Supplemental Deadline and Related Procedures for Filing Proofs of Claim by, and (II) Approve Procedures for Providing Notice of Supplemental Bar Date, and Other Important Dates and Information, Certain Potential PSAN Inflator Claimants that Purchased Vehicles Subsequent to the Commencement of the Chapter 11 Cases

See attached.

Schedule “F” – Order (I) Approving the Proposed Disclosure Statement and the Form and Manner of the Notice of a Hearing Thereon, (II) Establishing Solicitation and Voting Procedures, and (III) Establishing Notice and Objection Procedures for Confirmation of the Debtors' Plan

Schedule “G” – Order Sustaining Debtors' Third Non-Substantive Omnibus Objection to Claims (Incorrect Debtor Claims)

See attached.

Schedule “H” – Order Sustaining Debtors' Third Non-Substantive Omnibus Objection to Claims (Incorrect Debtor Claims)

See attached.

Schedule “T” –Order Pursuant to 11 U.S.C. §§ 502(c) and 105(a) Estimating the Maximum Amount of Certain Contingent, Unliquidated, and Disputed Claims for Purposes of Establishing Disputed Claims Reserves Under Debtors’ Proposed Joint Chapter 11 Plan of Reorganization

See attached.

Schedule “J” – Information Officer’s Certificate

See attached.

IN THE MATTER OF APPLICATION OF AN APPLICATION BY TK HOLDINGS INC.
AND TAKATA CORPORATION UNDER SECTION 46 OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT

Court File No. CV-17-11857-00CL

**ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**PLAN CONFIRMATION
RECOGNITION ORDER**

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IN THE MATTER OF APPLICATION OF AN APPLICATION BY TK HOLDINGS INC. AND
TAKATA CORPORATION UNDER SECTION 46 OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT

Court File No. CV-17-11857-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**MOTION RECORD
VOLUME V OF V
(Re: Recognition of Chapter 11 Plan
and Related Orders)
(Returnable March 14, 2018)**

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