

**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 III OF V**

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

March 6, 2018

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SUPERIOR COURT OF JUSTICE  
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This is **Exhibit "D"** referred to in the  
affidavit of **KENNETH BOWLING**  
sworn before me this  
6th day of March, 2018

*Dana Marie Matyanowski*  
A Commissioner for taking affidavits

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

	X		
	:		
<b>In re</b>	:		<b>Chapter 11</b>
	:		
<b>TK HOLDINGS INC., et al.,</b>	:		<b>Case No. 17-11375 (BLS)</b>
	:		
<b>Debtors.<sup>1</sup></b>	:		<b>Jointly Administered</b>
	:		
	:		<b>Re: Docket No. 2056</b>

**DECLARATION OF ANDREW YEARLEY IN SUPPORT OF  
DEBTORS’ FOURTH AMENDED JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

Pursuant to 28 U.S.C. § 1746, I, Andrew Yearley, hereby declare, under penalty of perjury to the best of my knowledge and belief, that:

1. I am a Managing Director of Lazard, which has its principal offices at 30 Rockefeller Plaza, New York, New York 10020. I am a senior member of the firm’s Restructuring practice and a member of the firm’s Investment Banking Committee and Opinion Committee.

2. Lazard Frères & Co. LLC (“*Lazard*”) is the primary U.S. operating subsidiary of a preeminent global investment banking and financial advisory firm. Together with its predecessors and affiliates, Lazard has been advising clients around the world for over 150 years. Lazard and its professionals, including me, have considerable expertise and experience in providing investment banking and financial advisory services to financially distressed companies and to creditors, equity holders, and other constituencies in reorganization proceedings and

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<sup>1</sup> 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.

complex financial restructurings, both in and out of court. I have considerable experience in the automotive sector having represented automotive suppliers in complex restructurings including Plastech Automotive, Inc., Meridian Automotive Systems, TI Automotive, and Chassis Holdings Inc., as well as representing the United Auto Workers in the restructuring of General Motors and Chrysler and the United States Treasury in the divestment of its stakes in General Motors and Chrysler.

3. Since joining Lazard, I have advised companies, as well as creditor, labor, and equity constituencies and government agencies in numerous in-court and out-of-court restructuring, recapitalizations, and reorganizations, as well as capital raises, mergers and acquisitions, and other strategic transactions. I have participated in negotiations on behalf of debtors who entered into sale transaction(s) as part of their chapter 11 restructuring strategy and I have advised debtor-sellers on matters relating to valuation and price allocation.

4. I have a Bachelors of Arts degree (Phi Beta Kappa) from Duke University and a Master of Business Administration degree (with honors) from Columbia University. I began my career in 1989 at Chase Manhattan Bank in the Structured Finance Division, and spent two (2) years in the Leveraged Transactions Group at BZW, at the time the investment banking arm of Barclays PLC. Prior to joining Lazard, I was a Vice President in Deutsche Banc Alex Brown's Restructuring Group and spent five (5) years in the Restructuring and Reorganization Group at Ernst & Young LLP.

5. I submit this declaration (the "***Declaration***") in support of confirmation of the *Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors* (together with all schedules and exhibits thereto, and as may be modified,

amended, or supplemented from time to time, the “*Plan*”), filed contemporaneously herewith.<sup>2</sup> Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, and information provided to me by the Debtors and their professionals, including professionals working at my direction at Lazard. If called upon to testify, I would testify competently to the facts and opinions set forth in this Declaration.<sup>3</sup>

### **The Marketing Process**

6. Pursuant to the terms and conditions of an engagement letter dated May 2, 2016, Lazard agreed to provide investment banking services to Takata in connection with its restructuring process and to conduct a global sale and marketing process for substantially all of Takata’s assets. Since then, a team of professionals at Lazard, including myself, has worked with Takata, the Steering Committee of TKJP (the “*Steering Committee*”), the Initial Consenting OEMs, and other restructuring professionals to structure, negotiate, and consummate a restructuring transaction. By order dated August 30, 2017, the Bankruptcy Court authorized Lazard’s retention by the Debtors, as investment banker, in accordance with the terms of an engagement letter, dated August 17, 2017 [Docket No. 654].

7. In providing the foregoing prepetition services to the Debtors, Lazard acted as a primary architect of the strategic sponsor process working closely with management, the Steering Committee, the Initial Consenting OEMs, and other advisors to assist the Debtors to select the highest and best bidder through a competitive sale process. In May 2016, the Steering Committee requested that Lazard commence an expansive marketing and sale process for Takata

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<sup>2</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Plan or the Disclosure Statement, as applicable.

<sup>3</sup> Certain disclosures herein relate to matters within the personal knowledge of other professionals at Lazard and are based on information provided to me by them.



to identify either a third-party investor or a purchaser for Takata's global assets and operations. After careful review and analysis of Takata's and the Debtors' operations, the Debtors, with the assistance of Lazard, Weil, Gotshal & Manges LLP, Nagashima Ohno & Tsunematsu, and Pricewaterhouse Coopers LLP, determined that, due to the nature of Takata's business, the global automotive market, and the interdependencies among and between Takata's business lines across the global regions, a break-up either by region or business line (other than with respect to the PSAN Inflator Business (as defined in the U.S. Acquisition Agreement)), was impractical, if not impossible and would ultimately be value destructive. Accordingly, Lazard pursued the marketing and sale process on behalf of the global enterprise to secure a purchaser interested in keeping the global operations (other than the PSAN Inflator Business) intact. The Initial Consenting OEMs, whose support is critical to any transaction, supported this approach.

8. Beginning in July 2016, Lazard had contact with forty (40) potential candidates. This list included potential candidates that Lazard contacted to solicit interest, as well as candidates that independently approached Lazard having heard of the marketing and sale process in the press. The forty (40) potential sponsor candidates consisted of nineteen (19) strategic partners, eighteen (18) financial investors, and three (3) trading houses. Eighteen (18) potential candidates (eight (8) strategic and ten (10) financial) expressed an interest in considering the transaction, were provided with a teaser, and were asked to submit a qualification letter explaining why, based on a number of factors (*e.g.* financial profile, management team, global presence, operational track record, and ability to execute a transaction expeditiously) it would be the right counterparty for Takata.

9. Following the first phase 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 by the Debtors and TKJP 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. On September 16, 2016, Lazard received preliminary proposals from five (5) potential candidates (three (3) strategic, one (1) financial, and one (1) consortium (joint bid from a strategic and financial sponsor)). Lazard, the Initial Consenting OEMs, the Steering Committee, and Takata's advisors met to review, evaluate, and discuss the proposals. Ultimately, four (4) potential candidates were selected by the Debtors and TKJP to present to and meet with the Initial Consenting OEMs. By November 2016, three (3) candidates (two (2) strategic and one (1) newly formed consortium) were invited to proceed to a final round of diligence, including additional site visits, workshops, and Q&A sessions with management. In this final round of diligence, Lazard and Takata's other advisors addressed approximately eight hundred (800) questions through an online portal and conducted twelve (12) diligence workshops globally.

10. On January 13, 2017, an updated process letter was sent to the three (3) remaining candidates requesting final bids by January 25, 2017. Two (2) of the three (3) remaining sponsors submitted final bids (one (1) strategic and one (1) consortium). At the end of January 2017, the Initial Consenting OEMs, certain additional OEMs, Takata management, the Steering Committee, and Takata's advisors convened to discuss and evaluate the two (2) final proposals. In addition, the remaining bidders made presentations to and met with the Initial Consenting OEMs, Lazard, and Takata's other advisors to further refine the terms of their respective bids.

11. Following these discussions, on February 3, 2017, taking into account advice from Lazard, Takata's other advisors, and the Steering Committee, as well as the support

of the Initial Consenting OEMs, TKJP's board of directors determined that it would proceed with the bid submitted by the Plan Sponsor, without exclusivity, for the sale of substantially all of Takata's worldwide assets unrelated to the manufacture of PSAN Inflators for an aggregate purchase price of \$1.588 billion (the "*Global Transaction*"). The Plan Sponsor's bid represented the highest and best offer submitted for Takata's assets with the least impediments to closing and the greatest transaction certainty. In addition to a higher purchase price relative to the bid submitted by the other candidate, there was significant concern that the bid submitted by the competing candidate faced substantial antitrust hurdles, which risked a lengthy and uncertain review process by various governmental entities that at best was expected to lead to significant asset dispositions and at worst an unfavorable ruling.

12. I believe that the prepetition marketing and sale process led by Lazard with the support of Takata's other advisors was comprehensive and robust, involving solicitation of interest from a diverse set of potential strategic and financial partners. I also believe that diligence was inclusive and thorough, including compiling hundreds of documents in an electronic data room, facilitating discussions with Takata management around the world, hosting site visits, and coordinating extensive legal due diligence, among other efforts. The Initial Consenting OEMs, which observed and participated in the prepetition marketing and sale process, expressed collective support for the Plan Sponsor.

13. Following the selection of the Plan Sponsor, Takata (including the Debtors), the Plan Sponsor, the Initial Consenting OEMs, and their respective advisors engaged in extensive arms' length negotiations, devoting significant time, resources, and efforts towards structuring, negotiating, and documenting the terms of the Global Transaction. Due to the global and highly complex nature of the Global Transaction, the process was a laborious one, requiring

numerous calls, in-person meetings, and drafting sessions to negotiate the terms of over a dozen substantive agreements and numerous ancillary agreements, schedules and exhibits, and other documents necessary to implement the Global Transaction in the various regions around the world.

14. These negotiations culminated in the execution of the Global Transaction Documents on November 16, 2017, including the following three (3) acquisition agreements pursuant to which the Global Sellers (as defined herein) agree to 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 (the "**Global Purchase Price**"): (i) the U.S. Acquisition Agreement for the sale of the non-PSAN Assets of TKAM, TKH, TKML, TKHM, IIM, SMX, and TDM (collectively, the "**North American Sellers**"); (ii) the EMEA Acquisition Agreement for the sale of the non-PSAN Assets of TAKATA Europe GmbH ("**TKEUR**"), TKAG, and TKSAC (the "**European Sellers**"); (iii) the Japan Acquisition Agreement for the sale of the non-PSAN Assets of TKJP, Takata Kyushu Corporation, and Takata Service Corporation (the "**Japanese Sellers**" and together with North American Sellers, the European Sellers, and TSAC (for which an acquisition agreement is to be executed in the near term), the "**Global Sellers**").

#### **Allocation of Purchase Price**

15. In connection with its bid, the Plan Sponsor did not allocate the Global Purchase Price by region or by Global Seller. Accordingly, as investment banker to Takata, Lazard, as well as Takata's other advisors, assisted the Debtors in developing a methodology for allocating the Global Purchase Price among all the Takata entities to be acquired by the Plan Sponsor.

16. Lazard explored several methods for allocating the Global Purchase Price to each entity, including by each entity's projected EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) or operating cash flow, as well as discounted cash flow. Takata does not, however, maintain and could not produce entity-level records of EBITDA or projected cash flows rendering each of the foregoing methodologies infeasible on an entity-by-entity basis. Ultimately, Takata, based on the advice of Lazard and its other advisors, determined that the most reasonable method for allocating Global Purchase Price based on existing data was to use available audited net asset value ("*NAV*") by entity.

17. To apply the NAV methodology, Lazard relied on the last audited NAV information available from the Debtors contained in financial statements as of March 2017. This audited information was available for each seller entity and acquired subsidiary subject to sale in connection with the Global Transaction. Lazard made certain appropriate 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 assets and liabilities not being assumed or purchased by the Plan Sponsor such as recall-related liabilities, third-party debt, goodwill, and intercompany balances based on the Final Joint Proposal (as defined in the U.S. Acquisition Agreement). Subject to certain limited exceptions described below, the Global Purchase Price was ratably allocated among each Takata entity based on the percentage of the respective adjusted NAV by entity relative to the total adjusted NAV or alternatively the entity's liquidation value to the extent adjusted NAV was less than its estimated liquidation value as of September 2017 (the "*NAV Allocated Amount*").

18. At the request of the Plan Sponsor, with respect to certain assets and/or entities in Europe, Mexico, and China, Takata employed independent third-party appraisers to

conduct a fair market value analysis with respect to the value to be transferred to the Plan Sponsor by such entity (the “*Appraised Allocated Amount*”). Lazard allocated the Global Purchase Price for entities subject to third-party appraisals based on the Appraised Allocated Amount to the extent required. Specifically, the Global Purchase Price for the following entities was allocated based on the Appraised Allocated Amount: TSAC, TKEUR, TKAG and TKSAC. The amount allocated to a Global Seller (whether it is the Appraised Allocated Amount or the NAV Allocated Amount) is referred to herein as the “*Entity Allocated Amount*.”

19. In order to determine the Global Purchase Price allocated to each Takata entity, Lazard reduced the Global Purchase Price by the Entity Allocated Amount of each entity that was subject to a fair market value appraisal. The remaining purchase price was ratably allocated among the remaining Global Sellers and equity sale entities based on their NAV Allocated Amount. The purchase price allocated to each Takata entity is set forth on Exhibit A annexed hereto.

20. The calculation of the allocation of the Global Purchase Price to the Global Sellers was conducted by Lazard based on information provided by Takata. Jefferies LLC, the Plan Sponsor’s investment banker, discussed and reviewed Lazard’s allocation and, as noted above, requested that Takata obtain the Appraised Allocated Amount for certain Takata entities. I believe that the allocation of the Global Purchase Price based on the foregoing methodology is reasonable.

#### **Allocation of Base Purchase Price to North American Sellers**

21. As of December 31, 2017, in accordance with the foregoing methodology, \$878.9 million (the “*Base Purchase Price*”) of the Global Purchase Price was allocated to the North American Sellers. The Base Purchase Price was then allocated to each North American

Seller and their acquired subsidiaries under the U.S. Acquisition Agreement (with respect to purchase price allocated to each North American Seller, the “*Seller Allocated Purchase Price*”). On the Closing Date, pursuant to section 3.1 of the U.S. Acquisition Agreement, certain closing price adjustments will be allocated and applied to the Seller Allocated Purchase Price for those North American Sellers to which the applicable price adjustment specifically relates. Such adjustments were the product of extensive and exhaustive arms’ length negotiations with the Plan Sponsor.

22. After allocating and applying the adjustments in section 3.1 of the U.S. Acquisition Agreement to each Seller Allocated Purchase Price, if applicable, the cash available on the Effective Date for each Debtor as of December 31, 2017 and assuming a Closing Date of February 27, 2018, is estimated to be approximately as follows:

Allocation of Base Purchase Price to U.S. Sellers (\$ in millions)							
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)	--	--
<b>Purchase Price</b>	<b>\$533.9</b>	<b>\$441.1</b>	<b>(\$0.9)</b>	<b>\$39.5</b>	<b>\$15.3</b>	<b>\$2.6</b>	<b>\$36.3</b>
(+) Balance Sheet Cash Available for Distribution	16.5	15.6	.9	--	--	--	--
(+) Value from Subsidiaries	--	39.5	--	(39.5)	--	--	--
<b>Proceeds Available to U.S. Sellers</b>	<b>\$550.4</b>	<b>\$496.2</b>	<b>--</b>	<b>--</b>	<b>\$15.3</b>	<b>\$2.6</b>	<b>\$36.3</b>

### **Allocation of DOJ Restitution Claim**

23. From the outset, the Plan Sponsor conditioned its bid on the satisfaction of the DOJ Restitution Claim. Indeed, in its bid letter, dated January 26, 2017, which is annexed hereto as **Exhibit B**, the Plan Sponsor provided that the “proceeds of the purchase price will be used to satisfy the DOJ Settlement in full in cash.” After the selection of the Plan Sponsor as the successful bidder and throughout the negotiations of the Global Transaction Documents, the Plan Sponsor insisted on the full satisfaction of the DOJ Restitution Claim as a condition to the Global Transaction. As a result, the Global Transaction Documents require, as a condition to closing the Global Transaction, payment in full of the DOJ Restitution Claim.

24. Recognizing that TKJP could not satisfy the DOJ Restitution Claim without the support of its affiliates (as authorized in the DOJ Restitution Order) and that the beneficiaries of the DOJ Restitution Claim include creditors of Takata entities around the world and not only creditors of TKJP, Takata, including the Debtors, in consultation with Lazard and its global advisors, developed a methodology for allocating payment of the DOJ Restitution Claim among the Takata entities based on a reasonable approach.

25. I understand that the DOJ Restitution Claim is the result of damages caused by PSAN Inflaters on a global basis. Accordingly, Takata and its advisors determined that allocating the DOJ Restitution Claim amongst Takata entities who have potential exposure arising from or related to the PSAN Inflaters is reasonable. To that end, Lazard first, with the guidance of Takata and its global advisors, identified which Takata entities shipped PSAN Inflaters (the “*Restitution Payment Funding Entities*”). I understand that the shipping entity is, in almost all instances, the best proxy for contracting entity because in most instances, the entity that is recorded as having shipped the PSAN Inflater is also the entity that contracted for the sale of the PSAN Inflater.

26. Takata then determined, with the assistance of Lazard and Takata’s other advisors, that with the exception of the parent seller entities (TKH, TKJP, TKAG, and TKSAC), each of the Restitution Payment Funding Entities would contribute their Entity Allocated Amount less any transaction or other similar costs (*e.g.*, taxes and reserves for local creditors) to the satisfaction of the DOJ Restitution Claim. In exchange for such contribution, the Consenting OEMs agreed to release any PSAN Claims (as defined in the Global Settlement Agreement) against TSAC, TSM, TKK, TKI, TASSI, TTC, TKBR, TKRU, and TKSAF (as defined in the Global Settlement Agreement), each a Restitution Payment Funding Entity, and certain other



Takata Entities (as defined in the Global Settlement Agreement). I believe, based on information provided by Takata and estimations prepared by professionals at Lazard in consultation with Takata's other professionals, that the potential PSAN Claims held by the Consenting OEMs would exceed the Entity Allocated Amount to such entity. SMX, a debtor entity that is also a Restitution Payment Funding Entity, will also contribute its Entity Allocated Amount less any taxes and wind-down costs pursuant to the Plan; however, such contribution is not a payment on account of the DOJ Restitution Claim, but rather a payment in connection with the Plan Settlement.

27. The remaining DOJ Restitution Claim, after reducing the amount for contributions made by the Restitution Payment Funding Entities, was allocated pro rata among TKH, TKJP, TKAG, and TKSAC, each a parent seller entity, based on PSAN Inflators shipped by each entity relative to the other parent seller entities. The resulting contributions to the DOJ Restitution Claim, as of December 31, 2017, are outlined as follows:

<u>Entities</u>	<u>\$ in Millions</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
<b>Total DoJ Payment</b>	<b>\$850</b>

28. Importantly, despite a portion of the DOJ Restitution Claim having been allocated to the Debtors, the Debtors are not making any direct payments to the OEMs or the DOJ on account 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 will fully resolve and settle the Consenting OEMs' Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims.

**Allocation of PSAN Legacy Costs**

29. The PSAN Legacy Costs (*i.e.*, costs for funding the Post-Closing Reserve and the Warehousing Entity Reserve) are also allocated on a global basis in accordance with the U.S. Acquisition Agreement and the Global Settlement Agreement. The amounts necessary to fund the Post-Closing Reserve (including costs and fees of the Special Master, DOJ Monitor, and NHTSA Monitor) and the amount of the Warehousing Entity Reserve that is unrelated to warehousing, shipping, and disposal costs (primarily costs relating to the continued operation and overhead of the Debtors' Product Safety Group, which is responsible for, among other things, completing the Debtors' root cause investigation and working with NHTSA) are allocated to TKH, TKAM, TKJP, TKSAC, TKEUR, and TKAG based on the PSAN Inflators shipped by those entities and their subsidiaries. Given that a majority of the costs constituting the Post-Closing Reserve are a direct result of the recall of PSAN Inflators globally and each region benefits from the Product Safety Group, which is funded through the Warehousing Entity Reserve, I believe that it is reasonable to allocate the costs of the Post-Closing Reserve and the costs of the Warehousing Entity related to the Product Safety Group based on the PSAN Inflators shipped by such region.

30. The amounts necessary to fund the portion of the Warehousing Entity Reserve relating to the costs of warehousing, shipping, and disposal were allocated based on an estimated "bottoms up" analysis prepared by Takata's other global advisors and my understanding is that such analysis reflects the warehousing, shipping, and disposal needs by

region based on each region's estimate of recalls, capacity, and various related costs. I believe that allocating the cost for funding the Warehousing Entity Reserve based on the specific needs or uses of each region is reasonable.

### **Projected Waterfall**

31. Finally, based on the foregoing methodology, including the methodology for allocating the Global Purchase Price, as well as the DOJ Restitution Claim and the PSAN Legacy Costs, and information provided by Takata, Lazard, in consultation with Takata and its global advisors, prepared an illustrative waterfall, as of December 31, 2017, which is annexed hereto as **Exhibit C** (the "***Projected Waterfall***"). The Projected Waterfall demonstrates the uses by each Debtor of its Seller Allocated Purchase Price and the resulting Effective Date Available Cash for general unsecured creditors at each Debtor as of December 31, 2017 and assuming a Closing Date of February 27, 2018.

32. The Projected Waterfall is a complex global analysis that is subject to numerous assumptions and estimates and accordingly actual realized Effective Date Available Cash is subject to change based on, among other factors, updated transaction cost estimates, adjustment to the Closing Date, and operating performance. Based on information received as of the date of this Declaration, Lazard does not believe that such changes will result in a material adverse impact on creditor recoveries.

33. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: February 14, 2018

LAZARD FRÈRES & CO. LLC

By: /s/ Andrew Yearley  
Andrew Yearley  
Managing Director

**Exhibit A**

**Entity Allocated Amount**

Regional Share Allocation by Entity			
	Entity	Entity	Current Purchase Price
<b>TKJP and Subsidiaries</b>	TKJP	Takata Corporation	\$73,939,798
	TKU	Takata Uruguay S.A.	8,499,272
	TIF	Takata International Finance B.V.	67,808,153
	TKMR	Takata Maroc S.A.R.L.	3,175,026
	TKOR	Takata Orsova S.R.L.	0
	TKDR	Takata Deta S.R.L.	63,976
	TKRU	Takata Rus LLC	10,679,096
	TKJR	Takata Jibou S.R.L.	376
	TKA	Takata Asia Pte Ltd	0
	TASSI	P.T. Takata Automotive Safety Systems Indonesia	3,142,228
	TKCPI	Takata CPI Singapore Pte Ltd	6,895,841
	TPC	Takata (Philippines) Corporation	16,520,888
	RTAH	RTA Holdings, Inc (Philippines)	490,566
	RTAP	RTA Properties, Inc	3,844,076
	TTC	Takata-TOA Co., Ltd	48,122,091
	TKK	Takata Korea Co., Ltd	23,970,000
	TSM	Takata Automotive Safety Systems (M) Sdn.Bhd.	10,905,162
	TCX	Takata (Changxing) Safety Systems Co., Ltd	14,376,359
	TKI	Takata India Private Ltd	9,741,549
	TAES	Takata Automotive Electronics Shanghai	2,530,225
	TTAC	Takata (Tianjin) Automotive Component Co., Ltd	10,463,684
	TJAC	Takata Component Co.,Ltd.	4,338,560
	<b>TK9</b>	TK9	Takata Kyushu K.K.
<b>TKS</b>	TKS	Takata Service K.K.	4,435,727
<b>Sub-Total TKJP</b>			<b>\$339,353,257</b>
<b>TKAM and Subsidiaries</b>	TKAM	Takata Americas	\$1,397,211
	TKBR	Takata Brasil Ltda.	75,688,877
	TSAC <sup>(1)</sup>	Takata (Shanghai) Automotive Component Co., Ltd.	237,404,469
	<b>Sub-Total TKAM</b>		
<b>TKH and Subsidiaries</b>	TKH	TK Holdings Inc.	\$307,810,513
	Syntec	Syntec Seating Solutions LLC	2,310,656
	HII	Highland Industries, Inc.	146,000,000
	ALS	ALS Inc.	6,732,682
<b>TKHM and Subsidiaries</b>	TKHM	TK Holdings de Mexico S. de R.L. de C.V.	14,292,329
	EQPO	Equipo Automotriz Americana, S.A. de C.V.	19,418,367
	FALC	Falcomex, S.A. de C.V.	7,908,710
<b>TDM</b>	TDM	Takata De Mexico S.A. DE R.L. DE C.V.	21,068,187
<b>IIM</b>	IIM	Industrias Irvin De Mexico, S.A. DE C.V.	2,579,725
<b>SMX</b>	SMX	Strosshe-Mex S.DE R.L. DE C.V.	36,295,568
<b>Sub-Total TKH</b>			<b>\$564,416,736</b>
<b>TKEUR and Subsidiaries</b>	TKEUR	Takata Europe GmbH	\$191,531,248
	TKAG	Takata AG	79,863,515
<b>TKSAC and Subsidiaries</b>	TKSAC	Takata Sachsen GmbH	98,344,687
<b>Sub-Total EMEA</b>			<b>\$369,739,450</b>
<b>Total</b>			<b>1,588,000,000</b>

(1) Includes value of TSTC.

**Exhibit B**

**KSS Initial Bid Letter**



**STRICTLY PRIVATE & CONFIDENTIAL**

*Sent Via Email*

January 26, 2017

Andrew Yearley  
Lazard Frères & Co. LLC  
30 Rockefeller Plaza  
New York, NY 10020  
USA

Yasu Hatakeyama  
Lazard Frères K.K.  
Sanno Park Tower, 25<sup>th</sup> Floor  
11-1, Nagatacho 2-Chome  
Chiyoda-Ku Tokyo 100-612  
Japan

Dear Messrs. Yearley and Hatakeyama:

Further to our non-binding Preliminary Proposal Letter dated September 16, 2016 and in response to the January 13, 2017 process letter sent by Lazard (the "Final Bid Process Letter"), Key Safety Systems, Inc. ("KSS") is pleased to submit this revised, non-binding proposal (the "Revised Proposal") reflecting what KSS expects to be the final terms for the contemplated investment in and restructuring (the "Proposed Transaction") of Takata Corporation and its subsidiaries ("Takata" or the "Company"). In addition to this letter, as part of our Revised Proposal, we are submitting a presentation summarizing the key terms and structure of our Proposed Transaction ("Summary Presentation") and term sheets addressing the principal proposed terms of the global business continuation and indemnity arrangements to be entered into between KSS and Takata's global OEM customers, KSS' acquisition of the assets and specified liabilities of Takata and its subsidiaries and the debtor-in-possession financing to be arranged by KSS, among other matters.

As you are aware, we have spent extensive time and resources evaluating the Company and the Proposed Transaction and we have substantially completed our critical business due diligence and structuring work. Our remaining due diligence investigation of Takata is expected to be largely confirmatory. We continue to be impressed with the long-term business potential of Takata and the strength of many of the Takata management team members we have met through the course of the process. Based on the compelling rationale for the combination of these businesses and the attractive synergies associated with the combination, we remain very excited about the potential for success created by the combined KSS and Takata businesses and the prospect of investing in the next phase of growth for Takata and KSS. However, we are also concerned by the noticeable and material decline in Takata's business since September 2016, which we increasingly believe is unsustainable. If we can reach an agreement expeditiously and can sign definitive documents by no later than the end of March, 2017, we believe we can stop this decline and preserve value for all relevant stakeholders, but we believe



it is critical that we collectively create a clear path to closing by the end of Q3 2017. We are extremely sensitive to the need to have all critical constituencies support a single bidder as rapidly as possible so that the difficult, expensive, time-consuming and necessarily collaborative work required to finalize and execute the Proposed Transaction can be completed within the short timeframe available to ensure that further value is not destroyed and we can best assist in avoiding a grave operational outcome that is likely to have serious and long-term repercussions for our global OEM partners.

We continue to believe that KSS is the ideal sponsor for the restructuring of Takata and the optimal partner to the Company's OEM customers as we present a compelling and viable solution – in terms of value, deal certainty and speed of execution, as well as the best industry solution over the short- and long-term. Our approach to the Proposed Transaction will minimize transaction risk and minimize supply chain disruption concerns for our OEM customers and will produce a quick and seamless integration of Takata and KSS, with combined management strengths from both companies allowing for a smooth transition. KSS' proposed plan will drive substantial synergies for the combined company and generate benefits for OEM customers and other stakeholders. Our Revised Proposal is supported by a thoughtful, well defined and executable financing plan—with an equity commitment letter from Bain Capital Private Equity, LP ("Bain Capital") and highly confident letters from UBS and Jefferies. Final debt commitment documents are in process and we expect to deliver them prior to the signing of definitive agreements. Moreover, we anticipate no meaningful regulatory risk and expect to quickly obtain any needed approvals with minimal delay or attendant uncertainty.

We believe there are several significant value drivers unique to our Revised Proposal that makes it the best industry solution, namely:

#### **Planned Liability Management**

- We have proposed a transaction structure that minimizes the required indemnity from OEM customers by having "Old Takata" retain most existing PSAN assets. This structure optimizes liability management for us and minimizes our indemnification requirements from the OEMs, while continuing to maintain the supply of quality PSAN inflators for those OEMs that need them. This structure will not hinder KSS' ability to accelerate the exit from PSAN products and, in particular, the shift to GuNi, by leveraging our current portfolio, capabilities and relevant expertise.
- We continue to firmly believe that we can achieve the exit from PSAN and shift to GuNi up to a year ahead of the currently envisioned timeline.
- Additionally, KSS will invest up to USD \$150 million in third-party accredited analyses of Takata's products in Europe, China and North America to validate the safety of desiccated Takata-designed PSAN inflators and mitigate the risk of future recalls of desiccated and non-desiccated PSAN inflators.

#### **Best Long-term Solution for the OEMs**

- A combined KSS and Takata will create a strong, long-term, global safety supplier and a competitive marketplace, with three parties each having pro forma global market shares ranging from 20% to 40%. This outcome reduces supply chain risk for the OEMs and enables healthy competition on price, quality, technology, and delivery. KSS is optimistic that it can solidify the support of our OEM customer base given its position as an established player in safety-critical automotive components and systems. Our position enables us to provide a certainty of supply for current products and for customer

programs in development. We are committed to meeting the short- and long-term needs of our OEM customers and we will continue our intensive investments in technology and facilities to continue enhancing our capabilities as a long-term leading industry player.

- Our plan will establish a global organizational structure to drive greater consistency, efficiency and speed in product development, purchasing, manufacturing and quality control. At the same time, we intend to leverage best practices across all regions and maintain a regional focus on execution.

#### **Minimization of Short-term Transaction Risk Through a Quick and Seamless Integration**

- We have formulated a definitive integration plan based on our due diligence meetings with Takata's regional management and our deep existing knowledge of Takata, its operational leaders and its major constituents. We will be prepared to discuss this integration plan in depth during the meetings in Tokyo next week. A project management office, including senior KSS management and third-party support, has developed our restructuring, integration and synergy assessments and implementation planning. Additionally, since commencement of this process, KSS has undertaken key hires in order to improve our integration abilities. Assuming full Takata support and cooperation, including timely and collaborative provision of needed information and resources, we expect to be in a position to complete diligence and finalize definitive documents with Takata in March 2017 and, subject to OEM support and cooperation, we would be prepared to complete negotiations and finalize definitive and executable agreements with the requisite OEMs during the same time period.
- Based on available information, we believe that our Revised Proposal entails minimum closing risk. From the information available to date and our current understanding of market dynamics, the contemplated combination should not trigger any meaningful antitrust issues. We are confident that any required regulatory approvals can be obtained within the contemplated transaction timeline, with little complexity, disruption or delay, leaving closing of the transaction predicated on U.S. and Japan court approvals on or prior to the end of the third quarter of 2017. We remain confident that antitrust and CFIUS approvals will not be an issue for KSS.
- KSS is well-positioned to minimize the scope of required operational restructurings and accelerate the speed of post-acquisition integration through our already established integration project management office. Due to the advanced work we have completed to date, the outstanding strategic fit of KSS and Takata, our partnerships with Bain Capital and Daicel, our close relationships with our global OEM partners, our strong financing plan and our attractive regulatory profile, we believe that KSS is ideally positioned to close the Proposed Transaction quickly and with the highest possible degree of certainty.

#### **Strong Synergies & Benefits for OEMs**

- KSS has the unique ability to mitigate the disruption, timing and execution risk of Takata's restructuring and post-transaction integration given the capacity needs associated with our record booking backlog.
- We see the opportunity for substantial economic efficiency synergies from redundancy elimination, procurement cost savings and resource utilization, among others. The synergies provided by a combination of KSS and Takata will directly benefit the OEMs by maximizing valuation, minimizing risk and enhancing efficiency and cost avoidance.

- Together, KSS and Takata will be a more attractive supplier for our OEM partners than the sum of each company's individual capabilities. The combined KSS/Takata will be better positioned to support our OEM customers' needs on a global basis over the long-term through enhanced product offerings, a more efficient footprint, world-class technology, superior quality, market-leading production speed and an attractive cost profile. KSS' platform can support Takata's entire current product portfolio and generate meaningful synergies from Passive/Active Safety and NAS.

\* \* \* \* \*

Based on our thorough evaluation of Takata and the Proposed Transaction to date based on the information provided to date, including our numerous discussions with Takata management and open and collaborative dialogue with our OEM customers, Takata's advisors and other key stakeholders since the submission of our Preliminary Proposal in September 2016, we are pleased to set forth the key features of our Revised Proposal below:

### 1. Proposal Terms:

KSS proposes to acquire the entirety of the Company's operational assets, with the exception of assets primarily dedicated to desiccated and non-desiccated PSAN inflator production (the "PSAN Assets")<sup>1</sup>, for an aggregate cash purchase price of USD \$1,660 million (the "Purchase Price") on a cash-free, debt-free basis<sup>2</sup> (including any debt-like items and potential liabilities). Consistent with our Preliminary Proposal, KSS expects that this acquisition would be completed free and clear of (i) all liabilities related to desiccated and non-desiccated PSAN inflators and (ii) related governmental and regulatory liabilities. The proposed purchase price assumes the Takata business will be delivered with a normalized level of working capital, and we are continuing to consider the appropriateness of a working capital adjustment to the Purchase Price. In addition, we assume the Takata business will be transferred with all assets necessary for us to continue to operate after the closing of the Proposed Transaction in substantially the same manner as the business has been operated historically.

KSS is also proposing a mechanism to afford our OEM partners and other relevant constituencies with an opportunity to share meaningfully in the future success of the combined company through an aggregate earn-out of up to USD \$400 million (the "Earn Out"). The Earn Out would be paid at the end of each calendar year from 2020 through 2025, in an annual amount equal to 5% of the applicable calendar year revenue of the combined company in excess of a stated threshold. The Earn Out target would be set at USD \$7.5 billion in 2020, and would increase by USD \$100 million in each successive calendar year through 2025. The ultimate Earn Out structure will reflect appropriate adjustments for future acquisitions and divestitures and will be calculated on constant currency exchange rates in USD. We anticipate that a portion of any Earn Out, subject to review of actuarial studies to be completed prior closing, will be used to capitalize the personal injury / wrongful death fund (the "PI / WD Fund") mandated by Takata's Plea Agreement with the United States Department of Justice dated January 13, 2017 (the "DOJ Settlement"). The remainder of the Earn Out will be available for distribution to general unsecured creditors and has the potential to provide a substantial incremental recovery to Takata's general unsecured creditors. It should be noted that, while

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<sup>1</sup> NTD: Subject to certain conditions set forth in the attached term sheets, KSS would acquire all, or a portion, of the European PSAN Business and operate this business through a newly formed German subsidiary of KSS.

<sup>2</sup> NTD: To the extent the German funded indebtedness is assumed or refinanced as part of the Proposed Transaction, the purchase price payable would be reduced accordingly.

KSS is supportive of the establishment of the PI / WD fund, we are not likely to seek a channeling injunction unless one or more OEMs with sufficient and significant PI / WD exposure commits to participate in the PI / WD Fund. However, irrespective of whether a channeling injunction is sought, we are sensitive to the comments of our OEM partners and do not plan to seek indemnification from the OEMs against the incremental risk borne by KSS in this situation related to pre-closing U.S. PI / WD claims. We believe that not seeking a channeling injunction will allow us to accelerate bankruptcy emergence meaningfully and will reduce overall transaction risk for the benefit of all impacted parties.

In addition, KSS proposes to invest up to USD \$150 million in third-party accredited analyses of Takata's products in Europe, China and North America to validate the safety of desiccated Takata-designed PSAN inflators and mitigate the risk of future recalls of desiccated and non-desiccated PSAN inflators.

In accordance with the instructions in the Takata Process Letter, we have summarized below the key assumptions relied upon in arriving at our proposed Purchase Price and our overall valuation for the Company in this Revised Proposal:

- Our proposed purchase price is conditioned upon no additional material de-sourcing of Takata's existing booked business between now and closing. The existing booked business supporting our Purchase Price was identified based on various corrections to Takata's revenue plan resulting from the commercial evaluation undertaken by KSS;
- Recall-related liabilities for Takata's existing recall and other OEM customer claims relating to PSAN inflators (both desiccated and non-desiccated), and any potential future recalls and OEM customer claims relating to PSAN inflators (i.e., inflators not previously subject to a recall and inflators sold after the closing of the Proposed Transaction, whether or not subject to a recall at that time) will be structurally or contractually addressed through one or more agreements with the OEM customers and/or through court processes such that these liabilities will not be obligations of the purchaser;
- Recall-related and other material litigation, including, but not limited to, personal injury / wrongful death and economic loss claims brought in individual actions, class actions, multi-district litigation, state attorney general litigation and any similar types of proceedings, will be addressed through settlement, judgment, and/or court processes such that these liabilities will not become obligations of the purchaser,
- The commitments of the Company under the DOJ Settlement will be resolved in form and substance satisfactory to us and proceeds of the purchase price will be used to satisfy the DOJ Settlement in full in cash, it being understood that KSS expects that the allocation of the OEM recovery fund provided for under the DOJ Settlement will be allocated fairly and equitably among all the global OEMs; and
- The fines imposed by NHTSA will be "capped" at \$70 million (\$20 million of which has already been paid) and will remain the responsibility of Takata (i.e., not a liability of the purchaser).

## **2. Global Transaction Structure and Deal Terms:**

We intend to consummate the Proposed Transaction by means of (i) a proceeding under chapter 11 of the U.S. Bankruptcy Code (the “Chapter 11 Cases”) for TKH and certain of its U.S. and Mexican subsidiaries, (ii) a proceeding under the Japanese Civil Rehabilitation Act (the “Civil Rehabilitation Proceeding”) for TKJ and certain of its Japanese subsidiaries or, in the alternative, an out-of-court transaction in Japan that KSS would structure to achieve the goals and intended outcomes of an in-court transaction if (x) supported by the OEMs and Takata’s other key constituents, and (y) meaningful to maintaining a stable supply of products (including, to avoid disruptions in the supply chain) and to fulfilling supply responsibilities to OEM customers, (iii) an equity purchase in connection with the Chapter 11 Proceedings and Civil Rehabilitation Proceedings (if applicable) or an out-of-court stock or asset sale transaction for all other Takata Entities in the EMEA, Asia (excluding Japan), Mexico (to the extent not acquired through the Chapter 11 Cases) and South America (such Takata Entities, collectively, the “ROW Entities”) and (iv) the transfer of the PSAN Assets to one or more current or newly formed Takata entities (collectively, “Reorganized Takata”), that will not be acquired by KSS in the Proposed Transaction (such asset exclusion, the “PSAN Carve-out”).

In the PSAN Carve-out, Reorganized Takata will retain PSAN Assets and certain non-discharged liabilities and will continue to produce PSAN inflators for those OEM customers that continue to require, a reliable supply of PSAN inflators and agree with the associated indemnity requirements. Reorganized Takata will be provided with support from the buyer (“Buyer Support”) post-closing, subject to targeted indemnification of buyer from the OEMs that require an ongoing supply of PSAN inflators.

Our Revised Proposal is predicated on, among other things, (i) entry into one or more global business continuation and indemnity agreements with at least the requisite number of OEMs to provide KSS with liability management support regarding Reorganized Takata’s post-closing PSAN-related liabilities,<sup>3</sup> mitigation of legacy risks associated with Takata’s pre-closing PSAN production and ongoing OEM business continuation obligations to maintain continuity of critical OEM supplies, as mutually agreed upon by these OEMs and KSS, (ii) satisfactory resolution of liabilities with respect to any go forward obligations assumed directly by KSS to produce non-desiccated and desiccated PSAN airbag inflators and (iii) resolution of recall-related claims and litigation, including individual and class action personal injury / wrongful death and economic loss claims, DOJ investigations and proceedings and NHTSA investigations and proceedings.

As requested by the Final Bid Process Letter, we have attached accompanying term sheets as Exhibits A, B, C, D, E, F and G to this Revised Proposal, which provide further detail on the structure and terms of our Proposed Transaction.

## **3. Bid Approvals:**

This Revised Proposal has been submitted with the approval of KSS’ board of directors and has the enthusiastic support of Joyson. Completion of the Proposed Transaction remains subject to final approval by the boards of directors of KSS and Joyson. Bain Capital also has received the support of its necessary internal committees for this Revised Proposal.

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<sup>3</sup> NTD: A predicate to liability management support is the assumption that adequate and proper notice of any and all recalls has been given to all existing and potential recall related claimholders and no other or further notice is required under the U.S. Bankruptcy Code or other applicable law.

**4. Sources of Financing:**Acquisition Financing:

The purchase price will be funded with a combination of debt provided by third-party lenders and equity capital provided by Bain Capital. KSS has had in-depth financing discussions with its lead investment advisors, Jefferies and UBS, as well as other lenders, and we remain highly confident that we can obtain the necessary debt financing to fund the Proposed Transaction. We have a long track record in the leveraged finance markets which we would access to fund the debt component of the Purchase Price. We have definitive commitment papers in process and expect to deliver definitive financing commitments prior to signing. We do not expect to include a financing condition as part of the definitive transaction agreements.

*(USD millions)*

Sources		Uses	
New Debt	\$ 2,000.0	Tea Purchase	\$ 1,660.0
Bain Equity	450.0	Refinance Existing Debt	600.0
		Cash to B/S, Fees and OID	190.0
<b>Total</b>	<b>\$ 2,450.0</b>	<b>Total</b>	<b>\$ 2,450.0</b>

We have attached as Exhibits E and F letters from Jefferies and UBS indicating they are highly confident that they will be able to provide the debt capital necessary to consummate the Proposed Transaction.

DIP Financing:

As requested, and in order to support the Proposed Transaction, we have arranged for Jefferies and UBS to provide a mark-up of the DIP term sheet sent by Lazard, which is attached as Exhibit D.

**5. Due Diligence Requirements:**

Our business due diligence investigation of Takata is substantially complete and we expect our remaining due diligence to be largely confirmatory. Assuming appropriate cooperation and access to information from Takata, we expect to complete our due diligence within 30 days after being selected as the exclusive bidder. Our Summary Presentation details our remaining confirmatory due diligence items.

We are prepared to negotiate the definitive agreements for the Proposed Transaction with the Company and its relevant constituents simultaneously with completion of our due diligence investigation.

## **6. Partnerships:**

### Bain Capital:

KSS and Bain Capital have reached an agreement in principle for Bain Capital to support KSS as a minority partner to fund the equity portion of the purchase price for the Proposed Transaction. Bain Capital's investment in KSS will be in the form of Convertible Preferred Stock in a targeted aggregate investment amount of \$450 million. Bain Capital's ultimate fully diluted ownership in the post-transaction combined KSS / Takata is limited to no more than 30% with Joyson owning at least 70% at all times. While Bain Capital will have customary minority protection rights, KSS and Joyson will continue to exercise operational control of the Company at all times.

### Daicel Corporation:

KSS has reached agreement with Daicel Corporation ("Daicel") to enhance our existing supply relationship with Daicel and support the integration of Takata and accelerate the shift from PSAN inflators to GuNi inflators for our OEM customers.

## **7. Conditions to Closing:**

The Proposed Transaction would be subject to customary conditions to closing, including the approval of a plan of reorganization by a U.S. bankruptcy court and, to the extent applicable, approval of a Section 42 business transfer or Civil Rehabilitation Plan by a Japanese court (or such other approvals required in connection with an out-of-court transaction in Japan), the settlement of the claims identified in our valuation assumptions and discussed in the attached term sheets, the execution and delivery of the business continuation and indemnity agreements with the requisite consenting OEMs, as described in the attached term sheets, the receipt of all material governmental and third party-consents, and other conditions customary for a transaction of this nature where the purchaser has committed debt financing. The terms of the definitive transaction documents will ensure, to the greatest extent possible, that the closing of the transactions contemplated as taking place in the U.S., Japan and elsewhere in the world will be consummated simultaneously, and the conditions to the transaction will be structured to facilitate this outcome.

We anticipate that a potential combination of our businesses will be subject to customary antitrust approvals in the United States, Europe, China and, potentially, other regions. Our advisors have reviewed the issues associated with the United States Hart-Scott-Rodino Antitrust Improvements Act and the competition laws of jurisdictions outside the United States and are prepared to engage with your advisors to discuss our assessment of those issues, subject to receipt of the information required to complete our analysis. We will coordinate with the Company and its advisors to prepare the anticipated filings concurrently with final contract negotiations and completion of our due diligence so that the requisite filings can be made promptly following the execution of definitive agreements. We do not anticipate any meaningful issues in obtaining the requisite approvals and expect to be able to complete this process quickly and with minimal disruption or delay. To express confidence in our ability to achieve antitrust approval, we are willing to provide a "hell or high water" commitment and a robust reverse break fee equal to 6% of the cash purchase price.

In addition to antitrust and competition approvals, we anticipate making a CFIUS filing in the U.S. Subject to receipt of additional information regarding the Company's defense business, it is possible that other regulatory filings may be required. Our advisors have also reviewed the circumstances surrounding these filings and do not anticipate any meaningful issues or delay. We are prepared to divest Takata's defense business if that becomes a concern from a regulatory perspective.

We expect that the DOJ Settlement will be paid in full in cash with the proceeds of the purchase price payable in the Proposed Transaction, but expect that the proceeds of the OEM recovery fund provided for in the DOJ Settlement will be allocated fairly and equitably among all global OEM customers.

#### **8. Willingness to Commit Resources and Time:**

We believe that our previous discussions with Takata, as well as our deep knowledge of the industry, has allowed us to undertake an efficient but comprehensive process that assesses all aspects of the Company's business. We have conducted more than 10 site visits, more than 50 meetings with Takata management and more than 100 meetings with OEM customers thus far. As evidenced by the significant amount of time and resources we have expended to date, we are fully committed to seeing the process through to successful and rapid completion.

#### **9. Exclusivity, Expense Reimbursement and Other Matters:**

Our Proposal will expire on February 6, 2017 unless we are granted exclusivity and execute an expense reimbursement agreement previously provided to Lazard.

Without our prior written consent, neither Takata nor its representatives (including, without limitation, officers, directors, employees, partners, members, agents, financial advisors, consultants, attorneys, accountants or other advisors) may disclose to any person (except to the extent otherwise required by applicable law) the terms of this Revised Proposal, the fact that any discussions or negotiations are taking place between the Company and KSS or the existence of this Revised Proposal. Notwithstanding the foregoing, we understand that Takata will disclose the key terms of this Revised Proposal to Takata's OEM customers on a confidential basis. The term "person" as used in this letter will be interpreted broadly to include the media and any corporation, company, group, partnership or other entity or individual. Any unauthorized disclosure of this Revised Proposal without our consent will result in automatic revocation of this Revised Proposal.

This Revised Proposal reflects our indication of interest and is not intended to create a binding commitment to proceed with a transaction. No contract or agreement providing for any transaction shall exist or be deemed to exist between KSS or Takata unless and until final definitive agreements have been executed and delivered.

**Working Group:** Key Safety Systems' contact persons will be Jason Luo, CEO (work +1 (586) 726-4012; mobile +1 (586) 822-0312; luoj@keysafetyinc.com), Joe Perkins, CFO (work +1 (586) 726-4107; mobile +1 (989) 780-0498; perkinsj@keysafetyinc.com) and Thomas Fennimore, Managing Director, Jefferies (work +1 (212) 708-2608; mobile +1 (917) 678-4703; tfennimore@jefferies.com). Bain Capital's contact persons will be David Gross-Loh, Managing Director (work +1 (617) 516-2842; mobile +1 (617) 895-8464; dgrossloh@baincapital.com) and Stephen Thomas, Managing Director (work +1 (212) 326-9438; mobile +1 (917) 232-2443; sthomas@baincapital.com).

\* \* \* \* \*



Please do not hesitate to contact any of us if you need any clarification on the terms of our Revised Proposal. We look forward to working with you and Takata.

Sincerely,



Jason Luo  
Chief Executive Officer  
Key Safety Systems



David Gross-Loh  
Managing Director  
Bain Capital Private Equity, LP

**Exhibit C**

**Projected Waterfall as of December 31, 2017**

### Illustrative Cash Proceeds Waterfall

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)	--	--
<b>Purchase Price</b>	<b>\$533.9</b>	<b>\$441.1</b>	<b>(\$0.9)</b>	<b>\$39.5</b>	<b>\$15.3</b>	<b>\$2.6</b>	<b>\$36.3</b>
(+) Balance Sheet Cash Available for Distribution	16.5	15.6	.9	--	--	--	--
(+) Value from Subsidiaries	--	39.5	--	(39.5)	--	--	--
<b>Cash Proceeds</b>	<b>\$550.4</b>	<b>\$496.2</b>	<b>--</b>	<b>--</b>	<b>\$15.3</b>	<b>\$2.6</b>	<b>\$36.3</b>
<b>Less -</b>							
Funding of Reserves and Related Payments under the Plan	Consolid.	TKH	TKAM	TKHM	TDM	IIM	SMX
(-) Plan Settlement Turnover Amount	(\$.4)	(\$.4)			--	--	--
(-) Claims Reserves	--	--			--	--	--
NHTSA Claim	(50.0)	(50.0)			--	--	--
Mexico Class Action	(12.1)	--			(10.5)	(1.6)	--
Mexico Labor Claims	(.9)	--			(.35)	(.6)	--
Administrative Expense Claims	(54.9)	(54.9)			--	--	--
Administrative Expense PSAN PI/WD Claims	(2.6)	(2.6)			--	--	--
Disputed Cure Claims Reserve	--	--			--	--	--
(-) Post-Closing PI/WD Claims Reserve	--	--			--	--	--
(-) PSAN PI/WD Trust Reserve	(4.4)	(3.9)			(.2)	(.0)	(.3)
(-) Reorganized TK Holdings Trust Reserve	(12.5)	(11.2)			(.5)	(.1)	(.8)
(-) Warehousing Trust Reserve	(62.2)	(55.5)			(2.3)	(.3)	(4.0)
(-) Post-Closing Reserve	(36.1)	(34.7)			(1.5)	--	--
(-) Plan Settlement Payment, Less Plan Settlement Turnover Amount	(245.5)	(214.3)			--	--	(31.2)
(+) Plan Settlement Turnover Amount	.4	.1			.1	.1	.1
<b>Effective Date Available Cash</b>	<b>\$69.0</b>	<b>\$68.7</b>			<b>\$.1</b>	<b>\$.1</b>	<b>\$.1</b>

This is **Exhibit "E"** 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

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

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<b>In re</b>	:		<b>Chapter 11</b>
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<b>TK HOLDINGS INC., et al.,</b>	:		<b>Case No. 17-11375 (BLS)</b>
	:		
<b>Debtors.<sup>1</sup></b>	:		<b>Jointly Administered</b>
	:		
	X		<b>Re: Docket No. 2056</b>

**DECLARATION OF STEVEN FLEMING IN SUPPORT OF  
FOURTH AMENDED JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

Pursuant to 28 U.S.C. § 1746, I, Steven Fleming, hereby declare, under penalty of perjury to the best of my knowledge and belief, that:

1. I submit this declaration (the “*Declaration*”) in support of confirmation of the *Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors* [Docket No. 2056] (together with all schedules and exhibits thereto, and as may be modified, amended or supplemented from time to time, the “*Plan*”).<sup>2</sup> Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, and information provided to me by the Debtors and their professionals, including, professionals working at my direction at PricewaterhouseCoopers LLP (“*PwC*”). If called upon to testify, I would testify competently to

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<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Plan, Disclosure Statement (as defined below), or Liquidation Analysis (as defined below), as applicable.

the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

2. I am a Principal of PwC, an experienced, leading, full-service financial services, consulting, and accounting firm with over 75 offices and more than 30,000 employees in the United States. I am the leader of the firm's US Business Recovery Services Practice, a position that I've held since 2016 after being a senior member in the group for seven years. Prior to these positions, I held a senior position in PwC's Transaction Services practice in Dubai, UAE, where I was responsible for expanding the firm's Corporate Finance and Valuation practices across the Middle East and North Africa. I have been employed by PwC since August 1998, and have held other senior positions, both domestically and abroad.

3. I received a Bachelor of Science in Finance from Lehigh University in 1998 and a Master of Business Administration from Columbia Business School in 2004. I am a Certified Insolvency and Restructuring Advisor and hold a Certification in Distressed Business Valuation, both of which are designations issued by the Association of Insolvency and Restructuring Advisors, where I sit on the board on behalf of PwC. During the course of my career I have served as a Chief Restructuring Officer and have testified in numerous chapter 11 cases on matters relating to financing, valuation, cash forecasting, liquidation analyses, and sale processes. I have been qualified as an expert witness with respect to valuation, cash forecasting, and section 363 sale processes.

4. PwC has considerable experience providing financial advisory services to businesses in chapter 11 scenarios, and has been employed in notable chapter 11 cases, such as: SunEdison Inc.; Chrysler LLC; Metro Affiliates, Inc.; Clayton General, Inc.; Sportscraft, Ltd.; Acadiana Management Group, LLC; Kid Brands, Inc.; National Envelope Corporation; New

Ashley Stewart, Inc.; SDA, Inc; NRAD Medical Associates P.C.; Allied Systems Holdings, Inc.; Munire Furniture Co., Inc.; and many others.

5. I have previously served as a financial advisor to a chapter 7 trustee, and have personally been involved in the development of liquidation analyses in other cases.<sup>3</sup>

6. It is my understanding that a chapter 11 plan cannot be confirmed unless a bankruptcy court determines that the plan is in the “best interests” of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. I further understand that the “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires that a bankruptcy court find either that (a) all members of an impaired class of claims or interests have accepted the plan or (b) the plan will provide a member of an impaired class of claims or interests who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date, prior to confirming the plan.

7. I played a prominent role in the preparation of the Debtors’ liquidation analysis (the “**Liquidation Analysis**”), which was filed as Exhibit J to 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] (together with all schedules and exhibits thereto, and as may be modified, amended or supplemented from time to time, the “**Disclosure Statement**”).<sup>4</sup> The Liquidation Analysis, which was prepared by the Debtors with the assistance of PwC and the Debtors’ other professionals, estimates potential cash

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<sup>3</sup> I have performed liquidation analyses in numerous cases, including, amongst others, SunEdison Inc., Sportcraft, LTD. (a chapter 7 case), Munire Furniture Co., Inc., Kid Brands, Inc., Allied Systems Holdings, Inc., SDA, Inc., Clayton General, Inc., Victory Healthcare, Inc.

<sup>4</sup> A copy of the Liquidation Analysis is attached as Exhibit A hereto.

distributions to holders of Allowed Claims and Interests in a hypothetical chapter 7 liquidation of the Debtors' Assets.

### **The Liquidation Analysis**

8. The Liquidation Analysis assumes a conversion of the Chapter 11 Cases to chapter 7 liquidation cases on or about March 1, 2018 (the "***Conversion Date***") and presents high and low creditor recovery scenarios on a debtor-by-debtor basis. Both scenarios assume that, on the Conversion Date, the Bankruptcy Court would appoint a chapter 7 trustee ("***Trustee***") to oversee the liquidation of the Debtors' Estates.<sup>5</sup> The Liquidation Analysis also assumes that given the complexity of the Debtors' global supply chain, the conversion of the Chapter 11 Cases to chapter 7 cases will cause many of the Debtors' foreign affiliates to commence formal insolvency proceedings in local jurisdictions around the world, including TKHDM, TDM, IIM, and SMX (collectively, the "***Mexican Debtors***"), as well as their non-Debtor Mexican affiliates, which are assumed to each commence local insolvency proceedings in Mexico, *e.g.*, *concurso mercantil* proceedings (collectively, the "***Concurso Proceedings***") on the Conversion Date.<sup>6</sup>

9. 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. I believe this is particularly true given the complexity of these Chapter 11 Cases, the global nature and interdependencies of the Debtors' operations, and the impact of the ongoing recalls, which make it difficult for the Debtors to predict, among other things, (a) the anticipated lifetime and length

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<sup>5</sup> The Liquidation Analysis assumes that the Trustee's fees would equal three percent (3%) of cash on hand plus the aggregate Liquidation Proceeds.

<sup>6</sup> For purposes of the Liquidation Analysis, the Debtors assumed that the Mexican insolvency court would grant a joint proceeding and appoint only one visitor and/or receiver to administer the Concurso Proceedings and that the Trustee would not receive a commission based on assets liquidated in the Concurso Proceedings—an assumption the Trustee might challenge and, if successful, would further increase administrative costs at these entities.



of any wind-down and liquidation of the Debtors, which may be significant in order to comply with the Debtors' recall obligations under the NHTSA Orders; (b) the uncertain sources of financing in connection with a lengthy and protracted wind-down and liquidation; (c) the Consenting OEMs' response to a hypothetical liquidation in terms of continued business, resourcing, potential setoffs or recoupments, and treatment of tooling and warranty claims and programs; (d) the collections of accounts receivables owing to the Debtors both on the Conversion Date (as defined herein) and during the lengthy liquidation; (e) the impact of currently pending and potential future litigation; (f) the response of the United States Department of Justice (the "*DOJ*"), the National Highway Transportation Safety Administration ("*NHTSA*"), and other governmental entities to a conversion of the Chapter 11 Cases to cases under chapter 7 and any additional fines or penalties such entities may seek to impose and/or enforce against the Debtors; and (g) the significant amount of professional fees and other administrative expenses that would be incurred in connection with a protracted, contested and complicated liquidation. In addition, the following is a non-exhaustive list of considered factors that could negatively impact the amount of proceeds generated by the liquidation of the Debtors' Assets (the "*Liquidation Proceeds*"): (a) turnover of key personnel; (b) litigation with stakeholders, including the OEMs; and (c) delays in the liquidation process. Furthermore, as previously stated, the Liquidation Analysis assumes that the conversion of the Chapter 11 Cases to chapter 7 cases will cause many of the Debtors' foreign affiliates to commence formal insolvency proceedings in local jurisdictions around the world. As a result, it is likely that intercompany receivables owed to the Debtors from these foreign affiliates will not be paid and that such proceedings will result in additional Claims against the Debtors, which Claims have not been factored into the Liquidation Analysis.

10. The Liquidation Analysis considers two alternative hypothetical scenarios:

(a) Scenario A (the “*Orderly Liquidation Scenario*”), under which the Trustee liquidates the Debtors’ assets in a series of separate transactions over a twenty-four (24) month period, and

(b) Scenario B (the “*Transaction Approach Scenario*”), under which the Trustee pursues a going concern sale of substantially all of Takata’s assets and operations to Joyson KSS Auto Safety S.A. (collectively, with one or more of its current or future subsidiaries or affiliates, “KSS” and, such sale, the “*KSS Transaction*”).<sup>7</sup> Both Scenarios demonstrate that projected recoveries under the proposed Plan meet or exceed those projected in a hypothetical chapter 7 liquidation, even under the conservative assumptions<sup>8</sup> used in the Liquidation Analysis. Specifically, the Plan contemplates a 0.1–0.4% recovery for General Unsecured Claims, whereas General Unsecured Claims would receive a \$0 recovery under the Orderly Liquidation Scenario and significantly less recoveries under the Transaction Approach Scenario when compare to the Plan.

11. The Liquidation Analysis was prepared in a manner accordant with the approaches and methodologies that I have consistently utilized in my twenty years of experience as a financial advisor. If called upon to testify, I would testify in a manner consistent with the Liquidation Analysis.

### **Global Assumptions**

12. Both Scenario A and B assume the following: (a) the Trustee would have access to approximately Fifty Million Dollars (\$50 Million) of cash on the Conversion Date;

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<sup>7</sup> For purposes of the Liquidation Analysis, the Debtors also contemplated a regional going concern sale of only the Debtors’ assets to KSS but determined that such a transaction was unlikely due to the globally integrated and interdependent nature of the Takata enterprise.

<sup>8</sup> As set forth in the Liquidation Analysis, the Debtors believe many assumptions used in the Liquidation Analysis were conservative and actual recoveries in a chapter 7 liquidation could be substantially less than recoveries set forth in the Liquidation Analysis.

(b) the Equipo Transfer (as defined in the *Order Pursuant to 11 U.S.C. §§ 363 and 105(a) 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]) will have been implemented prior to the Conversion Date; (c) the conversion of the Chapter 11 Cases to chapter 7 cases will lead to significant disruptions in the Debtors' global supply chain and uncertainty amongst the Debtors' vendors, employees, and OEM customers; (d) the Trustee will retain investment banking, legal, accounting, consulting and forensic professionals not currently involved in the Chapter 11 Cases, which will result in certain inefficiencies, higher run rates, and lower recoveries on Assets; and (e) the Trustee will continue to comply with the NHTSA Consent Order, including continuing to pay the costs associated with the recalls, the NHTSA monitor, and the warehousing/disposal of recalled PSAN Inflators.

#### **Scenario A – Orderly Liquidation Scenario**

13. Given the complexity of the Debtors' global supply chain,<sup>9</sup> the Orderly Liquidation Scenario assumes that the conversion of the Chapter 11 Cases to chapter 7 cases would trigger disruptions in the Debtors' operations that would make it nearly impossible for the Trustee to maintain operations and fulfill customer purchase orders, and even if such an attempt were made, maintaining operations would be both risky and extremely costly. Thus, the Liquidation Analysis assumes that there would be little or no benefit to the Trustee in attempting to maintain the Debtors' ongoing operations for any meaningful period of time.

14. Further, under the Orderly Liquidation Scenario the Debtors assumed that, given the "just-in-time" nature of the Debtors' supply to their Customers, if the Debtors' operations abruptly ceased, their Customers would face severe consequences, including, without

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<sup>9</sup> The Debtors and their affiliates operate across twenty-one (21) countries in fifty-seven (57) facilities and have over two (200) hundred vendors.

limitation, production downtime on vehicle assembly operations while alternative sources are identified and qualified. Given the potential liability associated with the production of PSAN Inflators and their component parts, the Orderly Liquidation Scenario assumes that certain Customers may be unable to find alternative suppliers of these products. Accordingly, the Orderly Liquidation Scenario assumes that the Debtors' OEM customers (the "**Accessing OEMs**") who are party to that certain access and security agreement, dated August 9, 2017 [Docket No. 953] (the "**Access Agreement**"), either (a) exercise their rights of access<sup>10</sup> thereunder or (b) negotiate a similar agreement with the Trustee to allow such OEMs to access and operate the Debtors' manufacturing facilities until such time as their production could be transitioned to an alternative supplier.

15. The Orderly Liquidation Scenario assumes that the primary production operations continue for a period of approximately twelve (12) months, followed by a twelve (12) month wind-down period (the "**Liquidation Period**") to administer the Estates (*e.g.*, dispose of remaining Assets, finalize reconciliation of Claims, resolve any outstanding litigation, complete distributions, close the Estates, etc.). All ordinary direct costs associated with production during the Liquidation Period are assumed to be funded by the Accessing OEMs in accordance with the terms of the Access Agreement (or any similar agreement reached with the Trustee). All other costs of administering the chapter 7 cases are assumed to be borne by the Estates and funded by a combination of cash on hand and the monetization of Assets.<sup>11</sup>

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<sup>10</sup> The right of access provides the Accessing OEMs with the right to use the Debtors' operating Assets and the ability to occupy any or all of the Debtors' real property in order to manufacture component parts for a period of up to three hundred sixty (360) days from the date such customer provides written notice of the occurrence and continuation of a Default (as defined in the Access Agreement).

<sup>11</sup> These costs include the Trustee's fees, which would equal three percent (3%) of cash on hand plus the aggregate Liquidation Proceeds, the Trustee's professional fees (legal and financial), wind down costs, which primarily include employee-related costs, rent, and overhead expenses, and the costs of complying with the NHTSA Consent Order. These costs, however, do not include the value of the NHTSA Civil Penalty Claim or other subordinated claims.

16. Notwithstanding the assumptions regarding the funding of direct production costs by the Accessing OEMs set forth above, the Debtors assumed that the liquidation of the Debtors' business—a tier one automotive supply business—would be a complicated process, which would likely result in severe disruptions to the global automotive supply chain. Even with the Accessing OEMs exercising rights of access, it is expected that the Debtors' OEM customers would experience a minimum production interruption of two (2) to four (4) weeks, assuming that such OEM customers have built up inventory banks of two (2) weeks, due to the difficulty in transitioning operations to the Accessing OEMs, particularly in light of the interdependence of the Debtors' global supply chain, which will undoubtedly experience significant challenges after the conversion to chapter 7.

17. As a result, the Debtors estimated that the interruption in OEM customer production would result in their OEM customers asserting, at minimum, One Billion Five Hundred Million Dollars (\$1.5 Billion) in damages against the Estates.<sup>12</sup> For purposes of the Liquidation Analysis, the Debtors have conservatively assumed that these damages constitute General Unsecured Claims against the Estates; however, there remains uncertainty as to whether some or all of these damages would be entitled to administrative expense, secured, or other priority status under the Bankruptcy Code, which would have a further material impact on available Liquidation Proceeds.

18. With the assistance of PwC, the Debtors also analyzed the various Claims of the Consenting OEM customers, consisting of secured claims related to Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and General Unsecured Claims. In aggregate, the

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<sup>12</sup> The cost of factory downtime in the automotive industry varies widely by vehicle type, but the global average per vehicle profit, as estimated by PwC, is approximately \$1,000 per vehicle. The Debtors' parts affect approximately 750,000 vehicles per week. Accordingly, a two-week shutdown of production lines would minimally result in potential damages of approximately One Billion Five Hundred Million Dollars (\$1.5 Billion). The Debtors' OEM customers may incur significant additional damages from the shutdown of their assembly operations.

Consenting OEMs asserted Claims totaling Two Hundred Seventy-Nine Billion Dollars (\$279,000,000,000); that number falls to approximately Forty-Nine Billion Dollars (\$49,000,000,000) when multi-Debtor Claims are excluded.<sup>13</sup>

19. Under the Adequate Protection Order, those Consenting OEMs with outstanding payables to the Debtors as of the Petition Date were granted the Adequate Protection Claims and replacement liens for and equal in amount to the aggregate diminution in the amount of such Consenting OEMs' prepetition setoff rights and customer Secured Claims. Based on our review of the Debtors' books and records, the Consenting OEMs released their outstanding payables to the Debtors as of the Petition Date in the aggregate amount of approximately \$283 million. The Debtors computed Consenting OEM PSAN Cure Claims based on certain Consenting OEM customers' Claims under the Debtors' PSAN contracts with such Consenting OEM customers, excluding those OEM claims related to PSAN inflators shipped by the Debtors to a non-Debtor affiliate which were then subsequently sold to an OEM customer pursuant to a non-Debtor contract. We also reviewed OEM customers' General Unsecured Claims, excluding their Adequate Protection Claims and that portion of Consenting OEM PSAN Cure Claims to which the Debtors and such Consenting OEM customers agreed, including the proofs of claim filed by each Consenting OEM customer for the various categories of costs, expenses, and other damages that the Consenting OEM customer incurred, and related to products sold by Debtors and their global affiliates prior to the Petition Date (including, but not limited to, a General Unsecured Claim related to tooling, engineering, development, design, and other services provided by alternative suppliers in connection with the Debtors' breach or inability to perform under their contracts with a Consenting OEM).

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<sup>13</sup> Under a chapter 7 liquidation scenario, the full value of liquidated Claims by the Consenting OEMs could be much larger.

20. To analyze Consenting OEM customer Claims, the Debtors, with the assistance of PwC, reviewed proofs of claim filed pursuant to the Consenting OEM Claims Protocol, as described in the Disclosure Statement, and also reviewed supporting documentation subsequently provided by the Consenting OEMs. In accordance with the Claims Protocol, Consenting OEMs filed proofs of claim within the following categories:

- **Customer Recalled Inflators Claims:** based on rights of reimbursement and indemnification relating to PSAN Inflators that the Debtors developed, designed, manufactured, stored, transported, disposed of, sold, supplied to the Claimant, and/or as to which the Debtors are obligated to indemnify the Claimant as of the Petition Date. Further, for Customer Recalled Inflators Claims, Consenting OEMs used the following agreed-upon cost categories with accompanying notes provided in the Claims Protocol:

	<b>Claim Components (See the Notes attached hereto for additional information on the Claim Components)</b>
1	Labor Costs and Expense
2	Parts (including Replacement Kits)
3	Dealer Charges
4	Rental Car Charges
5	Transportation, Shipping and Other Logistical Costs
6	Notification/Customer Communications/Advertising and Similar Charges
7	Freight for Returned Inflators
8	Warehouse and Disposal
9	Administrative Expenses
10	Alternative Sourcing Costs

<b>Claim Component</b>	<b>Description</b>
Labor Costs and Expense	These include the costs, including hourly fees, associated with the installation of new Inflators or Replacement Kits for PSAN Inflators.
Parts (including Replacement Kits)	These include the costs for Inflators, Replacement Kits, modules and other Component Parts sold by the Debtors or third parties to the Consenting OEM to fulfill orders for PSAN Inflators.
Dealer Charges	These include dealer markup and other amounts charged back to Consenting OEM (not otherwise included in any other Claim Component) that are paid by such Consenting OEM in complying with and completing the Recalls.
Rental Car Charges	These include the costs associated with (i) rental cars provided to customers (a) as their Subject Takata Inflater is being replaced with a Replacement/Replacement Kit or (b) during the period of time a customer is waiting for the commencement of their Replacement/Replacement Kit installation or (ii) if the Subject Vehicle needs to be towed to dealership to have the Replacement/Replacement Kit installed.
Transportation, Shipping and Other Logistical Costs	These include the out-of-pocket costs to ship, warehouse and distribute Replacement/Replacement Kits to dealerships.
Notification/Customer Communications/Advertising and Similar Charges	These include the costs to identify, notify, and/or educate customers of the Recalls.
Freight for Returned Inflators	These include the out-of-pocket costs associated with the return of the old PSAN Inflators to the Debtors (other than the Warehouse and Disposal Claim Component).
Warehouse and Disposal	These include the out-of-pocket costs associated with the warehouse and disposal of any returned PSAN Inflators.
Administrative Expenses	These include the fees and costs associated with Recalls that are not otherwise included in any other Claim Component; but for the avoidance of doubt shall exclude any of the Other Commercial Claims.
Alternative Sourcing Costs	These include the fees, costs, and expenses to source Component Parts with alternative third-party and/or Takata suppliers as a result of the Recalls, including, without limitation, (i) Component Part price increases paid to alternative and/or Takata suppliers, (ii) engineering, testing, validating costs and expenses, or (iii) any costs incurred in connection with the manufacture and production of any tooling necessary to comply with any Consenting OEM obligations in connection with the Recalls.

- **Customer Non-Recalled Inflators Claims:** claims relating to PSAN Inflators that are not yet the subject of a recall in the U.S., Japan, or any other jurisdiction as of the Petition Date, using the same methodology used to calculate the first category, Customer Recalled Inflators Claims.
- **Other Commercial Claims:** claims for (a) all fees, costs, expenses, damages or losses sustained, incurred or to be incurred by Claimant as a result of or in connection with any failure of the Debtors to perform any of their respective duties or obligations under the Purchase Orders, including, without limitation, all warranty, recall, product liability, or indemnification obligations, and (b) any loans or similar accommodations, with respect to PSAN Inflators and/or non-PSAN Inflators (excluding any losses asserted as part of any Customer Inflater Claim), or with respect to non-PSAN Inflater Component Part programs of Claimants.
- **Other PSAN Claims:** claims for (a) fees, costs, and expenses incurred in connection with any pending litigation relating to the Debtors, including,



but not limited to, the Covered Litigation (including any professional fees incurred in connection therewith), (b) amounts incurred in connection with any settlements negotiated for any third-party claims arising out of or relating to the Debtors, including, without limitation, the Covered Litigation, and (c) fees, costs, expenses, damages or losses sustained or incurred, by Claimant as a result of or in connection with any alleged misrepresentations or omissions by the Debtors, including, without limitation, those allegations or admissions set forth in the DOJ Plea Agreement as of January 13, 2017 between DOJ and TKJP.

21. With respect to Customer Recalled Inflators Claims and Customer Non-Recalled Inflators Claims, Consenting OEMs included Claims for applicable PSAN Inflators shipped by the Debtors as well as where the Debtors provided a Debtor manufactured PSAN Inflator propellant. However, except for one instance based on the Debtors' contract with the OEM regarding indemnification provisions, Customer Recalled Inflator Claims or Customer Non-Recalled Inflator Claims only included Claims for PSAN Inflators shipped by the Debtors. For purposes of this analysis, the Debtors categorized as Other PSAN Claims instances where a non-Debtor shipped a PSAN Inflator to a Consenting OEM, but the PSAN Inflator propellant was manufactured by the Debtors.

22. Further, the Debtors considered Customer Recalled Inflators Claims as applicable for Consenting OEM PSAN Cure Claims, which, based on the Consenting OEMs' proofs of claim, totaled approximately Eight Billion Dollars (\$8,000,000,000). After reconciling these proofs of claim with the volume of PSAN Inflators shipped by the Debtors, the Debtors estimate Consenting OEM PSAN Cure Claims to be an amount up to approximately Four Billion Dollars (\$4,000,000,000).<sup>14</sup>

23. The Debtors also reconciled the Consenting OEM Unsecured Claims with the Debtors' books and records and the contracts each Consenting OEM has with one or more of

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<sup>14</sup> The Consenting OEMs reserve all rights to challenge this estimate.

the Debtors, and the number of PSAN Inflators purchased by the Consenting OEMs; in addition, the Debtors requested and reviewed OEM documentation on PSAN Inflator related costs incurred. Ultimately, following this analysis, and discussions with the Consenting OEMs, the Debtors settled the Consenting OEM Unsecured Claims at Thirty-Eight Billion Six-Hundred-Forty-Five Million Eight-Hundred-Sixty-Two Thousand Eight-Hundred-Twenty-Three Dollars (\$38,645,862,823). This settlement is conditioned on the Effective Date of the Plan, and under the Claims Protocol, the Consenting OEMs have rights to amend their Claims in the event that the Restructuring Support Agreement terminates before the Closing Date.

24. Furthermore, the Orderly Liquidation Scenario assumes that the OEMs assert additional Claims arising from or relating to a Takata product<sup>15</sup> against certain non-debtor subsidiaries, including, among others, direct and indirect subsidiaries Takata Brasil S.A. and Takata (Shanghai) Automotive Component Co. LTD. Given these additional asserted Claims, it is assumed that these entities provide no value to equity holders, including TKAM.

25. Exhibit 1 to the Liquidation Analysis provides, on a debtor-by-debtor basis, the estimated value of each Debtor's assets in the Orderly Liquidation Scenario, as well as the estimated value of claims against that Debtor's estate under such scenario. The line items to those tables contain additional assumptions, which are more fully described in the Liquidation Analysis. Specifically, the Orderly Liquidation Scenario assumes that the Global Accommodation Agreement<sup>16</sup> will either expire on its own terms due to the occurrence of the Outside Date (as defined in the Global Accommodation Agreement) or be terminated by the

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<sup>15</sup> These Claims include, but are not limited to, a General Unsecured Claim related to tooling, engineering, development, design, and other services provided by alternative suppliers in connection with the Debtors' breach or inability to perform under their contracts with an OEM.

<sup>16</sup> My understanding of the Global Accommodation Agreement is based on information provided to me by the Debtors' outside counsel, Weil, Gotshal & Manges LLP.

Consenting OEMs party thereto as a result of the conversion of the Chapter 11 Cases to chapter 7. As a result, the Liquidation Analysis assumes that Consenting OEMs party to the Global Accommodation Agreement will setoff outstanding and anticipated post-petition Claims (including customer professional fees) against outstanding receivable balances prior to remitting payment to the Debtors. Given that the Debtors' OEM customers will likely incur significant additional expenses related to the operation of the Debtors' production lines under the Access Agreement (or any similar agreement reached with the Trustee), such set-offs and/or recoupments are expected to represent a material percentage of accounts receivable.

26. Additionally, during the Chapter 11 Cases, in accordance with the terms of the Global Accommodation Agreement, the Consenting OEMs have been paying the Debtors for replacement kits at currently applicable pricing. Although the Debtors are obligated under the NHTSA Consent Order and other applicable law to continue manufacturing replacement kits for the OEMs in connection with the recalls, there is no guarantee that the Debtors' OEM customers would continue to pay or reimburse the Debtors for replacement kits at the current pricing levels post-Conversion Date, which would have a material impact on accounts receivable and further dilute net Liquidation Proceeds that are available for General Unsecured Creditors.

27. Further, because the Debtors are obligated under the NHTSA Consent Order and other applicable law to continue manufacturing replacement kits for the OEMs in connection with the recalls, the Orderly Liquidation Scenario includes the recall-related costs of complying with the NHTSA Consent Order. These costs primarily include estimated costs associated with NHTSA monitor fees, and the warehousing, shipping, and disposal costs of the recalled PSAN Inflators. These recall-related costs reflect only those costs expected to be incurred by TKH and do not include additional costs likely to be incurred in other regions.

Because there is no guarantee that the Debtors' OEM customers would continue to pay or reimburse the Debtors for replacement kits at the current pricing levels post-Conversion Date, in the event that the Trustee was ordered, pursuant to the NHTSA Consent Order or other applicable law, to continue manufacturing PSAN Inflators post-Conversion Date, the Estates may incur significant additional costs in manufacturing replacement kits. These additional costs could have a material impact on the Assets of the Estates, potentially rendering the Estates administratively insolvent and without sufficient capital and liquidity to continue operations.

28. Based on the above noted reductions to value, including the assumptions underlying each line item in Exhibit 1 to the Liquidation Analysis, recoveries under the Orderly Liquidation Scenario would be less than recoveries under the Plan. Specifically, General Unsecured Claims would receive nothing under the Orderly Liquidation Scenario, and Administrative Claims would receive less than a full recovery.

#### **Scenario B – Transaction Approach Scenario**

29. The Transaction Approach Scenario assumes that the KSS Transaction is consummated by the Trustee three (3) to six (6) months after the Conversion Date. When compared to the distributions under the Plan, the Transaction Approach Scenario results in a material reduction in proceeds available for distribution to the Debtors' creditors.

30. The material reduction of proceeds available for distribution is a combination of a number of factors, including without limitation, (a) a substantial reduction in the One Billion Five Hundred Eighty-Eight Million Dollar (\$1.588 Billion) global purchase price due to, among other reasons, additional resourcing by the OEMs, which would materially depress the value of the businesses, and the added costs and expenses of the insolvency proceedings commenced in other regions; (b) additional administrative expenses due to the

retention of new professionals by the Trustee; (c) additional regulatory risk associated with the transaction; and (d) a three percent (3%) commission for the Trustee. Together, these factors would likely result in a substantial reduction in available Liquidation Proceeds under the Transaction Approach Scenario, which would render the Debtors' Estates administratively insolvent with no available distribution to holders of General Unsecured Claims.<sup>17</sup>

31. In addition to the risk of administrative insolvency, the Debtors also determined that the consummation of a going concern sale to KSS (or any other buyer)<sup>18</sup> would be unlikely for a number of reasons. First, the Debtors Assets comprise only a portion of what is a highly complex, global enterprise. Notwithstanding the best efforts of a Trustee and his or her professionals, the Trustee will only be able to control the Debtors' Assets and a going concern sale to KSS would be dependent on the cooperation and coordination of the Debtors' foreign affiliates, many of which are assumed to commence local insolvency proceedings upon the Debtors' conversion to chapter 7 (and others are already in such proceedings).

32. Second, as noted above, it is not clear what impact the conversion of the Chapter 11 Cases to cases under chapter 7 and the failure to close the Global Transaction by the DOJ Deadline would have on the Plea Agreement and the DOJ Restitution Order. Specifically, it is not clear whether the DOJ would extend the time for Takata to perform under the DOJ Restitution Order or whether the DOJ would bring new Claims, charges, or actions against

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<sup>17</sup> The analysis conducted by the Debtors, with the assistance of PwC, regarding Consenting OEM Unsecured Claims, also applies to the Transaction Approach. *See supra* ¶¶ 18–23.

<sup>18</sup> The Debtors and their advisors ran an extensive, global marketing process that took more than eight (8) months to complete. The global nature and complexity of these transactions required months of due diligence and extensive negotiations in order to consummate a deal. For these reasons, the Debtors believe that it is highly unlikely that another qualified buyer exists who could step into the shoes of KSS and close these global transactions.

Takata, including direct Claims, charges, or actions against the Debtors.<sup>19</sup> The Debtors do not believe KSS would close on a transaction unless all DOJ fines and penalties are fully satisfied.

33. Because the likelihood of consummating a transaction under the Transaction Approach Scenario is low, and recoveries under this approach are estimated to be significantly less than recoveries under the Orderly Liquidation Scenario, the Liquidation Analysis presented only the recoveries under the Orderly Liquidation Scenario in detail.

### **Conclusion**

34. I believe that the assumptions and estimates in the Liquidation Analysis are reasonable and appropriate in the context of these Chapter 11 Cases and that the Liquidation Analysis establishes that the Plan is in the best interests of all creditors. Accordingly, I believe that the Plan satisfies the requirements of section 1129(a)(7).

35. Pursuant to 28 U.S.C § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: February 14, 2018

PricewaterhouseCoopers LLP

By: /s/ Steven Fleming

Steven Fleming  
Principal

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<sup>19</sup> One of the Debtors' affiliates (TKJP) is a party to the DOJ Restitution Order, to which the Debtors are not parties. However, the Debtors believe that the conversion of the Chapter 11 Cases to cases under chapter 7, as contemplated by the Liquidation Analysis, would likely result in a breach of the DOJ Restitution Order that would permit the DOJ to assert new and additional Claims, charges, or actions against all Takata entities, including certain of the Debtors.

**Exhibit A**

Liquidation Analysis

## Liquidation Analysis

### A. Introduction.

On June 25, 2017 (the “*Petition Date*”), TK Holdings Inc. (“*TKH*”) and certain of its affiliates and subsidiaries (collectively, the “*Debtors*”)<sup>1</sup> each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”) in the United States Bankruptcy Court for the District of Delaware (the “*Bankruptcy Court*”).

The Debtors are soliciting votes with respect to the *Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors*, filed November 3, 2017 [Docket No. 1108] (together with all schedules and exhibits thereto, and as may be modified, amended or supplemented from time to time, the “*Plan*”) as set forth in the disclosure statement for the Plan (together with all schedules and exhibits thereto, and as may be modified, amended or supplemented from time to time, the “*Disclosure Statement*”) to which this Liquidation Analysis (as defined below) is attached as an exhibit.<sup>2</sup>

A chapter 11 plan cannot be confirmed unless a bankruptcy court determines that the plan is in the “best interests” of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires that a bankruptcy court find either that (a) all members of an impaired class of claims or interests have accepted the plan or (b) the plan will provide a member of an impaired class of claims or interests who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date, prior to confirming the plan. Accordingly, with the assistance of PricewaterhouseCoopers LLP (“*PwC*”), the Debtors prepared this hypothetical liquidation analysis (“*Liquidation Analysis*”) in connection with the filing of their Disclosure Statement and Plan to assist the Bankruptcy Court in making the findings necessary to confirm the Plan pursuant to section 1129(a)(7) of the Bankruptcy Code. **Based on the Liquidation Analysis, the Debtors submit that the Plan provides holders of Impaired Claims with more value**

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<sup>1</sup> 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) (“*TKAM*”); TK Finance, LLC (2753) (“*TKF*”); TK China, LLC (1312) (“*TKC*”); 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) (“*TKHDM*”); Industrias Irvin de Mexico, S.A. de C.V. (N/A) (“*IIM*”); Takata de Mexico, S.A. de C.V. (N/A) (“*TDM*”); and Strosshe-Mex S. de R.L. de C.V. (N/A) (“*SMX*”). 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.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan or the Disclosure Statement, as applicable.



**than they would receive in a liquidation scenario, thereby satisfying the “best interests” test.**

This Liquidation Analysis provides a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code and was prepared solely to assist the Bankruptcy Court in determining the confirmability of the Plan and to assist holders of Impaired Claims in determining whether they should vote in favor of the Plan. The Liquidation Analysis should not be used for any other purpose. The determination of the hypothetical proceeds from, and costs of the liquidation of the Debtors’ Assets is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by the Debtors and their advisors, are inherently subject to significant business and economic uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation. Other parties, 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 underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis. **ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR PROFESSIONALS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS’ ASSETS WOULD OR WOULD NOT APPROXIMATE THE ASSUMPTIONS REPRESENTED HEREIN; ACTUAL RESULTS COULD VARY, IN SOME CASES MATERIALLY.**

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of the Debtors’ schedules of assets and liabilities, statements of financial affairs, lists of Claims and Interests, and various other financial reports, including, but not limited to, the monthly operating reports filed in these Chapter 11 Cases (collectively, the “*Financial Reports*”), as well as the proofs of claim filed to date. In addition, the Liquidation Analysis includes estimates for Claims that are either contingent or not currently asserted in the Chapter 11 Cases, but which could be asserted and Allowed in a chapter 7 liquidation, including, but not limited to, Administrative Expense Claims, Claims arising in connection with the rejection of executory contracts and unexpired leases, employee-related obligations (e.g., retention payments and severance obligations), litigation Claims, wind down costs, chapter 7 trustee fees, tax liabilities, and other Allowed Claims. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims in the Chapter 11 Cases. Accordingly, the estimates of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims under the Plan.

**NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF**

**THE DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.**

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. This is particularly true given the complexity of these Chapter 11 Cases, the global nature and interdependencies of the Debtors' operations, and the impact of the ongoing recalls, which make it difficult for the Debtors to predict, among other things, (i) the anticipated lifetime and length of any wind-down and liquidation of the Debtors, which may be significant in order to comply with the Debtors' recall obligations under the NHTSA Orders; (ii) the uncertain sources of financing in connection with a lengthy and protracted wind-down and liquidation; (iii) the Consenting OEMs' response to a hypothetical liquidation in terms of continued business, resourcing, potential setoffs or recoupments, and treatment of tooling and warranty claims and programs; (iv) the collections of accounts receivables owing to the Debtors both on the Conversion Date (as defined herein) and during the lengthy liquidation; (v) the impact of currently pending and potential future litigation; (vi) the response of the United States Department of Justice (the "*DOJ*"), the National Highway Transportation Safety Administration ("*NHTSA*"), and other governmental entities to a conversion of the Chapter 11 Cases to cases under chapter 7 and any additional fines or penalties such entities may seek to impose and/or enforce against the Debtors; and (vii) the significant amount of professional fees and other administrative expenses that would be incurred in connection with a protracted, contested and complicated liquidation. In addition, the following is a non-exhaustive list of considered factors that could negatively impact the amount of proceeds generated by the liquidation of the Debtors' Assets (the "*Liquidation Proceeds*"): (a) turnover of key personnel; (b) litigation with stakeholders, including the OEMs; and (c) delays in the liquidation process. Furthermore, it is assumed that the conversion of the Chapter 11 Cases to chapter 7 cases will cause many of the Debtors' foreign affiliates to commence formal insolvency proceedings in local jurisdictions around the world. As a result, it is likely that intercompany receivables owed to the Debtors from these foreign affiliates will not be paid and that such proceedings will result in additional Claims against the Debtors, which Claims have not been factored into the Liquidation Analysis.

**B. Liquidation Analysis Overview – Scenario A and Scenario B.**

The Liquidation Analysis assumes conversion of the Chapter 11 Cases to chapter 7 liquidation cases on or about March 1, 2018 (the "*Conversion Date*") and presents a high and low recovery scenario on a debtor-by-debtor basis. On the Conversion Date, it is assumed that the Bankruptcy Court would appoint a chapter 7 trustee (the "*Trustee*") to oversee the liquidation of the Debtors' Estates. Additionally, on the Conversion Date, it is assumed that TKHDM, TDM, IIM, and SMX (collectively, the "*Mexican Debtors*"), as well as their non-Debtor Mexican affiliates, would each commence local insolvency proceedings in Mexico, *e.g.*, *concurso mercantil* proceedings (collectively, the "*Concurso Proceedings*"), which could be jointly administered (without

being substantively consolidated) and result in the appointment of a “visitor” who would analyze each company’s books and records in order to make a report establishing whether the company meets the insolvency standards to be declared in concurso (*i.e.*, insolvent). After the concurso declarations are made, it is assumed that a single “receiver” would be appointed for the Mexican Debtors and their non-Debtor Mexican affiliates in order to recognize debts and liquidate each company. The estimates in the Liquidation Analysis of the Debtors’ Assets and liabilities are derived from the Debtors’ Financial Reports.

In compiling the Liquidation Analysis, the Debtors considered two (2) alternative scenarios: Scenario A (the “**Orderly Liquidation Scenario**”), under which the Trustee liquidates the Debtors’ Assets in a series of separate transactions over a twenty-four (24) month period, and Scenario B (the “**Transaction Approach Scenario**”), under which the Trustee pursues a going concern sale of substantially all of Takata’s assets and operations to Joyson KSS Auto Safety S.A. (“**KSS**” and, such sale, the “**KSS Transaction**”). For purposes of the Liquidation Analysis, the Debtors also contemplated a regional going concern sale of only the Debtors’ Assets to KSS but determined that such a transaction was unlikely due to the globally integrated and interdependent nature of the Takata enterprise. Both Scenario A and B assume the following: (a) the Trustee will have access to approximately Fifty Million Dollars (\$50 Million) of cash on the Conversion Date; (b) the Equipo Transfer (as described below) will have been implemented prior to the Conversion Date;<sup>3</sup> (c) the conversion of the Chapter 11 Cases to chapter 7 cases will cause many of the Debtors’ foreign affiliates to commence formal insolvency proceedings in local jurisdictions around the world (including the commencement of the Concurso Proceedings described above), which in turn will lead to significant disruptions in the Debtors’ global supply chain and uncertainty amongst the Debtors’ vendors, employees, and OEM customers; (d) the Trustee will retain investment banking, legal, accounting, consulting and forensic professionals not currently involved in the Chapter 11 Cases which will result in certain inefficiencies, higher run rates, and lower recoveries on Assets; and (e) the Trustee will continue to comply with the NHTSA Consent Order, including continuing to pay the costs associated with the recalls, the NHTSA monitor, and the warehousing/disposal of recalled PSAN Inflators.

For purposes of this Liquidation Analysis, The Equipo Transfer (as defined in the *Order Pursuant to 11 U.S.C. §§ 363 and 105(a) 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]) is assumed to be implemented prior to the Conversion Date. The Equipo Transfer assumes that approximately \$68 million in book value of assets (including approximately \$33 million in intercompany receivables) are transferred from TDM to Equipo (as defined below, a non-debtor subsidiary, along with approximately \$12 million in liabilities. Concurrently, it is assumed that IIM transfers approximately \$12 million in book value of assets

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<sup>3</sup> Although the Liquidation Analysis assumes the Equipo Transfer has been implemented, recoveries for holders of Allowed General Unsecured Claims at each Debtor, including Debtors TDM and IIM, would be higher under the Plan than in a chapter 7 liquidation regardless of whether the Equipo Transfer occurs prior to the Conversion Date.

(including approximately \$10 million in intercompany receivables) to Equipo along with approximately \$3 million in liabilities. For purposes of this liquidation analysis, it is assumed that Equipo is 100% owned by TDM and IIM at the time of liquidation. However, due to the significant costs anticipated with the Concurso Proceedings there is no value ascribed to those equity interests.

As described in more detail below, both Scenario A and B demonstrate that the projected recoveries under the Plan exceed those projected in a chapter 7 liquidation.

### 1. Scenario A – Orderly Liquidation Scenario.

The Orderly Liquidation Scenario assumes that, given the complexity of the Debtors' global supply chain,<sup>4</sup> the conversion of the Chapter 11 Cases to chapter 7 cases would trigger disruptions in the Debtors' operations that would make it nearly impossible for the Trustee to maintain operations and fulfill customer purchase orders, and even if such an attempt were made, maintaining operations would be both risky and extremely costly. Accordingly, the Liquidation Analysis assumes that there would be little or no benefit to the Trustee in attempting to maintain the Debtors' ongoing operations for any meaningful period of time. The Orderly Liquidation Scenario further assumes that, given the "just-in-time" nature of the Debtors' supply to their customers, if the Debtors' operations abruptly ceased, their customers would face severe consequences, including, without limitation, production downtime on vehicle assembly operations while alternative sources are identified and qualified. Further, given the potential liability associated with the production of PSAN Inflators and their component parts, the Orderly Liquidation Scenario assumes that certain customers may be unable to find alternative suppliers of these products.

Accordingly, the Orderly Liquidation Scenario assumes the Debtors' OEM customers (the "**Accessing OEMs**") who are party to that certain access and security agreement dated August 9, 2017, filed at Docket No. 953 (the "**Access Agreement**") would either exercise their rights of access<sup>5</sup> thereunder or negotiate a similar agreement with the Trustee to allow such OEMs to access and operate the Debtors' manufacturing facilities until such time as their production could be transitioned to an alternative supplier. The Orderly Liquidation Scenario assumes that the primary production operations continue for a period of approximately twelve (12) months, followed by a twelve (12) month wind-down period (the "**Liquidation Period**") to administer the Estates (e.g., dispose of remaining Assets, finalize reconciliation of Claims, resolve any outstanding litigation, complete distributions, close the Estates, etc.). All ordinary direct costs associated with production during the Liquidation Period

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<sup>4</sup> The Debtors and their affiliates operate across twenty-one (21) countries in fifty-seven (57) facilities and have over two hundred (200) vendors.

<sup>5</sup> The right of access provides the Accessing OEMs with the right to use the Debtors' operating Assets and the ability to occupy any or all of the Debtors' real property in order to manufacture component parts for a period of up to three hundred sixty (360) days from the date such customer provides written notice of the occurrence and continuation of a Default (as defined in the Access Agreement).

are assumed to be funded by the Accessing OEMs in accordance with the terms of the Access Agreement (or any similar agreement reached with the Trustee). All other costs of administering the chapter 7 cases are assumed to be borne by the Estates and funded by a combination of cash on hand and the monetization of Assets.

The liquidation of the Debtors' business—a tier one automotive supply business—would be a complicated process, which would likely result in severe disruptions to the global automotive supply chain. Even with the Accessing OEMs exercising rights of access, it is expected that the Debtors' OEM customers would experience a minimum production interruption of two (2) to four (4) weeks, assuming that such OEM customers have built up inventory banks of two (2) weeks, due to the difficulty in transitioning operations to the Accessing OEMs, particularly in light of the interdependence of the Debtors' global supply chain which will undoubtedly experience significant challenges after the Debtors conversion to chapter 7. The Debtors anticipate that this interruption in OEM customer production will result in their OEM customers asserting a minimum of One Billion Five Hundred Million Dollars (\$1.5 Billion)<sup>6</sup> in damages against the Estates arising out of or relating to the production interruptions. For purposes of the Liquidation Analysis, the Debtors have assumed that these damages constitute General Unsecured Claims; however, there remains uncertainty as to whether some or all of the damages may be entitled to administrative expense, secured, or other priority status under the Bankruptcy Code, which could have a further material impact on available Liquidation Proceeds.

Furthermore, as part of the Orderly Liquidation Scenario, it is assumed that the OEM's assert additional claims similar to the OEM Unsecured Claims described in General Unsecured Claims below against certain non-debtor subsidiaries including among others direct and indirect subsidiaries Takata Brasil S.A. and Takata (Shanghai) Automotive Component Co., LTD. Given these additional asserted claims, it is assumed these entities provide no value to equity holders, including TKAM.

## **2. Scenario B – Transaction Approach Scenario.**

The Transaction Approach Scenario assumes that the KSS Transaction is consummated by the Trustee three (3) to six (6) months after the Conversion Date and results in a material reduction in proceeds available for distribution to the Debtors' creditors as compared to distributions pursuant to the Plan. The estimated reduction of proceeds available for distribution is a combination of a number of factors, including, without limitation, (a) a substantial reduction in the One Billion Five Hundred Eighty-Eight Million Dollar (\$1.588 Billion) global purchase price due to, among other reasons, additional resourcing by the OEMs, which would materially depress the value of the

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<sup>6</sup> The cost of factory downtime in the automotive industry varies widely by vehicle type, but the global average per vehicle profit, as estimated by PwC, is approximately One Thousand Dollars (\$1,000) per vehicle. The Debtors' parts affect approximately seven hundred fifty thousand (750,000) vehicles per week. Accordingly, a two-week shutdown of production lines would minimally result in potential damages of approximately One Billion Five Hundred Million Dollars (\$1.5 Billion). The Debtors' OEM customers may incur significant additional damages from the shutdown of their assembly operations.

businesses, and the added costs and expenses of the insolvency proceedings commenced in other regions; (b) additional administrative expenses due to the retention of new professionals by the Trustee; (c) additional regulatory risk associated with the transaction; and (d) a three percent (3%) commission for the Trustee. This combination of factors would likely result in a substantial reduction in available Liquidation Proceeds under the Transaction Approach Scenario which would render the Debtors' Estates administratively insolvent with no available distributions to holders of General Unsecured Claims.

In addition to the risk of administrative insolvency noted above, the Debtors believe that consummation of a going concern sale to KSS (or any other buyer<sup>7</sup>) by the Trustee is unlikely for a number of reasons. First, the Debtors' Assets comprise only a portion of what is a highly complex, global enterprise. Notwithstanding the best efforts of a Trustee and his or her professionals, the Trustee will only be able to control the Debtors' Assets and a going concern sale to KSS would be dependent on the cooperation and coordination of the Debtors' foreign affiliates, many of which are assumed to commence local insolvency proceedings upon the Debtors' conversion to chapter 7 (and others are already in such proceedings). Second, it is not clear what impact the conversion of the Chapter 11 Cases to cases under chapter 7 and the failure to close the Global Transaction by the DOJ Deadline would have on the Plea Agreement and DOJ Restitution Order. Specifically, it is not clear whether the DOJ would extend the time for Takata to perform under the DOJ Restitution Order or whether the DOJ would bring new Claims, charges or actions against Takata, including direct Claims, charges, or actions against certain of the Debtors.<sup>8</sup> The Debtors do not believe KSS would close on a transaction unless all DOJ fines and penalties are fully satisfied. The Debtors further believe that the same would also be true of the NHTSA Civil Penalty and that the ability of TKH to satisfy this Claim in full would be a prerequisite to closing for KSS.

Thus, because the Debtors believe that the likelihood of consummating a transaction under the Transaction Approach Scenario is low and estimate that recoveries under this approach would be significantly less than recoveries under the Orderly Liquidation Scenario, the Liquidation Analysis presents only the Orderly Liquidation Scenario in detail.

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<sup>7</sup> The Debtors and its advisors ran an extensive, global marketing process that took more than eight (8) months to complete. The global nature and complexity of these transactions required months of due diligence and extensive negotiations in order to consummate a deal. For these reasons, the Debtors believe that it is highly unlikely that another qualified buyer exists who could step into the shoes of KSS and close these global transactions.

<sup>8</sup> One of the Debtors' affiliates (TKJP) is party to the DOJ Restitution Order, to which the Debtors are not parties. However, the Debtors believe that the conversion of the Chapter 11 Cases to cases under chapter 7, as contemplated by the Liquidation Analysis, would likely result in a breach of the DOJ Restitution Order that would permit the DOJ to assert new and additional Claims, charges or actions against all Takata entities, including certain of the Debtors.

**C. Global Notes to Scenario A – Orderly Liquidation.**

**1. Liquidation Process.**

In preparing the Liquidation Analysis for the Scenario A – Orderly Liquidation Scenario, the Debtors have made the following assumptions:

- a. The Trustee will attempt to maximize recoveries for creditors by maintaining several key and necessary employees during the chapter 7 liquidation for a period of time to assist with the liquidation process;
- b. The Trustee will continue to fund the Debtors' limited operations during the liquidation process using projected cash on hand and cash flows generated by the Debtors' business operations;
- c. The Trustee will pursue an "orderly" liquidation of the Debtors' Assets and wind down of the Debtors' Estates, pursuant to which the liquidation of the Debtors will occur over a period of twenty-four (24) months starting on the Conversion Date; and
- d. If cash flows are less than projected and the Trustee does not have sufficient funds to operate the Debtors' businesses long enough to conduct an orderly liquidation and maximize value, the Trustee will be forced to liquidate substantially all of the Debtors' Assets immediately at materially lower amounts than those assumed in this Liquidation Analysis.

**2. Waterfall and Recovery Ranges.**

The Liquidation Analysis assumes that the Debtors' cash on hand on the Conversion Date and the Liquidation Proceeds will be available to the Trustee. The Liquidation Analysis provides for low and high recovery ranges for Claims against the Debtors. The Debtors used their Financial Reports to calculate their expected Asset and liability values on the Conversion Date and adjusted those values to account for any known material changes expected to occur before the Conversion Date.

After deducting the costs of liquidation, including the Trustee's fees and expenses as well as other administrative expenses incurred, the Liquidation Analysis assumes that the Trustee would allocate net Liquidation Proceeds to holders of Allowed Claims in accordance with the priority scheme set forth in section 726 of the Bankruptcy Code and Mexican law, where applicable. Secured Claims, Administrative Expense Claims, Priority Claims, Trustee fees and expenses, as well as any Other Priority Claims that arise in a liquidation scenario would be paid in full from the Liquidation Proceeds

before the balance of those proceeds would be made available to pay General Unsecured Claims. In accordance with the Bankruptcy Code's absolute priority rule, no junior creditor would receive any distribution until all senior creditors are paid in full, and no equity holder would receive any distribution until all creditors are paid in full. The assumed distributions to creditors reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule. To the extent that the value of the collateral securing a Secured Claim is less than the Secured Claim, the remaining amount is assumed to be a General Unsecured Claim against the applicable Debtor.

The Liquidation Analysis does not consider the discounting over time of Asset values and creditor recoveries, which would likely result in significantly lower recoveries to holders of Allowed Claims than those estimated recoveries presented in the Liquidation Analyses. Additionally, no recovery or related litigation costs have been attributed to any potential avoidance actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions under Chapter 5 of the Bankruptcy Code due to, among other issues, the costs associated with such litigation, the uncertainty of the outcome, and the anticipated disputes regarding these potential actions.

**D. Specific Notes to the Asset and Liability Assumptions Contained in the Liquidation Analysis for Scenario A – Orderly Liquidation Scenario.**

**Note 1 – Cash and Marketable Securities.**

The Liquidation Analysis assumes that operations during the Liquidation Period would not generate additional cash available for distribution except for net proceeds from the disposition of non-cash Assets.

Cash and marketable securities consists of all cash and liquid investments, including restricted time deposits and short-term marketable securities, with maturities of three (3) months or less. All cash balances are assumed to be one hundred percent (100%) recoverable.

**Note 2 – Accounts Receivable.**

Trade accounts receivable are expected to be vigorously collected by the Debtors' existing staff who are presumed to be retained by the Trustee. However, the Liquidation Analysis assumes that the Global Accommodation Agreement will either expire on its own terms due to the occurrence of the Outside Date (as defined in the Global Accommodation Agreement) or be terminated by the Consenting OEMs party thereto as a result of the conversion of the Chapter 11 Cases to chapter 7. As a result, the Liquidation Analysis assumes that Consenting OEMs party to the Global Accommodation Agreement will net outstanding and anticipated post-petition Claims (including customer professional fees) against outstanding accounts receivable balances prior to remitting payment to the Debtors. Given that the Debtors' OEM customers will likely incur significant additional expenses related to the operation of the Debtors' production lines under the Access Agreement (or any similar agreement reached with the



Trustee), such set-offs and/or recoupments are expected to represent a material percentage of accounts receivable. The Tort Claimants' Committee disagrees with the Debtors' assumptions with respect to the collection of accounts receivable, specifically with respect to the ability of the Consenting OEMs to exercise set-offs and/or recoupments against accounts receivable outstanding on the Conversion Date, and may challenge these assumptions in connection with confirmation of the Plan.

Additionally, during the Chapter 11 Cases, in accordance with the terms of the Global Accommodation Agreement, the Consenting OEMs have been paying the Debtors for replacement kits at currently applicable pricing. Although the Debtors are obligated under the NHTSA Consent Order and other applicable law to continue manufacturing replacement kits for the OEMs in connection with the recalls, there is no guarantee that the Debtors' OEM customers would continue to pay or reimburse the Debtors for replacement kits at the current pricing levels post-Conversion Date, which could have a material impact on accounts receivable and further dilute net Liquidation Proceeds that are available for General Unsecured Creditors. The Tort Claimants' Committee further disputes this assumption as well.

### **Note 3 – Intercompany Receivables.**

The conversion of the Chapter 11 Cases to chapter 7 cases is expected to trigger additional insolvency proceedings in foreign jurisdictions, the commencement of which would impair the collectability of these Assets. Accordingly, intercompany receivables from foreign affiliates are not expected to be collectable in a liquidation scenario.

Intercompany receivables from legal entities that are direct or indirect subsidiaries of TKAM are assumed to receive a pro-rata distribution with other Administrative Expense Claims (post-petition Claims) and General Unsecured Claims (prepetition Claims), as applicable.

Accounts payables and accounts receivables due to and from the same entities were netted against each other prior to establishing a balance in the Liquidation Analysis. Intercompany receivables from going concern sale entities (*see* Note 9 below) are all due to and from TKH and these balances are assumed to be settled as part of any such sale transaction.

### **Note 4 – Net Inventory.**

Recoveries for net inventory were determined based on the Global Accommodation Agreement, which establishes the pricing by which Consenting OEMs have the right or, in certain circumstances, the obligation to purchase inventory from the Debtors. Although the Liquidation Analysis assumes the Global Accommodation Agreement will expire as a result of the occurrence of the Outside Date prior to the Conversion Date, to be conservative, the Debtors have assumed that, in the high scenario, all finished goods are purchased by the Consenting OEMs at one hundred percent (100%) of the existing purchase prices as set forth on the applicable purchase

orders, which include a margin. Additionally, although the Consenting OEMs would likely not be obligated under the Global Accommodation Agreement to do so, the Debtors have assumed that most Consenting OEMs purchase raw materials and in transit inventory at full cost. To reflect the likelihood that not all of the Consenting OEMs voluntarily agree to purchase non-finished goods inventory either at cost or in its entirety, the Debtors have applied a ten percent (10%) discount to this category in the high scenario. It is the Debtors' view that these assumptions are conservative, and that post-Conversion Date, it would be highly likely that inventory would be sold at a material discount to book values.

The values in the low scenario reflect the more likely scenario whereby the Consenting OEMs do not voluntarily agree to purchase inventory at the prices set forth in the Global Accommodation Agreement, which, as set forth above, the Liquidation Analysis assumes will have expired due to the occurrence of the Outside Date. This low scenario assumes that finished goods are sold to the OEMs at cost (no margin), and that raw materials and in transit inventory are liquidated at a twenty-five percent (25%) discount to book value. These values represent a material premium to the net orderly liquidation values in the Debtors' most recent inventory appraisal. The Tort Claimants' Committee disagrees with the Debtors' assumptions in the Liquidation Analysis with respect to the projected recoveries for net inventory. Specifically the Tort Claimants' Committee disputes the Debtors' assumption that Consenting OEMs would not be required under the Global Accommodation Agreement to pay one hundred percent (100%) of the existing purchase price for finished goods and full cost for raw materials and in transit inventory. Accordingly, the Tort Claimants' Committee does not agree that any discount should be applied to finished goods, raw materials or inventory, and the Tort Claimants' Committee may challenge the Debtors' assumptions in connection with confirmation of the Plan.

#### **Note 5 – Other Current Assets.**

Other current assets consist primarily of prepaid Assets, customer reimbursable tooling, and escrows for historical M&A transactions. With the exception of professional fee retainers and cash in escrow, the recovery on prepaid Assets is presumed to be minimal. Customer reimbursable tooling and cash in escrow drive a majority of the value in this category.

#### **Note 6 – Buildings and Structures.**

Buildings and structures consist of land, owned buildings, leasehold improvements on leased properties, and construction in progress. Assets were analyzed on a legal entity basis, and recoveries were estimated based on the following: (1) discussions with management, (2) asset type and location, and (3) comparable properties and transactions. On an aggregated basis, a discount of thirty-three percent (33%) was applied to book values in the high scenario to represent orderly liquidation recoveries. A fifty percent (50%) discount was applied in the low scenario. De minimis value was ascribed to the book values of leasehold improvements and construction in process properties.

**Note 7 – Machinery and Equipment.**

The Debtors' machinery and equipment primarily consist of production equipment, production support, mobile equipment, and general plant support. Certain of the Debtors' machinery and equipment was appraised as of January 31, 2017. These appraisal values were used as the basis for estimated recoveries under a chapter 7 liquidation. Under the high recovery scenario, the Debtors are assumed to recover the appraised orderly liquidation value. Under the low recovery scenario, a discount was applied to the orderly liquidation value to reflect the forced nature of the Asset sales. At Debtors for which no appraisals were available, the Debtors assumed similar recovery values as entities for which appraisals have been completed.

**Note 8 – Furniture and Fixtures.**

Certain of the Debtors' furniture and fixtures was appraised as of January 31, 2017. These appraisal values were used as the basis for estimated recoveries under a chapter 7 liquidation. Under the high recovery scenario, the Debtors are assumed to recover the appraised orderly liquidation value. Under the low recovery scenario, a discount was applied to the orderly liquidation value to reflect the forced nature of the Asset sales. At Debtors for which no appraisals were available, the Debtors assumed similar recovery values as entities for which appraisals have been completed.

**Note 9 – Shares of Other Subsidiaries.**

TKAM is the direct or indirect parent of several non-Debtor entities, including, but not limited to:

- a. ALS Inc.;
- b. Takata Brasil S.A.;
- c. Highland Industries, Inc. ("**HII**");
- d. Syntec Seating Solutions LLC ("**SSS**");
- e. Falcomex S.A. de C.V.;
- f. Takata (Shanghai) Automotive Component Co. LTD.; and
- g. Equipo Automotriz Americana S.A. DE C.V. ("**Equipo**")

For purposes of the Liquidation Analysis, it is assumed that HII and SSS will be sold as going concerns, while the remaining non-Debtor subsidiaries of TKAM would be liquidated. The equity value for HII and SSS is based on going concern valuations for each entity. The equity value of other subsidiaries was determined using liquidation values and recoveries.

**Note 10 – Other Assets.**

Other Assets include deferred tax Assets, long term prepaid Assets, tooling, other receivables, and post-retirement plans. For purposes of the Liquidation Analysis, it is assumed that the deferred tax Assets have limited transferability and therefore limited value. Additionally, prepaid Assets are assumed to have minimal value and tooling and other receivables are estimated to be worth twenty-five percent (25%) to fifty percent (50%) of their respective book values in a liquidation.

**Note 11 – Chapter 7 Trustee Fees / Concurso Mercantil Fees.**

Pursuant to section 326(a) of the Bankruptcy Code, the Trustee's fees are limited to the following percentages of disbursements: (a) twenty-five percent (25%) on the first Five Thousand Dollars (\$5,000) or less; (b) ten percent (10%) for any amount in excess of Five Thousand Dollars (\$5,000) but not in excess of Fifty Thousand Dollars (\$50,000); (c) five percent (5%) on any amount in excess of Fifty Thousand Dollars (\$50,000) but not in excess of One Million Dollars (\$1 Million); and (d) reasonable compensation not to exceed three percent (3%) of all disbursements in excess of One Million Dollars (\$1 Million). The Liquidation Analysis assumes that the Trustee's fees would equal three percent (3%) of cash on hand plus the aggregate Liquidation Proceeds.

Concurrently with the administration of the chapter 7 cases by the Trustee, the Liquidation Analysis assumes the commencement of the Concurso Proceedings by the Mexican Debtors and their non-Debtor Mexican affiliates. Pursuant to concurso law, the Mexican Debtors and their non-Debtor Mexican affiliates could request a joint concurso proceeding without substantive consolidation. In such a scenario, the Mexican insolvency court has discretion to decide whether it deems it convenient to appoint only one visitor and/or receiver for all the entities that are subject to the Concurso Proceedings. The *Reglas de Carácter General de la Ley de Concursos Mercantiles* (the General Rules of Insolvency Law) sets forth the rates for visitors and receivers. For purposes of the Liquidation Analysis, the Debtors assumed that the Mexican insolvency court would grant a joint proceeding and appoint only one visitor and/or receiver to administer the Concurso Proceedings and that the Trustee would not receive a commission based on assets liquidated in the Concurso Proceedings—an assumption the Trustee might challenge and, if successful, would further increase administrative costs at these entities.

**Note 12 – Professional Fees.**

The Liquidation Analysis estimates the Trustee's professional fees (legal and financial) during the liquidation process, which fees would be in addition to any commissions payable to the Trustee. This estimate is based primarily on PwC's knowledge of the Chapter 11 Cases, prior experience—in particular, the administration of a chapter 7 liquidation on behalf of a chapter 7 trustee—and consultation with the Debtors and their advisors. Although the Trustee may retain certain of the Debtors' professionals for discrete projects, it is assumed that the

Trustee's primary investment banking, legal, accounting, consulting and forensic support would be provided by new professionals. As a result, and due to the significant complexity of the Debtors' restructuring, the Liquidation Analysis assumes that for the three (3) months immediately following the Conversion Date professional fees would be at a higher run rate than those realized pre-conversion, after which point they would then regress to lower run-rates. Additionally, in the event that the DOJ were to terminate the Plea Agreement following the conversion of the Chapter 11 Cases to cases under chapter 7 and assert new Claims, charges, or actions against Takata, including direct Claims against certain of the Debtors, the Trustee would likely incur significant additional professional fees defending against such Claims, charges, or actions. For purposes of the Liquidation Analysis, no value was included for such potential fees and expenses.

### **Note 13 – Wind Down Costs.**

Wind down costs are the minimum operating costs the Trustee is assumed to incur in order to liquidate the Debtors' remaining Assets. These costs primarily include employee related costs (including retention bonuses), rent, and overhead expenses associated with accounting, finance, IT, operations, legal, and HR functions. The Liquidation Analysis contemplates a total retention bonus of one hundred percent (100%) of an employee's annual compensation in order to adequately incentivize key employees to refrain from seeking alternative full-time employment during the wind down period. Other wind down costs include IT systems, insurance, and occupancy related expenses, such as rent and utilities. Severance is not included in the wind down costs for the U.S. Debtors as WARN Act notices are assumed to be given sufficiently in advance of the wind down. Severance expenses are, however, included at the Mexican Debtors as such obligations are entitled to super-priority status and must be paid ahead of all other creditors pursuant to Mexican statutory and constitutional law.

### **Note 14 – Recall-Related Costs.**

The recall-related costs represent the costs of complying with the NHTSA Consent Order. These costs primarily include the estimated costs associated with the NHTSA monitor fees, and the warehousing, shipping and disposal costs of the recalled PSAN Inflators. These recall-related costs reflect only those costs expected to be incurred by TKH and do not include additional costs likely to be incurred in other regions. Additionally, as set forth above, the Debtors are obligated under the NHTSA Consent Order and other applicable law to continue manufacturing replacement kits for the OEMs in connection with the recalls. There is no guarantee, however, that the Debtors' OEM customers would continue to pay or reimburse the Debtors for replacement kits at the current pricing levels post-Conversion Date. In the event the Trustee was ordered, pursuant to the NHTSA Consent Order or other applicable law, to continue manufacturing PSAN Inflators post-Conversion Date, the Estates may incur significant additional costs in manufacturing replacement kits. These additional costs could have a material impact on the Assets of the Estates, potentially rendering the Estates administratively insolvent and without sufficient capital or liquidity to continue

operations. The Tort Claimants' Committee disagrees with these assumptions and may challenge them in connection with confirmation of the Plan.

**Note 15 – Secured Claims.**

Secured Claims exist against the Debtors and relate to the Adequate Protection Claims granted under the Adequate Protection Order.

***Adequate Protection Claims.***

Pursuant to the Adequate Protection Order, those Consenting OEMs with outstanding payables to the Debtors as of the Petition Date were granted the Adequate Protection Claims and replacement liens for and equal in amount to the aggregate diminution in the amount of such Consenting OEMs' prepetition setoff rights and customer Secured Claims. Substantially all of the pre-petition accounts receivable from the Consenting OEMs have been received by the Debtors.

Accordingly, since the substantial majority of the pre-petition accounts receivables from the Consenting OEMs have been remitted to the Debtors, the Consenting OEMs would be entitled to the full Adequate Protection Claims (*i.e.*, the aggregate amount of the diminution in the value of their Secured Claims).

**Note 16 – Chapter 11 Administrative Expense Claims.**

Chapter 11 Administrative Expense Claims include, among other things, estimated post-petition accounts payable, estimated post-petition intercompany accounts payable, accrued professional fees, unpaid employee wages, taxes payable, and other accrued payables.

***Post-petition Accounts Payable.***

The post-petition accounts payable figure is the projected outstanding post-petition accounts payable as of the Conversion Date, based on the Debtors' cash flow budget. These cash balances were projected on an entity-by-entity basis.

***Post-petition Intercompany Accounts Payable.***

The post-petition intercompany accounts payable figure is the estimated outstanding post-petition accounts payable as of the Conversion Date, based on the Debtors' cash flow budget. These cash balances were estimated on an entity-by-entity basis.

***Other and Accrued Liabilities.***

It is assumed that two (2) weeks of unpaid employee wages will be accrued and unpaid as of the Conversion Date, which amounts will be entitled to administrative priority.

With respect to IIM and TDM, the Liquidation Analysis assumes that certain labor litigation Claims for unpaid wages or benefits will be entitled to super-

priority status pursuant to Mexican statutory and constitutional law. The Debtors estimate that these Claims range between Ten Thousand Dollars (\$10,000) and One Million Dollars (\$1 Million).

***Intercompany 503(b)(9) Payments.***

The intercompany 503(b)(9) payments are based upon an analysis of non-Debtor intercompany shipments twenty (20) days prior to the Petition Date and the related open accounts payable balance as of the Petition Date. These amounts were adjusted to reflect post-petition payments contemplated as part of the Debtors cash flow budget.

***Accrued Professional Fees.***

For purposes of this Liquidation Analysis, the Debtors have assumed that two (2) months of accrued professional fees and one hundred percent (100%) of the accrued and outstanding professional fee holdbacks for the months of November and December 2017 remain unpaid and outstanding as of the Conversion Date.

**Note 17 – General Unsecured Claims.**

For purposes of the Liquidation Analysis, General Unsecured Claims consist of OEM Unsecured Claims, PSAN PI/WD Claims, Intercompany Claims, Unsecured Litigation Claims, and Other General Unsecured Claims (each as described below). In addition to the aforementioned General Unsecured Claims, the attorneys general for the states of Hawaii and New Mexico and the territory of the U.S. Virgin Islands have commenced lawsuits against TKH that seek, among other things, restitution damages on behalf of their constituents and a consortium of attorneys general for several additional states and territories (the “***Multistate Working Group***”) has indicated that it may file similar Claims against TKH. As these restitution damages would be duplicative of the recoveries of individuals covered by the economic loss litigations, the Debtors have not included them in the Liquidation Analysis. Additionally unsecured restitution Claims (“***Contingent DOJ Restitution Claims***”) arising from a potential direct action by the DOJ against TKH<sup>9</sup> were considered but no value was included for such potential Claims in the Liquidation Analysis. Due to the proximity of the Bar Dates to the date of the Disclosure Statement Hearing, the Debtors have not completed their review of the proofs of claim filed to date, including OEM Unsecured Claims and other Claims filed by the Consenting OEMs. Accordingly, the estimates for Unsecured Claims set forth in the Liquidation Analysis may vary, in some cases materially, from the amount of filed proofs of claim and/or the actual amount of Allowed Unsecured Claims.

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<sup>9</sup> As discussed above, one of the Debtors’ affiliates (TKJP) is party to the DOJ Restitution Order, to which the Debtors are not parties. However, the Debtors believe that in the event of a chapter 7 liquidation, the DOJ Restitution Order would be breached and the DOJ would be free to seek charges against all Takata entities, including certain of the Debtors. To the extent that the DOJ levels fines and penalties on the Debtors that are restitutionary or compensatory in nature, such amounts would result in unsecured Claims against the applicable Debtors. For purposes of the Liquidation Analysis, no value was included for these potential Claims.

***OEM Unsecured Claims.***

For purposes of the Liquidation Analysis, OEM Unsecured Claims include any General Unsecured Claims of an OEM 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 (including, but not limited to, a General Unsecured Claim related to tooling, engineering, development, design, and other services provided by alternative suppliers in connection with the Debtors' breach or inability to perform under their contracts with an OEM). OEM Unsecured Claims also includes the OEM's damages Claims that arise from the interruption in production that would result from the conversion of these Chapter 11 Cases into chapter 7 cases. For purposes of the Liquidation Analysis, the Debtors have assumed these damages constitute General Unsecured Claims, however there remains uncertainty as to whether some or all of these damages may be entitled to administrative expense or other priority status under the Bankruptcy Code. For the avoidance of doubt, the term "OEM Unsecured Claim" does not include Adequate Protection Claims.

In the high recovery scenario, the product recall component of the range of OEM Unsecured Claims was derived using the total number of installed PSAN Inflators in the United States, ranging TKH's, IIM's, TDM's, and SMX's aggregate responsibility for such Claims from eighty percent (80%) to one hundred percent (100%), and assuming, for purposes of this Liquidation Analysis only, that the average cost incurred by the OEMs on a per recalled PSAN Inflator basis would be One Hundred Fifty Dollars (\$150). The Debtors, however, believe that the assumed One Hundred Fifty Dollar (\$150) cost per PSAN Inflator is conservative and that the OEMs' actual costs would likely exceed this amount. In the low recovery scenario, the product recall component of the range of OEM Unsecured Claims was derived from the aggregate amount of Claims asserted by Initial Consenting OEMs in their filed proofs of claim.

With respect to the production interruption component of the OEM Unsecured Claims, the Debtors estimated the range of General Unsecured Claims to between One Billion Five Hundred Million Dollars (\$1.5 Billion) and Three Billion Million Dollars (\$3 Billion).

***PSAN PI/WD Claims.***

For purposes of the Liquidation Analysis, PSAN PI/WD Claims include 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 Conversion Date. As described in Section 5.9 of the Disclosure Statement, the Debtors engaged Ankura Consulting Group, LLC ("*Ankura*") to forecast the cost of resolving PSAN PI/WD Claims. Ankura



estimates that the Debtors' aggregate exposure on PSAN PI/WD Claims will be approximately One Billion Fifty Million Dollars (\$1.05 Billion).<sup>10</sup>

***Intercompany Claims.***

For purposes of the Liquidation Analysis, Intercompany Claims includes any General Unsecured Claim against a Debtor that is held by another Debtor or an affiliate of a Debtor.

***Unsecured Litigation Claims.***

Compensatory and/or restitutionary Claims have been asserted against certain of the Debtors in various class action and individual litigations, as well as in filed proofs of claim. This includes economic loss, antitrust, and seatbelt-related litigation, as well as the class action brought by Acciones Colectivas de Sinaloa, A.C. 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. For purposes of this Liquidation Analysis only, the Debtors have utilized the following estimates for these General Unsecured Claims: economic loss litigation – Nineteen Million Seven Hundred Fifty Thousand Dollars (\$19.75 Million) to One Billion Nine Hundred Seventy-Five Million Dollars (\$1.975 Billion); antitrust litigation – Six Million Two Hundred Seventy Thousand Dollars (\$6.27 Million) to Six Hundred Twenty-Seven Million Dollars (\$627 Million); seatbelt litigation – Three Thousand Seven Hundred Fifty Dollars (\$3,750) to Three Hundred Seventy-Five Thousand Dollars (\$375,000); and the Mexico class action litigation – Two Million Three Hundred Thousand Dollars (\$2.3 Million) to Two Hundred Twenty-Nine Million Three Hundred Thousand Dollars (\$229.3 Million).

***Other General Unsecured Claims.***

For purposes of the Liquidation Analysis, Other General Unsecured Claims includes any other unsecured Claims against the Debtors that are not entitled to priority of payment under section 507(a) of the Bankruptcy Code and not subject to subordination under section 726(a) of the Bankruptcy Code.

**Note 18 – Subordinated Claims.**

For purposes of the Liquidation Analysis, subordinated Claims include the NHTSA Civil Penalty Claims, Subordinated Litigation Claims, and Subordinated State AG Claims (each as described below). These Claims consist of the non-compensatory, non-restitutionary, special, multiple, statutory, or punitive fines and penalties asserted or assessed against the Debtors that are subordinated to the payment of unsecured Claims pursuant to section 726(a)(4) of the Bankruptcy Code. Additional

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<sup>10</sup> 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.

subordinated Claims arising from a potential direct action by the DOJ against TKH (“*Contingent DOJ Penalty Claims*”)<sup>11</sup> were considered but no value was included for these Claims in the Liquidation Analysis.

***NHTSA Civil Penalty Claims (TKH only).***

Fifty Million Dollars (\$50 Million) of the non-contingent civil penalty assessed against TKH pursuant to the NHTSA Consent Order is projected to remain outstanding as of the Conversion Date. In addition a One Hundred Thirty Million Dollar (\$130 Million) contingent civil penalty may be triggered under a chapter 7 liquidation if the Debtors, among other things, fail to effectively phase out the manufacture and sale of non-desiccated PSAN Inflators by the end of 2018 or enter into any new contracts for the production of products containing PSAN Inflators. The Liquidation Analysis, however, assumes that payment of the contingent civil penalty is not triggered in the chapter 7 liquidation.

***Subordinated Civil Litigation Penalties.***

Non-compensatory, non-restitutionary, special, multiple, statutory, or punitive fines and penalties have been asserted in the economic loss and antitrust litigation described above. For purposes of this Liquidation Analysis only, the Debtors have utilized the following ranges of estimates for these Claims: economic loss penal or punitive damages – Zero Dollars (\$0) to Seven Billion Six Hundred Forty Million Dollars (\$7.64 Billion) and antitrust penal or punitive damages – Zero Dollars (\$0) to Two Billion Dollars (\$2 Billion).

***Subordinated State AG Claims (TKH only).***

The attorneys general for the States of Hawaii and New Mexico and the Territory of the U.S. Virgin Islands have commenced lawsuits, and the Multistate Working Group has indicated that it may bring lawsuits, against TKH that seek, among other things, non-compensatory, non-restitutionary, special, multiple, statutory, or punitive fines and penalties. For purposes of this Liquidation Analysis only, the Debtors have utilized the following estimates for these Claims: Hawaii – Zero Dollars (\$0) to Two Billion Three Hundred Fifty Million Dollars (\$2.35 Billion); New Mexico – Zero Dollars (\$0) to Eight Hundred Fifty Million Dollars (\$850 Million); the U.S. Virgin Islands – Zero Dollars (\$0) to One Hundred Twenty-Seven Million Five Hundred Thousand Dollars (\$127.5 Million); and the Multistate Working Group – Zero Dollars (\$0) to Two Hundred Eighty Million Dollars (\$280 Million).

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<sup>11</sup> As noted above, to the extent that the DOJ levels fines and penalties on the Debtors that are non-compensatory, non-restitutionary, special, multiple, statutory, or punitive in nature, such amounts would result in subordinated Claims against the applicable Debtors. For purposes of the Liquidation Analysis, no value was included for these potential Claims.

Liquidation Analysis  
TK Holdings, Inc. (TKH)

Exhibit 1-1

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable			
			Low	High	Low	High		
<b>Current Assets</b>								
Cash and Marketable Securities	(1)	31.5	100%	100%	31.5	31.5		
Accounts Receivable	(2)	201.2	50%	56%	100.6	112.1		
Intercompany Receivables	(3)	88.4	11%	11%	9.9	9.9		
Net Inventory	(4)	179.1	79%	94%	142.1	169.1		
Other Current Assets	(5)	43.4	37%	58%	16.2	25.2		
<b>Total Current Assets</b>		<b>543.6</b>	<b>55%</b>	<b>64%</b>	<b>300.3</b>	<b>347.8</b>		
<b>Non-Current Assets</b>								
Buildings and Structures	(6)	65.4	46%	61%	29.8	40.1		
Machinery and Equipment	(7)	65.8	48%	64%	31.4	41.8		
Furniture and Fixtures	(8)	16.1	2%	3%	0.4	0.5		
Shares of Other Subsidiaries	(9)	356.9	42%	51%	150.9	180.5		
Other Assets	(10)	12.3	18%	38%	2.3	4.7		
<b>Total Non-Current Assets</b>		<b>516.4</b>	<b>42%</b>	<b>52%</b>	<b>214.6</b>	<b>267.6</b>		
<b>Total Proceeds from Assets</b>		<b>1,060.0</b>			<b>515.0</b>	<b>615.4</b>		
Chapter 7 Trustee Fees	(11)				(15.4)	(18.5)		
Professional Fees	(12)				(64.0)	(64.2)		
Wind-Down Costs	(13)				(18.4)	(18.5)		
Recall Related Costs	(14)				(133.6)	(133.6)		
<b>Net Proceeds Available for Distribution</b>					<b>283.5</b>	<b>380.7</b>		
			<b>\$ Claim</b>		<b>% Recovery</b>		<b>\$ Recovery</b>	
			<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>Secured Claims</b>								
Adequate Protection Claims	(15)		247.2	247.2			247.2	247.2
SMX Adequate Protection Claim Shortfall			17.7	14.2			17.7	14.2
<b>Total Secured Claims</b>			<b>264.9</b>	<b>261.4</b>	<b>100%</b>	<b>100%</b>	<b>264.9</b>	<b>261.4</b>
<b>Value Available after Secured Claims</b>							<b>18.6</b>	<b>119.4</b>
<b>Administrative Claims</b>								
Post Petition AP	(16)		94.5	94.5			8.1	51.7
Post Petition Intercompany AP			76.9	76.9			6.6	42.1
Other and Accrued Liabilities			16.1	16.1			1.4	8.8
Intercompany 503(b)(9)			14.5	14.5			1.2	7.9
Accrued Professional Fees			16.0	16.0			1.4	8.8
<b>Total Administrative Claims</b>			<b>217.9</b>	<b>217.9</b>	<b>9%</b>	<b>55%</b>	<b>18.6</b>	<b>119.4</b>
<b>Value Available after Administrative Claims</b>							-	-
<b>General Unsecured Claims</b>								
OEM Unsecured Claims	(17)		53,451.0	16,740.4			-	-
PSAN PI / WD Claims			1,050.0	1,050.0			-	-
Intercompany Claims			776.8	242.8			-	-
Unsecured Litigation Claims			2,831.7	28.3			-	-
Other General Unsecured Claims			1,457.7	91.5			-	-
<b>Total Unsecured Claims</b>			<b>59,567.1</b>	<b>18,153.0</b>	<b>0%</b>	<b>0%</b>	-	-
<b>Value Available after Unsecured Claims</b>							-	-
<b>Subordinated Unsecured Claims</b>								
NHTSA Civil Penalty Claims	(18)		50.0	50.0			-	-
Subordinated Civil Litigation Penalties			9,380.0	-			-	-
Subordinated State AG Claims			3,607.5	-			-	-
<b>Total Subordinated Unsecured Claims</b>			<b>13,037.5</b>	<b>50.0</b>	<b>0%</b>	<b>0%</b>	-	-
<b>Proceeds Available to Equity Holders</b>							-	-

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.

Liquidation Analysis  
Strosshe-Mex RSLCV (SMX)

Exhibit 1-2

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable	
			Low	High	Low	High
<b>Current Assets</b>						
Cash and Marketable Securities	(1)	0.2	100%	100%	0.2	0.2
Accounts Receivable	(2)	35.4	50%	56%	17.7	19.7
Intercompany Receivables	(3)	9.2	100%	100%	9.2	9.2
Net Inventory	(4)	-	0%	0%	-	-
Other Current Assets	(5)	12.9	0%	10%	-	1.3
<b>Total Current Assets</b>		<b>57.7</b>	<b>47%</b>	<b>53%</b>	<b>27.1</b>	<b>30.4</b>
<b>Non-Current Assets</b>						
Buildings and Structures	(6)	-	0%	0%	-	-
Machinery and Equipment	(7)	-	0%	0%	-	-
Furniture and Fixtures	(8)	-	0%	0%	-	-
Shares of Other Subsidiaries	(9)	-	0%	0%	-	-
Other Assets	(10)	-	0%	0%	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Total Proceeds from Assets</b>		<b>57.7</b>			<b>27.1</b>	<b>30.4</b>
Concurso Mercantil Fees	(11)				(0.6)	(0.6)
Professional Fees	(12)				(5.5)	(5.3)
Wind-Down Costs	(13)				(1.0)	(0.9)
Recall Related Costs	(14)				-	-
<b>Net Proceeds Available for Distribution</b>					<b>20.1</b>	<b>23.6</b>
			% Recovery		\$ Recovery	
			Low	High	Low	High
<b>Secured Claims</b>						
Adequate Protection Claims	(15)	37.8	37.8		20.1	23.6
SMX Adequate Protection Claim Shortfall		-	-		-	-
<b>Total Secured Claims</b>		<b>37.8</b>	<b>37.8</b>	<b>53%</b>	<b>20.1</b>	<b>23.6</b>
<b>Value Available after Secured Claims</b>					<b>-</b>	<b>-</b>
<b>Administrative Claims</b>						
Post Petition AP	(16)	0.0	0.0		-	-
Post Petition Intercompany AP		24.2	24.2		-	-
Other and Accrued Liabilities		-	-		-	-
Intercompany 503(b)(9)		10.8	10.8		-	-
Accrued Professional Fees		-	-		-	-
<b>Total Administrative Claims</b>		<b>35.0</b>	<b>35.0</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Value Available after Administrative Claims</b>					<b>-</b>	<b>-</b>
<b>General Unsecured Claims</b>						
OEM Unsecured Claims	(17)	49,795.0	16,740.4		-	-
PSAN PI / WD Claims		1,050.0	-		-	-
Intercompany Claims		22.1	22.1		-	-
Unsecured Litigation Claims		2,204.3	22.0		-	-
Other General Unsecured Claims		0.9	0.9		-	-
<b>Total Unsecured Claims</b>		<b>53,072.3</b>	<b>16,785.4</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Value Available after Unsecured Claims</b>					<b>-</b>	<b>-</b>
<b>Subordinated Unsecured Claims</b>						
NHTSA Civil Penalty Claims	(18)	-	-		-	-
Subordinated Civil Litigation Penalties		7,635.0	-		-	-
Subordinated State AG Claims		-	-		-	-
<b>Total Subordinated Unsecured Claims</b>		<b>7,635.0</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Proceeds Available to Equity Holders</b>					<b>-</b>	<b>-</b>

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.

Liquidation Analysis  
Takata de Mexico SACV (TDM)

Exhibit 1-3

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable	
			Low	High	Low	High
<b>Current Assets</b>						
Cash and Marketable Securities	(1)	-	0%	0%	-	-
Accounts Receivable	(2)	-	0%	0%	-	-
Intercompany Receivables	(3)	4.6	20%	59%	0.9	2.7
Net Inventory	(4)	-	0%	0%	-	-
Other Current Assets	(5)	5.2	25%	50%	1.3	2.6
<b>Total Current Assets</b>		<b>9.8</b>	<b>22%</b>	<b>54%</b>	<b>2.2</b>	<b>5.3</b>
<b>Non-Current Assets</b>						
Buildings and Structures	(6)	-	0%	0%	-	-
Machinery and Equipment	(7)	-	0%	0%	-	-
Furniture and Fixtures	(8)	-	0%	0%	-	-
Shares of Other Subsidiaries	(9)	-	0%	0%	-	-
Other Assets	(10)	-	0%	0%	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Total Proceeds from Assets</b>		<b>9.8</b>			<b>2.2</b>	<b>5.3</b>
Concurso Mercantil Fees	(11)				(0.5)	(0.5)
Professional Fees	(12)				(2.4)	(2.6)
Wind-Down Costs	(13)				(3.2)	(3.3)
Recall Related Costs	(14)				-	-
<b>Net Proceeds Available for Distribution</b>					<b>0.0</b>	<b>0.0</b>
			% Recovery		\$ Recovery	
			Low	High	Low	High
<b>Secured Claims</b> (15)						
Adequate Protection Claims		-	-		-	-
SMX Adequate Protection Claim Shortfall		-	-		-	-
<b>Total Secured Claims</b>		<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Value Available after Secured Claims</b>					<b>-</b>	<b>-</b>
<b>Administrative Claims</b> (16)						
Post Petition AP		-	-		-	-
Post Petition Intercompany AP		-	-		-	-
Other and Accrued Liabilities		1.5	0.5		-	-
Intercompany 503(b)(9)		-	-		-	-
Accrued Professional Fees		-	-		-	-
<b>Total Administrative Claims</b>		<b>1.5</b>	<b>0.5</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Value Available after Administrative Claims</b>					<b>-</b>	<b>-</b>
<b>General Unsecured Claims</b> (17)						
OEM Unsecured Claims		49,795.0	16,740.4		-	-
PSAN PI / WD Claims		1,050.0	-		-	-
Intercompany Claims		-	-		-	-
Unsecured Litigation Claims		2,204.6	22.0		-	-
Other General Unsecured Claims		1.5	1.5		-	-
<b>Total Unsecured Claims</b>		<b>53,051.2</b>	<b>16,764.0</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Value Available after Unsecured Claims</b>					<b>-</b>	<b>-</b>
<b>Subordinated Unsecured Claims</b> (18)						
NHTSA Civil Penalty Claims		-	-		-	-
Subordinated Civil Litigation Penalties		7,635.0	-		-	-
Subordinated State AG Claims		-	-		-	-
<b>Total Subordinated Unsecured Claims</b>		<b>7,635.0</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Proceeds Available to Equity Holders</b>					<b>-</b>	<b>-</b>

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.

Liquidation Analysis  
Industrias Irvin de Mexico SACV (IIM)

Exhibit 1-4

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable			
			Low	High	Low	High		
<b>Current Assets</b>								
Cash and Marketable Securities	(1)	-	0%	0%	-	-		
Accounts Receivable	(2)	-	0%	0%	-	-		
Intercompany Receivables	(3)	-	0%	0%	-	-		
Net Inventory	(4)	-	0%	0%	-	-		
Other Current Assets	(5)	0.8	22%	44%	0.2	0.3		
<b>Total Current Assets</b>		<b>0.8</b>	<b>22%</b>	<b>44%</b>	<b>0.2</b>	<b>0.3</b>		
<b>Non-Current Assets</b>								
Buildings and Structures	(6)	-	0%	0%	-	-		
Machinery and Equipment	(7)	-	0%	0%	-	-		
Furniture and Fixtures	(8)	-	0%	0%	-	-		
Shares of Other Subsidiaries	(9)	-	0%	0%	-	-		
Other Assets	(10)	-	0%	0%	-	-		
<b>Total Non-Current Assets</b>		<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>		
<b>Total Proceeds from Assets</b>		<b>0.8</b>			<b>0.2</b>	<b>0.3</b>		
Concurso Mercantil Fees	(11)				(0.3)	(0.3)		
Professional Fees	(12)				(2.1)	(2.1)		
Wind-Down Costs	(13)				(0.0)	(0.0)		
Recall Related Costs	(14)				-	-		
<b>Net Proceeds Available for Distribution</b>					<b>0.0</b>	<b>0.0</b>		
			<b>\$ Claim</b>		<b>% Recovery</b>		<b>\$ Recovery</b>	
			<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>Secured Claims</b>								
Adequate Protection Claims	(15)	-	-	-	-	-	-	-
SMX Adequate Protection Claim Shortfall		-	-	-	-	-	-	-
<b>Total Secured Claims</b>		<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Value Available after Secured Claims</b>								
<b>Administrative Claims</b>								
Post Petition AP	(16)	-	-	-	-	-	-	-
Post Petition Intercompany AP		-	-	-	-	-	-	-
Other and Accrued Liabilities		1.2	0.2	-	-	-	-	-
Intercompany 503(b)(9)		-	-	-	-	-	-	-
Accrued Professional Fees		-	-	-	-	-	-	-
<b>Total Administrative Claims</b>		<b>1.2</b>	<b>0.2</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Value Available after Administrative Claims</b>								
<b>General Unsecured Claims</b>								
OEM Unsecured Claims	(17)	49,795.0	16,740.4	-	-	-	-	-
PSAN PI / WD Claims		1,050.0	-	-	-	-	-	-
Intercompany Claims		-	-	-	-	-	-	-
Unsecured Litigation Claims		2,204.9	22.0	-	-	-	-	-
Other General Unsecured Claims		-	-	-	-	-	-	-
<b>Total Unsecured Claims</b>		<b>53,049.9</b>	<b>16,762.5</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Value Available after Unsecured Claims</b>								
<b>Subordinated Unsecured Claims</b>								
NHTSA Civil Penalty Claims	(18)	-	-	-	-	-	-	-
Subordinated Civil Litigation Penalties		7,635.0	-	-	-	-	-	-
Subordinated State AG Claims		-	-	-	-	-	-	-
<b>Total Subordinated Unsecured Claims</b>		<b>7,635.0</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Proceeds Available to Equity Holders</b>								

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.

Liquidation Analysis  
TK Holdings de Mexico SRLCV (TKHM)

Exhibit 1-5

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable	
			Low	High	Low	High
<b>Current Assets</b>						
Cash and Marketable Securities	(1)	22.7	100%	100%	22.7	22.7
Accounts Receivable	(2)	0.0	50%	56%	0.0	0.0
Intercompany Receivables	(3)	22.1	4%	4%	0.9	0.9
Net Inventory	(4)	-	0%	0%	-	-
Other Current Assets	(5)	0.5	25%	50%	0.1	0.2
<b>Total Current Assets</b>		<b>45.3</b>	<b>52%</b>	<b>53%</b>	<b>23.7</b>	<b>23.8</b>
<b>Non-Current Assets</b>						
Buildings and Structures	(6)	-	0%	0%	-	-
Machinery and Equipment	(7)	-	0%	0%	-	-
Furniture and Fixtures	(8)	-	0%	0%	-	-
Shares of Other Subsidiaries	(9)	117.7	1%	1%	0.6	1.1
Other Assets	(10)	-	0%	0%	-	-
<b>Total Non-Current Assets</b>		<b>117.7</b>	<b>1%</b>	<b>1%</b>	<b>0.6</b>	<b>1.1</b>
<b>Total Proceeds from Assets</b>		<b>163.0</b>			<b>24.3</b>	<b>24.9</b>
Concurso Mercantil Fees	(11)				(0.7)	(0.7)
Professional Fees	(12)				(3.0)	(2.6)
Wind-Down Costs	(13)				(0.9)	(0.7)
Recall Related Costs	(14)				-	-
<b>Net Proceeds Available for Distribution</b>					<b>19.7</b>	<b>20.8</b>
			% Recovery		\$ Recovery	
			Low	High	Low	High
<b>Secured Claims</b>						
Adequate Protection Claims	(15)	-	-	-	-	-
SMX Adequate Protection Claim Shortfall		-	-	-	-	-
<b>Total Secured Claims</b>		<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Value Available after Secured Claims</b>					<b>19.7</b>	<b>20.8</b>
<b>Administrative Claims</b>						
Post Petition AP	(16)	0.0	0.0		0.0	0.0
Post Petition Intercompany AP		15.4	15.4		15.4	15.4
Other and Accrued Liabilities		0.5	0.5		0.5	0.5
Intercompany 503(b)(9)		-	-		-	-
Accrued Professional Fees		-	-		-	-
<b>Total Administrative Claims</b>		<b>15.9</b>	<b>15.9</b>	<b>100%</b>	<b>100%</b>	<b>15.9</b>
<b>Value Available after Administrative Claims</b>					<b>3.8</b>	<b>4.9</b>
<b>General Unsecured Claims</b>						
OEM Unsecured Claims	(17)	-	-		-	-
PSAN PI / WD Claims		-	-		-	-
Intercompany Claims		28.5	28.5		3.8	4.9
Unsecured Litigation Claims		-	-		-	-
Other General Unsecured Claims		0.1	0.1		0.0	0.0
<b>Total Unsecured Claims</b>		<b>28.6</b>	<b>28.6</b>	<b>13%</b>	<b>17%</b>	<b>3.8</b>
<b>Value Available after Unsecured Claims</b>					<b>-</b>	<b>-</b>
<b>Subordinated Unsecured Claims</b>						
NHTSA Civil Penalty Claims	(18)	-	-		-	-
Subordinated Civil Litigation Penalties		-	-		-	-
Subordinated State AG Claims		-	-		-	-
<b>Total Subordinated Unsecured Claims</b>		<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>
<b>Proceeds Available to Equity Holders</b>					<b>-</b>	<b>-</b>

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.

Liquidation Analysis  
Takata Americas (TKAM)

Exhibit 1-6

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable	
			Low	High	Low	High
<b>Current Assets</b>						
Cash and Marketable Securities	(1)	0.3	100%	100%	0.3	0.3
Accounts Receivable	(2)	-	0%	0%	-	-
Intercompany Receivables	(3)	9.0	2%	12%	0.2	1.1
Net Inventory	(4)	-	0%	0%	-	-
Other Current Assets	(5)	-	0%	0%	-	-
<b>Total Current Assets</b>		<b>9.3</b>	<b>5%</b>	<b>15%</b>	<b>0.4</b>	<b>1.4</b>
<b>Non-Current Assets</b>						
Buildings and Structures	(6)	-	0%	0%	-	-
Machinery and Equipment	(7)	-	0%	0%	-	-
Furniture and Fixtures	(8)	-	0%	0%	-	-
Shares of Other Subsidiaries	(9)	653.8	0%	0%	0.3	0.3
Other Assets	(10)	-	0%	0%	-	-
<b>Total Non-Current Assets</b>		<b>653.8</b>	<b>0%</b>	<b>0%</b>	<b>0.3</b>	<b>0.3</b>
<b>Total Proceeds from Assets</b>		<b>663.1</b>			<b>0.8</b>	<b>1.7</b>
Chapter 7 Trustee Fees	(11)				(0.0)	(0.1)
Professional Fees	(12)				(0.1)	(0.2)
Wind-Down Costs	(13)				(0.0)	(0.1)
Recall Related Costs	(14)				-	-
<b>Net Proceeds Available for Distribution</b>					<b>0.6</b>	<b>1.4</b>
			% Recovery		\$ Recovery	
			Low	High	Low	High
<b>Secured Claims</b> (15)						
Adequate Protection Claims		-	-	-	-	-
SMX Adequate Protection Claim Shortfall		-	-	-	-	-
<b>Total Secured Claims</b>		-	0%	0%	-	-
<b>Value Available after Secured Claims</b>					<b>0.6</b>	<b>1.4</b>
<b>Administrative Claims</b> (16)						
Post Petition AP		-	-	-	-	-
Post Petition Intercompany AP		-	-	-	-	-
Other and Accrued Liabilities		-	-	-	-	-
Intercompany 503(b)(9)		-	-	-	-	-
Accrued Professional Fees		-	-	-	-	-
<b>Total Administrative Claims</b>		-	0%	0%	-	-
<b>Value Available after Administrative Claims</b>					<b>0.6</b>	<b>1.4</b>
<b>General Unsecured Claims</b> (17)						
OEM Unsecured Claims		-	-	-	-	-
PSAN PI / WD Claims		-	-	-	-	-
Intercompany Claims		-	-	-	-	-
Unsecured Litigation Claims		-	-	-	-	-
Other General Unsecured Claims		2.3	2.3	-	0.6	1.4
<b>Total Unsecured Claims</b>		<b>2.3</b>	<b>2.3</b>	<b>28%</b>	<b>63%</b>	<b>0.6</b>
<b>Value Available after Unsecured Claims</b>					-	-
<b>Subordinated Unsecured Claims</b> (18)						
NHTSA Civil Penalty Claims		-	-	-	-	-
Subordinated Civil Litigation Penalties		-	-	-	-	-
Subordinated State AG Claims		-	-	-	-	-
<b>Total Subordinated Unsecured Claims</b>		-	-	0%	0%	-
<b>Proceeds Available to Equity Holders</b>					-	-

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.



Liquidation Analysis  
Takata Protection Systems, Inc. (TPS)

Exhibit 1-7

\$ Millions	Notes	Book Value	% Realizable		\$ Realizable			
			Low	High	Low	High		
<b>Current Assets</b>								
Cash and Marketable Securities	(1)	-	0%	0%	-	-		
Accounts Receivable	(2)	-	0%	0%	-	-		
Intercompany Receivables	(3)	19.9	0%	0%	-	-		
Net Inventory	(4)	-	0%	0%	-	-		
Other Current Assets	(5)	3.3	25%	50%	0.8	1.6		
<b>Total Current Assets</b>		<b>23.2</b>	<b>4%</b>	<b>7%</b>	<b>0.8</b>	<b>1.6</b>		
<b>Non-Current Assets</b>								
Buildings and Structures	(6)	-	0%	0%	-	-		
Machinery and Equipment	(7)	0.2	48%	63%	0.1	0.1		
Furniture and Fixtures	(8)	-	0%	0%	-	-		
Shares of Other Subsidiaries	(9)	-	0%	0%	-	-		
Other Assets	(10)	(0.0)	0%	0%	-	-		
<b>Total Non-Current Assets</b>		<b>0.1</b>	<b>62%</b>	<b>82%</b>	<b>0.1</b>	<b>0.1</b>		
<b>Total Proceeds from Assets</b>		<b>23.3</b>			<b>0.9</b>	<b>1.7</b>		
Chapter 7 Trustee Fees	(11)				(0.0)	(0.1)		
Professional Fees	(12)				(0.1)	(0.2)		
Wind-Down Costs	(13)				(0.0)	(0.1)		
Recall Related Costs	(14)				-	-		
<b>Net Proceeds Available for Distribution</b>					<b>0.7</b>	<b>1.4</b>		
			<b>\$ Claim</b>		<b>% Recovery</b>		<b>\$ Recovery</b>	
			<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<b>Secured Claims</b>								
Adequate Protection Claims	(15)	-	-	-	-	-	-	-
SMX Adequate Protection Claim Shortfall		-	-	-	-	-	-	-
<b>Total Secured Claims</b>		<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Value Available after Secured Claims</b>						<b>0.7</b>	<b>1.4</b>	
<b>Administrative Claims</b>								
Post Petition AP	(16)	0.1	0.1	100%	100%	0.1	0.1	
Post Petition Intercompany AP		0.0	0.0			0.0	0.0	
Other and Accrued Liabilities		0.0	0.0			0.0	0.0	
Intercompany 503(b)(9)		-	-			-	-	
Accrued Professional Fees		-	-			-	-	
<b>Total Administrative Claims</b>		<b>0.1</b>	<b>0.1</b>	<b>100%</b>	<b>100%</b>	<b>0.1</b>	<b>0.1</b>	
<b>Value Available after Administrative Claims</b>						<b>0.7</b>	<b>1.4</b>	
<b>General Unsecured Claims</b>								
OEM Unsecured Claims	(17)	-	-			-	-	
PSAN PI / WD Claims		-	-			-	-	
Intercompany Claims		-	-			-	-	
Unsecured Litigation Claims		-	-			-	-	
Other General Unsecured Claims		0.1	0.1			0.1	0.1	
<b>Total Unsecured Claims</b>		<b>0.1</b>	<b>0.1</b>	<b>100%</b>	<b>100%</b>	<b>0.1</b>	<b>0.1</b>	
<b>Value Available after Unsecured Claims</b>						<b>0.6</b>	<b>1.3</b>	
<b>Subordinated Unsecured Claims</b>								
NHTSA Civil Penalty Claims	(18)	-	-			-	-	
Subordinated Civil Litigation Penalties		-	-			-	-	
Subordinated State AG Claims		-	-			-	-	
<b>Total Subordinated Unsecured Claims</b>		<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	
<b>Proceeds Available to Equity Holders</b>						<b>0.6</b>	<b>1.3</b>	

Debtors with no third party creditors have not been separately presented in the Liquidation Analysis. Any distributable equity value available from these Debtors is reflected at its immediate parent.

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

*Dorinda Marie Matyasowski*  
A Commissioner for taking affidavits

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----	X	
	:	Chapter 11
In re:	:	
	:	Case No. 17-11375 (BLS)
TK HOLDINGS INC., <i>et al.</i> ,	:	
	:	Jointly Administered
Debtors. <sup>1</sup>	:	
	:	<b>Hrg. Date: Feb. 13, 2018, at 10:00 a.m. (Eastern)</b>
	:	<b>Related Docket Nos. 1629</b>
-----	X	

**DECLARATION OF JOSEPH PERKINS IN SUPPORT OF  
CONFIRMATION OF FOURTH AMENDED JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

I, Joseph Perkins, under penalty of perjury pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a citizen of the United States and reside in the State of Michigan. I am the Senior Vice President and Chief Financial Officer of Key Safety Systems, Inc. (“**KSS**”) and KSS Holdings, Inc. (“**Holdings**”), subsidiaries of Joyson KSS Auto Safety S.A. (“**JSS**”)<sup>2</sup>, which, collectively with one or more of JSS’s current or future subsidiaries or affiliates, is referred to

<sup>1</sup> The debtors in these chapter 11 cases (collectively, the “**Debtors**”), 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.

<sup>2</sup> JSS, a Luxembourg *société anonyme*, was formed in the third quarter of 2017 directly, or indirectly, by KSS’s ultimate parent. JSS was formed to satisfy various planning objectives and is a holding company for the company’s operating business.

herein as the “**Plan Sponsor**”.<sup>3</sup> I make this declaration (this “**Declaration**”) in connection with the above-captioned chapter 11 cases in support of confirmation of the *Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors* [Docket No. 1629] (as amended, supplemented, or otherwise modified from time to time, the “**Plan**”) and certain proposed findings of fact set forth in the proposed form of Confirmation Order.<sup>4</sup> I make this Declaration voluntarily. Except as otherwise indicated, I have personal knowledge of the facts stated herein, having been involved in the events and business dealings described below.

## **I. Background**

### **A. Declarant’s Role in Global Transaction**

2. In my capacity as Senior Vice President and Chief Financial Officer of KSS, I serve as one of the Plan Sponsor’s lead negotiators, and I am a principal day-to-day representative of the Plan Sponsor in connection with the Global Transaction. I have been personally involved in the Global Transaction since summer 2016, and I am familiar with substantially all material business issues encompassed in the negotiation of the Global Transaction.

### **B. Plan Sponsor’s Pursuit and Negotiation of the Global Transaction**

3. KSS initiated its pursuit of the Global Transaction by submitting an initial, non-binding “Interest Letter” dated July 1, 2016. Takata then invited KSS and several other

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<sup>3</sup> Note that prior to September 12, 2017, the term Plan Sponsor referred to KSS and certain of its subsidiaries and affiliates, as JSS had not yet been formed.

<sup>4</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them the Plan or, if not defined therein, in the U.S. Acquisition Agreement (as defined in the Plan).

candidates to submit initial, non-binding proposals. KSS responded with a preliminary, non-binding proposal dated September 16, 2016, which comprised a high-level discussion of potential transaction terms and elements, including a preliminary indication of potential value, accompanied by, among other exhibits, a marked term sheet describing the implementation of the Global Transaction. Takata asked KSS and several other candidates to continue participating in the marketing process and to conduct additional due diligence and engage in negotiations concerning the structure and terms of a potential transaction. A principal term of KSS's bid was a requirement for an indemnity and a release from the OEMs who purchased PSAN Inflators. Accordingly, in approximately the same timeframe, KSS commenced negotiations with the Consenting OEMs to explore the scope of indemnity and releases.

4. At Takata's invitation, KSS submitted a non-binding final-round bid on January 26, 2017. That bid comprised a more detailed presentation of proposed transaction terms, including a marked term sheet for the U.S. Acquisition Agreement. Shortly thereafter, Takata, the Consenting OEMs, KSS, and another strategic bidder met in Tokyo, Japan for a final round of bidding, after which the Plan Sponsor was selected as the prevailing plan sponsor candidate.

5. Intense, arm's-length negotiations continued throughout the spring, summer, and fall of 2017. The definitive documents governing the Global Transaction were substantially finalized on November 3, 2017, and executed by the Plan Sponsor, the Consenting OEMs, and Takata on November 16, 2017. The Plan Sponsor's board met on November 7, 2017, to consider and approve the Plan Sponsor's entry into the Global Transaction and execution of the definitive documents, which were by that time in substantially final form.

6. Since the execution of the definitive documents governing the Global Transaction on November 16, 2017, the Plan Sponsor has continued to deploy substantial resources toward the completion of numerous critical workstreams essential to the timely implementation of the Global Transaction. These include integration planning, tax structuring, regulatory review and clearances, and many others.

7. The Plan Sponsor has also engaged in intensive, good-faith settlement negotiations with key stakeholders who had previously expressed opposition to the Global Transaction, including the Creditors' Committee, the Tort Claimants' Committee, and the Future Claims Representative. Through the course of many in-person and telephonic settlement conferences, and the exchange of numerous iterations of various settlement term sheets, the Plan Sponsor worked collaboratively with each stakeholder and sought to identify constructive solutions to the concerns raised. These efforts culminated in a consensual settlement with all major stakeholders, including settlements reached with the Creditors' Committee, the Tort Claimants' Committee, and the Future Claims Representative on or about February 9, 2018.

**II. The Proposed Findings of Fact Relating to the Sale of the Purchased Assets Are Fair and Accurate.**

8. I understand that the Debtors' proposed form of Confirmation Order seeks various findings of fact concerning the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement and other applicable definitive documentation including, among others, findings that:

- the Global Transaction as it relates to the Debtors was negotiated in good faith and at arms' length and provides the Debtors reasonably equivalent and fair value for the Purchased Assets;

- the Plan Sponsor is not an “insider” or “affiliate” of the Debtors as those terms are defined in the Bankruptcy Code;
- the Plan Sponsor will not be a “successor” to the Debtors;
- the Plan Sponsor Parties have provided a substantial contribution in exchange for the Plan’s releases and injunctions in their favor and such releases and injunctions are critical to the Global Transaction; and
- the sale of the Purchased Assets to the Plan Sponsor will be free and clear of all Claims, interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, except for the Assumed Liabilities and Permitted Liens, in accordance with the terms of the Plan and the U.S. Acquisition Agreement.

The Plan Sponsor requires these findings to support the transaction, including in regards to the sale free and clear protections, Plan Injunction, Releases, and Channeling Injunction. I have reviewed and am familiar with these findings of fact and consider that they are true and correct to the best of my knowledge, information, and belief.

**A. The Global Transaction, Including the U.S. Acquisition Agreement, Was Negotiated in Good Faith and at Arm’s Length and Provides the Debtors Fair and Reasonably Equivalent Value for the Purchased Assets.**

9. The U.S. Acquisition Agreement and the other definitive documents governing the Global Transaction as it relates to the Debtors are the products of intensive, good-faith, and arm’s-length business negotiations among the Plan Sponsor, the Debtors, the Consenting OEMs, and other stakeholders. As detailed above, the Plan Sponsor was selected as such after participating in a robust, multistage competitive process coordinated by Takata and its advisors. I understand that the Plan Sponsor prevailed in Takata’s formal sale process because its bid presented the greatest overall value to the Debtors and the other Takata entities, considering not

only the aggregate consideration offered, but also other critical factors such as execution certainty and customer support.<sup>5</sup> Notably, the aggregate consideration under the U.S. Acquisition Agreement includes not only the Base Purchase Price under the U.S. Acquisition Agreement (that is, the Debtors' regional share of \$1.588 billion, or approximately \$878.9 million), but also significant sources of potential additional value, including the Plan Sponsor Backstop Funding, the Business Incentive Plan Payment, and the assumption of the Assumed Liabilities, all of which will inure to the benefit of the Debtors' estates and creditors. Accordingly, I believe that the Plan Sponsor has offered reasonably equivalent and fair consideration for the purchase of the Purchased Assets under the U.S. Acquisition Agreement.

10. Upon its selection as the successful bidder, the Plan Sponsor commenced months of rigorous negotiations, comprising innumerable in-person and telephonic meetings, with Takata (including the Debtors) and the Consenting OEMs to structure and document the Global Transaction. The parties devoted substantial resources, including the dedication and time of the Plan Sponsor's management and executive teams to these negotiations and were represented throughout by sophisticated counsel and financial advisors. The negotiations culminated in three separate purchase agreements, including the U.S. Acquisition Agreement, plus dozens of additional agreements and other definitive documents, most of which went through countless iterations until their finalization and execution. Indeed, I would identify the Global Transaction

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<sup>5</sup> See Declaration of Scott E. Caudill in Support of Debtors' Chapter 11 Petitions and First Day Relief ¶ 92 [Docket No. 19].



as the most sophisticated and intensely bargained acquisition transaction of the many in which I have participated in my career as an automotive-industry executive.

**B. The Plan Sponsor Is Not an Insider or Affiliate of the Debtors.**

11. I understand from counsel that the Bankruptcy Code may deem a person an “insider” or “affiliate” of a debtor on the basis of various relationships between them, including, by way of example, if that person controls 20 percent or more of the voting securities of the debtor; is an officer, director, or general partner of the debtor; or holds certain other specified relationships with the debtor. The Plan Sponsor is not an “insider” or “affiliate” of the Debtors as so defined. As of the date hereof, the Plan Sponsor does not (and, immediately prior to the Effective Date will not) hold any voting securities of, or otherwise exercise control over, any of the Debtors, and there is no common identity of incorporators, directors, officers, or controlling equity holders between the Plan Sponsor and the Debtors.

**C. The Plan Sponsor Is Not a Successor to the Debtors.**

12. Although the Plan Sponsor intends to purchase substantial assets from the Debtors, the Plan Sponsor will not be a successor to, continuation of, or alter ego of the Debtors. The Plan Sponsor will not acquire all assets and businesses of the Debtors, nor assume any liabilities of the Debtors other than those expressly designated in the U.S. Acquisition Agreement as Assumed Liabilities. Indeed, the exclusion of the Debtors’ PSAN Inflator Business and all liabilities related thereto is a fundamental premise of the Global Transaction. Nor will the Plan Sponsor hold itself out to the public as a continuation of Takata’s business. To the contrary, Takata after the Effective Date will continue manufacturing PSAN Inflators for limited purposes as Reorganized Takata, while the Plan Sponsor will operate the Purchased Assets under its own

name and, as noted above, without any continuity or common identity of officers or directors. Accordingly, the Global Transaction is not a mere continuation of Takata's business, nor does it represent a de facto merger or consolidation of Takata's and the Plan Sponsor's respective businesses. Finally, as noted above, the transaction was negotiated in good faith, for bona fide purposes, and offers the Debtors reasonably equivalent and fair consideration for the Purchased Assets.

**III. The Plan Sponsor Parties Have Provided a Substantial Contribution in Exchange for the Releases and Injunctions in Their Favor, Which Are Indispensable to the Plan Sponsor's Participation in the Global Transaction.**

13. The Plan incorporates certain releases and injunctions that bar the assertion against the Plan Sponsor Parties, including, without limitation, the Acquired Non-Debtor Affiliates and certain of their respective related persons, of claims relating to the Debtors, their non-Debtor affiliates, and the Global Transaction, including, without limitation, PSAN PI/WD Claims. The releases and injunctions in favor of the Plan Sponsor Parties and their respective related persons constitute an essential inducement for the Plan Sponsor's participation in the Global Transaction as it relates to the Debtors and are material to the settlements to be effectuated pursuant to the Plan. Indeed, the Tort Claimants' Committee and Future Claims Representative's support for the Channeling Injunction and third-party releases was a key inducement for the Plan Sponsor's settlement with these parties. These provisions are critical to ensure that the Plan Sponsor receives the benefit of its bargain: that it assumes only those liabilities that are expressly defined as Assumed Liabilities under the U.S. Acquisition Agreement and bears no liability for the Excluded Liabilities. Without these assurances, the Plan Sponsor would not undertake the Global Transaction. It is equally critical that the protections

afforded by the Plan's release and injunction provisions extend not just to the Plan Sponsor itself but also to the Plan Sponsor Parties, including any person who makes a loan to or investment in the Plan Sponsor for purposes of consummating the sale of the Purchased Assets, and including the Acquired Non-Debtor Affiliates and certain of their respective related persons described in the definition of "Released Parties." The Plan Sponsor Parties that make a loan to or investment in the Plan Sponsor are making a substantial contribution and therefore are requesting the benefit of the releases as well. I believe they merit the benefit of the releases and injunctions because their participation is vital to this transaction. Similarly, it is critical that the Plan's release and injunction provisions encompass the Plan Sponsor Parties' respective related persons in order to foreclose the possibility of a disgruntled claimant seeking to circumvent such releases and injunctions by asserting claims against such related persons pursuant to theories of successor liability or otherwise.

14. As noted, Takata selected the Plan Sponsor as the prevailing bidder in its formal marketing process after concluding that the Global Transaction sponsored by the Plan Sponsor would maximize recoveries to creditors of the Debtors and the other Takata entities. In this regard, I believe that the Plan Sponsor has made a substantial contribution to the Debtors' restructuring, and the incremental value resulting from the settlements with the Creditors' Committee, Tort Claimants' Committee, and the Future Claims Representative is further support of the Plan Sponsor's substantial contribution. The Global Transaction will allow the Debtors to realize the highest and best value for the Purchased Assets, and the consideration provided by the Plan Sponsor—which includes not only the Base Purchase Price under the U.S. Acquisition Agreement, but also significant sources of potential additional value, including the Business

Incentive Plan Payment and the Plan Sponsor Backstop Funding Agreement—will fund substantial recoveries for creditors. Under the Plan Sponsor Backstop Funding Agreement, the Plan Sponsor agreed to backstop up to \$75 million, subject to certain limitations, to assist with, for purposes of the Debtors in the Chapter 11 Cases, the DOJ Restitution Claim and PSAN Legacy Costs, thereby increasing the likelihood that the Debtors would have sufficient liquidity to fund certain elements that are critical to the Global Transaction. Moreover, while the first tranche of the backstop functions 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 net asset value of those assets is estimated to be only approximately \$5 million. Nevertheless as described in paragraph 16, in connection with the Tort Claimants' Committee, Future Claims Representative, and Creditors' Committee settlements, the Plan Sponsor has agreed to redirect the full \$25 million of the first tranche of the backstop, even if not triggered or required under the Plan Sponsor Backstop Funding Agreement.

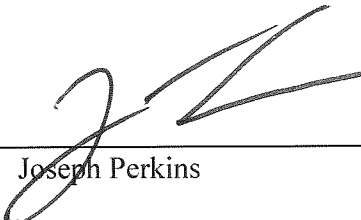
15. The Plan Sponsor's contributions were essential to reaching settlements with the Committees and the Future Claims Representative. Further, the Plan Sponsor has agreed in the settlement with the Creditors' Committee to, subject to certain exclusions, assume all third-party executory contracts related to the non-PSAN acquired business and contribute any remaining amount of the \$5 million Cure Claims Cap to the creditor fund that will fund recoveries to general unsecured creditors with non-contingent, liquidated claims. If the remaining amount of the Cure Claims Cap is less than \$2.5 million, the Plan Sponsor will contribute the difference so that the creditor fund receives at least \$2.5 million.

16. Additionally, as described above, the Plan Sponsor has agreed in the settlement with the Debtors, Consenting OEMs, the Tort Claimants' Committee, and the Future Claims Representative, in exchange for the Releases and Channeling Injunction in favor of the Plan Sponsor Parties, to contribute \$25 million, which amount is expected to be drawn under the backstop at closing and ultimately transferred to the PSAN PI/WD Trust following the repayment of such amount from post-closing dividends from TSAC. Each of the other Plan Sponsor Parties have likewise made substantial contributions to the Debtors' restructuring, for their proposed investments of debt or equity capital in the Plan Sponsor is necessary to finance the Global Transaction.

17. These contributions are integral elements of the Debtors' Plan and provide for significant distributions to general unsecured creditors that would otherwise not be available.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

DATED: Sterling Heights, Michigan  
February 14, 2018

By:   
\_\_\_\_\_

Joseph Perkins

*[Signature Page to Declaration of Joseph Perkins]*

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

*Dorota Marie Matyanowski*  
A Commissioner for taking affidavits

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	
	)	Chapter 11
	)	
TK HOLDINGS INC., <i>et al.</i>	)	Case No. 17-11375 (BLS)
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	

**DECLARATION OF ROGER FRANKEL, THE FUTURE CLAIMANTS’  
REPRESENTATIVE, IN SUPPORT OF CONFIRMATION OF  
THE FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF  
TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

I, Roger Frankel, pursuant to 28 U.S.C. § 1746, hereby declare as follows:

1. I submit this declaration (the “Declaration”) in support of confirmation of the *Fourth Amended Joint Plan of Reorganization of TK Holdings Inc. and Its Affiliated Debtors* (as may be amended, modified, or supplemented from time to time, the “Amended Plan”),<sup>2</sup> including the Channeling Injunction (as defined herein) proposed therein and approval of the PSAN PI/WD Trust Distribution Procedures (the “TDP”) and the PSAN PI/WD Trust Agreement (the “Trust Agreement”).<sup>3</sup>

2. This Declaration sets forth matters to which I would testify if called as a witness.

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<sup>1</sup> 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.

<sup>2</sup> Any reference in this Declaration to the Amended Plan assumes that the Amended Plan reflects the agreements memorialized in the Term Sheet (as defined herein). To the extent that there are inconsistencies between the Amended Plan and the Term Sheet, I reserve all rights to amend or withdraw this Declaration.

<sup>3</sup> Capitalized terms used but undefined herein shall have the meanings ascribed to them in the Amended Plan.



The information set forth herein is based on my personal knowledge and experience in the above-captioned chapter 11 cases (the “Cases”), my review of numerous documents and other due diligence, including my discussions with representatives of the Debtors, the Tort Committee, counsel for personal injury claimants, and the FCR Professionals (as defined herein), and the negotiations with key stakeholders in these Cases, in which I personally participated from the outset of my appointment and which culminated in the agreement for the treatment of PSAN PI/WD Claims set forth in the Amended Plan and certain Plan Documents presented to the Court for confirmation and approval. This Declaration describes my recollection and analysis at this time based on the information currently available to me. It does not attempt to capture every detail of every topic addressed. I reserve the right to revise, amend, and/or supplement my testimony as appropriate in my judgment to address other matters or to the extent additional or updated information becomes available to me.

3. I have reviewed and am generally familiar with the terms and provisions of the Amended Plan, the Plan Documents relevant to Future Claims, and the requirements for confirmation of a plan and the issuance of a channeling injunction pursuant thereto under the Bankruptcy Code. The Debtors will present the Court with full details of the Amended Plan. I confine my comments to aspects particularly relevant to Future Claimants (as defined herein).

4. Based on my work and the efforts of the FCR Professionals, as discussed more fully below, it is my opinion that the Plan is fair and equitable in its treatment of the holders of future PSAN PI/WD Claims that will be channeled to the PSAN PI/WD Trust, and that the Amended Plan represents a reasonable resolution of the liabilities of the channeled PSAN PI/WD Claims against the Protected Parties,<sup>4</sup> including Participating OEMs. Further, I believe

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<sup>4</sup> The Protected Parties are (i) the Debtors’ non-Debtor affiliates (including the Acquired Non-Debtor Affiliates) other than TKSAC and the Japan Debtors unless certain conditions are satisfied; (ii)

that the terms of the TDP provide reasonable assurance that the PSAN PI/WD Trust will value and be in a financial position to pay PSAN PI/WD Claims in a fair, objective, reasonable, and efficient manner. Finally, I believe that the Channeling Injunction established under the Amended Plan is appropriate under the facts of these Cases to ensure the fair and equitable treatment of PSAN PI/WD Claims.

**A. PROFESSIONAL BACKGROUND**

5. I am a founding partner in the law firm of Frankel Wyron LLP, which maintains offices at 2101 L Street, N. W., Washington, DC 20037. I am a member of the District of Columbia bar and am duly admitted to practice in the courts of the District of Columbia, the United States Bankruptcy Court and United States District Court for the District of Columbia, and other courts.

6. I have practiced in the areas of business reorganization and creditors' rights since 1972. Prior to founding FW in 2014, I was a partner and co-chair of the Global Restructuring Group at Orrick, Herrington & Sutcliffe LLP.

7. My practice includes significant experience in complex bankruptcy and restructuring matters. For over seventeen years, I have both counseled clients and been appointed to fiduciary positions in complex mass tort bankruptcy cases involving the rights of future claimants. The following are examples of my mass tort bankruptcy engagements and appointments:

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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 (excluding TKSAC and the Japan Debtors unless certain conditions are satisfied), current and former officers, directors, principals, equity holders, members, partners, managers, employees, 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.

- a. I represented David Austern as the Court-appointed Legal Representative for Future Personal Injury Claimants (“FCR”) in the matter of *W.R. Grace & Co., et al.*, Case No. 01-01139 (Bankr. D. Del.) from the time of Mr. Austern’s appointment in 2004 until his death in 2013. Following Mr. Austern’s death, I was appointed as the Successor FCR in the *W.R. Grace* case. The plan of reorganization in that case, which was confirmed and became effective in February 2014, established a qualified settlement fund with over \$3 billion in assets in trust for the benefit of present and future personal injury claimants. I continue to serve as the FCR in connection with the trust established under the confirmed plan in *W.R. Grace*.
- b. I also represented Mr. Austern in the chapter 11 cases of *Combustion Engineering, et al.*, Case No. 03-10495 (Bankr. D. Del.) in connection with the negotiation and successful confirmation of Combustion Engineering’s plan of reorganization, which resulted in the establishment of a qualified settlement fund with more than \$1 billion in assets in trust for the benefit of present and future personal injury claimants. Following Mr. Austern’s death, I was appointed to serve as the FCR in connection with the trust established under Combustion Engineering’s confirmed plan, and continue to serve in that capacity today.
- c. I represent R. Scott Williams as the Court-appointed FCR in the chapter 11 cases of *Congoleum Corporation, et al.*, Case No. 03-51524 (Bankr. D. N.J.). As counsel for Mr. Williams, I, along with other lawyers at FW, was involved in all aspects of the plan confirmation process and the establishment of a qualified settlement fund of over \$100 million in trust for the benefit of present and future personal injury claimants. I and FW continue to represent Mr. Williams as the FCR in connection with the trust established under Congoleum’s confirmed plan.
- d. I represented the debtors in *Shook & Fletcher Insulation Company, et al.*, Case No. 02-2771 (Bankr. N.D. Ala), in one of the first successful pre-packaged section 524(g) bankruptcy cases. In 2002, under its confirmed plan, Shook & Fletcher established a qualified settlement fund with over \$100 million in trust for the benefit of present and future personal injury claimants. I and FW currently represent the trust established pursuant to Shook & Fletcher’s confirmed plan.

**B. APPOINTMENT, ROLE AS FUTURE CLAIMANTS’ REPRESENTATIVE, AND RETAINED PROFESSIONALS**

8. By Order entered on September 7, 2017 [Docket No. 703], which was amended on October 13, 2017 [Docket No. 992], the Court appointed me as the Future Claimants’

Representative in these Cases. As the Future Claimants' Representative, I 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 (such claims against the Debtors, the "Future Claims" and such individuals, the "Future Claimants").

9. My role in these Cases, acting as a fiduciary, is to represent the interests of Future Claimants with valid claims against the Debtors, seeking to ensure that they are treated fairly in any trust established for the benefit of present and future PSAN PI/WD Claimants in these Cases. Since my appointment, I have taken responsibility for protecting the rights and interests of Future Claimants and have done so throughout the Cases, including throughout the negotiation of the Amended Plan.

10. To assist me in fulfilling my duties as the Future Claimants' Representative, I retained, with the Court's approval, a number of professionals and experts. More specifically, I retained legal counsel – Frankel Wyron LLP, Ashby & Geddes, P.A., and Greenberg Traurig, LLP – and claims evaluation consultants – Gnarus Advisors LLC ("Gnarus"). In addition to these professionals (the "FCR Professionals"), and where necessary and appropriate, and subject to a common interest agreement, I utilized the court-approved financial advisor, Alvarez & Marsal North America, LLC ("A&M"), and insurance counsel, Gilbert LLP ("Gilbert"), retained by the official committee of unsecured tort claimants (the "Tort Committee"). The FCR Professionals, A&M, and Gilbert have extensive experience and knowledge with respect to analyzing and solving complex problems associated with these Cases and the Future Claims.

The qualifications of the FCR Professionals, A&M, and Gilbert are set forth in detail in their respective applications for employment that were filed with the Court in these Cases.

11. The combined knowledge and experience of these professionals have provided me with the resources needed to fulfill my role as Future Claimants' Representative in these Cases.

**C. FUTURE CLAIMANTS' REPRESENTATIVE'S DUE DILIGENCE**

12. Following my appointment as Future Claimants' Representative, my immediate goals were to evaluate whether the Debtors could reorganize through a consensual or non-consensual plan that included a channeling injunction that fairly and equitably channeled the liabilities of the Debtors and certain third parties, including the Participating OEMs, on account of PSAN PI/WD Claims to a trust, determine the appropriate amount that parties who receive the benefit of a channeling injunction should contribute to the trust in return for the channeling injunction, and establish fair claim valuation and distribution procedures for the holders of claims that will receive a recovery from the trust that have the best chance of resulting in a reasonable, efficient, and swift process for fairly compensating claimholders without the need for litigation.

13. Working with the FCR Professionals and alongside the Tort Committee, I conducted extensive due diligence concerning, among other things, the background, nature, and scope of liability for PSAN PI/WD Claims. This investigation included, among other things, (i) careful review of the facts concerning Takata's and the Consenting OEMs' involvement with the manufacture, sale, and supply of the PSAN Inflators; (ii) the nature and extent of the PSAN Inflator defects; (iii) the nature and extent of past and pending PSAN Inflator litigation against Takata and the Consenting OEMs, including the types of claims asserted, the legal issues raised,

and the settlements achieved by claimants; (iv) the projected value of the present and future PSAN PI/WD Claims; and (v) Takata's product liability insurance and related settlements.

14. Moreover, the Tort Committee and I began examining and investigating the potential for recovery by the Debtors and/or holders of PSAN PI/WD Claims from third-parties, including the OEMs, the Debtors' insurers, current and former affiliates of the Debtors (including TKJP), and current and former officers and directors of the Debtors and their affiliates. Theories of recovery examined included, as applicable, products liability, insurance recovery, breach of fiduciary duty, equitable subordination, and estate causes of action, including preference and fraudulent conveyance.

15. In addition, the Tort Committee, the official committee of unsecured creditors (the "UCC" and together with the Tort Committee, the "Committees"), the FCR Professionals, and I examined claims, counterclaims, causes of action, objections, contests, or defenses against the Consenting OEMs and/or their affiliates relating to the releases contained within the *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 503, 506 and 507 and Fed. R. Bankr. P. 2002, 4001, 6004, and 9014 (I) Authorizing Debtors to Enter Into Accommodation Agreement and Access Agreement with Certain Customers; (II) Granting Adequate Protection in Connection Therewith; and (III) Modifying the Automatic Stay to Implement and Effectuate the Terms Thereof* [Docket No. 953].

16. Finally, I and the FCR Professionals, along with the Committees and other professionals, conducted due diligence concerning the proposed Global Transaction, including the sale transaction proposed by and memorialized in the U.S. Acquisition Agreement and the allocation methodology of the global purchase price payable by the Plan Sponsor. We also analyzed the Debtors' business, capital structure, insurance, and general financial affairs to

evaluate the level of funding available to the PSAN PI/WD Trust. In addition, I, along with the FCR Professionals, participated in all aspects of these Cases that could potentially affect the rights and interests of holders of Future Claims, including but not limited to the Debtors' efforts related to PPIC noticing, the Global Accommodation Agreement, the establishment of various bar dates, and proceedings relating to the Debtors' Disclosure Statement and solicitation procedures.

17. This due diligence and investigation occurred from the outset of my appointment and involved, among other things, in-person meetings, presentations, and conference calls with, by, and/or among counsel, advisors, and/or experts to all key stakeholders, including the Debtors, certain Consenting OEMs, the Committees, the Special Master, certain holders of present PSAN PI/WD Claims, and the Plan Sponsor. In addition to informal requests for information, the FCR Professionals at my direction served and/or joined in written discovery requests directed to the Debtors, certain of the Consenting OEMs, and the Plan Sponsor, which resulted in the production and review, by the FCR Professionals in coordination with those professionals retained by the Tort Committee, of tens of thousands of pages of documents and electronic files. Furthermore, the FCR Professionals participated in depositions of the Plan Sponsor, the Debtors, and the Debtors' investment banker and financial advisor.

18. This diligence and investigation enabled the FCR Professionals and me to evaluate, among other things, the assets potentially available to the holders of Channeled PSAN PI/WD Claims (as defined herein). Moreover, it enabled the FCR Professionals and me to evaluate the Original Plan and the Amended Plan submitted in these Cases (including the settlements embodied therein) to determine whether they were fundamentally fair and equitable for holders of Future Claims and in compliance with the Bankruptcy Code.

**D. THE ESTIMATION OF FUTURE PSAN PI/WD CLAIMS**

19. In addition to the foregoing, to fulfill my responsibilities as Future Claimants' Representative, the FCR Professionals and I conducted substantial due diligence to estimate the value of future PSAN PI/WD Claims. Gnarus assumed primary responsibility for preparing an estimate of the value of those future claims. Gnarus, led by its principal, Stephen E. Sellick, undertook a comprehensive study, examining the nature of the defects in the Takata inflators, extensive data on the rates of motor vehicle accidents, airbag deployment, and malfunction, and numerous other factors. Gnarus also examined data on past claims of airbag malfunction, including the settlement of numerous claims against Takata and other parties, to prepare a monetary estimate of the value of future PSAN-related claims.

20. The information assembled and analyzed, along with the advice given, by Gnarus assisted me in developing and implementing a strategy with respect to the appropriate funding of the PSAN PI/WD Trust. In addition, the work and expert opinions of Gnarus prepared me for litigation related to the Original Plan and, indeed, I was prepared to file a motion to estimate the number and aggregate amount of the Future Claims for voting and distribution purposes should an agreement with the Debtors, among others, had not been reached.

**E. THE DEBTORS' PLAN AND RELEVANT PLAN DOCUMENTS****1. *The Original Plan and Related Good Faith and Arms'-Length Negotiations***

21. On November 6, 2017, the Debtors filed their proposed *Joint Chapter 11 Plan of Reorganization of TK Holdings, Inc. and Its Affiliated Debtors* [Docket No. 1108] (as amended on December 19, 2017 [Docket No. 1399] and January 5, 2018 [Docket No. 1629], the "Original Plan"). The structure of the Original Plan mirrored the Amended Plan currently proposed. Among other things, the Original Plan and the Amended Plan provide for the following:



- a. The transactions memorialized therein and the related U.S. Acquisition Agreement and ancillary agreements propose to effectuate the sale of substantially all of the Debtors' non-PSAN Inflator assets to the Plan Sponsor as part of a global sale of Takata's non-PSAN Inflator assets.
- b. With respect to the liability of the Debtors and the Protected Parties for the PSAN PI/WD Claims, such liability is to be assumed on the Effective Date by a newly created PSAN PI/WD Trust. The liability is to be released, permanently enjoined, and/or channeled to the PSAN PI/WD Trust (the "Channeling Injunction"), and the PSAN PI/WD Claims and liabilities therefor will be administered and satisfied from PSAN PI/WD Funds pursuant to the TDP and the Trust Agreement.
- c. A mechanism exists whereby certain OEMs may agree to contribute "PSAN PI/WD Top-Up Amounts" to the PSAN PI/WD Trust in exchange for the protections afforded by the Channeling Injunction of PSAN PI/WD Claims, electing to become "Participating OEMs." As proposed, the Participating OEMs will not receive the benefits of the Channeling Injunction without, among other things, the consent of the Future Claimants' Representative and 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 Amended Plan 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.<sup>5</sup>

22. I did not support the Original Plan or its Channeling Injunction. Among other things, the funding of the PSAN PI/WD Trust was not sufficient – PSAN PI/WD Claimants were to receive only 0.1% - 0.4% of the Debtors' estimate of their claims against the Debtors and the Protected Parties in exchange for the Channeling Injunction. Moreover, I believed certain creditors and parties in interest were receiving inappropriate preferential treatment to the detriment of holders of PSAN PI/WD Claims, the Protected Parties were not contributing to the PSAN PI/WD Trust in exchange for the Channeling Injunction, the funding of the administrative costs of the PSAN PI/WD Trust was insufficient, and I had concerns with regard to the proposed

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<sup>5</sup> Additionally, the channeling injunction with respect to Participating OEMs will not be implemented unless there is an Initial Participating OEM(s) approved by the Court.

Trust Agreement and the TDP applicable to the Channeling Injunction. The Tort Committee was also opposed to the Original Plan.

23. In late 2017 and early 2018, the FCR Professionals and I participated in arms'-length, good faith negotiations with the Initial Participating OEM and certain holders of present PSAN PI/WD Claims regarding aspects of the Channeling Injunction to benefit Participating OEMs, including matters described and provided for in the "Channeled Claims and Injury Valuation Schedules Protocol", which is attached as Exhibit F to the Debtors' Disclosure Statement (the "Participating OEM Protocol") and is now incorporated into Exhibit B of the TDP. Moreover, beginning shortly after the January 5, 2018 hearing to consider the Disclosure Statement, the FCR Professionals and I began intensive arms'-length, good faith negotiations regarding the Original Plan, including negotiations of the TDP. These negotiations took place daily, in a number of different locations, and involved a number of constituencies, including the Debtors, the Tort Committee, the Consenting OEMs, the Plan Sponsor, and certain holders of present PSAN PI/WD Claims. In addition, it is my understanding that the Debtors conducted parallel arms'-length and good faith negotiations with other parties, including the UCC, TKJP, the DOJ, and NHTSA.

24. As a result of these efforts, on or about February 10, 2018, the Debtors, the Future Claimants' Representative, the Tort Committee, the Consenting OEMs, and the Plan Sponsor entered into a comprehensive binding term sheet (the "Term Sheet") to resolve, among other things, my and the Tort Committee's objections to the Original Plan. Immediately following finalization of the Term Sheet, the parties began revising the Original Plan and Plan Documents to memorialize the agreements in the Term Sheet.

25. The Term Sheet provides the foundation for substantially all of the Amended Plan's key provisions regarding the PSAN PI/WD Trust and the PSAN PI/WD Claims. As set forth herein, I believe the end result of my efforts and the efforts of many other parties in these Cases – the Amended Plan and relevant Plan Documents – is, among other things, fundamentally fair and equitable to holders of Future Claims.

**2. *The Amended Plan, The Funding of the PSAN PI/WD Trust, and The Channeling Injunction***

26. As noted, the centerpiece of the Amended Plan with respect to future PSAN PI/WD Claims is the creation and funding of a trust – the “PSAN PI/WD Trust” – that will assume responsibility for present and future PSAN PI/WD Claims against the Debtors and the Protected Parties (including any Participating OEM)<sup>6</sup> (the “Channeled PSAN PI/WD Claims”) and that will, among other things, (i) direct the processing, liquidation, and payment of all Channeled PSAN PI/WD Claims in accordance with the Amended Plan, the Trust Agreement, and the TDP and (ii) preserve, hold, manage, and maximize the assets of the PSAN PI/WD Trust for use in paying and satisfying the Channeled PSAN PI/WD Claims. The goal of the PSAN PI/WD Trust is to provide an efficient process to fairly and reasonably compensate valid PSAN PI/WD Claims as swiftly as possible. The PSAN PI/WD Trust also has the goal of fully compensating PSAN PI/WD Claims against the Participating OEMs.

27. Based on my knowledge and experience, and the advice of the FCR Professionals, it is my opinion that (i) the Amended Plan has been proposed in good faith; (ii) the Amended Plan has the same material features as many other plans that have been found by courts to comply with the Bankruptcy Code; (iii) the Amended Plan is fair and equitable to the

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<sup>6</sup> As noted herein, PSAN PI/WD Claims against OEMs will only be channeled to the PSAN PI/WD Trust to the extent there is a Court-approved Initial Participating OEM and only to the extent that an OEM elects to become a Participating OEM in accordance with the provisions of the Amended Plan.

holders of Future Claims, including the Channeled PSAN PI/WD Claims, and represents a reasonable resolution of liabilities of the Debtors, the Protected Parties, and the Participating OEMs for current and future PSAN PI/WD Claims; (iv) channeling the Channeled PSAN PI/WD Claims to the PSAN PI/WD Trust pursuant to the Amended Plan, the Trust Agreement and the TDP will allow for a fair, reasonable, and efficient process and recovery for holders of PSAN PI/WD Claims; (v) the Channeling Injunction established pursuant to the Amended Plan is necessary under the facts of these Cases to secure the funding under the Term Sheet as agreed to by the Protected Parties; (vi) the terms of the Trust Agreement and the TDP are fair and reasonable to holders of PSAN PI/WD Claims; and (vii) the terms of the Amended Plan, the Trust Agreement, and the TDP provide reasonable assurance that the PSAN PI/WD Trust will fairly, objectively, efficiently, and appropriately value and satisfy Channeled PSAN PI/WD Claims.

**a. The Funding of the PSAN PI/WD Trust**

28. The Amended Plan significantly improves the amount of funding of the PSAN PI/WD Trust by providing for the following sources of funding:

- a. A percentage of the Debtors' Available Cash to be allocated to the PSAN PI/WD Fund pursuant to the Amended Plan's Distribution Formula, based in part on a stipulated aggregate amount of PSAN PI/WD Claims of \$1.3 billion.
- b. The Debtors' assignment of their rights in Takata Group's product liability insurance to the PSAN PI/WD Trust. Unlike the Original Plan, the Amended Plan makes clear that the pro rata allocation of recoveries on account of PSAN PI/WD Claims is unaffected by any insurance recoveries.
- c. A contribution directly to the PSAN PI/WD Trust of \$25 million by the Plan Sponsor.
- d. Contributions by the Consenting OEMs of:

- (i) Eighty percent (80%) of the Consenting OEM GUC Recoveries until the Consenting OEMs have contributed \$5 million to the Support Party Creditor Fund in accordance with the Plan and, thereafter, ninety (90%) of Consenting OEM GUC Recoveries until the Consenting OEM GUC Recovery Threshold is met (which is the Consenting OEMs' Pro Rata share of the first \$89.9 million of Available Cash);
  - (ii) Twenty-five percent (25%) of the Consenting OEM GUC Recoveries in excess of the Consenting OEM GUC Recovery Threshold (the Consenting OEM Additional GUC Recoveries);
  - (iii) Eighty percent (80%) of the incremental amount of Consenting OEM GUC Recoveries resulting from or attributable to the NHTSA Claims being treated as Other General Unsecured Claims and/or the TKJP 503(b)(9) Claim being setoff or otherwise eliminated until the Consenting OEMs have contributed \$5 million to the Support Party Creditor Fund in accordance with the Plan and, thereafter, ninety percent (90%) of such "Consenting OEM Incremental GUC Recoveries"; and
  - (iv) Eighty percent (80%) of any amounts that the Consenting OEMs would be entitled to receive on account of the Business Incentive Plan Payment, excluding any amounts of the Business Incentive Plan Payment that are allocable to TKAM.
- e. With respect to any Participating OEM and in accordance with the Participating OEM Contribution Agreement, contributions by the Participating OEMs of the PSAN PI/WD Top-Up Amount – *i.e.* contributions in the amount of the PSAN PI/WD Claims associated with any Participating OEM's vehicles that are liquidated and entitled to payment after application of the payments, if any, from the PSAN PI/WD Funds, insurance proceeds, and the DOJ PI/WD Restitution Fund.

29. In addition, the Original Plan was amended to (i) treat and classify the NHTSA Claim as an Other General Unsecured Claim under the Amended Plan; (ii) remove TKSAC and the Japan Debtors from the definition of Protected Parties absent satisfaction of certain contingencies, such as the assignment or contribution of the TKJP 503(b)(9) Claim and related recoveries to the PSAN PI/WD Trust and the transfer of certain insurance rights to the PSAN PI/WD Trust by TKJP; and (iii) provide for the netting of all prepetition Intercompany Claims

and the waiver or elimination of any residual intercompany payables owed by the Debtors where the net payable exceeds \$4 million, with an aggregate amount of less than \$9 million of net intercompany payables to be treated under the Plan and not otherwise waived or eliminated.

30. These modifications result in material increases to the funding of the PSAN PI/WD Trust for the benefit of the Channeled PSAN PI/WD Claims. Whereas, under the Original Plan, approximately \$1 million to \$4 million was expected to fund the PSAN PI/WD Trust, it is now expected that approximately \$130 million will be contributed to the PSAN PI/WD Trust, subject to possible additional contributions from insurance recoveries and the Business Incentive Plan Payment.

31. Accordingly, I believe that the proposed funding of the PSAN PI/WD Trust represents a substantial contribution in exchange for the releases and injunctions being granted pursuant to the Amended Plan. Moreover, as noted, the PSAN PI/WD Trust is designed to fully compensate the PSAN PI/WD Claims associated with a Participating OEM's vehicles.

**b. The Channeling Injunction**

32. To implement the intended transfer of the liabilities of the Channeled PSAN PI/WD Claims to the PSAN PI/WD Trust, the Amended Plan includes the issuance of the Channeling Injunction. Pursuant to the Channeling Injunction, all present and future holders of Channeled PSAN PI/WD Claims shall be permanently and forever stayed, restrained, barred, and enjoined from taking any action for the purpose of directly or indirectly recovering or receiving satisfaction with respect to such Channeled PSAN PI/WD Claims from the Debtors or any Protected Party other than from the PSAN PI/WD Trust and pursuant to the Trust Agreement and the TDP.

33. *To be clear, no PSAN PI/WD Claims against an OEM will be channeled to the PSAN PI/WD Trust unless such claim is asserted against an OEM who elects to become a Participating OEM and contributes the necessary Top-Up Amount.* Currently, there is only one Participating OEM - American Honda Motor Co., Inc. and its subsidiaries and affiliates. However, the Amended Plan provides mechanisms to permit additional Consenting OEMs to become Participating OEMs within certain opt-in periods.

34. With respect to any Participating OEM, the Channeling Injunction will channel PSAN PI/WD Claims against any Participating OEM that contributes the PSAN PI/WD Top-Up Amount in accordance with the Participating OEM Contribution Agreement. Here, the Channeling Injunction structure establishes an administrative claims resolution process intended to provide *full* compensation to claimants injured as a result of a vehicle manufactured or sold by a Participating OEM. The FCR Professionals and I participated in the negotiation of the detailed Scheduled Claims Process, which is attached as Exhibit B to the TDP and which includes a Valuation Schedule substantially identical to the Participating OEM Protocol, to guide the PSAN PI/WD Trustee and the claimant in determining full compensation for the claimant's injuries. The Valuation Schedule was developed using the most current data available from settlements with various OEMs in the tort system, so that the values reflected, as best myself and the FCR Professionals could determine, the full value (or more) of settled claims, as they are being valued and settled with the OEMs presently.

35. For an OEM to become a Participating OEM, it must commit to contribute to the PSAN PI/WD Trust sufficient funds to ensure that every claimant who was injured in a vehicle manufactured or sold by that Participating OEM, and who accepts the compensatory damage value established through the PSAN PI/WD Trust's administrative process, will be promptly

paid the full amount of such compensatory damages. That is, the goal is that every such claimant will be paid in full through a process that is quicker, more efficient, and lower cost than the tort system, with the same level of compensation that the claimant would have received had he or she pursued claims in litigation and settled his or her case before trial.

36. With respect to Channeled PSAN PI/WD Claims against a Participating OEM, if the claimant is not satisfied with the settlement offer he or she receives through the Scheduled Claims Process, the claimant has the right to elect to pursue compensatory damages in the tort system, and may elect a jury trial. In considering tort system litigation, I was very concerned about the defenses that an OEM may raise to a claim that could bar a claimant from any recovery, including the OEM contesting liability, asserting that the claim would be barred by applicable statutes of repose and statutes of limitation, or asserting that the victim's conduct, including failing to heed recall notices, gives rise to elimination or reduction of the claim by doctrines including contributory negligence and comparative fault. The agreement embodied in the TDP that governs the parties' rights if a claimant pursues his or her claim in the tort system requires that the OEM waive all defenses to, and admit, liability for rupture and aggressive deployment claims, with the trial to be focused solely on the issues of injury causation and valuation/damages necessary to fully compensate the claimant. In exchange for this waiver of defenses and admission of liability, the OEMs required that the claimant forego the opportunity to seek punitive damages.

37. Based upon my review and consultation with the FCR Professionals, counsel for the Tort Committee, and numerous counsel who represent claimants in automotive product liability cases (including cases against OEMs with respect to PSAN Inflator claims), I concluded that the Participating OEM's admission of liability and waiver of defenses are fair and



appropriate to exchange for foregoing the chance to seek punitive damages, so that the trial would be focused on determining and obtaining full compensation for the claimant's injuries. Moreover, to the extent the potential of complete defenses to liability and the option to seek punitive damages are factors the parties consider in determining full and fair settlement values, I believe the claims values established in the Scheduled Claims Process take these factors into account, as those values are based upon current settlements in the tort system. Based upon all these considerations, I concluded that the Channeling Injunction with respect to Participating OEMs is fair and equitable to Future Claimants.

38. With respect to the Debtors and the Protected Parties that are not Participating OEMs, Exhibit A to the TDP sets out a valuation protocol for PSAN PI/WD Claims against the Debtors, referred to in the TDP as Takata Defendant Claims or "TD Claims." For efficiency and simplicity, the TDP adopts a point system methodology for valuing TD Claims substantially similar to the point system methodology proposed by the Special Master for determining distributions from the DOJ PI/WD Restitution Fund.

39. TD Claims which satisfy the criteria will be assigned a point value by the PSAN PI/WD Trustee, based upon the type and severity of injury, with appropriate adjustments for extenuating circumstances. Based upon the number of claims filed with the PSAN PI/WD Trust and the point awards made, the assets held by the PSAN PI/WD Trust, and estimates of future claims and future expenses (including administrative expenses and investment income, among other things), the PSAN PI/WD Trustee, with his advisors and with the consent of and/or in consultation with the PSAN PI/WD Trust advisory parties including the Future Claimants' Representative (as provided in the Trust Agreement and the TDP), will determine, and as

appropriate over time adjust, the value of a point. The PSAN PI/WD Trustee will apply the point value to determine compensation to claimants relative to their respective point awards.

40. I agreed to this methodology for TD Claims, so that it may be possible for a claimant to submit his or her claim form and supporting documentation once, for review by both the DOJ PI/WD Restitution Fund and by the PSAN PI/WD Trustee (who also serves as the Special Master), and thereby efficiently received determination of point awards for each fund. This approach is intended to reduce costs for the claimant and increase the efficiency (and reduce the costs) of processing claims by the PSAN PI/WD Trust.

41. Given that the PSAN PI/WD Trust is a limited fund, and that the Special Master has already developed and proposed the point award methodology for use in the DOJ PI/WD Restitution Fund, I believe this adoption and use of the point award methodology for valuing and paying TD Claims is fair, efficient and cost effective for compensating Future Claimants holding TD Claims.

42. With respect to all Channeled PSAN PI/WD Claims, the Channeling Injunction, along with the TDP and Trust Agreement, provides for an administrative dispute resolution process without the need for litigation that could be costly, protracted, and disruptive. The relevant Plan Documents provide for an individualized analysis and valuation of a claimant's injuries and prompt payment of approved claims. The Channeling Injunction is designed to provide payment to holders of PSAN PI/WD Claims (which qualify for payment pursuant to the TDP) pursuant to the valuation matrices set forth in the TDP. Compensation will be awarded based upon the injury type and severity of the injury, and I believe the agreed upon valuation matrices include reasonable valuations for the injuries described therein.

43. As discussed, the FCR Professionals and I have been personally and extensively involved in the negotiation of the Amended Plan, the funding and structure of the PSAN PI/WD Trust, and the documents relevant to the Channeling Injunction, including the TDP and Trust Agreement. Based upon my experience in general and in the context of these Cases specifically, I have concluded that protecting the Protected Parties is necessary to secure the contributions to the PSAN PI/WD Trust by the parties who are making such contributions. On behalf of themselves and other Protected Parties, the non-Debtor contributing parties have agreed to provide substantial consideration to or for the benefit of the PSAN PI/WD Trust in return for the protections to be provided by the Channeling Injunction.

44. I believe that including each of the Protected Parties in the Channeling Injunction is fair and equitable with respect to persons who might subsequently assert Channeled PSAN PI/WD Claims in light of the benefits provided or to be provided to the PSAN PI/WD Trust on behalf of such Protected Parties. The Channeling Injunction is fair and reasonable, considering all of the relevant facts and circumstances of these Cases, including (i) the limited assets available to the Debtors' creditors and the competing interests of parties in interest to such assets; (ii) the contested issues surrounding the claims asserted in these Cases, including those of the OEMs; (iii) the contested issues surrounding the projection and valuation of the future PSAN PI/WD Claims; and (iv) the uncertainties, costs, and delays to which the parties would be subject if they spurned settlement and insisted on litigating these Cases to conclusion. Moreover, I believe that the Channeling Injunction and procedures related thereto are designed to provide final, fair, and efficient resolution of PSAN PI/WD Claims against the Debtors and the Protected Parties.

45. Importantly, the Amended Plan and the Channeling Injunction are supported by the Tort Committee, without which I would not support the Amended Plan or Channeling Injunction. With respect to the Amended Plan and the Channeling Injunction, the interests of the Future Claimants are generally aligned with those of the present PSAN PI/WD Claimants represented by the Tort Committee.

**3. *The TDP and Trust Agreement***

46. The TDP and Trust Agreement are a set of rules and procedures that the PSAN PI/WD Trust will use to receive, process and, if valid, pay and/or make distributions on Channeled PSAN PI/WD Claims. The FCR Professionals and I participated in lengthy and contentious negotiations with the Debtors and the Consenting OEMs (including the Initial Participating OEM) concerning the provisions of these documents. Based upon the due diligence that the FCR Professionals and I conducted, as well as my own experience and considering the structure of these types of agreements, I believe that the arrangements in the TDP and Trust Agreement are fair and will provide reasonable assurance that the PSAN PI/WD Trust will fairly, objectively, efficiently, and appropriately value and satisfy Channeled PSAN PI/WD Claims.

47. As set forth in the Amended Plan and relevant Plan Documents, the PSAN PI/WD Trust shall be administered and implemented by the PSAN PI/WD Trustee as provided for in the Trust Agreement. The proposed PSAN PI/WD Trustee is Eric Green, who is also the appointed Special Master for the DOJ PI/WD Restitution Fund. Authority shall be vested in the PSAN PI/WD Trustee pursuant to the Amended Plan, the TDP, and the Trust Agreement, subject to the required oversight and authority of the Future Claimants' Representative and the other PSAN PI/WD Trust advisors as provided for in the Amended Plan, TDP, and Trust

Agreement. I believe that Mr. Green is well qualified to hold the position of the PSAN PI/WD Trustee, and that the oversight and obligations of the Future Claimants' Representative and the other PSAN PI/WD Trust advisors as provided for in the Amended Plan, TDP, and Trust Agreement are reasonable, appropriate, and serve to ensure fair and adequate representation of the interests of holders of future PSAN PI/WD Claims.

**F. CONCLUSION**

48. It is my belief that the funding and structure of the PSAN PI/WD Trust and the issuance of the Channeling Injunction serve the best interests of the current and future holders of PSAN PI/WD Claims. Among other things, I am confident that the structure of the PSAN PI/WD Trust ensures that funds will be available to satisfy Channeled PSAN PI/WD Claims against the Debtors far into the future when, absent the PSAN PI/WD Trust, there would otherwise be no likelihood that the Debtors would have the ability to satisfy such claims. Moreover, I believe that the PSAN PI/WD Trust will provide an efficient process to fairly and reasonably compensate valid PSAN PI/WD Claims as swiftly as possible, and that the PSAN PI/WD Trust is designed with the goal of fully compensating PSAN PI/WD Claims against the Participating OEMs. In light of the foregoing, I believe that the overall treatment provided under the Amended Plan with respect to the Channeled PSAN PI/WD Claims is fair and equitable to the holders of such claims.

\* \* \*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed this 14<sup>th</sup> day of February, 2018.

/s/ Roger Frankel  
Roger Frankel  
Future Claimants' Representative

**CERTIFICATE OF SERVICE**

I, Karen B. Skomorucha Owens, hereby certify that, on February 14, 2018, I caused one copy of the foregoing to be served upon the parties on the attached service list via facsimile.

/s/ Karen B. Skomorucha Owens  
Karen B. Skomorucha Owens (#4759)

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This is **Exhibit "H"** 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**

	:	
<b>In re</b>	:	<b>Chapter 11</b>
	:	
<b>TK HOLDINGS INC., et al.,</b>	:	<b>Case No. 17-11375 (BLS)</b>
	:	
<b>Debtors.<sup>1</sup></b>	:	<b>Jointly Administered</b>
	:	
		<b>Re: Docket No. 2056</b>

**DECLARATION OF THOMAS VASQUEZ IN SUPPORT  
OF DEBTORS’ FOURTH AMENDED JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

I, Thomas Vasquez, declare pursuant to 28 U.S.C. § 1746, under penalty of perjury to the best of my knowledge and belief, that:

1. I am a senior managing director at Ankura Consulting Group, LLC (“*Ankura*”), an internationally recognized leader in economic and management consulting services that provides mass tort settlement administration, statistical, econometric and financial analysis, claim processing consulting, and expert testimony to a wide variety of clients.

2. I previously submitted two declarations which the Court admitted into evidence in these Chapter 11 Cases: (i) in support of the *Motion of the Debtors Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and Local Rules 2002-1(e), 3001-1, and 3003-1 for Authority to (I) Establish Deadlines for Filing Proofs of Claim, (II) Establish the Form and Manner of Notice Thereof, and (III) Approve Procedures for*

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<sup>1</sup> 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.

*Providing Notice of Bar Date and Other Important Deadlines and Information to Potential PSAN Inflator Claimants* [Docket No. 171] (the “**Bar Date Motion**”), which the court admitted into evidence at the hearing to consider the Bar Date Motion on October 2, 2017; and (ii) in support of the *Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 502(b)(9), and 503(a), and 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 Inflator Claimants that Purchased Vehicles Subsequent to the Commencement of the Chapter 11 Cases* [Docket No. 1170] (the “**Supplemental Bar Date Motion**”), which the court admitted into evidence at the hearing to consider the Supplemental Bar Date Motion on December 5, 2017. The description of Ankura’s experience and qualifications set forth in the prior declarations are incorporated herein by reference.

3. I submit this declaration (the “**Declaration**”) in support of the *Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors* [D.I. 2056] (together with all schedules and exhibits thereto, and as may be modified, amended or supplemented from time to time, the “**Plan**”).<sup>2</sup>

4. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, and information provided to me by the Debtors and their other professionals, including professionals at Weil, Gotshal & Manges LLP (“**Weil**”), and other members of the Ankura team. If called upon to testify, I would testify competently to the facts set forth in this Declaration and the Claims

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<sup>2</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Plan.

Estimation Reports (as defined below). I am authorized to submit this Declaration on behalf of the Debtors.

### **ANKURA'S ENGAGEMENT BY THE DEBTORS AND THE CLAIMS ESTIMATION REPORTS**

5. On behalf of the Debtors, Weil retained Ankura in January 2017 to perform a variety of tasks relating to the Debtors' restructuring. Central among these tasks was the preparation of three separate analyses of potential future liability relating to or arising from the Debtors' products: (i) a report forecasting the indemnity required to resolve all current and future personal injury claims in the United States, Puerto Rico, and the U.S. Virgin Islands related to the malfunction of PSAN Inflators or their component parts manufactured by the Debtors or their affiliates, which is annexed hereto as **Exhibit A** (the "***U.S. PSAN PI/WD Report***"); (ii) a report forecasting the indemnity required to resolve all current and future personal injury claims outside of the United States, Puerto Rico, the U.S. Virgin Islands and Japan related to the malfunction of PSAN Inflators or their component parts manufactured by the Debtors or their affiliates, which is annexed hereto as **Exhibit B** (the "***International PSAN PI/WD Report***" and together with the U.S. PSAN PI/WD Report, the "***PSAN PI/WD Reports***"); and (iii) an analysis of the indemnity required to resolve seat belt related claims against the Debtors, which is annexed hereto as **Exhibit C** (the "***Seat Belt PI/WD Analysis***" and together with the U.S. PSAN PI/WD Report and International PSAN PI/WD Report, the "***Claims Estimation Reports***").<sup>3</sup> I understand that these documents were filed with the Court on January 23, 2018 as exhibits to the Plan Supplement [Docket No. 1789].

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<sup>3</sup> The Seat Belt PI/WD Analysis has been modified slightly since the version filed with the Plan Supplement. The estimated number of open seat belt claims has decreased from 29 to 26, and the estimated indemnity has decreased from \$2.7 million to \$2.4 million.

6. In the PSAN PI/WD Reports, I estimated that the Debtors' share of the nominal cost of resolving all pending and future personal injury and wrongful death claims relating to or arising from the malfunction of PSAN Inflators or their component parts manufactured by the Debtors or their affiliates would be in the range of approximately \$830 million to \$1.05 billion (the "*Global PSAN PI/WD Indemnity Estimate*").<sup>4</sup> I understand that the estimation of the Future Claims Representative's expert is at a higher range than mine. I further understand that, solely for purposes of the term sheet agreed upon in connection with the Plan Settlement, the Debtors, the Tort Claimants' Committee, the Future Claims Representative, and certain of the Consenting OEMs agreed to a Global PSAN PI/WD Indemnity Estimate of \$1.3 billion. This amount falls within Ankura's confidence interval, and I believe that it is reasonable.

7. As detailed in the PSAN PI/WD Reports, for purposes of my analysis, I assume a rupture rate of zero for desiccated PSAN Inflators. I understand that Reorganized Takata will not be manufacturing any non-desiccated PSAN Inflators after the Effective Date. Consequently, I do not forecast any ruptures or indemnity costs relating to Reorganized Takata's manufacture and sale of PSAN Inflators after the Effective Date.

8. The Claims Estimation Reports were prepared in a manner in accordance with the approaches and methodologies that I have consistently utilized in my over thirty-five years of experience as an economic consultant and reflect my opinions in this matter. If called upon to testify, I would testify in a manner consistent with the Claims Estimation Reports.

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<sup>4</sup> This estimate was comprised, at the low end of the range, of \$730 million for claims arising in the United States, Puerto Rico and the US Virgin Islands, and \$100 million worldwide (except U.S., Puerto Rico, USVI and Japan); at the high end of the range, this estimate is comprised of \$950 million for claims arising in the United States, Puerto Rico, and the U.S. Virgin Islands, and \$100 million for claims arising outside of these regions and Japan.

9. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: February 14, 2018

/s/ Thomas Vasquez  
Thomas Vasquez  
Senior Managing Director  
Ankura Consulting Group, LLC

**Exhibit A**

**U.S. PSAN PI/WD Report**

**Forecast of the Indemnity Cost to Resolve All Pending and  
Future Claims Against TKH Related to Airbags with Defective  
TKH Inflators**

**United States, Puerto Rico and the U.S. Virgin Islands**

**Prepared by Thomas Vasquez, Ph.D.**

**Ankura Consulting Group**

**January 23, 2018**

Expert Report of Thomas Vasquez, Ph.D.

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Certain TK Holdings (Takata) inflators placed in airbags are subject to rupturing or other related malfunctions when deployed. These airbags incorporate non-desiccated Phase-Stabilized Ammonium Nitrate (PSAN) inflators. By October 2017 there were approximately 257 known rupture deployments resulting in at least 13 deaths and numerous other injuries.<sup>1</sup> The National Highway Transportation Safety Administration (NHTSA) has recalled about 44 million vehicles.<sup>2</sup>

I was asked by Counsel representing Takata to provide a forecast of the indemnity<sup>3</sup> required to resolve all current and future personal injury claims in the U.S. related to the malfunction of Takata airbag inflators.<sup>4</sup> The estimate is made under the assumption that Takata remains solvent and able to pay claims.<sup>5</sup>

Ankura Consulting Group has been compensated for my time on this matter at my customary rate of \$680 per hour. This compensation is not contingent in any way upon the outcome of this proceeding. My CV with legal and testimony experience is provided in Appendix I.

## Executive Summary

Takata produced a wide range of inflators – some have experienced significant numbers of ruptures and others none. The rupture rate varies considerably based on the type of inflator/propellant, the age of the inflator and the location of the vehicle (due to ambient heat and humidity). At the end of 2016, there were approximately 44 million vehicles subject to recall (41 million vehicles equipped with airbags containing non-desiccated PSAN inflators and another approximately 3 million vehicles containing PSAN inflators using calcium sulfate desiccant).<sup>6</sup> While a significant number of these vehicles were already fixed, the stock of the remaining recalled vehicles will gradually decrease over time due to the NHTSA recall program and normal retirement and/or abandonment.

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<sup>1</sup> The count of 257 ruptures was provided by Takata. The count of 13 deaths is taken from claimant allegations filed in complaints against Takata. It is likely that the number of deaths associated with ruptures is in excess of 13 since at this point there are only 166 confirmed ruptures in the claimant allegations.

<sup>2</sup> Some of the recalls while announced, start in later years.

<sup>3</sup> “Indemnity” in this report refers to money that would be paid to a claimant to resolve his claim and does not include any defense costs or attorney’s fees.

<sup>4</sup> The geographic scope of this report is the U.S., Puerto Rico, and the U.S. Virgin Islands.

<sup>5</sup> The Consenting OEMs (as defined in the proposed chapter 11 plan of reorganization of TK Holdings Inc. and its affiliated debtors (Bankr. D. Del. Case No. 17-11375 (BLS) [Docket No. 1629] (the “Plan”)) have not reviewed, endorsed, or adopted Ankura’s estimate of PSAN PI/WD Claims (as defined in the Plan). 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 the Chapter 11 Cases (as defined in the Plan), in any other litigation or proceeding, or otherwise.

<sup>6</sup> There were a total of 67 million with PSAN inflators, but approximately 23 million of the inflators included 13X desiccants and/or 2004L propellants that have not yet been recalled. To date, PSAN inflators using 2004 propellants with 13X desiccants and PSAN inflators using 2004L propellants have not been recalled.

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There are four key elements that determine the estimated indemnity cost to Takata:

1. The number of vehicles in operation with non-desiccated PSAN inflators (the number of At Risk vehicles);
2. The number of accidents with a ruptured air bag deployment involving the At Risk vehicles;
3. The number of claims filed against the company and the percent of claims dismissed, and
4. The average amount of indemnity paid to claims with substantiated claims.

Table S-1 provides a summary of the total cost of resolving all pending and future airbag related Personal Injury claims against Takata. The table provides an estimate under eight alternative scenarios: (1) two alternative calculations concerning the inclusion of amounts paid by defendants other than Takata, (2) two alternative assumptions concerning the level of certain key forecasting parameters and (3) two alternative assumptions concerning the appropriate historical period to base the forecast of average indemnity.

1. Two forecasts are provided to reflect the source of historical payments made to resolve airbag related claims. Historically, airbag related claims have been settled by a combination of payments from Takata, OEMs and other parties in the litigation.<sup>7</sup> The top part of the table corresponds to the total estimated payments when all Defendants (including Takata) are considered. To calculate these, the average amount paid to resolve claims is computed as the sum of the average amount paid by all Defendants. The bottom part of the table limits the amount paid to solely the amount paid by Takata. To calculate these, the average amount paid to resolve claims includes only the amount paid by Takata. To date, Takata has paid approximately 67% of the indemnity and other defendants the remaining 33.
2. Certain forecasting parameters cannot be known with certainty. The percent of vehicles that have a completed recall, the accident rate, the airbag deployment rate, and the rupture rate are subject to variation. To account for this uncertainty, the forecast provides a High and Low scenario. The High scenario is 30% higher than the Low scenario. This difference reflects my judgement concerning the reasonable range of forecast parameters.
3. The average indemnity paid to settled claims has increased dramatically since the early years of the tort. The average amount paid by all defendants on claims settled after 2014 was more than three times the average amount paid by all defendants on claims settled 2014 and earlier. Accordingly, two alternative assumptions about the average indemnity paid to resolve pending and future claims were explored: the average paid over all years to date (2006-2017) and the average over the most recent years (2015-2017).

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<sup>7</sup> In some cases multiple parties contribute a share of the settlement value and in other cases a single party pays the entire settlement.

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Finally, the table provides the indemnity costs both in nominal terms (the sum of all undiscounted future payments) as well as in net present value terms. Using the recent years' average indemnity, the nominal amount paid by all defendants to resolve all pending and future claims varies from approximately \$1.1 billion (Low Scenario) to \$1.4 billion (High Scenario). The amount paid by only Takata varies from approximately \$0.7 billion (Low Scenario) to \$1.0 billion (High Scenario).

**Table S-1**  
**Total Indemnity Cost of Resolving All Pending and**  
**Future Airbag Related Claims Against Takata**  
(Dollars in Millions)

<u>Entity/Average Indemnity</u>	<u>High</u>		<u>Low</u>	
	<u>Nominal</u>	<u>NPV</u>	<u>Nominal</u>	<u>NPV</u>
All Defendants				
All Year Settlements	\$1,250	\$1,030	\$960	\$790
Recent Year Settlements	\$1,430	\$1,180	\$1,100	\$910
Takata Only				
All Year Settlements	\$830	\$690	\$640	\$530
Recent Year Settlements	\$950	\$780	\$730	\$600

Note: Recent years use the average indemnity paid in 2015-2017

High/Low designation an indication of the reasonable range of forecast assumptions

2.5% inflation and 1% real discount rate

The methodology used to determine At Risk vehicles over time is a life cycle model that is initiated at mid-2017 with a stock of At Risk vehicles and statistically follows each vehicle over time. The initial stock is obtained using state vehicle registration data as of October 2016 and adjusted to reflect mid-2017 status. During the second half of 2017, the stock of At Risk vehicles declines due to a number of factors including completed recalls, accidents and abandonments. The vehicle stock is reduced by these factors to yield the stock of At Risk vehicles at the end of 2017. This process is repeated every year, and each vehicle is followed until it gets 25 years old.

Table S-2 provides a summary of the key forecasting results. It provides a summary of vehicles at risk, accidents, accidents with frontal airbag deployments, and ruptures.

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**Table S-2****Estimated Number of Ruptures by Year (or Calendar Year Period)  
High Scenario**

<b>Calendar Year Period</b>	<b>Vehicles At Risk Non-Desiccated PSAN Inflators (millions)</b>	<b>Accidents (thousands)</b>	<b>Accidents with Frontal Airbag Deployment (thousands)</b>	<b>Ruptures</b>
2017	29.3	1,185	54	84
2018	26.3	998	45	78
2019	22.1	894	41	70
2020	17.7	768	35	64
2021	15.3	678	31	60
2022-2026	11.3	511	23	46
2027-2031	6.3	258	12	22
2032-2036	2.3	87	4	7
2037-2041	0.4	16	1	1
2042-2045	0.0	1	0	0
<b>Total</b>		<b>8,883</b>	<b>404</b>	<b>735</b>

Note: Vehicles at Risk at the beginning of year, or beginning of period, after completed recalls and abandonments

For periods involving multiple years, annual average number of vehicles, accidents, airbag deployments and ruptures are shown

At the petition date, there were a total of 302 pending (open or known, yet-to-be filed) claims

The remainder of the report describes the methodology and data sources in detail.

**Section 1: Methodology**

The model provides annual forecasts of the indemnity cost of resolving all currently unpaid airbag related personal injury claims filed against Takata. There are two categories of claims – pending claims (claims already filed against Takata that are unresolved as of the Petition Date<sup>8</sup>) and future claims (claims related to injuries that are anticipated to occur after the Petition Date).

**Pending Claims**

There are 302 pending claims.<sup>9</sup> The indemnity cost of resolving these claims requires an estimation of the number of claims resolved without payment of indemnity, the number of paid

<sup>8</sup> June 25, 2017

<sup>9</sup> To be precise, there are 106 open claims (already filed but pending), and 196 known yet to-be-filed claims. I include both of them in my definition of pending claims.

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claims by type of injury and the average amount of indemnity required to resolve the paid claims. The total indemnity cost of resolving all pending claims is the sum across all paid claims.

## **Future Claims**

The indemnity cost of resolving future claims requires all the steps needed for pending claims plus an estimation of the annual number of claims anticipated to be filed in the future. The number of future claims depends on the number of injuries related to an airbag rupture<sup>10</sup>. The forecast of injuries is produced using a life-cycle model that identifies At Risk vehicles and follows the vehicles through their useful life, assumed to be 25 years. Each year a calculation is made for each vehicle to determine whether the vehicle is in an accident, if the accident causes an airbag deployment, if the airbag deployment results in a rupture, and if so, if the rupture causes any injuries. If none of those events occur, the vehicle is either abandoned, has a replacement of the recalled airbag, or the vehicle is aged one year and the process is repeated for the next year. The calculations are repeated each year until all At Risk vehicles are older than 25 years.

Chart M-1 provides a flow chart of the methodology for forecasting future claims.

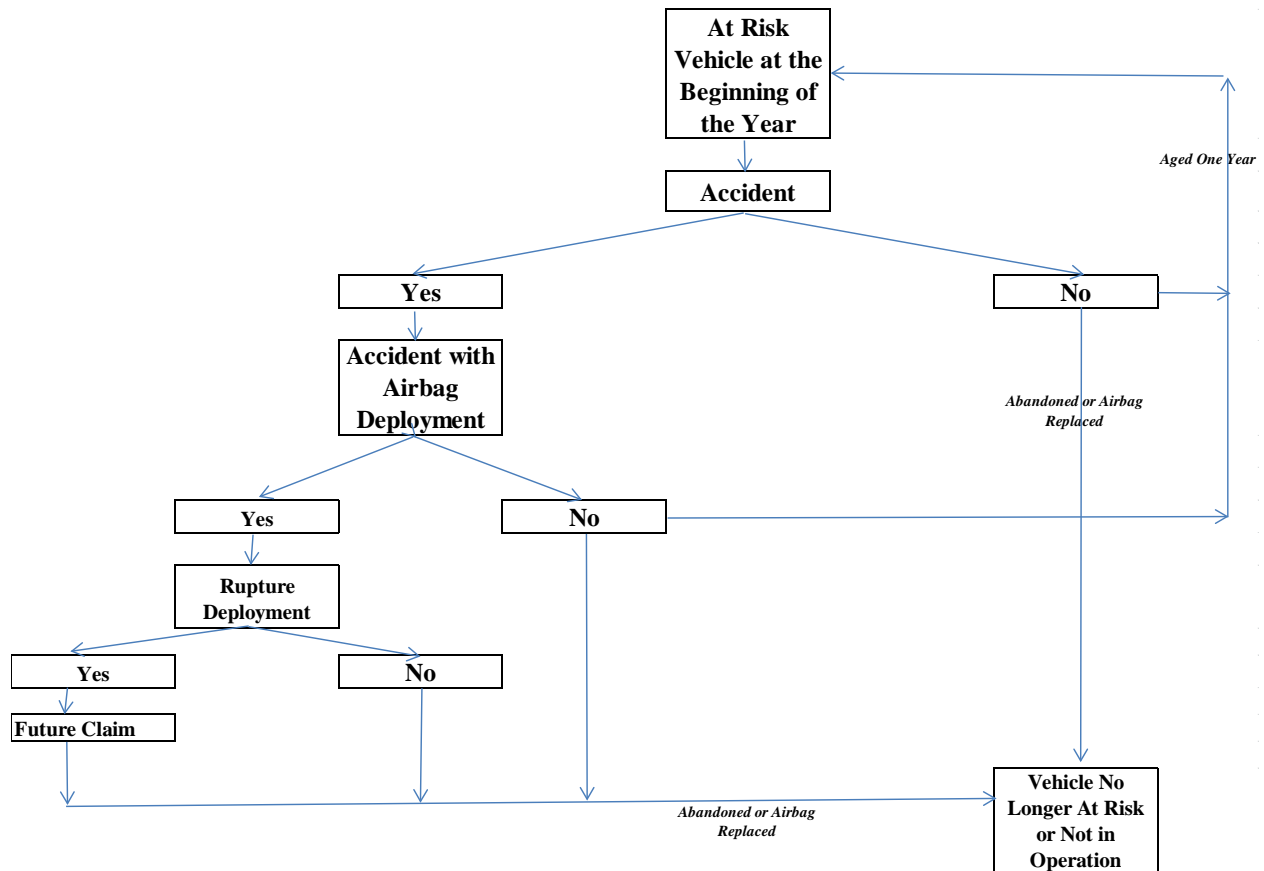
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<sup>10</sup> Generally, the number of claims is not precisely matched to the number of injuries. Not all injured individuals will file a claim and it is likely that many individuals not injured by a ruptured airbag will nonetheless file a claim.

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Chart M-1

## Methodology for Forecasting Future Claims



A vehicle is no longer At Risk if the airbag is replaced or the vehicle is abandoned (no longer in operation). If the vehicle is repaired through one of the recall campaigns, it is assumed that all of its airbags containing recalled PSAN inflators are replaced and the vehicle is no longer At Risk. A vehicle is also considered no longer At Risk if it is in an accident with an airbag deployment, regardless of rupture.

All parameters used in the forecasting model, including the rates of accident, airbag deployment, and inflator rupture, are empirically determined from data provided by Takata, government sources, or other third-party sources. Each component of the methodology is described in detail below.

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### At Risk Vehicles

The model is initiated with the stock of vehicles in operation midway through 2017<sup>11</sup>. The first step is to identify the vehicles with Takata airbags that have been named for recall or that may be eventually recalled. The vehicles with Takata airbags were identified by matching the textual descriptions provided by NHTSA in its recall program with the vehicle platform descriptions provided in the vehicle registration data. Appendix F provides an example of the matching process for one specific vehicle platform. This matching process was conducted for all recalled vehicles.

The second step was to determine the type of inflator used in the airbag. While all the inflators considered by the model are PSAN inflators, there are different types of PSAN inflators and the rupture rates of Takata airbags vary across the different inflators - all recalled inflators use 2004 propellants.<sup>12</sup>

The following is a list of all PSAN inflators with 2004 propellants considered by the model:

- Programmable Smokeless Driver Inflator (PSDI)
  - Alpha inflators (inflators manufactured in early years – generally in 2000 and 2001 – including propellants manufactured on the “Stokes Press”)
  - Beta inflators – all other PSDI inflators
- Non-PSDI PSAN inflators with 2004 propellants
  - Inflators without desiccants (“non-desiccated inflators”)
  - Inflators with Calcium Sulfate (CaSO<sub>4</sub>) desiccants
  - Inflators with desiccants other than CaSO<sub>4</sub> (not yet subject to NHTSA recall)

PSDI Alpha inflators were produced at the Moses Lake facility from approximately June 2000 through February 2001. The shape of the propellant resembled a “batwing” and it was pressed using the so-called Stokes Press, which allegedly did not have sufficient compaction force, and produced propellants that had insufficient density. These inflators are tracked separately since their rupture rate is significantly higher than the rupture rate of all other PSAN 2004 inflators including so-called PSDI Beta inflators that were produced later using different production methods.

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<sup>11</sup> IHS Markit provided detailed information on vehicles registered in the U.S., by make, model, trim, model year, and state of registration. The data is referred to as “Polk Data”, as the information used to be marketed by a company named R. L. Polk & Co. which was acquired and became a subsidiary of IHS Markit in 2013. The data includes passenger cars and light-duty trucks, but excludes, among other things, motorcycles and large trucks. The data reflects registrations as of October 1, 2016. The number of registered vehicles is extrapolated to mid-2017 using historical trends.

<sup>12</sup> Later production included 2004L propellants. In the test data, no ruptures have been recorded to date for these later inflators or for any PSAN inflators with desiccants.

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The identification of vehicles with different types of inflators was accomplished using a combination of information supplied by certain OEMs<sup>13</sup>, inflator production counts by type of inflator and by year of sale supplied by Takata and recall descriptions included in documents obtained from NHTSA.

Table 1-1 shows the number of vehicles by type of inflator at the end of 2016 before accounting for completed recalls. In total, there were approximately 66.9 million vehicles with PSAN inflators on the road at the end of 2016. Of these, 44.5 million had PSAN inflators with 2004 propellants, while another 22.3 million had PSAN inflators with 2004L propellants. Nearly all vehicles with 2004 propellants have been recalled – including all non-desiccated inflators and inflators with Calcium Sulfate desiccants. Only the 2004 inflators with 13X desiccants have not been recalled.

**Table 1-1**

**Vehicles in the US at the End of 2016 with At Risk Takata Inflators**

Inflator Type	Vehicles (Millions)
Recalls Announced for Non-Desiccated Inflators	
PSDI	
Alpha	1.0
Beta	2.8
Total, PSDI	3.8
Non-PSDI	37.5
Total, Non-Desiccated	41.2
Recalls Announced for Desiccated Inflators (Calcium Sulfate)	
Grand Total, All Recalled Vehicles	2.9
Grand Total, All Recalled Vehicles	44.1
*****	
Not-Recalled PSAN Inflators	
13X	0.4
2004L	22.3
Subtotal, Not Recalled	22.7
Grand Total, All Vehicles with PSAN Inflators	66.9

Note: Some inflators were are not subject to recall until 2018

Counts are the number of Vehicles "At Risk" before reducing for completed recalls

<sup>13</sup> Information was supplied by Honda, Toyota, Subaru, Mitsubishi, Fiat Chrysler Automobiles ("FCA"), Volkswagen, Nissan, Ford, and Mazda. The information supplied by some of the companies was limited.



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Both NHTSA and Takata recognize that temperature and humidity affect the probability of rupture and have created geographic areas to differentiate higher and lower risk areas. These areas are called Zones. Appendix C provides maps that compare the NHTSA Zones with the Takata Zones. I believe that the Zone designation used by Takata is a better representation of the relative risk of airbag rupture than NHTSA's.<sup>14</sup> However, as explained later, I distinguish Florida from the rest of the states in Zone 1. The term Zone used in this report refers to the four geographic areas identified by Takata plus Florida as its own separate zone. Table 1-2 and 1-3 show the total number of vehicles that had Takata airbags at the time they were sold, registered at the end of 2016. The figures account for abandonments, but not for completed recalls.

**Table 1-2**  
**At Risk Vehicles at the End of 2016 (Before Accounting for Completed Recalls)**  
**by Zone and Type of Inflator**

Zone	Vehicles with PSAN Inflators Subject to Recall (millions)					Vehicles with PSAN Inflators Not Subject to Recall (millions)			Total Vehicles with PSAN Inflators
	Non-PSDI		CaSO4		Total	13X		Total	
	PSDI Alpha	PSDI Beta	Non- Desiccated 2004	Desiccated 2004		Desiccated 2004	2004L Propellant		
Florida	0.1	0.2	2.4	0.2	2.8	0.0	1.6	1.7	4.5
1 (ex Florida)	0.2	0.4	7.4	0.5	8.5	0.1	4.0	4.1	12.6
2	0.4	1.0	12.1	0.9	14.4	0.1	7.0	7.1	21.5
3	0.3	0.8	10.8	1.0	12.9	0.1	7.0	7.1	20.0
4	0.1	0.3	4.8	0.4	5.5	0.0	2.7	2.8	8.3
Total	1.0	2.8	37.5	2.9	44.1	0.4	22.3	22.7	66.9

Note: An estimated 7.9M additional vehicles with PSAN Inflators will be sold from 2017-2020

Table 1-2 shows vehicles by Zone and inflator type. Table 1-3 is similar, but shows vehicles by OEM and inflator type. Vehicles that include inflators with 2004L propellants were not tracked at the same level of detail as vehicles with recalled inflators – therefore the OEM for all the 2004L vehicles is shown as “unknown.”

<sup>14</sup> Zone 1 is the highest risk Zone and accounts for the overwhelming share of the ruptures recorded to date. The higher the number of the zone the lower the risk. The primary difference between Takata's and NHTSA's designations is that NHTSA classifies California in Zone A while Takata classifies California in Zone 2. (That is, NHTSA considers California to be in the highest risk area.)

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**Table 1-3**  
**At Risk Vehicles at the End of 2016 (Before Accounting for Completed Recalls)**  
**by OEM and Type of Inflator**

OEM	Subject to Recall (millions)					Not Subject to Recall (millions)			Total Vehicles with PSAN Inflators
	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated 2004	CaSO4 Desiccated 2004	Total	13X Desiccated 2004	2004L Propellant	Total	
BMW	0.0	0.0	1.8	0.0	1.8	0.0	n/a	0.0	1.8
FCA	0.0	0.0	6.2	0.0	6.2	0.0	n/a	0.0	6.2
FORD	0.0	0.0	1.2	2.4	3.6	0.0	n/a	0.0	3.6
GM	0.0	0.0	6.6	0.0	6.6	0.0	n/a	0.0	6.6
HONDA	1.0	2.8	8.7	0.0	12.5	0.0	n/a	0.0	12.5
NISSAN	0.0	0.0	0.9	0.5	1.4	0.3	n/a	0.3	1.7
SUBARU	0.0	0.0	2.0	0.0	2.0	0.0	n/a	0.0	2.0
TOYOTA	0.0	0.0	6.2	0.0	6.2	0.0	n/a	0.0	6.2
Remaining OEM's	0.0	0.0	3.8	0.0	3.9	0.1	n/a	0.1	4.0
UNKNOWN	0.0	0.0	0.0	0.0	0.0	0.0	22.3	22.3	22.3
<b>Total</b>	1.0	2.8	37.5	2.9	44.1	0.4	22.3	22.7	66.9

Note: An estimated 7.9M additional vehicles with PSAN Inflators will be sold from 2017-2020

## Completed Recalls

The basis for the estimate of the number of completed recalls are NHTSA's "Recall Quarterly Reports"<sup>15</sup>, NHTSA's Online Reports on recall completion rates<sup>16</sup>, and data provided by the OEMs.<sup>17</sup> Information on every Takata airbag recall campaign initiated by each OEM was compiled. There were approximately 100 recall campaigns, however, many of these recalls were superseded by others, and/or expanded upon later. Of the approximately 100 campaigns, NHTSA published at least one quarterly progress report for 52 of them.<sup>18</sup> The progress reports included data on the total population of recalled inflators, and the total number of remedied, unreachable, and removed inflators.<sup>19</sup>

In all cases, NHTSA reports the number of completed recalls of inflators – not vehicles. Since some vehicles have multiple inflators, it is necessary to adjust the inflator count to reflect vehicle counts. The conversion of inflator counts to vehicle counts relied on a combination of Polk vehicle registration data and information from NHTSA. From NHTSA, I obtained a complete list of the vehicles (by make, model, and model year) that had a recalled Takata inflator. For each of the vehicles on this list, NHTSA also disclosed which of the frontal airbags were under

<sup>15</sup> NHTSA's Recall Quarterly Reports can be retrieved from: <http://www.safercar.gov>

<sup>16</sup> NHTSA's Online Reports can be found here: <https://www.nhtsa.gov/recall-spotlight/takata-air-bags#takata-air-bags-completion-rates>

<sup>17</sup> Recall counts were supplied by Honda, Toyota, Subaru, Volkswagen, Fiat Chrysler Automobiles ("FCA"), Mitsubishi, Ford, Nissan, GM, and Mazda.

<sup>18</sup> NHTSA did not publish quarterly progress reports for many of the early recalls and for many of the regional (as opposed to national) recalls. However, the total number of inflators repaired over the course of these recalls were later included in other progress reports. Thus, while the vehicles repaired may be undercounted in the earlier years, these vehicles are later included in the reports when the early recalls are superseded by other recalls and progress reports for those are published.

<sup>19</sup> Unreachable and removed inflators are associated with vehicles that were abandoned.

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recall (driver-side, passenger-side, or both). This list was matched with the Polk vehicle registration data to obtain nationwide counts for each vehicle on the recall list. Finally, by aggregating the vehicle counts by the number of recalled airbags, I calculated the average number of Takata inflators in the recalled vehicles manufactured by each OEM. These OEM-specific averages, along with NHTSA's Online and Quarterly Reports, were used to calculate the number of vehicles, by year and OEM, that had a completed recall.

**Table 1-4**  
**Completions of Vehicles Recalled, 2010-2017 Q2**  
**(thousands)**

<b>OEM</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 (Q1-Q2)</b>	<b>Recalls Completed (2010-2017 Q2)</b>
BMW	-	-	-	6	34	77	68	79	264
Daimler Trucks North America	-	-	-	-	-	-	0	0	1
Daimler Vans USA	-	-	-	-	-	-	0	5	5
FCA	-	-	-	-	-	406	632	220	1,258
Ford	-	-	-	-	0	26	234	153	413
GM	-	-	-	-	-	1	0	238	239
Honda	124	136	272	199	219	3,878	934	1,068	6,831
Jaguar Land Rover North America	-	-	-	-	-	-	-	-	-
Mazda	-	-	-	-	4	3	3	197	206
Mercedes-Benz	-	-	-	-	-	-	4	6	10
Mitsubishi	-	-	-	-	1	10	3	13	27
Nissan	-	-	-	-	16	260	25	142	444
Subaru	-	-	-	-	1	17	49	352	419
Toyota	-	-	-	140	94	560	904	186	1,884
Volkswagen	-	-	-	-	-	-	-	83	83
<b>Total</b>	<b>124</b>	<b>136</b>	<b>272</b>	<b>345</b>	<b>370</b>	<b>5,237</b>	<b>2,858</b>	<b>2,744</b>	<b>12,085</b>

Table 1-4 provides a summary of vehicles with a completed recall by OEM and year from 2010 through the end of the second quarter of 2017. After consideration from the OEMs and Takata, I decided to model recall completions prior to 2017 by Zone, rather than Priority Group. More precisely, I assumed that completed recalls for any given OEM occur in Florida until 75% of the recalled vehicles of that OEM in Florida are no longer At Risk. This process continues for Zone 1, then Zone 2, etc. Recall completions that occur in 2017 and later rely on Priority Groups.

Table 1-5 shows the stock of At Risk vehicles in mid-2017, by Zone and inflator, after accounting for recall completions, abandonments, and sales of new vehicles with PSAN inflators.

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**Table 1-5**  
**At Risk Vehicles mid-2017 (After Accounting for Completed Recalls)**  
**by Zone and Type of Inflator**

Zone	Vehicles with PSAN Inflators Subject to Recall (millions)					Vehicles with PSAN Inflators Not Subject to Recall (millions)			Total Vehicles with PSAN Inflators
	Non-PSDI		CaSO4		Total	13X		Total	
	PSDI Alpha	PSDI Beta	Non- Desiccated 2004	Desiccated 2004		Desiccated 2004	2004L Propellant		
Florida	0.0	0.0	1.0	0.2	1.2	0.0	2.0	2.0	3.2
1 (ex Florida)	0.0	0.1	3.8	0.5	4.4	0.1	4.6	4.7	9.1
2	0.1	0.2	9.4	0.9	10.5	0.1	8.8	8.9	19.5
3	0.1	0.2	10.0	1.0	11.2	0.1	8.4	8.5	19.7
4	0.1	0.1	4.4	0.4	4.9	0.1	3.1	3.1	8.0
<b>Total</b>	0.2	0.6	28.5	2.9	32.2	0.4	26.8	27.3	59.5

Note: An estimated 2.9M additional vehicles with PSAN Inflators will be sold from 2018-2020

### Lifecycle Model

The model starts with the stock of At Risk Vehicles mid-2017 and reduces this stock each year due to recall completions and abandonments. As evidenced by past vehicle recalls, not all owners respond to recalls and for those that do respond there is a significant lag from the recall date to the actual completion of the replacement/repair. It is not possible at this time to rely on actual recall information to determine the ultimate response rate and the lag for the Takata airbag recall. I rely on the limited information that is available as well as earlier studies<sup>20</sup> of recall rates to estimate the effectiveness of the Takata airbag recall.

It does seem clear that the response to the Takata airbag recall is significantly higher than other recalls. While the completed recall rate is currently at only 47%, it is likely to increase over time. The completed recall rate for Honda vehicles is approximately 65%.<sup>21,22</sup> Recall completions after 2016 are calculated in the following way:

- Completion rates follow a three-year gradual increase, and no completion occurs thereafter.

<sup>20</sup> The studies I looked at include (1) "Safety Recalls Completion", NHTSA & SAE International, retrieved from: <http://www.sae.org/events/gim/presentations/2012/timian.pdf>, (2) "Recall Completion Rates Steadily Improving", WardsAuto, retrieved from <http://wardsauto.com/print/industry/recall-completion-rates-steadily-improving?page=1>, (3) "Completion Rates vary Depending on the Age of the Vehicle Recalled", Auto Alliance, retrieved from <https://autoalliance.org/safety/recalls>, (4) Stout Risius Ross study, presented at the 4th Annual Automotive Industry Warranty and Recall Symposium

<sup>21</sup> Figures correspond to 10/27/2017 status. Calculations are based on recall campaigns that have already started. Recall campaigns that have been announced but not started yet are not included in the calculations (because figures for those campaigns were not available). Thus, these rates overstate the current completion status.

<sup>22</sup> Source: NHTSA website, <https://www.nhtsa.gov/recall-spotlight/takata-air-bags#takata-air-bags-completion-rates>.

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- For non-Honda vehicles that were recalled in 2017, recall completion rates by the end of the years 2017, 2018, and 2019 will be 30%, 45%, and 55%, respectively.
- For Honda vehicles with a non-PSDI inflator that were recalled in 2017, recall completion rates by the end of the years 2017, 2018, and 2019 will be 40%, 55%, and 70%, respectively.
- For Honda vehicles with a PSDI inflator that were recalled in 2017, recall completion rates by the end of the years 2017, 2018, and 2019 will be 50%, 70%, and 85%, respectively.
- For vehicles that are going to be recalled in 2018, 2019, or 2020, these percentages reflect the completion status by the end of the first, second, and third year after recall.

### Vehicle Abandonment Rates

Abandonment rates were computed using the year-to-year change in the number of registered vehicles over time. Using registration data for the years 2014, 2015 and 2016, the change in the number of registered vehicles from 2014 to 2015 and from 2015 to 2016 was calculated for each model-year, separately for small-sized and large-sized vehicles. Because of the timing of the data purchase, there was a very small population of brand new model-year vehicles, and therefore those vehicles were removed from the calculations. Although many OEMs begin selling their newest model year vehicles in the middle of the previous calendar year, I did not consider a vehicle to be of age 0 until the following calendar year. The change in registrations by model-year was then divided by the prior year stock of vehicles to yield an abandonment rate by the age of the vehicle. As expected, the calculation shows that the annual rate of abandonment increases as vehicle age increases.<sup>23</sup>

**Table 1-6**  
**Vehicle Abandonment Rates by Vehicle Age and Platform**

Vehicle Age Group	Large Platform Vehicles		Small Platform Vehicles	
	Average Annual Abandonment Rate <sup>1</sup>	Remaining Vehicles (End Age of Group)	Average Annual Abandonment Rate <sup>1</sup>	Remaining Vehicles (End Age of Group)
Age 5 and Younger	0.26%	98.48%	0.74%	95.65%
Age 6 to 10	1.55%	91.09%	2.54%	84.10%
Age 11 to 15	5.02%	70.38%	7.69%	56.30%
Age 16 to 20	8.87%	44.24%	13.95%	26.54%
Age 21 to 25	9.62%	26.68%	14.19%	12.34%

<sup>1</sup>Calculated by averaging the annual abandonment rates within each age group

<sup>23</sup> Very high-end cars might be an exception, but their numbers are so low that they do not have a material effect on the average abandonment rate.

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While approximately 27% of the large vehicles and 12% of the small vehicles are still in operation at the end of the 25<sup>th</sup> year since the initial sale, I do not track any vehicles beyond their 25<sup>th</sup> year. I believe that the abandonment rates for vehicles over the age of 25 is less reliable than for younger vehicles. In addition, all else equal, the accidents/ruptures occur far into the future limiting its effect on the net present value of total costs. Appendix E shows the actual abandonment rates by year derived from vehicle registration data.

### **Recall Completions: Temporary vs Permanent**

When recalls are completed, the newly installed airbag has either a Takata-made inflator or an inflator made by other manufacturers. Completions that involve a new replacement inflator made by Takata are viewed as temporary fixes, because those inflators can fail again sometime in the future. These inflators will likely be replaced again sometime before the inflator gets too old (i.e., older than 7 years). Therefore, for modeling purposes, I treat these temporary completions as permanent.

### **Accidents and Frontal Airbag Deployments**

The methodology used to estimate the number of At Risk vehicles was described above. This section describes the data sources and methodology used to estimate the number and timing of accidents involving At Risk vehicles with a resulting deployment of a frontal airbag. The methodology has three steps:

- Determining whether the vehicle is in an accident in any given year;
- If so, whether any of the frontal airbags deployed during the accident;
- If there was an airbag deployment was it a driver airbag, a passenger airbag or both.

### **Probability of Being in an Accident**

Accidents in the U.S. are monitored and statistics on accident rates by type of accident, type of vehicle are readily available.<sup>24</sup> A number of characteristics were analyzed including make, model, geographic location and others but it was determined that these characteristics did not have a significant impact on accident rates. The only characteristic that has a significant effect on the accident rate and is used in the forecast is the age of the vehicle.

The empirical basis of the accident rates used by the model is NHTSA's National Automotive Sampling System General Estimates Systems ("GES"). This data is also referred to as Fatality Analysis Reporting System ("FARS"). Within the FARS/GES database<sup>25</sup>, there is a "Person" data file, which provides information on a large sample of motor vehicle accidents. Each

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<sup>24</sup> National Highway Traffic Safety Administration's Fatality Analysis Reporting System (FARS), and the National Automotive Sampling System General Estimates System (NASS GES).

<sup>25</sup> The complete GES database can be retrieved from: <ftp://ftp.nhtsa.dot.gov/GES/>. A "Person" file can be found within each year's data.

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observation carries a frequency weight, whose purpose is to allow for the calculation of nationally representative figures. To estimate nationwide number of accidents, one needs to sum up the weights assigned to each of the accidents in the sample.

The GES data provides data for all types of motor vehicles, motorcycles, and pedestrians involved in the sampled crashes, while the Polk vehicle registration data includes only automobiles and light-duty trucks. In order to calculate an accident rate for small and light-duty vehicles, it was necessary to take a subset of the vehicles observed in the sampled crashes, mainly removing vehicle types from the GES data that were not included in the Polk registration data. Using this subset of the vehicles involved in accidents from the GES data and the aggregate vehicle counts from Polk vehicle registration data, age-specific accident rates were calculated by dividing the number of vehicles involved in an accident with the number of registered vehicles for each model year. This produced rates that varied by the vehicle's age. These calculations were done for 2014 and 2015, and the 2-year average was used in the model. As expected, and shown in Table 1-7 the accident rate decreases as a vehicle gets older, most likely because they get driven less as they get older. Appendix D provides the age-specific accident rates used in the model.

**Table 1-7**  
**Accident Rates: 2014-2015**  
(Counts in Millions)

<u>Vehicle Age</u>	<u>Vehicles In Accidents</u>	<u>Registered Vehicles</u>	<u>Accident Rate</u>
0-10	6.44	147.07	4.38%
11-15	2.30	60.95	3.77%
16-20	0.91	29.61	3.07%
21-25	0.21	10.46	2.01%
25+	0.08	11.30	0.70%
Total/Average	9.94	259.38	3.83%

Sources: FARS GES Database 2014 & 2015

IHS Markit ("Polk") vehicle registration data 2014 & 2015

To forecast the number of Takata airbag deployments, it must be noted that some of the At Risk Vehicles have a Takata inflator only in the driver-side airbag, others only in the passenger-side airbag, and yet others in both airbags. In addition, it also must be taken into account that a

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passenger is not always present in the vehicle, and in those cases, the passenger-side airbag would not deploy, no matter how serious the accident is.<sup>26</sup>

Accident data shows that the probability of an airbag deployment is different for the driver-side than for the passenger-side. The empirical basis of the front airbag deployment rates is the same FARS/GES “Person” data file that is used for the estimation of accident rates. Using the same subset of applicable crashes, those involving small and light-duty vehicles, airbag deployment rates were calculated separately for driver and front passenger seating positions. For this purposes, only frontal deployments were considered. A frontal deployment was considered to have occurred if it was coded as either a frontal deployment or a combination of multiple airbag deployments. In a combination deployment, the exact locations of the deployed airbags were not recorded, so I conservatively assumed that all combination deployments involved a frontal airbag deployment. Adding up the weights associated with drivers for whom the airbag status variable indicates deployment yields the estimate of total nationwide driver-side airbag deployments. The number of passenger-side deployments is calculated analogously. Finally, dividing the number of deployments by the number vehicles involved in accidents yields the airbag deployment rate. These calculations are done separately for calendar years 2012, 2013 and 2014, and the average across those three years is used in the model.

Table 1-8 shows the airbag deployment rate for the driver airbag and the passenger airbag used in the model. The probability of a driver-side airbag deployment is significantly higher than that of a passenger-side deployment, mainly because frequently there are no passengers in the vehicle.

**Table 1-8**  
**Airbag Deployment Rates by Airbag Position: 2012-2014**  
(Counts in Millions)

<u>Occupant Location</u>	<u>Number of Airbag Deployments</u>	<u>Number of Accidents</u>	<u>Airbag Deployment Rate</u>
Driver	2.14	27.94	7.67%
Passenger	0.40	27.94	1.44%
Total/Average	2.54	55.88	4.55%

Source: FARS GES Database 2012-2014

<sup>26</sup> There is a sensor built in the front seats that senses whether anyone is sitting there. Airbags would only deploy in case the vehicle “understands” that there is someone sitting on the seat behind the airbag.



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### **Defective Deployments**

Not every deployment of a Takata airbag results in a rupture. Indeed, the probability of a rupture is very low. The next step in the analysis was to determine the appropriate rupture rate. The rupture rates used in the model rely on the analysis of the Master Engineering Analysis File (“MEAF”), Takata’s inflator testing data base. Analysis of the MEAF data has clearly shown that the rupture rate depends on a number of characteristics of the inflator. In particular, I identified four key characteristics that must be accounted for in the forecast:

- 1.) Age of the Vehicle
- 2.) Geographic Risk Zone (Four Takata Zones plus Florida)
- 3.) Type of Inflator
- 4.) Vehicle Platform (Small-Size vs Large-Size)

Table 1-9 through 1-13 provides a summary of the rupture rates used in the forecast. The tables include the rupture rates as affected by each of the four key characteristics. Each table refers to a single specific geographic area - Florida, the remaining Zone 1 states, Zones 2, Zone 3 and Zone 4.

The forecast assumes a zero rupture rate for desiccated 2004 inflators and all 2004L inflators. Appendix G provides a detailed explanation of the database and the analysis used to produce the rupture rates used in the forecast.

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**Table 1-9**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Florida**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.4%	0.4%	0.3%	0.0%
9	0.6%	0.6%	0.4%	0.1%
10	1.4%	1.4%	1.0%	0.0%
11	1.7%	1.7%	1.2%	0.1%
12	4.9%	3.2%	1.2%	0.1%
13	6.6%	3.2%	1.9%	0.3%
14	10.0%	3.2%	2.2%	0.4%
15	51.6%	3.2%	2.5%	0.5%
16	57.7%	3.8%	2.9%	0.5%
17	57.7%	4.3%	3.2%	0.6%
18	57.7%	4.9%	3.5%	0.7%
19	57.7%	5.4%	3.8%	0.7%
20	57.7%	6.0%	4.2%	0.8%
21	57.7%	6.5%	4.5%	0.9%
22	57.7%	7.1%	4.8%	0.9%
23	57.7%	7.6%	5.1%	1.0%
24	57.7%	8.2%	5.5%	1.1%
25	57.7%	8.7%	5.8%	1.1%

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**Table 1-10****Rupture Rates By Inflator Type, Vehicle Age, Platform Type  
Zone 1 states other than Florida**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.3%	0.3%	0.2%	0.0%
9	0.2%	0.2%	0.2%	0.0%
10	0.4%	0.4%	0.3%	0.0%
11	0.7%	0.7%	0.5%	0.0%
12	2.3%	2.0%	0.3%	0.0%
13	2.7%	2.0%	0.7%	0.1%
14	3.4%	2.0%	0.8%	0.1%
15	17.5%	2.0%	0.9%	0.1%
16	35.3%	2.3%	1.0%	0.1%
17	35.3%	2.6%	1.1%	0.1%
18	35.3%	2.9%	1.2%	0.1%
19	35.3%	3.2%	1.3%	0.1%
20	35.3%	3.5%	1.4%	0.2%
21	35.3%	3.8%	1.5%	0.2%
22	35.3%	4.1%	1.6%	0.2%
23	35.3%	4.3%	1.7%	0.2%
24	35.3%	4.6%	1.8%	0.2%
25	35.3%	4.9%	1.9%	0.2%

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**Table 1-11**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 2**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.0%	0.0%	0.0%	0.0%
9	0.1%	0.1%	0.1%	0.0%
10	0.1%	0.1%	0.1%	0.0%
11	0.1%	0.1%	0.1%	0.0%
12	0.1%	0.1%	0.1%	0.0%
13	1.8%	0.3%	0.1%	0.0%
14	2.1%	0.4%	0.1%	0.0%
15	3.1%	0.5%	0.1%	0.0%
16	9.6%	0.7%	0.1%	0.0%
17	9.6%	0.8%	0.1%	0.0%
18	9.6%	0.9%	0.1%	0.1%
19	9.6%	1.1%	0.1%	0.1%
20	9.6%	1.2%	0.1%	0.1%
21	9.6%	1.3%	0.1%	0.1%
22	9.6%	1.5%	0.1%	0.1%
23	9.6%	1.6%	0.1%	0.1%
24	9.6%	1.7%	0.1%	0.1%
25	9.6%	1.9%	0.1%	0.1%

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**Table 1-12**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 3**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.0%	0.0%	0.0%	0.0%
9	0.0%	0.0%	0.0%	0.0%
10	0.0%	0.0%	0.0%	0.0%
11	0.0%	0.0%	0.0%	0.0%
12	0.0%	0.1%	0.0%	0.0%
13	1.1%	0.2%	0.0%	0.0%
14	1.1%	0.3%	0.0%	0.0%
15	1.2%	0.3%	0.0%	0.0%
16	1.4%	0.4%	0.1%	0.0%
17	1.4%	0.5%	0.1%	0.0%
18	1.4%	0.6%	0.1%	0.1%
19	1.4%	0.7%	0.1%	0.1%
20	1.4%	0.8%	0.1%	0.1%
21	1.4%	0.8%	0.1%	0.1%
22	1.4%	0.9%	0.1%	0.1%
23	1.4%	1.0%	0.1%	0.1%
24	1.4%	1.1%	0.1%	0.1%
25	1.4%	1.2%	0.1%	0.1%

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**Table 1-13**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 4**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.0%	0.0%	0.0%	0.0%
9	0.1%	0.1%	0.0%	0.0%
10	0.1%	0.1%	0.0%	0.0%
11	0.1%	0.1%	0.0%	0.0%
12	0.1%	0.1%	0.0%	0.0%
13	1.1%	0.2%	0.0%	0.0%
14	1.1%	0.3%	0.0%	0.0%
15	1.2%	0.4%	0.1%	0.0%
16	1.4%	0.5%	0.1%	0.0%
17	1.4%	0.6%	0.1%	0.0%
18	1.4%	0.7%	0.1%	0.1%
19	1.4%	0.8%	0.1%	0.1%
20	1.4%	0.9%	0.1%	0.1%
21	1.4%	1.0%	0.1%	0.1%
22	1.4%	1.1%	0.1%	0.1%
23	1.4%	1.2%	0.1%	0.1%
24	1.4%	1.3%	0.1%	0.1%
25	1.4%	1.4%	0.1%	0.1%

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## Section 2: Valuation of Claims Against Takata – Number of Claims, Types of Injury, Dismissal Rates, Average and Total Indemnity

Through October 2017, 546 claims were recorded alleging injury from defective Takata air bags. The company has resolved 244 of these claims – 102 were resolved without any payment of indemnity and 142 were resolved for a total of approximately \$179 million in indemnity.<sup>27</sup>

**Table 2-1**  
**Claim Filings to Date By Filing Year and Status**

Year Filed	Total Filed Claims				Unfiled Claims	Total All Claims
	Settled	Dismissed	Open	Total		
Unknown	0	0	1	1	0	1
2004 through 2011	20	0	0	20	0	20
2012	8	1	0	9	0	9
2013	7	2	1	10	0	10
2014	27	17	6	50	0	50
2015	57	78	23	158	0	158
2016	22	4	63	89	0	89
2017	1	0	12	13	196	209
Total	142	102	106	350	196	546

Table 2-1 shows the annual pattern of cases filed, by status of claim. 106 claims have been filed and are currently still waiting for resolution. In addition, there are 196 claims known by Takata, which have not been filed yet, but likely will be. These “unfiled” claims were included on the 2017 line, although, again, they do not have a “filing year” yet. These claims have three possible origins: (a) the claim was filed against one or multiple OEM’s but not (yet) against Takata, (b) a plaintiff law firm notified Takata about a claim potentially to be filed, and (c) NHTSA notified Takata about an alleged rupture, but no claim has been filed yet.

<sup>27</sup> Of the 179 million total payment for settled claims, approximately 119 million was paid by Takata.

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**Table 2-2**  
**Claim Filings to Date By Accident Year and Status**

Accident Year	Total Filed Claims				Unfiled Claims	Total All Claims
	Settled	Dismissed	Open	Total		
Unknown	0	0	1	1	13	14
2000 through 2011	28	2	8	38	13	51
2012	8	18	2	28	6	34
2013	30	78	17	125	3	128
2014	37	1	33	71	14	85
2015	33	1	23	57	45	102
2016	6	2	22	30	74	104
2017	0	0	0	0	28	28
Total	142	102	106	350	196	546

Table 2-2 shows the same information, but categorized by the year of the accident rather than the filing year. The difference in the counts by year from Table 2-1 to 2-2 is due to the lag from the accident until a claim is filed or recognized. As seen from Table 2-1, 13 claims were filed in 2017, but as seen in Table 2-2, no claims have yet been filed indicating 2017 as the accident year, therefore all 13 claims filed in 2017 must have the accident occur in 2016 or before.

It is likely that the number of accidents reported for years 2015, 2016, and 2017 will increase as additional individuals file claims.



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**Table 2-3**  
**Filings or Known Cases Alleging Injury from an Accident**  
**Involving a Takata Airbag, by Filing Year**

Year Filed	Alleged Defect			Total
	Rupture	Aggressive Deployment	Other	
Unknown	0	0	1	1
Pre-2012	17	1	2	20
2012	7	0	2	9
2013	7	0	3	10
2014	24	5	21	50
2015	57	14	87	158
2016	47	11	31	89
2017	116	8	85	209
Total	275	39	232	546

Note: 2017 includes 196 unfiled claims.

Rupture includes both confirmed and unconfirmed ruptures

"Other" includes fire, malfunction, failure to deploy, non rupture, and unknown

Table 2-3 shows the annual pattern of cases by the allegation of the defect. About half of the cases appear to have a rupture, the type of defect with the most serious consequences.<sup>28</sup> This observation stands in stark contrast with most mass tort litigations where the great majority of the cases tend to be nuisance claims.

<sup>28</sup> A qualifier "appear" is in order here, because some of the ruptures are not yet confirmed.

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**Table 2-4**  
**Filings or Known Cases Alleging Injury from an Accident**  
**Involving a Takata Airbag, by Year of Accident**

Accident Year	Alleged Defect			Total
	Rupture	Aggressive Deployment	Other	
Unknown	6	1	7	14
Pre-2012	33	7	11	51
2012	12	2	20	34
2013	32	10	86	128
2014	48	9	28	85
2015	61	8	33	102
2016	60	2	42	104
2017	23	0	5	28
Total	275	39	232	546

Note: Table includes 196 unfiled claims.

Rupture includes both confirmed and unconfirmed ruptures

"Other" includes fire, malfunction, failure to deploy, non rupture, and unknown

Table 2-4 shows the same information as Table 2-3, but categorized by the year of the accident rather than the filing year. Again, the time pattern of the claims by accident year is different from the time pattern of the claims by filing year, because cases tend to be filed a year or two after the accident.

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**Table 2-5**  
**Filings or Known Cases Alleging Injury from an Accident**  
**Involving a Takata Airbag, by Injury Type**

Alleged Injury	Alleged Defect			Total
	Rupture	Aggressive Deployment	Other	
Loss of Vision				
One Eye	9	4	0	13
Both Eyes	0	1	0	1
Subtotal, Loss of Vision	9	5	0	14
Fatality	13	1	5	19
Traumatic Brain Injury (TBI)	4	1	0	5
Other Types of Injury				
Low	79	5	29	113
Moderate	76	1	22	99
Serious/Severe	38	2	14	54
Subtotal, Other	193	8	65	266
Unknown	56	24	162	242
<b>Total</b>	<b>275</b>	<b>39</b>	<b>232</b>	<b>546</b>

Note: Table includes 196 unfiled claims.

Rupture includes both confirmed and unconfirmed ruptures

"Other" includes fire, malfunction, failure to deploy, non rupture, and unknown

Table 2-5 shows the pattern of cases by type of alleged injury and alleged defect. The distribution of cases by injury type is similar to what one expects to see in other mass tort cases; relatively few of the cases involve fatalities or very serious injuries (i.e., loss of vision, and TBI), only 38 out of 546 total cases.

The average indemnity paid to settle claims has increased significantly over time. This observation holds true both for the payments made solely by Takata and for the total payments made by all Defendants. Furthermore, the observation holds true across all types of alleged defects. With some exceptions, it also holds true for most injury types. To illustrate this point, I calculated the average indemnities paid by injury type in two ways. First, I considered all 142 settled claims, regardless of the resolution date. Second, I considered only those 99 claims that were recently settled (in 2015 or after). Tables 2-6 and 2-7 show the results.

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**Table 2-6**  
**Average Indemnity for Settled U.S. Claims, by Type of Injury**

Alleged Injury	Settled Claims	Total Indemnity			Average Indemnity		
		Total All Defendants	Takata Only		Total All Defendants	Takata Only	
			Amount	Percent		Amount	Percent
		(\$ Millions)			(\$ Millions)		
Loss of Vision							
One Eye	9	\$30.2	\$24.5	20.5%	\$3.4	\$2.7	80.9%
Both Eyes	1	\$5.0	\$0.8	0.6%	\$5.0	\$0.8	15.0%
Subtotal, Loss of Vision	10	\$35.2	\$25.2	21.1%	\$3.5	\$2.5	71.5%
Fatality	13	\$80.9	\$56.6	47.5%	\$6.2	\$4.4	70.0%
Traumatic Brain Injury (TBI)	2	\$2.8	\$1.7	1.4%	\$1.4	\$0.8	60.4%
Other Types of Injury							
Low	41	\$8.6	\$7.1	5.9%	\$0.2	\$0.2	82.2%
Moderate	37	\$15.2	\$10.5	8.8%	\$0.4	\$0.3	68.8%
Serious/Severe	29	\$32.0	\$17.9	15.0%	\$1.1	\$0.6	55.8%
Subtotal, Other	107	\$55.8	\$35.4	29.7%	\$0.5	\$0.3	63.4%
Unknown	10	\$4.2	\$0.4	0.3%	\$0.4	\$0.0	10.0%
<b>Total</b>	<b>142</b>	<b>\$178.9</b>	<b>\$119.3</b>	<b>100.0%</b>	<b>\$1.3</b>	<b>\$0.8</b>	<b>66.7%</b>

**Table 2-7**  
**Average Indemnity for Recently Settled (2015 and after) U.S. Claims, by Type of Injury**

Alleged Injury	Settled Claims	Total Indemnity			Average Indemnity		
		Total All Defendants	Takata Only		Total All Defendants	Takata Only	
			Amount	Percent		Amount	Percent
		(\$ Millions)			(\$ Millions)		
Loss of Vision							
One Eye	8	\$26.6	\$20.9	20.3%	\$3.3	\$2.6	78.3%
Both Eyes	1	\$5.0	\$0.8	0.7%	\$5.0	\$0.8	15.0%
Subtotal, Loss of Vision	9	\$31.6	\$21.6	21.0%	\$3.5	\$2.4	68.3%
Fatality	10	\$73.3	\$53.6	52.1%	\$7.3	\$5.4	73.2%
Traumatic Brain Injury (TBI)	2	\$2.8	\$1.7	1.6%	\$1.4	\$0.8	60.4%
Other Types of Injury							
Low	19	\$4.9	\$3.4	3.3%	\$0.3	\$0.2	68.8%
Moderate	26	\$11.3	\$6.5	6.4%	\$0.4	\$0.3	57.9%
Serious/Severe	26	\$29.9	\$15.8	15.3%	\$1.2	\$0.6	52.8%
Subtotal, Other	71	\$46.1	\$25.7	25.0%	\$0.6	\$0.4	55.7%
Unknown	7	\$4.0	\$0.3	0.3%	\$0.6	\$0.0	7.1%
<b>Total</b>	<b>99</b>	<b>\$157.8</b>	<b>\$102.9</b>	<b>100.0%</b>	<b>\$1.6</b>	<b>\$1.0</b>	<b>65.2%</b>

Claimants of the 142 cases settled to date received, on average, \$1.3 million, of which \$0.8 million was paid by Takata. Looking at, however, solely at the 99 cases settled in 2015 or after, the claimants received \$1.6 million on average, of which \$1.0 million came from Takata.

The temporal increase in average compensation amount generally holds across injury types too. Note that it is not possible to draw a definitive conclusion for loss of vision and TBI claims, because all but one of those claims was recently settled. However, fatalities and other types of injuries tend to get paid more in recent years than in earlier years.

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### Section 3: Calculation of Total Indemnity Cost

The historical pattern of filings and resolutions are assumed to stay constant in the future. Specifically, the forecast assumes:

- The historical mix of claims by type of injury is assumed to hold true in the future
- The historical mix of the quality of claims is assumed to hold in the future (i.e., the ratio of claims with suspect defect allegations to claims alleging a rupture)
- The Propensity to Sue in recent years will hold into the future
- The dismissal rate observed in recent years will hold true in the future
- The average indemnity paid to settled claims will increase in the future at the rate of inflation

The calculation of total indemnity cost is done separately for pending claims and projected future claims. The evaluation method for the two types of claims is almost the same, with two differences. The first difference is that the claim mix (in terms of alleged defect and alleged injury) is known for the pending claims, while it needs to be estimated for the future claims. For the evaluation of future claims, the assumption is that the mix of the claims, both in terms of alleged defects and alleged injuries, will continue to be the same as it historically was. The second difference is the fact that future claims will continue to occur for a long period of time, and therefore I need to calculate their total cost in present value terms.

Both for pending and future claims, the number of claims are tabulated by alleged defect (confirmed rupture versus all other types of defect) and injury type. For pending claims, this tabulation is readily available from the claims data. For future claims, the historical mix of claims is applied to the number of forecasted ruptures to obtain this tabulation.

I assume that for future claims, the propensity to sue is a hundred percent. This assumption is justified by the fact that the recall is historically unprecedented, and therefore the issues are well known by the general public.

Next, historical pay rates (compensation rates) are calculated. For confirmed ruptures, I calculate the observed pay rates, i.e. the number of paid claims divided by the number of resolved claims (paid or dismissed). I calculate these pay rates separately, by injury type. Virtually all the pay rates are a hundred percent, which is not surprising, since ruptures are thought to have very serious consequences. Claims other than confirmed ruptures are likely of lower quality, and therefore their assumed pay rates are lower. For these residual (i.e., not a confirmed rupture) claims, I calculate a blended pay rate. I split the residual claims into two groups: resolved (settled and dismissed) and unresolved (open and “unfiled”). I assume that unresolved claims are half as likely to receive a payment than resolved claims. Finally, I calculate the weighted average pay rate for the residual claims by using the number of resolved and unresolved claims as weights. Again, these calculations are done separately by injury type.

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For all injury types, the pay rates for confirmed ruptures are significantly higher than for other types of defects.

Combining the number of claims with the assumed pay rates yields the number of compensable claims. The next piece needed is the average indemnity paid. The historical experience is applied. It is likely that future average indemnity will be at least as large as the level observed in recent years (in 2015-2017). Nevertheless, two alternative assumptions about the average indemnity paid to resolve pending and future claims were explored. The average paid over all years to date (2006-2017) and the average paid over the most recent years (2015-2017) were used in the two alternatives.

Additionally, I assume that future payments will increase by a 2.5% annual rate of inflation. Net present values are calculated with a 3.5% nominal discount rate (1% real discount rate).

Table 3-1 shows the number of claims, and their valuations. The top panel shows claims by the timing of the submission: pending versus future. The bottom panel shows claims by type of defect: confirmed rupture versus all other types of claims. Indemnity costs are calculated by using average indemnity paid in recent years (2015-2017). Finally, indemnity costs are shown both in nominal terms and in net present value.

**Table 3-1**  
**Summary of Pending and Future Claims Valuation**

**High Scenario - Recent Years Settlement Amounts**

Entity/Average Indemnity	Count of Claims	Indemnity Cost (Dollars in Millions)			
		All Defendants		Takata Only	
		Nominal	NPV	Nominal	NPV
<b>Claim Category</b>					
Pending	302	\$70	\$70	\$50	\$50
Future	2,364	\$1,360	\$1,100	\$900	\$730
Total	2,666	\$1,430	\$1,170	\$950	\$780
<b>Type of Defect</b>					
Confirmed Rupture	784	\$1,070	\$880	\$710	\$580
Not a Confirmed Rupture	1,882	\$370	\$310	\$240	\$200
Total	2,666	\$1,440	\$1,190	\$950	\$780

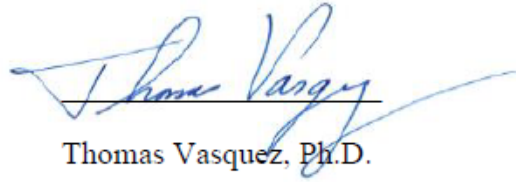
Note: Details may not add to totals due to rounding

Count of Claims refer to claims submitted, before applying dismissal rates

Claims are valued by recent years' average indemnity

NPV calculation assumes 2.5% inflation and 1% real discount rate

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A handwritten signature in blue ink, appearing to read "Thomas Vasquez", is written over a horizontal line. The signature is fluid and cursive.

Thomas Vasquez, Ph.D.

January 23, 2018

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## **Appendix A: Constructing the Takata Claimant Database**

Takata and their counsel provided five separate databases that were used to construct a single claimant database that includes all the administrative, resolution, medical and incident information available for the processing and evaluation of the claim. The five separate databases are listed in Table A-1.

**Table A-1**  
**Company/Counsel Original Databases Used to**  
**Construct Takata Claimant Database**

- 1.) PI Cases and Claims (12.26.16) - Filed Claims
- 2.) PI Cases and Claims (12.26.16) - Unfiled Claims
- 3.) Settlements (12.26.16)
- 4.) Closed Files
  - Settled
  - Resolved without payment
- 5.) Master ED List - 11-30-2016
- 6.) Seat Belt Cases

Three additional steps were required to complete the claimant database used for my analysis and forecast. First, I eliminated duplicate claimants – those claimants that appeared on more than one of the five databases. Second, certain entries were clearly erroneous and these were corrected. Finally, certain variables were created to facilitate the analysis and forecasting methodology. Table A-2 provides a list of the constructed variables that were ultimately used in the analysis.

**Table A-2**  
**Newly Created Variables Used in Analysis**

octupdate\_defect\_final  
octupdate\_injury\_final  
octupdate\_closed\_year\_final  
takata\_amount\_10\_8\_2017  
honda\_amount\_10\_8\_2017  
status\_final\_10\_8\_2017  
accident\_year\_final\_10\_8\_2017  
filed\_year\_final\_10\_8\_2017  
venue\_final\_10\_8\_2017  
rupture\_flag  
venue\_flag



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## Appendix B: Materials Relied Upon

### Abandonment and Recall

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### Accident Rate and Airbag Deployment Rates

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- “Ford retail data”, Ford, 2017. (Ford retail data.xlsx)
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- “Nissan retail data”, Nissan, 2017. (Nissan retail data.xlsx)
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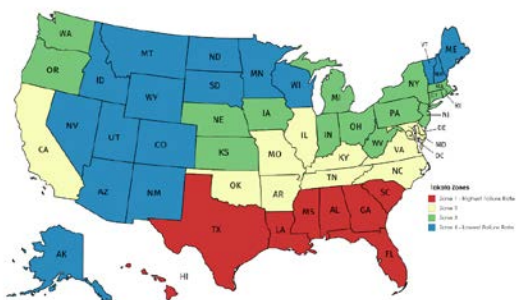
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### Appendix C: Takata and NHTSA Risk Zones

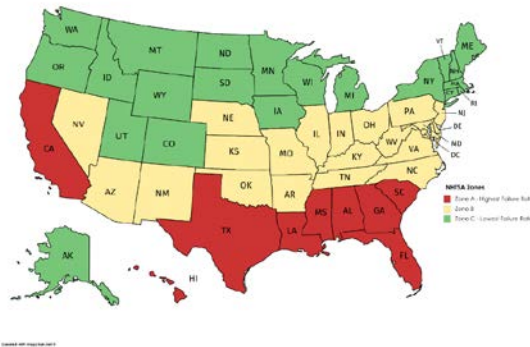
Takata Zones

- Zone 1 – Highest Failure Rate
- Zone 2
- Zone 3
- Zone 4 – Lowest Failure Rate



NHTSA Zones

- Zone A – Highest Failure Rate
- Zone B
- Zone C – Lowest Failure Rate



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**Appendix D: Accident Rates by Vehicle Age****Table D-1****Age-Specific Accident Rates**

<u>Vehicle Age</u>	<u>Accident Rate</u>
0 to 1	3.88%
1 to 2	4.58%
2 to 3	4.46%
3 to 4	4.54%
4 to 5	4.46%
5 to 6	4.74%
6 to 7	4.57%
7 to 8	4.51%
8 to 9	4.32%
9 to 10	4.09%
10 to 11	4.15%
11 to 12	4.06%
12 to 13	3.93%
13 to 14	3.73%
14 to 15	3.60%
15 to 16	3.42%
16 to 17	3.33%
17 to 18	3.23%
18 to 19	3.02%
19 to 20	2.76%
20 to 21	2.69%
21 to 22	2.21%
22 to 23	2.14%
23 to 24	2.02%
24 to 25	1.77%
25 to 26	1.64%

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**Appendix E: Vehicle Abandonment Rate by Vehicle Age****Table E-1****Vehicle Abandonment Rates by Vehicle Age and Platform**

Vehicle Age	Large Platform Vehicles		Small Platform Vehicles	
	Abandonment Rate	Remaining Vehicles	Abandonment Rate	Remaining Vehicles
0 to 1	0.00%	100.00%	0.00%	100.00%
1 to 2	0.11%	99.89%	0.40%	99.60%
2 to 3	0.21%	99.68%	0.80%	98.80%
3 to 4	0.27%	99.41%	0.87%	97.94%
4 to 5	0.41%	99.00%	1.06%	96.90%
5 to 6	0.53%	98.48%	1.30%	95.65%
6 to 7	0.73%	97.76%	1.56%	94.16%
7 to 8	1.07%	96.71%	1.93%	92.34%
8 to 9	1.48%	95.28%	2.38%	90.14%
9 to 10	1.97%	93.41%	2.99%	87.44%
10 to 11	2.48%	91.09%	3.82%	84.10%
11 to 12	3.00%	88.36%	4.85%	80.02%
12 to 13	3.95%	84.86%	6.19%	75.07%
13 to 14	4.95%	80.66%	7.71%	69.28%
14 to 15	6.11%	75.73%	9.23%	62.89%
15 to 16	7.07%	70.38%	10.48%	56.30%
16 to 17	8.00%	64.75%	11.75%	49.69%
17 to 18	8.44%	59.28%	13.03%	43.21%
18 to 19	8.91%	54.00%	14.36%	37.01%
19 to 20	9.30%	48.98%	15.05%	31.44%
20 to 21	9.68%	44.24%	15.57%	26.54%
21 to 22	9.75%	39.92%	15.57%	22.41%
22 to 23	10.05%	35.91%	15.53%	18.93%
23 to 24	9.90%	32.36%	14.58%	16.17%
24 to 25	9.62%	29.25%	13.52%	13.98%
25 to 26	8.79%	26.68%	11.77%	12.34%

Note: Based on Polk 2014, 2015, 2016 registration data



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## **Appendix F: An Example of the Matching Procedure Used to Identify Vehicles That Have Takata Airbags Subject to the NHTSA Recall Program**

### **Acura**



2003 Acura 3.2CL

2002-2003 Acura 3.2TL

2013-2016 Acura ILX

2013-2014 Acura ILX Hybrid

2003-2006 Acura MDX

2007-2016 Acura RDX

2005-2012 Acura RL

2009-2014 Acura TL

2009-2014 Acura TSX

2010-2013 Acura ZDX

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Polk Textual Description				NHTSA Textual Description		
Model Year	Make	Model	Trim	Model Year	Make	Model
2013	ACURA	ILX	20	2013	ACURA	ILX
2013	ACURA	ILX	20 PREMIUM			
2013	ACURA	ILX	20 TECH			
2013	ACURA	ILX	24 PREMIUM	2013	ACURA	ILX HYBRID
2013	ACURA	ILX	HYBRID			
2013	ACURA	ILX	HYBRID TECH	2014	ACURA	ILX
2014	ACURA	ILX	20			
2014	ACURA	ILX	20 PREMIUM			
2014	ACURA	ILX	20 TECH			
2014	ACURA	ILX	24 PREMIUM	2014	ACURA	ILX HYBRID
2014	ACURA	ILX	HYBRID			
2014	ACURA	ILX	HYBRID TECH	2015	ACURA	ILX
2015	ACURA	ILX	20			
2015	ACURA	ILX	20 PREMIUM			
2015	ACURA	ILX	20 TECH			
2015	ACURA	ILX	24 PREMIUM			
2015	ACURA	ILX	DYNAMIC	2016	ACURA	ILX
2016	ACURA	ILX	BASE/WATCH PLUS			
2016	ACURA	ILX	PREMIUM STYLE/TECH STYLE			
2016	ACURA	ILX	PREMIUM/TECH			

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## Appendix G: Takata's Field-Return Inflator Test Database, the Master Engineering Analysis File

Takata collected and analyzed a large sample of inflators to determine the cause of ruptures. The data base is called the Master Engineering Analysis File (MEAF) and contains information related to approximately 322,000 inflators. The database was relied upon to determine the probability that the inflator would rupture.

Table G-1 provides a summary of the information recorded on the inflator database that was used in the analysis.

**Table G-1**

### Selected Variables on the Takata Inflator Testing Database

Administrative Items	Ballistic Test Results
Inflator Serial Number	Ruptured/Did Not Rupture
Date of Inflator Received by Test Facility	
Date of Ballistic Test	
Inflator Characteristics	Live Dissection Test Results
Type of Inflator (e.g., PSDI, PSDI-4, etc.)	Amount of Moisture Inside Inflator
Propellant Type (2004 vs 2004L)	Wafer Diameter
Manufacturing Date	Wafer Density
Vehicle Make and Model	Integrated Burn Rate
Vehicle Location	etc.

There were five steps in the analysis of the inflator database.

- Certain observations were excluded from the analysis
- Adjustment for bias in the testing sample
- Extrapolate rates to ages not observed in the data
- Adjustment for differences between driver-side and passenger-side non-PSDI inflators
- Determine the appropriate rupture rates for inflators with desiccants and inflators with 2004L propellants

#### Excluding Certain Observations

Approximately 54,000 observations were excluded from the analysis. Table G-2 shows the number of excluded observations by the reason for the exclusion. In general, observations were excluded if missing key information or were not necessary for the forecast.

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**Table G-2**  
**Observations in the Takata Inflator Data Base**  
**Excluded from the Analysis**

Category	Count
Total Data Base	322,286
Excluded Observations	
Missing Test Results (Not A Ballistic Test)	45,031
Missing Geographic Location	6,185
Missing Vehicle Make and Model	2
Missing or Erroneous Inflator Age	1,846
Propellant Type 2004L	1,060
Total Excluded	54,124
Used in Analysis	268,162

### Adjustment for Sample Bias

Takata's goal was to identify the safety hazards associated with airbags, and therefore they appropriately focused on inflators that they believed to be more likely to rupture. This biases the inflator sample towards riskier inflators. Generally, Takata over-sampled (a) older and smaller-sized vehicles, (b) more humid geographies, and (c) inflators with poorer engineering characteristics. Therefore, the rupture rates found in the sample are not a good predictor of the rupture rates in the general population of vehicles with Takata airbags because they skew disproportionately higher.

Takata personnel told me that due to design flaws and perhaps flaws in the manufacturing process, a particular type of inflator called the PSDI inflator was significantly more prone to rupture than other inflators. They also told me that the risk was particularly elevated for the type of PSDI's referred to as Alpha's.<sup>29</sup> Therefore, in my analysis, I distinguish between PSDI inflators and non-PSDI inflators as well as between PSDI Alpha's and PSDI Beta's. Analyzing the data confirmed that there were indeed significant differences among these types of inflators.

Takata personnel also told me that they believe the vehicle size influences the likelihood of the inflator rupture. They believe that peak inflator temperature tends to be higher in a smaller-size

<sup>29</sup> The main distinction between PSDI Alpha's and PSDI Beta's is the manufacturing date. PSDI inflators manufactured prior to December 31, 2001 are Alpha's. I was also told by Takata personnel that propellants to the PSDI Alpha inflators were manufactured by the Stokes Press, which allegedly had insufficient compaction force, and therefore produced propellants that were not sufficiently dense.

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vehicle, which leads to a higher likelihood of rupture.<sup>30</sup> Therefore, I made a distinction between small and large platform vehicles. The determining factor was vehicle weight, but essentially the line was drawn between sedans on one side, and SUV's and pickup trucks, on the other side.

A geographic bias remains in the sample, even after accounting for inflator type and age, vehicle weight, and geographic Zone. Within a single geographic Zone, data was disproportionately collected from the more humid regions.

I split Zone 1 into two areas, Florida and the rest of Zone 1 and calculated rupture rates separately for those areas. It was apparent that Florida has significantly higher rates than other Zone 1 states. In addition, Florida is significantly over-represented in the sample: 45% of the Zone 1 test data originates from Florida while the state counts for only 24% of the registered vehicles in Zone 1. Calculating an overall rate for Zone 1 without re-weighting the test data using the number of registered vehicles as weights would have resulted in a significant over-estimate of the Zone 1 rates. Therefore, my model tracks Florida vehicles separately from other Zone 1 vehicles and applies Florida-specific rupture rates to them.

There was a similar bias in the states representing Zone 2-4. Some of the states in these zones have significantly higher rupture rates than other states, and at the same time, a disproportionately large number of the sample observations originate from these states – compared to what the states' vehicle population would suggest. To correct for the bias, I re-weighted the test data by the number of registered vehicles. In other words, I calculated rupture rates by state, and constructed a weighted average rupture rate for each Zone by using the number of registered vehicles in each of the states in the Zone as weights.

#### **Extrapolating Rates to Ages Not Observed in the Data**

I also had to address the fact that my forecast model needed rupture rates for every vehicle age between 0 and 25, while the oldest inflator included in the data was 16 years old.<sup>31</sup> Moreover, there were relatively few observations older than 13 years old, most were 13 or younger. In other words, I needed to extrapolate to ages not observed in the data.

For the riskiest inflators, the PSDI Alpha's, I capped the rupture rate at the level they attained at age 16, the highest observed in the data. For the other inflator types, the PSDI Beta's and non-PSDI's, I extrapolated the rates up to age 25 using a linear progression.

For PSDI Alpha inflators, I also needed to extrapolate backwards, for ages younger than those observed in the data. The earliest test date in the MEAF data is in 2014 (and most of the ballistic tests took place in 2015 or after), all PSDI Alpha inflators were between the age of 14 and 16 when tested. To impute rates for ages not observed in the test data, I assumed that rates between ages 8 and 11 are the same as those for non-PSDI inflators in small-sized vehicles.<sup>32</sup> For ages

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<sup>30</sup> See p.22 of a Takata PPT titled "History and Factors Influencing Inflator Outcomes," April 3, 2017.

<sup>31</sup> Since the oldest inflators under recall were manufactured in 2000, there was simply not enough time to observe inflators that were 17 years or older.

<sup>32</sup> Most PSDI inflators were installed in small-size vehicles such as Honda Civic or Honda Accord.

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between 14 and 16, I used the actual rates from the test data. Finally, I interpolated these rates to calculate the rates for ages 12 and 13.

For PSDI Beta inflators, test data is available for ages 8 through 15. However, there are no ruptures for ages younger than 12. Rather than reflecting the true rate, this is likely due to the small sample size. Indeed, for non-PSDI inflators that are supposedly less risky, rupture rates are nonzero from ages 8 and older. To correct for this small sample-size, I imputed rates for PSDI Beta's ages 8 through 11, following the same procedure as for PSDI Alpha's.

#### **Driver-Side versus Passenger-Side Non-PSDI Inflators**

When it comes to the type of the inflator, the most important factor is whether the inflator is PSDI or not. In other words, the most significant differentiator is whether the inflator is PSDI. A second, markedly less significant distinction is the one between passenger-side inflators and non-PSDI driver-side inflators. It appears from the test data that the former have a higher rupture rate than the latter, and the finding holds even after controlling for other important factors, such as age and geographic zone. When using a blended rupture rate, the rate that one applies to driver-side airbags is too high, while the rate that one applies to passenger-side airbags is too low. As a result, driver-side ruptures are overestimated, while passenger-side ruptures are underestimated. Since the deployment rate for driver-side is significantly larger than that for the passenger-side, the first effect dominates, and therefore, the total number of ruptures are overestimated.

Ideally, I would calculate rupture rates separately for each inflator type, but practical considerations prevent me from doing so. Because ruptures are rare, there aren't many observed test ruptures in total (there is less than a thousand). After considering age, location and platform size, there is a limit to what extent one can differentiate among the various inflator types. Therefore, instead of making an explicit distinction between passenger-side and non-PSDI driver-side inflators, I adjusted the blended non-PSDI rupture rates downwards by 30%. This is a sufficient adjustment to address the differential in the rupture rates for the two types of inflators.

#### **Analysis of Desiccated Inflators with 2004 Propellants and Inflators with 2004L Propellants**

The MEAF ballistic test data did not show any ruptures either for desiccated inflators with 2004 propellants, or for inflators with 2004L propellants.<sup>33</sup> However, these inflators are generally young: in the ballistic test data, no desiccated inflators with 2004 propellants are older than 11 years, and the oldest inflator with 2004L propellant is 6 years old. These inflators may not have been in operation long enough to degrade to a level that results in a rupture during a ballistic test. To examine how likely it is that some of these inflators would rupture given additional time,

---

<sup>33</sup> To be precise, in 16 of the 1,524 ballistic tests performed on inflators with 2004L propellants, there was a reported rupture, but Takata officials told me that those ruptures were anomalies, and were not caused by propellant degradation.

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Takata engineers performed other tests that were designed to pick up early signs of degradation. These tests included “Live Dissections” and “CT Scans.” These tests measure a variety of physical or chemical properties of the propellant, such as the diameter and density of the wafer or tablet, the amount of moisture absorbed, the burn rate, etc.

As an example, to investigate the degradation patterns of desiccated inflators with 2004 propellants, Takata conducted thermal shock testing on desiccated PSPI-LD inflators and compared the results to those on non-desiccated PSPI-L inflators. The non-desiccated inflators had ruptures at 2000 cycles. The desiccated versions, by comparison, resulted in a rupture only at 4000 cycles. In addition, the desiccated versions exhibited substantially less growth in diameter and substantially less decline in density.<sup>34</sup>

To investigate the degradation patterns of inflators with 2004L propellants, Takata conducted a similar comparative test on PSPI and PSPI-X inflators. Unlike the PSPI inflators, PSPI-X inflators (these have 2004L propellants) demonstrated “little to no grain growth and normal ballistics at 4000 cycles.” Takata concluded that “overall, the results of Takata’s testing shows relative increases in robustness both from the addition of desiccant and the use of Takata’s newer 2004L propellant.”<sup>35</sup>

I investigated the Takata’s claim by analyzing the physical properties of PSPI versus PSPI-X inflators, during the first six years of their operation. Specifically, I looked at the average outer diameter of the primary wafers as a function of age, both for PSPI and for PSPI-X inflator. The wafer diameter is a commonly used measure of degradation: the larger the diameter, the more porous the wafer is, which tends to result in a more rapid and forceful burning, and a higher likelihood of causing a rupture.

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<sup>34</sup> Source: “Report of TK Holdings Inc. Pursuant to Paragraph 33.a of the November 3, 2015 Consent Order”, Dechert LLP, June 30, 2016

<sup>35</sup> Source: “Report of TK Holdings Inc. Pursuant to Paragraph 33.a of the November 3, 2015 Consent Order”, Dechert LLP, June 30, 2016

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Figure G-1  
Average Outer Diameter of Primary Wafers (mm)  
Zone 1

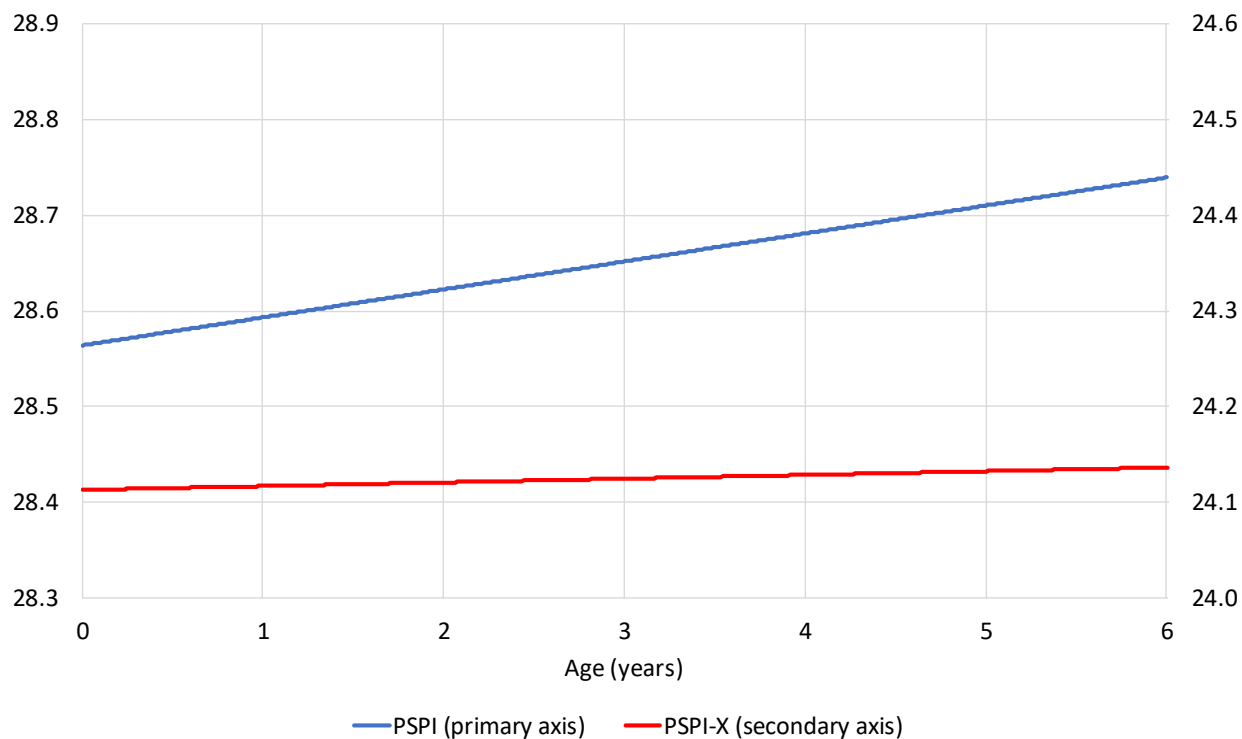


Figure G-1 shows the results of my analysis. Clearly, the inflators with 2004 propellants (PSPI) show a pattern of degradation during their first six years of operation, whereas inflators with 2004L propellants (PSPI-X) do not.

On the basis of this evidence, I concluded that neither desiccated inflators with 2004 propellants nor inflators with 2004L propellants will be likely to rupture over the course of their useful life, and therefore I assumed a rupture rate of zero for these inflators.



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## Appendix H: Indemnity Associated with Inflators Sold Post-Petition but Pre-Closing

Counsel asked me to provide an estimate of the total indemnity cost associated with the inflators that were sold after the bankruptcy petition date but prior to the closing of the bankruptcy proceedings. For the purposes of these calculations I assumed that the closing date is February 25, 2018. The expected number of At Risk vehicles to be sold during this period is approximately 295,000. This estimate is based on vehicle registration data as well as recent data on the company's projection of future sales of inflators. Using the model parameters described in the report, I estimated that these At Risk vehicles will generate approximately 2.2 ruptures over the next 25 years.<sup>36</sup> Using the average indemnity paid to settle claims in recent years (2015-2017), these ruptures will cost approximately \$2 million when using Takata's share only. Considering all other Defendants raises this cost to approximately \$4 Million. Table H-1 summarizes the calculations.

**Table H-1**

### Indemnity Associated with Inflators Sold Post-Petition but Pre-Closing

Estimated Vehicles Sold Post-Petition but Pre-Closing <sup>1</sup>	
Vehicles Sold in the Second Half of 2017	225,000
Vehicles Sold from 1/1/2018 through 2/28/2018 <sup>2</sup>	70,000
Total Vehicles Sold Post-Petition but Pre-Closing	295,000
Accidents with airbag deployments by these vehicles (over the next 25 years)	4,000
Ruptures incurred by these vehicles (over the next 25 years)	2.2
Total indemnity associated with vehicles sold Post-Petition but Pre-Closing (\$Million) <sup>3</sup>	
Takata share	\$2
All Defendants, including Takata	\$4

1. From petition date through the assumed closing date of February 28, 2018. Based on 2016 Polk registration data and Takata's recent inflator forecast.

2. Vehicles sold in the first two months of 2018 are assumed to be 30% of those sold in the second half of 2017.

3. Average indemnity per claim is estimated from claims data: \$1.0 million paid by Takata, and \$1.6 million paid by all Defendants (including Takata).

<sup>36</sup> This result is based on the High Scenario modeling assumptions.

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## **Appendix I: CV of Thomas Vasquez Ph. D.**

Dr. Vasquez is a Senior Managing Director at Ankura Consulting Group (Ankura) in the New York office. Dr. Vasquez has over 35 years of experience in management consulting for private sector clients, the development of economic models for US and foreign governments to analyze and develop tax, expenditure and regulatory policy and providing expert testimony over a wide range of issues.

Dr. Vasquez has provided management consulting services for private sector companies in a wide array of industry sectors. The services include identifying methods to: (1) increase the stock price or value of the company; (2) leverage the firm's brand asset; (3) assist underperforming companies and (4) provide general valuation services.

Dr. Vasquez has assisted US and foreign governments in the development of tax, expenditure and regulatory policy. The services include the development of large scale micro-economic models to allow policymakers to determine individual and company behavioral reactions to tax and regulatory policy.

Dr. Vasquez has provided expert testimony, depositions and analytical litigation support on a broad spectrum of issues involving statistical techniques, computer simulation, economic behavior and economic models, including, among others:

- Evaluating the economic and non-economic loss from bodily injury claims. In recent years, Dr. Vasquez has designed the algorithm for determining the damage from the BP Gulf Oil Spill, the NFL Concussion Settlement, the GM Ignition Failure settlement fund, the Takata air bag rupture litigation and virtually all of the major asbestos settlement trusts.
- Using statistical models to forecast a company's future liability from lawsuits related to its former production of asbestos including the following representative assignments – National Gypsum Corporation, the Fibreboard Corporation, Owens Corning, Congoleum, Western MacArthur, Burns and Roe, Inc. and Specialty Products Holding Corp.,
- Using statistical models to forecast a company's future liability from lawsuits related to its former sales of products.
- Using statistical models to determine the settlement value of bodily injury and financial loss claims resulting from exposure to a wide range of hazardous or defective materials or activities.
- The statistical analysis of the determinants of supply and demand in certain industry segments for use in business valuations, determining the reasonable compensation levels in closely held and other companies and the impact of regulation and tax policy on prices, sales and production.

Prior to joining Ankura, Dr. Vasquez was a vice president at Analysis, Research & Planning Corporation (ARPC) from 1999 through 2016. From 1997 to 1999, Dr. Vasquez was the president and CEO of Yankelovich Partners, Inc., a leading market research firm. While at Yankelovich Partners, Dr. Vasquez had responsibility for engagements designed to determine the best approach to maximize the value of the client's firm. These engagements involved understanding the source of the value components of the firm – value of the firm's brand, product/service lines responsible for increasing (decreasing) stock price, the role of joint products and other key components of the firm's value.

From 1993 to 1997, Dr. Vasquez was the National Partner in Charge of Corporate Transactions Services for KPMG Peat Marwick. In this role he practiced in and led four of KPMG's national practices. One practice area was in the area of litigation support. This area involved almost exclusively the use of highly

Expert Report of Thomas Vasquez, Ph.D.

trained professionals in providing expert testimony in a wide range of litigation issues. The second practice area involved providing consulting services in the bankruptcy and troubled company area. This area involved analyzing the condition and prospects of a company in financial distress, generally involving recommendations for expense control, revenue growth, elimination/sale of product and distribution lines and the elimination/selling of production sites. The third area is investment banking. This area focused on three major components: (1) buying and/or selling of companies for middle market clients; (2) advice to non-public clients preparing an Initial Public Offering, and (3) advice to clients on methods to increase share price and/or cash flow in anticipation of sale. The fourth area was business valuation. This area focused on the valuation of businesses in a wide range of settings including bankruptcy, fairness opinions, mergers and acquisitions, estate planning and other venues requiring valuation services.

Dr. Vasquez served on the Firm's Board of Directors from 1993 to 1997 and served as the Chairman of the Board's Strategic Planning Committee.

Prior to selling his firm to KPMG, Dr. Vasquez was the founder and President of the Policy Economics Group. Dr. Vasquez was responsible for all data base development and tax simulation modeling for federal and state government clients in the United States as well as foreign governments including among others Egypt, Pakistan, Hungary, the former Soviet Union, Trinidad-Tobago, Virgin Islands, Guam, El Salvador and Guatemala. Dr. Vasquez also developed similar models using specialized industry data bases to determine tax impacts and behavioral responses for commercial firms, industry associations and law firms. These models were also used to formulate the client's strategic direction, market initiatives and value maximization strategies.

Prior to establishing the Policy Economics Group, Dr. Vasquez was the Deputy Director for the U.S. Department of the Treasury Office of Tax Analysis. While there, he guided U.S. tax policy analysis and designed large micro-simulation models and data bases for the U.S. Treasury Department and the Joint Tax Committee of the U.S. Congress. He appeared before Congress to provide testimony on such issues as capital gains taxation. He also designed numerous specialized models and data bases for analyzing policy issues at the company, industry, and individual levels.

**Professional Experience:**

Vice President, Analysis Research Planning Corporation, 1999 to 2016

President and CEO, Yankelovich Partners Inc., 1997 to 1999

National Partner in Charge, Corporate Transactions Services, KPMG Peat Marwick, 1993 to 1997.

Managing Partner, Policy Economics Group, KPMG Peat Marwick, 1987 to 1993.

Founder and President, Policy Economics Group, 1983 to 1987.

Deputy Director, Office of Tax Analysis, U.S. Department of the Treasury, 1979 to 1983. Assistant Director, 1978 to 1979; Fiscal Economist, 1972 to 1976.

Chief Economist, New York State Economic Development Board, 1977 to 1978.

Staff Economist, Congressional Joint Committee on Taxation, 1976.

Staff Economist, American Enterprise Institute for Public Policy Research, 1972.

**Education:**

Ph.D., Economics, Clark University, 1973.

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M.A., Economics, Clark University, 1972.

B.S., Mathematics, State University of New York - Potsdam, 1970.

**Legal Experience and Testimony:**

National Gypsum Company Bankruptcy Proceedings, 1991

Deposition

Testimony

Gerald Ahern, et. al. vs. Fiberboard Corporation, et. al., 1994

Deposition

Testimony

Ezell Thomas, et. al. vs. R.J. Reynolds Tobacco Company, et. al., 1999

Deposition

Fiberboard Corporation and Owens Corning vs. R.J.Reynolds Tobacco Company, et. al., 1999

Deposition

Western Mac Arthur Company and Mac Arthur Company vs. General Accident Insurance Co. of America; United States Fidelity & Guaranty Co.; Argonaut Insurance Company, 1999

Affidavit

CSX Transportation, Inc. and American Home Ins. Co., 2000

Deposition

ADR Proceeding Celotex vs. Travelers Casualty and Surety Co. and London Market Insurers, 2000

Deposition, 2004

Testimony, 2004

Owens Corning Bankruptcy Proceedings, 2001

Deposition, 2004

Trial Testimony, 2005

Michael Albanese vs. Compaq Computer Corporation, 2002

Affidavit

ADR Proceeding ACandS, Inc. vs. Travelers Casualty and Surety Co., 2003

ASARCO vs

Deposition, 2003

Western Mac Arthur Company and Mac Arthur Company Bankruptcy Proceedings, 2003

Oglebay Norton Bankruptcy Proceedings, 2004

Deposition, 2004

Trial Testimony, 2004

Halliburton Bankruptcy Proceedings, 2004

Congoleum vs Ace Ins. Et al, 2005

Deposition, 2005

Trial Testimony, 2006

Gene B. Griego, et al., Plaintiffs, vs. Bechtel National, Inc. et al., Defendants

Deposition, 2005

Sandra Sue Fullen, et al, Plaintiffs v. Philips Electronics North America Corporation, a Delaware corporation, et al., Defendants

Deposition, 2005

St. Paul Fire and Marine Insurance Company, Plaintiff, vs. A.P.I., Inc., Defendant and Counter-Claimant

Deposition, 2005

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Dana Corporation Bankruptcy Proceedings, Case No. 06-10354(BLR), 2007

Deposition, 2007

Trial Testimony, 2007

API, INC. Asbestos Settlement Trust v. Atlantic Mutual Insurance Company; Civil No. 09-0665 (JRT/JJG); United States District Court, D. Minnesota; July 9, 2010.

Deposition, 2010

Applebee's International, Inc., DineEquity, Inc. and Weight Watchers International, Inc. Sheree Shepard and Anthony Watts, On Behalf of Themselves and All Others Similarly Situated vs. DineEquity, Inc. et al.; United States District Court; District of Kansas; No. 08-cv-2416.

Deposition, 2010

API, Inc. Asbestos Settlement trust, et al. v. Zurich American Insurance Company, et al. Court File No. 09-CV-975 (JRT/JJG)

Deposition, March 29, 2011

Tronox Incorporated, Tronox Worldwide, LLC f/k/a; Kerr-McGee Chemical Worldwide LLC, and Tronox, LLC, f/k/a Kerr-McGee Chemical LLC vs. Anadarko Petroleum Corporation and Kerr-McGee Corporation

Deposition 2012

Specialty Products Holding Corp., et al Bankruptcy proceedings, Case No. 10-11780(JFK), 2012

Deposition, 2012

Trial Testimony, 2013

Fundamental Long Term Care, Inc., Debtor; The Estate of Juanita Amelia Jackson, et al, v. General Electric Capital Corporation, et al; Case No.: 8:11-bk-22258-MGW Chapter 7; United States Bankruptcy Court, Middle District of Florida, Tampa Division.

Deposition, 2014

Trial Testimony, 2014

David M. Elsea, et al, vs U.S. Engineering Company and Jackson County, Missouri; Case No. 1016-CV159-76; Circuit Court of Jackson County, Missouri at Kansas City.

Deposition, 2016

**Exhibit B**

**International PSAN PI/WD Report**

**Forecast of the Indemnity Cost to Resolve All Pending and  
Future Claims Against TKH Related to Airbags with Defective  
TKH Inflators**

**Rest of the World**

**(Excluding United States, Puerto Rico, and U.S. Virgin Islands, and Japan)**

**Prepared by Thomas Vasquez, Ph.D.**

**Ankura Consulting Group**

**January 23, 2018**

Expert Report of Thomas Vasquez, Ph.D.

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Certain TK Holdings (Takata) inflators placed in airbags are subject to rupturing or other related malfunctions when deployed. These airbags incorporate non-desiccated Phase-Stabilized Ammonium Nitrate (PSAN) inflators. By October 2017 there were 54 known rupture deployments outside of the United States, Puerto Rico, and the Virgin Islands<sup>1</sup> resulting in at least 4 deaths and numerous other injuries.<sup>2</sup>

I was asked by Counsel representing Takata<sup>3</sup> to provide a forecast of the indemnity<sup>3</sup> required to resolve all current and future personal injury claims related to the malfunction of Takata airbag inflators globally. The estimate is made under the assumption that Takata remains solvent and able to pay claims.<sup>4</sup>

Ankura Consulting Group has been compensated for my time on this matter at my customary rate of \$680 per hour. This compensation is not contingent in any way upon the outcome of this proceeding. My CV with legal and testimony experience is provided in Appendix G.

## Executive Summary

Takata produced a wide range of inflators – some have experienced significant numbers of ruptures and others none. The rupture rate varies considerably based on the type of inflator/propellant, the age of the inflator and the location of the vehicle (due to ambient heat and humidity). At the end of 2016, there were approximately 138 million vehicles worldwide (excluding the U.S.) equipped with airbags that contain PSAN inflators made with 2004 propellant. Over time this count will be reduced through recall programs and normal abandonment.

There are four key elements that determine the estimated indemnity cost to Takata:

1. The number of vehicles in operation with non-desiccated PSAN inflators (the number of At Risk vehicles);
2. The number of accidents with a ruptured air bag deployment involving the At Risk vehicles;
3. The number of claims filed against the company and the percent of claims dismissed, and

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<sup>1</sup> In the remainder of the report, references to the U.S. include Puerto Rico and the Virgin Islands.

<sup>2</sup> The count of ruptures was provided by Takata. The count of deaths is from a data base of airbag related claims filed in the U.S. but the location of the accident was outside of the U.S. Therefore, the count of deaths is likely dramatically understated.

<sup>3</sup> “Indemnity” in this report refers to money that would be paid to a claimant to resolve his claim and does not include any defense costs or attorney’s fees.

<sup>4</sup> The Consenting OEMs (as defined in the proposed chapter 11 plan of reorganization of TK Holdings Inc. and its affiliated debtors (Bankr. D. Del. Case No. 17-11375 (BLS) [Docket No. 1629] (the “Plan”)) have not reviewed, endorsed, or adopted Ankura’s estimate of PSAN PI/WD Claims (as defined in the Plan). 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 the Chapter 11 Cases (as defined in the Plan), in any other litigation or proceeding, or otherwise.

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4. The average amount of indemnity paid to claims with substantiated claims.

The estimation of total cost follows the same general procedure used in the U.S. forecast<sup>5</sup>, but requires a number of additional factors. These additional factors impact the complexity of the forecast. These factors include:

- While there are counts of total registrations that are available by country, there is no data base of registered vehicles worldwide that is the equivalent of the Polk registration data for the U.S. The detail available in the Polk data allowed me to identify vehicles with “at risk” Takata air bags. For the International model, it was necessary to rely on Takata data on the manufacturing date and location of PSAN inflators.
- Accident rates by various characteristics is available for the U.S. However, such detail is generally not available internationally. Therefore, it was necessary to rely on U.S. accident rates adjusted to reflect the accident fatality rates in each specific country relative to the U.S.
- Detailed data is available for Takata airbag litigation in the U.S. This information allowed me to:
  - Determine the percent of individuals willing to sue (propensity to sue) in the U.S. While it is recognized that the propensity to sue in the U.S. is significantly higher than in the rest of the world, no precise measures of the propensity are available. Therefore, it was necessary to estimate the propensity to sue by determining the recording rate of ruptures<sup>6</sup> and the propensity of those recorded ruptures to file a claim.
  - Determine the average amount of indemnity paid to resolve claims. While it is recognized that, all else equal, the average indemnity paid in the U.S. is higher than that paid in the rest of the world, no precise measures are available. The forecast assumes that average indemnity paid in non-U.S. countries can be determined by the relative average income in the country relative to the U.S.

Table S-1 provides a summary of the total cost of resolving all pending and future airbag related Personal Injury claims against Takata. There are a few claims currently pending or potentially to be filed, but I assume that these claims will be all dismissed or not filed. My indemnity calculation is based on future claims only.

Both Takata and the vehicle manufacturers have been named in the litigation as Defendants. To date, Takata has paid approximately 67% of the indemnity and other Defendants the remaining

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<sup>5</sup> “Forecast of the Indemnity Cost to Resolve All Pending and Future Claims Against TKH Related to Airbags with Defective TKH Inflators - United States, Puerto Rico and the U.S. Virgin Islands”, prepared by Thomas Vasquez, Ph.D., January 4, 2018

<sup>6</sup> As explained below, I calculate that only about 10% of non-U.S. ruptures are actually recorded.

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33%. Table S-1 presents two cost estimates side-by-side, one using the historical average payment amounts made by all Defendants, and another using those made by Takata alone.

Table S-1 shows the indemnity costs both in nominal terms (the sum of all undiscounted future payments) as well as in net present value terms. The nominal amount paid by all Defendants to resolve all future claims is approximately \$150 million. The amount to be paid by Takata is approximately \$100 million.

**Table S-1**

**Total Indemnity Cost of Resolving All Pending and  
Future Airbag Related Claims Against Takata  
Worldwide (excluding U.S., Puerto Rico, the U.S. Virgin Islands and Japan)  
(Dollars in Millions)**

Category	Nominal		Net Present Value	
	All Defendants	Takata Share	All Defendants	Takata Share
Pending	\$0	\$0	\$0	\$0
Future	\$150	\$100	\$100	\$70
<b>Total</b>	<b>\$150</b>	<b>\$100</b>	<b>\$100</b>	<b>\$70</b>

Note: Using recent year (2015-2017) settlements as a basis for average indemnity and for estimating the share of Takata among all Defendants

Figures are rounded to the nearest \$10 million.

The average indemnity paid to resolve non-U.S. claims is calculated using the amount paid in the U.S. adjusted for differences in average income and the litigation environment generally. Therefore the trends and absolute level of U.S. payments affects the non-U.S. forecast of total indemnity costs.

The average indemnity paid to settled claims in the U.S. has increased dramatically since the early years of the tort. The average amount paid by all Defendants on claims settled after 2014 was more than three times the average amount paid by all Defendants on claims settled 2014 and earlier. It is likely that future claims will be paid at least as much as the more recent claims were. Accordingly, I use the average indemnity paid over the most recent years (2015-2017) as a basis of valuing the claims.

The methodology used to determine At Risk vehicles over time is a life cycle model that is initiated in 2017 with a stock of At Risk vehicles and statistically follows each vehicle over time. The initial stock of vehicles is obtained by analyzing Takata's inflator production data and

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PricewaterhouseCoopers' Autofacts vehicle production data. During 2017, the stock of At Risk vehicles declines due to various factors including completed recalls, accidents, and abandonments. The end of 2017 stock is reduced by these factors to yield the stock of At Risk vehicles at the end of 2018. This process is repeated every year until the vehicles reach 25 years of age.

Table S-2 provides a summary of the key forecasting results. It provides a summary of vehicles At Risk, accidents, accidents with frontal airbag deployments, and ruptures.

**Table S-2**  
**Estimated Number of Ruptures by Year (or Calendar Year Period)**

<b>Year</b>	<b>Vehicles at Risk Non-Desiccated PSAN Inflators (millions)</b>	<b>Accidents (thousands)</b>	<b>Accidents with Frontal Airbag Deployment (thousands)</b>	<b>Ruptures</b>
2017	125.2	7,386	337	351
2018	122.1	7,180	329	407
2019	118.4	6,942	319	436
2020	114.3	6,672	308	470
2021	109.6	6,369	295	509
2022-2026	92.2	5,286	249	601
2027-2031	57.9	3,234	157	542
2032-2036	25.8	1,414	72	323
2037-2041	5.7	299	17	83
Total		85,713	4,059	9,921

Note: Vehicles at Risk at the beginning of year, or beginning of period, after completed recalls and abandonments. For periods involving multiple years, annual average number of vehicles, accidents, airbag deployments, and ruptures are shown. Excludes the U.S., Puerto Rico, U.S. Virgin Islands, and Japan.

The remainder of the report describes the methodology and data sources in detail.

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## Section 1: Methodology

The model provides annual forecasts of the indemnity cost of resolving all airbag related personal injury claims filed in the United States against Takata resulting from airbag ruptures in other countries.<sup>7</sup> There are two categories of claims – pending claims (claims already filed against Takata that are unresolved as of the Petition Date<sup>8</sup>) and future claims (claims related to injuries that are anticipated to occur after the Petition Date).

### Pending Claims

There are 37 pending claims.<sup>9</sup> I assume that these claims will be all dismissed or not filed. My indemnity calculation is based on future claims only.

### Future Claims

The indemnity cost of resolving future claims requires an estimation of the annual number of claims anticipated to be filed in the future. The number of future claims depends on the number of injuries related to an airbag rupture.<sup>10</sup> The forecast of injuries is produced using a life-cycle model that identifies At Risk vehicles and follows the vehicles through their useful life, assumed to be 25 years. Each year a calculation is made for each vehicle to determine whether the vehicle is in an accident, if the accident causes an airbag deployment, if the airbag deployment results in a rupture, and if so, if the rupture causes any injuries. If none of those events occur, the vehicle is either abandoned, has a replacement of the recalled airbag, or the vehicle is aged one year and the process is repeated for the next year. The calculations are repeated each year until all remaining At Risk vehicles are older than 25 years.

Chart M-1 provides a flow chart of the methodology for forecasting future claims.

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<sup>7</sup> Claims from accidents that occurred in the U.S., Puerto Rico, the U.S. Virgin Islands and Japan are excluded from the indemnity cost estimate.

<sup>8</sup> June 25, 2017

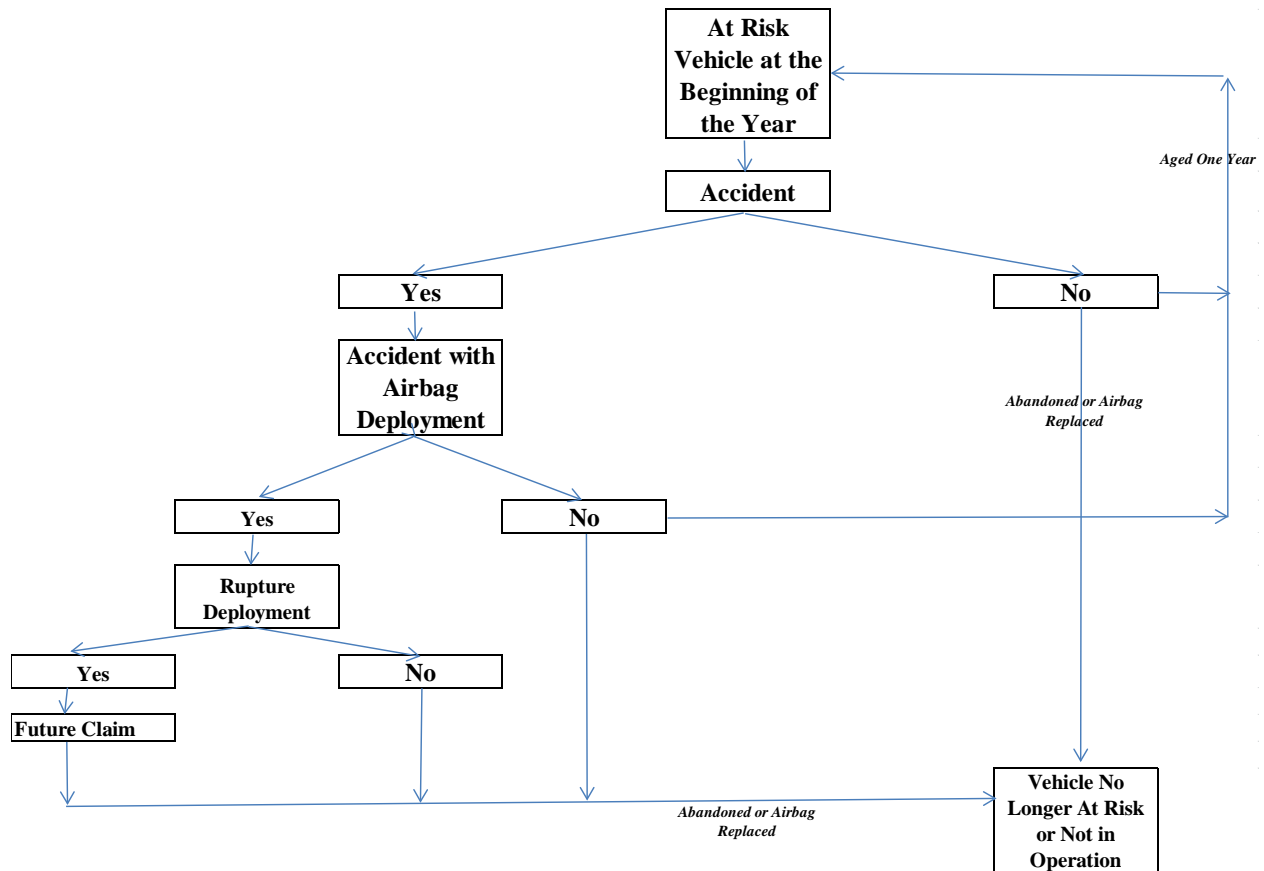
<sup>9</sup> To be precise, there are 2 open claims (already filed but pending), and 35 known, but yet-to-be-filed claims.

<sup>10</sup> Generally, the number of claims is not precisely matched to the number of injuries. Not all injured individuals will file a claim and it is likely that many individuals not injured by a ruptured airbag will nonetheless file a claim.

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Chart M-1

## Methodology for Forecasting Future Claims



A vehicle is no longer At Risk if the airbag is replaced or the vehicle is abandoned (no longer in operation). If the vehicle is repaired, it is assumed that all airbags containing recalled PSAN inflators are replaced and the vehicle is no longer At Risk. A vehicle is also considered no longer At Risk if it is involved in an accident with an airbag deployment, regardless of rupture.<sup>11</sup>

All parameters used in the forecasting model, including the rates of accident, airbag deployment, and inflator rupture, are empirically determined from data provided by Takata, government sources, or other third-party sources. Each component of the methodology is described in detail below.

<sup>11</sup> I assume that if a vehicle is involved in an accident and the airbag deploys, then the airbag is replaced with a non-Takata airbag or a desiccated Takata airbag.

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### **At Risk Vehicles**

The forecast requires the stock of At Risk vehicles in operation at the beginning of 2017. In the U.S. model, the stock was obtained through Polk registration data and vehicle descriptions provided in the various NHTSA recalls. Polk data (or its equivalent) was not available for countries outside of the U.S.

Instead, At Risk vehicles were estimated using Takata airbag production data, vehicle production data, and data on total vehicle registrations by country. The airbag production data was aggregated by the location of the manufacturing plant, year of production, and type of inflator. Appendices E and F provide summaries of the airbag production data and vehicle production data used in the calculations. The number of airbag modules sold was then converted into the number of vehicles sold with a PSAN inflator. This was done using the same overall ratio of vehicles with one airbag to vehicles with two airbags found in the United States. Finally, the stock of vehicles was lowered to account for abandonments that occurred from the time of sale to the end of 2016.

The second step was to determine how to geographically distribute the stock of vehicles calculated above. The production data was aggregated to the continent level and compared with the number of registered vehicles by continent to determine net vehicle imports and exports by continent. After accounting for imports and exports, the stock of vehicles by continent was compared to the vehicle registrations, by continent and year, to determine the stock of At Risk vehicles by country.

Table 1-1 shows the number of total vehicles, and the estimated number of vehicles that were sold with Takata airbags, at the end of 2016. The figures in the table do not account for completed recalls.

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**Table 1-1****Total Registered Vehicles and Takata "At Risk" Vehicles, End of 2016**

Continent	Registered Vehicles		Continent	Registered Vehicles	
	Total	Takata		Total	Takata
Asia			South America		
China	112	14	Brazil	50	7
India	22	3	Argentina	13	2
Indonesia	15	2	Rest of South America	11	2
Malaysia	11	1	Total, South America	74	11
Thailand	14	2			
Japan	75	9	Europe		
Iran	16	2	Germany	46	9
Russia	42	5	Italy	42	8
Saudi Arabia	9	1	France	38	8
Australia	16	2	Rest of Europe	167	34
Rest of Asia	69	8	Total, Europe	294	59
Total, Asia	400	49			
			North America <sup>1</sup>		
Africa	38	5	Mexico	32	7
			Canada	21	5
			Caribbean <sup>2</sup>	3	1
			Central America	5	1
			Total, North America	62	14
			Grand Total	867	138

<sup>1</sup> Does not include the United States<sup>2</sup> Caribbean countries include: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Montserrat, Netherlands Antilles, Saint Barthelemy, Saint Kitts & Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos Islands.



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Since the risk associated with a vehicle depends (among other things) on the type of the airbag inflator, I further differentiate among the At Risk vehicles by the inflator type.

The following is a list of all PSAN inflators with 2004 propellants considered by the model:

- Programmable Smokeless Driver Inflator (PSDI)
  - Alpha inflators (inflators manufactured in early years – generally in 2000 and 2001 – including propellants manufactured on the “Stokes Press”)
  - Beta inflators – all other PSDI inflators
  - PSDI’s are subject to OEM recall (see later)
- PSDI-4 inflators:
  - Like PSDI’s, the propellants in the PSDI-4’s are “batwing” shaped
  - PSDI-4’s are subject to OEM recall (see later)
- Non-PSDI, non-batwing inflators
  - Non-desiccated
  - Desiccated
  - These inflators are not subject to OEM recall (see later)

PSDI Alpha inflators were produced at the Moses Lake facility from approximately June 2000 through February 2001. The shape of the propellant resembled a “batwing” and it was pressed using the so-called Stokes Press, which allegedly did not have sufficient compaction force, and produced propellants that had insufficient density. These inflators are tracked separately since their rupture rate is significantly higher than the rupture rate of all other PSAN 2004 inflators including so-called PSDI Beta inflators that were produced later using different production methods.

The identification of vehicles with different types of inflators was accomplished using data on airbag module sales by type of inflator used and year of sale.

Table 1-2 shows the number of vehicles by type of inflator at the end of 2016 before accounting for completed recalls. In total, there were approximately 138 million vehicles with PSAN 2004 inflators on the road at the end of 2016. Unlike in the United States and Canada, countries with authoritative agencies have either not publicized most of their recall efforts, or have not begun to recall most of the affected types of PSAN inflators.

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**Table 1-2**  
**At Risk Vehicles at the End of 2016 by Continent and Inflator Type**

Continent	Vehicles with Non-Desiccated Inflators (millions)			Vehicles with Desiccated Inflators (millions)			Total Vehicles with PSAN Inflators
	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated 2004	Total	Desiccated 2004	2004L Propellant	
Africa	0.0	0.1	4.5	4.5	0.0	1.5	6.1
Asia	0.2	0.9	47.6	48.7	0.4	21.0	70.2
Europe	0.0	0.2	58.1	58.2	0.8	15.1	74.1
North America	0.2	0.3	11.9	12.4	1.7	7.0	21.0
South America	0.0	0.0	10.3	10.4	0.3	4.2	14.9
Total	0.5	1.5	132.3	134.3	3.2	48.7	186.3

Note: Excludes U.S., Puerto Rico, and the U.S. Virgin Islands.

Takata, the OEMs, and other government agencies have recognized that temperature and humidity affect the probability of rupture and have created geographic areas to differentiate higher and lower risk areas. These areas are called Zones. Appendix C provides various maps with the four Takata Zones used worldwide.<sup>12</sup> In the United States, I distinguish Florida from the rest of the states in Zone 1, and in the international forecast, I make a similar distinction for regions and countries with extremely high humidity.<sup>13</sup> The term Zone used in this report refers to the four geographic areas identified by Takata (Zones 1 through 4) plus regions and countries with extremely high humidity (Zone 0). Some countries have regions that fall into different zones. In those cases, the vehicle stock of the country was split between the different humidity zones in the proportion of their population, and the zones within a country were modeled separately.

Table 1-3 is similar to Table 1-2, except that it shows the number of vehicles with PSAN inflators by humidity Zone. As in Table 1-2, the figures account for abandonments, but not for completed recalls.

<sup>12</sup> Zone 1 is the highest risk Zone and accounts for the overwhelming share of the ruptures recorded to date. The higher the number of the zone the lower the risk.

<sup>13</sup> A region or country with Average Absolute Humidity higher than 20g/m<sup>3</sup> were re-classified as Zone 0. All the re-classified regions and countries were originally classified as Zone 1. All the Caribbean countries were re-classified as Zone 0.

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**Table 1-3****At Risk Vehicles at the End of 2016 by Zone and Inflator Type**

Continent	Vehicles with Non-Desiccated Inflators (millions)				Vehicles with Desiccated Inflators (millions)			Total Vehicles with PSAN Inflators
	PSDI Alpha	PSDI Beta	Non-PSDI Desiccated 2004	Total	Desiccated 2004	2004L Propellant	Total	
Zone 0	0.0	0.0	0.3	0.3	0.0	0.2	0.2	0.5
Zone 1	0.1	0.4	21.1	21.6	0.7	9.4	10.1	31.6
Zone 2	0.1	0.3	20.7	21.1	0.4	7.9	8.3	29.4
Zone 3	0.1	0.4	34.2	34.7	0.8	12.8	13.6	48.3
Zone 4	0.2	0.5	56.0	56.7	1.3	18.5	19.7	76.4
Total	0.5	1.5	132.3	134.3	3.2	48.7	52.0	186.3

Note: Excludes U.S., Puerto Rico, and the U.S. Virgin Islands.

**Completed Recalls**

Currently, OEMs have begun voluntary recalls on certain PSAN inflators in more humid environments.<sup>14</sup> Unlike in the United States, most countries do not have a government agency that is requiring the recalls and overseeing the progress of the OEMs to repair At Risk vehicles. The OEMs have not provided Ankura with recall and repair data for vehicles internationally, and government agencies in other countries have not dedicated as much time or resources to initiating and tracking recalls and completion rates. Because of this, assumptions had to be made regarding which inflators would be recalled and the completion rates of those recalls.

Outside the U.S., there are no large-scale government mandated recalls (with a few exceptions) - they are recalls initiated by OEMs to deal with the inflators most likely to result in a rupture.<sup>15</sup>

<sup>14</sup> News articles have covered some OEMs' voluntary recall efforts made in other countries.

<sup>15</sup> The studies I looked at include (1) "Safety Recalls Completion", NHTSA & SAE International, retrieved from: <http://www.sae.org/events/gim/presentations/2012/timian.pdf>, (2) "Recall Completion Rates Steadily Improving", WardsAuto, retrieved from <http://wardsauto.com/print/industry/recall-completion-rates-steadily-improving?page=1>, (3) "Completion Rates vary Depending on the Age of the Vehicle Recalled", Auto Alliance, retrieved from <https://autoalliance.org/safety/recalls>, (4) Stout Risius Ross study, presented at the 4th Annual Automotive Industry Warranty and Recall Symposium, (5) Peoples, A. (n.d.). *Manufacturers' Guide to Recalls in the UK Automotive Sector*. In *Driver & Vehicle Standards Agency*. Retrieved from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/302389/manufacturers-guide-to-recalls-in-the-uk-automotive-sector.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302389/manufacturers-guide-to-recalls-in-the-uk-automotive-sector.pdf), (6) Greimel, H. Automotive News. Japan's laws, attitude help recalls work better. Retrieved from <http://www.autonews.com/article/20141221/OEM11/312229958/japans-laws-attitude-help-recalls-work-better>, and (7) Peoples, A. (2013, May 15). Vehicle & Operator Services Agency. Improving Recall Response Rates. Retrieved from <http://citainsp.org/wp-content/uploads/2016/02/PS4-P1fPPT-Alastairs-people.pdf>

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In the U.S. the eventual completed recall rate varies by OEM – approximately 70-85% for Honda and 55% on average for all other OEMs.

I assumed that outside of the U.S., the only inflators recalled and replaced are those with “batwing” shaped propellants.<sup>16</sup> That includes PSDI and PSDI-4 inflators. Recall completion rates vary by continent, but all completed recalls are expected to occur between a 3-year period starting in 2017 and ending in 2019.

Table 1-4 shows the assumed future recall completion rates, by continent.

**Table 1-4**  
**Recall Completion Rates For "Batwing" Propellants**  
**by Continent**

Continent	2017	2018	2019 and after
North and Central America	45%	65%	80%
South America	28%	41%	50%
Europe	53%	77%	95%
Asia	45%	65%	80%
Africa	14%	20%	25%

#### **Vehicle Abandonment Rates**

Abandonment rates are not available outside of the U.S. The international model relies on U.S. abandonment rates computed from Polk registration data. Using Polk registration data for the years 2014, 2015 and 2016, the change in the number of registered vehicles from 2014 to 2015 and from 2015 to 2016 was calculated for each model-year. The change in registrations by model-year was then divided by the prior year stock of vehicles to yield an abandonment rate by the age of the vehicle. As expected, the calculation shows that the annual rate of abandonment increases as vehicle age increases.

Table 1-5 shows the U.S. vehicle abandonment rates by groups of five years. Appendix D shows the full table by single year of age.

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<sup>16</sup> This assumption is based on verbal communication with the Takata EMEA Engineering team.

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**Table 1-5**  
**Vehicle Abandonment Rates by Vehicle Age**

<u>Vehicle Age Group</u>	<u>Average Annual Abandonment Rate<sup>1</sup></u>	<u>Remaining Vehicles (End Age of Group)</u>
Age 5 and Younger	0.58%	96.55%
Age 6 to 10	2.15%	86.61%
Age 11 to 15	6.49%	61.88%
Age 16 to 20	11.24%	34.09%
Age 21 to 25	11.36%	18.65%

<sup>1</sup>Calculated by averaging the annual abandonment rates within each age group

### **Accidents and Frontal Airbag Deployments**

Of course, not all At Risk vehicles will experience an accident and the deployment of an airbag. This section describes the data sources and methodology used to estimate the number and timing of accidents involving At Risk vehicles with a resulting deployment of a frontal airbag. The methodology has three steps:

- Determining whether the vehicle is in an accident in any given year;
- If so, whether any of the frontal airbags deployed during the accident;
- If there was an airbag deployment was it a driver airbag, a passenger airbag or both.

### **Probability of Being in an Accident**

The accident rates used in the international model vary based on continent and the country's income level. Due to the lack of information and data available on accidents in most countries, road fatalities were used as a proxy to modify the observed accident rate in the United States. Fatality rates published by the World Health Organization ("WHO") were used to determine road fatalities.<sup>17</sup>

The WHO report provides an estimate of the total number of road fatalities and the percent of those by each mode of transportation (motorcycles, passenger vehicles, trucks, buses, pedestrians). Using this information, the total number of fatalities was divided by registered vehicles in the country. This ratio was then compared to the same ratio for the U.S. to allow for variations in accident rates across countries.

It is clear that the ratio of road fatalities to vehicle registrations varies by country, but a significant portion of the variation can be explained by the relative income level of the countries.

<sup>17</sup> Source: "The Global Status Report on Road Safety 2015," World Health Organization

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For this reason, countries within a continent were grouped according to relative income levels – high, middle and low.<sup>18</sup> All accident rate calculations are made at this level.<sup>19</sup>

Table 1-6 shows the accident rates used by the model.

**Table 1-6**  
**Accident Rates by Continent and Country's Income Level**

Continent / Income Level	Accident Rate	Relative Accident Rate (North America / High Income = 1.00)
North and Central America		
High Income Country	4.25%	1.00
Middle Income Country	5.95%	1.40
South America		
High Income Country	5.95%	1.40
Middle Income Country	8.33%	1.96
Europe		
High Income Country	4.25%	1.00
Middle Income Country	5.95%	1.40
Asia		
High Income Country	5.95%	1.40
Middle Income Country	8.33%	1.96
Low Income Country	11.66%	2.74
Africa		
Middle Income Country	8.33%	1.96
Low Income Country	11.66%	2.74

To forecast the number of Takata airbag deployments, it must be noted that some of the At Risk Vehicles have a Takata inflator only in the driver-side airbag, others only in the passenger-side airbag, and yet others in both airbags. In addition, it also must be taken into account that a passenger is not always present in the vehicle, and in those cases, the passenger-side airbag would not deploy, no matter how serious is the accident.<sup>20</sup>

<sup>18</sup> The classification was based on the countries' Gross National Income (GNI) level reported in "The Global Status Report on Road Safety 2015," by the World Health Organization

<sup>19</sup> Due to reporting and definitional issues, the ratio of road fatalities to registered vehicles is very volatile across countries. Because of this, the direct results of the fatality ratio are often somewhat modified before being used in the forecast.

<sup>20</sup> There is a sensor built in the front seats that senses whether anyone is sitting there. Airbags would only deploy in case the vehicle "understands" that there is someone sitting on the seat behind the airbag.

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International data on airbag deployments was not available. Therefore, I relied on the FARS/GES database, as I did in my analysis for the U.S.<sup>21</sup> I considered frontal airbag deployments only, and calculated separate rates for driver-side and passenger-side deployments.

Table 1-7 shows the airbag deployment rate for the driver airbag and the passenger airbag used in the model. The probability of a driver-side airbag deployment is significantly higher than that of a passenger-side deployment, mainly because frequently there are no passengers in the vehicle.

**Table 1-7**  
**Airbag Deployment Rates by Occupant Location**  
(Counts in Millions)

<u>Occupant Location</u>	<u>Total Airbag Deployments</u>	<u>Total Accidents</u>	<u>Deployment Rate</u>
Driver	1.90	32.16	5.92%
Passenger	0.35	32.16	1.09%
 Total/Average	 2.25	 64.31	 3.50%

Source: FARS GES Database 2013, 2014, & 2015

### Defective Deployments

Not every deployment of a Takata airbag results in a rupture. Indeed, the probability of a rupture is very low. The next step in the analysis was to determine the appropriate rupture rate. The rupture rates used in the model rely on the analysis of the Master Engineering Analysis File (“MEAF”), Takata’s inflator testing database. Analysis of the MEAF data has clearly shown that the rupture rate depends on a number of characteristics of the inflator. I identified four key characteristics that must be accounted for in the forecast:

- 1.) Age of the Vehicle
- 2.) Geographic Risk Zone
- 3.) Type of Inflator
- 4.) Vehicle Platform (Small-Size vs Large-Size)

Table 1-8 through 1-12 provides a summary of the rupture rates used in the forecast for vehicles in Zones 0 through 4. Since the only ballistic test data I had access to was based on U.S. vehicles (the “MEAF” data), I used the U.S. rupture rates for my forecast.

<sup>21</sup> Source: NHTSA’s National Automotive Sampling System General Estimates Systems “Person” datafile, 2013-2015

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**Table 1-8**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 0**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.4%	0.4%	0.3%	0.0%
9	0.6%	0.6%	0.4%	0.1%
10	1.4%	1.4%	1.0%	0.0%
11	1.7%	1.7%	1.2%	0.1%
12	4.9%	3.2%	1.2%	0.1%
13	6.6%	3.2%	1.9%	0.3%
14	10.0%	3.2%	2.2%	0.4%
15	51.6%	3.2%	2.5%	0.5%
16	57.7%	3.8%	2.9%	0.5%
17	57.7%	4.3%	3.2%	0.6%
18	57.7%	4.9%	3.5%	0.7%
19	57.7%	5.4%	3.8%	0.7%
20	57.7%	6.0%	4.2%	0.8%
21	57.7%	6.5%	4.5%	0.9%
22	57.7%	7.1%	4.8%	0.9%
23	57.7%	7.6%	5.1%	1.0%
24	57.7%	8.2%	5.5%	1.1%
25	57.7%	8.7%	5.8%	1.1%



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**Table 1-9**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 1**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.3%	0.3%	0.2%	0.0%
9	0.2%	0.2%	0.2%	0.0%
10	0.4%	0.4%	0.3%	0.0%
11	0.7%	0.7%	0.5%	0.0%
12	2.3%	2.0%	0.3%	0.0%
13	2.7%	2.0%	0.7%	0.1%
14	3.4%	2.0%	0.8%	0.1%
15	17.5%	2.0%	0.9%	0.1%
16	35.3%	2.3%	1.0%	0.1%
17	35.3%	2.6%	1.1%	0.1%
18	35.3%	2.9%	1.2%	0.1%
19	35.3%	3.2%	1.3%	0.1%
20	35.3%	3.5%	1.4%	0.2%
21	35.3%	3.8%	1.5%	0.2%
22	35.3%	4.1%	1.6%	0.2%
23	35.3%	4.3%	1.7%	0.2%
24	35.3%	4.6%	1.8%	0.2%
25	35.3%	4.9%	1.9%	0.2%

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**Table 1-10**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 2**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.0%	0.0%	0.0%	0.0%
9	0.1%	0.1%	0.1%	0.0%
10	0.1%	0.1%	0.1%	0.0%
11	0.1%	0.1%	0.1%	0.0%
12	0.1%	0.1%	0.1%	0.0%
13	1.8%	0.3%	0.1%	0.0%
14	2.1%	0.4%	0.1%	0.0%
15	3.1%	0.5%	0.1%	0.0%
16	9.6%	0.7%	0.1%	0.0%
17	9.6%	0.8%	0.1%	0.0%
18	9.6%	0.9%	0.1%	0.1%
19	9.6%	1.1%	0.1%	0.1%
20	9.6%	1.2%	0.1%	0.1%
21	9.6%	1.3%	0.1%	0.1%
22	9.6%	1.5%	0.1%	0.1%
23	9.6%	1.6%	0.1%	0.1%
24	9.6%	1.7%	0.1%	0.1%
25	9.6%	1.9%	0.1%	0.1%

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**Table 1-11**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 3**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.0%	0.0%	0.0%	0.0%
9	0.0%	0.0%	0.0%	0.0%
10	0.0%	0.0%	0.0%	0.0%
11	0.0%	0.0%	0.0%	0.0%
12	0.0%	0.1%	0.0%	0.0%
13	1.1%	0.2%	0.0%	0.0%
14	1.1%	0.3%	0.0%	0.0%
15	1.2%	0.3%	0.0%	0.0%
16	1.4%	0.4%	0.1%	0.0%
17	1.4%	0.5%	0.1%	0.0%
18	1.4%	0.6%	0.1%	0.1%
19	1.4%	0.7%	0.1%	0.1%
20	1.4%	0.8%	0.1%	0.1%
21	1.4%	0.8%	0.1%	0.1%
22	1.4%	0.9%	0.1%	0.1%
23	1.4%	1.0%	0.1%	0.1%
24	1.4%	1.1%	0.1%	0.1%
25	1.4%	1.2%	0.1%	0.1%

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**Table 1-12**  
**Rupture Rates By Inflator Type, Vehicle Age, Platform Type**  
**Zone 4**

Age	PSDI Alpha	PSDI Beta	Non-PSDI Non-Desiccated small platform	Non-PSDI Non-Desiccated large platform
8	0.0%	0.0%	0.0%	0.0%
9	0.1%	0.1%	0.0%	0.0%
10	0.1%	0.1%	0.0%	0.0%
11	0.1%	0.1%	0.0%	0.0%
12	0.1%	0.1%	0.0%	0.0%
13	1.1%	0.2%	0.0%	0.0%
14	1.1%	0.3%	0.0%	0.0%
15	1.2%	0.4%	0.1%	0.0%
16	1.4%	0.5%	0.1%	0.0%
17	1.4%	0.6%	0.1%	0.0%
18	1.4%	0.7%	0.1%	0.1%
19	1.4%	0.8%	0.1%	0.1%
20	1.4%	0.9%	0.1%	0.1%
21	1.4%	1.0%	0.1%	0.1%
22	1.4%	1.1%	0.1%	0.1%
23	1.4%	1.2%	0.1%	0.1%
24	1.4%	1.3%	0.1%	0.1%
25	1.4%	1.4%	0.1%	0.1%

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## Section 2: Valuation of Claims Against Takata – Number of Claims, Types of Injury, Dismissal Rates, Average and Total Indemnity

Through October 2017, 598 claims were filed or known, alleging injury from defective Takata airbags. Table 2-1 shows the number of claims by geographic origin and by status.<sup>22</sup>

**Table 2-1**  
**Filed or Known Claims to Date By Location and Status**

Location	Total Filed Claims					Unfiled Claims	Total All Claims	
	Settled	Dismissed	Open	Total Filed Claims			Number	Percent
				Number	Percent			
U.S.	130	102	105	337	91.8%	189	526	88.0%
Puerto Rico	12	0	1	13	3.5%	7	20	3.3%
Malaysia/Thailand	4	2	1	7	1.9%	5	12	2.0%
South America	1	0	1	2	0.5%	10	12	2.0%
Other	0	2	0	2	0.5%	11	13	2.2%
Unknown	5	1	0	6	1.6%	9	15	2.5%
Total	151	108	108	367	100.0%	231	598	100.0%

As shown by Table 2-1, the great majority of the claims resulted from accidents that occurred in the U.S. or Puerto Rico. Less than 5% of the already filed claims resulted from accidents at places other than the U.S. and Puerto Rico. When including unfiled claims, the international proportion is still less than 10%.

Of the 52 claims filed or known that resulted from international accidents, 15 were resolved. Of these, 10 resulted in pay, 5 were dismissed without pay. The total amount paid by all Defendants for the 10 claims was approximately \$3.8 million, and the amount paid by Takata was approximately \$2.1 million.

Table 2-2 shows the pattern of claims according to the alleged defect, separately for the U.S., and internationally.

<sup>22</sup> Unfiled claims are known, but yet-to-be filed claims. They have three possible origins: (a) the claim was filed against one or multiple OEMs but not against Takata, (b) a plaintiff law firm notified Takata about a potential claim that has not been filed yet, and (c) NHTSA notified Takata about a rupture but no claim has been filed yet.

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**Table 2-2**  
**Claims by Type of Defect and Origin**

Alleged Defect	All Claims		Settled Claims	
	U.S. and Puerto Rico	International	U.S. and Puerto Rico	International
Aggressive Deployment	39	2	10	2
Deployment Malfunction	17	0	1	0
Failure to Deploy	37	1	3	0
Fire	2	0	2	0
Confirmed Rupture	166	30	100	4
Unconfirmed Rupture	109	7	22	1
Unknown	176	12	4	3
<b>Total</b>	<b>546</b>	<b>52</b>	<b>142</b>	<b>10</b>

"Unknown" includes "non rupture" and unknown

With respect to the alleged defect, the mix of international claims is similar to the mix of U.S. claims. A large percent of the total has a confirmed rupture, both in the U.S. as well as in other places of the world. In fact, the international percent is higher, when considering all claims. Since the total number of paid claims outside of the U.S. is rather small, the calculated proportion of confirmed ruptures is probably unreliable.

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**Table 2-3**  
**Claims by Type of Injury and Origin**

Alleged Defect	All Claims		Settled Claims	
	U.S. and Puerto Rico	International	U.S. and Puerto Rico	International
Loss of Vision				
One Eye	13	1	9	1
Both Eyes	1	1	1	1
Subtotal, Loss of Vision	14	2	10	2
Fatality	19	4	13	1
Traumatic Brain Injury (TBI)	5	0	2	0
Other Types of Injury				
Low	113	19	41	3
Moderate	99	5	37	1
Serious/Severe	54	1	29	0
Subtotal, Other	266	25	107	4
Unknown	242	21	10	3
Total	546	52	142	10

Table 2-3 shows the pattern of claims according to the alleged injury, separately for the U.S. and internationally. The distribution of cases by injury type is similar to what one expects to see in other mass tort cases; relatively few of the cases involve fatalities or very serious injuries (i.e., loss of vision, and TBI); only 38 out of 546 total cases in the U.S. and only 6 out of 52 total cases internationally.

Takata provided a spreadsheet that listed the confirmed field ruptures worldwide by event year and country. Table 2-4 shows the number of historical ruptures, as provided by Takata, along with the ruptures predicted by the model for historical years. From these, I also calculated the implied recording percentages, by country. Clearly, in most countries, the ruptures appear to be underreported.

**Table 2-4**  
**Recorded Ruptures and Predicted Ruptures, by Country**

Continent	Recorded PSAN Ruptures 2003-2017	Ruptures Predicted by Model 2015-2016	Recording Percentage
Asia			
China	0	72	0%
India	2	49	4%
Indonesia	0	32	0%
Malaysia	10	28	36%
Thailand	1	28	4%
Japan	7	19	36%
Iran	0	13	0%
Russia	0	10	0%
Saudi Arabia	3	10	29%
Australia	1	7	15%
Rest of Asia	6	53	11%
Total, Asia	30	321	9%
Africa	0	17	0%
North America <sup>1</sup>			
Mexico	2	53	4%
Canada	0	7	0%
Caribbean	0	24	0%
Central America	2	19	11%
Total, North America	4	103	4%
South America			
Brazil	12	25	48%
Argentina	0	2	0%
Rest of South America	0	3	0%
Total, South America	12	29	41%
Europe			
Germany	0	4	0%
Italy	1	4	25%
France	0	3	0%
Rest of Europe	7	15	45%
Total, Europe	8	27	30%
Total	54	497	11%

<sup>1</sup> Does not include the United States



Table 2-5 shows the same information as Table 2-4, but the countries are aggregated to continents for presentation purposes.

**Table 2-5**  
**Recorded Ruptures and Predicted Ruptures, by Continent**

	2015 to 2016		
Continent	Recorded Ruptures	Predicted Ruptures	Recording Percentage
Asia	23	302	8%
Africa	-	17	0%
Europe	8	27	30%
South America	12	29	41%
North America	4	103	4%
Total/Average	47	477	10%

Asia excludes Japan

North America excludes the U.S., Puerto Rico and the U.S. Virgin Islands

Recording percentages computed separately for each country and aggregated for presentation purposes

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### Section 3: Calculation of Total Indemnity Cost

Outside of the U.S., there are 37 pending claims (2 open and 35 known but yet-to-be-filed claims). I assume that these claims will be all dismissed or not filed. My indemnity calculation is based on future claims only.

The starting point of the indemnity cost calculation is a forecast of future ruptures, by year, by country. Not every rupture will become a compensable claim, because (a) they may not be recorded, and (b) they may not get filed.

I calculate the recording rate for ruptures by country. I estimate the historical recording rate from a comparison of the historical number of recorded ruptures<sup>23</sup> to the number of ruptures that the forecast model predicts. As presented in Table 2-4 above, I estimate that only about 10% of non-U.S. ruptures are actually recorded. I assume that the historical recording percentages by country will continue to hold in the future.

The probability of filing a claim (the propensity to sue) is not available for events outside of the U.S. While most analysts assume that the non-U.S. propensity to sue is very low relative the U.S., I am not aware of any specific data base that would allow me to determine the non-U.S. propensity to sue with precision. Rather, I rely on much less precise anecdotal information such as the propensity to sue for asbestos related disease and other smaller mass torts. Ultimately, I assume that the propensity to sue is 30% for North America (excluding the U.S.); 10% for Europe and South America, 5% for Asia and 0% elsewhere.

As in the U.S., I assume that individuals will file claims for alleged defects other than ruptures. I rely on the U.S. ratio of non-rupture claims to claims alleging a rupture.<sup>24</sup>

In summary, I calculate the number of future compensable claims by year and by country as follows:

- The number of forecasted ruptures multiplied by
- the historical recording rate multiplied by
- the propensity to sue multiplied by
- the U.S. ratio of total compensable claims over compensable rupture claims.

Next, I determine the average indemnity paid for compensable claims in different countries. The basis for that is the average amount paid in the U.S. for recently (in 2015 or after) settled claims,

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<sup>23</sup> Takata provided a spreadsheet to me that listed the confirmed field ruptures worldwide by event year and country.

<sup>24</sup> The ratio of the number of compensable non-rupture claims to the number of compensable rupture claims in the U.S. is approximately 0.65.

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modified by the country's per capita Gross National Income (GNI) relative to the U.S.<sup>25,26</sup> Table 3-1 shows the relative per capita GNI's for select countries.

**Table 3-1**  
**Gross National Income Per Capita Relative to U.S.**

<u>Continent</u>	<u>Percent of U.S. Income per Capita</u>	<u>Continent</u>	<u>Percent of U.S. Income per Capita</u>
Asia		South America	
China	14%	Brazil	18%
India	3%	Argentina	22%
Indonesia	6%	Rest of South America	<u>20%</u>
Malaysia	19%	Total, South America	20%
Thailand	10%		
Japan	70%	Europe	
Iran	n/a	Germany	83%
Russia	n/a	Italy	59%
Saudi Arabia	43%	France	73%
Australia	109%	Rest of Europe	<u>54%</u>
Rest of Asia	<u>20%</u>	Total, Europe	67%
Total, Asia	20%		
Africa	n/a	North America <sup>1</sup>	
		Mexico	18%
		Canada	85%
		Caribbean <sup>2</sup>	18%
		Central America	<u>18%</u>
		Total, North America	35%

<sup>1</sup> Does not include the United States

<sup>2</sup> Caribbean countries include: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Montserrat, Netherlands Antilles, Saint Barthelemy, Saint Kitts & Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos Islands.

Table 3-2 shows the number of estimated actual ruptures, recorded ruptures, and total compensable claims, by continent. The total estimated worldwide future ruptures (excluding the U.S. and Japan) is 9,921. Adjusting by the worldwide average recording percentage results in 1,689 recorded ruptures. Further adjusting by the worldwide average propensity to sue leaves

<sup>25</sup> The average indemnity paid in the U.S. for recently (in 2015 or after) settled claims is approximately \$1.0 million by Takata alone, and approximately \$1.6 million by all Defendants.

<sup>26</sup> Source: "World Development Indicators (2016), GNI per capita, Atlas method", The World Bank; retrieved from <https://data.worldbank.org/indicator/NY.GNP.PCAP.CD>

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about 160 compensable rupture claims, and 264 total compensable claims (including ruptures and non-ruptures). For comparison, I expect over 700 future compensable rupture claims in the U.S.

**Table 3-2**  
**Summary of Future Claims**

Continent	Estimated Future Ruptures	Recorded Ruptures		Propensity to Sue	Total Compensable Claims
		Number	Percent of Total for Continent		
Asia	4,789	363	7.6%	5.0%	30
Africa	571	0	0.0%	0.0%	0
Europe	1,070	320	29.9%	10.0%	53
South America	2,325	959	41.3%	10.0%	158
North America	1,166	46	3.9%	30.0%	23
Total/Average	9,921	1,689	17.0%	9.5%	264

Asia excludes Japan; North America excludes U.S., Puerto Rico and the U.S. Virgin Islands

Country-by-country, future recording percentages are assumed to be the same as historical recording percentages.

However, for the average recording percentage for the whole continent, the future rate diverges from the historical rate, because future ruptures by country are not distributed the same as during the historical period.

To calculate total indemnity costs, I assume that future payments will increase annually by a 2.5% rate of inflation. Finally, net present values are calculated with a 3.5% nominal discount rate (1% real discount rate).

As described above, compensable claims are valued at the average indemnity, which differs country-by-country. Table 3-3 shows the total indemnity costs, both using the average indemnity paid by all Defendants and those paid by Takata alone. Indemnity costs are shown both in nominal and in net present value terms.

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**Table 3-3**  
**Summary of Future Claims Valuation**  
(\$ Millions)

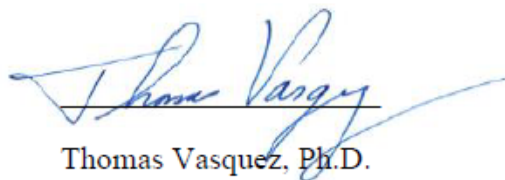
Continent	Total All Defendant Indemnity		Total Takata Indemnity	
	Nominal	NPV	Nominal	NPV
Asia	\$13.4	\$9.8	\$8.8	\$6.4
Africa	\$0.0	\$0.0	\$0.0	\$0.0
Europe	\$62.5	\$42.9	\$40.7	\$28.0
South America	\$63.3	\$42.1	\$41.3	\$27.4
North America	\$7.7	\$6.2	\$5.0	\$4.1
Total	\$147.0	\$101.0	\$95.8	\$65.9

Inflation rate: 2.50%

Real Discount Rate: 1.00%

Asia excludes Japan; North America excludes U.S., Puerto Rico and the U.S. Virgin Islands

The nominal amount to be paid by all Defendants to resolve future worldwide (excluding the U.S./ and Japan) liabilities is approximately \$150 million. Of this, the nominal amount to be paid by Takata alone is approximately \$100 million.



Thomas Vasquez, Ph.D.

January 23, 2018

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## **Appendix A: Constructing the Takata Claimant Database**

Takata and their counsel provided five separate databases that were used to construct a single claimant database that includes all the administrative, resolution, medical and incident information available for the processing and evaluation of the claim. The five separate databases are listed in Table A-1

**Table A-1**  
**Company/Counsel Original Databases Used to**  
**Construct Takata Claimant Database**

- 1.) PI Cases and Claims (12.26.16) - Filed Claims
- 2.) PI Cases and Claims (12.26.16) - Unfiled Claims
- 3.) Settlements (12.26.16)
- 4.) Closed Files
  - Settled
  - Resolved without payment
- 5.) Master ED List - 11-30-2016
- 6.) Seat Belt Cases

Three additional steps were required to complete the claimant database used for my analysis and forecast. First, I eliminated duplicate claimants – those claimants that appeared on more than one of the five databases. Second, certain entries were clearly erroneous and these were corrected. Finally, certain variables were created to facilitate the analysis and forecasting methodology. Table A-2 provides a list of the constructed variables that were ultimately used in the analysis.

**Table A-2**  
**Newly Created Variables Used in Analysis**

octupdate\_defect\_final  
octupdate\_injury\_final  
octupdate\_closed\_year\_final  
takata\_amount\_10\_8\_2017  
honda\_amount\_10\_8\_2017  
status\_final\_10\_8\_2017  
accident\_year\_final\_10\_8\_2017  
filed\_year\_final\_10\_8\_2017  
venue\_final\_10\_8\_2017  
rupture\_flag  
venue\_flag

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## Appendix B: Materials Relied Upon

### Abandonment and Recall

- IHS Markit (R.L. Polk) Vehicle Registration data, 2014-2016
- “Recall Population”, Takata, 2016. (Project Bag Production Population Workbook 2016921.xlsx)
- “An International Comparative Study of End-of-Life Vehicle (ELV) Recycling systems”, Sakai, S., et al., August 2013. Retrieved from <https://link.springer.com/article/10.1007/s10163-013-0173-2>
- “Global Recall Matrix”, Takata. 2017. (Global\_Recall\_Matrix\_Working\_Version1.xlsx)
- “Manufacturers’ Guide to Recalls in the UK Automotive Sector. In Driver & Vehicle Standards Agency.” Peoples, A. Retrieved from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/302389/manufacturers-guide-to-recalls-in-the-uk-automotive-sector.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302389/manufacturers-guide-to-recalls-in-the-uk-automotive-sector.pdf)
- “Japan's laws, attitude help recalls work better.” Greimel, H. Automotive News. Retrieved from <http://www.autonews.com/article/20141221/OEM11/312229958/japans-laws-attitude-help-recalls-work-better>
- “Vehicle & Operator Services Agency. Improving Recall Response Rates”. Peoples, A. May 2013. Retrieved from <http://citainsp.org/wp-content/uploads/2016/02/PS4-P1fPPT-Alastairs-people.pdf>
- “Recall Completion Rates Steadily Improving”, WardsAuto. Retrieved from <http://wardsauto.com/print/industry/recall-completion-rates-steadily-improving?page=1>
- “Completion Rates vary Depending on the Age of the Vehicle Recalled”, Auto Alliance. Retrieved from <https://autoalliance.org/safety/recalls>
- “4th Annual Automotive Industry Warranty and Recall Symposium”, Stout Risius Ross study. Retrieved from <https://societyofautomotiveanalysts.wildapricot.org/resources/Pictures/SRR%20Warranty%20Recall%20Symposium%20Slides.pdf>
- “Safety Recalls Completion”, NHTSA & SAE International. Retrieved from <http://www.sae.org/events/gim/presentations/2012/timian.pdf>

### Accident Rate and Airbag Deployment Rates

- “Global Status on Road Safety 2015”, World Health Organization. Retrieved from: [http://www.who.int/violence\\_injury\\_prevention/road\\_safety\\_status/2015/en/](http://www.who.int/violence_injury_prevention/road_safety_status/2015/en/)
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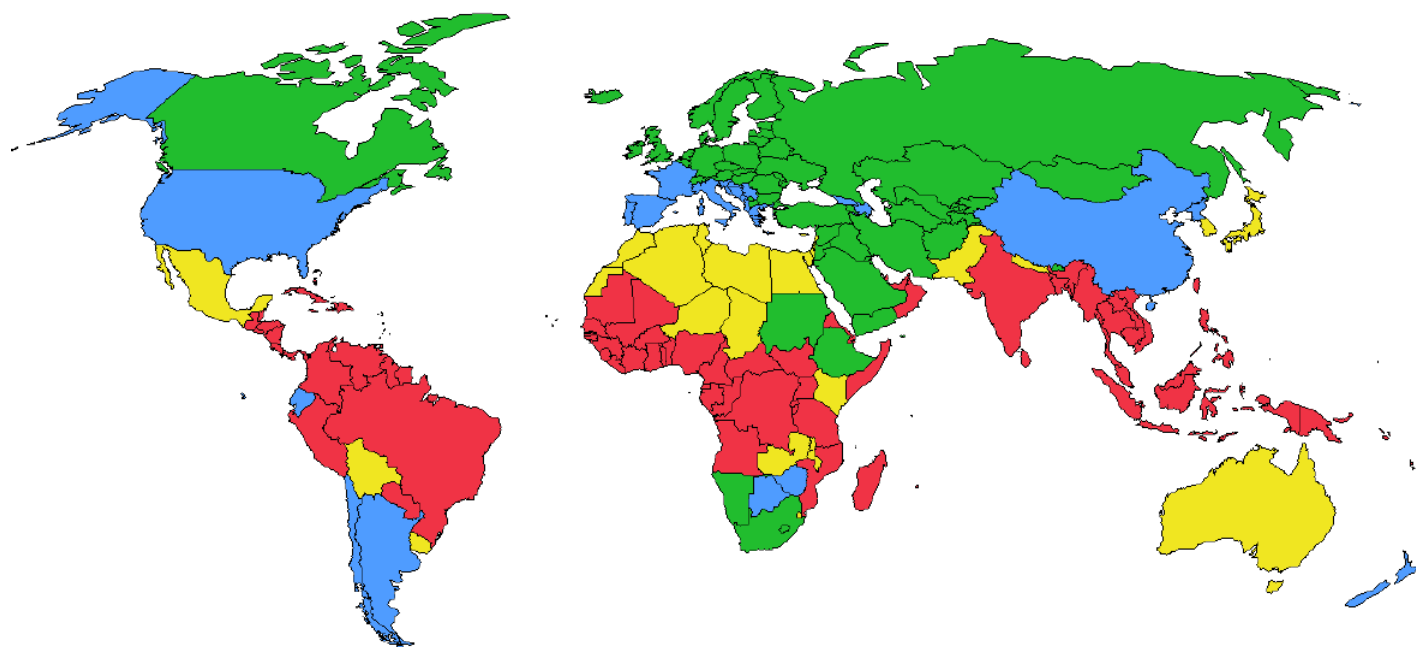
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### Appendix C: Takata Risk Zones, based on Average Absolute Humidity

#### C-1 World

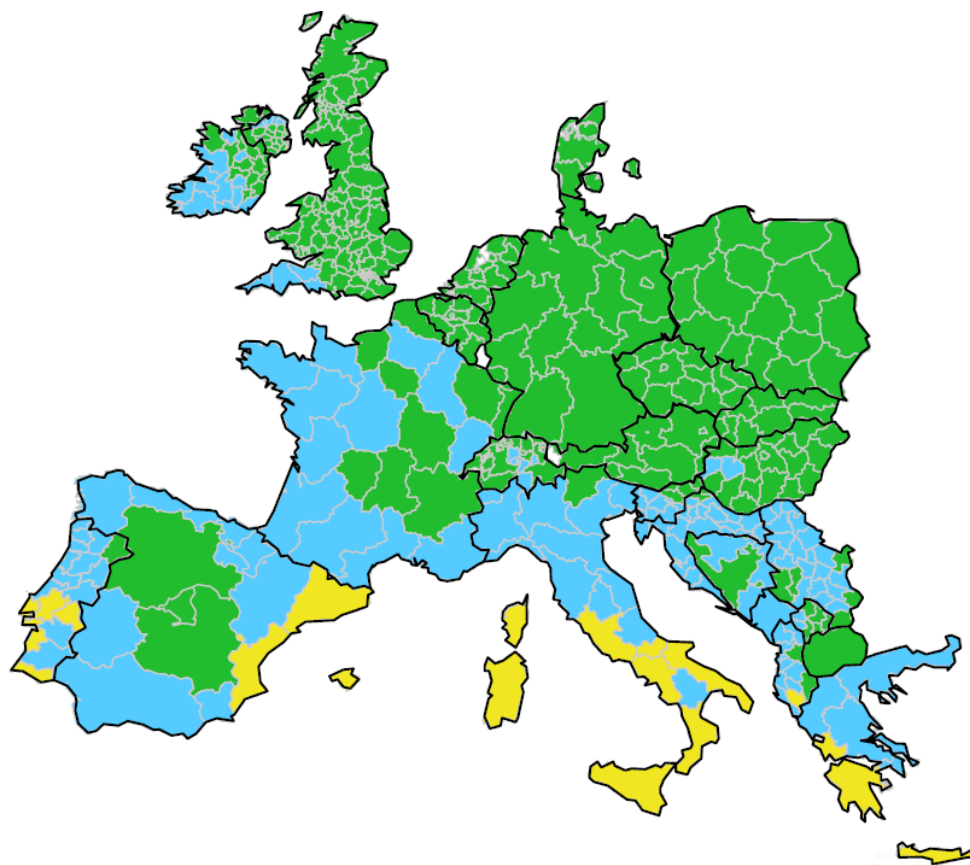


#### AH Zone

- Zone 1 (AH > 13 g/m<sup>3</sup>)
- Zone 2 (AH = 10-13 g/m<sup>3</sup>)
- Zone 3 (AH = 8-10 g/m<sup>3</sup>)
- Zone 4 (AH < 8 g/m<sup>3</sup>)

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### C-2 Europe

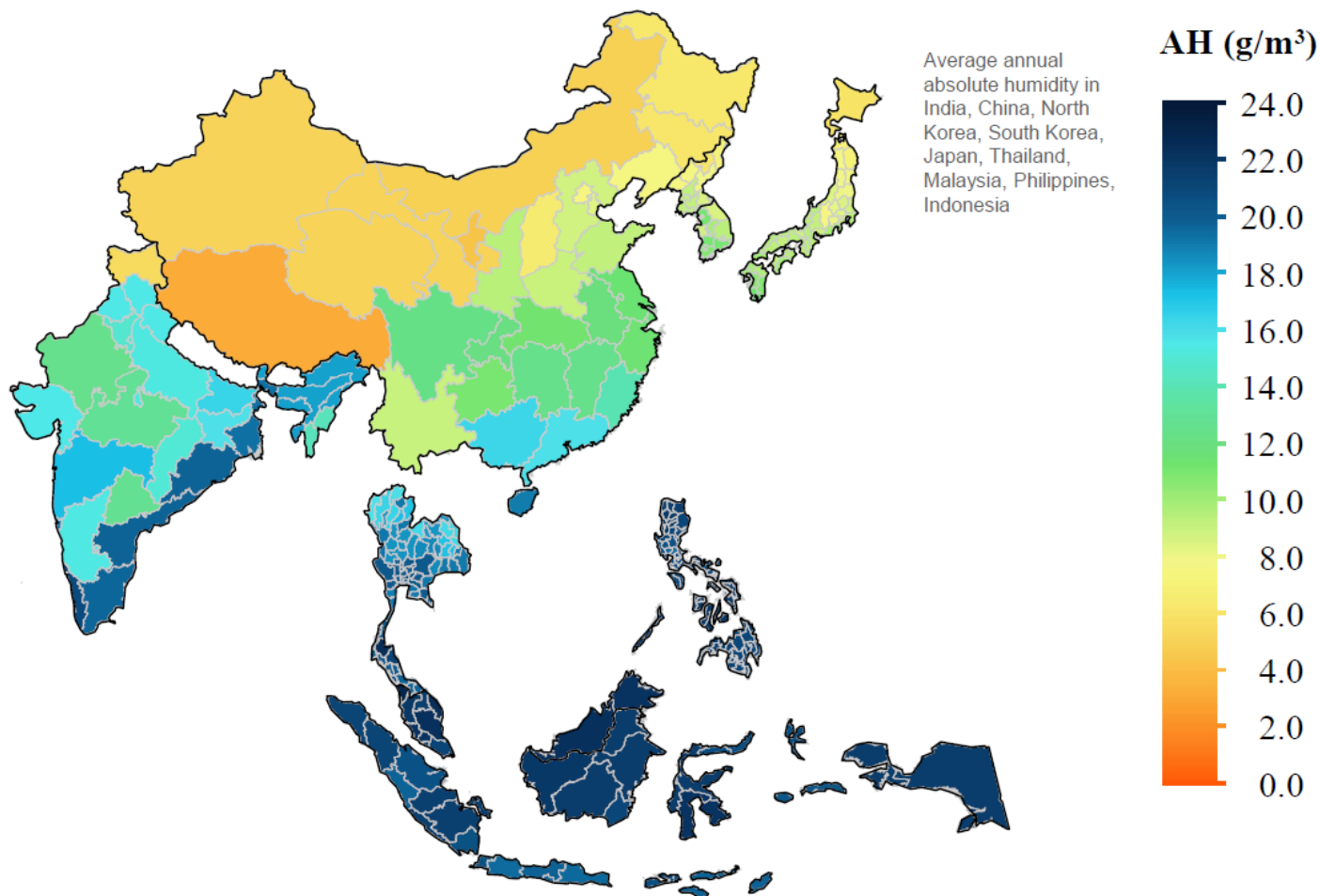


#### AH Zone

- Zone 1 (AH > 13 g/m<sup>3</sup>)
- Zone 2 (AH = 10-13 g/m<sup>3</sup>)
- Zone 3 (AH = 8-10 g/m<sup>3</sup>)
- Zone 4 (AH < 8 g/m<sup>3</sup>)

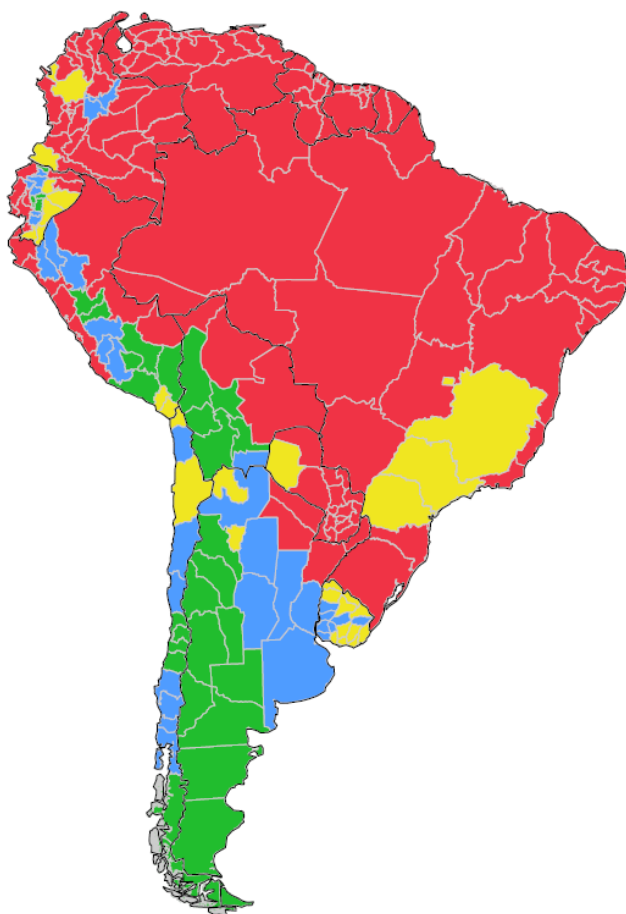
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### C-3 Asia



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### C-4 South America



#### AH Zone

- Zone 1 (AH > 13 g/m<sup>3</sup>)
- Zone 2 (AH = 10-13 g/m<sup>3</sup>)
- Zone 3 (AH = 8-10 g/m<sup>3</sup>)
- Zone 4 (AH < 8 g/m<sup>3</sup>)

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### C-5 Central America

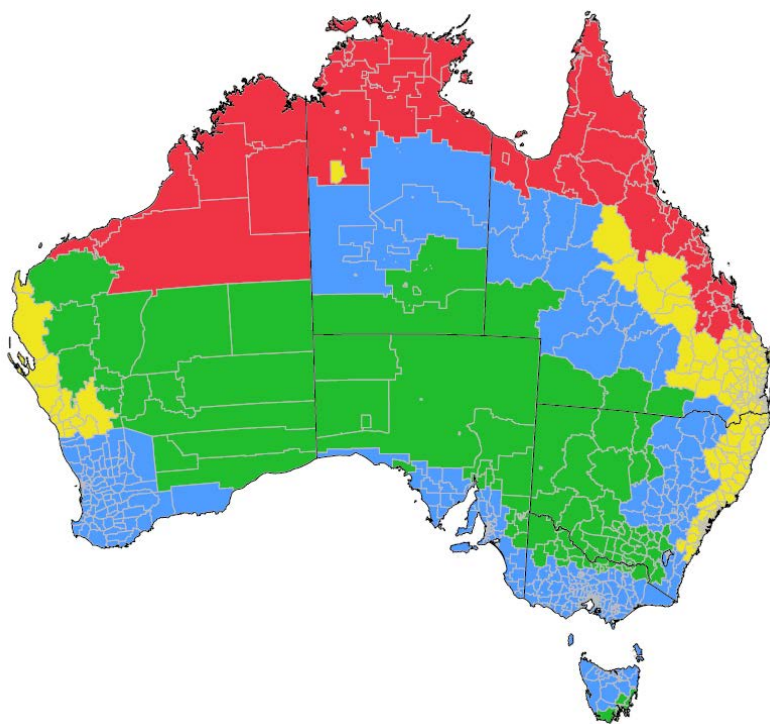


#### AH Zone

- Zone 1 ( $AH > 13 \text{ g/m}^3$ )
- Zone 2 ( $AH = 10\text{-}13 \text{ g/m}^3$ )
- Zone 3 ( $AH = 8\text{-}10 \text{ g/m}^3$ )
- Zone 4 ( $AH < 8 \text{ g/m}^3$ )

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### C-6 Australia



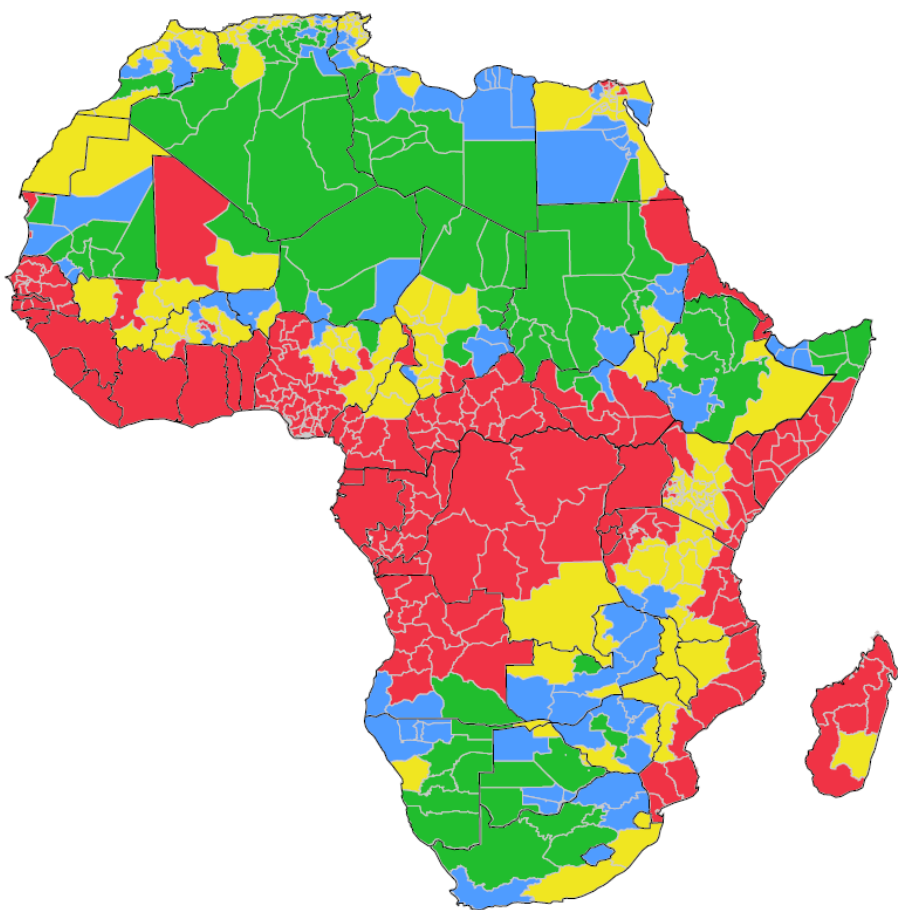
#### AH Zone

- Zone 1 ( $AH > 13 \text{ g/m}^3$ )
- Zone 2 ( $AH = 10\text{-}13 \text{ g/m}^3$ )
- Zone 3 ( $AH = 8\text{-}10 \text{ g/m}^3$ )
- Zone 4 ( $AH < 8 \text{ g/m}^3$ )



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### C-7 Africa



#### AH Zone

- Zone 1 (AH > 13 g/m<sup>3</sup>)
- Zone 2 (AH = 10-13 g/m<sup>3</sup>)
- Zone 3 (AH = 8-10 g/m<sup>3</sup>)
- Zone 4 (AH < 8 g/m<sup>3</sup>)

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**Appendix D: Vehicle Abandonment Rate by Vehicle Age****Table D-1****Vehicle Abandonment Rates by Vehicle Age**

<u>Vehicle Age</u>	<u>Abandonment Rate</u>	<u>Remaining Vehicles</u>
0 to 1	0.00%	100.00%
1 to 2	0.40%	99.60%
2 to 3	0.61%	99.00%
3 to 4	0.62%	98.38%
4 to 5	0.83%	97.56%
5 to 6	1.04%	96.55%
6 to 7	1.25%	95.34%
7 to 8	1.59%	93.82%
8 to 9	2.05%	91.90%
9 to 10	2.60%	89.51%
10 to 11	3.24%	86.61%
11 to 12	4.00%	83.15%
12 to 13	5.27%	78.77%
13 to 14	6.40%	73.73%
14 to 15	7.90%	67.91%
15 to 16	8.88%	61.88%
16 to 17	9.99%	55.69%
17 to 18	10.63%	49.77%
18 to 19	11.52%	44.04%
19 to 20	11.86%	38.82%
20 to 21	12.18%	34.09%
21 to 22	12.03%	29.99%
22 to 23	12.41%	26.26%
23 to 24	11.66%	23.20%
24 to 25	11.12%	20.62%
25 to 26	9.56%	18.65%

Note: Based on Polk 2014, 2015, 2016 registration data

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**Appendix E: Vehicle Production by Country****Total Vehicle Production 2001-2016**  
(Millions)

<u>Continent</u>	<u>Vehicles Produced</u>	<u>Continent</u>	<u>Vehicles Produced</u>
Asia		Europe	
China	189.9	Germany	86.7
Japan	149.5	France	42.6
South Korea	60.4	Spain	41.0
India	37.8	United Kingdom	25.9
Russia	22.5	Italy	16.0
Thailand	22.3	Czech Republic	13.9
Iran	16.3	Belgium	10.9
Turkey	14.7	Poland	10.4
Indonesia	10.0	Slovakia	7.9
Malaysia	7.9	Rest of Europe	23.9
Rest of Asia	16.8	Total, Europe	279.4
Total, Asia	548.0		
		North America	
Africa		United States	166.2
South Africa	7.8	Canada	37.5
Rest of Africa	2.7	Mexico	36.1
Total, Africa	10.5	Rest of North America	0.7
		Total, North America	240.5
South America			
Brazil	40.2		
Argentina	7.9	Grand Total	1,129.9
Rest of South America	3.4		
Total, South America	51.5		

All units are before abandonment rate is applied

Source: PWC Autofacts

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**Appendix F: Airbag Production by Country****Airbag Production By Country**

(Millions)

<u>Plant Location</u>	<u>PSDI</u>	<u>Non-PSDI</u>	<u>Total 2004</u>	<u>Total 2004L</u>	<u>Plant Location</u>	<u>PSDI</u>	<u>Non-PSDI</u>	<u>Total 2004</u>	<u>Total 2004L</u>
Africa					Europe				
South Africa	-	0.9	0.9	0.0	Czech Republic	-	0.0	0.0	-
					Germany	0.2	58.6	58.8	13.2
Asia					Hungary	-	0.2	0.2	0.1
China	0.4	22.7	23.1	12.7	Russia	-	2.6	2.6	0.3
India	-	0.2	0.2	2.0	Subtotal	0.2	61.4	61.6	13.6
Indonesia	-	0.2	0.2	0.9					
Japan	1.2	43.6	44.8	11.5	North America				
South Korea	-	2.4	2.4	0.5	United States	2.9	18.2	21.1	0.5
Thailand	0.0	8.7	8.7	2.1	Mexico	0.0	47.1	47.1	33.3
Subtotal	1.6	55.1	79.4	29.7	Subtotal	2.9	65.3	68.2	33.8
South America					Grand Total	4.7	193.2	220.6	80.1
Brazil	-	10.4	10.4	2.9					

Based on the final assembly plant of airbag modules

All units are before abandonment rate is applied

Source: Takata Production Documents

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## **Appendix G: CV of Thomas Vasquez Ph. D.**

Dr. Vasquez is a Senior Managing Director at Ankura Consulting Group (Ankura) in the New York office. Dr. Vasquez has over 35 years of experience in management consulting for private sector clients, the development of economic models for US and foreign governments to analyze and develop tax, expenditure and regulatory policy and providing expert testimony over a wide range of issues.

Dr. Vasquez has provided management consulting services for private sector companies in a wide array of industry sectors. The services include identifying methods to: (1) increase the stock price or value of the company; (2) leverage the firm's brand asset; (3) assist underperforming companies and (4) provide general valuation services.

Dr. Vasquez has assisted US and foreign governments in the development of tax, expenditure and regulatory policy. The services include the development of large scale micro-economic models to allow policymakers to determine individual and company behavioral reactions to tax and regulatory policy.

Dr. Vasquez has provided expert testimony, depositions and analytical litigation support on a broad spectrum of issues involving statistical techniques, computer simulation, economic behavior and economic models, including, among others:

- Evaluating the economic and non-economic loss from bodily injury claims. In recent years, Dr. Vasquez has designed the algorithm for determining the damage from the BP Gulf Oil Spill, the NFL Concussion Settlement, the GM Ignition Failure settlement fund, the Takata air bag rupture litigation and virtually all of the major asbestos settlement trusts.
- Using statistical models to forecast a company's future liability from lawsuits related to its former production of asbestos including the following representative assignments – National Gypsum Corporation, the Fibreboard Corporation, Owens Corning, Congoleum, Western MacArthur, Burns and Roe, Inc. and Specialty Products Holding Corp.,
- Using statistical models to forecast a company's future liability from lawsuits related to its former sales of products.
- Using statistical models to determine the settlement value of bodily injury and financial loss claims resulting from exposure to a wide range of hazardous or defective materials or activities.
- The statistical analysis of the determinants of supply and demand in certain industry segments for use in business valuations, determining the reasonable compensation levels in closely held and other companies and the impact of regulation and tax policy on prices, sales and production.

Prior to joining Ankura, Dr. Vasquez was a vice president at Analysis, Research & Planning Corporation (ARPC) from 1999 through 2016. From 1997 to 1999, Dr. Vasquez was the president and CEO of Yankelovich Partners, Inc., a leading market research firm. While at Yankelovich Partners, Dr. Vasquez had responsibility for engagements designed to determine the best approach to maximize the value of the client's firm. These engagements involved understanding the source of the value components of the firm – value of the firm's brand, product/service lines responsible for increasing (decreasing) stock price, the role of joint products and other key components of the firm's value.

From 1993 to 1997, Dr. Vasquez was the National Partner in Charge of Corporate Transactions Services for KPMG Peat Marwick. In this role he practiced in and led four of KPMG's national practices. One practice area was in the area of litigation support. This area involved almost exclusively the use of highly

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trained professionals in providing expert testimony in a wide range of litigation issues. The second practice area involved providing consulting services in the bankruptcy and troubled company area. This area involved analyzing the condition and prospects of a company in financial distress, generally involving recommendations for expense control, revenue growth, elimination/sale of product and distribution lines and the elimination/selling of production sites. The third area is investment banking. This area focused on three major components: (1) buying and/or selling of companies for middle market clients; (2) advice to non-public clients preparing an Initial Public Offering, and (3) advice to clients on methods to increase share price and/or cash flow in anticipation of sale. The fourth area was business valuation. This area focused on the valuation of businesses in a wide range of settings including bankruptcy, fairness opinions, mergers and acquisitions, estate planning and other venues requiring valuation services.

Dr. Vasquez served on the Firm's Board of Directors from 1993 to 1997 and served as the Chairman of the Board's Strategic Planning Committee.

Prior to selling his firm to KPMG, Dr. Vasquez was the founder and President of the Policy Economics Group. Dr. Vasquez was responsible for all data base development and tax simulation modeling for federal and state government clients in the United States as well as foreign governments including among others Egypt, Pakistan, Hungary, the former Soviet Union, Trinidad-Tobago, Virgin Islands, Guam, El Salvador and Guatemala. Dr. Vasquez also developed similar models using specialized industry data bases to determine tax impacts and behavioral responses for commercial firms, industry associations and law firms. These models were also used to formulate the client's strategic direction, market initiatives and value maximization strategies.

Prior to establishing the Policy Economics Group, Dr. Vasquez was the Deputy Director for the U.S. Department of the Treasury Office of Tax Analysis. While there, he guided U.S. tax policy analysis and designed large micro-simulation models and data bases for the U.S. Treasury Department and the Joint Tax Committee of the U.S. Congress. He appeared before Congress to provide testimony on such issues as capital gains taxation. He also designed numerous specialized models and data bases for analyzing policy issues at the company, industry, and individual levels.

#### **Professional Experience:**

Vice President, Analysis Research Planning Corporation, 1999 to 2016

President and CEO, Yankelovich Partners Inc., 1997 to 1999

National Partner in Charge, Corporate Transactions Services, KPMG Peat Marwick, 1993 to 1997.

Managing Partner, Policy Economics Group, KPMG Peat Marwick, 1987 to 1993.

Founder and President, Policy Economics Group, 1983 to 1987.

Deputy Director, Office of Tax Analysis, U.S. Department of the Treasury, 1979 to 1983. Assistant Director, 1978 to 1979; Fiscal Economist, 1972 to 1976.

Chief Economist, New York State Economic Development Board, 1977 to 1978.

Staff Economist, Congressional Joint Committee on Taxation, 1976.

Staff Economist, American Enterprise Institute for Public Policy Research, 1972.

#### **Education:**

Ph.D., Economics, Clark University, 1973.

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M.A., Economics, Clark University, 1972.

B.S., Mathematics, State University of New York - Potsdam, 1970.

**Legal Experience and Testimony:**

National Gypsum Company Bankruptcy Proceedings, 1991

Deposition

Testimony

Gerald Ahern, et. al. vs. Fiberboard Corporation, et. al., 1994

Deposition

Testimony

Ezell Thomas, et. al. vs. R.J. Reynolds Tobacco Company, et. al., 1999

Deposition

Fiberboard Corporation and Owens Corning vs. R.J.Reynolds Tobacco Company, et. al., 1999

Deposition

Western Mac Arthur Company and Mac Arthur Company vs. General Accident Insurance Co. of America; United States Fidelity & Guaranty Co.; Argonaut Insurance Company, 1999

Affidavit

CSX Transportation, Inc. and American Home Ins. Co., 2000

Deposition

ADR Proceeding Celotex vs. Travelers Casualty and Surety Co. and London Market Insurers, 2000

Deposition, 2004

Testimony, 2004

Owens Corning Bankruptcy Proceedings, 2001

Deposition, 2004

Trial Testimony, 2005

Michael Albanese vs. Compaq Computer Corporation, 2002

Affidavit

ADR Proceeding ACandS, Inc. vs. Travelers Casualty and Surety Co., 2003

ASARCO vs

Deposition, 2003

Western Mac Arthur Company and Mac Arthur Company Bankruptcy Proceedings, 2003

Oglebay Norton Bankruptcy Proceedings, 2004

Deposition, 2004

Trial Testimony, 2004

Halliburton Bankruptcy Proceedings, 2004

Congoleum vs Ace Ins. Et al, 2005

Deposition, 2005

Trial Testimony, 2006

Gene B. Griego, et al., Plaintiffs, vs. Bechtel National, Inc. et al., Defendants

Deposition, 2005

Sandra Sue Fullen, et al, Plaintiffs v. Philips Electronics North America Corporation, a Delaware corporation, et al., Defendants

Deposition, 2005

St. Paul Fire and Marine Insurance Company, Plaintiff, vs. A.P.I., Inc., Defendant and Counter-Claimant

Deposition, 2005

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Dana Corporation Bankruptcy Proceedings, Case No. 06-10354(BLR), 2007

Deposition, 2007

Trial Testimony, 2007

API, INC. Asbestos Settlement Trust v. Atlantic Mutual Insurance Company; Civil No. 09-0665 (JRT/JJG); United States District Court, D. Minnesota; July 9, 2010.

Deposition, 2010

Applebee's International, Inc., DineEquity, Inc. and Weight Watchers International, Inc. Sheree Shepard and Anthony Watts, On Behalf of Themselves and All Others Similarly Situated vs. DineEquity, Inc. et al.; United States District Court; District of Kansas; No. 08-cv-2416.

Deposition, 2010

API, Inc. Asbestos Settlement trust, et al. v. Zurich American Insurance Company, et al. Court File No. 09-CV-975 (JRT/JJG)

Deposition, March 29, 2011

Tronox Incorporated, Tronox Worldwide, LLC f/k/a; Kerr-McGee Chemical Worldwide LLC, and Tronox, LLC, f/k/a Kerr-McGee Chemical LLC vs. Anadarko Petroleum Corporation and Kerr-McGee Corporation

Deposition 2012

Specialty Products Holding Corp., et al Bankruptcy proceedings, Case No. 10-11780(JFK), 2012

Deposition, 2012

Trial Testimony, 2013

Fundamental Long Term Care, Inc., Debtor; The Estate of Juanita Amelia Jackson, et al, v. General Electric Capital Corporation, et al; Case No.: 8:11-bk-22258-MGW Chapter 7; United States Bankruptcy Court, Middle District of Florida, Tampa Division.

Deposition, 2014

Trial Testimony, 2014

David M. Elsea, et al, vs U.S. Engineering Company and Jackson County, Missouri; Case No. 1016-CV159-76; Circuit Court of Jackson County, Missouri at Kansas City.

Deposition, 2016



**Exhibit C**

**Seat Belt PI/WD Analysis**

# **Estimate of the Amount of Indemnity Required to Resolve Seat Belt Related Claims Against Takata**

**Prepared by Thomas Vasquez, Ph.D.**

**Ankura Consulting Group**

**January 17, 2018**

I was asked by Counsel representing Takata to provide a forecast of the indemnity<sup>1</sup> required to resolve three categories of seat belt related claims: (1) Open claims, (2) Claims that would have been filed by confirmation if not for the bankruptcy (stayed claims) and (3) Claims arising from the alleged failure of seat belt components sold from the petition date of June 25, 2017 to the assumed confirmation date of February 28, 2018. The estimate is made under the assumption that Takata had remained solvent and able to pay claims.

Takata has been named in numerous law suits over the past 25 years. Table 1 shows the number of seat belt related claims filed against Takata by year filed and current status. The counts in Table 1 and the analysis in this report relies heavily on information supplied by Takata's national litigation counsel Covington & Burling LLP.<sup>2</sup>

**Table 1**  
**Seat Belt Related Personal Injury Claims Against Takata**

Filed Year	Resolved Claims		Open	Total
	Settled	Dismissed		
2006 and Earlier	73	295	1	369
2007 through 2011	44	72	3	119
2012 through 2016	8	17	13	38
2017 (part year)	0	0	4	4
Total	125	384	21	530

The table shows a significant decline in the number of filings since 2011. Indeed, the five-year period from 2007 through 2011 recorded approximately 3 times the number of filings as in the last five years (120 vs 41). It seems clear that there was a real decline in filings, but likely not as significant as one would conclude from the table. There are other factors in the collection of information and the litigation environment that affect the filing pattern:

- Many claims allege defects in both the seat belt and the airbag. I understand that there was a great deal of effort to exclude any claim that referenced airbag defects. These claims are included in the airbag litigation counts and including them here would double count their effect. However, such effort was likely not applied in the claim counts for earlier years.
- Given the litigation involving Takata airbags, it is likely that many individuals named airbags defects as a contributing factor to their injuries – exacerbating the effect of the first point above.

<sup>1</sup> Indemnity referred in this report is the settlement amount paid to the plaintiff. It does not defense costs.

<sup>2</sup> I did not attempt to validate the information by reviewing original documents. However, the information was checked for inconsistencies and compared to other reports provided by counsel.

I do not believe that the claim counts are understated; I am simply providing an explanation for the very significant decline in seat belt related filings. The table also shows that the overwhelming percent of the claims are dismissed or otherwise resolved without indemnity payments. 75% (384 divided by the sum of settled plus dismissed claims) of the claims resolved to date have been dismissed.

### *Settled Claims*

Table 2 shows the amount of indemnity paid over time to resolve the settled claims. Takata's share of the 125 settlements totals \$24.2 million. The average annual number of settled claims and the average annual amount paid has been relatively low and reasonably constant over the years.

**Table 2**  
**Indemnity Paid to Resolve Seat Belt Related Personal Injury Claims Against Takata (Takata Share Only)**

Closed Year	(Dollars in Thousands)			
	Total		Annual Average	
	Settled Claims	Settlement Amount	Settled Claims	Settlement Amount
2006 and Earlier	63	\$10,904	5	\$839
2007 through 2011	41	\$7,342	8	\$1,468
2012 through 2016	20	\$5,835	4	\$1,167
2017 (part year)	1	\$100	1	\$100
Total	125	\$24,181	na	na

### *Open Claims*

There are 21 open claims alleging injury from seat belt failure/defects.<sup>3</sup> In addition, I estimate that there are an additional 5 claims that would have been filed if not for the bankruptcy filing by Takata. In total I assume there will be 26 claims alleging injuries from defective seat belts that are unresolved at confirmation.<sup>4</sup>

As is generally the case for open claims in any litigation, there has been very limited vetting of the allegations by the plaintiff. Injury descriptions, identified defects and descriptions of the events/accidents are unsubstantiated allegations.

<sup>3</sup> Information supplied by National Defense counsel Covington and Burling identifies only 14 open claims. My count of 21 open claims includes some claims that were filed more than 7 years ago and may have been abandoned by the plaintiff. Since I cannot determine with certainty that the claims have been abandoned, I conservatively assume they are still active.

<sup>4</sup> This implicitly assumes that the 5 additional claims all file a valid Proof of Claim (POC) form in the bankruptcy.

Historically, approximately 75% of seat belt claims filed against Takata were dismissed or otherwise resolved without payment of indemnity. The average amount paid by Takata to settle claims was approximately \$375,000 thousand in 2017 dollars for claims settled from 2013 to current.

If this historical experience continues, the indemnity cost of resolving Open and Stayed claims is approximately \$2.4 million.

### ***Conclusion***

Unlike the case of Takata's airbag litigation, there is no indication of an increasing litigation problem. The claims follow the random pattern generally resulting from the low and unfortunate failure of consumer products. No seminal event in design or production, simply the occurrence of accidents and random failures.

Because of this, I believe the best predictor of future costs is a continuation of the average indemnity paid over recent years. Table 3 provides a summary of the key components of the future indemnity payments.

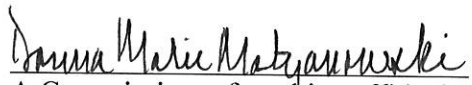
**Table 3**

**Estimated Settled Claims and Indemnity from Seat Belt Litigation:  
Open and Stayed Claims and Claims from Sales in the Administrative Period**

<u>Category</u>	(2017 Dollars in Thousands)	
	<u>Claims</u>	<u>Indemnity</u>
Open and Stayed Claims	7	\$2,400
Claims from sales in Administrative Period	<u>1</u>	<u>\$500</u>
Total	8	\$2,900

Note: Detail may not add to total due to rounding

This is **Exhibit "I"** 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		
	:		
<b>In re</b>	:		<b>Chapter 11</b>
	:		
<b>TK HOLDINGS INC., et al.,</b>	:		<b>Case No. 17-11375 (BLS)</b>
	:		
<b>Debtors.<sup>1</sup></b>	:		<b>(Jointly Administered)</b>
	:		
	X		

**REVISED<sup>2</sup> DECLARATION OF CHRISTINA PULLO OF PRIME CLERK LLC  
REGARDING THE SOLICITATION OF VOTES AND TABULATION OF  
BALLOTS CAST ON THE THIRD AMENDED JOINT CHAPTER 11 PLAN OF  
REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

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I, Christina Pullo, declare, under the penalty of perjury:

1. I am the Senior Director of Solicitation and Public Securities at Prime Clerk LLC (“Prime Clerk”), located at 830 Third Avenue, 9th Floor, New York, New York 10022. I am over the age of eighteen years and not a party to the above-captioned action. Unless otherwise noted, I have personal knowledge of the facts set forth herein.

2. I submit this Declaration with respect to the solicitation of votes and the tabulation of ballots cast on the *Fourth Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors*, dated February 14, 2018 [Docket No. 2056] (as may be amended, supplemented, or modified from time to time, the “Plan”).<sup>3</sup> Except as otherwise noted, all facts

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<sup>1</sup> 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.

<sup>2</sup> Revised Declaration filed to correct transposing error in Exhibit A.

<sup>3</sup> All capitalized terms used by not otherwise defined herein have the meanings ascribed to them in the Plan or Disclosure Statement Order (as defined below).

set forth herein are based on my personal knowledge, knowledge that I acquired from individuals under my supervision, and my review of relevant documents. I am authorized to submit this Declaration on behalf of Prime Clerk. If I were called to testify, I could and would testify competently as to the facts set forth herein.

3. This Court authorized Prime Clerk's retention as the (a) claims and noticing agent to the above-captioned debtors and debtors in possession (collectively, the "Debtors") pursuant to the *Order Pursuant to 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) and Del. Bankr. L.R. 2002-1(f) Authorizing Retention and Appointment of Prime Clerk LLC as Claims and Noticing Agent*, dated June 27, 2017 [Docket No. 117] and (b) the administrative advisor to the Debtors pursuant to the *Order Pursuant to 11 U.S.C §327, Fed. R. Bankr. P. 2014(a) and 2016, and Local Rule 2014-1 Authorizing Debtors to Employ and Retain Prime Clerk LLC as Administrative Advisor Nunc Pro Tunc to the Petition Date*, dated July 26, 2017 [Docket No. 322] (collectively, the "Retention Orders"). The Retention Orders authorize Prime Clerk to assist the Debtors with, among other things, the service of solicitation materials and tabulation of votes cast to accept or reject the Plan. Prime Clerk and its employees have considerable experience in soliciting and tabulating votes to accept or reject chapter 11 plans.

**Service and Transmittal of Solicitation Packages and the Tabulation Process**

4. In accordance with 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 Hearing Thereon, (II) Establishing Solicitation and Voting Procedures, and (III) Establishing Notice and Objection Procedures for Confirmation of the Debtors' Plan* [Docket No. 1639] (the "Disclosure Statement Order"), the Court established procedures to solicit votes from and tabulate ballots submitted by holders entitled to vote on the



Plan (the “Solicitation Procedures”). Prime Clerk adhered to the Solicitation Procedures outlined in the Disclosure Statement Order and the ballots, which were distributed to parties entitled to vote on the Plan. I supervised the solicitation and tabulation performed by Prime Clerk’s employees.

5. The Solicitation Procedures established January 3, 2018 as the date for determining which holders of Claims in the Voting Classes are entitled to vote to accept or reject the plan (the “Voting Record Date”). Pursuant to the Plan and except as expressly provided under the Disclosure Statement Order, only holders of claims on the Voting Record Date in the following classes were entitled to vote to accept or reject the Plan (the “Voting Classes”):<sup>3</sup>

<b>Plan Class</b>	<b>Class Description</b>
3(a)	Mexico Class Action Claims and Mexico Labor Claims against IIM
3(b)	Mexico Class Action Claims and Mexico Labor Claims against TDM
4(a)	OEM Unsecured Claims against the TKH Debtors
4(b)	OEM Unsecured Claims against IIM
4(c)	OEM Unsecured Claims against TDM
4(d)	OEM Unsecured Claims against SMX
5(a)	PSAN PI/WD Claims against the TKH Debtors
5(b)	PSAN PI/WD Claims against IIM
5(c)	PSAN PI/WD Claims against TDM
5(d)	PSAN PI/WD Claims against SMX
6(a)	Other General Unsecured Claims against TKAM
6(b)	Other General Unsecured Claims against TKF

<sup>3</sup> The Plan was amended on February 14, 2018 to include four new impaired Voting Classes – Classes 7(a) (Other PSAN PI/WD Claims against the TKH Debtors), 7(b) (Other PSAN PI/WD Claims against IIM), 7(c) Other PSAN PI/WD Claims against TDM) and 7(d) Other PSAN PI/WD Claims against SMX).

<b>Plan Class</b>	<b>Class Description</b>
6(c)	Other General Unsecured Claims against TKC
6(d)	Other General Unsecured Claims against the TKH Debtors
6(e)	Other General Unsecured Claims against IIM
6(f)	Other General Unsecured Claims against TDM
6(g)	Other General Unsecured Claims against SMX
7(a)	Other PSAN PI/WD Claims against the TKH Debtors
7(b)	Other PSAN PI/WD Claims against IIM
7(c)	Other PSAN PI/WD Claims against TDM
7(d)	Other PSAN PI/WD Claims against SMX

No other classes were entitled to vote on the Plan.

6. In accordance with the Solicitation Procedures, Prime Clerk worked closely with the Debtors' advisors to identify the holders of Claims entitled to vote in the Voting Classes as of the Voting Record Date and to coordinate the distribution of solicitation materials to these holders. A detailed description of Prime Clerk's distribution of solicitation materials is set forth in Prime Clerk's *Affidavit of Service of Solicitation Materials*, which was filed with this Court on January 19, 2018 [Docket No. 1761].

7. In accordance with the Solicitation Procedures, Prime Clerk (a) received, (b) reviewed, and (c) with the assistance of the Debtors' professionals and based on a reasonable review, determined the validity of and tabulated the ballots submitted to vote on the Plan. Each ballot submitted to Prime Clerk was date-stamped, scanned, assigned a ballot number, entered into Prime Clerk's voting database and processed in accordance with the Solicitation Procedures. To be included in the tabulation results as valid, a ballot must have been (a) properly completed

pursuant to the Solicitation Procedures, (b) executed by the relevant holder entitled to vote on the Plan (or such holder's authorized representative), (c) returned to Prime Clerk via an approved method of delivery set forth in the Solicitation Procedures, and (d) received by Prime Clerk by 9:00 p.m. (prevailing Eastern Time) on February 14, 2018 (the "Voting Deadline").<sup>4</sup>

8. All valid ballots cast by holders entitled to vote in the Voting Classes and received by Prime Clerk on or before the Voting Deadline (unless otherwise extended by the Debtors) were tabulated pursuant to the Solicitation Procedures.

9. The final tabulation of votes cast by timely and properly completed ballots received by Prime Clerk is attached hereto as **Exhibit A**.

10. A report of all ballots excluded from the final tabulation prepared by Prime Clerk, and the reasons for exclusion of such ballots, is attached hereto as **Exhibit B**.

To the best of my knowledge, information and belief, I declare under penalty of perjury that the foregoing information concerning the distribution, submission and tabulation of ballots in connection with the Plan is true and correct.

Dated: February 15, 2018

  
Christina Pullo  
Senior Director of Solicitation and Public Securities  
Prime Clerk LLC

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<sup>4</sup> In accordance with the Solicitation Procedures, the Debtors extended the Voting Deadline to February 14, 2018 at 9:00 p.m. (prevailing Eastern Time).

**Exhibit A**

TK Holdings., et al.  
Exhibit A1 - Tabulation Summary  
Including the Commonwealth of Puerto Rico as a Class 6 Voting Party

Class	Class Description	Number Accepting	Percentage of Number Accepting	Amount Accepting	Percentage of Amount Accepting	Number Rejecting	Percentage of Number Rejecting	Amount Rejecting	Percentage of Amount Rejecting	Class Voting Result	
3(a)	Mexico Class Action Claims and Mexico Labor Claims against IIM	No Claims Entitled to Vote in this Class									N/A
3(b)	Mexico Class Action Claims and Mexico Labor Claims against TDM	No Claims Entitled to Vote in this Class									N/A
4(a)	OEM Unsecured Claims against the TKH Debtors	45	100%	\$84,237,970,295.07	100%	0	0%	\$0.00	0%	Accepts	
4(b)	OEM Unsecured Claims against IIM	27	100%	\$57,904,431,249.75	100%	0	0%	\$0.00	0%	Accepts	
4(c)	OEM Unsecured Claims against TDM	35	100%	\$74,510,887,502.63	100%	0	0%	\$0.00	0%	Accepts	
4(d)	OEM Unsecured Claims against SMX	25	100%	\$50,547,632,808.50	100%	0	0%	\$0.00	0%	Accepts	
5(a) - 1	PSAN PI/WD Claims against the TKH Debtors (TK Holdings Inc.)	172	78.18%	\$172.00	78.18%	48	21.82%	\$48.00	21.82%	Accepts	
5(a) - 2	PSAN PI/WD Claims against the TKH Debtors (Takata Protection Systems, Inc.)	No Claims Entitled to Vote in this Class									N/A
5(a) - 3	PSAN PI/WD Claims against the TKH Debtors (Interiors in Flight Inc.)	No Claims Entitled to Vote in this Class									N/A
5(a) - 4	PSAN PI/WD Claims against the TKH Debtors (TK Mexico Inc.)	No Claims Entitled to Vote in this Class									N/A
5(a) - 5	PSAN PI/WD Claims against the TKH Debtors (TK Mexico LLC)	No Claims Entitled to Vote in this Class									N/A
5(a) - 6	PSAN PI/WD Claims against the TKH Debtors (TK Holdings de Mexico, S. de R.L. de C.V.)	No Claims Entitled to Vote in this Class									N/A
5(b)	PSAN PI/WD Claims against IIM	91	74.59%	\$91.00	74.59%	31	25.41%	\$31.00	25.41%	Accepts	
5(c)	PSAN PI/WD Claims against TDM	108	77.70%	\$108.00	77.70%	31	22.30%	\$31.00	22.30%	Accepts	
5(d)	PSAN PI/WD Claims against SMX	90	74.38%	\$90.00	74.38%	31	25.62%	\$31.00	25.62%	Accepts	
6(a)	Other General Unsecured Claims against TKAM	2	100%	\$2.00	100%	0	0%	\$0.00	0%	Accepts	
6(b)	Other General Unsecured Claims against TKF	No Ballot Submitted in this Class									Accepts
6(c)	Other General Unsecured Claims against TKC	No Ballot Submitted in this Class									Accepts
6(d) - 1	Other General Unsecured Claims against the TKH Debtors (TK Holdings Inc.)	7550	85.70%	\$28,662,053.73	1.57%	1260	14.30%	\$1,802,198,968.64	98.43%	Rejects	
6(d) - 2	Other General Unsecured Claims against the TKH Debtors (Takata Protection Systems, Inc.)	No Claims Entitled to Vote in this Class									N/A
6(d) - 3	Other General Unsecured Claims against the TKH Debtors (Interiors in Flight Inc.)	No Ballot Submitted in this Class									Accepts
6(d) - 4	Other General Unsecured Claims against the TKH Debtors (TK Mexico Inc.)	No Ballot Submitted in this Class									Accepts
6(d) - 5	Other General Unsecured Claims against the TKH Debtors (TK Mexico LLC)	No Ballot Submitted in this Class									Accepts
6(d) - 6	Other General Unsecured Claims against the TKH Debtors (TK Holdings de Mexico, S. de R.L. de C.V.)	No Ballot Submitted in this Class									Accepts
6(e)	Other General Unsecured Claims against IIM	6626	86.55%	\$7,538.55	87.98%	1030	13.45%	\$1,030.00	12.02%	Accepts	
6(f)	Other General Unsecured Claims against TDM	6626	86.57%	\$39,212.20	97.45%	1028	13.43%	\$1,028.00	2.55%	Accepts	
6(g)	Other General Unsecured Claims against SMX	6626	86.56%	\$6,626.00	86.56%	1029	13.44%	\$1,029.00	13.44%	Accepts	
7(a)	Other PI/WD Claims (TKH Debtors)	141	84.94%	\$141.00	84.94%	25	15.06%	\$25.00	15.06%	Accepts	
7(b)	Other PI/WD Claims (IIM)	132	87.42%	\$132.00	87.42%	19	12.58%	\$19.00	12.58%	Accepts	

TK Holdings., *et al.*  
 Exhibit A1 - Tabulation Summary  
 Including the Commonwealth of Puerto Rico as a Class 6 Voting Party

Class	Class Description	Number Accepting	Percentage of Number Accepting	Amount Accepting	Percentage of Amount Accepting	Number Rejecting	Percentage of Number Rejecting	Amount Rejecting	Percentage of Amount Rejecting	Class Voting Result
7(c)	Other PI/WD Claims (TDM)	132	86.84%	\$132.00	86.84%	20	13.16%	\$20.00	13.16%	Accepts
7(d)	Other PI/WD Claims (SMX)	132	87.42%	\$132.00	87.42%	19	12.58%	\$19.00	12.58%	Accepts

TK Holdings., et al.  
Exhibit AZ - Tabulation Summary  
Alternative Tabulation Treating the Claim of the Commonwealth of Puerto Rico as a Non-Voting Class 9 Subordinated Claim

Class	Class Description	Number Accepting	Percentage of Number Accepting	Amount Accepting	Percentage of Amount Accepting	Number Rejecting	Percentage of Number Rejecting	Amount Rejecting	Percentage of Amount Rejecting	Class Voting Result
3(a)	Mexico Class Action Claims and Mexico Labor Claims against IIM	No Claims Entitled to Vote in this Class								N/A
3(b)	Mexico Class Action Claims and Mexico Labor Claims against TDM	No Claims Entitled to Vote in this Class								N/A
4(a)	OEM Unsecured Claims against the TKH Debtors	45	100%	\$84,237,970,295.07	100%	0	0%	\$0.00	0%	Accepts
4(b)	OEM Unsecured Claims against IIM	27	100%	\$57,904,431,249.75	100%	0	0%	\$0.00	0%	Accepts
4(c)	OEM Unsecured Claims against TDM	35	100%	\$74,510,887,502.63	100%	0	0%	\$0.00	0%	Accepts
4(d)	OEM Unsecured Claims against SMX	25	100%	\$50,547,632,808.50	100%	0	0%	\$0.00	0%	Accepts
5(a) - 1	PSAN PI/WD Claims against the TKH Debtors (TK Holdings Inc.)	172	78.18%	\$172.00	78.18%	48	21.82%	\$48.00	21.82%	Accepts
5(a) - 2	PSAN PI/WD Claims against the TKH Debtors (Takata Protection Systems, Inc.)	No Claims Entitled to Vote in this Class								N/A
5(a) - 3	PSAN PI/WD Claims against the TKH Debtors (Interiors in Flight Inc.)	No Claims Entitled to Vote in this Class								N/A
5(a) - 4	PSAN PI/WD Claims against the TKH Debtors (TK Mexico Inc.)	No Claims Entitled to Vote in this Class								N/A
5(a) - 5	PSAN PI/WD Claims against the TKH Debtors (TK Mexico LLC)	No Claims Entitled to Vote in this Class								N/A
5(a) - 6	PSAN PI/WD Claims against the TKH Debtors (TK Holdings de Mexico, S. de R.L. de C.V.)	No Claims Entitled to Vote in this Class								N/A
5(b)	PSAN PI/WD Claims against IIM	91	74.59%	\$91.00	74.59%	31	25.41%	\$31.00	25.41%	Accepts
5(c)	PSAN PI/WD Claims against TDM	108	77.70%	\$108.00	77.70%	31	22.30%	\$31.00	22.30%	Accepts
5(d)	PSAN PI/WD Claims against SMX	90	74.38%	\$90.00	74.38%	31	25.62%	\$31.00	25.62%	Accepts
6(a)	Other General Unsecured Claims against TKAM	2	100%	\$2.00	100%	0	0%	\$0.00	0%	Accepts
6(b)	Other General Unsecured Claims against TKF	No Ballot Submitted in this Class								Accepts
6(c)	Other General Unsecured Claims against TKC	No Ballot Submitted in this Class								Accepts
6(d) - 1	Other General Unsecured Claims against the TKH Debtors (TK Holdings Inc.)	7550	85.71%	\$28,662,053.73	92.14%	1259	14.29%	\$2,445,718.64	7.86%	Accepts
6(d) - 2	Other General Unsecured Claims against the TKH Debtors (Takata Protection Systems, Inc.)	No Claims Entitled to Vote in this Class								N/A
6(d) - 3	Other General Unsecured Claims against the TKH Debtors (Interiors in Flight Inc.)	No Ballot Submitted in this Class								Accepts
6(d) - 4	Other General Unsecured Claims against the TKH Debtors (TK Mexico Inc.)	No Ballot Submitted in this Class								Accepts
6(d) - 5	Other General Unsecured Claims against the TKH Debtors (TK Mexico LLC)	No Ballot Submitted in this Class								Accepts
6(d) - 6	Other General Unsecured Claims against the TKH Debtors (TK Holdings de Mexico, S. de R.L. de C.V.)	No Ballot Submitted in this Class								Accepts
6(e)	Other General Unsecured Claims against IIM	6626	86.55%	\$7,538.55	87.98%	1030	13.45%	\$1,030.00	12.02%	Accepts
6(f)	Other General Unsecured Claims against TDM	6626	86.57%	\$39,212.20	97.45%	1028	13.43%	\$1,028.00	2.55%	Accepts
6(g)	Other General Unsecured Claims against SMX	6626	86.56%	\$6,626.00	86.56%	1029	13.44%	\$1,029.00	13.44%	Accepts
7(a)	Other PI/WD Claims (TKH Debtors)	141	84.94%	\$141.00	84.94%	25	15.06%	\$25.00	15.06%	Accepts
7(b)	Other PI/WD Claims (IIM)	132	87.42%	\$132.00	87.42%	19	12.58%	\$19.00	12.58%	Accepts

TK Holdings., *et al.*  
 Exhibit A2 - Tabulation Summary  
 Alternative Tabulation Treating the Claim of the Commonwealth of Puerto Rico as a Non-Voting Class 9 Subordinated Claim

Class	Class Description	Number Accepting	Percentage of Number Accepting	Amount Accepting	Percentage of Amount Accepting	Number Rejecting	Percentage of Number Rejecting	Amount Rejecting	Percentage of Amount Rejecting	Class Voting Result
7(c)	Other PI/WD Claims (TDM)	132	86.84%	\$132.00	86.84%	20	13.16%	\$20.00	13.16%	Accepts
7(d)	Other PI/WD Claims (SMX)	132	87.42%	\$132.00	87.42%	19	12.58%	\$19.00	12.58%	Accepts



**Exhibit B**

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
OEM Unsecured Claims	Industrias Irvin de Mexico, S.A. de C.V.	Gm Korea Company	\$6,501,000,000.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
OEM Unsecured Claims	Industrias Irvin de Mexico, S.A. de C.V.	Volkswagen Group Of America Chattanooga Operations, Llc	\$354,600,000.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
OEM Unsecured Claims	Takata de Mexico, S.A. de C.V.	Audi México S.A. De C.V.	\$8,100,000.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
OEM Unsecured Claims	Takata de Mexico, S.A. de C.V.	Volkswagen De Mexico S.A. De C.V.	\$144,500,000.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
OEM Unsecured Claims	Strosshe-Mex, S. de R.L. de C.V.	Audi México S.A. De C.V.	\$6,751,758.38	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Ashley L Zachry	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Bowers, Alexander	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
PSAN PI/WD Claims	TKH Debtors	Bridgette L Brown	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Bridgette L Brown	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Carl Nichols	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Celeste Pickrel	\$1.00	Reject	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Christopher Washienko	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	David Castillo	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Ernest A Kollitides	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Evans, Robert B.	\$1.00	Reject	NO ORIGINAL SIGNATURE
PSAN PI/WD Claims	TKH Debtors	Harris, Mary Hart	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Juan Ordonez	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
PSAN PI/WD Claims	TKH Debtors	Lalbahadur Sahadao	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Lalbahadur Sahadao	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Ludmilla Permint, Individually And As Administratrix Of The Estate Of Charles Permint, Jr., Et Al	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Mahdi Asadnia	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Nosa Osayiwu	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Peggy J Kieskowski	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Perla Druilhet	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	TKH Debtors	Shannon A Mccormack	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Taheera A Griffin	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
PSAN PI/WD Claims	TKH Debtors	Tali H Karriem	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
PSAN PI/WD Claims	Strosshe-Mex, S. de R.L. de C.V.	Permint, Ludmilla, As Administratrix Of The Estate Of Charles Permint, Jr.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	SA Environmental Services Llc	\$2,261.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	A.V. Gauge & Fixture Inc	\$5,350.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Aaron D Hazard	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Abdelaziz Bakhader	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Abdelaziz Bakhader	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Abou Camara	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Adell Williams	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Aero Corporation	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Ahrens, James Francis	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Alan J Davis	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Alansky, Marilyn Gertrude	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Alarcon, Edward George	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Albert L Thomas	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Alexander E Modehn	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Alexandria C Schryvers	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Alfred Pastore	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Allan R Marshall	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Alsup & Alsup, Inc.	\$730.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Althea B Wright	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Amanda K Carte	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Amber N Ross	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Amir Sadim	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Andrew J Korsak	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Andrew King	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Angel L Garcia	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Angela D Mcdaniel	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Anthony E Stanislaw	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	April M Stanislaw	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Arthur A Satriale	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Asian C Udoh	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	At&T Corp	\$50,075.84	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Audrey Ashton-Savage	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Aulwurm, David Stephen	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Aves Chinudomsub	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Bailey, Joyce	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Barnett, David M.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Basin Refrigeration & Heating	\$6,998.39	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Becky L Runkle	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Benjamin B Monge	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Benzenberg, Krysta	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Betty J Wilt	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Biddle, Toby	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Bierman, Lorrie A	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Bobby J Martin	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Bougeois, Stanley	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Bourgeois, Claire	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Brady, James A	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Breed, Martha H.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Brenda M Griffin	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Brenda Y Chan	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Brett M Williams	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Brian C Smittle	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Brittany Clark	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Bruce M Portnoy	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Bryan K Phillips	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Burney, Kathleen Urresti	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Cady, John Stanton	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Candis R Hager	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Carl Nichols	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Carnig - Izmirian	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Carol L Paris	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Carole E Pickworth Campbe	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Carolyn J. Ruth Living Trust	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Carpenter, Mei	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Cathy A Molen	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Cathy R Schiff	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Cecilia E Simental	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Cecilia E Simental	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Charles E Nibbs	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Charles R Spahr	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Charlotte Vandevveer	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Charlotte Vandevveer	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Charmaine O Turner	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Charmaine O Turner	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Cheri R Wallace	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Cheryl A Bond	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Cheryl E Winton	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Christal L Foley	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Christina D Voiles	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Chuck R Serbus	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Clarence B Jenkins Jr.	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Clyde Colmes	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Conley D Dunlap	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Craig W Macinnes Jr	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Crouse, Eugene Leroy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Culpepper, Marcus Dion	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Cynthia C Simpson	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Dale K Myers	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Damia Davis-Turek	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Dan R Malcic	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Daniel J Skjonsby	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Daniel L Cousar	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Darrell May	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	David Castillo	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	David Castillo	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	David J Kramer	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

TKH Holdings, et al.  
Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	David Vandever	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	David Vandever	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Davis, Robert M.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Debbie Kneiss	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Debbie Kneiss	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Deborah J Sammon	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Debra G Mailman	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Denise G Bailey	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Diane C Laine	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Dickirson, Gene David	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Dixon, Carol	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Doctor Aima M Jeffresswood	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Donald B Wolford	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Donald E Boston	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Donald E Edwards	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Donald L Pinkston	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Douglas J Hagerman	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Douglas, Sheila J.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Dov B Bezdezowski	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Dov B Bezdezowski	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Dov B Bezdezowski	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Dr Atmm A Bashar	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Dwayne N Woods	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Edward A Drake	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Edward A Ziel	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Edward Blot	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Edward C Defilippis	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Edward G Rhatican	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Edward M Ogin	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Edward M Ogin	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Elaine C Murphy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Elaine H Brumberg	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Elaine H Brumberg	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Elda Gatlin	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Elgin C Duckery	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Elizabeth A King	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Ella M Thorton	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ellen B Mills	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Elmo W Davis Jr.	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Erdman, Jean I.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Erik J Kuitert	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Erin E McIntyre	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Ervin R Dilly	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Eugene J Mctague Jr	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Evans, Iii, Robert B.	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Evans, Iii, Robert B.	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Evans, William B.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Fadie M Thomas	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Faunce, Sharon Lynn	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Fernando Muniz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Feryal Buyuk	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Floyd, Clara Lee	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Frances S Friedman	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Francis M Wall	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Franciso A Tomei Torres	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Frank D Nelson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Frank R Meekins	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Frank S Virden	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Fred M Hamather	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Frederick B Collins	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Freeman, Arnetta	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Gabriel A Morocoima	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Gant, Nigel Footman	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Garrison, Alvernia	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Gary D Orback	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Gary, Teresa Baldwin	\$1,400.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Gauthia, Taylor	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Gayla C Bumbarger	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	George B Bumbarger	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	George Nastas Iii	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	George R Pellegren Jr	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	George R Pellegren Jr	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Georgianna Williams	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Gepner, Amy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Geraldine M Herrick	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Gladys Henderson	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Goodfellow, Penny V	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Gralen, Donald J	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Green, Ronald	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Gregory J Bermes	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Groetzinger Jr, Jon	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Gsi Office Management Gmb	\$4,475.70	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Gwendolen Smith	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Hair, Shawn P	\$500.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Harold D Faulkner2	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Harold D Faulkner2	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Harry G Miller	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Harry N Hirschensohn	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Harvey M Kagan	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Harvey M Kagan	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Hassan, Rumeza	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Header Products - An Atf Company	\$11,522.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Heaphy, Gary	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN



Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Heaphy, Gary Edward	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Heaphy, Gary Edward	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Heather G Francis	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Heitmeyer, Stephanie	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Helen Huynh	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Henderson, Gladys	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Henry C Lockett	\$1.00	Accept/Reject	VOTED BOTH TO ACCEPT AND REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Henry P Miller	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Hoang M Diep	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Hoffmann, Timothy J.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Holly M Thomas	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Holly M Thomas	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Holly, Pamala	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Humphrey, Donisha	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Institute of Facial Surgery	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Iretha Tompkins	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Irvin Automotive Products	\$8,857.15	Reject	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Jacqueline A Bennett	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jacqueline Tilghman	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jakes Rawlins	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	James D Ealey	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	James M Kubik	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	James P Brewer	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	James P Geiskopf	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Janet L Johnson	\$2.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Janet M Dolan	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Janiea R Barnes	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jay A Hufton	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jeanelle M Mercadel-Jenkins	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jeff K Dwhytye	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jeffrey B Haas	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Jeffrey H Barker	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jeffrey H Montross	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jeffrey Parmer	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Jennifer L Steward	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jennifer R Floyd	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jeremy M Owen	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jeremy M Owen	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jerry M Campbell	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jerry M Campbell	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jessica Y Mcqueen	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jill Carter	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jill H Merhar	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Joan Baehler	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Joan Baehler	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Joan C Smith	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Joanna K Scott	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	John A Latour	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	John B Bardin	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John C Cook	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	John Dipace	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John F Shields	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John J Curcio	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	John J Liebhauser	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	John J Milden li	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John Kapsalis	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	John M Stecz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John M Stecz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John M Stecz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John P Hurley	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	John R Weismantel	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John Siefers	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	John Siefers	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	John T Stanton	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Johnny H Keenum	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Johnson, Terry	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jonathan D Poor	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jonathan Hachey	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jonelle Riddell	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jones, Robert Earl	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Jones, Skyla	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jorge L Guerrero	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Jose A Guevara	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Joseph Gershenov	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Joseph Purcell	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Joy P Cook	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Joyce C Griffin	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Juan C Robles	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Judith C Shaffer	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Julie K Wassink	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Julio Rodriguez	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	June Marshall	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Kara S Woida	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Kara T Huberman	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Katherine Brown	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Katherine M Daigle	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Kathleen M Goldinger	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Kathryn Mentas	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Keely J Mccool	\$1.00	Accept	BALLOT RECEIVED AFTER VOTING DEADLINE
Other General Unsecured Claims	TKH Debtors	Keely J Mccool	\$1.00	Accept	BALLOT RECEIVED AFTER VOTING DEADLINE
Other General Unsecured Claims	TKH Debtors	Keith D Jackson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Keller, Eve	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Kenneth D Murphy	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Kenneth H Markham	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Kerric G Craddock	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Kerry S Bond	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Kevin J Fernandez	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Kevin P Riley	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Khang, Tong	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Kimberly I Carroll	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Krages, Kimberly Scott	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Kurt E Clements	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Kylie Trenkle	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	L George Fox	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Lalbahadur Sahadao	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Larry D Ruple	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Larry D Ruple	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Larry M Daiches	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Larry M Daiches	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Latosha Hill	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Latrice R Smith	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Laurie E Shlala	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Lawrence K Hill	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Lee D Fritz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Lee F Oliver	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Leon T Lipka	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Leslie J Gonzalez	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Leslie M Jones Mccloud	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Levon Kasarjian Jr	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Licia J Evans	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Linda D Edwards	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Linda D Guest	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Linda F Molitor	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Linda G Netherton	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Linda K Fraser	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Lisa A Hill	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Lisa A Hill	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Liu, Michael	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Lois E Ball	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Lora P Major	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Louise D Schmidt	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Luis E Ruiz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Lukaszewski, Clement	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Lyon, Frank W.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Macintyre, David S.	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Mack P Brothers	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Maddox, Timothy A	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Marc A Canada	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Marc A Canada	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Marc A Canada	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Mariadelosa Colon Ortiz	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Maricela G Sanchez Griffith	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Maritza Rojas	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Markowitz, Gideon	\$3,388.92	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Marshall Tolbert	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Martin, Justin Dane	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Mary E Mcelroy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mary E Parrillo	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Marycarlyn Smith	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Maurice A Bernier	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Maynard G Olson	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mcclary, Kanika	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mcdavid, Elijah	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mcdavid, Elijah	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Melissa K Brown	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Memac Industries Inc.	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Messineo, Salvatore	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Michael D Selby	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Michael J Fliszar	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Michael J Polome	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Michael J Wardle	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Michael K Harrison	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Michael L Gilmore	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Michael L Starks	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Michael Winder	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Michele Cohen	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Michelle S Davis	\$1.00	Accept/Reject	VOTED BOTH TO ACCEPT AND REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Miller, Barbara	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Milner, Maxine	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mitchell, Christopher	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mitchem, Patricia L	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mizuko Morimoto	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Mohammed Fawzi	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Monica M Mckinney	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Moore, Danny A	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Moreno, Michael	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Nia S Langford	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Nia S Langford	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Noel C Carstenson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Npa Coatings Inc	\$3,226.92	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ok Tire Stores	\$509.64	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Olsen, Theodore	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Olsen, Theodore	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Owais Javeed	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Owens, Steven P.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Pamela D Blevins	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Pamela K Hearn	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Pamela W Farnham	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Parks, Megan	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Patricia A Rawson	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Patrick H Hannan	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Paul M Ross	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Paul S Snider	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Paul Woolard Construction Inc	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Paul Woolard Construction Inc	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Paul, Mary Linda	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Pearlie E Holliday	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Pearlie E Holliday	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Peggy Griffin	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Peter D Casella	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Peter E Ciacco	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Peter N Carey	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Petet N Emerito	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Philip L Garver	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Phyllis A Black	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Phyllis B Woolard	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Powell, Laura	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Pritchard, Mark William	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Rainey, Vera Diania	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Randall L Allenbach	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Randi S Fisher	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Randy S Kahn	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Randy S Kahn	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Ratton, Robert David	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Raymond G Dextras	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Raymond L Rucker	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Rebecca A Thomas	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Rebecca A Thomas	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Reinaldo Longueira	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Rhedrick, Yvonne Tiana	\$5,000.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Rhonda Voneye	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Richard A Yosick	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Richard B Thompson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Richard K Sault	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Richard Kelton	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Richard S Raymond	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Rie Yamakawa	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Ritter, Wayne Allen	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ritter, Wayne Allen	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Robert A Ferrigan	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert A Ferrigan	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert A Landry	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert A Landry	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert B Bumbarger	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert B Bumbarger Iii	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert E Goodwin	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Robert M Skay	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert S Bankert	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Robert T Galloway	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Robert Waddell	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Robertson, Alec	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Robin P Schaffler	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Roger D Jennings	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Roger D Jennings	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Roggmann, Jack C	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ronald E Rodgers	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Ronald S English	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Rosenberg, Andria	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN



TKH Holdings, et al.  
Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Rosenberg, Kenneth A.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ross G Helft	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ross G Helft	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Ross G Helft	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Rovner, David P.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Roxberry, Maureen E.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Roy J Quintana	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Ruby V Haworth	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	S. B Harris	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sabina R Loving	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sadie J Redfield	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sally A May	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sami Taha	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Samuel A Mogul	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Samuel A Mogul	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Samuel A Mogul	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sanjoy Mahajan	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sara Corvil	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sara N Apostalo	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sarah J Alcorn	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sarah J Alcorn	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Schafer, Brent	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Scott C Vaughn	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Scott, Charles M	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sean Harder	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sergio Guzman	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Shahriar Zanganeh Arfa	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sharon Buck	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sharon D Buck	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sharon L Anderson	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sharron Lake	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Shaun B Jackson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Shaun B Jackson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Shawn Chinudomsub	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sheikh, Asim	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sheila D Alexander	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Shen, Joe G	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sobat, Dennis R.	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Sonja L Marshall	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Sri K Rangarajan	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Stefanie M Hummel	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Stephanie A Gray	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Stephen Paulk	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Sternchos, Doreen W	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Steve C Moore	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Steven D Mann	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Steven Leffert	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Steven M Hanson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Steven W Kiley	\$1.00	N/A	SIGNATURE; SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Stubblefield, Tammy	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Susan A Jackson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Sutton, Doug	\$2,000.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Tadd H Chessen	\$1.00	Reject	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Taheera A Griffin	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tak For Yu	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Takata Aktiengesellschaft	\$5,218,461.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Corporation	\$64,059,294,780.03	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Europe	\$35,885.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Ignition Systems Gmbh	\$2,125.50	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Krushu K.K.	\$1,384,079.08	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Maroc S.A.R.L.	\$1,604.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Parts Polska Sp.Z.O.O.	\$471,308.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Takata Parts S.R.O	\$26,317.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Plasteck Gmbh	\$5,840.22	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Romania S.R.L.	\$636,461.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Sachsen Gmbh	\$58,226,218.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Safety Systems Hungary Kft.	\$2,418,927.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata Sibiu S.R.L	\$49,728.00	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Takata South Africa (Pty.) Ltd	\$161,453.20	Accept	INSIDER NOT ENTITLED TO VOTE ON THE PLAN
Other General Unsecured Claims	TKH Debtors	Tammera Wilson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Teske, Valerie Ellis	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Theresa L Kleck	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Thomas A Hull	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Thomas H Claridge	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Thompson, Lorne	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Thurman Mclean	\$1.00	Accept	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Tiffany F Jones	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tiina Reiter	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tillman, Johannah Lavonne	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Timothy P Donahue	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tinesha J Anderson	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Todd A Sycoff	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Todd R Woida	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Tom V Eye	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tomas M Pantoja	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tonya Kent	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Touch, Whitney G	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Tracy J Merges	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Troy C Osborne	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Tunney, Jonathan Wells	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Vais, Tibor	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Vladimir Korsakov	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Waits, Sondra	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other General Unsecured Claims	TKH Debtors	Walter B Bodden	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Walter R Bodack	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Walters, Timothy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Warda Kabir	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Wilbur W Connelly	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	William Belknap	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	William J Powers	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	William M Jordan	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Williams, Alven	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Willie D Mack	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Willo D Bond	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	TKH Debtors	Wilma D Neville	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Wilson, Nancy Joanne	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Wolfinger, Richard J.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Wood, Panzegna	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Wools, Tammy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Yamamoto, Diane W.	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Zobel, Faith A	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Alvarez, Francisco	\$1.00	Accept	NO ORIGINAL SIGNATURE
Other General Unsecured Claims	TKH Debtors	Babinec, Eugene A	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Pavicevich, Milka	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Scott, William	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Swamy, Shilpa P	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	TKH Debtors	Wright, Jacque	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other General Unsecured Claims	Strosshe-Mex, S. de R.L. de C.V.	Kevin Herlihy, Intended Administrator Of The Estate Of Denis Herlihy, Deceased	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	Strosshe-Mex, S. de R.L. de C.V.	Kevin Herlihy, Intended Administrator Of The Estate Of Denis Herlihy, Deceased	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other General Unsecured Claims	Strosshe-Mex, S. de R.L. de C.V.	Williams, Elnora	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Bridgette L Brown	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
Other PI/WD Claims	TKH Debtors	Cherisse Y Huntersouthern	\$1.00	Reject	NOT ENTITLED TO VOTE ON THE PLAN
Other PI/WD Claims	TKH Debtors	De Lepine, Leslie	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	De Lepine, Leslie	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other PI/WD Claims	TKH Debtors	De Lepine, Leslie	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	De Lepine, Leslie	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	De Lepine, Leslie	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Elaine Nelson	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Jamie Knecht	\$1.00	Accept	NOT ENTITLED TO VOTE ON THE PLAN
Other PI/WD Claims	TKH Debtors	Johnson, Imani Rose (A Minor, By And Through Her Next Friend, Julia Rose Johnson)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Johnson, Julia Rose, Individually And As The Parent And Natural Guardian Of Imani Rose Johnson, A Minor	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Joseph W Arwardy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN; NOT ENTITLED TO VOTE ON THE PLAN
Other PI/WD Claims	TKH Debtors	Joseph W Arwardy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Michael C Dunlevy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Michael C Dunlevy	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Permint, Charles Daniel (A Disabled Individual, By And Through His Next Friend, Permint, Ludmilla)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Permint, Ludmilla	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Permint, Ludmilla, As Administratrix Of The Estate Of Charles Permint, Jr.	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Peter Fabian-Zomora	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Pyong Y Shea	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Simmonds, Marcia Lorriane	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Tamara K Cantrell	\$1.00	N/A	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Thurman Mclean	\$1.00	Accept	DID NOT VOTE TO ACCEPT OR REJECT THE PLAN
Other PI/WD Claims	TKH Debtors	Welther, Thomas	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	TKH Debtors	Zraggen, Deborah Anne	\$1.00	Reject	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Industrias Irvin de Mexico, S.A. de C.V.	Johnson, Imani Rose (A Minor, By And Through Her Next Friend, Julia Rose Johnson)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Industrias Irvin de Mexico, S.A. de C.V.	Johnson, Individually And As The Parent And Natural Guardian Of Imani Rose Johnson, A Minor, Julia Rose	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Industrias Irvin de Mexico, S.A. de C.V.	Permint, Charles Daniel (A Disabled Individual, By And Through His Next Friend, Permint, Ludmilla)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Industrias Irvin de Mexico, S.A. de C.V.	Permint, Ludmilla	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Industrias Irvin de Mexico, S.A. de C.V.	Permint, Ludmilla, As Administratrix Of The Estate Of Charles Permint, Jr.	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Takata de Mexico, S.A. de C.V.	Johnson, Imani Rose (A Minor, By And Through Her Next Friend, Julia Rose Johnson)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Takata de Mexico, S.A. de C.V.	Johnson, Julia Rose, Individually And As The Parent And Natural Guardian Of Imani Rose Johnson, A Minor	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Takata de Mexico, S.A. de C.V.	Permint, Charles Daniel (A Disabled Individual, By And Through His Next Friend, Permint, Ludmilla)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Takata de Mexico, S.A. de C.V.	Permint, Ludmilla	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Takata de Mexico, S.A. de C.V.	Permint, Ludmilla, As Administratrix Of The Estate Of Charles Permint, Jr.	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

Exhibit B - Report of Ballots Excluded from Tabulation

Plan Class Name	Debtor	Creditor Name	Vote Amount	Accept/Reject	Reason(s) for Exclusion
Other PI/WD Claims	Strosshe-Mex, S. de R.L. de C.V.	Johnson, Imani Rose (A Minor, By And Through Her Next Friend, Julia Rose Johnson)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Strosshe-Mex, S. de R.L. de C.V.	Johnson, Julia Rose, Individually And As The Parent And Natural Guardian Of Imani Rose Johnson, A Minor	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Strosshe-Mex, S. de R.L. de C.V.	Permint, Charles Daniel (A Disabled Individual, By And Through His Next Friend, Permint, Ludmilla)	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Strosshe-Mex, S. de R.L. de C.V.	Permint, Ludmilla	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION
Other PI/WD Claims	Strosshe-Mex, S. de R.L. de C.V.	Permint, Ludmilla, As Administratrix Of The Estate Of Charles Permint, Jr.	\$1.00	Accept	SUPERSEDED BY LATER RECEIVED VALID BALLOT INCLUDED IN FINAL TABULATION

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

*Dana Marie Matyasowski*  
A Commissioner for taking affidavits

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

-----	X		
<b>In re</b>	:		<b>Chapter 11</b>
	:		
<b>TK HOLDINGS INC., et al.,</b>	:		<b>Case No. 17-11375 (BLS)</b>
	:		
	:		<b>Jointly Administered</b>
<b>Debtors.<sup>1</sup></b>	:		
-----	X		Re: Docket No. 1109

**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**

Upon the motion, dated November 3, 2017 (the “*Motion*”),<sup>2</sup> of TK Holdings Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “*Debtors*”), pursuant to sections 105(a), 362, 363(b), 503 and 507 of title 11 of the United States Code (the “*Bankruptcy Code*”) and Rules 4001 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), for entry of an order (i) authorizing the Debtors to enter into and perform under that certain Restructuring Support Agreement (including all exhibits and schedules attached thereto and each as may be amended, modified, or supplemented from time to time, the “*Restructuring Support Agreement*”, a copy of which is annexed to this Order as

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<sup>1</sup> 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

<sup>2</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Motion.



**Exhibit A**, (ii) approving the Plan Sponsor Protections as agreed to by the parties to the Restructuring Support Agreement and the U.S. Acquisition Agreement, and (iii) modifying the automatic stay as set forth in the Restructuring Support Agreement and to the extent necessary to permit the relief requested, all as more fully set forth in the Motion; and upon consideration of the Caudill Declaration and the *Declaration of Andrew Yearley in Support of Debtors' 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. 1132] and the testimony of Andrew Yearley and Joseph Perkins; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having held a hearing on the Motion; and all objections to the Motion having been withdrawn, resolved or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interests; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted to the extent set forth herein.
2. The Restructuring Support Agreement is approved in all respects except to the extent modified by this Order. The Debtors' entry into the Restructuring Support Agreement is approved, and the Debtors are authorized to perform all of their obligations thereunder, and implement the actions contemplated thereby.
3. The Restructuring Support Agreement shall be binding and enforceable against each of the parties thereto in accordance with its terms, and the parties thereto may exercise all rights and remedies provided to them under the Restructuring Support Agreement, including, without limitation, the right to seek specific performance of the Restructuring Support Agreement, in accordance with its terms.
4. KSS Holdings Inc. is hereby bound by the same obligations under the Restructuring Support Agreement as the Plan Sponsor and shall be jointly and severally liable with the Plan Sponsor thereunder.
5. The Debtors or the Plan Sponsor, as the case may be, shall provide notice to the FCR, the U.S. Trustee, and to the Committees of any (i) extension to any of the milestones in Section 5 of the Restructuring Support Agreement; (ii) default or termination event under the Restructuring Support Agreement (including any fiduciary out notice under Section 12(d) of the Restructuring Support Agreement) and the U.S. Acquisition Agreement; and (iii) termination of the TKJP Purchase Agreement, the TSAC Purchase Agreement (if applicable), or the TK Europe Purchase Agreement (each as defined in the U.S. Acquisition Agreement), in each case within two (2) business days following the later of (a) the occurrence of such event or (b) the date the Debtors or the Plan Sponsor obtained knowledge of the occurrence of such event.

6. The Restructuring Support Agreement and the U.S. Acquisition Agreement are hereby amended as set forth in this paragraph 6, without further action by any party thereto; *provided, however*, that the modifications to the U.S. Acquisition Agreement effected hereby shall be confirmed by an amendment to the U.S. Acquisition Agreement executed among the parties to thereto.

- i. Section 5(d) of the Restructuring Support Agreement is amended and restated in its entirety as follows:

By no later than December 18, 2017, in the case of clause (i) of this Section 5(d) and January 5, 2018, in the case of clause (ii) of this Section 5(d), the Bankruptcy Court shall have entered a form of order authorizing and directing the Debtors to provide (i) actual notice by mail to any person who, at any time from and after the Petition Date through and including the date that is eight (8) weeks prior to the commencement of the Plan confirmation hearing (or such later date that will ensure timely notice of the confirmation hearing and related objection deadline to those noticed), becomes the registered owner of a vehicle in the United States containing a PSAN Inflator that uses 2004 non-desiccated or desiccated PSAN as a propellant in accordance with the Notice Protocol and (ii) notice by publication in each publication listed in paragraph 11 of, and Exhibit C to, the order entered by the Bankruptcy Court as Docket No. 959, in each case in accordance with the Notice Protocol.

- ii. The term “Alternative Transaction Expense Reimbursement Amount” is hereby deleted in its entirety.
- iii. The term “No Fault Expense Reimbursement Amount” in the U.S. Acquisition Agreement is hereby deleted in its entirety.
- iv. The definition of “Seller Breach Termination Event” in the U.S. Acquisition Agreement is amended and restated in its entirety as follows:

“**Seller Breach Termination Triggers**” shall mean a termination of this Agreement pursuant to (i) Section 4.4(d)(i); (ii) Section 4.4(b)(v) (but only if (x) such termination was due to a breach by the sellers under the TSAC Purchase Agreement (if applicable), the TKJP Purchase Agreement or the TK Europe Purchase Agreement of any representation or warranty, or any covenant or agreement contained in such Cross-Conditioned Agreement, which breach would, individually or in the aggregate with other breaches, result

in a failure of a condition set forth in Section 9.1 or Section 9.3 of such Cross-Conditioned Agreement and which breach cannot be cured or has not been cured by the earlier of (A) forty-five (45) days after the giving of notice by the Plan Sponsor to the applicable sellers of such breach and (B) the Outside Date, or (y) such termination is due to a material breach of the RSA, the Global Settlement Agreement or the Accommodation Agreement by Sellers, any Consenting OEM or any of their respective Affiliates).

- v. Section 4.4 of the U.S. Acquisition Agreement is amended and restated in its entirety as set forth in Exhibit B hereto. Attached hereto as Exhibit D is a redline reflecting the changes to Section 4.4.
- vi. Section 4.6 of the U.S. Acquisition Agreement is amended and restated in its entirety as set forth in Exhibit C hereto. Attached hereto as Exhibit E is a redline reflecting the changes to Section 4.6.
- vii. Section 7.11(a) of the U.S. Acquisition Agreement is amended and restated in its entirety as follows:

Sellers shall immediately cease any discussions or negotiations with any parties that may be ongoing with respect to any Alternative Transaction Proposal, shall terminate access to any virtual data room or other source of confidential information, and shall seek to have returned to Sellers any confidential information that has been provided in any such discussions or negotiations. Unless otherwise ordered by the Bankruptcy Court, from the date hereof until the Closings have occurred, Sellers shall not, and shall cause their respective Affiliates and Representatives not to, directly or indirectly, (1) solicit, initiate or knowingly encourage, or take any other action designed to facilitate, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, an Alternative Transaction Proposal, (2) approve or recommend, or enter into any asset purchase agreement, merger agreement, acquisition agreement, business combination agreement, option agreement or similar definitive agreement related to, any Alternative Transaction Proposal (excluding any confidentiality agreement entered into in compliance with this Section 7.11), or (3) propose publicly or agree to do any of the foregoing related to any Alternative Transaction Proposal; provided, however, that Sellers may ascertain facts from the party making such Alternative Transaction Proposal for the purpose of Sellers' informing themselves about the Alternative Transaction Proposal and the party that made it and if, following the receipt of an Alternative Transaction Proposal, Sellers determine in good faith, after consultation with outside advisors, that failure to take action with respect to such Alternative

Transaction Proposal would be inconsistent with the Bankruptcy Code or other applicable Law (including the fiduciary duties of the applicable board of directors), Sellers may, in response to such Alternative Transaction Proposal, subject to compliance with Section 7.11(b), (i) furnish information with respect to Sellers to the party making such Alternative Transaction Proposal and its respective Representatives pursuant to a confidentiality agreement that contains provisions not less favorable to Sellers than those contained in the Confidentiality Agreement; provided that (A) such confidentiality agreement may not include any provision calling for an exclusive right to negotiate with Sellers and (B) Sellers shall advise Plan Sponsor of all such nonpublic information delivered to such party substantially concurrently with its delivery to such party, and shall provide the Plan Sponsor with copies of any such information not previously provided to the Plan Sponsor and (ii) engage in discussions or negotiations with such party and its Representatives regarding such Alternative Transaction Proposal. Sellers shall not waive or fail to enforce any provision of any confidentiality or standstill agreement to which they are a party relating to a potential or actual Alternative Transaction Proposal unless Sellers determine in good faith, after consultation with outside legal counsel, that the failure to do so would be inconsistent with the Bankruptcy Code or other applicable Law (including the fiduciary duties of the applicable board of directors).

- viii. Section 7.21 of the U.S. Acquisition Agreement is amended and restated in its entirety as follows:

7.21 Expense Reimbursement During Bankruptcy Cases. If the U.S. Closing occurs, subject to payment in full of the DOJ Restitution Fund and Legacy Costs and entry of a Final Order of the Bankruptcy Court approving the Break-Up Fee and Expense Reimbursement as provided herein, all Expenses of the Plan Sponsor, in an aggregate amount not to exceed the Sellers' Regional Share of \$50,000,000, shall be deducted from the Purchase Price pursuant to Section 3.1(a)(A)(xii); provided that if Acquired Cash exceeds Maximum Acquired Cash, Sellers' Regional Share of such amount of Cash and Cash Equivalents that exceed Maximum Acquired Cash shall be credited against the amount of actual Expenses otherwise deducted from the Purchase Price pursuant to Section 3.1(a)(A)(xii) up to Sellers' Regional Share of \$50,000,000.

For the avoidance of doubt, nothing in this Order shall constitute an approval of the terms of Section 7.21 of the U.S. Acquisition Agreement and all parties reserve their rights in connection

therewith. For the further avoidance of doubt, all amendments to Section 4.6 of the U.S. Acquisition Agreement described in this paragraph 6 shall apply *mutatis mutandis* to the corollary provisions of Section 15 of the Restructuring Support Agreement. To the extent there is any discrepancy between this Order and either the U.S. Acquisition Agreement or the Restructuring Support Agreement, the terms of the Order shall govern without any further amendment to the U.S. Acquisition Agreement or the Restructuring Support Agreement. To the extent that there is any discrepancy between Section 15 of the Restructuring Support Agreement and Section 4.6 of the U.S. Acquisition Agreement, the terms of the U.S. Acquisition Agreement shall govern.

7. Notwithstanding anything to the contrary in the Restructuring Support Agreement or in the U.S. Acquisition Agreement, if the Debtors in good faith based upon advice of counsel believe that any provision in the Restructuring Support Agreement or in the U.S. Acquisition Agreement shall require the Debtors or any directors or officers of the Debtors to take any action, or to refrain from taking any action, that would breach, or be inconsistent with, their fiduciary obligations under applicable law, then the Debtors may terminate the Restructuring Support Agreement and the U.S. Acquisition Agreement, respectively, without incurring any liability to any Party under the Restructuring Support Agreement other than the applicable Plan Sponsor Protections to the Plan Sponsor if and to the extent such Plan Sponsor Protections are payable under the Restructuring Support Agreement or the U.S. Acquisition Agreement. For the avoidance of doubt, nothing in the immediately preceding sentence shall be construed as releasing the Debtors from their obligations (i) to pay the Plan Sponsor Protections as approved by the Bankruptcy Court when due and payable and (ii) to follow the procedures outlined in Section 7.11 of the U.S. Acquisition Agreement in evaluating a Superior Proposal (as defined in

the U.S. Acquisition Agreement), including providing notice to the Plan Sponsor, at least forty-eight (48) hours in advance (the “*Notice Period*”), of their intention to take any action with respect to such Superior Proposal and negotiating with the Plan Sponsor in good faith during the Notice Period to make such adjustments in the terms and conditions of the U.S. Acquisition Agreement so that such proposal or offer ceases to constitute a Superior Proposal. Further, nothing in this paragraph 7 shall entitle the Plan Sponsor to any Plan Sponsor Protections other than those set forth in section 4.6 of the U.S. Acquisition Agreement, as amended hereby.

8. The Plan Sponsor Protections, including the Expense Reimbursement and the Break-Up Fee, are approved on the terms set forth in the Restructuring Support Agreement and the U.S. Acquisition Agreement, except to the extent modified by this Order.

9. The Debtors are hereby authorized to pay any and all such amounts owing to the Plan Sponsor on account of the Expense Reimbursement and Break-Up Fee in accordance with the terms of the Restructuring Support Agreement and the U.S. Acquisition Agreement without further action or order by the Court; *provided, however*, that the Expenses (as defined in the U.S. Acquisition Agreement) shall be subject to review by the U.S. Trustee, the Committees, and the FCR (each, individually, an “*Expense Reimbursement Notice Party*” and, collectively, the “*Expense Reimbursement Notice Parties*”) for reasonableness prior to any reimbursement by the Debtors in accordance with the following procedures:

- i. Promptly upon the occurrence of any event that causes the Expense Reimbursement to become due and payable, the Plan Sponsor shall promptly give notice to the Expense Reimbursement Notice Parties of the amount of Expenses thereby payable to the Plan Sponsor, accompanied by reasonable documentation therefor, but without the necessity of filing formal fee applications. For the avoidance of doubt, such documentation shall include (A) a reasonably detailed description of the services performed or expenses incurred and (B) individual time detail only for the Plan Sponsor’s primary legal advisor, but may be redacted to protect privileged, confidential, or proprietary information.

- ii. Any Expense Reimbursement Notice Party may object to the reasonableness of all or portion of the Expenses otherwise payable to the Plan Sponsor by serving on counsel to the Debtors and counsel to the Plan Sponsor a written objection specifying in reasonable detail the specific amount of Expenses to which such Expense Reimbursement Notice Party objects and the bases for such objection within five (5) Business Days (as defined in the U.S. Acquisition Agreement) of the applicable Expense Reimbursement Notice Party's receipt of notice of such Expenses (the "***Expense Reimbursement Review Period***").
- iii. If no objection is properly and timely served in accordance with paragraph 9(ii) above, then the Debtors shall promptly pay such submitted Expenses within two (2) Business Days (as defined in the U.S. Acquisition Agreement) following the expiration of the Expense Reimbursement Review Period, in accordance with the terms of the Restructuring Support Agreement and the U.S. Acquisition Agreement, including with respect to any applicable cap on such Expenses specified in the U.S. Acquisition Agreement or in this Order.
- iv. If an Expense Reimbursement Notice Party properly and timely serves an objection to the submitted Expenses, then (A) the Debtors shall pay the Undisputed Expenses (as defined below), up to the applicable cap on such Expenses set forth in the U.S. Acquisition Agreement, as applicable, within two (2) Business Days following service of such objection, in accordance with the terms of the Restructuring Support Agreement and the U.S. Acquisition Agreement and (B) the Bankruptcy Court shall decide such objection unless otherwise resolved. For purposes hereof, "***Undisputed Expenses***" means the (1) the aggregate Expenses of the Plan Sponsor, without regard to the applicable cap on such Expenses set forth in the U.S. Acquisition Agreement, as applicable, less (2) the aggregate amount of Expenses to which an Expense Reimbursement Notice Party has properly and timely objected.

10. The Plan Sponsor Protections shall constitute an allowed administrative expense, subordinate to (i) any "carve-out" granted in favor of the professionals retained in the Chapter 11 Cases and the FCR; (ii) the Adequate Protection Claims as defined in the interim and final orders of the Court, dated June 27, 2017 and October 3, 2017 [Docket Nos. 107 & 953], respectively, granting the Adequate Protection Claims; and (iii) any amounts owed to the Court or to the U.S. Trustee pursuant to 28 U.S.C. § 1930.



11. The Claims Protocol annexed to the Restructuring Support Agreement is approved in furtherance of the Bar Date Order and all claims of the Initial Consenting OEMs that are filed, amended, or modified in accordance with the Claims Protocol shall be deemed timely and properly filed; *provided, however*, that, for the avoidance of doubt, nothing in the Claims Protocol shall impact the rights of parties to object to the validity or amount (but not the form or timeliness) of such claims. In the event that the Restructuring Support Agreement is terminated by (x) an Initial Consenting OEM or (y) as to all Initial Consenting OEMs due to a termination either by the Requisite Consenting OEMs, the Debtors, or the Plan Sponsor, such terminating Initial Consenting OEM or all Initial Consenting OEMs, as applicable, shall have sixty (60) days after the date on which such Initial Consenting OEM or all Initial Consenting OEMs, as the case may be, provide notice of such termination, to amend or modify the proof(s) of claim filed pursuant to the Claims Protocol. For the avoidance of doubt, nothing in the Order or in the Claims Protocol shall (i) limit any substantive objections a party in interest may assert with respect to the claims which are subject to the Claims Protocol (other than objections to the form or timeliness of such claims as set forth above) or (ii) limit any party's right to seek discovery in connection with such claims.

12. Nothing in this Order or in the Claims Protocol shall impact any right granted to any party in the *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 503, 506 and 507 and Fed. R. Bankr. P. 2002, 4001, 6004, and 9014 (I) Authorizing Debtors to Enter Into Accommodation Agreement and Access Agreement with Certain Customers; (II) Granting Adequate Protection in Connection therewith; and (III) Modifying the Automatic Stay to Implement and Effectuate the Terms Thereof* [Docket No. 953], including regarding "Challenges" (as defined therein).

13. Any Documentation (as defined in the Claims Protocol) that is provided by a Consenting OEM to the Debtors shall be made available by such Consenting OEM to the FCR, the Committees, and the professionals for the individual members of the Committees, (in the case of the Committees and the professionals for the individual members of the Committees on an advisors' eyes only basis) subject to becoming party to a protective order (or in the case of the professionals for the individual members of the Committees, agreeing to be bound by such protective order in accordance with its terms); *provided, however*, that if a Consenting OEM elects (in its sole discretion) to provide the Debtors' advisors supervised access to data as contemplated by Schedule 1, paragraph (c)(ii) of the Claims Protocol, but determines that providing such supervised access to the FCR, the Committees, and/or the professionals for the individual members of the Committees (in the case of the Committees and the professionals for the individual members of the Committees on an advisors' eyes only basis) would be impractical or commercially harmful, then such Consenting OEM shall promptly negotiate in good faith with the FCR, the Committees, and/or the professionals for the individual members of the Committees to determine a mutually acceptable reasonable alternative with respect to the form or manner in which such supporting documentation contemplated in Schedule 1, paragraph (c) will be provided.

14. The protective order contemplated by paragraph 13 above shall be entered into by the Debtors, the Committees, the FCR, and the Consenting OEMs and submitted to the Court by December 17, 2017. If a protective order is not submitted to the Court for entry by December 17, 2017, then a hearing on any disputes with respect to the protective order shall be scheduled for December 18, 2017.

15. For the avoidance of doubt, nothing in this Order shall be deemed to approve the Disclosure Statement, the U.S. Acquisition Agreement (except as set forth herein with respect to the Plan Sponsor Protections), or the Plan, including the Channeling Injunction (as defined in the Plan) and all parties, including the Debtors, reserve their rights in connection with the approval of such documents at a later date.

16. The Restructuring Support Agreement may be modified, amended or supplemented by the parties thereto, solely in accordance with the terms thereof, without further order of the Court; *provided, however*, that any such modification, amendment, or supplement shall not be contrary to, or conflict with, the terms of this Order. The Debtors shall provide notice of any such modification, amendments, or supplement to the FCR, the Committees, and the U.S. Trustees within five (5) Business Days thereof.

17. To the extent the automatic stay provisions of section 362 of the Bankruptcy Code would otherwise apply, such provisions are vacated and modified to permit parties, including Initial Consenting OEMs and the Plan Sponsor, to give notice of termination pursuant to the Restructuring Support Agreement and in accordance with paragraph 17 of the Restructuring Support Agreement.

18. The failure to describe specifically or include any particular provision of the Restructuring Support Agreement or related documents in the Motion or this Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the Restructuring Support Agreement be approved in its entirety and that the Debtors be permitted to enter into and perform under the Restructuring Support Agreement (including any exhibits or attachments thereto).

19. The Debtors' entry into the Restructuring Support Agreement shall not constitute a solicitation of votes in violation of section 1125(b) of the Bankruptcy Code.

20. Notwithstanding the provisions of Bankruptcy Rule 4001(a)(3) and 6004(h) or otherwise, this Order shall be immediately effective and enforceable upon its entry.

21. The Debtors are authorized to take all steps necessary or appropriate to carry out this Order.

22. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: Dec 13, 2017  
Wilmington, Delaware

  
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THE HONORABLE BRENDAN L. SHANNON  
CHIEF UNITED STATES BANKRUPTCY JUDGE

**Exhibit A**

**Restructuring Support Agreement**

Execution Copy**RESTRUCTURING SUPPORT AGREEMENT FOR U.S. DEBTORS**

This Restructuring Support Agreement, dated as of November 16, 2017 (this “**Agreement**” or the “**RSA**”), is among:

(i) Takata Americas, TK Holdings Inc., Takata de Mexico, S.A. de C.V., Industrias Irvin de Mexico S.A. de C.V., Strosshe-Mex S. de R.L. de C.V., TK China LLC, TK Finance LLC, TK Holdings de Mexico S. de R.L. de C.V., TK Mexico Inc., TK Mexico LLC, Takata Protection Systems, Inc., and Interiors In Flight, Inc. (the “**Debtors**” and, collectively with their non-Debtor affiliates, “**Takata**”);

(ii) Each of the following on behalf of themselves and their respective subsidiaries and/or affiliates as described on **Schedule 1** (collectively, the “**Schedule 1 Entities**”): BMW Manufacturing Co., LLC (“**BMW**”), Daimler Trucks North America LLC and Mercedes-Benz U.S. International, Inc. (together, “**DTNA/MBUSI**”), 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 Automobiles Argentina S.A. (collectively, “**FCA**”), Ford Motor Company (“**Ford**”), General Motors Holdings LLC (“**GM**”), Honda North America Inc. (“**Honda**”), Mazda Motor Corporation (“**Mazda**”), Mitsubishi Motors Corporation (“**Mitsubishi**”), Nissan North America, Inc. and Nissan Mexicana, S.A. de C.V. (together “**Nissan**”), Subaru Corporation (“**Subaru**”), Toyota Motor Corporation (“**Toyota**”), Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC, Volkswagen de Mexico S.A. de C.V. and Audi México S.A. de C.V. (collectively, “**Volkswagen**”), Volvo Group North America LLC and Mack Trucks, Inc. (together, “**Volvo**”) (each of the foregoing, together with the Schedule 1 Entities, an “**Initial Consenting OEM**” and, collectively, the “**Initial Consenting OEMs**”). The term “**Requisite Consenting OEM**” means at least ten (10) of the Initial Consenting OEMs having at least 70% in amount of allocation percentage set forth in **Schedule 3**; *provided, however*, that for purposes of determining whether the consent of the requisite number of Initial Consenting OEMs has been obtained, the separate entities constituting each of DTNA/MBUSI, FCA, Nissan, Volkswagen, and Volvo shall be treated as a single Initial Consenting OEM. For the purposes of consent, voting, waiver or approval rights set forth in this Agreement, including those provided for in Sections 2, 3, 4, 5, 10, and 13, the term Initial Consenting OEMs shall include Jaguar Land Rover, Ltd (“**JLR**”) and PSA Automobiles SA (“**PSA**”) as set forth on **Schedule 3**. The term “**Requisite PSAN Consenting OEMs**” means those PSAN Consenting OEMs (as defined in the Plan (as defined herein)) having at least 75% in amount of projected Reorganized Takata (as defined in the Plan) PSAN (as defined herein) inflator production for the fiscal year in which the decision is to be made; *provided*, that prior to Reorganized Takata’s formation, the projected first fiscal year of Reorganized Takata PSAN Inflator (as defined below) production shall be used; and

(iii) Joyson KSS Auto Safety S.A., a Luxembourg *société anonyme*, and collectively with one or more of its current or newly-formed Subsidiaries and/or Affiliates (as such terms are defined in the U.S. Acquisition Agreement (as defined below)) (“**KSS**” or the “**Plan Sponsor**”; together with the Initial Consenting OEMs, the “**Support Parties**”; and, together with the Debtors and the Initial Consenting OEMs, the “**Parties**”).

## RECITALS

A. Each Initial Consenting OEM purchases component parts, Service Parts (as such term is defined in the Indemnity and Release Agreement (defined below)), assemblies, components, and/or other Products (as such term is defined in the Indemnity and Release Agreement (defined below)) (individually, a **“Component Part”** and collectively, **“Component Parts”**) from Takata in accordance with certain Purchase Orders (as defined in the Indemnity and Release Agreement) issued by an Initial Consenting OEM to Takata (individually, a **“Purchase Order,”** and collectively, **“Purchase Orders”**).

B. Certain of the Initial Consenting OEMs purchase or purchased Component Parts that include or included non-desiccated or desiccated phase-stabilized ammonium nitrate (**“PSAN”**) inflators or components. As used herein, the term **“PSAN Inflators”** means, collectively, any airbag inflators that use non-desiccated or desiccated PSAN as a propellant and any components of such inflators (including the propellant, but excluding: (i) the airbag modules into which such inflators are incorporated by the Plan Sponsor after the Closing (as defined in the U.S. Acquisition Agreement); and (ii) any igniters for PSAN Inflators produced by Takata pre-Closing), and any such igniters that will continue to be produced by the Plan Sponsor post-Closing) developed, designed, manufactured and/or sold (including any such inflators or components thereof sold directly to tier one suppliers) by Takata or Reorganized Takata (but excluding any ammonium nitrate inflators designed and produced by third parties other than Takata or Reorganized Takata).

C. Certain of the Component Parts include or included PSAN Inflators, certain of which are now (or in the future may be) the subject of vehicle recalls and related remedy programs under regulations promulgated by the National Highway Traffic Safety Administration or other similar governmental or regulatory authorities under U.S. federal or state law, or the law of any other country or non-U.S. state or locality with jurisdiction to impose, require or regulate a vehicle recall, any related remedy program or any other type of sanction or remedy relating to the PSAN Inflators or conducted on a voluntary basis (collectively, **“Recalls”**) by the relevant Initial Consenting OEMs or certain other original equipment manufacturers of automobiles that purchased PSAN Inflators (the **“Other OEMs”**). Certain of the Initial Consenting OEMs have and continue to incur costs and expenses relating to the PSAN Inflators (the **“Customer Recall Costs and Expenses”**) in connection with, among other requirements, complying with and administering the Recalls and implementing Replacement Kits.<sup>1</sup> Certain of the Initial Consenting OEMs have claims, rights of reimbursement, indemnification, setoff and/or recoupment, and other similar rights against Takata for the Customer Recall Costs and Expenses, pursuant to each Initial Consenting OEM’s Purchase Orders, applicable law, and/or as acknowledged hereunder (the **“Customer Recall Claims”**).

D. Takata and certain of the Initial Consenting OEMs are named defendants in certain civil lawsuits relating to the PSAN Inflators, including, without limitation: (i) certain personal injury and wrongful death actions pending in jurisdictions worldwide, including U.S.

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<sup>1</sup> **“Replacement Kits”** means the package of Component Parts necessary to replace a PSAN Inflator that is subject to a Recall.

state courts and federal courts (the “**PI/WD Actions**”); (ii) putative class actions asserting economic loss, including without limitation (x) actions consolidated for pretrial purposes before the U.S. District Court for the Southern District of Florida captioned *In re Takata Airbag Products Liability Litigation*, (y) a putative class action proceeding in the Mexican District Court captioned as *Acciones Colectivas de Sinaloa, A.C. vs. Takata de Mexico, S.A. de C.V.* and others, and (z) a putative class action pending in the Ontario Superior Court of Justice at Case No. CV-16-543766-00CP captioned as *Donald D’Haene, Keith Sanford, Mary Salmon, Michael Vettese, Arlene Stevenson, Nidhi Prashar, Mira Melien and Jose’e Gaulin vs. Takata Corporation, TK Holdings, Inc., et al.* (collectively, the “**Economic Loss Class Actions**”); and (iii) actions brought by U.S. state or territorial governments on behalf of state or territorial residents (the “**State Actions**”), and Takata and/or any Initial Consenting OEMs may be named as defendants in future litigation relating to PSAN Inflators (whether before or after the RSA Effective Date (as defined herein) and collectively with the PI/WD Actions, the Economic Loss Class Actions, and the State Actions, the “**Covered Litigation**”). The Initial Consenting OEMs have claims against Takata, including without limitation, for liabilities incurred by the Initial Consenting OEMs in connection with the Covered Litigation and any other liabilities arising out of or relating to the PSAN Inflators, including, without limitation, Customer Recall Costs and Expenses and Customer Recall Claims (collectively, the “**Customer Indemnification Claims**”).

E. As a result of the foregoing, Takata is facing financial constraints which threaten its ability to maintain its going concern value, to comply with its contractual and regulatory obligations with respect to the Recalls, and to continue ongoing operations and supply of Component Parts to the Initial Consenting OEMs.

F. Takata Corporation (“**TKJP**”) and the United States of America, by and through the Department of Justice, Criminal Division, Fraud Section and the United States Attorney’s Office for the Eastern District of Michigan, entered into that certain Rule 11 Plea Agreement, dated January 13, 2017 (as may be amended, the “**DOJ Plea Agreement**”) that requires, among other things, a payment by TKJP, directly or through its affiliates, to a special master (the “**Special Master**”) for the benefit of the Initial Consenting OEMs and the Other OEMs in the amount of \$850 million (the “**DOJ Restitution Award**”).

G. On or about June 25, 2017 (the “**Petition Date**”), (a) the Debtors commenced voluntary cases (each, a “**Chapter 11 Case**” and collectively, the “**Chapter 11 Cases**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) and (b) TKJP and certain of its Japanese subsidiaries (together with TKJP, the “**Japan Debtors**”) commenced Japanese civil rehabilitation proceedings (the “**Japan Proceedings**,” and together with the Chapter 11 Cases, the “**Plenary Proceedings**,” and each, a “**Plenary Proceeding**”) and shortly thereafter, certain other subsidiaries and affiliates of TKJP commenced ancillary proceedings in which the ancillary court shall give effect to the discharge, release and/or modification of claims approved in the applicable Plenary Proceeding (any such ancillary proceedings that have been or will be commenced, the “**Ancillary Proceedings**”) and together with the Plenary Proceedings, the “**In-Court Proceedings**.”

H. Following the Petition Date, the Initial Consenting OEMs agreed to provide Customer Accommodations (as such term is defined in the Global Accommodation Agreement



(defined below)). The Initial Consenting OEMs agreed to provide to Takata the Customer Accommodations pursuant to the following accommodation agreements (collectively, the "**Accommodation Agreements**"): (i) the Accommodation Agreement with respect to all of the Takata entities other than the Japan Debtors and Takata International Finance, B.V. ("**TIF**") dated July 18, 2017, as has been and may be further amended, modified and supplemented from time to time (the "**Global Accommodation Agreement**") and (ii) the Accommodation Agreement with respect to the Japan Debtors dated July 31, 2017, as may be further amended, modified, and supplemented from time to time (the "**Japan Accommodation Agreement**") and the letter executed by TIF and TKJP and delivered to the Initial Consenting OEMs on August 9, 2017 (the "**TIF Letter**"), in order to provide Takata with sufficient liquidity to maintain its going concern value, to comply with its contractual and regulatory obligations with respect to the Recalls, and to continue its operations and ensure a stable and secure source of supply to the Initial Consenting OEMs.

I. In return for Customer Accommodations, Takata provided certain supply protection, acknowledgments, financial assurances and other adequate protection to the Initial Consenting OEMs as set forth in the Global Accommodation Agreement and in the access and security agreement among Takata and certain Initial Consenting OEMs executed by certain Takata entities on August 9, 2017 (the "**Access Agreement**").

J. The Parties have agreed to implement a Global Transaction (as defined in the U.S. Acquisition Agreement) pursuant to documents including (i) the plan attached to this Agreement as **Exhibit A** (as amended, supplemented or modified solely in accordance with Section 12.3 thereof and **Section 4** hereof, the "**Plan**"), the Global Accommodation Agreement and the other Definitive Documents (as defined below); (ii) the Japan Proceedings as set forth in a restructuring support agreement entered into by the parties thereto with respect to the Japan Proceedings (the "**Japan RSA**") which provides for, among other things, (a) a business transfer pursuant to Section 42 of the Japan Civil Rehabilitation Act; (b) transactions relating to the PSAN Carve-Out (as such term is defined in the Japan RSA); (c) recognition, authorization and approval from the Civil Rehabilitation Court for payment of certain TKJP obligations, including payment of the DOJ Restitution Award under the DOJ Plea Agreement and compensation for Reorganized Takata's and/or the Warehousing Trust's (assumption of certain liabilities as more fully set forth in the Japan Acquisition Agreement (as such term is defined in the Japan RSA); (iii) the Ancillary Proceedings; and (iv) out-of-court transactions with respect to certain direct or indirect subsidiaries of TKJP, as set forth in the Global Settlement Agreement (the "**Global Settlement Agreement**") between (A) TKJP and certain of its indirect and direct subsidiaries and (B) certain Initial Consenting OEMs and certain of their affiliates and subsidiaries.

K. The Global Transaction will provide for the sale of all of Takata's assets other than the Excluded Assets (as defined in the indemnity and release agreement to be entered into between the Plan Sponsor and the Initial Consenting OEMs contemporaneously with this agreement, the "**Indemnity and Release Agreement**" and with respect to the acquired assets, the "**Acquired Assets**") to the Plan Sponsor (the "**Sale**") pursuant to the purchase agreements to be entered into between the Plan Sponsor and applicable Takata entities (collectively the "**Acquisition Agreements**," and the asset purchase agreement between the Plan Sponsor and certain of the Debtors, the "**U.S. Acquisition Agreement**") and subject to the terms and

conditions of the “**Backstop Agreement**” (as such term is defined in the Indemnity and Release Agreement).

L. The Parties are entering into this Agreement in order to facilitate the Global Transaction in connection with the Chapter 11 Cases.

THEREFORE, in consideration of the promises, mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

### AGREEMENT

1. ***RSA Effective Date; Time of the Essence.*** This Agreement shall become effective, and the obligations contained herein shall become binding upon the Parties, upon the first date (such date, the “**RSA Effective Date**”) that all of the following have occurred: (a) this Agreement has been executed by each of the Debtors, the Plan Sponsor and the Initial Consenting OEMs and signature pages have been exchanged and released; (b) the Acquisition Agreements have been executed and delivered by the selling Takata entities and the Plan Sponsor; (c) each of the Initial Consenting OEMs, and certain of their affiliates and subsidiaries, and the Plan Sponsor has executed (or is otherwise bound by) the Indemnity and Release Agreement; and (d) the Japan RSA, the Global Settlement Agreement and the Backstop Agreement have been executed by the applicable parties thereto.

Notwithstanding any proposed deadlines in relation to the Global Transaction, each of the Parties (i) acknowledges and agrees that time is of the essence and (ii) intends to complete the Global Transaction as expeditiously as possible.

2. ***Definitive Documents and Other Documentation.*** The definitive documents and agreements (the “**Definitive Documents**”) governing the Global Transaction with respect to the Debtors shall consist of:

- (a) the proposed form of order granting the RSA Approval Motion (as defined below) (the “**RSA Approval Order**”), which order shall approve, among other things, the Break-Up Fee (as defined below) and the reimbursement of Expenses (as defined below) contemplated by Section 15 (the “**Expense Reimbursement**”) and together with the Break-Up Fee, the “**Plan Sponsor Protections**”);
- (b) the interim and final orders of the Bankruptcy Court granting the Debtors’ motion for approval of the Global Accommodation Agreement (the “**Interim Adequate Protection Order**” and the “**Final Adequate Protection Order**,” respectively);
- (c) the Plan (including all exhibits, schedules, supplements, modifications, amendments, appendices, annexes, and attachments to the Plan) and the order confirming the Plan (the “**Confirmation Order**”);

- (d) the disclosure statement for the Plan prepared and distributed in accordance with, among other things, sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Rule 3018 of the Federal Rules of Bankruptcy Procedure and other applicable law, and all exhibits, schedules, supplements, modifications, amendments, appendices, annexes and attachments to such disclosure statement (the “**Disclosure Statement**”);
- (e) the order of the Bankruptcy Court approving the Disclosure Statement and the solicitation of votes in connection with the Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code (the “**Disclosure Statement Order**”);
- (f) the Parties’ agreed upon notice protocol annexed hereto as **Schedule 4** (the “**Notice Protocol**”), and all applicable bankruptcy notices, motions, orders, exhibits, schedules, supplements, modifications, amendments, appendices, annexes and attachments contemplated thereby or related thereto;
- (g) the U.S. Acquisition Agreement (including all exhibits, schedules, supplements, modifications, amendments, appendices, annexes, and attachments);
- (h) any documents or agreements in connection with the creation or governance of trusts or funds established to distribute assets to the Initial Consenting OEMs;
- (i) any documents or agreements in connection with the creation or governance of the PSAN PI/WD Trust (as such term is defined in the Plan), the Warehousing Trust (as such term is defined in the Plan) and the Reorganized TK Holdings Trust (as such term is defined in the Plan);
- (j) any pleading, order or other document establishing the amount of any reserves under the Plan, including but not limited to the Claims Reserves, Post-Closing PI/WD Claims Reserve, Post-Closing Reserve, PSAN PI/WD Trust Reserve, Reorganized TK Holdings Trust Reserve and the Warehousing Trust Reserve (as such terms are defined in the Plan); *provided, however*, that notwithstanding anything herein to the contrary, the Initial Consenting OEMs and the Plan Sponsor shall only have consultation rights over the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKH Claims Reserve, the TKAM Claims Reserve, TKC Claims Reserve and the TKF Claims Reserve (as such terms are defined in the Plan);
- (k) the Shared Services Agreement (as such term is defined in the Plan);
- (l) the Initial Consenting OEM Claims Protocol annexed hereto as **Exhibit B** (the “**Initial Consenting OEM Claims Protocol**”);

- (m) the settlement of Intercompany Claims (as such term is defined in the Plan);
- (n) the Transition Services Agreement (as defined in the Indemnity and Release Agreement and subject to paragraph 1(b) thereof); and
- (o) any other pleading, document or agreement that adversely affects the rights, interests, obligations, claims or treatment of an Initial Consenting OEM or the Plan Sponsor.

Certain of the Definitive Documents identified above remain subject to negotiation and shall, upon completion, be consistent with the terms of this Agreement and in form and substance reasonably acceptable to the Initial Consenting OEMs, the Debtors and the Plan Sponsor; *provided, however*, that the Interim Adequate Protection Order, the Final Adequate Protection Order<sup>2</sup> and the Initial Consenting OEM Claims Protocol must be in form and substance reasonably acceptable only to the Debtors and the Initial Consenting OEMs.

Other documents and agreements relating to the Global Transaction or otherwise pertaining to the Debtors (except for the Reorganized Takata Documents (as defined below)) (the “**Other Documentation**”) shall consist of the documents set forth below, which documents and agreements shall be in form and substance reasonably acceptable to the Initial Consenting OEMs and the Plan Sponsor; *provided, however*, that the Other Documentation shall be deemed to be in form and substance reasonably acceptable to the Initial Consenting OEMs and the Plan Sponsor unless the applicable Party notifies the Debtors in writing within two (2) business days of receipt of such Other Documentation that the Other Documentation is not reasonably acceptable to such Initial Consenting OEM or the Plan Sponsor, as applicable, and the specific basis for such determination:

- (a) the motion seeking an order authorizing the Debtors’ entry into this Agreement and approving the Plan Sponsor Protections (the “**RSA Approval Motion**”);
- (b) the solicitation materials with respect to the Plan (the “**Solicitation Materials**”) and any motion to approve such Solicitation Materials; and
- (c) the memorandum of law in support of confirmation of the Plan.

Other documents and agreements relating solely to Reorganized Takata (the “**Reorganized Takata Documents**”) shall be reasonably acceptable to the PSAN Consenting OEMs and shall consist of the following documents:

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<sup>2</sup> For the avoidance of doubt, the Debtors and the Initial Consenting OEMs agree that the Interim Adequate Protection Order [Docket No. 107] and the Final Adequate Protection Order [Docket No. 953] are in form and substance reasonably acceptable to the Debtors and the Initial Consenting OEMs.

- (a) documents and agreements relating solely to the governance of Reorganized Takata, including any shareholders' agreements and certificates of incorporation;
- (b) any employment agreements with respect to directors or officers of Reorganized Takata; and
- (c) any other pleading, document or agreement related only to Reorganized Takata that adversely affects the rights, interests, obligations, claims or treatment of a PSAN Consenting OEM.

3. ***Review of Certain Documentation.*** The Debtors shall deliver to the Initial Consenting OEMs and the Plan Sponsor:

- (a) as soon as reasonably practicable in advance of filing with the Bankruptcy Court or delivering to any statutory committee appointed in the Chapter 11 Cases or the U.S. Trustee, but no later than seven (7) calendar days before taking such action, the initial draft of (i) the Disclosure Statement; (ii) the Confirmation Order; and (iii) the Plan Supplement (as such term is defined in the Plan);
- (b) as soon as reasonably practicable in advance of filing with the Bankruptcy Court (if applicable) or delivering to any statutory committee appointed in the Chapter 11 Cases or the U.S. Trustee, but no later than three (3) calendar days before taking such action, initial drafts of (i) the RSA Approval Motion; (ii) pleadings filed in connection with any Ancillary Proceedings that materially affect the Initial Consenting OEMs or their claims or the Plan Sponsor; (iii) all other notices, filings, motions or pleadings concerning any request for relief, under section 363 or 365 of the Bankruptcy Code or Rule 9019 of the Federal Rules of Bankruptcy Procedure, in excess of US\$1,000,000; (iv) any documents or pleadings related to the estimation of any claims against the Debtors; (v) any pleadings related to notice to holders of economic loss, personal injury and/or wrongful death claims; and (vi) substantive motions, including any bar date motions or claims-related motions.

4. ***Amendments to Definitive Documents, Other Documentation and Reorganized Takata Documents.***

- (a) Amendments to Definitive Documents. The Definitive Documents may only be amended, modified or otherwise changed with the written consent, not to be unreasonably withheld, of the Debtors, the Initial Consenting OEMs, and the Plan Sponsor and in accordance with the terms and conditions of such Definitive Documents, it being understood that it shall be reasonable for an Initial Consenting OEM or the Plan Sponsor to withhold consent to any amendment modification or change if such amendment, modification or change itself, or when taken together with

any other amendments, modifications, or changes, materially adversely affects the Plan Sponsor or an Initial Consenting OEM (as applicable); *provided*, that the Interim Adequate Protection Order, the Final Adequate Protection Order and the Initial Consenting OEM Claims Protocol may be amended, modified or otherwise changed with the written consent of only the Debtors and the Initial Consenting OEMs; *provided, further* that:

- (i) immaterial amendments, modifications or changes (*e.g.*, amendments, modifications, or changes that, among other things, do not adversely affect or alter the Initial Consenting OEMs' liabilities, obligations or right to recoveries, or alter their litigation rights) may be approved with the consent of the Requisite Consenting OEMs, the Debtors and the Plan Sponsor, which consent shall not be unreasonably withheld;
- (ii) without limiting or overriding the consent rights of the parties under the Definitive Documents, the Debtors may amend, modify, or supplement the Definitive Documents, from time to time, without the consent of the other Parties, to cure any non-substantive ambiguity, defect (including any technical defect) or inconsistency, *provided*, that any such amendments, modifications or supplements do not adversely affect the rights, interests, obligations, claims or treatments of the Initial Consenting OEMs or the Plan Sponsor;
- (iii) to the extent amendments, modifications or changes are required to be made to orders addressing Definitive Documents at a hearing in order to obtain approval by the Bankruptcy Court, such order shall be in form and substance reasonably acceptable to the Initial Consenting OEMs and the Plan Sponsor participating in any hearing on such order;
- (iv) For the avoidance of doubt, the consent of all Initial Consenting OEMs shall be required for any change that removes or modifies any of the following: (A) payment of the Adequate Protection Claims (as defined in the Global Accommodation Agreement), Consenting OEM PSAN Cure Claims (as defined in the Plan) and Consenting OEM PSAN Administrative Expense Claims (as defined in the Plan) in cash in full on the effective date of the Plan or otherwise in the manner set forth in the Plan as currently drafted (except to the extent such Adequate Protection Claims, Consenting OEM PSAN Cure Claims and Consenting OEM PSAN Administrative Expense Claims have already been duly satisfied or waived by the holders thereof); (B) an acknowledgement by the Debtors that the amount of each Initial Consenting OEM's allowed claims are in excess of each such Initial Consenting OEM's payables to the Debtors; (C) treatment of the OEM Unsecured

Claims (as defined in the Plan); (D) a channeling injunction in favor of the Plan Sponsor and those Initial Consenting OEMs and Other OEMs meeting the requirements of obtaining the protection of such injunction as set forth in the Plan; *provided, however*, that, with respect to the consent rights of the Initial Consenting OEMs on sections 5.9 (*The PSAN PI/WD Trust*) and 10.7 (*Channeling Injunction*), only the consent of the Participating OEMs (as such term is defined in the Plan) shall be required for any modification to the Plan that affects the Participating OEMs' benefits, rights or obligations (and does not otherwise adversely affect the benefits, rights or obligations of the Initial Consenting OEMs) under sections 5.9 (*The PSAN PI/WD Trust*) and 10.7 (*Channeling Injunction*) of the Plan; (E) satisfaction in cash in full of the DOJ Restitution Award and payment of the DOJ Restitution Award to the Initial Consenting OEMs and Other OEMs from the proceeds of the Sale of the Acquired Assets to the Plan Sponsor pursuant to the Acquisition Agreements and as otherwise set forth in the Global Settlement Agreement, all in accordance with the methodology to which the Initial Consenting OEMs and Other OEMs have agreed; (F) the indemnity structure, including, but not limited to, the indemnity cap and allocation thereof (as provided in the Indemnity and Release Agreement); (G) changes to the terms Assumed Liabilities, Purchased Assets, Excluded Assets, Excluded PSAN Liabilities and PSAN Assets, PSAN Inflater Business and PSAN Inflators as such terms are defined in the Indemnity and Release Agreement and (H) the Outside Date set forth herein and in the Accommodation Agreements.

- (b) Amendments to Other Documentation. Subject to the prohibitions set forth in Section 4(a)(iv)(A)-(H) above, any amendments, modifications, or other changes to the Other Documentation shall require consent, in writing, by the Requisite Consenting OEMs, the Debtors and the Plan Sponsor, which consent shall not be unreasonably withheld, *provided* that, any amendments, modifications or changes that disproportionately and materially adversely affect any rights, obligations, liabilities or recoveries of any Initial Consenting OEM relative to any other Initial Consenting OEM shall require the consent of such affected Initial Consenting OEM; *provided further*, that any amendments, modifications or changes that themselves, or when taken together with any other amendments, modifications or changes, materially adversely affect the Plan Sponsor shall require the consent of the Plan Sponsor; *provided further*, that the Debtors may amend, modify, or supplement the Other Documentation, from time to time, without the consent of the other Parties, to cure any non-substantive ambiguity, defect (including any technical defect) or inconsistency, as long as such amendments, modifications or supplements do not affect the rights, interests, obligations, claims or treatments of the Initial Consenting OEMs or the Plan Sponsor in any way.

- (c) Amendments to Reorganized Takata Documents. Any amendments, modifications or changes to the Reorganized Takata Documents may be consented to by the Requisite PSAN Consenting OEMs and the Debtors, which consent shall not be unreasonably withheld; *provided* that, any amendments, modifications or changes that disproportionately and materially adversely affect any rights, obligations, liabilities or recoveries of any PSAN Consenting OEM relative to any other PSAN Consenting OEM shall require the consent of such affected PSAN Consenting OEM; *provided further*, that the Debtors may amend, modify, or supplement the Reorganized Takata Documents, from time to time, without the consent of the other Parties, to cure any non-substantive ambiguity, defect (including any technical defect) or inconsistency, as long as such amendments, modifications or supplements do not affect the rights, interests, obligations, claims or treatments of the PSAN Consenting OEMs or the Plan Sponsor in any way.

5. **Milestones.** The following milestones (the “**Milestones**”) shall apply to this Agreement:

- (a) Within three (3) business days of the RSA Effective Date, the Debtors shall have filed the RSA Approval Motion.
- (b) By no later than November 15, 2017, the Debtors shall have filed a motion seeking approval of the Disclosure Statement and Solicitation Materials.
- (c) By no later than December 6, 2017, the Bankruptcy Court shall have entered the RSA Approval Order, which order shall include approval of the Initial Consenting OEM Claims Protocol and the Plan Sponsor Protections.
- (d) By no later than December 15, 2017, the Bankruptcy Court shall have entered a form of order authorizing and directing the Debtors to provide (i) actual notice by mail to any person who, at any time from and after the Petition Date through and including the date that is eight (8) weeks prior to the commencement of the Plan confirmation hearing (or such later date that will ensure timely notice of the confirmation hearing and related objection deadline to those noticed), becomes the registered owner of a vehicle in the United States containing a PSAN Inflator that uses 2004 non-desiccated or desiccated PSAN as a propellant in accordance with the Notice Protocol and (ii) notice by publication in each publication listed in paragraph 11 of, and Exhibit C to, the order entered by the Bankruptcy Court as Docket No. 959, in each case in accordance with the Notice Protocol.
- (e) By no later than January 9, 2018, the Bankruptcy Court shall have entered the Disclosure Statement Order.



- (f) By no later than February 15, 2018, the Bankruptcy Court shall have entered the Confirmation Order.

The Debtors may extend a Milestone with the express prior written consent of the Requisite Consenting OEMs and the Plan Sponsor.

**6. *Commitments of the Initial Consenting OEMs.***

- (a) *Initial Consenting OEM Support of Global Transaction.* Each Initial Consenting OEM, severally and not jointly, from the RSA Effective Date and for so long as this Agreement has not been terminated in accordance with its terms by or as to an Initial Consenting OEM, shall:

- (i) subject to delivery by the Debtors to the Initial Consenting OEMs of the Disclosure Statement and Solicitation Materials that have been approved by the Bankruptcy Court as having adequate information as defined in section 1125 of the Bankruptcy Code, (A) support and take all commercially reasonable steps to effectuate the Global Transaction, in accordance with, and within the time frames contemplated by, this Agreement and the Definitive Documents; *provided*, that an Initial Consenting OEM shall not be required to incur any unreimbursed funds, other than *de minimis* amounts, for third-party costs or fees in connection therewith (and for the avoidance of doubt, nothing contained herein is intended to contradict or supersede the rights of the Initial Consenting OEMs set forth in the Accommodation Agreement with respect to reimbursement of costs or fees of legal or other advisors), (B)(1) to the extent that the applicable Initial Consenting OEM is entitled to accept or reject the Plan pursuant to its terms, vote to accept the Plan by delivering its duly executed and completed ballot accepting the Plan on a timely basis following the commencement of the solicitation and (2) not change or withdraw (or cause to be changed or withdrawn) its vote so long as the Plan is not amended or modified other than in accordance with this Agreement (it being understood by the Parties that any modification of the Plan that results in a valid termination of this Agreement pursuant to Sections 9 or 10 hereof by any Initial Consenting OEM shall entitle such Initial Consenting OEM to an opportunity to change its vote in accordance with section 1127(d) of the Bankruptcy Code, and the Solicitation Materials with respect to the Plan shall be consistent with this proviso) and (C) not sell or otherwise transfer any claims against Takata to a third-party (other than in connection with the assignment of any Purchase Order or OEM Assumed Contract (as defined in the Indemnity and Release Agreement) to the Plan Sponsor); *provided, however*, that such claims may be sold or transferred among an Initial Consenting OEM and such Initial Consenting OEMs' affiliates listed on

Schedule 1 of this Agreement contemporaneously with written notice by email to be provided by such Initial Consenting OEM to the Debtors and the Plan Sponsor;

- (ii) not, directly or indirectly (nor encourage any other person or entity to directly or indirectly): (A) object to, delay, impede or take any other action or inaction to interfere with acceptance, approval, implementation or consummation of this Agreement, the Accommodation Agreements, the Access Agreement, the Acquisition Agreements, the Indemnity and Release Agreement, the Global Settlement Agreement or the Plan; (B) solicit, encourage, propose, file, support, participate in the formulation of or vote for, any restructuring, involuntary bankruptcy, sale of assets, merger, workout or plan of reorganization or arrangement of reorganization for the Debtors other than the Acquisition Agreements and the Plan; (C) otherwise take any action that would interfere with, delay or postpone the consummation of the Global Transaction except such actions that an Initial Consenting OEM reasonably believes are necessary to protect the continuity of its production; (D) exercise any right or remedy for the enforcement, collection or recovery of any claim against the Debtors except in a manner consistent with this Agreement, the Accommodation Agreements, the Plan, the Access Agreement and the Global Transaction; or (E) solicit, encourage, propose, file, support, or vote for, any restructuring, involuntary bankruptcy, sale of assets, merger, workout or plan of reorganization or arrangement of reorganization for the Debtors other than the Global Transaction;
- (iii) (A) support KSS and only KSS as the plan sponsor in connection with the Sale and (B) support the overall Global Transaction, which includes the Plan Sponsor Protections;
- (iv) provide the Plan Sponsor and the Debtors with notice of the exercise of any Equipment Option or License (as each such term is defined in the Global Accommodation Agreement);
- (v) file Consenting OEM Claims (as such term is defined in the *Order Pursuant to 11 U.S.C. §§ 105(a) and 502(b)(9), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and Local Rules 2002-1(e), 3001-1 and 3003-1 for Authority to (I) Establish Deadlines for Filing Proofs of Claim, (II) Establish the Form and Manner of Notice Thereof, and (III) Approve Procedures for Providing Notice of Bar Date and Other Important Deadlines and Information to Potential PSAN Inflation Claimants* [Docket No. 959] (the “**Bar Date Order**”)) in accordance with the Initial Consenting OEM Claims Protocol;

- (vi) cooperate with the Debtors in preparing stay pleadings related to Covered Litigation, including providing reasonable assistance with developing the factual support for the relief requested; and
- (vii) not take any other action that is inconsistent with its obligations under this Agreement.

Notwithstanding the foregoing, nothing in this Agreement shall restrict, and each Initial Consenting OEM is permitted to take, any action that it deems reasonably necessary, in its sole discretion, to prepare to resource production of any Component Parts to an alternative supplier in accordance with the Accommodation Agreements or to prepare for, investigate, or otherwise formulate one or more alternative transactions, in each case as a contingency in the event of a Termination Event or a termination under Section 13 of this Agreement (it being acknowledged and agreed that this exception shall only permit an Initial Consenting OEM to engage in contingency planning and shall not permit any Initial Consenting OEM to take any action that is intended to or could reasonably be expected to result in the termination of the Acquisition Agreements or the Global Transaction or the solicitation or encouragement of any third party for an Alternative Transaction (as defined in the U.S. Acquisition Agreement)).

- (b) *Rights of Initial Consenting OEMs Unaffected.* Subject in each case to applicable law, nothing in this Agreement shall limit (i) subject to the terms and conditions of the Accommodation Agreements, the Access Agreement, any adequate protection order (including the Interim Adequate Protection Order and the Final Adequate Protection Order), or other agreements between Takata and any other Parties hereto, the rights of the Initial Consenting OEMs to take or not take any action relating to the maintenance, protection or preservation of any of their security interests, liens, setoff or recoupment rights, or defenses; (ii) the rights of an Initial Consenting OEM under any applicable bankruptcy, insolvency, foreclosure or similar proceeding, including appearing as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in the Chapter 11 Cases, in each case, so long as the exercise of any such right is not inconsistent with such Initial Consenting OEM's obligations under this Agreement, the Indemnity and Release Agreement, the Accommodation Agreements, the Access Agreement (to the extent such Initial Consenting OEM is a party thereto), the Japan RSA, the Global Settlement Agreement, or any agreement of the Initial Consenting OEMs and Other OEMs with respect to allocation of the DOJ Restitution Award; (iii) the ability of an Initial Consenting OEM to consult with other Support Parties or the Debtors; (iv) the rights of an Initial Consenting OEM to negotiate with parties in interest on amendments or modifications to the Plan, Plan Supplement, Disclosure Statement or Confirmation Order in an effort to resolve such parties' objections to such documents; (v) the ability of an Initial Consenting OEM to enforce any right under the Accommodation Agreements, the Access Agreement, any Definitive Documents or any ordinary-course agreements with Takata (subject to the Accommodation Agreements); or (vi) the

ability of an Initial Consenting OEM to protect and assert its rights in the Covered Litigation or matters relating thereto in any insolvency proceeding, including the Chapter 11 Cases.

- (c) Subject to the terms and conditions of the Accommodation Agreements or other agreements between Takata and any other Parties hereto, the rights of the Initial Consenting OEMs with respect to any non-Debtor are unaffected by the provisions of this Agreement.

7. ***Commitments of the Plan Sponsor.*** The Plan Sponsor agrees, from the RSA Effective Date and for so long as this Agreement has not been terminated in accordance with its terms, that the Plan Sponsor shall:

- (a) support and take all commercially reasonable steps to effectuate the Global Transaction in accordance with, and within the time frames contemplated by, this Agreement and the Definitive Documents (including, without limitation, using commercially reasonable efforts in securing any third-party or governmental approvals in connection with the Global Transaction);
- (b) not, directly or indirectly (nor encourage any other person or entity to directly or indirectly), (i) object to, delay, impede or take any other action or inaction to interfere with acceptance, approval, implementation or consummation of the Plan, (ii) solicit, encourage, propose, file, support, participate in the formulation of or vote for any restructuring, sale of assets, merger, workout, plan of reorganization or arrangement of restructuring for the Debtors other than the Global Transaction pursuant to the Plan (including any such transaction that would affect the allocation of the DOJ Restitution Award), including in the Ancillary Proceedings, (iii) otherwise take any action that would interfere with, or delay the consummation of the Global Transaction including any transaction involving any non-Debtor Takata entity, or (iv) exercise any right or remedy for the enforcement, collection or recovery of any claim against the Debtors or any non-Debtor Takata entity except in accordance with this Agreement, the Acquisition Agreements, the Indemnity and Release Agreement, the Accommodation Agreements, the RSA Approval Order, the Plan, and the Global Transaction;
- (c) support and take commercially reasonable steps with respect to consummation of the Global Transaction and attendant transition matters anticipated to follow consummation of the Global Transaction, and payment of the DOJ Restitution Award free and clear of all liens, claims, and encumbrances in any jurisdiction with an In-Court Proceeding and in accordance with each Initial Consenting OEM's Allocation Percentage (as defined in the Indemnity and Release Agreement and set forth in Schedule C thereto);

- (d) cooperate with the Initial Consenting OEMs regarding the Initial Consenting OEMs and Other OEMs' agreement regarding the distribution of the DOJ Restitution Award;
- (e) pay the Purchase Price (as defined in the Acquisition Agreements) at the closing of the Global Transaction and all other amounts under the Acquisition Agreements or the Backstop Agreement, if any, when due and payable; and
- (f) not take any other action that is inconsistent with its obligations under this Agreement.

8. ***Commitments of the Debtors.*** The Debtors jointly and severally agree, from the RSA Effective Date and for so long as this Agreement has not been terminated in accordance with the terms hereof, that the Debtors shall:

- (a) (i) support and take all commercially reasonable steps necessary to prosecute and defend any appeals relating to the Confirmation Order, and (ii) support and take all commercially reasonable steps necessary and appropriate to facilitate approval of the Disclosure Statement, confirmation and consummation of the Plan and the Global Transaction in accordance with, and within the time frames contemplated by, this Agreement and the Definitive Documents;
- (b) not directly or indirectly seek to amend or modify, file or seek authority to file a pleading seeking authority to amend or modify, any Definitive Documents or Other Documentation in a manner that is inconsistent with such documentation or this Agreement;
- (c) not file or seek authority to file any pleading inconsistent with the Global Transaction or the terms of this Agreement (nor encourage any other person or entity to take such action);
- (d) timely file and prosecute a formal objection to any motion filed with the Bankruptcy Court by any individual, partnership, joint venture, limited liability company, corporation, trust, unincorporated organization, group, governmental or regulatory authority, legal entity or association (each, a "Person") seeking the entry of an order (1) directing the appointment of an examiner with expanded powers or a trustee, (2) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (3) dismissing the Chapter 11 Cases, (4) modifying or terminating the Debtors' exclusive right to file a plan of reorganization and solicit acceptances of such a plan, or (5) for relief that (x) is inconsistent with this Agreement in any material respect or (y) would, or would reasonably be expected to, frustrate the purposes of this Agreement, including by preventing the consummation of the Global Transaction;

- (e) promptly notify the Support Parties of any governmental or third-party complaints, litigations, hearings or investigations (or communications indicating that the same may be contemplated or threatened) relating to the Debtors that have a reasonable likelihood of having an adverse impact on the ability to consummate the Global Transaction and of which the Debtors have knowledge;
- (f) use commercially reasonable efforts to obtain any and all required governmental, regulatory and/or third-party approvals necessary or required for the implementation or consummation of the Global Transaction and the Definitive Documents, including approval by the Bankruptcy Court to the extent required;
- (g) deliver or cause to be delivered (and file or cause to be filed certificates of service with respect to such delivery), at its sole cost and expense, all applicable bankruptcy notices required by the Notice Protocol;
- (h) file or cause to be filed, any motion or pleading in furtherance of the Bar Date Order to seek approval of the Initial Consenting OEM Claims Protocol whether (x) as a standalone motion or (y) as an exhibit to this Agreement;
- (i) to the extent the Debtors seek a stay with respect to any Covered Litigation in the United States against any Initial Consenting OEM, the Debtors shall provide such Initial Consenting OEM with drafts of any pleadings in support of a stay no later than three (3) calendar days prior to the filing of such pleadings. In the event there is not a stay of the litigation against an Initial Consenting OEM, the Debtors agree to cooperate in the pending litigation, including by producing documents and witnesses as reasonably requested by the Initial Consenting OEMs;
- (j) reasonably cooperate with the Parties regarding the Initial Consenting OEMs and Other OEMs' agreement on distribution of proceeds of the DOJ Restitution Award to the Initial Consenting OEMs and Other OEMs, and take no position with the Special Master that is inconsistent with the position of the Initial Consenting OEMs and Other OEMs with respect to their agreement on the distribution of the DOJ Restitution Award;
- (k) not indirectly or directly propose, file or support any restructuring, work out, plan of arrangement, scheme, or plan of reorganization for the Debtors that results in the allocation or distribution of the DOJ Restitution Award deviating from that contemplated under the Global Transaction;
- (l) subject to the terms and conditions of the Global Accommodation Agreement, the Access Agreement, any adequate protection order (including the Interim Adequate Protection Order and the Final Adequate Protection Order) or other agreements between the parties, continue to

operate their business in the ordinary course and comply with all obligations to the Initial Consenting OEMs under the Purchase Orders;

- (m) provide the Plan Sponsor with any resourcing notice the Debtors receive from any Initial Consenting OEM under the Global Accommodation Agreement;
- (n) support, observe and abide by the Plan Sponsor Protections as approved by the Bankruptcy Court, including paying the Plan Sponsor Protections when due and payable; and
- (o) promptly notify counsel to the Plan Sponsor and the Initial Consenting OEMs of any inquiries, proposals or offers to purchase any substantial assets of the Debtors, to modify in a material manner any material commercial relationship with the Debtors, to make any material investment in the Debtors or to provide the Debtors with debt or equity financing.

9. ***Individual Customer Termination Event.*** Each Initial Consenting OEM shall have the right, but not the obligation, upon five (5) business days' advance written notice to the other Parties, to terminate its obligations under this Agreement upon the occurrence of any of the following events, (the "**Individual Customer Termination Events**"), unless such Individual Customer Termination Event is waived or deferred, in writing, by the affected Initial Consenting OEM either prospectively or retroactively; *provided*, that any termination under this Section 9 shall only be effective as to the applicable Initial Consenting OEM that delivers such notice of termination, and the effects of termination set forth in Section 14 of this Agreement shall apply *mutatis mutandis* to such Initial Consenting OEM only; *provided, further*, that solely with respect to the Individual Customer Termination Events in subsections (c) and (d) of this Section 9, the Debtors shall have five (5) business days to cure such Individual Customer Termination Event:

- (a) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of or rendering illegal the Sale or Global Transaction or any material portion thereof, and either (i) such ruling, judgment or order has been issued at the request of or with the acquiescence of the Debtors, or (ii) in all other circumstances, such ruling, judgment or order has not been reversed or vacated within sixty (60) calendar days after such issuance;
- (b) any court of competent jurisdiction has entered a final non-appealable judgment or order declaring this Agreement unenforceable;
- (c) the Chapter 11 Cases are converted to cases under Chapter 7 of the Bankruptcy Code or dismissed, the Japan Proceedings are converted to bankruptcy proceedings (*hasan*) or special liquidation proceedings (*tokubetsu seisan*) or dismissed, or any of TAKATA Aktiengesellschaft,

TAKATA Sachsen GmbH or TAKATA Europe GmbH (collectively, the “**German Entities**”) or ROW Entities (as defined in the Global Accommodation Agreement, the “**ROW Entities**”) voluntarily commences a case or cases, or has a case or cases commenced against it, under applicable insolvency law, which case is a liquidation-type of insolvency proceeding or is converted to a liquidation-type insolvency proceeding;

- (d) filing by any U.S. Debtor of a motion, pleading, application, objection or adversary proceeding challenging the Acknowledged Claims (as defined in and described in the Global Accommodation Agreement) or the Consenting OEM Claims (as such term is defined in the Bar Date Order) based upon the form of an Initial Consenting OEM’s filing or because of insufficiency of documentation provided to support the proof of claim if such Acknowledged Claims or Consenting OEM Claims were filed by an Initial Consenting OEM in a manner that is consistent with the Initial Consenting OEM Claims Protocol;
- (e) such Initial Consenting OEM terminates one or more of the Accommodation Agreements in accordance with the terms thereof;
- (f) with respect to (x) the Plan, the Plan Supplement (as defined in the Plan), the Confirmation Order, the Disclosure Statement, and the U.S. Acquisition Agreement (the “**U.S. Documents**”) or (y) the Global Accommodation Agreement, the Access Agreement, the Japan RSA, the Japan Accommodation Agreement, the Global Settlement Agreement, the Backstop Agreement, the Acquisition Agreements (other than the U.S. Acquisition Agreement) or the TIF Letter (the “**Global Documents**”), one or more of Takata, or the affiliates or subsidiaries of Takata, or the Plan Sponsor, or the affiliates or subsidiaries of the Plan Sponsor, party to such U.S. Documents or Global Documents and/or the Indemnity and Release Agreement, either (i) terminates a U.S. Document or a Global Document and/or the Indemnity and Release Agreement; (ii) materially breaches, repudiates, or rejects a U.S. Document or a Global Document and/or the Indemnity and Release Agreement, such breach, repudiation, or rejection adversely affects an Initial Consenting OEM and such breach, repudiation, or rejection is not cured within ten (10) business days; or (iii) a Party amends or modifies such U.S. Documents or such Global Documents:
  - (I) in a manner that materially and adversely alters an Initial Consenting OEM’s litigation rights, or disproportionately, materially and adversely affects an Initial Consenting OEM’s liabilities, obligations, or right to recoveries relative to the other Initial Consenting OEMs;
  - (II) if a U.S. Document, in a manner that is inconsistent with Section 4 of this Agreement; or



- (III) if a Global Document, in violation of the applicable restrictions on the amendment or modification of such Global Document;
- (g) any Debtor or Plan Sponsor terminates this Agreement; *provided, however*, that this Agreement shall remain in effect as to the Debtors and the Initial Consenting OEM if (i) Takata enters into a new agreement for the purchase of substantially all of Takata's assets (other than the Excluded Assets) on terms reasonably acceptable to the Initial Consenting OEM, within ten (10) calendar days following termination and (ii) the plan sponsor or the new purchaser agrees to fulfill the Plan Sponsor's obligations under this Agreement, within ten (10) calendar days following termination;
- (h) any Party materially breaches, repudiates, or rejects this Agreement, such breach, repudiation or rejection adversely affects an Initial Consenting OEM and such breach, repudiation or rejection is not cured within ten (10) business days; or
- (i) any of the Acquisition Agreements or any other purchase agreement between Takata and the Plan Sponsor is terminated in accordance with its terms or the Plan Sponsor terminates this Agreement in a manner that materially and adversely alters an Initial Consenting OEM's litigation rights, or disproportionately, materially and adversely affects an Initial Consenting OEM's liabilities, obligations, or right to recoveries relative to the other Initial Consenting OEMs.

10. ***Requisite Consenting OEM Termination Events.*** The Requisite Consenting OEMs shall have the right, but not the obligation, upon five (5) business days' advance written notice to the other Parties to terminate the obligations of all the Initial Consenting OEMs under this Agreement in their entirety upon the occurrence of any of the following events unless (i) to the extent curable, such event has been cured by the applicable Debtor(s) or the Plan Sponsor, as applicable, during such five (5)-business day notice period (if applicable), or (ii) such event is waived, in writing, by the Requisite Consenting OEMs prospectively or retroactively (each, a "**Requisite Consenting OEM Termination Event**"):

- (a) failure to meet any of the Milestones (including as such Milestone may be extended in accordance with Section 5 of this Agreement);
- (b) the Debtors or the Plan Sponsor (i) terminate(s) or (ii) repudiate(s), reject(s) or materially breach(es) their/its obligations under this Agreement and such repudiation, rejection or material breach is not cured within ten (10) business days;
- (c) an Initial Consenting OEM terminates this Agreement;
- (d) with respect to the U.S. Documents or the Global Documents, one or more of Takata, or the affiliates or subsidiaries of Takata, or the Plan Sponsor, or the affiliates or subsidiaries of the Plan Sponsor party to such U.S.

Documents, Global Documents and/or the Indemnity and Release Agreement, (i) terminates a U.S. Document, Global Document and/or the Indemnity and Release Agreement; (ii) materially breaches, repudiates, or rejects a U.S. Document, Global Document and/or the Indemnity and Release Agreement, and such breach, repudiation, or rejection adversely affects the Initial Consenting OEMs and such breach, repudiation or rejection is not cured within ten (10) business days; or (iii) amends or modifies (x) a Global Document in violation of the applicable restrictions on the amendment or modification in such Global Document or in a manner that is materially adverse to the Initial Consenting OEMs without the prior written consent of the Initial Consenting OEMs, or (y) a U.S. Document in a manner that is inconsistent with Section 4 of this Agreement;

- (e) any of the Acquisition Agreements between Takata and the Plan Sponsor is terminated in accordance with its terms or the Plan Sponsor terminates this Agreement; *provided, however*, that this Agreement shall remain in effect as to the Debtors and the Initial Consenting OEMs if (i) Takata enters into a new agreement for the purchase of substantially all of Takata's assets (other than the Excluded Assets) on terms reasonably acceptable to the Initial Consenting OEMs, within ten (10) calendar days following termination and (ii) the plan sponsor or the new purchaser agrees to fulfill the Plan Sponsor's obligations under this Agreement, within ten (10) calendar days following termination;
- (f) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment or order enjoining the consummation of or rendering illegal the Sale or Global Transaction or any material portion thereof, and either (i) such ruling, judgment or order has been issued at the request of or with the acquiescence of Takata or (ii) such ruling, judgment or order has not been reversed or vacated within sixty (60) calendar days after its issuance;
- (g) any Debtor (i) withdraws the Plan (unless otherwise agreed to in writing by the Debtors, the Plan Sponsor, and the Requisite Consenting OEMs), (ii) announces or otherwise informs any of the Parties of its intention not to support the Plan, (iii) moves for the Bankruptcy Court's approval of a transaction other than the Sale (including any transaction that fails to provide for the payment in cash in full of the DOJ Restitution Award) or (iv) agrees to pursue (including, for the avoidance of doubt, as evidenced by a term sheet, letter of intent or similar document) or publicly announces its intention to pursue a transaction other than the Sale (including any transaction that fails to provide for the payment in cash in full of the DOJ Restitution Award); *provided, however*, that this Agreement shall remain in effect as to the Debtors and the Initial Consenting OEMs if (x) Takata enters into a new agreement for the purchase of substantially all of Takata's assets (other than the Excluded Assets) on terms reasonably

acceptable to the Initial Consenting OEMs, within ten (10) calendar days following termination and (y) the plan sponsor or the new purchaser agrees to fulfill the Plan Sponsor's obligations under this Agreement, within ten (10) calendar days following termination;

- (h) any Debtor files any amendment or modification to the Plan that is inconsistent with Section 4 of this Agreement;
- (i) the Bankruptcy Court modifies (other than extending) or terminates the Debtors' exclusive right to file or solicit acceptances of a plan of reorganization (including the Plan);
- (j) unless contemplated by the Plan, the Chapter 11 Cases are converted to cases under Chapter 7 of the Bankruptcy Code or dismissed, the Japan Proceedings are converted to bankruptcy proceedings (*hasan*) or special liquidation proceedings (*tokubetsu seisan*) or dismissed, or any of the German Entities or ROW Entities voluntarily commences a case or cases, or has a case or cases commenced against it, under applicable insolvency law, which case is a liquidation-type of insolvency proceeding or is converted to a liquidation-type of insolvency proceeding;
- (k) the special master appointed pursuant to the DOJ Plea Agreement fails to adopt and approve the allocation methodology agreed to by the Initial Consenting OEMs and Other OEMs with respect to the DOJ Restitution Award or such other methodology acceptable to the Initial Consenting OEMs on or before the date that is three (3) business days prior to the deadline to submit votes on the Plan;
- (l) a trustee, examiner with expanded powers or any other representative with expanded powers related to the operation of the Debtors' businesses is appointed or elected in any of the Chapter 11 Cases;
- (m) an order confirming the Plan is reversed or vacated;
- (n) a court of competent jurisdiction has entered a final non-appealable judgment or order declaring the Global Accommodation Agreement unenforceable;
- (o) the Japan Proceedings are dismissed or denied recognition in the United States, Canada or any other jurisdiction in which recognition proceedings are commenced;
- (p) the Chapter 11 Cases are denied recognition in Canada or any other jurisdiction in which recognition proceedings are commenced;
- (q) the Global Accommodation Agreement is terminated by the Initial Consenting OEMs in accordance with its terms;

- (r) any Initial Consenting OEM exercises its “Right of Access” under the Access Agreement; or
- (s) filing by any U.S. Debtor of a motion, pleading, application, objection or adversary proceeding challenging the Acknowledged Claims (as defined in and described in the Global Accommodation Agreement) or the Consenting OEM Claims based upon the form of an Initial Consenting OEM’s filing or because of insufficiency of documentation provided to support the proof of claim if such Acknowledged Claims or Consenting OEM Claims were filed by an Initial Consenting OEM in a manner that is consistent with the Initial Consenting OEM Claims Protocol.

11. ***Plan Sponsor Termination Events.*** The Plan Sponsor shall have the right, but not the obligation, upon five (5) business days’ advance written notice to the other Parties, to terminate its obligations under this Agreement upon the occurrence of any of the following events unless (i) to the extent curable, such event has been cured by the applicable other Party(ies) during such five (5)-business day notice period, or (ii) such event is waived, in writing, by the Plan Sponsor prospectively or retroactively (each, a “**Plan Sponsor Termination Event**”):

- (a) failure to meet any of the Milestones (including as such Milestone may be extended in accordance with Section 5 of this Agreement);
- (b) failure to obtain entry of the RSA Approval Order approving, among other things, the Plan Sponsor Protections on a final basis by December 6, 2017;
- (c) any court of competent jurisdiction has entered a final non-appealable judgment or order declaring this Agreement unenforceable;
- (d) any Initial Consenting OEM supports a transaction other than the Sale prior to termination of the Acquisition Agreements; *provided, however*, that the Initial Consenting OEM’s exercise of “Permitted Resourcing” rights under Section 3 of the Global Accommodation Agreement, the Initial Consenting OEM’s exercise of rights under Section 6 of this Agreement, and the Initial Consenting OEM’s exercise of rights under Section 3 of the Japan Accommodation Agreement shall not constitute a Plan Sponsor Termination Event under this Section 11(d); *provided, further*, that it shall not be a Plan Sponsor Termination Event under this Section 11(d) if an Initial Consenting OEM takes any action that it deems reasonably necessary, in its sole discretion, to prepare to resource production of any Component Parts to an alternative supplier in accordance with the Accommodation Agreements or to prepare for, investigate, or otherwise formulate one or more alternative transactions, in each case as a contingency in the event of a termination of this Agreement (it being acknowledged and agreed that this exception shall only permit an Initial Consenting OEM to engage in contingency planning and shall not permit any Initial Consenting OEM to take any action that is intended to

or could reasonably be expected to result in the termination of the Acquisition Agreements or the Global Transaction or the solicitation or encouragement of any third party for an Alternative Transaction (as defined in the U.S. Acquisition Agreement));

- (e) with respect to the U.S. Documents or the Global Documents, one or more of Takata, or the affiliates or subsidiaries of Takata, or one or more of the Initial Consenting OEMs, or the affiliates or subsidiaries of the Initial Consenting OEMs party to such U.S. Documents, Global Documents and/or the Indemnity and Release Agreement, (i) terminates a U.S. Document, Global Document and/or the Indemnity and Release Agreement; (ii) materially breaches, repudiates, or rejects a U.S. Document, Global Document and/or the Indemnity and Release Agreement, and such breach, repudiation, or rejection adversely affects the Plan Sponsor and such breach, repudiation or rejection is not cured within ten (10) business days; or (iii) amends or modifies (x) a Global Document in violation of the applicable restrictions on the amendment or modification in such Global Document or in a manner that is materially adverse to the Plan Sponsor without the prior written consent of the Plan Sponsor, or (y) a U.S. Document in a manner that is inconsistent with Section 4 of this Agreement;
- (f) any Party repudiates, rejects or materially breaches its obligations under this Agreement and such repudiation, rejection or material breach is not cured within ten (10) business days;
- (g) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment or order enjoining the consummation of or rendering illegal the Sale or Global Transaction or any material portion thereof, and either (i) such ruling, judgment or order has been issued at the request of or with the acquiescence of Takata or (ii) such ruling, judgment or order has not been reversed or vacated within sixty (60) calendar days after its issuance;
- (h) any Debtor (i) withdraws the Plan (unless otherwise agreed to in writing by the Plan Sponsor, and the Initial Consenting OEMs), (ii) announces or otherwise informs any of the Parties of its intention not to support the Plan, (iii) moves for the Bankruptcy Court's approval of a transaction other than the Sale (including any transaction that fails to provide for the payment in cash in full of the DOJ Restitution Award), or (iv) agrees to pursue (including, for the avoidance of doubt, as evidenced by a term sheet, letter of intent or similar document) or publicly announces its intention to pursue a transaction other than the Sale (including any transaction that fails to provide for the payment in cash in full of the DOJ Restitution Award);

- (i) any Debtor files any amendment or modification to the Plan in a manner inconsistent with Section 4 of this Agreement;
- (j) the Bankruptcy Court modifies (other than extending) or terminates the Debtors' exclusive right to file or solicit acceptances of a plan of reorganization (including the Plan);
- (k) unless contemplated by the Plan, the Chapter 11 Cases are converted to cases under Chapter 7 of the Bankruptcy Code or dismissed, the Japan Proceedings are converted to bankruptcy proceedings (*hasan*) or special liquidation proceedings (*tokubetsu seisan*) or dismissed, or any of the German Entities or ROW Entities voluntarily commences a case or cases, or has a case or cases commenced against it, under applicable insolvency law, which case is a liquidation-type of insolvency proceeding or is converted to a liquidation-type of insolvency proceeding;
- (l) a trustee, examiner with expanded powers or any other representative with expanded powers related to the operation of the Debtors' businesses is appointed or elected in any of the Chapter 11 Cases;
- (m) an order confirming the Plan is reversed or vacated;
- (n) the order confirming the Plan is not reasonably satisfactory to the Plan Sponsor;
- (o) the Japan Proceedings are dismissed or denied recognition in the United States, Canada or any other jurisdiction in which recognition proceedings are commenced;
- (p) the Chapter 11 Cases are denied recognition in Canada or any other jurisdiction in which recognition proceedings are commenced;
- (q) any Initial Consenting OEM exercises its "Right of Access" under the Access Agreement;
- (r) the Bankruptcy Court grants relief from the automatic stay with respect to any Acquired Assets (as defined in the U.S. Acquisition Agreement) having a value greater than USD \$1,000,000;
- (s) the Notice Protocol is not approved by the Bankruptcy Court; or
- (t) one or more Initial Consenting OEMs terminate this Agreement or either of the Accommodation Agreements and such termination has a material adverse effect on the Plan Sponsor.

12. **Debtor Termination Events.** The Debtors shall have the right, but not the obligation, upon five (5) business days' advance written notice to the Support Parties, to terminate their obligations under this Agreement upon the occurrence of any of the following

events unless (i) to the extent curable, such event has been cured by the applicable Support Party during such five (5)-business day notice period, or (ii) such event is waived, in writing, by the Debtors prospectively or retroactively (each a “**Debtor Termination Event**” and together with the Individual Customer Termination Events, Requisite Consenting OEM Termination Events and the Plan Sponsor Termination Events, the “**Termination Events**”). Solely with respect to subsection (c), the Debtors shall have the right to terminate their obligations under this Agreement as to the defaulting Initial Consenting OEM(s), and this Agreement shall terminate solely as to such defaulting Initial Consenting OEM(s):

- (a) the Confirmation Order is not entered by February 15, 2018;
- (b) any court of competent jurisdiction has entered a final non-appealable judgment or order declaring this Agreement unenforceable;
- (c) an Initial Consenting OEM fails to perform any material obligation under the RSA or the Accommodation Agreements or the Plan Sponsor fails to perform any material obligations under the RSA and, in each case, such failure is not cured within ten (10) business days;
- (d) such Debtor reasonably determines in good faith based upon the advice of outside counsel that continued performance under this Agreement would be inconsistent with the exercise of its fiduciary duties under applicable law; *provided* that the Debtors provide notice of such determination to the Initial Consenting OEMs and the Plan Sponsor within five (5) days after the date thereof;
- (e) unless contemplated by the Plan, the Chapter 11 Cases are converted to cases under Chapter 7 of the Bankruptcy Code or dismissed, the Japan Proceedings are converted to bankruptcy proceedings (*hasan*) or special liquidation proceedings (*tokubetsu seisan*) or dismissed, or any of the Takata entities voluntarily commences a case or cases, or has a case or cases commenced against it, under applicable insolvency law in the relevant jurisdiction, which case is a liquidation-type of insolvency proceeding or is converted to a liquidation-type of insolvency proceeding;
- (f) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of or rendering illegal the Sale or Global Transaction or any material portion thereof, and either (A) such ruling, judgment or order has been issued at the request of or with the acquiescence of the Plan Sponsor or an Initial Consenting OEM, or (B) such ruling, judgment or order has not been reversed or vacated within sixty (60) calendar days after its issuance;
- (g) any of the Acquisition Agreements or any other purchase agreement between Takata and the Plan Sponsor is terminated in accordance with its terms;

- (h) the termination of a Global Document in accordance with its terms;
- (i) the Requisite Consenting OEMs terminate or the Plan Sponsor terminates this Agreement;
- (j) a trustee, examiner with expanded powers or any other representative with expanded powers related to the operation of the Debtors' businesses is appointed or elected in any of the Chapter 11 Cases;
- (k) the Japan Proceedings are dismissed or denied recognition in the United States, Canada or any other jurisdiction in which recognition proceedings are commenced;
- (l) the Chapter 11 Cases are denied recognition in Canada or any other jurisdiction in which recognition proceedings are commenced;
- (m) an order confirming the Plan is reversed or vacated; or
- (n) one or more Initial Consenting OEMs terminate this Agreement or either of the Accommodation Agreements and such termination has a material adverse effect on the Global Transaction.

13. ***Termination Generally.***

- (a) This Agreement and the obligations of all Parties hereunder shall terminate upon the earlier of (1) the consummation of the Global Transaction, including payment to each Initial Consenting OEM of its respective share of the DOJ Restitution Award, and (2) February 27, 2018 (the "**Outside Date**"); *provided, however* that if the deadline for the payment of the DOJ Restitution Award is extended, the Outside Date shall be extended to the new date on which such DOJ Restitution Award is due to be paid, subject to the consent of the Requisite Consenting OEMs and the Plan Sponsor; and, *provided further* that, the Outside Date may not be extended beyond (x) March 31, 2018 without the consent of all Initial Consenting OEMs and (y) September 30, 2018 without the consent of the Plan Sponsor.
- (b) This Agreement and the obligations of all Parties hereunder may be terminated by mutual written agreement among each of the Debtors, the Plan Sponsor and the Initial Consenting OEMs.
- (c) No Party may exercise any of its respective termination rights as set forth herein if such Party has failed to perform or comply in all material respects with the terms and conditions of this Agreement, with such failure to perform or comply causing, or resulting in, the occurrence of an Individual Customer Termination Event, a Requisite Consenting OEM Termination Event, a Plan Sponsor Termination Event, or a Debtor Termination Event (as applicable) specified herein.



14. **Effect of Termination.** Upon the termination of this Agreement in accordance with Sections 9 (solely with respect to the Initial Consenting OEM exercising an Individual Customer Termination Event), 10, 11, 12, or 13 of this Agreement, and except as provided in Section 9 of this Agreement, this Agreement shall forthwith become void and of no further force or effect and each Party shall, except as otherwise expressly provided in this Agreement, be immediately released from its liabilities, obligations, commitments, undertakings and agreements under or related to this Agreement and shall have all the rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Global Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement, including all rights and remedies available to it under applicable law; *provided, however*, that in no event shall any such termination relieve a Party hereto from (a) liability for its breach or non-performance of its obligations hereunder prior to the date of such termination and (b) obligations under this Agreement which by their terms expressly survive termination of this Agreement. Any and all consents and ballots tendered by the Initial Consenting OEMs whose obligations to the Debtors have been terminated, as applicable, prior to such termination shall be deemed, for all purposes, automatically to be null and void *ab initio*, shall not be considered or otherwise used in any manner by the Parties in connection with the Plan and this Agreement or otherwise and such consents or ballots may be changed or resubmitted regardless of whether the applicable voting deadline has passed (without the need to seek a court order or consent from the Debtors allowing such change or resubmission). Unless expressly stated in any other agreement, the termination of this Agreement will not affect such other agreement.

15. **Plan Sponsor Protections.** In consideration for the Plan Sponsor having expended considerable time and expense in connection with the Global Transaction and Sale and the negotiation thereof and the identification and quantification of assets of Takata, the Debtors have agreed to provide to the Plan Sponsor the Plan Sponsor Protections, subject to the terms and conditions set forth below. The order approving the Plan Sponsor Protections will authorize and direct the Debtors to pay the Plan Sponsor Protections when due and payable. Capitalized terms used in this Section 15 of this Agreement that are not otherwise defined shall have the respective meanings ascribed to them in the U.S. Acquisition Agreement. To the extent there is any discrepancy between Section 15 of this Agreement and Section 4.6 of the U.S. Acquisition Agreement, the terms of the U.S. Acquisition Agreement shall govern. For the avoidance of doubt, the Plan Sponsor Protections do not constitute an agreement between the Plan Sponsor and the Initial Consenting OEMs and shall not be the obligation of the Initial Consenting OEMs.

- (a) **Superior Proposal.** In the event that the U.S. Acquisition Agreement is terminated by the Debtors or the Plan Sponsor because the Debtors enter into a definitive agreement with respect to a Superior Proposal, the Debtors shall pay the Plan Sponsor, in accordance with the terms hereof, (i) a break-up fee in an amount equal to three percent (3%) of \$830,652,632.00 (as calculated in accordance with Annex A to the U.S. Acquisition Agreement and as may be adjusted as provided in Section 3.1(b) thereof) (the “**Break-Up Fee**”) *plus* (ii) Debtors’ Regional Share of reasonable and documented out-of-pocket fees and expenses paid or incurred by the Plan Sponsor or its Affiliates in connection with the Global Transactions that have not yet been reimbursed by the Debtors or their Affiliates (the “**Expenses**”); *provided, however*, that the aggregate

amount of Expenses to be paid to the Plan Sponsor pursuant to this Section 15(a) shall not exceed the Debtors' Regional Share of \$50,000,000.00 (the "**Alternative Transaction Expense Reimbursement Amount**"). All payments to be made by the Debtors pursuant to this Section 15(a) shall be paid within two (2) Business Days following consummation of the transaction which gave rise to such termination and shall be paid to the account(s) directed by the Plan Sponsor in writing; *provided*, that in connection with the execution of a definitive agreement with respect to such transaction, the Debtors shall provide in such definitive agreement that the Break-Up Fee and the Expenses to be paid pursuant to this Section 15(a) shall be paid concurrently with the consummation of the transaction.

- (b) Tail Period. In the event that (x) the U.S. Acquisition Agreement is terminated pursuant to any Seller Breach Termination Trigger, and at any time after the date of the U.S. Acquisition Agreement and prior to such termination, a Superior Proposal or other Alternative Transaction Proposal shall have been publicly disclosed or otherwise communicated in writing to any Debtor, any Debtor's Affiliate, or the Bankruptcy Court, and shall not have been withdrawn, or (y) the U.S. Acquisition Agreement is terminated because the TKJP Purchase Agreement was terminated because the sellers under the TKJP Purchase Agreement entered into a definitive agreement with respect to a "Superior Proposal" (as defined in the TKJP Purchase Agreement), and, in either such case, on or prior to the date that is twelve (12) months after such termination, the Debtors consummate an Alternative Transaction with any single buyer or group of related buyers, then the Debtors shall pay to the Plan Sponsor the Break-Up Fee plus Expenses incurred by the Plan Sponsor prior to the termination of the U.S. Acquisition Agreement up to the Alternative Transaction Expense Reimbursement Amount (*provided* that the aggregate amount of Expenses to be paid to the Plan Sponsor pursuant to this Section 15(b) shall not exceed the Alternative Transaction Expense Reimbursement Amount *minus* the amount of any Expenses previously paid pursuant to this Section 15). For purposes of this Section 15(b), the references to "twenty percent (20%)" in the definition of Alternative Transaction when used in determining the meaning of the term Alternative Transaction Proposal as used herein shall be deemed to be references to "fifty percent (50%)." All payments to be made by the Debtors pursuant to this Section 15(b) shall be made within two (2) Business Days following consummation of the Alternative Transaction to the account(s) directed by the Plan Sponsor in writing.
- (c) Superior Proposal in Japan. In the event that the TKJP Purchase Agreement is terminated because the sellers under the TKJP Purchase Agreement entered into a definitive agreement with respect to a "Superior Proposal" (as defined in the TKJP Purchase Agreement) and the U.S. Acquisition Agreement is not concurrently terminated due to the Debtors'

entry into a definitive agreement with respect to a Superior Proposal, the Plan Sponsor shall have the option to: (i) terminate the U.S. Acquisition Agreement because the TKJP Purchase Agreement was terminated because the sellers under the TKJP Purchase Agreement entered into a definitive agreement with respect to a "Superior Proposal" (as defined in the TKJP Purchase Agreement) (for the avoidance of doubt, without prejudice to the Plan Sponsor's rights pursuant to Section 15(b)) or (ii) require the Debtors to negotiate in good faith with the Plan Sponsor to seek 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 Debtors (it being understood that such reformed agreements shall give effect to the rights of the Plan Sponsor pursuant to Section 15(b)). In the event that (x) the Plan Sponsor elects to terminate the U.S. Acquisition Agreement pursuant to clause (i) above or (y) the Plan Sponsor elects to require the Debtors to negotiate in good faith with the Plan Sponsor to seek to reform the U.S. Acquisition Agreement pursuant to clause (ii) above, but thereafter the U.S. Acquisition Agreement is terminated because the TKJP Purchase Agreement was terminated because (A) the sellers under the TKJP Purchase Agreement entered into a definitive agreement with respect to a "Superior Proposal" (as defined in the TKJP Purchase Agreement) and (B) the U.S. Acquisition Agreement has not been reformed within twenty (20) Business Days of the termination of the TKJP Purchase Agreement, and on or prior to the date that is twelve (12) months after such termination of the U.S. Acquisition Agreement the Debtors consummate an Alternative Transaction with the party (or an Affiliate thereof) consummating the "Superior Proposal" (as defined in the TKJP Purchase Agreement) pursuant to the TKJP Purchase Agreement, then the Debtors shall pay to the Plan Sponsor the Break-Up Fee plus Expenses incurred by the Plan Sponsor prior to the termination of the U.S. Acquisition Agreement up to the Alternative Transaction Expense Reimbursement Amount (*provided* that the aggregate amount of Expenses to be paid to the Plan Sponsor pursuant to this Section 15(c) shall not exceed the Alternative Transaction Expense Reimbursement Amount *minus* the amount of any Expenses previously paid pursuant to this Section 15(c)). For purposes of this Section 15(c), all references to "twenty percent (20%)" in the definition of Alternative Transaction in the U.S. Acquisition Agreement when used in determining the meaning of the term Alternative Transaction Proposal as used herein shall be deemed to be references to "fifty percent (50%)". All payments to be made by the Debtors pursuant to this Section 15(c) shall be made within two (2) Business Days following consummation of the Alternative Transaction to the account(s) directed by the Plan Sponsor in writing.

- (d) Fault-Based Termination Events. In the event that the U.S. Acquisition Agreement is terminated (i) pursuant to any Seller Breach Termination Trigger, (ii) by the Debtors or the Plan Sponsor if (A) there is in effect a

final non-appealable Order of a Governmental Authority of competent jurisdiction retraining, enjoining or otherwise prohibiting the consummation of the Transactions or (B) the Bankruptcy Court enters an order that prohibits the consummation of the Transactions on substantially the terms and conditions set forth in the U.S. Acquisition Agreement, (iii) by the Plan Sponsor if (A) the Disclosure Statement is not filed by the Debtors on or before November 15, 2017 (or such later date as may reasonably be agreed by the Parties), (B) the Debtors have not commenced solicitation of votes to accept the Plan on or before January 10, 2018 (or such later date as may reasonably be agreed by the Parties), or (C) the Confirmation Order is not entered by the Bankruptcy Court on or before February 15, 2018 (but, with respect to each such termination event in the foregoing clauses (ii) and (iii), only if (x) such termination was a result of a material breach by the Debtors of their respective obligations under the U.S. Acquisition Agreement to use their reasonable best efforts to take all actions necessary or appropriate to consummate the Transactions and cause the fulfillment at the earliest practicable date of all the conditions to their respective obligations to consummate the Transactions, (y) the Plan Sponsor has provided notice to the Debtors of such breach and (z) the Debtors failed to cure such breach within thirty (30) days of receipt of such notice), the Debtors shall pay the Expenses, up to an aggregate amount equal to the Debtors' Regional Share of \$30,000,000.00 (the "**Seller Breach Expense Reimbursement Amount**"), calculated as follows: (1) if the U.S. Acquisition Agreement is terminated on or before December 31, 2017, up to an aggregate amount equal to two-thirds (2/3) of the Seller Breach Expense Reimbursement Amount, for Expenses paid or incurred by the Plan Sponsor through and including December 31, 2017 and not reimbursed prior to termination of the U.S. Acquisition Agreement; and (2) if the U.S. Acquisition Agreement is terminated following December 31, 2017, up to an aggregate amount equal to the Seller Breach Expense Reimbursement Amount, for Expenses incurred by the Plan Sponsor through and including the date of termination of the U.S. Acquisition Agreement and not reimbursed prior to termination of the U.S. Acquisition Agreement. Such payment shall be made by the Debtors directly to the Plan Sponsor or as the Plan Sponsor may direct within two (2) Business Days following a termination contemplated by this Section 15(d).

- (e) No-Fault Termination Events. In the event that the U.S. Acquisition Agreement is terminated for any reason other than (i) those specified as giving rise to the payment of a Break-Up Fee or Expense Reimbursement pursuant to Section 15(a), Section 15(b), Section 15(c), or Section 15(d), (ii) by the Debtors if there is a breach by the Plan Sponsor of any representation or warranty, or any covenant or agreement contained in the U.S. Acquisition Agreement, which breach would, individually or in the aggregate with other breaches, result in a failure of a condition set forth in Section 9.2 or Section 9.3 thereof and which breach cannot be cured or has

not been cured by the earlier of (A) twenty (20) Business Days after the giving of notice by the Debtors to the Plan Sponsor of such breach and (B) the Outside Date as defined in the U.S. Acquisition Agreement, or (iii) by the Debtors if the Joyson Shareholder Approval has not been obtained by the date that is forty-five (45) days after the date of the U.S. Acquisition Agreement, (iv) by the Debtors or the Plan Sponsor if the TKJP Purchase Agreement, the TSAC Purchase Agreement (if applicable) as defined in the U.S. Acquisition Agreement, the TK Europe Purchase Agreement, the Global Accommodation Agreement or this RSA is duly terminated in accordance with its terms, other than as a result of the Closings and as further set forth in Section 4.4(b)(v) of the U.S. Acquisition Agreement (but only if such termination was a result of a material breach by the Plan Sponsor of its obligations under the Cross-Conditioned Agreements or this RSA), (v) by the Plan Sponsor during the period between November 30, 2017 and December 4, 2017 if the Indemnity and Release Agreement is not executed and delivered to the Plan Sponsor on or before November 30, 2017 by (A) each of the specified OEMs listed on Schedule H to the U.S. Acquisition Agreement and (B) a sufficient number of the parties listed on Schedule I to the U.S. Acquisition Agreement, such that no more than 1,800,000 PSAN Inflators are attributable to parties listed thereto that have not become Consenting OEMs (subject to the immediately following sentence), (vi) by the Plan Sponsor if there occurs a Business Resourcing Trigger Event as defined in the U.S. Acquisition Agreement, (vii) by the Plan Sponsor if one or more Consenting OEMs breaches the Resourcing Limitation or the other terms and conditions of section 3 of the Global Accommodation Agreement and such breach is not cured within thirty (30) days following the Plan Sponsor's receipt of notice of such breach, subject to the applicable exceptions set forth in the U.S. Acquisition Agreement, (viii) by the Plan Sponsor during the period between November 30, 2017 and December 7, 2017 if the Plan Sponsor fails to achieve the modifications sought to the DOJ Plea Agreement and NHTSA Consent Order, as reflected on Schedule 9.1(o) of the U.S. Acquisition Agreement on or prior to November 30, 2017, (ix) by the Plan Sponsor on account of the inability of the Debtors and the Plan Sponsor to agree on a treatment of Intercompany Balances by the Plan Sponsor in the Final Joint Proposal (as defined in the U.S. Acquisition Agreement) that is reasonably acceptable to both the Debtors and the Plan Sponsor, as contemplated by Section 7.17 of the U.S. Acquisition Agreement on or prior to December 15, 2017 (or such later date as may be mutually agreed by the Plan Sponsor, the Sellers and the sellers under each of the Cross-Conditioned Agreements), (x) by the Debtors or the Plan Sponsor if the U.S. Closing shall not have occurred by the Outside Date (but solely under circumstances in which, at the time of such termination, all of the conditions to the U.S. Closing have been satisfied (other than conditions that by their nature are to be satisfied at the U.S. Closing itself), except the Plan Sponsor and Acquired Subsidiaries' possession of all Permits (as

defined in the U.S. Acquisition Agreement) required for the Plan Sponsor and the Acquired Subsidiaries to continue to operate the Business immediately after the U.S. Closing in substantially the same manner as conducted immediately prior to the U.S. Closing, including, without limitation, those Permits set forth on Schedule 9.1(c) to the U.S. Acquisition Agreement and all ECE-homologations, China Compulsory Certification permits and other Permits granted by automotive safety regulators or similar Governmental Authorities required for (A) the homologation of the Consenting OEMs' vehicles and Component Parts produced by the Plan Sponsor and the Acquired Subsidiaries after the U.S. Closing and (B) the production, transport or sale of such Component Parts by the applicable Consenting OEM or applicable operating entity, in either case the failure of which to be obtained would result in the Plan Sponsor or any Acquired Subsidiary being prohibited by applicable Law governing automotive safety or similar matters from producing any Component Parts required to be produced by the Plan Sponsor or any Acquired Subsidiary after the U.S. Closing pursuant to OEM Assumed Contracts or a Consenting OEM being prohibited by applicable Law from selling vehicles incorporating such Component Parts, and all such Permits being in full force and effect at the Closing (but only if the failure of such condition was due to (I) circumstances related exclusively to the Plan Sponsor's ineligibility to be issued or reissued Permits or (II) the failure of the Plan Sponsor to cooperate with the Debtors and use reasonable best efforts to obtain such Permits), the receipt of the PRC Regulatory Approvals or the receipt of the Joyson Shareholder Approval, or (xi) those which require payment of the Regulatory Termination Fee, the Debtors shall pay the Expenses, up to an aggregate amount equal to the Debtors' Regional Share of \$15,000,000.00 (the "**No-Fault Expense Reimbursement Amount**"), calculated as follows: (1) if the U.S. Acquisition Agreement is terminated on or before December 31, 2017, up to an aggregate amount equal to two-thirds (2/3) of the No-Fault Expense Reimbursement Amount, for Expenses paid or incurred by the Plan Sponsor through and including December 31, 2017 and not reimbursed prior to termination of the U.S. Acquisition Agreement; and (2) if the U.S. Acquisition Agreement is terminated following December 31, 2017, up to an aggregate amount equal to the No-Fault Expense Reimbursement Amount, for Expenses paid or incurred by the Plan Sponsor through and including the date of termination of the U.S. Acquisition Agreement and not reimbursed prior to termination of the U.S. Acquisition Agreement. In the event that the U.S. Acquisition Agreement is terminated in the circumstances described in clause (v) of this Section 15(e) and each of the specified OEMs listed on Schedule H to the U.S. Acquisition Agreement has executed the Indemnity and Release Agreement, the Debtors shall pay the Expenses paid or incurred by the Plan Sponsor, up to an aggregate amount equal to one-third (1/3) of the No-Fault Expense Reimbursement Amount. Any payments to be made pursuant to this Section 15(e) shall be

made by the Debtors to the account(s) designated in writing by the Plan Sponsor within two (2) Business Days following a termination contemplated by this Section 15(e).

- (f) Plan Sponsor Breach. Notwithstanding anything to the contrary herein, under no circumstances shall the Debtors be obligated to pay any Expenses pursuant to Section 15(d) or Section 15(e) if, at the time of a termination by the Plan Sponsor contemplated by either Section, the Debtors also have a right of termination because (i) there is a breach by the Plan Sponsor of any representation or warranty, or any covenant or agreement contained in the U.S. Acquisition Agreement, which breach would individually or in the aggregate with other breaches, result in a failure of a condition set forth in Section 9.2 or Section 9.3 of the U.S. Acquisition Agreement and which breach cannot be cured or has not been cured by the earlier of (A) twenty (20) Business Days after the giving of notice by the Debtors to the Plan Sponsor of such breach and (B) the Outside Date (as defined in the U.S. Acquisition Agreement), (ii) the Joyson Shareholder Approval has not been obtained by the date that is forty-five (45) days after the date of the U.S. Acquisition Agreement or (iii) the TKJP Purchase Agreement, the TSAC Purchase Agreement (if applicable), the TK Europe Purchase Agreement, the Global Accommodation Agreement or this RSA is duly terminated in accordance with its terms, other than as a result of the Closings (but only if such right of termination is due to (x) a termination of the TKJP Purchase Agreement pursuant to section 4.4(c)(i) or section 4.4(c)(ii) thereof or (y) a termination of the TK Europe Purchase Agreement pursuant to section 4.4(c)(i) or section 4.4(c)(ii) thereof).
- (g) Court Order and Priority. The Debtors shall seek to obtain, no later than December 6, 2017, an order entered by the Bankruptcy Court approving the Break-Up Fee and Expense Reimbursement. The Debtors shall seek to obtain in such order super-priority administrative claim status with regard to the Break-Up Fee and the Expense Reimbursement in the Chapter 11 Cases pursuant to section 507(b) of the Bankruptcy Code, which shall be (i) subordinate to any "carve-out" granted in favor of the professionals retained in the Chapter 11 Cases and (ii) senior to all other administrative expense priority items; *provided, however*, that, if the U.S. Closing occurs (and in no other circumstances), the Expense Reimbursement shall be subordinate to the DOJ Restitution Award and the Legacy Costs, as set forth in the Plan. Except as otherwise provided in Section 4.8(b) of the U.S. Acquisition Agreement, the payment by the Debtors to the Plan Sponsor of the Break-Up Fee and/or Expense Reimbursement pursuant to this Section 15 shall, in circumstances in which the Break-Up Fee and Expense Reimbursement are owed to the Plan Sponsor, be the sole and exclusive remedy of the Plan Sponsor for any loss suffered by the Plan Sponsor as a result of the failure of the Transactions to be consummated, and upon such payment thereof in accordance with this Section 15, the

Debtors shall not have any further liability or obligation relating to or arising out of this Agreement. Any Break-Up Fee and/or Expense Reimbursement paid to the Plan Sponsor pursuant to this Agreement shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by the Plan Sponsor for such purpose. The Parties acknowledge that the agreements contained in this Section 15 are an integral part of the Transactions, and that without these agreements, the Parties would not enter into this Agreement, nor would the Plan Sponsor and the Debtors enter into the U.S. Acquisition Agreement, and that any amounts payable pursuant to this Section 15 do not constitute a penalty.

- (h) Liability for Break-Up Fee and Expenses. Each Debtor acknowledges and agrees that such Debtor shall be jointly and severally liable for the entire Break-Up Fee and Expense Reimbursement payable by the Debtors pursuant to this Section 15.

16. ***Global Transaction Implementation.*** Nothing in this Agreement shall prevent the Parties from having any discussions allowed under Section 7.6(c) of the U.S. Acquisition Agreement.

17. ***No Violation of Automatic Stay.*** The Initial Consenting OEMs and the Plan Sponsor are authorized to take any steps necessary to effectuate the termination of this Agreement, as applicable, including the sending of any applicable notices to the Debtors, notwithstanding section 362 of the Bankruptcy Code or any other applicable law (and the Debtors hereby waive, to the greatest extent possible, the applicability of the automatic stay to the giving of such notice), and no cure period contained in this Agreement shall be extended pursuant to sections 108 or 365 of the Bankruptcy Code or any other applicable law.

18. ***Consents and Acknowledgments.*** Each Party irrevocably acknowledges and agrees that this Agreement is not and shall not be deemed to be a solicitation for acceptances of the Plan. The acceptance of the Plan by each of the Support Parties will not be solicited until such Parties have received the Disclosure Statement and related ballots in accordance with applicable law, and will be subject to sections 1125, 1126, and 1127 of the Bankruptcy Code.

19. ***Representations and Warranties.***

- (a) Each Support Party hereby represents and warrants on a several and not joint basis for itself and not any other person or entity that as of the date of this Agreement:
- (i) it has the requisite organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;
  - (ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;



- (iii) the execution, delivery and performance by it of this Agreement does not violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation, or bylaws, or other organizational documents; and
  - (iv) the execution and delivery by it of this Agreement does not result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its controlled affiliates is a party.
- (b) Each Debtor hereby represents and warrants on a joint and several basis as of the date hereof:
- (i) it has the requisite corporate or other organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;
  - (ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;
  - (iii) the execution and delivery by it of this Agreement does not (A) violate its certificates of incorporation, or bylaws, or other organizational documents, or those of any of its controlled affiliates, or (B) result in a breach of, or constitute (with due notice or lapse of time or both) a default (other than, for the avoidance of doubt, a breach or default that would be triggered as a result of the Chapter 11 Cases or any Debtor's undertaking to implement the Global Transaction through the Chapter 11 Cases) under any material contractual obligation to which it or any of its controlled affiliates is a party;
  - (iv) the execution and delivery by it of this Agreement does not require any registration or filing with, the consent or approval of, notice to, or any other action with any federal, state, or other governmental authority or regulatory body, other than, for the avoidance of doubt, the actions with governmental authorities or regulatory bodies required in connection with implementation of the Global Transaction; and
  - (v) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code and, to the extent applicable, approval by the Bankruptcy Court, this Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or

limiting creditors' rights generally, or by equitable principles relating to enforceability.

- (c) Each Initial Consenting OEM hereby represents and warrants as of the date hereof that:
- (i) it has not sold or transferred Claims (as such term is defined in the Bankruptcy Code) against the Debtors to any other Person or entity (other than in connection with the assignment of any Purchase Order or OEM Assumed Contract (as such term is defined in the Indemnity and Release Agreement) to the Plan Sponsor), *provided, however* that such Claims may be sold or transferred among an Initial Consenting OEM and such Initial Consenting OEM's affiliates listed on Schedule 1 of this Agreement contemporaneously with written notice by email to be provided by such Initial Consenting OEM to the Debtors and the Plan Sponsor; and
  - (ii) each controlled affiliate and subsidiary of such Initial Consenting OEM that purchases Component Parts from the Debtors is a party to this Agreement or can be bound hereunder by the signatory Initial Consenting OEM.

20. ***Survival of Agreement.*** Notwithstanding the termination of this Agreement pursuant to Sections 9 (solely with respect to the Initial Consenting OEM exercising an Individual Customer Termination Event), 10, 11, 12 or 13 hereof, Sections 15 (solely with respect to the Debtors and the Plan Sponsor), 18, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34 and 35 hereof (and any defined terms used in any such Sections) shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof; *provided, however*, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

21. ***Relationship Among Parties.*** Notwithstanding anything herein to the contrary, the duties and obligations of the Support Parties under this Agreement shall be several, not joint. Notwithstanding anything to the contrary herein, nothing in this Agreement shall create any additional fiduciary obligations on the part of the Debtors or any directors or officers of the Debtors.

22. ***Specific Performance Sole and Exclusive Remedy.*** It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief (including attorneys' fees and costs) as a remedy of any such breach, without the necessity of proving the inadequacy of money damages as a remedy. Each Party hereby waives any requirement for the security or posting of any bond in connection with such remedies. Specific performance and injunctive or other equitable relief (including attorneys' fees and costs) shall be the sole and exclusive remedy for any breach of this Agreement by any Party.

23. **Governing Law; Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to such state's choice of law provisions which would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each Party irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding to enforce this Agreement may be brought in the United States District Court for the District of Delaware, and by executing and delivering this Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction, each Party agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of this Agreement. By executing and delivering this Agreement each of the Parties irrevocably and unconditionally submits to the personal jurisdiction of the Bankruptcy Court solely for purposes of any action, suit, proceeding, or other contested matter to enforce this Agreement.

24. **Representation by Counsel.** Each Party acknowledges that it has been represented by, or provided a reasonable period of time to obtain access to and advice by, counsel in connection with this Agreement and the Global Transaction contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

25. **Waiver of Right to Trial by Jury.** Each of the Parties waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort or otherwise, between any of the Parties arising out of this Agreement. Instead, any disputes resolved in court shall be resolved by a bench trial without a jury.

26. **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective successors, permitted assigns, heirs, executors, administrators, and representatives. Each Party must obtain the prior written consent of each other Party to assign or transfer, directly or indirectly, any of its rights or obligations under this Agreement.

27. **No Third-Party Beneficiaries.** Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary of this Agreement.

28. **Notices.** All notices (including any notice of termination or breach) and other communications from any Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered by courier service, messenger, email, or facsimile to the other Parties at the applicable addresses below, or such other addresses as may be furnished hereafter by notice in writing. Any notice of termination or breach shall be delivered to all other Parties.

(a) If to any Debtor:

TK Holdings Inc.  
2500 Takata Drive  
Auburn Hills, Michigan 48326

Attn: Scott Caudill and Keith Teel  
Email: [scott.caudill@takata.com](mailto:scott.caudill@takata.com) and [keith.teel@takata.com](mailto:keith.teel@takata.com)

*With a copy to:*

Weil, Gotshal & Manges LLP  
767 5<sup>th</sup> Avenue  
New York, New York 10153  
Attn: Ronit J. Berkovich and Matthew P. Goren  
Emails: [ronit.berkovich@weil.com](mailto:ronit.berkovich@weil.com) and [matthew.goren@weil.com](mailto:matthew.goren@weil.com)

**(b)** If to the Plan Sponsor:

Key Safety Systems, Inc.  
7000 Nineteen Mile Road  
Sterling Heights, Michigan 48314

Attention: Joe Perkins  
Senior Vice President & Chief Financial Officer  
[perkinsj@keysafetyinc.com](mailto:perkinsj@keysafetyinc.com)

and

Matthew C. Cohn  
General Counsel  
[cohnm@keysafetyinc.com](mailto:cohnm@keysafetyinc.com)

*With a copy to:*

Skadden, Arps, Slate, Meagher & Flom LLP  
155 N. Wacker Drive  
Chicago, Illinois 60606-1720

Attention: Ron E. Meisler  
[Ron.Meisler@skadden.com](mailto:Ron.Meisler@skadden.com)

Felicia Gerber Perlman  
[Felicia.Pperlman@skadden.com](mailto:Felicia.Pperlman@skadden.com)

*and*

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036-6522

Attention: Steven J. Daniels  
[Steven.Daniels@skadden.com](mailto:Steven.Daniels@skadden.com)

Christine A. Okike

[christine.okike@skadden.com](mailto:christine.okike@skadden.com)

(c) If to an Initial Consenting OEM:

To the Initial Consenting OEM and counsel to the Initial Consenting OEM at the addresses listed on Schedule 2.

29. **Entire Agreement.** This Agreement (including the exhibits hereto), together with the Global Accommodation Agreement, Indemnity and Release Agreement, Access Agreement, Japan RSA, the Japan Accommodation Agreement, the TIF Letter, the Global Settlement Agreement, the Backstop Agreement and each of the Acquisition Agreements (including the U.S. Acquisition Agreement), constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements, and understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement.

30. **Amendments.** This Agreement may not be modified, altered or amended, except by written agreement signed by the Plan Sponsor, the Initial Consenting OEMs and the Debtors and, in the case of any amendment or consent right provided in this Agreement, each affected Party.

31. **Reservation of Rights.**

- (a) Except as expressly provided in this Agreement or the Plan, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties.
- (b) If the Plan is not consummated in the manner set forth, and on the timeline set forth in this Agreement and the Plan, or if this Agreement is terminated for any reason, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, remedies, claims, and defenses and the Parties expressly reserve any and all of their respective rights, remedies, claims and defenses. This Agreement, the Plan, and any related document shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.
- (c) The Parties acknowledge that this Agreement, the Plan, and all negotiations relating hereto are part of a proposed settlement of matters that could otherwise be the subject of litigation. Pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement, the Plan, any related documents, and all negotiations relating thereto shall not be

admissible into evidence in any proceeding, or used by any party for any reason whatsoever, including in any proceeding, other than a proceeding to enforce its terms.

32. **Severability.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect if the essential terms and conditions of this Agreement for each Party remain valid, binding, and enforceable.

33. **Counterparts.** To the greatest extent permissible under applicable law, this Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument, and the counterparts may be delivered by facsimile transmission or by electronic mail in portable document format (.pdf).

34. **Headings.** The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement.

35. **Interpretation.** This Agreement is the product of negotiations among the Parties, and the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement or any portion hereof, shall not be effective in regard to the interpretation hereof.

*[Signatures, schedules and exhibits follow.]*

TK HOLDINGS INC.

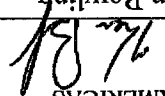
By: Ken Bl

Name: Ken Bowling

Title: Vice President, Chief Financial Officer, Secretary

*[Debtor Signature Page to Restructuring Support Agreement]*

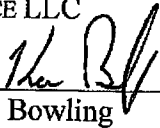
[Debtor Signature Page to Restructuring Support Agreement]

TAKATA AMERICAS  
By:   
Name: Ken Bowling  
Title: Secretary



TK FINANCE LLC

By: \_\_\_\_\_



Name: Ken Bowling

Title: Secretary

*[Debtor Signature Page to Restructuring Support Agreement]*

TK CHINA, LLC

By: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "Ken Bowling", is written over a horizontal line.

Name: Ken Bowling

Title: Secretary

*[Debtor Signature Page to Restructuring Support Agreement]*

TAKATA PROTECTION SYSTEMS, INC.

By: Ken Bowling

Name: Ken Bowling

Title: Corporate Secretary, Chief Financial Officer

*[Debtor Signature Page to Restructuring Support Agreement]*

INTERIORS IN FLIGHT INC.

By: Ken Bowling

Name: Ken Bowling

Title: Corporate Secretary, Chief Financial Officer

TK MEXICO INC.

By: 

Name: Ken Bowling

Title: Secretary, Treasurer

*[Debtor Signature Page to Restructuring Support Agreement]*

TK MEXICO LLC

By: 

Name: Carlos Alberto Valdez Andrade

Title: President

*[Debtor Signature Page to Restructuring Support Agreement]*

TK HOLDINGS DE MEXICO, S. DE R.L. DE C.V.

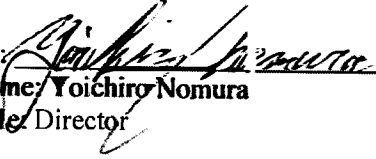
By:

Name: Yoichiro Nomura

Title: Director

*[Debtor Signature Page to Restructuring Support Agreement]*

INDUSTRIAS IRVIN DE MEXICO S.A. DE C.V.

By:   
Name: Yoichiro Nomura  
Title: Director

By: \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

By: \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director



INDUSTRIAS IRVIN DE MEXICO, S.A. DE C. V.

By: \_\_\_\_\_  
Name: Yoichiro Nomura  
Title: Director

By:  \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

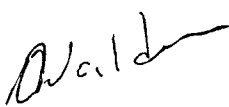
By: \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

*[Debtor Signature Page to Restructuring Support Agreement]*

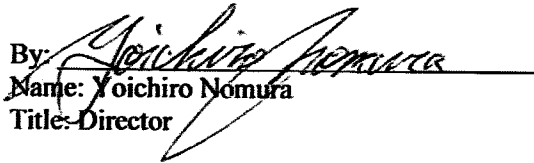
**INDUSTRIAS IRVIN DE MEXICO, S.A. DE C.V.**

By: \_\_\_\_\_  
**Name: Yoichiro Nomura**  
**Title: Director**

By: \_\_\_\_\_  
**Name: Satoshi Seita**  
**Title: Director**

By:   
**Name: Carlos Alberto Valdez Andrade**  
**Title: Director**

STROSSHE-MEX, S. DE R.L. DE C.V.


By:   
Name: Yoichiro Nomura  
Title: Director

By: \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

By: \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

**STROSSHE-MEX, S. DE R.L. DE C.V.**

By: \_\_\_\_\_  
Name: Yoichiro Nomura  
Title: Director

By:  \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

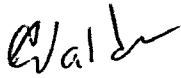
By: \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

*[Debtor Signature Page to Restructuring Support Agreement]*

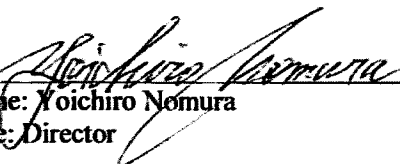
**STROSSHE-MEX, S. DE R.L. DE C.V.**

By: \_\_\_\_\_  
Name: Yoichiro Nomura  
Title: Director

By: \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

By:  \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

TAKATA DE MEXICO S.A. DE C.V.

By:   
Name: Yoichiro Nemura  
Title: Director

By: \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

By: \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

TAKATA DE MEXICO S.A. DE C.V.

By: \_\_\_\_\_  
Name: Yoichiro Nomura  
Title: Director

By:  \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

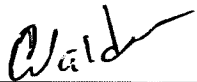
By: \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

*[Debtor Signature Page to Restructuring Support Agreement]*

**TAKATA DE MEXICO S.A. DE C.V.**

By: \_\_\_\_\_  
Name: Yoichiro Nomura  
Title: Director

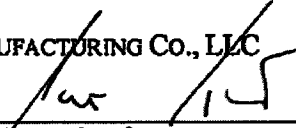
By: \_\_\_\_\_  
Name: Satoshi Seita  
Title: Director

By:  \_\_\_\_\_  
Name: Carlos Alberto Valdez Andrade  
Title: Director

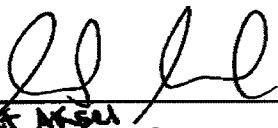


**INITIAL CONSENTING OEM SIGNATURE PAGE**

BMW MANUFACTURING CO., LLC

By: 

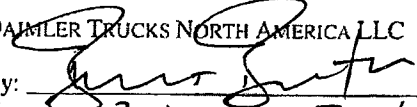
Name: Knut Flor  
Title: Chief Executive Officer

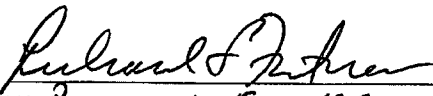
By: 

Name: Muhammad M. Sel  
Title: Vice President, Procurement


INITIAL CONSENTING OEM SIGNATURE PAGE


DAIMLER TRUCKS NORTH AMERICA LLC

By:   
Name: Briana T. Burton  
Title: General Counsel and Secretary

By:   
Name: RICHARD L. FORTNER  
Title: Associate General Counsel

MERCEDES-BENZ U.S. INTERNATIONAL, INC.

By:   
Name: Rick Clementz  
Title: General Counsel

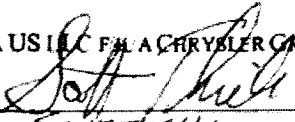
By:   
Name: BERNHARD MADER  
Title: CFO

Nov. 16-2017

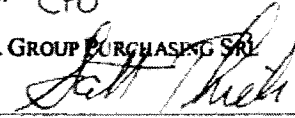
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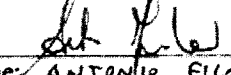
FCA US LLC FCA CHRYSLER GROUP LLC

By:   
Name: SCOTT THIELE  
Title: CFO

FCA GROUP PURCHASING SRL

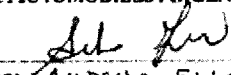
By:   
Name: SCOTT THIELE  
Title: CFO

FCA FIAT CHRYSLER AUTOMÓVEIS BRASIL LTDA.

By:   
Name: ANTONIO FILOSA  
Title: Head of Purchasing FCA Latam

  
Emanuele Cappellano  
CFO Latam

FCA AUTOMOBILES ARGENTINA S.A.

By:   
Name: ANTONIO FILOSA  
Title: GENERAL MANAGER FCA ARG.

[Initial Consenting OEM Signature Page to Restructuring Support Agreement]

INITIAL CONSENTING OEM SIGNATURE PAGE

FORD MOTOR COMPANY

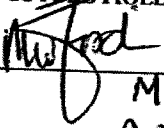
By: M E Wall

Name: Michael Wall

Title: Sr. Purchasing Manager

**INITIAL CONSENTING OEM SIGNATURE PAGE**

GENERAL MOTORS HOLDINGS LLC

By:   
Name: M. V. FISCHER  
Title: DIRECTOR, SUPPLY RISK MGT

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

HONDA NORTH AMERICA, INC.

By: \_\_\_\_\_

Name: **THOMAS E. LAKE**

Title: **VICE PRESIDENT**

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

MAZDA MOTOR CORPORATION

By: T. Nakamura  
Name: Tetsuro Nakamura  
Title: General Manager, Purchasing Div.

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

MITSUBISHI MOTORS CORPORATION

By:  \_\_\_\_\_

Name: Toshifumi Kimura

Title: General Manager

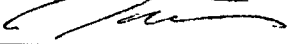
Interior Parts and Aftersales Purchasing Dept.

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

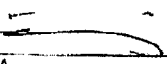


**INITIAL CONSENTING OEM SIGNATURE PAGE**

NISSAN NORTH AMERICA, INC.

By:   
Name: Makoto UCHIDA  
Title: Corporate Vice President

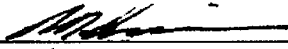
NISSAN MEXICANA, S.A. DE C.V.

By:   
Name: Makoto UCHIDA  
Title: Corporate Vice President

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

SUBARU CORPORATION

By:   
Name: *Masahiro Kawai*  
Title: *Corporate Executive Vice President*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

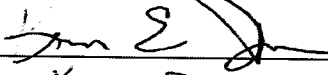
TOYOTA MOTOR CORPORATION

By: M. Shirayanagi  
Name: Masayoshi Shirayanagi  
Title: managing officer

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

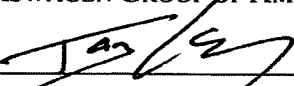
VOLKSWAGEN GROUP OF AMERICA, INC.

By:   
Name: Kevin Duke  
Title: Secretary

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*

**INITIAL CONSENTING OEM SIGNATURE PAGE**

VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC

By:  \_\_\_\_\_

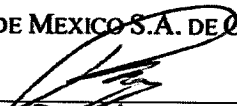
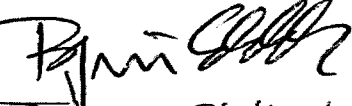
Name:



Title:

Ian K. Leavy  
Asst. General Counsel  
Legal (CS-L)

**INITIAL CONSENTING OEM SIGNATURE PAGE**

VOLKSWAGEN DE MEXICO S.A. DE C.V.

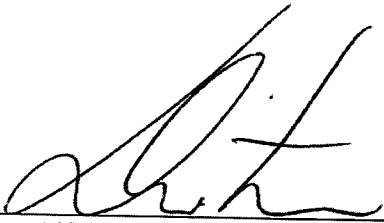
By:    
Name: ~~Pierre Bridgman~~ / Bjorn Elleck  
Title: ~~J.P. Procurement~~ CFO.


  
Jose Maria Estro R  
13/12/2017  
DIRECCION  
  
ASUMPTO  
LEGALES  
17

[Initial Consenting OEM Signature Page to Restructuring Support Agreement]

**INITIAL CONSENTING OEM SIGNATURE PAGE**

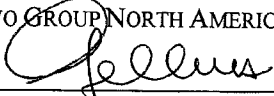
**AUDI MÉXICO S.A. DE C.V.**

By:   
Name: Alfons Dieter Dintner  
Title: Vorsitzender der Geschäftsführung

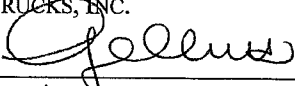
By:   
Name: Adam Alexander Pasternak  
Title: Finanz Geschäftsführung

**INITIAL CONSENTING OEM SIGNATURE PAGE**

VOLVO GROUP NORTH AMERICA LLC

By:   
Name: ALESSANDRO GALLUZZI  
Title: SVP PURCHASING

MACK TRUCKS, INC.

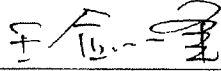
By:   
Name: ALESSANDRO GALLUZZI  
Title: SVP PURCHASING

*[Initial Consenting OEM Signature Page to Restructuring Support Agreement]*



PLAN SPONSOR SIGNATURE PAGE

JOYSON KSS AUTO SAFETY S.A.

By:  \_\_\_\_\_

Name: Jianfeng Wang

Title: Director

By:  \_\_\_\_\_

Name: Yuxin Tang

Title: Director

*[Plan Sponsor Signature Page to Restructuring Support Agreement]*

**SCHEDULE 1****SCHEDULE 1 ENTITIES<sup>1</sup>**

<b><u>INITIAL CONSENTING OEM</u></b>	<b><u>SCHEDULE 1 ENTITIES<sup>2</sup></u></b>
BMW	BMW of North America, LLC BMW Consolidation Services Co., LLC
DTNA/MBUSI	N/A
FCA	FCA Mexico, S.A. de C.V.
Ford	N/A
GM	General Motors Holdings LLC General Motors LLC General Motors de Mexico, S. de R.L. de C.V. General Motors of Canada Company General Motors do Brasil Ltda.
Honda	Honda of America Mfg., Inc. America Honda Motor Co., Inc. Honda of Canada Mfg., a division of Honda Canada, Inc. Honda Manufacturing of Indiana, LLC Honda of South Carolina Manufacturing, Inc. Honda de Mexico, S.A. de C.V. Honda Manufacturing of Alabama, LLC Honda Trading de Mexico, S.A. de C.V. Honda R&D Americas, Inc.
Mazda	Mazda Motor Manufacturing de Mexico S.A. de C.V.

<sup>1</sup> Schedule 1 may be amended without the consent of the Parties to incorporate additional subsidiaries and/or affiliates of an Initial Consenting OEM that have filed proofs of claim in the Chapter 11 Cases.

<sup>2</sup> Listed entities are included as Schedule 1 Entities because the Initial Consenting OEM has authority or power to bind such entities but are included only to the extent they (i) have purchased Component Parts from Supplier, (ii) have claims against Supplier or (iii) receive Consenting OEM Recoveries; *provided* that any entities that are listed as "excluded" are not Schedule 1 Entities of the associated Initial Consenting OEM. Controlled subsidiaries and affiliates of Initial Consenting OEMs that are not listed on this Schedule 1 are not Schedule 1 Entities of such Initial Consenting OEM.

	Mazda Motor of America, Inc.
Mitsubishi	Mitsubishi Motors North America, Inc.
Nissan	N/A
Subaru	Subaru of America, Inc. Subaru of Indiana Automotive, Inc.
Toyota	<p>Toyota Kirloskar Motor Private Limited, and its successors and assigns</p> <p>Toyota Motor Thailand, Co., Ltd.</p> <p>Toyota Daihatsu Engineering &amp; Manufacturing Co., Ltd. f/k/a Toyota Motor Asia Pacific Engineering &amp; Manufacturing Co., Ltd.</p> <p>PT. Toyota Motor Manufacturing Indonesia</p> <p>Toyota Motors East Japan</p> <p>Toyota Motor Kyushu, Inc.</p> <p>Toyota Auto Works Co., Ltd.</p> <p>Toyota Auto Body</p> <p>Toyota Motor Europe N.V./S.A.</p> <p>Toyota South Africa Motors (Pty.) Ltd.</p> <p>Toyota Motor Manufacturing France S.A.S.</p> <p>Toyota Motor Manufacturing Turkey Inc.</p> <p>Toyota Motor Manufacturing (UK) Ltd.</p> <p>Toyota Motor Engineering &amp; Manufacturing North America, Inc.</p> <p>Toyota Motor North America, Inc.</p> <p>Toyota Motor Manufacturing de Baja California, S. de R.L. de C.V.</p> <p>Toyota Motor Manufacturing, Indiana, Inc.</p> <p>Toyota Motor Manufacturing, Kentucky, Inc.</p> <p>Toyota Motor Manufacturing, Texas, Inc.</p> <p>Toyota Motor Manufacturing, Mississippi, Inc.</p> <p>New United Motor Manufacturing, Inc.</p> <p>Toyota Motor Manufacturing, California, Inc.</p> <p>Toyota Motor Sales, U.S.A., Inc.</p> <p>Toyota Motor de Mexico, S. de R.L. de C.V.</p>

Schedule 1 to Restructuring Support Agreement for U.S. Debtors

	<p>Toyota Motor Sales de Mexico, S. De R.L. C.V.  Toyota de Puerto Rico Corp.  Toyota Motor Manufacturing Canada Inc.  Toyota Canada Inc.  Toyota do Brasil Ltda.  Toyota Argentina S.A.  Daihatsu Motor Co., Ltd.  Daihatsu Motor Kyushu Co., Ltd.  Hino Motors, Ltd.  Hino Motors Manufacturing (Thailand) Ltd.  PT. Astra Daihatsu Motor</p> <p><b>Excluded Entities:</b></p> <p>Perusahaan Otomobil Kedua Sendirian Berhad (Second Automobile Manufacturer Private Limited), also known as "Perodua"  Assembly Services Sdn. Bhd.</p> <p><u>CHINA JOINT VENTURES</u></p> <p>GAC Toyota Motor Co., Ltd.  Tianjin FAW Toyota Motor Co., Ltd.  Sichuan FAW Toyota Motor Co., Ltd.  Changchun Fengyue Company of Sichuan FAW Toyota Motor Co., Ltd.</p>
Volkswagen	N/A
Volvo	N/A

## SCHEDULE 2

## INITIAL CONSENTING OEM NOTICE INFORMATION

CUSTOMER	NOTICE LIST
BMW	<p>BMW Manufacturing Co., LLC  1400 Highway 101 South  Greer, SC 29605  Attention: Seann Tzouvelekas  Associate General Counsel  Email: seann.tzouvelekas@bmwmc.com</p> <p><i>with a copy to:</i></p> <p>BMW Aktiengesellschaft  Knorrstrasse 147  80788 München, Germany  Attention: Sven Hofmann, MZ-14  Risk Management  Email: sven.sh.hofmann@bmw.de</p> <p><i>and to:</i></p> <p>BMW Aktiengesellschaft  Dostlerstraße 3  80809 München, Germany  Attention: Dr. Stephan Wollbrink, AJ-1  Legal Counsel  Email: stephan.wollbrink@bmw.de</p> <p><i>and to:</i></p> <p>David A. Rosenzweig  Norton Rose Fulbright US LLP  1301 Avenue of the Americas  New York, NY 10019  Email: david.rosenzweig@nortonrosefulbright.com</p>

CUSTOMER	NOTICE LIST
DTNA/MBUSI	<p>Daimler Trucks North America, LLC  4555 North Channel Ave  Portland, OR 97217-7549  Attention: Daniel Howard  Associate General Counsel  Email: daniel.howard@daimler.com</p> <p><i>and</i></p> <p>Mercedes-Benz U.S. International, Inc.  1 Mercedes Drive  Vance, AL 35490-9310  Attention: Richard Clementz  General Counsel  Email: rick.clementz@daimler.com</p> <p><i>with a copy to:</i></p> <p>Daimler AG  HPC: G036  Schickardstr. 30  D- 71034 Böblingen, Germany  Attention: Götz Rachner  Senior Manager  Risk &amp; Restructuring Management (MP/SR)  Mercedes-Benz Procurement &amp; Supplier Quality  E-Mail: goetz.rachner@daimler.com</p> <p><i>and to:</i></p> <p>White &amp; Case LLP  1221 Avenue of the Americas  New York, NY 10020-1095  Attention: Thomas Lauria  Email: tlauria@whitecase.com</p>

<u>CUSTOMER</u>	<u>NOTICE LIST</u>
FCA	<p>FCA US LLC  800 Chrysler Drive  Auburn Hills, MI 48326  CIMS 484-01-26  Attention: Sigmund E. Huber  Global Director, Supplier Relations &amp; Risk Management  Email: sig.huber@fcagroup.com</p> <p><i>with a copy to:</i></p> <p>FCA US LLC  1000 Chrysler Drive  Auburn Hills, MI 48326  CIMS 485-14-07  Attention: Mark Werling  Email: mark.werling@fcagroup.com</p> <p><i>and to:</i></p> <p>Sullivan &amp; Cromwell LLP  125 Broad Street  New York, NY 10004  Attention: Brian Glueckstein  Email: gluecksteinb@sullcrom.com</p>
Ford	<p>Ford Motor Company  Town Center Offices  18900 Michigan Avenue  Dearborn, MI 48126  Attention: Dennis Barrish  Email: dbarrish@ford.com</p> <p><i>with a copy to:</i></p> <p>McGuireWoods LLP  625 Liberty Avenue  23rd Floor  Pittsburgh, PA 15222  Attention: Mark E. Freedlander, Esq.  Email: mfreedlander@mcguirewoods.com</p>

CUSTOMER	NOTICE LIST
GM	<p>General Motors LLC  Vehicle Engineering Center  29755 Louis Chevrolet Rd.  Warren, MI 48090-9020  M/C 480-210-85  Attention: Mark W Fischer  Email: mark.w.fischer@gm.com</p> <p><i>with a copy to:</i></p> <p>General Motors LLC  Vehicle Engineering Center  29755 Louis Chevrolet Rd.  Warren, MI 48090-9020  M/C 480-210-8N  Attention: Aaron M. Silver  Email: aaron.silver@gm.com</p> <p><i>and to:</i></p> <p>Honigman Miller Schwartz and Cohn LLP  2290 First National Building  660 Woodward Avenue  Detroit, MI 48226-3506  Attention: Joseph R. Sgroi  Email: jsgroi@honigman.com</p> <p><i>and to:</i></p> <p>Wellensiek Rechtsanwälte PartG mbB  Guiollettstrasse 54  D - 60325 Frankfurt am Main, Germany  Attention: Till Hafner  Email: till.hafner@wellensiek.de</p> <p><i>and to:</i></p> <p>O'Melveny &amp; Myers LLP  7 Times Square  New York, NY 10036  Attention: George A. Davis  Email: gdavis@omm.com</p>



<b>CUSTOMER</b>	<b>NOTICE LIST</b>
Honda	<p>Honda North America 24000 Honda Parkway Marysville, OH 43040 Attention: Tom Lake Email: tom_lake@hna.honda.com</p> <p><i>with a copy to:</i></p> <p>Vorys, Sater, Seymour &amp; Pease 52 East Gay Street Columbus, OH 43215 Attention: Rob Bell Email: rabell@vorys.com</p>
JLR	<p>Jaguar Land Rover Limited Registered Office: Abbey Road, Whitley, Coventry CV3 4LF Registered in England No: 1672070 Attention: Antony Cunningham Email: ACunning@jaguarlandrover.com</p> <p><i>with a copy to:</i></p> <p>Jaguar Land Rover North America, LLC 555 MacArthur Boulevard Mahwah, NJ 07430 Attention: Anna-Lisa Corrales Email: acorral8@jaguarlandrover.com</p>
Mazda	<p>Mazda Motor Corporation 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670 Japan Attention: Mr. Tetsuto Nakamura, General Manager, Purchasing Division Email: nakamura.tet@mazda.co.jp</p> <p><i>with a copy to:</i></p> <p>Kramer Levin Naftalis &amp; Frankel LLP 1177 Avenue of the Americas New York, NY 10036 Attention: Adam Rogoff &amp; Anupama Yerramalli Email: arogoff@kramerlevin.com_ayerramalli@kramerlevin.com</p>

CUSTOMER	NOTICE LIST
Mitsubishi	<p>Mitsubishi Motors Corporation  1, Nakashinkiri, Hashime-cho  Okazaki, Aichi Pref., Japan  Attention: Toshifumi Kimura, General Manager  Email: toshifumi.kimura@mitsubishi-motors.com</p> <p><i>with a copy to:</i></p> <p>Paul, Weiss, Rifkind, Wharton &amp; Garrison LLP  1285 Avenue of the Americas  New York, NY 10019  Attention: Daniel Youngblut  Email: dyoungblut@paulweiss.com</p>
Nissan	<p>Nissan North America, Inc.  39001 Sunrise  Farmington Hills, MI 48331  Attention: Donald P. Parshall, Jr.  Email: don.parshall@nissan-usa.com</p> <p><i>with a copy to:</i></p> <p>Jones Day  600 Brickell Avenue, Suite 3300  Miami, FL 33131  Attention: Pedro A. Jimenez  Email: pjimenez@jonesday.com</p>
PSA	<p>PSA Automobiles SA  2-10 bd de l'Europe – YT 279  78093 Poissy cedex 09 France  Attention: Pascal Dalon  Supplier Risk Manager  Email: pascal.dalon@mpsa.com</p> <p><i>with a copy to :</i></p> <p>Baker Hostetler LLP  Key Tower, 127 Public Square  Suite 2000  Cleveland, OH 44114-1214  Attention: Eric R. Goodman, Esq.  Email: egoodman@bakerlaw.com</p>

<b>CUSTOMER</b>	<b>NOTICE LIST</b>
Subaru	<p>Subaru Corporation  Ebisu Subaru Bldg., 1-20-8, Ebisu, Shibuya-ku,  Tokyo  150-8544 Japan  Attention: Naoko Taniguchi, Legal Department  Email: taniguchi.naoko@subaru.co.jp</p> <p><i>and to:</i></p> <p>Subaru of America, Inc.  2235 Marlton Pike W,  Cherry Hill, NJ 08002 USA  Attention: Terri Woodard Claybrook, Director-Associate General  Counsel  Email: tclaybrook@subaru.com</p> <p><i>and to:</i></p> <p>Subaru of Indiana Automotive, Inc.  5500 State Road 38 E  Lafayette, IN 47905  Attention: Douglas R. Meyer, Senior Manager and General  Counsel Legal/HR/CSR  Email: doug.meyer@subaru-sia.com</p> <p><i>with a copy to:</i></p> <p>Kramer Levin Naftalis &amp; Frankel LLP  1177 Avenue of the Americas  New York, NY 10036  Attention: Adam Rogoff &amp; Anupama Yerramalli  Email: arogoff@kramerlevin.com_ayerramalli@kramerlevin.com</p>

CUSTOMER	NOTICE LIST
Toyota	<p>Toyota Motor North America, Inc.  6565 Headquarters Drive  Plano, TX 75024  Attention: Cortney Romans  Email: cortney.romans@toyota.com</p> <p><i>and to:</i></p> <p>Toyota Motor Engineering and Manufacturing North America  8777 Platt Road  Seline, MI 48176  Attention: Jim Holloway  Email: jim.holloway@tema.toyota.com</p> <p><i>and to:</i></p> <p>Toyota Motor Corporation  1, Toyota-cho  Toyota, Aichi 471-8571  Attention: Takuo Nomura  Email: takuo_nomura@mail.toyota.co.jp</p> <p><i>with a copy to:</i></p> <p>Frost Brown Todd LLC  150 Third Avenue South, Suite 1900  Nashville, TN 37201- 2043  Attention: Robert Sartin, Esq.  Email: rsartin@fbtlaw.com</p> <p><i>and to:</i></p> <p>Orrick, Herrington &amp; Sutcliffe LLP  51 West 52nd Street  New York, NY 10019-6142  Attention: Lorraine S. McGowen, Esq.  Email: lmcgowen@orrick.com</p>

<b>CUSTOMER</b>	<b>NOTICE LIST</b>
Volkswagen	<p>Volkswagen Group of America, Inc.  8001 Volkswagen Drive  Chattanooga, TN  Attention: John Critchfield  Email: John.Critchfield@VW.com</p> <p><i>with a copy to:</i></p> <p>Davis Polk and Wardwell LLP  450 Lexington Avenue  New York, NY 10017  Attention: Timothy Graulich &amp; Darren S. Klein  Email: timothy.graulich@davispolk.com,  darren.klein@davispolk.com</p>
Volvo	<p>Volvo Group Truck Operations  Dept. BE83000, GC2N  40508 Gothenburg, Sweden  Attention: Alessandro Galluzzi  Email: alessandro.galluzzi@volvo.com</p> <p><i>with a copy to:</i></p> <p>Baker Hostetler LLP  Key Tower, 127 Public Square  Suite 2000  Cleveland, OH 44114-1214  Attention: Eric R. Goodman, Esq.  Email: egoodman@bakerlaw.com</p>

**SCHEDULE 3****INITIAL CONSENTING OEM VOTING ALLOCATION PERCENTAGE**

<u>INITIAL CONSENTING OEMS</u>	<u>VOTING ALLOCATION</u>
BMW	6.35%
DTNA/MBUSI	4.98%
FCA	7.05%
Ford	5.93%
GM	11.80%
Honda	16.51%
JLR	0.56%
Mazda	3.03%
Mitsubishi	1.57%
Nissan	6.54%
PSA	2.11%
Subaru	1.64%
Toyota	15.11%
Volkswagen	16.79%
Volvo	0.03%
<b>Aggregate Initial Consenting OEMs</b>	<b>100.00%</b>

**SCHEDULE 4**  
**NOTICE PROTOCOL**

“**Notice Protocol**” means the noticing procedures and forms and substance of notice set forth in (a)(i) the order attached hereto as Exhibit C granting the Debtors' motion to establish a claims bar date [Docket No. 959]; and (ii) a subsequent form of order, reasonably acceptable to the Plan Sponsor and the Initial Consenting OEMs, authorizing and directing the Debtors to provide the notices described in the following clauses (A) and (B), each of which notices shall be in form and substance reasonably acceptable to the Plan Sponsor and the Initial Consenting OEMs:

(A) actual notice by mail, in form and substance as set forth in the “Postcard Notice” attached hereto as Exhibit D, revised only to (x) identify such potential claimants, (y) the date by which such potential claimants shall be required to file claims and (z) conform relevant provisions of the Postcard Notice to the Plan then on file with the Bankruptcy Court, to any person who, at any time from and after the Petition Date through and including the date that is eight (8) weeks prior to the commencement of the Plan confirmation hearing (or such later date that will ensure timely notice of the confirmation hearing and related objection deadline to those noticed) (the “**Data Purchase Date**”), (x) becomes the registered owner of a vehicle in the United States containing a PSAN Inflator that uses 2004 non-desiccated or desiccated PSAN as a propellant, and (y) is included in the third-party data purchased by the Debtors from IHS Markit and its subsidiary R.L. Polk and Co. on the Data Purchase Date, and

(B) notice by publication, in form and substance as set forth in the form of publication notice attached hereto as Exhibit E, revised only to identify such potential claimants and the date by which such potential claimants shall be required to file claims, in each publication listed in paragraph 11 of, and Exhibit C to, the order entered by the Bankruptcy Court as Docket No. 959.

**EXHIBIT A TO THE RESTRUCTURING SUPPORT AGREEMENT**

**CHAPTER 11 PLAN**



**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

-----X  
:
  
**In re** : **Chapter 11**  
:
  
**TK HOLDINGS INC., et al.,** : **Case No. 17-11375 (BLS)**  
:
  
**Debtors.<sup>1</sup>** : **(Jointly Administered)**  
:
  
-----X

**JOINT CHAPTER 11 PLAN OF REORGANIZATION  
OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS**

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Dated: November [ ], 2017  
Wilmington, Delaware

<sup>1</sup> 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.

Each of Takata Americas, TK Finance, LLC, TK China, LLC, TK Holdings Inc., 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., and Strosshe-Mex, S. de R.L. de C.V. (each, a “**Debtor**” and collectively, the “**Debtors**”) proposes the following joint chapter 11 plan of reorganization pursuant to section 1121(a) of the Bankruptcy Code. Capitalized terms used herein shall have the meanings set forth in section 1.1 below.

## ARTICLE I DEFINITIONS AND INTERPRETATION.

### 1.1 Definitions.

The following terms shall have the respective meanings specified below:

**Access Agreement** means that certain access and security agreement dated August 9, 2017, entered into by certain Consenting OEMs and certain Takata entities, including the Debtors [filed at Docket No. 953].

**Acquired Non-Debtor Affiliates** means each of the affiliates of the Debtors, the capital stock or other equity interests of which will be acquired by the Plan Sponsor pursuant to the U.S. Acquisition Agreement or any Cross-Conditioned Agreement (as defined in the U.S. Acquisition Agreement), as set forth on Schedule A hereto.

**Adequate Protection Claim** has the meaning assigned in the Adequate Protection Order.

**Adequate Protection Order** means, collectively, the interim and final orders of the Bankruptcy Court, dated June 27, 2017 and October 3, 2017 [Docket Nos. 107 & 953], respectively, authorizing the Debtors to, among other things, enter into the Global Accommodation Agreement and granting the Adequate Protection Claims.

**Administrative Expense Claim** means any Claim, other than an Adequate Protection Claim, for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 327, 328, 330, 365, 503(b), 507(a)(2), or 507(b) of the Bankruptcy Code, including (i) the actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estates and operating the Debtors’ businesses, (ii) Fee Claims, (iii) all fees and charges assessed against the Estates pursuant to sections 1911 through 1930 of chapter 123 of title 28 of the United States Code, (iv) all Allowed Claims that are to be treated as Administrative Expense Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2) of the Bankruptcy Code, (v) Cure Claims, and (vi) Administrative Expense OEM Claims.

**Administrative Expense Claims Bar Date** means the deadline for filing requests for payment of certain Administrative Expense Claims, which shall be the first Business Day that is sixty (60) days following the Effective Date, unless otherwise ordered by the Bankruptcy Court.

***Administrative Expense OEM Claim*** means any Claim of an OEM arising out of or relating to a Takata product sold or supplied to an OEM on or after the Petition Date, but prior to the Closing Date, including any Consenting OEM PSAN Administrative Expense Claims.

***Administrative Expense PI/WD Claim*** means any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action against the Debtors allegedly arising out of or relating to a Takata product sold or supplied to an OEM or any other Person on or after the Petition Date, but prior to the Closing Date, regardless of whether the injury occurs before or after the Closing Date, but excluding any Administrative Expense PSAN PI/WD Claim.

***Administrative Expense PSAN PI/WD Claim*** means any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action against the Debtors arising out of or relating to an injury allegedly caused as a result of a non-desiccated or desiccated PSAN Inflator sold or supplied to an OEM or any other Person on or after the Petition Date, but prior to the Closing Date, regardless of whether the injury occurs before or after the Closing Date.

***Agreed Allocation*** means the method of allocating recoveries on account of certain Allowed Claims among the Consenting OEMs, as described in the Customer Allocation Schedule attached hereto as Exhibit 1.

***Allocable Share*** means, as applicable under the circumstances, (i) the percentage of Purchase Price received by each of IIM, SMX, TDM, or the TKH Debtors under the U.S. Acquisition Agreement, as applicable, relative to the aggregate Purchase Price received by all such Debtors, (ii) the percentage of Purchase Price received by each of the Debtors under the U.S. Acquisition Agreement, as applicable, relative to the aggregate Purchase Price received by all Debtors, or (iii) amounts in the Legacy Trusts Reserves or the Post-Closing Reserve 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 Trust Reserve and the Post-Closing Reserve), based on the assets of such Debtor contributed to or monetized by the Legacy Trusts or Reorganized Takata.

***Allowed*** means, with respect to any Claim or Interest, (i) any Claim to which the Debtors and the holder of the Claim agree to the amount of the Claim or a court of competent jurisdiction has determined the amount of the Claim by Final Order, (ii) any Claim or Interest that is compromised, settled, or otherwise resolved pursuant to the authority of the Debtors or Reorganized Debtors, as applicable, in a Final Order of the Bankruptcy Court, (iii) any Claim that is listed in the Schedules as liquidated, non-contingent, and undisputed, (iv) any Claim or Interest arising on or before the Effective Date as to which no objection to allowance has been interposed within the time period set forth in the Plan, and (v) any Claim or Interest expressly allowed hereunder; *provided, however*, that the Reorganized Debtors shall retain all Claims and defenses with respect to Allowed Claims that are reinstated or otherwise Unimpaired pursuant to this Plan.

***Amended By-Laws*** means, with respect to a Reorganized Debtor, such Reorganized Debtor's amended and restated by-laws or operating agreement, a substantially final

form of which shall be contained in the Plan Supplement to the extent they contain material changes to the existing documents.

***Amended Certificate of Incorporation*** means, with respect to each Reorganized Debtor, such Reorganized Debtor's amended or amended and restated certificate of incorporation or certificate of formation, a substantially final form of which shall be contained in the Plan Supplement.

***Asset*** means all of the rights, title, and interests of a Debtor in and to property of whatever type or nature, including real, personal, mixed, intellectual, tangible, and intangible property.

***Assumed Liabilities*** has the meaning assigned in the U.S. Acquisition Agreement.

***Assumed PSAN Contracts*** means, collectively, the Modified Assumed PSAN Contracts and the Standalone PSAN Assumed Contracts.

***Authorized Purposes*** means those actions that Reorganized Takata and/or the Plan Administrator are authorized to perform solely as follows: (i) continue the operations of Reorganized Takata during the Operating Term, (ii) supervise the construction, manufacture, assembly, sale, and/or distribution to the PSAN Consenting OEMs of PSAN Inflators related to the NHTSA Consent Order or any similar order by other regulatory authorities related to recalls, to the extent applicable, and pursuant to the terms of any Assumed PSAN Contract and any renewals or extensions thereof or in respect of production of current model series, (iii) upon expiration of the Operating Term or as any such assets are no longer needed to support production of PSAN Inflators by Reorganized Takata, liquidate the PSAN Assets, (iv) perform its obligations under the Transition Services Agreement, the Shared Services Agreement, and the Plan Sponsor Backstop Funding Agreement, (v) pay the costs and fees of the Special Master and any monitor(s) appointed by the DOJ or NHTSA, and (vi) serve as trustee or executive officer (as applicable) of the Warehousing Trust and carry out the duties of the Plan Administrator with respect to the Warehousing Trust as set forth in the Plan.

***Available Cash*** means, collectively, the IIM Available Cash, the SMX Available Cash, the TDM Available Cash, the TKAM Available Cash, the TKC Available Cash, the TKF Available Cash, and the TKH Available Cash.

***Avoidance Actions*** means any and all actual or potential Claims or Causes of Action to avoid a transfer of property or an obligation incurred by any of the Debtors pursuant to any applicable section of the Bankruptcy Code, including sections 502(d), 544, 545, 547, 548, 549, 550, 551, 553(b), and 724(a) of the Bankruptcy Code, or under similar or related state or federal statutes and common law.

***Backstop Expiration Date*** has the meaning assigned in the Plan Sponsor Backstop Funding Agreement.

***Backstop Funding Cap*** has the meaning assigned in the Plan Sponsor Backstop Funding Agreement.

**Backstopped Claims** has the meaning assigned in the Plan Sponsor Backstop Funding Agreement.

**Bankruptcy Code** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

**Bankruptcy Court** means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Cases and, to the extent any reference made under section 157 of title 28 of the United States Code is withdrawn or the Bankruptcy Court is determined not to have authority to enter a Final Order on an issue, the unit of such District Court having jurisdiction over the Chapter 11 Cases under section 151 of title 28 of the United States Code.

**Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases, and any local rules of the Bankruptcy Court.

**Bar Date Order** means the order of the Bankruptcy Court, dated October 4, 2017 [Docket No. 959], establishing deadlines by which a proof of Claim must be filed with respect to certain Claims.

**Business Day** means any day other than a Saturday, a Sunday, or any other day on which banking institutions in New York, NY are authorized or required by law or executive order to close.

**Business Incentive Plan Payment** has the meaning assigned in the U.S. Acquisition Agreement.

**Cash** means legal tender of the United States of America.

**Cash Proceeds** means, collectively, the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, the TKAM Cash Proceeds, the TKC Cash Proceeds, the TKF Cash Proceeds, and the TKH Cash Proceeds.

**Cause of Action** means any action, class action, Claim, cross-claim, third-party claim, cause of action, controversy, demand, right, Lien, indemnity, contribution, guaranty, suit, obligation, liability, debt, damage, judgment, account, defense, remedy, offset, power, privilege, license, and franchise of any kind or character whatsoever, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, secured or unsecured, assertable directly or derivatively (including, without limitation, under alter ego theories), whether arising before, on, or after the Petition Date, in contract or in tort, at law or in equity, or pursuant to any other theory of law. For the avoidance of doubt, Cause of Action includes: (i) any right of setoff, counterclaim, or recoupment and any Claim for breach of contract or for breaches of duties imposed by law or in equity; (ii) the right to object to Claims or Interests; (iii) any Claim or cause of action pursuant to section 362 of the Bankruptcy Code or chapter 5 of the Bankruptcy Code; (iv) any

Claim or defense, including fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the Bankruptcy Code; and (v) any Claims under any state or foreign law, including any fraudulent transfer or similar claims.

**Channeling Injunction** means the permanent injunction provided for in section 10.7 of this Plan with respect to PSAN PI/WD Claims against the Protected Parties to be issued pursuant to the Confirmation Order.

**Chapter 11 Case** means, with respect to a Debtor, such Debtor's case under chapter 11 of the Bankruptcy Code commenced on the Petition Date in the Bankruptcy Court, jointly administered with all other Debtors' cases under chapter 11 of the Bankruptcy Code, and styled *In re TK Holdings Inc., et al.*, Ch. 11 Case No. 17-11375 (BLS).

**Civil Rehabilitation Court** means the 20th Department of the Civil Division of the Tokyo District Court, or any other Japanese court having jurisdiction over the Japan Proceedings.

**Claim** means a "claim," as defined in section 101(5) of the Bankruptcy Code.

**Claims Administrator(s)** means individually or collectively, the Legacy Trustee, the OEM Claims Administrator, and the PSAN PI/WD Trustee, some or all of whom may be the same Person or the Special Master. The identity of each Claims Administrator shall be disclosed as part of the Plan Supplement.

**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 PI/WD Claims.

**Claims Reserves** means, collectively, the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKAM Claims Reserve, the TKC Claims Reserve, the TKF Claims Reserve, the TKH Claims Reserve, and the Post-Closing PI/WD Claims Reserve.

**Class** means any group of Claims or Interests classified under this Plan pursuant to section 1122(a) of the Bankruptcy Code.

**Closing Date** has the meaning assigned in the U.S. Acquisition Agreement.

**Component Parts** means component parts, Service Parts, assemblies, components, and/or other Products.

**Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

**Confirmation Hearing** means the hearing to be held by the Bankruptcy Court regarding confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

**Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code and approving the Plan Settlement.

**Consenting OEM Bailor** means each Consenting OEM (or its applicable Consenting OEM Tier One or Consenting OEM Contract Manufacturer) that requires Module Production, Kitting Operations, or PSAN Service Parts production (each as defined in the Indemnity Agreement) and that bails to Plan Sponsor or any Acquired Non-Debtor Affiliate, PSAN Inflators purchased prior to the Closing Date by such Consenting OEM (or its applicable Consenting OEM Tier One or Consenting OEM Contract Manufacturer) from the Debtors.

**Consenting OEM Contract Manufacturer** means a third party (that is not itself a Consenting OEM) that (i) manufactures or assembles, or manufactured or assembled, automobiles for a Consenting OEM and (ii) is or was at any point in time previously a party to a Purchase Order with the Debtors for the manufacture or sale of Products that have been or will be incorporated into a Consenting OEM's automobiles. For clarity, any such third party shall be deemed to be a Consenting OEM Contract Manufacturer only with respect to the applicable Consenting OEM for which it manufactures or assembles, or manufactured or assembled, automobiles containing Products.

**Consenting OEM PSAN Administrative Expense Claim** means any Claim of a Consenting OEM arising out of or relating to a Takata product containing a non-desiccated or desiccated PSAN Inflator sold or supplied to an OEM on or after the Petition Date, but prior to the Closing Date.

**Consenting OEM PSAN Contract Manufacturer** means a third party (that is not itself a Consenting OEM) that (i) manufactures or assembles, or manufactured or assembled, automobiles for a Consenting OEM and (ii) is or was a party to a Purchase Order with the Debtors for the manufacture or sale of PSAN Inflators that are or were at any point in time previously incorporated into the Consenting OEM's automobiles. For clarity, any such third party shall be deemed to be a Consenting OEM PSAN Contract Manufacturer only with respect to the applicable Consenting OEM for which it manufactures or assembles, or manufactured or assembled, automobiles containing PSAN Inflators.

**Consenting OEM PSAN Cure Claim** means any Cure Claim with respect to an Assumed PSAN Contract.

**Consenting OEM PSAN Tier One** means, for any Consenting OEM, any Consenting OEM Tier One, including a Directed PSAN Tier One, solely to the extent that it sources or uses or at any point in time previously sourced or used PSAN Inflators from the Debtors that are or were supplied to, or incorporated into Component Parts of, such Consenting OEM. For clarity, any such supplier shall be deemed to be a Consenting OEM PSAN Tier One only with respect to the applicable Consenting OEM to which it supplies or supplied, or into whose Component Parts it incorporates or incorporated, PSAN Inflators from Takata.

**Consenting OEM Tier One** means, for any Consenting OEM, a supplier, including a Directed Tier One, to such Consenting OEM solely to the extent that such supplier sources or uses or at any point in time previously sourced or used components, parts, or

assemblies from the Debtors that are, were, or will be supplied to, or incorporated into, Component Parts of such Consenting OEM; *provided, however*, that no Consenting OEM shall itself be a Consenting OEM Tier One. For clarity, any such supplier shall be deemed to be a Consenting OEM Tier One only with respect to the applicable Consenting OEM to which it supplies or supplied such components, parts, or assemblies.

**Consenting OEMs** means those OEMs that purchase or have purchased PSAN Inflators from the Debtors that are party to the Indemnity Agreement and the Global Settlement Agreement and are subject to the Agreed Allocation, or that become party to the Indemnity Agreement and the Global Settlement Agreement and are subject to the Agreed Allocation prior to the Effective Date; *provided, however*, that for purposes of any consent or approval right of the Consenting OEMs set forth in this Plan, “Consenting OEMs” shall mean the “Initial Consenting OEMs” (as defined in the U.S. RSA) that have voting rights under the U.S. RSA at the time such consent or approval right is exercised.

**Cure Amount** means the payment of Cash or the distribution of other property (as the parties may agree or the Bankruptcy Court may order) as necessary to (i) cure a monetary default by the Debtors in accordance with the terms of an executory contract or unexpired lease of the Debtors and (ii) permit the Debtors to assume such executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

**Cure Claim** means a Claim for cure in connection with the assumption or assumption and assignment of an executory contract or unexpired lease under section 365(a) of the Bankruptcy Code, including any Consenting OEM PSAN Cure Claim.

**Cure Claims Cap** has the meaning assigned in the U.S. Acquisition Agreement.

**Cure Dispute** means an unresolved objection regarding assumption, Cure Amount, “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code), or other issues related to assumption of an executory contract or unexpired lease.

**Debtor(s)** has the meaning set forth in the introductory paragraph of this Plan.

**Direct Expense Payment** means a Debtor’s direct payment to an advisor or other third party providing services to the Plan Sponsor in connection with the Restructuring Transactions for such advisor’s or other third party’s expenses in accordance with section 12.6 of this Plan.

**Directed PSAN Tier One** means a Consenting OEM PSAN Tier One that is or was at any point in time previously directed pursuant to a formal agreement with the applicable Consenting OEM to source or use PSAN Inflators from the Debtors (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship). For clarity, any such supplier shall be deemed to be a Directed PSAN Tier One only with respect to the applicable Consenting OEM with which it has or had a formal directed-buy agreement in respect of PSAN Inflators (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship).



***Directed Tier One*** means a Consenting OEM Tier One that is or was at any point in time previously directed pursuant to a formal agreement with the applicable Consenting OEM to source or use components, parts, or assemblies from the Debtors (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship). For clarity, any such supplier shall be deemed to be a Directed Tier One only with respect to the applicable Consenting OEM with which it has or had a formal directed-buy agreement (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship) to source or use components, parts, or assemblies from the Debtors.

***Disallowed*** means any Claim, or any portion thereof, that (i) has been disallowed by a Final Order or a settlement, (ii) is Scheduled at zero or as contingent, disputed, or unliquidated and as to which a proof of claim bar date has been established but no proof of claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court, including the Bar Date Order, or otherwise deemed timely filed under applicable law, or (iii) is not Scheduled and as to which a proof of claim bar date has been established but no proof of claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

***Disbursing Agent*** means any Entity in its capacity as a disbursing agent under sections 6.6 and 6.7 hereof, including the applicable Claims Administrator, that acts in such a capacity to make Distributions pursuant to the Plan.

***Disclosure Statement*** means the disclosure statement for this Plan, as supplemented from time to time, which is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Bankruptcy Rules 3016 and 3018, and other applicable law, and all exhibits, schedules, supplements, modifications, amendments, annexes, and attachments to such disclosure statement.

***Disputed*** means any Claim that is not yet Allowed or Disallowed.

***Disputed Claims Reserves*** means, collectively, the IIM Disputed Claims Reserve, the SMX Disputed Claims Reserve, the TDM Disputed Claims Reserve, and the TKH Disputed Claims Reserve.

***Disputed Cure Claim*** means the amount that a counterparty to a Cure Dispute alleges must be paid in order for an executory contract or unexpired lease to either be assumed by the Debtors or assumed by the Debtors and assigned to the Plan Sponsor.

***Disputed Cure Claims Reserve*** means the amount of IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, and TKH Cash Proceeds, based on the percentage of each of IIM's, SMX's, TDM's, and the TKH Debtors' Disputed Cure Claims, as applicable, relative to the aggregate amount of such Debtors' Disputed Cure Claims, to be reserved in a segregated account in the applicable Debtor's Claims Reserve in the reasonable discretion of the Debtors, after consultation with the Plan Sponsor, necessary to pay (i) the aggregate amount of Disputed Cure Claims for Purchased Contracts less (y) the amount equal to the Cure Claims Cap less any

other Cure Claims paid by the Plan Sponsor on the Effective Date, or (ii) such lower amount as ordered by the Bankruptcy Court.

***Dissolution Date Cash*** means any Cash in the Reorganized TK Holdings Trust, Reorganized Takata, or the Warehousing Trust, including Cash in the Post-Closing Reserve and the Legacy Trusts Reserves (as applicable) and Post-Closing Cash, remaining upon dissolution of any such entity pursuant to this Plan.

***Distribution*** means any initial or periodic payment or transfer of consideration to holders of Allowed Claims and Interests made under this Plan.

***Distribution Date*** means any of the Initial Distribution Date or the Periodic Distribution Dates.

***Distribution Formula*** means the distribution formula provided for in section 6.2 of the Plan, including its subparagraphs.

***Distribution Record Date*** means the record date for purposes of making Distributions under the Plan on account of Allowed Claims, which date shall be the Effective Date.

***District Court*** means the United States District Court for the District of Delaware.

***DOJ*** means the United States Department of Justice.

***DOJ OEM Restitution Fund*** means the OEM restitution fund established under paragraphs 1 and 2 of the DOJ Restitution Order.

***DOJ PI/WD Restitution Fund*** means the personal injury and wrongful death restitution fund established under paragraphs 3 and 4 of the DOJ Restitution Order.

***DOJ Restitution Claim*** means the \$850 million in restitution payable for the benefit of OEMs pursuant to paragraphs 1 and 2 of the DOJ Restitution Order.

***DOJ Restitution Order*** means 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.).

***Economic Loss Claim*** means any Claim or Cause of Action, whether individual, class, or collective, against the Debtors for damages, including actual, compensatory, general, special, punitive, incidental, consequential, expectation, nominal, equitable, restitutionary, and statutory damages, arising out of or related to any recalls or the presence of one or more PSAN Inflators in a vehicle. Economic Loss Claims do not include PSAN PI/WD Claims, Administrative Expense PSAN PI/WD Claims, Administrative Expense PI/WD Claims, OEM Claims, Administrative Expense OEM Claims, Cure Claims, Other PI/WD Claims, or the Mexico Class Action Claims.

**Effective Date** means the date which is the first Business Day on which (i) all conditions precedent to the effectiveness of this Plan set forth in section 9.1 hereof have been satisfied or waived in accordance with the terms of this Plan and (ii) no stay of the Confirmation Order is in effect.

**Effective Date Available Cash** means, collectively, the IIM Effective Date Available Cash, the SMX Effective Date Available Cash, the TDM Effective Date Available Cash, the TKAM Effective Date Available Cash, the TKC Effective Date Available Cash, the TKF Effective Date Available Cash, and the TKH Effective Date Available Cash.

**Entity** has the meaning set forth in section 101(15) of the Bankruptcy Code.

**Estate(s)** means individually or collectively, the estate or estates of the Debtors created under section 541 of the Bankruptcy Code.

**Excluded Assets** has the meaning assigned in the U.S. Acquisition Agreement.

**Exculpated Parties** means, collectively, (i) the Debtors, (ii) Reorganized Takata, (iii) the Consenting OEMs, (iv) the Plan Administrator, (v) the members of the Oversight Committee, (vi) the Future Claims Representative, (vii) the Plan Sponsor Parties, (viii) the Claims Administrators, and (ix) with respect to each of the foregoing Persons in clauses (i) through (viii), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, managed accounts or funds, 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, management companies, fund advisors and other professionals, and such Persons' respective heirs, executors, estates, servants and nominees.

**Fee Claim** means a Claim for professional services rendered or costs incurred on or after the Petition Date and on or prior to the Effective Date by Professional Persons.

**Fee Escrow Account** means an interest-bearing account in an amount equal to the total estimated amount of Fee Claims and funded by the Debtors on the Effective Date.

**Final Order** means an order of the Bankruptcy Court or any other court of competent jurisdiction (i) as to which the time to appeal shall have expired and as to which no appeal shall then be pending or (ii) if a timely appeal shall have been filed or sought, either (A) (1) no stay of the order shall be in effect and (2) the appeal would not reasonably be expected to prevent or materially impede the consummation of the Restructuring Transactions or have a material adverse effect on the discharge granted under this Plan, or the releases, injunctions, or exculpations granted under this Plan in favor of the Plan Sponsor, or (B) if such a stay shall have been granted, then (1) (x) the stay shall have been dissolved or lifted and (y) the appeal would not reasonably be expected to prevent or materially impede the consummation of the Restructuring Transactions or have a material adverse effect on the discharge granted under this Plan, or the releases, injunctions, or exculpations granted under this Plan in favor of the Plan Sponsor, or (2) a Final Order of the district court, circuit court, or other applicable court having jurisdiction to hear such appeal shall have affirmed the order and the time allowed to appeal from such affirmance or to seek review or rehearing (other than a motion pursuant to Rule 60(b) of the

Federal Rules of Civil Procedure) thereof shall have expired; *provided, however*, that no order shall fail to be a “Final Order” solely because of the possibility that a motion pursuant to sections 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024 or any similar motion brought outside the United States may be filed with respect to such order.

***Future Claims Representative*** means the legal representative appointed by the *Order Appointing Roger Frankel as Legal Representative for Future Personal Injury Claimants Nunc Pro Tunc to July 20, 2017* [Docket No. 703], which was entered by the Bankruptcy Court on September 6, 2017, for individuals with PSAN PI/WD Claims based on injuries sustained after the Petition Date.

***General Unsecured Claims*** means any OEM Unsecured Claim, any PSAN PI/WD Claim, and any Other General Unsecured Claim.

***Global Accommodation Agreement*** means the Accommodation Agreement between certain Consenting OEMs and certain Takata entities outside of Japan, including the Debtors, dated July 18, 2017, as amended, modified, and supplemented from time to time.

***Global Settlement Agreement*** means the settlement agreement between the Consenting OEMs and certain Takata entities, which provides for payment of such Consenting OEMs’ claims in exchange for a release in favor of Plan Sponsor and the applicable Takata entity.

***IIM*** means Industrias Irvin de Mexico, S.A. de C.V.

***IIM Available Cash*** means (i) IIM Effective Date Available Cash, (ii) \$100,000 of the Plan Settlement Turnover Amount, 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) IIM Surplus Reserved Cash from the IIM Claims Reserve that is made available to the IIM Recovery Funds and the IIM Disputed Claims Reserves in accordance with section 5.5(d)(i) of the Plan, and (iv) any Residual Value funded by or allocable to IIM.

***IIM Cash Proceeds*** means the Purchase Price allocated to IIM either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of IIM not acquired by the Plan Sponsor.

***IIM Claims Reserve*** means the amount of IIM Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) IIM’s share of the Disputed Cure Claims Reserve, (ii) Other Secured Claims, (iii) Administrative Expense Claims (including (a) Administrative Expense PI/WD Claims and (b) Administrative Expense PSAN PI/WD Claims, as estimated pursuant to the Claims Estimation Report), (iv) Priority Claims, and (v) the Mexico Class Action Claims, all as against IIM. The IIM Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***IIM Disputed Claims Reserve*** means the reserve to be established by the Debtors and maintained by the applicable Claims Administrator, which shall be funded with IIM Available Cash based on the Distribution Formula, which reserve shall be held for the benefit of

holders of subsequently Allowed General Unsecured Claims against IIM for distribution in accordance with the procedure set forth in ARTICLE VII. The IIM Disputed Claims Reserve shall be held by the Reorganized TK Holdings Trust.

***IIM Effective Date Available Cash*** means the IIM Cash Proceeds, less (i) the IIM Claims Reserve, (ii) IIM's Allocable Share of the PSAN PI/WD Trust Reserve, (iii) IIM's Allocable Share of the Legacy Trusts Reserves, and (iv) the Plan Settlement Payment paid from the IIM Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***IIM OEM Fund*** means the fund established under this Plan to resolve Allowed OEM Unsecured Claims against IIM and funded with IIM Available Cash in accordance with the Distribution Formula.

***IIM Other Creditors Fund*** means the fund established pursuant to this Plan to resolve Allowed Other General Unsecured Claims against IIM and funded with IIM Available Cash in accordance with the Distribution Formula. The IIM Other Creditors Fund shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***IIM PSAN PI/WD Fund*** means the fund established pursuant to this Plan to resolve Allowed PSAN PI/WD Claims against IIM and funded with PSAN PI/WD Insurance Proceeds, IIM Available Cash in accordance with the Distribution Formula, and PSAN PI/WD Top-Up Amounts, which fund shall be placed in the PSAN PI/WD Trust; *provided, however*, that any PSAN PI/WD Top-Up Amount contributed to the IIM PSAN PI/WD Fund shall be made available only to holders of Allowed PSAN PI/WD Claims whose vehicles were manufactured by such Participating OEM.

***IIM Recovery Funds*** means, collectively, the IIM OEM Fund, the IIM Other Creditors Fund, and the IIM PSAN PI/WD Fund.

***IIM Surplus Reserved Cash*** means a surplus in funding of (i) the IIM Claims Reserve, (ii) IIM's Allocable Share of the PSAN PI/WD Trust Reserve, (iii) IIM's Allocable Share of the Post-Closing Reserve, and (iv) IIM's Allocable Share of the Legacy Trusts Reserves.

***Impaired*** means, with respect to a Claim, Interest, or a Class of Claims or Interests, "impaired" within the meaning of such term in section 1124 of the Bankruptcy Code.

***Indemnity Agreement*** means the Indemnity and Release Agreement between the Consenting OEMs and certain Plan Sponsor entities, dated November [ ], 2017, a copy of which is attached hereto as Exhibit 2.

***Independent Consultant*** means the independent consultant engaged to conduct an assessment and make a report to the PSAN Consenting OEMs on a quarterly basis of Reorganized Takata's operations pursuant to section 5.7(n) of the Plan.

***Independent Member*** means the member of the Oversight Committee selected by the Debtors, subject to the reasonable consent of the Requisite PSAN Consenting OEMs and the

Warehouse Consenting OEMs, which member shall not be an “insider” (as defined in section 101(31) of the Bankruptcy Code) of the Debtors, any Consenting OEM, or the Plan Sponsor.

**Initial Distribution Date** means the date occurring on or as soon as reasonably practicable after the Effective Date, but in no event more than thirty (30) days after the Effective Date, on which the Disbursing Agent makes an initial Distribution to holders of Allowed General Unsecured Claims.

**Intercompany Claim** means any Claim against a Debtor held by another Debtor or an affiliate of a Debtor.

**Intercompany Interest** 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.

**Interest** means any equity security (as defined in section 101(16) of the Bankruptcy Code) in a Debtor or direct or indirect subsidiary of a Debtor, including all shares, common stock or units, preferred stock or units, or other instrument evidencing any fixed or contingent ownership interest in any Debtor or any direct or indirect subsidiary of a Debtor, including any option, warrant, or other right, contractual or otherwise, to acquire any such interest in a Debtor or direct or indirect subsidiary of a Debtor, whether or not transferable and whether fully vested or vesting in the future, that existed immediately before the Effective Date.

**Internal Revenue Code** means the Internal Revenue Code of 1986, as amended from time to time.

**Japan Debtors** means TKJP, Takata Kyushu Corporation, and Takata Service Corporation.

**Japan Proceedings** means the civil rehabilitation proceedings of the Japan Debtors.

**Key Employee Bonus Plan** has the meaning assigned in the U.S. Acquisition Agreement.

**Legacy Cost Report** means a report prepared by TKH, with the input and consent of the Takata entities party to the Plan Sponsor Backstop Funding Agreement, prior to the Closing Date regarding the categories of the PSAN Legacy Costs (as defined in the Plan Sponsor Backstop Funding Agreement) in form and substance acceptable to the Consenting OEMs and disclosed to the Plan Sponsor with an opportunity for input, which shall be reasonably considered by Takata and the Consenting OEMs.

**Legacy Trustee** means the Person to be appointed pursuant to the Plan to, among other things, (i) act as trustee of the Reorganized TK Holdings Trust pursuant to the terms of the Reorganized TK Holdings Trust Agreement, (ii) manage the Other Creditors Funds and, if the Special Master does not agree to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, the OEM Funds, (iii) 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, OEM Unsecured Claims) against the Debtors, (iv) make 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, OEM Unsecured Claims), the PSAN PI/WD Trust, and, if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, the OEM Funds; and (v) manage and administer the Claims Reserves.

**Legacy Trusts** means, collectively, the Reorganized TK Holdings Trust and Warehousing Trust.

**Legacy Trusts Post-Closing Cash** means, collectively, the Reorganized TK Holdings Trust Post-Closing Cash and the Warehousing Trust Post-Closing Cash.

**Legacy Trusts Reserves** means the Reorganized TK Holdings Trust Reserve and the Warehousing Trust Reserve.

**Lien** has the meaning set forth in section 101(37) of the Bankruptcy Code.

**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.

**Modified Assumed OEM Contract** means any Non-Standalone OEM Contract that has been modified as set forth in the Indemnity Agreement at or prior to the Closing Date to apply only to non-PSAN Inflator Products.

**Modified Assumed PSAN Contract** means any Non-Standalone OEM Contract of a PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, or Consenting OEM PSAN Tier One that has been modified as set forth in the Indemnity Agreement at or prior to the Closing Date to apply only to PSAN Inflators.

**NHTSA** means the National Highway Transportation Safety Administration.

**NHTSA Claims** means any Claim of NHTSA for unpaid civil penalties due and owing under the NHTSA Consent Order.

**NHTSA Consent Order** means, collectively, the Consent Orders dated November 3, 2015 and May 18, 2015 and the Amendment, dated May 4, 2016, to the November 3, 2015 Consent Order, as they may be further amended, modified, or supplemented, issued by NHTSA in the NHTSA proceeding captioned *In re EA 15-001 Air Bag Inflator Rupture*.

**NHTSA Preservation Order** means that certain Preservation Order and Testing Control Plan issued by NHTSA to TKH, dated February 24, 2015.

***Non-PSAN PI/WD Claims Termination Date*** means 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 wound down all operations and liquidated all Assets; and (iii) the Legacy Trusts have liquidated all Assets other than Cash.

***Non-Standalone OEM Contracts*** means Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones that (i) are not standalone Purchase Orders and (ii) cover the manufacture or sale of both PSAN Inflators and other Products, including related airbag modules.

***OEM*** means an original equipment manufacturer of automobiles.

***OEM Assumed Contracts*** means, collectively, the Modified Assumed OEM Contracts and the Standalone OEM Assumed Contracts.

***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.

***OEM Claims Administrator*** means the Person, which may include the Legacy Trustee or the Special Master, to be appointed pursuant to the Plan to, among other things, (i) manage the OEM Funds, (ii) administer, dispute, object to, compromise, or otherwise resolve OEM Unsecured Claims against the Debtors, and (iii) make Distributions to holders of Allowed OEM Unsecured Claims.

***OEM Funds*** means, collectively, the IIM OEM Fund, the SMX OEM Fund, the TDM OEM Fund, and the TKH OEM Fund. If the Special Master agrees to such treatment, the OEM Funds shall be merged with the DOJ OEM Restitution Fund and administered by the Special Master in accordance with the terms of the Plan.

***OEM Unsecured Claim*** means an OEM Claim, to the extent unsecured or treated as an unsecured Claim under this Plan.

***Operating Term*** means the term for the continuation of Reorganized Takata's Authorized Purposes, which shall cease upon the earlier of (i) such time as production of PSAN Inflators is no longer necessary to comply with the terms (including any extensions or renewals) of the Assumed PSAN Contracts and any renewals or extensions thereof in respect of production for any current model series (including current and past model Service Parts) and (ii) five years after the Effective Date; *provided, however*, that the Operating Term will be automatically



extended if necessary to implement the terms of the NHTSA Consent Order or any other order by authorities related to recall, to the extent applicable.

***Other Creditors Funds*** means, collectively, the IIM Other Creditors Fund, the SMX Other Creditors Fund, the TDM Other Creditors Fund, and the TKH Other Creditors Fund.

***Other Excluded Assets*** means any Excluded Assets other than (i) the PSAN Assets, (ii) the Warehoused PSAN Assets, and (iii) any contracts or leases that are rejected by the Debtors or the Reorganized Debtors, pursuant to the Plan or otherwise.

***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.

***Other PI/WD Claim*** means any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action against the Debtors arising out of or relating to an injury allegedly caused by a Takata Product, other than Products with desiccated or non-desiccated PSAN Inflators, sold or supplied to an OEM or any other Person prior to the Petition Date.

***Other Priority Claim*** 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.

***Other Secured Claim*** means any Secured Claim against a Debtor other than a Priority Tax Claim or an Adequate Protection Claim.

***Oversight Committee*** means the three (3) member oversight committee of Reorganized Takata and the Warehousing Trust.

***Participating OEM*** means a Consenting OEM that contributes its respective PSAN PI/WD Top-Up Amount to the PSAN PI/WD Funds in accordance with a Participating OEM Contribution Agreement.

***Participating OEM Contribution Agreement*** means an agreement, substantially in the form to be filed with the Plan Supplement, to be entered into on the Effective Date 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; provided, however, that a Participating OEM's commitment to fund its PSAN PI/WD Top-Up Amount may be satisfied by making either a single contribution or periodic contributions to the PSAN PI/WD Trust as PSAN PI/WD Claims become Allowed PSAN PI/WD Claims.

***Periodic Distribution Date*** means periodically as determined by the applicable Claims Administrator in its reasonable discretion, but unless otherwise ordered by the

Bankruptcy Court, (i) the first Periodic Distribution Date shall be no later than the first Business Day that is 180 days after the Initial Distribution Date, (ii) until the second anniversary of the Effective Date, every subsequent Periodic Distribution Date shall be no later than the date that is the first Business Day that is 180 days after the immediately preceding Periodic Distribution Date, and (iii) after the second anniversary of the Effective Date, every subsequent Periodic Distribution Date shall be no later than the first Business Day that is 365 days after the immediately preceding Periodic Distribution Date.

***Permitted Liens*** has the meaning assigned in the U.S. Acquisition Agreement.

***Person*** means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, governmental unit (as defined in section 101(27) of the Bankruptcy Code), or other Entity.

***Petition Date*** means June 25, 2017.

***Plan*** means this joint chapter 11 plan of reorganization for the Debtors, including all appendices, exhibits, schedules, and supplements hereto, as it may be altered, amended, or modified from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the terms hereof.

***Plan Administrator*** means the Person appointed under this Plan to perform the Authorized Purposes.

***Plan Administrator Agreement*** means the plan administrator agreement governing the Plan Administrator. The Plan Administrator Agreement shall be filed with the Plan Supplement.

***Plan Document*** means any of the documents of the Debtors, other than this Plan, to be executed, delivered, assumed, or performed in connection with the occurrence of the Effective Date, including the documents to be included in the Plan Supplement.

***Plan Injunction*** means the injunctions issued pursuant to section 10.5 of the Plan.

***Plan Settlement*** means the settlement of the Settled OEM Claims pursuant to section 5.15 of the Plan.

***Plan Settlement Payment*** means Cash in an amount equal to (i) the positive difference between (A) \$850 million and (B) the aggregate amount of (I) all payments made to (or at the direction of) the Special Master from any source, including any payment made to (or at the direction of) the Special Master in any other insolvency proceeding, or any payments by OEMs to (or at the direction of) the Special Master in connection with the Restructuring Transactions, in each case (x) solely on account of the DOJ Restitution Claim and (y) excluding any payments made to (or at the direction of) the Special Master pursuant to this Plan and (II) any amounts received by the OEMs that are credited by the Special Master against such OEMs' share of the DOJ Restitution Claim in accordance with the Agreed Allocation, plus (ii) the Plan Settlement Turnover Amount.

**Plan Settlement Payment Waterfall** means the waterfall for payment of the Plan Settlement Payment by the Debtors set forth in section 5.15(c) of this Plan.

**Plan Settlement Turnover Amount** means up to \$400,000 of the Plan Settlement Payment payable by the Debtors pursuant to the Plan Settlement Payment Waterfall, which shall constitute Available Cash for IIM, SMX, TDM, and the TKH Debtors; *provided, however*, that if the Mexico Class Action Claims have been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date, the Plan Settlement Turnover Amount shall be \$200,000 of the Plan Settlement Payment and shall not constitute IIM Available Cash or TDM Available Cash.

**Plan Sponsor** means, collectively, Joyson KSS Auto Safety, S.A., a Luxembourg *société anonyme*, and one or more of its current or future Subsidiaries or Affiliates (each as defined in the U.S. Acquisition Agreement).

**Plan Sponsor Party** or **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 this Plan.

**Plan Sponsor Backstop Funding** has the meaning assigned in the Plan Sponsor Backstop Funding Agreement.

**Plan Sponsor Backstop Funding Agreement** means that certain backstop agreement entered into by the Plan Sponsor, KSS Holdings, Inc., TKJP, the Debtors, certain other Takata entities, and the Consenting OEMs, dated as of November [ ], 2017, as amended, modified, or supplemented, a copy of which is attached hereto as Exhibit 3.

**Plan Sponsor Backstop Funding Repayment** has the meaning assigned in the Plan Sponsor Backstop Funding Agreement.

**Plan Supplement** means the supplement or supplements to the Plan containing certain documents relevant to the implementation of the Plan, to be filed with the Bankruptcy Court no later than ten (10) days prior to the deadline set to file objections to confirmation of the Plan, which shall include the Reorganized TK Holdings Limited Liability Company Operating Agreement, the Reorganized TK Holdings Trust Agreement, the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, any Participating OEM Contribution Agreement, any Amended By-Laws, any Amended Certificate of Incorporation, the Plan Administrator Agreement, the Shared Services Agreement, the identity of each Claims Administrator, the identity of the Plan Administrator, the identity of each member of the Oversight Committee, the identity of the initial PSAN PI/WD Trustee, the identity of the initial members of the PSAN PI/WD Trust Advisory Committee, and the schedule of any Causes of Action (including Avoidance Actions) not acquired by the Plan Sponsor or waived pursuant to section 10.11 of the Plan.

**Post-Closing Cash** means, collectively, the Legacy Trusts Post-Closing Cash and the Reorganized Takata Post-Closing Cash.

***Post-Closing PI/WD Claim*** means any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action against the Reorganized Debtors allegedly arising out of or relating to a Takata product containing a non-desiccated or desiccated PSAN Inflator, sold or supplied to an OEM or any other Person on or after the Effective Date.

***Post-Closing PI/WD Claims Reserve*** means the amount of TDM Cash Proceeds and TKH Cash Proceeds to be reserved on the Effective Date in accordance with the Claims Estimation Report necessary to pay Post-Closing PI/WD Claims, less the projected amount of any Dissolution Date Cash of Reorganized Takata that shall be reserved and used to pay Post-Closing PI/WD Claims in accordance with section 5.7(o) of the Plan. The Post-Closing PI/WD Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee until the Non-PSAN PI/WD Claims Termination Date and thereafter shall be held in the PSAN PI/WD Trust and administered by the PSAN PI/WD Trustee.

***Post-Closing Reserve*** means Cash in an amount necessary for the post-Effective Date operations, working capital, and wind-down of Reorganized Takata and the costs and fees of the Special Master and any monitor(s) appointed by the DOJ or NHTSA, including, without limitation, in connection with any oversight of the Plan Sponsor (including the Acquired Non-Debtor Affiliates) to the extent arising out of the Sale (as defined in the U.S. RSA) or the Restructuring (as defined in the Global Accommodation Agreement), to be (i) reserved on the Effective Date from the TKH Cash Proceeds and the TDM Cash Proceeds, (ii) funded on the Effective Date by non-Debtor affiliates, (iii) funded, to the extent necessary, by 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 (iv) funded periodically from Surplus Reserved Cash and Post-Closing Cash in accordance with section 5.5 of this Plan. The Post-Closing Reserve shall be administered by the Plan Administrator.

***Priority Claim*** means any Priority Tax Claim or Other Priority Claim.

***Priority Tax Claim*** means any Claim of a governmental unit (as defined in section 101(27) of the Bankruptcy Code) of the kind entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

***Pro Rata Share*** means, with respect to an Allowed Claim (i) within the same Class, the proportion that an Allowed Claim bears to the aggregate amount of Allowed Claims and Disputed Claims within such Class or (ii) among Classes 4 through 6, the proportion that a Class of Allowed Claims bears to the aggregate amount of Allowed Claims in such Classes.

***Products*** means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, Takata, including under any Purchase Order, whether work in progress or in final form.

***Professional Person*** means any Person retained by order of the Bankruptcy Court in connection with these Chapter 11 Cases pursuant to sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code, excluding any ordinary course professional retained pursuant to an order of the Bankruptcy Court.

**Protected Party** means any of the following Persons: (i) 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, managed accounts or funds, 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, management companies, fund advisors and other professionals, and such Persons' respective heirs, executors, estates, servants and nominees, as applicable.

**PSAN** means phase-stabilized ammonium nitrate, which is used as the propellant in certain airbag inflators.

**PSAN Assets** has the meaning assigned in the U.S. Acquisition Agreement and includes, for the avoidance of doubt, Modified Assumed PSAN Contracts and Standalone PSAN Assumed Contracts, but excluding the Warehoused PSAN Assets.

**PSAN Consenting OEM** means a Consenting OEM that may require PSAN Inflator production and sale from Reorganized Takata after the Closing Date and that, prior to December 1, 2017 (or such later date as may be agreed to by the Requisite PSAN Consenting OEMs as of such deadline and the Debtors), has (i) provided written notice to the Debtors of such potential production requirements for December 1, 2017 through the Closing Date and after the Closing Date and (ii) entered into an agreement with the Debtors that is mutually agreeable to the Debtors and such Consenting OEM that sets forth, among other things, (a) such potential post-Closing Date production requirements, as may be reduced by PSAN Inflators sold to such Consenting OEM on or after December 1, 2017 through the Closing Date, and (ii) such Consenting OEM's obligations in respect of any cancellation of its projected post-Closing Date requirements (or portion thereof) of PSAN Inflators, after taking into account PSAN Inflators sold to such Consenting OEM on or after December 1, 2017 through the Closing Date. For the avoidance of doubt, in no event will such Consenting OEMs be required to purchase any PSAN Inflators from Reorganized Takata that are not needed by such Consenting OEMs.

**PSAN Inflator** has the meaning assigned in the U.S. Acquisition Agreement.

**PSAN PI/WD Claim** means any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury allegedly caused by a product consisting of or containing a non-desiccated or desiccated 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.

**PSAN PI/WD Funds** means, collectively, the IIM PSAN PI/WD Fund, the SMX PSAN PI/WD Fund, the TDM PSAN PI/WD Fund, the TKH PSAN PI/WD Fund, and any PSAN PI/WD Insurance Proceeds made available to the Debtors from any PSAN PI/WD Insurance Policies, and the PSAN PI/WD Top-Up Amounts, if applicable, but, in the case of each PSAN PI/WD Top-Up Amount, solely with respect to Distributions made to holders of PSAN PI/WD Claims whose injuries resulted from a vehicle manufactured by the applicable Participating OEM. If the Special Master agrees to such treatment, the PSAN PI/WD Funds

shall be merged with the DOJ PI/WD Restitution Fund and administered by the Special Master in accordance with the terms of the Plan and the PSAN PI/WD Trust Agreement.

***PSAN PI/WD Insurance Policies*** means those insurance policies providing for coverage to the Debtors held by any Takata entity for Takata Products or any PSAN PI/WD Claim.

***PSAN PI/WD Insurance Proceeds*** means (i) available insurance proceeds with respect to a PSAN PI/WD Claim, (ii) the right to receive proceeds of any PSAN PI/WD Insurance Policy, and (iii) the right to receive the proceeds or benefits of any coverage action or litigation pertaining to a PSAN PI/WD Insurance Policy, but excluding, in the case of each of (i) through (iii), proceeds of, or rights to receive proceeds of, any insurance policy that constitutes a Purchased Asset.

***PSAN PI/WD Privileged Information*** means any privileged information that relates, in whole or in part, to any Takata product, any PSAN PI/WD Claim, or any other matters assumed by or assigned to the PSAN PI/WD Trust, including, without limitation, (i) the Debtors' books and records transferred to the PSAN PI/WD Trustee in accordance with section 5.9(o) of this Plan, (ii) any privileged information containing a factual or legal analysis or review of any PSAN PI/WD Claim, (iii) any privileged information evaluating the reasonableness, effectiveness, or confirmability of the Plan or any other plan of reorganization or plan of liquidation filed or that could be filed in the Chapter 11 Cases, (iv) any privileged information that was created in connection with a Participating OEM becoming a Participating OEM, (v) any privileged information exchanged by the Debtors or their professionals, on the one hand, and any official creditors' committee(s), the Consenting OEMs, non-Debtor affiliates, or their respective professionals, on the other hand, related to the Plan, the Plan Documents, any Participating OEM Contribution Agreements or the PSAN PI/WD Claims, and (vi) any privileged information containing a factual or legal analysis of the Debtors' or any Consenting OEMs' obligations or potential exposure in connection with any Takata product, PSAN PI/WD Claim or any litigation related thereto.

***PSAN PI/WD TDP*** means the distribution procedures to be implemented by the PSAN PI/WD Trust pursuant to the terms and conditions of the Plan, as they may be amended from time to time.

***PSAN PI/WD Top-Up Amount*** means, with respect to each Participating OEM, the amount of consideration such Participating OEM shall contribute to the PSAN PI/WD Trust in accordance with the Participating OEM Contribution Agreement applicable to such Participating OEM. The PI/WD Top-Up Amount for each Participating OEM and the list of Participating OEMs shall be as set forth on a schedule to be filed with the solicitation version of the Disclosure Statement.

***PSAN PI/WD Trust*** means the trust established to administer the PSAN PI/WD Funds.

***PSAN PI/WD Trust Advisory Committee(s)*** means one or more trust advisory committees created pursuant to the PSAN PI/WD Trust Agreement, as may be reconstituted from time to time in accordance with the terms thereof and section 5.9(n) of this Plan.

***PSAN PI/WD Trust Agreement*** means the trust agreement establishing and delineating the terms and conditions for the creation and operation of the PSAN PI/WD Trust, as it may be amended from time to time.

***PSAN PI/WD Trust Expenses*** means 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, to be paid by the PSAN PI/WD Trust from the PSAN PI/WD Trust Reserve.

***PSAN PI/WD Trust Reserve*** means the amount from the IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds and TKH Cash Proceeds, pursuant to each Debtor's Allocable Share to fund the PSAN PI/WD Trust Expenses.

***PSAN PI/WD Trust Termination Date*** means the date on which the PSAN PI/WD Trust is terminated as determined pursuant to the terms of the PSAN PI/WD Trust Agreement.

***PSAN PI/WD Trustee*** means the Person, which may include the Legacy Trustee or the Special Master, to be appointed pursuant to the Plan to act as trustee of the PSAN PI/WD Trust pursuant to the terms of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP.

***PSAN Tier One Agreements*** means OEM Assumed Contracts relating to Module Production, Kitting Operations, and PSAN Service Parts production (each as defined in the Indemnity Agreement).

***PSAN Warehouse*** means any warehouse used to store PSAN Inflators as of the Closing Date, as required by the NHTSA Preservation Order or other applicable law or regulation, or which have been put in place voluntarily by Takata prior to the Closing, in each case as contemplated by the Legacy Cost Report.

***Purchase Orders*** has the meaning assigned in the U.S. Acquisition Agreement.

***Purchase Price*** has the meaning assigned in the U.S. Acquisition Agreement.

***Purchased Assets*** has the meaning assigned in the U.S. Acquisition Agreement.

***Purchased Contracts*** has the meaning assigned in the U.S. Acquisition Agreement.

***Recovery Funds*** means, collectively, the IIM Recovery Funds, the SMX Recovery Funds, the TDM Recovery Funds, and the TKH Recovery Funds.

***Releases*** means the releases provided for in section 10.6 of the Plan, including its subparagraphs.

**Released Parties** means, collectively, (i) the Debtors, (ii) the Plan Administrator, (iii) the Oversight Committee, (iv) the Future Claims Representative, (v) the Plan Sponsor Parties, (vi) the Debtors' non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), (vii) the Claims Administrators, and (viii) with respect to each of the foregoing Persons in clauses (i) through (vii), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, managed accounts or funds, 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, management companies, fund advisors and other professionals, and such Persons' respective heirs, executors, estates, servants, 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 OEM, the parties set forth in clause (viii) above, shall also be Released Parties solely for purposes of section 10.6(a) of this Plan. For the avoidance of doubt, except for the foregoing sentence, no Consenting OEM shall be considered a Released Party under the Plan.

**Reorganized Debtor(s)** means individually, any Debtor and, collectively, all Debtors, in each case as reorganized as of the Effective Date in accordance with this Plan.

**Reorganized Takata** means Reorganized TK Holdings and its subsidiaries.

**Reorganized Takata Business Model** means a business model prepared by TKH, with the input of certain Takata entities, prior to the Closing Date regarding the anticipated operations of Reorganized Takata during its estimated Operating Term and acceptable to the PSAN Consenting OEMs.

**Reorganized Takata Post-Closing Cash** means Cash recovered by the Plan Administrator as a result of continued operations of Reorganized Takata after the Closing Date or the liquidation of any remaining assets of Reorganized Takata, excluding Distributions on account of Intercompany Interests held by Reorganized TK Holdings.

**Reorganized TK Holdings** means a limited liability company organized under the laws of Delaware, which shall be the parent holding company of the Reorganized Debtors, the equity of which shall be issued to the Reorganized TK Holdings Trust.

**Reorganized TK Holdings Limited Liability Company Operating Agreement** means Reorganized TK Holdings' limited liability company operating agreement, which shall govern Reorganized TK Holdings' business operations and provide the Oversight Committee with certain governance rights. The Reorganized TK Holdings Limited Liability Company Operating Agreement shall be filed with the Plan Supplement.

**Reorganized TK Holdings Trust** means that certain trust to be created on the Effective Date to, among other things, (i) own the sole equity interest in Reorganized TK Holdings, (ii) be a beneficial owner of the Warehousing Trust, (iii) hold the Recovery Funds (other than the PSAN PI/WD Funds and, if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, the OEM Funds),



(iv) hold the Other Excluded Assets, and (v) 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, the OEM Unsecured Claims) after the Effective Date.

***Reorganized TK Holdings Trust Agreement*** means that certain trust agreement that, among other things, establishes and governs the Reorganized TK Holdings Trust.

***Reorganized TK Holdings Trust Assets*** means (i) the Other Creditors Funds and, if the Special Master does not agree to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, the OEM Funds, (ii) the Claims Reserves, (iii) the Disputed Claims Reserves, (iv) the Reorganized TK Holdings Trust Reserve, (v) any Causes of Action (including Avoidance Actions) not acquired by the Plan Sponsor or waived pursuant to section 10.11 of the Plan, (vi) the sole equity interest of Reorganized TK Holdings, (vii) a beneficial ownership in the Warehousing Trust, and (viii) the Other Excluded Assets.

***Reorganized TK Holdings Trust Post-Closing Cash*** means Cash recovered by the Reorganized TK Holdings Trust and proceeds from the liquidation of assets in the Reorganized TK Holdings Trust, such as the pursuit of Causes of Action retained by the Reorganized TK Holdings Trust and distributions after the Effective Date on account of Intercompany Interests held by the Reorganized Debtors as set forth in sections 5.5(e)(i) and 5.13 of the Plan. The Legacy Trustee shall account for the Reorganized TK Holdings Trust Post-Closing Cash as allocable to particular Reorganized Debtors based on each Debtor's Allocable Share.

***Reorganized TK Holdings Trust Reserve*** means Cash in an amount necessary to fund and administer the Reorganized TK Holdings Trust on and after the Effective Date, to be (i) reserved on the Effective Date from the Cash Proceeds, (ii) funded on the Effective Date by non-Debtor affiliates, and (iii) funded periodically from Surplus Reserved Cash and Post-Closing Cash in accordance with section 5.5 of this Plan. The Reorganized TK Holdings Trust Reserve shall be held by the Reorganized TK Holdings Trust and managed by the Legacy Trustee.

***Requisite Consenting OEMs*** has the meaning assigned in the U.S. RSA.

***Requisite PSAN Consenting OEMs*** has the meaning assigned in the U.S. RSA.

***Residual Value*** means any Dissolution Date Cash in the Reorganized TK Holdings Trust, Reorganized Takata, or the Warehousing Trust that is not needed to satisfy Claims against Reorganized Takata or the Warehousing Trust (as applicable) upon dissolution thereof or to fund the Post-Closing Reserve, the Legacy Trusts Reserves, or the Claims Reserves and is either made available to the Recovery Funds and the Disputed Claims Reserves or becomes TKAM Available Cash, TKC Available Cash, or TKF Available Cash, as applicable, in accordance sections 5.6(l), 5.7(o), and 5.8(j) of the Plan.

***Restructuring Expenses*** means the Expenses (as defined in the U.S. Acquisition Agreement).

***Restructuring Support Parties*** means, collectively, the Plan Sponsor and the Consenting OEMs.

***Restructuring Transactions*** means one or more transactions pursuant to section 1123(a)(5)(D) of the Bankruptcy Code to occur on the Effective Date or as soon as reasonably practicable thereafter, that may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate this Plan, including (i) the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement free and clear of any and all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, other than Assumed Liabilities and Permitted Liens, (ii) the vesting of the PSAN Assets in Reorganized Takata free and clear of any and all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, (iii) the vesting of the Warehoused PSAN Assets and Other Excluded Assets in the applicable Legacy Trust free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, and (iv) the creation of the Claims Reserves and the Recovery Funds to make Distributions to holders of Allowed General Unsecured Claims.

***Schedule of Assumed Contracts*** means the schedule of executory contracts and unexpired leases to either be assumed by the applicable Debtor (other than any Assumed PSAN Contracts, which shall be assumed (or, to the extent not executory, assigned) automatically under section 8.4 hereof) or assumed by the applicable Debtor and assigned to the Warehousing Trust, to be filed in accordance with the Solicitation Procedures Order.

***Schedule of Assumed and Assigned Contracts*** means the schedule of executory contracts and unexpired leases, in form reasonably acceptable to the Plan Sponsor, to be assumed by the applicable Debtor and assigned to the Plan Sponsor (other than any OEM Assumed Contracts, which are addressed in Section 8.4 of the Plan), with the consent of the Plan Sponsor, to be filed in accordance with the Solicitation Procedures Order.

***Schedule of Rejected Contracts*** means the schedule of executory contracts and unexpired leases, in form reasonably acceptable to the Plan Sponsor, to be rejected by the applicable Debtor, to be filed in accordance with the Solicitation Procedures Order.

***Scheduled*** means, with respect to any Claim, the status, priority, and amount, if any, of such Claim as set forth in the Schedules.

***Schedules*** means the schedules of Assets and liabilities, statements of financial affairs, lists of holders of Claims and Interests and all amendments or supplements thereto filed by the Debtors with the Bankruptcy Court to the extent such filing is not waived pursuant to an order of the Bankruptcy Court.

***Secured Claim*** means a Claim to the extent (i) secured by a Lien on property of a Debtor's Estate, the amount of which is equal to or less than the value of such property (A) as set forth in this Plan, (B) as agreed to by the holder of such Claim and the Debtors, or (C) as determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code or (ii) subject to any setoff right of the holder of such Claim under section 553 of the Bankruptcy Code.

***Securities Act*** means the Securities Act of 1933, as amended.

***Service Parts*** means any Consenting OEM's, Consenting OEM Contract Manufacturer's, Consenting OEM Tier One's, or Consenting OEM Bailor's service parts requirements (including current model service parts and past model service parts, but excluding PSAN Inflators).

***Settled OEM Claims*** means the Consenting OEMs' Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims against the Debtors that are settled pursuant to the Plan Settlement in section 5.15 of the Plan.

***Shared Services*** means those support services provided by the Plan Administrator and Reorganized Takata to the Warehousing Trust pursuant to the terms of the Shared Services Agreement.

***Shared Services Agreement*** means that certain shared services agreement, entered into between Reorganized TK Holdings and the Warehousing Trust as of the Closing Date.

***Special Master*** means the special master appointed under the DOJ Restitution Order.

***SMX*** means Strosshe-Mex, S. de R.L. de C.V.

***SMX Available Cash*** means (i) SMX Effective Date Available Cash, (ii) \$100,000 of the Plan Settlement Turnover Amount, (iii) SMX Surplus Reserved Cash from the SMX Claims Reserve that is made available to the SMX Recovery Funds and the SMX Disputed Claims Reserves in accordance with section 5.5(d)(i) of the Plan, and (iv) any Residual Value funded by or allocable to SMX.

***SMX Cash Proceeds*** means the Purchase Price allocated to SMX either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of SMX not acquired by the Plan Sponsor.

***SMX Claims Reserve*** means the amount of SMX Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) SMX's share of the Disputed Cure Claims Reserve, (ii) Other Secured Claims, (iii) Administrative Expense Claims (including (a) Administrative Expense PI/WD Claims and (b) Administrative Expense PSAN PI/WD Claims, as estimated pursuant to the Claims Estimation Report), and (iv) Priority Claims, all as against SMX. The SMX Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***SMX Disputed Claims Reserve*** means the reserve to be established by the Debtors and maintained by the applicable Claims Administrator, which shall be funded with SMX Available Cash based on the Distribution Formula, which reserve shall be held for the benefit of holders of subsequently Allowed General Unsecured Claims against SMX for distribution in accordance with the procedures set forth in ARTICLE VII. The SMX Disputed Claims Reserve shall be held by the Reorganized TK Holdings Trust.

***SMX Effective Date Available Cash*** means the SMX Cash Proceeds, less (i) the SMX Claims Reserve, (ii) SMX's Allocable Share of the PSAN PI/WD Trust Reserve, (iii) SMX's Allocable Share of the Legacy Trusts Reserves, and (iv) the Plan Settlement Payment paid from the SMX Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***SMX OEM Fund*** means the fund established under this Plan to resolve Allowed OEM Unsecured Claims against SMX and funded with SMX Available Cash in accordance with the Distribution Formula.

***SMX Other Creditors Fund*** means the fund established pursuant to this Plan to resolve Allowed Other General Unsecured Claims against SMX and funded with SMX Available Cash in accordance with the Distribution Formula. The SMX Other Creditors Fund shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***SMX PSAN PI/WD Fund*** means the fund established pursuant to this Plan to resolve Allowed PSAN PI/WD Claims against SMX and funded with PSAN PI/WD Insurance Proceeds, SMX Available Cash in accordance with the Distribution Formula, and PSAN PI/WD Top-Up Amounts, which fund shall be placed in the PSAN PI/WD Trust; *provided, however*, that any PSAN PI/WD Top-Up Amount contributed to the SMX PSAN PI/WD Fund shall be made available only to holders of Allowed PSAN PI/WD Claims whose vehicles were manufactured by such Participating OEM.

***SMX Recovery Funds*** means, collectively, the SMX OEM Fund, the SMX Other Creditors Fund, and the SMX PSAN PI/WD Fund.

***SMX Surplus Reserved Cash*** means a surplus in funding of (i) the SMX Claims Reserve, (ii) SMX's Allocable Share of the PSAN PI/WD Trust Reserve, (iii) SMX's Allocable Share of the Post-Closing Reserve, and (iv) SMX's Allocable Share of the Legacy Trusts Reserves.

***Solicitation Procedures Motion*** means the Debtors' motion for entry of an order (i) approving the Disclosure Statement, (ii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases under the Plan and the form of cure notices and assumption notices related thereto, (iii) establishing the Voting Deadline, (iv) approving solicitation procedures, distribution of solicitation packages, and establishing a deadline and procedures for temporary allowance of Claims for voting purposes, (v) approving the form of ballots and voting instructions, and (vi) approving the form and manner of notice of the Confirmation Hearing and related issues.

***Solicitation Procedures Order*** means an order of the Bankruptcy Court approving the Solicitation Procedures Motion.

***Standalone OEM Assumed Contracts*** means all Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones relating solely to non-PSAN Inflator Component Part programs of Consenting OEMs.

***Standalone PSAN Assumed Contracts*** means all Purchase Orders of PSAN Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones relating solely to PSAN Inflators.

***Subordinated Claim*** means (i) any Claim that is subject to subordination under section 510 of the Bankruptcy Code and (ii) a Claim 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.

***Surplus Reserved Cash*** means either (i) a surplus in funding of the Post-Closing Reserve, the Legacy Trusts Reserves, or the Claims Reserves, as applicable, or (ii) the IIM Surplus Reserved Cash, the SMX Surplus Reserved Cash, the TDM Surplus Reserved Cash, the TKAM Surplus Reserved Cash, the TKC Surplus Reserved Cash, the TKF Surplus Reserved Cash, and the TKH Surplus Reserved Cash, collectively.

***Takata*** means, collectively, TKJP and its worldwide direct and indirect subsidiaries, including TKH, TAKATA Aktiengesellschaft, and TAKATA Sachsen GmbH.

***TDM*** means Takata de Mexico, S.A. de C.V.

***TDM Available Cash*** means (i) TDM Effective Date Available Cash, (ii) \$100,000 of the Plan Settlement Turnover Amount, 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) TDM Surplus Reserved Cash from the TDM Claims Reserve that is made available to the TDM Recovery Funds and the TDM Disputed Claims Reserves in accordance with section 5.5(d)(i) of the Plan, and (iv) any Residual Value funded by or allocable to TDM.

***TDM Cash Proceeds*** means the Purchase Price allocated to TDM either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of TDM not acquired by the Plan Sponsor.

***TDM Claims Reserve*** means the amount of TDM Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) TDM's share of the Disputed Cure Claims Reserve, (ii) Other Secured Claims, (iii) Administrative Expense Claims (including (a) Administrative Expense PI/WD Claims and (b) Administrative Expense PSAN PI/WD Claims, as estimated pursuant to the Claims Estimation Report), (iv) Priority Claims, and (v) the Mexico Class Action Claims, all as against TDM. The TDM Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***TDM Disputed Claims Reserve*** means the reserve to be established by the Debtors and maintained by the applicable Claims Administrator, which shall be funded with TDM Available Cash based on the Distribution Formula, which reserve shall be held for the benefit of holders of subsequently Allowed General Unsecured Claims against TDM for distribution in accordance with the procedure set forth in ARTICLE VII. The TDM Disputed Claims Reserve shall be held by the Reorganized TK Holdings Trust.

***TDM Effective Date Available Cash*** means the TDM Cash Proceeds, less (i) the TDM Claims Reserve, (ii) TDM's Allocable Share of the PSAN PI/WD Trust Reserve, (iii) TDM's Allocable Share of the Legacy Trusts Reserves, (iv) TDM's Allocable Share of the Post-Closing Reserve, (v) TDM's Allocable Share of the Post-Closing PI/WD Claims Reserve required to be funded on the Effective Date, if any, and (vi) the Plan Settlement Payment paid from the TDM Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***TDM OEM Fund*** means the fund established under this Plan to resolve Allowed OEM Unsecured Claims against TDM and funded with TDM Available Cash in accordance with the Distribution Formula.

***TDM Other Creditors Fund*** means the fund established pursuant to this Plan to resolve Allowed Other General Unsecured Claims against TDM and funded with TDM Available Cash in accordance with the Distribution Formula. The TDM Other Creditors Fund shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***TDM PSAN PI/WD Fund*** means the fund established pursuant to this Plan to resolve Allowed PSAN PI/WD Claims against TDM and funded with PSAN PI/WD Insurance Proceeds, TDM Available Cash in accordance with the Distribution Formula, and PSAN PI/WD Top-Up Amounts, which fund shall be placed in the PSAN PI/WD Trust; *provided, however*, that any PSAN PI/WD Top-Up Amount contributed to the TDM PSAN PI/WD Fund shall be made available only to holders of Allowed PSAN PI/WD Claims whose vehicles were manufactured by such Participating OEM.

***TDM Recovery Funds*** means, collectively, the TDM OEM Fund, the TDM Other Creditors Fund, and the TDM PSAN PI/WD Fund.

***TDM Surplus Reserved Cash*** means a surplus in funding of (i) the TDM Claims Reserve, (ii) TDM's Allocable Share of the PSAN PI/WD Trust Reserve, (iii) TDM's Allocable Share of the Post-Closing Reserve, and (iv) TDM's Allocable Share of the Legacy Trusts Reserves.

***TKAM*** means Takata Americas.

***TKAM Available Cash*** means (i) TKAM Effective Date Available Cash, (ii) TKAM Surplus Reserved Cash from the TKAM Claims Reserve that becomes TKAM Available Cash in accordance with section 5.5(d)(i) of the Plan, and (iii) any Residual Value funded by or allocable to TKAM.

***TKAM Cash Proceeds*** means the Purchase Price allocated to TKAM either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of TKAM not acquired by the Plan Sponsor.

***TKAM Claims Reserve*** means the amount of the TKAM Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) Other Secured Claims, (ii) Administrative Expense Claims, and (iii) Priority Claims, all as against TKAM. The TKAM Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***TKAM Effective Date Available Cash*** means the TKAM Cash Proceeds and any amounts distributed on the Effective Date to TKAM on account of its equity interests in subsidiaries, less (i) the TKAM Claims Reserve and (ii) the Plan Settlement Payment paid from the TKAM Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***TKAM Surplus Reserved Cash*** means a surplus in funding of the TKAM Claims Reserve, as determined by the Legacy Trustee.

***TKC*** means TK China, LLC.

***TKC Available Cash*** means (i) TKC Effective Date Available Cash, (ii) TKC Surplus Reserved Cash from the TKC Claims Reserve that becomes TKC Available Cash in accordance with section 5.5(d)(i) of the Plan, and (iii) any Residual Value funded by or allocable to TKC.

***TKC Cash Proceeds*** means the Purchase Price allocated to TKC either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of TKC not acquired by the Plan Sponsor.

***TKC Claims Reserve*** means the amount of the TKC Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) Other Secured Claims, (ii) Administrative Expense Claims, and (iii) Priority Claims, all as against TKC. The TKC Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***TKC Effective Date Available Cash*** means the TKC Cash Proceeds and any amounts distributed on the Effective Date to TKC on account of its equity interests in subsidiaries, less (i) the TKC Claims Reserve and (ii) the Plan Settlement Payment paid from the TKC Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***TKC Surplus Reserved Cash*** means a surplus in funding of the TKC Claims Reserve, as determined by the Legacy Trustee.

***TKF*** means TK Finance, LLC.

***TKF Available Cash*** means (i) TKF Effective Date Available Cash, (ii) TKF Surplus Reserved Cash from the TKF Claims Reserve that becomes TKF Available Cash in accordance with section 5.5(d)(i) of the Plan, and (iii) any Residual Value funded by or allocable to TKF.

***TKF Cash Proceeds*** means the Purchase Price allocated to TKF either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of TKF not acquired by the Plan Sponsor.

***TKF Claims Reserve*** means the amount of the TKF Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) Other Secured Claims, (ii) Administrative Expense Claims, and (iii) Priority Claims, all as against TKF. The TKF Claims

Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***TKF Effective Date Available Cash*** means the TKF Cash Proceeds and any amounts distributed on the Effective Date to TKF on account of its equity interests in subsidiaries, less (i) the TKF Claims Reserve and (ii) the Plan Settlement Payment paid from the TKF Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***TKF Surplus Reserved Cash*** means a surplus in funding of the TKF Claims Reserve, as determined by the Legacy Trustee.

***TKH*** means TK Holdings Inc.

***TKH Available Cash*** means (i) TKH Effective Date Available Cash, (ii) \$100,000 of the Plan Settlement Turnover Amount, (iii) TKH Surplus Reserved Cash from the TKH Claims Reserve that is made available to the TKH Recovery Funds and the TKH Disputed Claims Reserves in accordance with section 5.5(d)(i) of the Plan, and (iv) any Residual Value funded by or allocable to the TKH Debtors.

***TKH Cash Proceeds*** means the Purchase Price allocated to the TKH Debtors either directly or indirectly under the U.S. Acquisition Agreement and all Cash and Cash equivalents of the TKH Debtors not acquired by the Plan Sponsor.

***TKH Claims Reserve*** means the amount of TKH Cash Proceeds to be used or reserved on the Effective Date necessary to pay, if any, (i) the TKH Debtors' share of the Disputed Cure Claims Reserve, (ii) Other Secured Claims, (iii) Administrative Expense Claims (including (a) Administrative Expense PI/WD Claims and (b) Administrative Expense PSAN PI/WD Claims, as estimated pursuant to the Claims Estimation Report), (iv) Priority Claims, and (v) NHTSA Claims, all as against the TKH Debtors. The TKH Claims Reserve shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee, unless specified otherwise herein.

***TKH Debtors*** means TKH, Takata Protection Systems, Inc., Interiors in Flight Inc., TK Mexico Inc., TK Mexico LLC, and TK Holdings de Mexico, S. de R.L. de C.V.

***TKH Disputed Claims Reserve*** means the reserve to be established by the Debtors and maintained by the applicable Claims Administrator, which shall be funded with the TKH Available Cash based on the Distribution Formula, which reserve shall be held for the benefit of holders of subsequently Allowed General Unsecured Claims against the TKH Debtors for distribution in accordance with the procedures set forth in ARTICLE VII. The TKH Disputed Claims Reserve shall be held by the Reorganized TK Holdings Trust.

***TKH Effective Date Available Cash*** means the TKH Cash Proceeds and any amounts distributed on the Effective Date to TKH on account of its equity interests in subsidiaries, less (i) the TKH Claims Reserve, (ii) the TKH Debtors' Allocable Share of the Post-Closing Reserve, (iii) the TKH Debtors' Allocable Share of the Post-Closing PI/WD Claims Reserve required to be funded on the Effective Date, if any, (iv) the TKH Debtors' Allocable Share of the PSAN PI/WD Trust Reserve, (v) the TKH Debtors' Allocable Share of the Legacy



Trusts Reserves, and (vi) the Plan Settlement Payment paid from the TKH Cash Proceeds pursuant to the Plan Settlement Payment Waterfall.

***TKH OEM Fund*** means the fund established under this Plan to resolve Allowed OEM Unsecured Claims against the TKH Debtors and funded with TKH Available Cash in accordance with the Distribution Formula.

***TKH Other Creditors Fund*** means the fund established pursuant to this Plan to resolve Allowed Other General Unsecured Claims against the TKH Debtors and funded with TKH Available Cash in accordance with the Distribution Formula. The TKH Other Creditors Fund shall be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee.

***TKH PSAN PI/WD Fund*** means the fund established pursuant to the Plan to resolve Allowed PSAN PI/WD Claims against the TKH Debtors and funded with PSAN PI/WD Insurance Proceeds, TKH Available Cash in accordance with the Distribution Formula, and PSAN PI/WD Top-Up Amounts, which fund shall be placed in the PSAN PI/WD Trust; *provided, however*, that any PSAN PI/WD Top-Up Amount contributed to the PSAN PI/WD Fund will be made available only to holders of Allowed PSAN PI/WD Claims whose vehicles were manufactured by such Participating OEM.

***TKH Recovery Funds*** means, collectively, the TKH OEM Fund, the TKH Other Creditors Fund, and the TKH PSAN PI/WD Fund.

***TKH Surplus Reserved Cash*** means a surplus in funding of (i) the TKH Claims Reserve, (ii) the Post-Closing PI/WD Claims Reserve, (iii) the TKH Debtors' Allocable Share of the PSAN PI/WD Trust Reserve, (iv) the TKH Debtors' Allocable Share of the Post-Closing Reserve, and (v) the TKH Debtors' Allocable Share of the Legacy Trusts Reserves.

***TKJP*** means Takata Corporation.

***Transferred Employees*** has the meaning assigned in the U.S. Acquisition Agreement.

***Transition Services Agreement*** means that certain services agreement, entered into between Reorganized TK Holdings and the Plan Sponsor as of the Closing Date, which agreement shall be acceptable to the Consenting OEMs, the Debtors, and the Plan Sponsor (notwithstanding anything to the contrary in the U.S. RSA).

***U.S. Acquisition Agreement*** means that certain Asset Purchase Agreement, dated as of November [ ], 2017, by and among TKH, TKAM, TK Holdings de Mexico S. de R.L. de C.V., TK Mexico LLC, IIM, SMX, TDM, Joyson KSS Auto Safety S.A., a Luxembourg *société anonyme*, and solely for purposes of Section 7.22 thereof, KSS Holdings, Inc., a copy of which is attached hereto as Exhibit 4.

***U.S. RSA*** means that certain Restructuring Support Agreement, dated as of November [ ], 2017, by and among the Debtors, the Consenting OEMs, and the Plan Sponsor, as the same may be amended, restated, or otherwise modified in accordance with its terms.

**U.S. Trustee** means the United States Trustee for Region 3.

**Unimpaired** means, with respect to a Claim, Interest, or Class of Claims or Interests, not “impaired” within the meaning of such term in section 1124 of the Bankruptcy Code.

**Updated Claims Estimation Report** means the Claims Estimation Report as updated on the Non-PSAN PI/WD Claims Termination Date solely with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PI/WD Claims.

**Voting Deadline** means [DATE] at [TIME] prevailing Eastern Time, or such date and time as may be set by the Bankruptcy Court.

**Warehouse Consenting OEM** means any Consenting OEM from whose branded vehicles PSAN Inflators were removed pursuant to recall or otherwise and preserved by Takata as of the Closing Date, as required by the NHTSA Preservation Order, other applicable law or regulation, or voluntarily. The Warehouse Consenting OEMs are identified on Schedule B to the Plan.

**Warehoused PSAN Assets** means (i) the PSAN Inflators (a) preserved by Takata pursuant to the NHTSA Preservation Order, (b) otherwise preserved, voluntarily or involuntarily, by Takata, and (c) otherwise preserved as contemplated by the Legacy Cost Report, (ii) the leases for the PSAN Warehouses, and (iii) the machinery, equipment and other tangible assets, and a nonexclusive license (pursuant to the Intellectual Property License Agreement (as defined in the U.S. Acquisition Agreement)) to Acquired Intellectual Property (as such term is defined in the U.S. Acquisition Agreement and each Cross-Conditioned Agreement (as defined in the U.S. Acquisition Agreement), respectively) for which ownership is assigned to the Plan Sponsor, in each case that is necessary for compliance with the NHTSA Preservation Order, the preservation of PSAN Inflators as contemplated by the Legacy Cost Report, or operation of PSAN Warehouses.

**Warehousing Trust** means the trust or other Entity or Entities, including a corporation and limited liability company, established under the Plan to administer and maintain the Warehoused PSAN Assets in accordance with the NHTSA Preservation Order and otherwise.

**Warehousing Trust Agreement** means the trust or other governing agreement establishing and delineating the terms and conditions for the creation and operation of the Warehousing Trust and providing the Oversight Committee with certain governance rights.

**Warehousing Trust Assets** means the Warehoused PSAN Assets and the Warehousing Trust Reserve.

**Warehousing Trust Post-Closing Cash** means Cash recovered by the Warehousing Trust. The Plan Administrator shall account for the Warehousing Trust Post-Closing Cash as allocable to a particular Reorganized Debtor based on each Debtor’s Allocable Share.

***Warehousing Trust Reserve*** means Cash in an amount necessary to fund and administer the Warehousing Trust, including the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets, on and after the Effective Date, to be (i) reserved on the Effective Date from the Cash Proceeds, (ii) funded on the Effective Date by non-Debtor affiliates, (iii) funded, to the extent necessary, by 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 (iv) funded periodically from Surplus Reserved Cash and Post-Closing Cash in accordance with section 5.5 of this Plan. The Warehousing Trust Reserve shall be held by the Warehousing Trust and managed by the Plan Administrator.

**1.2 Interpretation; Application of Definitions; Rules of Construction.**

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in or exhibit to this Plan, as the same may be amended, waived, or modified from time to time in accordance with the terms hereof and the U.S. RSA. The words “herein,” “hereof,” or “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein and have the same meaning as “in this Plan,” “of this Plan,” and “under this Plan,” respectively. The words “includes” and “including” are not limiting. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. For purposes herein: (i) in the appropriate context, each term, whether stated in the singular or plural, shall include both the singular and plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (ii) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the reference document shall be substantially in that form or substantially on those terms and conditions; *provided, however*, that the rule of interpretation set forth in this clause (ii) shall not be imputed to any contract, lease, instrument, release, indenture, or other agreement as to which the Restructuring Support Parties have consent rights pursuant to the U.S. RSA, and such consent rights shall be as set forth in the U.S. RSA and incorporated herein pursuant to section 1.4 of the Plan; (iii) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (iv) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

**1.3 Reference to Monetary Figures.**

All references in this Plan to monetary figures shall refer to the legal tender of the United States of America unless otherwise expressly provided.

**1.4 Consent Rights of Restructuring Support Parties.**

Notwithstanding anything herein to the contrary, any and all consent rights of the Restructuring Support Parties set forth in the U.S. RSA with respect to the form and substance of this Plan, all exhibits to the Plan, the Plan Supplement, and the other Plan Documents, including any amendments, restatements, supplements, or other modifications to such documents, and any consents, waivers, or other deviations under or from any such documents, shall be incorporated

herein by this reference (including to the applicable definitions in section 1.1 hereof) and fully enforceable as if stated in full herein.

**1.5 Controlling Document.**

In the event of an inconsistency between ARTICLES I through XII of this Plan and the Plan Supplement or any other exhibit to this Plan, the terms of the relevant document in the Plan Supplement or such exhibit shall control unless otherwise specified in such Plan Supplement document or exhibit. In the event of an inconsistency between this Plan and any other instrument or document created or executed pursuant to this Plan, or between this Plan and the Disclosure Statement, this Plan shall control. The provisions of this Plan and of the Confirmation Order shall be construed in a manner consistent with each other so as to effectuate the purposes of each; *provided, however*, that if there is determined to be any inconsistency between any provision of this Plan and any provision of the Confirmation Order that cannot be reconciled, then, solely to the extent of such inconsistency, the provisions of the Confirmation Order shall govern, and any such provisions of the Confirmation Order shall be deemed a modification of this Plan.

**ARTICLE II ADMINISTRATIVE EXPENSE CLAIMS, FEE CLAIMS, AND PRIORITY TAX CLAIMS.**

**2.1 Administrative Expense Claims Bar Date.**

Except as provided for herein 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 Fee Claims, holders of Cure Claims, holders of 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 shall be deemed discharged as of the Effective Date.

**2.2 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 this Plan, shall 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 shall 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.

### 2.3 Payment of Allowed Administrative Expense Claims.

(a) **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 shall 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 shall 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, shall 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.

(b) **Consenting OEM PSAN Administrative Expense Claims.** Subject to approval of the Plan Settlement by the Bankruptcy Court, the Consenting OEM PSAN Administrative Expense Claims shall be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.15 of the Plan.

(c) **Administrative Expense PI/WD Claims.** Prior to the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims shall 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 shall 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 shall 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 shall 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) shall 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.

(d) **Administrative Expense PSAN PI/WD Claims.** Prior to the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims shall 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 shall 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 shall 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, shall 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 shall thereafter be responsible for resolving and paying Administrative Expense PSAN PI/WD Claims. In no event shall any Administrative Expense PSAN PI/WD Claim be asserted against the Plan Sponsor and any such Claim shall 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) shall 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.

#### **2.4 Adequate Protection Claims.**

Subject to approval of the Plan Settlement by the Bankruptcy Court, the Adequate Protection Claims shall be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.15 of the Plan.

#### **2.5 NHTSA Claims.**

The NHTSA Claims shall 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 shall be paid in full in Cash from the TKH Cash Proceeds, in full and final satisfaction of such Claims.

#### **2.6 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 shall (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 shall establish and fund the Fee Escrow Account. The Debtors shall 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 shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall 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 shall 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 shall 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 shall 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 shall have an Allowed Administrative Expense Claim for any such deficiency, which shall be satisfied in accordance with section 2.3 of this Plan (but for the avoidance of doubt shall not be subject to any Administrative Expense Claims Bar Date). No Claims, Interests, Liens, other encumbrances, or liabilities of any kind shall encumber the Fee Escrow Account in any way.

### **2.7 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 shall 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.

## **ARTICLE III CLASSIFICATION OF CLAIMS AND INTERESTS.**

### **3.1 Classification in General.**

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and Distributions under this 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 this 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 hereunder 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 shall any holder of an Allowed Claim be entitled to receive payments under this Plan that, in the aggregate, exceed the Allowed amount of such holder's Claim.

### 3.2 Summary of Classification of Claims and Interests.

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are (i) Impaired and Unimpaired under this Plan, (ii) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code, and (iii) deemed to accept or reject this Plan:

<u>Class</u>	<u>Type of Claim or Interest</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Class 1(a)	Other Secured Claims against TKAM	Unimpaired	No (Presumed to accept)
Class 1(b)	Other Secured Claims against TKF	Unimpaired	No (Presumed to accept)
Class 1(c)	Other Secured Claims against TKC	Unimpaired	No (Presumed to accept)
Class 1(d)	Other Secured Claims against the TKH Debtors	Unimpaired	No (Presumed to accept)
Class 1(e)	Other Secured Claims against IIM	Unimpaired	No (Presumed to accept)
Class 1(f)	Other Secured Claims against TDM	Unimpaired	No (Presumed to accept)
Class 1(g)	Other Secured Claims against SMX	Unimpaired	No (Presumed to accept)
Class 2(a)	Other Priority Claims against TKAM	Unimpaired	No (Presumed to accept)
Class 2(b)	Other Priority Claims against TKF	Unimpaired	No (Presumed to accept)
Class 2(c)	Other Priority Claims against TKC	Unimpaired	No (Presumed to accept)
Class 2(d)	Other Priority Claims against the TKH Debtors	Unimpaired	No (Presumed to accept)
Class 2(e)	Other Priority Claims against IIM	Unimpaired	No (Presumed to accept)
Class 2(f)	Other Priority Claims against TDM	Unimpaired	No (Presumed to accept)
Class 2(g)	Other Priority Claims against SMX	Unimpaired	No (Presumed to accept)
Class 3(a)	Mexico Class Action Claims against IIM	Impaired	Yes
Class 3(b)	Mexico Class Action Claims against TDM	Impaired	Yes
Class 4(a)	OEM Unsecured Claims against the TKH Debtors	Impaired	Yes



<b>Class</b>	<b>Type of Claim or Interest</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 4(b)	OEM Unsecured Claims against IIM	Impaired	Yes
Class 4(c)	OEM Unsecured Claims against TDM	Impaired	Yes
Class 4(d)	OEM Unsecured Claims against SMX	Impaired	Yes
Class 5(a)	PSAN PI/WD Claims against the TKH Debtors	Impaired	Yes
Class 5(b)	PSAN PI/WD Claims against IIM	Impaired	Yes
Class 5(c)	PSAN PI/WD Claims against SMX	Impaired	Yes
Class 5(d)	PSAN PI/WD Claims against TDM	Impaired	Yes
Class 6(a)	Other General Unsecured Claims against TKAM	Impaired	Yes
Class 6(b)	Other General Unsecured Claims against TKF	Impaired	Yes
Class 6(c)	Other General Unsecured Claims against TKC	Impaired	Yes
Class 6(d)	Other General Unsecured Claims against the TKH Debtors	Impaired	Yes
Class 6(e)	Other General Unsecured Claims against IIM	Impaired	Yes
Class 6(f)	Other General Unsecured Claims against TDM	Impaired	Yes
Class 6(g)	Other General Unsecured Claims against SMX	Impaired	Yes
Class 7(a)	Intercompany Interests in TKAM	Impaired	No (Deemed to reject)
Class 7(b)	Intercompany Interests in TKF	Impaired	No (Deemed to reject)
Class 7(c)	Intercompany Interests in TKC	Impaired	No (Deemed to reject)
Class 7(d)	Intercompany Interests in the TKH Debtors	Impaired	No (Deemed to reject)

<b>Class</b>	<b>Type of Claim or Interest</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 7(e)	Intercompany Interests in IIM	Impaired	No (Deemed to reject)
Class 7(f)	Intercompany Interests in TDM	Impaired	No (Deemed to reject)
Class 7(g)	Intercompany Interests in SMX	Impaired	No (Deemed to reject)
Class 8(a)	Subordinated Claims against TKAM	Impaired	No (Deemed to reject)
Class 8(b)	Subordinated Claims against TKF	Impaired	No (Deemed to reject)
Class 8(c)	Subordinated Claims against TKC	Impaired	No (Deemed to reject)
Class 8(d)	Subordinated Claims against the TKH Debtors	Impaired	No (Deemed to reject)
Class 8(e)	Subordinated Claims against IIM	Impaired	No (Deemed to reject)
Class 8(f)	Subordinated Claims against SMX	Impaired	No (Deemed to reject)
Class 8(g)	Subordinated Claims against TDM	Impaired	No (Deemed to reject)

### **3.3 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 shall be considered vacant, deemed eliminated from this Plan for purposes of voting to accept or reject this Plan, and disregarded for purposes of determining whether this Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

### **3.4 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 shall be presumed accepted by the holders of such Claims in such Class.

### **3.5 Voting; Presumptions; Solicitation.**

(a) **Acceptance by Certain Impaired Classes.** Only holders of Claims in Classes 3, 4, 5, and 6 are entitled to vote to accept or reject this Plan. An Impaired Class of Claims shall have accepted this 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 this 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 this Plan. Holders of Claims in Classes 3, 4, 5, and 6 shall receive ballots containing detailed voting instructions.

(b) **Deemed Acceptance by Unimpaired Classes.** Holders of Claims in Classes 1 and 2 are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject this Plan.

(c) **Deemed Rejection by Certain Impaired Classes.** Holders of Claims and Interests in Classes 7 and 8 are deemed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject this Plan.

(d) **Individual Creditor Voting Rights.** Notwithstanding anything to the contrary in this Plan, the voting rights of holders of Claims in any Class shall be governed in all respects by the Solicitation Procedures Order.

### 3.6 **Cramdown.**

If any Class of Claims is deemed to reject this Plan or is entitled to vote on this Plan and does not vote to accept this Plan, the Debtors may (i) seek confirmation of this Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify this Plan in accordance with the terms hereof 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 shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

### 3.7 **No Waiver.**

Nothing contained in this Plan shall be construed to waive a Debtor's or other Person's right to object on any basis to any Claim.

## ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS.

### 4.1 **Claims and Interests against TKAM.**

#### (a) **Class 1(a): Other Secured Claims against TKAM.**

- (i) **Treatment:** The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKAM are unaltered by this 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.

- (ii) Impairment and Voting: Allowed Other Secured Claims against TKAM are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against TKAM are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

(b) **Class 2(a): Other Priority Claims against TKAM.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKAM are unaltered by this 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.
- (ii) Impairment and Voting: Allowed Other Priority Claims against TKAM are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against TKAM are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 6(a): Other General Unsecured Claims against TKAM.**

- (i) Treatment: This Class consists of holders of Allowed Other General Unsecured Claims against 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.
- (ii) Impairment and Voting: Allowed Other General Unsecured Claims against TKAM are Impaired. Holders of Other General Unsecured Claims against TKAM are entitled to vote to accept or reject the Plan.

(d) **Class 7(a): Intercompany Interests in TKAM.**

- (i) Treatment: 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; *provided, however*, 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.
- (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in TKAM are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Intercompany Interests.

(e) **Class 8(a): Subordinated Claims against TKAM.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKAM shall not receive or retain any property under this Plan on account of such Claims, and the obligations of TKAM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.
- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against TKAM are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Subordinated Claims.

4.2 **Claims and Interests against TKF.**

(a) **Class 1(b): Other Secured Claims against TKF.**

- (i) Treatment: The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKF are unaltered by this 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, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.

- (ii) Impairment and Voting: Allowed Other Secured Claims against TKF are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against TKF are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

(b) **Class 2(b): Other Priority Claims against TKF.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKF are unaltered by this 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.
- (ii) Impairment and Voting: Allowed Other Priority Claims against TKF are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against TKF are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 6(b): Other General Unsecured Claims against TKF.**

- (i) Treatment: 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.

- (ii) Impairment and Voting: Allowed Other General Unsecured Claims against TKF are Impaired. Holders of Other General Unsecured Claims against TKF are entitled to vote to accept or reject the Plan.

(d) **Class 7(b): Intercompany Interests in TKF.**

- (i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in TKF 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 TKF shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *provided, however*, 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.
- (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in TKF are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Intercompany Interests.

(e) **Class 8(b): Subordinated Claims against TKF.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKF shall not receive or retain any property under this Plan on account of such Claims, and the obligations of TKF and the Reorganized Debtors on account of Subordinated Claims shall be discharged.
- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against TKF are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such

holders shall not be solicited with respect to Subordinated Claims.

**4.3 Claims and Interests against TKC.**

**(a) Class 1(c): Other Secured Claims against TKC.**

- (i) Treatment: The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKC are unaltered by this 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.
- (ii) Impairment and Voting: Allowed Other Secured Claims against TKC are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against TKC are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

**(b) Class 2(c): Other Priority Claims against TKC.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKC are unaltered by this 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.
- (ii) Impairment and Voting: Allowed Other Priority Claims against TKC are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against TKC are conclusively presumed to accept this Plan and are not entitled to vote to



accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 6(c): Other General Unsecured Claims against TKC.**

- (i) Treatment: 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.
- (ii) Impairment and Voting: Allowed Other General Unsecured Claims against TKC are Impaired. Holders of Other General Unsecured Claims against TKC are entitled to vote to accept or reject the Plan.

(d) **Class 7(c): Intercompany Interests in TKC.**

- (i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in TKC 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 TKC shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *provided, however*, 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.
- (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in TKC are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Intercompany Interests.

(e) **Class 8(c): Subordinated Claims against TKC.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKC shall not receive or retain any property under this Plan on account of

such Claims, and the obligations of TKC and the Reorganized Debtors on account of Subordinated Claims shall be discharged.

- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against TKC are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Subordinated Claims.

#### 4.4 Claims and Interests against the TKH Debtors.

(a) **Class 1(d): Other Secured Claims against the TKH Debtors.**

- (i) Treatment: The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against the TKH Debtors are unaltered by this 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 as may be necessary to render such Claim Unimpaired.
- (ii) Impairment and Voting: Allowed Other Secured Claims against the TKH Debtors are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against the TKH Debtors are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

(b) **Class 2(d): Other Priority Claims against the TKH Debtors.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against the TKH Debtors are unaltered by this 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.

- (ii) Impairment and Voting: Allowed Other Priority Claims against the TKH Debtors are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against the TKH Debtors are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 4(a): OEM Unsecured Claims against the TKH Debtors.**

- (i) Treatment: 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; *provided, however*, 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 TKH Debtors shall be Allowed for distribution purposes in the aggregate amount of [\$\_\_\_], and for each Consenting OEM as set forth on Schedule C attached hereto.
- (ii) Impairment and Voting: Allowed OEM Unsecured Claims against the TKH Debtors are Impaired. Holders of OEM Unsecured Claims against the TKH Debtors are entitled to vote to accept or reject the Plan.

(d) **Class 5(a): PSAN PI/WD Claims against the TKH Debtors.**

- (i) Treatment: 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 this 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 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.

- (ii) Impairment and Voting: Allowed PSAN PI/WD Claims against the TKH Debtors are Impaired. Holders of PSAN PI/WD Claims against the TKH Debtors are entitled to vote to accept or reject the Plan. The Future Claims Representative shall represent the interests of future holders of PSAN PI/WD Claims.

**Debtors.**

(e) **Class 6(d): Other General Unsecured Claims against the TKH**

- (i) Treatment: This Class consists of holders of Allowed Other General Unsecured Claims against the TKH Debtors. Unless otherwise agreed, each holder of an 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.
- (ii) Impairment and Voting: Allowed Other General Unsecured Claims against the TKH Debtors are Impaired. Holders of Other General Unsecured Claims against the TKH Debtors are entitled to vote to accept or reject the Plan.

(f) **Class 7(d): Intercompany Interests in the TKH Debtors.**

- (i) Treatment: 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.

- (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in the TKH Debtors are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Intercompany Interests.

(g) **Class 8(d): Subordinated Claims against the TKH Debtors.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this 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 this 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.
- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against the TKH Debtors are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Subordinated Claims.

**4.5 Claims and Interests against IIM.**

(a) **Class 1(e): Other Secured Claims against IIM.**

- (i) Treatment: The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against IIM are unaltered by this 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.

- (ii) Impairment and Voting: Allowed Other Secured Claims against IIM are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against IIM are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

(b) **Class 2(e): Other Priority Claims against IIM.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against IIM are unaltered by this 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 section 1129(a)(9) of the Bankruptcy Code.

- (ii) Impairment and Voting: Allowed Other Priority Claims against IIM are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against IIM are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 3(a): Mexico Class Action Claims against IIM.**

- (i) Treatment: Unless otherwise agreed, holders of Allowed Mexico Class Action Claims against IIM shall receive their Pro Rata Share of the amount reserved for such Claims in the IIM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims.
- (ii) Impairment and Voting: Allowed Mexico Class Action Claims against IIM are Impaired. Holders of Mexico Class Action Claims against IIM are entitled to vote to accept or reject the Plan.

(d) **Class 4(b): OEM Unsecured Claims against IIM.**

- (i) Treatment: 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; *provided, however*, 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 IIM shall be Allowed for distribution purposes in the aggregate amount of [\$\_\_\_], and for each Consenting OEM as set forth on Schedule C attached hereto.
- (ii) Impairment and Voting: Allowed OEM Unsecured Claims against IIM are Impaired. Holders of OEM Unsecured Claims against IIM are entitled to vote to accept or reject the Plan.

(e) **Class 5(b): PSAN PI/WD Claims against IIM.**

- (i) Treatment: 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 this 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 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.

- (ii) Impairment and Voting: Allowed PSAN PI/WD Claims against IIM are Impaired. Holders of PSAN PI/WD Claims against IIM are entitled to vote to accept or reject the Plan. The Future Claims Representative shall represent the interests of future holders of PSAN PI/WD Claims.
- (f) **Class 6(e): Other General Unsecured Claims against IIM.**
- (i) Treatment: 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.
  - (ii) Impairment and Voting: Allowed Other General Unsecured Claims against IIM are Impaired. Holders of Other General Unsecured Claims against IIM are entitled to vote to accept or reject the Plan.
- (g) **Class 7(e): Intercompany Interests in IIM.**
- (i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in IIM 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 IIM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *provided, however*, 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 Cash in accordance with section 5.13 of the Plan.
  - (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in IIM are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Intercompany Interests.



(h) **Class 8(e): Subordinated Claims against IIM.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against IIM shall not receive or retain any property under this Plan on account of such Claims, and the obligations of IIM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.
- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against IIM are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Subordinated Claims.

**4.6 Claims and Interests against SMX.**

(a) **Class 1(f): Other Secured Claims against SMX.**

- (i) Treatment: The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against SMX are unaltered by this 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 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.
- (ii) Impairment and Voting: Allowed Other Secured Claims against SMX are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against SMX are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

(b) **Class 2(f): Other Priority Claims against SMX.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against SMX are

unaltered by this 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.

- (ii) Impairment and Voting: Allowed Other Priority Claims against SMX are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against SMX are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 4(c): OEM Unsecured Claims against SMX.**

- (i) Treatment: Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against SMX shall receive its Pro Rata Share of the SMX Available Cash allocated to the SMX OEM Fund; *provided, however*, 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 SMX shall be Allowed for distribution purposes in the aggregate amount of [\$\_], and for each Consenting OEM as set forth on Schedule C attached hereto.
- (ii) Impairment and Voting: Allowed OEM Unsecured Claims against SMX are Impaired. Holders of OEM Unsecured Claims against SMX are entitled to vote to accept or reject the Plan.

(d) **Class 5(c): PSAN PI/WD Claims against SMX.**

- (i) Treatment: 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 this 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.

- (ii) Impairment and Voting: Allowed PSAN PI/WD Claims against SMX are Impaired. Holders of PSAN PI/WD Claims against SMX are entitled to vote to accept or reject the Plan. The Future Claims Representative shall represent the interests of future holders of PSAN PI/WD Claims.
- (e) **Class 6(f): Other General Unsecured Claims against SMX.**
- (i) Treatment: 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.
  - (ii) Impairment and Voting: Allowed Other General Unsecured Claims against SMX are Impaired. Holders of Other General Unsecured Claims against SMX are entitled to vote to accept or reject the Plan.
- (f) **Class 7(f): Intercompany Interests against SMX.**
- (i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in SMX 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 SMX

shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *provided, however*, 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.

- (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in SMX are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Intercompany Interests.

(g) **Class 8(f): Subordinated Claims against SMX.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against SMX shall not receive or retain any property under this Plan on account of such Claims, and the obligations of SMX and the Reorganized Debtors on account of Subordinated Claims shall be discharged.
- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against SMX are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Subordinated Claims.

4.7 **Claims and Interests against TDM.**

(a) **Class 1(g): Other Secured Claims against TDM.**

- (i) Treatment: The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TDM are unaltered by this 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.

- (ii) Impairment and Voting: Allowed Other Secured Claims against TDM are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims against TDM are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Secured Claims.

(b) **Class 2(g): Other Priority Claims against TDM.**

- (i) Treatment: The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TDM are unaltered by this 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.
- (ii) Impairment and Voting: Allowed Other Priority Claims against TDM are Unimpaired. In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Priority Claims against TDM are conclusively presumed to accept this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to such Allowed Other Priority Claims.

(c) **Class 3(b): Mexico Class Action Claims against TDM.**

- (i) Treatment: Unless otherwise agreed, holders of Allowed Mexico Class Action Claims against TDM shall receive their Pro Rata Share of the amount reserved for such Claims in the TDM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims.
- (ii) Impairment and Voting: Allowed Mexico Class Action Claims against TDM are Impaired. Holders of Mexico

Class Action Claims against TDM are entitled to vote to accept or reject the Plan.

(d) **Class 4(d): OEM Unsecured Claims against TDM.**

- (i) Treatment: 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; *provided, however*, 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 TDM shall be Allowed for distribution purposes in the aggregate amount of [\$\_], and for each Consenting OEM as set forth on Schedule C attached hereto.
- (ii) Impairment and Voting: Allowed OEM Unsecured Claims against TDM are Impaired. Holders of OEM Unsecured Claims against TDM are entitled to vote to accept or reject the Plan.

(e) **Class 5(d): PSAN PI/WD Claims against TDM.**

- (i) Treatment: 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 this 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 PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.

- (ii) Impairment and Voting: Allowed PSAN PI/WD Claims against TDM are Impaired. Holders of PSAN PI/WD Claims against TDM are entitled to vote to accept or reject the Plan. The Future Claims Representative shall represent the interests of future holders of PSAN PI/WD Claims.
- (f) **Class 6(g): Other General Unsecured Claims against TDM.**
- (i) Treatment: 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.
  - (ii) Impairment and Voting: Allowed Other General Unsecured Claims against TDM are Impaired. Holders of Other General Unsecured Claims against TDM are entitled to vote to accept or reject the Plan.
- (g) **Class 7(g): Intercompany Interests in TDM.**
- (i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in TDM 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 TDM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *provided, however*, 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.
  - (ii) Impairment and Voting: Intercompany Interests are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Intercompany Interests in TDM are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such

holders shall not be solicited with respect to Intercompany Interests.

(h) **Class 8(g): Subordinated Claims against TDM.**

- (i) Treatment: Subordinated Claims are subordinated pursuant to this Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TDM shall not receive or retain any property under this Plan on account of such Claims, and the obligations of TDM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.
- (ii) Impairment and Voting: Subordinated Claims are Impaired. In accordance with section 1126(g) of the Bankruptcy Code, holders of Subordinated Claims against TDM are deemed to reject this Plan and are not entitled to vote to accept or reject this Plan, and the votes of such holders shall not be solicited with respect to Subordinated Claims.

**4.8 Debtors' Rights in Respect of Unimpaired Claims.**

Except as otherwise provided in this Plan, nothing under this Plan shall affect the rights of the Reorganized Debtors in respect of an Unimpaired Claim, including all rights in respect of legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

**4.9 Treatment of Vacant Classes.**

Any Claim or Interest in a Class that is considered vacant under section 3.3 of this Plan shall receive no Distribution.

**ARTICLE V MEANS FOR IMPLEMENTATION.**

**5.1 Restructuring Transactions.**

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions consistent with this 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 this Plan.

**5.2 Sale of Purchased Assets.**

(a) **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 this Plan and the U.S. Acquisition Agreement. Confirmation of the Plan by the Bankruptcy Court shall constitute approval of the proposed sale of the Purchased Assets.

(b) **Sale of Purchased Assets.** On the Effective Date, the Debtors shall consummate the sale and transfer of the Purchased Assets to the Plan Sponsor and, in exchange, the Plan Sponsor shall 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.

(c) **Sale Free and Clear.** On the Effective Date, except for the Assumed Liabilities and the Permitted Liens, the Purchased Assets shall, 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 this section 5.2(c) shall be binding on and enforceable against all Persons as a permanent injunction pursuant to section 10.5(b) hereof.**

### 5.3 Plan Sponsor Backstop Funding.

(a) **Plan Sponsor Backstop Funding.** The Plan Sponsor shall 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.

(b) **Access to Information.** Reorganized Takata, the Reorganized TK Holdings Trust, the Warehousing Trust, and the Plan Administrator shall 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 shall 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 Trust shall, and shall 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 shall 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 Trust 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.

#### 5.4 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 shall 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 herein. For the avoidance of doubt, (i) no Warehoused PSAN Assets or Other Excluded Assets shall vest in any Reorganized Debtor and such assets shall instead be transferred to and vest in the Warehousing Trust and the Reorganized TK Holdings Trust, respectively, and (ii) Reorganized Takata shall not acquire, own, or maintain the Warehoused PSAN Assets or be required to, or otherwise be authorized to, comply with the obligations under the NHTSA Preservation Order related to the Warehoused PSAN Assets.

#### 5.5 Allocation of Purchase Price.

(a) **Cash Proceeds.** On the Effective Date, the Plan Sponsor shall pay the Purchase Price for the Purchased Assets. The Purchase Price shall 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 shall, pursuant to the Plan Settlement and the other terms of this Plan:

- (i) distribute the Plan Settlement Turnover Amount in accordance with section 5.15(b) of the Plan;
- (ii) 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;
- (iii) establish the Post-Closing 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;
- (iv) 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;
- (v) 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;

- (vi) establish the Warehousing Trust 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);
- (vii) 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
- (viii) make the Plan Settlement Payment, less the Plan Settlement Turnover Amount, pursuant to the Plan Settlement Payment Waterfall.

(b) **Effective Date Available Cash.** Effective Date Available Cash under the Plan shall 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 PI/WD Claims Reserve), the Legacy Trusts Reserves, the PSAN PI/WD Trust Reserve, and the Post-Closing Reserve.

(c) **Available Cash.** Available Cash under the Plan shall 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 Trusts 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 shall constitute Available Cash for each of IIM, SMX, TDM, and the TKH Debtors; *provided, however*, that the Plan Settlement Turnover Amount shall 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 shall 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 shall be

made available for Distribution to the holders of Allowed General Unsecured Claims. For the avoidance of doubt, the Plan Sponsor Backstop Funding shall not constitute Available Cash.

(d) **Surplus Reserved Cash.**

- (i) Surplus Reserved Cash from Claims Reserves. The applicable Claims Administrator shall determine on each six-month anniversary of the Effective Date whether the amounts available in any Claims Reserve, including the Post-Closing PI/WD Claims Reserve, are in excess of the amount necessary to satisfy the purpose for which such reserve was established. The Legacy Trustee's determination of whether the amounts available in the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PI/WD Claims are in excess of the amounts necessary to satisfy the purposes for which such reserves were established shall 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 shall (a)(1) first, be allocated to the Post-Closing Reserve and/or the Warehousing Trust Reserve to the extent that Reorganized Takata and/or the Warehousing Trust (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 shall 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 Trust and Reorganized Takata have been dissolved; and (b) otherwise remain in the Claims Reserves.
- (ii) Surplus Reserved Cash from Reorganized TK Holdings Trust Reserve. Prior to the dissolution of the Reorganized TK Holdings Trust, the Legacy Trustee shall 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 shall (a) be allocated (1) first, to the Post-Closing Reserve and/or the Warehousing Trust Reserve to the extent that Reorganized Takata and/or the Warehousing Trust (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 shall periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing 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 shall be allocated in accordance with section 5.6(l) of the Plan.

- (iii) Surplus Reserved Cash from Post-Closing Reserve. During the Operating Term, the Plan Administrator, in consultation with the Legacy Trustee, shall 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 shall (a) be allocated to the Warehousing Trust Reserve to the extent that the Warehousing Trust 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 shall be allocated in accordance with section 5.7(o) of the Plan.

- (iv) Surplus Reserved Cash from Warehousing Trust Reserve. Prior to the dissolution of the Warehousing Trust, the Plan Administrator, in consultation with the Legacy Trustee, shall determine on each six-month anniversary of the Effective Date whether the amounts available in the Warehousing Trust 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 Trust Reserve as of the date of such determination, such Surplus Reserved Cash shall (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 Trust Reserve. Following dissolution of the Warehousing Trust, any Surplus Reserved Cash from the Warehousing Trust Reserve shall be allocated in accordance with section 5.8(j) of the Plan.
- (e) **Post-Closing Cash.**
- (i) Reorganized TK Holdings Trust Post-Closing Cash. Prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized TK Holdings Trust Post-Closing Cash shall, 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 Trust Reserve to the extent that Reorganized Takata, the Reorganized TK Holdings Trust, and the Warehousing Trust (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 shall (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 shall periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing 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 shall be allocated in accordance with section 5.6(l) of the Plan.

- (ii) Reorganized Takata Post-Closing Cash. During the Operating Term, Reorganized Takata Post-Closing Cash shall, on each six-month anniversary of the Effective Date, be allocated (i) first, to the Post-Closing Reserve and/or the Warehousing Trust Reserve to the extent that the Warehousing Trust 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 shall be allocated in accordance with section 5.7(o) of the Plan.
- (iii) Warehousing Trust Post-Closing Cash. Prior to the dissolution of the Warehousing Trust, Warehousing Trust Reserve Post-Closing Cash shall, on each six-month anniversary of the Effective Date, be allocated (a) first, to the Warehousing Trust 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

Trust Reserve regardless of whether such reserve is insufficiently funded to satisfy the purpose for which such reserve was established. Following dissolution of the Warehousing Trust, any remaining Warehousing Trust Reserve Post-Closing Cash shall be allocated in accordance with section 5.8(j) of the Plan.

**5.6 The Reorganized TK Holdings Trust.**

**(a) Execution of the Reorganized TK Holdings Trust Agreement.**

On or before the Effective Date, the Reorganized TK Holdings Trust Agreement shall be executed by the Debtors and the Legacy Trustee, and all other necessary steps shall 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, OEM Unsecured Claims), (ii) the PSAN PI/WD Trustee, and (iii) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, the Special Master in its capacity as OEM Claims Administrator. This section 5.6 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 shall govern.

**(b) Purpose of the Reorganized TK Holdings Trust.**

The Reorganized TK Holdings Trust shall 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, OEM Unsecured Claims), (iv) owning the sole equity interest in Reorganized TK Holdings for the benefit of holders of Claims, and (v) being a beneficial owner of the Warehousing Trust. The Reorganized TK Holdings Trust shall 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 shall have no objective to continue or engage in the conduct of a trade or business. On the Effective Date, the Reorganized TK Holdings Trust shall 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.



(c) **Reorganized TK Holdings Trust Assets.** The Reorganized TK Holdings Trust shall consist of the Reorganized TK Holdings Trust Assets. On the Effective Date, the Debtors shall 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.

(d) **Appointment of the Legacy Trustee.** The Legacy Trustee is set forth in the Reorganized TK Holdings Trust Agreement. The appointment of the Legacy Trustee shall be approved in the Confirmation Order, and such appointment shall be effective as of the Effective Date. In accordance with the Reorganized TK Holdings Trust Agreement, the Legacy Trustee shall 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.

(e) **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 (i) have the power and authority to 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) if the Special Master agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, 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) if the Special Master Agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, OEM Unsecured Claims), (iii) have the power and authority to 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) have the power and authority to 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) if the Special Master Agrees to merge the OEM Funds with the DOJ OEM Restitution Fund or otherwise administer the OEM Funds, OEM Unsecured Claims), (vi) have the power and authority to perform such other functions as are provided in the Plan and the Reorganized TK Holdings Trust Agreement, and (vii) have the power and authority to administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules, in all cases, consistent with this Plan. The Legacy Trustee shall 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 shall 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.

(f) **Transferability of Distribution Rights.** Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund

shall 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 shall 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 shall not constitute "securities" and shall 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.

(g) **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, shall be paid out of the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.

(h) **Compensation of Legacy Trustee.** The Legacy Trustee shall 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 shall be payable from the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.

(i) **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 shall be payable from the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.

(j) **U.S. Federal Income Tax Treatment of Reorganized TK Holdings Trust.** The Reorganized TK Holdings Trust shall be treated as a trust described in Subpart C of Subchapter J of the Internal Revenue Code and the regulations promulgated thereunder (a "complex trust"). The Reorganized TK Holdings Trust shall 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 shall 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.

(k) **Dissolution.** The Reorganized TK Holdings Trust shall be dissolved and the Legacy Trustee shall 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 shall 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.

(l) **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 shall be available (i) first, to the Post-Closing Reserve and/or Warehousing Trust Reserve to the extent that Reorganized Takata and/or the Warehousing Trust 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 Trust Reserve to the extent that Reorganized Takata and/or the Warehousing Trust 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 shall determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing 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 Trust have been dissolved, each Debtor's Allocable Share of the Residual Value of the Reorganized TK Holdings Trust shall 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 Reorganized TK Holdings Trust Reserve that was contributed by a non-Debtor affiliate of the Debtors shall be returned to such affiliate based on its funded share of the Reorganized TK Holdings Trust Reserve.

(m) **Indemnification of the Legacy Trustee.** The Legacy Trustee shall 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 shall 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 shall be satisfied from the Reorganized TK Holdings Trust Reserve.

### 5.7 Reorganized Takata.

(a) **Ownership and Governance of Reorganized Takata.** On the Effective Date, and in accordance with and pursuant to the terms of the Plan, the Reorganized TK Holdings Trust shall become the sole equity interest holder of Reorganized TK Holdings. Except as provided herein or in the Plan Administrator Agreement, the corporate and operational management of Reorganized Takata shall be the responsibility of the Plan Administrator and Oversight Committee.

(b) **The Plan Administrator.** Notwithstanding anything to the contrary in the U.S. RSA, the Plan Administrator shall be selected by the PSAN Consenting OEMs (in consultation with the Warehouse Consenting OEMs) from a designated list of three potential candidates put forth by the Debtors on November 2, 2017; *provided, however*, that the PSAN Consenting OEMs (in consultation with the Warehouse Consenting OEMs) may select a Plan Administrator not included on the Debtors' designated list as long as such candidate is acceptable to the Debtors. The Plan Administrator shall be identified in the Plan Supplement. The Plan Administrator shall be retained by Reorganized Takata 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 shall be designated by the PSAN Consenting OEMs, as reasonably acceptable to Reorganized TK Holdings 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.

(c) **The Authorized Purposes.** On the Effective Date, the Plan Administrator shall be appointed solely to perform 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 herein 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 shall 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 shall not enter into any new contracts for the sale of PSAN Inflators after the Effective Date, and Reorganized Takata shall not agree or consent to any amendment to the NHTSA Consent Order without the prior written consent of the Consenting OEMs. In no event shall 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 this 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 shall first consult with the Plan Sponsor. On the Effective Date, Reorganized Takata shall 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.

(d) **Oversight Committee.** As of the Effective Date, the terms of the current members of the board of TKH shall expire without further action by any Person. The Oversight Committee comprised of three (3) members shall be appointed to serve as the board of managers of Reorganized TK Holdings. Two (2) members of the Oversight Committee shall be selected by the Warehouse Consenting OEMs and may include representatives of the Consenting OEMs. The remaining Independent Member of the Oversight Committee shall be selected by the Debtors, subject to the reasonable consent of the Warehouse Consenting OEMs, and shall not be an "insider" of Takata, the Consenting OEMs, or the Plan Sponsor. The Oversight Committee shall have governance rights as approved by the Warehouse Consenting OEMs, including the right to terminate the Plan Administrator (subject to the reasonable consent of the Warehouse Consenting OEMs). The Oversight Committee, among other things, will review and approve budgets, forecasts, and cash flow projections of Reorganized Takata.

(e) **Post-Closing Reserve.** The Post-Closing Reserve shall provide the initial capitalization 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 shall 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.

(f) **Post-Closing PI/WD Claims Reserve.** The Post-Closing PI/WD Claims Reserve shall 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 PI/WD Claims, as set forth in the Updated Claims Estimation Report, shall be transferred from the Post-Closing 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 PI/WD Claims.

(g) **Employees.** Reorganized Takata shall retain, hire or, solely to the extent that Reorganized Takata cannot reasonably retain or hire, lease employees 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 shall resign from Plan Sponsor and shall be hired by Reorganized Takata, if necessary, pursuant to the Transition Services Agreement.

(h) **Operating Term.** Reorganized Takata's operations related to the production of PSAN Inflators shall continue solely for the Authorized Purposes during the Operating Term. Reorganized Takata shall continue in existence solely for the purposes specified herein until all Claims, if any, against Reorganized Takata have been fully resolved, and all other duties and functions of the Plan Administrator to be set forth in the Plan have been fully performed.

(i) **Subordination of PSAN Consenting OEM Claims.** Any Claims of PSAN Consenting OEMs against Reorganized Takata shall be subordinated to certain Claims and rights of the Plan Sponsor in accordance with section 5 of the Indemnity Agreement.

(j) **Forbearance of PSAN Consenting OEM Claims.** During the Operating Term, the PSAN Consenting OEMs shall 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.

(k) **Exculpation of Plan Administrator and Oversight Committee.** The Plan Administrator and the Oversight Committee shall 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 Reorganized Takata's estates, including, without limitation, the services the Plan Administrator provides to Reorganized Takata related to the manufacture and sale of PSAN Inflators to PSAN Consenting OEMs, and the liquidation of Reorganized Takata's remaining assets.

(l) **Reporting Requirements.** Reorganized Takata shall 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 shall 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.

(m) **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.

(n) **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 shall 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 shall 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.

(o) **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 shall 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 5.7(i) of the Plan and fund the Post-Closing PI/WD Claims Reserve pursuant to either the Claims Estimation Report or Updated Claims Estimation Report, as applicable, (ii) second, to the Warehousing Trust Reserve to the extent that the Warehousing Trust 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 shall be allocated to the Reorganized TK Holdings Trust Reserve pursuant to subparagraph (iii) above. The Legacy Trustee shall determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing 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 Trust has been dissolved, each Debtor's Allocable Share of the Residual Value of Reorganized Takata shall 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 shall be returned to such affiliate based on its funded share of the Post-Closing Reserve.

(p) **Reorganized Takata Organizational Documents.** The organizational documents of Reorganized Takata, including the Reorganized TK Holdings Limited Liability Company Operating Agreement and Amended By-Laws, shall require the consent of the Requisite PSAN Consenting OEMs to take certain material actions.

(q) **Access to Information.** Reorganized Takata shall 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), to the extent that such information is necessary to track and identify such PSAN Inflators. Such information shall 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 shall transfer all such information to the Plan Sponsor (or its applicable subsidiary) to maintain in its capacity as a tier one supplier.

## 5.8 The Warehousing Trust.

(a) **Execution of the Warehousing Trust Agreement.** On or before the Effective Date, the Warehousing Trust Agreement shall be executed by the Debtors and the Plan Administrator, and all other necessary steps shall be taken to establish the Warehousing Trust. In the event of any conflict between the terms of the Plan and the terms of the Warehousing Trust Agreement, the terms of the Warehousing Trust Agreement shall govern.

(b) **Purpose of the Warehousing Trust.** The Warehousing Trust shall be formed to acquire, own, maintain, operate, and control the Warehoused PSAN Assets and to comply with the obligations under the NHTSA Preservation Order and otherwise as related to the Warehoused PSAN Assets. The Warehousing Trust shall be responsible for the payment of the Debtors' share of the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets, in each case from and after the Effective Date. The Debtors' share of such costs shall 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 Trust Reserve from the Cash Proceeds pursuant to the Plan Settlement shall not be limited to the Debtors' share of such costs to the extent that the Warehousing Trust Reserve is not otherwise fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates. The Warehousing Trust shall be beneficially owned by the Reorganized TK Holdings Trust and those non-Debtor affiliates that fund a portion of the Warehousing Trust Reserve on the Effective Date. On the Effective Date, the Warehousing Trust shall 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 Trust under and as set forth in the Plan Sponsor Backstop Funding Agreement.

(c) **The Warehousing Trust Assets.** The Warehousing Trust shall consist of the Warehousing Trust Assets, including the Warehousing Trust Reserve. On the Effective Date, the Debtors shall transfer all the Warehousing Trust Assets to the Warehousing Trust 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 shall vest in and be assumed and assigned to the Warehousing Trust and the Warehoused PSAN Assets held by certain non-Debtor affiliates shall be transferred and assigned to the Warehousing Trust.

(d) **Role of the Plan Administrator and the Oversight Committee.** In furtherance of and consistent with the purpose of the Warehousing Trust Agreement and the Plan, the Plan Administrator shall act as trustee or executive officer (as applicable) of the Warehousing Trust. The corporate and operational management of the Warehousing Trust shall be the responsibility of the Plan Administrator and the Oversight Committee. The Plan Administrator will be responsible for developing budgets, forecasts, and cash flow projections and reporting against budgets, each subject to review and approval by the Oversight Committee.

(e) **Oversight Committee.** The Oversight Committee will also be appointed to serve as the board of managers or directors (as applicable) of the Warehousing Trust to the extent that the Warehousing Trust is a limited liability corporation or corporation, or an equivalent body to the extent that the Warehousing Trust is a trust. The Oversight



Committee, among other things, will review and approve budgets, forecasts, and cash flow projections of the Warehousing Trust.

(f) **Exculpation of Plan Administrator and Oversight Committee.**

The Plan Administrator and the Oversight Committee shall also 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 the Warehousing Trust, including, without limitation, the services the Plan Administrator provides to the Warehousing Trust related to the warehousing, shipping, and disposal of the Warehoused PSAN Assets, and the liquidation of the Warehousing Trust's remaining assets.

(g) **Shared Services Agreement.** All Shared Services shall be provided by Reorganized Takata and the Plan Administrator to the Warehousing Trust in accordance with the scope of the Shared Services Agreement.

(h) **U.S. Federal Income Tax Treatment of Warehousing Trust.**

The Warehousing Trust shall file (or cause to be filed) statements, returns, or disclosures relating to the Warehousing Trust that are required by any governmental unit, including IRS Form 1041, IRS Form 1041-ES, and IRS Schedule K-1. The Plan Administrator shall be responsible for payment, out of the Warehousing Trust Reserves, of any taxes imposed on the Warehousing Trust or the Warehousing Trust Assets, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of the Warehousing Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Warehousing Trust for all taxable periods through the dissolution of the Warehousing Trust.

(i) **Dissolution.** The Warehousing Trust and the Plan Administrator shall be dissolved or discharged, as applicable, upon completion of their duties as set forth in the Warehousing Trust Agreement, including when all Warehousing Trust Assets have been liquidated, but in no event shall the Warehousing Trust be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(j) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in the Warehousing Trust remaining upon dissolution of the Warehousing Trust pursuant to section 5.8(i) of the Plan shall be available (i) first, to pay all creditors of the Warehousing Trust, (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 Trust contributed by a non-Debtor affiliate shall be allocated to the Reorganized TK Holdings Trust Reserve pursuant to subparagraph (iii) above. The Legacy Trustee shall determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD

Claims and Post-Closing 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 Trust shall 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 Trust Reserve that was contributed by a non-Debtor affiliate of the Debtors shall be returned to such affiliate based on its funded share of the Warehousing Trust Reserve.

### 5.9 *The PSAN PI/WD Trust*

(a) **Establishment and Purpose of PSAN PI/WD Trust.** On the Effective Date, the PSAN PI/WD Trust shall be established. The PSAN PI/WD Trust shall 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 shall (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 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 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 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 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 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 this 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 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, and the PSAN PI/WD Trustee shall separately track and account for each contribution of a PSAN PI/WD Top-Up Amount by a Participating OEM. 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 and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing 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 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 shall be channeled to the PSAN PI/WD Trust pursuant to the Channeling Injunction set forth in section 10.7 of this Plan and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. All such PSAN PI/WD Claims shall be liquidated and paid in accordance

with the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, this Plan, the Confirmation Order, and any Participating OEM Contribution Agreement, if applicable. The PSAN PI/WD Trust shall be administered and implemented by the PSAN PI/WD Trustee as provided in the PSAN PI/WD Trust Agreement. If the Special Master agrees to such treatment, the PSAN PI/WD Funds shall be merged with the DOJ PI/WD Restitution Fund and administered by the Special Master in accordance with the terms of the Plan and the PSAN PI/WD Trust Agreement.

(b) **PSAN PI/WD TDP.** On the Effective Date, the PSAN PI/WD Trust shall 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 shall have the authority to administer, amend, supplement, or modify the PSAN PI/WD TDP in accordance with the terms thereof and the PSAN PI/WD Trust Agreement; *provided, however*, that such modifications are not inconsistent with this 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 shall liquidate and make distributions to holders of Allowed 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 shall liquidate and make distributions to holders of Allowed Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PI/WD Claims from the segregated funds available for such purposes in the discretion of the PSAN PI/WD Trustee.

(c) **Imposition of Channeling Injunction.** From and after the Effective Date, all PSAN PI/WD Claims against the Protected Parties shall be subject to the Channeling Injunction pursuant to section 105(a) of the Bankruptcy Code and the provisions of this Plan and the Confirmation Order. From and after the Effective Date, the Protected Parties shall 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 shall preclude any action by the PSAN PI/WD Trust to enforce the Plan.

(d) **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 shall, 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 shall, as of the Effective Date, assume sole and exclusive responsibility and liability for all PSAN PI/WD Claims, and such Claims shall be liquidated, resolved, or paid by the PSAN PI/WD Trust from the PSAN PI/WD Funds.

(e) **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 shall 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 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 shall 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 PI/WD Claims that the Protected Parties, Debtors or Reorganized Debtors have or would have had under applicable law and consistent with the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP to the extent applicable.

(f) **Funding of PSAN PI/WD Trust.** Upon the Effective Date, the Debtors shall 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 shall 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 shall be used for any purpose other than for the payment, defense, or administration of the PSAN PI/WD Claims.

(g) **Payment of PSAN PI/WD Claims.** The PSAN PI/WD Trust shall 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, (i) first, from the applicable PSAN PI/WD Insurance Proceeds, (ii) second, from 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, and (iii) third, from the PSAN PI/WD Top-Up Amounts; *provided, however* that such PSAN PI/WD Top-Up Amounts shall only be utilized to pay claims related to vehicles sold by the applicable Participating OEM.

(h) **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 shall be used to pay Administrative Expense PSAN PI/WD Claims in the full amount of such Claims.

(i) **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 shall be used to pay Administrative Expense PI/WD Claims in the full amount of such Claims.

(j) **Payment of Post-Closing PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the Post-Closing PI/WD Claims Reserve shall be transferred to the PSAN PI/WD Trust and used to pay Post-Closing PI/WD Claims in the full amount of such Claims.

(k) **Excess Assets in the PSAN PI/WD Trust.** On the PSAN PI/WD Trust Termination Date, after the payment of all Allowed PSAN 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 shall be distributed (i) first, with respect to unused portions of any PSAN PI/WD Top-Up Amount, to the applicable Participating OEM, with any applicable interest accrued thereon, (ii) second, to the Special Master for contribution to the DOJ PI/WD Restitution Fund, and (iii) third, 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 herein shall 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 this Plan.

(l) **PSAN PI/WD Trust Expenses.** The PSAN PI/WD Trust shall 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 shall have no obligation to pay any PSAN PI/WD Trust Expenses.

(m) **PSAN PI/WD Trustee.** There shall be one (1) PSAN PI/WD Trustee, which shall be the Special Master so long as the Special Master agrees to serve as the PSAN PI/WD Trustee on terms reasonably acceptable to the Debtors and the Consenting OEMs, or such other Person or Entity that is reasonably acceptable to the Debtors, each Participating OEM, and the Requisite Consenting OEMs. If the PSAN PI/WD Trustee selected by the Debtors, each Participating OEM, and the Requisite Consenting OEMs is a Person other than the Special Master, the Debtors shall inform TKJP of the identity of such Person as soon as practicable and in any event at least three (3) days prior to filing any document in the Chapter 11 Cases identifying the PSAN PI/WD Trustee. On the Confirmation Date, the Bankruptcy Court shall appoint the initial PSAN PI/WD Trustee to serve in accordance with, and who shall have the functions and rights provided in, the PSAN PI/WD Trust Agreement. Any successor PSAN PI/WD Trustee shall be appointed in accordance with the terms of the PSAN PI/WD Trust Agreement. 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 shall 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). The initial PSAN PI/WD Trustee shall be the individual identified in the Plan Supplement.

(n) **PSAN PI/WD Trust Advisory Committee(s).** The PSAN PI/WD Trust Agreement shall provide for the establishment of one or more PSAN PI/WD Trust Advisory Committees. The PSAN PI/WD Trust Advisory Committee(s) shall have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The number and identification of the initial members of the PSAN PI/WD Trust Advisory Committee(s), which shall include representatives selected by the Participating OEMs if such Participating OEMs so elect, shall be set forth in the Plan Supplement. Any successor members of the PSAN PI/WD Trust Advisory Committee(s) shall be appointed in accordance with the PSAN PI/WD Trust Agreement.

(o) **Cooperation; Transfer of Books and Records.**

- (i) On the Effective Date or as soon as reasonably practicable thereafter, the Debtors shall 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 shall 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.
- (ii) The transfer or assignment of information, which may include PSAN PI/WD Privileged Information, to the PSAN PI/WD Trustee in accordance with this section 5.9(o)(ii) of the Plan shall 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 shall be preserved and not waived, (d) for the avoidance of doubt, any such transfer shall 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 shall 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.

(p) **Institution and Maintenance of Legal and Other Proceedings.**

As of the Effective Date, the PSAN PI/WD Trust shall 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 shall 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 shall 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 5.9(e) of this Plan and shall 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.

(q) **Participating OEMs.**

- (i) On or before seven days preceding the commencement of solicitation of votes on the Plan, each Consenting OEM that wishes to be a Participating OEM shall provide written notice of such participation to the Debtors, the representatives for holders of PSAN PI/WD Claims, the Future Claims Representative, and the Plan Sponsor of its intention to become a Participating OEM. Such notice shall include the PSAN PI/WD Top-Up Amount applicable to such Participating OEM and an indication of whether such Participating OEM intends to fund its respective PSAN PI/WD Top-Up Amount on the Effective Date or in installments or otherwise in accordance with a Participating OEM Contribution Agreement. The Disclosure Statement shall list each Participating OEM and its PSAN PI/WD Top-Up Amount.
- (ii) On the date the Channeling Injunction becomes effective (or at such time as may be otherwise agreed to by the Debtors and the applicable Participating OEM and set forth in the Disclosure Statement), each Participating OEM shall either (a) transfer the PSAN PI/WD Top-Up Amount to the PSAN PI/WD Trust, which obligation may be satisfied either by reallocating IIM Available Cash, SMX Available Cash, TDM Available Cash, and TKH Available Cash that would otherwise be distributed to such Participating OEM from the OEM Funds or from any other sources or (b) deliver an executed Participating OEM Contribution Agreement.
- (iii) The PSAN PI/WD Trust shall 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.

(r) **Insurance Neutrality.**

- (i) Nothing in the Plan, the Plan Documents, the Confirmation Order, or any finding of fact or conclusion of law with respect to the confirmation of the Plan shall limit the right of any insurance company to assert any coverage defense.
- (ii) 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, shall, 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.

**5.10 Charters; Bylaws.**

The charters, bylaws, limited liability company operating agreements, and other organizational documents of the Reorganized Debtors shall 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 this Plan, including section 5.7(p).

**5.11 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 herein, on the Effective Date, all notes, instruments, certificates evidencing debt to, or equity interests in, the Debtors shall be cancelled and obligations of the Debtors thereunder shall be discharged.



### **5.12 Separate Plans.**

Notwithstanding the combination of separate plans of reorganization set forth in this Plan for purpose of economy and efficiency, this Plan constitutes a separate chapter 11 plan for each Debtor. Accordingly, if the Bankruptcy Court does not confirm this Plan with respect to one or more Debtors, it may still confirm this Plan with respect to any other Debtor that satisfies the confirmation requirements of section 1129 of the Bankruptcy Code.

### **5.13 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 shall 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, shall 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 this section 5.13 shall 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 this section 5.13 involving TKC, the terms and conditions of the Plan Sponsor Backstop Funding Agreement shall 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 shall 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 shall (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.

### **5.14 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 by Final Order, 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 shall seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

### 5.15 Plan Settlement.

(a) **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 shall 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 shall 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.

(b) **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, shall be paid in full in Cash by the Plan Sponsor (in accordance with the Plan Settlement Payment Waterfall set forth in section 5.15(c) of this 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 shall 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 shall 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 shall 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 Trust Reserve shall be fully funded in accordance with this Plan; and (iv) the Business Incentive Plan Payment shall 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 this Plan, to the extent that the Post-Closing Reserve

and the Warehousing Trust Reserve are not fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates, the Cash Proceeds shall 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 shall be made in full and final satisfaction of the Settled OEM Claims and shall be final. For the avoidance of doubt, the Plan Settlement Payment and other payments and funding obligations set forth in this section 5.15(b) shall 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.

(c) **Plan Settlement Payment Waterfall.** The Consenting OEMs have directed that the Plan Settlement Payment 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 shall not be paid under clauses (ii) through (vii) hereof unless the applicable Debtor's Cash Proceeds in the immediately preceding clause are exhausted.

(d) **Assumed PSAN Contracts.** Reorganized Takata is assuming the Assumed PSAN Contracts in accordance with section 8.4 of this 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 5.15(b) above.

## ARTICLE VI DISTRIBUTIONS.

### 6.1 Distributions Generally.

The Disbursing Agent shall make all Distributions to the appropriate holders of Allowed Claims and Allowed Interests in accordance with the terms of this Plan. Except as otherwise provided herein, Distributions under this Plan shall be made only to the holders of Allowed Claims.

### 6.2 Distribution Formula.

Available Cash shall be allocated to the Recovery Funds, with respect to the applicable Debtor, as follows:

(a) 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, shall 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 this 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 shall 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 this Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts shall not be taken into consideration in determining the allocation of IIM Available Cash among the Recovery Funds in accordance with this paragraph.

(b) 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, shall 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 this Plan: (i) Allowed 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 shall 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 this Plan.

For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts shall not be taken into consideration in determining the allocation of SMX Available Cash among the Recovery Funds in accordance with this paragraph.

(c) 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, shall 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 this Plan: (i) Allowed 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 shall 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 this Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts shall not be taken into consideration in determining the allocation of TDM Available Cash among the Recovery Funds in accordance with this paragraph; and

(d) 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, shall 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 this 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 shall 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 this Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts shall not be taken into consideration in determining the allocation of TKH Available Cash among the Recovery Funds in accordance with this paragraph.

**6.3 Available Cash.**

Available Cash shall 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 herein.

**6.4 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 Trusts Reserves, the Post-Closing Reserve, and the PSAN PI/WD Trust Reserve, the Disbursing Agent shall 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 this Plan. After this initial Distribution, the applicable Claims Administrator shall 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.

**6.5 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 shall be deemed to have been completed as of the required date.

**6.6 Disbursing Agent.**

All Distributions under the Plan by the Reorganized TK Holdings Trust or the PSAN PI/WD Trust shall be made by the Disbursing Agent (who may be the applicable Claims Administrator) on and after the Effective Date as provided herein. The Disbursing Agent shall be deemed to hold all property to be distributed under this 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) shall not hold an economic or beneficial interest in the property to be distributed under this Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties.

#### **6.7 Rights and Powers of Disbursing Agent.**

The Disbursing Agent shall 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 shall only be required to act and make Distributions in accordance with the terms of the Plan and shall 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 shall 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.

#### **6.8 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 shall be paid in Cash by the Reorganized TK Holdings Trust, except that fees and expenses incurred by the PSAN PI/WD Trustee shall be paid by the PSAN PI/WD Trust.

#### **6.9 Delivery of Distributions.**

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim shall 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.

#### **6.10 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 shall 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 shall 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 shall 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 shall be extinguished and forever barred.

**6.11 Distribution Record Date.**

As of the close of business on the Distribution Record Date, the claims register shall be closed. The applicable Claims Administrator shall have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date, and shall 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.

**6.12 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.

**6.13 Minimum Cash Distributions.**

The Disbursing Agent shall not be required to make any Distributions of Cash less than \$100 to any holder of an Allowed General Unsecured Claim; *provided, however*, that if any Distribution is not made pursuant to this section 6.13, such Distribution shall be added to any subsequent Distribution to be made on behalf of the holder's Allowed General Unsecured Claims. The Disbursing Agent shall 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 shall 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 shall be distributed to the holders of Intercompany Interests in the applicable Debtor.

**6.14 Setoffs and Recoupment.**

Subject to sections 10.5 through 10.8 of the Plan, the applicable Claims Administrator may, but shall 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 hereunder shall constitute a waiver or release by the Debtors or the Claims Administrators of any such claim it may have against such claimant.

**6.15 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, shall be deemed to have been made on the Effective Date.

**6.16 Interest and Penalties on Claims.**

Unless otherwise provided in the Plan or the Confirmation Order, no holder of a Claim shall 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, shall be paid only in accordance with section 726(b) of the Bankruptcy Code.

**6.17 No Distribution in Excess of Amount of Allowed Claim.**

Notwithstanding anything to the contrary in this Plan, no holder of an Allowed Claim shall 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.

**6.18 Satisfaction of Claims.**

Unless otherwise provided herein, any distributions and deliveries to be made on account of Allowed Claims under this Plan shall be in complete and final satisfaction, settlement, and discharge of and exchange for such Allowed Claims.

**6.19 Withholding and Reporting Requirements.**

(a) **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 shall 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 shall 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 shall 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 shall 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.

(b) **Forms.** Any party entitled to receive any property as an issuance or Distribution under the Plan shall, upon request, deliver to the Disbursing Agent or such other Person designated by the Reorganized Debtors (which Person shall 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 shall irrevocably revert to the Reorganized Debtors and any Claim in respect of such Distribution shall be discharged and forever barred from assertion against the Reorganized Debtors or its property.

(c) **Obligation.** Notwithstanding the above, each holder of an Allowed Claim that is to receive a Distribution under this Plan shall 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.

## **ARTICLE VII PROCEDURES FOR DISPUTED CLAIMS.**

### **7.1 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 shall, 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.

### **7.2 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 shall 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 shall not apply to PSAN PI/WD Claims.

### **7.3 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 shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

### **7.4 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 shall 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 shall 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.

### **7.5 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 shall 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 this section 7.5 shall be based on the Distribution Formula as applied on the applicable Distribution Date and not the Distribution Formula as applied on the Effective Date.

### **7.6 Resolution of Claims.**

Except as expressly provided herein 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) shall 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 shall 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 shall be submitted to the Bankruptcy Court for resolution.

**7.7 Periodic Distributions from the Disputed Claims Reserves.**

After the Initial Distribution Date, the applicable Claims Administrator shall 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 shall 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.15(a) of this Plan.

**7.8 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 shall be deposited into the Recovery Funds pursuant to the then applicable Distribution Formula. Immediately thereafter, a final Distribution shall be made from the Recovery Funds to holders of Allowed Claims (other than PSAN PI/WD Claims) in accordance with ARTICLE VI of this Plan.

**7.9 Property Held in the Disputed Claims Reserves.**

Each holder of a Disputed Claim that ultimately becomes an Allowed Claim shall 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 Trusts, their property (including reserves), or any assets previously distributed on account of any Allowed Claim.

**7.10 Claims Resolution Procedures Cumulative.**

All of the objection, estimation, settlement, and resolution procedures set forth in this 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 this Plan by any mechanism approved by the Bankruptcy Court.

**7.11 No Postpetition Interest.**

Unless otherwise specifically provided for in the Plan or Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall 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.

**ARTICLE VIII EXECUTORY CONTRACTS AND UNEXPIRED LEASES.****8.1 Assumption and Rejection of Executory Contracts and Unexpired Leases.**

(a) As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which the Debtors are party shall 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 within the time prescribed by the Solicitation Procedures Order, (iii) is being assumed, assumed and assigned, or otherwise assigned pursuant to section 8.4 of this 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 this Plan, and any such modification shall be reasonably acceptable to the Plan Sponsor.

(b) 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 shall constitute approval of the rejections, assumptions, and assignments provided for in the Solicitation Procedures Order and in this 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 assignments of executory contracts and unexpired leases pursuant to the Solicitation Procedures Order and this Plan are effective as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to this Plan or by order of the Bankruptcy Court but not assigned to a third party on or before the Effective Date shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

(c) Unless otherwise provided herein (including section 8.4 of this Plan) or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed or assumed and assigned shall 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.

**8.2 Determination of Cure Disputes and Deemed Consent.**

(a) Subject to the entry of the Solicitation Procedures Order and the terms and provisions thereof, the Debtors shall file a cure notice within the time prescribed by the Solicitation Procedures Order listing the Cure Claims, which cure notice shall be in form and substance reasonably acceptable to the Plan Sponsor and served on all required parties as directed in the Solicitation Procedures Order. 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 notice, the proposed Claim Cure for such executory contract or unexpired lease shall be deemed to be zero dollars (\$0); *provided, however*, that the foregoing shall not apply to those counterparties not listed on the cure notice that otherwise file a proof of Claim with the Bankruptcy Court.

(b) Any counterparty to an executory contract or unexpired lease shall 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.

(c) To the extent that a Cure Dispute is asserted in an objection filed in accordance with the Solicitation Procedures Order, such Cure Dispute shall 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 shall 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 notice, the Debtors reserve the right (and shall 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.

(d) 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 shall 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, shall 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 shall 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, shall determine the specific Cure Claims that it shall pay up to the Cure Claims Cap and (ii) the Debtors shall pay the excess of (x) the aggregate amount of such Cure Claims over (y) the Cure Claims Cap.

(e) 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 shall 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 shall 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.

(f) With respect to payment of any Cure Amounts or Cure Disputes, neither the Debtors, the Plan Sponsor, nor the Disbursing Agent shall 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.

**8.3 Payments Related to Assumption of Contracts and Leases.**

(a) Subject to resolution of any Cure Dispute, any monetary amounts by which any executory contract and unexpired lease to be assumed hereunder is in default shall 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.

(b) Assumption and assignment of any executory contract or unexpired lease pursuant to the Plan, or otherwise, shall 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 shall be deemed disallowed and expunged, without further notice to or action, order or approval of the Bankruptcy Court or any other Person.

**8.4 OEM Contracts.** Notwithstanding any other provision of this ARTICLE VIII:

(a) Each Standalone OEM Assumed Contract shall 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) below.

(b) All Standalone PSAN Assumed Contracts shall 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.

(c) Each Non-Standalone OEM Contract shall 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 shall be rejected in accordance with the below, as applicable. Each such severed Non-Standalone OEM Contract shall 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 shall 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 shall 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.



(d) This Plan shall constitute an amendment to the applicable OEM Assumed Contracts and Assumed PSAN Contracts to incorporate the provisions set forth herein, 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 shall be necessary to effectuate any of the provisions hereof.

(e) 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 this section 8.4 and the Plan shall not constitute a deemed amendment to such Non-Standalone OEM Contracts, and (ii) Plan Sponsor shall 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 this section 8.4 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 this section 8.4 shall not constitute an OEM Assumed Contract for any purposes hereunder and, notwithstanding anything to the contrary set forth in this Plan, neither Plan Sponsor nor any Acquired Non-Debtor Affiliate shall have any obligation under this Plan with respect to any such counterparty with respect to the applicable Non-Standalone OEM Contract.

(f) Except as otherwise agreed to between the Plan Sponsor and the Consenting OEMs, the Plan Sponsor shall assume all Assumed Liabilities (as defined in the Indemnity Agreement) in accordance with Section 4.b of the Indemnity Agreement.

(g) Subject to approval of the Plan Settlement by the Bankruptcy Court, the Consenting OEM PSAN Cure Claims shall be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.15 of the Plan.

(h) Notwithstanding anything herein to the contrary, any Cure Claims of Consenting OEMs, other than Consenting OEM PSAN Cure Claims, shall be assumed by the Plan Sponsor and paid to the respective Consenting OEM in the ordinary course of business. The Debtors shall have no obligations with respect to such Cure Claims, and such Cure Claims shall not be counted for determining the Disputed Cure Claims Reserve or included in or limited by the Cure Claims Cap. Such Cure Claims shall not be subject to any Cure Claim procedures set forth in this Plan or the Solicitation Procedures Order. Further, nothing in this Plan shall 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.

(i) 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 shall be deemed rejected as of the Effective Date, to the extent not rejected prior to the Effective Date.

#### **8.5 Rejection Claims.**

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors herein 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, shall be forever barred and shall 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, shall be classified as Class 5 Other General Unsecured Claims. The Confirmation Order shall constitute the Bankruptcy Court's approval of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

#### **8.6 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 shall not be discharged, impaired, or otherwise affected by this Plan; *provided, however*, that the Reorganized Debtors shall 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 shall be deemed and treated as executory contracts to be assumed by the Debtors under this Plan and shall continue as obligations of the Reorganized Debtors. Any claim based on the Debtors' obligations herein shall 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.

#### **8.7 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 shall be treated as, executory contracts under this Plan and, on the Effective Date, shall be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code; *provided, however*, that the Debtors shall 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 shall 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 shall be rejected with respect to such former employee except to the extent prohibited by section 1114 of the Bankruptcy Code.

#### **8.8 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 shall be deemed to be and treated as executory contracts, shall be assumed by the applicable Debtor, and shall vest in the Reorganized Debtors and continue in full force and effect thereafter in accordance with their respective terms.

#### **8.9 Reservation of Rights.**

(a) Neither the exclusion nor the inclusion by the Debtors or any contract or lease on any exhibit, schedule, or other annex to this Plan or in the Plan Supplement, nor anything contained in this Plan, shall 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.

(b) Except as explicitly provided in this Plan, nothing herein shall 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.

(c) Nothing in this Plan shall 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.

(d) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under this Plan, the Debtors or Reorganized Debtors, as applicable, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

**ARTICLE IX            CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN  
AND THE OCCURRENCE OF THE EFFECTIVE DATE.**

**9.1            Conditions Precedent to Confirmation.**

Confirmation of the Plan shall not occur unless all of the following conditions precedent have been satisfied:

(a) the Debtors, the Consenting OEMs, and the Plan Sponsor, as applicable, shall 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 this Plan;

(b) the Confirmation Order shall include a finding by the Bankruptcy Court that the Purchased Assets shall 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;

(c) the U.S. RSA shall not have been terminated by the Debtors, the Plan Sponsor, or the Requisite Consenting OEMs (as defined in the U.S. RSA) and shall be in full force and effect with respect to such parties; and

(d) the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto, shall (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 this Plan.

**9.2            Conditions Precedent to the Effective Date.**

The Effective Date shall not occur unless all of the following conditions precedent have been satisfied:

(a) entry of the Confirmation Order by the Bankruptcy Court and such Confirmation Order has not been stayed, modified, or vacated on appeal;

(b) the U.S. RSA shall not have been terminated by the Debtors, the Plan Sponsor, or the Requisite Consenting OEMs (as defined in the U.S. RSA), and shall be in full force and effect with respect to such parties;

(c) the Debtors, the Consenting OEMs, and the Plan Sponsor, as applicable, shall 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 this Plan;

(d) 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;

(e) 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;

(f) the Closing Date shall have occurred (or shall occur simultaneously with the occurrence of the Effective Date);

(g) 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;

(h) execution of the Reorganized TK Holdings Trust Agreement;

(i) the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP shall become effective in accordance with the terms of this 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);

(j) the Legacy Trusts shall be fully funded;

(k) the Transition Services Agreement (i) shall have been executed and delivered to the Plan Sponsor by Reorganized TK Holdings and (ii) shall be in full force and effect, and all conditions precedent to the effectiveness of the Transition Services Agreement shall have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof;

(l) the Indemnity Agreement (i) shall have been executed and delivered to the Plan Sponsor by each of the Consenting OEMs, (ii) shall be in full force and effect, and (iii) all conditions precedent to the effectiveness of the Indemnity Agreement shall have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof;

(m) the Global Accommodation Agreement and the Access Agreement shall have been terminated;

(n) the Consenting OEMs shall have released all Liens granted under the Access Agreement and the Adequate Protection Order;

(o) the Debtors shall 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);

(p) all actions, documents, and agreements necessary to implement and effectuate the Plan shall have been effected or executed;

(q) all professional fees and expenses approved by the Bankruptcy Court shall 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;

(r) the Restructuring Expenses shall have been paid in accordance with section 12.6 of the Plan;

(s) the closing of the transactions contemplated by all purchase agreements between non-Debtor affiliates of the Debtors and the Plan Sponsor shall have occurred or shall occur contemporaneously with the effectiveness of this Plan; and

(t) a Canadian court of competent jurisdiction shall have entered a Final Order recognizing the Confirmation Order entered by the Bankruptcy Court; and

(u) (i) the Civil Rehabilitation Court shall 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 shall remain in full force and effect and (ii) all conditions precedent to the effectiveness of the business transfer described in the preceding clause shall have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof.

### 9.3 Waiver of Conditions Precedent.

(a) 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 shall not be unreasonably withheld, of the Debtors, the Plan Sponsor, and the Consenting OEMs. If any such condition precedent is waived pursuant to this section and the Effective Date occurs, each party agreeing to waive such condition precedent shall 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 shall benefit from the "equitable mootness" doctrine, and the occurrence of the Effective Date shall foreclose any ability to challenge this Plan in any court. If this Plan is confirmed for fewer than

all of the Debtors, only the conditions applicable to the Debtor or Debtors for which this Plan is confirmed must be satisfied or waived for the Effective Date to occur.

(b) The stay of the Confirmation Order pursuant to Bankruptcy Rule 3020(e) shall be deemed waived by and upon the entry of the Confirmation Order, and the Confirmation Order shall take effect immediately upon its entry.

## **ARTICLE X EFFECT OF CONFIRMATION**

### **10.1 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 this Plan shall 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 this Plan and whether such holder has accepted this Plan.

### **10.2 Discharge of Claims against and Interests in the Reorganized Debtors.**

Upon the Effective Date and in consideration of the Distributions to be made under this Plan, except as otherwise provided in this 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 shall 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 this Plan, upon the Effective Date, all such holders of Claims and Interests and their successors, assigns, and affiliates shall 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.

### **10.3 Pre-Confirmation Injunctions and Stays.**

Unless otherwise provided in this 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, shall 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.

### **10.4 Injunctions against Interference with Plan.**

Unless otherwise expressly provided herein or in a Final Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 363 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Cases.

### 10.5 Plan Injunction.

(a) Except as otherwise provided in this 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 this 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 this Plan; *provided, however*, that nothing contained herein shall 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 this Plan and the Plan Documents.

(b) 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 in any manner, directly or indirectly, any encumbrance of any kind 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 this 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 this Plan.

(c) By accepting Distributions pursuant to this Plan, each holder of an Allowed Claim or Allowed Interest shall be deemed to have affirmatively and specifically consented to be bound by this Plan, including the injunctions set forth in this section.

#### 10.6 Releases.

##### (a) 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 shall 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 shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the releases and discharges set forth in this section 10.6(a).**

**(b) 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 shall 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 herein, 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 herein, (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 herein 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 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.

(c) 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 shall 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 of 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. Notwithstanding anything to the contrary in the Plan, nothing in the Plan shall release any OEM that is not a Participating OEM from liability for a PSAN PI/WD Claim.

(d) Adequate Protection Order Releases.

Nothing in this Plan shall limit, modify, or affect in any way the releases granted under paragraph 4(g) of the Adequate Protection Order, and such releases shall remain in full force and effect through and after the Effective Date.

(e) **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 shall not be released pursuant to such sections, but shall instead be treated in accordance with section 7.17 of the U.S. Acquisition Agreement.

**10.7 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 shall 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, shall 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 shall 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 shall be a permanent injunction.

(d) **Non-Limitation Channeling Injunction.** Nothing in the Plan or the PSAN PI/WD Trust Agreement shall 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 shall 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 shall 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 this 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 Participating OEMs shall be subject to (x) the consent of the Future Claimants Representative and (y) the Bankruptcy Court or the District Court (as applicable) having determined that Holders of PSAN PI/WD claims in Classes 5(a)-(d) voting on the Plan have voted to accept the Plan in a sufficient number in support of the Plan to support issuance of the Channeling Injunction for the benefit of the Participating OEMs. For the avoidance of doubt, the effectiveness of the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of the Participating OEMs and the Plan Sponsor is not a condition to the Effective Date.

(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.

#### 10.8 **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 shall 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 shall 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.

#### 10.9 **Injunction Related to Releases and Exculpation.**

To the maximum extent permitted under applicable law, the Confirmation Order shall 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 this Plan, including, without limitation, the Claims, obligations, suits, judgments, damages, demands, debts, rights,

Causes of Action, and liabilities released or exculpated in this Plan and the Claims, Liens, Interests, charges, encumbrances, and other interests described in section 5.2(c) of this Plan.

**10.10 Subordinated Claims.**

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments thereof under this 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.

**10.11 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 Trust, 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 Trust shall be waived and released on the Effective Date. The Reorganized TK Holdings Trust shall have the right to prosecute any and all Avoidance Actions that are not acquired by the Plan Sponsor or waived pursuant to this section 10.11. Any Avoidance Actions retained by the Reorganized TK Holdings Trust shall be identified on a schedule to be filed as part of the Plan Supplement.

**10.12 Retention of Causes of Action and Reservation of Rights.**

Except as expressly provided in section 10.11 of this Plan, and subject to sections 10.5, 10.6, 10.7, and 10.8 of this Plan, nothing contained in this Plan or the Confirmation Order shall 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 this Plan, the Reorganized TK Holdings Trust shall 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.

**10.13 Ipso Facto and Similar Provisions Ineffective.**

Any term of any policy, contract, or other obligation applicable to a Debtor shall 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 this Plan, including any change of control that shall occur as a result of such consummation; or (iv) the Restructuring Transactions.

**10.14 General Settlement of Claims and Interests.**

As one element of, and in consideration for, an overall negotiated settlement of numerous Disputed Claims and issues embodied in the Plan, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code and in consideration for the classification, Distributions, Releases, and other benefits provided under the Plan, the provisions of the Plan shall upon the Effective Date constitute a good faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan. Subject to ARTICLE VI, all Distributions made to the holders of Allowed Claims and Interests in any Class are intended to be and shall be final.

**10.15 No Successor Liability.**

Except as otherwise expressly provided in this Plan, the Confirmation Order, or the U.S. Acquisition Agreement, each of the Plan Sponsor Parties (i) is not, and shall 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 shall not be, a successor to the Debtors by reason of any theory of law or equity; and (iii) shall not have any successor or transferee liability of any kind or character; provided, however, that the Plan Sponsor shall timely perform and discharge the obligations specified in the U.S. Acquisition Agreement, including the Assumed Liabilities.

**ARTICLE XI RETENTION OF JURISDICTION**

**11.1 Retention of Jurisdiction.**

The Bankruptcy Court shall 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:

(a) to hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and any disputes over Cure Amounts resulting therefrom;

(b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the entry of the Confirmation Order;



(c) 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;

(d) to ensure that Distributions to holders of Allowed Claims are accomplished as provided in this Plan and the Confirmation Order;

(e) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;

(f) 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;

(g) 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 this Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(h) to hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in this 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;

(i) to hear and determine all Fee Claims;

(j) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this 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;

(l) 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 this Plan, including any release, exculpation, or injunction provisions, including the Channeling Injunction, set forth in this Plan, or to maintain the integrity of this Plan following the occurrence of the Effective Date;

(m) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) 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;

(p) 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 hereunder or for any other purpose;

(q) to recover all Assets of the Debtors and property of the Estates, wherever located; and

(r) 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 forgoing matters, the reference to the "Bankruptcy Court" in this ARTICLE XI shall be deemed to be replaced by the "District Court." Notwithstanding anything in this ARTICLE XI to the contrary, the resolution of PSAN PI/WD Claims 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 shall be determined shall be governed by and in accordance with the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Nothing contained in this section 11.1 shall expand the exclusive jurisdiction of the Bankruptcy Court beyond that provided by applicable law.

## ARTICLE XII MISCELLANEOUS PROVISIONS

### 12.1 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, shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use, or other similar tax.

### 12.2 Dates of Actions to Implement This Plan.

In the event that any payment or act under this 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 shall be deemed to have been completed as of the required date.

### 12.3 Amendments.

(a) **Plan Modifications.** This 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 shall 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 this Plan, the Debtors may remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of this Plan, and any holder of a Claim or Interest that has accepted this Plan shall be deemed to have accepted this Plan as amended, modified, or supplemented.

(b) **Certain Technical Amendments.** Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to this 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 this Plan.

#### **12.4 Revocation or Withdrawal of Plan.**

The Debtors reserve the right to revoke or withdraw this Plan prior to the Effective Date as to any or all of the Debtors. If, with respect to a Debtor, this 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) this Plan shall be null and void in all respects; (ii) any settlement or compromise embodied in this 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 this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void; and (iii) nothing contained in this Plan shall (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.

#### **12.5 Payment of Statutory Fees.**

All fees payable under section 1930 of chapter 123 of title 28 of the United States Code shall be paid on the Effective Date, or as soon as reasonably practicable thereafter, by the Reorganized Debtors. Quarterly fees owed to the U.S. Trustee shall be paid when due in accordance with applicable law and the Debtors and Reorganized Debtors shall 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 shall 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.

#### **12.6 Restructuring Expenses**

The Debtors or the Reorganized Debtors, as applicable, shall 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 this section 12.6 shall 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 shall 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 shall 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 shall 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 shall, as part of the documentation provided to the Debtors or the Reorganized Debtors hereunder, 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 shall 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 shall 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 shall be returned to the Debtors or the Reorganized Debtors.

#### **12.7 Severability.**

Subject to section 5.12 of this Plan, if, prior to entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall 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 shall 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 this Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with this section, is valid and enforceable pursuant to its terms.

#### **12.8 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 this Plan and the Plan Documents shall 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).

**12.9 Immediate Binding Effect.**

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Documents shall 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.

**12.10 Successors and Assigns.**

The rights, benefits, and obligations of any Person named or referred to in this Plan shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor, or permitted assign, if any, of each such Person.

**12.11 Entire Agreement.**

On the Effective Date, this Plan, the Plan Supplement, the Confirmation Order, and the U.S. Acquisition Agreement shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understanding, and representations concerning such documents, all of which have become merged and integrated into this Plan.

**12.12 Computing Time.**

In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth in this Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

**12.13 Exhibits to Plan.**

All exhibits, schedules, supplements, and appendices to this Plan (including the Plan Supplement) are incorporated into and are part of this Plan as if set forth in full herein.

**12.14 Notices.**

All notices, requests, and demands to or upon the Debtors or the Reorganized Debtors, as applicable, shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

TK HOLDINGS INC.  
629 Green Valley Road  
Greensboro, NC 27408  
ATTN: Ken Bowling, Chief Financial Officer

– and –

WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Attn: Marcia L. Goldstein, Esq., Ronit J. Berkovich, Esq., and Matthew P. Goren,  
Esq.  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007

*Attorneys for the Debtors*

– and –

RICHARDS, LAYTON & FINGER, P.A.  
920 N. King Street  
Wilmington, Delaware 19801  
Attn: Mark D. Collins (No. 2981), Michael J. Merchant (No. 3854), Amanda R.  
Steele (No. 5530), and Brett M. Haywood (No. 6166)  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

*Attorneys for the Debtors*

After the occurrence of the Effective Date, the Reorganized Debtors have authority to send a notice to entities providing that to continue to receive documents pursuant to Bankruptcy Rule 2002, such entities must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002; provided, that the U.S. Trustee need not file such a renewed request and shall continue to receive documents without any further action being necessary. After the occurrence of the Effective Date, the Reorganized Debtors are authorized to limit the list of entities receiving documents pursuant to Bankruptcy Rule 2002 to the U.S. Trustee and those entities that have filed such renewed requests.

**12.15 Reservation of Rights.**

Except as otherwise provided herein, this Plan shall be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of this Plan, any statement or provisions of this Plan, or the taking of any action by the Debtors with respect to this Plan shall be or shall 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.

**Exhibits and Schedules to the Plan**

**Exhibit 1**

**Customer Allocation Schedule**



**Exhibit 2**

**Indemnity Agreement**

Execution Copy

## INDEMNITY AND RELEASE AGREEMENT

Each of the following on behalf of themselves and their respective subsidiaries and/or affiliates as described on Schedule A (collectively, the "Schedule A Entities"): BMW Manufacturing Co., LLC ("BMW"), Daimler AG ("Daimler"), 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 Automobiles Argentina S.A. (collectively, "FCA"), Ford Motor Company ("Ford"), General Motors Holdings LLC ("GM"), Honda Motor Co., Ltd. ("Honda"), Jaguar Land Rover Ltd. ("JLR"), Mazda Motor Corporation ("Mazda"), Mitsubishi Motors Corporation ("Mitsubishi"), Nissan Motor Co., Ltd. ("Nissan"), PSA Automobiles SA and Opel Automobile GmbH collectively, "PSA"), Subaru Corporation ("Subaru"), Toyota Motor Corporation ("Toyota"), Volkswagen AG ("Volkswagen"), Aktiebolaget Volvo ("Volvo") (including the Schedule A Entities, each, an "Initial Consenting OEM"<sup>1</sup> and, collectively with any OEM (as defined herein) customer of Takata Corporation ("TKJP") or its subsidiaries that after the Signing Date (as defined herein) becomes a party to this Agreement (as defined herein) and any ancillary agreements referred to in Section 1.e hereof and agrees to be bound by the terms hereof and any such ancillary agreements, the "Consenting OEMs"), KSS Holdings, Inc. ("KSS") solely for the purposes of Section 18, and Joyson KSS Auto Safety S.A. ("Parent," and collectively with one or more of its current or newly formed subsidiaries or affiliates that purchase Purchased Assets (as defined herein) as of the Closing (as defined herein) pursuant to the Acquisition Agreements (as defined herein), but excluding any Acquired Takata Entity (as defined herein), the "Plan Sponsor," and collectively with the Consenting OEMs, the "Parties"; the entities constituting Plan Sponsor as of the Closing will be set forth on Schedule B-1 prior to Closing) enter into this Indemnity and Release Agreement (this "Agreement"), dated as of November [●], 2017 (the "Signing Date").

### RECITALS

WHEREAS, each Consenting OEM purchases, including in certain circumstances through Consenting OEM Contract Manufacturers (as defined herein) and Consenting OEM Tier Ones (as defined herein), component parts, Service Parts (as defined herein), assemblies, components, and/or other Products (as defined herein) (individually, a "Component Part" and collectively, "Component Parts") from one or more of TKJP and its direct and indirect subsidiaries (collectively, "Takata"), in accordance with the terms and conditions of certain Purchase Orders (as defined herein).

WHEREAS, certain of the Component Parts include or included PSAN Inflators (as defined herein), certain of which (i) are now (or in the future may be) the subject of vehicle recalls and related remedy programs under regulations promulgated by the National Highway Traffic Safety Administration ("NHTSA") or other similar governmental or regulatory authorities under U.S. federal or state law or the laws of any other country or non-U.S. state or locality with jurisdiction to impose, require or regulate, a vehicle recall, any related remedy program or any other type of sanction or remedy relating to the PSAN Inflators or conducted on

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<sup>1</sup> For the avoidance of doubt, the separate entities comprising FCA shall be treated as a single Consenting OEM and the separate entities comprising PSA shall be treated as a single Consenting OEM.

a voluntary basis (collectively, "Recalls") by the relevant automobile original equipment manufacturers (each, an "OEM" and, collectively, the "OEMs") and (ii) are now (or in the future may be) the subject of various third-party personal injury, wrongful death, economic loss, and other litigation and claims, including without limitation, any governmental or regulatory fees, fines, penalties or similar assessments (collectively, "Third-Party Claims").

WHEREAS, as a result of the Recalls and Third-Party Claims, Takata has caused, and will continue to cause, each Consenting OEM to incur various direct and indirect damages, pursuant to the Purchase Orders and/or applicable law, which damages have given rise and will continue to give rise to rights of indemnification, reimbursement, setoff, deduction, and/or recoupment in favor of each such Consenting OEM against Takata.

WHEREAS, Takata has entered into the Acquisition Agreements and commenced the In-Court Proceedings (as defined herein) in order to (i) consummate a sale of the Purchased Assets to Plan Sponsor (the "Sale") and (ii) reorganize Takata's PSAN Inflator operations, the PSAN Assets (as defined herein), and the Warehoused PSAN Assets (as defined herein) (such reorganization, the "Restructuring") so that Reorganized Takata (as defined herein) can continue to manufacture and sell PSAN Inflators to each Consenting OEM that requires post-Closing PSAN Inflator production and sale from Reorganized Takata (each such Consenting OEM in such capacity and only for so long as such Consenting OEM is acquiring PSAN Inflators from Reorganized Takata, a "PSAN Consenting OEM," and all such Consenting OEMs, collectively, the "PSAN Consenting OEMs"), as well as to Consenting OEM PSAN Contract Manufacturers and Consenting OEM PSAN Tier Ones (each as defined herein), in each case as provided herein.

WHEREAS, in connection with, and in order to facilitate, the Sale and the Restructuring, the Consenting OEMs and Plan Sponsor have negotiated certain Uncapped Indemnity Obligations and Capped Indemnity Obligations (each as defined herein) in favor of Parent, the Consenting OEMs have agreed to provide releases as set forth herein, and the Consenting OEMs and Takata have agreed to certain settlements of the PSAN Claims (as defined herein) within a Global Settlement Agreement (as defined herein), dated as of the Signing Date.

WHEREAS, the Parties wish to enter into this Agreement in order to: (i) set forth the treatment of the Purchase Orders as part of the Sale and the Restructuring; (ii) set forth the scope of indemnification to be provided to Parent by the Consenting OEMs; (iii) set forth the scope of the releases to be provided by the Consenting OEMs to the Released Plan Sponsor Persons, Released Post-Closing Persons, and Acquired Takata Entities (each as defined herein); (iv) set forth the scope of the settlement between Takata and the Consenting OEMs, PSAN Consenting OEMs and Consenting OEM Bailors (as defined herein); and (v) address all other matters specifically referenced herein.

NOW, THEREFORE, based on the foregoing recitals, which are incorporated into this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be bound hereby, the Parties agree as follows:

**1. Immediately Effective Provisions.** The terms, conditions, and other agreements set forth in Sections 1, 2, 3, 4.c, 4.d, 9, 11, 12, and 14-30 shall be effective and enforceable as of the Signing Date, other than with respect to any Consenting OEM that is not an Initial

Consenting OEM, in which case such terms shall become effective as to such Consenting OEM as of the date such OEM becomes a Consenting OEM in accordance with the terms of this Agreement.

a. Certain Defined Terms in Acquisition Agreements. Plan Sponsor will not enter into (i) any Acquisition Agreement unless (x) the definitions of “Purchased Assets”, “Excluded Assets”, “Assumed Liabilities”, “Excluded PSAN Liabilities”, “PSAN Assets”, “Business”, “Permits”, “Governmental Authorities”, “PSAN Inflator”, and “PSAN Inflator Business” (and any equivalent of the foregoing terms) in such Acquisition Agreement and (y) the Purchase Price (as defined therein) and adjustments thereto in such Acquisition Agreement, including any adjustments to the Purchase Price allocation as set forth in Section 3.3 or 7.17 of any Acquisition Agreement (or any definitions referenced therein), are, in each case, consistent with the definitions of such terms set forth in Section 3 of this Agreement and otherwise acceptable to each Consenting OEM (it being understood that the Acquisition Agreements entered into prior to or upon the Signing Date, as in effect on the Signing Date and disclosed to each Consenting OEM in accordance with Section 24 of this Agreement, are acceptable to each Consenting OEM) or (ii) any amendment, supplement or other modification to any Acquisition Agreement that has the effect of amending, supplementing or modifying the definition of “Purchased Assets”, “Excluded Assets”, “Assumed Liabilities”, “Excluded PSAN Liabilities”, “PSAN Assets”, “PSAN Inflator”, “Business”, “Permits”, “Governmental Authorities”, “PSAN Inflator Business” or any equivalent of the foregoing (or including any additional assets or Liabilities (as defined herein) in any such definition), or the Purchase Price and adjustments thereto, including those set forth in Sections 3.3 and 7.17 of each Acquisition Agreement or any other adjustments to the Purchase Price allocation resulting from any appraisals of any Takata entity or the treatment of any intercompany balances between any Takata Entities, in each case, that adversely affects any Consenting OEM, without the prior written approval of the Consenting OEMs. In the case of any amendment, supplement, or modification to a definition or provision referenced above, Plan Sponsor shall provide prior written notice of such proposed amendment, supplement or other modification (or inclusion) to such definitions or provisions (a “Proposed Amendment”) to the Consenting OEMs. Plan Sponsor may enter into the Proposed Amendment unless, within ten (10) business days of receipt of notice from Plan Sponsor, at least one Consenting OEM has provided Plan Sponsor notice (an “Affected OEM Objection”) that (A) such Proposed Amendment is adverse to such Consenting OEM (or an affiliate of such Consenting OEM that is itself a Consenting OEM) and (B) such Consenting OEM does not consent to such Proposed Amendment. If Plan Sponsor disagrees that such Proposed Amendment is adverse to such Consenting OEM(s) (or an affiliate of such Consenting OEM that is itself a Consenting OEM), then Plan Sponsor and such Consenting OEM(s) agree to attempt to resolve such disagreement in good faith. If such disagreement is not resolved within ten (10) business days of Plan Sponsor’s receipt of an Affected OEM Objection, then Plan Sponsor and such Consenting OEM(s) agree that such dispute may be submitted to the Bankruptcy Court, for the U.S. Acquisition Agreement, or binding arbitration in accordance with Section 17, for the other Acquisition Agreements, on an expedited basis. If the Affected OEM Objection is resolved in favor of such Consenting OEM, then the Plan Sponsor may not enter into the Proposed Amendment. The foregoing process and dispute resolution procedures set forth in this Section 1.a are referred to herein as the “Amendment Approval Procedure.”

b. Transition Services Agreement. At the Closing, Plan Sponsor will enter into the Transition Services Agreement.

c. Transaction Schedule. **Schedule B-2** lists the Takata entities that have sought formal protection in the U.S. Proceedings and Japan Proceedings (each as defined herein), each entity contemplated to sell substantially all, or a portion of, its assets to Plan Sponsor and that is not a debtor in an In-Court Proceeding and, for each Takata entity, whether Plan Sponsor will purchase assets of such entity or the equity of such entity. Plan Sponsor will not enter into, amend, supplement or modify any Acquisition Agreement in a manner inconsistent with **Schedule B-2** without complying with the Amendment Approval Procedure.

d. Takata Indemnification. Plan Sponsor will not grant any consent or waiver under any Acquisition Agreement that would permit Takata to amend, supplement, modify or enter into any contractual provision for indemnification, reimbursement of expenses or similar payments to directors, officers, employees or other representatives of Takata without the prior written approval of the Consenting OEMs; provided, however, if Plan Sponsor wishes to grant a consent or waiver under any Acquisition Agreement that would permit Takata to amend, supplement, modify or enter into any contractual provision for indemnification, reimbursement of expenses or similar payments to directors, officers, employees or other representatives of Takata in connection with, and as reasonably necessary in connection with, (i) the hiring or engagement by Takata of any new personnel who would customarily receive such arrangements and (ii) the appointment by Takata of personnel to serve in positions with new entities formed by Takata after the Signing Date, Plan Sponsor may do so with the prior written approval of the Consenting OEMs.

e. Joinder by Other OEMs. Any OEM listed on **Schedule C-1** that is not a Consenting OEM may become a Consenting OEM by entering into a joinder to this Agreement substantially in the form attached hereto as **Exhibit 1** and valid joinders to the Allocation Agreement (as defined herein) and the Global Settlement Agreement. Upon an OEM becoming a Consenting OEM: (i) the OEM Allocable Share (as defined herein) of each Consenting OEM shall be adjusted ratably based upon the "Unadjusted OEM Allocable Share" of each Consenting OEM set forth on **Schedule C-2**, such that the aggregate OEM Allocable Share of all Consenting OEMs equals 100%; and (ii) **Schedule C-2** will be updated to reflect the adjustment set forth in clause (i) above.

f. Pre-Closing Termination. If the Effective Date (as defined herein) has not occurred on or before the Outside Date (as defined in, and as may be extended solely in accordance with, the RSA (as defined herein)), or if the Acquisition Agreements terminate in accordance with their terms prior to the Outside Date, then this Agreement shall automatically terminate, be null and void, and of no further force or effect.

g. Each Consenting OEM signatory hereto (including pursuant to any joinder to this Agreement) represents to Plan Sponsor that: (i) it has executed the Allocation Agreement; (ii) the execution, delivery, and performance of the Allocation Agreement by such Consenting OEM has been duly authorized by such Consenting OEM; (iii) the Allocation Agreement constitutes a valid and legally binding obligation of such Consenting OEM and each of such

Consenting OEM's Schedule A Entities; and (iv) the Allocation Agreement is effective in accordance with its terms.

h. Section 11 of this Agreement shall be fully effective and enforceable by the Consenting OEMs against Plan Sponsor as of the Signing Date.

i. From and after the Signing Date, the Consenting OEMs and Plan Sponsor shall work cooperatively to develop Schedules D-F, as contemplated by Section 4 of this Agreement, and Schedule H, as contemplated by the definitions of "Directed PSAN Tier One" and "Directed Tier One", in each case prior to the Closing.

j. Each Consenting OEM shall provide Plan Sponsor with notice of any liens that are filed by such Consenting OEM upon Takata's assets pursuant to the Access Agreement (as defined herein) and copies of such filings (including any amendments), and shall cause any such liens to be released at the Closing.

k. Each Consenting OEM and its respective Schedule A Entities shall use commercially reasonable efforts to support the Global Transactions (as defined in the Acquisition Agreements) and consummate the transactions contemplated by the Acquisition Agreements, including but not limited to support during the premerger review of the Acquisition Agreements by any Governmental Authority (as defined in the Acquisition Agreements) in any jurisdiction in which such Consenting OEM or Schedule A Entity, as applicable, operates, transacts business or is otherwise subject to the jurisdiction of such Government Authority's competition authority pursuant to the Antitrust Law (as defined in the Acquisition Agreements) of any such jurisdiction by responding promptly to any such Governmental Authority's request for comment or information in a form and fashion intended to encourage the Governmental Authority to conclude its review without taking adverse action against the Acquisition Agreements; provided, however, the foregoing shall not require any Consenting OEM or Schedule A Entity, as applicable, to take a position with any Governmental Authority that such Consenting OEM deems inaccurate or misleading, and the taking of any such position by a Consenting OEM or Schedule A Entity, as applicable, shall not constitute a breach of this Section 1.k; and, provided further, the foregoing shall not require any Consenting OEM or Schedule A Entity to incur material costs (it being understood that those costs typically incurred by the Consenting OEMs in the ordinary course of providing the types of responses contemplated by this Section 1.k in connection with the sale of a supplier shall not be deemed material hereunder).

If, prior to the Effective Date, Plan Sponsor breaches its obligations set forth in Section 1.b-d or i above, the Requisite Consenting OEMs shall have the right to terminate this Agreement (and all of the Consenting OEMs' obligations under this Agreement) at any time prior to the Effective Date if Plan Sponsor fails to cure such breach within ten (10) business days following written notice of such breach and intent to terminate from the Requisite Consenting OEMs. For the avoidance of doubt, this Agreement may not be terminated for any reason from and after the Effective Date.

**2. Effectiveness.** The terms, conditions, and other agreements set forth in Sections 4.a, 4.b, 5-8, 10, and 13 are conditioned upon, and shall be effective as of the date of occurrence

or waiver by each Party hereto, except as set forth in Section 2.f below, with the last of the following events to occur or be waived (the “Effective Date”):

a. receipt by each Consenting OEM of its respective Allocation Percentage (as defined herein) of the Consenting OEMs’ aggregate allocable share of USD \$850,000,000 in restitution payments owing under the DOJ Plea Agreement (as defined herein) free and clear of all liens, claims, and encumbrances in any jurisdiction with an In-Court Proceeding;

b. (i) confirmation of, and occurrence of the effective date under, the U.S. Reorganization Plan (as defined herein); and (ii) approval of the Section 42 Business Transfer (as defined herein), approval of an Article 85(5) motion to pay the portion of the USD \$850,000,000 of OEM restitution obligations of Takata under the DOJ Plea Agreement allocable to the Japan Debtors (as defined herein) in full, and approval of the Sale and Restructuring, including in each of cases (i) and (ii) transactions relating to the carve out of the PSAN Assets and Warehoused PSAN Assets and related business operations pursuant to the U.S. Reorganization Plan, Civil Rehabilitation Act (as defined herein), or otherwise, including without limitation, the payment in full of, or provision for, the PSAN Legacy Costs (as defined herein) and any amounts necessary to capitalize Reorganized Takata as set forth in the Legacy Cost Report, in each case, by Final Order (as defined in the Acquisition Agreements), as applicable, and consummation of the Restructuring and Closing of the Sale in accordance with the relevant Acquisition Agreements and other transaction documents and the DOJ Plea Agreement (as may be amended or otherwise agreed in writing with the consent of the Consenting OEMs, it being agreed that the amendments described on Exhibit 2 are acceptable to the Consenting OEMs);

c. the Purchase Price, together with all readily available Cash and Cash Equivalents (as defined in the Acquisition Agreements) on hand at Takata and included in the Excluded Assets (as defined herein) and any funds available at the Closing or thereafter under the Backstop Agreement (as defined herein) providing sufficient cash at the Closing to allow for (i) court approval of (A) the U.S. Reorganization Plan, including funding of all PSAN Legacy Costs and capitalizing Reorganized Takata and (B) the Section 42 Business Transfer; (ii) payment of the USD \$850,000,000 contemplated under the DOJ Plea Agreement as set forth in Section 2.a above; (iii) the transactions relating to the carve out of the PSAN Assets and related business operations, including without limitation, the payment in full of, or provision for, the PSAN Legacy Costs and any other amounts necessary to capitalize Reorganized Takata; and (iv) the payment of the Liquidation Reserve (as defined herein).


d. Plan Sponsor shall have delivered a certificate executed by a duly authorized officer of Plan Sponsor to the effect that, after satisfaction of the conditions in Sections 2.a-2.c above and immediately prior to the occurrence of the Effective Date, Plan Sponsor has not breached any of its obligations under Section 1 above that has not been cured.

e. Plan Sponsor shall not have entered into any amendment, supplement or other modification to any Acquisition Agreement in breach of or non-compliance with the terms and conditions set forth in Section 1.a above that has not been cured.


f. Plan Sponsor and each of the Acquired Takata Entities shall have all Permits (as defined in the Acquisition Agreements) required for Plan Sponsor and the Acquired

Takata Entities, as applicable, to continue to operate the Business (as defined in the Acquisition Agreements) immediately after the Closing in substantially the same manner as conducted immediately prior to the Closing, including without limitation those Permits set forth on Schedule 9.1(c) to each of the Acquisition Agreements and any ECE-homologations, China Compulsory Certification permits and other Permits granted by automotive safety regulators or similar Governmental Authorities (as defined in the Acquisition Agreements) required either for (i) the homologation of the Consenting OEMs' vehicles and Component Parts produced by Plan Sponsor and the Acquired Takata Entities after the Closing or (ii) the production, transport or sale of the Component Part by the Consenting OEM or applicable operating entity, in either case the failure of which to be obtained would result in the Plan Sponsor or any Acquired Takata Entity being prohibited by applicable Law (as defined in the Acquisition Agreements) governing automotive safety or similar matters from producing applicable Component Parts required to be produced by the Plan Sponsor or any Acquired Takata Entity after the Closing pursuant to OEM Assumed Contracts or a Consenting OEM being prohibited by applicable Law from selling vehicles incorporating such Component Parts, and all such Permits shall be in full force and effect at Closing; it being acknowledged and agreed that the condition set forth in this Section 2.f may be waived with respect to any automotive safety Permit referenced above only with the prior written consent of each Consenting OEM that reasonably would be expected to be adversely affected by such waiver due to a resulting disruption in the supply of Component Parts to such Consenting OEM or the sale of such Consenting OEM's vehicles.


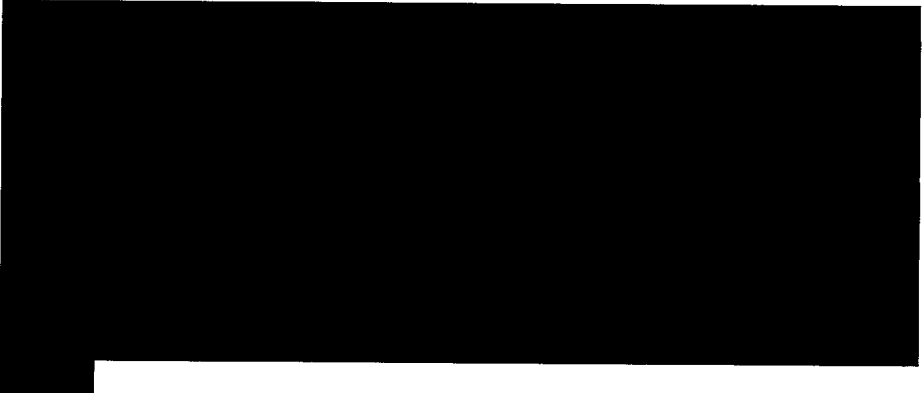
**3. Defined Terms.**


- (1) "Access Agreement" means the Access and Security Agreement, as in force as of the Signing Date, and attached as **Exhibit 3**, and as may be amended from time to time in a manner not materially adverse to Plan Sponsor or with Plan Sponsor's written consent.
- (2) "Accommodation Agreements" means, collectively, the Global Accommodation Agreement and the Japan Accommodation Agreement.
- (3) "Acquired Takata Entity" means any direct or indirect subsidiary of TKJP the equity of which is purchased or acquired (directly or indirectly) by Plan Sponsor as part of the Sale.
- (4) "Acquisition Agreements" means the U.S. Acquisition Agreement, the EMEA Acquisition Agreement, the Japan Acquisition Agreement, and the TSAC Acquisition Agreement (as defined in the U.S. Acquisition Agreement as in effect on the date hereof), if applicable (each as in effect on the date hereof, or as amended in compliance with Section 1 hereof).
- (5) "Affected OEM Objection" has the meaning set forth in Section 1.a of this Agreement.
- (6) "Agreement" has the meaning set forth in the preamble.
- (7) 




- (8) “Allocation Percentage” means, with respect to any particular Consenting OEM, such Consenting OEM’s percentage set forth on Schedule C-2 hereto (as may be updated prior to the Closing).
- (9) 
- (10) “Amendment Approval Procedure” has the meaning set forth in Section 1.a of this Agreement.
- (11) “Antitrust Claims” means claims related to, or investigations into, conduct of Takata prior to the Effective Date relating to price fixing, market manipulation, collusion, cartel, or any other similar anti-competitive practice or violations of Antitrust Laws brought or conducted by any private party or any regulatory authority, governmental agency, or other authority of competent jurisdiction against or in respect of Takata, Reorganized Takata, Plan Sponsor, Parent, or any other Referenced Entity whether prior to, at, or after the Closing.
- (12) “Applicable Parts” has the meaning set forth in Section 10 of this Agreement.
- (13) “Assumed Liabilities” shall mean the Liabilities of Takata Seller Entities to be assumed by Plan Sponsor under the Acquisition Agreements, which, except as otherwise agreed to between Plan Sponsor and the applicable Consenting OEM, shall include (i) all Liabilities, including Service Parts, warranty and recall obligations (including obligations not subject to the release provided hereunder arising out of liquidated, contingent and unliquidated claims), whether accruing prior to, at, or after the Closing, under the OEM Assumed Contracts (which for purposes of clarity shall include, without limitation, (x) all sales of Products (other than PSAN Inflators) to Consenting OEMs (or for the benefit of Consenting OEMs, to Consenting OEM Contract Manufacturers or Consenting OEM Tier Ones) in the ordinary course of business and (y) all current and past non-PSAN Inflator parts programs of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones, regardless of whether such contracts are executory or for parts no longer in current production (i.e., past-model parts), regardless of whether such contracts can be assumed under any applicable insolvency laws, other than obligations related to the manufacture or sale of PSAN Inflators (and without regard to any accommodations provided pursuant to the Accommodation Agreements, and except as otherwise provided herein with respect to PSAN Inflators)) and (ii) solely with respect to the EMEA Acquisition Agreement or the TSAC Acquisition Agreement, all other Liabilities of Takata Seller Entities to the Consenting OEMs, Consenting OEM Contract Manufacturers or Consenting OEM Tier Ones (and, in each case, not to any other third party) arising from the production or sale of Products by

Sellers under such OEM Assumed Contracts to the extent based on contract law, tort law, statutory law or any similar basis. For the avoidance of doubt, Assumed Liabilities excludes Excluded PSAN Liabilities and Consenting OEM Released Claims.

- (14) “Assumed PSAN Contracts” means, collectively, Modified Assumed PSAN Contracts and Standalone PSAN Assumed Contracts.
- (15) “Backstop Agreement” means the Backstop Agreement attached as **Exhibit 4**.
- (16) “Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§101, et seq.).
- (17) “Capped Indemnity Obligations” has the meaning set forth in Section 6.b. of this Agreement.
- (18) “Case Control Protocol” has the meaning set forth in Section 7 of this Agreement.
- (19) “Civil Rehabilitation Act” means the Civil Rehabilitation Act of Japan.
- (20) “Claims” has meaning set forth in Section 8.a of this Agreement.
- (21) 
- (22) “Closing” means the substantially contemporaneous closings of the Sale contemplated by the Acquisition Agreements.
- (23) “Component Part” and “Component Parts” have the meanings set forth in the Recitals.
- (24) 

- (25) “Consenting OEM” and “Consenting OEMs” have the meanings set forth in the preamble.
- (26) “Consenting OEM Bailor” means each Consenting OEM (or its applicable Consenting OEM Tier One or Consenting OEM Contract Manufacturer) that requires Module Production, Kitting Operations, or PSAN Service Parts production and that bails to Plan Sponsor or any Acquired Takata Entity, PSAN Inflators purchased prior to the Closing by such Consenting OEM (or its applicable Consenting OEM Tier One or Consenting OEM Contract Manufacturer) from Takata.
- (27) “Consenting OEM Contract Manufacturer” means a third party (that is not itself a Consenting OEM) that (i) manufactures or assembles, or manufactured or assembled, automobiles for a Consenting OEM and (ii) is or was at any point in time previously a party to a Purchase Order with Takata for the manufacture or sale of Products that have been or will be incorporated into a Consenting OEM’s automobiles. For clarity, any such third party shall be deemed to be a Consenting OEM Contract Manufacturer only with respect to the applicable Consenting OEM for which it manufactures or assembles, or manufactured or assembled, automobiles containing Products.
- (28) 
- (29) “Consenting OEM PSAN Contract Manufacturer” means a third party (that is not itself a Consenting OEM) that (i) manufactures or assembles, or manufactured or assembled, automobiles for a Consenting OEM and (ii) is or was a party to a Purchase Order with Takata for the manufacture or sale of PSAN Inflators that are or were at any point in time previously incorporated into the Consenting OEM’s automobiles. For clarity, any such third party shall be deemed to be a Consenting OEM PSAN Contract Manufacturer only with respect to the applicable Consenting OEM for which it manufactures or assembles, or manufactured or assembled, automobiles containing PSAN Inflators.
- (30) “Consenting OEM PSAN Tier One” means, for any Consenting OEM, any Consenting OEM Tier One, including a Directed PSAN Tier One, solely to the extent that it sources or uses or at any point in time previously

sourced or used PSAN Inflators from Takata that are or were supplied to, or incorporated into Component Parts of, such Consenting OEM. For clarity, any such supplier shall be deemed to be a Consenting OEM PSAN Tier One only with respect to the applicable Consenting OEM to which it supplies or supplied, or into whose Component Parts it incorporates or incorporated, PSAN Inflators from Takata.

- (31) “Consenting OEM Released Claims” has the meaning set forth in Section 8.a of this Agreement.
- (32) “Consenting OEM Releasing Party” has the meaning set forth in Section 8.a of this Agreement.
- (33) “Consenting OEM Tier One” means, for any Consenting OEM, a supplier, including a Directed Tier One, to such Consenting OEM solely to the extent that such supplier sources or uses or at any point in time previously sourced or used components, parts or assemblies from Takata that are, were or will be supplied to, or incorporated into, Component Parts of such Consenting OEM; provided, however, that no Consenting OEM shall itself be a Consenting OEM Tier One. For clarity, any such supplier shall be deemed to be a Consenting OEM Tier One only with respect to the applicable Consenting OEM to which it supplies or supplied such components, parts or assemblies.
- (34) “Dealer Databases” means, with respect to each Consenting OEM, such Consenting OEM’s repair history and dealer information databases made available to Takata in the ordinary course of business with respect to any product or part (in each case, based on Takata part number) supplied under any OEM Assumed Contract relating to such Consenting OEM.
- (35) 
- (36) “Directed PSAN Tier One” means a Consenting OEM PSAN Tier One that is or was at any point in time previously directed pursuant to a formal agreement with the applicable Consenting OEM to source or use PSAN Inflators from Takata (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship), to be set forth on Schedules H.1-H.15 prior to Closing. For clarity, any such supplier shall be deemed to be a Directed PSAN Tier One only with respect to the applicable Consenting OEM with which it has or had a formal directed-buy agreement in respect of PSAN Inflators (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship).

- (37) “Directed Tier One” means a Consenting OEM Tier One that is or was at any point in time previously directed pursuant to a formal agreement with the applicable Consenting OEM to source or use components, parts, or assemblies from Takata (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship), to be set forth on Schedules H.1-H.15 prior to Closing. For clarity, any such supplier shall be deemed to be a Directed Tier One only with respect to the applicable Consenting OEM with which it has or had a formal directed-buy agreement (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship) to source or use components, parts or assemblies from Takata.
- (38) “DOJ” means the Department of Justice, Criminal Division, Fraud Section.
- (39) “DOJ Plea Agreement” means the Rule 11 Plea Agreement, dated January 13, 2017, between the DOJ and the United States Attorney’s Office for the Eastern District of Michigan, and TKJP.
- (40) “Effective Date” has the meaning set forth in Section 2 of this Agreement.
- (41) “EMEA Acquisition Agreement” means that certain Asset Purchase Agreement, dated as of the date of this Agreement, by and among TAKATA Europe GmbH; 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 company (*Société à responsabilité limitée*) under the laws of Luxembourg, and solely for purposes of Section 7.22 thereof, KSS.
- (42) “Excess Policy” means any insurance policy obtained by Plan Sponsor or any Referenced Entity to supplement the indemnification provided under this Agreement; provided, however, that Plan Sponsor shall maintain a customary directors and officers insurance policy that shall not constitute an Excess Policy.
- (43) “Excluded Assets” shall have the meaning ascribed to it in the Acquisition Agreements, and shall include, in any event, the PSAN Assets, the Warehoused PSAN Assets, and all Takata contracts, purchase orders, or other agreements between any Takata Seller Entity and any OEM listed on Schedule C-1 that does not become a Consenting OEM for the manufacture or sale of any parts.

(44) “Excluded PSAN Liabilities” means any Liabilities related to Takata’s design, assembly, manufacture, sale, distribution or handling of PSAN Inflators prior to the Closing and any Liabilities of Takata associated with Warehoused PSAN Assets arising prior to the Closing, including any Liabilities or obligations under Takata contracts wholly for, or portions of such contracts for, the manufacture or sale of PSAN Inflators, recall Liabilities, product liability claims or Liabilities and other claims, demands, or causes of action, in each case that are associated with the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators by Takata prior to the Closing.

(45) [REDACTED]

(46) “Global Accommodation Agreement” means the Accommodation Agreement, as in force as of the Signing Date, and attached as Exhibit 5, and as may be amended from time to time in a manner not materially adverse to Plan Sponsor or with Plan Sponsor’s written consent.

(47) “Global Settlement Agreement” means the settlement agreement between the Consenting OEMs and certain Takata entities, which provides for payment of such Consenting OEMs’ claims, and attached as Exhibit 6.

(48) [REDACTED]

(49) [REDACTED]

(50) [REDACTED]

(51) [REDACTED]

(52) “In-Court Proceedings” means, collectively, the U.S. Proceedings and the Japan Proceedings, and any ancillary proceedings filed in connection with the Sale or the Restructuring in which the ancillary court gives effect to the discharge or release of claims approved in the applicable plenary proceeding.

(53) [REDACTED]

- (54) “Indemnity Exclusions” means any Losses, (A) with respect to another Consenting OEM’s Uncapped Indemnity Obligations (whether or not such Consenting OEM has paid or otherwise satisfied such obligation); (B) to the extent reasonably and specifically identifiable, in whole or in part, to non-Consenting OEMs, including without limitation, (i) any PSAN Inflators installed in vehicles of non-Consenting OEMs, (ii) any claims brought by or on behalf of any non-Consenting OEM or (iii) amounts paid to any non-Consenting OEMs or holders of Antitrust Claims as a recovery of such claims, [REDACTED]; (C) with respect to Pre-Closing Claims that are (i) subject to the jurisdiction of a court in the country of an In-Court Proceeding and asserted in such country or (ii) discharged, released, subject to a channeling injunction or other comparable legal mechanism, or otherwise enjoined in the jurisdiction in which the Pre-Closing Claim was asserted, in each case by operation of the U.S. Reorganization Plan, Japan Insolvency Plan, order of approval of the Section 42 Business Transfer or any liquidating plan confirmed and consummated in the Japan Proceedings following the Closing, law, comity, or recognition proceeding; (D) to the extent that such Losses arise from or are attributable to Plan Sponsor’s or (from and after the Closing) an Acquired Takata Entity’s fraud, willful misconduct, negligence or breach of any contractual obligation to the applicable Consenting OEM or under the Transition Services Agreement, Plan Sponsor’s or (from and after the Closing) an Acquired Takata Entity’s failure to comply with Plan Sponsor’s or (from and after the Closing) an Acquired Takata Entity’s contractual obligations to provide Plan Sponsor Support or PSAN Tier One Services, Plan Sponsor’s or (from and after the Closing) an Acquired Takata Entity’s failure to comply with the Standard of Care, or Plan Sponsor’s or (from and after the Closing) an Acquired Takata Entity’s failure to comply with the DOJ Plea Agreement or the NHTSA Consent Order (each to the extent applicable, and including as may be amended, set forth in a side letter, or as otherwise agreed in writing); (E) to the extent directly attributable to and proximately caused by Plan Sponsor’s or (from and after the Closing) an Acquired Takata Entity’s failure to comply with the Most Favored Nations provision set forth in Section 11 of this Agreement; (F) with respect to any claim brought by or on behalf of any other OEM against any Referenced Entity (it being understood that a claim brought against a Referenced Entity by a Consenting OEM shall not eliminate any indemnity obligation of such Consenting OEM except, and to the extent that, such Consenting OEM prevails on such claim); (G) that any Referenced Entity is obligated to pay to another Referenced Entity; or (H) to the extent that such Losses arise from or are attributable to Antitrust Claims.
- (55) “Japan Accommodation Agreement” means the Accommodation Agreement, as in force as of the Signing Date, and attached as Exhibit 7, and as may be amended from time to time in a manner not materially adverse to Plan Sponsor or with Plan Sponsor’s written consent.

- (56) “Japan Acquired Assets” means the Purchased Assets of the Japan Debtors, including the equity interests of certain first-tier subsidiaries of the Japan Debtors, but in each case other than the Excluded Assets of the Japan Debtors.
- (57) “Japan Acquisition Agreement” means that certain Asset Purchase Agreement, dated as of the date of this Agreement, by and among TKJP, Takata Kyushu Corporation, a Japanese corporation (*kabushiki kaisha*), Takata Service Corporation, a Japanese corporation (*kabushiki kaisha*), the Plan Sponsor and, solely for purposes of Section 7.22 thereof, KSS.
- (58) “Japan Debtors” means TKJP, Takata Kyushu K.K., and Takata Service Corporation.
- (59) “Japan Insolvency Plan” means the liquidating plan confirmed or approved in the Japan Proceedings.
- (60) “Japan Proceedings” means the Japan civil rehabilitation proceedings of the Japan Debtors.
- (61) “Kitting Operations” means the kitting operations associated with the Recall obligations of Takata related to PSAN Inflators.
- (62) “Legacy Cost Report” means a report prepared by Takata prior to the Closing regarding the categories of PSAN Legacy Costs in form and substance acceptable to the Consenting OEMs and disclosed to the Plan Sponsor with an opportunity for input, which shall be reasonably considered by Takata and the Consenting OEMs.
- (63) “Liabilities” means any liabilities or obligations of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due) regardless of when arising.
- (64) “Liquidating Entity” has the meaning set forth in the Global Settlement Agreement as in effect on the Signing Date.
- (65) “Liquidation Reserve” means, with respect to each Liquidating Entity, the budgets set forth on **Exhibit 8** in respect of such Liquidating Entity; provided, however, that if at any time prior to the Closing, Plan Sponsor, the Requisite Consenting OEMs or the applicable Takata entity determines in good faith that the budgeted amounts set forth on **Exhibit 8** are insufficient or excessive to provide for the solvent liquidation of the Liquidating Entities, then such party shall provide prompt written notice (the “Liquidation Reserve Adjustment Notice”) to the other parties, which notice shall include the notifying party’s good faith determination of the required adjustment to the Liquidation Reserve. Upon receipt of a



Liquidation Reserve Adjustment Notice, the parties shall negotiate in good faith to determine the Liquidation Reserve, including any required adjustments thereto. If the parties do not agree upon the Liquidation Reserve, then any party may, within thirty (30) days following the date on which the Liquidation Reserve Adjustment Notice is provided hereunder, engage PricewaterhouseCoopers (or, if PricewaterhouseCoopers is unable or unwilling to accept such engagement, another internationally recognized accounting firm reasonably acceptable to Plan Sponsor, the Requisite Consenting OEMs, TAKATA Europe GmbH and TKJP) (the "Accounting Firm") to render a written decision with respect to the disputed items in the Liquidation Reserve Adjustment Notice (and only with respect to any unresolved disputed items set forth in the Liquidation Reserve Adjustment Notice). The Accounting Firm shall be instructed to complete its determination, and produce a written report thereof, within thirty (30) days after its appointment from the final submission of information and presentations by the Plan Sponsor, the Consenting OEMs, and the applicable Takata entity. The Accounting Firm shall review such submissions and base its determination solely on such submissions. In resolving any disputed item, the Accounting Firm may not assign a value to any item greater than the maximum value for such item claimed by either party or less than the minimum value for such item claimed by either party. Absent manifest error, the decision of the Accounting Firm shall be deemed final and binding upon the parties and enforceable by any court of competent jurisdiction. The costs of the Accounting Firm shall be borne by Takata.

- (66) "Losses" means any and all out-of-pocket amounts that a Referenced Entity is obligated to pay: (A) pursuant to judgments, orders, decrees, awards or determinations by authorities of competent jurisdiction; (B) as indemnification, reimbursement of expenses or similar payment to directors, officers, employees or other representatives of a Referenced Entity by operation of law or pursuant to any contractual obligation (which contractual obligations, for pre-Closing indemnification, reimbursement of expenses, or similar payment, are limited as provided under the applicable Takata contracts in effect prior to or as of December 31, 2016 or, only if Takata represents in each Acquisition Agreement that there have been no changes to such contracts between then and the Signing Date, the Signing Date to the extent such contractual or legal obligation is consistent with comparable provisions under applicable corporate law in the jurisdiction in which the entity is incorporated, provided, however, that no indemnification shall be provided for amounts related to a Referenced Entity's directors, officers, employees or other representative's gross negligence, willful misconduct, bad faith, criminal conduct, fraud, or any conduct for which indemnification is not permissible under the applicable law of the jurisdiction where such indemnity is sought; (C) [REDACTED]


[REDACTED]; or (D) as agreed by way of settlement in accordance with the Case Control Protocol. Notwithstanding the foregoing, Losses specifically exclude (1) all special, consequential, or indirect damages of a Referenced Entity including, but not limited to, lost profits and diminution of value, (2) [REDACTED]

and (3) [REDACTED].

- (67) “Make Whole Payment” means an amount in cash equal to the contribution margin of the particular Applicable Parts resourced, calculated in reference to Plan Sponsor’s aggregate projected revenue from the resourced Applicable Parts over the life of the applicable program based on IHS Markit Ltd volume estimates.
- (68) “Modified Assumed OEM Contract” means any Non-Standalone OEM Contract that has, in each case, been modified at or prior to Closing to apply only to non-PSAN Inflator Products as set forth in Section 4 herein.
- (69) “Modified Assumed PSAN Contract” means any Non-Standalone OEM Contract of a PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One that has, in each case, been modified at or prior to the Closing to apply only to PSAN Inflators as set forth in Section 4 herein.
- (70) “Module Production” means production of airbag modules incorporating PSAN Inflators.
- (71) “NHTSA” has the meaning set forth in the Recitals.
- (72) “NHTSA Consent Order” means, collectively, the Consent Orders, dated November 3, 2015 and May 18, 2015, and the Amendment, dated May 4, 2016, to the November 3, 2015 Consent Order, as they may be further

amended, modified, or supplemented, issued by NHTSA in the NHTSA proceeding captioned *In re EA 15-001 Air Bag Inflator Rupture*.

- (73) “Non-Standalone OEM Contracts” means Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones that (i) are not standalone Purchase Orders and (ii) cover the manufacture or sale of both PSAN Inflators and other Products, including related airbag modules.
- (74) “OEM” and “OEMs” have the meanings set forth in the Recitals.
- (75) “OEM Allocable Share” means, with respect to any particular Consenting OEM, such Consenting OEM’s percentage set forth on Schedule C-2 hereto (as updated from time to time as provided herein).
- (76) “OEM Assumed Contracts” means, collectively, all Modified Assumed OEM Contracts and Standalone OEM Assumed Contracts.
- (77) “Oversight Board” means an oversight board of Reorganized Takata and the Warehousing Trust that shall serve as the board of managers of Reorganized Takata and the Warehousing Trust and have governance rights as approved by the PSAN Consenting OEMs and the Warehouse Consenting OEMs, including, among other things, the right to terminate the Plan Administrator.
- (78) “Parties” has the meaning set forth in the preamble.
- (79) “Payover” has the meaning set forth in Section 6.e of this Agreement.
- (80) “Personal Injury Claims” means third-party claims asserted against a Referenced Entity and arising from or attributable to personal injury or death alleged to have been caused by a PSAN Inflator incorporated into any vehicle manufactured or sold by a Consenting OEM, regardless of the theory pled or proved.
- (81) “Plan Administrator” means an individual to be selected by the PSAN Consenting OEMs.
- (82) “Plan Sponsor” has the meaning set forth in the preamble.
- (83) “Plan Sponsor Support” means the services that Plan Sponsor and/or an Acquired Takata Entity shall provide to Reorganized Takata pursuant to the terms of the Transition Services Agreement, to which agreement the PSAN Consenting OEMs will be intended third-party beneficiaries, solely to the extent that Reorganized Takata cannot perform such services independently as determined by the Oversight Board.

- (84) “Plan Sponsor’s Ability” has the meaning set forth in Section 10.c of this Agreement.
- (85) “PPAP Process” means a PSAN Consenting OEM’s, Consenting OEM PSAN Contract Manufacturer’s, Consenting OEM PSAN Tier One’s, or Consenting OEM Bailor’s production part approval process or equivalent process.
- (86) “Pre-Closing Claims” means any claims (as defined in the Bankruptcy Code) arising prior to the Closing with respect to, arising from, or in any way related to, PSAN Inflatos.
- (87) “Preservation Order” means that certain Preservation Order and Testing Control Plan issued by NHTSA to TK Holdings, Inc., dated February 24, 2015.
- (88) 
- (89) “Products” means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, Takata under any Purchase Order, whether work in progress or in final form.
- (90) “Proposed Amendment” has the meaning set forth in Section 1.a of this Agreement.
- (91) “PSAN” means phase-stabilized ammonium nitrate.
- (92) “PSAN Assets” means: all “PSAN Assets” as defined in the Acquisition Agreements as in effect on the Signing Date or modified in compliance with Section 1 hereof, provided, however, that PSAN Assets shall include (i) all of the assets (including, without limitation, the machinery, inventory, equipment, work in process, raw materials, supplies and other tangible and intangible assets) used exclusively in connection with the design, assembly, manufacture, sale, distribution or handling of PSAN Inflatos; (ii) Purchase Orders wholly for, or portions of such Purchase Orders for, the manufacture or sale of PSAN Inflatos, including without limitation Modified Assumed PSAN Contracts; (iii) any intellectual property of Takata related exclusively to the foregoing; (iv) any claims, or the portion thereof, of Takata related exclusively to the foregoing; and (v) any tail insurance policies purchased by Takata (excluding, for the avoidance of doubt, any directors and officers tail policy or other tail policy assigned to or purchased by Plan Sponsor) or proceeds thereof.
- (93) “PSAN Claims” means current and future claims of Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM

PSAN Tier Ones relating to Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators prior to the Closing.

- (94) "PSAN Consenting OEM" and "PSAN Consenting OEMs" have the meanings set forth in the Recitals.
- (95) "PSAN Consenting OEM/Consenting OEM Bailor Released Claims" has the meaning set forth in Section 8.e of this Agreement.
- (96) "PSAN Consenting OEM/Consenting OEM Bailor Releasing Party" has the meaning set forth in Section 8.e of this Agreement.
- (97) "PSAN Inflators" means, collectively, any airbag inflators that use non-desiccated or desiccated PSAN as a propellant and any components of such inflators (including the propellant, but excluding (i) the airbag modules into which such inflators are incorporated by Plan Sponsor or any Acquired Takata Entity after the Closing and (ii) any igniters for PSAN inflators produced by Takata pre-Closing, and any such igniters that continue to be produced by Plan Sponsor or any Acquired Takata Entity post-Closing) developed, designed, manufactured and/or sold (including any such inflators or components thereof sold directly to tier one suppliers) by Takata or Reorganized Takata (but excluding any ammonium nitrate inflators designed and produced by third parties other than Takata or Reorganized Takata).
- (98) "PSAN Legacy Costs" means, collectively, any costs or expenses that have been accrued or that are estimated as of the Effective Date, and on a continuing basis for the duration of the Backstop Agreement, to be incurred in connection with (i) the ongoing oversight by the monitor pursuant to the NHTSA Consent Order (as it may be modified from time to time) or as otherwise required by NHTSA, of (a) Reorganized Takata, (b) the Warehousing Trust, and (c) Plan Sponsor and the Acquired Takata Entities to the extent arising out of the Sale or the Restructuring, (ii) the ongoing oversight by the monitor pursuant to the DOJ Plea Agreement (as it may be modified from time to time) or as otherwise required by the DOJ, of (a) Reorganized Takata, (b) the Warehousing Trust, and (c) Plan Sponsor and the Acquired Takata Entities to the extent arising out of the Sale or the Restructuring, (iii) the activities of the Special Master under the DOJ Plea Agreement, (iv) the continued operation of any PSAN Warehouse, as required by the NHTSA Consent Order, Preservation Order, other applicable law or regulation, or otherwise and consistent with the Legacy Cost Report, (v) the shipping and disposal of PSAN Inflators, including the shipping from any PSAN Warehouse to the place of disposal, as required by the NHTSA Consent Order, Preservation Order, other applicable law or regulation, or otherwise and consistent with the Legacy Cost Report, (vi) the performance of the recall awareness campaign and related activities as required by the NHTSA Consent Order, other

applicable law or regulation, or otherwise, and (vii) the continued operation of the product safety group related to recalled PSAN Inflators consistent with the Legacy Cost Report.

- (99) “PSAN Service Parts” means any PSAN Consenting OEM’s, Consenting OEM PSAN Contract Manufacturer’s, Consenting OEM PSAN Tier One’s, or Consenting OEM Bailor’s Service Parts requirements for airbag modules containing PSAN Inflators.
- (100) “PSAN Tier One Agreements” has the meaning set forth in Section 5.a of this Agreement.
- (101) “PSAN Tier One Services” has the meaning set forth in Section 5.e of this Agreement.
- (102) “PSAN Warehouse” means any warehouse used to store PSAN Inflators as of the Effective Date, as required by the Preservation Order, other applicable law or regulation, or which have been put in place voluntarily by Takata prior to the Closing, in each case which are contemplated by the Legacy Cost Report.
- (103) “Purchased Assets” means all “Purchased Assets” (as defined in the Acquisition Agreements as of the Signing Date or modified in compliance with Section 1 hereof), provided, however, that Purchased Assets shall include all assets (including, without limitation, raw materials, work-in-process and finished component parts) used primarily in connection with Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers and Consenting OEM Tier Ones, and all such Purchase Orders on an “as is” basis (and without regard to any accommodations provided pursuant to the Accommodation Agreements, and except as otherwise provided herein with respect to PSAN Inflators), related to, Takata’s global (i) steering business, (ii) seatbelt business, (iii) airbag module production business, (iv) electronics business, (v) non-PSAN Inflator production business, including without limitation, the sale of GuNi inflators designed and produced by third parties, and the sale of ammonium nitrate inflators designed and produced by third parties, (vi) Kitting Operations, (vii) equipment for testing and support with respect to PSAN Inflators, and (viii) businesses, if any, other than those listed above that do not involve the manufacture or sale of PSAN Inflators, and which in all cases shall not include any Excluded Assets.
- (104) “Purchase Order” and “Purchase Orders” means, individually and collectively, purchase agreements, supply contracts, purchase orders, general terms and conditions, releases and other contracts (i) issued by an OEM to Takata, (ii) entered into between an OEM and Takata, (iii) entered into between Takata and a Consenting OEM Contract Manufacturer or (iv) entered into between Takata and a Consenting OEM

Tier One, in each case, as may be modified from time to time after the date hereof, which for purposes of clarity shall include all current and past parts programs (including Service Parts) developed, designed, manufactured and/or sold by Takata, regardless of whether (a) executory, (b) non-executory, (c) performance is due by both parties, (d) they can be assumed under applicable insolvency laws, or (e) for Component Parts or Service Parts no longer in current production (i.e., past-model parts).

- (105) “Purchase Price” means an aggregate cash purchase price of USD \$1,588,000,000, subject to certain adjustments as set forth in the Acquisition Agreements.
- (106) “Recalls” has the meaning set forth in the Recitals.
- (107) “Referenced Entity” means Parent and each of its direct or indirect subsidiaries from time to time (including all Acquired Takata Entities and, except as expressly provided below, all subsidiaries of Parent that are formed in connection with or after the Closing), but excluding, in any event, (i) any entities or joint ventures in which Parent (or any of Parent’s subsidiaries) does not own, directly or indirectly, a majority interest as of the Closing, (ii) any partners, members, or shareholders (excluding Parent and its direct and indirect subsidiaries) in any entities or joint ventures in which Parent (or any of Parent’s subsidiaries) owns a partial interest as of the Closing, and (iii) any entities or businesses acquired by Parent (or any of Parent’s subsidiaries) after the Closing (other than entities or businesses that were already Referenced Entities prior to such acquisition); provided, however, notwithstanding subsection (i) above, Yanfeng Key (Shanghai) Automotive Safety Systems Co., Ltd shall be a Referenced Entity; and, provided further, in connection with subsection (iii) above, to the extent Parent (or any of Parent’s direct or indirect subsidiaries) acquire any assets or businesses, they will be required to form one or more separate entities to effect such acquisition, which entities will be excluded from the definition of Referenced Entities hereunder.
- (108) “Released Plan Sponsor Persons” means (i) Parent and each Referenced Entity, excluding all Acquired Takata Entities, (ii) each of the entities or joint ventures in which Parent (or any of Parent’s subsidiaries) owns, directly or indirectly, less than a majority interest and which are listed on Schedule I, and (iii) all Representatives of the foregoing, solely in their capacity as such.
- (109) “Released Post-Closing Persons” means (i) Parent and each Referenced Entity, including all Acquired Takata Entities, (ii) each of the entities or joint ventures in which Parent (or any of Parent’s subsidiaries) owns, directly or indirectly, less than a majority interest and which are listed on Schedule I, and (iii) all Representatives of the foregoing, solely in their capacity as such.

- (110) “Reorganized Takata” means, as the context of this Agreement requires, (i) the Takata entities, or successors thereto, emerging from the in-court and out-of-court restructuring processes or (ii) the ultimate holding company of such entities or successors.
- (111) “Reorganized Takata Business Model” means a business model prepared by Takata prior to the Closing regarding the anticipated operations of Reorganized Takata during its estimated operating term and acceptable to the Consenting OEMs.
- (112) “Reorganized Takata Customer” and “Reorganized Takata Customers” have the meanings set forth in Section 5 of this Agreement.
- (113) “Replacement Kits” has the meaning set forth in the Global Accommodation Agreement as in effect on the Signing Date.
- (114) “Representatives” means officers, managers, directors, principals, representatives, employees, attorneys, financial or investment advisors, insurers, consultants, accountants, investment bankers, commercial bankers, advisors or agents, heirs, executors, trustees, personal or legal representatives, estates, administrators, successors, and permitted assigns.
- (115) “Requisite Consenting OEMs” has the meaning set forth in the Global Accommodation Agreement as in effect on the Signing Date.
- (116) “Resourcing Limitation” has the meaning set forth in the Global Accommodation Agreement as in effect on the Signing Date.
- (117) “Restructuring” has the meaning set forth in the Recitals.
- (118) “Reviewing Party” has the meaning set forth in Section 20 of this Agreement.
- (119) “RFQ” means request for quotation.
- (120) [REDACTED]
- (121) [REDACTED]
- (122) “RSA” means, collectively, one or more Restructuring Support Agreements or similar agreements among Plan Sponsor, certain Takata entities, and certain Consenting OEMs.
- (123) “Sale” has the meaning set forth in the Recitals.
- (124) “Section 42 Business Transfer” means Plan Sponsor’s acquisition of substantially all of the Japan Acquired Assets, free and clear of all liens, claims, and encumbrances, pursuant to a Section 42 “Business Transfer”



under the Civil Rehabilitation Act of Japan or such other proceedings, as agreed by Plan Sponsor, Takata, and the Consenting OEMs.

- (125) “Service Parts” means any Consenting OEM’s, Consenting OEM Contract Manufacturer’s, Consenting OEM Tier One’s, or Consenting OEM Bailor’s service parts requirements (including current model service parts and past model service parts, but excluding PSAN Inflators).
- (126) “Signing Date” has the meaning set forth in the preamble.
- (127) “Special Master” means the special master appointed pursuant to the Joint Restitution Order entered in 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.) or any successor thereto.
- (128) “Standard of Care” means a standard of care that is consistent with that of an industry contract assembler. Plan Sponsor (defined, for the purpose of this definition, to include, from and after the Closing, any Acquired Takata Entities) will be deemed to have acted in accordance with this Standard of Care if Plan Sponsor: (i) subject to clause (v) below, follows any applicable written work processes for handling PSAN Inflators that have been provided to Plan Sponsor by Reorganized Takata; (ii) subject to clause (v) below, follows any applicable written work processes for handling PSAN Inflators that have been approved by the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor as consistent with such PSAN Consenting OEM’s, Consenting OEM PSAN Contract Manufacturer’s, Consenting OEM PSAN Tier One’s, or Consenting OEM Bailor’s PPAP Process for such PSAN Inflators and have been provided to Plan Sponsor; (iii) subject to clause (v) below, incorporates the PSAN Inflators into airbag modules, Replacement Kits, or Service Parts, as applicable, in accordance with any applicable written specifications that have been provided to Plan Sponsor by Reorganized Takata; (iv) subject to clause (v) below, incorporates PSAN Inflators into airbag modules, Replacement Kits, or Service Parts, as applicable, in accordance with any applicable written specifications that have been approved by the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor as consistent with such PSAN Consenting OEM’s, Consenting OEM PSAN Contract Manufacturer’s, Consenting OEM PSAN Tier One’s, or Consenting OEM Bailor’s PPAP Process for incorporation of the applicable PSAN Inflators into airbag modules, Replacement Kits, or Service Parts, as applicable, and have been provided to Plan Sponsor; (v) complies, in all material respects, with applicable laws and regulations; and (vi) to the extent not expressly provided for in the requirements referenced in clauses (i) through (v) above, acts in a

manner consistent with relevant reasonable manufacturing processes and standards in the automotive safety product industry as conducted in the applicable jurisdiction, it being understood that Plan Sponsor shall be permitted to take into account reasonable business considerations when evaluating which processes and standards to employ so long as the processes and standards actually employed by Plan Sponsor are consistent with the principal goal of Plan Sponsor and the Consenting OEMs of enhancing consumer safety and product quality; provided, however, Plan Sponsor will promptly notify the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor to the extent Plan Sponsor believes there is a conflict between clauses (i) through (iv) in a particular case, and Plan Sponsor and the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor will consult and use commercially reasonable efforts to resolve the conflict, with such resolution to be documented in a writing approved by the relevant parties, it being understood that until such resolution is documented in writing approved by the relevant parties, Plan Sponsor shall not be deemed to have failed to comply with the Standard of Care to the extent that Plan Sponsor (A) complies with clause (v) above and (B) uses its reasonable discretion in determining which of clauses (i)-(iv) above to comply with pending resolution of any such conflict.

- (129) “Standalone OEM Assumed Contracts” means all Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones relating solely to non-PSAN Inflator Component Part programs of Consenting OEMs.
- (130) “Standalone PSAN Assumed Contracts” means all Purchase Orders of PSAN Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones relating solely to PSAN Inflators.
- (131) “Substitute Purchase Orders” has the meaning set forth in Section 4.a.vi of this Agreement.
- (132) “Takata” has the meaning set forth in the Recitals.
- (133) “Takata Seller Entities” means the “Sellers” under the applicable Acquisition Agreements.
- (134) [REDACTED]
- (135) “Third-Party Claims” has the meaning set forth in the Recitals.
- (136) “TKJP” has the meaning set forth in the Preamble.

- (137) [REDACTED]
- (138) “Transfer” has the meaning set forth in Section 8.f of this Agreement.
- (139) “Transition Services Agreement” means that certain services agreement, entered into between Reorganized Takata and the Plan Sponsor as of the Closing, which agreement shall be acceptable to the Consenting OEMs, Takata, and the Plan Sponsor (notwithstanding anything to the contrary in the RSA applicable to the U.S. Proceedings).
- (140) [REDACTED]
- (141) [REDACTED]
- (142) [REDACTED]
- (143) [REDACTED]
- (144) “Uncapped Indemnity Obligations” has the meaning set forth in Section 6.a of this Agreement.
- (145) “Unforeseen Event” has the meaning set forth in the Global Settlement Agreement.
- (146) “U.S. Acquisition Agreement” means that certain Asset Purchase Agreement, dated as of the date of this Agreement, by and among TK Holdings Inc., a Delaware corporation, Takata Americas, a Delaware general partnership, TK Holdings de Mexico S. de R.L. de C.V., a Mexico limited liability company (*sociedad de responsabilidad limitada de capital variable*), TK Mexico LLC, a Delaware limited liability company, Industrias Irvin de Mexico, S.A. de C.V., a Mexico stock corporation (*sociedad anónima de capital variable*), Strosshe Mex S. de R.L. de C.V., a Mexico limited liability company (*sociedad de responsabilidad limitada de capital variable*), Takata de Mexico S.A. de C.V., a Mexico stock corporation (*sociedad anónima de capital variable*), and Plan Sponsor.
- (147) “U.S. PI/WD Fund” means a personal injury / wrongful death claim fund that will be used to satisfy proper existing and future personal injury / wrongful death claims and demands asserted in the U.S. or arising under

U.S. law related to the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators or components of PSAN Inflators by Takata prior to the Closing, irrespective of whether such claims or demands become known or manifest before or after the Closing.

- (148) “U.S. Proceedings” means the proceedings under chapter 11 of the Bankruptcy Code of Takata Americas, TK Holdings Inc., TK Holdings de Mexico S.A. de C.V., TK Mexico, LLC, Takata de Mexico S.A. de C.V. Industrias Irvin de Mexico, S.A. de C.V., Strosshe-Mex S. de R.L. de C.V., TK Finance LLC, TK China LLC, TK Mexico Inc., Interiors in Flight, Inc., and Takata Protection Systems, Inc.
- (149) “U.S. Reorganization Plan” means the confirmed chapter 11 plan in the U.S. Proceedings pursuant to which Plan Sponsor will acquire substantially all of the U.S. and Mexican assets of Takata, including the equity interests of certain first-tier subsidiaries of the Takata entities that are debtors in the U.S. Proceedings, but in each case other than Excluded Assets, free and clear of all claims, liens, charges, demands, other encumbrances and interests pursuant to Bankruptcy Code section 1141.
- (150) “Warehouse Consenting OEM” means any Consenting OEM from whose branded vehicles PSAN Inflators were removed pursuant to recall or otherwise, and preserved by Takata as of the Closing Date, as required by the Preservation Order, other applicable law or regulation, or voluntarily.
- (151) “Warehoused PSAN Assets” means: (a) the PSAN Inflators (i) preserved by Takata pursuant to the Preservation Order, (ii) otherwise preserved, voluntarily or involuntarily, by Takata, and (iii) otherwise preserved as contemplated by the Legacy Cost Report; (b) the leases for the PSAN Warehouses; and (c) the machinery, equipment, other tangible assets, and a nonexclusive license (pursuant to the Intellectual Property License Agreement (as defined in the U.S. Acquisition Agreement)) to Acquired Intellectual Property (as that term is defined in each of the Acquisition Agreements, respectively) for which ownership is assigned to the Plan Sponsor, in each case that is necessary for compliance with the Preservation Order, the preservation of PSAN Inflators as contemplated by the Legacy Cost Report, or operation of the PSAN Warehouses.
- (152) “Warehousing Trust” has the meaning given to it in the U.S. Reorganization Plan.

4. **Assumption and Modification of Consenting OEM Contracts.**

a. Treatment of Contracts.

- i. All Standalone OEM Assumed Contracts shall be assumed by Plan Sponsor as of the Closing, including pursuant to the U.S. Reorganization Plan and the Section 42 Business Transfer, on an

“as is” basis (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, including as to terms or price, other than to (1) substitute Plan Sponsor (or its applicable subsidiary or designated affiliate) for Takata and (2) for the Standalone OEM Assumed Contracts of Consenting OEMs, incorporate the ROLR on the terms set forth in Section 10 of this Agreement to the extent such Standalone OEM Assumed Contracts are not otherwise deemed amended in accordance with Section 4.a.iv of this Agreement. Each Consenting OEM’s Standalone OEM Assumed Contracts (and the Standalone OEM Assumed Contracts of Consenting OEM Contract Manufacturers and Consenting OEM Tier Ones related to such Consenting OEM’s vehicle production), respectively, include, but are not necessarily limited to, the contracts to be listed on **Schedules D.1-D.15**. Subsequent to the Signing Date and prior to the Closing, Plan Sponsor and each of the Consenting OEMs shall work cooperatively to develop **Schedules D.1-D.15**, each in form and substance satisfactory to Plan Sponsor and the applicable Consenting OEM, which shall list the applicable Plan Sponsor party or Acquired Takata Entity being substituted for Takata in connection with the assignment.

- ii. In connection with the Restructuring, all Standalone PSAN Assumed Contracts shall be assumed by Reorganized Takata and/or one of its subsidiaries as of the Closing, including pursuant to the U.S. Reorganization Plan and the Section 42 Business Transfer, on an “as is” basis (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, other than to substitute a Reorganized Takata entity for Takata and to account for pricing adjustments consistent with the Reorganized Takata Business Model, on a cost basis. Each Consenting OEM’s Standalone PSAN Assumed Contracts (and the Standalone PSAN Assumed Contracts of Consenting OEM PSAN Contract Manufacturers and Consenting OEM PSAN Tier Ones related to such Consenting OEM’s vehicle production), respectively, are to be listed on **Schedules E.1-E.15**. Subsequent to the Signing Date and prior to the Closing, Reorganized Takata and the Consenting OEMs shall work cooperatively to develop **Schedules E.1-E.15**, each in form and substance satisfactory to the applicable Consenting OEM, which shall list the applicable Reorganized Takata party being substituted for Takata in connection with the assumption.
- iii. Pursuant to the Accommodation Agreements and this Agreement, all Non-Standalone OEM Contracts shall be modified at or prior to the Closing (including pursuant to separate motions filed in the U.S. Proceedings or Japan Proceedings), and as of the Closing, including pursuant to the U.S. Reorganization Plan and the Section 42 Business Transfer, in each case 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 a Modified Assumed PSAN Contract, and in each case (A) as it relates to Modified Assumed OEM Contracts, assumed by Plan Sponsor and/or one of its subsidiaries, or assumed or performed by an Acquired Takata Entity, "as is" (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, including as to terms or price, other than (1) as necessary to separate the manufacture and sale of the PSAN Inflators and release Plan Sponsor and the Acquired Takata Entities from all Liabilities and obligations thereunder with respect to PSAN Inflators on the terms set forth in this Agreement, and such released obligations shall be transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities and obligations novated to and assumed by, Reorganized Takata (or its applicable subsidiary) as a Modified Assumed PSAN Contract, (2) to account for pricing adjustments for the PSAN Inflator production not being assumed by the Plan Sponsor, where such adjustments are to be resolved among the parties pursuant to normal commercial dealings, (3) to substitute Plan Sponsor (or its applicable subsidiary or designated affiliate or Acquired Takata Entity) for Takata, and (4) for the Consenting OEM's Non-Standalone OEM Contracts, to incorporate the ROLR on the terms set forth in Section 10 of this Agreement to the extent such Consenting OEM's Non-Standalone OEM Contracts are not otherwise deemed amended in accordance with Section 4.a.iv of this Agreement and (B) as it relates to Modified Assumed PSAN Contracts, in connection with the Restructuring, assumed by Reorganized Takata and/or one of its subsidiaries "as is" (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, other than (1) as necessary to separate the manufacture and sale of the PSAN Inflators and release Reorganized Takata from all Liabilities and obligations thereunder unrelated to PSAN Inflators on the terms set forth herein, and such released obligations shall be transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities and obligations novated to and assumed by, Plan Sponsor as a Modified Assumed OEM Contract, (2) to account for pricing adjustments consistent with the Reorganized Takata Business Model on a cost basis, and (3) to substitute Reorganized Takata (or its applicable subsidiary) for Takata. Each Consenting OEM's Modified Assumed OEM Contracts (and the Modified Assumed OEM Contracts of Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones related to such Consenting OEM's vehicle production), respectively, are to be listed on Schedules F.1-F.15. Each PSAN Consenting OEM's Modified

Assumed PSAN Contracts (and the Modified Assumed PSAN Contracts of Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones related to such PSAN Consenting OEM's vehicle production), respectively, are to be listed on **Schedules G.1-G.15**. Subsequent to the Signing Date and prior to the Closing, Plan Sponsor and the Consenting OEMs shall work cooperatively to develop **Schedules F.1-F.15**, each in form and substance satisfactory to Plan Sponsor and the applicable Consenting OEM, which shall list the applicable Plan Sponsor or Acquire Takata Entity party being substituted for Takata in connection with the assignment. Subsequent to the Signing Date and prior to the Closing, Reorganized Takata and the PSAN Consenting OEMs shall work cooperatively to develop **Schedules G.1-G.15**, each in form and substance satisfactory to the applicable PSAN Consenting OEM, which shall list the applicable Reorganized Takata party being substituted for Takata in connection with the assumption.

- iv. This Agreement shall constitute an amendment to the applicable Standalone OEM Assumed Contracts and Non-Standalone OEM Contracts to incorporate the provisions set forth herein, including, in respect of certain OEM Assumed Contracts, the ROLR on the terms set forth in Section 10 of this Agreement, and no additional amendments to such contracts shall be necessary to effectuate any of the provisions hereof. For the avoidance of doubt, unless otherwise agreed to by the relevant parties, Standalone OEM Assumed Contracts and Non-Standalone OEM Contracts will be amended or deemed amended only (A) as to Non-Standalone OEM Contracts, to accomplish the modifications specifically set forth in this Section 4, (B) as to PSAN Tier One Agreements that are to become OEM Assumed Contracts, to incorporate the PSAN Tier One Services applicable to Module Production, Kitting Operations and Service Parts operations to be consistent with the provisions as set forth in Section 5 herein, (C) to give effect to the indemnification and release provisions set forth in Sections 6 and 8 herein, and (D) to give effect to the provisions amending OEM Assumed Contracts of Consenting OEMs as set forth in Section 10 herein.
- 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 this Section 4, and this Agreement shall not constitute a deemed amendment to such Non-Standalone OEM Contracts, and (ii) Plan Sponsor shall have no obligation to assume any Non-Standalone OEM Contract where a

Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One is a counterparty unless (A) such counterparty modifies its Non-Standalone OEM Contract consistent with this Section 4 and (B) either (x) such counterparty grants a release consistent with Sections 8.a, 8.e, and 8.e of this Agreement and agrees to the contractual subordination terms set forth in the penultimate paragraph of Section 5 or (y) the applicable Consenting OEM is required to, or agrees to, indemnify and hold harmless Parent pursuant to Section 6 hereof with respect to any related PSAN Claims 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 this Section 4.a.v shall not constitute an OEM Assumed Contract for any purpose hereunder and, notwithstanding anything to the contrary set forth in this Agreement, neither Plan Sponsor nor any Acquired Takata Entity shall have any obligation under this Agreement with respect to any such counterparty with respect to the applicable Non-Standalone OEM Contract.

- vi. To the extent a Consenting OEM, Consenting OEM Contract Manufacturer, or Consenting OEM Tier One elects to issue substitute purchase orders, releases, or similar documents ("Substitute Purchase Orders") to Plan Sponsor (or its applicable subsidiaries or Acquired Takata Entities) for administrative or other ordinary course customer-supplier purposes, Plan Sponsor (or its applicable subsidiaries or Acquired Takata Entities) will accept such Substitute Purchase Orders as it would in the ordinary course of business; provided, however, in all circumstances, such Substitute Purchase Orders will include all of the terms and provisions hereof and, to the extent of any conflict, the terms of this Agreement will govern and control.
- vii. To the extent of any conflict between the terms of this Agreement and the terms of any Acquisition Agreement regarding the subject matter of this Section 4.a, the terms of this Agreement will govern and control.

b. Assumption of Obligations. Except as otherwise agreed to between Plan Sponsor and the Consenting OEMs, Plan Sponsor will assume all Assumed Liabilities. To the extent of any conflict between the terms of this Agreement and the terms of any Acquisition Agreement regarding the subject matter of this Section 4.b as it relates to the assumption of Assumed Liabilities in connection with the OEM Assumed Contracts, the terms of this Agreement will govern and control.

c. Repair History and Dealer Information Databases. Each Consenting OEM represents and warrants to Plan Sponsor that such Consenting OEM either (i) has provided (or, within a reasonable amount of time after the Signing Date, will provide) Plan Sponsor with reasonable direct access to any relevant Dealer Databases of such Consenting OEM, (ii) has



provided (or, within a reasonable amount of time after the Signing Date, will provide) Plan Sponsor with data from its Dealer Databases in the same format as such data has been provided to Takata (and each Consenting OEM shall not be obligated to provide such data in any other format), or (iii) has instructed (or promptly after the Signing Date, will instruct) Takata to grant Plan Sponsor reasonable access to its Dealer Databases, and take such actions reasonably requested by the Plan Sponsor to facilitate such access.

Each Consenting OEM hereby covenants and agrees that until the earlier of the Closing or the termination of the Acquisition Agreements, (a) with respect to (i) and (iii) above, as applicable, each applicable Consenting OEM shall continue to provide Plan Sponsor, or continue to allow Takata to provide Plan Sponsor, with reasonable access to such relevant Dealer Databases or information and (b) with respect to (ii) above, each applicable Consenting OEM shall provide Plan Sponsor with an update of such information previously provided to the Plan Sponsor on or about the date which is six (6) weeks before February 27, 2018.

d. Plan Sponsor agrees that it will comply with all homologation regulations, laws, and requirements in the relevant jurisdictions and obtain, on or prior to Closing, all permits, approvals, authorizations, concessions, variances, filings, exemptions, licenses, registrations, consents, certificates, or similar documents issued or granted by a governmental entity providing that the homologation of Component Parts and the Consenting OEMs' vehicles remain unaffected as a result of Plan Sponsor's acquisition of the Purchased Assets from Takata. In addition, Plan Sponsor will provide to all Consenting OEMs (i) documents that confirm technical equality and the same production process and location for all Component Parts and (ii) new "CCC" certificates for all relevant Component Parts (China) and "Bauartgenehmigung" for all relevant Component Parts (European Union). Notwithstanding the foregoing, in no event may a Consenting OEM assert any breach of Plan Sponsor's obligation to obtain on or prior to Closing any permit, approval, authorization, concession, variance, filing, exemption, license, registration, consent, certificate, or similar document with respect to which the condition set forth in Section 2.f has been waived by such Consenting OEM at or before the Closing.

Plan Sponsor shall use commercially reasonable efforts to satisfy the condition set forth in Section 9.1(c) of the U.S. Acquisition Agreement, Section 9.1(c) of the EMEA Acquisition Agreement, and Section 9.1(c) of the Japan Acquisition Agreement, and each Consenting OEM will reasonably cooperate with and support all such efforts.

Upon the request of any Consenting OEM, Plan Sponsor shall provide to such Consenting OEMs all homologation related Permits and certificates described in Section 9.1(c) of the U.S. Acquisition Agreement, Section 9.1(c) of the EMEA Acquisition Agreement, or Section 9.1(c) of the Japan Acquisition Agreement, as applicable, that relate to the production of Component Parts for such Consenting OEM.

**5. PSAN Tier One Services.** Plan Sponsor (defined, for the purposes of this Section 5, to include, from and after the Closing, any Acquired Takata Entities) agrees that it is a tier one supplier with respect to Module Production, Kitting Operations, and PSAN Service Parts production for (i) PSAN Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones that require such Module Production, Kitting Operations, and PSAN Service Parts production (in such capacity, each such PSAN Consenting OEM,

Consenting OEM PSAN Contract Manufacturer, and Consenting OEM PSAN Tier One, individually, a “Reorganized Takata Customer” and, collectively, the “Reorganized Takata Customers”) and (ii) Consenting OEM Bailors, and, as such, Plan Sponsor will comply with the requirements of the applicable OEM Assumed Contracts or Substitute Purchase Orders of such Reorganized Takata Customers and the newly formed contracts of Consenting OEM Bailors relating to such Module Production, Kitting Operations, and PSAN Service Parts production (such agreements, the “PSAN Tier One Agreements”). While Plan Sponsor is not a tier one supplier with respect to the PSAN Inflators produced by Takata or Reorganized Takata and/or its subsidiaries, upon request of a Reorganized Takata Customer or Consenting OEM Bailor, Plan Sponsor agrees to perform the following additional services with respect to such PSAN Inflators for the sole purpose of facilitating the supply of PSAN Inflators to the applicable Reorganized Takata Customer(s) and Consenting OEM Bailor(s):

a. production preparation in accordance with any applicable written work processes that have been (i) provided by Reorganized Takata to Plan Sponsor or (ii) approved by the applicable Reorganized Takata Customer or Consenting OEM Bailor as consistent with such Reorganized Takata Customer’s or Consenting OEM Bailor’s PPAP Process for such PSAN Inflator, and is consistent with relevant reasonable automotive safety product manufacturing processes and standards in the applicable jurisdiction, it being understood that Plan Sponsor shall be permitted to take into account reasonable business considerations when evaluating which processes and standards to employ so long as the processes and standards actually employed by Plan Sponsor are consistent with the principal goal of Plan Sponsor and the applicable Reorganized Takata Customer or Consenting OEM Bailor of enhancing consumer safety and product quality;

b. ordinary course of business component forecasting and ordering in accordance with Reorganized Takata Customer and Consenting OEM Bailor releases that (i) have been timely provided to Plan Sponsor and (ii) are consistent with, and not in excess of, the applicable Reorganized Takata Customer’s or Consenting OEM Bailor’s ordinary course requirements and inventory bank requirements for such PSAN Inflators (it being understood that any actual inventory bank production shall be subject to capacity constraints of Reorganized Takata and Plan Sponsor);

c. inventory management and quality control and management, in each case, in accordance with written processes and procedures that have been (i) established by Reorganized Takata, or (ii) approved by the applicable Reorganized Takata Customer or Consenting OEM Bailor, and is consistent with relevant reasonable automotive safety product manufacturing processes and standards in the applicable jurisdiction, it being understood that Plan Sponsor shall be permitted to take into account reasonable business considerations when evaluating which processes and standards to employ so long as the processes and standards actually employed by Plan Sponsor are consistent with the principal goal of Plan Sponsor and the applicable Reorganized Takata Customer or Consenting OEM Bailor of enhancing consumer safety and product quality;

d. component non-conformance management as directed by Reorganized Takata in accordance with Reorganized Takata’s agreements with the applicable Reorganized Takata Customer or Consenting OEM Bailor; and

e. logistics management to ensure continuity of supply.

(collectively, the “PSAN Tier One Services”). Plan Sponsor will perform the PSAN Tier One Services as part of its performance obligations under the PSAN Tier One Agreements (which for purposes of clarity shall include all Module Production, Kitting Operations, and PSAN Service Parts production for current and past parts programs of Reorganized Takata Customers and Consenting OEM Bailors regardless of whether such contracts are executory or for parts no longer in current production (i.e., past-model parts), regardless of whether such contracts can be assumed under any applicable insolvency laws, other than obligations related to the manufacture or sale of PSAN Inflators) and for no additional charge beyond the compensation provided for under such PSAN Tier One Agreements; provided, however, that for the avoidance of doubt, and notwithstanding anything to the contrary contained in this Agreement, each applicable PSAN Tier One Agreement shall be amended at or prior to the assumption thereof by Plan Sponsor to provide that a Reorganized Takata Customer or Consenting OEM Bailor shall have a claim against Plan Sponsor for a failure to provide PSAN Tier One Services, or any defect in any services so provided, except to the extent that such service failure or defect arises from or is caused by any action, omission, service failure or defect by, of or from any Reorganized Takata Customer, any Consenting OEM Bailor, Takata, or Reorganized Takata and/or one of its subsidiaries (it being understood and agreed that this exception will not relieve Plan Sponsor of obligations, if any, under any PSAN Tier One Agreement to identify and provide notice of any such failure or defect by, of or from Takata or Reorganized Takata and/or one of its subsidiaries), and no additional amendments to such contracts shall be necessary to effectuate any of the provisions hereof.

Plan Sponsor shall, in its capacity as a tier one supplier, secure from Takata and Reorganized Takata all product information (including model and serial numbers), drawings, and test reports regarding the PSAN Inflators provided to Plan Sponsor by Reorganized Takata for Module Production, Kitting Operations, or PSAN Service Parts to the extent such information is necessary to track and identify such PSAN Inflators. This information shall be provided by Plan Sponsor to the applicable Consenting OEM upon request. On or prior to Reorganized Takata’s wind-down, Plan Sponsor shall secure from Takata and Reorganized Takata all historical product information (including model and serial numbers), drawings, and test reports regarding PSAN Inflators (including any such information acquired from Takata in connection with the Restructuring) to the extent such information is necessary to track and identify such PSAN Inflators. This information shall be provided by Plan Sponsor to the applicable Consenting OEM upon request.

With respect to any airbag modules, Replacement Kits or PSAN Service Parts into which Plan Sponsor incorporates PSAN Inflators that are bailed to Plan Sponsor by Reorganized Takata Customers or Consenting OEM Bailors for use in Module Production, Kitting Operations or PSAN Service Parts production, Plan Sponsor will construct the applicable airbag modules and supply such modules, Replacement Kits, or PSAN Service Parts to the applicable Reorganized Takata Customer or Consenting OEM Bailor in accordance with the OEM Assumed Contract or any Substitute Purchase Order between Plan Sponsor and such Reorganized Takata Customer or the newly formed contracts between Plan Sponsor and such Consenting OEM Bailor. For the avoidance of any doubt, Plan Sponsor shall not be required to store PSAN Inflators for any

Reorganized Takata Customer or Consenting OEM Bailor unless agreed to in writing with a Consenting OEM.

As and to the extent provided for in the applicable PSAN Tier One Agreements, Plan Sponsor will provide the warranties to the applicable Reorganized Takata Customers and Consenting OEM Bailors with respect to any airbag module, Replacement Kit or PSAN Service Part into which Plan Sponsor incorporates a PSAN Inflator (it being understood that any defect in an airbag module, Replacement Kit or Service Part resulting from Plan Sponsor's failure to adhere to the Standard of Care with respect to the PSAN Inflator installed in such airbag module shall constitute a breach of Plan Sponsor's warranty with respect to such airbag module, Replacement Kit or Service Part). For the avoidance of doubt, no such warranties shall be given by Plan Sponsor with respect to the PSAN Inflator itself, but Plan Sponsor will provide warranties under the applicable PSAN Tier One Agreements with respect to the airbag modules, Replacement Kits produced by Plan Sponsor as part of the Kitting Operations or PSAN Service Parts (excluding warranties for the PSAN Inflator itself). Subject to Section 4.a.v., in the event that a Reorganized Takata Customer or Consenting OEM Bailor orders a Replacement Kit, airbag module, or PSAN Service Part, Plan Sponsor will directly sell and ship such Replacement Kit, airbag module, or PSAN Service Part to the relevant Reorganized Takata Customer or Consenting OEM Bailor.

In no event shall Plan Sponsor acquire any PSAN Assets while such assets are still being used by Reorganized Takata in connection with the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators or assume Excluded PSAN Liabilities. Any Purchased Assets that are required for both the production by Reorganized Takata of PSAN Inflators and the production of non-PSAN Inflator products by Plan Sponsor will be made available by Plan Sponsor to Reorganized Takata through Plan Sponsor Support at no cost. If any assets are acquired by Reorganized Takata and made available to Plan Sponsor, then those assets will be made available by Reorganized Takata to Plan Sponsor at no cost.

Reorganized Takata shall provide engineering services and other cooperation to Reorganized Takata Customers and Consenting OEM Bailors in connection with resourcing activities to any alternative supplier(s) with respect to PSAN Inflators, which shall be supported by Plan Sponsor through Plan Sponsor Support as and to the extent required by Reorganized Takata, as provided above. Any out-of-pocket expenses of Reorganized Takata from providing such services or cooperation (including the cost of any reasonably identifiable Plan Sponsor Support related thereto) shall be paid by the requesting Reorganized Takata Customer or Consenting OEM Bailor. For the avoidance of any doubt, a Consenting OEM Bailor shall not be deemed a PSAN Consenting OEM by virtue of Reorganized Takata providing the services and cooperation referenced in this paragraph.

The claims of PSAN Consenting OEMs against Reorganized Takata shall be contractually subordinated to: (i) Plan Sponsor's rights to use any assets jointly used by Plan Sponsor and Reorganized Takata and owned by Reorganized Takata; (ii) Plan Sponsor's right to repurchase the PSAN Assets; and (iii) any actual, liquidated, ordinary course claims Plan Sponsor may have from time to time against Reorganized Takata. Such subordination of claims shall not restrict the dissolution, windup and liquidation of Reorganized Takata and the distribution of related asset sale proceeds after the term of Reorganized Takata's operation, so long as Reorganized Takata

retains a reserve that complies with applicable law to satisfy any disputed claims of the type described in clauses (i) through (iii) above.

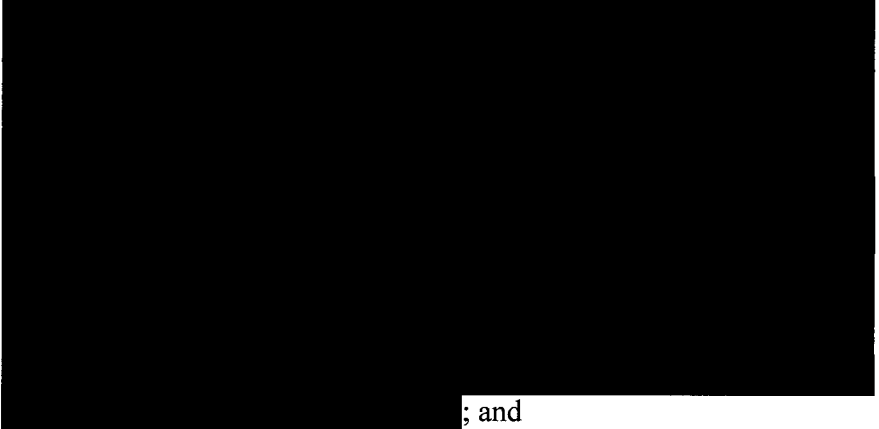
Plan Sponsor may invest up to \$150 million for testing and support with respect to PSAN Inflators and meet with appropriate governmental entities regarding such testing; provided, however, any such meetings, testing and support activities will be conducted only as agreed to by the Consenting OEMs.

**6. Scope of Indemnification.**

a. Uncapped Indemnity. Each of the Consenting OEMs, on an individual and not joint or joint and several basis, shall indemnify and hold harmless Parent from and against:

i. any and all Losses relating to or arising out of any PSAN Inflator installed, or incorporated in any part installed, in any vehicle manufactured or sold by such Consenting OEM, but solely to the extent of the Consenting OEM Liability of such Consenting OEM;

ii. Product-Based Damages relating to or arising out of any PSAN Inflator installed, or incorporated in any part installed, in any vehicle manufactured or sold by such Consenting OEM (irrespective of the Consenting OEM Liability of such Consenting OEM);

iii. ; and

iv. reasonable defense and litigation costs paid or incurred in accordance with the Case Control Protocol related to Sections 6.a.i, 6.a.ii, and 6.a.iii (if applicable).

(collectively, the "Uncapped Indemnity Obligations").

Notwithstanding the foregoing, the Uncapped Indemnity Obligations shall be subject to, and shall be reduced to the extent of, the applicable Indemnity Exclusion(s). For the avoidance of doubt, no Consenting OEM shall have any Uncapped Indemnity Obligations for any Losses related to (i) a vehicle manufactured by another OEM, (ii) another OEM's liability, or (iii) Antitrust Claims. With respect to any Acquired Takata Entity, no Consenting OEM shall have

any Uncapped Indemnity Obligation for compensation provided by any such Acquired Takata Entity (or taken by setoff against such Acquired Takata Entity) prior to the Petition Date to such Consenting OEM related to Recall Claims incurred by such Consenting OEM prior to the Closing.

b. Capped Indemnity. Each of the Consenting OEMs, on a claim-by-claim basis, severally in accordance with each Consenting OEM's OEM Allocable Share, shall indemnify and hold harmless Parent from and against any and all Losses in connection with, relating to, or arising out of, PSAN Inflators [REDACTED], other than Uncapped Indemnity Obligations, including but not limited to:

- i. Conduct-Based Damages for a Personal Injury Claim or any other claim, regardless of which Consenting OEM manufactured or sold the applicable vehicle;

[REDACTED];

- iii. Plan Sponsor Support; and

- iv. reasonable defense and litigation costs related to the foregoing.

(collectively, the "Capped Indemnity Obligations").

Notwithstanding the foregoing, the Capped Indemnity Obligations [REDACTED]

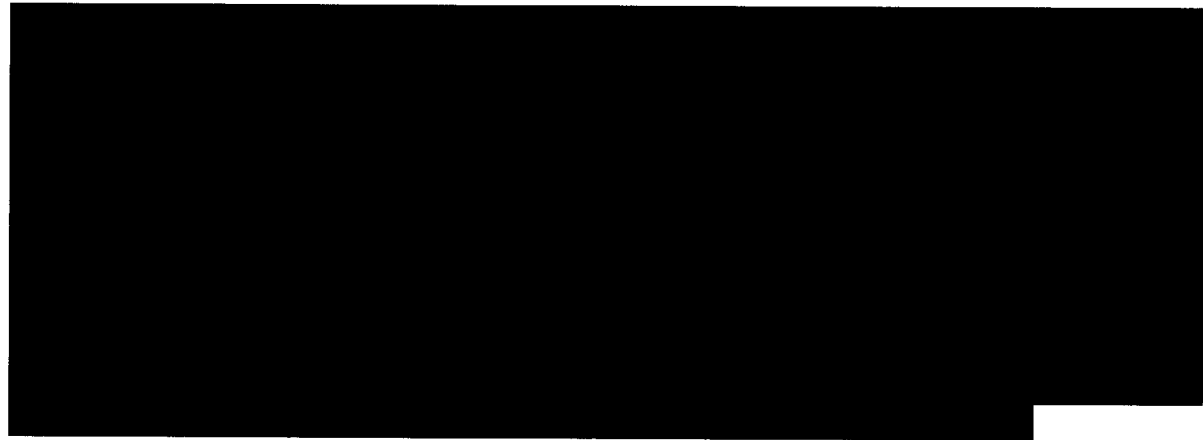
[REDACTED] (i) shall not exceed the Indemnity Cap in the aggregate, (ii) shall be subject to and shall be reduced to the extent of the applicable Indemnity Exclusion(s), and (iii) shall not include Antitrust Claims.

For clarity, the Capped Indemnity Obligations shall not include the actual costs and expenses of an OEM's Recall programs asserted by such OEM.

c. [REDACTED]

d. [REDACTED]

e. [REDACTED]

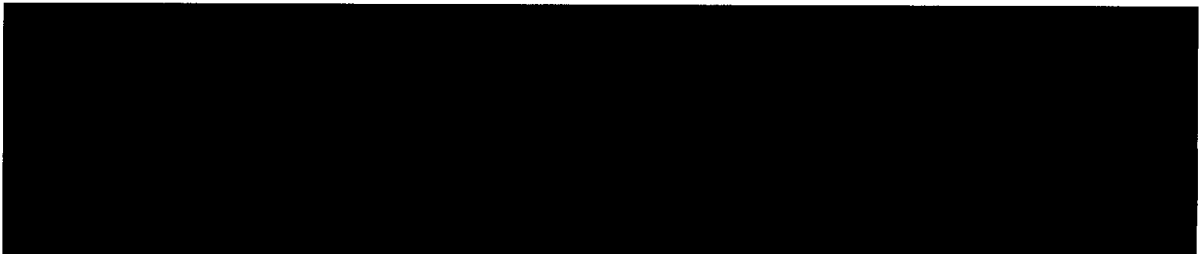


f. Insurance. The obligation of any Consenting OEM under this Agreement is (i) secondary and subordinate to (a) all insurance policies (other than any Plan Sponsor-owned Excess Policy) and proceeds thereof that are available to any Referenced Entity and (b) the proceeds of the U.S. PI/WD Fund (if any) and (ii) net of any amounts actually recovered by any Referenced Entity under any insurance policies (other than any Plan Sponsor-owned Excess Policy and net of costs of recovery) or from the U.S. PI/WD Fund (if any) and any other third-party payments that reimburse for the Loss. Nothing in this paragraph shall prohibit Parent from seeking and receiving indemnification hereunder prior to resolution of any claims of Plan Sponsor under applicable insurance policies; provided, however, Plan Sponsor shall be required to diligently seek (or cause the applicable Referenced Entity to seek) recovery under any available insurance, and shall provide a report on such efforts upon request by any Consenting OEM, and any recoveries obtained from available insurance (other than any Plan Sponsor-owned Excess Policy) shall promptly be paid over to the Consenting OEMs (net of reasonable and unreimbursed costs and expenses for obtaining such recoveries) to the extent that the Consenting OEMs have previously reimbursed Parent for such Losses; provided further that exhausting remedies against any available insurance shall not be a condition to receiving indemnification hereunder, it being understood that any such indemnification paid by any Consenting OEM prior to receipt by any Referenced Entity of any recovery available under any insurance policy (other than any Plan Sponsor-owned Excess Policy) shall be an advance that will be returned by Plan Sponsor or the applicable Referenced Entity only if, and to the extent that, the applicable Referenced Entity receives any recovery from available insurance (other than any Plan Sponsor-owned Excess Policy and net of reasonable and unreimbursed costs and expenses for obtaining such recoveries).

g. Consultation. If Parent believes that a claim subject to the Consenting OEMs' Capped Indemnity Obligations would threaten the financial or operational viability of the applicable entity(ies) against which the claim is asserted (assuming no indemnification for such claim), Parent will consult with the Consenting OEMs to develop mutually beneficial alternatives to the payment of such claim, including, but not limited to, potential restructuring or insolvency proceedings for such entity(ies). If, after consulting with the Consenting OEMs, Parent decides to restructure or pursue insolvency proceedings for a Referenced Entity that sustains an indemnifiable Loss, then for purposes of Section 6.b, the amount of such Loss shall be only up to the least of (i) the amount of such Losses, (ii) the fair market value of the assets of such Referenced Entity (less the fair market value of the ordinary course operating Liabilities of

such Referenced Entity) (in each case as determined below) and (iii) the remaining amount of the Consenting OEMs' Capped Indemnity Obligations. If Parent decides to satisfy a claim against a Referenced Entity that sustains a Loss instead of restructuring or pursuing insolvency proceedings for such Referenced Entity, the OEMs' Capped Indemnity Obligations for such Losses will be capped at the amount actually paid to settle the underlying claim and such amounts will be utilized by Plan Sponsor to satisfy such claim. In determining the fair market value of the assets and ordinary course operating Liabilities of such Referenced Entity, Parent and the Consenting OEMs shall in good faith attempt to mutually agree on the fair market value. If Parent and the Consenting OEMs are not able to mutually agree on such fair market value, Parent and the Consenting OEMs shall mutually appoint an appraiser jointly selected by the Parent and the Consenting OEMs to determine such fair market value. To the extent that Parent and the Consenting OEMs do not agree on an appraiser to determine such fair market value, Parent and the Consenting OEMs shall each choose a nationally recognized appraiser competent to perform a fair market valuation of the applicable Referenced Entity and such two (2) appraisers shall appoint a third nationally recognized appraiser competent to perform a fair market valuation of the applicable Referenced Entity, and such appointed appraiser shall determine the fair market value of the assets and ordinary course Liabilities of the applicable Referenced Entity. Parent and the Consenting OEMs shall cooperate with any appraiser appointed pursuant to this Section 6.g and the fees and expenses of such appraiser shall be allocated one half to Parent and one half to the Consenting OEMs (according to their respective OEM Allocable Shares). The valuation report of any appraiser appointed pursuant to this Section 6.g shall be final and binding on the Parties. For the avoidance of doubt, (i) any determinations made by Parent pursuant to this Section 6.g shall be at the sole discretion of Parent, notwithstanding any obligation to consult with the Consenting OEMs and (ii) this Section 6.g shall only apply to Capped Indemnity Obligations.

h.





[REDACTED]

i.

[REDACTED]

i.

[REDACTED]

7.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8. Release.

a. Effective as of the Effective Date (and only if it should occur), each Consenting OEM hereby releases, acquits, and discharges, and shall be enjoined from prosecution of any and all claims, counterclaims, disputes, liabilities, rights, suits, obligations, judgments, duties, demands, defenses, liens, actions, administrative proceedings, costs, expenses, matters, issues, and causes of action of every kind and nature, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding, (including but not limited to any claims arising under federal, state, foreign or common law) (collectively, "Claims"), by or on behalf of such Consenting OEM and each of its respective Schedule A Entities (each a "Consenting OEM Releasing Party"), whether individual, direct, class, representative, legal, equitable, or any other type or in any other capacity against each Released Plan Sponsor Person that such Consenting OEM Releasing Party ever had, now has, may have, or may have had, by reason of, arising out of, relating to, or in connection with: (A) Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators prior to Closing (including if such Claim manifests after the Effective Date), (B) without limiting the generality of (A), all costs and expenses of, and all other Liabilities related to, each Consenting OEM's Recall programs (including Recall programs initiated after the Effective Date), (C)

[REDACTED] (D) overcharges prior to the Effective Date related to Kitting Operations; and (E) any conduct of Takata prior to the Effective Date relating to price fixing, market manipulation, collusion, cartel, or any other similar anti-competitive practice or violations of antitrust and competition laws

(collectively, the “Consenting OEM Released Claims”); provided, however, that the foregoing release shall not release any Consenting OEM Released Claim against any Representative who is a natural person who was previously employed at Takata or who conspired with Takata, which is attributable to an act of fraud, bad faith, criminal conduct, willful misconduct or negligence by such Representative while employed by, or conspiring with, Takata.

With respect to the Consenting OEM Released Claims, the Consenting OEM Releasing Parties hereby expressly waive any and all provisions, rights, and benefits conferred by any law of any country or state or territory of the United States which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In agreeing to the foregoing waiver, each of the Consenting OEM Releasing Parties expressly acknowledges and understands that it may hereafter discover facts in addition to or different from those which it now believes to be true with respect to the subject matter of the matters released herein, but expressly agrees that it has taken these possibilities into account in electing to participate in this release, and that the release given herein shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts, as to which each of the Consenting OEM Releasing Parties expressly assumes the risk, other than as set forth in Section 12.c herein. Notwithstanding any other provisions herein, but subject to the express terms of the other releases provided in this Section 8, and for the avoidance of doubt, the Consenting OEM Releasing Parties reserve all rights against all persons other than the Released Plan Sponsor Persons subject to release and discharge hereunder, and this Agreement is not intended to prejudice, restrict or affect (or be an election of remedy) in respect of any rights, powers and remedies that the Consenting OEM Releasing Parties may have against other such persons.

b. Effective as of the Effective Date (and only if it should occur), each of the Consenting OEMs hereby releases, acquits, and discharges, and shall be enjoined from prosecution of any and all Claims, by or on behalf of each Consenting OEM Releasing Party, whether individual, direct, class, representative, legal, equitable, or any other type or in any other capacity against any Acquired Takata Entity that such Consenting OEM Releasing Party ever had, now has, may have, or may have had, by reason of, arising out of, relating to, or in connection with the Consenting OEM Released Claims; provided, however, that the foregoing release shall not impair, waive, or otherwise affect any claim that a Consenting OEM may have against any Takata Entity that is not an Acquired Takata Entity, or otherwise impair the rights of any Consenting OEM to file, or recover on account of, claims in any insolvency proceeding of any Takata Entity that is not an Acquired Takata Entity or in any other proceeding or otherwise against any Takata Entity that is not an Acquired Takata Entity. Notwithstanding the foregoing, if (1) any Consenting OEM is required by a court of competent jurisdiction (whether by judgment or by settlement) to disgorge, turn over or otherwise pay any amount received (including via setoff) by such Consenting OEM from an Acquired Takata Entity that constituted a Settlement Amount (as defined in the Global Settlement Agreement), to the estate or a creditor

of the applicable Acquired Takata Entity (or any trustee, administrator, supervisor, receiver or similar person for such estate), because the payment of such Settlement Amount is determined to be fraudulent (actually or constructively) or preferential in any respect or for any similar reason, or (2) the acquisition by Plan Sponsor of any Acquired Takata Entity is successfully declared void or is clawed back because the transfer of ownership to Plan Sponsor is determined by a court of competent jurisdiction to be fraudulent (actually or constructively) or preferential in any respect or for any other similar reason, then (x) any discharge and release pursuant to this Section 8 of any PSAN Claims or other Claims of each Consenting OEM against the applicable Acquired Takata Entity, and (y) any discharge and release pursuant to the Global Settlement Agreement by the applicable Acquired Takata Entity in favor of the Consenting OEMs, in each case of (x) and (y) shall be deemed null and void *ab initio* but, solely in the case of (y), only to the extent that any claim subject to such discharge or release by the applicable Acquired Takata Entity in favor of the Consenting OEMs may be asserted as a defense to, and not a counterclaim against, the PSAN Claims of such Consenting OEM against the applicable Acquired Takata Entity.

With respect to the Consenting OEM Released Claims, the Consenting OEM Releasing Parties hereby expressly waive any and all provisions, rights, and benefits conferred by any law of any country or state or territory of the United States which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In agreeing to the foregoing waiver, each of the Consenting OEM Releasing Parties expressly acknowledges and understands that it may hereafter discover facts in addition to or different from those which it now believes to be true with respect to the subject matter of the matters released herein, but expressly agrees that it has taken these possibilities into account in electing to participate in this release, and that the release given herein shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts, as to which each of the Consenting OEM Releasing Parties expressly assumes the risk, other than as set forth in Section 12.c herein. Notwithstanding any other provisions herein, but subject to the express terms of the other releases provided in this Section 8, and for the avoidance of doubt, the Consenting OEM Releasing Parties reserve all rights against all persons other than the Acquired Takata Entities subject to release and discharge hereunder, and this Agreement is not intended to prejudice, restrict or affect (or be an election of remedy) in respect of any rights, powers and remedies that the Consenting OEM Releasing Parties may have against other such persons.

c. The Consenting OEMs agree to forebear from exercising any rights in respect of PSAN Claims against any Takata Seller Entities whose assets are acquired by Plan Sponsor on the terms set forth in the Global Settlement Agreement and until the liquidation of such entity unless an Unforeseen Event occurs or the Global Settlement Agreement is terminated in accordance with its terms.

d. None of the releases set forth herein shall (i) impair, waive or otherwise affect the Consenting OEMs' entitlement to recover from any funds pursuant to the DOJ Plea Agreement that may be recoverable against Takata or (ii) limit any Consenting OEM Releasing Party's ability to object to, defend itself against, oppose or dispute on any ground or basis, any claim asserted against it by any person, provided that such Consenting OEM Releasing Party is not seeking any affirmative recovery from any Released Plan Sponsor Person or Acquired Takata Entity in any way related to any Consenting OEM Released Claim.

e. Effective as of the Effective Date (and only if it should occur), each of the PSAN Consenting OEMs and Consenting OEM Bailors hereby releases, acquits, and discharges, and shall forever be enjoined from prosecution of any and all Claims, by or on behalf of such PSAN Consenting OEM or Consenting OEM Bailor and each of its respective Schedule A Entities (each a "PSAN Consenting OEM/Consenting OEM Bailor Releasing Party"), whether individual, direct, class, representative, legal, equitable, or any other type or in any other capacity against the Released Post-Closing Persons, by reason of, arising out of, relating to, or in connection with: (i) any claims relating to Takata's or Reorganized Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators (x) prior to the Closing, but only to the extent such PSAN Inflators are delivered or bailed to, or handled by, Released Post-Closing Persons after the Closing or (y) after the Closing; and (ii) any claims relating to Plan Sponsor's provision of Plan Sponsor Support ("PSAN Consenting OEM/Consenting OEM Bailor Released Claims"), except, in the case of (i) and (ii), to the extent that the losses associated with such claim are attributable to: (A) any Released Post-Closing Person's fraud, bad faith, criminal conduct, willful misconduct or negligence after the Closing; or (B) (1) Plan Sponsor's and/or an Acquired Takata Entity's material breach of the Transition Services Agreement, including a material breach of any aspect of its contractual obligations to provide Plan Sponsor Support, to adhere to the Standard of Care, or to provide PSAN Tier One Services or (2) Plan Sponsor's material breach of any contractual obligation under this Agreement, in each case, after notice and a reasonable opportunity to cure (to the extent curable); provided, however, the foregoing release shall not impair, waive, or otherwise affect any claim that a Consenting OEM may have against Plan Sponsor and/or an Acquired Takata Entity in connection with the Module Production, PSAN Service Part production, or Kitting Operations (other than with respect to the matters described in Section 8.a and 8.b above).

With respect to the PSAN Consenting OEM/Consenting OEM Bailor Released Claims, the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties hereby expressly waive any and all provisions, rights, and benefits conferred by any law of any country or state or territory of the United States which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

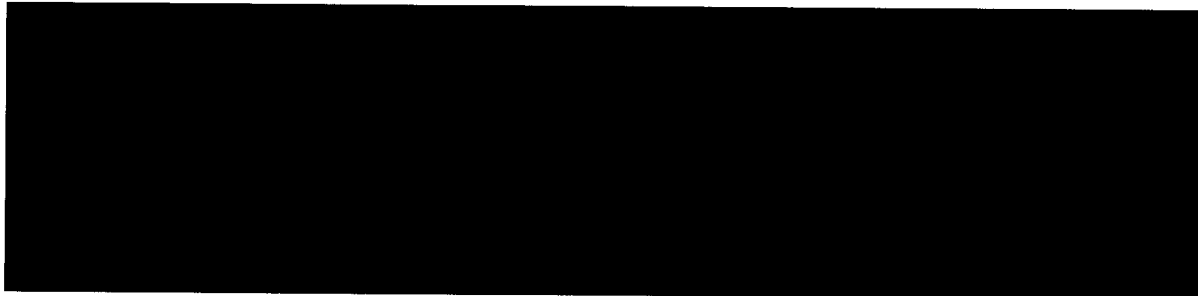
A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In agreeing to the foregoing waiver, the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties expressly acknowledge and understand that they may hereafter discover facts in addition to or different from those which they now believe to be true with respect to the

subject matter of the matters released herein, but expressly agree that they have taken these possibilities into account in electing to participate in this release, and that the release given herein shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts, as to which the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties expressly assume the risk, other than as set forth in Section 12.c herein. Notwithstanding any other provisions herein and for the avoidance of doubt, the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties reserve all rights against all persons other than the Released Post-Closing Persons subject to release and discharge hereunder, and this Agreement is not intended to prejudice, restrict or affect (or be an election of remedy) in respect of any rights, powers and remedies that the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties may have against other such persons.

f. Each Consenting OEM represents, warrants, covenants and agrees that none of the claims released by or on behalf of such Consenting OEM, nor any part thereof, has been or will be assigned, hypothecated, granted, or transferred (each, a "Transfer") in any way by such Consenting OEM to any person or entity (other than to one of its Schedule A Entities), including without limitation any claims that would be released in full hereunder but for such Transfer. Any purported assignment of claims released by or on behalf of any Consenting OEM hereby shall be null and void without further action.

g.



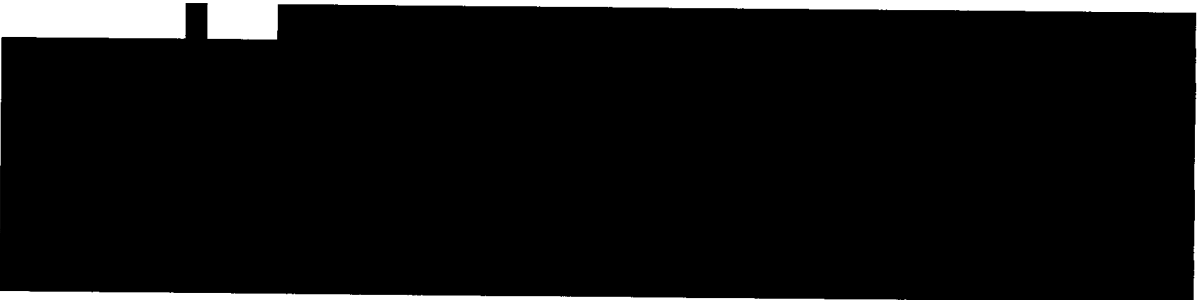
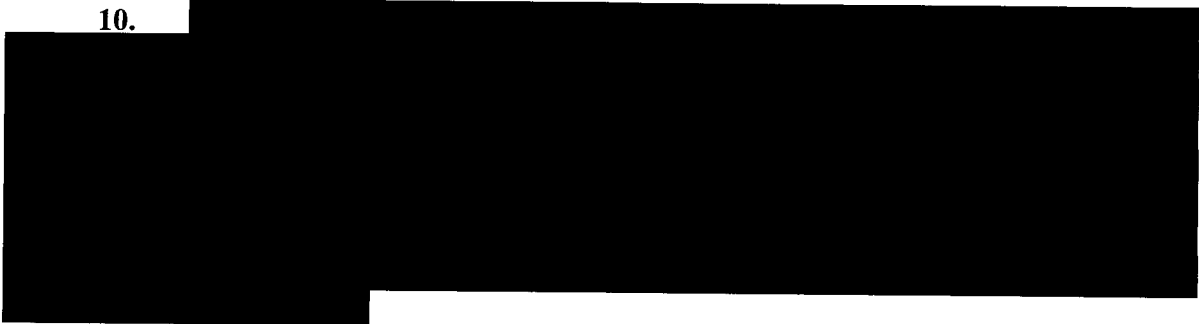


**9. Resourcing.**

a. Each Consenting OEM shall promptly notify Plan Sponsor of its resourcing of any Applicable Parts prior to the Closing.

b. In the event a Consenting OEM engages in any resourcing in violation of the Resourcing Limitation and the Plan Sponsor elects to proceed with the Closing, then upon (and subject to) the Closing, such Consenting OEM shall pay to Plan Sponsor by wire transfer of immediately available funds the Make Whole Payment.

**10.**





[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



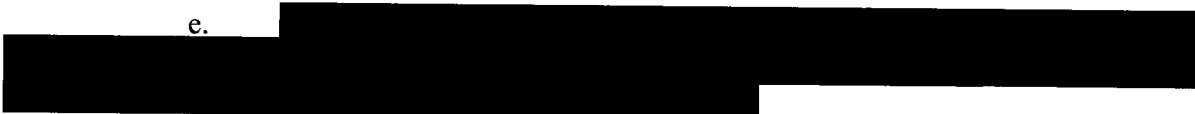
**11. Most Favored Nations.**

a. From and after the Signing Date, Plan Sponsor will not enter into agreements with any OEMs listed on Schedule C-1, including individual Consenting OEMs, regarding the subject matter covered by this Agreement on terms that are more favorable to such OEMs than the terms set forth in this Agreement, including requiring that such OEM become a Consenting OEM and provide the indemnifications and releases on the same terms as set forth in this Agreement. If and to the extent that any subsidiary of Takata that Plan Sponsor acquires in connection with the Closing is a party to any contract with any OEM listed on Schedule C-1 that does not become a Consenting OEM which provides for the manufacture and sale of any parts other than PSAN Inflators, then such subsidiary may perform all of its obligations for the remaining term of such contract (or, if earlier, until the contract may be terminated by such subsidiary without penalty in accordance with its terms), but will not renew or extend the current term of any such contract, or enter into any new or replacement contracts for parts currently in production by or awarded to Takata and shall provide any notice required to be provided to prevent the existing term of any such contract from renewing automatically in accordance with the terms thereof.

b. The PSAN Claims of each Consenting OEM shall be treated alike by Plan Sponsor, and Plan Sponsor shall cooperate with all reasonable requests of the Consenting OEMs and Takata, and shall use commercially reasonable efforts to cause, the PSAN Claims of each Consenting OEM to be treated alike in the Sale and Restructuring.

c. Plan Sponsor agrees to disgorge to the Consenting OEMs any profits Plan Sponsor or any of its affiliates have made under any agreement that violates the provisions in this Section 11.

d. This Section 11 shall not prohibit Plan Sponsor from entering into any settlement or other agreement with any Consenting OEM, so long as such settlement or agreement does not adversely affect any other Consenting OEM's rights and obligations under this Agreement.



**12. Representations and Warranties.**

a. Each Party hereby represents and warrants on a several and not joint basis for itself and not any other person or entity that as of the Signing Date:

i. it has the requisite organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

- ii. the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part; and
- iii. the execution, delivery and performance by it of this Agreement does not violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation, or bylaws, or other organizational documents.

b. Each Consenting OEM hereby further represents and warrants, on a several and not joint basis, for itself and not any other person or entity, that as of the Signing Date (with respect to Initial Consenting OEMs) or of its joinder hereto (with respect to any OEM that becomes a Consenting OEM after the Signing Date):

- i. each of the subsidiaries and controlled affiliates of such Consenting OEM that is a party to any Purchase Order with Takata has executed and delivered this Agreement as a Consenting OEM hereunder (or that this Agreement has been validly and effectively executed and delivered on its behalf with respect to Schedule A Entities); and
- ii. this Agreement constitutes the valid and legally binding obligation of such Consenting OEM and its respective Schedule A Entities, enforceable against such Consenting OEM and its respective Schedule A Entities in accordance with its terms and subject to applicable bankruptcy, reorganization, insolvency, moratorium, or other similar laws relating to creditors' rights and general principles of equity.

c. Plan Sponsor represents and warrants that, as of the Signing Date, (i) except to the extent disclosed to Plan Sponsor by any Consenting OEM, Plan Sponsor is not aware of any material governmental claim, proceeding, or investigation taking place in any jurisdiction regarding PSAN Inflatons and (ii) Plan Sponsor does not have actual knowledge (which, for this purpose, means the actual knowledge of the Chief Financial Officer of Plan Sponsor as of the Signing Date) of any material class action or similar third-party claim or proceeding pending or threatened in any jurisdiction regarding PSAN Inflatons, in each case, that (a) has not been disclosed or announced publicly, (b) is not known to all of the Consenting OEMs, (c) Plan Sponsor is not prohibited or restricted from disclosing by applicable laws, rules, regulation, or any contractual or other binding obligation to any third party; provided, however, that in such instance Plan Sponsor shall be required to provide notice of the existence of such governmental claim, proceeding, investigation, class action or similar third-party claim or proceeding and as much detail regarding such governmental claim, proceeding, or investigation, class action or similar third-party claim or proceeding as possible without violating any applicable laws, rules, regulation or contracts, and (d) would reasonably be expected to result in a claim covered by the Capped Indemnity Obligations. The Consenting OEMs and Plan Sponsor will enter into a confidentiality agreement to cover any of the foregoing disclosures. Any Consenting OEM that has actual knowledge of any governmental claim, proceeding, investigation, class action or similar third-party claim or proceeding shall not be permitted to assert a breach of this Section 12.c, or to seek any reduction or elimination of such Consenting

OEM's indemnification obligation with respect to such governmental claim, proceeding, or investigation, class action or similar third-party claim or proceeding.

**13. Cooperation with Post-Closing Operational Restructuring Plan.** From and after the Effective Date, each of the Consenting OEMs shall use its respective commercially reasonable efforts to cooperate with Plan Sponsor and provide commercially reasonable assistance to Plan Sponsor in connection with Plan Sponsor's operational restructuring plans relating to the Sale in order to facilitate Plan Sponsor's realization of the operational synergies and other benefits expected to be realized in connection with the Sale; provided, however, that such cooperation shall not require any OEM to accept any increase in the fully burdened costs associated with any parts or components produced by Plan Sponsor that are affected by such cooperation and assistance or material one-time costs, including, for example costs associated with the provision of manpower.

**14. Failure to Disclose Material Information.** The Consenting OEMs shall not be liable under this Agreement for any claim based on or related to any inaccuracy or breach of any representations or warranties of Plan Sponsor contained in Section 12.c of this Agreement.

**15. Survival: Conflicts.** Except as otherwise set forth herein, this Agreement will have an indefinite term.

**16. Sole Remedy. SECTION 6 OF THIS AGREEMENT SETS FORTH THE ENTIRE INDEMNIFICATION OBLIGATION OF THE CONSENTING OEMS, AND THE SOLE AND EXCLUSIVE REMEDY FOR PARENT AGAINST ANY CONSENTING OEM FOR ANY DAMAGES COVERED THEREUNDER.**

**17. Governing Law; Jurisdiction.** This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflicts of laws or principles thereof. If the Parties are unable to resolve any dispute within thirty (30) days (or such longer period as agreed to by the Parties) after notice of dispute is given, each Party irrevocably consents and agrees (on behalf of itself and its Schedule A Entities) that such dispute shall be fully and finally resolved by binding arbitration in accordance with the Swiss Rules of International Arbitration of Swiss Chambers' Arbitration Institution in force on the date on which the Notice of Arbitration is submitted in accordance with such Rules. The number of arbitrators shall be three. The language of the arbitration and of the Award shall be English. The Parties agree that the seat of such arbitration shall be Geneva, Switzerland, and that the hearing shall be in Geneva, unless otherwise agreed by the Parties. Award enforcement proceedings can be brought in any jurisdiction in which the party against whom enforcement is sought is subject to personal jurisdiction, under the rules applicable in the country in which enforcement is sought.

**18. KSS Performance Guaranty.** KSS hereby guarantees the due, prompt and faithful performance and discharge by, and compliance with, all of the obligations, covenants, agreements, terms, conditions and undertakings of the Plan Sponsor under this Agreement, in accordance with the terms hereof, from the Signing Date through and including the Effective Date. Such guarantee is an absolute and unconditional guarantee of performance, and is in no

way conditioned or contingent upon any attempt to enforce performance or compliance by, or otherwise seek remedies from, the Plan Sponsor. KSS hereby makes the representations and warranties in Sections 12.a and 12.c of this Agreement, *mutatis mutandis*.

19. **Section Headings.** The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

20. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement in the proceeding in which such provision(s) was deemed invalid or unenforceable. In the event that any of the provisions of this Agreement shall be held by any reviewing court, governmental authority, arbitration panel or other similar party (a "Reviewing Party") to be invalid or unenforceable, such provisions shall be limited or eliminated in the applicable proceeding only to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect. In the event of any such determination of invalidity or unenforceability, the Reviewing Party shall be permitted to reform the terms of this Agreement in the applicable proceeding to most closely give effect to the expressed intent of the Parties hereto while still complying with applicable law. If any provisions of this Agreement are deemed invalid or unenforceable, or this Agreement is reformed in any manner by any Reviewing Party, at the request of the affected Party(ies), the Agreement shall subsequently be submitted to arbitration pursuant to Section 17 for further reformation (including the reinsertion of any provision deemed invalid or unenforceable) by the arbitrators, which further reformed Agreement shall be controlling and binding upon the Parties.

21. **Binding Agreement; Assignment.** This Agreement and all of the provisions hereof will be binding upon and inure to the benefit only of the Parties and their respective successors and assigns; provided, however, that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the Parties. Any such assignment made by any such Party without such prior written consent shall be null and void.

22. **Counterparts.** This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Facsimile copies of signatures shall be treated as originals for all purposes.

23. **Electronic Signatures.** This Agreement may be delivered by facsimile or other electronic means, which shall constitute an original for all purposes. Each Party to this Agreement shall deliver original signature pages promptly upon the written request of any counterparty, even if such original signature pages are delivered after the Closing.

24. **Notices.** Any notice or other instrument to be given under this Agreement must be in writing and, except as otherwise provided in this Agreement, shall be deemed to be duly given if mailed, delivered by hand or sent by email or reputable overnight courier service to the Parties to whom the communication is intended to be given, and any notice so delivered or sent shall be deemed to have been given: (a) if emailed, on the day and at the time at which the email

was sent, (b) if sent by reputable overnight courier service, one (1) business day after being sent, and (c) if mailed, three (3) days following the date of mailing. Until changed by notice in the manner described above, the addresses of the Parties for the purpose of notice shall be:

If to BMW:

BMW Manufacturing Co., LLC  
1400 Highway 101 South  
Greer, SC 29605  
Attention: Seann Tzouvelekas  
Associate General Counsel  
Email: seann.tzouvelekas@bmwmc.com

With a copy to:

BMW Aktiengesellschaft  
Knorrstrasse 147  
80788 München, Germany  
Attention: Sven Hofmann, MZ-14  
Risk Management  
Email: sven.sh.hofmann@bmw.de

and

BMW Aktiengesellschaft  
Dostlerstraße 3  
80809 München, Germany  
Attention: Dr. Stephan Wollbrink, AJ-1  
Legal Counsel  
Email: stephan.wollbrink@bmw.de

and

David A. Rosenzweig  
Norton Rose Fulbright US LLP  
1301 Avenue of the Americas  
New York, NY 10019  
Email: david.rosenzweig@nortonrosefulbright.com

If to Daimler:

Daimler AG  
HPC: G036  
Schickardstr. 30  
D- 71034 Böblingen, Germany  
Attention: Götz Rachner  
Senior Manager  
Risk & Restructuring Management (MP/SR)  
Mercedes-Benz Procurement & Supplier Quality  
Email: goetz.rachner@daimler.com

With a copy to:

White & Case LLP  
1221 Avenue of the Americas  
New York, NY 10020-1095  
Attention: Thomas Lauria  
Email: tlauria@whitecase.com

If to FCA:

FCA US LLC  
800 Chrysler Drive  
Auburn Hills, MI 48326  
CIMS 484-01-26  
Attention: Sigmund E. Huber  
Global Director, Supplier Relations & Risk Management  
Email: sig.huber@fcagroup.com

With a copy to:

FCA US LLC  
1000 Chrysler Drive  
Auburn Hills, MI 48326  
CIMS 485-14-07  
Attention: Mark Werling  
Email: mark.werling@fcagroup.com

and

Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004  
Attention: Brian Glueckstein  
Email: gluecksteinb@sullcrom.com



If to Ford:

Ford Motor Company  
Town Center Offices  
18900 Michigan Avenue  
Dearborn, MI 48126  
Attention: Dennis Barrish  
Email: dbarrish@ford.com

With a copy to:

McGuireWoods LLP  
625 Liberty Avenue  
23rd Floor  
Pittsburgh, PA 15222  
Attention: Mark E. Freedlander, Esq.  
Email: mfreedlander@mcguirewoods.com

If to GM:

General Motors LLC  
Vehicle Engineering Center  
29755 Louis Chevrolet Rd.  
Warren, MI 48090-9020  
M/C 480-210-85  
Attention: Mark W Fischer  
Email: mark.w.fischer@gm.com

With a copy to:

General Motors LLC  
Vehicle Engineering Center  
29755 Louis Chevrolet Rd.  
Warren, MI 48090-9020  
M/C 480-210-8N  
Attention: Aaron M. Silver  
Email: aaron.silver@gm.com

and

Honigman Miller Schwartz and Cohn LLP  
2290 First National Building  
660 Woodward Avenue  
Detroit, MI 48226-3506  
Attention: Joseph R. Sgroi  
Email: jsgroi@honigman.com

If to Honda:

Honda Motor Co., Ltd.  
4630 Shimotakanezawa, Haga-machi, Haga-gun,  
Tochigi, 321-3393, Japan  
Attention: Masaru Kamata  
Email: masaru\_a\_kamata@hm.honda.co.jp

and

Honda North America  
24000 Honda Parkway  
Marysville, OH 43040  
Attention: Tom Lake  
Email: Tom\_Lake@hna.honda.com

With a copy to:

Vorys, Sater, Seymour & Pease  
52 East Gay Street  
Columbus, OH 43215  
Attention: Rob Bell  
Email: rabell@vorys.com

If to JLR:

Jaguar Land Rover Limited  
Registered Office: Abbey Road, Whitley, Coventry CV3 4LF  
Registered in England No: 1672070  
Attention: Antony Cunningham  
Email: ACunning@jaguarlandrover.com

With a copy to:

Jaguar Land Rover North America, LLC  
555 MacArthur Boulevard  
Mahwah, NJ 07430  
Attention: Anna-Lisa Corrales  
Email: acorral8@jaguarlandrover.com  
mailto:toshifumi.kimura@mitsubishi-motors.com

If to Mazda:

Mazda Motor Corporation  
3-1 Shинchi, Fuchu-cho, Aki-gun,  
Hiroshima  
730-8670 Japan  
Attention: Mr. Tetsuto Nakamura, General  
Manager, Purchasing Division  
Email: nakamura.tet@mazda.co.jp

With a copy to:

Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, NY 10036  
Attention: Adam Rogoff and Anupama Yerramalli  
Email: arogoff@kramerlevin.com  
ayerramalli@kramerlevin.com

If to Mitsubishi:

Mitsubishi Motors Corporation  
1, Nakashinkiri, Hashime-cho  
Okazaki, Aichi Pref., Japan  
Attention: Toshifumi Kimura, General Manager, Interior Parts and  
Aftersales Purchasing Dept.  
Email: toshifumi.kimura@mitsubishi-motors.com

With a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019  
Attention: Kevin O'Neill  
Email: koneill@paulweiss.com

If to Nissan:

Nissan Motor Co., Ltd.  
1-1, Takashima 1-chome, Nishi-ku  
Yokohama-shi, Kanagawa 220-8686 Japan  
Attention: Fabien Lesort  
Email: f-lesort@mail.nissan.co.jp

and

Nissan North America, Inc.  
39001 Sunrise  
Farmington Hills, MI 48331  
Attention: Donald P. Parshall, Jr.  
Email: don.parshall@nissan-usa.com

With a copy to:

Jones Day  
600 Brickell Avenue, Suite 3300  
Miami, FL 33131  
Attention: Pedro A. Jimenez  
Email: pjimenez@jonesday.com

If to PSA:

PSA Automobiles SA  
2-10 bd de l'Europe – YT 279  
78093 Poissy cedex 09 France  
Attention: Pascal DALON  
Supplier Risk Manager  
Email: pascal.dalon@mpsa.com

and

PSA Automobiles SA  
7, rue Henri Sainte-Claire Deville  
92500 Rueil-Malmaison France  
Attention: Mark Rollinger  
General Counsel  
Email: mark.rollinger@mpsa.com

With a copy to:

Baker Hostetler LLP  
Key Tower, 127 Public Square  
Suite 2000  
Cleveland, OH 44114-1214  
Attention: Eric R. Goodman, Esq.  
Email: egoodman@bakerlaw.com

If to Subaru:

Subaru Corporation  
Ebisu Subaru Bldg., 1-20-8, Ebisu, Shibuya-ku,  
Tokyo  
150-8544  
Japan  
Attention: Naoko Taniguchi, Legal Department  
Email: taniguchi.naoko@subaru.co.jp

and

Subaru of America, Inc.  
2235 Marlton Pike W.  
Cherry Hill, NJ 08002  
Attention: Terri Woodard Claybrook, Director-Associate General Counsel  
Email: tclaybrook@subaru.com

and

Subaru of Indiana Automotive, Inc.  
5500 State Road 38 E  
Lafayette, IN 47905  
Attention: Douglas R. Meyer, Senior Manager and General Counsel  
Legal/HR/CSR  
Email: doug.meyer@subaru-sia.com

With a copy to:

Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, NY 10036  
Attention: Adam Rogoff and Anupama Yerramalli  
Email: arogoff@kramerlevin.com  
ayerramalli@kramerlevin.com

If to Toyota:

Toyota Motor Engineering & Manufacturing North America, Inc.  
8777 Platt Road  
Saline, MI 48176  
Attention: Jim Holloway  
Email: jim.holloway@toyota.com

and

Toyota Motor North America, Inc.  
6565 Headquarters Drive  
Plano, TX 75024  
Attention: Cortney Romans  
Email: cortney.romans@toyota.com

and

Toyota Motor Corporation  
1, Toyota-cho  
Toyota, Aichi 471-8571  
Attention: Takuo Nomura  
Email: takuo\_nomura@mail.toyota.co.jp

With a copy to:

Frost Brown Todd LLC  
150 Third Avenue South, Suite 1900  
Nashville, TN 37201-2043  
Attention: Robert Sartin, Esq.  
Email: rsartin@fbtlaw.com

and

Orrick, Herrington & Sutcliffe LLP  
51 West 52nd Street  
New York, NY 10019-6142  
Attention: Lorraine S. McGowen, Esq.  
Email: lmcgowen@orrick.com

If to Volkswagen:

Volkswagen AG  
Brieffach 1618  
D-38436 Wolfsburg, Germany  
Attention: Dr. Frauke Eßer and Dr. Dirk Täger  
Email: frauke.esser@volkswagen.de and  
dirk.taeger@volkswagen.de

With a copy to:

Davis, Polk and Wardwell LLP  
450 Lexington Avenue  
New York, NY 10017  
Attention: Timothy Graulich  
Email: timothy.graulich@davispolk.com

If to Volvo:

Volvo Group Truck Operations  
Dept. BE83000, GC2N  
40508 Gothenburg, Sweden  
Attention: Alessandro Galluzzi  
Email: alessandro.galluzzi@volvo.com

With a copy to:

Baker Hostetler LLP  
Key Tower, 127 Public Square  
Suite 2000  
Cleveland, OH 44114-1214  
Attention: Eric R. Goodman, Esq.  
Email: egoodman@bakerlaw.com

If to Parent or Plan Sponsor:

Key Safety Systems  
7000 Nineteen Mile Road  
Sterling Heights, MI 48314  
Attention: Joe Perkins and Matthew C. Cohn  
Email: PerkinsJ@keysafetyinc.com  
cohnm@keysafetyinc.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, NY 10036  
Attention: Steven J. Daniels and Ron E. Meisler  
Email: Steven.Daniels@skadden.com  
Ron.Meisler@skadden.com

**25. Confidentiality.** Unless otherwise required by applicable law, the Parties agree to keep this Agreement confidential; provided, however, that each of the Parties has the right to disclose this Agreement and all information and analyses related thereto within their respective organization, with their respective outside advisors, and to any OEM that may consider joining this Agreement pursuant to Section 1, provided that such OEM has agreed to keep this Agreement confidential on the terms of this Section 25.

**26. General Terms.** This Agreement constitutes the entire understanding of the Parties in connection with the subject matter hereof. The Parties executing this Agreement as representatives warrant that they have the power and authority to execute this Agreement on behalf of the entities that they represent and that their signatures bind said entities and each entity's subsidiaries and affiliates as listed on Schedule A, as set forth in the preamble to this Agreement.

27. **Amendments.** This Agreement may not be modified, altered, or amended except by an agreement in writing signed by the Parties.

28. **No Waiver.** The failure by any Party to enforce at any time, or for any period of time, any one or more of the terms or conditions of this Agreement, or a course of dealing between or among the Parties or any of them, shall not be a waiver of such terms or conditions or of such Party's right thereafter to enforce each and every term and condition of this Agreement.

29. **Acknowledgments.** THIS AGREEMENT HAS BEEN FREELY AND VOLUNTARILY ENTERED INTO BY THE PARTIES, WITHOUT ANY DURESS OR COERCION, AND AFTER THE PARTIES HAVE EITHER CONSULTED WITH COUNSEL OR HAVE BEEN GIVEN AN OPPORTUNITY TO DO SO, AND EACH OF THE PARTIES ACKNOWLEDGES THAT IT (A) IS A SOPHISTICATED PARTY WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, (B) HAS ADEQUATE INFORMATION CONCERNING THE MATTERS THAT ARE THE SUBJECT OF THIS AGREEMENT, (C) HAS CAREFULLY AND COMPLETELY READ AND UNDERSTANDS ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT AND (D) HAS INDEPENDENTLY AND WITHOUT RELIANCE UPON ANY OTHER PARTY TO THIS AGREEMENT OR ANY OFFICER, EMPLOYEE, AGENT OR REPRESENTATIVE THEREOF MADE ITS OWN ANALYSIS AND DECISION TO ENTER INTO THIS AGREEMENT.

30. **Waiver of Jury Trial.** THE PARTIES HERETO ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THIS RIGHT MAY BE WAIVED. THE PARTIES EACH HEREBY KNOWINGLY, VOLUNTARILY AND WITHOUT COERCION, WAIVE ALL RIGHTS TO A TRIAL BY JURY OF ALL DISPUTES ARISING OUT OF OR IN RELATION TO THIS AGREEMENT. NO PARTY SHALL BE DEEMED TO HAVE RELINQUISHED THE BENEFIT OF THIS WAIVER OF JURY TRIAL UNLESS SUCH RELINQUISHMENT IS IN A WRITTEN INSTRUMENT SIGNED BY THE PARTY TO WHICH SUCH RELINQUISHMENT WILL BE CHARGED.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the Signing Date.

**BMW Manufacturing Co., LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Daimler AG**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FCA US LLC f/k/a Chrysler Group LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FCA Group Purchasing Srl**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FCA Fiat Chrysler Automóveis Brasil Ltda.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FCA Automobiles Argentina S.A.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Ford Motor Company**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**General Motors Holdings LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Honda Motor Co., Ltd.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Jaguar Land Rover Ltd.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Mazda Motor Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Mitsubishi Motors Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Nissan Motor Co., Ltd.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PSA Automobiles SA**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Opel Automobile GmbH**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Subaru Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Toyota Motor Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Aktiebolaget Volvo**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Volkswagen Aktiengesellschaft,**  
Berliner Ring, 38436 Wolfsburg; Deutschland

i.V.

By: \_\_\_\_\_

Print Name: Rainer Stutz

Title: Leiter Konzernbeschaffung Interieur

i.V.

By: \_\_\_\_\_

Print Name: Dr. Frauke Eßer

Title: Leiter reaktives Risikomanagement Beschaffung

**KSS Holdings, Inc.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Joyson KSS Auto Safety S.A.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE A**

**SCHEDULE A ENTITIES**

**SCHEDULE B-1**

**PLAN SPONSOR PARTIES**

[To be provided by Plan Sponsor prior to Closing]

**SCHEDULE B-2**

**TRANSACTION ENTITY**

**SCHEDULE C-1**

**NON-CONSENTING OEMs**

**SCHEDULE C-2**

**CONSENTING OEM ALLOCABLE SHARE AND ALLOCATION PERCENTAGES**

**SCHEDULE D**

**STANDALONE OEM ASSUMED CONTRACTS**

[To be completed prior to Closing]

**SCHEDULE E**

**STANDALONE PSAN ASSUMED CONTRACTS**

[To be completed prior to Closing]



**SCHEDULE F**

**MODIFIED ASSUMED OEM CONTRACTS**

[To be completed prior to Closing]

**SCHEDULE G**

**MODIFIED ASSUMED PSAN CONTRACTS**

[To be completed prior to Closing]

**SCHEDULE H**

**DIRECTED TIER ONES AND DIRECTED PSAN TIER ONES**

[To be completed prior to Closing]

**SCHEDULE I**

**PLAN SPONSOR MINORITY INTEREST RELEASED ENTITIES**

**EXHIBIT 1**

**JOINDER AGREEMENT**

**EXHIBIT 2**

**DOJ PLEA AGREEMENT REQUESTED MODIFICATION SCHEDULE**

**EXHIBIT 3**

**ACCESS AGREEMENT**

**[THE ACCESS AGREEMENT MAY BE FOUND AT  
DOCKET NO. 953]**

**EXHIBIT 4**

**BACKSTOP AGREEMENT**

**[SEE EXHIBIT 3 TO THE CHAPTER 11 PLAN]**



**EXHIBIT 5**

**GLOBAL ACCOMMODATION AGREEMENT**

**[THE GLOBAL ACCOMMODATION AGREEMENT  
MAY BE FOUND AT DOCKET NO. 953]**

**EXHIBIT 6**

**GLOBAL SETTLEMENT AGREEMENT**

**[THE GLOBAL SETTLEMENT AGREEMENT MAY BE FOUND AT  
EXHIBIT I TO THE U.S. ACQUISITION AGREEMENT FILED  
CONTEMPORANEOUSLY HEREWITH, AS SUCH AGREEMENT  
MAY BE SUPPLEMENTED, AMENDED, OR MODIFIED FROM TIME  
TO TIME IN ACCORDANCE WITH THE TERMS THEREIN]**

**EXHIBIT 7**

**JAPAN ACCOMMODATION AGREEMENT**

**EXHIBIT 8**

**LIQUIDATING ENTITY BUDGETS**

**EXHIBIT 9**

**PERFORMANCE GUARANTY**

**Exhibit 3**

**Plan Sponsor Backstop Funding Agreement**

**Joyson KSS Auto Safety S.A.**

November \_\_, 2017

Takata Corporation  
2-3-14 Higashishinagawa,  
Shinagawa-ku, Tokyo  
140-0002, Japan  
Attn: Tsutomu Yoshida and  
Hiroshi Shimizu  
Email:  
Tsutomu.Yoshida@takata.co.jp  
and Hiroshi-  
JP.Shimizu@takata.co.jp

TK Holdings Inc.  
2500 Takata Drive,  
Auburn Hills, Michigan 48326  
Attn: Ken Bowling and Keith  
Teel  
Email:  
Ken.Bowling@takata.com  
and Keith.Teel@takata.com

TK Holdings Inc.  
2500 Takata Drive,  
Auburn Hills, Michigan 48326  
Attn: Ken Bowling and Keith  
Teel  
Email:  
Ken.Bowling@takata.com  
and Keith.Teel@takata.com

TAKATA Europe GmbH  
Bahnweg 1  
63743 Aschaffenburg  
Attn: Sven Petersen  
Email:  
Sven.Petersen@eu.Takata.com

TAKATA Aktiengesellschaft  
Bahnweg 1  
63743 Aschaffenburg  
Attn: Sven Petersen  
Email:  
Sven.Petersen@eu.Takata.com

TAKATA Sachsen GmbH  
Scheibenberger Straße 88  
09481 Elterlein  
Attn: Sven Petersen  
Email:  
Sven.Petersen@eu.Takata.com

Ladies and Gentlemen:

**Re: Plan Sponsor Backstop Funding**

This letter agreement (the “**Agreement**”) sets forth the agreement among (i) Takata Corporation (“**TKJP**”), a Japanese corporation (*kabushiki kaisha*), Takata Americas (“**TKAM**”), a Delaware general partnership, and its subsidiary Chapter 11 Debtors, TK Holdings, Inc. (“**TKH**”), a Delaware corporation, and its subsidiary Chapter 11 Debtors, TAKATA Europe GmbH (“**TK Europe**”), 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 (“**TK AG**”), 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 (“**TK Sachsen**”), 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, collectively with their Affiliates (as defined below) and subsidiaries (collectively, “**Takata**”), (ii) Joyson KSS Auto Safety S.A., a Luxembourg société anonyme (“**Parent**,” and collectively with one or more of its current or newly formed subsidiaries or affiliates that purchase Purchased Assets (as defined below) as of the Closing Date (as defined below) pursuant to the Acquisition Agreements (as defined below), the “**Plan Sponsor**”) and KSS Holdings, Inc. a Delaware corporation (the “**Guarantor**”), and (iii) each of the following on behalf of themselves and their respective subsidiaries and/or affiliates as described on **Schedule 1** (collectively, the “**Schedule 1 Entities**”): BMW Manufacturing Co., LLC (“**BMW**”), Daimler AG (“**Daimler**”), 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 Automobiles Argentina S.A. (collectively, “*FCA*”), Ford Motor Company (“*Ford*”), General Motors Holdings LLC (“*GM*”), Honda Motor Co., Ltd. (“*Honda*”), Jaguar Land Rover Ltd. (“*JLR*”), Mazda Motor Corporation (“*Mazda*”), Mitsubishi Motors Corporation (“*Mitsubishi*”), Nissan Motor Co., Ltd. (“*Nissan*”), PSA Automobiles SA and Opel Automobile GmbH (collectively, “*PSA*”), Subaru Corporation (“*Subaru*”), Toyota Motor Corporation (“*Toyota*”), Volkswagen Aktiengesellschaft (“*Volkswagen*”), and Aktiebolaget Volvo (“*Volvo*”) (each a “*Consenting OEM*” and, together with the Schedule 1 Entities, the “*Consenting OEMs*”) with respect to the Plan Sponsor Backstop Funding (as defined below), all upon the terms and subject to the conditions set forth herein. On the Closing Date, the Reorganized TK Holdings Trust, Reorganized Takata and the Warehousing Trust shall each become party to this 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 Trust, respectively, under this Agreement. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan (as defined below).

#### 1. **Defined Terms.**

“*Acquired Cash*” shall have the meaning ascribed to it in the U.S. Acquisition Agreement.

“*Acquisition Agreements*” means, collectively, the U.S. Acquisition Agreement, the TKJP Acquisition Agreement, the TK Europe Acquisition Agreement and the TSAC Acquisition Agreement (as defined in the U.S. Acquisition Agreement), if applicable.

“*Administrative Claims*” means Allowed Administrative Expense Claims of a Professional Person (other than Professional Fee Recoveries) for compensation for professional services rendered or costs incurred after the Petition Date and on or prior to the Effective Date of the Plan.

“*Affiliates*” shall have the meaning ascribed to it in the U.S. Acquisition Agreement.

“*Aggregate Consideration*” means, with respect to each Acquisition Agreement, (i) the Purchase Price (as defined in such Acquisition Agreement) paid by the Plan Sponsor at the Closings, (ii) all Cash and Cash Equivalents (as defined in such Acquisition Agreement) of the Seller Entities (as defined in such Acquisition Agreement) that is not Acquired Cash, and (iii) any other value of the Seller Entities (as defined in each Acquisition Agreement), Reorganized Takata, the Reorganized TK Holdings Trust (for purposes of post-Closings funding requests and only to the extent a determination is made in accordance with sections 5.5 and 5.6 of the Plan that 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) and/or the Warehousing Trust, not acquired by the Plan Sponsor (excluding the PSAN Assets still in use by Reorganized Takata or transferred or to be transferred to Plan Sponsor), that has been monetized or could be monetized promptly without interfering with Reorganized Takata’s production obligations or the Warehousing Trust’s operations as determined at the time of determining the Plan Sponsor Backstop Funding amount required by an Authorized Entity, in each of case (i) through (iii), to the extent such amounts are permitted and available or could promptly be available to be applied towards funding of, or reserving for, all claims required to be paid in full, including without limitation, the Backstopped Claims.

“*Allocation Agreement*” means the Allocation Settlement Agreement among the Consenting OEMs dated July 18, 2017.

“*Authorized Entity*” means (i) prior to the Closings, TKJP, TKH, TKAM (on behalf of itself and TSAC), TK Europe, TK AG and TK Sachsen, (ii) after the Closings but prior to the confirmation and effectiveness of the Civil Rehabilitation Plan, TKJP and the Plan Administrator, and (iii) after the



confirmation and effectiveness of the Civil Rehabilitation Plan but prior to the liquidation of TKJP, one of TKJP, the liquidator, or such similar official appointed under the terms of the Civil Rehabilitation Plan and the Plan Administrator.

**“Backstop Expiration Date”** means the date on which the liquidation, dissolution and winding up of Reorganized Takata and the Warehousing Trust have been completed.

**“Backstop Funding Cap”** means \$75,000,000; *provided* that such amount shall be reduced dollar-for-dollar to the extent that the aggregate amount of (x) Administrative Claims required to be paid upon or after the Closings and (y) Professional Fee Recoveries exceed \$124,000,000; *provided, further, however* that the amount of Plan Sponsor Backstop Funding on account of the Catch-up Rule Amount shall in no event exceed \$20,000,000.

**“Backstopped Claims”** means (i) the DOJ Restitution Claim, (ii) the PSAN Legacy Costs (including as those costs are to be funded from the Post-Closing Reserve and the Warehousing Trust Reserve, including (without duplication) the PSAN Legacy Costs Payment (as defined in the Global Settlement Agreement)), which for purposes of triggering the Plan Sponsor’s obligation to provide Plan Sponsor Backstop Funding shall be in an amount not to exceed \$200,000,000 in the aggregate, including any distributions funded from Aggregate Consideration together with any Plan Sponsor Backstop Funding to pay PSAN Legacy Costs, and (iii) the Catch-up Rule Amount; *provided* that any Plan Sponsor Backstop Funding (x) in respect of the Catch-Up Rule Amount shall be paid only after the Plan Sponsor Backstop Funding has been applied to any required funding on the Closing Date of the Backstopped Claims in clauses (i) and (ii) and (y) in respect of the PSAN Legacy Costs shall be paid only after the DOJ Restitution Claim has been paid in full. For the avoidance of doubt, the caps with respect to certain claims and reserves set forth in this definition and in the defined term “Backstop Funding Cap” shall only be used for purposes of determining the triggering of the Plan Sponsor’s obligation to provide Plan Sponsor Backstop Funding and shall not be binding on the parties hereto for any other purpose including with respect to the actual amount of Aggregate Consideration to be used to fund such claims and reserves. For the purposes of this Agreement, the DOJ Restitution Claim shall include (without duplication) the Settlement Amounts (as defined in the Global Settlement Agreement) and the Plan Settlement Payment (other than the Plan Settlement Turnover Amount) under the Plan, to the extent such amounts satisfy the DOJ Restitution Claim.

**“Catch-up Rule Amount”** means the distribution contemplated by section 5(a)(ii) of 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 Closings of their share of the DOJ Restitution Claim and the PSAN Legacy Costs.

**“Chapter 11 Debtors”** means TKAM, TK Finance, LLC, TK China, LLC, TKH, 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., and Stroshe-Mex, S. de R.L. de C.V.

**“Civil Rehabilitation Plan”** means the liquidating civil rehabilitation plan for the Japan Debtors in the Japan Proceedings.

**“Closing Date”** means the date of the occurrence of the Closings.

**“Closings”** shall have the meaning ascribed to it in the U.S. Acquisition Agreement.

**“DOJ Plea Agreement”** means that certain Rule 11 Plea Agreement, dated January 13, 2017, entered into between TKJP and the United States of America, by and through the Department of Justice, Criminal Division, Fraud Section and the United States Attorney’s Office for the Eastern District of Michigan.

**“DOJ Restitution Claim”** means the \$850 million in restitution payable for the benefit of OEMs pursuant to paragraphs 1 and 2 of the DOJ Restitution Order.

**“DOJ Restitution Order”** means 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.).

**“Expenses”** means, collectively, the Expenses as defined in each Acquisition Agreement; *provided* that, for purposes of calculating the OEM Payover, in no event shall Expenses exceed \$50,000,000.

**“Global Settlement Agreement”** means the Takata Global Settlement Agreement dated as of the date hereof between certain Consenting OEMs and certain Takata entities.

**“Japan Debtors”** means Takata Corporation, Takata Kyushu Corporation and Takata Service Corporation.

**“Japan RSA”** means the Restructuring Support Agreement dated as of October 30, 2017 among the Japan Debtors, the Plan Sponsor and certain Consenting OEMs.

**“Legacy Cost Report”** means a report prepared by TKH, with the input and consent of the Takata entities party to this Agreement, prior to the Closings regarding the categories of PSAN Legacy Costs in form and substance acceptable to the Consenting OEMs and disclosed to the Plan Sponsor with an opportunity for input, which shall be reasonably considered by Takata and the Consenting OEMs.

**“Non-PSAN Inflater Recoveries”** means recoveries that are unrelated to claims on account of PSAN Inflators and unrelated to claims related to PSAN Inflater recalls, including any cure payments for non-PSAN Inflater contracts. For the avoidance of doubt, payments on account of OEM Full Recovery Claims are not Non-PSAN Inflater Recoveries.

**“OEM”** means an original equipment manufacturer of automobiles.

**“OEM Full Recovery Claims”** means any Adequate Protection Claims, Consenting OEM PSAN Cure Claims and Consenting OEM PSAN Administrative Expense Claims.

**“OEM Indemnity and Release Agreement”** means the Indemnity and Release Agreement dated as of the date hereof between the Consenting OEMs and the Plan Sponsor.

**“OEM Unsecured PSAN Claim”** means any claim of a Consenting OEM against the Chapter 11 Debtors or the Japan Debtors arising from or relating to a Takata product consisting of or containing a PSAN Inflater (as defined in the OEM Indemnity and Release Agreement). To the extent that (1) each Consenting OEM has received full payment of its allocable share of the DOJ Restitution Claim in accordance with the Agreed Allocation through one or more of the payment mechanisms agreed to by the parties, (2) the Backstopped Claims have been paid in cash in full (without giving effect to any aggregate limits in the definition of Backstopped Claims) and (3) each Consenting OEM has been paid or reimbursed in full for its Professional Fees up to the amount it is or would be entitled to receive under the Global Accommodation Agreement, then for purposes of this Agreement only,

OEM Unsecured PSAN Claims shall also include any OEM Full Recovery Claims. Notwithstanding the foregoing, in no event shall OEM Unsecured PSAN Claims include claims giving rise to Professional Fee Recoveries or Non-PSAN Inflater Recoveries. For the avoidance of doubt, OEM Unsecured PSAN Claims shall not include the DOJ Restitution Claim.

**“Plan”** means the Joint Chapter 11 Plan of Reorganization of TK Holdings, Inc. and its Affiliated Debtors, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

**“Plan Sponsor Backstop Funding”** means, collectively, the PSAN Assets Advance Payment, the First Plan Sponsor Backstop Payment and the Second Plan Sponsor Backstop Payment.

**“Plan Sponsor Backstop Payments”** shall have the meaning set forth in Section 2.c. hereof.

**“Professional Fees”** shall have the meaning ascribed to it in the Global Accommodation Agreement.

**“Professional Fee Recoveries”** means all Professional Fees of Consenting OEMs recovered by payment to the Consenting OEMs or by set-off permitted under the Global Accommodation Agreement.

**“PSAN Assets”** shall have the meaning ascribed to it in the U.S. Acquisition Agreement.

**“PSAN Legacy Costs”** means, collectively, any costs or expenses that have been accrued or that are estimated as of the Effective Date, and on a continuing basis for the duration of the Backstop Agreement, to be incurred in connection with (i) the ongoing oversight by the monitor pursuant to the NHTSA Consent Order (as it may be modified from time to time) or as otherwise required by NHTSA, of (a) Reorganized Takata, (b) the Warehousing Trust, and (c) Plan Sponsor and the Acquired Takata Entities (as defined in the Global Settlement Agreement) to the extent arising out of the Sale (as defined in the U.S. RSA) or the Restructuring (as defined in the Global Accommodation Agreement), (ii) the ongoing oversight by the monitor pursuant to the DOJ Plea Agreement (as it may be modified from time to time) or as otherwise required by the DOJ, of (a) Reorganized Takata, (b) the Warehousing Trust, and (c) Plan Sponsor and the Acquired Takata Entities to the extent arising out of the Sale or the Restructuring, (iii) the activities of the Special Master under the DOJ Plea Agreement, (iv) the continued operation of any PSAN Warehouse, as required by the NHTSA Consent Order, NHTSA Preservation Order, other applicable law or regulation, or otherwise and consistent with the Legacy Cost Report, (v) the shipping and disposal of PSAN Inflators (as defined in the U.S. Acquisition Agreement), including the shipping from any PSAN Warehouse to the place of disposal, as required by the NHTSA Consent Order, Preservation Order, other applicable law or regulation, or otherwise and consistent with the Legacy Cost Report, (vi) the performance of the recall awareness campaign and related activities as required by the NHTSA Consent Order, other applicable law or regulation, or otherwise, and (vii) the continued operation of the product safety group related to recalled PSAN Inflators consistent with the Legacy Cost Report.

**“Purchased Assets”** shall have the meaning ascribed to it in the OEM Indemnity and Release Agreement.

**“TK Europe Acquisition Agreement”** means that certain Asset Purchase Agreement dated as of the date hereof by and among TK Europe, TK AG, and TK Sachsen, and Joyson KSS Holdings No.2 S.à r.l., a limited liability company (*société à responsabilité limitée*) under the laws of Luxembourg, and solely for purposes of Section 7.22 thereof, the Guarantor.

**“TKJP Acquisition Agreement”** means that certain Asset Purchase Agreement dated as of the date hereof by and among the Japan Debtors, Parent, and solely for purposes of Section 7.22 thereof, the Guarantor.

**“U.S. Acquisition Agreement”** means that certain Asset Purchase Agreement dated as the date hereof by and among TKH, Takata Americas, TK Holdings de Mexico S. de R.L. de C.V., a Mexico limited liability company (*sociedad de responsabilidad limitada de capital variable*), TK Mexico LLC, a Delaware limited liability company, Industrias Irvin de Mexico, S.A. de C.V., a Mexico stock corporation (*sociedad anonima de capital variable*), Strosshe Mex S. de R.L. de C.V., a Mexico limited liability company (*sociedad de responsabilidad limitada de capital variable*), Takata de Mexico S.A. de C.V., a Mexico stock corporation (*sociedad anonima de capital variable*), Parent, and solely for purposes of Section 7.22 thereof, Guarantor.

2. **PSAN Assets Advance Payment; Plan Sponsor Backstop Payments.** To the extent that the total of the Aggregate Consideration payable under a Acquisition Agreement in a particular region (TKH, TKAM, EMEA and Japan) is for any reason insufficient to fund in full the Backstopped Claims in such region, then the Plan Sponsor will pay up to an aggregate amount not to exceed the Backstop Funding Cap to fund any deficiency in the payment of the Backstopped Claims to the applicable Takata entity obligated to pay or fund any reserve for Backstopped Claims as follows:
- a. up to \$25 million will be provided (on a non-refundable and non-reimbursable basis) by the Plan Sponsor at the direction of an Authorized Entity, during the period commencing on the Closing Date and ending on the Backstop Expiration Date, which shall be credited against the payments required to be paid by the Plan Sponsor to purchase certain PSAN Assets pursuant to and in accordance with Section 7.12 of the U.S. Acquisition Agreement (collectively, the **“PSAN Assets Advance Payment”**), solely as and to the extent that there exists, at the time of such request, a present or near-term expected deficiency in the funding of the Backstopped Claims, as determined by the applicable Authorized Entity, in each case, subject to Section 3 hereof;
  - b. up to \$25 million will be provided by the Plan Sponsor at the direction of an Authorized Entity on or after the twelve (12) month anniversary of the Closing Date until the Backstop Expiration Date (collectively, the **“First Plan Sponsor Backstop Payment”**), solely as and to the extent that there exists, at the time of such request, a present or near-term expected deficiency in the funding of the Backstopped Claims, as determined by the applicable Authorized Entity, in each case, subject to Section 3 hereof; and
  - c. up to \$25 million will be provided by the Plan Sponsor at the direction of an Authorized Entity on or after the twenty-four (24) month anniversary of the Closing Date until the Backstop Expiration Date (collectively, the **“Second Plan Sponsor Backstop Payment”** and together with the First Plan Sponsor Backstop Payment, the **“Plan Sponsor Backstop Payments”**), solely as and to the extent that there exists, at the time of such request, a present or near-term expected deficiency in the funding of the Backstopped Claims, as determined by the applicable Authorized Entity in each case, subject to Section 3 hereof;

*provided* that, notwithstanding the timing requirements above, up to the full amount of the Backstop Funding Cap will be paid by the Plan Sponsor earlier, including on the Closing Date (other than with respect to Backstopped Claims on account of the Catch-up Rule Amount, which may not be funded until the Civil Rehabilitation Plan is confirmed and effective), to fund the Backstopped Claims as required by the Bankruptcy Court as necessary to confirm the Plan, or as confirmed by the Civil Rehabilitation Court as necessary to receive

approval of the Civil Rehabilitation Plan; *provided, further, however*, that the Plan Sponsor Backstop Funding shall never exceed the Backstop Funding Cap, and once the Plan Sponsor has funded an amount equal to the Backstop Funding Cap, the Plan Sponsor shall have no obligation to fund any additional amounts regardless of whether such amounts have been repaid to the Plan Sponsor under the Plan Sponsor Backstop Funding Repayment or the OEM Payover.

### 3. Plan Sponsor Backstop Funding.

#### a. Plan Sponsor Backstop Funding at the Closings.

- i. If an Authorized Entity determines in good faith that a payment of the Plan Sponsor Backstop Funding is required to be made at the Closings in accordance with the terms of this Agreement, then such Authorized Entity shall deliver to the Plan Sponsor and the Consenting OEMs not less than ten (10) business days prior to the anticipated Closing Date a certificate (the “*Backstop Funding Request Certificate*”) signed by an authorized officer or agent of such Authorized Entity that certifies and sets forth in reasonable detail the anticipated sources and uses of the proceeds of the Aggregate Consideration available in the applicable region (TKH, TKAM, EMEA or Japan) as of the close of business on the anticipated Closing Date, the amount of any deficiencies in the funding of the Backstopped Claims resulting in the triggering of the Plan Sponsor Backstop Funding, and the aggregate amount of the requested Plan Sponsor Backstop Funding required as a result thereof. The Backstop Funding Request Certificate and the determinations and calculations contained therein shall be prepared in good faith and in accordance with this Agreement, including the definitions set forth or incorporated herein. The Plan Sponsor, the Consenting OEMs and their respective representatives shall be provided with such reasonable access to the financial books and records of Takata, as well as any relevant information and work papers as they may reasonably request, to enable the Plan Sponsor, the Consenting OEMs and their respective representatives to evaluate the Backstop Funding Request Certificate. The form and content of the Backstop Funding Request Certificate shall be reasonably acceptable to the Consenting OEMs. Prior to submitting any Backstop Funding Request Certificate, the Authorized Entity requesting such funding shall provide a copy thereof to the Plan Sponsor and its counsel and provide the Plan Sponsor and its counsel two (2) business days, or longer if reasonably practicable, to review and comment on the content of such Backstop Funding Request Certificate; *provided* that the Authorized Entity is not required to accept any of Plan Sponsor’s comments.
- ii. In the event that the Plan Sponsor disputes the claims and/or amounts set forth in the Backstop Funding Request Certificate, then the Plan Sponsor shall send notice within three (3) business days of receipt of the Backstop Funding Request Certificate to counsel for each Authorized Entity and to counsel for each Consenting OEM signatory hereto setting forth in reasonable detail the basis for such dispute. To the extent that there is a dispute between Takata and the Plan Sponsor with respect to any Plan Sponsor Backstop Funding required at the Closings, the Plan Sponsor shall fund any undisputed amounts at the Closings and the obligation of the Plan Sponsor to pay any disputed portion of the Plan Sponsor Backstop Funding shall be conditioned upon a determination or confirmation by the Bankruptcy Court, the Civil Rehabilitation Court or Pricewaterhouse Coopers solely with respect to the adequacy of the Liquidation Reserve for the applicable Liquidating Entity (each such term as

defined in the Global Settlement Agreement and in accordance with the procedures set forth in the Global Settlement Agreement), as applicable, of the amount of the Plan Sponsor Backstop Funding, if any, required on the Closing Date, in order to satisfy, as applicable in each region, the Backstopped Claims, in connection with (i) the requirements for confirmation and effectiveness of the Plan in the Chapter 11 Cases (by taking into account all other payments to be made, as required by the Bankruptcy Court, in connection therewith) and/or (ii) approval of the Section 42 Business Transfer (as defined in the Japan RSA) and the Section 85(5) Motion (as defined in the Japan RSA) (by taking into account all other payments to be made, as required by the Civil Rehabilitation Court, in connection therewith) and/or (iii) the requirements under the TK Europe Acquisition Agreement (after giving effect to the payments contemplated under the Global Settlement Agreement and an adequate reserve for the solvent liquidation of the Liquidating Entities, subject to the dispute resolution mechanism for the Liquidation Reserve with respect to the Liquidating Entities (each such term as defined in the Global Settlement Agreement) set forth in the Global Settlement Agreement). The Plan Sponsor agrees not to object to any request by Takata to have such disputes heard by the applicable court on an expedited basis. All parties agree not to appeal any such determination by the applicable court. In the event of a dispute, the Plan Sponsor shall pay any disputed portion of the Plan Sponsor Backstop Funding required by this Section 3.a.ii on the later of (i) the Closing Date and (ii) three (3) business days following a determination or confirmation by the Bankruptcy Court, the Civil Rehabilitation Court or Pricewaterhouse Coopers, as applicable, of the amount of Plan Sponsor Backstop Funding, if any, required on the Closing Date.

b. Plan Sponsor Backstop Funding After the Closings.

- i. If an Authorized Entity determines in good faith that (1) the funding of any remaining PSAN Assets Advance Payment is required, (2) the funding of the First Plan Sponsor Backstop Payment is required or (3) the funding of the Second Plan Sponsor Backstop Payment is required, in each case, in accordance with Section 2 of this Agreement, then such Authorized Entity shall deliver to the Plan Sponsor and the Consenting OEMs not less than two (2) weeks prior to the date of the requested Plan Sponsor Backstop Funding, a Backstop Funding Request Certificate signed by an authorized officer or agent of such Authorized Entity that certifies and sets forth in reasonable detail any Aggregate Consideration available to such Authorized Entity as of the close of business on the Business Day immediately preceding the date of such Backstop Funding Request Certificate, the proposed uses for such Aggregate Consideration as of such date, the amount of any deficiencies in the payment of the Backstopped Claims resulting in the triggering of the Plan Sponsor Backstop Funding, and the aggregate amount of the requested Plan Sponsor Backstop Funding required as a result thereof.
- ii. During the two (2) week period between the delivery of the Backstop Funding Request Certificate and the date of the requested Plan Sponsor Backstop Funding, the Plan Sponsor, the Consenting OEMs and their respective representatives shall be provided with such reasonable access to the financial books and records of Reorganized Takata, the Reorganized TK Holdings Trust and the Warehousing Trust and their Affiliates, as well as any relevant information and work papers as they may reasonably request, to enable the Plan Sponsor, the Consenting OEMs and their respective representatives to evaluate the Backstop Funding Request Certificate.

- iii. No later than two (2) weeks following the delivery by an Authorized Entity of the Backstop Funding Request Certificate, the Plan Sponsor shall notify such Authorized Entity, as applicable, and the Consenting OEMs and their counsel in writing whether it accepts or disputes the accuracy of the determination or the calculations set forth on the Backstop Funding Request Certificate. If the Plan Sponsor accepts the determinations and calculations set forth on the Backstop Funding Request Certificate, then the Plan Sponsor shall pay the Plan Sponsor Backstop Funding in accordance with the Backstop Funding Request Certificate.
- iv. If the Plan Sponsor disputes the accuracy of any of the determinations or calculations set forth on the Backstop Funding Request Certificate, then the Plan Sponsor shall provide written notice to the Authorized Entity and the Consenting OEMs and their counsel no later than two (2) weeks following the delivery by such Authorized Entity to the Plan Sponsor of the Backstop Funding Request Certificate (the “*Dispute Notice*”), setting forth in reasonable detail those items that the Plan Sponsor disputes. During the two (2) week period following delivery of a Dispute Notice, the Plan Sponsor and Reorganized Takata, the Warehousing Trust, the Reorganized TK Holdings Trust or the Plan Administrator, as applicable, shall negotiate in good faith with a view to resolving their disagreements over the disputed items. If the parties fail to resolve their disagreements over the disputed items within such two (2) week period, then the Plan Sponsor and Reorganized Takata, the Warehousing Trust, the Reorganized TK Holdings Trust or the Plan Administrator, as applicable, shall forthwith jointly request that Deloitte and Touche LLP or another nationally recognized accounting firm agreed to by the parties (the “*Accounting Expert*”) act as an expert, and not as an arbitrator, to make a binding determination as to the amount of the Plan Sponsor Backstop Funding, if any, required in order to satisfy, as applicable in each region, the Backstopped Claims, including, by taking into account, the requirements for confirmation and effectiveness of the Civil Rehabilitation Plan in the Japan Proceedings with respect to any payments required to satisfy the Catch-Up Rule Amount.
- v. The Accounting Expert will under the terms of its engagement have no more than two (2) weeks from the date of referral and no more than five (5) business days from the final submission of information and presentations by the applicable Authorized Entity and the Consenting OEMs within which to render its written decision with respect to the disputed items (and only with respect to any unresolved disputed items set forth in the Dispute Notice) and the final determination of the Plan Sponsor’s obligations with respect to such Plan Sponsor Backstop Funding shall be based solely on the resolution of such disputed items. The Accounting Expert shall review such submissions and base its determination solely on such submissions. In resolving any disputed item, the Accounting Expert may not assign a value to any item greater than the maximum value for such item claimed by either party or less than the minimum value for such item claimed by either party. Absent manifest error, the decision of the Accounting Expert shall be deemed final and binding upon the parties and enforceable by any court of competent jurisdiction. The fees and expenses of the Accounting Expert shall be allocated to be paid by the Plan Sponsor, on the one hand, and by the applicable Authorized Entity, on the other hand, based upon the percentage that the portion of the contested amount not awarded to each party bears to the amount actually contested by such party, as determined by the Accounting Expert.

- vi. In the event the Plan Sponsor receives multiple Backstop Funding Request Certificates that (together with all previous Plan Sponsor Backstop Funding) exceed (together with any amount of any Plan Sponsor Backstop Funding already paid) the Backstop Funding Cap, the Plan Sponsor shall pay the Authorized Entity *first*, amounts requested in respect of clause (i) of the definition of “Backstopped Claims” to cure any deficiency in payment in full for such claims; *second*, amounts requested in respect of clause (ii) of the definition of “Backstopped Claims” to cure any deficiency for funding of such claims or reserves until funded in full subject to the applicable limitations in clause (ii) of the definition of “Backstopped Claims”; and *third*, amounts requested in respect of clause (iii) of the definition of “Backstopped Claims” subject to the applicable limitations in the Backstop Funding Cap.
4. **Information.** The Liquidating Entities (as defined in the Global Settlement Agreement), TKJP (solely with respect to the period after the Closing but prior to confirmation and effectiveness of the Civil Rehabilitation Plan), and one of TKJP, the liquidator or such similar official appointed under the terms of the Civil Rehabilitation Plan (solely with respect to the period after the confirmation and effectiveness of the Civil Rehabilitation Plan but prior to the liquidation of TKJP) shall be required to and the Plan shall provide that Reorganized Takata, the Reorganized TK Holdings Trust, the Warehousing Trust and the Plan Administrator shall be required to 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 that they will promptly comply with any reasonable requests by the Plan Sponsor for financial information relating to its obligation to provide Plan Sponsor Backstop Funding. The Liquidating Entities (as defined in the Global Settlement Agreement), TKJP (solely with respect to the period after the Closing but prior to confirmation and effectiveness of the Civil Rehabilitation Plan), and one of TKJP, the liquidator or such similar official appointed under the terms of the Civil Rehabilitation Plan (solely with respect to the period after the confirmation and effectiveness of the Civil Rehabilitation Plan but prior to the liquidation of TKJP) agree to and the Plan shall provide that Reorganized Takata, the Reorganized TK Holdings Trust and the Warehousing Trust agree, and agree to cause each of their subsidiaries 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 the applicable generally accepted accounting principles shall 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, the Warehousing Trust, the Liquidating Entities, TKJP (solely with respect to the period after the Closing but prior to confirmation and effectiveness of the Civil Rehabilitation Plan) or one of TKJP, the liquidator or such similar official appointed under the terms of the Civil Rehabilitation Plan (solely with respect to the period after the confirmation and effectiveness of the Civil Rehabilitation Plan but prior to the liquidation of TKJP) 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. For the avoidance of doubt, nothing herein shall delay or prevent the liquidation of any of the Liquidating Entities.
5. **Plan Sponsor Backstop Funding Repayment.**
- a. If the Plan Sponsor acquires the assets (but not the equity interests of) of Takata (Shanghai) Automotive Component Co., Ltd. (“*TSAC*”) at the Closings, then upon a distribution of cash after the Closing Date from TSAC to TK China, LLC (or Reorganized TK Holdings) or any



of its affiliates that are not organized under the laws of China, Reorganized Takata, the Reorganized TK Holdings Trust, the Legacy Trustee or the Plan Administrator shall use such cash to repay the amount of any Plan Sponsor Backstop Payments and any unreimbursed Expenses (such payment, the “*Plan Sponsor Backstop Funding Repayment*”); *provided, however*, that only cash actually received by the Plan Sponsor shall be treated as a Plan Sponsor Backstop Funding Repayment.

- b. To the extent that (1) each Consenting OEM has received its allocable share of the full amount of the DOJ Restitution Claim in accordance with the Agreed Allocation, (2) the Backstopped Claims have been paid in cash in full (without giving effect to any aggregate limits in the definition of Backstopped Claims; *provided* that any distribution to the Consenting OEMs on account of OEM Unsecured PSAN Claims have been used to fund any deficiency in the funding of PSAN Legacy Costs), and (3) each Consenting OEM has been paid or reimbursed in full its Professional Fees up to the amount it is or would be entitled to receive under the Global Accommodation Agreement, then any amounts actually received by each Consenting OEM in excess of such allocable share and such full reimbursement (i) on account of its OEM Unsecured PSAN Claims in the Chapter 11 Cases or the Japan Proceedings or (ii) from the residual proceeds of the solvent liquidation pursuant to the Global Settlement Agreement, as the case may be, (for the avoidance of doubt, in each case not including any Non-PSAN Inflater Recoveries or Professional Fee Recoveries) shall be used to reimburse the Plan Sponsor for (x) any First Plan Sponsor Backstop Payment or Second Plan Sponsor Backstop Payment actually made and (y) any unreimbursed Expenses (such reimbursements, the “*OEM Payover*”). The OEM Payover shall be secondary to any amounts received or reasonably expected to be received from the Plan Sponsor Backstop Funding Repayment.
- c. Notwithstanding the OEM Payover, each Consenting OEM may negotiate, litigate, settle, manage or otherwise treat its respective OEM Unsecured PSAN Claims in any manner in its sole discretion and shall have no duty to account for, or any other duties to, the Plan Sponsor with respect thereto; *provided* that each Consenting OEM shall keep the Plan Sponsor reasonably apprised with respect to negotiations, litigations or settlements of its respective OEM Unsecured PSAN Claims and shall reasonably consider the Plan Sponsor’s input with respect thereto.
- d. For the avoidance of doubt, the Plan Sponsor is entitled to only a single satisfaction of any amounts that the Plan Sponsor is entitled to be reimbursed for under the terms and conditions of this Agreement. Under no other circumstances shall there be an obligation to repay the Plan Sponsor Backstop Funding.

#### 6. Form of Payment.

- a. Any payments of Plan Sponsor Backstop Funding required to be made pursuant to Section 3.a. shall be made by wire transfer of immediately available funds to (i) in the case of Plan Sponsor Backstop Funding required to be made to fund any deficiency in the funding of the DOJ Restitution Claim, to the Consenting OEMs in accordance with the applicable Acquisition Agreement or (ii) in the case of Plan Sponsor Backstop Funding required to be made to fund any deficiency in the funding of PSAN Legacy Costs or the Catch-Up Rule Amount, to an account designated in advance by the applicable Authorized Entity, and shall be made (A) in the case of undisputed payments required to be made under Section 3.a.i., on the Closing Date and (B) in the case of disputed payments required to be made under Section

3.a.ii., on the later of (i) the Closing Date and (ii) three (3) business days following the final resolution of the applicable dispute.

- b. Any payments of Plan Sponsor Backstop Funding required to be made pursuant to Section 3.b. shall be made by wire transfer of immediately available funds to an account designated in advance by the applicable Authorized Entity, and shall be made (i) in the case of undisputed payments required to be made under Section 3.b., on the requested funding date set forth in the Backstop Funding Request Certificate, and (ii) in the case of disputed payments required to be made under Section 3.b., on or prior to the fifth (5th) business day following the final resolution of the applicable dispute in accordance with Section 3.b.
  - c. Any payments required to be made pursuant to Section 5.a. shall be made by wire transfer of immediately available funds to an account designated in advance by the Plan Sponsor, and shall be made on or prior to the fifth (5th) business day following: (a) by TSAC after the Closing Date once TSAC has sufficient funds and regulatory approval, if required, to make a Plan Sponsor Backstop Repayment and repayment of any unreimbursed Expenses, or (b) by the Debtors or Reorganized TK Holdings after the Closing Date, upon receipt of funds from TSAC.
  - d. The OEM Payover shall be paid over to the Plan Sponsor in the same amount and form received by the applicable Consenting OEM within ten (10) business days of the later of (x) actual receipt thereof or (y) the date on which any OEM Payover amounts become due and payable in accordance with Section 5.b.; *provided* that any Consenting OEM may, with the consent of the Plan Sponsor, direct that any amount that, upon receipt by such Consenting OEM, would be required to be used to reimburse the Plan Sponsor pursuant to Section 5.b shall be paid directly by the applicable Takata entity to the Plan Sponsor on behalf of such Consenting OEM. The Consenting OEMs acknowledge and agree that amounts paid over to the Plan Sponsor in accordance with this Agreement shall be exempt from any requirement to be turned over to any escrow account on behalf of Consenting OEMs under any agreement regarding allocation of distributions among the Consenting OEMs
7. **Obligations of the Plan Sponsor Regarding Plan Sponsor Backstop Funding.** The obligations set forth in this Agreement shall be binding on the Plan Sponsor and any successor to the Plan Sponsor. Until the Backstop Expiration Date, the Plan Sponsor shall not merge or transfer greater than fifty percent (50%) of its assets in the aggregate to any party unless the successor agrees to be bound by this Agreement in advance of such merger or transfer in an executed document to be provided to the Plan Sponsor and filed with the Bankruptcy Court.
8. **Performance Guaranty.** The Guarantor guarantees the due, prompt and faithful payment, performance and discharge by, and compliance with, all of the obligations, covenants, agreements, terms, conditions and undertakings of the Plan Sponsor hereunder, including any such obligations, covenants, agreements, terms, conditions and undertakings that are required to be performed, discharged or complied with following the Closings by the Plan Sponsor. Such guarantee is an absolute and unconditional guarantee of payment and performance and not merely of collectability, and is in no way conditioned or contingent upon any attempt to collect from, enforce performance or compliance by, or otherwise seek remedies from, the Plan Sponsor.
9. **Use of Funds.** Each recipient of Plan Sponsor Backstop Funding (including but not limited to each Authorized Entity, Reorganized Takata, the Warehousing Trust and the Plan Administrator) shall promptly use the proceeds of the Plan Sponsor Backstop Funding hereunder to fund any deficiency in

the funding of the Backstopped Claims, in accordance with the terms and conditions of this Agreement.

10. **Prohibition on Use of Funds.** In the Chapter 11 Cases, Plan Sponsor Backstop Funding shall not be used directly or indirectly as a means to fund distributions to non-priority general unsecured creditors. The Plan Sponsor agrees that (i) the Plan attached to the U.S. RSA, including the Plan Settlement Turnover Amount, does not violate this Section 10, and (ii) any future Plan consented to in writing by the Plan Sponsor would not violate this Section 10.
11. **Assumption of Obligations at the Closings.** Takata shall cause Reorganized Takata, the Reorganized TK Holdings Trust and the Warehousing Trust and each of their respective trustees to assume this Agreement at the Closings and to comply with the terms of this Agreement as and to the extent necessary to give effect to the terms and provisions hereof and the benefits and protections intended to be afforded to the parties hereunder.
12. **Termination.** Except as set forth below, this Agreement will have an indefinite term. This Agreement shall automatically terminate without further action of, or notice to, any of the parties hereto if the U.S. Acquisition Agreement terminates prior to the Closings.
13. **Amendments.** This Agreement may not be modified, altered, or amended except by an agreement in writing signed by all of the parties or, with respect to Section 5. b.-c., by the Plan Sponsor and the Consenting OEMs. In the event that multiple legal entities in multiple jurisdictions are necessary to perform the operation of the Warehousing Trust in each jurisdiction, it is the intention of the parties that each such legal entity shall have the benefit of the Plan Sponsor Backstop Funding, and the parties agree to enter into such amendments to this Agreement as may be reasonably necessary to effectuate such intent.
14. **Binding Agreement; Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) each of Reorganized Takata, the Warehousing Trust or the Reorganized TK Holdings Trust may assign its rights and obligations hereunder only with the Plan Sponsor's and the Consenting OEMs' written consent, which shall not be unreasonably withheld; (ii) the Plan Sponsor may assign its rights or obligations hereunder only with Reorganized Takata's, the Warehousing Trust's and the Consenting OEMs' consent, which shall not be unreasonably withheld; *provided, however*, that the Plan Sponsor may assign this Agreement and its rights, interests and/or obligations hereunder to one or more Affiliates of the Plan Sponsor or to any security trustee or collateral agent appointed by the Plan Sponsor's lenders for collateral security purposes without Reorganized Takata's, the Warehousing Trust's or the Consenting OEMs' consent; *provided, further, however*, that any such assignment shall not relieve the Plan Sponsor or the Guarantor of their respective obligations under this Agreement; and (iii) each Consenting OEM may assign its rights or obligations hereunder only with Reorganized Takata's, the Warehousing Trust's and the Plan Sponsor's consent, which shall not be unreasonably withheld.
15. **Governing Law; Jurisdiction.** This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the conflicts of laws or principles thereof. Except as otherwise explicitly set forth herein, if the parties are unable to resolve any dispute within thirty (30) days (or such longer period as agreed to by the parties) after notice of dispute is given, each party irrevocably consents and agrees that such dispute shall be fully and finally resolved by binding arbitration in accordance with the Swiss Rules of International Arbitration of Swiss Chambers' Arbitration Institution in force on the date on which the Notice of Arbitration is submitted in accordance with such Rules. The number of arbitrators shall be three. The

language of the arbitration and of the Award shall be English. The parties agree that the seat of such arbitration shall be Geneva, Switzerland, and that the hearing shall be in Geneva, unless otherwise agreed by the parties. Award enforcement proceedings can be brought in any jurisdiction in which the party against whom enforcement is sought is subject to personal jurisdiction, under the rules applicable in the country in which enforcement is sought.

16. **Section Headings.** The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.
17. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement in the proceeding in which such provision(s) was deemed invalid or unenforceable. In the event that any of the provisions of this Agreement shall be held by any reviewing court, governmental authority, arbitration panel or other similar party (a "**Reviewing Party**") to be invalid or unenforceable, such provisions shall be limited or eliminated in the applicable proceeding only to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect. In the event of any such determination of invalidity or unenforceability, the Reviewing Party shall be permitted to reform the terms of this Agreement in the applicable proceeding to most closely give effect to the expressed intent of the Parties hereto while still complying with applicable law. If any provisions of this Agreement are deemed invalid or unenforceable, or this Agreement is reformed in any manner by any Reviewing Party, at the request of the affected party(ies), the Agreement shall subsequently be submitted to arbitration pursuant to Section 15 for further reformation (including the reinsertion of any provision deemed invalid or unenforceable) by the arbitrators, which further reformed Agreement shall be controlling and binding upon the parties.
18. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. This Agreement or any counterpart may be executed and delivered by electronic communications in portable document format (.pdf), each of which shall be deemed an original.
19. **Acknowledgments.** **THIS AGREEMENT HAS BEEN FREELY AND VOLUNTARILY ENTERED INTO BY THE PARTIES, WITHOUT ANY DURESS OR COERCION, AND AFTER THE PARTIES HAVE EITHER CONSULTED WITH COUNSEL OR HAVE BEEN GIVEN AN OPPORTUNITY TO DO SO, AND EACH OF THE PARTIES ACKNOWLEDGES THAT IT (A) IS A SOPHISTICATED PARTY WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, (B) HAS ADEQUATE INFORMATION CONCERNING THE MATTERS THAT ARE THE SUBJECT OF THIS AGREEMENT, (C) HAS CAREFULLY AND COMPLETELY READ AND UNDERSTANDS ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT AND (D) HAS INDEPENDENTLY AND WITHOUT RELIANCE UPON ANY OTHER PARTY TO THIS AGREEMENT OR ANY OFFICER, EMPLOYEE, AGENT OR REPRESENTATIVE THEREOF MADE ITS OWN ANALYSIS AND DECISION TO ENTER INTO THIS AGREEMENT.**
20. **Waiver of Jury Trial.** **THE PARTIES HERETO ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THIS RIGHT MAY BE WAIVED. THE PARTIES EACH HEREBY KNOWINGLY, VOLUNTARILY AND WITHOUT COERCION, WAIVE ALL RIGHTS TO A TRIAL BY JURY OF ALL DISPUTES ARISING OUT OF OR IN RELATION TO THIS AGREEMENT.**

**JOYSON KSS AUTO SAFETY S.A.**

By: \_\_\_\_\_

Print Name: Jianfeng Wang

Title: Director

By: \_\_\_\_\_

Print Name: Yuxin Tang

Title: Director

**KSS HOLDINGS, INC.**

By: \_\_\_\_\_

Print Name: Yuxin Tang

Title: President (Interim)

**Takata Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Takata Europe GmbH**

By: \_\_\_\_\_

Print Name: Stephen Kimmich

Title: Managing Director

By: \_\_\_\_\_

Print Name: Tsutomu Yoshida

Title: Managing Director

By: \_\_\_\_\_

Print Name: Yoichiro Nomura

Title: Managing Director

**Takata Aktiengesellschaft**

By: \_\_\_\_\_

Print Name: Takao Yasuhara

Title: Managing Director

By: \_\_\_\_\_

Print Name: Claus Rudolf

Title: Managing Director

By: \_\_\_\_\_

Print Name: Stephen Kimmich

Title: Managing Director



**Takata Sachsen GmbH**

By: \_\_\_\_\_

Print Name: Takao Yasuhara

Title: Managing Director

By: \_\_\_\_\_

Print Name: Claus Rudolf

Title: Managing Director

**TK Holdings Inc.**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Vice President, Chief Financial Officer, Secretary

**Takata Americas**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Secretary

**TK Finance LLC**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Secretary

**TK China, LLC**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Secretary

**Takata Protection Systems, Inc.**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Corporate Secretary, Chief Financial Officer

**Interiors In Flight Inc.**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Corporate Secretary, Chief Financial Officer

**TK Mexico Inc.**

By: \_\_\_\_\_

Print Name: Ken Bowling

Title: Secretary, Treasurer



**TK Mexico LLC**

By: \_\_\_\_\_

Print Name: Carlos Alberto Valdez Andrade

Title: President

**TK Holdings de Mexico, S. de R.L. de C.V.**

By: \_\_\_\_\_

Print Name: Yoichiro Nomura

Title: Director

**Strosshe-Mex, S. de R.L. de C.V.**

By: \_\_\_\_\_

Print Name: Yoichiro Nomura

Title: Director

By: \_\_\_\_\_

Print Name: Satoshi Seita

Title: Director

By: \_\_\_\_\_

Print Name: Carlos Alberto Valdez Andrade

Title: Director

**Industrias Irvin de Mexico, S.A. de C.V.**

By: \_\_\_\_\_

Print Name: Yoichiro Nomura

Title: Director

By: \_\_\_\_\_

Print Name: Satoshi Seita

Title: Director

By: \_\_\_\_\_

Print Name: Carlos Alberto Valdez Andrade

Title: Director

**Takata de Mexico, S.A. de C.V.**

By: \_\_\_\_\_

Print Name: Yoichiro Nomura

Title: Director

By: \_\_\_\_\_

Print Name: Satoshi Seita

Title: Director

By: \_\_\_\_\_

Print Name: Carlos Alberto Valdez Andrade

Title: Director

**BMW Manufacturing Co., LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Daimler AG**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FCA US LLC f/k/a Chrysler Group LLC**

**FCA Group Purchasing Srl**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**FCA Fiat Chrysler Automóveis Brasil Ltda.**

**FCA Automobiles Argentina S.A.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



**Ford Motor Company**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**General Motors Holdings LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Honda Motor Co., Ltd.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Jaguar Land Rover Ltd.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Mazda Motor Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Mitsubishi Motors Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Nissan Motor Co., Ltd.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PSA Automobiles SA**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Opel Automobile GmbH**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Subaru Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Toyota Motor Corporation**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Aktiebolaget Volvo**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Volkswagen Aktiengesellschaft ,  
Berliner Ring, 38436 Wolfsburg; Deutschland**

i.V.

By: \_\_\_\_\_

Print Name: Rainer Stutz

Title: Leiter Konzernbeschaffung Interieur

i.V.

By: \_\_\_\_\_

Print Name: Dr. Frauke Eßer

Title: Leiter reaktives Risikomanagement  
Beschaffung

**Schedule 1****Schedule 1 Entities**

<b><u>CONSENTING OEM</u></b>	<b><u>SCHEDULE 1 ENTITIES<sup>1</sup></u></b>
BMW	BMW AG BMW Consolidation Services Co., LLC BMW of North America, LLC BMW (UK) Manufacturing Ltd. BMW (South Africa) (Pty) Ltd. Rolls-Royce Motor Cars Ltd.
Daimler	Daimler Trucks North America LLC Mercedes-Benz U.S. International, Inc.
FCA	FCA Italy SpA FCA Melfi Srl FCA Mexico, S.A. de C.V.
Ford	Ford Motor Company SA DE CV Ford Argentina S.C.A. Ford Motor Co. Canada Ford Motor Company Brasilia Ford-Werke GmbH
GM	All of General Motors Holdings LLC's controlled subsidiaries and controlled affiliates, excluding SAIC General Motors Corporation Limited. For clarity, on August 1, 2017, General Motors Holdings LLC divested the following entities and such entities are no longer subsidiaries or affiliates of General Motors Holdings LLC:  AFTERMARKET (UK) LTD AFTERMARKET ITALIA SRL General Motors Austria GmbH General Motors Belgium N.V.

<sup>1</sup> Listed entities are included as Schedule 1 Entities because the Consenting OEM has authority or power to bind such entities but are included only to the extent they (i) have purchased Component Parts from Supplier, (ii) have claims against Supplier or (iii) receive Consenting OEM Recoveries; provided that any entities that are listed as "excluded" are not Schedule 1 Entities of the associated Consenting OEM. Controlled subsidiaries and affiliates of Consenting OEMs that are not listed on this Schedule 1 are not Schedule 1 Entities of such Consenting OEM. Schedule 1 may be amended without the consent of the Parties to incorporate additional subsidiaries or affiliates of a Consenting OEM.

<u>CONSENTING OEM</u>	<u>SCHEDULE 1 ENTITIES<sup>1</sup></u>
	GENERAL MOTORS ESPAÑA, SLU GENERAL MOTORS EUROPE HOLDINGS General Motors Finland Oy General Motors France SAS General Motors GBS Hungary Kft General Motors Ireland Ltd. GENERAL MOTORS ITALIA SRL General Motors Nederland B.V. General Motors Poland Spolka zo.o. General Motors Portugal, Ltda. GENERAL MOTORS TURKIYE LTD GENERAL MOTORS UK LTD GM AUTOMOTIVE SERVICES BELGIUM N.V GM Automotive UK GM Global Purchasing and Supply Chain Romania SRL General Motors Hellas S.A. GM Holdings UK No 3 Limited General Motors Manufacturing Poland Sp. Zo o. IBC 2017 Pension Trustees Limited IBC VEHICLES LTD. Opel Automobile GmbH (fka Opel Service GmbH) Opel CIS LLC Opel Danmark A/S Opel Group Warehousing GmbH Opel Norge AS Opel Sonderdienste GmbH Opel Southeast Europe Ltd Opel Suisse S.A. OPEL SVERIGE AB Opel Szentgotthard Automotive Manufacturing Ltd. Opel Wien GmbH

<u>CONSENTING OEM</u>	<u>SCHEDULE I ENTITIES<sup>1</sup></u>
	Vauxhall Defined Contribution Pension Plan Trustees Limited Vauxhall Motors Limited VHC SUB-HOLDINGS (UK) VML 2017 Pension Trustees Limited
Honda	Honda Motor Co., Ltd. American Honda Motor Co., Inc. Honda North America, Inc. Honda of America Mfg., Inc. Honda Manufacturing of Alabama, LLC Honda Manufacturing of Indiana, LLC Honda Canada Inc. Honda de Mexico, S.A. de C.V. Honda Motor Europe Ltd. Honda of the U.K. Manufacturing Ltd. Honda Turkiye A.S Honda Automobile Western Africa Ltd. Honda Motor (China) Investment Co., Ltd. Honda Automobile (China) Co., Ltd. Asian Honda Motor Co., Ltd. Honda Cars India Limited P.T. Honda Prospect Motor Honda Malaysia Sdn Bhd Honda Automobile (Thailand) Co., Ltd. Honda Vietnam Co., Ltd. Honda Atlas Cars (Pakistan) Limited Honda Cars Philippines, Inc. Honda South America Ltda. Honda Automoveis do Brasil Ltda. Honda Motor de Argentina S.A. Honda of South Carolina Mfg., Inc. Honda Taiwan Motor Co., Ltd.

<u>CONSENTING OEM</u>	<u>SCHEDULE 1 ENTITIES<sup>1</sup></u>
	Honda Motor Europe Logistics N.V Honda Gulf FZE Honda Motor Southern Africa (PTY) Ltd Honda Motor India Private Ltd <u>EXCLUDED ENTITIES</u> <u>CHINA JOINT VENTURES</u> Dongfeng Honda Automobile Co., Ltd. GAC Honda Automobile Co., Ltd.
JLR	Jaguar Land Rover North America, LLC
Mazda	Mazda Motor Manufacturing de Mexico S.A. de C.V. Mazda Motor of America, Inc.
Mitsubishi	Mitsubishi Motors North America, Inc. Mitsubishi Motors (Thailand) Co., Ltd.
Nissan	Nissan Trading Co., Ltd. Nissan Mexicana, S.A. De C. V. Nissan North America, Inc. Nissan Do Brasil Automoveis Ltda. Nissan International S.A. Nissan Motor Manufacturing (UK) Ltd. Nissan Motor Iberica, S.A. Nissan Manufacturing RUS LLC. Nissan Trading China Co., Ltd. Nissan Motor India Private Limited. Nissan China Investment Co Ltd. P.T. Nissan Motor Indonesia Nissan Motor (Thailand) Co., Ltd. f/k/a Siam Nissan Automobile Co., Ltd.
PSA	Peugeot Citroen Automoviles Espana S.A. PCA Slovakia, S.R.O. Societe Europeenne de Vehicules Legers Du Nord-Sevelnord Peugeot Citroen Automoveis Portugal, SA Peugeot Citroen do Brasil Automoveis LTDA



<u>CONSENTING OEM</u>	<u>SCHEDULE I ENTITIES<sup>1</sup></u>
	Peugeot Citroen Argentina S.A. Peugeot Citroen Automobiles Maroc Opel Automobile GmbH General Motors Manufacturing Poland Sp.z.o.o General Motors España, S.L.U. General Motors UK Ltd. IBC Vehicles Ltd.
Subaru	Subaru of America, Inc. Subaru of Indiana Automotive, Inc.
Toyota	Toyota Kirloskar Motor Private Limited, and its successors and assigns Toyota Motor Thailand, Co., Ltd. Toyota Daihatsu Engineering & Manufacturing Co., Ltd. f/k/a Toyota Motor Asia Pacific Engineering & Manufacturing Co., Ltd. PT. Toyota Motor Manufacturing Indonesia Toyota Motors East Japan Toyota Motor Kyushu, Inc. Toyota Auto Works Co., Ltd. Toyota Auto Body Toyota Motor Europe N.V./S.A. Toyota South Africa Motors (Pty.) Ltd. Toyota Motor Manufacturing France S.A.S. Toyota Motor Manufacturing Turkey Inc. Toyota Motor Manufacturing (UK) Ltd. Toyota Motor Engineering & Manufacturing North America, Inc. Toyota Motor North America, Inc. Toyota Motor Manufacturing de Baja California, S. de R.L. de C.V. Toyota Motor Manufacturing, Indiana, Inc. Toyota Motor Manufacturing, Kentucky, Inc. Toyota Motor Manufacturing, Texas, Inc. Toyota Motor Manufacturing, Mississippi, Inc. New United Motor Manufacturing, Inc. Toyota Motor Manufacturing, California, Inc.

<u>CONSENTING OEM</u>	<u>SCHEDULE 1 ENTITIES<sup>1</sup></u>
	<p>Toyota Motor Sales, U.S.A., Inc.  Toyota Motor de Mexico, S. de R.L. de C.V.  Toyota Motor Sales de Mexico, S. De R.L. C.V.  Toyota de Puerto Rico Corp.  Toyota Motor Manufacturing Canada Inc.  Toyota Canada Inc.  Toyota do Brasil Ltda.  Toyota Argentina S.A.  Daihatsu Motor Co., Ltd.  Daihatsu Motor Kyushu Co., Ltd.  Hino Motors, Ltd.  Hino Motors Manufacturing (Thailand) Ltd.  PT. Astra Daihatsu Motor</p> <p><b>Excluded Entities:</b>  Perusahaan Otomobil Kedua Sendirian Berhad (Second Automobile Manufacturer Private Limited), also known as “Perodua”  Assembly Services Sdn. Bhd.</p> <p><u>CHINA JOINT VENTURES</u>  GAC Toyota Motor Co., Ltd.  Tianjin FAW Toyota Motor Co., Ltd.  Sichuan FAW Toyota Motor Co., Ltd.  Changchun Fengyue Company of Sichuan FAW Toyota Motor Co., Ltd.</p>
Volkswagen	<p>Volkswagen Group of America Inc.  2200 Ferdinand Porsche Drive, Herndon, VA 20171 , U.S.A.  Volkswagen de Mexico S.A. de C.V.  Autopista Mexico-Puebla, Km 116, San Lorenzo Almecatla, Cuautlancingo, Puebla 72700; Mexico  Volkswagen do Brasil Indústria de Veículos Automotores Ltda  Via Anchieta Km 23,5, São Bernardo do Campo, State of Sao Paulo, Federative Republic of Brasil (Reg. 59.104.422/0001-50)  Volkswagen Argentina S.A.  Avenida de las Industrias 3101, General Pacheco, Provincia Buenos Aires, Argentina (Reg.Nr. Legajo 209677 - Matricula 121403)</p>

<u>CONSENTING OEM</u>	<u>SCHEDULE 1 ENTITIES<sup>1</sup></u>
	<p>Volkswagen of South Africa (Pty) Ltd 103 Algoa Road, Uitenhage 6230, Republic of South Africa (Reg.Nr. 1946/023458/07)</p> <p>Volkswagen Group Rus Avtomobilnaya 1, 248926 Kaluga, Russian Federation (1025005336564)</p> <p>Audi AG Auto-Union-Straße 1, 85045 Ingolstadt, Germany AUDI HUNGARIA Zrt. 9027 Győr, ut I, Hungary (Registry no. 08-10-00284) AUDI MÉXICO S.A. de C.V. Boulevard Q5 No. 1, San José Chiapa, Puebla, C.P. 75012, México</p> <p>Dr. Ing. h.c. F. Porsche Aktiengesellschaft Porscheplatz 1, 70435 Stuttgart, Germany</p> <p>Skoda Auto. a.s. Tr. Vaclava Klementa 869, 29360 Mlada Boleslav, Czech Republic (ID No.: 00177041, Prague, B332)</p> <p>Seat S.A. Autovía A-2, Km. 585, Apdo. de Correos 91, 08760 Martorell, Spain (C.I.F. A28049161)</p> <p>BENTLEY MOTORS LIMITED Pym's Lane, Crewe, Cheshire, CW1 3PL, United Kingdom (registered number: 00992897)</p> <p>Automobili Lamborghini S.p.A. Via Modena 12, 40019 Sant'Agata Bolognese, Italy</p> <p>MAN Truck &amp; Bus AG Dachauer Str. 667, 80995 München, Germany</p> <p>Scania CV AB SE-151 87 Södertälje, Sweden (RegNo. 556084-0976)</p> <p>SAIC Volkswagen Automotive Co. Ltd. 201805 7 Yu Tian Road, Anting, Shanghai 201805, P.R. China</p> <p>FAW-Volkswagen Automotive Co., LTD Dongfeng Street, Changchun, Jilin, P.R. China</p>
Volvo	LLC Volvo Component

<u>CONSENTING OEM</u>	<u>SCHEDULE 1 ENTITIES<sup>1</sup></u>
	Mack Trucks, Inc. Volvo do Brasil Veiculos Ltda. Volvo East Asia (PTE) Ltd. Volvo Group Belgium NV Volvo Group India Private Limited Volvo Group North America LLC Volvo Parts Corporation Volvo Truck Corporation Volvo (China) Investments Co., Ltd. UD Trucks Corporation

**Exhibit 4**

**U.S. Acquisition Agreement**

**[SEE U.S. ACQUISITION AGREEMENT FILED CONTEMPORANEOUSLY  
HEREWITH, WHICH AGREEMENT MAY BE SUPPLEMENTED, AMENDED, OR  
MODIFIED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS  
THEREIN]**

**Schedule A****Acquired Non-Debtor Affiliates**

- ALS Inc. (Japan)
- Czech NewCo (as defined in the TK Europe Acquisition Agreement (as defined in the U.S. Acquisition Agreement))
- Dalphi Metal Espana S.A. (Spain)
- Dalphi Metal International S.A. (Spain)
- Dalphi Metal Portugal S.A. (Portugal)
- Dalphi Metal Seguridad S.A. (Spain)
- Equipo Automotriz Americana S.A. de C.V. (Mexico)
- Falcomex S.A. de C.V. (Mexico)
- Highland Industries, Inc. (U.S.)
- New Mexico Trading Company (Mexico) (as defined in the U.S. Acquisition Agreement)
- PMA NewCos (as defined in the TK Europe Acquisition Agreement (as defined in the U.S. Acquisition Agreement))
- PT. Takata Automotive Safety Systems Indonesia (Indonesia)
- RTA Holdings, Inc. (Philippines)
- RTA Properties, Inc. (Philippines)
- Syntec Seating Solution LLC (U.S.)
- Takata Automotive Electronics Shanghai (China)
- Takata Automotive Safety Systems (M) Sdn. Bhd. (Malaysia)
- Takata Brasil Ltda (Brazil)
- Takata (Changxing) Safety Systems Co., Ltd. (China)
- Takata CPI Singapore (Singapore)
- Takata Deta S.R.L. (Romania)
- Takata Ignition Systems GmbH (Germany)
- Takata India Private Limited (India)
- Takata International Finance B.V. (Netherlands)

- Takata Jibou S.R.L. (Romania)
- Takata (Jingzhou) Automotive Component Co., Ltd. (China)
- Takata Korea Co., Ltd. (South Korea)
- Takata Maroc S.A.R.L. (Morocco)
- Takata Orșova S.R.L. (Romania)
- Takata Parts Polska Sp.zo.o. (Poland)
- TAKATA Parts s.r.o. (Czech)<sup>1</sup>
- Takata (Philippines) Corporation (Philippines)
- Takata PlasTec GmbH (Germany)
- Takata Romania S.R.L. (Romania)
- TAKATA Rus LLC (Russia)
- Takata Safety Systems Hungary Kft. (Hungary)
- Takata (Shanghai) Automotive Component Co., Ltd.<sup>2</sup>
- Takata (Shanghai) Vehicle Safety Systems Technical Center Co., Ltd. (China)
- Takata Sibiu S.R.L. (Romania)
- TAKATA South Africa (Pty.) Ltd. (South Africa)
- Takata (Tianjin) Automotive Component Co., Ltd. (China)
- Takata Uruguay S.A. (Uruguay)
- Takata-TOA Co., Ltd. (Thailand)

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<sup>1</sup> Plan Sponsor anticipates a pre-Effective Date spin-off of TAKATA Parts s.r.o.'s assets to a NewCo and transfer of shares in NewCo to Plan Sponsor by TAKATA Aktiengesellschaft on the Effective Date.

<sup>2</sup> Subject to stock sale toggle pursuant to Section 7.20(c) of the U.S. Acquisition Agreement.

**Schedule B**

**Warehouse Consenting OEMs**

Warehouse Consenting OEMs consist of the following (including their applicable subsidiaries and affiliates):

Aktiebolaget Volvo

BMW Manufacturing Co., LLC

Daimler Trucks North America LLC/Mercedes-Benz U.S. International, Inc.

FCA US LLC

Ford Motor Company

General Motors Holdings LLC

Honda North America, Inc. or one of its affiliated designees

Jaguar Land Rover Ltd.

Mazda Motor Corporation

Mitsubishi Motors Corporation

Nissan Motor Co., Ltd.

PSA Automobiles SA

Subaru Corporation

Toyota Motor Corporation

Volkswagen Group of America, Inc.



**Schedule C**

**Allowed OEM Claims of the Consenting OEMs**

**EXHIBIT B TO THE RESTRUCTURING SUPPORT AGREEMENT**  
**INITIAL CONSENTING OEM CLAIMS PROTOCOL**

## CONSENTING OEM CLAIMS PROTOCOL

The Consenting OEMs and the Debtors have agreed to the protocol (the “**Claims Protocol**”) set forth herein that shall govern the manner and form by which each Consenting OEM will submit its claims against the Debtors in the chapter 11 cases (the “**Bankruptcy Cases**”) pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). The summary form attached hereto as **Exhibit A** (the “**Summary Form**”) shall be submitted by any Consenting OEM (including its affiliates and/or subsidiaries) (“**Claimant**”) as a supplement to the official proof of claim form B-410 (the “**Official Form**”), to which it is attached as an exhibit. Reference is hereby made to: (i) the *Order Pursuant to 11 U.S.C. §§ 105(a) and 502(b)(9), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and Local Rules 2002-1(e), 3001-1 and 3003-1 for Authority to (i) Establish Deadlines for Filing Proofs of Claim, (ii) Establish the Form and Manner of Notice Thereof, and (iii) Approve Procedures for Providing Notice of Bar Date and Other Important Deadlines and Information to Potential PSAN Inflator Claimants*, dated October 4, 2017 [Docket No. 959] (the “**Bar Date Order**”), (ii) that certain Accommodation Agreement by and between the Debtors and certain of the Consenting OEMs dated July 18, 2017, and any amendments thereto (the “**Accommodation Agreement**”), and approved by the Bankruptcy Court on a final basis on October 3, 2017 [Docket No. 953], and (iii) that certain Restructuring Support Agreement dated November [ ], 2017, by and among the parties thereto (the “**RSA**”) and [approved] by the Bankruptcy Court on [date]. Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Accommodation Agreement.

### 1. Customer Recalled Inflators Claim

A. Consistent with the Bar Date Order, the Debtors and the Consenting OEMs have agreed that each Claimant’s claims based on rights of reimbursement and indemnification relating to PSAN Inflators that the Debtors developed, designed, manufactured, stored, transported, disposed of, sold, supplied to the Claimant, and/or as to which the Debtors are obligated to indemnify the Claimant as of the Petition Date (the “**Customer Inflator Claim**”), which constitute a portion of their claims against the Debtors, shall be based on the cost categories set forth in **Exhibit B** (collectively, the “**Claim Components**”).

B. By submitting the Summary Form in a manner consistent with this Claims Protocol, each Claimant asserts a Customer Inflator Claim against the Debtors in the Bankruptcy Cases for all Recalled PSAN Inflators (defined below) (the “**Customer Recalled Inflators Claim**”) in the amount set forth by the Claimant on the Summary Form.

C. To calculate the amount of the Customer Recalled Inflators Claim, each Claimant will multiply an average of the aggregate cost of the Claim Components listed on **Exhibit B** on a per inflator basis<sup>1</sup> by the number of Recalled PSAN Inflators (defined below) the Debtors developed, designed, manufactured, stored, transported, disposed of, sold, supplied to,

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<sup>1</sup> The determination of such average cost is Claimant-specific and is intended solely for purposes of, as the case may be, liquidating and quantifying Customer Inflator Claims in the Bankruptcy Cases and is not conceded to represent or to be used or usable for purposes of calculating alleged damages by Plaintiffs in litigation involving the Recalled PSAN Inflators.

and/or as to which the Debtors are obligated to indemnify the Claimant as of the Petition Date. For purposes of this Claims Protocol, “**Recalled PSAN Inflators**” shall mean all PSAN Inflators that are the subject of vehicle recalls and related remedy programs which have been scheduled, initiated and/or conducted (i) voluntarily by Claimant or (ii) under regulations and/or orders promulgated and/or issued by the National Highway Traffic Safety Administration or other similar governmental or regulatory authorities under U.S. federal or state law, or the law of any other country or non-U.S. state or locality with jurisdiction to impose, require or regulate a vehicle recall, any related remedy program or any other type of sanction or remedy relating to the PSAN Inflators.

## **2. Customer Non-Recalled Inflators Claim**

A. By submitting the Summary Form, Claimant asserts a Customer Inflator Claim relating to PSAN Inflators that are not yet the subject of a recall in the U.S., Japan or any other jurisdiction as of the Petition Date (the “**Customer Non-Recalled Inflators Claim**”) in the amount set forth by the Claimant on the Summary Form. Unless otherwise stated, the Customer Non-Recalled Inflators Claim is calculated using the same methodology used to calculate the Customer Recalled Inflators Claims.

## **3. Other Commercial Claims**

A. By submitting the Summary Form, Claimant also asserts a claim for: (i) all fees, costs, expenses, damages or losses sustained, incurred or to be incurred by Claimant as a result of or in connection with any failure of the Debtors to perform any of their respective duties or obligations under the Purchase Orders, including, without limitation, all warranty, recall, product liability or indemnification obligations, and (ii) any loans or similar accommodations, with respect to PSAN Inflators and/or non-PSAN Inflators (excluding any losses asserted as part of any Customer Inflator Claim), or with respect to non-PSAN Inflator Component Part programs of Claimant (“**Other Commercial Claims**”).

B. Claimants may assert Other Commercial Claims in either a liquidated or unliquidated amount; *provided, however*, that should Claimant elect to assert Other Commercial Claims in an unliquidated amount, such Other Commercial Claims, as to the Debtors, shall be deemed timely filed and the Debtors and Claimant reserve all of their respective rights, procedural and substantive, including, but not limited to, the right to liquidate such Other Commercial Claims in the future.

## **4. Other PSAN Claims**

A. By submitting the Summary Form, Claimant asserts a claim for (i) fees, costs, and expenses incurred in connection with any pending litigation relating to the Debtors, including, but not limited to, the Covered Litigation (including any professional fees incurred in connection therewith), (ii) amounts incurred in connection with any settlements negotiated for any third-party claims arising out of or relating to the Debtors, including, without limitation, the Covered Litigation, and (iii) fees, costs, expenses, damages or losses sustained or incurred, by Claimant as a result of or in connection with any alleged misrepresentations or omissions by the Debtors, including, without limitation, those allegations or admissions set forth in the DOJ Plea

Agreement as of January 13, 2017 between DOJ and TKJP (“**Other PSAN Claims**” and together with the Customer Recalled Inflators Claim, Customer Non-Recalled Inflators Claim, and Other Commercial Claims, the “**Customer Claims**”).

B. Claimants may assert Other PSAN Claims in either a liquidated or unliquidated amount other than with respect to amounts paid on account of litigation judgments against or settlements entered into by such Claimant; *provided, however*, that should Claimant elect to assert Other PSAN Claims in an unliquidated amount, such Other PSAN Claims, as to the Debtors, shall be deemed timely filed and the Debtors and Claimant reserve all of their respective rights, procedural and substantive, including, but not limited to, the right to liquidate such Other PSAN Claims in the future.

#### 5. Documentation

A. Claimant shall submit the Official Form and the Summary Form (collectively, a “**Proof of Claim**”), each prepared in a manner consistent with this Claims Protocol. In addition, to support the Proof of Claim, Claimant shall separately provide to Debtors documentation and/or data substantially in the form and of the type as agreed between Debtors and Claimants, including the calculation for the per inflator cost calculated using the categories in **Exhibit B** (collectively, the “**Documentation**”), which Documentation need not be attached to the Proof of Claim or filed with the Bankruptcy Court, but shall be made available to the Debtors, the Future Claimants’ Representative, and any official committees appointed in the Bankruptcy Cases, on an advisors’ eyes only basis, subject to nondisclosure and/or confidentiality agreements. The Documentation will be identified on **Schedule 1** to be attached to this Claims Protocol.

B. Provided Claimant files the Proof of Claim in the form and manner required by this Claims Protocol and provides or makes available to the Debtors (and the Future Claimants’ Representative, and any official committees appointed in the Bankruptcy Cases, on an advisors’ eyes only basis, subject to nondisclosure and/or confidentiality agreements) the Documentation, as between the Debtors and Claimant, the Proof of Claim shall be deemed prima facie valid and the Debtors shall not object to the Customer Claims based upon the form or manner of a Claimant’s filing or because of insufficiency of documents attached to the Proof of Claim.

#### 6. General Provisions and Reservation of Rights

A. Claimant reserves its right to amend, modify and/or supplement any of the claims set forth herein in accordance with any orders of the Bankruptcy Court, the Bankruptcy Code and/or the Federal Rules of Bankruptcy Procedure and to file any amended, modified and/or supplementary claims Claimant may have against the Debtors.

B. For the avoidance of doubt, the Debtors shall be permitted to object to any Customer Claim that is not filed in accordance with this Claims Protocol or that does not

accurately reflect the costs actually incurred or expected to be incurred by the Claimant with respect to any Claim Component.<sup>2</sup>

C. Claimant expressly reserves all of its defenses and rights, procedural and substantive, and shall not be deemed to have waived or released any claim by virtue of not being liquidated or fixed on the Summary Form.

D. Claimant expressly reserves the right to attach, produce and/or rely upon additional documentation which supports its claims and any additional documents that may become available after further investigation or discovery.

E. Nothing in this Claims Protocol or in Claimant's Proof of Claim shall constitute a waiver or release of any of Claimant's or Debtors rights (i) against any other person, entity or property, including but not limited to a guarantor or any other non-debtor Takata entity that may have developed, designed, manufactured, stored, transported, disposed of, sold, supplied, and/or agreed to indemnify for losses related to, PSAN Inflators; (ii) of setoff or recoupment; (iii) to contest the jurisdiction of the Bankruptcy Court with respect to the subject matter of the claim set forth herein, or any elements thereof; and/or (iv) to elect remedies or choice of law.

F. The filing of the Proof of Claim by Claimant shall not constitute a concession or admission by Claimant or the Debtors of liability or facts with respect to any claims or alleged damages (or the amount thereof) that have been or may be asserted against Claimant or the Debtors by third parties.

G. Nothing contained in the Proofs of Claim shall limit the rights of Claimant to file papers or pleadings, or commence any proceedings, or take any actions concerning their claims, liens or security interests.

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<sup>2</sup> For the avoidance of doubt, nothing in this Claims Protocol shall impact the rights of parties in interest with respect to any Summary Form or Proof of Claim filed by Claimant.

**Exhibit A**  
***Summary Form***<sup>3</sup>

	Type	Description of Claim	Amount of Claim
<b><i>Customer Recalled Inflators Claims</i></b>			
1	<b>Claims for Damages associated with Recalled PSAN Inflators</b>	Damage claims based on rights of reimbursement and indemnification associated with the Recalled PSAN Inflators as of the Petition Date.	[\$\$] <sup>4</sup>
<b><i>Customer Non-Recalled Inflators Claims</i></b>			
2	<b>Claims for Damages associated with Non-Recalled PSAN Inflators</b>	Damage claims based on rights of reimbursement and indemnification relating to PSAN Inflators that are not yet the subject of a recall in the US, Japan or any other jurisdiction as of the Petition Date. <sup>5</sup>	[\$\$]
<b><i>Other Commercial Claims</i></b>			
3	<b>Other Reimbursement Claims Associated with Recalls, Breach of Contract, and Warranty Liabilities</b>	Reimbursement or damage claims incurred as a result of or in connection with recalls, breach of contract, warranty or product liability due to the flaws, defects or non-conformance of PSAN Inflators and other Component Parts Debtors developed, designed, distributed, manufactured, sold to, and/or as to which the Debtors are obligated to indemnify, the Claimant (excluding the claims included in categories 1 and 2 above).	[\$\$] <sup>6</sup>
<b><i>Other PSAN Claims</i></b>			
4	<b>Claims for Damages Associated with Covered Litigation and Fraud</b>	The following (1) - (3) reimbursement claims or damage claims (note that the respective claims may include professional fees, litigation costs and other professional fees, costs and expenses): (1) Reimbursement claims due to pending litigation relating to the Debtors, including but not limited to, the Covered Litigation; (2) Reimbursement claims due to the settlements in any litigation regarding the Debtors, including, but not limited to, the Covered Litigation; and (3) Damage claims due to, or in relation to, any alleged misrepresentation (including manipulation of examination data), omission or fraud, including, without limitation, those allegations or admissions set forth in the DOJ Plea Agreement as of January 13, 2017 between the DOJ and TKJP, which includes damages suffered and to be incurred in the future by the subsidiaries of the Claimant.	[\$\$] <sup>7</sup>

<sup>3</sup> Headings and descriptions used in this Summary Form are for convenience of reference only and are not to affect the substance or scope of the Claimant's claims.

<sup>4</sup> This amount accounts for any offsets taken on account of such claims.

<sup>5</sup> Note that this filing of the Proof of Claim by Claimant shall not constitute a concession or admission by Claimant of liability or facts with respect to any claims or alleged damages (or the amount thereof) that have been or may be asserted against Claimant or the Debtors by third parties.

<sup>6</sup> Claimant may elect to assert Other Commercial Claims in an unliquidated amount, pursuant to section 3. B. of the Claims Protocol.

<sup>7</sup> Claimant may elect to assert a portion of this Other PSAN Claim in an unliquidated amount, pursuant to section 4. B. of the Claims Protocol.

**Exhibit B**  
*Claim Components*<sup>8</sup>

	<b>Claim Components (See the Notes attached hereto for additional information on the Claim Components)</b>
1	Labor Costs and Expense
2	Parts (including Replacement Kits)
3	Dealer Charges
4	Rental Car Charges
5	Transportation, Shipping and Other Logistical Costs
6	Notification/Customer Communications/Advertising and Similar Charges
7	Freight for Returned Inflators
8	Warehouse and Disposal
9	Administrative Expenses
10	Alternative Sourcing Costs

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<sup>8</sup> Headings and terms used in this chart are for convenience of reference only and are not to affect the substance or scope of the Claimant's claims.



Notes

These notes (the "Notes") comprise an integral part of the Claims Protocol to which they are attached and set forth further descriptions of the fees, costs, expenses and other amounts that comprise each of the Claim Components listed in Exhibit B.

<b>Claim Component</b>	<b>Description</b>
Labor Costs and Expense	These include the costs, including hourly fees, associated with the installation of new Inflators or Replacement Kits for PSAN Inflators.
Parts (including Replacement Kits)	These include the costs for Inflators, Replacement Kits, modules and other Component Parts sold by the Debtors or third parties to the Consenting OEM to fulfill orders for PSAN Inflators.
Dealer Charges	These include dealer markup and other amounts charged back to Consenting OEM (not otherwise included in any other Claim Component) that are paid by such Consenting OEM in complying with and completing the Recalls.
Rental Car Charges	These include the costs associated with (i) rental cars provided to customers (a) as their Subject Takata Inflator is being replaced with a Replacement/Replacement Kit or (b) during the period of time a customer is waiting for the commencement of their Replacement/Replacement Kit installation or (ii) if the Subject Vehicle needs to be towed to dealership to have the Replacement/Replacement Kit installed.
Transportation, Shipping and Other Logistical Costs	These include the out-of-pocket costs to ship, warehouse and distribute Replacement/Replacement Kits to dealerships.
Notification/Customer Communications/Advertising and Similar Charges	These include the costs to identify, notify, and/or educate customers of the Recalls.
Freight for Returned Inflators	These include the out-of-pocket costs associated with the return of the old PSAN Inflators to the Debtors (other than the Warehouse and Disposal Claim Component).
Warehouse and Disposal	These include the out-of-pocket costs associated with the warehouse and disposal of any returned PSAN Inflators.
Administrative Expenses	These include the fees and costs associated with Recalls that are not otherwise included in any other Claim Component; but for the avoidance of doubt shall exclude any of the Other Commercial Claims.
Alternative Sourcing Costs	These include the fees, costs, and expenses to source Component Parts with alternative third-party and/or Takata suppliers as a result of the Recalls, including, without limitation, (i) Component Part price increases paid to alternative and/or Takata suppliers, (ii) engineering, testing, validating costs and expenses, or (iii) any costs incurred in connection with the manufacture and production of any tooling necessary to comply with any Consenting OEM obligations in connection with the Recalls.

## SCHEDULE 1

**Paragraphs a, b and c of this Schedule 1 identify the Documentation referenced in the Claims Protocol to be produced in support of Customer Recalled Inflators Claims and Customer Non-Recalled Inflators Claims.**

a. An Excel spreadsheet or Word memo outlining (i) the total actual costs incurred by Claimant with respect to the Claim Components that form the basis of the average inflator cost described in paragraph 1.C. of the Claims Protocol, (ii) the formula used to calculate Claimant's average inflator cost and (iii) inflator volumes associated with Customer Recall Inflators Claim and Customer Non-Recalled Inflators Claim;

b. A written summary description of how the Claimant calculated its Customer Recalled Inflators Claim and Customer Non-Recalled Inflators Claim;

c. Claimant shall provide a written explanation and/or description of the systems employed by Claimant to track the Claim Components applicable to such Claimant and that form the basis of the average inflator cost, and at its discretion/election, one or more of the following to support its filed claims: (i) an Excel/Access extract or a screen shot providing a subset and/or sample of the Claimant's database, as maintained in the ordinary course of Claimant's business, that show the costs associated with the Claim Components applicable to such Claimant and that form the basis of the average per inflator cost, (ii) supervised access to the Claimant's data to review the manner in which Claimant identified costs associated with the Claim Components that form the basis of the average inflator cost and calculated/determined its average inflator cost, or (iii) a sampling of invoices reflecting costs incurred for the Claim Components applicable to such Claimant and that form the basis of the average inflator cost. To the extent the exercise of the Debtors' fiduciary duties reasonably requires the Debtors to seek additional information from Claimant, without departing from the general scope and level of detail of the Documentation agreed to be provided hereunder, the Debtors may request that a Claimant provide reasonable additional detail to supplement the information such Claimant previously provided under (i), (ii) or (iii), and the Debtors and Claimant will work in good faith to agree upon a list of supplemental information.

**Paragraphs d, e, f and g below identify the Documentation referenced in Sections 3 and 4 of the Claims Protocol. The documents referenced in subparagraphs d, e, f and g relate to claim categories where Claimants may assert claims in a liquidated or unliquidated amount. If a Claimant asserts an unliquidated claim, then no Documentation shall be provided to the Debtors, until the time that such unliquidated claim becomes a liquidated claim. If a Claimant originally asserts (or amends its claims to assert) a liquidated claim, the required supporting documentation, upon request by Debtor, shall be made available within a reasonable period of time. For the avoidance of doubt, the Debtors reserve the right to request such Documentation consistent with the terms of this Schedule 1.**

d. For professional fees and expenses: for each professional or professional firm, a summary form (without underlying time entry or expense detail) reflecting the aggregate amount of fees

and expenses asserted as part of Claimant's Other Commercial Claims and/or Other PSAN Claims, describing the services performed, and the hours and rate of the applicable professionals;

e. For settlements: the aggregate amount of such settlements and, where applicable, a listing of the case numbers and courts where such cases were filed or are pending; *provided, however*, that if Claimant has less than ten (10) settlements it need not provide the case information referenced herein;

f. Other Commercial Claims: A spreadsheet or other written documentation detailing the Other Commercial Claims by type and/or category and other documentation customarily provided by Claimant to Debtor to support warranty, recall, or product liability claims for non-PSAN Inflator Component Parts.

g. Other PSAN Claims exclusive of legal fees and settlements: A spreadsheet or other written documentation that identifies the basis for the claim(s), and to the extent not otherwise captured in the Documentation provided to support the Claimant's claims in other claim categories identified in the Claims Protocol, such documents as Claimant deems necessary to support such claim(s).

**EXHIBIT C TO THE RESTRUCTURING SUPPORT AGREEMENT**

**BAR DATE ORDER**

**[THE BAR DATE ORDER MAY BE FOUND AT DOCKET NO. 959]**

**EXHIBIT D TO THE RESTRUCTURING SUPPORT AGREEMENT**

**POSTCARD NOTICE**

**[THE POSTCARD NOTICE MAY BE FOUND AT EXHIBIT A-2  
TO THE BAR DATE ORDER DOCKET NO. 959]**

**EXHIBIT E TO THE RESTRUCTURING SUPPORT AGREEMENT**

**PUBLICATION NOTICE**

**[THE PUBLICATION NOTICE MAY BE FOUND AT EXHIBIT A-3  
TO THE BAR DATE ORDER DOCKET NO. 959]**

**Exhibit B**

**Amended and Restated Section 4.4 of U.S. Acquisition Agreement**

4.4 Termination of Agreement. This Agreement may be terminated prior to the U.S. Closing as follows:

(a) by mutual written consent of Sellers and the Plan Sponsor;

(b) by Sellers or the Plan Sponsor if:

(i) the U.S. Closing shall not have occurred by the close of business on the earlier of (x) September 30, 2018 and (y) termination or expiration of the Plea Agreement (such applicable date, the "Outside Date"); provided, that if the U.S. Closing shall not have occurred on or before the Outside Date due to a material breach of (x) any representations and warranties made as of the date of this Agreement, (y) any covenants, or (z) any agreements contained in this Agreement by the Plan Sponsor or Sellers, then the breaching Party may not terminate this Agreement pursuant to this Section 4.4(b)(i);

(ii) there is in effect a final nonappealable Order of a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions;

(iii) the Bankruptcy Court enters an order that prohibits the consummation of the Transactions on substantially the terms and conditions set forth in this Agreement;

(iv) Sellers enter into a definitive agreement with respect to a Superior Proposal; or

(v) the TKJP Purchase Agreement, the TSAC Purchase Agreement (if applicable), the TK Europe Purchase Agreement, the Accommodation Agreement or the RSA is duly terminated in accordance with its terms, other than as a result of the Closings; provided, however, that if the Plan Sponsor has elected to reform this Agreement pursuant to Section 4.6(c)(ii), Sellers shall not be entitled to terminate this Agreement pursuant to this Section 4.4(b)(v) due to a termination of the TKJP Purchase Agreement pursuant to Section 4.4(b)(iv) thereof until the date that is the twentieth (20th) Business Day following the date of termination of the TKJP Purchase Agreement (during which period Sellers and the Plan Sponsor shall negotiate the terms of such reformation in accordance with Section 4.6(c));

(c) by Sellers if:

(i) there is a breach by the Plan Sponsor of any representation or warranty, or any covenant or agreement contained in this Agreement, which breach would, individually or in the aggregate with other breaches, result in a failure of a condition set forth in Section 9.2 or Section 9.3 and which breach cannot be cured or has not been cured by the earlier of (i) twenty (20) Business Days after the giving of notice by Sellers to the Plan Sponsor of such breach and (ii) the Outside Date;

(ii) the Joyson Shareholder Approval has not been obtained by the date that is forty-five (45) days after the date of the Agreement; or



(iii) Sellers and the Plan Sponsor are unable to agree on a treatment of Intercompany Balances by the Plan Sponsor in the Final Joint Proposal that is reasonably acceptable to both Sellers and the Plan Sponsor, as contemplated by Section 7.17, on or prior to December 15, 2017 (the "**Intercompany Balances Outside Date**"); provided, however, that Sellers may not terminate this Agreement pursuant to this Section 4.4(c)(iii) prior to the Intercompany Balances Outside Date or after the date that is five (5) Business Days after the Intercompany Balances Outside Date. The Intercompany Balances Outside Date may be extended if the Plan Sponsor, the Sellers and the sellers under each of the Cross-Conditioned Agreements mutually agree.

(d) by the Plan Sponsor if:

(i) there is a breach by Sellers of any representation or warranty, or any covenant or agreement contained in this Agreement, which breach would, individually or in the aggregate with other breaches, result in a failure of a condition set forth in Section 9.1 or Section 9.3 and which breach cannot be cured or has not been cured by the earlier of (i) forty-five (45) days after the giving of notice by the Plan Sponsor to Sellers of such breach and (ii) the Outside Date;

(ii) the OEM Indemnity and Release Agreement is not executed and delivered to the Plan Sponsor on or before December 15, 2017 by (i) each of the specified OEMs listed on Schedule H hereto and (ii) a sufficient number of the parties listed on Schedule I hereto, such that no more than 1,800,000 PSAN Inflatons are attributable to parties listed thereto that have not become Consenting OEMs; provided, however, that the Plan Sponsor may not terminate this Agreement pursuant to this Section 4.4(d)(ii) prior to December 15, 2017 or after December 19, 2017;

(iii) the Break-Up Fee and Expense Reimbursement are not approved by the Bankruptcy Court on or before December 11, 2017;

(iv) the Disclosure Statement is not filed by Sellers on or before November 15, 2017 (or such later date as may reasonably be agreed by the Parties);

(v) Sellers have not commenced solicitation of votes to accept the Plan on or before January 10, 2018 (or such later date as may reasonably be agreed by the Parties);

(vi) the Bankruptcy Cases are dismissed or converted to a case under chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the Transactions, or a chapter 11 trustee is appointed for Sellers and such chapter 11 trustee files a pleading or other document with the Bankruptcy Court indicating an affirmative intent not to pursue, or to abandon the pursuit of, the Transactions or indicating an intent to pursue an Alternative Transaction;

(vii) the Confirmation Order is not entered by the Bankruptcy Court on or before February 15, 2018;

(viii) the Confirmation Order, as entered by the Bankruptcy Court, is not reasonably satisfactory to the Plan Sponsor;

(ix) any of the Access Agreement, the Global Settlement Agreement, or the Accommodation Agreement is amended or modified in a manner that itself, or when taken together with any other amendments or modifications to such agreement, materially adversely affects the Plan Sponsor without the prior written consent of the Plan Sponsor;

(x) 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;

(xi) there occurs a Business Resourcing Trigger Event;

(xii) one or more Consenting OEMs breaches the Resourcing Limitation or the other terms and conditions of Section 3 of the Accommodation Agreement (the "**Disputed Resourcing**") and such breach is not cured within thirty (30) days following the Plan Sponsor's receipt of notice of such breach (the "**Cure Period**") (it being understood that the Plan Sponsor shall notify Sellers of such notice immediately after the receipt thereof), except to the extent (1) New Revenue provided by the applicable Consenting OEM(s) in response thereto *plus* (2) such other form of cure to be agreed upon in good faith by the applicable Consenting OEM(s) and the Plan Sponsor equals or exceeds the loss of business due to the Disputed Resourcing; provided, however, that if such breach is cured at any time following the Cure Period, the Plan Sponsor shall no longer be permitted to terminate this Agreement pursuant to this Section 4.4(d)(xii); and provided, further, that if such breach is not cured within the Cure Period, then Sellers and the Plan Sponsor shall engage in good faith discussions for fifteen (15) Business Days after the lapse of the Cure Period and, if the Parties jointly determine at any time following such discussions that the Disputed Resourcing is not curable prior to the Outside Date, then Sellers shall be entitled to notify the Plan Sponsor in writing of such determination, and, if the Plan Sponsor has not exercised its right to terminate this Agreement pursuant to this Section 4.4(d)(xii) within fifteen (15) Business Days of receipt of such notice, the termination right set forth in this Section 4.4(d)(xii) shall be deemed to have been irrevocably waived;

(xiii) any Event of Default occurs under the Accommodation Agreement and any Consenting OEM exercises remedies under the Accommodation Agreement, which remedies result in a Material Adverse Effect; provided, however, that if the Parties, acting reasonably and in good faith, jointly determine that the termination event pursuant to this Section 4.4(d)(xiii) has occurred, then Sellers shall be entitled to notify the Plan Sponsor in writing of such determination, and, if the Plan Sponsor has not exercised its right to terminate this Agreement pursuant to this Section 4.4(d)(xiii) within fifteen (15) Business Days of receipt of such notice, the termination right set forth in this Section 4.4(d)(xiii) shall be deemed to have been irrevocably waived;

(xiv) any breach by Sellers of the Notice Protocol that is not cured within twenty-one (21) days following Sellers' receipt of notice of such breach;

(xv) the condition set forth in Section 9.1(o) has not been satisfied or irrevocably waived by the Plan Sponsor on or before December 15, 2017 (the "**DOJ/NHTSA Outside Date**"); provided, however, that the Plan Sponsor may not terminate the Agreement pursuant to this Section 4.4(d)(xv) prior to the DOJ/NHTSA Outside Date or after the date that is five (5) Business Days after the DOJ/NHTSA Outside Date; or

(xvi) Sellers and the Plan Sponsor are unable to agree on a treatment of Intercompany Balances by the Plan Sponsor in the Final Joint Proposal that is reasonably acceptable to both Sellers and the Plan Sponsor, as contemplated by Section 7.17, on or prior to the Intercompany Balances Outside Date; provided, however, that the Plan Sponsor may not terminate this Agreement pursuant to this Section 4.4(d)(xvi) prior to the Intercompany Balances Outside Date or after the date that is five (5) Business Days after the Intercompany Balances Outside Date.

**Exhibit C**

**Amended and Restated Section 4.6 of U.S. Acquisition Agreement**

#### 4.6 Break-Up Fee and Expense Reimbursement.

(a) Superior Proposal. In the event that this Agreement is terminated pursuant to Section 4.4(b)(iv) and on or prior to the date that is fifteen (15) months after such termination, Sellers consummate the Alternative Transaction with respect to such Superior Proposal, in consideration for the Plan Sponsor having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, Sellers shall pay the Plan Sponsor, in accordance with the terms hereof, (i) a break-up fee in an amount equal to the Break-Up Fee, *plus* (ii) Sellers' Regional Share of reasonable and documented out-of-pocket fees and expenses paid or incurred by the Plan Sponsor or its Affiliates in connection with the Global Transactions that have not yet been reimbursed by Sellers or their Affiliates (the "*Expenses*"); provided, however, that the aggregate amount of the Break-Up Fee plus Expenses to be paid to the Plan Sponsor pursuant to this Section 4.6(a) shall not exceed an amount equal to five percent (5%) of the Base Purchase Price (representing a Break-Up Fee in the amount of three percent (3%) of the Base Purchase Price and Expenses in an amount not to exceed two percent (2%) of the Base Purchase Price). All payments to be made by Sellers pursuant to this Section 4.6(a) shall be paid within two (2) Business Days following consummation of the transaction which gave rise to such termination and shall be paid to the account(s) directed by the Plan Sponsor in writing; provided, that in connection with the execution of a definitive agreement with respect to such transaction, Sellers shall provide in such definitive agreement that the Break-Up Fee and the Expenses to be paid pursuant to this Section 4.6(a) shall be paid concurrently with the consummation of the transaction.

(b) Tail Period. In the event that (x) this Agreement is terminated pursuant to any Seller Breach Termination Trigger, and at any time after the date of this Agreement and prior to such termination, a Superior Proposal or other Alternative Transaction Proposal shall have been publicly disclosed or otherwise communicated in writing to any Seller, any Seller's Affiliate, or the Bankruptcy Court, and shall not have been withdrawn, or (y) this Agreement is terminated pursuant to Section 4.4(b)(v) following the termination of the TKJP Purchase Agreement pursuant to Section 4.4(b)(iv) thereof, and, in either such case, on or prior to the date that is twelve (12) months after such termination, Sellers consummate an Alternative Transaction with any single buyer or group of related buyers, then Sellers shall pay to the Plan Sponsor the Break-Up Fee plus Expenses incurred by the Plan Sponsor prior to the termination of this Agreement; provided, however, that the aggregate amount of the Break-Up Fee plus Expenses to be paid to the Plan Sponsor pursuant to this Section 4.6(b) shall not exceed an amount equal to five percent (5%) of the Base Purchase Price (representing a Break-Up Fee in the amount of three percent (3%) of the Base Purchase Price and Expenses in an amount not to exceed two percent (2%) of the Base Purchase Price) minus the amount of any Expenses previously paid pursuant to this Section 4.6. For purposes of this Section 4.6(b), the references to "twenty percent (20%)" in the definition of Alternative Transaction when used in determining the meaning of the term Alternative Transaction Proposal as used herein shall be deemed to be references to "fifty percent (50%)". All payments to be made by Sellers pursuant to this Section 4.6(b) shall be made within two (2) Business Days following consummation of the Alternative Transaction to the account(s) directed by the Plan Sponsor in writing.

(c) Superior Proposal in Japan. In the event that the TKJP Purchase Agreement is terminated pursuant to Section 4.4(b)(iv) thereof and this Agreement is not concurrently terminated pursuant to Section 4.4(b)(iv), the Plan Sponsor shall have the option to: (i) terminate this Agreement pursuant to Section 4.4(b)(v) (for the avoidance of doubt, without prejudice to the Plan Sponsor's rights pursuant to Section 4.6(b)) or (ii) require Sellers to negotiate in good faith with the Plan Sponsor to seek to reform this Agreement in order to consummate the transactions contemplated hereby on terms that are fair and reasonable to the Plan Sponsor and Sellers (it being understood that such reformed agreements shall give effect to the rights of the Plan Sponsor pursuant to Section 4.6(b)). In the event that (x) the Plan Sponsor elects to terminate this Agreement pursuant to clause (i) above or (y) the Plan Sponsor elects to require Sellers to negotiate in good faith with the Plan Sponsor to seek to reform this Agreement pursuant to clause (ii) above, but thereafter this Agreement is terminated pursuant to Section 4.4(b)(v) by Sellers because this Agreement has not been reformed within twenty (20) Business Days of the termination of the TKJP Purchase Agreement as contemplated by Section 4.4(b)(v), and on or prior to the date that is twelve (12) months after such termination of this Agreement Sellers consummate an Alternative Transaction with the party (or an Affiliate thereof) consummating the Superior Proposal pursuant to the TKJP Purchase Agreement, then Sellers shall pay to the Plan Sponsor the Break-Up Fee plus Expenses incurred by the Plan Sponsor prior to the termination of this Agreement; ***provided, however, that the aggregate amount of the Break-Up Fee plus Expenses to be paid to the Plan Sponsor pursuant to this Section 4.6(c) shall not exceed an amount equal to five percent (5%) of the Base Purchase Price (representing a Break-Up Fee in the amount of three percent (3%) of the Base Purchase Price and Expenses in an amount not to exceed two percent (2%) of the Base Purchase Price) minus the amount of any Expenses previously paid pursuant to this Section 4.6.*** For purposes of this Section 4.6(c), the references to "twenty percent (20%)" in the definition of Alternative Transaction when used in determining the meaning of the term Alternative Transaction Proposal as used herein shall be deemed to be references to "fifty percent (50%)". All payments to be made by Sellers pursuant to this Section 4.6(c) shall be made within two (2) Business Days following consummation of the Alternative Transaction to the account(s) directed by the Plan Sponsor in writing.

(d) Seller Termination Events. In the event this Agreement is terminated pursuant to (i) any Seller Breach Termination Trigger or (ii) Section 4.4(b)(ii), Section 4.4(b)(iii), Section 4.4(d)(iv), Section 4.4(d)(v) or Section 4.4(d)(vii) (but, with respect to each such termination event in this clause (ii), only if (x) such termination was a result of a material breach by Sellers of their obligations under the first sentence of Section 7.6(a), (y) the Plan Sponsor has provided notice to Sellers of such breach and (z) Sellers have failed to cure such breach within forty-five (45) days of receipt of such notice), in consideration for the Plan Sponsor having expended considerable time and expense in connection with this Agreement and the negotiation thereof, Sellers shall pay the Expenses, up to an aggregate amount equal to the Seller Breach Expense Reimbursement Amount, calculated as follows: (i) if this Agreement is terminated on or before December 31, 2017, up to an aggregate amount equal to two-thirds (2/3) of the Seller Breach Expense Reimbursement Amount for Expenses paid or incurred by the Plan Sponsor through and including December 31, 2017 and not reimbursed prior to termination of this Agreement; and (ii) if this Agreement is terminated following December 31, 2017, up to an aggregate amount equal to the Seller Breach Expense Reimbursement Amount, for Expenses incurred by the Plan Sponsor through and including the date of termination of this Agreement

and not reimbursed prior to termination of this Agreement; provided, however, if (X) this Agreement is terminated by the Plan Sponsor prior to the Outside Date pursuant to any Seller Breach Termination Trigger or pursuant to any termination right referenced in clause (ii) of the first sentence of this Section 4.6(d) (in each case, so long as the applicable breach has not been cured) or (Y) this Agreement is terminated by Sellers (other than pursuant to Section 4.4(c)(i)) (1) after notice by the Plan Sponsor of a breach giving rise to a Seller Breach Termination Trigger or a termination right referenced in clause (ii) of the first sentence of this Section 4.6(d) (in each case, which breach has not been cured prior to the earlier of the end of the applicable cure period and the date of termination) and (2) prior to the Outside Date, then, in each case, Sellers shall only be required to pay to the Plan Sponsor Expenses in an amount not to exceed Sellers' Regional Share of \$15,000,000. Such payment shall be made by Sellers directly to the Plan Sponsor or as the Plan Sponsor may direct within two (2) Business Days following a termination contemplated by this Section 4.6(d).

(e) [Intentionally Omitted].

(f) Plan Sponsor Breach. Notwithstanding anything to the contrary herein, under no circumstances shall Sellers be obligated to pay any Expenses pursuant to Section 4.6(d) or Section 4.6(e) if, at the time of a termination by the Plan Sponsor contemplated by either Section, Sellers also have a right of termination pursuant to (i) Section 4.4(c)(i), (ii) Section 4.4(c)(ii) or (iii) Section 4.4(b)(v) (but only if such right of termination pursuant to Section 4.4(b)(v) is due to (x) a termination of the TKJP Purchase Agreement pursuant to Section 4.4(c)(i) or Section 4.4(c)(ii) thereof or (y) a termination of the TK Europe Purchase Agreement pursuant to Section 4.4(c)(i) or Section 4.4(c)(ii) thereof).

(g) Court Order and Priority. Sellers shall seek to obtain, no later than December 8, 2017, an order entered by the Bankruptcy Court approving the Break-Up Fee and Expense Reimbursement. Sellers shall seek to obtain in such order administrative priority claim status with regard to the Break-Up Fee and the Expense Reimbursement in the Bankruptcy Cases pursuant to section 507(a)(2) of the Bankruptcy Code, which shall be (A) subordinate to (i) any "carve-out" granted in favor of the professionals retained in the Bankruptcy Cases, (ii) the Adequate Protection Claims as defined in the interim and final orders of the Bankruptcy Court, dated June 27, 2017 and October 3, 2017 [Docket Nos. 107 & 953], respectively, granting the Adequate Protection Claims, and (iii) any amounts owed to the Bankruptcy Court or to the U.S. Trustee pursuant to 28 U.S.C. § 1930; and (B) *pari passu* with all other administrative expense priority items; provided, however, that, if the U.S. Closing occurs (and in no other circumstances), the Expense Reimbursement shall be subordinate to the DOJ Restitution Fund and the Legacy Costs, as set forth in the Plan. Except as otherwise provided in Section 4.8(b), the payment by Sellers to the Plan Sponsor of the Break-Up Fee and/or Expense Reimbursement pursuant to this Section 4.6 shall, in circumstances in which the Break-Up Fee and Expense Reimbursement are owed to the Plan Sponsor, be the sole and exclusive remedy of the Plan Sponsor for any loss suffered by the Plan Sponsor as a result of the failure of the transactions contemplated herein to be consummated, and upon such payment thereof in accordance with this Section 4.6, Sellers shall not have any further liability or obligation relating to or arising out of this Agreement. Any Break-Up Fee and/or Expense Reimbursement paid to the Plan Sponsor pursuant to this Agreement shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by the Plan Sponsor for such purpose. The Parties

acknowledge that the agreements contained in this Section 4.6 are an integral part of the Transactions, and that without these agreements, the Parties would not enter into this Agreement and that any amounts payable pursuant to this Section 4.6 do not constitute a penalty.

(h) Liability for Break-Up Fee and Expenses. Each Seller acknowledges and agrees that such Seller shall be jointly and severally liable for the entire Break-Up Fee and Expense Reimbursement payable by Sellers pursuant to this Section 4.6.



**Exhibit D**

**Redline of Section 4.4 of U.S. Acquisition Agreement**

4.4 Termination of Agreement. This Agreement may be terminated prior to the U.S. Closing as follows:

- (a) by mutual written consent of Sellers and the Plan Sponsor;
- (b) by Sellers or the Plan Sponsor if:
  - (i) the U.S. Closing shall not have occurred by the close of business on the earlier of (x) September 30, 2018 and (y) termination or expiration of the Plea Agreement (such applicable date, the "**Outside Date**"); provided, that if the U.S. Closing shall not have occurred on or before the Outside Date due to a material breach of (x) any representations and warranties made as of the date of this Agreement, (y) any covenants, or (z) any agreements contained in this Agreement by the Plan Sponsor or Sellers, then the breaching Party may not terminate this Agreement pursuant to this Section 4.4(b)(i);
  - (ii) there is in effect a final nonappealable Order of a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions;
  - (iii) the Bankruptcy Court enters an order that prohibits the consummation of the Transactions on substantially the terms and conditions set forth in this Agreement;
  - (iv) Sellers enter into a definitive agreement with respect to a Superior Proposal; or
  - (v) the TKJP Purchase Agreement, the TSAC Purchase Agreement (if applicable), the TK Europe Purchase Agreement, the Accommodation Agreement or the RSA is duly terminated in accordance with its terms, other than as a result of the Closings; provided, however, that if the Plan Sponsor has elected to reform this Agreement pursuant to Section 4.6(c)(ii), Sellers shall not be entitled to terminate this Agreement pursuant to this Section 4.4(b)(v) due to a termination of the TKJP Purchase Agreement pursuant to Section 4.4(b)(iv) thereof until the date that is the twentieth (20th) Business Day following the date of termination of the TKJP Purchase Agreement (during which period Sellers and the Plan Sponsor shall negotiate the terms of such reformation in accordance with Section 4.6(c));
- (c) by Sellers if:
  - (i) there is a breach by the Plan Sponsor of any representation or warranty, or any covenant or agreement contained in this Agreement, which breach would, individually or in the aggregate with other breaches, result in a failure of a condition set forth in Section 9.2 or Section 9.3 and which breach cannot be cured or has not been cured by the earlier of (i) twenty (20) Business Days after the giving of notice by Sellers to the Plan Sponsor of such breach and (ii) the Outside Date;

(ii) the Joyson Shareholder Approval has not been obtained by the date that is forty-five (45) days after the date of the Agreement; or

(iii) Sellers and the Plan Sponsor are unable to agree on a treatment of Intercompany Balances by the Plan Sponsor in the Final Joint Proposal that is reasonably acceptable to both Sellers and the Plan Sponsor, as contemplated by Section 7.17, on or prior to December 15, 2017 (the "**Intercompany Balances Outside Date**"); provided, however, that Sellers may not terminate this Agreement pursuant to this Section 4.4(c)(iii) prior to the Intercompany Balances Outside Date or after the date that is five (5) Business Days after the Intercompany Balances Outside Date. The Intercompany Balances Outside Date may be extended if the Plan Sponsor, the Sellers and the sellers under each of the Cross-Conditioned Agreements mutually agree.

(d) by the Plan Sponsor if:

(i) there is a breach by Sellers of any representation or warranty, or any covenant or agreement contained in this Agreement, which breach would, individually or in the aggregate with other breaches, result in a failure of a condition set forth in Section 9.1 or Section 9.3 and which breach cannot be cured or has not been cured by the earlier of (i) ~~twenty~~forty-five (2045) Business Days after the giving of notice by the Plan Sponsor to Sellers of such breach and (ii) the Outside Date;

(ii) the OEM Indemnity and Release Agreement is not executed and delivered to the Plan Sponsor on or before ~~Nov~~December 30~~15~~, 2017 by (i) each of the specified OEMs listed on Schedule H hereto and (ii) a sufficient number of the parties listed on Schedule I hereto, such that no more than 1,800,000 PSAN Inflators are attributable to parties listed thereto that have not become Consenting OEMs; provided, however, that the Plan Sponsor may not terminate this Agreement pursuant to this Section 4.4(d)(ii) prior to ~~Nov~~December 30~~15~~, 2017 or after December 4~~19~~, 2017;

(iii) the Break-Up Fee and Expense Reimbursement are not approved by the Bankruptcy Court on or before December 6~~11~~, 2017;

(iv) the Disclosure Statement is not filed by Sellers on or before November 15, 2017 (or such later date as may reasonably be agreed by the Parties);

(v) Sellers have not commenced solicitation of votes to accept the Plan on or before January 10, 2018 (or such later date as may reasonably be agreed by the Parties);

(vi) the Bankruptcy Cases are dismissed or converted to a case under chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the Transactions, or a chapter 11 trustee is appointed for Sellers and such chapter 11 trustee files a pleading or other document with the Bankruptcy Court indicating an affirmative intent not to pursue, or to abandon the pursuit of, the Transactions or indicating an intent to pursue an Alternative Transaction;

(vii) the Confirmation Order is not entered by the Bankruptcy Court on or before February 15, 2018;

(viii) the Confirmation Order, as entered by the Bankruptcy Court, is not reasonably satisfactory to the Plan Sponsor;

(ix) any of the Access Agreement, the Global Settlement Agreement, or the Accommodation Agreement is amended or modified in a manner that itself, or when taken together with any other amendments or modifications to such agreement, materially adversely affects the Plan Sponsor without the prior written consent of the Plan Sponsor;

(x) 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;

(xi) there occurs a Business Resourcing Trigger Event;

(xii) one or more Consenting OEMs breaches the Resourcing Limitation or the other terms and conditions of Section 3 of the Accommodation Agreement (the "**Disputed Resourcing**") and such breach is not cured within thirty (30) days following the Plan Sponsor's receipt of notice of such breach (the "**Cure Period**") (it being understood that the Plan Sponsor shall notify Sellers of such notice immediately after the receipt thereof), except to the extent (1) New Revenue provided by the applicable Consenting OEM(s) in response thereto *plus* (2) such other form of cure to be agreed upon in good faith by the applicable Consenting OEM(s) and the Plan Sponsor equals or exceeds the loss of business due to the Disputed Resourcing; provided, however, that if such breach is cured at any time following the Cure Period, the Plan Sponsor shall no longer be permitted to terminate this Agreement pursuant to this Section 4.4(d)(xii); and provided, further, that if such breach is not cured within the Cure Period, then Sellers and the Plan Sponsor shall engage in good faith discussions for fifteen (15) Business Days after the lapse of the Cure Period and, if the Parties jointly determine at any time following such discussions that the Disputed Resourcing is not curable prior to the Outside Date, then Sellers shall be entitled to notify the Plan Sponsor in writing of such determination, and, if the Plan Sponsor has not exercised its right to terminate this Agreement pursuant to this Section 4.4(d)(xii) within fifteen (15) Business Days of receipt of such notice, the termination right set forth in this Section 4.4(d)(xii) shall be deemed to have been irrevocably waived;

(xiii) any Event of Default occurs under the Accommodation Agreement and any Consenting OEM exercises remedies under the Accommodation Agreement, which remedies result in a Material Adverse Effect; provided, however, that if the Parties, acting reasonably and in good faith, jointly determine that the termination event pursuant to this Section 4.4(d)(xiii) has occurred, then Sellers shall be entitled to notify the Plan Sponsor in writing of such determination, and, if the Plan Sponsor has not exercised its right to terminate this Agreement pursuant to this Section 4.4(d)(xiii) within fifteen (15) Business Days of receipt of such notice, the termination right set forth in this Section 4.4(d)(xiii) shall be deemed to have been irrevocably waived;

(xiv) any breach by Sellers of the Notice Protocol that is not cured within twenty-one (21) days following Sellers' receipt of notice of such breach;

(xv) the condition set forth in Section 9.1(o) has not been satisfied or irrevocably waived by the Plan Sponsor on or before ~~Nov~~December 30~~15~~, 2017 (the "**DOJ/NHTSA Outside Date**"); provided, however, that the Plan Sponsor may not terminate the Agreement pursuant to this Section 4.4(d)(xv) prior to the DOJ/NHTSA Outside Date or after the date that is five (5) Business Days after the DOJ/NHTSA Outside Date; or

(xvi) Sellers and the Plan Sponsor are unable to agree on a treatment of Intercompany Balances by the Plan Sponsor in the Final Joint Proposal that is reasonably acceptable to both Sellers and the Plan Sponsor, as contemplated by Section 7.17, on or prior to the Intercompany Balances Outside Date; provided, however, that the Plan Sponsor may not terminate this Agreement pursuant to this Section 4.4(d)(xvi) prior to the Intercompany Balances Outside Date or after the date that is five (5) Business Days after the Intercompany Balances Outside Date.

**Exhibit E**

**Redline of Section 4.6 of U.S. Acquisition Agreement**

#### 4.6 Break-Up Fee and Expense Reimbursement.

(a) Superior Proposal. In the event that this Agreement is terminated pursuant to Section 4.4(b)(iv) and on or prior to the date that is fifteen (15) months after such termination, Sellers consummate the Alternative Transaction with respect to such Superior Proposal, in consideration for the Plan Sponsor having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, Sellers shall pay the Plan Sponsor, in accordance with the terms hereof, (i) a break-up fee in an amount equal to the Break-Up Fee, *plus* (ii) Sellers' Regional Share of reasonable and documented out-of-pocket fees and expenses paid or incurred by the Plan Sponsor or its Affiliates in connection with the Global Transactions that have not yet been reimbursed by Sellers or their Affiliates (the "**Expenses**"); provided, however, that the aggregate amount of the Break-Up Fee plus Expenses to be paid to the Plan Sponsor pursuant to this Section 4.6(a) shall not exceed the Alternative Transaction Expense Reimbursement Amount an amount equal to five percent (5%) of the Base Purchase Price (representing a Break-Up Fee in the amount of three percent (3%) of the Base Purchase Price and Expenses in an amount not to exceed two percent (2%) of the Base Purchase Price). All payments to be made by Sellers pursuant to this Section 4.6(a) shall be paid within two (2) Business Days following consummation of the transaction which gave rise to such termination and shall be paid to the account(s) directed by the Plan Sponsor in writing; provided, that in connection with the execution of a definitive agreement with respect to such transaction, Sellers shall provide in such definitive agreement that the Break-Up Fee and the Expenses to be paid pursuant to this Section 4.6(a) shall be paid concurrently with the consummation of the transaction.

(b) Tail Period. In the event that (x) this Agreement is terminated pursuant to any Seller Breach Termination Trigger, and at any time after the date of this Agreement and prior to such termination, a Superior Proposal or other Alternative Transaction Proposal shall have been publicly disclosed or otherwise communicated in writing to any Seller, any Seller's Affiliate, or the Bankruptcy Court, and shall not have been withdrawn, or (y) this Agreement is terminated pursuant to Section 4.4(b)(v) following the termination of the TKJP Purchase Agreement pursuant to Section 4.4(b)(iv) thereof, and, in either such case, on or prior to the date that is twelve (12) months after such termination, Sellers consummate an Alternative Transaction with any single buyer or group of related buyers, then Sellers shall pay to the Plan Sponsor the Break-Up Fee plus Expenses incurred by the Plan Sponsor prior to the termination of this Agreement ~~to the Alternative Transaction Expense Reimbursement Amount~~; ~~provided, however,~~ that the aggregate amount of the Break-Up Fee plus Expenses to be paid to the Plan Sponsor pursuant to this Section 4.6(b) shall not exceed the Alternative Transaction Expense Reimbursement Amount an amount equal to five percent (5%) of the Base Purchase Price (representing a Break-Up Fee in the amount of three percent (3%) of the Base Purchase Price and Expenses in an amount not to exceed two percent (2%) of the Base Purchase Price) minus the amount of any Expenses previously paid pursuant to this Section 4.6). For purposes of this Section 4.6(b), the references to "twenty percent (20%)" in the definition of Alternative Transaction when used in determining the meaning of the term Alternative Transaction Proposal as used herein shall be deemed to be references to "fifty percent (50%)". All payments to be made by Sellers pursuant to

this Section 4.6(b) shall be made within two (2) Business Days following consummation of the Alternative Transaction to the account(s) directed by the Plan Sponsor in writing.

(c) Superior Proposal in Japan. In the event that the TKJP Purchase Agreement is terminated pursuant to Section 4.4(b)(iv) thereof and this Agreement is not concurrently terminated pursuant to Section 4.4(b)(iv), the Plan Sponsor shall have the option to: (i) terminate this Agreement pursuant to Section 4.4(b)(v) (for the avoidance of doubt, without prejudice to the Plan Sponsor's rights pursuant to Section 4.6(b)) or (ii) require Sellers to negotiate in good faith with the Plan Sponsor to seek to reform this Agreement in order to consummate the transactions contemplated hereby on terms that are fair and reasonable to the Plan Sponsor and Sellers (it being understood that such reformed agreements shall give effect to the rights of the Plan Sponsor pursuant to Section 4.6(b)). In the event that (x) the Plan Sponsor elects to terminate this Agreement pursuant to clause (i) above or (y) the Plan Sponsor elects to require Sellers to negotiate in good faith with the Plan Sponsor to seek to reform this Agreement pursuant to clause (ii) above, but thereafter this Agreement is terminated pursuant to Section 4.4(b)(v) by Sellers because this Agreement has not been reformed within twenty (20) Business Days of the termination of the TKJP Purchase Agreement as contemplated by Section 4.4(b)(v), and on or prior to the date that is twelve (12) months after such termination of this Agreement Sellers consummate an Alternative Transaction with the party (or an Affiliate thereof) consummating the Superior Proposal pursuant to the TKJP Purchase Agreement, then Sellers shall pay to the Plan Sponsor the Break-Up Fee plus Expenses incurred by the Plan Sponsor prior to the termination of this Agreement ~~up to the Alternative Transaction Expense Reimbursement Amount~~ ~~;~~ ~~provided, however,~~ that the aggregate amount of the Break-Up Fee plus Expenses to be paid to the Plan Sponsor pursuant to this Section 4.6(c) shall not exceed the ~~Alternative Transaction Expense Reimbursement Amount~~ an amount equal to five percent (5%) of the Base Purchase Price (representing a Break-Up Fee in the amount of three percent (3%) of the Base Purchase Price and Expenses in an amount not to exceed two percent (2%) of the Base Purchase Price) minus the amount of any Expenses previously paid pursuant to this Section 4.6). For purposes of this Section 4.6(c), the references to "twenty percent (20%)" in the definition of Alternative Transaction when used in determining the meaning of the term Alternative Transaction Proposal as used herein shall be deemed to be references to "fifty percent (50%)". All payments to be made by Sellers pursuant to this Section 4.6(c) shall be made within two (2) Business Days following consummation of the Alternative Transaction to the account(s) directed by the Plan Sponsor in writing.

(d) Seller Termination Events. In the event that this Agreement is terminated pursuant to (i) any Seller Breach Termination Trigger or (ii) Section 4.4(b)(ii), Section 4.4(b)(iii), Section 4.4(d)(iv), Section 4.4(d)(v) or Section 4.4(d)(vii), (but, with respect to each such termination event in this clause (ii), only if (x) such termination was a result of a material breach by Sellers of their obligations under the first sentence of Section 7.6(a), (y) the Plan Sponsor has provided notice to Sellers of such breach and (z) Sellers have failed to cure such breach within ~~thirtyfourty-five (3045)~~ thirtyfourty-five (3045) days of receipt of such notice), in consideration for the Plan Sponsor having expended considerable time and expense in connection with this Agreement and the negotiation thereof, Sellers shall pay the Expenses, up to an aggregate amount equal to the Seller Breach Expense Reimbursement Amount, calculated as follows: (i) if this Agreement is terminated on or before December 31, 2017, up to an aggregate amount equal to two-thirds (2/3)



of the Seller Breach Expense Reimbursement Amount for Expenses paid or incurred by the Plan Sponsor through and including December 31, 2017 and not reimbursed prior to termination of this Agreement; and (ii) if this Agreement is terminated following December 31, 2017, up to an aggregate amount equal to the Seller Breach Expense Reimbursement Amount, for Expenses incurred by the Plan Sponsor through and including the date of termination of this Agreement and not reimbursed prior to termination of this Agreement; provided, however, if (X) this Agreement is terminated by the Plan Sponsor prior to the Outside Date pursuant to any Seller Breach Termination Trigger or pursuant to any termination right referenced in clause (ii) of the first sentence of this Section 4.6(d) (in each case, so long as the applicable breach has not been cured) or (Y) this Agreement is terminated by Sellers (other than pursuant to Section 4.4(c)(i)) (1) after notice by the Plan Sponsor of a breach giving rise to a Seller Breach Termination Trigger or a termination right referenced in clause (ii) of the first sentence of this Section 4.6(d) (in each case, which breach has not been cured prior to the earlier of the end of the applicable cure period and the date of termination) and (2) prior to the Outside Date, then, in each case, Sellers shall only be required to pay to the Plan Sponsor Expenses in an amount not to exceed Sellers' Regional Share of \$15,000,000. Such payment shall be made by Sellers directly to the Plan Sponsor or as the Plan Sponsor may direct within two (2) Business Days following a termination contemplated by this Section 4.6(d).

~~(e) Other Termination Events. In the event that this Agreement is terminated for any reason other than (i) those specified as giving rise to the payment of a Break-Up Fee or Expense Reimbursement pursuant to Section 4.6(a), Section 4.6(b), Section 4.6(c) or Section 4.6(d), (ii) pursuant to Section 4.4(c)(i), (iii) Section 4.4(c)(ii), (iv) pursuant to Section 4.4(b)(v) (but only if such termination pursuant to Section 4.4(b)(v) was a result of a material breach by the Plan Sponsor of its obligations under the Cross-Conditioned Agreements or the RSA), (v) pursuant to Section 4.4(d)(ii) (subject to the immediately following sentence), (vi) pursuant to Section 4.4(d)(xi), (vii) pursuant to Section 4.4(d)(xii), (viii) pursuant to Section 4.4(d)(xv), (ix) pursuant to Section 4.4(d)(xvi), (x) pursuant to Section 4.4(b)(i) (but solely under circumstances in which, at the time of such termination, all of the conditions to the U.S. Closing have been satisfied (other than conditions that by their nature are to be satisfied at the U.S. Closing itself) except for the conditions set forth in Section 9.1(c) (but only if such failure of the conditions set forth in Section 9.1(c) was due to circumstances related exclusively to the Plan Sponsor's ineligibility to be issued or reissued Permits or the failure of the Plan Sponsor to comply with its obligations set forth in the first two sentences of Section 7.18(a)), Section 9.1(p) or Section 9.1(q)), or (xi) those which require payment of the Regulatory Termination Fee, in consideration for the Plan Sponsor having expended considerable time and expense in connection with this Agreement and the negotiation thereof, Sellers shall pay the Expenses, up to an aggregate amount equal to the No-Fault Expense Reimbursement Amount, calculated as follows: (A) if this Agreement is terminated on or before December 31, 2017, up to an aggregate amount equal to two-thirds (2/3) of the No-Fault Expense Reimbursement Amount, for Expenses paid or incurred by the Plan Sponsor through and including December 31, 2017 and not reimbursed prior to termination of this Agreement; and (B) if this Agreement is terminated following December 31, 2017, up to an aggregate amount equal to the No-Fault Expense Reimbursement Amount, for Expenses paid or incurred by the Plan Sponsor through and including the date of termination of this Agreement and not reimbursed prior to termination of this Agreement. In the event that this Agreement is terminated pursuant to Section 4.4(d)(ii) and each of the specified OEMs listed on~~

~~Schedule H hereto have executed the OEM Indemnity and Release Agreement, Sellers shall pay the Expenses paid or incurred by the Plan Sponsor, up to an aggregate amount equal to one third (1/3) of the No Fault Expense Reimbursement Amount. Any payments to be made pursuant to this Section 4.6(e) shall be made by Sellers to the account(s) designated in writing by the Plan Sponsor within two (2) Business Days following a termination contemplated by this Section 4.6(e).~~

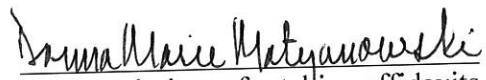
(e) [Intentionally Omitted].

(f) Plan Sponsor Breach. Notwithstanding anything to the contrary herein, under no circumstances shall Sellers be obligated to pay any Expenses pursuant to Section 4.6(d) or Section 4.6(e) if, at the time of a termination by the Plan Sponsor contemplated by either Section, Sellers also have a right of termination pursuant to (i) Section 4.4(c)(i), (ii) Section 4.4(c)(ii) or (iii) Section 4.4(b)(v) (but only if such right of termination pursuant to Section 4.4(b)(v) is due to (x) a termination of the TKJP Purchase Agreement pursuant to Section 4.4(c)(i) or Section 4.4(c)(ii) thereof or (y) a termination of the TK Europe Purchase Agreement pursuant to Section 4.4(c)(i) or Section 4.4(c)(ii) thereof).

(g) Court Order and Priority. Sellers shall seek to obtain, no later than December 6~~8~~, 2017, an order entered by the Bankruptcy Court approving the Break-Up Fee and Expense Reimbursement. Sellers shall seek to obtain in such order ~~super-priority-administrative~~ priority claim status with regard to the Break-Up Fee and the Expense Reimbursement in the Bankruptcy Cases pursuant to section 507(~~ba~~)(2) of the Bankruptcy Code, which shall be (A) subordinate to (i) any "carve-out" granted in favor of the professionals retained in the Bankruptcy Cases and (B) ~~senior to~~, (ii) the Adequate Protection Claims as defined in the interim and final orders of the Bankruptcy Court, dated June 27, 2017 and October 3, 2017 [Docket Nos. 107 & 953], respectively, granting the Adequate Protection Claims, and (iii) any amounts owed to the Bankruptcy Court or to the U.S. Trustee pursuant to 28 U.S.C. § 1930; and (B) pari passu with all other administrative expense priority items; provided, however, that, if the U.S. Closing occurs (and in no other circumstances), the Expense Reimbursement shall be subordinate to the DOJ Restitution Fund and the Legacy Costs, as set forth in the Plan. Except as otherwise provided in Section 4.8(b), the payment by Sellers to the Plan Sponsor of the Break-Up Fee and/or Expense Reimbursement pursuant to this Section 4.6 shall, in circumstances in which the Break-Up Fee and Expense Reimbursement are owed to the Plan Sponsor, be the sole and exclusive remedy of the Plan Sponsor for any loss suffered by the Plan Sponsor as a result of the failure of the transactions contemplated herein to be consummated, and upon such payment thereof in accordance with this Section 4.6, Sellers shall not have any further liability or obligation relating to or arising out of this Agreement. Any Break-Up Fee and/or Expense Reimbursement paid to the Plan Sponsor pursuant to this Agreement shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by the Plan Sponsor for such purpose. The Parties acknowledge that the agreements contained in this Section 4.6 are an integral part of the Transactions, and that without these agreements, the Parties would not enter into this Agreement and that any amounts payable pursuant to this Section 4.6 do not constitute a penalty.

(h) Liability for Break-Up Fee and Expenses. Each Seller acknowledges and agrees that such Seller shall be jointly and severally liable for the entire Break-Up Fee and Expense Reimbursement payable by Sellers pursuant to this Section 4.6.

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

  
Anna Marie Matyasowski  
A Commissioner for taking affidavits

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

	-----X	:	
<b>In re</b>	:	:	<b>Chapter 11</b>
<b>TK HOLDINGS INC., et al.,</b>	:	:	<b>Case No. 17-11375 (BLS)</b>
<b>Debtors.<sup>1</sup></b>	:	:	<b>Jointly Administered</b>
	-----X	:	<b>Re: Docket Nos. 1170 &amp; 1259</b>

**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 INFLATOR CLAIMANTS THAT PURCHASED VEHICLES SUBSEQUENT TO  
THE COMMENCEMENT OF THE CHAPTER 11 CASES**

Upon the motion, dated November 16, 2017 (the “*Motion*”),<sup>2</sup> of TK Holdings Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “*Debtors*”), pursuant to sections 502(b)(9) and 105(a) of title 11 of the United States Code (the “*Bankruptcy Code*”), Rules 2002, 3001, 3002, 3003(c)(3), 5005, and 9007 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), and Rules 2002-1(e), 3001-1, and 3003-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “*Local Rules*”), for authority to establish a supplemental deadline for filing proofs of claim in the Chapter 11 Cases for parties that became the registered owner of a

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Motion.

vehicle containing the Debtors' PSAN Inflatos subsequent to the commencement of the Chapter 11 Cases (each such party, a "***Supplemental PPIC***") and related procedures for providing actual and constructive notice of such deadlines and other important information relating the Chapter 11 Cases (the "***Supplemental PPIC Noticing Procedures***"), all as more fully set forth in the Motion; and upon consideration of the Caudill Declaration; and upon consideration of the Prior Bar Date Motion and the Bar Date Order; and upon consideration of the *Supplemental Declaration of Jim Messina in Support of Debtors' Motion 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 Inflator Claimants that Purchased Vehicles Subsequent to the Commencement of the Chapter 11 Cases* [Docket No. 1172], the *Supplemental Declaration of Thomas Vasquez in Support of Debtors' Motion 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 Inflator Claimants that Purchased Vehicles Subsequent to the Commencement of the Chapter 11 Cases* [Docket No. 1173], and the *Supplemental Declaration of Shai Y. Waisman in Support of Debtors' Motion 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 Inflator Claimants that Purchased Vehicles Subsequent to the Commencement of the Chapter 11 Cases* [Docket No. 1174]; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29,

2012; and upon consideration of the *Debtors' Reply in Support of Motion of Debtors 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* (Docket No. 1281); and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having held a hearing on the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as provided herein.
2. The Supplemental PPIC Bar Date shall be **February 6, 2018 at 5:00 p.m.**

**(Prevailing Eastern Time).**

***Procedures for Filing Supplemental PPIC Proofs of Claim***

3. The following procedures for filing Supplemental PPIC Proofs of Claim are approved:

- (i) Supplemental PPIC Proofs of Claim must: (i) be written in the English language; (ii) be denominated in lawful currency of the United States as of the Petition Date (using the exchange rate, if applicable, as of the Petition Date); (iii) conform substantially to the PPIC Proof of Claim Form annexed to the Prior Bar Date Order as Exhibit B-2; (iv) specify by name and case number the Debtor against which the Supplemental PPIC Proof of Claim is filed; (v) set forth with specificity the legal and factual basis for the alleged claim; (vi) include supporting documentation for the claim or an explanation as to why such documentation is not available; and (vii) be signed by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant.
- (ii) Supplemental PPIC Proofs of Claim must be filed either (i) electronically through Prime Clerk's website using the interface available on such website located at TKRestructuring.com under the link entitled "Submit a Claim" (the "*Electronic Filing System*") or (ii) by delivering the original PPIC Proof of Claim Form by hand, or mailing the original PPIC Proof of Claim Form on or before the Supplemental PPIC Bar Date as follows:

If by first class mail:

TK Holdings Inc.  
Claims Processing Center  
c/o Prime Clerk, LLC  
Grand Central Station  
PO Box 4850  
New York, NY 10163-4850

If 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

- (iii) A Supplemental PPIC Proof of Claim shall be deemed timely filed only if it is **actually received** by Prime Clerk (i) at the address listed above in subparagraph (e) or (ii) electronically through the Electronic Filing System on or before the Supplemental PPIC Bar Date.
- (iv) Supplemental PPIC Proofs of Claim sent by facsimile, telecopy, or electronic mail transmission (other than Supplemental PPIC



Proofs of Claim filed electronically through the Electronic Filing System) **will not** be accepted.

- (v) The following persons and entities are **not** required to file a Supplemental PPIC Proof of Claim on or before the Supplemental PPIC Bar Date in order to retain their rights to assert the claims identified below:
- A. any person or entity that is not a Supplemental PPIC;
  - B. any person or entity that already has filed in proper form a Supplemental PPIC Proof of Claim or PPIC Proof of Claim against the Debtors in the Chapter 11 Cases, which claim sets forth with specificity the legal and factual basis for the claim and includes supporting documentation upon which the claimant relies to support the Supplemental PPIC Proof of Claim or PPIC Proof of Claim;
  - C. any Supplemental PPIC whose Supplemental PPIC Claim has been paid in full;
  - D. any Supplemental PPIC who holds a Supplemental PPIC Claim that heretofore has been allowed by order of this Court on or before the Supplemental PPIC Bar Date;
  - E. any Supplemental PPIC who holds an Supplemental PPIC Claim for which specific deadlines previously have been fixed by this Court; and
  - F. the FCR or any Future Claimant (as defined in the FCR Order) 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 the effective date of a chapter 11 plan of reorganization in these Chapter 11 Cases. In addition, notwithstanding any other provision of this Order, the claims of Future Claimants for such damages shall not be barred by this Order. However, neither the exemption set forth in this paragraph 3(v)(F), nor anything else in this Order, should be construed as a finding or conclusion that personal injury or wrongful death claims of the Future Claimants are not "claims" as defined in section 101(5) of the Bankruptcy Code.

4. Supplemental PPIC Proofs of Claim asserting damages for economic loss shall be deemed filed and asserted against each of the Debtors that was engaged in the business of designing, manufacturing, or selling products containing PSAN Inflators.

5. Notwithstanding anything herein to the contrary, the rights of all parties to object to any Supplemental PPIC Proofs of Claim on any basis are hereby preserved.

6. For the avoidance of doubt, the foregoing procedures shall apply to all Supplemental PPICs and, unless otherwise subject to one of the exceptions set forth above, each Supplemental PPIC shall be required to file a Supplemental PPIC Proof of Claim by the Supplemental PPIC Bar Date including any Supplemental PPIC that may otherwise be included in, or represented by, a purported class action, class suit, or similar representative action filed against the Debtors.

7. The Supplemental PPIC Combined Notice attached hereto as Exhibit A-1 is hereby approved.

8. The PPIC Proof of Claim Form, previously approved by the Court and attached as Exhibit B-2 to the Prior Bar Date Order, is hereby approved for use in connection with the Supplemental PPIC Noticing Procedures.

9. Notwithstanding anything to the contrary in the Prior Bar Date Order, neither the FCR nor any Future Claimant shall be required to file a PPIC Proof of Claim by 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 the effective date of a chapter 11 plan of reorganization in these Chapter 11 Cases. In addition, notwithstanding any other provision of this Order or the Prior Bar Date Order, the claims of Future Claimants for such

damages shall not be barred by this Order or the Prior Bar Date Order. However, neither the exemption set forth in this paragraph 9, nor anything else in this Order or the Prior Bar Date Order, should be construed as a finding or conclusion that personal injury or wrongful death claims of the Future Claimants are not “claims” as defined in section 101(5) of the Bankruptcy Code.

***Procedures for Mailing the Supplemental PPIC Combined Notice***

10. The Debtors shall use commercially reasonable efforts to serve the Supplemental PPIC Notice Parties with the Supplemental PPIC Combined Notice on a 6” x 9” postcard, substantially in the form annexed hereto as Exhibit A-1, via standard mail, at least **thirty (30) days** prior to the Supplemental PPIC Bar Date and the Plan Objection Deadline. Such notice shall be deemed good and sufficient notice to the Supplemental PPIC Notice Parties of the Supplemental PPIC Bar Date and all other dates, deadlines, and other matters described therein, and no further or additional notice shall be necessary or required. Without limiting the generality of the foregoing, the Court finds and concludes that the Supplemental PPIC Combined Notice constitutes good and sufficient notice of (a) the hearing set to consider confirmation of the Plan and the related objection deadline and procedures; (b) the terms of the Plan; and (c) the opportunity for Supplemental PPICs to “opt out” of certain of the third party release provisions of the Plan and the procedures for doing so.

11. The Supplemental PPIC Combined Notice is reasonably calculated to provide notice to the Supplemental PPIC Notice Parties of the Supplemental PPIC Bar Date and the other matters described therein, and is hereby approved and no other or further notice shall be required.

12. Except as with respect to service of the Supplemental PPIC Combined Notice, and notwithstanding any requirement under Bankruptcy Rule 2002 or otherwise, neither the Debtors, Prime Clerk, the clerk of the Court, nor any other person shall be required to serve or otherwise provide notice of any other pleadings, papers, deadlines, hearings, or other matters in the Chapter 11 Cases, whether by mail, hand delivery, overnight courier, or otherwise, on any PPIC (or Supplemental PPIC), unless such PPIC (or Supplemental PPIC) is also a General Notice Party as of the date of such service or notice. All updates and other notices sent to the Supplemental PPIC Notice Parties shall be delivered electronically in accordance with the PPIC Electronic Opt-In Procedures, including those notices required pursuant to Bankruptcy Rule 2002.

13. Notwithstanding anything to the contrary in the Notice Protocol, the U.S. Acquisition Agreement, the RSA, or any other document or agreement, following implementation of the Supplemental PPIC Noticing Procedures specified in the Motion, the Debtors shall not provide any further actual notice by mail to unknown creditors (including PPICs and Supplemental PPICs) in these Chapter 11 Cases, nor shall the Debtors purchase any additional information or data relating to unknown creditors (including PPICs and Supplemental PPICs); *provided, however*, that nothing in this paragraph 13 shall affect or prejudice the rights of the Debtors to seek a further order of this Court for authority to implement additional noticing procedures for unknown creditors (including PPICs and Supplemental PPICs); *provided, further*, that all rights of the Committees, the U.S. Trustee, and the FCR to object to any such requested relief are hereby expressly preserved and reserved.

14. Pending further order of the Court (including any order granting the relief requested in the Solicitation Procedures Motion), the Debtors shall not be required to publish notice of the Supplemental PPIC Bar Date.

15. IHS Markit and its subsidiary R.L. Polk and Co. (collectively, "*IHS*") is hereby ordered to provide the Debtors and their professionals, at the sole cost and expense of the Debtors, with the necessary information to send the Supplemental PPIC Combined Notice to the Supplemental PPIC Notice Parties, including owners' full names and all address information, whether residential or otherwise.

16. Nothing contained in this Order or in the Motion is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code.

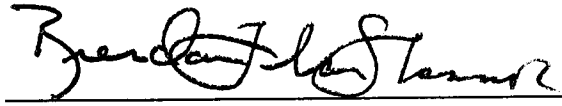
17. Notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party.

18. The Debtors and Prime Clerk are authorized to take all steps necessary or appropriate to carry out this Order.

19. Entry of this Order is without prejudice to the right of the Debtors to seek a further order of this Court fixing the date by which holders of claims not subject to the Supplemental PPIC Bar Date established herein must file such claims against the Debtors or be forever barred from so doing.

20. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: December 18, 2017  
Wilmington, Delaware

  
\_\_\_\_\_  
THE HONORABLE BRENDAN L. SHANNON  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit A-1**

**Supplemental PPIC Combined Notice**

In re: TK HOLDINGS INC., et al., Chapter 11 Case No. 17-11375 (BLS) Debtors

TK Holdings Inc. Return Mail  
P.O. Box 3004  
Monroe, WI 53566-3004

**IMPORTANT LEGAL NOTICE FOR OWNERS OF VEHICLES WITH TAKATA AIRBAG INFLATORS**

*- This Notice was authorized by a federal court. Read it carefully. Your rights are at stake. -*

**Why have I received this notice?** TK Holdings Inc. and certain of its affiliates listed on the reverse side of this notice (collectively, the "Debtors") have filed chapter 11 bankruptcy cases in the United States. The Debtors are subsidiaries of Takata Corporation, a Japanese corporation engaged in the manufacture and sale of airbag inflators and other automotive components. Takata Corporation and its worldwide affiliates (including the Debtors) are referred to collectively as "Takata." Takata Corporation has filed a bankruptcy proceeding in Japan. This notice relates only to the Debtors located in the U.S. and Mexico.

You have been identified as the registered owner of a vehicle purchased between August 2, 2017 and December 19, 2017 ("Supplemental PPICs") with one or more Takata-manufactured airbag inflators containing phase-stabilized ammonium nitrate propellant ("PSAN Inflation"), which are or may be defective and could rupture, creating a risk of personal injury or death. This notice sets forth the deadline for Supplemental PPICs to assert claims against the Debtors in the U.S. bankruptcy proceedings and provides other important deadlines and information about the chapter 11 cases. **If your vehicle contains a defective or potentially defective airbag inflator and is under recall, contact your nearest dealership immediately to schedule a free repair.**

**Do I have a claim against the Debtors?** You (or, in the case of a wrongful-death claim, the estate you represent) may have claims against the Debtors, including for monetary loss, personal injury, or death (in each case, whether past or future) on account of your current or past ownership of a vehicle containing a PSAN Inflation regardless of whether such PSAN Inflation is subject to a recall or has already been repaired or you have thus far suffered no loss, injury, or death on account of your PSAN Inflation (as such claims may be deemed to have accrued before the Debtors filed for bankruptcy). **To assert a claim, you must file a proof of claim by the deadline and in accordance with the instructions on the reverse side of this notice. If you fail to do so, your claim may be barred and you may receive no recovery.**

**What else should I do?** The Debtors strongly recommend that you:

- Carefully review this notice, including the reverse side, in its entirety.
- Visit [www.AirbagRecall.com](http://www.AirbagRecall.com) or call 1.888.327.4236 for more information about obtaining free replacement airbags.
- Register your email address at [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC). You will receive no further notices in the chapter 11 cases unless you do so and may miss important information.
- Call 833-619-7579 (U.S. toll-free) or 920-238-6810 (international), email [tkppic@primeclerk.com](mailto:tkppic@primeclerk.com), or visit [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC) if you have questions.
- Contact an attorney for legal advice concerning the chapter 11 cases.

[PRIMECLERKID] - Barcode  
\*\*\*[PRIMECLERKID] - Human Readable  
[GIVEN NAME] [MIDDLE INITIAL] [SURNAME]/  
FIRM NAME] [SURNAME SUFFIX] - wrap as necessary  
[ADDRESS FIELDS FROM NCOA/CASS] - including country



Visit [www.AirbagRecall.com](http://www.AirbagRecall.com) to see if you're at risk of injury or death, or call 1.888.327.4236 for more information about the safety of your vehicle.



**Commencement of Chapter 11 Cases.** On June 25, 2017 (the "Petition Date"), Debtors Takata Americas; TK Finance, LLC; TK China, LLC; TK Holdings Inc.; 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.; and Strosche-Mex. S. de R.L. de C.V. each filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Dist. of Delaware. *Filing of the chapter 11 cases imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the Debtors or the Debtors' property outside of the chapter 11 cases.*

**Restructuring Proceedings of Debtors' Japanese Affiliates.** Takata Corporation, Takata Kyushu Corporation, and Takata Service Corporation (collectively, "Takata Japan") have commenced proceedings under the Civil Rehabilitation Act ("CRA") in Tokyo, Japan. Takata Japan's CRA proceedings have also been recognized under Chapter 15 of the Bankruptcy Code. Parties who believe they have claims against Takata Japan can obtain information about the CRA proceedings at [www.takata.com](http://www.takata.com).

**Further Notices.** You should register your email address at [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC). You will not receive notice of any further documents filed in the chapter 11 cases unless you do so. 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](http://TKRestructuring.com/PPIC).

**Restitution Fund:** Individuals who have suffered, or will suffer, personal injury caused by the malfunction of 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 the distribution of funds. If you believe you may qualify for compensation from the Restitution Funds, please visit [www.takataspecialmaster.com](http://www.takataspecialmaster.com) for further information.

**Deadline for Filing Supplemental PPIC Proofs of Claim.** February 6, 2018, at 5:00 p.m. (Eastern Time) (the "Supplemental PPIC Bar Date") is the last date and time for any Supplemental PPIC to assert claims against any of the Debtors for monetary losses, personal injuries (including death), or asserted damages arising out of or relating to an airbag containing a PSAN Inflator or their component parts manufactured or sold by Takata ("Supplemental PPIC Claims"). You must file a proof of claim for a Supplemental PPIC Claim (a "Supplemental PPIC Proof of Claim") even if you are included in a class action lawsuit or other representative action filed against the Debtors. Information about how to file a Supplemental PPIC Proof of Claim, including the ability to file such claim electronically, is available at [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC). **If you fail to file a Supplemental PPIC Claim before 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 in these chapter 11 cases on account of such claim.** Filing a proof of claim submits a creditor to the jurisdiction of the Bankruptcy Court, with consequences a lawyer can explain. *The Supplemental PPIC Bar Date does not apply to claims for personal injury or wrongful death sustained after the Petition Date arising from or relating to a PSAN Inflator or its component parts manufactured by Takata. This means that you may be entitled to seek a distribution under the Plan upon injury or death even if you do not file a proof of claim by the Supplemental PPIC Bar Date. However, you will remain subject to the other terms of the Plan—including the releases, injunctions, and "sale free and clear" provisions described below—to the same extent as other holders of claims.*

**Plan and Disclosure Statement.** The Debtors have filed a chapter 11 plan of reorganization (the "Plan") and accompanying disclosure statement (the "Disclosure Statement"). The Plan describes the proposed treatment of claims against, and interests in, the Debtors; the Disclosure Statement provides information about the Plan and the Debtors. The Bankruptcy Court will hold a hearing to consider confirmation of the plan on February 13, 2018 at 10:00 a.m. (Eastern Time), with objections to confirmation of the Plan due no later than February 6, 2018 at 4:00 p.m. (Eastern Time).

*Carefully review the Plan and Disclosure Statement, available at: [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC). If you register at [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC), you will receive an electronic copy of the Plan and Disclosure Statement and other notices. If you fail to register, this will be the only notice you will receive. The Plan will bind all creditors and interest holders upon its confirmation. If you wish to object to the adequacy of confirmation of the Plan, you must properly file and serve an objection by the deadline of February 6, 2018 at 4:00 p.m. (Eastern Time).*

**Discharge.** Confirmation of the Plan may result in a discharge of debts of the Debtors, which may include all or a part of your debt. See 11 U.S.C. § 1141(d). A discharge means that creditors may never try to collect against the Debtors, except as provided in the Plan.

**RELEASES.** In addition to the discharge described above, 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 the manufacturer of your vehicle and the Plan Sponsor (defined below). The foregoing is a summary only. You should carefully review the full text of the Plan's release, injunction, and related provisions, and any applicable release "opt out" provision at [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC).

**SALE "FREE AND CLEAR."** The Debtors have proposed Joyson KSS Auto Safety S.A., together with one or more of its current or future subsidiaries or affiliates, as their "Plan Sponsor." 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). The Plan Sponsor will buy these acquired assets free and clear of all claims, liens, charges, encumbrances, and other 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 Supplemental PPIC Claims. **If you do not file an objection to the Plan with the Bankruptcy Court by the deadline above, your right to challenge the sale of the Debtors' assets "free and clear" of Claims and Interests and the related injunction will be forfeited. The Bankruptcy Court's approval of the sale of the Debtors' assets "free and clear" and the related injunction means that you will be forever barred from asserting any Claims and Interests against the Plan Sponsor and/or the Plan Sponsor's predecessors, successors, assigns, subsidiaries, affiliates, equity holders, current and former officers and directors, employees, agents, professionals, and various other related persons. You should review the full text of this provision at [TKRestructuring.com/PPIC](http://TKRestructuring.com/PPIC).**

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 III OF V  
(Re: Recognition of Chapter 11 Plan  
and Related Orders)  
(Returnable March 14, 2018)**

**McCarthy Tétrault LLP**  
Suite 5300, Toronto Dominion Bank Tower  
Toronto ON M5K 1E6

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