UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	**Chapter 11**
TK HOLDINGS INC., *et al.*,	:	**Case No. 17-11375 (BLS)**
Debtors.[1]	:	**Jointly Administered**

DISCLOSURE STATEMENT FOR THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS

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Wilmington, Delaware

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

Table of Contents

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THE "***DISCLOSURE STATEMENT***") IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE DEBTORS' *THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS*, DATED AS OF JANUARY 5, 2018, (INCLUDING ALL EXHIBITS AND SCHEDULES THERETO AND AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, THE "***PLAN***") AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.[2] A COPY OF THE PLAN IS ATTACHED HERETO AS **EXHIBIT A**. NO SOLICITATION OF VOTES TO ACCEPT THE PLAN MAY BE MADE EXCEPT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THE DISCLOSURE STATEMENT AND THE PLAN **IN THEIR ENTIRETY** BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN SECTION X (CERTAIN RISK FACTORS TO BE CONSIDERED) OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THE PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. **IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN WILL GOVERN**.

THE DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH OTHER NON-BANKRUPTCY LAW.

THE DEBTORS BELIEVE THAT THE SOLICITATION OF VOTES ON THE PLAN MADE BY THIS DISCLOSURE STATEMENT ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND RELATED STATE STATUTES BY REASON OF THE EXEMPTION PROVIDED BY SECTION 1145(a)(1) OF THE BANKRUPTCY CODE.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING WITH RESPECT TO PROJECTED CREDITOR RECOVERIES AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE

[2] Unless otherwise expressly set forth herein, capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to such terms in the Plan. The exhibits to this Disclosure Statement are incorporated as if fully set forth herein and are a part of this Disclosure Statement.

PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS AND DEBTORS IN POSSESSION IN THESE CHAPTER 11 CASES.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

THE DEBTORS, THE CONSENTING OEMS, AND THE PLAN SPONSOR (COLLECTIVELY, THE "***SUPPORT PARTIES***") SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN. THE SUPPORT PARTIES BELIEVE THAT THE PLAN PROVIDES THE HIGHEST AND BEST RECOVERY FOR ALL CREDITORS AND IS IN THE BEST INTERESTS OF STAKEHOLDERS OF THE ESTATES.

I. EXECUTIVE SUMMARY

On June 25, 2017 (the "***Petition Date***"), each of TK Holdings Inc. ("***TKH***"), Takata Americas ("***TKAM***"), TK Finance, LLC ("***TKF***"), TK China, LLC ("***TKC***"), Takata Protection Systems Inc. ("***TPS***"), Interiors in Flight Inc. ("***IIF***"), TK Mexico Inc. ("***TKMI***"), TK Mexico LLC ("***TKML***"), TK Holdings de Mexico S. de R.L. de C.V. ("***TKHM***"), Industrias Irvin de Mexico, S.A. de C.V. ("***IIM***"), Takata de Mexico, S.A. de C.V. ("***TDM***"), and Strosshe-Mex, S. de R.L. de C.V. ("***SMX***" and, collectively, the "***Debtors***") commenced with the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***"). The Debtors' chapter 11 cases are being jointly administered, for procedural purposes only, under the case *In re TK Holdings Inc., et al.*, Case No. 17-11375 (BLS) (the "***Chapter 11 Cases***").

On the Petition Date, in coordination with the commencement of the Chapter 11 Cases, Takata Corporation, the Debtors' ultimate corporate parent ("***TKJP***" and, together with its direct and indirect global subsidiaries, including the Debtors, "***Takata***"), together with Takata Kyushu Corporation and Takata Service Corporation (collectively with TKJP, the "***Japan Debtors***"), commenced civil rehabilitation proceedings under the Civil Rehabilitation Act of Japan (the "***Japan Proceedings***") in the 20th Department of the Civil Division of the Tokyo District Court (the "***Tokyo District Court***"). On August 9, 2017, the Japan Debtors filed petitions with the Bankruptcy Court seeking recognition of the Japan Proceedings. The Bankruptcy Court entered an order recognizing the Japan Proceedings on November 14, 2017.

On June 28, 2017, the Debtors commenced an ancillary proceeding under the Companies' Creditors Arrangement Act (Canada), R.S.C. 1985, c. C-36 as amended (the "***CCAA***") in the Ontario Superior Court of Justice (Commercial List) (the "***Canadian Court***") in Ontario, Canada. Similarly, on August 25, 2017, the Debtors petitioned the Tokyo District Court for recognition of these Chapter 11 Cases under Article 17(1) of the Act on Recognition of and Assistance for Foreign Insolvency Proceedings. On September 6, 2017, the Tokyo District Court granted the Debtors' petition.

On July 7, 2017, the United States Trustee for Region 3 (the "***U.S. Trustee***") appointed the statutory committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code (the "***Creditors' Committee***") and the statutory committee of tort claimant creditors pursuant to section 1102(a)(2) of the Bankruptcy Code (the "***Tort Claimants' Committee***" and, together with the Creditors' Committee, the "***Committees***"). On September 6, 2017, the Bankruptcy Court, pursuant to sections 105 and 1109(b) of the Bankruptcy Code, appointed Roger Frankel as the legal representative (the "***Future Claims Representative***" or the "***FCR***") for individuals who sustain injuries related to PSAN Inflators after the Petition Date (such individuals, the "***Future Claimants***"). No bankruptcy trustee or examiner has been appointed in the Chapter 11 Cases.

Pursuant to section 1125 of the Bankruptcy Code, the Debtors submit this Disclosure Statement in connection with the solicitation of votes to accept or reject the Plan (the "***Solicitation***"). As described in further detail below, the Plan represents a significant milestone and achievement in the Debtors' restructuring as the Debtors continue working to implement and complete the unprecedented recalls relating to certain PSAN Inflators, which

have expanded to become the largest automotive recall campaign in U.S. history. After nearly two (2) years of intensive marketing, diligence, and negotiations between and among Takata, potential sponsor candidates, including KSS (as defined herein), and a group of fifteen (15) of Takata's original equipment manufacturer customers (each a "***Customer***" or an "***OEM***" and each OEM that is a party to the U.S. RSA (as defined herein), a "***Consenting OEM***" and, collectively, the "***Consenting OEMs***"),[3] who collectively account for a substantial portion of the PSAN Inflators sold by Takata as of March 2017 and hold a substantial majority of the total unsecured Claims against the Debtors' Estates, Joyson KSS Auto Safety S.A. ("***KSS***" and, collectively with one or more of its current or future subsidiaries or affiliates, the "***Plan Sponsor***") was selected as the purchaser for the sale of substantially all of Takata's worldwide assets unrelated to the manufacture and sale of PSAN Inflators for an aggregate purchase price of $1.588 billion (the "***Global Transaction***" and the agreements, documents, and instruments executed and delivered in connection with the Global Transaction, as hereafter amended, supplemented, or otherwise modified, the "***Global Transaction Documents***").

The Debtors believe that consummation of the Plan and the closing of the Global Transaction are in the best interests of the Debtors' creditors, employees, vendors, and all other parties in interest. The Plan and the Global Transaction will allow the Debtors to continue operating as a going concern, including with respect to Reorganized Takata for a limited period of time, while also ensuring that the Debtors are able to comply with their ongoing obligations to the National Highway Traffic Safety Administration ("***NHTSA***"), fulfilling a fundamental commitment laid out by the Debtors at the onset of these Chapter 11 Cases—that the commencement of these bankruptcy cases would not impact or impede the general public's ability to fulfill their recalls. In addition, confirmation of the Plan and consummation of the Global Transaction in accordance with the timeline set forth herein will ensure that TKJP is able to comply with the Joint Restitution Order entered by the United States District Court for the Eastern District of Michigan on February 27, 2017 in the case captioned *U.S. v. Takata Corporation*, Case No. 16-cr-20810 (E.D. Mich.) (the "***DOJ Restitution Order***") in connection with the settlement of the two (2) year criminal investigation by the Department of Justice (the "***DOJ***") into Takata. Specifically, the DOJ Restitution Order requires consummation of the Global Transaction by February 27, 2018 and payment of the $850 million in restitution owed by TKJP and payable for the benefit of the OEMs (the "***DOJ Restitution Claim***" and, together with the $125 million to recompense individuals who suffered (or will suffer) personal injury caused by the malfunction of a PSAN Inflator, the "***Restitution Payments***") within five (5) days after the Closing Date. Satisfaction of the DOJ Restitution Claim is a condition precedent to consummation of the Global Transaction and is of critical importance to the Debtors. Absent

[3] The initial Consenting OEMs consist of the following parties and their affiliates and subsidiaries listed on Schedule 1 to the U.S. RSA: (i) BMW Manufacturing Co., LLC, (ii) Daimler Trucks North America LLC and Mercedes-Benz U.S. International, Inc., (iii) FCA US LLC f/k/a Chrysler Group LLC, FCA Group Purchasing Srl in the name and on behalf of its principals (FCA Italy SpA and FCA Melfi Srl), FCA Fiat Chrysler Automóveis Brasil Ltda., and FCA Automobiles Argentina S.A., (iv) Ford Motor Company, (v) General Motors Holdings LLC, (vi) Honda North America Inc., (vii) Mazda Motor Corporation, (viii) Mitsubishi Motors Corporation, (ix) Nissan North America, Inc. and Nissan Mexicana, S.A. de C.V., (x) Subaru Corporation, (x1) Toyota Motor Corporation, (xii) Volkswagen Group of America, Inc., (xiii) Volvo Group North America LLC and Mack Trucks, Inc., (xiv) Jaguar Land Rover, Ltd (For Voting Purposes Only), and (xv) PSA Automobiles SA (For Voting Purposes Only).

payment of the DOJ Restitution Claim in accordance with the DOJ Restitution Order, the Debtors do not believe that any third-party would be willing to purchase the Debtors' assets as a going concern and the Debtors would likely be forced into a piecemeal liquidation, which could result in the eventual loss of employment for nearly all of the Debtors' employees, the loss of future revenues and contracts for the Debtors' vendors and suppliers, and significantly lower recoveries for creditors. Additionally, if the DOJ declares a breach of the DOJ Restitution Order, the DOJ may reopen its investigation of Takata, including as against TKH, which would likely be fatal to the Debtors' restructuring efforts.

The Plan preserves the going-concern value of the Debtors' businesses, maximizes creditor recoveries, provides for an equitable distribution to all of the Debtors' stakeholders, and protects the jobs of the Debtors' invaluable employees. To evidence their support of the restructuring, the Debtors, the Consenting OEMs, and the Plan Sponsor entered into a restructuring support agreement, dated as of November 16, 2017 (including all exhibits and schedules attached thereto and as may be amended, modified, or supplemented, the "***U.S. RSA***"). On December 8, 2017, the Bankruptcy Court authorized the Debtors' entry into the U.S. RSA and approved the Plan Sponsor Protections (as defined herein) [Docket No. 1335] (the "***RSA Approval Order***").[4]

The Tort Claimants' Committee, the Creditors' Committee, and the Future Claims Representative do not support confirmation of the Plan as presently drafted and may send subsequent letters to their respective creditor constituents which set forth their respective recommendations as to whether to accept or reject the Plan. However, as described below, in developing the Plan, the Debtors gave due consideration to various alternatives, conducted a comprehensive and robust prepetition marketing process, and engaged in significant discussions and negotiations with representatives of and/or professionals for the Consenting OEMs, the Plan Sponsor, and their other stakeholders. After conducting a careful review of their current operations and financial projections developed by management and estimating recoveries in a liquidation scenario, the Debtors concluded that recoveries to the Debtors' stakeholders will be maximized pursuant to the sale of substantially all of the Debtors' assets under the Global Transaction. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part. Furthermore, a liquidation would likely result in significantly greater Claims being filed against the Estates, including, without limitation, Claims from employees, vendors and suppliers, and, most significantly, the Consenting OEMs, which would further dilute or completely diminish recoveries to holders of Allowed General Unsecured Claims. Other parties, including the Tort Claimants' Committee, may disagree with certain of the assumptions in the Liquidation Analysis (as defined below) and may challenge these assumptions and/or that the Plan satisfies the "best interests" test in connection with confirmation of the Plan.

The Debtors believe that any alternative to confirmation of the Plan, such as an attempt by another party to file a competing plan or a sale to a third party other than the Plan

[4] The Plan Sponsor and certain of the Consenting OEMs have similarly entered into a restructuring support agreement with the Japan Debtors, dated October 30, 2017 (as amended, modified, or supplemented from time to time), to support the Section 42 Business Transfer and other terms of the Global Transaction in connection with the Japan Proceedings (the "***Japan RSA***").

Sponsor, would result in significant delays, litigation, and additional costs, and could negatively affect the Debtors' value by causing unnecessary uncertainty with the Debtors' key customer and supplier constituencies. Additionally, any resulting breach of the milestones for confirmation of the Plan set forth in the U.S. RSA could jeopardize the willingness of the Consenting OEMs and the Plan Sponsor to continue to support the Plan.

Summaries of the Global Transaction and the Global Transaction Documents, including the Plan and the U.S. Acquisition Agreement (as defined herein), including summaries of the proposed releases and injunctions to be implemented pursuant to the Plan, are set forth below. These summaries are qualified entirely by reference to the terms and provisions of the underlying documents or agreements. To the extent there is any discrepancy between the summary contained in this Disclosure Statement and the terms set forth in the underlying documents or agreements, the terms of the underlying documents or agreements shall govern.

THE DEBTORS, THE CONSENTING OEMS, AND THE PLAN SPONSOR SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN TO ACCEPT THE PLAN. THE SUPPORT PARTIES BELIEVE THAT THE PLAN PROVIDES THE HIGHEST AND BEST RECOVERIES FOR ALL CREDITORS AND INTEREST HOLDERS. THE TORT CLAIMANTS' COMMITTEE, THE CREDITORS' COMMITTEE, AND THE FUTURE CLAIMS REPRESENTATIVE DO NOT SUPPORT CONFIRMATION OF THE PLAN AS PRESENTLY DRAFTED.

1.1 ***The Global Transaction and U.S. Acquisition Agreement***

As described in further detail below, the Global Transaction provides for the sale of substantially all of Takata's global assets to the Plan Sponsor, other than certain excluded assets that are used exclusively in the manufacture, design, assembly, sale, distribution, or handling of PSAN Inflators (collectively, the "***PSAN Excluded Assets***" and together with certain other excluded assets, the "***Excluded Assets***"). The framework for the Global Transaction is the product of certain conditions imposed by the Plan Sponsor and the Consenting OEMs.

With respect to the Debtors, the Global Transaction will be implemented pursuant to the Plan, the U.S. Acquisition Agreement, dated November 16, 2017 (including all exhibits and schedules attached thereto and each as may be amended, modified, or supplemented from time to time, the "***U.S. Acquisition Agreement***"), and certain other related transaction documents described herein and filed herewith or in the Plan Supplement. With respect to those Takata entities outside of the United States and Mexico, Takata is implementing the Global Transaction through (i) a business transfer pursuant to Section 42 of the Japan Civil Rehabilitation Act filed in the Japan Proceedings (the "***Section 42 Business Transfer***") followed by a liquidating plan in accordance with the Civil Rehabilitation Act, and (ii) certain out-of-court transactions with respect to certain direct or indirect global subsidiaries of TKJP that are not subject to formal insolvency proceedings. Accordingly, the agreements necessary to implement the Global Transaction, which were negotiated in good faith and at arms' length, include (i) at least three (3) purchase agreements, including the U.S. Acquisition Agreement, (ii) the Plan, (iii) the Indemnity Agreement (as defined herein), (iv) the Plan Sponsor Backstop Funding Agreement (as defined

herein), (v) the Global Settlement Agreement (as defined herein), (vi) the U.S. RSA, (vii) the Japan RSA, and (viii) numerous schedules and exhibits to the foregoing documents.

Under the U.S. Acquisition Agreement, TKAM, TKH, TKML, TKHM, IIM, SMX, and TDM (collectively, the "***Sellers***") will sell substantially all of their non-PSAN Assets to the Plan Sponsor, including the stock of certain subsidiaries of the Sellers, in exchange for the Sellers' allocable portion of the $1.588 billion purchase price (approximately $878 million), subject to certain adjustments in accordance with the U.S. Acquisition Agreement.[5] The allocation of global purchase price is described in more detail below. The U.S. Acquisition Agreement also provides for certain protections for both the Sellers and the Plan Sponsor. In terms of Seller protections, among other things, the U.S. Acquisition Agreement provides that the Plan Sponsor will be subject to "hell or high water" obligations with respect to both antitrust approvals and clearance by the Committee on Foreign Investment in the United States ("***CFIUS***"), thereby substantially mitigating any antitrust or CFIUS impediments to the closing of the U.S. Acquisition Agreement. The U.S. Acquisition Agreement provides that the Plan Sponsor will pay the Sellers an amount equal to (i) four and one-half percent (4.5%) of the Base Purchase Price (as defined herein) for failure to obtain antitrust approval, or (ii) one-half percent (0.5%) of the Base Purchase Price for failure to obtain CFIUS clearance (in the case of both fees being payable, only the fee for antitrust failure will be due) (the "***Regulatory Termination Fee***"). The U.S. Acquisition Agreement provides for certain break-up fees and/or expense reimbursements (which were approved in the RSA Approval Order and which are also set forth in section 4.6 of the U.S. Acquisition Agreement and, in each case, as amended by the RSA Approval Order, the "***Plan Sponsor Protections***") in the event that (a) the Sellers consummate a transaction constituting a Superior Proposal (as defined in the U.S. Acquisition Agreement) within fifteen (15) months following termination of the U.S. Acquisition Agreement, (b) the Sellers consummate an Alternative Transaction (as defined in the U.S. Acquisition Agreement) within twelve (12) months following termination of the U.S. Acquisition Agreement for certain reasons, or (c) the U.S. Acquisition Agreement is terminated for certain reasons related to a breach by the Sellers, the sellers under the other Acquisition Agreements or the TSAC Purchase Agreement (if applicable), or the Consenting OEMs with respect to certain obligations under the Global Transaction Documents. The Plan Sponsor Protections will be allocated based upon the Regional Shares[6] that are used to allocate the global purchase price. The Debtors will be responsible on a joint and several basis for their Regional Share but not the entire amount of the Plan Sponsor Protections. *See* Section 5.15 below for additional detail on the Plan Sponsor Protections.

1.2 ***The Plan***

As described in more detail below, the primary purposes of the Plan include:

[5] These adjustments are described further in section 7.2 hereof.

[6] "***Regional Share***" means, with respect to Sellers and the respective sellers under the TKJP Purchase Agreement and the TK Europe Purchase Agreement, the percentages set forth on Schedule B to the U.S. Acquisition Agreement. Such percentages will be adjusted to the extent that the amount of the Base Purchase Price (as defined in the U.S. Acquisition Agreement) is adjusted as provided in section 3.1(b) of the U.S. Acquisition Agreement.

- providing for the sale of substantially all of the Debtors' assets, other than the Excluded Assets, to the Plan Sponsor pursuant to the U.S. Acquisition Agreement, with such sale to be free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, other than the Assumed Liabilities and the Permitted Liens;

- carving out the PSAN Excluded Assets from the sale to the Plan Sponsor and vesting such assets in TKH and certain of its subsidiaries upon TKH's emergence from chapter 11 (TKH, as reorganized, "***Reorganized TK Holdings***" and, collectively with its reorganized subsidiaries, "***Reorganized Takata***" and with respect to the carve out structure, the "***PSAN Carve-Out***");

- vesting the Warehoused PSAN Assets in a Delaware corporation established under the Plan (the "***Warehousing Entity***") to comply with the Debtors' obligations under the Preservation Order (as defined herein) and to continue the maintenance, shipping, and disposal of the Warehoused PSAN Assets after the Effective Date;

- providing for the establishment of a limited liability company organized under the laws of Delaware ("***TK Global LLC***"), which will be the parent holding company of Reorganized TK Holdings and the Warehousing Entity;

- settling the Consenting OEMs' Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims pursuant to Bankruptcy Rule 9019, in exchange for certain consideration including (i) payment of the DOJ Restitution Claim, (ii) the funding of the Warehousing Entity Reserve and Post-Closing Reserve, and (iii) the Business Incentive Plan Payment;

- paying all Administrative Expense Claims, Priority Claims, and Other Secured Claims in full and distributing proceeds of the Global Transaction allocable to the Debtors and other assets to various reserves required to be established under the Plan;

- providing for the establishment of a trust (the "***Reorganized TK Holdings Trust***" and, together with the Warehousing Entity, the "***Legacy Entities***") to, among other things, (i) resolve and make distributions on account of Allowed Administrative Expense Claims until the Non-PSAN PI/WD Claims Termination Date,[7] (ii) hold the Other Excluded Assets belonging

[7] The Non-PSAN PI/WD Claims Termination Date refers to the date on which all of the following have occurred: (i) all Claims (other than (a) PSAN PI/WD Claims, (b) Administrative Expense PI/WD Claims, and (c) Administrative Expense PSAN PI/WD Claims) against the Debtors have been resolved, such that there are no more Disputed Claims (other than (a) PSAN PI/WD Claims, (b) Administrative Expense PI/WD Claims, and (c) Administrative Expense PSAN PI/WD Claims); (ii) the Operating Term has concluded and Reorganized Takata has

to the Debtors' estates, the reserves necessary to pay certain claims in full under the Plan, the recovery funds for each of the Debtors to make distributions to holders of Allowed General Unsecured Claims (the "***Recovery Funds***"), other than the Recovery Funds relating to PSAN PI/WD Claims (the "***PSAN PI/WD Funds***") and the Recovery Funds relating to OEM Claims (the "***OEM Funds***"), and the disputed claims reserves established for benefit of holders of subsequently Allowed Claims, and (iii) otherwise wind-down the Debtors' Estates;

- merging the OEM Funds with the DOJ OEM Restitution Fund to be administered by the Special Master; and

- providing for the establishment of a trust (the "***PSAN PI/WD Trust***") to administer the PSAN PI/WD Funds and resolve Allowed PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors.

(a) **The PSAN Carve-Out**

Under the Plan and the U.S. Acquisition Agreement, the PSAN Excluded Assets will be carved out of the sale to the Plan Sponsor and used by Reorganized Takata to continue limited production of PSAN propellant and PSAN Inflators after the Effective Date. The PSAN Excluded Assets consist of assets currently held by two (2) Debtor entities, TKH and TDM, and non-Debtor Takata (Changxing) Safety Systems Co., Ltd. ("***TCX***"). As currently contemplated under the U.S. Acquisition Agreement, TKH will create a new Chinese subsidiary to hold TCX's PSAN Excluded Assets. Although this structure for the formation of the new Chinese subsidiary was provided for in the U.S. Acquisition Agreement, some changes to the structure are being considered by Takata and the Plan Sponsor and will be discussed with the Consenting OEMs.[8]

After the Closing Date, all PSAN propellant necessary for PSAN Inflator production will be produced by Reorganized TK Holdings at the Moses Lake, Washington manufacturing facility, and PSAN Inflators will be produced by TDM at the manufacturing facility in Monclova, Mexico and by the new Chinese subsidiary at the manufacturing facility in

wound down all operations and liquidated all Assets; and (iii) the Legacy Entities have completed the purposes for which they were established and been wound down in accordance with the Plan.

[8] The proposals currently under discussion include the following: (i) as contemplated in the U.S. Acquisition Agreement, the new Chinese entity that will hold the PSAN Excluded Assets may be formed as a subsidiary of TKH. In connection with the formation of this new Chinese subsidiary by TKH, TKH may be required to make a commitment of $3 million in registered capital payable to the new entity by late 2018; or (ii) the new Chinese entity that will hold the PSAN Excluded Assets may instead be formed as a subsidiary of Takata (Shanghai) Automotive Component Co., Ltd. ("***TSAC***") and then transferred to TKH prior to or after the Effective Date. It is anticipated that the registered capital of the new Chinese entity would be approximately $1 million if it is formed as a subsidiary of TSAC. Such amount would be the approximate consideration payable by TKH for the transfer of the equity in the new Chinese entity from TSAC, which payment of consideration may be deferred until there is an obligation to pay the registered capital. This structure would require consent to an amendment to the U.S. Acquisition Agreement by the Plan Sponsor and the Consenting OEMs. In both of the above structures, the transfer of the TCX PSAN Excluded Assets to the new Chinese subsidiary will be completed prior to or contemporaneously with the Closing Date. These proposals are subject to change.

Changxing, China. All non-PSAN Assets in these facilities, and the facilities themselves, will be Purchased Assets sold to the Plan Sponsor under the U.S. Acquisition Agreement or, in the case of the assets of TCX, pursuant to an equity sale of TCX under the Japan Acquisition Agreement (as defined herein).

Reorganized Takata must continue the PSAN Inflator Business (as defined in the U.S. Acquisition Agreement) in order to meet obligations to a limited number of Consenting OEMs that may require post-Closing Date PSAN Inflator production and sale from Reorganized Takata for new production or to fulfill recalls (the "***PSAN Consenting OEMs***"). The PSAN Consenting OEMs are those Consenting OEMs identified on Schedule B to the Plan[9] that have, prior to December 31, 2017 (or such later date as may be agreed to by the Requisite PSAN Consenting OEMs as of such deadline and the Debtors), entered into agreements with the Debtors that set forth, among other things, the applicable PSAN Consenting OEM's (i) potential post-Closing Date production requirements and (ii) obligations in respect of any cancellation of its projected post-Closing Date requirements (or portion thereof) of PSAN Inflators. At this time, it is anticipated that Reorganized Takata's operations will continue for less than a year after the Closing Date.

Reorganized Takata will not manufacture PSAN Inflators for any OEM unless such OEM becomes a PSAN Consenting OEM pursuant to the terms of the Plan. After the Effective Date, Reorganized Takata will only fulfill obligations under existing contracts of PSAN Consenting OEMs (as well as Consenting OEM PSAN Contract Manufacturers and Consenting OEM PSAN Tier Ones) with the Debtors or the Debtors' non-Debtor affiliates relating solely to PSAN Inflators or covering the manufacture or sale of both PSAN Inflators and other Products that will, under the Plan, be modified at or prior to the Closing Date to apply only to PSAN Inflators, and any renewals or extensions thereof in respect of production for current model series. The contracts between the PSAN Consenting OEMs and Reorganized Takata will provide for Reorganized Takata to manufacture and sell the PSAN Inflators to the PSAN Consenting OEMs based on "piece pricing" for inflators, which will change over time depending on production demands. In this regard, Reorganized Takata will always have the funding and capitalization necessary to continue its operations after the Closing Date on a cost basis with the piece pricing adjustment to account for all operating or production costs.[10] Reorganized Takata will not enter into any new contracts for the sale of PSAN Inflators after the Effective Date.

Reorganized Takata will own and operate the PSAN Excluded Assets until the earlier of (i) such time as production of PSAN Inflators is no longer necessary to comply with the terms of standalone or modified purchase orders with the PSAN Consenting OEMs and any renewals or extensions thereof in respect of production for any current model series and (ii) five (5) years after the Effective Date (the "***Operating Term***"). The Operating Term, however, will be automatically extended if necessary to implement the terms of the Consent Order (as defined herein) or any other order by authorities related to recall, to the extent applicable. Based on

[9] The PSAN Consenting OEMs may consist of the following, including their applicable subsidiaries and affiliates: FCA US LLC, Nissan Motor Co., Ltd., PSA Automobiles SA, and Toyota Motor Corporation. Reorganized Takata's total projected inflator revenue is estimated to be an amount that is less than three percent (3%) of the Debtors' total annual revenue for the previous fiscal year.

[10] The Debtors have prepared financial projections for Reorganized Takata, which are attached hereto as **Exhibit K**.

current production forecasts, the Operating Term is expected to conclude no later than nine (9) months after the Closing Date. During the Operating Term, Reorganized Takata will be authorized solely to perform certain enumerated actions, in addition to continued PSAN Inflator production, including performing its obligations under the Transition Services Agreement and the Plan Sponsor Backstop Funding Agreement and paying the costs and fees of Eric D. Green (the "***Special Master***") under the DOJ Restitution Order, the DOJ Monitor, and the NHTSA Monitor.

While Reorganized Takata continues to produce PSAN Inflators after the Closing Date, the Plan Sponsor will assume and complete the Debtors' module assembly and kitting operations. In this regard, the PSAN Consenting OEMs will purchase PSAN Inflators directly from Reorganized Takata and Reorganized Takata will provide such PSAN Inflators to the Plan Sponsor on a consignment basis (for the benefit of the PSAN Consenting OEMs as consignor) for module assembly and recall kits. Accordingly, the Plan Sponsor will only assemble modules and recall kits with PSAN Inflators produced by Reorganized Takata at the request and direction of the PSAN Consenting OEMs and will never take ownership of PSAN Inflators.

Pursuant to section 7.12 of the U.S. Acquisition Agreement, as Reorganized Takata determines that the PSAN Assets are no longer needed, with such determination to be made in good faith by the Oversight Committee (as defined below in section 1.2(b)(iii)) with the affirmative vote of the Independent Member (as defined below in section 1.2(b)(iii)) based upon then-anticipated production requirements of the PSAN Consenting OEMs as inflator production is transitioned from PSAN to GuNi or another alternative propellant or is otherwise no longer needed, the Plan Sponsor will be required to purchase such PSAN Assets after Reorganized Takata delivers a written notice of sale to the Plan Sponsor. The closing of the purchase and sale of such PSAN Assets will occur within thirty (30) Business Days following delivery of such notice. At each such closing, the Plan Sponsor will pay Cash in an amount equal to the net book value of the PSAN Assets being sold. The aggregate book value of the PSAN Assets subject to section 7.12 of the U.S. Acquisition Agreement is approximately $16,735,000. Notwithstanding the foregoing, if the Plan Sponsor makes any PSAN Assets Advance Payment (as defined herein) under the Plan Sponsor Backstop Funding Agreement (as defined herein), then such PSAN Assets Advance Payment will be treated as an advance payment of, and will be credited against, any amount required to be paid by the Plan Sponsor to purchase PSAN Assets under section 7.12 of the U.S. Acquisition Agreement.

(i) Transition Services Agreement

On the Closing Date, each of TK Global LLC, Reorganized TK Holdings, and the Warehousing Entity will enter into a services agreement with the Plan Sponsor (the "***Transition Services Agreement***") pursuant to which the Plan Sponsor will provide certain services to TK Global LLC, Reorganized Takata, and the Warehousing Entity, as applicable, that such entities cannot provide themselves, enabling, among other things, Reorganized Takata to continue PSAN Inflator production after the Closing Date and the Warehousing Entity to complete its warehousing, shipping, and disposal obligations including with respect to any PSAN Inflators returned to the Warehousing Entity after the Effective Date subject to the conditions set forth in the Plan (the "***Services***"). The Services to be provided by the Plan Sponsor will be expressly set forth on a schedule to the Transition Services Agreement and consist of certain engineering

services, manufacturing services, information technology services, financial services, and human resources services. In addition, Reorganized Takata will provide, as a service to the Plan Sponsor, specialty staff capable of maintaining, including through inspection, calibration, replacement, repair, and production support, certain specialty manufacturing equipment to be purchased by the Plan Sponsor. Reorganized Takata will be compensated by the Plan Sponsor for such services in an amount equal to Reorganized Takata's fully-burdened costs for providing such equipment maintenance services, plus three percent (3%). Reorganized Takata will not otherwise provide any services to the Plan Sponsor. Any equipment included in the Purchased Assets that is required for both the production of PSAN Inflators by Reorganized Takata and the production of non-PSAN Inflator Products by the Plan Sponsor will be made available by the Plan Sponsor to Reorganized Takata through Services under the Transition Services Agreement at no cost to Reorganized Takata. The Plan Sponsor will provide all other Services required under the Transition Services Agreement to Reorganized Takata in an amount equal to the Plan Sponsor's fully-burdened costs, in providing the Services, plus three percent (3%) of such costs.

(ii) Ownership and Governance of Reorganized Takata

On the Effective Date, TK Global LLC, a new entity created under the Plan, will become the sole equity interest holder of Reorganized TK Holdings and the terms of the current members of the board of TKH will expire without further action. Except as provided in the Plan or in the Plan Administrator Agreement, the management of Reorganized Takata will be the responsibility of the Plan Administrator.

(b) **Plan Entities**

(i) Post-Closing Date Structure[11]

In addition to Reorganized Takata, the Plan provides for the establishment of the Reorganized TK Holdings Trust, the Warehousing Entity, and the PSAN PI/WD Trust. Accordingly, the Plan contemplates the post-Closing Date structure for the Chapter 11 Debtors as indicated on the chart attached hereto as **Exhibit B**.

As noted above, TKH, TDM, and the new Chinese subsidiary established to hold the PSAN Assets of TCX will continue their operations after the Closing Date as part of Reorganized Takata. It is also possible that SMX, which is currently a non-manufacturing entity engaged in contracting with OEMs in Mexico for the sale of products, including modules containing PSAN Inflators, will continue to contract with certain of the PSAN Consenting OEMs for the sale of the PSAN Inflators produced by Reorganized Takata post-closing. The non-PSAN Assets at these entities and the non-PSAN assets of TKAM, TKML, TKHDM, and IIM will be sold to the Plan Sponsor. On or after the Effective Date, Reorganized TK Holdings or the Legacy Trustee (as defined herein) may, among other things, cause any or all of the Reorganized Debtors to be merged into one or more of the Reorganized Debtors, dissolved, or otherwise

[11] The Reorganized Debtors post-Closing Date structure, including those entities that will be part of Reorganized Takata and continue PSAN Inflator production after the Closing Date, is subject to change and ongoing discussion with the Consenting OEMs. Accordingly, an updated post-Closing Date structure for Reorganized Takata, the Warehousing Entity, and TK Global LLC, as applicable, will be filed with the Plan Supplement on January 23, 2018.

consolidated. Notwithstanding the foregoing, within thirty (30) days after its completion of the acts required by the Plan, or as soon as reasonably practicable thereafter, each Reorganized Debtor will be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each Reorganized Debtor other than the filing of a certificate of cancellation or dissolution by each Reorganized Debtor with the office of the Secretary of State or other appropriate office for the state of its organization.

(ii) The Reorganized TK Holdings Trust

On the Effective Date, the Reorganized TK Holdings Trust will be established in accordance with the Plan to, among other things, (i) be the sole member of TK Global LLC, (ii) hold the Recovery Funds established to make Distributions on account of Other General Unsecured Claims against the Debtors (the "***Other Creditors Funds***"), (iii) hold any Excluded Assets other than the PSAN Assets, the Warehoused PSAN Assets, and any contracts or leases that are rejected by the Debtors or the Reorganized Debtors, and (iv) resolve Disputed Claims and administer Claims, other than (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) the OEM Unsecured Claims, after the Effective Date. The Reorganized TK Holdings Trust will also retain all rights to commence and pursue all Causes of Action, including Avoidance Actions, that are expressly preserved and not released under the Plan. Notwithstanding the foregoing, the Plan Sponsor is acquiring all avoidance actions related to non-PSAN businesses, which are to be released in conjunction with the Closing. *See* Section 6.9(j) hereof. The Debtors estimate that the value of the avoidance actions to be relinquished will be nominal.

The Plan provides for the appointment of a Person to act as trustee of the Reorganized TK Holdings Trust on and after the Effective Date (the "***Legacy Trustee***") pursuant to the terms of the Reorganized TK Holdings Trust Agreement. The Legacy Trustee will serve in such capacity through the earlier of the date that the Reorganized TK Holdings Trust is dissolved in accordance with the Reorganized TK Holdings Trust Agreement and the date such Legacy Trustee resigns, is terminated, or is otherwise unable to serve for any reason. In furtherance of and consistent with the purposes of the Reorganized TK Holdings Trust and the Plan, the Legacy Trustee will have the power and authority to do the following:

- hold and distribute the Other Creditors Funds to the holders of Allowed Other General Unsecured Claims;
- administer, dispute, object to, compromise, or otherwise resolve all Claims (other than (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims) against the Debtors;
- maintain and administer the Claims Reserves and cash in an amount necessary to administer the Reorganized TK Holdings Trust on and after the Effective Date (the "***Reorganized TK Holdings Trust Reserve***");

- perform such other functions as are provided in the Plan and the Reorganized TK Holdings Trust Agreement; and

- administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

The Debtors currently anticipate reserving approximately $12.5 million to fund the Reorganized TK Holdings Trust Reserve. The Reorganized TK Holdings Trust will be dissolved and the Legacy Trustee will be discharged from his/her/its duties upon completion of duties as set forth in the Reorganized TK Holdings Trust Agreement, including when (i) all Disputed Claims (other than PSAN PI/WD Claims, Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims) have been resolved, (ii) all Reorganized TK Holdings Trust Assets have been liquidated, and (iii) all Distributions required to be made by the Legacy Trustee under the Plan and the Reorganized TK Holdings Trust Agreement have been made. The dissolution of the Reorganized TK Holdings Trust, however, will not occur later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(iii) TK Global LLC

On or before the Effective Date, TK Global LLC will be formed to be the parent holding company of Reorganized TK Holdings and the Warehousing Entity. The Reorganized TK Holdings Trust will be the sole member of TK Global LLC. The Plan Administrator and a three-member oversight committee (the "***Oversight Committee***") shall be appointed to TK Global LLC. TK Global LLC will provide certain support services to each of Reorganized Takata and the Warehousing Entity in accordance with a services agreement to be entered into by TK Global LLC and each of Reorganized Takata and the Warehousing Entity.

The Plan Administrator will be Michael Rains, the current Vice President of the Product Safety Group for TKH (the "***PSG***"). The Plan Administrator will be retained pursuant to the Plan Administrator Agreement and will be authorized solely to perform the Authorized Purposes. In the event the Plan Administrator resigns, is terminated, or is otherwise unable to serve for any reason, a successor shall be designated by the PSAN Consenting OEMs, as reasonably acceptable to the Debtors or Reorganized TK Holdings, as applicable, and the Consenting OEMs. The PSAN Consenting OEMs will have the right, subject to the reasonable consent of the Warehouse Consenting OEMs, to request that the Oversight Committee replace the Plan Administrator if the independent consultant engaged to conduct an assessment and make reports of Reorganized Takata's operations determines that (i) the Plan Administrator is not operating Reorganized Takata in a reasonable and prudent manner or (ii) Reorganized Takata is not complying with DOJ, NHTSA, or other regulatory requirements.

The fees and expenses of the Plan Administrator will be paid in accordance with the Plan Administrator Agreement from either (i) cash received from the continued operations of Reorganized Takata after the Closing Date, subject to the Reorganized Takata Business Model, as such fees and expenses relate to the Plan Administrator's oversight and administration of Reorganized Takata or (ii) the Warehousing Entity Reserve, as such fees and expenses relate to

all other services provided by the Plan Administrator, including in connection with the oversight and administration of the Warehousing Entity.

The Oversight Committee will serve as the board of managers of TK Global LLC. Two members of the Oversight Committee will be selected by the Warehouse Consenting OEMs and may include representatives of the Consenting OEMs. The remaining member of the Oversight Committee (the "***Independent Member***") will be selected by the Debtors, subject to the reasonable consent of the Warehouse Consenting OEMs, and will not be an "insider" of Takata, the Consenting OEMs, or the Plan Sponsor. The Oversight Committee shall have governance rights over TK Global LLC and will review and approve budgets, forecasts, and cash flow projections of TK Global LLC and its subsidiaries, including Reorganized Takata and the Warehousing Entity.

(iv) Reorganized Takata

As described above, Reorganized Takata will continue limited PSAN propellant and PSAN Inflator production for the PSAN Consenting OEMs after the Closing Date. Such production will be completed at production facilities currently held by TKH, TDM, and TCX. During the Operating Term, the Plan Administrator will be authorized solely to perform the Authorized Purposes as they relate to Reorganized Takata, and Reorganized Takata will not manufacture PSAN Inflators for any OEM unless such OEM becomes a PSAN Consenting OEM. Reorganized Takata will also pay the post-Closing Date costs and fees of the Special Master, the DOJ Monitor, and the NHTSA Monitor. According to estimates provided to the Debtors by counsel for each of the Special Master, the DOJ Monitor, and the NHTSA Monitor, the Debtors currently estimate such costs and fees as follows: (i) approximately $27 million for the Special Master, (ii) approximately $35 million for the DOJ Monitor, and (iii) approximately $42 million for the NHTSA Monitor. The estimates for the DOJ Monitor and the NHTSA Monitor reflect estimates from counsel for the Monitors through eighteen (18) months after the Closing Date, with an additional wind down period estimated by the Debtors and their professionals. The Debtors will be responsible for approximately $9 million of the Special Master costs and fees, approximately $12 million of the DOJ Monitor costs and fees, and approximately $14 million for the NHTSA Monitor costs and fees. The allocation of such costs among the Takata entities is based on PSAN Inflators shipped by TKH, TKAM, TKJP, and certain other Takata entities and their subsidiaries, which is discussed further in section 7.4 of this Disclosure Statement.

(v) The Warehousing Entity

On or before the Effective Date, the Warehousing Entity will be established under the Plan to, among other things, administer, acquire, own, maintain, operate, and control the Warehoused PSAN Assets and to comply with Takata's obligations under the Preservation Order and any other obligations related to the Warehoused PSAN Assets.[12] The Warehoused PSAN Assets are currently stored in eleven (11) warehouses across the globe (the "***PSAN***

[12] As of the date hereof, it is not yet determined whether the Warehousing Entity will administer the Warehoused PSAN Assets in Asia and Germany. This Disclosure Statement assumes that it will not administer the Warehoused PSAN Assets in Germany.

Warehouses"). The Debtors currently lease three (3) PSAN Warehouses, which are located in Howell, Michigan; Joplin, Missouri; and Eagle Pass, Texas. The remaining PSAN Warehouses are located outside of the United States in Japan, China, and Germany.

The Warehousing Entity will be responsible for the maintenance, shipping, and disposal of PSAN Inflators returned to and warehoused by Takata prior to the Effective Date (including those PSAN Inflators that the Warehouse Consenting OEMs demonstrate, by documentation or otherwise, are in transit to Takata as of the Effective Date). The related costs will be funded by the Debtors and certain non-Debtor affiliates. The Debtors' share of such costs will be based on the percentage of warehousing, shipping, and disposal costs attributable to the Debtors relative to all global warehousing, shipping, and disposal costs attributable to Takata. In other words, such costs are allocated by region based on each region's warehousing, shipping, and disposal needs as determined by estimated recalls, capacity, and various related costs. The Debtors currently estimate that the maintenance, shipping, and disposal of PSAN Inflators returned prior to the Effective Date will cost approximately $92 million,[13] which includes approximately $23 million overhead costs related to warehousing, shipping, and disposal activities and the PSG. The Debtors' share of such costs is estimated to be approximately $62 million. Notwithstanding the foregoing, upon request by a Warehouse Consenting OEM, the Warehousing Entity and such Warehouse Consenting OEM will enter into an agreement for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date as long as (i) such agreement is in form and substance acceptable to the Warehousing Entity and such Warehouse Consenting OEM and (ii) all related costs are fully paid by such Warehouse Consenting OEM.

The PSG will also be employed by the Warehousing Entity after the Closing Date. The PSG currently manages North American warehouse activities, compliance with the Preservation Order, and the disposal process for PSAN Inflators. The PSG also handles reporting of field claims of PSAN Inflator ruptures to NHTSA and interfaces with the NHTSA Monitor on all PSAN Inflator issues and customer outreach efforts. The primary responsibility of the PSG going forward is the ongoing investigation to determine the safe service life of all desiccated PSAN Inflators, as required under the Consent Order. The PSG will also continue to provide future defect information reports as directed by the Consent Order and maintain communications with NHTSA and other government authorities regarding PSAN Inflators. The PSG may also conduct certain investigations and handle communications related to production concerns at Reorganized Takata. Employment of the PSG is expected to cost approximately $14 million, with such amounts to be funded by the Warehousing Entity Reserve. This $14 million for the PSG is included in the overhead costs related to warehousing, shipping, and disposal activities of approximately $23 million, the costs of which will be allocated among certain Takata entities, including the Debtors. The allocation of these overhead costs, including the PSG, is discussed further in section 7.4 of this Disclosure Statement.

The Warehousing Entity will be dissolved upon completion of its purposes and obligations, including under any agreements entered into by the Warehousing Entity and

[13] As of the date hereof, the estimate of the Debtors' contribution to the Warehousing Entity Reserve is less than the amount set forth herein by approximately $20 million, which may increase the Debtors' Effective Date Available Cash. This estimate, like all estimates included herein, is subject to change.

Warehouse Consenting OEMs for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date and when all Warehousing Entity Assets have been liquidated. The dissolution of the Warehousing Entity, however, will not occur later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(vi) The PSAN PI/WD Trust

On the Effective Date, the PSAN PI/WD Trust will be established to administer the PSAN PI/WD Funds. The PSAN PI/WD Trust will, among other things:

- assume the liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties,[14] which may potentially include certain Consenting OEMs that become Participating OEMs (as defined herein) as discussed in more detail below;

- administer, process, settle, resolve, and liquidate, as applicable, such PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, in accordance with the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, the Plan, the Confirmation Order, and any Participating OEM Contribution Agreement, if applicable;

- use the PSAN PI/WD Funds to satisfy and make payments to holders of Allowed PSAN PI/WD Claims; and

- use the amounts transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable and as described in Sections 1.2(d) and 6.4(j)(viii)-(x) hereof, to the PSAN PI/WD Trust on the Non-PSAN PI/WD Claims Termination Date to satisfy and make payments to holders of Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims.

For purposes of the Plan, the classification of alleged personal injury, wrongful death, or other similar Claims or Causes of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator is dependent on the timing of the conduct giving rise to the Claim, which is when the PSAN Inflator was sold or supplied to an OEM or any other Person,

[14] "***Protected Parties***" means (i) the Debtors' non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), (ii) Reorganized Takata, (iii) the Participating OEMs, (iv) the Plan Sponsor Parties, and (v) with respect to each of the foregoing Persons in clauses (i) through (iv), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons' respective heirs, executors, estates, and nominees, as applicable.

regardless of whether the injury occurs prepetition, postpetition, or after the Closing Date (as applicable). Specifically, (i) "PSAN PI/WD Claims" relate to PSAN Inflators sold or supplied prior to the Petition Date, (ii) "Administrative Expense PSAN PI/WD Claims" relate to PSAN Inflators sold or supplied on or after the Petition Date, but prior to the Closing Date, and (iii) "Post-Closing PSAN PI/WD Claims" relate to PSAN Inflators sold or supplied on or after the Closing Date.

Further, PSAN PI/WD Claims are defined differently for those Claims asserted against (i) the Debtors or the Protected Parties other than the Participating OEMs and (ii) the Participating OEMs. With respect to the former, PSAN PI/WD Claims are any Claims for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date. With respect to the latter, PSAN PI/WD Claims are any Claims for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death allegedly caused by the PSAN Inflator Defect[15] in a Product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, and such Claims (i) are brought by a citizen of the United States, wherever the injury occurs or (ii) arise from an incident occurring in the United States or its territories, whether or not such Claims are brought by a citizen of the United States. Holders of Claims against the Debtors arising from or relating to PSAN Inflators may reference the flow chart regarding these classifications attached hereto as **Exhibit C**.

The PSAN PI/WD Trust will be administered and implemented by the PSAN PI/WD Trustee, which will be the Special Master, who will act as the initial trustee of the PSAN PI/WD Trust. The PSAN PI/WD Trust Agreement will provide for the continuation of the Future Claims Representative to represent the interests of holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date. The Future Claims Representative will be entitled to reasonable compensation and will be reimbursed by the PSAN PI/WD Trust for the costs of his professionals. In addition to the PSAN PI/WD Trustee and the Future Claims Representative, two trust advisory committees will be created under the Plan to represent current holders of PSAN PI/WD Claims (the "***PSAN PI/WD Trust Advisory Committee***") and to represent the interests of the Participating OEMs (the "***PSAN PI/WD OEM Advisory Committee***").

The initial PSAN PI/WD Trust Advisory Committee will consist of three members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trustee will consult with the PSAN PI/WD Trust Advisory Committee on matters pertaining to the general administration of the PSAN PI/WD Trust, must obtain the consent of the PSAN PI/WD Trust Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, and evidentiary requirements, and must meet with the PSAN PI/WD Trust Advisory Committee no less frequently than quarterly. The PSAN PI/WD Trust Advisory Committee will receive reasonable compensation for its services and may utilize professionals, and the members of the PSAN PI/WD Trust Advisory Committee and their professionals will be entitled to reasonable reimbursement from the PSAN PI/WD Trust. Such compensation and

[15] "***PSAN Inflator Defect***" means a defect that occurs in certain Takata inflators because of propellant degradation due to environmental exposure.

reimbursement, however, will be funded solely by the Participating OEMs. The PSAN PI/WD OEM Advisory Committee will consist of the Initial Participating OEM(s) (as defined herein) and up to two additional Participating OEM members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trustee will obtain the consent of the PSAN PI/WD OEM Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, and evidentiary requirements, and must meet with the PSAN PI/WD OEM Advisory Committee no less frequently than quarterly. No fees or expenses of the PSAN PI/WD OEM Advisory Committee will be payable or reimbursable by the PSAN PI/WD Trust. The Debtors currently estimate that the costs, expenses, fees, taxes, or obligations incurred in connection with the administration of the PSAN PI/WD Trust, including the fees and expense of the PSAN PI/WD Trustee and the Future Claims Representative, will be approximately $4.4 million (the "***PSAN PI/WD Trust Reserve***"). [16]

From and after the Effective Date, as described in more detail below, all PSAN PI/WD Claims against the Protected Parties will be channeled to the PSAN PI/WD Trust pursuant to the permanent injunction provided for in section 10.7 of the Plan (the "***Channeling Injunction***") and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. Accordingly, the PSAN PI/WD Trust will be used to pay PSAN PI/WD Claims against the Debtors and the Protected Parties, up to the full amount of such Claims, from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, (ii) any portion of the Available Cash allocated to the PSAN PI/WD Funds in accordance with the Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii), but only with respect to Claims related to vehicles sold by the applicable Participating OEM.

(c) **Plan Settlement**

Pursuant to Bankruptcy Rule 9019, the provisions of the Plan and the other documents entered into in connection with the Global Transaction constitute a good faith compromise and settlement (the "***Plan Settlement***") among the Debtors, the Plan Sponsor, and the Consenting OEMs of all Claims and controversies relating to the Consenting OEMs'

[16] Based on the incremental work to be completed by the Special Master as PSAN PI/WD Trustee, the Debtors and their advisors estimated that the PSAN PI/WD Trust Expenses would be approximately $4.4 million. This number is used in the illustrative waterfall for the allocation of Cash Proceeds attached hereto as Exhibit D. The Debtors recently received a fee estimate in the amount of $5.5 million from counsel for the Special Master for his role as PSAN PI/WD Trustee. This estimate is subject to change and does not include any other costs, expenses, taxes, or obligations that may be incurred in connection with the administration of the PSAN PI/WD Trust, including the compensation and expenses of the Future Claims Representative after the Effective Date. The fee estimate provided by counsel for the Special Master does not include PSAN PI/WD Trustee fees and costs attributable to duties and work related to channeled PSAN PI/WD Claims against Participating OEMs. Based on information provided by the Future Claims Representative, the Debtors currently estimate such compensation and expenses to be approximately $1.1 million for five (5) years after the Effective Date. Accordingly, Effective Date Available Cash and Distributions to holders of General Unsecured Claims will decrease incrementally as a result of this increase to the PSAN PI/WD Trust Reserve. In the event that the PSAN PI/WD Trustee is not the Special Master, the costs for the PSAN PI/WD Trust Reserve could be materially higher, which the Debtors and their advisors believe could be as high as approximately $18 million.

Adequate Protection Claims (currently estimated to be approximately $285 million), Consenting OEM PSAN Cure Claims (currently estimated to be approximately $8.5 billion), and Consenting OEM PSAN Administrative Expense Claims (collectively, the "***Settled OEM Claims***"). Other Claims of the Consenting OEMs, including OEM Unsecured Claims, Administrative Expense Claims or Cure Claims that do not constitute Settled OEM Claims (*e.g.*, Administrative Expense Claims or Cure Claims unrelated to PSAN Inflators) and Claims of the Consenting OEMs against non-Debtor parties (including the Debtors' non-Debtor affiliates) are not being resolved pursuant to the Plan Settlement and are expressly preserved under the Plan.[17]

Upon approval of the Plan Settlement, the Consenting OEMs will receive (i) a Distribution in an amount equal to (a) the positive difference between the $850 million DOJ Restitution Claim and the aggregate amount of (1) all actual payments to the Special Master from any other source on account of the DOJ Restitution Claim and (2) any amounts received by the OEMs that are credited by the Special Master against such OEMs' share of the DOJ Restitution Claim, plus (b) the Plan Settlement Turnover Amount, which is up to $400,000 payable by the Debtors in accordance with the payment waterfall set forth in section 5.18(c) of the Plan, which may constitute Available Cash for IIM, SMX, TDM, and the TKH Debtors (collectively, the "***Plan Settlement Payment***") and (ii) payment of the Business Incentive Plan Payment under the terms of the U.S. Acquisition Agreement. The Plan Settlement Payment on account of the Settled OEM Claims is currently estimated to be approximately $246 million, with approximately $214 million to be paid from the TKH Cash Proceeds and approximately $31 million to be paid from the SMX Cash Proceeds. In exchange for the Plan Settlement Payment, significant value has been and will be provided to the Debtors' Estates by the Consenting OEMs and the Plan Sponsor in connection with the Global Transaction, including the following:

- the waiver of any right to receive further recoveries on account of Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims by the Consenting OEMs, other than as set forth above;

- the contribution of the Plan Settlement Turnover Amount by the Consenting OEMs to each of the IIM Recovery Funds, the SMX Recovery Funds, the TDM Recovery Funds, and the TKH Recovery Funds for the benefit of holders of General Unsecured Claims, but such contribution will not be made to the IIM Recovery Funds or the TDM Recovery Funds if the Mexico Class Action Claims are fully resolved prior to the Effective Date, in which case the Plan Settlement Turnover Amount will be limited to $200,000;

- the funding in full of the Post-Closing Reserve and the Warehousing Entity Reserve in accordance with the Plan;

[17] The Settled OEM Claims are subject to the Challenge Period. To the extent a challenge proceeding is successful, the challenged OEM's Adequate Protection Claims on account of setoff rights against Customer Accounts will be reduced by the amount of such successful challenge or Released Claims against such OEM will be deemed not to have been released by the Adequate Protection Orders.

- the Consenting OEMs' obligations under the Indemnity Agreement, without which the Plan Sponsor would have been unwilling to enter into the Global Transaction;

- the Consenting OEMs' post-Effective Date commitments to the Plan Sponsor's business;

- the Plan Sponsor's obligation to provide the Plan Sponsor Backstop Funding;

- the Plan Sponsor's commitment to provide the Business Incentive Plan Payment; and

- the Plan Sponsor's Agreement to enter into the Transition Services Agreement.

The Plan Settlement Payment, less the Plan Settlement Turnover Amount, will be paid in full in Cash by the Plan Sponsor pursuant to the payment waterfall to the OEMs in accordance with a method of allocating recoveries among the Consenting OEMs on account of certain categories of Allowed OEM Claims, as agreed to among the Consenting OEMs (the "***Agreed Allocation***"). For the avoidance of doubt, the Debtors are not responsible for or in any way funding the DOJ Restitution Claim under the Plan. Rather, the Consenting OEMs have agreed that the Distribution they receive under the Plan in connection with the Plan Settlement (*i.e.*, on account of the Settled OEM Claims against the Debtors that are independent of the DOJ Restitution Claim) will be credited towards the DOJ Restitution Claim owed by TKJP in order to ensure the viability and closing of the Global Transaction.

(d) **Funding of Reserves and Payments to Holders of Claims**

On the Effective Date, the Plan Sponsor will pay the Purchase Price for the Purchased Assets. The Purchase Price allocable to the Sellers will be further allocated, either directly or indirectly, to each of IIM, SMX, TDM, TKAM, TKC, TKF, and the TKH Debtors pursuant to the allocation methodology described in section 7.1 of this Disclosure Statement (collectively, the Purchase Price allocated to each such Debtor and all Cash and Cash equivalents of such Debtor not acquired by the Plan Sponsor, the "***Cash Proceeds***").

From the Cash Proceeds and the Plan Sponsor Backstop Funding (as defined herein), in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement, the Debtors will first satisfy the following Claims, reserves, funds, and amounts, which are required to be funded in full under the Plan (some of which are being funded by contributions from non-Debtor affiliates):

- Plan Settlement Payment, estimated to be approximately $245.5 million;

- Claims Reserves, which will be funded on the Effective Date from each applicable Debtor's Cash Proceeds in amounts necessary to pay such Debtor's, as applicable, (i) share of the Disputed Cure Claims Reserve,

(ii) the NHTSA Claims, (iii) Other Secured Claims, (iv) Administrative Expense Claims, (v) Priority Claims, (vi) the Mexico Class Action Claims (estimated to be between approximately $2.3 million and $229.3 million with a reserve of approximately $12 million), and (vii) the Mexico Labor Claims (estimated to be approximately $900,000);

- the Post-Closing PSAN PI/WD Claims Reserve, estimated to be $0;

- Reorganized TK Holdings Trust Reserve, estimated to be approximately $12.5 million, which will be funded from IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, TKH Cash Proceeds, non-Debtor affiliates, Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash,[18] in an amount necessary to fund and administer the Reorganized TK Holdings Trust on and after the Effective Date;

- Post-Closing Reserve, estimated to be approximately $108 million,[19] which will be funded from the TKH Cash Proceeds, TDM Cash Proceeds, non-Debtor Affiliates, Plan Sponsor Backstop Funding, Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash in an amount necessary to for the post-Effective Date operations, working capital, and wind-down of Reorganized Takata and the costs and fees of the Special Master, the DOJ Monitor, and the NHTSA Monitor;

- Warehousing Entity Reserve, estimated to be approximately $92 million,[20] which will be funded from IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, TKH Cash Proceeds, non-Debtor affiliates, Plan Sponsor Backstop Funding, Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash, in an amount necessary to fund and administer the Warehousing Entity, including the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets, on and after the Effective Date; and

- PSAN PI/WD Trust Reserve, estimated to be approximately $4.4 million, which will be funded from IIM Cash Proceeds, SMX Cash Proceeds, TDM Cash Proceeds, and TKH Cash Proceeds, pursuant to each Debtor's Allocable Share, to fund any and all costs, expenses, fees, taxes, disbursements, debts, or obligations incurred for the administration of the PSAN PI/WD Trust pursuant to the PSAN PI/WD Trust Agreement.

[18] "***Dissolution Date Cash***" means any Cash in the Reorganized TK Holdings Trust, Reorganized Takata, or the Warehousing Entity, including Cash in the Post-Closing Reserve and the Legacy Entities Reserves (as applicable) and Post-Closing Cash, remaining upon dissolution of any such entity pursuant to the Plan.

[19] The Debtors' share of the Post-Closing Reserve is estimated to be approximately $36 million, which also includes approximately $1 million for capex related costs.

[20] The Debtors' share of the Warehousing Entity Reserve is estimated to be approximately $62 million.

As noted above, subject to consummation of the Plan Settlement, the Consenting OEMs have agreed to waive certain of their Claims entitled to priority of payment under the Plan in order to ensure that the above reserves and amounts are funded in full.

The TKH Claims Reserve will be funded in an amount necessary for the TKH Debtors to pay the NHTSA Claims in full. Pursuant to section 3.3(b) of the U.S. Acquisition Agreement, the Plan Sponsor will pay a portion of the Purchase Price directly to NHTSA on account of TKH's obligation to pay the NHTSA Claims. As of the date hereof, given the need for NHTSA's ongoing support of and cooperation with the Global Transaction, the Debtors and the Plan Sponsor believe the NHTSA Claims must be satisfied in a manner acceptable to NHTSA. Moreover, as indicated in the Debtors' Schedules, the Debtors believe that the Consent Order may constitute an executory contract that must be assumed by Reorganized Takata in order to permit Reorganized Takata's post-Closing Date operations. If the Consent Order is treated as an executory contract, the Debtors are obligated to pay any outstanding amounts owed thereunder in full. The Committees and the FCR each object to the payment in full of the NHTSA Claims and believe such claims should be treated as a General Unsecured Claim (Class 6(d) – Other General Unsecured Claims against the TKH Debtors) or Subordinated Claims (Class 8(d) – Subordinated Claims against the TKH Debtors). The treatment of the NHTSA Claims will be addressed at the Confirmation Hearing.

In addition, the IIM Claims Reserve and the TDM Claims Reserve will each be funded with Cash Proceeds necessary to satisfy the Mexico Labor Claims and the Mexico Class Action Claims. The amount to be reserved for such Claims is equal to the remaining Cash Proceeds at each of TDM and IIM, after paying other costs owed by these entities in furtherance of the Global Transaction. Reserving such amounts for the Mexico Labor Claims and the Mexico Class Action Claims increases the likelihood that no Available Cash will be distributed to holders of OEM Unsecured Claims, PSAN PI/WD Claims, and Other General Unsecured Claims against each of IIM and TDM. Nevertheless, the Debtors believe that such treatment is necessary to minimize the risk that the Mexico Labor Claims and the Mexico Class Action Claims will negatively impact or burden IIM or TDM after the Closing Date and thereby threaten feasibility in the event the discharge of Claims against such entities is not enforceable under Mexican law. The Committees and the FCR each object to the treatment of the Mexico Labor Claims and the Mexico Class Action Claims. The treatment of the Mexico Labor Claims and the Mexico Class Action Claims will be addressed at the Confirmation Hearing.

An illustrative waterfall for the allocation of Cash Proceeds is attached hereto as **Exhibit D**. Please note that amounts set forth on **Exhibit D** are estimates based on information currently available and actual amounts, including the amount of each adjustment made pursuant to section 3.1 of the U.S. Acquisition Agreement and Base Purchase Price and the Seller Allocated Purchase Price (each as defined herein) for each Debtor, may be materially different (higher or lower) than the amounts reflected herein.

(i) Effective Date Available Cash and Available Cash

Pursuant to the Plan, any Cash Proceeds remaining on the Effective Date after paying or reserving amounts for the Plan Settlement Payment (including the Plan Settlement Payment Turnover Amount), the Claims Reserves, the Legacy Entities Reserves, the Post-

Closing Reserve, and the PSAN PI/WD Trust Reserve will constitute Effective Date Available Cash and be available for the holders of General Unsecured Claims through the Recovery Funds and the Disputed Claims Reserves. In addition to Effective Date Available Cash, Available Cash under the Plan (meaning Cash that will be made available for Distributions to holders of Allowed General Unsecured Claims) will generally consist of (i) a surplus in funding of the Claims Reserves that is not needed to satisfy the Post-Closing Reserve or the Legacy Entities Reserves and that is made available to the Recovery Funds and Disputed Claims Reserves in accordance with section 5.5(d)(i) of the Plan, and (ii) any Residual Value (as defined herein) attributable to or funded by the Debtors. As noted above, $100,000 of the Plan Settlement Turnover Amount will also constitute Available Cash for each of SMX and the TKH Debtors and for IIM and TDM solely in the event that the Mexico Class Action Claims have not been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date. Available Cash for IIM, SMX, TDM, and the TKH Debtors will be allocated to the Recovery Funds and the Disputed Claims Reserves, as applicable, pursuant to the Distribution Formula. Available Cash allocated to the Recovery Funds will then be made available for Distribution to the holders of Allowed General Unsecured Claims within each relevant Class on a pro rata basis.

(ii) Surplus Reserved Cash, Post-Closing Cash, and Residual Value

Under the Plan, surplus funds (if any) in any reserve will generally be used to fund shortfalls in the various other reserves established under the Plan before such funds are made available for Distribution to holders of Allowed General Unsecured Claims. More specifically, any surplus in the funding of the Claims Reserves, as determined by the Claims Administrator on each six-month anniversary of the Effective Date, will first be made available to the Post-Closing Reserve, the Warehousing Entity Reserve, and the Reorganized TK Holdings Trust Reserve. In the event that these reserves are sufficiently funded to satisfy the purposes for which they were established and both the Warehousing Entity and Reorganized Takata have been dissolved (or such earlier date as agreed to by the Plan Sponsor and the Consenting OEMs), such surplus funding from the Claims Reserve will become Available Cash of the Debtor(s) that contributed such funding and be deposited into the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula. Any surplus in funding of the Legacy Entities Reserves and the Post-Closing Reserve will not become Available Cash prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity.

Following the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity, any surplus in funding of the Legacy Entities Reserves and the Post-Closing Reserve will be allocated in accordance with sections 5.6(l), 5.8(l), and 5.9(h) of the Plan. Similarly, any Cash recovered by the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity after the Effective Date as a result of, among other things, the liquidation of assets in the Reorganized TK Holdings Trust and the continued operations of Reorganized Takata, will not become Available Cash prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity.

More specifically, after the dissolution of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity, any Dissolution Date Cash in the Reorganized TK Holdings Trust, Reorganized Takata, or the Warehousing Entity that is not needed to satisfy

Claims against Reorganized Takata or the Warehousing Entity (as applicable) upon dissolution thereof or to fund the Post-Closing Reserve, the Legacy Entities Reserves, or the Claims Reserves (the "***Residual Value***") will generally become Available Cash of the applicable Debtor, according to each Debtor's Allocable Share[21] of such Residual Value, and be deposited into the applicable Recovery Funds and Disputed Claims Reserves, as applicable, pursuant to the Distribution Formula.

A chart indicating the potential funds that could be Available Cash, which will be made available for distribution to holders of Allowed General Unsecured Claims under the Plan, is attached hereto as **Exhibit E**. **Exhibit E** also contains information regarding funding available for PSAN PI/WD Claims, as discussed in more detail below.

(e) **Plan Sponsor Backstop Funding**

In connection with the Global Transaction, the Debtors and certain other Takata entities entered into a backstop agreement with the Plan Sponsor, KSS Holdings, Inc., and the Consenting OEMs (the "***Plan Sponsor Backstop Funding Agreement***"). Pursuant to the Plan Sponsor Backstop Funding Agreement, the Plan Sponsor has agreed to backstop up to $75 million in the funding of certain of the Claims and reserves that are required to be funded in full under the Plan or in other regions. Specifically, with respect to the Debtors, the Plan Sponsor will backstop (i) the Plan Settlement Payment, other than the Plan Settlement Turnover Amount, and (ii) the funding of the Post-Closing Reserve and Warehousing Entity Reserve, which for purposes of triggering the Plan Sponsor's obligation to provide Plan Sponsor Backstop Funding, will be in an amount not to exceed $200 million in the aggregate (the "***PSAN Legacy Costs***" and, together with the Plan Settlement Payment, the "***Backstopped Claims***").[22] The Plan Sponsor will backstop up to $75 million of the amount necessary to satisfy the Backstopped Claims and the other Claims that the Plan Sponsor has agreed to backstop under the terms of the Plan Sponsor Backstop Funding Agreement, subject to a dollar-for-dollar reduction to the extent that the aggregate amount of Allowed Administrative Expense Claims of Professional Persons and certain professional fees of Consenting OEMs exceed $124 million (the "***Backstop Funding Cap***").

Up to $75 million in backstop funding will be available to the Debtors and certain other Takata entities. **No portion of the Plan Sponsor Backstop Funding can be used directly or indirectly as a means to fund distributions to holders of General Unsecured Claims.** With respect to the Debtors: (i) up to $25 million will be available on the Closing Date until the date on which both Reorganized Takata and the Warehousing Entity have been liquidated,

[21] With respect to Residual Value in the Legacy Entities Reserves or the Post-Closing Reserve, "Allocable Share" refers to the amounts of such Residual Value attributable to a particular Debtor in the reasonable discretion of the Legacy Trustee (in the case of the Reorganized TK Holdings Trust Reserve) or the Plan Administrator (in the case of the Warehousing Entity Reserve and the Post-Closing Reserve), based on the assets of each Debtor contributed to or monetized by the Legacy Entities or Reorganized Takata.

[22] Under the Plan Sponsor Backstop Funding Agreement, Backstopped Claims also include the "Catch-Up Rule Amount," which refers to a distribution contemplated by the Japan RSA to be made to holders of allowed rehabilitation claims (other than the Consenting OEMs) in the Japan Proceedings in connection with approving the Japan Debtors' payment as of the Closing Date of their share of the DOJ Restitution Claim and the PSAN Legacy Costs.

dissolved, and wound up (the "***Backstop Expiration Date***") as an advance payment for the PSAN Assets that the Plan Sponsor is required to purchase pursuant to section 7.12 of the U.S. Acquisition Agreement (the "***PSAN Assets Advance Payment***"), solely to the extent that the Debtors' share of the Purchase Price and any other value of the Debtors is insufficient to fund in full the Backstopped Claims, and (ii) up to $25 million will be available on or after the twelve (12) month anniversary of the Closing Date until the Backstop Expiration Date and up to $25 million will be available on or after the twenty-four (24) month anniversary of the Closing Date until the Backstop Expiration Date, solely to the extent that there exists, at the time of the request for funding, a present or near-term expected deficiency in the funding of the PSAN Legacy Costs (collectively, the "***Plan Sponsor Backstop Payments***"), in each case, in accordance with the terms and conditions of the Plan Sponsor Backstop Funding Agreement. Notwithstanding these timing requirements, the Plan Sponsor will provide up to the full amount of the Backstop Funding Cap to fund the Backstopped Claims on an earlier date as required by the Bankruptcy Court as necessary to confirm the Plan.

While the Debtors have no obligation to reimburse the Plan Sponsor for the PSAN Assets Advance Payment, the Debtors are required to repay any Plan Sponsor Backstop Payments, in addition to certain unreimbursed expenses of the Plan Sponsor, from any distributions of Cash from Takata (Shanghai) Automotive Component Co., Ltd. ("***TSAC***") to TKC or any of its affiliates after the Effective Date. The Consenting OEMs have also agreed to repay the Plan Sponsor Backstop Payments, in addition to certain unreimbursed expenses of the Plan Sponsor, from any amounts actually received by each Consenting OEM on account of its OEM Unsecured PSAN Claims (as defined in the Plan Sponsor Backstop Funding Agreement) in the Chapter 11 Cases or the Japan Proceedings or from the residual proceeds of the solvent liquidation of certain Takata entities pursuant to the Global Settlement Agreement. Accordingly, a distribution of Cash from TSAC is the Plan Sponsor's only source of repayment from the Debtors and the other Takata entities party to the Plan Sponsor Backstop Funding Agreement.

On the Closing Date, the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity will each become party to the Plan Sponsor Backstop Funding Agreement and possess all of the rights and be subject to all of the obligations of the Reorganized TK Holdings Trust, Reorganized Takata, and the Warehousing Entity, respectively, under and as set forth in the Plan Sponsor Backstop Funding Agreement

(f) Classification and Treatment of General Unsecured Creditors

As described in more detail below, the Plan creates four (4) Classes of unsecured Claims entitled to vote to accept or reject the Plan. Such Classes consist of (i) Mexico Class Action Claims and Mexico Labor Claims (only with respect to IIM and TDM), (ii) OEM Unsecured Claims, (iii) PSAN PI/WD Claims, and (iv) Other General Unsecured Claims[23] and will receive the following treatment:

[23] Other General Unsecured Claims are comprised of any unsecured Claim against the Debtors not entitled to priority of payment under section 507(a) of the Bankruptcy Code, other than an OEM Unsecured Claim, a PSAN PI/WD Claim, or any Claim assumed by the Plan Sponsor under the U.S. Acquisition Agreement, and include any Claim brought by a State or Territory of the United States, any Economic Loss Claim, any Other PI/WD Claim, any

- *Mexico Class Action Claims and Mexico Labor Claims against IIM and TDM* – Holders of Allowed Mexico Class Action Claims and Mexico Labor Claims against IIM and TDM will receive their pro rata share of the amounts separately reserved for such Claims in the IIM Claims Reserve and the TDM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.

- *OEM Claims against the TKH Debtors, IIM, TDM, and SMX* – OEM Unsecured Claims of the Consenting OEMs will be allowed in an estimated aggregate amount of $38,645,862,823 for distribution purposes and each Holder of an Allowed OEM Unsecured Claim will receive its pro rata share of the Available Cash allocated to the OEM Funds.[24]

- *PSAN PI/WD Claims against the TKH Debtors, IIM, TDM, and SMX* – Each holder of an Allowed PSAN PI/WD Claim, including those holders of PSAN PI/WD Claims represented by the Future Claims Representative, will receive its pro rata share of the Available Cash allocated to the PSAN PI/WD Funds, which will include PSAN PI/WD Top-Up Amounts for holders of Allowed PSAN PI/WD Claims against a Participating OEM.

- *Other General Unsecured Claims against TKAM, TKF, TKC, the TKH Debtors, IIM, TDM, and SMX* – Each holder of an Allowed Other General Unsecured Claim will receive its pro rata share of the Available Cash allocated to the Other Creditors Fund.

In addition to the four Classes of Claims noted above, the Plan also establishes a Class for Claims that are (i) subject to subordination under section 510 of the Bankruptcy Code and (ii) for a fine, penalty, forfeiture, multiple, exemplary or punitive damages, or otherwise not predicated upon compensatory damages, and that would be subordinated in a chapter 7 case pursuant to section 726(a)(4) of the Bankruptcy Code or otherwise (the "***Subordinated Claims***").[25] Any Claim that satisfies the definition of a Subordinated Claim will be a

antitrust class action Claims, any Intercompany Claims, and any Mexico Class Action Claims solely as against TKH.

[24] The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimates provided herein are subject to change.

[25] The States take issue with the definition of Subordinated Claims, asserting that the Debtors should explain why subordination under section 726(a)(4) applies in chapter 11 cases. The Debtors submit, however, that there is plentiful applicable authority for subordinating claims under section 726(a)(4) of the Bankruptcy Code in a chapter 11 plan. *See Owens Corning v. Credit Suisse First Boston*, 322 B.R. 719, 724 (D. Del. 2005) ("[I]f subordination of punitive damage claims is mandated in Chapter 7 liquidations, it seems entirely appropriate to subordinate such claims in the Chapter 11 setting."); *In re New York Med. Grp., P.C.*, 265 B.R. 408, 416 (Bankr. S.D.N.Y. 2001) ("Like tax penalty claims, punitive damage claims are subordinated to general unsecured claims in a chapter 7 liquidation, see 11 U.S.C. § 726(a)(4), and hence, fare differently under the 'best interest of creditors' test. This difference may justify the separate classification of punitive damage claims, or if classified with unsecured claims, their subordination to the payment of the unsecured claims. The Supreme Court left this possibility open . . . ."); 7 Collier on Bankruptcy § 1129.02 (stating that "section 726(a)(4) also provides a basis for different classification of

Subordinated Claim notwithstanding that such Claim would otherwise be an Other General Unsecured Claim. Holders of Subordinated Claims are not entitled to vote and are deemed to reject the Plan. Additionally, holders of Subordinated Claims will not receive or retain any property under the Plan on account of such Claims, and the obligations of the Debtors and the Reorganized Debtors on account of Subordinated Claims will be discharged. Subordinated Claims will be identified through the Claims resolution process.

(g) **Distribution Formula**

The Plan is designed for the Recovery Funds relating to OEM Unsecured Claims, PSAN PI/WD Claims, and Other General Unsecured Claims for each of IIM, SMX, TDM, and the TKH Debtors to receive amounts of Available Cash that are sufficient to achieve roughly equivalent recoveries for all holders of Allowed General Unsecured Claims on a pro rata basis. The Plan accomplishes this by creating a Disputed Claims Reserve for each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the Distribution Formula generally provides that the percentage of Available Cash to be allocated to the Recovery Funds and the Disputed Claims Reserves of IIM, SMX, TDM, and the TKH Debtors will be based on, as of the applicable Distribution Date, (i) PSAN PI/WD Claims based on the estimate of PSAN PI/WD Claims as set forth in the Claims Estimation Report,[26] (ii) Allowed OEM Unsecured Claims, (iii) Allowed Other General Unsecured Claims, and (iv) an aggregate amount equal to an estimate of disputed, unliquidated, or contingent OEM Unsecured Claims and Other General Unsecured Claims, as of the Effective Date, respectively, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv). Notwithstanding the foregoing, the amount of Available Cash allocated to the PSAN PI/WD Funds will be reallocated to the extent necessary to provide proportionate treatment after giving effect to recoveries to holders of allowed PSAN PI/WD Claims from PSAN PI/WD Insurance Proceeds. The Distribution Formula consists of the following steps:

claims in a chapter 11 plan . . . . if a chapter 11 plan proposes to pay such a class of penalty claims less than other unsecured claims, this treatment would not be a basis for denying confirmation so long as the proposed plan treatment gives such a penalty class at least as much as it would have received in a chapter 7 distribution."); *see also In re Wash. Mut., Inc*., Case No. 08-12229 (MFW) (Bankr. D. Del. Feb. 24, 2012) [Docket No. 9759] (order confirming chapter 11 plan providing for the subordination of penalty claims pursuant to section 726(a)(4) of the Bankruptcy Code); *In re Refco Inc*., Case No. 05-60006 (RDD) (Bankr. S.D.N.Y. Dec. 15, 2006) [Docket No. 3971] (same); *In re Enron Corp.*, Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. July 15, 2004) [Docket No. 19759] (same).

[26] "***Claims Estimation Report***" means the report produced by the claims estimation expert retained by the Debtors to estimate existing and future PSAN PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims.

Step 1: Total PSAN PI/WD Claims[1] + Total Allowed OEM Unsecured Claims + Total Allowed Other General Unsecured Claims + Total Amount Equal to Estimate of Disputed, Unliquidated, or Contingent OEM Unsecured Claims and Other General Unsecured Claims (as of the Effective Date)[2] = **Total GUC**[3]

Step 2: Total [Allowed Other General Unsecured Claims][4] / Total GUC = **Ratable Percentage**

Step 3: Ratable [Other Creditors Fund][5] Percentage * Total Available Cash = **Pro Rata Share**[6]

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[1] Based on the estimate of PSAN PI/WD Claims set forth in the Claims Estimation Report

[2] This is required to determine the amount of Available Cash that will be deposited into the Disputed Claims Reserves

[3] Total GUC amount would decrease as Disputed Claims are resolved

[4] Repeat this step for PSAN PI/WD Claims, Allowed OEM Unsecured Claims, and Disputed Claims

[5] Repeat this step for the Ratable PSAN PI/WD Fund Percentage and Ratable OEM Fund Percentage

[6] Pro Rata Share would increase as Disputed Claims are resolved

(h) Debtors' Releases and Third-Party Releases

A key component of the Debtors' Plan is the releases and exculpations granted to the Debtors and certain non-Debtor parties in consideration for their contributions to the Estates both prior to and after the Petition Date. The parties being released by the Debtors and by third parties under the Plan, through standard "debtor releases" (section 10.6(a) of the Plan) and "consensual third-party releases" (section 10.6(b) of the Plan), include (i) the Debtors, (ii) the Future Claims Representative, (iii) the Plan Sponsor Parties, (iv) the Debtors' non-Debtor Affiliates (including the Acquired non-Debtor Affiliates), and (v) with respect to each of the foregoing Persons in clauses (i) through (iv) such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons' respective heirs, executors, estates, and nominees, in each case in their capacity as such. In addition, (x) any Consenting OEM that elects, in a timely-submitted Ballot for voting on the Plan, to provide a release of the Debtors and certain related parties in form and substance to be agreed to by the Debtors and the Consenting OEMs, and (y) with respect to such Consenting OEMs, the parties set forth in clause (vi) above, will also be Released Parties solely for purposes of the Debtors' release in section 10.6(a) of the Plan.[27] Except for the foregoing, no Consenting OEM will be released under the Plan by the Debtors and Consenting OEMs are not Released Parties under the Plan for purposes of the consensual releases by third parties.

In addition to ordinary and customary consensual releases and exculpations, the Plan provides that the holders of PSAN PI/WD Claims will be deemed to provide a full and complete discharge and release to the Protected Parties (including the Participating OEMs) and their respective property and successors and assigns from any and all Causes of Action whatsoever, whether known or unknown, asserted or unasserted, derivative or direct, foreseen or

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[27] The Opt-In Consenting OEM release is included as Item 4(a) in the Ballot for holders of OEM Claims.

unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state securities laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any way to such holders' PSAN PI/WD Claims. **Nothing in the Plan, however, will release any OEM that is not a Participating OEM from liability for a PSAN PI/WD Claim. In addition, the Plan does not release Consenting OEMs for any liability for Claims other than PSAN PI/WD Claims (and for the latter, only for Participating OEMs).**

(i) **Plan Injunction**

If the Plan is confirmed by the Bankruptcy Court, substantially all of the Debtors' non-PSAN Assets will be purchased by or otherwise transferred to the Plan Sponsor on the Effective Date in accordance with the U.S. Acquisition Agreement free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liabilities and the terms of such sale will be binding and enforceable against all Persons who have held, hold or may hold Claims or Interests against the Debtors as a permanent injunction pursuant to section 10.5(b) of the Plan. Additionally, if the Plan is confirmed by the Bankruptcy Court, all PSAN Assets will vest in each of the Reorganized Debtors on the Effective Date free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, except any such Claims, Interests, Liens, other encumbrances, and liabilities of any kind of the Consenting OEMs against the Debtors to which Reorganized Takata will remain obligated under the Plan or as otherwise provided in the Plan.

(j) **Channeling Injunction**

In order to supplement the injunctive effect of the Plan Injunction set forth in section 10.5 of the Plan and the Releases set forth in section 10.6 of the Plan for PSAN PI/WD Claims, the Plan provides for the Channeling Injunction to take effect as of the Effective Date to permanently channel all PSAN PI/WD Claims against the Protected Parties[28] to the PSAN PI/WD Trust, which will forever stay, restrain, and enjoin all Persons that have held or asserted, or that hold or assert any PSAN PI/WD Claims against the Protected Parties from taking any action to directly or indirectly collect, recover, or receive payment, satisfaction, or recovery from any such Protected Party. Additionally, the transfer to, vesting in, and assumption by the PSAN PI/WD Trust of the PSAN PI/WD Funds will release all obligations and liabilities of and bar recovery or any action against the Protected Parties for or in respect of all PSAN PI/WD Claims.

[28] "***Protected Party***" means (i) the Debtors' non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), (ii) Reorganized Takata, (iii) the Participating OEMs, (iv) the Plan Sponsor Parties, and (v) with respect to each of the foregoing Persons in clauses (i) through (iv), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons' respective heirs, executors, estates, and nominees, as applicable. "***Plan Sponsor Parties"*** means, individually or collectively, the Plan Sponsor and any Person that makes a loan to or investment in the Plan Sponsor for purposes of consummating the sale of the Purchased Assets to the Plan Sponsor pursuant to the Plan. The Plan Sponsor Parties include Joyson KSS Auto Safety, S.A. and its current and future subsidiaries and affiliates; Deutsche Bank AG, Tokyo branch; Mizuho Bank, Ltd.; China Merchants Bank Co., Ltd., New York Branch; Industrial and Commercial Bank of China Limited; Ningbo Joyson Electronic Corp; and Bain Capital.

In other words, all PSAN PI/WD Claims against the Protected Parties may be asserted only and exclusively against the PSAN PI/WD Trust.

With respect to the Consenting OEMs, the Channeling Injunction will channel PSAN PI/WD Claims against any Consenting OEM (a "***Participating OEM***") that contributes certain consideration to the PSAN PI/WD Trust (the "***PSAN PI/WD Top-Up Amount***") in accordance with an agreement, to be filed with the Plan Supplement on or before January 23, 2018, between the PSAN PI/WD Trustee and the applicable Participating OEM with respect to such Participating OEM's commitment to fund its PSAN PI/WD Top-Up Amount (a "***Participating OEM Contribution Agreement***").

Accordingly, the Channeling Injunction provides for a non-jury resolution process administered by a court-appointed Trustee in an attempt to provide final, fair, and efficient resolution of PSAN PI/WD Claims against the Participating OEMs brought by claimants injured as a result of the PSAN Inflator Defect. The Channeling Injunction could eliminate the need for prolonged court involvement and the accompanying disruption caused by the traditional legal process. The Channeling Injunction will provide payment to holders of PSAN PI/WD Claims (which qualify for payment pursuant to **Exhibit F** attached hereto)[29] against the Participating OEMs for injuries caused by the PSAN Inflator Defect from a confirmed rupture or aggressive deployment of a PSAN Inflator pursuant to a valuation matrix in which compensation will be awarded based upon the injury type and severity of the injury. Compensation determinations will be made by the PSAN PI/WD Trustee, initially Professor Eric Green (unless he is unable or unwilling to serve in such capacity), who was previously appointed as the Special Master to administer the separate Takata personal injury restitution fund. The Channeling Injunction provides for an individualized analysis of a claimant's injuries, an appeal process, and prompt payment of approved claims.

The currently proposed resolution process will impose certain conditions on the claimant's pursuit of a Claim in the tort system. Under the Channeling Injunction, to qualify for payment of an aggressive deployment Claim, the holder must, among other requirements, make the vehicle and inflator available for inspection. It is not definitive what would happen to those Claims in the tort system if the vehicle and inflator were not available. Holders of PSAN PI/WD Claims may not file future litigation against any Participating OEM alleging injury caused by the PSAN Inflator Defect, until he or she has completed the Channeling Injunction process and meets certain other requirements. In any case subsequently brought in the tort system, the claimant may not pursue or receive punitive damages against the Participating OEM. Any trial would be limited to the cause of the claim holder's injuries and the resulting damages, if any. The Participating OEM, however, agrees to waive legal defenses related to the claimant's conduct, including comparative negligence, as well as the defenses of the statute of limitations and statute of repose, where applicable, that could bar or significantly reduce any recovery by the clamant in the tort system. Whereas the full payment of PSAN PI/WD Claims resolved pursuant

[29] **Exhibit F** to this Disclosure Statement is a description of the PSAN PI/WD Claims that are subject to the Channeling Injunction in favor of the Participating OEMs and injury valuation schedules. **Exhibit F** addresses PSAN PI/WD Claims asserted against Participating OEMs and, as a result, only addresses PSAN PI/WD Claims of the type described in clause (ii) of the Plan's definition thereof. Accordingly, no inference may be drawn from **Exhibit F** that a PSAN PI/WD Claim is compensable by, or may be pursued against, any party other than the PSAN PI/WD Trust

to the Channeling Injunction will be made within a short period after resolution, payment of any settlement reached after the initiation of a tort action or judgment obtained will be made in five (5) equal yearly installments without interest with the first installment due thirty (30) days after entry of the final judgment or dismissal of the case.

Individual Consenting OEMs may elect to become Participating OEMs during the later of (i) ninety (90) days following the conclusion of the hearing on approval of the Disclosure Statement and (ii) thirty (30) days following the Effective Date (the "***Initial Opt-In Period***"). Individual Consenting OEMs may extend their opt-in period by an additional period of time after the conclusion of the Initial Opt-In Period by executing an opt-in extension agreement and remitting an option payment that is acceptable to the PSAN PI/WD Trustee, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and such Consenting OEM. The Consenting OEMs that have indicated their election to become a Participating OEM at or before the conclusion of the hearing with respect to the Disclosure Statement (the "***Initial Participating OEM(s)***") are listed on Exhibit 3 attached to the Plan, with such election being subject to the terms and conditions set forth on Exhibit 3.[30]

On the date the Channeling Injunction becomes effective with respect to an individual Participating OEM (or at such later date as may be otherwise agreed to), each Participating OEM will deliver an executed Participating OEM Contribution Agreement to the PSAN PI/WD Trust. The Participating OEM Contribution Agreement will require a Participating OEM to make quarterly contributions to the PSAN PI/WD Trust in the amount of the PSAN PI/WD Claims associated with such Participating OEM's vehicles that are liquidated and entitled to payment during the quarterly period after application of the payments specified above.

As discussed above, the Plan provides that if the Channeling Injunction is approved as to a Participating OEM, holders of PSAN PI/WD Claims against such Participating OEM will have their Claims satisfied in an amount equal to the full value of the PSAN PI/WD Claims as described in **Exhibit F** attached hereto (which shall be incorporated into the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP). Payments to satisfy such PSAN PI/WD Claims shall be funded from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, that provide coverage for such Claims, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds in accordance with the Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts (as defined herein) with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii)[31]; *provided, however* that such PSAN PI/WD Top-Up

[30] The Initial Participating OEM(s) consist of American Honda Motor Co., Inc. and its subsidiaries and affiliates.

[31] If any applicable PSAN PI/WD Insurance Proceeds are not available to pay the PSAN PI/WD Claims at the time they are liquidated as part of the PSAN PI/WD Claims protocol, the applicable Participating OEM shall advance to the PSAN PI/WD Trust all amounts required to make full timely payment that the holder(s) of such PSAN PI/WD Claims is entitled to receive from the PSAN PI/WD Trust. The PSAN PI/WD Trust shall reimburse the applicable Participating OEM for any such advances solely from the PSAN PI/WD Insurance Proceeds paid on account of the claim on which the advance was made.

Amounts shall only be utilized to pay Claims related to vehicles sold by the applicable Participating OEM.

Please note that the terms and conditions of **Exhibit F** were negotiated by and have the support of the Initial Participating OEM(s), the Future Claims Representative, and attorneys from the law firm Motley Rice ("***Resolution Counsel***"), which represents certain current holders of PSAN PI/WD Claims.[32] The negotiations regarding the terms and conditions of **Exhibit F** did not include the Debtors or the Plan Sponsor and, as a result, such terms and conditions do not reflect comments or input from the Debtors or the Plan Sponsor. Notwithstanding the foregoing, the Debtors agree with the general structure and substance of **Exhibit F** and continue to evaluate the adoption of such structure and injury valuation schedules in order to resolve and administer all PSAN PI/WD Claims, including those against the Debtors.

While the Future Claims Representative and Resolution Counsel have agreed with the Initial Participating OEM(s) on the claims protocol and injury valuation schedules reflected in **Exhibit F** with respect to PSAN PI/WD Claims against Participating OEMs that will be channeled to the PSAN PI/WD Trust, the Future Claims Representative and Resolution Counsel have not agreed to the terms of funding the PSAN PI/WD Trust or PSAN PI/WD Trust Reserve or to the terms upon which Consenting OEMs may elect to become Participating OEMs, as proposed in the Plan. The Future Claims Representative and Resolution Counsel reserve all of their rights in these Chapter 11 Cases, including with respect to filing objections to confirmation of the Plan, approval of the Global Transaction, issues relating to the DOJ OEM Restitution Fund, and the Claims submitted by the Consenting OEMs, including the Adequate Protection Claims.

In addition to the governance structure for the PSAN PI/WD Trust reflected in the Plan, it is expected that Resolution Counsel will play a lead role, on behalf of holders of current PSAN PI/WD Claims, in selecting the initial members of the PSAN PI/WD Trust Advisory Committee and negotiating the definitive documents for the PSAN PI/WD Trust, including the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, and each Participating OEM Contribution Agreement. After the Effective Date, the parties also expect that Resolution Counsel will assist the PSAN PI/WD Trust, the PSAN PI/WD Trustee, and the PSAN PI/WD Trust Advisory Committee with activities that may be required to ensure that the PSAN PI/WD Trust is in a position to begin processing PSAN PI/WD Claims as quickly and efficiently as possible. Reasonable compensation for Resolution Counsel's work in designing, negotiating, and implementing the Channeling Injunction and PSAN PI/WD Trust, both prior to and after the

[32] In addition, as set forth in Exhibit 3 to the Plan, certain Consenting OEMs have elected to become Participating OEMs in advance of the Disclosure Statement hearing. The election by each such Consenting OEM to become a Participating OEM (and an Initial Participating OEM) is subject in all respects to (i) the confirmation and effectiveness of the Plan in form and substance acceptable to the Participating OEM(s), (ii) the entry of the Confirmation Order by the Bankruptcy Court and, if required, the District Court (solely with respect to the Channeling Injunction) in form and substance acceptable to the Participating OEM(s), (iii) negotiation and execution of definitive documents governing the PSAN PI/WD Trust and the payment of such Participating OEM(s)' PSAN PI/WD Top-Up Amount, including the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, and the Participating OEM Contribution Agreement, in each case in form and substance acceptable to the Participating OEM(s), and (iv) the appointment of Eric Green as the PSAN PI/WD Trustee or, if Eric Green declines or is unable to fill the appointment, the appointment of an initial PSAN PI/WD Trustee (if applicable) or a PSAN PI/WD Trustee that is acceptable to the Participating OEM(s).

Petition Date, including post-Effective Date assistance to the PSAN PI/WD Trust, will be paid by the Participating OEMs in accordance with a payment allocation agreement to be entered into between Resolution Counsel and the Participating OEMs.

Importantly, in addition to other conditions set forth in the Plan, the Participating OEMs will not receive the benefits of the Channeling Injunction and the releases by holders of PSAN PI/WD Claims without (i) the Future Claims Representative's consent and (ii) a determination by the Bankruptcy Court or the District Court, as applicable, that holders of PSAN PI/WD Claims in each applicable Class voting on the Plan have indicated their acceptance of the Channeling Injunction in a sufficient number within each such Class to support issuance of the Channeling Injunction for the benefit of the applicable Participating OEM. The effectiveness of the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of any Protected Party is not a condition to the Effective Date.

Additional details of the Channeling Injunction claims process, including the appeal process and requirements for access to the tort system, are under negotiation by the parties and will be provided as part of the Plan Supplement.

II. INTRODUCTION TO THE DISCLOSURE STATEMENT AND PLAN VOTING AND SOLICITATION PROCEDURES

2.1 ***Purpose of the Disclosure Statement***

The purpose of the Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan, (ii) advises holders of Claims and Interests of their rights under the Plan, (iii) assists creditors entitled to vote in making informed decisions as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By order dated January [__], 2018 [Docket No. __] (the "***Approval Order***"), the Bankruptcy Court approved this Disclosure Statement, finding that it contains "adequate information," as that term is used in section 1125(a)(1) of the Bankruptcy Code. However, the Bankruptcy Court has not ruled on the merits of the Plan. Creditors should carefully read the Disclosure Statement, in its entirety, before voting on the Plan. This Disclosure Statement and the attached Plan, including their respective exhibits, are the only materials creditors should use to determine whether to vote to accept or reject the Plan. Pursuant to the Approval Order, the Court approved certain modified procedures with respect to the solicitation and tabulation of votes on the Plan from individuals who own, or may have owned, vehicles equipped with PSAN Inflators manufactured or sold by the Debtors (each such individual a "***Potential PSAN Inflator Claimant***" or "***PPIC***" and, collectively, the "***PPICs***").

2.2 ***Disclosure Statement Enclosures***

(a) **Solicitation Packages**. The Debtors will mail or cause to be mailed solicitation packages (the "***Solicitation Packages***") containing the information described below as soon as practicable after entry of the Approval Order. With respect to any PPIC that registered an email address with the Solicitation Agent (as defined herein) in connection with the

filing of their PPIC Proof of Claim[33] (each such PPIC, a "***Registered PPIC***" and, collectively, the "***Registered PPICs***"), the Debtors propose to send Solicitation Packages to such claimants by electronic mail at the email addresses provided by such claimants, or by first class mail to any claimant making a written request for a hardcopy thereof. With respect to all holders of Claims other than Registered PPICs entitled to receive a Solicitation Package, the Debtors will send the Solicitation Packages either as printed hard copies or in electronic format, in the Debtors' discretion. For the avoidance of doubt, with respect to PPICs, the Debtors will only be required to transmit Solicitation Packages to those PPICs who either (a) are identified in the Debtors' Schedules (as defined herein) as holding a Claim (whether or not such Claim is listed as contingent, unliquidated, or disputed) for personal injury or wrongful death, or (b) have timely and properly filed a proof of Claim against the Debtors. The Solicitation Packages contain the following enclosures:

(i) Except for any Registered PPIC, if the recipient is in a Voting Class (as defined herein) and is entitled to vote on the Plan, (i) the Cover Letter (as defined in the Approval Order), (ii) a USB flash drive containing electronic copies of the Approval Order, the Disclosure Statement, which will include the Plan as an attachment, and the Plan, as independently filed, (iii) the Confirmation Hearing Notice (as defined in the Approval Order), (iv) a Ballot for such holder (customized as appropriate), and (v) a postage-prepaid, pre-addressed return envelope;

(ii) If the recipient is a Registered PPIC and is entitled to vote on the Plan, the PPIC Solicitation Email (as defined in the Approval Order) with a hyperlink to a dedicated online portal containing (i) the Approval Order, (ii) the Cover Letter, (iii) the Confirmation Hearing Notice, (iv) the Disclosure Statement, which will include the Plan as an attachment, (v) the Plan, as independently filed, (vi) a Ballot for such holder (customized as appropriate), and (vii) instructions for voting online; or

(iii) If the recipient is a Non-Voting Claimant, or is not otherwise entitled to vote on the Plan, (i) the Confirmation Hearing Notice, and (ii) the applicable Notice of Non-Voting Status,[34] *provided, however*, that if

[33] A "***PPIC Proof of Claim***" is a proof of Claim filed in accordance with the Bar Date Order (as defined herein) alleging any Claim against any of the Debtors for past or future monetary losses, personal injuries (including death), or asserted damages arising out of or relating to an airbag containing a PSAN Inflator, or its component parts, manufactured or sold by the Debtors or their affiliates prior to the Petition Date.

[34] "***Notice of Non-Voting Status***" means, collectively, (i) the form of notice applicable to holders of Claims and Interests that are Unimpaired under the Plan and who are, pursuant to section 1126(f) of the Bankruptcy Code, conclusively presumed to accept the Plan (the "***Notice of Non-Voting Status – Unimpaired Classes***"); (ii) the form of notice applicable to holders of Claims and Interests that are Impaired under the Plan and who are, pursuant to section 1126(g) of the Bankruptcy Code, conclusively deemed to reject the Plan (the "***Notice of Non-Voting Status – Impaired Classes***"); and (iii) the form of notice applicable to holders of Claims that are subject to a pending objection by the Debtors and who are not entitled to vote the disputed portion of such Claim, substantially in the forms attached as Exhibits 4-1, 4-2, and 4-3 to the Approval Order.

the recipient is a Registered PPIC that is not entitled to vote on the Plan, such PPIC will receive an email with a hyperlink to (i) the Confirmation Hearing Notice, and (ii) the Notice of Non-Voting Status – Disputed Claim.

2.3 ***Voting Procedures and Requirements***

(a) **Eligible Holders**. A claimant who holds a Claim in a Voting Class, as of the Record Date, is entitled to vote on the Plan (an "***Eligible Holder***") unless:

(i) As of the Record Date (as defined below), the outstanding amount of such claimant's Claim is not greater than zero ($0.00);

(ii) As of the Record Date, such claimant's Claim has been disallowed, expunged, disqualified, or suspended;

(iii) A claimant is not scheduled in the Debtors' Schedules, or a claimant's Claim is scheduled as contingent, unliquidated, or disputed, and such claimant has not timely filed a proof of Claim in accordance with the Bar Date Order, *provided, however*, that any PPIC whose Claim for personal injury or wrongful death is listed on the Schedules will be entitled to vote on the Plan as set forth in paragraph 7(g) of the Approval Order, regardless of whether such Claim is scheduled as contingent, unliquidated, or disputed; or

(iv) Such claimant's Claim is subject to an objection or request for estimation as of the Record Date, subject to the procedures set forth below.

(b) Each Eligible Holder has been sent a Ballot (or a hyperlink to a Ballot in the case of Registered PPICs) together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement to cast your vote.

(c) **Record Date**. The record date for determining which creditors are entitled to vote on the Plan is January 3, 2018 (the "***Record Date***").

(d) **Voting Deadline and Solicitation Agent**. The Debtors have engaged Prime Clerk LLC, as solicitation and voting agent (the "***Solicitation Agent***"), to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE SOLICITATION AGENT AT THE ADDRESS SET FORTH BELOW OR ELECTRONICALLY RECEIVED IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE BALLOT ON OR BEFORE 4:00 P.M. (PREVAILING EASTERN TIME) ON FEBRUARY 6, 2018 (THE "VOTING DEADLINE"), UNLESS EXTENDED BY THE DEBTORS.**

If a Ballot is damaged or lost, you may contact the Solicitation Agent to receive a replacement Ballot. **Any Ballot that is executed and returned but which does not indicate a vote for acceptance or rejection of the Plan will not be counted.** If you have any questions concerning the voting procedures, you may contact the Solicitation Agent at:

TK Holdings Inc. Ballot Processing,
c/o Prime Clerk LLC
850 Third Avenue, Suite 412
Brooklyn, NY 11232,
Email: takataballots@primeclerk.com or
Phone (Toll-Free): (844) 822-9229
Phone (if calling from outside the U.S. or Canada): (347) 338-6502

Copies of the Disclosure Statement are also available on the Solicitation Agent's website (the "***Case Website***"), www.TKRestructuring.com**.**

(e) **Parties Entitled to Vote**. Under the Bankruptcy Code, only holders of Claims or interests in "impaired" classes are entitled to vote on a plan. Under section 1124 of the Bankruptcy Code, a class of Claims or interests is deemed to be "impaired" under a plan unless: (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or interest entitles the holder thereof; or (ii) notwithstanding any legal right to an accelerated payment of such Claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims that cast ballots for acceptance or rejection of the plan. As set forth below, the Claims in Class 3 (Mexico Class Action Claims and Mexico Labor Claims), Class 4 (OEM Unsecured Claims), Class 5 (PSAN PI/WD Claims), and Class 6 (Other General Unsecured Claims) are impaired and entitled to vote to accept or reject the Plan (the "***Voting Classes***").

(f) **Voting Procedures**. All Ballots must be manually or electronically signed by the holder of record of the Claim or such holder's authorized signatory and comply with the procedures set forth in the Approval Order. As set forth in the Approval Order, unless

otherwise ordered by the Bankruptcy Court, your Ballot will not be counted if you fail to comply with the Solicitation and Voting Procedures, including by: (i) failing to indicate on the Ballot whether you vote to accept or reject the Plan; (ii) marking on the Ballot that you both accept and reject the Plan; (iii) returning your Ballot to the Solicitation Agent after the Voting Deadline; (iv) returning a Ballot that is illegible or that contains insufficient information to permit the identification of the claimant; (v) returning a Ballot that is not manually or electronically signed, (vi) transmitting a Ballot to the Solicitation Agent by a means not specifically permitted under the Solicitation and Voting Procedures as approved by the Approval Order. The Debtors, in their sole discretion, may request that the Solicitation Agent attempt to contact such voters to cure any defects in the Ballots.

Under the Bankruptcy Code, for purposes of determining whether the requisite votes for acceptance have been received, only holders of Claims within the Voting Classes who actually vote will be counted. The failure of a holder to timely deliver a duly executed Ballot to the Solicitation Agent will be deemed to constitute an abstention by such holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another, acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit a separate Ballot for each Eligible Holder for whom they are voting.

UNLESS THE BALLOT IS SUBMITTED TO THE SOLICITATION AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; PROVIDED, HOWEVER, THAT THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST THE BANKRUPTCY COURT TO ALLOW SUCH BALLOT TO BE COUNTED.

2.4 ***Confirmation Hearing and Objection Deadline***

(a) **The Confirmation Hearing**. The hearing on confirmation of the Plan (the "***Confirmation Hearing***") will be held before the Honorable Brendan L. Shannon, Chief United States Bankruptcy Judge, in Courtroom #1 of the United States Bankruptcy Court for the District of Delaware, 824 Market Street N., Wilmington, Delaware, on **February 13, 2018 at 10:00 a.m. (Prevailing Eastern Time)**, or as soon thereafter as counsel may be heard. The Confirmation Hearing may be adjourned from time to time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned confirmation hearing.

(b) **The Plan Objection Deadline**. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed on or before **February 6, 2018 at 4:00 p.m. (Prevailing Eastern Time)** (the "***Plan Objection Deadline***"). Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of the Claims held or asserted by the objector against the Estates, the basis for the objection and the specific grounds therefore, and

must be filed with the Bankruptcy Court, with a copy to the chambers of the Honorable Brendan L. Shannon, together with proof of service thereof, and served upon the following parties (by regular or electronic mail), including such other parties as the Bankruptcy Court may order:

Debtors TK Holdings Inc. 2500 Takata Drive Auburn Hills, Michigan 48326 Attn: Keith Teel, Esq. (keith.teel@takata.com)	***Office of the U.S. Trustee*** Office of the U.S. Trustee for the District of Delaware 844 King Street, Suite 2207, Lockbox 35 Wilmington, Delaware 19899 Attn: David Buchbinder, Esq. (david.l.buchbinder@ust.doj.gov) Jane Leamy, Esq. (jane.m.leamy@ust.doj.gov)
Counsel to the Debtors Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 Attn: Marcia L. Goldstein, Esq. (marcia.goldstein@weil.com) Ronit J. Berkovich, Esq. (ronit.berkovich@weil.com) Matthew P. Goren, Esq. (matthew.goren@weil.com)	***Counsel to the Creditors' Committee*** Milbank, Tweed, Hadley & McCloy LLP 28 Liberty Street New York, New York 10005 Attn: Dennis F. Dunne, Esq. (ddunne@milbank.com) Abhilash M. Raval, Esq. (araval@milbank.com) Tyson Lomazow, Esq. (tlomazow@milbank.com) Mary Reidy Doheny, Esq. (mdoheny@milbank.com)
Co-Counsel to the Debtors Richards, Layton & Finger, P.A. 920 N. King Street Wilmington, Delaware 19801 Attn: Mark D. Collins, Esq. (collins@rlf.com) Michael J. Merchant, Esq. (merchant@rlf.com)	***Counsel to the Tort Claimants' Committee*** Pachulski Stang Ziehl & Jones LLP 919 North Market Street, 17th Floor P.O. Box 8705 Wilmington, Delaware 19899 Attn: Laura Davis Jones, Esq. (ljones@pszjlaw.com) James I. Stang, Esq. (jstang@pszjlaw.com) Dean A. Ziehl, Esq. (dziehl@pszjlaw.com) David M. Bertenthal, Esq. (dbertenthal@pszj.com)
Counsel to the Plan Sponsor Skadden, Arps, Slate, Meagher & Flom LLP 155 N. Wacker Drive Chicago, IL 60606-1720 Attn: Ron E. Meisler, Esq. (ron.meisler@skadden.com) Felicia Gerber Perlman, Esq. (felicia.perlman@skadden.com)	***Counsel to the Future Claims' Representative*** Frankel Wyron LLP 2101 L Street, NW Suite 800 Washington, DC 20037 Attn: Richard H. Wyron, Esq. (rwyron@frankelwyron.com)

Counsel to the Consenting OEMs Morris, Nichols, Arsht & Tunnell LLP 1201 N. Market Street Wilmington, DE 19899-1347 Attn: Derek C. Abbott, Esq. (dabbott@mnat.com)	

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

2.5 *Summary Table of Classification and Treatment of Claims and Interests Under the Plan*

Pursuant to the provisions of the Bankruptcy Code, only those holders of claims or interests in classes that are impaired under a plan of reorganization and that are not deemed to have rejected the plan are entitled to vote to accept or reject such proposed plan. Classes of claims or interests in which the holders of claims are unimpaired under a proposed plan are presumed to have accepted such proposed plan and are not entitled to vote to accept or reject the Plan. Classes of claims or interests in which the holders of claims receive no distribution under a proposed plan are deemed to have rejected such proposed plan and are not entitled to vote to accept or reject the Plan.

The following table (the "***Treatment Table***") summarizes: (i) the treatment of Claims and Interests under the Plan; (ii) which Classes are impaired by the Plan; (iii) which Classes are entitled to vote on the Plan; and (iv) the estimated recoveries for holders of Claims and Interests.[35] The table is qualified in its entirety by reference to the full text of the Plan. For a more detailed summary of the terms and provisions of the Plan, *see* Section VI – Summary of the Plan below.

Further, the estimated recoveries set forth in the Treatment Table are based upon estimated claim amounts that could vary significantly. Many of these estimated claim amounts incorporate litigation claims which are in their preliminary stages and can only be estimated by using broad ranges. The resolution and/or estimation of these claims for distribution purposes could have a material effect on the estimated recoveries set forth in the Treatment Table.

[35] Certain parties in interest have objected to the proposed classification of Claims under the Plan and may object to such classification and treatment in connection with the Confirmation Hearing.

Class[36]	Type of Claim or Interest	Treatment	Impairment	Entitled to Vote	Estimated Percentage Recovery[37]	Estimated Claims
Class 1(a)	Other Secured Claims[38] against TKAM	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKAM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TKAM shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 1(b)	Other Secured Claims against TKF	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKF are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TKF shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy	Unimpaired	No (Presumed to Accept)	100%	$0

[36] Pursuant to section 3.3 of the Plan, any Class that, as of the commencement of the Confirmation Hearing, does not have at least one holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

[37] Estimated percentage recoveries do not account for potentially available proceeds from Insurance Policies, any PSAN PI/WD Top-Up Amounts, or any amounts that may be redistributed to certain Classes after the Effective Date to the extent that any of the Funds or Reserves are over-funded.

[38] "***Other Secured Claims***" means any Secured Claim against a Debtor other than a Priority Tax Claim or an Adequate Protection Claim.

		Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.				
Class 1(c)	Other Secured Claims against TKC	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TKC are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TKC shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 1(d)	Other Secured Claims against the TKH Debtors[39]	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against the TKH Debtors are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against the TKH Debtors shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment	Unimpaired	No (Presumed to Accept)	100%	$0[40]

[39] "***TKH Debtors***" means TKH, TPS, IIF, TKMI, TKML, and TKHM.

[40] This estimate is based upon amounts reflected in the Debtors' books and records as of the Petition Date. The Debtors continue to reconcile asserted claims. The Debtors note that Comerica Bank has asserted a $777,956.49 secured claim against TKH, including for certain contingent and non-contingent reimbursement obligations [Claim No. 2735]. This asserted secured claim, if Allowed, will not change the Estimated Percentage Recovery for Class 1(d).

		as may be necessary to render such Claim Unimpaired.				
Class 1(e)	Other Secured Claims against IIM	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against IIM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against IIM shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 1(f)	Other Secured Claims against TDM	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against TDM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Secured Claim against TDM shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 1(g)	Other Secured Claims against SMX	The legal, equitable, and contractual rights of the holders of Allowed Other Secured Claims against SMX are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to different treatment, on the Effective Date or as soon as reasonably	Unimpaired	No (Presumed to Accept)	100%	$0

		practicable thereafter, each holder of an Allowed Other Secured Claim against SMX shall receive, on account of such Allowed Claim, (i) payment in full in Cash in accordance with section 506(a) of the Bankruptcy Code, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other treatment as may be necessary to render such Claim Unimpaired.				
Class 2(a)	Other Priority Claims[41] against TKAM	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKAM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TKAM shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 2(b)	Other Priority Claims against TKF	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKF are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TKF shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	$0

[41] "***Other Priority Claims***" means any Claim other than an Administrative Expense Claim, an Adequate Protection Claim, or a Priority Tax Claim that is entitled to priority of payment as specified in section 507(a) of the Bankruptcy Code.

Class 2(c)	Other Priority Claims against TKC	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TKC are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TKC shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 2(d)	Other Priority Claims against the TKH Debtors	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against the TKH Debtors are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against the TKH Debtors shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 2(e)	Other Priority Claims against IIM	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against IIM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against IIM shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of	Unimpaired	No (Presumed to Accept)	100%	$0

		section 1129(a)(9) of the Bankruptcy Code.				
Class 2(f)	Other Priority Claims against TDM	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against TDM are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against TDM shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 2(g)	Other Priority Claims against SMX	The legal, equitable, and contractual rights of holders of Allowed Other Priority Claims against SMX are unaltered by the Plan. Except to the extent that a holder of an Allowed Other Priority Claim agrees to different treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim against SMX shall receive, on account of such Allowed Claim, (i) payment in full in Cash or (ii) such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired	No (Presumed to Accept)	100%	$0
Class 3(a)	Mexico Class Action Claims[42] and Mexico	Unless otherwise agreed, holders of Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against IIM shall	Impaired	Yes	1.0% – 76.9%	$2.9 million – $229.9 million [44]

[42] "***Mexico Class Action Claims***" means Claims based on the class action brought by Acciones Colecctivas de Sinaloa, A.C. against TDM, IIM, TKH, and others before the Ninth Federal Judge in the state of Sinaloa, Mexico, captioned *ACS v. Takata de México, S.A. de C.V. et al*, Acción colectiva 95/2016.

[44] The estimated amount of Claims for Class 3(a) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

	Labor Claims[43] against IIM	receive their Pro Rata Share of the amounts separately reserved for such Claims in the IIM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.				
Class 3(b)	Mexico Class Action Claims and Mexico Labor Claims against TDM	Unless otherwise agreed, holders of Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against TDM shall receive their Pro Rata Share of the amounts separately reserved for such Claims in the TDM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.	Impaired	Yes	4.7% – 100%	$2.6 million – $229.6 million [45]
Class 4(a)	OEM Unsecured Claims[46] against the TKH Debtors	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against the TKH Debtors shall receive its Pro Rata Share of the TKH Available Cash allocated to the TKH OEM Fund; *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 Debtors shall be Allowed for distribution	Impaired	Yes	0.1% – 0.4%	$15.2 billion – $50.5 billion

[43] "***Mexico Labor Claims***" means Claims asserted by current and former employees of IIM and TDM arising from or related to their employment with either IIM or TDM.

[45] The estimated amount of Claims for Class 3(b) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

[46] "***OEM Unsecured Claims***" means an OEM Claim, to the extent unsecured or treated as an unsecured Claim under the Plan. An "OEM Claim" means any Claim of an OEM (including, but not limited to, a Claim related to tooling, engineering, development, design, and other services) arising from or relating to a Takata product, including, but not limited to, any product consisting of or containing a non-desiccated or desiccated PSAN Inflator, developed, designed, manufactured, stored, transported, disposed of, sold, supplied, distributed, or supported by Takata prior to the Petition Date. For the avoidance of doubt, the term "OEM Claim" (x) shall not include the DOJ Restitution Claim and (y) shall include the Adequate Protection Claims.

		purposes in the aggregate amount of $36,645,862,823.[47]				
Class 4(b)	OEM Unsecured Claims against IIM	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against IIM shall receive its Pro Rata Share of the IIM Available Cash allocated to the IIM OEM Fund; *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 Debtors shall be Allowed for distribution purposes in the aggregate amount of $36,645,862,823.	Impaired	Yes	0% – <0.1%	$15.2 billion – $46.8 billion
Class 4(c)	OEM Unsecured Claims against TDM	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against TDM shall receive its Pro Rata Share of the TDM Available Cash allocated to the TDM OEM Fund; *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 Debtors shall be Allowed for distribution purposes in the aggregate amount of $36,645,862,823.	Impaired	Yes	0% – <0.1%	$15.2 billion – $46.8 billion
Class 4(d)	OEM Unsecured Claims against SMX	Unless otherwise agreed, each holder of an Allowed OEM Unsecured Claim against SMX shall receive its Pro Rata Share of the SMX Available Cash	Impaired	Yes	0% – <0.1%	$15.2 billion – $46.8 billion

[47] The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimate provided herein is subject to change. For the avoidance of doubt, only the portion of the OEM Claims constituting OEM Unsecured Claims (and not Adequate Protection Claims or Consenting OEM PSAN Cure Claims) shall be subject to treatment, including for distribution purposes, as Class 4 Claims against each of the TKH Debtors, IIM, SMX, and TDM.

		allocated to the SMX OEM Fund; *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 Debtors shall be Allowed for distribution purposes in the aggregate amount of $36,645,862,823.				
Class 5(a)	PSAN PI/WD Claims[48] against the TKH Debtors	This Class consists of holders of Allowed PSAN PI/WD Claims against the TKH Debtors. On the Effective Date, liability for all PSAN PI/WD Claims against the TKH Debtors shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against the TKH Debtors shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against the TKH Debtors are, subject to	Impaired	Yes	0.1% – 0.4%	$1.05 billion[49]

[48] "***PSAN PI/WD Claim***" means, with respect to any Claim asserted against the Debtors or alleged against the Protected Parties other than the Participating OEMs, any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition, including on or after the Closing Date.

[49] Section 5.9 herein provides additional details regarding the methodology for estimating the PSAN PI/WD Claims. The Consenting OEMs have not reviewed, endorsed, or accepted the estimate of PSAN PI/WD Claims set forth herein and in section 5.9. Such estimate shall not be binding on the Consenting OEMs in any respect, and the Consenting OEMs reserve all rights to challenge, contest or object to such estimate in these Chapter 11 Cases, in any other litigation or proceeding, or otherwise.

		the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.				
Class 5(b)	PSAN PI/WD Claims against IIM	This Class consists of holders of Allowed PSAN PI/WD Claims against IIM. On the Effective Date, liability for all PSAN PI/WD Claims against IIM shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against IIM shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against IIM are, subject to the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may	Impaired	Yes	0% – <0.1%	$0 – $1.05 billion

		not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.				
Class 5(c)	PSAN PI/WD Claims against TDM	This Class consists of holders of Allowed PSAN PI/WD Claims against TDM. On the Effective Date, liability for all PSAN PI/WD Claims against TDM shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against TDM shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against TDM are, subject to the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the	Impaired	Yes	0% – <0.1%	$0 – $1.05 billion

		PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.				
Class 5(d)	PSAN PI/WD Claims against SMX	This Class consists of holders of Allowed PSAN PI/WD Claims against SMX. On the Effective Date, liability for all PSAN PI/WD Claims against SMX shall be assumed by the PSAN PI/WD Trust without further act or deed and shall be satisfied from the PSAN PI/WD Trust as set forth in the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Pursuant to the Channeling Injunction established pursuant to section 10.7 of the Plan, each holder of a PSAN PI/WD Claim against SMX shall have its Claim permanently channeled to the PSAN PI/WD Trust, and such PSAN PI/WD Claim shall thereafter be asserted exclusively against the PSAN PI/WD Trust and resolved in accordance with the terms, provisions, and procedures of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP. Holders of PSAN PI/WD Claims against SMX are, subject to the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, enjoined from filing any future litigation, Claims, or Causes of Action arising out of or related to such PSAN PI/WD Claims against the Debtors or any of the Protected Parties, and may not proceed in any manner against the Debtors or any of the Protected Parties in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their PSAN PI/WD Claims against the PSAN PI/WD Trust solely as provided in the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.	Impaired	Yes	0% – <0.1%	$0 – $1.05 billion
Class 6(a)	Other General Unsecured	This Class consists of holders of Allowed Other General Unsecured Claims against	Impaired	Yes	0%	$0

	Claims[50] against TKAM	TKAM. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TKAM, if any, shall receive its Pro Rata Share of the TKAM Available Cash up to the full amount of such Allowed Other General Unsecured Claim.				
Class 6(b)	Other General Unsecured Claims against TKF	This Class consists of holders of Allowed Other General Unsecured Claims against TKF. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TKF, if any, shall receive its Pro Rata Share of the TKF Available Cash up to the full amount of such Allowed Other General Unsecured Claim.	Impaired	Yes	0%	$0
Class 6(c)	Other General Unsecured Claims against TKC	This Class consists of holders of Allowed Other General Unsecured Claims against TKC. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TKC, if any, shall receive its Pro Rata Share of the TKC Available Cash up to the full amount of such Allowed Other General Unsecured Claim.	Impaired	Yes	0%	$3.5 million
Class 6(d)	Other General Unsecured Claims	This Class consists of holders of Allowed Other General Unsecured Claims against the TKH Debtors. Unless otherwise agreed, each holder of an	Impaired	Yes	0.1% – 0.4%	$272 million – $3.6 billion[51]

[50] "***Other General Unsecured Claim***" means any unsecured Claim against the Debtors not entitled to priority of payment under section 507(a) of the Bankruptcy Code, other than an OEM Unsecured Claim, a PSAN PI/WD Claim, or any Claim assumed by the Plan Sponsor under the U.S. Acquisition Agreement. Other General Unsecured Claims include, but are not limited to, any Claim brought by a State or Territory of the United States, any Economic Loss Claim, any Other PI/WD Claim, any antitrust class action Claims, any Intercompany Claims, and any Mexico Class Action Claims solely as against TKH.

To the extent that an Other General Unsecured Claim or a portion of such Claim is subordinated under the Bankruptcy Code or other applicable law, such Claim or the applicable portion thereof shall be treated as a Subordinated Claim in accordance with Class 8 herein.

[51] The estimated amount of Claims for Class 6(d) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

	against the TKH Debtors	Allowed Other General Unsecured Claim against the TKH Debtors shall receive its Pro Rata Share of the TKH Available Cash Allocated to the TKH Other Creditors Fund.				
Class 6(e)	Other General Unsecured Claims against IIM	This Class consists of holders of Allowed Other General Unsecured Claims against IIM. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against IIM shall receive its Pro Rata Share of the IIM Available Cash Allocated to the IIM Other Creditors Fund.	Impaired	Yes	0% – <0.1%	$20 million – $2.0 billion[52]
Class 6(f)	Other General Unsecured Claims against TDM	This Class consists of holders of Allowed Other General Unsecured Claims against TDM. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against TDM shall receive its Pro Rata Share of the TDM Available Cash Allocated to the TDM Other Creditors Fund.	Impaired	Yes	0% – <0.1%	$26 million – $2.0 billion[53]
Class 6(g)	Other General Unsecured Claims against SMX	This Class consists of holders of Allowed Other General Unsecured Claims against SMX. Unless otherwise agreed, each holder of an Allowed Other General Unsecured Claim against SMX shall receive its Pro Rata Share of the SMX Available Cash Allocated to the SMX Other Creditors Fund.	Impaired	Yes	0% – <0.1%	$42 million – $2.0 billion[54]

[52] The estimated amount of Claims for Class 6(e) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

[53] The estimated amount of Claims for Class 6(f) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

[54] The estimated amount of Claims for Class 6(g) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from one percent (1%) to one hundred percent (100%) of the amount asserted by the plaintiffs in these litigations.

Class 7(a)	Intercompany Interests[55] in TKAM	After consummation of the Restructuring Transactions, any Intercompany Interest in TKAM shall be cancelled. Each holder of an Intercompany Interest in TKAM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *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.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(b)	Intercompany Interests in TKF	After consummation of the Restructuring Transactions, any Intercompany Interest in TKF shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in TKF shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *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.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(c)	Intercompany Interests in TKC	After consummation of the Restructuring Transactions, any Intercompany Interest in TKC shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of	Impaired	No (Deemed to Reject)	0%	N/A

[55] "***Intercompany Interests***" means an Interest in a Debtor held by another Debtor or an affiliate of a Debtor or an Interest in an affiliate of a Debtor held by a Debtor.

		the Plan. Each holder of an Intercompany Interest in TKC shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *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.				
Class 7(d)	Intercompany Interests in the TKH Debtors	In each case after consummation of the Restructuring Transactions, any Intercompany Interests in TKH shall be cancelled and any Intercompany Interests in the TKH Debtors, other than TKH, shall be cancelled only when such Debtors are dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in the TKH Debtors shall neither receive nor retain any property or interest in property on account of such Intercompany Interest.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(e)	Intercompany Interests in IIM	After consummation of the Restructuring Transactions, any Intercompany Interest in IIM shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in IIM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *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	Impaired	No (Deemed to Reject)	0%	N/A

		Cash in accordance with section 5.13 of the Plan.				
Class 7(f)	Intercompany Interests in TDM	After consummation of the Restructuring Transactions, any Intercompany Interest in TDM shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in TDM shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *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.	Impaired	No (Deemed to Reject)	0%	N/A
Class 7(g)	Intercompany Interests in SMX	After consummation of the Restructuring Transactions, any Intercompany Interest in SMX shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.13 of the Plan. Each holder of an Intercompany Interest in SMX shall neither receive nor retain any property or interest in property on account of such Intercompany Interest; *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.	Impaired	No (Deemed to Reject)	0%	N/A
Class 8(a)	Subordinated Claims	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against	Impaired	No (Deemed to Reject)	0%	$0

	against TKAM	TKAM shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TKAM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.				
Class 8(b)	Subordinated Claims against TKF	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKF shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TKF and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	$0
Class 8(c)	Subordinated Claims against TKC	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TKC shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TKC and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	$0
Class 8(d)	Subordinated Claims against the TKH Debtors	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against the TKH Debtors shall not receive or retain any property under the Plan on account of such Claims, and the obligations of the TKH Debtors and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	$0 – $12.8 billion[56]

[56] The estimated amount of Claims for Class 8(d) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

Class 8(e)	Subordinated Claims against IIM	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against IIM shall not receive or retain any property under the Plan on account of such Claims, and the obligations of IIM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	$0 – $7.6 billion[57]
Class 8(f)	Subordinated Claims against TDM	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against TDM shall not receive or retain any property under the Plan on account of such Claims, and the obligations of TDM and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	$0 – $7.6 billion[58]
Class 8(g)	Subordinated Claims against SMX	Subordinated Claims are subordinated pursuant to the Plan and section 510 of the Bankruptcy Code. The holders of Subordinated Claims against SMX shall not receive or retain any property under the Plan on account of such Claims, and the obligations of SMX and the Reorganized Debtors on account of Subordinated Claims shall be discharged.	Impaired	No (Deemed to Reject)	0%	$0 – $7.6 billion[59]

[57] The estimated amount of Claims for Class 8(e) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

[58] The estimated amount of Claims for Class 8(f) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

[59] The estimated amount of Claims for Class 8(g) includes certain litigation Claims which are contingent, disputed, and unliquidated. The amounts estimated for these litigation Claims are not an assessment of potential liability, but, rather, a range from zero to the Debtors' estimate of the maximum amount that could be recovered by the plaintiffs in these litigations.

2.6 ***Confirmation under Section 1129(b)***

If a Class of Claims is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Plan in accordance with the terms thereof and the Bankruptcy Code.[60] If a controversy arises as to whether any Claims or Interests, or any class of Claims or Interests, are impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date. Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the rejection of such plan by one or more impaired classes of claims or interests. Under section 1129(b), a plan may be confirmed by a bankruptcy court if it does not "discriminately unfairly" and is "fair and reasonable" with respect to each rejecting class. A more detailed description of the requirements for confirmation of a nonconsensual plan is set forth in Section XI of this Disclosure Statement.

III. OVERVIEW OF THE DEBTORS' OPERATIONS

3.1 ***Overview of the Debtors' Businesses***

Takata is one of the world's leading automotive safety systems companies, supplying nearly all the world's major OEMs with a product range that includes seat belts and airbag systems, as well as steering wheels, child restraint systems, and electronic devices such as satellite sensors and electronic control units. Founded in 1933 as a textile company in Shiga Prefecture, Japan, Takata began to focus on automotive safety systems in the early 1950s. Over the following decades, Takata became a leader in automotive safety systems and expanded around the world. Indeed, Takata has been and continues to be recognized for its high quality manufacturing by its Customers, as well as by third-party organizations. This is evidenced not only by the Takata's receipt of over two hundred and fifty (250) awards for research and development, safety, quality, and delivery, but also by its strong and long-standing relationships with its Customers. Many of Takata's Customers have had business relationships with Takata for over fifty (50) years.

Since bringing Japan's first seat belt to the market in 1960, Takata has been driven by the pursuit of safety. Significantly, Takata was responsible for being the first to market a number of innovative and revolutionary advances in automotive safety including the following:

- 1960: First in Japan to commercialize two-point seat belts;
- 1962: First in Japan to conduct public seat belt crash tests;
- 1977: First in Japan to commercialize child restraint systems;
- 1980: First in the world to commercialize driver airbag modules;
- 1996: First in Japan to commercialize force limiter seat belts;
- 2005: First in the world to commercialize twin airbag systems;
- 2006: First in the world to commercialize motorcycle airbags;
- 2010: First in the world to commercialize safety airbelts;

[60] Amendments to the Plan are subject to the consent of the Consenting OEMs and the Plan Sponsor pursuant to section 1.4 of the Plan and the U.S. RSA.

- 2012: First in the world to commercialize front center airbags; and
- 2013: First in the world to commercialize D-shape curtain airbag technology.

Takata first expanded outside of Japan in the 1980s and is now a multinational corporation. As of the Petition Date, Takata operates more than fifty (50) manufacturing plants and research & development centers in over twenty (20) countries on five (5) continents. The Debtors operate eleven (11) different production, testing, and other sales and administration facilities. For management purposes, Takata's global operations are grouped into four (4) regions: Japan, Asia (excluding Japan), the Americas, and EMEA (Europe, the Middle East, and Africa). A detailed summary of Takata's current organizational structure is attached hereto as **Exhibit G-1** (the "***Global Organizational Chart***")[61]. Takata is one of the most vertically integrated manufacturers in the global automotive safety industry, manufacturing many of the Component Parts of its automotive safety products in-house, and the Debtors and their direct and indirect subsidiaries provide Component Parts and services to the entire Takata enterprise.

For the twelve (12) months ended March 31, 2017, the audited and consolidated financial statements of TKJP and its Debtor and non-Debtor subsidiaries reflected total sales of approximately $6.1 billion and a net loss of approximately $733.8 million. As of March 31, 2017, the consolidated financial statements of the Debtors and their direct and indirect subsidiaries reflected total sales of approximately $2.0 billion and a net loss of approximately $340 million. Accordingly, the Debtors and their direct and indirect subsidiaries account for approximately thirty-three percent (33%) of Takata's global sales.

As of March 31, 2017, Takata's audited and consolidated financial statements reflected assets totaling approximately $3.9 billion and liabilities totaling approximately $3.7 billion, and the consolidated financial statements of the Debtors and their direct and indirect non-Debtor subsidiaries reflected assets totaling approximately $1.7 billion and liabilities totaling approximately $1.6 billion.

3.2 ***Operating Segments***

Takata's product range encompasses a broad spectrum of passive and active automotive safety technology, including seat belts, airbag systems, steering wheels, and other electronic devices. For the 2016 fiscal year, Takata's sales by product category were as follows: airbag systems (36%), seat belts (34%), steering wheels (17%), and other products (14%), including electronics and child seats. Each of these product groups as well as Takata's non-automotive safety and research and development segments are discussed in further detail below.

(a) **Airbag Systems**

In 1976, Takata became the first company in Japan to begin research and development related to airbags. Takata commercialized the world's first driver airbags in 1980, which were supplied to Daimler Benz for use in its S-Class model. In 1983, in connection with a safety campaign sponsored by the U.S. Department of Transportation, Takata supplied eight hundred (800) airbags to various U.S. institutions, including police agencies. Since then, Takata

[61] Annexed to the Global Organizational Chart as **Exhibit G-2** is a list of all non-Debtor affiliates.

has continued to enhance its capabilities in the development, design, and production of airbag systems and products, from airbag textiles to hazard detection control units and inflator technology. Today, Takata is one of the few manufacturers of airbags with fully integrated development, design, and manufacturing capabilities for airbag systems.

In addition to driver and passenger airbags, side airbags, curtain airbags, and knee airbags that protect the legs of front seat occupants, Takata has commercialized innovative products such as the D-shape curtain airbag, which protects the head region and helps prevent passenger ejection, and the Front Center Airbag, which inflates between the left and right seats and serves as an energy absorbing cushion between the driver and front seat passenger in both near and far side-impact crashes. In 2013, Takata launched the world's first driver-side airbag with Flexible Venting Technology (FVT), which incorporates a "smart" pressure control mechanism that allows the air vent to be controlled by the airbag itself, rather than via sensors on the vehicle. Takata develops, designs, and produces airbag systems and certain related Component Parts, including the inflator and inflator propellant, in-house.[62]

Takata's airbag systems are produced and tested in over thirty-two (32) of Takata's plants, eight (8) of which are operated by the Debtors and/or their direct and indirect non-Debtor subsidiaries.

(b) **Seat Belts**

Since commercializing Japan's first seat belt in 1960, Takata has continued to improve the effectiveness and comfort of seat belts through innovation in areas such as textiles and weaving technology. Takata's seat belt business includes driver, passenger, and rear seat belts. In 2010, Takata became the first company in the world to commercialize the airbelt, a new type of seat belt that inflates like an airbag in the event of a collision. Recently, Takata modified its motorized seat belt to provide enhanced comfort and safety. In addition to tightening automatically to restrain vehicle occupants when pre-crash sensors detect risk of collision, the new comfort function reduces the pressure exerted by the seat belt during normal driving, while holding vehicle occupants in position during sudden braking or sharp turns. Takata has also developed a state-of-the-art inkjet printing technology that allows Takata to create seat belt webbing with patterns, words, or logos in a variety of colors. Takata develops, designs, and produces seat belt systems and products, including webbing, in-house, as well as sourcing from third parties. Takata's seat belts are produced or tested in at least twenty-eight (28) of Takata's plants, including seven (7) plants operated by the Debtors' and/or their direct and indirect non-Debtor subsidiaries.

(c) **Steering Wheels**

Takata's fully integrated steering wheel development and production system encompasses a variety of processes, from die-cast magnesium inner frames to leather wrapping, switching systems, and final assembly. Ongoing innovations, such as Takata's vacuum folding technology, have reduced the size of some driver airbags in Takata's product line-up, and introduced new features for safety and comfort. This has enabled interior designers to explore

[62] Takata also relies on certain third parties for inflator propellant.

new opportunities to enhance the driving environment and differentiate their vehicles for the needs of each market and consumer segment. Takata has recently introduced the vibration steering wheel, featuring a unit inside the spoke of the wheel that vibrates to notify the driver of potential dangers such as inadvertent lane departure, traveling too close to the car in front, over-acceleration, and falling asleep at the wheel.

Takata's production and testing of steering wheels occupies approximately seventeen (17) of Takata's plants, including at least two (2) plants which are operated by the Debtors and/or their direct and indirect non-Debtor subsidiaries.

(d) **Other Automotive Safety Products**

This category of Takata's products includes electronic devices such as vehicle occupant sensors, collision sensors, electronic control units (ECUs) for controlling airbag inflation, and child restraint systems. In today's automobiles, sophisticated electronics form part of nearly every automotive safety feature and enable the integration of multiple passive and active safety functions to enhance total safety system effectiveness. In addition to the use of electronics in conventional safety systems such as airbags and seat belt pretensioners, active pre-crash safety systems have opened up new realms of possibilities in safety, with highly developed sensors being used to identify hazards and help prevent accidents from occurring.

(e) **Non-Automotive Safety Products**

In addition to Takata's automotive safety operations, Takata, including certain of TKH's non-Debtor subsidiaries, operates certain non-automotive safety business lines, including webbing fabrics and cushions, and non-automotive products, including school bus seats. As of the Petition Date, Takata's non-automotive safety business includes Highland Industries, Inc. ("***Highland***") and Syntec Seating Solutions LLC ("***Syntec***"), each of which is a wholly-owned subsidiary of TKH and is not a Debtor in these Chapter 11 Cases. Highland manufactures and sells airbag fabric, composites, and textiles to TKH as well as to other automotive manufacturing companies. Syntec, acquired by Takata in 2012, manufactures safety systems (*e.g.*, seats and barriers) for school buses. The non-automotive safety business operates in six (6) independent facilities (Highland owns two (2) facilities and leases two (2) facilities and Syntec owns one (1) facility and leases one (1) facility).

(f) **Research & Development**

Takata conducts analyses from a number of different perspectives to understand the various types of crash configurations and scenarios in automobile accidents, including examining the causes of accidents, the seriousness of injuries as a result of a collision, and other related topics, with the aim of developing systems that protect people, and uses computational crash simulation and dynamic crash testing for safety system development.

Takata's research and development teams have also developed systems that help address dangerous driving situations by minimizing fatigue and making driving more pleasant and convenient. By developing sensors that look outside the vehicle, these systems can warn the driver in advance of potentially dangerous situations. In the event of an accident, Takata has developed systems which detect the magnitude of the collision and provide information on the

condition of the passengers that can be useful to rescuers. In addition, Takata has developed systems that can protect motorcyclists, bicycle riders, and pedestrians.

For developing technology, Takata has established research and development centers in Japan, U.S., and Germany. Takata entities share their high-level technology and other accumulated information throughout the global enterprise.

(g) **Mexican Operations**

Takata's "Americas" region includes Takata's operations in Mexico. TKH indirectly owns six (6) entities incorporated in Mexico,[63] four (4) of which are maquiladoras (the "***Maquiladoras***")[64] that manufacture and assemble inflators, seatbelts, and steering wheels.[65] The Mexican operations primarily serve to support the production needs in the United States.

3.3 ***Debtors' Prepetition Ownership and Capital Structure***

(a) **Ownership Structure**

TKJP is a public company listed on the Tokyo Stock Exchange. On June 16, 2017, trading in the equity of TKJP was suspended upon media speculation of its impending insolvency proceeding. On July 27, 2017, following the commencement of the Japan Proceedings, the equity of TKJP was delisted. The Takada family continues to own a majority of the equity in TKJP. As reflected on the Global Organizational Chart, all of the Debtors are direct or indirect subsidiaries of TKJP and none of the Debtors are owned by third-party (*i.e.*, non-Takata) entities.

(b) **Funded Debt Obligations**

As of the Petition Date, the Debtors had no outstanding funded debt obligations. By contrast, as of the Petition Date, TKJP had outstanding funded debt obligations in an aggregate amount of approximately $590 million consisting of (i) approximately $320 million in principal amount of bank debt and (ii) approximately $269 million in principal amount of unsecured bonds. The bank lenders do not have any liens against TKJP's assets in connection with borrowed funds, but they do have the ability to offset borrowed funds against TKJP's deposit accounts under certain circumstances, including a payment default.

[63] These entities include TKHM, TDM, IIM, SMX, Falcomex S.A. de C.V. ("***Falcomex***"), and Equipo Automotriz Americana S.A. de. C.V. ("***Equipo***"). Of these six (6) entities, four (4) (TKHM, TDM, IIM, and SMX) are Debtors. The remaining two (2) entities are a Mexican holding company and a trading sales company that contracts for the sale of TKH's products to Mexican OEMs.

[64] A maquiladora generally refers to a Mexican corporation that is eligible for certain tax and customs benefits due to the fact that, among others, it develops products in Mexico using raw materials, machinery, and equipment primarily owned by a non-Mexican entity. Maquiladoras export all of their product and are owned, at least in part, by a foreign investor.

[65] The four (4) Maquiladoras are TDM, IIM, Falcomex, and Equipo.

In addition, three (3) of the Debtors' non-Debtor affiliates have outstanding bank debt obligations: (i) TAKATA Europe GmbH, in an aggregate amount of approximately $153 million,[66] (ii) Takata Rus LLC, in an aggregate amount of approximately $1 million, and (iii) Takata Brasil S.A., in an aggregate amount of approximately $13 million, in each case based on currency exchange rates as of November 15, 2017.

(c) **Trade Payables**

In the ordinary course of business, the Debtors incur fixed, liquidated, and undisputed payment obligations (the "***Trade Payables***") to various third-party providers of goods and services that facilitate the Debtors' business operations (the "***Trade Creditors***"). As set forth in the Caudill Declaration, the Debtors estimated that the aggregate amount of Trade Payables outstanding on the Petition Date was approximately $118 million. Upon further reconciliation and review of their books and records, the Debtors revised the estimated amount of prepetition Trade Payables to approximately $97 million, as reflected on the Schedules. As of the date hereof, the Debtors are authorized to pay amounts not to exceed approximately $80 million on account of prepetition Trade Payables in accordance with the relief granted by the Bankruptcy Court in the *Final Order Authorizing the Debtors to Pay Certain Prepetition Obligations of Critical Vendors* [Docket No. 445] and the *Final Order Authorizing the Debtors to (I) Pay Prepetition Obligations Owed to Certain Foreign Vendors and Lien Claimants and (II) Grant Administrative Status for Certain Goods Delivered to the Debtors Postpetition* [Docket No. 327]. To date, approximately $60 million of such $80 million has been paid. The Debtors, the Consenting OEMs, and the Plan Sponsor each have an interest in supporting a transaction that minimizes any disruption or impairment to the Debtors' Trade Creditors.

(d) **Intercompany Transactions**

In the ordinary course of business, the Debtors maintain business relationships between and among the Debtors and also with certain non-Debtor affiliates that generate intercompany receivables and payables (the "***Intercompany Claims***") from a variety of transactions, including intercompany services, reimbursement for shared business expenses, and intercompany loans (each, an "***Intercompany Transaction***"). The Intercompany Claims are tracked on a net basis on a schedule of intercompany balances. There are three (3) major categories of Intercompany Transactions: (i) transactions between and among the Debtors and U.S. affiliates, (ii) transactions between TKH and its indirect Mexican subsidiaries (both Debtor and non-Debtor), and (iii) transactions between the Debtors and their international affiliates, including TKJP.

As of the Petition Date, the Debtors owed, in the aggregate, approximately $43.6 million on account of Intercompany Claims (which reflected aggregate net amounts owed by the Debtors). In particular, as of the Petition Date, TKH owed TKJP $33.4 million in intercompany trade claims (which amount reflected aggregate net amounts owed by TKH), of which approximately $10 million related to goods delivered to the Debtors in the ordinary course within twenty (20) days of the Petition Date. In addition, TKH owed TKJP approximately $80 million

[66] Takata International Finance B.V. has provided a EUR $5 million guarantee to one of the bank lenders in connection with this loan.

in intercompany loans pursuant to two (2) separate intercompany loan agreements with TKJP: the first, dated March 31, 2016, in the amount of $30 million and the second, dated March 18, 2016, in the amount of $50 million.

On August 25, 2017, TKH filed a proof of claim in TKJP's Japan Proceeding asserting claims against TKJP in the aggregate amount of $1,741,688,355.14 and certain other unliquidated amounts, including on account of, among other things, intercompany trade payables, reimbursement, contribution, common law indemnity, allocation of liability, fraudulent transfer, preference and indemnification. Specifically, TKH's claims consist of various amounts, including the following: (a) approximately $31 million related to certain intercompany transactions; (b) approximately $235 million related to the obligations pursuant to the NHTSA Consent Order; (c) $975 million and certain unliquidated amounts related to TKJP's obligations pursuant to the Plea Agreement and the DOJ Restitution Order; (d) approximately $115 million related to recall related expenses paid by TKH to either TKJP or the OEMs; (e) approximately $56 million related to personal injury and settlement payments made by TKH with respect to PSAN personal injury claims and claims for injuries sustained from seatbelts and non-PSAN airbags, including claims in which a PSAN injury has not been confirmed; (f) unliquidated amounts for additional liabilities related to recall liabilities and expenses and personal injury, economic loss, lemon law and other tort claims, including the claims asserted by the OEMs against TKH in these Chapter 11 Cases; (g) unliquidated amounts related to damages resulting from TKH's Chapter 11 Case; and (h) approximately $318 million for payments made by TKH to TKJP in the year prior to the Petition Date. Also, in its proof of claim, TKH reserved its rights to assert, among other things, that claims of TKJP against TKH are subject to setoff pursuant to section 553 of the Bankruptcy Code or applicable Japanese law and that certain intercompany loans made by TKJP to TKH may be recharacterized as equity contributions.

On November 2, 2017, TKJP filed a Notice of Objection in the Japan Proceeding indicating that it objected to TKH's proof of claim in the Statement of Approval or Disapproval of the Rehabilitation Claims dated as of October 30, 2017. The Statement of Approval or Disapproval of the Rehabilitation Claims indicated the reason for disapproval as "nonexistence of claims." On December 13, 2017, in further support of its proof of claim and in response to the Notice of Objection, TKH filed a Petition of Assessment of Rehabilitation Claim (the "***Petition of Assessment***") in TKJP's Japan Proceeding. As of the date of hereof, TKH's proof of claim and the Petition of Assessment is pending in the Japan Proceeding.

Following the filing of the Petition of Assessment, the Tokyo District Court shall interrogate the objecting debtor (TKJP), typically by requiring the objecting debtor to file a written response. After the filing of such written response, the Tokyo District Court has broad discretion on how to proceed. The Tokyo District Court may rule immediately or request the parties to submit further rebuttal, or, if it deems appropriate, may delay ruling to afford the parties an opportunity to negotiate. TKH intends to pursue negotiations with TKJP regarding the parties' respective claims (including the proof of claim filed by TKJP against TKH in the Chapter 11 Cases, as described below) and a potential resolution of the same.

In the event that such negotiations are unsuccessful and the Tokyo District Court rules with regards to the claim, the party not satisfied with the ruling has one (1) month from the day on which such party received the service of the ruling to commence full and plenary

litigation with regards to the claim. There is a statutory fee associated with such litigation that is calculated based on the value of the "subject matter" of the lawsuit. As the Tokyo District Court shall determine the value of the subject matter on the basis of the estimated amount of repayment from the rehabilitation plan, there is some uncertainty as to how this fee would be calculated in this instance, but it could potentially be significant and therefore influence the parties' decisions on how to proceed.

On November 27, 2017, TKJP filed a proof of claim in the Chapter 11 Cases against TKH [Claim No. 3605] asserting liquidated Claims in the aggregate amount of $64,059,294,780.03, as well as unliquidated and contingent Claims.

Pursuant to the *Final Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Waiving The Requirements Of 11 U.S.C. 345(b)* [Docket No. 736] (the "***Cash Management Order***"), the Debtors were authorized to pay their intercompany trade claims on account of goods delivered in the twenty (20) days before the Petition Date owed to affiliates other than TKJP. Pursuant to the Cash Management Order, the Debtors will not pay, in advance of confirmation of a chapter 11 plan, any prepetition Intercompany Claims owed to TKJP for the sale of goods received by the Debtors in the twenty (20) days prior to the Petition Date.

3.4 ***Takata's Product Liability Insurance Program***

Beginning in 2001, Takata purchased a global program of claims made liability policies for products liability claims ("***PL Insurance***") providing worldwide coverage for TKJP and its subsidiaries. The PL Insurance was purchased on an annual basis, with each policy period beginning and ending at 12:01 a.m. on March 31 (Japan standard time). A coverage chart depicting Takata's global PL Insurance from March 31, 2009 through March 31, 2018 is attached hereto at **Exhibit H**.[67]

The PL Insurance policies generally define the "Named Insured" as Takata Corporation, as well as any subsidiary, associated, affiliated, or allied company or corporation (including subsidiaries thereof) owned or acquired by Takata Corporation.[68] Additionally, the PL Insurance policies, with the exception of the Local Policies (as defined herein), contain choice of law and choice of forum provisions stating that they shall be governed by and construed in accordance with the laws of Japan, and that any lawsuit arising out of or in connection with the policies shall be filed with a Japanese court of law. The Local Policies do not contain choice of law provisions.

[67] Although the first incident involving the rupture of a PSAN Inflator occurred in 2003, the first PSAN PI/WD Claim against TKH was made during the 2009-10 policy period.

[68] The 2015-16 and 2017-18 PL Insurance policies issued by Mitsui Sumitomo, described below, identify Takata Corporation as the Named Insured and do not otherwise define the Named Insured to include its subsidiaries or identify TKH as an additional Named Insured.

Subject to policy limits and other terms and conditions, the PL Insurance policies provide what is known as "claims made" coverage. Specifically, the PL Insurance policies include a statement that "[t]his is a claims made policy," or "this insurance provides claims made coverage," and contain insuring agreements that state "[t]his insurance applies to claims for 'bodily injury' . . . only if a claim for damages because of 'bodily injury' . . . is first made against any insured during the policy period," or similar language to that effect. With minor variations in language in different policies and policy years, the PL Insurance policies also provide that claims due to occurrences arising out of a common cause (i) are deemed to be a single claim and (ii) are either deemed to have been made at the time the first such claim was made or are deemed to be subject to the limits of the policy in place when the first such claim was made.[69]

The PL Insurance policies are subject to aggregate limits, such that each claim payment, including payment of defense costs, reduces the amount of coverage available under a responding policy regardless of the number of insureds seeking coverage, the number of claims against those insureds, or the number of "occurrences." Further, the global PL Insurance policies, which are subject to Japanese law, include provisions conforming to Japanese law stating that a claim for payment under the policies cannot be assigned or pledged without the insurer's consent. Consent to assign TKH's claims for payment under the PL Insurance to the PSAN PI/WD Trust, as provided in the Plan, has not been requested or obtained from Takata's insurers.

(a) **Pre-March 31, 2015 PL Insurance**

During the period between March 31, 2009 through March 31, 2015, Takata purchased $90 million in PL Insurance limits annually. TKH purchased underlying local policies to meet regulatory requirements (the "***Local Policies***"), but these policies did not increase the total available limits in any one year. Instead, the limits of the global PL Insurance were reduced on a dollar-for-dollar basis by the amount of the limits of the Local Polices.

Before the 2014-15 policy period, Takata purchased the global PL Insurance program entirely from AIU Insurance Company ("***AIU***"), an affiliate of American International Group ("***AIG***"), and TKH purchased the underlying Local Policies from other AIG affiliates.[70]

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[69] Illustratively, certain PL Insurance policies contain the following language: "It is hereby understood and agreed that all claims due to occurrences arising from the same cause shall be deemed to have been made at the time the first of those claims is made against the Named Insured." Other policies state as follows: "For the purpose of clarifying the limits of insurance, a claims series event, which means a series of two or more claims arising out of the same or common cause, including continuous, intermittent or repeated exposure to substantially the same general harmful conditions, shall be considered as arising out of one 'occurrence' regardless of the number of 'occurrences', even if such claims are made during different policy periods, and our total payment for such losses shall be limited to the same amount as the limits of insurance of the policy which applies to the first claim made for damages caused by such same or common cause."

[70] TKH purchased Local Policies from the Insurance Company of the State of Pennsylvania ("***ICSOP***") annually between March 31, 2010 through March 31, 2013 with aggregate limits of $4.5 million, $5 million, and $6 million for the 2010-11, 2011-12, and 2012-13 policy periods, respectively. The 2012-13 ICSOP policy was extended until May 3, 2013. TKH purchased a Local Policy from Commerce and Industry Insurance Company ("***CIIC***") with aggregate limits of $7 million for the period of May 3, 2013 to March 31, 2014. As noted above, the limits of the Local Policies replace the limits of the $15 million primary layer AIU policy dollar-for-dollar. The Local Policies

During the five-year period from March 31, 2009 to March 31, 2014, Takata annually purchased a tower of PL Insurance from AIU with limits totaling $90 million in three layers – a $15 million primary layer (reinsured by Takata's captive reinsurer, as described below), a $10 million excess layer, and a $65 million second excess layer.

For the 2014-15 policy period, Takata again purchased $90 million of PL Insurance, but for the first time the tower included PL Insurance issued by Tokio Marine & Nichido Fire Insurance Co., Ltd. ("***Tokio Marine***"). Specifically, the 2014-15 PL Insurance tower consisted of a $15 million primary layer issued by AIU (reinsured by Takata's captive reinsurer, as described below), a $15 million excess layer issued by Tokio Marine, a $40 million second excess layer issued by AIU, and a $20 million third excess layer issued by Tokio Marine. During this period, TKH purchased a Local Policy from CIIC with aggregate limits of $7 million.

(b) **Takata's Captive Reinsurance Program**

During the period from March 31, 2001 to March 31, 2015, a 99% quota share portion of the primary layer of PL Insurance policies issued to Takata by AIU was reinsured by one of two captive reinsurers. First, from March 31, 2001 through September 30, 2010, a 99% quota share portion of the primary layer was reinsured by Norfolk Reinsurance Company, Ltd-Cell 07 ("***Norfolk***"), a Bermuda captive. Second, from October 1, 2010 until March 31, 2015, a 99% quota share portion of the primary layer issued by AIU was reinsured by Takata Re ("***TKRI***"), a Vermont captive. Under a Novation Agreement effective June 2013, TKRI replaced Norfolk as the reinsurer for the March 31, 2001 through September 30, 2010 period.

(c) **Post-March 31, 2015 PL Insurance**

Beginning March 31, 2015, Takata ceased using a captive reinsurer and instead purchased high deductible coverage (the "***High Deductible Policies***"). For the 2015-16 and 2016-17 policy periods, Takata purchased a first layer PL Insurance policy from Tokio Marine with $35 million in aggregate limits, subject to a per occurrence deductible applicable to indemnity payments of $10 million and $20 million, respectively. The deductible, however, does not apply to defense costs. Takata purchased a second layer policy for the 2015-16 policy period from Mitsui Sumitomo ("***Mitsui***"), which provides $30 million in aggregate limits. This policy states that it applies "in excess of Limits of Liability per occurrence or in the aggregate afforded under the underlying" Tokio Marine policy. For the 2016-17 policy period, Takata purchased a second layer "quota share" policy from Mitsui (67%) and Aioi Nissay Dowa (33%), which provides $45 million in aggregate limits after exhaustion of a $55 million aggregate retention. For the 2017-18 policy period, Takata purchased a first layer "quota share" policy from Mitsui (67%) and Aioi Nissay Dowa (33%), with a $15 million per occurrence deductible (including defense costs) and $45 million in aggregate limits after exhaustion of the per occurrence deductible or a $55 million retention. Takata purchased a second layer policy for the

contain provisions stating that the insured's rights or duties under the policies may not be transferred without the insurer's consent.

2017-18 policy period from Tokio Marine, which provides $35 million in aggregate limits in excess of the underlying Mitsui policy.

(d) **Payment of PSAN PI/WD Claims by the PL Insurers**

AIU began paying for the defense and settlement of certain PSAN PI/WD Claims against Takata in early 2009. Tokio Marine also has paid for the defense and settlement of certain PSAN PI/WD Claims. In doing so, both insurers have paid for the defense or settlement of PSAN PI/WD Claims under the PL Insurance policies in effect during the policy period in which the claim was made (*i.e.*, when the claim was asserted against Takata).[71] From March 31, 2009 through March 31, 2014, no PSAN PI/WD Claim payment exceeded the limits of the primary layer AIU PL Insurance policies reinsured by Takata's captive reinsurer. Accordingly, AIU has been reimbursed for all payments it has made during this period by Takata's captive reinsurer.

Claim payments for PSAN PI/WD Claims and Other PI/WD Claims made during the 2014-15 policy period have exhausted the $15 million aggregate limits of the reinsured layer and the next-in-line $15 million Tokio Marine policy. Following the exhaustion of the Tokio Marine policy, AIU made claim payments totaling approximately $18 million under the $40 million second-layer excess PL Insurance policy, leaving approximately $22 million in remaining aggregate limits in that policy.[72] Including the next excess layer Tokio Marine policy, there are approximately $42 million in aggregate limits remaining in the 2014-15 policy period. There are 16 remaining open Claims that AIU attributes to the 2014-15 policy period, ten of which allege airbag ruptures. Based on Ankura's (as defined herein) estimate of $50 million for the Debtors' share of liability for PSAN PI/WD Claims that relate to injuries that occurred prior to the Petition Date (as discussed in more detail below), the remaining 2014-15 policy limits would likely be adequate to satisfy these open Claims, subject to coverage being available for and applicable to such Claims.

With respect to PSAN PI/WD Claims made after March 31, 2015, Tokio Marine and Mitsui have treated each claim as a separate occurrence for purposes of application of the deductible such that the High Deductible Policies only cover the amount of any individual settlement or judgment that exceeds the amount of the applicable deductible. Because no claims made during the 2015-18 policy periods have exceeded these deductibles, Tokio Marine and Mitsui have made no indemnity payments under the High Deductible Policies (although Tokio Marine has paid certain defense costs on claims within the deductibles). The second layer policies during the 2015-18 policy periods do not cover claims until exhaustion of an aggregate

[71] In correspondence, AIU and Tokio Marine have acknowledged, and Takata has reserved its rights under, provisions in the PL Insurance policies providing that claims due to occurrences arising out of a common cause are deemed to be a single claim made at the time the first such claim was made.

[72] On April 26, 2017, AIU issued a supplemental reservation of rights letter stating that, based on facts admitted by Takata in "various regulatory and criminal investigations and proceedings," including the DOJ Plea Agreement, "significant issues exist as to the [AIG] Companies' obligations to provide coverage to Takata relative to lawsuits filed against Takata relating to airbags utilizing PSAN [I]nflators." AIU requested that Takata provide certain additional information related to the Plea Agreement and information contained therein before making a final coverage determination. Takata provided the requested information. As of the date hereof, AIU has not issued a coverage determination.

retention amount of $45 million in 2015-16 and $55 million in 2016-17 and 2017-18. Upon exhaustion of the retention, the first layer policies become excess to the second layer policies to the extent of any remaining limits. In light of Ankura's estimates and the high deductible and retentions under the 2015-2018 PL Insurance policies, and absent some other risk transfer mechanism, PSAN PI/WD Claims that relate to injuries incurred after the Petition Date are unlikely to be covered by insurance unless they are deemed to arise out of the same or similar cause as PSAN PI/WD Claims made in an earlier policy period and assuming such Claims are deemed covered under those policies.

Under the Plan, proceeds of the PL Policies attributable to the PSAN PI/WD Claims will be assigned to the PSAN PI/WD Trust. As of this date, there are no PSAN PI/WD Insurance Proceeds, as there are no liquidated PSAN PI/WD Claims that have not been paid. As noted above, the insurers may take the position that any PSAN PI/WD Insurance Proceeds cannot be assigned to the PSAN PI/WD Trust without the insurer's consent.

Finally, the amount available under the PL Policies to pay PSAN PI/WD Claims is uncertain. As noted, AIU has reserved its rights to deny coverage for the PSAN PI/WD Claims based in part on facts admitted in the DOJ Plea Agreement. Additionally, the amount of coverage potentially available depends on, among other factors, the ultimate number and value of PSAN PI/WD Claims, and whether each PSAN PI/WD Claim is treated as a separate "occurrence" or whether multiple PSAN PI/WD Claims are deemed to arise out of the same or similar cause. If coverage litigation is required to resolve these disputed issues, the insurers may take the position that litigation would have to take place before a Japanese court applying Japanese law.

IV. KEY EVENTS LEADING TO THE COMMENCEMENT OF CHAPTER 11 CASES

Historically, Takata has been a pioneer in the active and passive safety market, introducing safety innovations that positively affect the lives and comfort of occupants throughout the driving cycle. Over the last several years, however, certain of Takata's PSAN Inflators have failed to operate as intended. In particular, certain PSAN Inflators have ruptured upon deployment of the airbag causing considerable injury and, in some instances, death. The first incident involving the rupture of a PSAN Inflator occurred in 2003 in Switzerland. At that time, Takata believed that the rupture was an isolated event caused by an overloading of propellant in the assembly of the inflator. Unfortunately, additional inflator ruptures occurred over the next several years prompting voluntary recalls by certain vehicle manufacturers and, ultimately, a nationwide recall in the U.S. by NHTSA. The rupturing of PSAN Inflators and the related recalls have resulted in substantial and expansive claims against the Debtors and other Takata entities, as well as resourcing of future business by the Customers. Under these circumstances, and those described in more detail below (including TKJP's entry into the Plea Agreement as described in Section 4.7 herein), Takata determined that an efficient sale of substantially all of Takata's assets to the Plan Sponsor through coordinated insolvency proceeding in the U.S. and Japan, and ancillary proceedings in the U.S., Canada, and Japan, would provide the best recovery to creditors while also ensuring that the Debtors continue to uphold recall-related and supply obligations to their Customers.

4.1 ***NHTSA Orders Civil Penalties and Initiates Expansive Recalls of PSAN Inflators***

On June 11, 2014, after receiving multiple complaints regarding Takata airbag inflator ruptures, NHTSA opened a formal defect investigation into the PSAN Inflators—the first step to what would eventually become one of the largest automotive recalls in U.S. history. On February 25, 2015, NHTSA issued the Preservation Order and Testing Control Plan (the "***Preservation Order***"), which requires, among other things, that TKH take reasonable steps to prevent the destruction of and preserve all recalled or returned PSAN Inflators, ruptured inflators, and other ammonium nitrate-containing inflators in the U.S., as well as documents, data, and tangible things reasonably anticipated to be relevant to the subject of NHTSA's defect investigation into PSAN inflators. In addition, the Preservation Order requires that TKH set aside ten percent (10%) of recalled or returned inflators for testing by private litigants, and the remaining inflators must be available to the OEMs for inspection, testing, and analysis.

Thereafter, on May 18, 2015, NHTSA issued a consent order (the "***First Consent Order***"). On November 3, 2015, NHTSA issued a second consent order which expressly incorporated the terms and conditions of the First Consent Order (as amended on May 4, 2016, as described below, and as may be further amended and supplemented, the "***Consent Order***") and companion coordinated remedy order (the "***Coordinated Remedy Order***" and collectively with the Preservation Order and the Consent Order, as each may be amended, the "***NHTSA Orders***"). Pursuant to the Consent Order, TKH agreed to a non-contingent civil penalty in the amount of $70 million, of which $20 million has already been paid,[73] and a deferred contingent civil penalty in the amount of $130 million, which amount only becomes due if TKH fails to comply with certain obligations in the Consent Order and the Coordinated Remedy Order.[74] As of the date hereof, TKH is in compliance with the Consent Order. In addition to the monetary fines and penalties, the Consent Order provides that TKH will implement a series of actions, including the phasing out of the manufacture and sale of non-desiccated PSAN Inflators by the end of 2018 ($60 million of the $130 million deferred civil penalty becomes due if TKH fails to meet the deadlines for the phase-out of its production of certain PSAN Inflators by December 31, 2018). The Consent Order also prohibits TKH from entering into any new contracts to provide products containing PSAN Inflators (the remaining $70 million of the deferred civil penalty becomes due if TKH enters into any new contracts for production of products containing PSAN Inflators or if NHTSA discovers additional violations of safety regulations). Further, pursuant to the Coordinated Remedy Order, TKH is required to cooperate with NHTSA to coordinate and accelerate remedy programs. The Coordinated Remedy Order establishes a schedule based on

[73] Prior to the Petition Date, on each of February 1, 2016 and October 31, 2016 Takata made $10 million payments to NHTSA in partial satisfaction of the non-contingent civil penalty. Of the remaining $50 million owed to NHTSA, $10 million was scheduled to become due and payable on August 11, 2017 and October 31, 2017. The Debtors sought authority from the Bankruptcy Court to make this payment [Docket No. 510]. However, to resolve certain objections, the Debtors reached an agreement with NHTSA whereby the Debtors withdrew their request to pay any portion of the civil penalty and agreed to defer consideration of the civil penalty to the Confirmation Hearing. *See Order Pursuant to 11 U.S.C. §§ 105, 363, and 503 for Authority to Pay Fees and Expenses Incurred by the NHTSA Monitor, to Pay the NHTSA Civil Penalty, and to Honor Certain Related Obligations* [Docket No. 781].

[74] Treatment of civil penalty claims is discussed at section 6.1(e) hereof.

the relative risk of rupture by which certain OEMs must have sufficient parts on hand to replace PSAN Inflators in affected vehicles.

In connection with the Consent Order and the Coordinated Remedy Order, NHTSA appointed John Buretta, a partner at the law firm Cravath, Swaine & Moore LLP, as the NHTSA Monitor to assist NHTSA in overseeing and assessing Takata's compliance with the NHTSA Orders. Takata has been working closely with the NHTSA Monitor to ensure compliance with the NHTSA Orders. The NHTSA Monitor's term is for five (5) years and is scheduled to conclude around the end of 2020 (subject to extension or early termination as may be ordered by NHTSA in its discretion). In accordance with the NHTSA Orders, as well as the order of the Bankruptcy Court [Docket No. 781], the Debtors pay the NHTSA Monitor's fees and expenses.

NHTSA commissioned three (3) independent research organizations to administer scientific evaluations and report on the "root cause" of the rupture of non-desiccated frontal Takata air bag inflators containing PSAN. Based on these reports, NHTSA concluded that the likely root cause of the rupturing of such inflators is a function of time, temperature cycling, and environmental moisture and that, at some point in the future, all non-desiccated frontal Takata PSAN inflators will reach a threshold level of degradation that could result in the inflator becoming unreasonably dangerous. Accordingly, on May 4, 2016, NHTSA issued an amendment to the Consent Order requiring Takata to file defect information reports ("***DIRs***") triggering recall obligations for all non-desiccated frontal PSAN Inflators, including any like-for-like replacement, on a defined, phased schedule broken down by vehicle model, year, and location, concluding by December 31, 2019. On July 11, 2017, Takata filed a DIR and initiated the recall of approximately three (3) million PSAN Inflators with the propellant formulation codenamed "2004" that utilize calcium sulfate as a desiccant. TKH has until December 31, 2019 to demonstrate that PSAN Inflators not currently covered by NHTSA recall (the "***Non-Recalled PSAN Inflators***") are safe, and that recalls should not be extended to the Non-Recalled PSAN Inflators.

The recalls initiated by NHTSA and the subsequent related recalls either required to be initiated by the OEMs or initiated independently by the OEMs, have resulted in mounting claims for reimbursement by the OEMs against the Takata entities with which the OEMs contract. Pursuant to many of the OEMs' contracts with the Debtors, the OEMs are entitled to reimbursement for costs associated with administering the recalls and installing replacement parts. The Debtors estimate such recall-related reimbursement claims against the Debtors to be in the billions of dollars, which includes, among other fees and expenses, (i) costs expended by the OEMs for replacement kits, (ii) labor, (iii) dealer charges, (iv) warehouse, shipping, and disposal charges for returned inflators, (v) recall awareness campaign related costs, and (vi) alternative sourcing costs.

4.2 ***Takata Responds Cooperatively to NHTSA Orders***

To comply with the NHTSA Orders, Takata has implemented meaningful remedial oversight and compliance measures within the organization globally. As provided for in the Consent Order and stated above, TKH has agreed to substantial oversight by the NHTSA Monitor and has established processes for TKH employees to report concerns anonymously to

the NHTSA Monitor. TKH also has appointed a Chief Safety Assurance and Accountability Officer and created an enhanced Product Safety Group with authority to investigate and address preemptively safety-related issues across TKH's product lines.

In December 2014, Takata commissioned an independent Quality Assurance Panel (the "***Panel***") with a broad mandate to review Takata's practices and policies for the safe production of airbag inflators and to provide recommendations. Following an extensive review and evaluation of Takata's processes and policies, the Panel submitted a report in February 2016 setting forth fifteen (15) recommendations of concrete actions relating to quality concerns, design and manufacturing processes, and the Takata's "quality culture." Takata has fully implemented ten (10) of the fifteen (15) recommendations, significantly completed two (2) recommendations, and partially completed the three (3) remaining recommendations. Takata expects that by the end of 2017, the two (2) significantly completed recommendations will be fully complete, and that by June 2018 all of the Panel's recommendations will be fully implemented. Following a status meeting of the Panel, Samuel K. Skinner, Chairman of the Panel, reported in a letter, dated June 15, 2017, that in the Panel's view, "the Takata team in many instances has not only met the Panel's expectations but in doing so has set a new standard for the industry […] the Panel believes that Takata has done an outstanding job in accepting, adopting and implementing the Panel's recommendations."

TKH has also been working cooperatively with NHTSA, world-class technical experts, and Customers to initiate recalls and administer replacement of affected airbag inflators to remedy safety concerns relating to non-desiccated PSAN Inflators nationwide. TKH has funded and developed vigorous "Get the Word Out" campaigns to maximize the recall completion rates and has conducted substantial consumer advertising to encourage car owners receiving recall notices to bring their cars in to dealers for prompt replacement. As of the date hereof, the Debtors have expended over $29 million towards communicating and noticing vehicle owners of the recalls and risks associated with PSAN Inflators.

4.3 ***Significant Litigation Actions Commenced Against the Debtors***

As described below, the Debtors were named as defendants in numerous litigations that arose prior to the Petition Date (collectively, the "***Prepetition Litigation Actions***"). With the exception of the State AG Actions (as defined herein), each of the Prepetition Litigation Actions has been stayed as to the Debtors in accordance with the automatic stay set forth in section 362 of the Bankruptcy Code. Moreover, as detailed below, the Bankruptcy Court granted an injunction which enjoined the State AG Actions as to the Debtors, TKJP, and members of the Customer Group (as defined herein) as well as many of the Prepetition Litigation Actions with respect to TKJP and members of the Customer Group.

(a) Personal Injury and Wrongful Death Actions; Pending Multi-District Litigation

Approximately one hundred (100) personal injury and wrongful death lawsuits relating to the PSAN Inflators are currently pending in state and federal courts within the U.S. The lawsuits allege product liability claims based in almost all instances on inflator ruptures, deployments with excessive force, and failures to deploy, primarily against TKH and TKJP, with

some claims also being made against certain of their Debtor and non-Debtor affiliates (collectively, the "***PI/WD Actions***"). Nearly all of the PI/WD Actions allege that the Takata defendants and the relevant OEM (*i.e.*, the OEM that manufactured the vehicle in which the plaintiff was allegedly injured) are jointly and severally liable for the alleged injuries. Many of the OEMs assert contractual or common law claims for indemnification and/or contribution against the Takata entity from which they purchased the PSAN Inflator.

On February 5, 2015, several class actions alleging economic losses from PSAN Inflators proceeding in federal courts in the United States against TKH were centralized in a multi-district litigation (the "***MDL***") proceeding in the Southern District of Florida. Dozens of additional class actions and PI/WD Actions against both TKH and/or TKJP were transferred to the MDL shortly thereafter. In that centralization order, the Judicial Panel on Multidistrict Litigation also recognized that PI/WD Actions could be included in the MDL and many PI/WD Actions have subsequently been transferred to the MDL. A number of PI/WD Actions remain pending in various state courts. As of the date hereof, there have been no trials or verdicts against TKH, TKJP, or any of their affiliates in any PI/WD Action. There have been numerous settlements entered into by and among the PI/WD claimants, Takata, and the OEMs.

There are approximately two hundred (200) claims against the Debtors that have not presently resulted in filed PI/WD Actions. The Debtors expect that additional PI/WD Actions will be filed in the future, given the number of pending claims and the large population of vehicles containing PSAN inflators that have not yet been repaired pursuant to recall. In addition to the PI/WD Actions relating to the PSAN Inflators, TKH, certain Takata affiliates, and certain OEMs are also defendants in approximately fifteen (15) personal injury lawsuits alleging product liability claims unrelated to PSAN Inflators.

In the aggregate, the existing PI/WD Actions seek damages in the tens of millions of dollars; however, the Debtors strongly dispute the validity of certain of the claims asserted and damages sought in connection with PI/WD Actions.

The PI/WD Actions constitute Class 5 Claims under the Plan, the treatment of which is summarized in section 2.5 hereof.

(b) **U.S. Economic Loss Class Actions**

In addition to the PI/WD Actions, TKH, TKJP, and certain OEMs have also been named defendants in a putative nationwide consumer class action currently pending in the MDL (the "***U.S. Economic Loss Class Action***"). The consolidated U.S. Economic Loss Class Action, which aggregated roughly eighty (80) separately filed consumer class actions, purports to represent (i) approximately fifty million (50,000,000) consumers who purchased or leased vehicles with recalled PSAN Inflators prior to the recalls and, following the recall, still owned or leased the vehicle, sold the vehicle, or received some value for the vehicle after an accident and (ii) automotive recyclers that purchased vehicles containing airbags with recalled PSAN Inflators prior to the recalls and following the recall either continued to possess the airbag or sold the airbag to Takata or an OEM. The consolidated complaint asserts claims for economic losses largely based on the theory that the recall of PSAN Inflators has reduced the market value of those vehicles and/or airbags containing recalled PSAN Inflators. The plaintiffs are seeking to

recover compensation for lost value (*i.e.*, diminution of value of vehicles or airbag parts in vehicles); out-of-pocket and loss-of-use expenses (*e.g.*, reimbursement for repairs, time off from work, substitute transportation, childcare); disgorgement of profits; punitive damages; and attorneys' fees and costs.[75] The OEMs, TKH, and TKJP may be jointly and severally liable with respect to certain of the claims asserted in the U.S. Economic Loss Class Action. The Debtors strongly dispute the validity of the claims asserted in connection with the U.S. Economic Loss Class Action and any associated liability. Each of the seven (7) OEMs that has been named as a defendant in the U.S. Economic Loss Class Action has asserted cross-claims against TKH and/or TKJP, including claims for contractual or common law indemnification and/or contribution. TKH and TKJP moved to strike all such cross-claims on a number of bases, including the following: (a) cross-claims were improperly filed or pleaded under applicable law, and (b) certain of the OEMs failed to make allegations sufficient to demonstrate that they did not negligently or intentionally participate in the design and manufacture of Takata's defective PSAN Inflators.

Six (6) of the seven (7) co-defendant OEMs (the "***U.S. Economic Loss Settling OEMs***") have entered into settlement agreements with the plaintiffs in the U.S. Economic Loss Class Action. The MDL Court has finally approved the settlements involving four OEMs (Toyota, Subaru, Mazda, and BMW) and has preliminarily approved settlements involving Honda and Nissan. In the aggregate, these settlements amount to $1.256 billion. A proportion of the settlement amounts will be used to implement certain recall outreach and noticing programs. In exchange, class members have agreed to grant a broad release to the U.S. Economic Loss Settling OEMs as well as certain of their related parties with respect to the subject matter of the class action. These settlements do not resolve claims against Takata. With respect to the remaining claims against Takata and the other OEMs, as of the date hereof, no motion for class certification has been filed and no deadline for the filing of such motion has been set.

The compensatory portions of the U.S. Economic Loss Class Action constitute Class 6 Claims under the Plan. The punitive portions of the U.S. Economic Loss Class Action constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(c) **Canadian Class Actions**

In addition to the U.S. Economic Loss Class Action, TKH, TKJP, and certain non-Debtor subsidiaries, as well as certain OEMs, were named defendants in fourteen (14) class actions across four (4) Canadian provinces (British Columbia, Saskatchewan, Quebec, and Ontario) based on theories similar to those asserted in the U.S. Economic Loss Class Action. As of the date hereof, four (4) of the class actions have been dismissed, five (5) of the class actions are currently in abeyance, and five (5) of the class actions have been consolidated into national class actions proceeding in Ontario (collectively, the "***Canadian Class Actions***"). The Canadian

[75] In addition to the class actions aggregated into the consolidated U.S. Economic Loss Class Action complaint, additional plaintiffs have filed economic loss class actions against TKH and/or TKJP and certain other OEMs. These actions have been consolidated in the MDL and placed in "civil suspense" by the MDL court pending resolution of the consolidated U.S. Economic Loss Class Action.

Class Actions are on behalf of consumers in Canada who purchased or leased vehicles with airbags containing PSAN Inflators that are subject to recalls.[76] The Canadian Class Actions have not been certified and have been stayed as against the Debtors and TKJP. The Canadian Class Actions assert an aggregate of CDN $3.5 billion in damages for, among other things, economic loss based on the reduced value of claimants' vehicles and expenses incurred in connection with replacements and repairs. The Debtors strongly dispute both the asserted damages and the validity of the claims asserted in connection with the Canadian Class Actions and any associated liability.

While joint and several liability has not been expressly pleaded in the Canadian Class Actions, the Canadian court may find that the parties are liable on a joint and several basis absent an express assertion in a pleading, and a number of the OEM defendants have asserted cross-claims against TKH and TKJP. Accordingly, the OEMs that are named defendants in the Canadian Class Actions may assert contractual or common law claims for indemnification and/or contribution against the Takata entity from which they purchased the PSAN Inflator with respect to the Canadian Class Actions. Such Takata entity may have defenses to any such indemnification and/or contribution claims.

The compensatory portions of the Canadian Class Actions constitute Class 6 Claims under the Plan. The punitive portions of the Canadian Class Actions constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(d) **Mexico Class Action**

A class action was also commenced in Mexico by Acciones Colectivas de Sinaloa, A.C. ("***ACS***") against, among others, TKH, IIM, TDM, certain OEMs, and certain car dealerships (the "***Mexico Class Action***") in the Ninth Federal Court in the state of Sinaloa, Mexico (the "***Mexico Class Action Court***"). ACS is a non-profit association whose purpose is to, among other things, promote and defend the interests and rights of consumers and to commence corresponding class actions in order to enforce the claims of such persons. ACS is seeking, among other things, a declaration that the airbags produced and sold by the defendants are defective, an order obligating the defendants to replace the defective airbags free of charge, an order obligating the defendants to refrain from producing airbags until, in the view of the Mexico Class Action Court, they are no longer defective, and an award of damages to each individual member of the class for diminution in value of the vehicles and personal injuries. Under Mexican law, as a non-profit association, ACS is not required to indicate the specific number of individual members seeking damages in the Mexico Class Action and, therefore, as of the date hereof, the number of individual class members is unknown. Further, as of the date hereof, the amount of damages claimed by ACS on behalf of the class has not yet been quantified. As is the case with the U.S. Economic Loss Class Action and Canadian Class Actions, the Debtors strongly dispute the validity of the claims asserted in the Mexico Class Action and any associated liability.

[76] As of the date hereof, the Debtors are aware of three (3) personal injury lawsuits pending in Canada against TKH and/or TKJP, but no known instances of inflator rupture.

Under Mexican law, if ordered to pay damages, each of the defendants that caused the specific damage in question may be held jointly and severally liable. Those defendants that satisfy the judgment are entitled to file a claim for recovery from other defendants that are determined to have caused or participated in causing the damage. As of the date hereof, the class has not yet been certified and TKH has not been served.

TDM and IIM each commenced separate actions against ACS on July 12, 2017 and August 3, 2017, respectively, seeking to set it aside as a valid association and obtain a declaration that ACS should be declared invalid (collectively, the "***ACS Validity Actions***"). In particular, TDM filed an ordinary civil claim in state court in Mazatlán, requesting a judicial declaration to set aside (inexistencia) the association agreement which incorporates ACS, arguing, among other things, that it would be legally impossible for ACS to fulfill its corporate purpose. IIM filed an ordinary civil claim in state court in Mexico City seeking to set aside ACS for similar reasons as those argued by TDM. As of the date hereof, the ACS Validity Actions are pending.

By means of a November 30, 2017 judgment, pursuant to a motion filed by one of the Debtors' co-defendants in the Mexico Class Action, the Federal Judicial Council (the "***FJC***")[77] revoked ACS' authorization to file class action claims in Mexico. In accordance with Mexican law, upon becoming aware of such revocation, the Mexico Class Action Court must remove the revoked party from its position as class representative and suspend the class action proceedings pending the appointment of an appropriate class representative. The Mexico Class Action Court will accept and review applications for the class representative position and subsequently appoint a replacement class representative. In the event that no applications are submitted to the Mexico Class Action Court, the Court will notify the Federal Consumers' Protection Office, who will assume the role of class representative.

As against IIM and TDM, the Mexico Class Action constitutes Class 3 Claims under the Plan. As against TKH, the Mexico Class Action constitutes Class 6 Claims under the Plan. The treatment of Class 3 and Class 6 Claims is summarized in section 2.5 hereof.

(e) **State Civil Enforcement Actions**

Consumer protection actions have also been filed by applicable government authorities in Hawaii, the U.S. Virgin Islands, and New Mexico against TKJP, TKH, and certain OEMs seeking a combination of civil penalties, administrative fines, restitution for consumers, disgorgement of profits, and injunctive relief (the "***State AG Actions***"). Some of the complaints assert liability based upon legal theories other than consumer protection. In the U.S. Virgin Islands action, the government filed a motion for a preliminary injunction at the time it filed the complaint, which sought to have the court presiding over the U.S. Virgin Island action order TKH to pay into an escrow fund monies that could be used to satisfy any damages ultimately awarded to the U.S. Virgin Islands against TKH. This motion was denied without prejudice on June 19, 2017. The government renewed its motion on June 23, 2017, after press reports suggesting that Takata may commence insolvency proceedings on or around June 26th. On June 25, 2017, the court issued an order requiring TKH to pay "forthwith" approximately $8 million

[77] The FJC is the Mexican office in charge of the administrative functions for the Mexican federal judicial branch.

into a court-administered escrow account. Prior to any payment being made, on June 30, 2017, the court presiding over the U.S. Virgin Islands action stayed the case.

Certain OEMs have also raised cross-claims or third-party claims against TKJP and TKH for indemnification, contribution, fraud, and misrepresentation in connection with the consumer protection actions. As of the Petition Date, the Hawaii action was in the discovery phase. The U.S. Virgin Islands action has not yet proceeded to discovery. TKJP and TKH's motion to dismiss the New Mexico action is pending.

The State AG Actions may constitute Class 6 Claims and Class 8 Claims under the Plan, the treatment of which is summarized in section 2.5 hereof; *provided, however,* for purposes of voting on the Plan, the State AG Actions shall constitute Class 6 Claims only.

(f) **Multistate Committee of Attorneys General**

In addition to the State AG Actions discussed above, in 2015, Takata's counsel was contacted by a multistate committee of Attorneys General (the "***Multistate AG Committee***") from multiple states, districts, and territories formed to investigate TKJP and/or TKH conduct relating to the marketing and sale of Takata's airbags that contain PSAN Inflators (the "***Multistate AG Investigation***"). The Debtors have been in contact with the Multistate AG Committee regarding their assertions and investigation. To date, the Multistate AG Committee has not filed any formal claims or causes of action against the Debtors or any other Takata entities. The Debtors strongly dispute the validity of any purported claims or causes of action.

(g) **U.S. Antitrust Class Actions**

Additionally, unrelated to the malfunctioning of PSAN Inflators, TKH and TKJP also are named defendants in four (4) antitrust putative class actions (the "**U.S. Antitrust Class Actions**") currently proceeding as a multi-district litigation pending for pre-trial purposes before the United States District Court for the Eastern District of Michigan (the "***Michigan District Court***"). These actions purport to be on behalf of certain direct and indirect purchaser plaintiff groups alleging antitrust-related claims relating to the sale of certain occupant safety systems, including airbags, seat belts, steering wheels, and electronic safety systems. Other defendants originally named in some of those actions are certain of Takata's competitors, namely Autoliv, Inc., TRW Automotive Holdings Corporation, Tokai Rika Co., Ltd., Toyoda Gosei Co., Ltd. and certain of their affiliates. To date, Autoliv, Inc., TRW Automotive Holdings Corporation, and certain of their respective affiliates (the "***Competitor Defendants***"), have settled with each plaintiff group.

The compensatory portions of the U.S. Antitrust Class Actions constitute Class 6 Claims under the Plan. The punitive portions of the U.S. Antitrust Class Actions constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(h) **Canadian Antitrust Class Actions**

TKH and TKJP, along with certain OEMs, are defendants in putative antitrust class actions in four (4) Canadian provinces (British Columbia, Ontario, Saskatchewan, and Quebec) based on theories similar to those asserted in the U.S. antitrust class actions (the "***Canadian Antitrust Class Actions***"). The Canadian antitrust class actions purport to be on behalf of certain consumers in Canada who allege antitrust claims relating to the sale of occupant safety systems, including airbags, seat belts, and steering wheels. In each of these actions, the Competitor Defendants were named as defendants, but have entered into settlement agreements resolving their claims. No deadlines for class certification motions have been set in any of the actions.

The compensatory portions of the Canadian Antitrust Class Actions constitute Class 6 Claims under the Plan. The punitive portions of the Canadian Antitrust Class Actions constitute Class 8 Claims under the Plan. The treatment of Class 6 and Class 8 Claims is summarized in section 2.5 hereof.

(i) **Mexican Labor Actions**

IIM and TDM are named defendants in approximately one-hundred seventy (170) labor actions currently pending in Mexico (collectively, the "***Mexican Labor Actions***"). Nearly all of the Mexican Labor Actions have been brought by former employees of such entities and allege, among other things, improper termination of employment. The Mexican Labor Actions assert approximately $820,000 in damages in the aggregate. The Debtors strongly dispute both the asserted damages and the validity of the claims asserted in connection with the Mexican Labor Actions.

(j) **Potential for Future Litigation Claims**

TKH has embarked on an expansive campaign to notify owners of vehicles with PSAN Inflators of the risk associated with such inflators and to encourage owners of such vehicles to visit their local dealers to have a replacement kit installed. The OEMs and NHTSA have independently contributed to such noticing efforts. Nevertheless, vehicles containing PSAN Inflators remain and will continue to remain on the roads in the U.S. and around the world. Accordingly, there is a significant risk that additional personal injury, wrongful death, and economic loss claims will be asserted against the Debtors, other Takata affiliates, and the OEMs arising from pre-and post-closing sale of PSAN Inflators. As discussed below, the Chapter 11 Plan proposes various mechanisms for addressing such claims as against the Debtors.

4.4 ***Key Employee Bonus Plan***

In December 2016, to improve employee morale and to incentivize certain key employees in the United States and Mexico to focus their efforts during the Company's exploration and pursuit of a sale transaction, TKH developed and adopted two (2) employee bonus plans with input from its advisors for (i) eight (8) executives (the "***2016 Executive Bonus***

Plan"),[78] and (ii) approximately eighty (80) non-executive critical employees (the "***2016 Non-Executive Bonus Plan***," and, together with the 2016 Executive Bonus Plan, the "***2016 Bonus Plans***").

Under the 2016 Bonus Plans, each eligible employee is entitled to a cash bonus payable in two (2) installments, subject to the terms and conditions set forth in each eligible employee's letter agreement under the 2016 Bonus Plan. Seventy-five percent (75%) of the bonus awards (the "***First Installment Payment***"), totaling approximately $6.3 million in the aggregate, was paid to the eligible employees on or about January 4, 2017. Pursuant to the letter agreements, the remaining twenty-five percent (25%) of the awards (the "***Second Installment Payment***"), totaling $1.6 million, is to be paid on a date that is thirty (30) days following the earliest to occur of (i) the closing of an asset purchase agreement for the sale of all or substantially all of Takata's assets and (ii) the effective date of a chapter 11 plan for the Debtors, subject to the terms and conditions of each eligible employee's letter agreement under the 2016 Bonus Plan. Pursuant to the 2016 Bonus Plan letter agreements, any eligible employee who is terminated for Cause (as defined in the letter agreements) or voluntarily terminates his/her employment, agrees to forfeit all rights to payment of any remaining payments.[79]

4.5 ***Formation of Customer Group and Appointment of Steering Committee***

The rupturing of PSAN Inflators and the related recalls have had and continue to have a serious impact on the OEMs that have been administering the recalls and those that are named defendants in the various litigations. In February 2016, recognizing the importance of preserving Takata's operations for the duration of the recalls, the need for a global coordinated go-forward strategy to manage the mounting litigation and recall related claims against Takata and a number of OEMs, and the need to gain the support and cooperation of the OEMs for any go-forward strategy, Takata contacted certain of the Consenting OEMs to negotiate and develop a restructuring plan with Takata. In March 2016, at the encouragement of Takata, OEMs that, in the aggregate purchased approximately ninety percent (90%) of PSAN Inflators sold by Takata as of March, 2017, formed an informal group to negotiate and develop a restructuring plan with Takata (the "***Customer Group***").[80]

Around the time that the Customer Group was formed, the board of directors of TKJP appointed the Steering Committee. The Steering Committee was comprised of the

[78] The 2016 Executive Bonus Plan originally provided for payment to eleven (11) executives. Three (3) of the eleven (11) original participants are no longer employed by the Debtors.

[79] Pursuant to the U.S. Acquisition Agreement, the Plan Sponsor is assuming the letter agreements relating to the 2016 Bonus Plan and all obligations thereunder with respect to all Transferred Employees (as defined in the U.S. Acquisition Agreement). Pursuant to the Plan, the Debtors are assuming the letter agreements relating to the 2016 Bonus Plan and all obligations thereunder with respect to all PSAN Employees (as defined in the U.S. Acquisition Agreement). The Plan Sponsor has indicated that it will not be assuming any obligations owed to former employees of the Debtors, including retiree benefits as defined in section 1114 of the Bankruptcy Code.

[80] The members of the Customer Group include representation from the following OEMs: BMW, Daimler, Fiat Chrysler Automobiles, Ford, General Motors, Honda, Jaguar Land Rover, Mazda, Mitsubishi, Nissan, Subaru, Toyota, Volkswagen, and AB Volvo.

following five (5) independent members each with significant corporate restructuring experience in Japan:

(a) **Hideaki Sudo (Chairman):** Mr. Sudo is an attorney-at-law admitted in Japan and managing partner at Fuji Law Office (Tokyo). Mr. Sudo has served as a corporate reorganization trustee, corporate reorganization examiner, and a civil rehabilitation supervisor. He is the former chairman of the Study Committee on the Bankruptcy Law System of the Japan Federation of Bar Associations and an adjunct profession at Nihon University Law School.

(b) **Masami Hashimoto:** Mr. Hashimoto is a certified public accountant and former partner of Arthur Andersen and KMPG. He is a member of the Management Renewal Committee of Toshiba.

(c) **Kosei Watanabe:** Mr. Watanabe is an attorney-at-law admitted in Japan and the State of New York. Mr. Watanabe is a partner at Fuji Law Office (Tokyo). Mr. Watanabe has experience serving as corporate reorganization trustee in a number of large bankruptcy cases.

(d) **Nobuaki Kobayashi:** Mr. Kobayashi is an attorney-at-law admitted in Japan and partner at Nagashima Ohno & Tsunematsu. He is the current chairman of the Study Committee of the Bankruptcy Law System of the Japan Federation of Bar Associations and has extensive experience handling high-profile restructuring proceedings in Japan, representing debtors and creditors.

(e) **Tomoo Tasaku:** Mr. Tasaku is a senior advisor at PricerwaterhouseCoopers Co., Ltd. and has served as a member of the study group on debtor-in-possession financing organized by the Ministry of Economy, Trade and Industry, the Turnaround Task Forces for Japan Airline, and the committee of Industrial Revitalization Corporation of Japan.

Prior to the Petition Date, the Steering Committee met on a weekly basis with Takata's advisors. TKJP's board of directors empowered the Steering Committee to prepare the restructuring plan independent from incumbent management. The formation of the Customer Group and the appointment of the Steering Committee set in motion the development of Takata's restructuring strategy. The Steering Committee was dissolved on June 26, 2017 (JST), when TKJP filed a motion to commence the civil rehabilitation proceeding.

4.6 ***Takata Commences Global Prepetition Marketing and Sale Process***

In May 2016, the Steering Committee hired Lazard Frères & Co. LLC ("***Lazard***") to commence an expansive marketing and sale process for Takata to identify either a third-party investor or a purchaser for Takata's global assets and operations. After careful review and analysis of the Debtors' operations, Lazard, with the assistance of Weil, Gotshal & Manges LLP ("***Weil***") and PricewaterhouseCoopers LLP ("***PwC***"), determined that, due to the strong interdependencies among and between the global regions, a sale on a region-by-region basis would be value destructive and would not be in the best interests of the Estates. Accordingly, Lazard pursued the marketing and sale process on behalf of the global enterprise to secure a purchaser or investor interested in keeping the global operations intact.

By July 2016, Lazard had contact with forty (40) potential sponsor candidates that expressed interest in Takata. The forty (40) potential sponsor candidates consisted of nineteen (19) strategic partners, eighteen (18) financial investors, and three (3) trading houses. This initial list of potential sponsors was narrowed down to eighteen (18) potential sponsor candidates (eight (8) strategic and ten (10) financial) based on a number of factors, including feedback from the Customer Group, financial profile, management team, global presence, and ability to execute transaction expeditiously. These remaining potential sponsor candidates received a "teaser" to provoke interest in a potential transaction involving Takata.

Following this official launch of the marketing and sale process, nine (9) candidates (five (5) strategic and four (4) financial) submitted qualification letters. Six (6) of the candidates that submitted qualification letters were selected to advance in the process and were provided with access to due diligence, detailed presentations prepared by management and, in most cases, global site visits, in each case, subject to applicable antitrust law. On September 16, 2016, Lazard received preliminary proposals from five (5) potential sponsors (three (3) strategic, one (1) financial, and one (1) consortium (joint bid from a strategic and financial sponsor)). Lazard, the Customer Group, the Steering Committee, and Takata's other advisors met to review, evaluate, and discuss the proposals and the potential sponsors and, based on feedback from the Customer Group, four (4) potential sponsors were selected to present to and meet with the Customer Group. By November 2016, three (3) candidates remained (two (2) strategic and one (1) newly formed consortium) in the process and proceeded to final rounds of diligence, including additional site visits, workshops, and Q&A sessions with management. In this final round of diligence, Takata and its advisors addressed approximately eight hundred (800) questions through an online portal and conducted twelve (12) diligence workshops globally.

4.7 ***TKJP Enters Plea Agreement with DOJ***

On January 13, 2017, in the midst of Takata's extensive marketing and sale process, TKJP and the Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Eastern District of Michigan (collectively, the "***Offices***") announced and submitted to the Michigan District Court a plea agreement pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure (the "***Plea Agreement***"). On February 27, 2017, the Michigan District Court approved the Plea Agreement and entered the DOJ Restitution Order.

Pursuant to the Plea Agreement, TKJP pleaded guilty to wire fraud in violation of 18 U.S.C. § 1343 and agreed to pay a criminal fine of $25 million, which was paid on March 29, 2017. In addition, pursuant to the Plea Agreement and DOJ Restitution Order, TKJP is required to pay, directly or through its affiliates or subsidiaries, the Restitution Payments as follows: (i) $850 million to automobile manufacturers, which amount must be paid within five (5) days after the closing of a sale of TKJP, which must occur by no later than February 27, 2018 (the "***DOJ Deadline***")[81] and (ii) $125 million to recompense individuals who suffered (or will

[81] Pursuant to the Plea Agreement, of the $850 million, $481,848,850 is to be paid to those automobile manufacturers who were defrauded in connection with their purchase of the PSAN Inflators and the remaining $368,151,150 is to be paid to all automobile manufacturers that purchased the PSAN Inflators from Takata or any of its subsidiaries, regardless of location. On or around December 4, 2017, the Special Master provided notice to

suffer) personal injury caused by the malfunction of a PSAN Inflator, which amount was paid to the Offices on or around March 29, 2017, as required by the Plea Agreement.

On July 31, 2017, pursuant to the Plea Agreement and the DOJ Restitution Order, the Michigan District Court entered an order appointing Eric D. Green as "Special Master" to determine the proper administration and disbursement of the Restitution Payments. The Debtors and their professionals have been in regular contact with Mr. Green and his advisors to discuss, among other things, allocation issues with respect to the Restitution Funds, Restitution Fund mechanics, and coordinating noticing and other fund administration issues.

In connection with the Plea Agreement and DOJ Restitution Order, TKJP agreed to implement an effective compliance program, including developing and promulgating compliance policies and procedures designed to reduce violations of data integrity and to retain an independent compliance monitor for a period of three (3) years who will, among other things, assess and monitor Takata's compliance with its legal and ethical obligations. On April 27, 2017, pursuant to the Plea Agreement, the Offices appointed John Buretta, the NHTSA Monitor, as the DOJ Monitor.

In exchange for the guilty plea of TKJP and the complete fulfillment of all obligations under the Plea Agreement and DOJ Restitution Order, the Offices agreed not to file additional criminal charges against TKJP or any of its direct or indirect affiliates, subsidiaries, or joint ventures based on the conduct underlying the guilty plea. Notably, however, if TKJP fails to perform or fulfill its obligations under the Plea Agreement, Takata may be subject to criminal prosecution and additional fines and penalties, including criminal prosecution for conduct otherwise settled by way of the Plea Agreement. As discussed above, the risk that the Plea Agreement could be rescinded, thereby subjecting TKJP and its affiliates (including TKH and the other Debtors) to criminal liability and additional fines and penalties, means that for any transaction to be successful, the Restitution Payments must be made, because no purchaser or sponsor, including the Plan Sponsor, was or would be willing to close a sale transaction without the assurance that the sale proceeds would be applied first to those obligations owed to the DOJ.[82]

4.8 ***Takata Finalizes Marketing and Sale Process***

The entry of the Plea Agreement and DOJ Restitution Order was an important milestone in the marketing and sale process of the Takata enterprise as each of the potential sponsor candidates had previously indicated that resolution of the DOJ's investigation of Takata would be an absolute prerequisite to consummation of any transaction. In addition, the Plea

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OEMs of a proposed allocation of the $850 million (the "***Proposed Allocation***"). After a notice and comment period, which expired on December 20, 2017, the Special Master submitted the Proposed Allocation to the Michigan District Court for final approval. The Proposed Allocation is annexed as Exhibit 1 to the Plan. Note: Exhibit 1 to the Plan will be filed prior to January 3, 2017, the hearing to consider the Disclosure Statement.

[82] Counsel for certain confidential whistleblowers who have pending claims under the Motor Vehicle Safety Whistleblower Act (the "***Whistleblowers***"), filed an objection to the Disclosure Statement [Docket No. 1479], which indicated that they may assert that in connection with confirmation of the Plan that they are entitled to some portion of the DOJ Restitution Claim. The Debtors believe that this is an issue for NHTSA or the United States District Court for the Eastern District of Michigan.

Agreement and DOJ Restitution Order established both a ceiling on Takata's criminal liability to the U.S. government and a floor for a proposed purchase price—at least $850 million—as the proposed purchasers have every incentive to ensure that the obligations owed by Takata under the Plea Agreement and DOJ Restitution Order are satisfied in full.

Shortly after the announcement of the Plea Agreement, on January 13, 2017, an updated process letter was sent to the three (3) remaining candidates requesting final bids by January 25, 2017. Only two (2) of the three (3) remaining sponsors submitted final bids (the Plan Sponsor and one (1) strategic). At the end of January 2017, the Customer Group, certain additional OEMs, Takata management, the Steering Committee, and Takata's advisors convened to discuss and evaluate the two (2) final proposals. In addition, each of the remaining bidders met with the Customer Group and Takata's advisors to negotiate further the terms of their respective bids.

Following these discussions, on February 3, 2017, the Steering Committee recommended to Takata's board of directors that it proceed with the bid submitted by the Plan Sponsor, without exclusivity, as it was the highest and best offer submitted for Takata's assets by a significant margin. In addition to a higher purchase price relative to the bid submitted by the other candidate, there was concern that the bid submitted by the other remaining candidate presented substantial hurdles to obtain certain regulatory approvals, which likely would result in a lengthy and uncertain review and approval process by various governmental entities in multiple jurisdictions, could require significant asset dispositions in connection with seeking to obtain applicable antitrust approvals, and, despite such efforts, potentially would not secure the necessary approvals. Accordingly, Takata's board of directors accepted the Steering Committee's recommendation, and Takata and the Plan Sponsor continued on to final diligence and documentation of the transaction.

The prepetition marketing and sale process led by Lazard was comprehensive and robust, involving solicitation of interest from a diverse set of potential strategic and financial partners that would be capable of participating in Takata's restructuring efforts. For those potential purchasers that proceeded to diligence rounds, diligence was inclusive and thorough, including document review, discussions with Takata employees, and site visits, in each case, to the extent permitted by applicable antitrust law. Takata recognizes that the OEMs are its primary revenue source and the transfer of its businesses to any purchaser would require the OEMs cooperation and support. For this reason, Takata regularly met and conferred with the Customer Group throughout the marketing and sale process and requested the input of the Customer Group on the selection of the Plan Sponsor and the transaction structure. After observing and participating in the prepetition marketing and sale process, the Customer Group expressed collective support for the Plan Sponsor. For many reasons, including, most importantly, the fact that no purchaser, whether strategic or financial, would be willing to participate in a transaction without clear support from their primary revenue source (*i.e.*, the OEMs), the Consenting OEMs' endorsement of the Plan Sponsor is a strong indication that the prepetition marketing and sale process produced the best result for Takata, including the Debtors.

For a more detailed description of the Debtors' prepetition operations and the events leading up to the commencement of the Chapter 11 Cases, please consult the *Declaration*

of Scott E. Caudill in Support of Debtors' Chapter 11 Petitions and First Day Relief [Docket No. 19] (the "***Caudill Declaration***"), which is incorporated herein by reference.

V. OVERVIEW OF THE DEBTORS' CHAPTER 11 CASES

5.1 ***Commencement of the Chapter 11 Cases and First-Day Motions***

On the Petition Date, the Debtors commenced the Chapter 11 Cases in the Bankruptcy Court. As of the date hereof, the Debtors continue to manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Also on the Petition Date, the Debtors filed several motions seeking various relief from the Bankruptcy Court and authorizing the Debtors to maintain their operations in the ordinary course (collectively, the "***First-Day Motions***"). This relief was designed to ensure a seamless transition between the Debtors' prepetition and postpetition business operations, facilitate a smooth restructuring through the Chapter 11 Cases, and minimize any disruptions to the Debtors' operations. A description of the First-Day Motions is set forth in the Caudill Declaration.

5.2 ***Commencement of Foreign Insolvency Proceedings***

(a) **The Japan Proceedings**. On the Petition Date, in coordination with the commencement of the Chapter 11 Cases, the Japan Debtors commenced the Japan Proceedings with the Tokyo District Court. On August 9, 2017, the Japan Debtors commenced proceedings with the Bankruptcy Court seeking to have the Japan Proceedings recognized by the Bankruptcy Court in accordance with Chapter 15 of the Bankruptcy Code. On August 11, 2017, the Bankruptcy Court entered a provisional order recognizing the Japan Proceedings. On November 14, 2017, the Bankruptcy Court entered a final order recognizing the Japan Proceedings (the "***Chapter 15 Recognition Order***"). On November 28, 2017, certain lead counsels for and on behalf of the plaintiffs and proposed classes in the MDL (the "***MDL Plaintiffs***") filed a notice of appeal of the Chapter 15 Recognition Order (the "***Chapter 15 Recognition Appeal***"). As of the date hereof, the Chapter 15 Recognition Appeal is pending.

Additionally, on August 25, 2017, the Debtors petitioned the Tokyo District Court for recognition of these Chapter 11 Cases. On September 6, 2017, the Tokyo District Court granted the Debtors' petition. Additional information about the Japan Proceedings is available at http://www.takata.com.

(b) **The Canadian Proceedings**. The Chapter 11 Cases and the Japan Proceedings have been recognized in Canada in proceedings commenced before the Ontario Superior Court of Justice (Commercial List) (the "***Canadian Court***") pursuant to the Companies' Creditors Arrangement Act, R.S.C., 1985, c. C-36 (the "***CCAA***"). While the Debtors do not have any assets in Canada, other than retainers with professionals, the Debtors do have creditors in Canada. In particular, as described above, there are fourteen (14) putative economic loss class actions, four (4) putative antitrust class actions, and three (3) personal injury actions commenced against TKH and/or TKJP in Canada in addition to certain known general Canadian creditors. Recognition of the Chapter 11 Cases and the Japan Proceedings in Canada was sought to provide for a stay of proceedings against the Chapter 11 Debtors and Japan Debtors in Canada, to keep

Canadian creditors informed in regards to the Chapter 11 Cases and Japan Proceedings, and to seek to bind Canadian creditors to orders issued in the Chapter 11 Cases and Japan Proceedings for which recognition is sought in Canada.

Recognition of the Chapter 11 Cases was sought and obtained from the Canadian Court on June 28, 2017. The orders issued by the Canadian Court on June 28, 2017 (the "***Canadian Recognition Orders***"), among other things, (i) recognized the Chapter 11 Cases as "foreign main proceedings" under the CCAA; (ii) stayed all existing proceedings against the Chapter 11 Debtors in Canada; (iii) appointed FTI Consulting Canada Inc. as information officer to report to the Court, creditors and other stakeholders in Canada on the status of the Chapter 11 Proceedings; and (iv) recognized certain interim orders to permit the Chapter 11 Debtors to continue operating their respective businesses during the course of the Chapter 11 Proceedings.

Recognition of the Japan Proceedings in Canada was obtained on September 1, 2017. TKJP served materials in support of its motion for recognition on August 24, 2017. On September 1, 2017, the Canadian Court issued an order amending the Canadian Recognition Orders such that they (i) recognized the Japan Proceedings as "foreign main proceedings;" (ii) extended the stay of proceedings and other relief to the Japan Debtors; and (iii) extended the mandate of the Information Officer to include the Japan Debtors and Japan Proceedings. The motion was not opposed.

On October 5, 2017, TKH and TKJP served materials in the Canadian recognition proceedings in support of a motion recognizing (i) the claims and noticing processes that had been established in the Chapter 11 Proceedings and Japan Proceedings, which is discussed in greater detail in Section 5.8 hereof; and (ii) various orders that had been issued in the Chapter 11 Proceedings that were either final versions of the interim orders that were previously recognized, or orders concerning the retention and compensation of professionals. On October 13, 2017, the Canadian Court issued orders recognizing these orders in Canada. The motion was not opposed.

5.3 ***Appointment of Statutory Committees***

On July 7, 2017, the U.S. Trustee appointed the Creditors' Committee and the Tort Claimants' Committee.

The Creditors' Committee retained Milbank, Tweed, Hadley &McCloy as its attorneys, Moelis & Company LLC as its investment banker, Zolfo Cooper, LLC as its bankruptcy consultant and financial advisor, Whiteford, Taylor & Preston LLC as its Delaware counsel, and Chuo Sogo Law Office PC as its special counsel with respect to the Japan Proceedings, and Davies Ward Phillips & Vineberg LLP, as its Canadian counsel. The Creditors' Committee currently consists of the following five (5) members:

- **XPO Logistics Worldwide, Inc.**, Attn: Richard EF Valitutto, 4035 Piedmont Parkway, High Point, NC 27265, Phone: 336-232-4128, Fax: 336-882-8249;
- **O & S California, Inc.**, Attn: Jose Luis Furlong, 9731 Siempra Viva Rd., Suite E, San Diego, CA 92154, Phone: 619-988-2901, Fax: 619-661-1900;
- **Mitsubishi Chemical Performance Polymers, Inc.**, Attn: Steve Gregory, 42001 Hood Road, Greer, SC 29652, Phone: 864-879-5965;

- **Anderson Quality Spring Manufacturing, Inc.**, Attn: Andrew Johnston, 125 S. Hazel Dell Way, Canby, OR 97013, Phone: (503)267-3517, Fax (360)566-2633; and
- **Olson Metal Products, LLC**, Attn: Norman Sachs, 511 W. Algonquin Road, Arlington Heights, IL 60005, Phone: 847-981-7500, Fax: 847-981-0772.

The Tort Claimants' Committee retained Pachulski Stang Ziehl & Jones LLP as its attorneys, Alvarez & Marsal North America, LLC as its financial advisor, Gilbert LLP as its insurance counsel, and Sakura Kyodo Law Offices as its special counsel with respect to the Japan Proceedings. The Tort Claimants' Committee currently consists of the following members:

- **Charon Berg**, 2435 Bedford Street, Unit 21-C, Stamford, CT 08905;
- **Heidi Mauro**, 73 W Wild Blueberry Way, Santa Rosa Beach, FL 32459;
- **Janice Krasulja**, Yaini Campo as Guardian Ad Litem, 936 Madison Avenue, Patterson, NJ 07501;
- **Danny Tyrus Barnes**, 2604 S. Chatham Court, Wintersville, NC 28590;
- **Alexander Bowers**, 408 Old Central Road, Apt 4, Clemson, South Carolina 29631;
- **Angelina Sujata**, 230 Pelham Road, Apt 10, Greenville, SC 29615; and
- **Adrian Pielago**, 3501 SW 105th Avenue, Miami, FL 33165.

5.4 ***Filings of Schedules of Assets and Liabilities and Statements of Financial Affairs***

On August 9, 2017, the Debtors filed their schedules of assets and liabilities, schedules of executory contracts an unexpired leases, and statements of financial affairs, which they subsequently updated and supplemented on August 28, 2017 and October 12, 2017 (collectively, as amended, the "***Schedules***").

5.5 ***Appointment of Future Claims Representative***

On September 6, 2017, the Bankruptcy Court entered an order [Docket No. 703] (as amended, the "***FCR Order***"), pursuant to sections 105 and 1109 of the Bankruptcy Code, appointing Roger Frankel as the Future Claims Representative. The FCR was appointed as the legal representative for individuals who sustain personal injuries after the Petition Date, arising from or related to PSAN Inflators or their component parts manufactured by the Debtors or their affiliates prior to the effective date of a chapter 11 plan of reorganization in these Chapter 11 Cases. The Bankruptcy Court subsequently approved the FCR's employment of Frankel Wyron LLP as its attorneys, Gnarus Advisors LLC as its claims estimation consultants, Greenberg Traurig as its special counsel, and Ashby & Geddes, P.A. as its co-counsel.

5.6 ***Appointment of Fee Examiner***

On September 7, 2017, the Bankruptcy Court entered an order [Docket No. 714] appointing Direct Fee Review as the fee examiner in the Chapter 11 Cases (the "***Fee Examiner***"). The Debtors, the Committees, and the U.S. Trustee conferred regarding the

appointment of a fee examiner and submitted to the Bankruptcy Court a list of candidates, from which Direct Fee Review was chosen by the Bankruptcy Court.

5.7 ***Injunction Enjoining Certain Litigation Against Debtors***

On July 13, 2017, the Debtors initiated an adversary proceeding seeking to enjoin certain lawsuits not automatically stayed by section 362 of the Bankruptcy Code. The lawsuits fell into two broad categories: (i) actions by the States of Hawaii and New Mexico and the Government of the U.S. Virgin Islands alleging violations of consumer protection laws against TKH, TKJP, and the Consenting OEMs, and (ii) actions brought by entities and individuals against TKJP and the Consenting OEMs (the "***Individual Actions***"). The Individual Actions include lawsuits for personal injury, wrongful death, economic loss, and failure to complete recalls within a particular timeframe.

On August 9, 2017, the Bankruptcy Court held an evidentiary hearing on the Debtors' motion for a preliminary injunction. One week later, on August 16, the Court issued an oral ruling enjoining for a period of ninety (90) days, through and including November 15, 2017, the State AG Actions and certain of the Individual Actions (the "***Enjoined Actions***"). Lawsuits consolidated in the MDL were excluded from the injunctive relief granted by the Bankruptcy Court. An order consistent with the Bankruptcy Court's ruling was entered on August 22, 2017 (the "***Injunction Order***").

On November 6, 2017, the Debtors moved to extend the Injunction Order and stay the Enjoined Actions until the DOJ Deadline. As part of their motion to extend the Injunction Order, the Debtors also sought to enjoin lawsuits against the Consenting OEMs filed after the Petition Date. On November 20, 2017, the Bankruptcy Court issued an oral ruling enjoining the Individual Actions and the lawsuits against the Consenting OEMs filed after the Petition Date through and including February 27, 2018. The Bankruptcy Court also enjoined the State AG Actions for thirty (30) days, through and including December 20, 2017, and directed the parties to meet and confer to negotiate what litigation activity to expect in the State AG Actions if the injunction were in fact lifted. On December 19, 2017, the injunction was lifted in connection with the Bankruptcy Court's approval of a stipulated litigation plan setting forth the activity to occur in the State AG Actions through February 27, 2018.

5.8 ***Claims Bar Dates and Noticing Procedures***

On October 4, 2017, the Bankruptcy Court entered an order [Docket No. 959] (the "***Bar Date Order***") establishing certain deadlines (collectively, the "***Bar Dates***") and procedures for the filing of proofs of claim in the Chapter 11 Cases (each a "***Proof of Claim***"), including a deadline for PPICs asserting claims against any of the Debtors for past or future monetary losses, personal injuries (including death) (except that, as described further below, Future Claimants are not required to file a proof of claim prior to the PPIC Bar Date for damages arising out of or relating to personal injury or wrongful death with respect to injuries sustained after the Petition Date arising from or related to PSAN Inflators or their component parts manufactured by the Debtors or their affiliates prior to confirmation of a chapter 11 plan of reorganization in these Chapter 11 Cases), or asserted damages arising out of or relating to an

airbag containing PSAN Inflators, or their component parts, manufactured or sold by the Debtors or their affiliates prior to the Petition Date (each a "***PPIC Claim***").

Specifically, the Bar Date Order established the following deadlines for filing proofs of claim:

- **General Bar Date**: November 27, 2017 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for all creditors other than Governmental Units and PPICs to file proofs of claim against the Debtors (*i.e.*, traditional creditors such as lenders, suppliers, vendors, employees, and litigation claimants).

- **Governmental Bar Date**: December 22, 2017 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for all Government Units (as defined in section 101(27) of the Bankruptcy Code) to file proofs of claim against the Debtors.

- **PPIC Bar Date**: December 27, 2017 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for filing all PPIC Claims.

Pursuant to the Bar Date Order, neither the FCR nor any Future Claimant (as defined in the FCR Order) was required to file a proof of claim prior to the PPIC Bar Date for damages arising out of or relating to personal injury or wrongful death with respect to injuries sustained after the Petition Date arising from or related to PSAN Inflators or their component parts manufactured by the Debtors or their affiliates prior to confirmation of a chapter 11 plan of reorganization in these Chapter 11 Cases. In addition, any PPIC whose claim for personal injury was listed on the Schedules was also not required to file a PPIC Proof of Claim.

Further, pursuant to the Bar Date Order, PPIC Proofs of Claim asserting damages for economic loss are being deemed filed and asserted against each of the Debtors that were engaged in the business of designing, manufacturing, or selling products containing PSAN Inflators. For the avoidance of doubt, the only Debtor entities which were involved in the design, manufacture, or sale of products containing PSAN Inflators were TKH, IIM, TDM, and SMX.

In addition to establishing the various Bar Dates, the Bar Date Order approved both a form of notice of the Bar Dates to be served on all traditional creditors in the Chapter 11 Cases (the "***General Bar Date Notice***") as well as an expansive publication and noticing protocol to provide actual and constructive notice to PPICs during the Chapter 11 Cases. Specifically, the Bankruptcy Court ordered the Debtors to serve a 6" x 9" court-approved postcard (the "***PPIC Combined Notice***") on approximately eighty-three (83) million parties, which represented all individuals who are currently or, during the period January 1, 2013 to the present, were registered owners of a vehicle in the United States containing a PSAN Inflator manufactured with the propellant formulation codenamed "2004" (such vehicles, the "***PPIC Notice Vehicles***" and such registered owners, the "***PPIC Notice Parties***"). In addition to notice of the PPIC Bar Date, the PPIC Combined Notice provided creditors with actual notice and information regarding (i) the process for obtaining replacement airbags, (ii) the commencement of the Japan Proceedings, (iii) the Restitution Funds, (iv) the Disclosure Statement and Confirmation Hearing dates and objection deadlines, (v) the fact that a claimant's interests may be affected by a chapter

11 plan of reorganization, through releases, injunctions, discharges, sale "free and clear" orders, or otherwise, and (vi) the website maintained by the Debtors' noticing agent (www.TKRestructuring.com), where PPICs and other creditors could file proofs of claim, register their email addresses to receive further notices about the Chapter 11 Cases, and view other key documents and pleadings filed in the Chapter 11 Cases.

Additionally, the Bankruptcy Court directed the Debtors to publish the notice of the Bar Dates (the "***Publication Notice***") in ten (10) publications in the United States as well as fifty-eight (58) publications located across thirty-eight (38) foreign countries. The Bankruptcy Court included in the Bar Date Order its finding that the noticing procedures outlined therein, including the PPIC Combined Notice and Publication Notice, constituted good and sufficient notice of the Bar Dates to creditors of the Debtors, including unknown creditors.[83]

In addition, on December 18, 2017, the Court entered an order [Docket No. 1395] establishing February 6, 2018 (the "***Supplemental PPIC Bar Date***") as the supplemental deadline for PPICs who purchased vehicles containing a PSAN Inflator that uses 2004 non-desiccated or desiccated PSAN as propellant between August 2, 2017 through December 19, 2017 to file proofs of claim in the Chapter 11 Cases for past or future monetary losses, personal injuries (including death), or damages arising out of or relating to an airbag containing PSAN Inflators, or their component parts, manufactured or sold by the Debtors or their affiliates.

As of the date hereof, approximately 58,000 proofs of claim were filed in these Chapter 11 Cases. Of these proofs of claim, approximately 56,000 were PPIC Claims. On their proof of claim form, approximately 4,000 PPICs checked the box or otherwise indicated that their asserted Claims were PSAN PI/WD Claims. Many of those PPICs, however, did not indicate on their proofs of claim that they suffered an actual personal injury, wrongful death, or other similar harm or injury, and the Debtors have not been able to confirm the validity of their PSAN PI/WD Claim as of the Record Date. Accordingly, for solicitation purposes only, the Debtors are soliciting such PPICs as holders of Class 6 Other General Unsecured Claims.

5.9 ***Retention of Economic Consultant***

In January 2017, the Debtors engaged Ankura Consulting Group, LLC ("***Ankura***") to, among other things, forecast the cost of resolving pending and future personal injury and wrongful death claims that arise out of vehicles containing PSAN Inflators manufactured by the Debtors or their affiliates (the "***PSAN PI/WD Claims***"). Ankura relied on data provided by the Debtors and their advisors as well as third-parties in conducting their

[83] On November 3, 2017, the Debtors filed the Supplemental Declaration of Jim Messina Regarding Supplemental Procedures for Providing Notice of Bar Dates and Other Important Deadlines to Creditors in Puerto Rico and the U.S. Virgin Islands [Docket No. 1102] (the "***Messina PR/USVI Noticing Declaration***"). The Messina PR/USVI Noticing Declaration sets forth the measures that the Debtors are taking to provide notice of the Bar Dates and Chapter 11 Cases to residents of Puerto Rico and the U.S. Virgin Islands in light of the recent natural disasters in these jurisdictions and the corresponding effect on mail and publication notice. The notice being provided to residents of Puerto Rico and the U.S. Virgin Islands is comprised of digital advertisements, additional publications in print and online newspapers, and radio advertisements. Residents of Puerto Rico also received the PPIC Combined Notice; however, PPIC Combined Notices were not sent to residents of the U.S. Virgin Islands because name and address data for residents of the U.S. Virgin Islands was not available for purchase.

analysis. Indeed, Ankura, together with the Debtors' other advisors, worked with the economic consultants and advisors of the Tort Claimants' Committee, FCR, and Special Master in preparing its analysis. Ankura estimates that the Debtors' exposure on PSAN PI/WD Claims will be approximately $1.05 billion.[84] The Consenting OEMs have not reviewed, endorsed, or adopted Ankura's estimate of PSAN PI/WD Claims. Such estimate shall not be binding on the Consenting OEMs in any respect, and the Consenting OEMs reserve all rights to challenge, contest, or object to such estimate in these Chapter 11 Cases, in any other litigation or proceeding, or otherwise.

5.10 ***Retiree Benefits***

Certain of the Debtors' former employees (the "***Former Employees***") receive health benefits pursuant to the Debtors' executive healthcare plan, one or more agreements with the Debtors, or other arrangements which benefits may constitute "retiree benefits" as such term is defined in section 1114 of the Bankruptcy Code.[85] The Plan Sponsor is not assuming obligations owed to former employees, including obligations relating to retiree benefits.

The Debtors intend to comply with their obligations under sections 1114 and 1129(a)(13) of the Bankruptcy Code with respect to such retiree benefits. The Debtors have offered the Former Employees a lump sum payment representing a percentage of the estimated present value of the Former Employee's retiree benefits (the "***Proposal***"). The Debtors cannot guarantee that the Proposal will be accepted by the Former Employees. If the Proposal is not accepted by each of the Former Employees, the Debtors may face certain objections to confirmation of the Plan and proceeds may need to be set aside on the Effective Date pending resolution of the Debtors' obligations to provide retiree benefits in accordance with section 1114 of the Bankruptcy Code.

5.11 ***Extension of Exclusive Periods***

Section 1121(b) of the Bankruptcy Code provides for a period of one hundred twenty (120) days after the commencement of a chapter 11 case during which time a debtor has the exclusive right to file a plan of reorganization (the "***Exclusive Filing Period***"). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if the debtor files a plan within the Exclusive Filing Period, it shall have a period of one hundred eighty (180) days after commencement of the chapter 11 case to obtain acceptances of such plan (the "***Exclusive Solicitation Period***," and together with the Exclusive Filing Period, the "***Exclusivity Periods***"). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusivity Periods.

[84] Ankura's estimate is comprised of $1 billion for PSAN PI/WD Claims that relate to injuries incurred after the Petition Date and $50 million for injuries that occurred prior to the Petition Date and were not resolved as of the Petition Date. Ankura's estimate is a nominal value which has not been adjusted for inflation. Further, Ankura's estimate is a projection of the Debtors' share of potential liability and does not include the share of liability, if any, that may be owed by the Debtors' co-defendants.

[85] As of the date hereof, the Debtors believe that fewer than ten (10) former employees receive "retiree benefits" as such term is described in section 1114 of the Bankruptcy Code.

The Debtors' Exclusive Filing Period and Exclusive Solicitation Period were initially set to expire on October 23, 2017 and December 22, 2017, respectively. By order dated November 20, 2017 [Docket No. 1205], the Bankruptcy Court granted the Debtors' request to extend the Exclusive Filing Period and the Exclusive Solicitation Period through and including January 21, 2018, and February 27, 2018, respectively, without prejudice to seek further extensions of the Exclusive Periods at a later date.

5.12 ***Global Accommodation Agreement***

On the Petition Date, the Debtors filed a motion seeking approval of that certain accommodation agreement between and among certain of the Consenting OEMs, the Debtors, and certain other Takata entities (as amended, supplemented, or modified, the "***Global Accommodation Agreement***," and the Takata entities signatory thereto, collectively, "***Supplier***"). The Global Accommodation Agreement provides Supplier with certain valuable accommodations and liquidity enhancements to support Supplier's liquidity and operations during the Chapter 11 Cases. Specifically, pursuant to the Global Accommodation Agreement, during the Chapter 11 Cases, the Customers have agreed to provide the Debtors with, among other accommodations, (a) significant liquidity enhancement from the acceleration of payment terms on outstanding purchase orders from the Consenting OEMs' standard payment terms; (b) restrictions on the Consenting OEMs' ability to resource parts and programs to the Debtors' competitors during the term of the Global Accommodation Agreement; (c) certain limitations on the Consenting OEMs' ability to assert setoffs against the Debtors' accounts receivable; and (d) a commitment from the Consenting OEMs to purchase raw materials and furnished goods at established prices in the event of certain trigger events. It is anticipated that the accommodations provided under the Global Accommodation Agreement will provide approximately $300 million in additional liquidity that would not otherwise be available to the Debtors during the Chapter 11 Cases.

In exchange for these accommodations, the Debtors have committed to continue to produce and deliver Component Parts to the Consenting OEMs and to provide other limited accommodations to safeguard the production of Consenting OEMs. In exchange for agreeing to make payment on their outstanding accounts payable as of the Petition Date (the "***Customer Accounts***") and forgo valuable rights of setoff, the Debtors also agreed to provide certain of the Consenting OEMs with Customer Accounts (the "***Secured Accommodation Parties***") with adequate protection (the "***Adequate Protection***"), including postpetition replacement liens, superpriority administrative expense claims, and other related protections with respect to the Debtors. In connection with the Adequate Protection, the Debtors' stipulated that the amount of the claims owed to the Secured Accommodation Parties vastly exceeded the amount of the Customer Accounts on the Petition Date.

Pursuant to the Global Accommodation Agreement, Supplier (and certain other Supplier related parties) granted the Secured Accommodation Parties a release of all claims, liabilities, demands, actions and causes of action, of whatever kind or nature, that existed or may exist in the future relating to or arising from any action or inaction prior to the Effective Date (as defined in the Global Accommodation Agreement); provided that no person or entity was released from (i) any obligation arising under the Global Accommodation Agreement (or any right to or claim for payment arising in the ordinary course under a Purchase Order) or (ii) any

claim arising from or related to any act or omission that constituted fraud, gross negligence, or willful misconduct. The stipulations and releases granted pursuant to the Global Accommodation Agreement were all subject to a challenge period during which time certain parties in interest with requisite standing (other than the Debtors) could investigate and file actions, if any, objecting to or challenging the appropriateness of the Adequate Protection (the "***Challenge Period***").

As is customary, the Debtors further agreed, pursuant to an access and security agreement (the "***Access Agreement***"), to provide the Consenting OEMs with limited rights to access and utilize the Debtors' facilities and equipment in the event there is a continuing default under the Global Accommodation Agreement which has resulted in a substantial likelihood that a Consenting OEM's production will be interrupted.

The Global Accommodation Agreement included certain milestones relating to the Chapter 11 Cases, which, if not met, would provide the Requisite Consenting OEMs (as defined in the Global Accommodation Agreement) the right to terminate the Global Accommodation Agreement unless waived or deferred in writing. The case milestones generally related to finalizing of the Global Transaction Documentation and interim and final approval of the Global Accommodation Agreement by the Court. The case milestones have been extended a number of times, pursuant to a certain waivers and amendments, to allow the parties sufficient time to finalize the Global Transaction Documents.

On June 27, 2017, the Bankruptcy Court entered an order approving the Global Accommodation Agreement on an interim basis [Docket No. 107] (the "***Interim Adequate Protection Order***") and the Global Accommodation became effective and was subsequently filed with the Bankruptcy Court on July 18, 2017 [Docket No. 289]. The Access Agreement was executed by Supplier and delivered to the Consenting OEMs on August 9, 2017.

Subsequent to the entry of the Interim Adequate Protection Order, certain parties, including the Tort Claimants' Committee, requested formal discovery, including document requests and depositions, of the Debtors and certain of the Secured Accommodation Parties relating to the Global Accommodation Agreement. Formal discovery with respect to the Global Accommodation Agreement was completed on or about August 31, 2017.

On October 3, 2017, following amendments mutually-agreed upon by the Debtors, the Consenting OEMs, and the Committees filed with the Court on September 26, 2017 [Docket No. 857], the Bankruptcy Court approved the Global Accommodation Agreement, the Access Agreement, and the Adequate Protection on a final basis [Docket No. 953] (the "***Final Adequate Protection Order***" and, together with the Interim Adequate Protection Order, the "***Adequate Protection Orders***"). Pursuant to the Final Adequate Protection Order, the Challenge Period was extended to November 2, 2017, which was subsequently further extended by stipulation to December 4, 2017 [Docket No. 1090] and later to January 31, 2018 [Docket No. 1299], in each case, solely with respect to certain parties identified in such stipulation.

5.13 ***The Global Transaction and U.S. Acquisition Agreement***

Since selecting the Plan Sponsor as the successful bidder, Takata, the Consenting OEMs, and the Plan Sponsor have engaged in many months of substantive, good faith and, at times, protracted negotiations. These negotiations culminated in the execution of the Global Transaction Documents on November 16, 2017, including the U.S. Acquisition Agreement filed by the Debtors with the Bankruptcy Court on November 3, 2017 [Docket No. 1110].

The Global Transaction, including the U.S. Acquisition Agreement, is designed to further the parties' common goals of (i) ensuring ongoing compliance with the NHTSA Orders, the Plea Agreement, and the DOJ Restitution Order, (ii) complying with the insolvency laws in applicable jurisdictions, including the confirmation standards set forth in section 1129 of the Bankruptcy Code, (iii) providing for the prompt emergence from the various insolvency proceedings currently pending in the United States and internationally, and (iv) providing quality and safe Component Parts to the OEMs, including replacement kits.

The framework for the Global Transaction is the product of certain conditions imposed by the Plan Sponsor and the Consenting OEMs. From the outset, the Plan Sponsor clearly indicated that it would not be willing to assume any liabilities, including contingent liabilities relating to Takata's pre- or post-closing design, assembly, manufacture, sale, distribution and/or handling of desiccated or non-desiccated PSAN Inflators, without a full indemnity from the Consenting OEMs. The Consenting OEMs, unwilling to consent to blanket indemnity obligations, but in many instances, in need of ongoing and post-closing production of PSAN Inflators for either series production, replacement kits, or service parts, engaged in robust negotiations with the Plan Sponsor on the precise contours of their indemnification obligations and on methods to mitigate the Plan Sponsor's exposure and reduce the need for a full indemnity. To that end, and to satisfy the ongoing production needs of the Consenting OEMs as well as the ongoing recall obligations relating to PSAN Inflators, Takata, the Consenting OEMs, and the Plan Sponsor developed the PSAN Carve-Out whereby all PSAN specific assets will be carved-out or transferred, as applicable, into a separate company (*i.e.*, Reorganized Takata) to produce PSAN propellant and PSAN Inflators post-closing. The Plan Sponsor and the Consenting OEMs also entered into the Indemnity Agreement which, as described below, sets forth the scope of indemnification and releases to be provided by the Consenting OEMs to the Plan Sponsor.

Against this backdrop, the parties negotiated the Global Transaction, including the U.S. Acquisition Agreement, the EMEA Acquisition Agreement,[86] and the Japan Acquisition

[86] The "***EMEA Acquisition Agreement***" means that certain Asset Purchase Agreement by and among TAKATA Europe GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) established under the laws of Germany registered with the commercial register (Handelsregister) at the lower court (Amtsgericht) of Aschaffenburg under registration number HRB 8513; TAKATA Aktiengesellschaft, a stock corporation (Aktiengesellschaft) established under the laws of Germany registered with the commercial register at the lower court of Aschaffenburg under registration number HRB 120; and TAKATA Sachsen GmbH, a limited liability company established under the laws of Germany registered with the commercial register at the lower court of Chemnitz under registration number HRB 11841, and Joyson KSS Holdings No. 2 S.à r.l., a limited liability

Agreement[87] (together with the U.S. Acquisition Agreement and the EMEA Acquisition Agreement, the "***Acquisition Agreements***"). The central elements of the U.S. Acquisition Agreement are set forth below.

(a) **Acquired Assets**. The Sellers will sell substantially all non-PSAN-related assets to the Plan Sponsor and retain all PSAN-related assets and liabilities. The assets being sold by the Sellers to the Plan Sponsor include the stock of certain subsidiaries of the Sellers: Highland Industries, Inc., Syntec Seating Solutions LLC, Equipo, Falcomex, ALS Inc., Takata Brasil S.A., New Mexico Trading Company (as defined in the U.S. Acquisition Agreement) and, potentially, TSAC (collectively, the "***Acquired Subsidiaries***").

(b) **Consideration**. Approximately $878 million (subject to certain adjustments in accordance with the U.S. Acquisition Agreement), representing the Sellers' Regional Share of the $1.588 billion global purchase price, plus potential backstop funding and business incentive plan payments provided by the Plan Sponsor (each as described below), minus certain adjustments relating to, among other things, indebtedness of the Acquired Subsidiaries, outstanding payment obligations of the Acquired Subsidiaries pursuant to the Global Settlement Agreement, transfer taxes, VAT, and certain expenses incurred by the Plan Sponsor (as described under Section (h) below).

(c) **Business Incentive Plan Payment**. Up to $400 million in the aggregate for all Takata entities, based upon the Plan Sponsor's achievement of certain revenue targets from 2020-2024 (the "***Business Incentive Plan Payment***"). Pursuant to the Plan Settlement, the portion of the Business Incentive Plan Payment allocable to the Debtors will be paid to the Consenting OEMs.

(d) **Cure Claims**. The Plan Sponsor will be responsible for any cure claims associated with the assumption of Purchased Contracts (as defined in the U.S. Acquisition Agreement), subject to a cap of $5 million (other than with respect to OEM Assumed Contracts). Any cure claims in excess of the $5 million cap will be paid by the Debtors' estates.

(e) **No-Shop**. The Sellers are prohibited from soliciting alternative transactions, but may respond to unsolicited proposals.

(f) **Break-Up Fee and Expense Reimbursement**. The U.S. Acquisition Agreement and the U.S. RSA include the Plan Sponsor Protections, which were heavily negotiated among the Debtors, the Plan Sponsor, the Committees, the U.S. Trustee, and the FCR. On December 5, 2017, the Court held a hearing to, among other things, consider the RSA Approval Order, which sought approval of the Plan Sponsor Protections. The parties, including the objecting parties, continued to negotiate the amount of the Plan Sponsor Protections and circumstances in which such payments will become due. The parties ultimately reached an

company (Société à responsabilité limitée) under the laws of Luxembourg, and solely for purposes of section 7.22 thereof, KSS Holdings, Inc., a Delaware corporation.

[87] The "***Japan Acquisition Agreement***" means that certain Asset Purchase Agreement, dated as of the date hereof, by and among the Japan Debtors, KSS, and solely for the purposes of section 7.22 thereof, KSS Holdings, Inc., a Delaware corporation.

agreement, limiting both the amount of the Plan Sponsor Protections and circumstances in which such payments are triggered, which agreement was approved by the Court in connection with the RSA Approval Order. Set forth below is a summary of the revised Plan Sponsor Protections:

If the U.S. Acquisition Agreement is terminated because the Sellers enter into a definitive agreement with respect to a Superior Proposal, and the Sellers consummate the Alternative Transaction (as defined in the U.S. Acquisition Agreement) with respect to such Superior Proposal within fifteen (15) months after such termination, the Sellers will pay a break-up fee of three percent (3%) of the Base Purchase Price plus the Sellers' Regional Share (as defined in the U.S. Acquisition Agreement) of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of two percent (2%) of the Base Purchase Price. If the Japan Acquisition Agreement is terminated because the sellers thereunder enter into a transaction that constitutes a superior proposal thereunder, the Plan Sponsor will have the option to (x) terminate the U.S. Acquisition Agreement or (y) require the Sellers to negotiate in good faith for a period of twenty (20) business days to reform the U.S. Acquisition Agreement in order to consummate the transactions contemplated thereby on terms that are fair and reasonable to the Plan Sponsor and the Sellers. If (i) the Plan Sponsor elects to terminate the U.S. Acquisition Agreement pursuant to clause (x) above or (ii) the Plan Sponsor elects to require the Sellers to negotiate in good faith with the Plan Sponsor to seek to reform the U.S. Acquisition Agreement pursuant to clause (y) above, but the Sellers terminate the U.S. Acquisition Agreement because it has not been reformed within twenty (20) business days of the termination of the Japan Acquisition Agreement, and within twelve (12) months after such termination of the U.S. Acquisition Agreement, the Sellers consummate an Alternative Transaction[88] with the party (or an Affiliate thereof) consummating the superior proposal pursuant to the Japan Acquisition Agreement, then the Sellers will pay a break-up fee of three percent (3%) of the Base Purchase Price plus the Sellers' Regional Share of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of two percent (2%) of the Base Purchase Price. In addition, if the U.S. Acquisition Agreement is terminated for a Seller Breach Termination Trigger (as defined in the U.S. Acquisition Agreement), and the Sellers consummate an Alternative Transaction[89] within twelve (12) months of termination, then the Sellers will pay a break-up fee of three percent (3%) of the Base

[88] Under these circumstances, an "Alternative Transaction" shall mean, in a single transaction or a series of related transactions (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving all or substantially all of (A) the Sellers and the Acquired Subsidiaries, (B) the Sellers' Affiliates party to, or to be sold in an equity purchase pursuant to, the Japan Acquisition Agreement, or (C) the Sellers' Affiliates party to, or to be sold in an equity purchase pursuant the EMEA Acquisition Agreement (each group of entities described in any of (A) through (C), a "Deal Subject Entity Set") or (ii) the direct or indirect acquisition of assets, shares of capital stock, or other equity interests, or any combination thereof, by any Person or group, representing (1) fifty percent (50%) or more of the aggregate book value of the assets of all Deal Subject Entity Sets or (2) fifty percent (50%) or more of the aggregate revenues or net income of all Deal Subject Entity Sets. Notwithstanding the foregoing, (i) an Alternative Transaction shall not include a liquidation sale or liquidation transfer of one or more Deal Subject Entity Sets unless all or a material portion of such liquidation sale or liquidation transfer is entered into for the purpose or with the intent of circumventing the obligations of the Sellers under section 4.6 of the U.S. Acquisition Agreement and (ii) in determining whether or not a transaction or series of related transactions constitutes an Alternative Transaction, the inclusion or exclusion therefrom of all or any part of the PSAN Inflator Business shall not be considered.

[89] *Id.*

Purchase Price plus the Sellers' Regional Share of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of two percent (2%) of the Base Purchase Price. In addition to the above, the U.S. Acquisition Agreement provides for expense reimbursement of the Plan Sponsor in the event that the U.S. Acquisition Agreement is terminated for certain other reasons related to a breach by the Sellers, the sellers under the other Acquisition Agreements or the TSAC Purchase Agreement (if applicable), or the Consenting OEMs of certain obligations under the Global Transaction documents, subject to a cap equal to the Sellers' Regional Share of $15 million to $30 million depending on the type of breach and the cure period afforded to the Sellers.

The break-up fee is calculated as a percentage of the Base Purchase Price which amount is calculated based on the Sellers' Regional Shares of the $1.588 billion global purchase price. The expense reimbursement is allocated based on the Sellers' Regional Share of the Plan Sponsor's Expenses. In each case, the amounts payable by the Sellers are intended to reflect the relative values of the acquired assets and subsidiaries in each region. As described in further detail in Section VII below, the Regional Shares are subject to post-execution refinement, including appraisals of certain Takata entities or assets in Europe, Mexico, and China. Accordingly, the Sellers' Regional Share of the Plan Sponsor Protections expressed in absolute terms may change proportionally to any adjustments made to Regional Shares.

(g) **Regulatory Termination Fee.** In the event that the U.S. Acquisition Agreement fails to close due to a failure to obtain antitrust approval and/or clearance from CFIUS, the Plan Sponsor will pay Sellers an amount equal to (i) four and one-half percent (4.5%) of the Base Purchase Price for failure to obtain antitrust approval, or (ii) one-half percent (0.5%) of the Base Purchase Price for failure to obtain CFIUS clearance (in the case of both fees being payable, only the fee for antitrust failure will be due).

(h) **Closing Expense Reimbursement**. Upon closing, the Sellers will reimburse the Plan Sponsor for Seller's Regional Share (as defined in the U.S. Acquisition Agreement) of the Plan Sponsor's reasonable and documented expenses that have not been reimbursed, subject to a cap of $50 million in the aggregate for all regions (as allocated and as more specifically described in the U.S. Acquisition Agreement). Any excess cash conveyed in the transaction will be credited against Sellers' expense reimbursement obligations.

(i) **Transition Services Agreement**. The ancillary documents to the U.S. Acquisition Agreement include a Transition Services Agreement, pursuant to which the Plan Sponsor will provide certain services to Reorganized Takata following the closing that Reorganized Takata cannot provide for itself to enable Reorganized Takata to continue operations.

(j) **Employee Matters**. As of the closing, the Plan Sponsor will continue to employ all Acquired Subsidiary employees and offer employment to non-Acquired-Subsidiary employees (other than PSAN employees, temporary employees employed through a third party, contractors, third-party advisors and outsourced or indirectly employed workers) in the United States. In Mexico, prior to the closing, Takata will transfer all employees, other than PSAN employees, to Equipo (an Acquired Subsidiary) through an employer substitution. The mechanics of the employer substitution will be governed by the Mexican Employees Transfer

Agreement (as defined in the U.S. Acquisition Agreement), which was executed and delivered concurrently with the execution of the U.S. Acquisition Agreement. Designated PSAN business employees will become employed by Reorganized Takata. In connection with the wind-down of the PSAN Inflator Business, the Plan Sponsor will offer employment to PSAN employees upon termination of employment with Reorganized Takata. For at least one (1) year following the closing, the Plan Sponsor will provide the transferred employees with (i) at least the same annual base salary or wage rate and commission or incentive compensation opportunity as of the closing, (ii) employee benefits substantially comparable in the aggregate to those provided as of the closing, and (iii) for those transferred employees in the United States, severance payments and benefits no less favorable than those provided to similarly situated Plan Sponsor employees.

(k) **Termination Rights**. The U.S. Acquisition Agreement may be terminated for the following reasons:

(i) by either party, if:

(a) the transaction fails to close within the earlier of (i) September 30, 2018, and (ii) termination or expiration of the Plea Agreement (the "***Outside Date***");

(b) there is a final non-appealable governmental order restraining the transaction;

(c) the Bankruptcy Court enters an order prohibiting the transaction on substantially the terms and conditions set forth in the U.S. Acquisition Agreement;

(d) the Sellers enter into an agreement with respect to a transaction that constitutes a Superior Proposal; or

(e) one of the other global purchase agreements, the U.S. RSA, or the Global Accommodation Agreement is terminated;

(ii) by the Sellers, if:

(a) the Plan Sponsor breaches the U.S. Acquisition Agreement, resulting in the failure of a closing condition and such breach cannot be cured or has not been cured by the earlier of (i) twenty (20) business days after notice of such breach and (ii) the Outside Date;

(b) the Joyson Shareholder Approval[90] has not been obtained by the date that is forty-five (45) days after execution of the U.S. Acquisition Agreement;[91] or

(c) the Sellers and the Plan Sponsor are unable to agree on a treatment of intercompany balances that is reasonably acceptable to both the Sellers and the Plan Sponsor by December 22, 2017; provided that such termination right may not be exercised prior to December 22, 2017 or after January 2, 2018.

(iii) by the Plan Sponsor, if:

(a) the Sellers breach the U.S. Acquisition Agreement, resulting in the failure of a closing condition and such breach cannot be cured or has not been cured by the earlier of (i) forty-five (45) days after notice of such breach and (ii) the Outside Date;

(b) the Indemnity Agreement is not executed on or before January 2, 2018 by a sufficient number of non-Consenting OEMs such that no more than one million eight hundred thousand (1.8 million) PSAN Inflators are attributable to non-Consenting OEMs (but excluding certain specified Chinese non-Consenting OEMs) that have not become Consenting OEMs; provided, however, that such termination right may not be exercised prior to January 2, 2018 or after the date that is five (5) Business Days after January 2, 2018;

(c) certain milestones related to the Chapter 11 Cases are not met;

(d) the Global Accommodation Agreement, the Access Agreement, the Global Settlement Agreement, or the Plan is amended or modified in a manner that materially adversely affects the Plan Sponsor without the prior written consent of the Plan Sponsor;

(e) one or more of the Consenting OEMs engages in Permitted Resourcing (as defined in the Global Accommodation Agreement) or reduces or ceases orders for component parts in excess of agreed upon thresholds, such that there occurs a Business Resourcing Trigger Event (as defined in the U.S. Acquisition Agreement);

(f) one or more of the Consenting OEMs breaches the resourcing limitations set forth in the Global Accommodation Agreement and

[90] The "***Joyson Shareholder Approval***" is defined in the U.S. Acquisition Agreement as the approval by the affirmative vote (in person or by proxy) of holders holding two-thirds (2/3) of the voting power of shareholders present (in person or by proxy) and entitled to vote at a shareholders meeting of Ningbo Joyson Electronic Corp. duly called and held for the purpose of the Global Transaction or any adjournment or postponement thereof in favor of the approval of the Global Transaction.

[91] The Joyson Shareholder Approval was obtained on December 12, 2017.

such breach is not cured within thirty (30) days of the Plan Sponsor's receipt of notice of such breach;

(g) any Consenting OEM exercises remedies under the Global Accommodation Agreement for an event of default thereunder, which leads to a Material Adverse Effect (as defined in the U.S. Acquisition Agreement);

(h) the Sellers breach the Notice Protocol (as defined in the U.S. Acquisition Agreement) and such breach is not cured within twenty-one (21) days following the Sellers' notice of such breach;

(i) the condition to obtain a written agreement with NHTSA has not been satisfied or irrevocably waived by the Plan Sponsor by January 2, 2018 (provided, that the Plan Sponsor cannot exercise its termination right before such date or after five (5) Business Days following such date); or

(j) the Sellers and the Plan Sponsor are unable to agree on a treatment of intercompany balances that is reasonably acceptable to both the Sellers and the Plan Sponsor by December 22, 2017; provided that such termination right may not be exercised prior to December 22, 2017 or after January 2, 2018.

(l) **Conditions to Closing**: Conditions to closing include, but are not limited to, the following:

(i) the Plan Sponsor shall have all permits required under applicable law for the continued operation of the non-PSAN business by the Plan Sponsor and the OEMs' continued sale of vehicles incorporating products sold by the Plan Sponsor;

(ii) the Indemnity Agreement and the Global Settlement Agreement shall be in full force and effect;

(iii) the Bankruptcy Court shall have authorized the transfer of the purchased contracts;

(iv) the Bankruptcy Court shall have approved the Notice Protocol;

(v) no Material Adverse Effect (as defined in the U.S. Acquisition Agreement) shall have occurred since signing;

(vi) the separation of the PSAN Inflator Business shall have been consummated;

(vii) the Plan and the Confirmation Order shall be reasonably acceptable to the Plan Sponsor;

(viii) except for those rights which expressly survive termination, all rights granted to the Consenting OEMs under the Global Accommodation Agreement shall have been terminated;

(ix) all liens granted to the Consenting OEMs under the Access Agreement shall have been released;

(x) the amount of Cash acquired by the Plan Sponsor shall equal or exceed at least ninety percent (90%) of the Required Cash (as defined in the U.S. Acquisition Agreement) and the Plan Sponsor shall have received a certificate signed by an authorized officer of Sellers, dated the Closing Date, to the foregoing effect, together with reasonable supporting documentation;

(xi) the Plan Sponsor shall have received certain Chinese regulatory approvals;

(xii) the Plan Sponsor shall have obtained the Joyson Shareholder Approval;[92]

(xiii) the Plan Sponsor shall have secured written agreements with NHTSA with respect to certain specified matters; *provided*, that, if such agreements are not obtained on or before January 2, 2018 and the U.S. Acquisition Agreement has not been terminated within five (5) Business Days thereafter, this condition will be waived;

(xiv) no right, title or interest in, to or under the equity interests of certain Takata subsidiaries will be held by any acquired subsidiary under the U.S. Acquisition Agreement, the Japan Acquisition Agreement, the EMEA Acquisition Agreement or the TSAC Purchase Agreement (if applicable);

(xv) the Confirmation Order shall have been entered and be a Final Order;

(xvi) CFIUS clearance shall have been obtained;

(xvii) (a) the waiting period shall have expired or early termination shall have been granted under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and (b) all antitrust approvals or consents shall have been obtained or any waiting periods thereunder shall have expired or been terminated; and

(xviii) the conditions to the closings set forth in the Japan Acquisition Agreement, the TSAC Purchase Agreement (if applicable) and the EMEA Acquisition Agreement shall have been satisfied or waived.

[92] The Joyson Shareholder Approval was obtained on December 12, 2017.

5.14 ***Indemnity Agreement***

On November 16, 2017, the Consenting OEMs and the Plan Sponsor entered into the Indemnity Agreement (the "***Indemnity Agreement***"). The Indemnity Agreement will be filed with the Plan Supplement.

The Indemnity Agreement sets forth, among other things, (i) the treatment of the Consenting OEMS' purchase orders, (ii) the scope of indemnification to be provided to Parent (as defined in the Indemnity Agreement) by the Consenting OEMs, and (iii) the scope of releases to be provided by the Consenting OEMs to the Released Plan Sponsor Persons, Released Post-Closing Persons and the Acquired Takata Entities (each such term as defined in the Indemnity Agreement). Certain terms, conditions, and other agreements in the Indemnity Agreement became effective as of the execution date of the Indemnity Agreement while other terms, conditions and agreements set forth therein are conditioned upon, among other things, (i) confirmation of the Plan; (ii) approval of the Section 42 Business Transfer; (iii) receipt by each Consenting OEM of its respective Allocation Percentage (as defined in the Indemnity Agreement) of the Consenting OEMs' aggregate allocable share of the DOJ Restitution Claim; and (iv) funding of the PSAN Legacy Costs.

5.15 ***The U.S. RSA***

On November 16, 2017, the Debtors entered into the U.S. RSA with the Plan Sponsor and the Consenting OEMs. The U.S. RSA memorializes the commitment of the Debtors, the Plan Sponsor and the Consenting OEMs to support the Global Transaction, the Plan and the U.S. Acquisition Agreement, subject to the terms and conditions set forth therein. On November 3, 2017, the Debtors filed the *Motion Pursuant to 11 U.S.C. §§ 105(a), 362, 363(b), 503, and 507 and Fed. R. Bankr. P. 4001 and 6004(h) for Entry of an Order (I) Authorizing Debtors to Enter Into and Perform Under Restructuring Support Agreement; (II) Approving Plan Sponsor Protections; and (III) Modifying the Automatic Stay* [Docket No. 1109] (the "***RSA Motion***").

Under the U.S. RSA, each of the Consenting OEMs has agreed to, among other things: (i) support and take commercially reasonable steps to effectuate the Global Transaction; (ii) support the Plan Sponsor, and only the Plan Sponsor, in connection with the Global Transaction; (iii) vote any claims it holds against the Debtors to accept the Plan; (iv) not change or withdraw its vote to accept the Plan; and (v) not transfer or sell its claims against the Debtors. Similarly, the Plan Sponsor has agreed to, among other things, (i) support and take all commercially reasonable steps to effectuate the Global Transaction, (ii) not, directly or indirectly, object to, impede or take any other action or inaction to interfere with consummation of the Plan, (iii) cooperate with the Consenting OEMs regarding the distribution of the DOJ Restitution Claim, and (iv) pay the purchase price at the closing of the Global Transaction.

In exchange, the Debtors have agreed to, among other things, take commercially reasonable efforts to (i) facilitate approval of the Disclosure Statement and the confirmation and consummation of the Plan and the Global Transaction, (ii) deliver or cause to be delivered all applicable bankruptcy notices required by the Notice Protocol, and (iii) support, observe, and abide by the Plan Sponsor Protections as approved by the Bankruptcy Court. Importantly, the

Debtors have the ability to terminate the U.S. RSA if the Debtors determine, in good faith based upon the advice of counsel, that continued performance under the U.S. RSA would be inconsistent with the exercise of their fiduciary duties under applicable law.

In light of the significant time and effort that has been, and will be, expended by the Plan Sponsor and its advisors, pursuant to the U.S. RSA, the Debtors sought approval of the Plan Sponsor Protections, which were the product of rigorous, arms' length negotiations among the Debtors, the Plan Sponsor, and their respective advisors. The Plan Sponsor Protections were a condition of the Plan Sponsor's execution of the U.S. Acquisition Agreement, and, as such, allowed the Debtors to secure a binding commitment for the purchase of substantially all of their assets as set forth above. Additionally, in connection with the U.S. RSA and in furtherance of the Bar Date Order, the Debtors also sought approval of a protocol with the Consenting OEMs to govern the form and manner by which each Consenting OEM submitted its claims in the Chapter 11 Cases (the "***Consenting OEM Claims Protocol***").

On December 5, 2017, the Court held a hearing to consider the RSA Motion. In connection with certain objections filed by the Committees, the FCR, and the U.S. Trustee, the Debtors, the Plan Sponsor, and the Consenting OEMs agreed to make certain amendments to the RSA, including the amendments to the Plan Sponsor Protections, which are summarized above. In addition to the amendments to the Plan Sponsor Protections, the RSA Approval Order, among other things (i) amends section 7.11 of the U.S. Acquisition Agreement, which prohibits certain actions by the Debtors relating to Alternative Transactions, to remove certain restrictions against the Debtors engaging in discussions or negotiations regarding any Alternative Transaction Proposal and (ii) provides the U.S. Trustee, the Committees, and the FCR a right to review the Plan Sponsor's Expenses for reasonableness prior to any reimbursement by the Debtors. As noted, the U.S. RSA, including the Plan Sponsor Protections and the Consenting OEM Claims Protocol, was approved pursuant to the RSA Approval Order.

5.16 ***Global Settlement Agreement***[93]

To facilitate the implementation of the Global Transaction, on November 16, 2017, TAKATA Europe GmbH (Germany), TAKATA Sachsen GmbH (Germany) ("***TKSAC***"), and several other Takata entities involved in the production and/or sale of PSAN Inflators (collectively, the "***Released Takata Entities***"), TKJP and Takata International Finance B.V. ("***TIF***") entered into a Global Settlement Agreement (the "***Global Settlement Agreement***") with a broad group of OEMs consisting of the Consenting OEMs and/or certain of their affiliates (the "***GSA Consenting OEMs***"). The Global Settlement Agreement is attached to the U.S. Acquisition Agreement as Exhibit G.

The Global Settlement Agreement provides for the settlement and future treatment of all current and future claims of the GSA Consenting OEMs against the Released Takata Entities arising out of, relating to or with respect to the pre-closing PSAN business**,** including, but not limited to, warranty and other product liability, producer liability and other damage, compensation and recourse claims (collectively, the "***GSA PSAN Claims***"). The

[93] Capitalized terms used in this section but not otherwise defined shall have the meaning ascribed to them in the Global Settlement Agreement.

Global Settlement Agreement is also the legal basis for the Takata entities other than the Debtors and TKJP to pay their share of the DOJ Restitution Claim and the funding of Reorganized Takata and the Warehousing Entity.

Under the Global Settlement Agreement, the GSA Consenting OEMs have agreed not to prosecute or enforce against the Released Takata Entities (i) any PSAN Claims, (ii) claims under any prior settlement agreements regarding PSAN Claims, and (iii) any antitrust claims (the "***Standstill***"). The GSA Consenting OEMs have also committed not to assert any claims against third parties that could, as a consequence, have a compensation or recourse claim against the Released Takata Entities. The Standstill terminates if a requisite majority of the GSA Consenting OEMs notifies Takata of the occurrence of certain events (*e.g.*, an insolvency of any Released Takata Entity).

Furthermore, the GSA Consenting OEMs have agreed to fully settle all PSAN Claims (the "***Settlement***") once certain conditions are met. These conditions include, but are not limited to, (i) the confirmation of the Plan by the Bankruptcy Court and the occurrence of the Effective Date, (ii) consummation of certain restructuring transactions associated with the Global Transaction as well as the carve out of certain PSAN Assets, (iii) receipt by each GSA Consenting OEM of its respective allocable share of the $850 million restitution fund under the DOJ Restitution Order, and (iv) in respect of the settlement of claims against the Released Takata Entities that are not sold to the Plan Sponsor or its relevant purchasing subsidiaries in the context of the Global Transaction, the completion of the liquidation of such Released Takata Entities.

In exchange for the Settlement, the Released Takata Entities have agreed to pay or cause to be paid by the Plan Sponsor or its relevant purchasing subsidiaries, as applicable, from the applicable purchase price under the applicable sale and purchase agreement (i) certain settlement amounts calculated pursuant to formulae set out in the Global Settlement Agreement and described in Section VII herein and (ii) in the case of TAKATA Aktiengesellschaft ("***TKAG***"), TKSAC, and certain other Released Takata Entities, their shares of the funding of Reorganized Takata and the Warehousing Entity, in each case as calculated pursuant to the Global Settlement Agreement. Takata Brasil S.A. and TSAC, two non-Debtor subsidiaries of TKAM that are party to the Global Settlement Agreement, are each obligated to make a GSA Settlement Payment in currently estimated amounts of $51 million and $199 million, respectively. The GSA Settlement Payment by TK Brasil S.A. and TSAC reduces the Seller Allocated Purchase Price to TKAM as set forth in section 7.2 hereof.

5.17 ***Mexican Pre-Restructuring Steps***

On December 5, 2017, the Bankruptcy Court entered an order [Docket No. 1314] (the "***Pre-Restructuring Steps Order***") authorizing the Debtors to perform certain preparatory, pre-restructuring transactions (the "***Pre-Restructuring Steps***") with respect to the Debtors' Mexican affiliates to timely implement the Global Transaction if and when it is subsequently approved by the Bankruptcy Court. The Pre-Restructuring Steps center around two (2) transfers of assets and liabilities: (i) the transfer of certain assets and liabilities of SMX other than those related to PSAN Inflators to a new Mexican trading company (the "***SMX Transfer***"), and (ii) the

transfer to Equipo of certain non-PSAN assets and liabilities of TDM and IIM (the "***Equipo Transfer***" and, together with the SMX Transfer, the "***Transfers***").

The Pre-Restructuring steps are expected to cost approximately $12 million on a gross basis through the Closing Date. This $12 million estimate consists of approximately $4.3 million in non-recoverable fees and expenses net of $7.8 million[94] in value-added taxes that the Debtors expect to recover once an asset appraisal is obtained, certain filings are made with the Mexican government, and certain receivables are collected.[95] The Pre-Restructuring Steps Order includes a number of provisions designed to protect TDM's, IIM's, and SMX's existing creditors. These safeguards include: (i) language that ensures that the Pre-Restructuring Steps are structured and effected in a manner that preserves and recognizes the respective values of the Debtors that will be transferring assets pursuant to the Pre-Restructuring Steps, (ii) language that ensures that any transfer of Debtor assets in connection with the Pre-Restructuring Steps will reflect the fair market value of such assets, (iii) language that protects creditors of SMX from the risk of being structurally subordinated by the incurrence of non-ordinary course liabilities by New Mexico Trading Company between the time of the SMX Transfer and the closing of the Global Transaction, and (iv) language that protects creditors of TDM and IIM from the risk of being structurally subordinated by the voluntary incurrence of non-ordinary course liabilities by Equipo between the time of the Equipo Transfer and the closing of the Global Transaction. The Pre-Restructuring Steps Order also requires that the Debtors provide counsel to certain creditors with a minimum of three (3) business days' prior written notice before (i) commencing the sale of receivables associated with the SMX Transfer, or (ii) commencing the sale of assets associated with the Equipo Transfer.

5.18 ***International Implementation Issues***

In order to ensure that the Debtors are able to satisfy all of their obligations under the Global Transaction Documents on the Closing Date, certain pre-closing steps must be commenced with respect to the Debtors' affiliates in China and Mexico.

(a) TKC Assumption of TSAC Payment Obligations

Due to certain legal restrictions in China, including currency controls, TSAC is unable to satisfy certain of its payment obligations under the Global Settlement Agreement to OEMs located outside of China. In order to ensure that the DOJ Restitution Claim is fully satisfied, the Plan provides that upon entry of the Confirmation Order, TKC will be authorized to assume, in one or more transactions, some or all of TSAC's obligations under the Global Settlement Agreement to pay or cause to be paid certain settlement amounts owed to the Consenting OEMs and/or certain of their affiliates. Such settlement amounts will be calculated

[94] For the avoidance of doubt, this sum represents the amount of recoverable value-added taxes associated with the Pre-Restructuring Steps that the Debtors and their non-Debtor affiliates expect that they would ultimately recover if the Global Transaction were *not* consummated. The U.S. Acquisition Agreement and the other regional purchase agreements will govern the allocation of value-added taxes and corresponding refunds (or other recovery) between Takata and the Plan Sponsor in the event the Global Transaction is consummated.

[95] The cost estimates herein reflect the Debtors' reasonable estimates; however, the figures are approximate, and remain subject to change.

pursuant to formulae set out in the Global Settlement Agreement and described in this Disclosure Statement. TKC's assumed payment obligation(s) will be in an amount equal to any dividend(s) made by TSAC to TKC and will be conditioned on receipt of such dividends. Such dividend(s) will be used solely to pay the TSAC payment obligation(s) assumed by TKC under the Global Settlement Agreement. For the avoidance of about, nothing in section 5.11 of the Plan will be construed as limiting or otherwise altering the Plan Sponsor's right to receive the Plan Sponsor Backstop Funding Repayment from distributions to TKC after the Effective Date on account of Intercompany Interests held by TKC in TSAC.

(b) **Mexican Pre-Closing Intercompany Implementation Steps**

In connection with the Global Transaction, the Debtors are required to ensure that certain of their Mexican affiliates comply with the minimum cash requirements contained in the Global Transaction Documents on the Closing Date. In addition, the Debtors are required to eliminate certain intercompany obligations in Mexico that the Plan Sponsor is not purchasing prior to the Closing Date. In order to ensure that the Debtors have the flexibility they need in Mexico to satisfy these requirements, the Plan provides that notwithstanding anything to the contrary in the Cash Management Order, upon entry of the Confirmation Order, IIM, SMX, TDM, and TKHDM will be authorized to take any and all steps necessary to prepare for the closing of the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement. Such steps may include (i) completing any remaining unperformed Pre-Restructuring Steps, including the sale of certain assets and liabilities of SMX, (ii) undertaking any changes to the cash management and cash pooling arrangement in Mexico that the Debtors deem necessary in furtherance of the Restructuring Transactions, (iii) satisfying some or all prepetition and postpetition Intercompany Claims owed by TKHDM to IIM, SMX, TDM, and the Debtors' non-Debtor Mexican affiliates in connection with the cash pooling arrangement in Mexico, and (iv) making, approving, or receiving intercompany transfers, dividends, or capital contributions between and among TKHDM, IIM, SMX, TDM and the Debtors' non-Debtor Mexican affiliates in furtherance of the Restructuring Transactions.

VI. SUMMARY OF THE PLAN

This section of this Disclosure Statement summarizes the Plan, a copy of which is attached hereto as **Exhibit A**.[96] This summary is qualified in its entirety by reference to the Plan.

6.1 *Administrative Expense Claims, Fee Claims, and Priority Tax Claims*

(a) **Administrative Expense Claims Bar Date**

Except as provided for in the Plan or in any order of the Bankruptcy Court, and subject to section 503(b)(1)(D) of the Bankruptcy Code, holders of Administrative Expense Claims (other than holders of Administrative Expense Claims paid in the ordinary course of business, holders of Administrative Expense Claims arising under section 1930 of chapter 123 of title 28 of the United States Code, holders of Fee Claims, holders of Cure Claims, holders of

[96] Capitalized terms used in this section of the Disclosure Statement shall have the meaning ascribed to them in the Plan.

Consenting OEM PSAN Administrative Expense Claims, holders of Administrative Expense PSAN PI/WD Claims, and holders of Administrative Expense PI/WD Claims) must file and serve on the Debtors requests for the payment of such Administrative Expense Claims not already Allowed by a Final Order in accordance with the procedures specified in the Confirmation Order, on or before the Administrative Expense Claims Bar Date or be forever barred, estopped, and enjoined from asserting such Claims against the Debtors or their assets or properties, and such Claims will be deemed discharged as of the Effective Date.

(b) **Allowance of Administrative Expense Claims**

An Administrative Expense Claim, with respect to which a request for payment has been properly and timely filed pursuant to section 2.1 of the Plan, will became an Allowed Administrative Expense Claim if no objection to such request is filed by the applicable Claims Administrator with the Bankruptcy Court on or before one hundred twenty (120) days after the Effective Date, or on such later date as may be fixed by the Bankruptcy Court. If an objection is timely filed, the Administrative Expense Claim will become an Allowed Administrative Expense Claim only to the extent allowed by Final Order or such Claim is settled, compromised, or otherwise resolved by the applicable Claims Administrator pursuant to section 7.6 of the Plan.

(c) **Payment of Allowed Administrative Expense Claims**

(i) Administrative Expense Claims. Except to the extent that a holder of an Allowed Administrative Expense Claim (other than a Fee Claim, Consenting OEM PSAN Cure Claim, Consenting OEM PSAN Administrative Expense Claim, Administrative Expense PSAN PI/WD Claim, or Administrative Expense PI/WD Claim) agrees to a different treatment, the holder of such Allowed Administrative Expense Claim will receive, on account of such Allowed Claim, Cash in an amount equal to the Allowed amount of such Claim from the Debtors or from the Plan Sponsor (solely to the extent such Claim is an Assumed Liability), within thirty (30) days following the later to occur of (i) the Effective Date and (ii) the date on which such Administrative Expense Claim will become an Allowed Claim; *provided*, *however*, that Allowed Administrative Expense Claims against any of the Debtors representing liabilities incurred in the ordinary course of business by the Debtors, as debtors in possession, will be paid by either the Plan Sponsor to the extent such Allowed Administrative Expense Claims are Assumed Liabilities or the Reorganized TK Holdings Trust, as applicable, in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents establishing, such liabilities.

(ii) Consenting OEM PSAN Administrative Expense Claims. Subject to approval of the Plan Settlement by the Bankruptcy Court, the Consenting OEM PSAN Administrative Expense Claims will be

deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.18 of the Plan.

(iii) Administrative Expense PI/WD Claims. Prior to the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims will be paid in Cash in full as they are Allowed from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, or the TKH Claims Reserve, as applicable, which will include amounts sufficient to pay in full all Administrative Expense PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors, respectively, for injuries that have not occurred as of the Closing Date, as estimated by the Debtors in their reasonable discretion. After the Non-PSAN PI/WD Claims Termination Date, amounts equal to the total estimated amounts of Administrative Expense PI/WD Claims will be transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable, to a segregated account in the PSAN PI/WD Trust, and the PSAN PI/WD Trustee will thereafter be responsible for resolving and paying Administrative Expense PI/WD Claims. The IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and TKH Claims Reserve, as applicable (prior to the Non-PSAN PI/WD Claims Termination Date), and the PSAN PI/WD Trust (on or after the Non-PSAN PI/WD Claims Termination Date) will have all defenses, cross-claims, offsets, and recoupments regarding Administrative Expense PI/WD Claims that the applicable Debtor has or would have had under applicable law.

(iv) Administrative Expense PSAN PI/WD Claims. Prior to the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims will be paid in Cash in full as they are Allowed from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, or the TKH Claims Reserve, as applicable, which will include amounts sufficient to pay in full all Administrative Expense PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors, respectively, for injuries that have not occurred as of the Closing Date, as set forth in the Claims Estimation Report. On the Effective Date, a segregated bank account will be established in each of the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, to the extent applicable, for the benefit of the holders of Allowed Administrative Expense PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors and funded with amounts sufficient to pay in full all estimated Administrative Expense PSAN PI/WD Claims against IIM, SMX, TDM, and the TKH Debtors, respectively, as set forth in the Claims Estimation Report. After the Non-PSAN PI/WD Claims Termination Date, amounts equal to the total estimated amount of Administrative Expense PSAN PI/WD Claims, as set forth in the Updated Claims Estimation Report, will be

transferred from the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable, to a segregated account in the PSAN PI/WD Trust, and the PSAN PI/WD Trustee will thereafter be responsible for resolving and paying Administrative Expense PSAN PI/WD Claims. In no event will any Administrative Expense PSAN PI/WD Claim be asserted against the Plan Sponsor and any such Claim will be asserted exclusively against the Reorganized TK Holdings Trust prior to the Non-PSAN PI/WD Claims Termination Date and the PSAN PI/WD Trust after the Non-PSAN PI/WD Claims Termination Date. The IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, and the TKH Claims Reserve, as applicable (prior to the Non-PSAN PI/WD Claims Termination Date), and the PSAN PI/WD Trust (on or after the Non-PSAN PI/WD Claims Termination Date) will have all defenses, cross-claims, offsets, and recoupments regarding Administrative Expense PSAN PI/WD Claims that the applicable Debtor has or would have had under applicable law.

(d) **Adequate Protection Claims**

Subject to approval of the Plan Settlement by the Bankruptcy Court, the Adequate Protection Claims will be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.18 of the Plan.

(e) **NHTSA Claims**

The NHTSA Claims will be allowed in the aggregate amount of $50 million, subject to downward adjustment for any payments made by the Debtors to NHTSA on account of the NHTSA Claims prior to the Effective Date. On the Effective Date or as soon as reasonably practicable thereafter, the NHTSA Claims will be paid in full in Cash from the TKH Cash Proceeds, in full and final satisfaction of such Claims.

(f) **Treatment of Fee Claims**

All Professional Persons seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), or 1103 of the Bankruptcy Code will (i) file, on or before the date that is forty five (45) days after the Effective Date, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court or authorized to be paid in accordance with the order(s) relating to or allowing any such Fee Claim. On the Effective Date, the Debtors will establish and fund the Fee Escrow Account. The Debtors will fund the Fee Escrow Account with Cash equal to the Professional Persons' good faith estimates of the Fee Claims. Funds held in the Fee Escrow Account will not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but will revert to the Reorganized TK Holdings Trust only after all Fee Claims allowed by the Bankruptcy Court have been irrevocably paid in

full. The Fee Escrow Account will be held in trust for Professional Persons retained by the Debtors and for no other parties until all Fee Claims Allowed by the Bankruptcy Court have been paid in full. Fees owing to the applicable Professional Persons will be paid in Cash to such Professional Persons from funds held in the Fee Escrow Account when such Claims are Allowed by an order of the Bankruptcy Court or authorized to be paid under the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals; *provided*, *however*, that the Reorganized Debtors' obligations with respect to Fee Claims will not be limited by nor deemed limited to the balance of funds held in the Fee Escrow Account. To the extent that funds held in the Fee Escrow Account are insufficient to satisfy the amount of accrued Fee Claims owing to the Professional Persons, such Professional Persons will have an Allowed Administrative Expense Claim for any such deficiency, which will be satisfied in accordance with section 2.3 of the Plan (but for the avoidance of doubt will not be subject to any Administrative Expense Claims Bar Date). No Claims, Interests, Liens, other encumbrances, or liabilities of any kind will encumber the Fee Escrow Account in any way.

(g) **Treatment of Priority Tax Claims**

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, on the Effective Date or as soon thereafter as is reasonably practicable, the holder of such Allowed Priority Tax Claim will receive, on account of such Allowed Priority Tax Claim, either Cash in an amount equal to the Allowed amount of such Claim or such other treatment as may satisfy section 1129(a)(9) of the Bankruptcy Code.

6.2 ***Classification of Claims and Interests***

(a) **Classification in General**

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and Distributions under the Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released, or otherwise settled prior to the Effective Date. In no event will any holder of an Allowed Claim be entitled to receive payments under the Plan that, in the aggregate, exceed the Allowed amount of such holder's Claim.

(b) **Summary of Classification of Claims and Interests**

Section 2.5 of this Disclosure Statement states the designations of Classes of Claims against and Interests in the Debtors under the Plan and specifies which Classes are (i) Impaired and Unimpaired under the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, and (iii) deemed to accept or reject the Plan.

(c) **Elimination of Vacant Classes**

Any Class that, as of the commencement of the Confirmation Hearing, does not have at least one holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes will be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

(d) **Voting Classes; Presumed Acceptance by Non-Voting Classes**

With respect to each Debtor, if a Class contained Claims eligible to vote and no holder of Claims eligible to vote in such Class votes to accept or reject the Plan, the Plan will be presumed accepted by the holders of such Claims in such Class.

(e) **Voting; Presumptions; Solicitation**

(i) Acceptance by Certain Impaired Classes. Only holders of Claims in Classes 3, 4, 5, and 6 are entitled to vote to accept or reject the Plan. An Impaired Class of Claims will have accepted the Plan if (i) the holders of at least two-thirds (2/3) in amount of Claims actually voting in such Class have voted to accept the Plan and (ii) the holders of more than one-half (1/2) in number of the Claims actually voting in such Class have voted to accept the Plan. Holders of Claims in Classes 3, 4, 5, and 6 will receive ballots containing detailed voting instructions.

(ii) Deemed Acceptance by Unimpaired Classes. Holders of Claims in Classes 1 and 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Plan.

(iii) Deemed Rejection by Certain Impaired Classes. Holders of Claims and Interests in Classes 7 and 8 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Plan.

(iv) Individual Creditor Voting Rights. Notwithstanding anything to the contrary in the Plan, the voting rights of holders of Claims in any Class will be governed in all respects by the Solicitation Procedures Order.

(f) **Cramdown**

If any Class of Claims is deemed to reject the Plan or is entitled to vote on the Plan and does not vote to accept the Plan, the Debtors may (i) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (ii) amend or modify the Plan in accordance with the terms of the Plan and the Bankruptcy Code. If a controversy arises as to whether any Claims or Interests, or any class of Claims or Interests, are impaired, the Bankruptcy Court will, after notice and a hearing, determine such controversy on or before the Confirmation Date.

(g) **No Waiver**

Nothing contained in the Plan will be construed to waive a Debtor's or other Person's right to object on any basis to any Claim.

6.3 ***Treatment of Claims and Interests***

For a summary of the classification and treatment of Claims and Interests under the Plan, *see* Section 2.5 – Summary Table of Classification and Treatment of Claims and Interests Under the Plan. For a full description of the treatment of Claims and Interests under the Plan, *see* Article IV of the Plan.

6.4 ***Means for Implementation***

(a) **Restructuring Transactions**

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions consistent with the Plan and the U.S. RSA as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan.

(b) **Sale of Purchased Assets**

(i) Approval of Sale of Purchased Assets. As permitted by sections 1123(a)(5), 1123(b), and 1141(c) of the Bankruptcy Code, the Debtors have sought approval of the sale of the Purchased Assets to the Plan Sponsor in accordance with the terms of the Plan and the U.S. Acquisition Agreement. Confirmation of the Plan by the Bankruptcy Court will constitute approval of the proposed sale of the Purchased Assets.

(ii) Sale of Purchased Assets. On the Effective Date, the Debtors will consummate the sale and transfer of the Purchased Assets to the Plan Sponsor and, in exchange, the Plan Sponsor will pay the Purchase Price, the Business Incentive Plan Payment, and the Plan Sponsor Backstop Funding in accordance with the terms of the U.S. Acquisition Agreement.

(iii) Sale Free and Clear. On the Effective Date, except for the Assumed Liabilities and the Permitted Liens, the Purchased Assets will, in accordance with section 1141(c) of the Bankruptcy Code, be purchased by or otherwise transferred to the Plan Sponsor in accordance with the U.S. Acquisition Agreement free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind or nature whatsoever, including rights or claims based on any successor or transferee liabilities. **The terms of section 5.2(c) of the Plan will be binding on and enforceable against all Persons as a permanent injunction pursuant to section 10.5(b) hereof.**

(c) **Plan Sponsor Backstop Funding**

(i) Plan Sponsor Backstop Funding. The Plan Sponsor will provide Plan Sponsor Backstop Funding up to the Backstop Funding Cap, solely to the extent of an existing or near-term deficiency in the funding of the Backstopped Claims, all upon the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement.

(ii) Access to Information. Reorganized Takata, the Reorganized TK Holdings Trust, the Warehousing Entity, and the Plan Administrator will keep the Plan Sponsor and the Consenting OEMs reasonably informed of all material developments that could reasonably be expected to increase the likelihood that the Plan Sponsor Backstop Funding would be triggered during the period commencing on the Closing Date and ending on the Backstop Expiration Date and will promptly comply with any reasonable requests by the Plan Sponsor for financial information relating to its obligation to provide Plan Sponsor Backstop Funding. Reorganized Takata, the Reorganized TK Holdings Trust, and the Warehousing Entity will, and will cause each of their subsidiaries (if any) during the period commencing on the Closing Date and ending on the Backstop Expiration Date to (i) keep proper books of record and accounts in which true and correct entries in conformity in all material respects with U.S. generally accepted accounting principles will be made of all dealings and transactions in relation to its business and activities and (ii) permit any authorized representatives designated by the Plan Sponsor to visit and inspect any of the properties of Reorganized Takata, the Reorganized TK Holdings Trust, or the Warehousing Entity to inspect, copy, and take extracts from its and their financial and accounting records and to discuss its and their affairs, finances, and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested.

(d) **Vesting of Assets**

On the Effective Date, and if applicable, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, all PSAN Assets will vest in each of the Reorganized Debtors which, as Debtors, owned such PSAN Assets as of the Effective Date, free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, except any such Claims, Interests, Liens, other encumbrances, and liabilities of any kind of the Consenting OEMs against the Debtors to which Reorganized Takata will remain obligated under the Plan or as otherwise provided in the Plan. For the avoidance of doubt, (i) no Warehoused PSAN Assets or Other Excluded Assets will vest in any Reorganized Debtor and such assets will instead be transferred to and vest in the Warehousing Entity and the Reorganized TK Holdings Trust, respectively, and (ii) Reorganized Takata will not acquire, own, or maintain the Warehoused PSAN Assets or be

required to, or otherwise be authorized to, comply with the obligations under the Preservation Order related to the Warehoused PSAN Assets.

(e) **Allocation of Purchase Price**

(i) Cash Proceeds. On the Effective Date, the Plan Sponsor will pay the Purchase Price for the Purchased Assets. The Purchase Price will be allocated, either directly or indirectly, to each of IIM, SMX, TDM, TKAM, TKC, TKF, and the TKH Debtors based on an allocation methodology described in the Disclosure Statement. From the Cash Proceeds and the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement), the Debtors will, pursuant to the Plan Settlement and the other terms of the Plan:

(a) distribute the Plan Settlement Turnover Amount in accordance with section 5.18(b) of the Plan;

(b) establish the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKAM Claims Reserve, the TKC Claims Reserve, the TKF Claims Reserve, and the TKH Claims Reserve from each applicable Debtor's Cash Proceeds;

(c) establish the Post-Closing PSAN PI/WD Claims Reserve from the TDM Cash Proceeds and TKH Cash Proceeds pursuant to each of TDM's and the TKH Debtors' Allocable Shares;

(d) establish the PSAN PI/WD Trust Reserve from the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares;

(e) establish the Reorganized TK Holdings Trust Reserve from the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares;

(f) establish the Warehousing Entity Reserve from (a) the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares in accordance with the Plan Settlement and (b) the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement);

(g) establish the Post-Closing Reserve from (a) the TDM Cash Proceeds and the TKH Cash Proceeds pursuant to each of TDM's

and the TKH Debtors' Allocable Shares in accordance with the Plan Settlement and (b) the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement); and

(h) make the Plan Settlement Payment, less the Plan Settlement Turnover Amount, pursuant to the Plan Settlement Payment Waterfall.

(ii) Effective Date Available Cash. Effective Date Available Cash under the Plan will consist of the Cash Proceeds less amounts to be (i) paid for the Plan Settlement Payment pursuant to the Plan Settlement Payment Waterfall and (ii) reserved for the Claims Reserves (including the Post-Closing PSAN PI/WD Claims Reserve), the Legacy Entities Reserves, the PSAN PI/WD Trust Reserve, and the Post-Closing Reserve.

(iii) Available Cash. Available Cash under the Plan will consist of (i) Effective Date Available Cash, (ii) Surplus Reserved Cash from the Claims Reserves that is not needed to satisfy the Post-Closing Reserve or the Legacy Entities Reserves and that is made available to the Recovery Funds and Disputed Claims Reserves or otherwise becomes TKAM Available Cash, TKC Available Cash, or TKF Available Cash, as applicable, in accordance with section 5.5(d)(i) of the Plan, and (iii) any Residual Value attributable to or funded by the Debtors. Additionally, $100,000 of the Plan Settlement Turnover Amount will constitute Available Cash for each of IIM, SMX, TDM, and the TKH Debtors; *provided*, *however*, that the Plan Settlement Turnover Amount will constitute Available Cash for each of IIM and TDM solely in the event that the Mexico Class Action Claims have not been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date. Available Cash will be (i) in the case of IIM, SMX, TDM, and the TKH Debtors, allocated to the Recovery Funds and the Disputed Claims Reserves, as applicable, pursuant to the Distribution Formula and (ii) in the case of TKAM, TKC, and TKF, made available for Distribution to holders of Intercompany Interests in the applicable Debtor after payment in full of all holders of Allowed Claims against TKAM, TKC, and TKF, as applicable. Available Cash allocated to the Recovery Funds will be made available for Distribution to the holders of Allowed General Unsecured Claims. For the avoidance of doubt, the Plan Sponsor Backstop Funding will not constitute Available Cash.

(iv) Surplus Reserved Cash

(a) **Surplus Reserved Cash from Claims Reserves**. The applicable Claims Administrator will determine on each six-month

anniversary of the Effective Date whether the amounts available in any Claims Reserve, including the Post-Closing PSAN PI/WD Claims Reserve, are in excess of the amount necessary to satisfy the purpose for which such reserve was established. The Claims Administrators' determination of whether the amounts available in the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are in excess of the amounts necessary to satisfy the purposes for which such reserves were established will be based on the Claims Estimation Report. If the applicable Claims Administrator determines that a surplus exists in any Claims Reserve as of the date of such determination, such Surplus Reserved Cash will (a)(1) first, be allocated to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity (as applicable) have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Surplus Reserved Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (2) second, be allocated to the Reorganized TK Holdings Trust Reserve to the extent such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (3) third, become Available Cash of the applicable Debtor and deposited into the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula, if applicable; *provided*, *however*, that no Surplus Reserved Cash from the Claims Reserves will become Available Cash or be deposited into the Recovery Funds or Disputed Claims Reserves without the consent of the Plan Sponsor and the Requisite Consenting OEMs unless the Warehousing Entity and Reorganized Takata have been dissolved; and (b) otherwise remain in the Claims Reserves.

(b) **Surplus Reserved Cash from Reorganized TK Holdings Trust Reserve**. Prior to the dissolution of the Reorganized TK Holdings Trust, the Legacy Trustee will determine on each six-month anniversary of the Effective Date whether the amounts available in the Reorganized TK Holdings Trust Reserve are in excess of the amounts necessary to satisfy the purpose for which such reserve was established. If the Legacy Trustee determines that a surplus exists in the Reorganized TK Holdings Trust Reserve as of the date of such determination, such Surplus Reserved Cash will (a) be allocated (1) first, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity (as applicable) have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Surplus Reserved Cash to be in the discretion of the

Legacy Trustee in consultation with the Plan Administrator, and (2) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Surplus Reserved Cash and (b) otherwise remain in the Reorganized TK Holdings Trust Reserve. The Legacy Trustee will periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on the Claims Estimation Report. Following the dissolution of the Reorganized TK Holdings Trust, any Surplus Reserved Cash from the Reorganized TK Holdings Trust Reserve will be allocated in accordance with section 5.6(l) of the Plan.

(c) **Surplus Reserved Cash from Post-Closing Reserve**. During the Operating Term, the Plan Administrator, in consultation with the Legacy Trustee, will determine on each six-month anniversary of the Effective Date whether the amounts available in the Post-Closing Reserve are in excess of amounts necessary to satisfy the purpose for which such reserve was established. If the Plan Administrator determines that a surplus exists in the Post-Closing Reserve as of the date of such determination, such Surplus Reserved Cash will (a) be allocated to the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established and (b) otherwise remain in the Post-Closing Reserve. After the expiration of the Operating Term and wind down of Reorganized Takata, any remaining Surplus Reserved Cash from the Post-Closing Reserve will be allocated in accordance with section 5.8(l) of the Plan.

(d) **Surplus Reserved Cash from Warehousing Entity Reserve**. Prior to the dissolution of the Warehousing Entity, the Plan Administrator, in consultation with the Legacy Trustee, will determine on each six-month anniversary of the Effective Date whether the amounts available in the Warehousing Entity Reserve are in excess of the amounts necessary to satisfy the purpose for which such reserve was established. If the Plan Administrator determines that a surplus exists in the Warehousing Entity Reserve as of the date of such determination, such Surplus Reserved Cash will (a) be allocated to the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established and (b) otherwise remain in the Warehousing Entity Reserve. Following dissolution of the Warehousing Entity,

any Surplus Reserved Cash from the Warehousing Entity Reserve will be allocated in accordance with section 5.9(h) of the Plan.

(v) Post-Closing Cash

(a) **Reorganized TK Holdings Trust Post-Closing Cash**. Prior to the dissolution of the Reorganized TK Holdings Trust, Reorganized TK Holdings Trust Post-Closing Cash will, on each six-month anniversary of the Effective Date, be allocated (a) first, to the Post-Closing Reserve, the Reorganized TK Holdings Trust Reserve, and/or the Warehousing Entity Reserve to the extent that Reorganized Takata, the Reorganized TK Holdings Trust, and the Warehousing Entity (as applicable) have not been dissolved and any such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (b) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Reorganized TK Holdings Trust Post-Closing Cash, and (c) third, to the Reorganized TK Holdings Trust Reserve regardless of whether such reserve is sufficiently funded to satisfy the purpose for which such reserve was established; *provided*, *however*, that Reorganized TK Holdings Trust Post-Closing Cash arising from distributions after the Effective Date on account of Intercompany Interests held by TKAM, TKC, and TKF will (a) first, solely with respect to distributions from TKC's subsidiary, be used towards the Plan Sponsor Backstop Funding Repayment (including repayment of any unreimbursed Restructuring Expenses) in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement and (b) second constitute Available Cash of such Debtor. The Legacy Trustee will periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on the Claims Estimation Report. Following the dissolution of the Reorganized TK Holdings Trust, any remaining Reorganized TK Holdings Trust Post-Closing Cash will be allocated in accordance with section 5.6(l) of the Plan.

(b) **Reorganized Takata Post-Closing Cash**. During the Operating Term, Reorganized Takata Post-Closing Cash will, on each six-month anniversary of the Effective Date, be allocated (i) first, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved

and either reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Plan Administrator in consultation with the Legacy Trustee and (ii) second, to the Post-Closing Reserve regardless of whether such reserve is sufficiently funded to satisfy the purpose for which such reserve was established. After the expiration of the Operating Term and wind down of Reorganized Takata, any remaining Reorganized Takata Post-Closing Cash will be allocated in accordance with section 5.8(l) of the Plan.

(c) **Warehousing Entity Post-Closing Cash**. Prior to the dissolution of the Warehousing Entity, Warehousing Entity Reserve Post-Closing Cash will, on each six-month anniversary of the Effective Date, be allocated (a) first, to the Warehousing Entity Reserve and/or the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Plan Administrator in consultation with the Legacy Trustee and (b) second, to the Warehousing Entity Reserve regardless of whether such reserve is insufficiently funded to satisfy the purpose for which such reserve was established. Following dissolution of the Warehousing Entity, any remaining Warehousing Entity Reserve Post-Closing Cash will be allocated in accordance with section 5.9(h) of the Plan.

(f) **The Reorganized TK Holdings Trust**

(i) **Execution of the Reorganized TK Holdings Trust Agreement**. On or before the Effective Date, the Reorganized TK Holdings Trust Agreement will be executed by the Debtors and the Legacy Trustee, and all other necessary steps will be taken to establish the Reorganized TK Holdings Trust for the benefit of (i) the holders of Allowed Claims (other than (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (ii) the PSAN PI/WD Trustee, and (iii) the Special Master in his capacity as OEM Claims Administrator. Section 5.6 of the Plan sets forth certain of the rights, duties, and obligations of the Legacy Trustee with respect to the Reorganized TK Holdings Trust. In the event of any conflict between the terms of the Plan and the terms of the Reorganized TK Holdings Trust Agreement, the terms of the Reorganized TK Holdings Trust Agreement will govern.

(ii) **Purpose of the Reorganized TK Holdings Trust**. The Reorganized TK Holdings Trust will be established to administer certain post-

Effective Date responsibilities under the Plan, including (i) resolving all Disputed Claims (other than Disputed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (ii) maintaining the Claims Reserves, (iii) making Distributions to holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), and (iv) being the sole member of TK Global LLC for the benefit of holders of Claims. The Reorganized TK Holdings Trust will retain all rights to commence and pursue all Causes of Action (including Avoidance Actions) that are expressly preserved and not released under the Plan. The Reorganized TK Holdings Trust will have no objective to continue or engage in the conduct of a trade or business. On the Effective Date, the Reorganized TK Holdings Trust will become party to the Plan Sponsor Backstop Funding Agreement and possess all of the rights and be subject to all of the obligations of the Reorganized TK Holdings Trust under and as set forth in the Plan Sponsor Backstop Funding Agreement.

(iii) **Reorganized TK Holdings Trust Assets**. The Reorganized TK Holdings Trust will consist of the Reorganized TK Holdings Trust Assets. On the Effective Date, the Debtors will transfer all the Reorganized TK Holdings Trust Assets to the Reorganized TK Holdings Trust free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind.

(iv) **Appointment of the Legacy Trustee**. The Legacy Trustee is set forth in the Reorganized TK Holdings Trust Agreement. The appointment of the Legacy Trustee will be approved in the Confirmation Order, and such appointment will be effective as of the Effective Date. In accordance with the Reorganized TK Holdings Trust Agreement, the Legacy Trustee will serve in such capacity through the earlier of (i) the date that the Reorganized TK Holdings Trust is dissolved in accordance with the Reorganized TK Holdings Trust Agreement and (ii) the date such Legacy Trustee resigns, is terminated, or is otherwise unable to serve for any reason.

(v) **Role of the Legacy Trustee**. In furtherance of and consistent with the purpose of the Reorganized TK Holdings Trust and the Plan, the Legacy Trustee shall have the power and authority to (i) hold, manage, sell, invest, and distribute the Reorganized TK Holdings Trust Assets to the holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims) and

the PSAN PI/WD Trustee, (ii) hold the Reorganized TK Holdings Trust Assets for the benefit of holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (iii) hold, manage, sell, invest, and distribute the Reorganized TK Holdings Trust Assets obtained through the exercise of its power and authority, (iv) maintain and administer the Claims Reserves and the Reorganized TK Holdings Trust Reserve, (v) prosecute and resolve objections to Disputed Claims (other than Disputed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (vi) perform such other functions as are provided in the Plan and the Reorganized TK Holdings Trust Agreement, and (vii) administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules, in all cases, consistent with the Plan. The Legacy Trustee will be responsible for all decisions and duties with respect to the Reorganized TK Holdings Trust and the Reorganized TK Holdings Trust Assets. In all circumstances, the Legacy Trustee will act in the best interests of all beneficiaries of the Reorganized TK Holdings Trust, in furtherance of the purpose of the Reorganized TK Holdings Trust, and in accordance with the Reorganized TK Holdings Trust Agreement.

(vi) **Transferability of Distribution Rights**. Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not be evidenced by any certificate, security, receipt, or in any other form or manner whatsoever, except as maintained on the books and records of the Reorganized TK Holdings Trust by the Legacy Trustee. Further, any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will be nontransferable and non-assignable except by will, intestate, succession, or operation of law. Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not constitute "securities" and will not be registered pursuant to the Securities Act. If it is determined that such rights constitute "securities," the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.

(vii) **Costs and Expenses of Legacy Trustee**. The costs and expenses of the Reorganized TK Holdings Trust, including the fees and expenses of the Legacy Trustee and its retained professionals, will be paid out of the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.

(viii) **Compensation of Legacy Trustee**. The Legacy Trustee will be entitled to reasonable compensation, subject to the terms of the Reorganized TK Holdings Trust Agreement, in an amount consistent with that of similar functionaries in similar types of bankruptcy cases. Such compensation will be payable from the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement. The Legacy Trustee's proposed compensation shall be included in the Plan Supplement.

(ix) **Retention of Professionals by the Legacy Trustee**. The Legacy Trustee may retain and reasonably compensate counsel and other professionals to assist in their duties as Legacy Trustee on such terms as the Legacy Trustee deems appropriate without Bankruptcy Court approval, subject to the provisions of the Reorganized TK Holdings Trust Agreement. The Legacy Trustee may retain any professional, including any professional who represented parties in interest such as the Debtors in the Chapter 11 Cases. All fees and expenses incurred in connection with the foregoing will be payable from the Reorganized TK Holdings Trust Reserve, subject to the terms of the Reorganized TK Holdings Trust Agreement.

(x) **U.S. Federal Income Tax Treatment of the Reorganized TK Holdings Trust**. The Reorganized TK Holdings Trust will be treated as a trust described in Subpart C of Subchapter J of the Internal Revenue Code and the regulations promulgated thereunder. The Reorganized TK Holdings Trust will file (or cause to be filed) statements, returns, or disclosures relating to the Reorganized TK Holdings Trust that are required by any governmental unit, including IRS Form 1041, IRS Form 1041-ES, and IRS Schedule K-1. The Legacy Trustee will be responsible for payment, out of the Reorganized TK Holdings Trust Reserve, of any taxes imposed on the Reorganized TK Holdings Trust or the Reorganized TK Holdings Trust Assets, including estimated and annual U.S. federal income taxes. The Legacy Trustee may request an expedited determination of taxes of the Reorganized TK Holdings Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Reorganized TK Holdings Trust for all taxable periods through the dissolution of the Reorganized TK Holdings Trust.

(xi) **Dissolution**. The Reorganized TK Holdings Trust will be dissolved and the Legacy Trustee will be discharged from his/her/its duties with respect to the Reorganized TK Holdings Trust upon completion of their duties as set forth in the Reorganized TK Holdings Trust Agreement, including when (i) all Disputed Claims (other than PSAN PI/WD Claims, Administrative Expense PI/WD Claims, and Administrative Expense PSAN PI/WD Claims) have been resolved, (ii) all Reorganized TK Holdings Trust Assets have been liquidated,

and (iii) all Distributions required to be made by the Legacy Trustee under the Plan and the Reorganized TK Holdings Trust Agreement have been made, but in no event will the Reorganized TK Holdings Trust be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(xii) **Dissolution Date Cash and Residual Value**. Any Dissolution Date Cash in the Reorganized TK Holdings Trust remaining upon dissolution of the Reorganized TK Holdings Trust pursuant to section 5.6(k) of the Plan will be available (i) first, to the Post-Closing Reserve and/or Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Dissolution Date Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (ii) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Dissolution Date Cash, and (iii) third, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity have not been dissolved, with such allocation of Dissolution Date Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator. The Legacy Trustee will determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After Reorganized Takata and the Warehousing Entity have been dissolved, each Debtor's Allocable Share of the Residual Value of the Reorganized TK Holdings Trust will become Available Cash of such Debtor and, as applicable, be deposited into such Debtor's Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula.

(xiii) **Indemnification of the Legacy Trustee**. The Legacy Trustee will not be liable for actions taken or omitted in its capacity as, or on behalf of, the Legacy Trustee or the Reorganized TK Holdings Trust, except those acts found by Final Order to be arising out of its willful misconduct, gross negligence, fraud, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), or *ultra vires* act, and will be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Legacy Trustee or the Reorganized TK

Holdings Trust, except for any actions or inactions found by Final Order to be arising out of its willful misconduct, gross negligence, fraud, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), or *ultra vires* act. Any valid indemnification claim of the Legacy Trustee will be satisfied from the Reorganized TK Holdings Trust Reserve.

(g) **TK Global LLC**

(i) **Ownership and Purpose of TK Global LLC**. On or before the Effective Date, all necessary steps will be taken to form TK Global LLC. The Reorganized TK Holdings Trust will be the sole member of TK Global LLC. TK Global LLC will be established to own the sole equity interest in Reorganized TK Holdings and all the equity interests in the Warehousing Entity, both for the benefit of holders of Claims. The Plan Administrator and the Oversight Committee will be appointed to TK Global LLC.

(ii) **The Plan Administrator.** On the Effective Date, the Plan Administrator will be appointed solely to perform the Authorized Purposes. In furtherance of and consistent with the purpose of the TK Global Operating Agreement, the Plan Administrator will act as the chief executive officer of TK Global LLC and oversee, along with the Oversight Committee, the management of TK Global LLC. The Plan Administrator will be responsible for developing budgets, forecasts, and cash flow projections and reporting against budgets for TK Global LLC and its subsidiaries, each subject to review and approval by the Oversight Committee.

The Plan Administrator will be Michael Rains, the current Vice President of the Product Safety Group for TKH. The Plan Administrator will be retained pursuant to the Plan Administrator Agreement. In the event the Plan Administrator resigns, is terminated, or is otherwise unable to serve for any reason, a successor will be designated by the PSAN Consenting OEMs, as reasonably acceptable to the Debtors or Reorganized TK Holdings, as applicable, and the Consenting OEMs. The PSAN Consenting OEMs will have the right (subject to the reasonable consent of the Warehouse Consenting OEMs) to request that the Oversight Committee replace the Plan Administrator if the Independent Consultant determines that (i) the Plan Administrator is not operating Reorganized Takata in a reasonable and prudent manner or (ii) Reorganized Takata is not complying with DOJ, NHTSA, or other regulatory requirements. The Plan Administrator will have thirty (30) days to cure any deficiencies

identified in such Consenting OEM report, if such deficiencies are capable of cure.

The fees and expenses of the Plan Administrator will be paid in accordance with the Plan Administrator Agreement from either (a) the Post-Closing Reserve, subject to the Reorganized Takata Business Model, as such fees and expenses relate to the Plan Administrator's oversight and administration of Reorganized Takata or (b) the Warehousing Entity Reserve, as such fees and expenses relate to all other services provided by the Plan Administrator, including in connection with the oversight and administration of the Warehousing Entity.

(iii) **Oversight Committee.** The Oversight Committee comprised of three (3) members will be appointed to serve as the board of managers of TK Global LLC. Two (2) members of the Oversight Committee will be selected by the Warehouse Consenting OEMs and may include representatives of the Consenting OEMs. The remaining Independent Member of the Oversight Committee will be selected by the Debtors, subject to the reasonable consent of the Warehouse Consenting OEMs, and will not be an "insider" of Takata, the Consenting OEMs, or the Plan Sponsor. The Oversight Committee will have governance rights over TK Global LLC. The Oversight Committee, among other things, will review and approve budgets, forecasts, and cash flow projections of TK Global LLC and its subsidiaries, including Reorganized Takata and the Warehousing Entity.

(iv) **Exculpation of Plan Administrator and Oversight Committee.** The Plan Administrator and the Oversight Committee will be exculpated (subject, in each case, to exceptions for breach of fiduciary duty, *ultra vires*, fraud, willful misconduct and gross negligence) to the fullest extent allowable by applicable law with respect to the operation and wind-down of TK Global LLC, Reorganized Takata's estates, and the Warehousing Entity, including the services the Plan Administrator provides to Reorganized Takata related to the manufacture and sale of PSAN Inflators to PSAN Consenting OEMs, the liquidation of Reorganized Takata's remaining assets, the services the Plan Administrator provides to the Warehousing Entity related to the warehousing, shipping, and disposal of the Warehoused PSAN Assets, and the liquidation of the Warehousing Entity's remaining assets.

(v) **Shared Services Agreement.** Certain support services will be provided by TK Global LLC to each of Reorganized Takata and the Warehousing Entity in accordance with the scope and the terms of the Shared Services Agreement.

(vi) **U.S. Federal Income Tax Treatment of TK Global LLC.** TK Global LLC will be treated as an entity disregarded from its owner, the Reorganized TK Holdings Trust, for purposes of U.S. federal income tax.

(vii) **Dissolution.** TK Global LLC, the Plan Administrator, and the Oversight Committee will be dissolved or discharged, as applicable, upon completion of their duties, but in no event will TK Global LLC be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(h) **Reorganized Takata**

(i) **Ownership and Governance of Reorganized Takata.** On the Effective Date, and in accordance with and pursuant to the terms of the Plan, TK Global LLC will become the sole equity interest holder of Reorganized TK Holdings. As of the Effective Date, the terms of the current members of the board of TKH will expire without further action by any Person. Except as provided herein or in the Plan Administrator Agreement, the management of Reorganized Takata will be the responsibility of the Plan Administrator.

(ii) **The Authorized Purposes.** Other than with respect to the Assumed PSAN Contracts and any renewals or extensions thereof or in respect of production of current model series (including current and past model Service Parts) as set forth in the Plan and the continuation of any contracts between the Debtors' non-Debtor Affiliates and the PSAN Consenting OEMs for the manufacture and sale of PSAN Inflators, which such contracts will be assumed by Reorganized TK Holdings or its applicable subsidiary as of the Effective Date in a manner similar to the assumption of Assumed PSAN Contracts and in accordance with the Global Accommodation Agreement, Reorganized Takata will not enter into any new contracts for the sale of PSAN Inflators after the Effective Date, and Reorganized Takata will not agree or consent to any amendment to the NHTSA Consent Order without the prior written consent of the Consenting OEMs. In no event will any Cash on hand or the Post-Closing Reserve be used by Reorganized Takata to manufacture PSAN Inflators for a non-Consenting OEM unless such non-Consenting OEM becomes a PSAN Consenting OEM as provided by the Plan. In the event that any proposed modification to the NHTSA Consent Order may negatively affect the Plan Sponsor in respect of its obligations to provide the Services (as defined in the Transition Services Agreement) under the Transition Services Agreement, the Plan Administrator will first consult with the Plan Sponsor. On the Effective Date, Reorganized Takata will become party to the Plan Sponsor Backstop Funding

Agreement and possess all of the rights and be subject to all of the obligations of Reorganized Takata under and as set forth in the Plan Sponsor Backstop Funding Agreement.

(iii) **Post-Closing Reserve.** The Post-Closing Reserve will provide the initial capitalization for Reorganized Takata, and the Reorganized Takata Post-Closing Cash will provide the working capital for Reorganized Takata. The anticipated costs of winding down Reorganized Takata are to be covered from the Post-Closing Reserve (to the extent available) and the Reorganized Takata Post-Closing Cash. The Post-Closing Reserve will be held by Reorganized Takata and administered by the Plan Administrator. Consenting OEMs that are not PSAN Consenting OEMs will not be required to support in any way the operations of Reorganized Takata.

(iv) **Post-Closing PSAN PI/WD Claims Reserve.** The Post-Closing PSAN PI/WD Claims Reserve will be held by the Reorganized TK Holdings Trust and administered by the Legacy Trustee; *provided*, *however*, that, after the Non-PSAN PI/WD Claims Termination Date, an amount equal to the total estimated amount of Post-Closing PSAN PI/WD Claims, as set forth in the Updated Claims Estimation Report, will be transferred from the Post-Closing PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust, and the PSAN PI/WD Trustee shall thereafter be responsible for resolving and paying Post-Closing PSAN PI/WD Claims.

(v) **Employees.** Reorganized Takata will retain or hire employees as necessary to manufacture and sell PSAN Inflators after the Effective Date, including equipment and machinery operators, safety and regulatory specialists and engineers. Certain personnel of the Plan Sponsor will resign from Plan Sponsor and will be hired by Reorganized Takata, if necessary, pursuant to the Transition Services Agreement. In some instances, services of certain employees of TK Global LLC shall be provided to Reorganized Takata pursuant to the terms of the Shared Services Agreement, and such employees will be paid directly from the Post-Closing Reserve in accordance with the Reorganized Takata Business Model.

(vi) **Operating Term.** Reorganized Takata's operations related to the production of PSAN Inflators will continue solely for the Authorized Purposes during the Operating Term. Reorganized Takata will continue in existence solely for the purposes specified in the Plan until all Claims, if any, against Reorganized Takata have been fully resolved, and all other duties and functions of the Plan Administrator with respect to Reorganized Takata as set forth in the Plan have been fully performed.

(vii) **Subordination of PSAN Consenting OEM Claims.** Any Claims of PSAN Consenting OEMs against Reorganized Takata will be subordinated to certain Claims and rights of the Plan Sponsor in accordance with section 5 of the Indemnity Agreement.

(viii) **Forbearance of PSAN Consenting OEM Claims.** During the Operating Term, the PSAN Consenting OEMs will forbear from exercising remedies with respect to any Claims arising from PSAN recalls and PSAN-related indemnity and monetary warranty Claims (excluding any other Claims, including Claims arising from non-conforming parts, short shipments, or other ordinary course Claims, and non-monetary warranty obligations) against Reorganized Takata.

(ix) **Reporting Requirements.** Reorganized Takata will be responsible for all disclosure, reporting, and warning obligations regarding the manufacture and sale of PSAN Inflators by Reorganized Takata to the extent required to be made to the PSAN Consenting OEMs and (without limiting the independent disclosure, reporting, and warning obligations of such PSAN Consenting OEMs) consumers and regulators; *provided*, *however*, that Reorganized Takata will include the Plan Administrator and the Independent Member of the Oversight Committee in any meetings between Reorganized Takata and its applicable regulators. The Plan Administrator will be responsible for developing budgets, forecasts, cash flow projections, and reporting against budgets, each subject to review and approval by the Oversight Committee.

(x) **Insurance.** Subject to the reasonable consent of the Requisite PSAN Consenting OEMs, Reorganized Takata may fund an upfront premium payment to purchase products liability, economic loss, directors' and officers', and other liability cap insurance policies.

(xi) **Independent Consultant.** The PSAN Consenting OEMs will have the right to engage the Independent Consultant if agreed by the Requisite PSAN Consenting OEMs to conduct an assessment and make a report to the PSAN Consenting OEMs on a quarterly basis of Reorganized Takata's operations, including quality control, safety, and manufacturing systems (including all systems from receiving to shipping). Reorganized Takata will pay for such Independent Consultant through the Post-Closing Reserve solely to the extent that the Plan Administrator believes that sufficient funds exist in the Post-Closing Reserve for such purpose. Otherwise, the PSAN Consenting OEMs will pay all costs associated with the Independent Consultant. The Independent Consultant will also monitor Reorganized Takata's financial and general business affairs. A copy of the reports produced by the Independent Consultant will be provided to the Oversight Committee.

(xii) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in Reorganized Takata following expiration of the Operating Term and wind down of Reorganized Takata will be available (i) first, to pay existing creditors of Reorganized Takata (including PSAN Consenting OEMs on account of any non-contingent recall related claims against Reorganized Takata and the Plan Sponsor on account of services provided to Reorganized Takata under the Transition Services Agreement) in accordance with section 5.8(g) of the Plan and fund the Post-Closing PSAN PI/WD Claims Reserve pursuant to either the Claims Estimation Report or Updated Claims Estimation Report, as applicable, (ii) second, to the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved, (iii) third, to the Reorganized TK Holdings Trust Reserve to the extent that the Reorganized TK Holdings Trust has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (iv) fourth, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to an applicable Debtor's Allocable Share of such Dissolution Date Cash; *provided, however*, that no Dissolution Date Cash in Reorganized Takata contributed by a non-Debtor affiliate will be allocated to the Reorganized TK Holdings Trust Reserve pursuant to subparagraph (iii) above. The Legacy Trustee will determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After the Warehousing Entity has been dissolved, each Debtor's Allocable Share of the Residual Value of Reorganized Takata will become Available Cash of such Debtor and, as applicable, be deposited into such Debtor's Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula. Any Residual Value in the Post-Closing Reserve that was contributed by a non-Debtor affiliate of the Debtors will be returned to such affiliate based on its funded share of the Post-Closing Reserve.

(xiii) **Reorganized Takata Organizational Documents.** The organizational documents of Reorganized Takata, including the Reorganized TK Holdings Organizational Documents, will require the consent of the Requisite PSAN Consenting OEMs to make certain material amendments to such documents.

(xiv) **U.S. Federal Income Tax Treatment of Reorganized TK Holdings.** Reorganized TK Holdings will be treated as a corporation for U.S. federal income tax purposes. Reorganized TK Holdings will file (or cause to be filed) statements, returns, or disclosures relating to Reorganized TK Holdings that are required by any governmental unit.

The Plan Administrator will be responsible for payment, out of Reorganized Takata Post-Closing Cash, of any taxes imposed on Reorganized TK Holdings, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of Reorganized TK Holdings under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, Reorganized TK Holdings for all taxable periods through the dissolution of Reorganized TK Holdings.

(xv) **Access to Information.** Reorganized Takata will maintain all product information (including model and serial numbers), drawings and test reports regarding the PSAN Inflators and airbag modules or assemblies that incorporate the PSAN Inflators, including both with respect to PSAN Inflators sold by any Debtor to or for the benefit of a Consenting OEM prior to the Effective Date (including prior to the Petition Date) and PSAN Inflators provided to the Plan Sponsor (or its applicable subsidiary) by Reorganized Takata after the Effective Date for Module Production, Kitting Operations, and PSAN Service Parts (each as defined in the Indemnity Agreement), solely to the extent that such information is necessary to track and identify such PSAN Inflators. Such information will be provided by Reorganized Takata to (i) the Plan Sponsor (or its applicable subsidiary) and (ii) upon request, the applicable Consenting OEM that purchased such Products from the Debtors or Reorganized Takata. In conjunction with and prior to the wind-down of Reorganized Takata, Reorganized Takata will transfer all such information to the Plan Sponsor (or its applicable subsidiary) to maintain in its capacity as a tier one supplier.

(i) **The Warehousing Entity**

(i) **Ownership and Governance of the Warehousing Entity.** On or before the Effective Date, and in accordance with and pursuant to the terms of the Plan, TK Global LLC will be the holder of all the equity interests of the Warehousing Entity. Except as provided in the Plan or in the Plan Administrator Agreement, the management of the Warehousing Entity will be the responsibility of the Plan Administrator.

(ii) **Warehousing Entity Organizational Documents.** On or before the Effective Date, all necessary steps will be taken to establish the Warehousing Entity, including the adoption of the Warehousing Entity Organizational Documents. In the event of any conflict between the terms of the Plan and the terms of the Warehousing Entity Organizational Documents, the terms of the Warehousing Entity Organizational Documents will govern.

(iii) **Purpose of the Warehousing Entity.** The Warehousing Entity will be formed to acquire, own, maintain, operate, and control the Warehoused PSAN Assets and to comply with the obligations under the Preservation Order and any other obligations related to the Warehoused PSAN Assets; *provided, however*, that the Warehousing Entity will only be responsible for the maintenance, shipping, and disposal of PSAN Inflators returned to and warehoused by Takata prior to the Effective Date (including those PSAN Inflators that the Warehouse Consenting OEMs demonstrate, by documentation or otherwise, are in transit to Takata as of the Effective Date). Notwithstanding the foregoing, upon request by a Warehouse Consenting OEM, the Warehousing Entity and such Warehouse Consenting OEM will enter into an agreement for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date as long as (i) such agreement is in form and substance acceptable to the Warehousing Entity and such Warehouse Consenting OEM and (ii) all related costs are the sole responsibility of and paid by such Warehouse Consenting OEM. The Warehousing Entity will be responsible for the payment of the Debtors' share of the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets returned prior to the Effective Date. The Debtors' share of such costs will be based on the percentage of warehousing, shipping, and disposal costs attributable to the Debtors relative to all global warehousing, shipping, and disposal costs attributable to Takata; *provided, however*, that the funding of the Warehousing Entity Reserve from the Cash Proceeds pursuant to the Plan Settlement will not be limited to the Debtors' share of such costs to the extent that the Warehousing Entity Reserve is not otherwise fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates. For the avoidance of doubt, except with respect to certain obligations of the Plan Sponsor set forth in the Plan Sponsor Backstop Funding Agreement and the Transition Services Agreement, the Plan Sponsor will have no obligations related to the maintenance, warehousing, shipping, or disposal of PSAN Inflators. On the Effective Date, the Warehousing Entity will become party to the Plan Sponsor Backstop Funding Agreement and possess all of the rights and be subject to all of the obligations of the Warehousing Entity under and as set forth in the Plan Sponsor Backstop Funding Agreement.

(iv) **The Warehousing Entity Assets.** The Warehousing Entity will consist of the Warehousing Entity Assets, including the Warehousing Entity Reserve. On the Effective Date, the Debtors will transfer all the Warehousing Entity Assets to the Warehousing Entity free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind. On the Effective Date, the Warehoused PSAN Assets held by the Debtors will vest in and be assumed and assigned to the Warehousing Entity and, subject to any limitations under law or

contract, the Warehoused PSAN Assets held by certain non-Debtor affiliates will be transferred and assigned to the Warehousing Entity.

(v) **Employees.** The Warehousing Entity will retain or hire employees as necessary to administer and maintain the Warehoused PSAN Assets. In some instances, services of certain employees of TK Global LLC will be provided to the Warehousing Entity pursuant to the terms of the Shared Services Agreement, and such employees will be paid directly from the Warehousing Entity Reserve.

(vi) **U.S. Federal Income Tax Treatment of Warehousing Entity.** The Warehousing Entity will be treated as a corporation for U.S. federal income tax purposes. The Warehousing Entity will file (or cause to be filed) statements, returns, or disclosures relating to the Warehousing Entity that are required by any governmental unit. The Plan Administrator will be responsible for payment, out of the Warehousing Entity Reserves, of any taxes imposed on the Warehousing Entity or the Warehousing Entity Assets, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of the Warehousing Entity under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Warehousing Entity for all taxable periods through the dissolution of the Warehousing Entity.

(vii) **Dissolution.** The Warehousing Entity will be dissolved upon completion of its purposes and obligations, including under any agreements entered into by the Warehousing Entity and Warehousing Consenting OEMs for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date and when all Warehousing Entity Assets have been liquidated, but in no event will the Warehousing Entity be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(viii) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in the Warehousing Entity remaining upon dissolution of the Warehousing Entity pursuant to section 5.9(g) of the Plan will be available (i) first, to pay all creditors of the Warehousing Entity, (ii) second, to the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved, (iii) third, to the Reorganized TK Holdings Trust Reserve to the extent that the Reorganized TK Holdings Trust has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (iv) fourth, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to an applicable Debtor's Allocable Share of such Dissolution Date Cash; *provided, however*, that no Dissolution

Date Cash in the Warehousing Entity contributed by a non-Debtor affiliate will be allocated to the Reorganized TK Holdings Trust Reserve pursuant to subparagraph (iii) above. The Legacy Trustee will determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After Reorganized Takata has been dissolved, each Debtor's Allocable Share of the Residual Value of the Warehousing Entity will become Available Cash of such Debtor and, as applicable, be deposited in the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula. Any Residual Value in the Warehousing Entity Reserve that was contributed by a non-Debtor affiliate of the Debtors will be returned to such affiliate based on its funded share of the Warehousing Entity Reserve.

(j) **The PSAN PI/WD Trust**

(i) **Establishment and Purpose of PSAN PI/WD Trust**. On the Effective Date, the PSAN PI/WD Trust will be established. The PSAN PI/WD Trust will be a "Qualified Settlement Fund" within the meaning of section 468B of the Internal Revenue Code and the regulations promulgated thereunder. The PSAN PI/WD Trust will (i) assume the liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (ii) administer, process, settle, resolve, and liquidate such PSAN PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (iii) use the amounts transferred by the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKH Claims Reserve, and the Post-Closing PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust on the Non-PSAN PI/WD Claims Termination Date to satisfy and make payments to holders of Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (iv) establish segregated bank accounts to hold funds sufficient to pay in full all estimated Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims on the Non-PSAN PI/WD Claims Termination Date, and (v) use the PSAN PI/WD Funds to satisfy and make payments to holders of PSAN PI/WD Claims that qualify for a recovery under the Plan, all in accordance with the terms of the Plan (including section 5.9(g) hereof), the PSAN PI/WD Trust Agreement,

the PSAN PI/WD TDP, and any Participating OEM Contribution Agreement, if applicable; *provided, however*, that each PSAN PI/WD Top-Up Amount will only be used to fund distributions to holders of PSAN PI/WD Claims whose injuries resulted from a vehicle manufactured by the applicable Participating OEM, and the PSAN PI/WD Trustee will separately track, account for, and maintain each PSAN PI/WD Top-Up Amount contributed by each Participating OEM in separate PSAN PI/WD Top-Up Funds. The PSAN PI/WD Trust will administer, process, settle, resolve, liquidate, satisfy, and pay, as applicable, PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims in such a way that the holders of PSAN PI/WD Claims, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims are treated equitably and in a substantially similar manner, respectively, subject to the terms of the Plan, the PSAN PI/WD Trust Agreement, and the PSAN PI/WD TDP to the extent applicable. The PSAN PI/WD Claims against the Protected Parties will be channeled to the PSAN PI/WD Trust pursuant to the Channeling Injunction set forth in section 10.7 of the Plan and may thereafter be asserted only and exclusively against the PSAN PI/WD Trust. All such PSAN PI/WD Claims will be liquidated and paid in accordance with the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, the Plan, the Confirmation Order, and any Participating OEM Contribution Agreement, if applicable. The PSAN PI/WD Trust will be administered and implemented by the PSAN PI/WD Trustee as provided in the PSAN PI/WD Trust Agreement.

(ii) **PSAN PI/WD TDP**. On the Effective Date, the PSAN PI/WD Trust will implement the PSAN PI/WD TDP in accordance with the terms of the PSAN PI/WD Trust Agreement. On or after the Effective Date, the PSAN PI/WD Trustee will have the authority to administer, amend, supplement, or modify the PSAN PI/WD TDP, with the consent of the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, and the PSAN PI/WD OEM Advisory Committee, in accordance with the terms thereof and the PSAN PI/WD Trust Agreement; *provided, however*, that such modifications are not inconsistent with the Plan, other Plan Documents (including the U.S. Acquisition Agreement), and the Indemnity Agreement. From and after the Effective Date, the PSAN PI/WD Trust will liquidate and make distributions to holders of PSAN PI/WD Claims in accordance with the PSAN PI/WD TDP. From and after the Non-PSAN PI/WD Claims Termination Date, the PSAN PI/WD Trust will liquidate and make distributions to holders of Allowed Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims from the segregated

funds available for such purposes in the discretion of the PSAN PI/WD Trustee.

(iii) **Imposition of Channeling Injunction**. From and after the Effective Date, all PSAN PI/WD Claims against the Protected Parties will be subject to the Channeling Injunction pursuant to section 105(a) of the Bankruptcy Code and the provisions of the Plan and the Confirmation Order. From and after the Effective Date, the Protected Parties will have no obligation with respect to any liability of any nature or description arising out of, relating to, or in connection with any PSAN PI/WD Claims; *provided*, *however*, that nothing in the Plan will preclude any action by the PSAN PI/WD Trust to enforce the Plan.

(iv) **Releases of Liabilities to Holders of PSAN PI/WD Claims**. Except as provided in the Plan, the transfer to, vesting in, and assumption by the PSAN PI/WD Trust of the PSAN PI/WD Funds as contemplated by the Plan will, as of the Effective Date, release all obligations and liabilities of and bar recovery or any action against the Protected Parties and their respective estates, affiliates, and subsidiaries, for or in respect of all PSAN PI/WD Claims. The PSAN PI/WD Trust will, as of the Effective Date, assume sole and exclusive responsibility and liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties, and such Claims will be liquidated, resolved, or paid by the PSAN PI/WD Trust from the PSAN PI/WD Funds.

(v) **Assumption of Liabilities**. In furtherance of the purposes of the PSAN PI/WD Trust, and subject to the PSAN PI/WD Trust Agreement, the PSAN PI/WD Trust will expressly assume all responsibility and liability for all (i) PSAN PI/WD Claims against the Debtors and the Protected Parties, (ii) Administrative Expense PSAN PI/WD Claims, (iii) Administrative Expense PI/WD Claims, (iv) Post-Closing PSAN PI/WD Claims (in the case (ii) through (iv), after the Non-PSAN PI/WD Claims Termination Date), and (v) all PSAN PI/WD Trust Expenses. The PSAN PI/WD Trust will have all defenses, cross-claims, offsets, and recoupments regarding PSAN PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims, Administrative Expense PI/WD Claims, and Post-Closing PSAN PI/WD Claims that the Protected Parties, Debtors or Reorganized Debtors have or would have had under applicable law and solely to the extent consistent with the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, as applicable.

(vi) **Funding of PSAN PI/WD Trust**. Upon the Effective Date, the Debtors will assign and transfer the PSAN PI/WD Funds to the PSAN PI/WD Trust; *provided*, *however*, that to the extent certain assets comprising the PSAN PI/WD Funds, because of their nature or

because such assets will accrue or become transferable subsequent to the Effective Date, cannot be transferred to, vested in, and assumed by the PSAN PI/WD Trust on the Effective Date, such assets will be automatically, and without further act or deed, transferred to, vested in, or assumed by the PSAN PI/WD Trust as soon as reasonably practicable after the Effective Date. Notwithstanding anything in the Plan to the contrary, no monies, choses in action, and/or assets comprising the PSAN PI/WD Funds that have been transferred, granted, assigned, or otherwise delivered to the PSAN PI/WD Trust will be used for any purpose other than for the payment, defense, or administration of the PSAN PI/WD Claims.

(vii) **Payment of PSAN PI/WD Claims**. The PSAN PI/WD Trust will be used to pay PSAN PI/WD Claims against the Debtors, the Reorganized Debtors, and the Protected Parties, up to the full amount of such Claims in accordance with the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP, from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds in accordance with this Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii); *provided, however* that such PSAN PI/WD Top-Up Amounts will only be utilized to pay Claims related to vehicles sold by the applicable Participating OEM.

(viii) **Payment of Administrative Expense PSAN PI/WD Claims**. After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of the holders of Administrative Expense PSAN PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PSAN PI/WD Claims as set forth in the Updated Claims Estimation Report will be used to pay Administrative Expense PSAN PI/WD Claims in the full amount of such Claims.

(ix) **Payment of Administrative Expense PI/WD Claims**. After the Non-PSAN PI/WD Claims Termination Date, the segregated bank account established in the PSAN PI/WD Trust for the benefit of holders of Administrative Expense PI/WD Claims and funded with amounts equal to the total estimated amount of Administrative Expense PI/WD Claims will be used to pay Administrative Expense PI/WD Claims in the full amount of such Claims.

(x) **Payment of Post-Closing PSAN PI/WD Claims**. After the Non-PSAN PI/WD Claims Termination Date, the Post-Closing PSAN

PI/WD Claims Reserve will be transferred to the PSAN PI/WD Trust and used to pay Post-Closing PSAN PI/WD Claims in the full amount of such Claims.

(xi) **Excess Assets in the PSAN PI/WD Trust**. On the PSAN PI/WD Trust Termination Date, after the payment of all PSAN PI/WD Claims that are entitled to a Distribution from the PSAN PI/WD Trust, Allowed Administrative Expense PI/WD Claims, Allowed Administrative Expense PSAN PI/WD Claims, and PSAN PI/WD Trust Expenses that have been provided for and the liquidation of all assets then held by the PSAN PI/WD Trust, any remaining value in the PSAN PI/WD Funds will be distributed (i) first, to the Special Master for contribution to the DOJ PI/WD Restitution Fund and (ii) second, if the Special Master's appointment has concluded, then to a charity to be selected by the PSAN PI/WD Trustee. For the avoidance of doubt, nothing in the Plan will govern the distribution of any remaining value in the DOJ PI/WD Restitution Fund, whether or not merged with the PSAN PI/WD Funds as set forth in the Plan.

(xii) **PSAN PI/WD Trust Expenses**. The PSAN PI/WD Trust will pay all PSAN PI/WD Trust Expenses from the PSAN PI/WD Trust Reserve, as provided for in the PSAN PI/WD Trust Agreement. The Protected Parties will have no obligation to pay any PSAN PI/WD Trust Expenses, except as expressly provided in the PSAN PI/WD Trust Agreement and the Participating OEM Contribution Agreements (as applicable); *provided*, *however*, that neither the PSAN PI/WD Trust Agreement nor the Participating OEM Contribution Agreements will impose on the Plan Sponsor Parties any obligation to pay PSAN PI/WD Trust Expenses without their express consent.

(xiii) **PSAN PI/WD Trustee**. There will be one (1) PSAN PI/WD Trustee. On the Confirmation Date, the Bankruptcy Court will appoint the PSAN PI/WD Trustee to serve in accordance with, and who will have the functions and rights provided in, the PSAN PI/WD Trust Agreement. Any successor PSAN PI/WD Trustee will be appointed in accordance with the terms of the PSAN PI/WD Trust Agreement, which appointment will require the consent of the Debtors if prior to the Effective Date, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, and the PSAN PI/WD OEM Advisory Committee. For purposes of any PSAN PI/WD Trustee performing his or her duties and fulfilling his or her obligations under the PSAN PI/WD Trust and the Plan, the PSAN PI/WD Trust and the PSAN PI/WD Trustee will be deemed to be "parties in interest" within the meaning of section 1109(b) of the Bankruptcy Code. The PSAN PI/WD Trustee shall be the "administrator" of the PSAN PI/WD Trust as such term is used in Treas. Reg. Section 1.468B-2(k)(3).

(xiv) **Compensation of the PSAN PI/WD Trustee and Retention of Professionals.** The PSAN PI/WD Trustee will be entitled to compensation reasonably acceptable to the Debtors, which will be payable from the PSAN PI/WD Trust Reserve, subject to the terms of the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee may retain and reasonably compensate, without Bankruptcy Court approval, counsel and other professionals as reasonably necessary to assist in his duties as PSAN PI/WD Trustee, subject to the terms of the PSAN PI/WD Trust Agreement. All fees and expenses incurred in connection with the foregoing shall be payable from the PSAN PI/WD Trust Reserve. For the avoidance of doubt, any professionals retained by the Special Master pursuant to the DOJ Restitution Order that are performing services relating to the DOJ Restitution Order will be compensated pursuant to the DOJ Restitution Order and not by the PSAN PI/WD Trust or from the PSAN PI/WD Trust Reserve. The only costs and fees of the Special Master and his professionals paid by the PSAN PI/WD Trust will be those that are necessary solely due to the Special Master's role as PSAN PI/WD Trustee and that would not have otherwise been provided.

(xv) **Future Claims Representative and the PSAN PI/WD Trust Committees.**

(a) Future Claims Representative. The PSAN PI/WD Trust Agreement will provide for the continuation of the Future Claims Representative to represent the interests of holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date. The Future Claims Representative will have the functions and rights set forth in the PSAN PI/WD Trust Agreement. The initial Future Claims Representative will be Roger Frankel so long as he is the Future Claims Representative in the Chapter 11 Cases as of the Effective Date. The PSAN PI/WD Trustee will consult with the Future Claims Representative on matters pertaining to the general administration of the PSAN PI/WD Trust and must obtain the consent of the Future Claims Representative on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to compensation of the PSAN PI/WD Trust Advisory Committee, Future Claims Representative, or PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the terms and successorship of the Future Claims Representative, as all set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee will meet with the Future Claims Representative no less frequently than quarterly. The

Future Claims Representative will receive reasonable compensation for his services and may utilize professionals in the performance of his duties, and the Future Claims Representative and his professionals will be entitled to reasonable reimbursement by the PSAN PI/WD Trust, subject to compliance with an agreed upon budget that will be set forth in the PSAN PI/WD Trust Agreement.

(b) PSAN PI/WD Trust Advisory Committee. The PSAN PI/WD Trust Agreement will provide for the establishment of the PSAN PI/WD Trust Advisory Committee to represent the interests of holders of current PSAN PI/WD Claims. The PSAN PI/WD Trust Advisory Committee will have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The initial PSAN PI/WD Trust Advisory Committee will consist of three members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trust Agreement will provide that the PSAN PI/WD Trustee will consult with the PSAN PI/WD Trust Advisory Committee on matters pertaining to the general administration of the PSAN PI/WD Trust and must obtain the consent of the PSAN PI/WD Trust Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to compensation of the PSAN PI/WD Trust Advisory Committee, the Future Claims Representative, or the PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the terms and successorship of the PSAN PI/WD Trust Advisory Committee members, all as set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee will meet with the PSAN PI/WD Trust Advisory Committee no less frequently than quarterly. The PSAN PI/WD Trust Advisory Committee will receive reasonable compensation for its services and may utilize professionals in the performance of its duties, and the members of the PSAN PI/WD Trust Advisory Committee and their professionals will be entitled to reasonable reimbursement by the PSAN PI/WD Trust, subject to compliance with an agreed upon budget that will be set forth in the PSAN PI/WD Trust Agreement; *provided, however*, that such compensation and reimbursement will be funded solely through contributions to the PSAN PI/WD Trust by Participating OEMs in accordance with a funding allocation agreement to be agreed upon by the Participating OEMs.

(c) PSAN PI/WD OEM Advisory Committee. The PSAN PI/WD Trust Agreement will provide for the establishment of the PSAN PI/WD OEM Advisory Committee to represent the interests of the

Participating OEMs. The PSAN PI/WD OEM Advisory Committee will have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The initial PSAN PI/WD OEM Advisory Committee will consist of the Initial Participating OEM(s) and up to two additional Participating OEM members who will be disclosed in the Plan Supplement. The PSAN PI/WD Trust Agreement will provide that the PSAN PI/WD Trustee will obtain the consent of the PSAN PI/WD OEM Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to the compensation of the PSAN PI/WD Trust Advisory Committee, the Future Claims Representative, and the PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the term and successorship of the PSAN PI/WD OEM Advisory Committee members, all as set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee will meet with the PSAN PI/WD OEM Advisory Committee no less frequently than quarterly. For the avoidance of doubt, no fees or expenses of the PSAN PI/WD OEM Advisory Committee will be payable or reimbursed by the PSAN PI/WD Trust.

(xvi) **Cooperation; Transfer of Books and Records**

(a) On the Effective Date or as soon as reasonably practicable thereafter, the Debtors will transfer and assign, or cause to be transferred and assigned, to the PSAN PI/WD Trustee, all of the books and records of the Debtors that pertain to PSAN PI/WD Claims. In addition, on the Effective Date or as soon reasonably practicable thereafter, the Debtors will provide the PSAN PI/WD Trustee with a copy of a database or other information as reasonably required to assist the PSAN PI/WD Trust in identifying the PSAN PI/WD Claims being channeled to the PSAN PI/WD Trust.

(b) The transfer or assignment of information, which may include PSAN PI/WD Privileged Information, to the PSAN PI/WD Trustee in accordance with section 5.10(p)(ii) of the Plan will not result in the destruction or waiver of any applicable privileges pertaining to PSAN PI/WD Privileged Information. Further, with respect to any privileges: (a) they are transferred to or contributed for the sole purpose of enabling the PSAN PI/WD Trustee to perform its duties to administer the PSAN PI/WD Trust and for no other reason, (b) they are vested solely in the PSAN PI/WD Trustee and not in the PSAN PI/WD Trust, the PSAN PI/WD Trust Advisory Committee

or any other Person, committee or subcomponent of the PSAN PI/WD Trust, or any other Person (including counsel and other professionals) who has been engaged by, represents or has represented any holder of a PSAN PI/WD Claim or any Person who alleges or may allege a claim directly or indirectly relating to or arising from the Debtors' Products or operations, (c) they will be preserved and not waived, (d) for the avoidance of doubt, any such transfer will have no effect on any right, claim or privilege of any Person other than the Debtors, TKJP, or any other non-Debtor Takata entities, and (e) no information subject to a privilege or a prior assertion thereof will be publicly disclosed by the PSAN PI/WD Trustee or the PSAN PI/WD Trust or communicated to any Person not entitled to receive such information or in a manner that would diminish the protected status of any such information.

(xvii) **U.S. Federal Income Tax Treatment of the PSAN PI/WD Trust**. The PSAN PI/WD Trust will be a "qualified settlement fund" within the meaning of Treasury Regulation section 1.468B-1. The PSAN PI/WD Trust will file (or cause to be filed) statements, returns, or disclosures relating to the PSAN PI/WD Trust that are required by any governmental unit. The PSAN PI/WD Trustee will be responsible for the payment, out of the PSAN PI/WD Trust Reserve, of any taxes imposed on the PSAN PI/WD Trust or the PSAN PI/WD Trust Assets, including estimated and annual U.S. federal income taxes. The PSAN PI/WD Trustee may request an expedited determination of taxes on the PSAN PI/WD Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the PSAN PI/WD Trust for all taxable periods through the dissolution of the PSAN PI/WD Trust.

(xviii) **Institution and Maintenance of Legal and Other Proceedings**. As of the Effective Date, the PSAN PI/WD Trust will be empowered to initiate, prosecute, defend, and resolve all legal actions and other proceedings related to any asset, liability, or responsibility of the PSAN PI/WD Trust. The PSAN PI/WD Trust will be empowered to initiate, prosecute, defend, and resolve all such actions in the name of the Debtors if deemed necessary or appropriate by the PSAN PI/WD Trustee. The PSAN PI/WD Trust will be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred subsequent to the Effective Date arising from or associated with any legal action or other proceeding brought pursuant to section 5.10(e) of the Plan and will pay or reimburse all deductibles, retrospective premium adjustments, or other charges which may arise from the receipt of the PSAN PI/WD Insurance Proceeds by the PSAN PI/WD Trust. For the avoidance of doubt, the PSAN PI/WD Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable State corporate law, is appointed as the successor-in-interest to, and representative, of the Debtors and

their Estates for the retention, enforcement, settlement, or adjustment of all PSAN PI/WD Claims.

(xix) **Participating OEMs**

(a) Opt-In Election. Individual Consenting OEMs may elect to become Participating OEMs during the Initial Opt-In Period. Individual Consenting OEMs may extend their opt-in period by an additional period of time after the conclusion of the Initial Opt-In Period by executing an opt-in extension agreement and remitting an option payment that is acceptable to the PSAN PI/WD Trustee, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and such Consenting OEM. After expiration of the Initial Opt-In Period, pending PSAN PI/WD Claims asserted against a Consenting OEM that elects to become a Participating OEM after such expiration shall not be channeled to the PSAN PI/WD Trust to the extent the applicable holders of such PSAN PI/WD Claims object, although PSAN PI/WD Claims against such Consenting OEM asserted after such election shall be channeled to the PSAN PI/WD Trust and the Participating OEM shall be released from liability subject to the terms of the Plan, the PSAN PI/WD Trust Agreement, and the Participating OEM Contribution Agreement. A Participating OEM may limit its election to become a Participating OEM with respect to only its vehicles that are subject to recall and, in such event, shall agree to a consent order or other appropriate documentation expressly indicating the PSAN PI/WD Claims involving non-recalled vehicles are not released or channeled to the PSAN PI/WD Trust. Consenting OEMs that are not Participating OEMs may make an irrevocable election at any time not to participate in the PSAN PI/WD Trust. If a Consenting OEM elects to become a Participating OEM after the date of the Disclosure Statement hearing, then the Debtors (if before the Effective Date) or the PSAN PI/WD Trust (if after the Effective Date) will provide notice of such election to all holders of pending PSAN PI/WD Claims relating to vehicles manufactured by such Participating OEM, and all costs of such additional noticing will be reimbursed to the Debtors or the PSAN PI/WD Trust, as applicable, by such new Participating OEM.

(b) Acceptance of Channeling Injunction. The ballots distributed to holders of PSAN PI/WD Claims pursuant to the Solicitation Procedures Order will provide such holders the opportunity to indicate their support for the Channeling Injunction for the benefit of the Participating OEM (or potential Participating OEM) that manufactured the vehicle containing the PSAN Inflator that is alleged to have resulted in such holders' PSAN PI/WD Claims.

The ballot will contain a list of those Consenting OEMs that are potential Participating OEMs and eligible to participate in a Channeling Injunction. The OEMs that appear in that list make no commitment or representation regarding their willingness to participate in the Channeling Injunction by virtue of appearing on such list and expressly reserve the right to decline to participate in the Channeling Injunction.

(c) Participating OEM Funding. On the date the Channeling Injunction becomes effective with respect to an individual Participating OEM (or at such later date as may be otherwise agreed to by the PSAN PI/WD Trustee, with the consent of the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and the Future Claims Representative, and the applicable Participating OEM), each Participating OEM will deliver an executed Participating OEM Contribution Agreement to the PSAN PI/WD Trust. The Participating OEM Contribution Agreement will require the Participating OEMs to make quarterly contributions to the PSAN PI/WD Trust in the amount of the PSAN PI/WD Claims associated with such Participating OEM's vehicles that are liquidated and entitled to payment during the quarterly period after application of the payments specified in section 5.10(g) of the Plan. If an individual Participating OEM defaults under its Participating OEM Contribution Agreement, after a reasonable opportunity to cure, on its obligations to the PSAN PI/WD Trust pursuant to the Participating OEM Contribution Agreement, the Channeling Injunction and related releases provided for pursuant to the Plan will be null and void with respect to such Participating OEM for all PSAN PI/WD Claims that could otherwise be asserted against such Participating OEM that were not liquidated and paid by the PSAN PI/WD Trust at the time of the default; *provided*, *however*, that nothing in the Plan will limit the rights of the PSAN PI/WD Trust to seek any and all remedies against any such defaulting Participating OEM.

(d) Indemnification. The PSAN PI/WD Trust will indemnify a Participating OEM, and any Person set forth in subpart (v) of the definition of "Protected Party" that is affiliated with such Participating OEM, for any loss, cost, fees, or expenses incurred by such Participating OEM or any such Person if, after the payment of any portion or all of the PSAN PI/WD Top-Up Amount by the applicable Participating OEM, the Participating OEM or any such Person is (a) held liable for any PSAN PI/WD Claim or (b) required to provide payment, reimbursement, or restitution under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust is otherwise based on the same events, facts, matters, or circumstances that gave rise to

the PSAN PI/WD Claim, in each case in an amount not to exceed the applicable Participating OEM's PSAN PI/WD Top-Up Amount. The PSAN PI/WD Trust will not be obligated to provide the indemnification set forth in this section 5.10(s)(iv) if, after exercising its best efforts, the PSAN PI/WD Trust is unable to obtain insurance for such obligations at a reasonable cost, with any such cost to be funded solely by the Participating OEMs.

(xx) **Insurance Neutrality**

(a) Nothing contained in the Plan, the Plan Documents, or the Confirmation Order, including any provision that purports to be preemptory or supervening, shall in any way operate to, or have the effect of, impairing, altering, supplementing, changing, expanding, decreasing, or modifying (a) the rights of any of the Insurers or (b) any rights or obligations of the Debtors arising out of or under any Insurance Policy. For all issues relating to insurance coverage or otherwise, the provisions, terms, conditions, and limitations of the Insurance Policies shall control.

(b) None of (a) the Bankruptcy Court's or District Court's approval of the Plan or the Plan Documents, (b) the Confirmation Order or any findings and conclusions entered with respect to confirmation, nor (c) any estimation or valuation of any PSAN PI/WD Claims, either individually or in the aggregate in the Chapter 11 Cases, will, with respect to any insurance company, constitute a trial or hearing on the merits or an adjudication or judgment, or accelerate the obligations, if any, of any insurance company under any PSAN PI/WD Insurance Policies.

(k) **TKC Restructuring Transaction**

Upon entry of the Confirmation Order and prior to or on the Effective Date, TKC will be authorized to assume, in one or more transactions, some or all of TSAC's obligations under the Global Settlement Agreement to pay or cause to be paid certain settlement amounts owed to the Consenting OEMs and/or certain of their affiliates. TKC's assumed payment obligation(s) will (i) constitute Administrative Expense Claims against TKC, (ii) be in an amount equal to any dividend(s) made by TSAC to TKC, and (iii) be conditioned on receipt of such dividends. Such dividend(s) will be used solely to pay the TSAC payment obligation(s) assumed by TKC under the Global Settlement Agreement. For the avoidance of about, nothing in section 5.11 of the Plan will be construed as limiting or otherwise altering the Plan Sponsor's right to receive the Plan Sponsor Backstop Funding Repayment from distributions to TKC after the Effective Date on account of Intercompany Interests held by TKC in TSAC.

(l) **Mexico Restructuring Transaction**

Notwithstanding anything to the contrary in the *Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Waiving the Requirements of 11 U.S.C. 345(b)* [Docket No. 736], upon entry of the Confirmation Order, IIM, SMX, TDM, and TKHDM will be authorized to take any and all steps necessary to prepare for the closing of the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement. Such steps may include (i) completing any remaining unperformed steps authorized by the Bankruptcy Court pursuant to the *Order for Authority to Effect Certain Pre-Restructuring Steps and Transactions with Respect to the Debtors' Mexican Affiliates Necessary for the Global Transaction* [Docket No. 1314], including the sale of certain assets and liabilities of SMX, (ii) undertaking any changes to the cash management and cash pooling arrangement in Mexico that the Debtors deem necessary in furtherance of the Restructuring Transactions, (iii) satisfying some or all prepetition and postpetition Intercompany Claims owed by TKHDM to IIM, SMX, TDM, and the Debtors' non-Debtor Mexican affiliates in connection with the cash pooling arrangement in Mexico, and (iv) making, approving, or receiving intercompany transfers, dividends, or capital contributions between and among TKHDM, IIM, SMX, TDM and the Debtors' non-Debtor Mexican affiliates in furtherance of the Restructuring Transactions.

(m) **Charters; Bylaws**

The charters, by-laws, and other organizational documents of the Reorganized Debtors will be amended or amended and restated in a manner consistent with section 1123(a)(6) of the Bankruptcy Code, if applicable, and the terms of the Plan, including section 5.8(m).

(n) **Cancellation of Notes, Interests, Instruments, Certificates, and Other Documents**

Except to the extent assumed by the Plan Sponsor in connection with the Restructuring Transactions or as otherwise provided in the Plan, on the Effective Date, all notes, instruments, certificates evidencing debt to, or equity interests in, the Debtors will be cancelled and obligations of the Debtors thereunder will be discharged.

(o) **Separate Plans**

Notwithstanding the combination of separate plans of reorganization set forth in the Plan for purpose of economy and efficiency, the Plan constitutes a separate chapter 11 plan for each Debtor. Accordingly, if the Bankruptcy Court does not confirm the Plan with respect to one or more Debtors, it may still confirm the Plan with respect to any other Debtor that satisfies the confirmation requirements of section 1129 of the Bankruptcy Code.

(p) **Merger; Dissolution; Consolidation; Discharge**

On or after the Effective Date, Reorganized TK Holdings or the Legacy Trustee may (i) cause any or all of the Reorganized Debtors to be merged into one or more of the

Reorganized Debtors, dissolved, or otherwise consolidated, (ii) cause the transfer of assets between or among the Reorganized Debtors, and (iii) engage in any other transaction in furtherance of the Plan. Notwithstanding the foregoing, within thirty (30) days after its completion of the acts required by the Plan, or as soon as reasonably practicable thereafter, each Reorganized Debtor will be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of each Reorganized Debtor; *provided, however*, that each Reorganized Debtor, as applicable, will file with the office of the Secretary of State or other appropriate office for the state of its organization a certificate of cancellation or dissolution. No corporate transaction undertaken pursuant to section 5.16 of the Plan will excuse the Legacy Trustee or the Plan Administrator, as applicable, from making the Plan Sponsor Backstop Funding Repayment (including repayment of any unreimbursed Restructuring Expenses) in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement, and, in the case of any corporate transaction under section 5.16 of the Plan involving TKC, the terms and conditions of the Plan Sponsor Backstop Funding Agreement will apply *mutatis mutandis* to TKC's successor-in-interest or the assignee of TKC's payment receivable from its subsidiary.

Upon the liquidation and dissolution of any subsidiary of Reorganized TK Holdings, any proceeds thereof will be treated as Reorganized TK Holdings Trust Post-Closing Cash. Reorganized TK Holdings Trust Post-Closing Cash arising from distributions after the Effective Date on account of Intercompany Interests held by TKAM, TKC, and TKF will (i) first, solely with respect to distributions from TKC's subsidiary, be used towards the Plan Sponsor Backstop Funding Repayment (if any), including repayment of any unreimbursed Restructuring Expenses, in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement and (ii) second constitute Available Cash of such Debtor.

(q) **Closing of the Chapter 11 Cases**

When all Disputed Claims (other than Disputed PSAN PI/WD Claims) filed against the Debtors have become Allowed Claims or have been Disallowed, all of the Reorganized TK Holdings Trust Assets have been distributed in accordance with the Plan, and all Allowed Claims (other than PSAN PI/WD Claims) have been satisfied in accordance with the Plan, the Legacy Trustee will seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

(r) **Plan Settlement**

(i) **Plan Settlement**. The provisions of the Plan (including provisions relating to the Plan Settlement Payment and the release and injunctive provisions contained in Article X of the Plan to the extent applicable to a Consenting OEM) and the other documents entered into in connection with the Restructuring Transactions constitute a good faith compromise and settlement among the Debtors, the Plan Sponsor, and the Consenting OEMs of all Claims and controversies relating to the Settled OEM Claims, and are also in consideration of the significant value provided to the Estates by the Restructuring Support Parties in connection with the Restructuring Transactions, including, without

limitation (i) the Consenting OEMs' obligations under the Indemnity Agreement (without which the Plan Sponsor would have been unwilling to enter into the Restructuring Transactions and pay the Purchase Price for the Purchased Assets), (ii) the Consenting OEMs' post-Effective Date commitments to the Plan Sponsor's business, (iii) the Consenting OEMs' agreement to certain modifications to the OEM Assumed Contracts and to have such OEM Assumed Contracts be assigned to the Plan Sponsor, (iv) the Plan Sponsor's entry into the Restructuring Transactions, (v) the Plan Sponsor's obligation to provide the Plan Sponsor Backstop Funding in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement, (vi) the Business Incentive Plan Payment, and (vii) the Plan Sponsor's agreement to enter into the Transition Services Agreement. The Plan will be deemed a motion to approve the Plan Settlement and the good faith compromise and settlement of all of the Claims and controversies described in the foregoing sentence pursuant to Bankruptcy Rule 9019, and entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Plan Settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that the Plan Settlement is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates.

(ii) **Plan Settlement Payment**. Upon approval of the Plan Settlement by the Bankruptcy Court in the Confirmation Order and the occurrence of the Effective Date of the Plan: (i) the Plan Settlement Payment, less the Plan Settlement Turnover Amount, will be paid in full in Cash by the Plan Sponsor (in accordance with the Plan Settlement Payment Waterfall set forth in section 5.18(c) of the Plan) to the OEMs in accordance with the Agreed Allocation for the Consenting OEMs free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind. Such payment will be deemed to be made both (x) on behalf of the Debtors on account of the Plan Settlement Payment and (y) with the consent of the Special Master, on behalf of the Special Master, on account of the DOJ Restitution Claim; (ii) $100,000 of the Plan Settlement Turnover Amount will be contributed by the Consenting OEMs to each of the IIM Recovery Funds, the SMX Recovery Funds, the TDM Recovery Funds, and the TKH Recovery Funds for the benefit of holders of General Unsecured Claims; *provided, however*, that $100,000 of the Plan Settlement Turnover Amount will be contributed by the Consenting OEMs to each of the IIM Recovery Funds and TDM Recovery Funds solely in the event that the Mexico Class Action Claims have not been fully resolved (through adjudication, settlement, or otherwise) prior to the Effective Date; (iii) the Post-Closing Reserve and the Warehousing Entity Reserve will be fully funded in accordance with the Plan; and (iv) the Business Incentive Plan Payment will be paid, when payable

under the terms of the U.S. Acquisition Agreement, to the Consenting OEMs in accordance with the Agreed Allocation. Notwithstanding anything to the contrary in the Plan, to the extent that the Post-Closing Reserve and the Warehousing Entity Reserve are not fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates, the Cash Proceeds will be used to fund such reserves in the full amount necessary to ensure that such reserves are sufficiently funded to satisfy the purposes for which such reserves were established. Such payments, transfers, and funding will be made in full and final satisfaction of the Settled OEM Claims and will be final. For the avoidance of doubt, the Plan Settlement Payment and other payments and funding obligations set forth in section 5.18(b) of the Plan will not be deemed to be in satisfaction of any Claims of Consenting OEMs that do not constitute Settled OEM Claims, including (x) any OEM Unsecured Claims held by any Consenting OEM, (y) any Administrative Expense Claims or Cure Claims held by any Consenting OEM that do not constitute Settled OEM Claims, or (z) any Claims held by any Consenting OEM against any party other than the Debtors, including the Debtors' non-Debtor affiliates.

(iii) **Plan Settlement Payment Waterfall**. The Consenting OEMs have directed that the Plan Settlement Payment, other than the Plan Settlement Turnover Amount, be paid by the Debtors from the Cash Proceeds as follows: (i) first, from the TKC Cash Proceeds; (ii) second, from the TKAM Cash Proceeds; (iii) third, from the TKF Cash Proceeds; (iv) fourth, from the IIM Cash Proceeds; (v) fifth, from the TDM Cash Proceeds; (vi) sixth, from the SMX Cash Proceeds, and (vii) seventh, from the TKH Cash Proceeds. For the avoidance of doubt, the Plan Settlement Payment will not be paid under clauses (ii) through (vii) hereof unless the applicable Debtor's Cash Proceeds in the immediately preceding clause are exhausted. The Consenting OEMs have directed that the Plan Settlement Turnover Amount be paid by the TKH Debtors from the TKH Cash Proceeds.

(iv) **Assumed PSAN Contracts**. Reorganized Takata is assuming the Assumed PSAN Contracts in accordance with section 8.4 of the Plan as part of the Plan Settlement and to ensure (i) continued production of PSAN Inflators for the PSAN Consenting OEMs and (ii) compliance with applicable NHTSA regulations and orders. As part of the Plan Settlement, the PSAN Consenting OEMs are agreeing to settle any Consenting OEM PSAN Cure Claims arising under the Assumed PSAN Contracts in exchange for the treatment of the Settled OEM Claims set forth in section 5.18(b) of the Plan.

6.5 ***Distributions***

(a) **Distributions Generally**

The Disbursing Agent will make all Distributions to the appropriate holders of Allowed Claims and Allowed Interests in accordance with the terms of the Plan. Except as otherwise provided in the Plan, Distributions under the Plan will be made only to the holders of Allowed Claims.

(b) **Distribution Formula**

Available Cash will be allocated to the Recovery Funds, with respect to the applicable Debtor, as follows:

(i) the percentage of IIM Available Cash to be allocated to each of the IIM PSAN PI/WD Fund, the IIM OEM Fund, the IIM Other Creditors Fund, and the IIM Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against IIM, based on the estimate of PSAN PI/WD Claims against IIM as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against IIM, (iii) Allowed Other General Unsecured Claims against IIM, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against IIM, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided*, *however*, that the amount of IIM Available Cash allocated to the IIM PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the IIM Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against IIM, after giving effect to recoveries to holders of PSAN PI/WD Claims against IIM from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the

allocation of IIM Available Cash among the Recovery Funds in accordance with this paragraph.

(ii) the percentage of SMX Available Cash to be allocated to each of the SMX PSAN PI/WD Fund, the SMX OEM Fund, the SMX Other Creditors Fund, and the SMX Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against SMX, based on the estimate of PSAN PI/WD Claims against SMX as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against SMX, (iii) Allowed Other General Unsecured Claims against SMX, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against SMX, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided*, *however*, that the amount of SMX Available Cash allocated to the SMX PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the SMX Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against SMX, after giving effect to recoveries to holders of PSAN PI/WD Claims against SMX from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the allocation of SMX Available Cash among the Recovery Funds in accordance with this paragraph.

(iii) the percentage of TDM Available Cash to be allocated to each of the TDM PSAN PI/WD Fund, the TDM OEM Fund, the TDM Other Creditors Fund, and the TDM Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against TDM, based on the estimate of PSAN PI/WD Claims against TDM as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to

take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against TDM, (iii) Allowed Other General Unsecured Claims against TDM, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against TDM, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided*, *however*, that the amount of TDM Available Cash allocated to the TDM PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the TDM Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against TDM, after giving effect to recoveries to holders of PSAN PI/WD Claims against TDM from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the allocation of TDM Available Cash among the Recovery Funds in accordance with this paragraph; and

(iv) the percentage of TKH Available Cash to be allocated to each of the TKH PSAN PI/WD Fund, the TKH OEM Fund, the TKH Other Creditors Fund, and the TKH Disputed Claims Reserve, respectively, will be based on, as of the Effective Date or the applicable Periodic Distribution Date, as set forth in sections 6.4 and 7.7 of the Plan: (i) PSAN PI/WD Claims against the TKH Debtors, based on the estimate of PSAN PI/WD Claims against the TKH Debtors as set forth in the Claims Estimation Report, with such estimate of PSAN PI/WD Claims to be adjusted to take into account releases, if any, of the Debtors granted or expected to be granted by holders of PSAN PI/WD Claims in connection with distributions from the DOJ PI/WD Restitution Fund, (ii) Allowed OEM Unsecured Claims against the TKH Debtors, (iii) Allowed Other General Unsecured Claims against the TKH Debtors, and (iv) an aggregate amount equal to the least of, with respect to each Disputed OEM Unsecured Claim and Disputed Other General Unsecured Claim against the TKH Debtors, (w) the filed amount of such Disputed General Unsecured Claim, (x) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the

amount to be retained for such Disputed General Unsecured Claim, and (y) such other amount as may be agreed upon by the holder of such Disputed General Unsecured Claim and the applicable Claims Administrator, with each of the foregoing clauses (i) – (iv) as a percentage of the aggregate of clauses (i) – (iv); *provided*, *however*, that the amount of TKH Available Cash allocated to the TKH PSAN PI/WD Fund in accordance with the foregoing formula will be reallocated among the TKH Recovery Funds to the extent necessary to provide proportionate treatment to holders of Allowed OEM Unsecured Claims, PSAN PI/WD Claims, and Allowed Other General Unsecured Claims against the TKH Debtors, after giving effect to recoveries to holders of PSAN PI/WD Claims against the TKH Debtors from the PSAN PI/WD Insurance Proceeds as though such recoveries were Distributions made under the Plan. For the avoidance of doubt, the PSAN PI/WD Top-Up Amounts will not be taken into consideration in determining the allocation of TKH Available Cash among the Recovery Funds in accordance with this paragraph.

(c) **Available Cash**

Available Cash will be used to fund (i) Distributions under the Plan to holders of Allowed General Unsecured Claims in each Class from the Recovery Funds on a Pro Rata Basis, and (ii) the Disputed Claims Reserves, all on the terms set forth in the Plan.

(d) **Initial Distribution of Available Cash**

On the Initial Distribution Date, after the satisfaction in full (or the establishment of reserves sufficient for the satisfaction in full) of the Plan Settlement Payment, the Claims Reserves, the Legacy Entities Reserves, the Post-Closing Reserve, and the PSAN PI/WD Trust Reserve, the Disbursing Agent will make an initial Distribution of the Available Cash in the Recovery Funds to holders of Allowed General Unsecured Claims against the Debtors in accordance with the provisions of the Plan. After this initial Distribution, the applicable Claims Administrator will make periodic Distributions of the Available Cash in the Recovery Funds to holders of Allowed General Unsecured Claims against the Debtors on the Periodic Distribution Dates.

(e) **Date of Distributions**

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

(f) **Disbursing Agent**

All Distributions under the Plan by the Reorganized TK Holdings Trust or the PSAN PI/WD Trust will be made by the Disbursing Agent (who may be the applicable Claims Administrator) on and after the Effective Date as provided in the Plan. The Disbursing Agent

will be deemed to hold all property to be distributed under the Plan in trust for the Persons entitled to receive the same. The Disbursing Agent (other than the Plan Sponsor, to the extent the Plan Sponsor is appointed by the Special Master for the purpose of making distributions to the OEMs on account of the DOJ Restitution Claim) will not hold an economic or beneficial interest in the property to be distributed under the Plan. The Disbursing Agent will not be required to give any bond or surety or other security for the performance of its duties.

(g) **Rights and Powers of Disbursing Agent**

The Disbursing Agent will be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) make all Distributions contemplated by the Plan, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

The Disbursing Agent will only be required to act and make Distributions in accordance with the terms of the Plan and will have no liability for actions taken in accordance with the Plan or in reliance upon information provided to it in accordance with the Plan or obligation or liability for Distributions under the Plan to any party who does not hold an Allowed Claim at the time of Distribution or who does not otherwise comply with the terms of the Plan; *provided, however*, that the foregoing will not affect the liability that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, intentional fraud, or criminal conduct of any such Person.

(h) **Expenses of Disbursing Agent**

Except as otherwise ordered by the Bankruptcy Court, any reasonable fees and expenses incurred by the Disbursing Agents on or after the Effective Date will be paid in Cash by the Reorganized TK Holdings Trust, except that fees and expenses incurred by the PSAN PI/WD Trustee will be paid by the PSAN PI/WD Trust.

(i) **Delivery of Distributions**

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim will be made at the address of such holder (i) as set forth on the Schedules filed with the Bankruptcy Court or (ii) on the books and records of the Debtors or their agents, as applicable, unless the Debtors or the applicable Claims Administrator has been notified in writing of a change of address, including, without limitation, by filing of a proof of Claim by such holder that contains an address for such holder different than the address of such holder as set forth in the Schedules.

(j) **Undeliverable and Unclaimed Distributions**

In the event that any Distribution to any holder of an Allowed Claim is returned as undeliverable, no distribution to such holder will be made unless and until the Disbursing Agent has been notified of the then-current address of such holder, at which time or as soon as

reasonably practicable thereafter such distribution will be made to such holder without interest; *provided, however*, that all Distributions under the Plan that are unclaimed for a period of six (6) months after the Distribution thereof will be deemed unclaimed property under section 347(b) of the Bankruptcy Code and revest in either the Reorganized TK Holdings Trust or the PSAN PI/WD Trust, as applicable, and any entitlement of any holder of any Claims to such Distributions will be extinguished and forever barred.

(k) **Distribution Record Date**

As of the close of business on the Distribution Record Date, the claims register will be closed. The applicable Claims Administrator will have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date, and will instead be entitled to recognize and deal for all purposes under the Plan with only those holders of record as of the close of business on the Distribution Record Date.

(l) **Manner of Payment under Plan**

At the option of the Disbursing Agent, any Cash payment to be made pursuant to the Plan may be made by a check or wire transfer or as otherwise required or provided in the Reorganized TK Holdings Trust Agreement.

(m) **Minimum Cash Distributions**

The Disbursing Agent will not be required to make any Distributions of Cash less than $100, or such lower amount as determined by the Disbursing Agent, to any holder of an Allowed General Unsecured Claim; *provided, however*, that if any Distribution is not made pursuant to section 6.13 of the Plan, such Distribution will be added to any subsequent Distribution to be made on behalf of the holder's Allowed General Unsecured Claims. The Disbursing Agent will not be required to make any final Distribution of Cash less than $25 to any holder of an Allowed General Unsecured Claim. If the amount of any final Distribution to any holder of Allowed General Unsecured Claims would be $25 or less, then such Distribution will be made available for distribution to all holders of Allowed General Unsecured Claims receiving final Distributions of at least $25, in accordance with the Distribution Formula. Available Cash remaining in the Recovery Funds after all final Distributions to holders of Allowed General Unsecured Claims have been made in accordance with the Plan will be distributed to the holders of Intercompany Interests in the applicable Debtor.

(n) **Setoffs and Recoupment**

Subject to sections 10.5 through 10.8 of the Plan, the applicable Claims Administrator may, but will not be required to, setoff against or recoup from any Claim and from any payments to be made pursuant to the Plan in respect of such Claim any claims of any nature whatsoever that the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim under the Plan will constitute a waiver or release by the Debtors or the Claims Administrators of any such Claim it may have against such claimant.

(o) **Distributions after Effective Date**

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, will be deemed to have been made on the Effective Date.

(p) **Interest and Penalties on Claims**

Unless otherwise provided in the Plan or the Confirmation Order, no holder of a Claim will be entitled to interest accruing on or after the Petition Date or penalties on any Claim. Any such interest or penalty component of any such Claims, if Allowed, will be paid only in accordance with section 726(b) of the Bankruptcy Code.

(q) **No Distribution in Excess of Amount of Allowed Claim**

Notwithstanding anything to the contrary in the Plan, no holder of an Allowed Claim will receive, on account of such Allowed Claim, Distributions in excess of the Allowed amount of such Claim when combined with amounts received by such holders from other sources.

(r) **Satisfaction of Claims**

Unless otherwise provided in the Plan, any Distributions and deliveries to be made on account of Allowed Claims under the Plan will be in complete and final satisfaction, settlement, and discharge of and exchange for such Allowed Claims.

(s) **Withholding and Reporting Requirements**

(i) **Withholding Rights**. In connection with the Plan, and all instruments or Interests issued in connection therewith and in consideration thereof, any party issuing any instrument or making any distribution described in the Plan will comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions pursuant to the Plan and all related agreements will be subject to any such withholding or reporting requirements. In the case of a non-Cash distribution that is subject to withholding, the distributing party may withhold an appropriate portion of such distributed property and either (i) sell such withheld property to generate Cash necessary to pay over the withholding tax (or reimburse the distributing party for any advance payment of the withholding tax), or (ii) pay the withholding tax using its own funds and retain such withheld property. Any amounts withheld pursuant to the preceding sentence will be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding the foregoing, each holder of an Allowed Claim or any other Person that receives a distribution pursuant to the Plan will have responsibility for any taxes imposed by any governmental unit, including, without limitation, income, withholding, and other taxes, on

account of such distribution. In the event any party issues any instrument or makes any non-Cash distribution pursuant to the Plan that is subject to withholding tax and such issuing or distributing party has not sold such withheld property to generate Cash to pay the withholding tax or paid the withholding tax using its own funds and retains such withheld property as described above, such issuing or distributing party has the right, but not the obligation, to not make a distribution until such holder has made arrangements reasonably satisfactory to such issuing or disbursing party for payment of any such tax obligations.

(ii) **Forms**. Any party entitled to receive any property as an issuance or Distribution under the Plan will, upon request, deliver to the Disbursing Agent or such other Person designated by the Reorganized Debtors (which Person will subsequently deliver to the Disbursing Agent any applicable IRS Form W-8 or Form W-9 received) an appropriate Form W-9 or Form W-8, as applicable, and any other forms or documents reasonably requested by any Reorganized Debtor to reduce or eliminate any withholding required by any federal, state, or local taxing authority. If such request is made by any Reorganized Debtors, the Disbursing Agent, or such other Person designated by the Reorganized Debtors or Disbursing Agent and the holder fails to comply before the date that is three hundred sixty-five (365) calendar days after the request is made, the amount of such Distribution will irrevocably revert to the Reorganized Debtors and any Claim in respect of such Distribution will be discharged and forever barred from assertion against the Reorganized Debtors or its property.

(iii) **Obligation**. Notwithstanding the above, each holder of an Allowed Claim that is to receive a Distribution under the Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such holder by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution.

6.6 ***Procedures for Disputed Claims***

(a) **Disputed Claims Reserves**

From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by a Final Order of the Bankruptcy Court, the applicable Claims Administrator will, consistent with and subject to section 1123(a)(4) of the Bankruptcy Code, retain from the Available Cash an aggregate amount equal to the Pro Rata Share of each Distribution that would have been made to a holder of a Disputed Claim from the Recovery Funds in accordance with the Distribution Formula and allocate such amount to the applicable Disputed Claims Reserve in accordance with the Distribution Formula as if such Disputed Claim were an Allowed Claim against the Debtors in an amount equal to the least of

(i) the filed amount of such Disputed Claim, (ii) the amount determined, to the extent permitted by the Bankruptcy Code and Bankruptcy Rules, by the Bankruptcy Court for purposes of fixing the amount to be retained for such Disputed Claim, (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the applicable Claims Administrator, and (iv) with respect to Disputed PSAN PI/WD Claims, the estimate for all future PSAN PI/WD Claims, in the aggregate, as set forth in the Claims Estimation Report.

(b) **Claim Objections**

On or after the Effective Date, objections to Claims against the Debtors may be interposed and prosecuted only by the applicable Claims Administrator. Except as otherwise provided in section 2.1 of the Plan with respect to Administrative Expense Claims, any objections to Claims will be served on the respective Claim holder and filed with the Bankruptcy Court (i) on or before one hundred twenty (120) days following the later of (a) the Effective Date and (b) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim, or (ii) on such later date as may be fixed by the Bankruptcy Court; *provided, however*, that the foregoing time periods will not apply to PSAN PI/WD Claims.

(c) **No Distribution Pending Allowance**

Notwithstanding any other provision in the Plan, if any portion of a Claim is Disputed, no payment or Distribution provided under the Plan will be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

(d) **Estimation of Claims**

The Debtors (before the Effective Date) or the applicable Claims Administrator (on or after the Effective Date) may, at any time, request that the Bankruptcy Court estimate, pursuant to section 502(c) of the Bankruptcy Code, any Disputed Claim that the Bankruptcy Court has jurisdiction to estimate in accordance with the Bankruptcy Code or other applicable law regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates a Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim, the amount used to determine the Disputed Claims Reserve, or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the applicable Claims Administrator may elect to pursue any supplemental proceeding to object to any ultimate Distribution on account of such Claim.

(e) **Distribution After Allowance**

On the first Distribution Date following the date on which a Disputed Claim becomes an Allowed Claim against a Debtor, the Disbursing Agent will remit to the respective Recovery Fund, for Distribution to the holder of such Allowed Claim, the Available Cash retained in the applicable Disputed Claims Reserve in an amount equal to the amount that would

have been distributed to the holder of such Claim from the Effective Date through and including the Distribution Date had such Claim been Allowed as of the Effective Date. For the avoidance of doubt, the amount to be distributed pursuant to section 7.5 of the Plan will be based on the Distribution Formula as applied on the applicable Distribution Date and not the Distribution Formula as applied on the Effective Date.

(f) **Resolution of Claims**

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date, including the Confirmation Order, the Claims Administrators (on or after the Effective Date) will have and retain any and all rights and defenses held by the Debtors with respect to any Claim as of the Petition Date. On and after the Effective Date, in accordance with the Plan, the Claims Administrators will have the authority to compromise, settle, otherwise resolve, or withdraw any objections to Claims against the Debtors and to compromise, settle, or otherwise resolve any Disputed Claims without approval of the Bankruptcy Court. If a Claims Administrator and a holder of a Disputed Claim are unable to reach a settlement on the Disputed Claim, such Disputed Claim will be submitted to the Bankruptcy Court for resolution.

(g) **Periodic Distributions from the Disputed Claims Reserves**

After the Initial Distribution Date, the applicable Claims Administrator will make distributions on the Periodic Distribution Dates from the Disputed Claims Reserves to the Recovery Funds for holders of Allowed General Unsecured Claims against the Debtors as a result of resolving Disputed Claims and releasing Cash from the Disputed Claims Reserves into the Recovery Funds in accordance with the Distribution Formula, as re-applied at each Distribution Date. The Applicable Claims Administrator will make Distributions on the Periodic Distribution Dates from the Recovery Funds to the holders of Allowed General Unsecured Claims against the Debtors in accordance with ARTICLE VI of the Plan.

(h) **Distributions on the Non-PSAN PI/WD Claims Termination Date**

On the Non-PSAN PI/WD Claims Termination Date, when all Disputed Claims (other than PSAN PI/WD Claims) are resolved and have either become Allowed or are Disallowed, a final Distribution of Available Cash in the Disputed Claims Reserves will be deposited into the Recovery Funds pursuant to the then applicable Distribution Formula. Immediately thereafter, a final Distribution will be made from the Recovery Funds to holders of Allowed Claims (other than PSAN PI/WD Claims) in accordance with ARTICLE VI of the Plan.

(i) **Property Held in the Disputed Claims Reserves**

Each holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the undistributed applicable Available Cash held in the Disputed Claims Reserves for satisfaction of the Distributions to which holders of Allowed Claims are entitled under the Plan, and not against Reorganized Takata or the Legacy Entities, their property (including reserves), or any assets previously distributed on account of any Allowed Claim.

(j) **Claims Resolution Procedures Cumulative**

All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are intended to be cumulative and not exclusive of one another. Claims may be established and subsequently settled, compromised, withdrawn, or resolved in accordance with the Plan by any mechanism approved by the Bankruptcy Court.

(k) **No Postpetition Interest**

Unless otherwise specifically provided for in the Plan or Confirmation Order, or required by applicable bankruptcy law, postpetition interest will not accrue or be paid on any Claims, and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim. Interest will not accrue or be paid upon any Disputed Claim in respect of the period from the Effective Date to the date a Distribution is made thereon on and after such Disputed Claim becomes an Allowed Claim.

6.7 ***Executory Contracts and Unexpired Leases***

(a) **Assumption and Rejection of Executory Contracts and Unexpired Leases**

(i) As of and subject to the occurrence of the Effective Date, all executory contracts and unexpired leases to which the Debtors are party will be deemed assumed and assigned to the Plan Sponsor except for an executory contract or unexpired lease that (i) has previously been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, (ii) is specifically designated on the Schedule of Assumed Contracts or the Schedule of Rejected Contracts, which shall be filed and served at any time on or prior to the Plan Objection Deadline on the counterparties to any executory contract or unexpired lease included on the Schedule of Assumed Contracts or the Schedule of Rejected Contracts in accordance with the Solicitation Procedures Order, (iii) is being assumed, assumed and assigned, or otherwise assigned pursuant to section 8.4 of the Plan, (iv) is the subject of a separate assumption or rejection motion filed by the Debtors under section 365 of the Bankruptcy Code pending on the Confirmation Date, or (iv) is the subject of a pending Cure Dispute. The Debtors reserve the right to modify the treatment of any particular executory contract or unexpired lease pursuant to the Plan, and any such modification will be reasonably acceptable to the Plan Sponsor.

(ii) Subject to the occurrence of the Effective Date, the payment of any applicable Cure Amount, and the resolution of any Cure Dispute, the entry of the Confirmation Order by the Bankruptcy Court will constitute approval of the rejections, assumptions, and assumptions and assignments provided for in the Solicitation Procedures Order and in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy

Code. Unless otherwise indicated or provided in a separate order of the Bankruptcy Court, rejections or assumptions or assumptions and assignments of executory contracts and unexpired leases pursuant to the Solicitation Procedures Order and the Plan are effective as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to the Plan or by order of the Bankruptcy Court but not assigned to a third party on or before the Effective Date will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law.

(iii) Unless otherwise provided in the Plan (including section 8.4 of the Plan) or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed or assumed and assigned will include any and all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument, or other document is listed in the Schedule of Assumed Contracts or the Schedule of Assumed and Assigned Contracts.

(iv) Except as otherwise expressly set forth on the Cure Amount Notice, any contracts, engagement letters, retention agreements, and similar arrangements, in each case between the Debtors and any attorneys, accountants, financial advisors, investment bankers, or similar professionals, representatives, or advisors have not been included on the Cure Amount Notice and shall not be treated under the Plan as executory contracts subject to assumption, assumption and assignment, or rejection. Counterparties to any such contracts, engagement letters, retention agreements, and similar arrangements were required to file proofs of claim by the General Bar Date (as defined in the Bar Date Order) and any Allowed Claims relating thereto shall be treated as Other General Unsecured Claims against the applicable Debtor.

(b) **Determination of Cure Disputes and Deemed Consent**

(i) Subject to the entry of the Solicitation Procedures Order and the terms and provisions thereof, the Debtors shall file and serve on all required parties, as directed in the Solicitation Procedures Order, the Cure Amount Notice no later than thirty (30) days prior to the Confirmation Hearing, which Cure Amount Notice shall be in form and substance reasonably acceptable to the Plan Sponsor. If a counterparty to an executory contract or unexpired lease (excluding, for the avoidance of doubt, any OEM Assumed Contract) is not listed on such Cure Amount Notice, the proposed Claim Cure for such executory contract

or unexpired lease shall be deemed to be $0; *provided*, *however*, that the foregoing shall not apply to those counterparties not listed on the Cure Amount Notice that otherwise file a proof of Claim with the Bankruptcy Court.

(ii) Any counterparty to an executory contract or unexpired lease will have the time prescribed by the Solicitation Procedures Order to object to the Cure Claims listed on the notice and to adequate assurance of future performance by the Plan Sponsor.

(iii) To the extent that a Cure Dispute is asserted in an objection filed in accordance with the Solicitation Procedures Order, such Cure Dispute will be scheduled for a hearing by the Bankruptcy Court. Following resolution of a Cure Dispute by Final Order of the Bankruptcy Court, the applicable contract or lease will be deemed assumed effective as of the Effective Date; *provided*, *however*, if any Claim subject to a Cure Dispute is Allowed in an amount greater than the Cure Amount for such Claim listed on the Cure Amount Notice, the Debtors reserve the right (and will do so if directed by the Plan Sponsor with respect to any Purchased Contract) to reject such executory contract or unexpired lease for a period of seven (7) Business Days following entry of a Final Order of the Bankruptcy Court resolving the applicable Cure Dispute by filing a notice indicating such rejection with the Bankruptcy Court.

(iv) To the extent (i) any Cure Dispute with respect to a Purchased Contract has not been resolved prior to the Effective Date and (ii) (a) the aggregate amount of all Disputed Cure Claims with respect to the Purchased Contracts plus (b) the aggregate amount of all other Cure Claims paid by the Plan Sponsor on the Effective Date exceeds the Cure Claims Cap, the Debtors will establish the Disputed Cure Claims Reserve. Any amounts remaining in the Disputed Cure Claims Reserve after the resolution and payment, if applicable, of all Disputed Cure Claims with respect to the Purchased Contracts, will be included in the Claims Reserve of the applicable Reorganized Debtor. For the avoidance of doubt, the Plan Sponsor's obligation to pay Cure Claims in connection with assumption and assignment of the Purchased Contracts will not exceed the Cure Claims Cap. To the extent the total aggregate value of Cure Claims (including all Disputed Cure Claims) with respect to the Purchased Contracts exceeds the Cure Claims Cap, (i) the Plan Sponsor, in its sole discretion, will determine the specific Cure Claims that it will pay up to the Cure Claims Cap and (ii) the Debtors will pay the excess of (x) the aggregate amount of such Cure Claims over (y) the Cure Claims Cap.

(v) To the extent that an objection is not timely filed and properly served on the Debtors with respect to a Cure Dispute, then the counterparty to

the applicable contract or lease will be deemed to have assented to (i) the Cure Amount proposed by the Debtors and (ii) the assumption of such contract or lease, notwithstanding any provision thereof that (a) prohibits, restricts, or conditions the transfer or assignment of such contract or lease, or (b) terminates or permits the termination of a contract or lease as a result of any direct or indirect transfer or assignment of the rights of the Debtor under such contract or lease or a change in the ownership or control as contemplated by the Plan, and will forever be barred and enjoined from asserting such objection against the Debtors or terminating or modifying such contract or lease on account of transactions contemplated by the Plan.

(vi) With respect to payment of any Cure Amounts or Cure Disputes, neither the Debtors, the Plan Sponsor, nor the Disbursing Agent will have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable executory contract or unexpired lease, even if such non-Debtor party has sold, assigned, or otherwise transferred its Cure Claim.

(c) **Payments Related to Assumption of Contracts and Leases**

(i) Subject to resolution of any Cure Dispute, any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan is in default will be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors or the Plan Sponsor (solely with respect to the Purchased Contracts and up to the Cure Claims Cap), as the case may be, upon assumption thereof.

(ii) Assumption and assignment of any executory contract or unexpired lease pursuant to the Plan, or otherwise, will result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Amount, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time before the effective date of assumption and/or assignment. Any proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed will be deemed disallowed and expunged, without further notice to or action, order or approval of the Bankruptcy Court or any other Person.

(d) **OEM Contracts.** Notwithstanding any other provision of ARTICLE VIII of the Plan:

(i) Each Standalone OEM Assumed Contract will be assumed by the applicable Debtor and assigned (and to the extent not executory, assigned) to the Plan Sponsor entity to which the applicable

Consenting OEM consents (in its sole discretion), as of the Effective Date on an "as is" basis (and without giving effect to any accommodations provided pursuant to the Global Accommodation Agreement) without modification of any kind, including as to terms or price, other than (1) to substitute the Plan Sponsor entity to whom such Standalone OEM Assumed Contract is being assigned (with the consent of the applicable Consenting OEM, in its sole discretion) for the applicable Debtor and (2) for any Standalone OEM Assumed Contract of a Consenting OEM, incorporate the ROLR (as defined in the Indemnity Agreement) on the terms set forth in section 10 of the Indemnity Agreement, to the extent such Standalone OEM Assumed Contract is not otherwise deemed amended in accordance with section 8.4(d) of the Plan.

(ii) All Standalone PSAN Assumed Contracts will be assumed by Reorganized TK Holdings or its applicable subsidiary (and to the extent not executory, assigned to Reorganized TK Holdings or its applicable subsidiary) as of the Effective Date on an "as is" basis (and without giving effect to any accommodations provided pursuant to the Global Accommodation Agreement) without modification of any kind, including as to terms or price, other than to (i) substitute Reorganized TK Holdings (or its applicable subsidiary) for the applicable Debtor and (ii) account for pricing adjustments consistent with the Reorganized Takata Business Model on a cost basis.

(iii) Each Non-Standalone OEM Contract will be automatically severed on the Effective Date (to the extent such severance has not occurred prior to the Effective Date) so as to create a Modified Assumed OEM Contract and, in the case of a Non-Standalone OEM Contract of a PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, or Consenting OEM PSAN Tier One, severed so as to create a Modified Assumed OEM Contract and either a Modified Assumed PSAN Contract or a standalone contract for the sale of PSAN Inflators that will be rejected in accordance with the below, as applicable. Each such severed Non-Standalone OEM Contract will be: (i) as it relates to a Modified Assumed OEM Contract, assumed by the applicable Debtor and assigned (and to the extent not executory, assigned) to the Plan Sponsor entity to which the applicable Consenting OEM consents (in its sole discretion), "as is" (and without giving effect to any accommodations provided by the Global Accommodation Agreement), without modification of any kind, including as to terms or price, other than (A) as necessary to separate the manufacture and sale of the PSAN Inflators and release the Plan Sponsor (including the Acquired Non-Debtor Affiliates) from all Liabilities (as defined in the Indemnity Agreement) and obligations thereunder with respect to PSAN Inflators on the terms set forth in the Indemnity Agreement (and such released obligations will be (I) in the

case of a Modified Assumed PSAN Contract, transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities (as defined in the Indemnity Agreement), and obligations novated to and assumed by, Reorganized TK Holdings (or its applicable subsidiary) as a Modified Assumed PSAN Contract; or (II) in all other cases, rejected as of the Effective Date), (B) to account for pricing adjustments for the PSAN Inflator production not being assumed by the Plan Sponsor, where such adjustments are to be resolved between the applicable Consenting OEM and the Plan Sponsor pursuant to normal commercial dealings, (C) to substitute the Plan Sponsor entity to whom the Modified Assumed OEM Contract is assigned (with the consent of the applicable Consenting OEM, in its sole discretion) for the applicable Debtor, and (D) for a Non-Standalone OEM Contract of a Consenting OEM, to incorporate the ROLR (as defined in the Indemnity Agreement) on the terms set forth in section 10 of the Indemnity Agreement to the extent such Consenting OEM's Non-Standalone OEM Contract is not otherwise deemed amended in accordance with section 8.4 of the Plan; and (ii) as it relates to a Modified Assumed PSAN Contract, assumed by Reorganized TK Holdings or its applicable subsidiary (and to the extent not executory, assigned to Reorganized TK Holdings or its applicable subsidiary) "as is" (and without giving effect to any accommodations provided pursuant to the Global Accommodation Agreement) without modification of any kind, including as to terms or price, other than (A) as necessary to separate the manufacture and sale of the PSAN Inflators and release Reorganized Takata from all Liabilities (as defined in the Indemnity Agreement),and obligations thereunder unrelated to PSAN Inflators, and such released obligations will be transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities (as defined in the Indemnity Agreement), and obligations novated to and assumed by, the Plan Sponsor entity to whom the Modified Assumed OEM Contract is assigned (with the consent of the applicable Consenting OEM, in its sole discretion) as a Modified Assumed OEM Contract, (B) to account for pricing adjustments consistent with the Reorganized Takata Business Model on a cost basis, and (C) to substitute Reorganized TK Holdings (or its applicable subsidiary) for the applicable Debtor.

(iv) The Plan will constitute an amendment to the applicable OEM Assumed Contracts and Assumed PSAN Contracts to incorporate the provisions set forth in the Plan, including, in the case of OEM Assumed Contracts, the ROLR on the terms set forth in section 10 of the Indemnity Agreement, and no additional amendments to such contracts will be necessary to effectuate any of the provisions hereof.

(v) Notwithstanding the foregoing, in respect of any Non-Standalone OEM Contracts where a Consenting OEM PSAN Contract

Manufacturer or Consenting OEM PSAN Tier One is the counterparty, (i) the applicable Consenting OEM and Plan Sponsor will work cooperatively to cause the Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One to modify its Non-Standalone OEM Contracts consistent with section 8.4 of the Plan and the Plan will not constitute a deemed amendment to such Non-Standalone OEM Contracts, and (ii) Plan Sponsor will have no obligation to assume any Non-Standalone OEM Contract where a Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One is the counterparty unless (A) such counterparty modifies its Non-Standalone OEM Contract consistent with section 8.4 of the Plan and (B) either (x) such counterparty grants a release consistent with sections 8.a, 8.b, and 8.e of the Indemnity Agreement and agrees to the contractual subordination terms set forth in the penultimate paragraph of section 5 of the Indemnity Agreement or (y) the applicable Consenting OEM is required to, or agrees to, indemnify and hold harmless Joyson KSS Auto Safety S.A. pursuant to section 6 of the Indemnity Agreement with respect to any related PSAN Claims (as defined in the Indemnity Agreement) asserted by such counterparty in respect of such Non-Standalone OEM Contract (to the extent such Claim relates to the applicable OEM's vehicles), it being understood that any Non-Standalone OEM Contract that Plan Sponsor does not assume as permitted by section 8.4 of the Plan will not constitute an OEM Assumed Contract for any purposes under the Plan and, notwithstanding anything to the contrary set forth in the Plan, neither Plan Sponsor nor any Acquired Non-Debtor Affiliate will have any obligation under the Plan with respect to any such counterparty with respect to the applicable Non-Standalone OEM Contract.

(vi) Except as otherwise agreed to between the Plan Sponsor and the Consenting OEMs, the Plan Sponsor will assume all Assumed Liabilities (as defined in the Indemnity Agreement) in accordance with section 4.b of the Indemnity Agreement.

(vii) Subject to approval of the Plan Settlement by the Bankruptcy Court, the Consenting OEM PSAN Cure Claims will be deemed fully and finally satisfied upon consummation of the Plan Settlement in accordance with section 5.18 of the Plan.

(viii) Notwithstanding anything in the Plan to the contrary, any Cure Claims of Consenting OEMs, other than Consenting OEM PSAN Cure Claims, will be assumed by the Plan Sponsor and paid to the respective Consenting OEM in the ordinary course of business. The Debtors will have no obligations with respect to such Cure Claims, and such Cure Claims will not be counted for determining the Disputed Cure Claims Reserve or included in or limited by the Cure Claims Cap. Such Cure Claims will not be subject to any Cure Claim

procedures set forth in the Plan or the Solicitation Procedures Order. Further, nothing in the Plan will be deemed a waiver of such Cure Claims by the Consenting OEMs nor affect the assumption and assignment of the OEM Assumed Contracts on an "as is" basis as provided above.

(ix) All Purchase Orders and other executory contracts and unexpired leases between any Debtor and any OEM that purchased PSAN Inflators from the Debtors that is not a Consenting OEM will be deemed rejected as of the Effective Date, to the extent not rejected prior to the Effective Date. For the avoidance of doubt, any Purchase Orders between any Debtor and any OEM relating solely to PSAN Inflators not assumed or assumed and assigned pursuant to section 8.4 of the Plan shall be deemed rejected as of the Effective Date, to the extent not rejected prior to the Effective Date.

(e) **Rejection Claims**

In the event that the rejection of an executory contract or unexpired lease by any of the Debtors in the Plan results in damages to the other party or parties to such contract or lease, any Claim for such damages, if not heretofore evidenced by a timely filed proof of Claim, will be forever barred and will not be enforceable against the Debtors or the Reorganized Debtors, or their respective Estates, properties or interests in property, unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtors no later than thirty (30) days after the later of (i) the Confirmation Date and (ii) the effective date of the rejection of such executory contract or unexpired lease. Any such Claims, to the extent Allowed, will be classified as Class 5 Other General Unsecured Claims. The Confirmation Order will constitute the Bankruptcy Court's approval of the rejection of all the leases and contracts identified in the Schedule of Rejected Contracts.

(f) **Survival of the Debtors' Indemnification Obligations**

Any obligations of the Debtors pursuant to their corporate charters, by-laws, limited liability company agreements, memorandum and articles of association, or other organizational documents and agreements to indemnify current officers, directors, agents, or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such officers, directors, agents, or employees based upon any act or omission for or on behalf of the Debtors will not be discharged, impaired, or otherwise affected by the Plan; *provided, however*, that the Reorganized Debtors will not indemnify any Person (i) for any Claims or Causes of Action arising out of or relating to any act or omission that is found by a Final Order of a court to constitute a criminal act or fraud, gross negligence, breach of fiduciary duty, or willful misconduct, including, in each case, in relation to the manufacture and sale of PSAN Inflators and (ii) that is a named defendant in any proceeding brought by the DOJ. All such obligations will be deemed and treated as executory contracts to be assumed by the Debtors under the Plan and will continue as obligations of the Reorganized Debtors. Any Claim based on the Debtors' obligations in the Plan will not be a Disputed Claim or subject to any objection, in either case, by reason of section 502(e)(1)(B) of the Bankruptcy Code.

(g) **Compensation and Benefit Plans**

Except with respect to any benefit plans, policies, or programs (i) for which the Debtors have received approval of the Bankruptcy Court to reject or terminate on or before the Effective Date, (ii) that are rejected or terminated pursuant to the Plan, (iii) that are subject to a pending motion to reject or terminate as of the Confirmation Hearing, or (iv) that are listed on the Schedule of Rejected Contracts, all employment and severance policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their respective employees, and non-employee directors, including all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive and bonus plans (including, for the avoidance of doubt, any letter agreements with the PSAN Employees (as defined in the U.S. Acquisition Agreement) relating to the Key Employee Bonus Plan), and life and accidental death and dismemberment insurance plans, are deemed to be, and will be treated as, executory contracts under the Plan and, on the Effective Date, will be assumed pursuant to sections 365 and 1123 of the Bankruptcy Code; *provided, however*, that the Debtors will not assume any obligations owed to Transferred Employees under the following benefit plans: the letter agreements relating to the Key Employee Bonus Plan, the TK Holdings Inc. Supplemental Management Retirement Plan, and the TK Holdings Inc. Executive Retirement Plan.

Pursuant to the U.S. Acquisition Agreement, the Plan Sponsor will assume the letter agreements with the Transferred Employees relating to the Key Employee Bonus Plan and any obligations owed to the Transferred Employees under that certain TK Holdings Inc. Supplemental Management Retirement Plan and that certain TK Holdings Inc. Executive Retirement Plan.

Any employment and severance policies; compensation and benefit plans, policies, and programs; or life and accidental death and dismemberment insurance plans relating or provided to a former employee of the Debtors who is retired as of the Effective Date will be rejected with respect to such former employee except to the extent prohibited by section 1114 of the Bankruptcy Code.

(h) **Insurance Policies**

On or prior to the Effective Date, the Debtors may fund an upfront premium payment to purchase "tail insurance" to continue the Debtors' existing directors' and officers' insurance subject to the reasonable consent of the Requisite Consenting OEMs. All insurance policies to which any Debtor is a party as of the Effective Date will be deemed to be and treated as executory contracts, will be assumed by the applicable Debtor, and will vest in the Reorganized Debtors and continue in full force and effect thereafter in accordance with their respective terms.

(i) **Reservation of Rights**

(i) Neither the exclusion nor the inclusion by the Debtors or any contract or lease on any exhibit, schedule, or other annex to the Plan or in the Plan Supplement, nor anything contained in the Plan, will constitute an admission by the Debtors that any such contract or lease is or is not an

executory contract or unexpired lease or that the Debtors or the Reorganized Debtors or their respective affiliates has any liability thereunder.

(ii) Except as explicitly provided in the Plan, nothing in the Plan will waive, excuse, limit, diminish, or otherwise alter any of the defenses, claims, Causes of Action, or other rights of the Debtors or the Reorganized Debtors under any executory or non-executory contract or unexpired lease.

(iii) Nothing in the Plan will increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors or the Reorganized Debtors, as applicable, under any executory or non-executory contract or unexpired or expired lease.

(iv) If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of its assumption under the Plan, the Debtors or Reorganized Debtors, as applicable, will have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

6.8 ***Conditions Precedent to Confirmation of the Plan and the Occurrence of the Effective Date***

(a) **Conditions Precedent to Confirmation**

Confirmation of the Plan will not occur unless all of the following conditions precedent have been satisfied:

(i) the Debtors, the Consenting OEMs, and the Plan Sponsor, as applicable, will have approved of or accepted the Confirmation Order in accordance with their respective consent rights under the U.S. RSA, as incorporated by reference in section 1.4 of the Plan;

(ii) the Confirmation Order will include a finding by the Bankruptcy Court that the Purchased Assets will be purchased by and vested in the Plan Sponsor free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind, including rights or claims based on any successor or transferee liabilities other than Assumed Liabilities and Permitted Liens;

(iii) the U.S. RSA will not have been terminated by the Debtors, the Plan Sponsor, or the Requisite Consenting OEMs (as defined in the U.S. RSA) and will be in full force and effect with respect to such parties; and

(iv) the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto, will (i) be in form and

substance reasonably acceptable to the Debtors, the Consenting OEMs, and the Plan Sponsor, (ii) consistent in all material respects with the U.S. RSA, and (iii) consistent with the other provisions of the Plan.

(b) **Conditions Precedent to the Effective Date**

The Effective Date will not occur unless all of the following conditions precedent have been satisfied:

(i) entry of the Confirmation Order by the Bankruptcy Court and such Confirmation Order has not been stayed, modified, or vacated on appeal;

(ii) the U.S. RSA will not have been terminated by the Debtors, the Plan Sponsor, or the Requisite Consenting OEMs (as defined in the U.S. RSA), and will be in full force and effect with respect to such parties;

(iii) the Debtors, the Consenting OEMs, and the Plan Sponsor, as applicable, will have approved of or accepted the Definitive Documentation (as defined in the U.S. RSA) in accordance with their respective consent rights under the U.S. RSA, as incorporated by reference in section 1.4 of the Plan;

(iv) all conditions precedent to the consummation of the U.S. Acquisition Agreement (other than effectiveness of the Plan) have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof, and the U.S. Acquisition Agreement is in full force and effect and is binding on all parties thereto;

(v) all conditions precedent to the consummation of any purchase agreement between non-Debtor affiliates of the Debtors and the Plan Sponsor (other than effectiveness of the Plan) have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof, and any such purchase agreement is in full force and effect and is binding on all parties thereto;

(vi) the Closing Date will have occurred (or will occur simultaneously with the occurrence of the Effective Date);

(vii) receipt by the Consenting OEMs, or an account or accounts designated by the Consenting OEMs, of the Consenting OEMs' aggregate allocable share of the $850 million restitution fund under the DOJ Restitution Order (in the Chapter 11 Cases and the Japan Proceedings, free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind) to be allocated among the Consenting OEMs in accordance with the Agreed Allocation;

(viii) execution of the Reorganized TK Holdings Trust Agreement;

(ix) the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP will become effective in accordance with the terms of the Plan (except with respect to any provisions of the PSAN PI/WD Trust Agreement or PSAN PI/WD TDP that are expressly conditioned upon effectiveness of the Channeling Injunction);

(x) the Legacy Entities will be fully funded;

(xi) the Transition Services Agreement (i) will have been executed and delivered to the Plan Sponsor by Reorganized TK Holdings and (ii) will be in full force and effect, and all conditions precedent to the effectiveness of the Transition Services Agreement will have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof;

(xii) the Indemnity Agreement (i) will have been executed and delivered to the Plan Sponsor by each of the Consenting OEMs, (ii) will be in full force and effect, and (iii) all conditions precedent to the effectiveness of the Indemnity Agreement will have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof;

(xiii) the Global Accommodation Agreement and the Access Agreement will have been terminated;

(xiv) the Consenting OEMs will have released all Liens granted under the Access Agreement and the Adequate Protection Order;

(xv) the Debtors will have obtained all authorizations, consents, regulatory approvals, ruling, or documents that are necessary to implement and effectuate the Plan (except for approval of the Channeling Injunction by the District Court in accordance with section 10.7(f) of the Plan);

(xvi) all actions, documents, and agreements necessary to implement and effectuate the Plan will have been effected or executed;

(xvii) all professional fees and expenses approved by the Bankruptcy Court will have been paid in full or amounts sufficient to pay such fees and expenses after the Effective Date have been placed in a professional fee escrow pending approval by the Bankruptcy Court;

(xviii) the Restructuring Expenses will have been paid in accordance with section 12.6 of the Plan;

(xix) the closing of the transactions contemplated by all purchase agreements between non-Debtor affiliates of the Debtors and the Plan Sponsor will have occurred or will occur contemporaneously with the effectiveness of the Plan;

(xx) a Canadian court of competent jurisdiction will have entered a Final Order recognizing the Confirmation Order entered by the Bankruptcy Court;

(xxi) the Civil Rehabilitation Court will have entered an order approving the sale of the assets (other than specified excluded assets) of the Japan Debtors pursuant to a business transfer under Section 42 of the Japan Civil Rehabilitation Act, which will remain in full force and effect; and

(xxii) all conditions precedent to the effectiveness of the business transfer described in the preceding clause will have been satisfied or waived by the party or parties entitled to waive them in accordance with the terms thereof.

(c) **Waiver of Conditions Precedent**

(i) Each of the conditions precedent to confirmation of the Plan and the occurrence of the Effective Date may be waived subject to the written consent, which will not be unreasonably withheld, of the Debtors, the Plan Sponsor, and the Consenting OEMs. If any such condition precedent is waived pursuant to section 9.3 of the Plan and the Effective Date occurs, each party agreeing to waive such condition precedent will be estopped from withdrawing such waiver after the Effective Date or otherwise challenging the occurrence of the Effective Date on the basis that such condition was not satisfied, the waiver of such condition precedent will benefit from the "equitable mootness" doctrine. If the Plan is confirmed for fewer than all of the Debtors, only the conditions applicable to the Debtor or Debtors for which the Plan is confirmed must be satisfied or waived for the Effective Date to occur.

(ii) The stay of the Confirmation Order pursuant to Bankruptcy Rule 3020(e) will be deemed waived by and upon the entry of the Confirmation Order, and the Confirmation Order will take effect immediately upon its entry.

6.9 ***Effect of Confirmation***

(a) **Binding Effect**

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of the Plan will bind every holder of a Claim against or Interest in any Debtor and inure to the benefit of and be binding on such holder's respective successors and assigns, regardless of whether the Claim or Interest of such holder is impaired under the Plan and whether such holder has accepted the Plan.

(b) **Discharge of Claims against and Interests in the Reorganized Debtors**

Upon the Effective Date and in consideration of the Distributions to be made under the Plan, except as otherwise provided in the Plan or in the Confirmation Order, each holder (as well as any trustee or agent on behalf of such holder) of a Claim or Interest and any successor, assign, and affiliate of such holder will be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided in the Plan, upon the Effective Date, all such holders of Claims and Interests and their successors, assigns, and affiliates will be forever precluded and enjoined, pursuant to sections 105, 524, and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any Reorganized Debtor.

(c) **Pre-Confirmation Injunctions and Stays**

Unless otherwise provided in the Plan, all injunctions and stays arising under or entered during the Chapter 11 Cases, whether under sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the date of entry of the Confirmation Order, will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

(d) **Injunction against Interference with Plan**

Upon entry of the Confirmation Order, all holders of Claims and Interests shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan; provided, however, that the foregoing shall not enjoin any party to the U.S. RSA, the Definitive Documentation (as defined in the U.S. RSA), or the Global Documentation (as defined in the U.S. RSA) from exercising any of its rights or remedies under such agreements, as applicable, in each case in accordance with the terms thereof.

(e) **Plan Injunction**

(i) **Except as otherwise provided in the Plan or in the Confirmation Order, as of the entry of the Confirmation Order but subject to the occurrence of the Effective Date, to the maximum extent permitted under applicable law, all Persons who have held, hold, or may hold Claims or Interests are, with respect to any such Claim or Interest, permanently enjoined after the entry of the Confirmation Order from: (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting, directly or indirectly, a Debtor, a Reorganized Debtor, or an Estate or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Parties mentioned in**

this subsection (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against a Debtor, a Reorganized Debtor, or an Estate or its property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Parties mentioned in this subsection (ii) or any property of any such transferee or successor; (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against a Debtor, a Reorganized Debtor, or an Estate or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this subsection (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; *provided, however,* that nothing contained in the Plan will preclude such Parties who have held, hold, or may hold Claims against or Interests in a Debtor or an Estate from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan and the Plan Documents.

(ii) **Except as expressly permitted by the U.S. Acquisition Agreement and except as to Assumed Liabilities and Permitted Liens, all Persons, including all debt security holders, governmental, tax, and regulatory authorities, lenders, trade creditors, dealers, customers, employees, litigation claimants, and other creditors, holding Claims, Liens, Interests, charges, encumbrances, and other interests of any kind or nature whatsoever, including rights or Claims based on any successor or transferee liability, against or in a Debtor or the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, known or unknown), arising under or out of, in connection with, or in any way relating to the Debtors, the Purchased Assets, the operation of the Purchased Assets prior to the Effective Date, or the Restructuring Transactions, are forever barred, estopped and permanently enjoined from asserting against the Plan Sponsor Parties, their respective successors and assigns, their property or the Purchased Assets, such Person's Claims, Liens, Interests, charges, encumbrances, and other interests (including rights or Claims based on any successor or transferee liability), including, without limitation, by: (i) commencing, conducting, or continuing in any manner, directly or indirectly,**

any suit, action, or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative, or other forum) against or affecting, directly or indirectly, a Plan Sponsor Party or the property of any Plan Sponsor Party, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection (i) or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against a Plan Sponsor Party or its property, or any direct or indirect transferee of any property of, or direct or indirect successor-in-interest to, any of the foregoing Persons mentioned in this subsection (ii) or any property of any such transferee or successor; (iii) creating, perfecting, or otherwise enforcing any encumbrance of any kind or asserting any Released Claims in any manner, directly or indirectly, against a Plan Sponsor Party or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this subsection (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan.

(iii) **By accepting Distributions pursuant to the Plan, each holder of an Allowed Claim or Allowed Interest will be bound by the Plan, including the injunctions set forth in section 10.5 of the Plan.**

(f) **Releases**

(i) **Releases by the Debtors**

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, the Confirmation Order, and the obligations contemplated by the Restructuring Transactions, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise provided in the Plan or in the Confirmation Order, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably and forever released and discharged, to the maximum extent permitted by law, as such law may be extended subsequent to the Effective Date, by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, costs, liabilities, attorneys' fees and

expenses whatsoever, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates (including, any Causes of Action arising under chapter 5 of the Bankruptcy Code), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), or their Estates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party (including the exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), the Restructuring Transactions, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Disclosure Statement, the U.S. Acquisition Agreement, the Global Accommodation Agreement, the U.S. RSA, and the Plan and related agreements, instruments, and other documents, and the negotiation, formulation, preparation or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that is a criminal act or constitutes fraud, gross negligence, or willful misconduct. The Reorganized Debtors and any newly-formed entities that will be continuing the Debtors' businesses after the Effective Date will be bound, to the same extent the Debtors are bound, by the releases and discharges set forth in section 10.6(a) of the Plan.

(ii) **Releases by Holders of Claims and Interests**

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, the Confirmation Order and the obligations contemplated by the Restructuring Transactions, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise provided in the Plan or in the Confirmation Order, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably and forever released and discharged, to the maximum extent permitted by law, as such law may be extended subsequent to the Effective Date, except as otherwise provided in the Plan, by (i) the holders of all Claims, other than the Consenting OEMs, who vote to accept the Plan, (ii) the holders of all Claims, other than the Consenting OEMs, that are Unimpaired under the Plan, (iii) the holders of all Claims, other than the Consenting OEMs, whose vote to accept or reject the Plan is solicited but who do not vote either to accept or to reject the Plan, (iv) the holders of all Claims, other than the Consenting OEMs, or Interests who vote, or are deemed, to reject the Plan but do not opt out of granting the releases set forth in the Plan, (v) the holders of all Claims, other than the Consenting

OEMs, and Interests who were given notice of the opportunity to opt out of granting the releases set forth in the Plan but did not opt out, and (vi) all other holders of Claims, other than the Consenting OEMs, and Interests to the maximum extent permitted by law, in each case from any and all Claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, costs, liabilities, attorneys' fees and expenses whatsoever, including any derivative claims, asserted or assertable on behalf of the Debtors, the Reorganized Debtors, or their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that such holders or their estates, affiliates, heirs, executors, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons or parties claiming under or through them would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or their non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), the Reorganized Debtors, or their Estates, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements or interactions between any Debtor and any Released Party (including the exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), the Restructuring Transactions, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Disclosure Statement, the U.S. Acquisition Agreement, the Global Accommodation Agreement, the U.S. RSA, and the Plan and related agreements, instruments, and other documents, and the negotiation, formulation, preparation or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that constitutes fraud, gross negligence or willful misconduct. For the avoidance of doubt, no OEM will receive a release from holders of Claims and Interests pursuant to section 10.6(b) of the Plan.

Notwithstanding anything to the contrary in the Plan, nothing in the Plan will release, bar, or discharge any liability of any OEM to any governmental unit, including any Claim by any state attorney general or similar governmental unit enforcing consumer protection laws or any other statutory or common law or principles of equity for any Claim against any OEM, whenever arising, and nothing in the Plan will stay or enjoin any state attorney general or similar governmental unit from enforcing consumer protection laws or any statutory or common law or principles of equity for any Claim, whenever arising, against an OEM. Further, notwithstanding any provision of the Plan, OEMs are not relieved from any obligations to address or comply with requests or inquiries from any state attorney general or similar governmental unit enforcing consumer protection laws. Nothing in the Plan will be a waiver or other limitation of any OEM's rights, Claims, and defenses with respect to any such Claims or other Causes of Action by a governmental unit.

The office of the Texas Attorney General on behalf of the Texas Commission on Environmental Quality (the "***TCEQ***") has formally advised the Debtors that the TCEQ believes that adequate information under section 1125 of the Bankruptcy Code requires the Debtors to disclose to creditors and other parties in interest who will be reviewing the Disclosure Statement that the TCEQ, Michigan Department of Environmental Quality, Missouri Department of Natural Resources, and possibly other state and federal agencies, will object to confirmation of the Plan on the grounds, among others, that the Plan does not make clear that third-parties are expressly not being released under the Plan and that the Plan may not provide adequate funding for future disposal of recalled inflators as hazardous waste. TCEQ and other agencies will respectfully request that the court include the following language in the Confirmation Order to partially address these and other concerns:

> Nothing in this Order or the Plan or related documents discharges, releases, precludes, or enjoins: (i) any liability to any governmental unit as defined in 11 U.S.C. § 101(27) ("Governmental Unit") that is not a "claim" as defined in 11 U.S.C. § 101(5) ("Claim"); (ii) any Claim of a Governmental Unit arising on or after the Confirmation Date: (iii) any liability to a Governmental Unit under police and regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the Confirmation Date; (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors or Reorganized Debtors (including but not limited to any Original Equipment Manufacturer or any Warehouse Owner or Landlord). Nor shall anything in this Order or the Plan enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence. Nothing in this Order or the Plan or related documents authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order or the Plan shall relieve any entity from any obligation to address or comply with information requests or inquiries from any Governmental Unit. Nothing in this Order or the Plan shall affect any setoff or recoupment rights of any Governmental Unit. Nothing in this Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or the Plan or to adjudicate any defense asserted under this Order or the Plan.

The Debtors and the Support Parties have not agreed to and are still considering the above language that the TCEQ and other agencies requested be included in the Confirmation Order, subject to certain modifications.

(iii) **Releases by Holders of PSAN PI/WD Claims**

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, to the maximum extent permitted under applicable law, the holders of PSAN PI/WD Claims will be deemed to provide a full and complete discharge and release to the Protected Parties and their respective property and successors and assigns from any and all Causes of Action whatsoever, whether known or unknown, asserted or unasserted, derivative or direct, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any way to such holders' PSAN PI/WD Claims. Notwithstanding anything to the contrary in the Plan, nothing in the Plan will release any OEM that is not a Participating OEM from liability for a PSAN PI/WD Claim.

(iv) **Adequate Protection Order Releases**

Nothing in the Plan will limit, modify, or affect in any way the releases granted under paragraph 4(g) of the Adequate Protection Order, and such releases will remain in full force and effect through and after the Effective Date.

(v) **Intercompany Claims**

Notwithstanding sections 10.6(a) and 10.6(b) of the Plan, the Claims of the Debtors against their Non-Debtor Affiliates and the Claims of the Non-Debtor Affiliates against the Debtors will not be released pursuant to such sections, but will instead be treated in accordance with section 7.17 of the U.S. Acquisition Agreement.

(vi) **Channeling Injunction**

In order to supplement the injunctive effect of the Plan Injunction and the Releases set forth in sections 10.5 and 10.6 of the Plan for PSAN PI/WD Claims, the Confirmation Order will provide for the following permanent injunction to take effect as of the Effective Date:

(a) **Terms. In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the Plan Injunction and the Releases described in sections 10.5 and 10.6 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court and District Court under section 105(a) of the Bankruptcy Code, all Persons that have held or asserted, or that hold or assert any PSAN PI/WD Claim against the Protected Parties, or any of them, will be permanently and forever stayed, restrained, and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery from any such Protected Party with respect to any such PSAN PI/WD Claims, including:**

(i) **commencing, conducting, or continuing, in any manner, whether directly or indirectly, any suit, action, or other proceeding of any kind in any forum with respect to any**

such PSAN PI/WD Claim, against or affecting any of the Protected Parties, or any property or interests in property of any Protected Party with respect to any such PSAN PI/WD Claim;

(ii) **enforcing, levying, attaching, collecting or otherwise recovering, by any manner or means, or in any manner, either directly or indirectly, any judgment, award, decree or other order against any of the Protected Parties or against the property of any Protected Party with respect to any such PSAN PI/WD Claim;**

(iii) **creating, perfecting, or enforcing in any manner, whether directly or indirectly, any Lien of any kind against any Protected Party or the property of any Protected Party with respect to any such PSAN PI/WD Claims;**

(iv) **asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, whether directly or indirectly, against any obligation due to any Protected Party or against the property of any Protected Party with respect to any such PSAN PI/WD Claim; and**

(v) **taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to such PSAN PI/WD Claims.**

(b) **Reservations. Notwithstanding anything to the contrary in section 10.7 of the Plan, this Channeling Injunction will not enjoin:**

(i) **the rights of Entities to the treatment afforded them under the Plan, including the rights of Entities holding PSAN PI/WD Claims to assert such Claims in accordance with the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP solely against the PSAN PI/WD Trust whether or not there are funds to pay such PSAN PI/WD Claims;**

(ii) **the rights of Entities to assert any Claim, debt, litigation, or liability for payment of PSAN PI/WD Trust Expenses solely against the PSAN PI/WD Trust whether or not there are funds to pay such PSAN PI/WD Trust Expenses; and**

(iii) **the PSAN PI/WD Trust from enforcing its rights under the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP.**

(c) **Modifications**. There can be no modification, dissolution, or termination of the Channeling Injunction, which will be a permanent injunction.

(d) **Non-Limitation Channeling Injunction**. Nothing in the Plan or the PSAN PI/WD Trust Agreement will be construed in any way to limit the scope, enforceability, or effectiveness of the Channeling Injunction issued in connection with the Plan or the PSAN PI/WD Trust's assumption of all liability with respect to PSAN PI/WD Claims.

(e) **Bankruptcy Rule 3016 Compliance**. The Debtors' compliance with the requirements of Bankruptcy Rule 2016 will not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

(f) **Approval of Channeling Injunction and Related Releases**. The Debtors will seek an order by the District Court approving the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of Participating OEMs and the Plan Sponsor as set forth in section 10.6(c) of the Plan; *provided*, *however*, that the requirement for District Court approval may be waived by the Debtors and (i) the Participating OEMs as it relates to the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of the Participating OEMs or (ii) the Plan Sponsor as it relates to the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of the Plan Sponsor. In addition, the effectiveness of the Channeling Injunction and Releases by holders of PSAN PI/WD Claims for the benefit of a Participating OEM will be subject to (x) the consent of the Future Claims Representative and (y) the Bankruptcy Court or the District Court (as applicable) having determined that holders of PSAN PI/WD Claims in each applicable Class voting on the Plan in accordance with ARTICLE IV hereof have indicated their acceptance of the Channeling Injunction in a sufficient number within each such Class to support issuance of the Channeling Injunction for the benefit of the applicable Participating OEM. For the avoidance of doubt, the effectiveness of the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of any Protected Party is not a condition to the Effective Date. In the event the Channeling Injunction and related provisions with respect to any Protected Party have not received requisite court approval as of the Effective Date, the Channeling Injunction and such related provisions set forth in the Plan will be of no force and effect solely with respect to such Protected Party unless and until requisite court approval is obtained. The notice of the occurrence of the Effective Date will indicate whether and to what extent the Channeling Injunction is in effect as of the date thereof.

(g) **No Duplicative Recovery**. In no event will any holder of a PSAN PI/WD Claim against a Participating OEM be entitled to receive any duplicative payment, reimbursement or restitution from a Participating OEM under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust or is otherwise based on the same events, facts, matters, or circumstances that gave rise to the PSAN PI/WD Claim.

(g) **Exculpation**

To the maximum extent permitted by applicable law, except for the rights that remain in effect from and after the Effective Date to enforce the Plan, the Confirmation Order, and obligations contemplated by the Restructuring Transactions, no

Exculpated Party will have or incur, and each Exculpated Party is hereby released and exculpated from, any Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, remedy, loss, and liability for any Claim in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement (including any information provided or statements made in the Disclosure Statement or omitted therefrom), the Restructuring Transactions, the Global Accommodation Agreement, the U.S. RSA, the Plan, and the solicitation of votes for, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; the wind-down of the Reorganized Debtors and Reorganized Takata; the issuance of securities under or in connection with the Plan; and the transactions in furtherance of any of the foregoing; except for breach of fiduciary duty, fraud, gross negligence, willful misconduct, failure to comply with the Confirmation Order and failure to distribute assets according to the Plan. This exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

(h) **Injunction Related to Releases and Exculpation**

To the maximum extent permitted under applicable law, the Confirmation Order will permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively, or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, or liabilities released pursuant to the Plan, including, without limitation, the Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities released or exculpated in the Plan and the Claims, Liens, Interests, charges, encumbrances, and other interests described in section 5.2(c) of the Plan.

(i) **Subordinated Claims**

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments thereof under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, sections 510(a), 510(b), or 510(c) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to reclassify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

(j) **Avoidance Actions**

All Avoidance Actions that relate to the continued operation of the Business (as defined in the U.S. Acquisition Agreement), Reorganized Takata, or the Warehousing Entity, including with respect to ongoing trade vendors, suppliers, licensors, manufacturers, strategic or other business partners, customers, employees, or counterparties to all Purchased Contracts to be acquired by the Plan Sponsor, assumed by Reorganized Takata, or assumed and assigned to the Warehousing Entity will be waived and released on the Effective Date. The Reorganized TK Holdings Trust will have the right to prosecute any and all Avoidance Actions that are not

acquired by the Plan Sponsor or waived pursuant to section 10.11 of the Plan. Any Avoidance Actions retained by the Reorganized TK Holdings Trust will be identified on a schedule to be filed as part of the Plan Supplement.

(k) **Retention of Causes of Action and Reservation of Rights**

Except as expressly provided in section 10.11 of the Plan, and subject to sections 10.5, 10.6, 10.7, and 10.8 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights, Claims, Causes of Action (including Avoidance Actions), rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law. Subject to sections 10.5, 10.6, 10.7, and 10.8 of the Plan, the Reorganized TK Holdings Trust will have, retain, reserve, and be entitled to assert all such Claims, Causes of Action (including Avoidance Actions), rights of setoff, or recoupment, and other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights in respect of an Unimpaired Claim may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

(l) **Ipso Facto and Similar Provisions Ineffective**

Any term of any policy, contract, or other obligation applicable to a Debtor will be void and of no further force or effect with respect to any Debtor to the extent that such policy, contract, or other obligation is conditioned on, creates an obligation of the Debtor as a result of, or gives rise to a right of any Person based on any of the following: (i) the insolvency or financial condition of a Debtor; (ii) the commencement of the Chapter 11 Cases; (iii) the confirmation or consummation of the Plan, including any change of control that will occur as a result of such consummation; or (iv) the Restructuring Transactions.

(m) **No Successor Liability**

Except as otherwise expressly provided in the Plan, the Confirmation Order, or the U.S. Acquisition Agreement, each of the Plan Sponsor Parties (i) is not, and will not be deemed to assume, agree to perform, pay, or otherwise have any responsibilities for any liabilities or obligations of the Debtors or any other Person relating to or arising out of the operations of or the assets of the Debtors on or prior to the Effective Date; (ii) is not, and will not be, a successor to the Debtors by reason of any theory of law or equity or responsible for the knowledge or conduct of any Debtor prior to the Effective Date; and (iii) will not have any successor or transferee liability of any kind or character; *provided, however*, that the Plan Sponsor will timely perform and discharge the obligations specified in the U.S. Acquisition Agreement, including the Assumed Liabilities.

6.10 ***Retention of Jurisdiction***

(a) **Retention of Jurisdiction.**

The Bankruptcy Court will retain exclusive jurisdiction of all matters arising under, arising out of, or related to the Chapter 11 Cases and the Plan pursuant to, and for the

purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(i) to hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and any disputes over Cure Amounts resulting therefrom;

(ii) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the entry of the Confirmation Order;

(iii) to hear and resolve any disputes arising from or related to (i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004 or (ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;

(iv) to ensure that Distributions to holders of Allowed Claims are accomplished as provided in the Plan and the Confirmation Order;

(v) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim;

(vi) to enter, implement, or enforce such orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(vii) to issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(viii) to hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(ix) to hear and determine all Fee Claims;

(x) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;

(xi) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments in furtherance of

either, or any agreement, instrument, or other document governing or related to any of the foregoing;

(xii) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute, and consummate the Plan, including any release, exculpation, or injunction provisions, including the Channeling Injunction, set forth in the Plan, or to maintain the integrity of the Plan following the occurrence of the Effective Date;

(xiii) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(xiv) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(xv) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;

(xvi) to resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any bar date established in the Chapter 11 Cases, or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose for determining whether a Claim or Interest is discharged under the Plan or for any other purpose;

(xvii) to recover all Assets of the Debtors and property of the Estates, wherever located; and

(xviii) to enter a final decree closing each of the Chapter 11 Cases.

To the extent that the Bankruptcy Court is not permitted under applicable law to preside over any of the foregoing matters, the reference to the "Bankruptcy Court" in ARTICLE XI of the Plan will be deemed to be replaced by the "District Court." Notwithstanding anything in ARTICLE XI of the Plan to the contrary, the resolution of PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PSAN PI/WD Claims and Administrative Expense PI/WD Claims and the forum in which such resolution will be determined will be governed by and in accordance with the PSAN PI/WD TDP and the PSAN PI/WD Trust Agreement. Nothing contained in section 11.1 of the Plan will expand the exclusive jurisdiction of the Bankruptcy Court beyond that provided by applicable law.

6.11 ***Miscellaneous Provisions***

(a) **Exemption from Certain Transfer Taxes**

Pursuant to section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition of assets contemplated by the Plan, including the sale of the Purchased Assets to the Plan Sponsor under the U.S. Acquisition Agreement, will not be subject to any stamp, real estate transfer, mortgage recording, sales, use, or other similar tax.

(b) **Dates of Actions to Implement The Plan**

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day but will be deemed to have been completed as of the required date.

(c) **Amendments**

(i) **Plan Modifications**. The Plan may be amended, modified, or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court; *provided*, *however*, that any such amendments, modifications, or supplements will be made in accordance with the terms of the U.S. RSA. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Allowed Claims pursuant to the Plan, the Debtors may remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of the Plan, and any holder of a Claim or Interest that has accepted the Plan will be deemed to have accepted the Plan as amended, modified, or supplemented.

(ii) **Certain Technical Amendments**. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court; *provided*, *however*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Interests under the Plan.

(d) **Revocation or Withdrawal of Plan**

The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date as to any or all of the Debtors. If, with respect to a Debtor, the Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date

as to such Debtor does not occur on the Effective Date, then, with respect to such Debtor: (i) the Plan will be null and void in all respects; (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or unexpired leases affected by the Plan, and any document or agreement executed pursuant to the Plan will be deemed null and void; and (iii) nothing contained in the Plan will (a) constitute a waiver or release of any Claim by or against, or any Interest in, such Debtor or any other Person; (b) prejudice in any manner the rights of such Debtor or any other Person; or (c) constitute an admission of any sort by any Debtor or any other Person.

(e) **Payment of Statutory Fees**

All fees payable under section 1930 of chapter 123 of title 28 of the United States Code will be paid on or before the Effective Date by the Debtors. Quarterly fees owed to the U.S. Trustee will be paid when due in accordance with applicable law and the Debtors and Reorganized Debtors will continue to file reports to show the calculation of such fees for the Debtors' Estates until the Chapter 11 Cases are closed under section 350 of the Bankruptcy Code. Each and every one of the Debtors will remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case is closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

(f) **Restructuring Expenses**

Subject to review by the U.S. Trustee, the Committees, and the Future Claims Representative for reasonableness in accordance with the RSA Approval Order and the related procedures set forth in paragraph 9 thereof, the Debtors or the Reorganized Debtors, as applicable, will pay the Restructuring Expenses in accordance with the terms of the U.S. Acquisition Agreement without the need for any application or notice to or approval by the Bankruptcy Court. All Restructuring Expenses payable pursuant to section 12.6 of the Plan will be paid as follows: (A) if and to the extent that at such time any advisor or other third party providing services to the Plan Sponsor in connection with the Restructuring Transactions has not been paid in full (including all estimated amounts for unbilled fees and expenses, subject to the terms hereof) by the Plan Sponsor, such payment will be made directly to the applicable advisor or other third party in accordance with the documentation and written instructions of such advisors or other third parties; *provided, however*, that if the aggregate amounts owing to such advisors or other third parties exceed the amount of the applicable Restructuring Expenses required to be paid by the Debtors or the Reorganized Debtors under the U.S. Acquisition Agreement, then the Debtors or the Reorganized Debtors will pay all such advisors and other third parties ratably based on their relative total percentage of recovery; and (B) with respect to any Restructuring Expenses not paid directly to advisors and other third parties pursuant to subpart (A) hereof, the payment will be made directly to the Plan Sponsor as reimbursement for Restructuring Expenses previously paid. In order to receive a Direct Expense Payment for unbilled fees and expenses, the advisors and other third parties entitled thereto will, as part of the documentation provided to the Debtors or the Reorganized Debtors under the Plan, estimate fees and expenses due for periods that have not been billed as of the Effective Date, it being understood that within forty-five (45) days after the Effective Date, an advisor or other third party receiving payment for the estimated period will submit a detailed invoice covering such

period and, if the estimated payment received by such third party or other advisor exceeds the actual fees and expenses for such period, this excess amount will be paid over to the Plan Sponsor as reimbursement for Restructuring Expenses previously paid or, if all Restructuring Expenses subject to Direct Expense Payment or reimbursement to the Plan Sponsor have been paid or reimbursed in full, then such excess amount will be returned to the Debtors or the Reorganized Debtors.

(g) **Severability**

Subject to section 5.15 of the Plan, if, prior to entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation by the Bankruptcy Court, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with section 12.7 of the Plan, is valid and enforceable pursuant to its terms.

(h) **Governing Law**

Except to the extent that the Bankruptcy Code or other federal law is applicable or to the extent that a Plan Document provides otherwise, the rights, duties, and obligations arising under the Plan and the Plan Documents will be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof (other than section 5-1401 and section 5-1402 of the New York General Obligations Law).

(i) **Immediate Binding Effect**

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Documents will be immediately effective and enforceable and deemed binding upon and insure to the benefit of the Debtors, the Reorganized Debtors, the holders of Claims and Interests, the Released Parties, and each of their respective successors and assigns.

(j) **Successors and Assigns**

The rights, benefits, and obligations of any Person named or referred to in the Plan will be binding on and will inure to the benefit of any heir, executor, administrator, successor, or permitted assign, if any, of each such Person.

(k) **Entire Agreement**

On the Effective Date, the Plan, the Plan Supplement, the Confirmation Order, and the U.S. Acquisition Agreement will supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understanding, and representations concerning such documents, all of which have become merged and integrated into the Plan.

(l) **Computing Time**

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth in the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 will apply.

(m) **Exhibits to Plan**

All exhibits, schedules, supplements, and appendices to the Plan (including the Plan Supplement) are incorporated into and are part of the Plan as if set forth in full in the Plan.

(n) **Reservation of Rights**

Except as otherwise provided in the Plan, the Plan will be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or provisions of the Plan, or the taking of any action by the Debtors with respect to the Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors with respect to any Claim or Interests prior to the Effective Date.

VII. ALLOCATION ANALYSIS[97]

7.1 ***Allocation of Purchase Price***

The aggregate purchase price for Takata's global enterprise of $1.588 billion was the product of a comprehensive sale process and exhaustive tripartite negotiations among Takata, the Plan Sponsor, and the Customer Group. The purchase price was allocated among those Takata entities that are sellers under the Global Transaction.[98]

The allocation of the purchase price to the seller entities across the global enterprise was derived in consultation with Lazard, and as agreed to by Jefferies LLC, the Plan Sponsor's investment banker, primarily by reference to relative adjusted net asset values ("***NAV***") of the acquired assets to be purchased from each seller entity (including the equity interests of acquired subsidiaries). NAV was adopted as a baseline allocation method for a number of reasons including its objectivity and the availability of entity-level information (for

[97] As contemplated in the Global Transaction documents, the allocation of purchase price, the DOJ Restitution Claim, and PSAN Legacy Costs have been subject to certain adjustments from the date of execution. The amounts set forth herein reflect adjustments made through the date hereof.

[98] The following entities are sellers under the Global Transaction: TKH, TKAM, TKHM, TK Mexico LLC, IIM, SMX, TDM, TAKATA Europe GmbH, TKAG, TAKATA Sachsen GmbH, Takata Corporation, Takata Kyushu Corporation, and Takata Service Corporation.

instance, projected cash flow and profitability based metrics were not available on an entity-by-entity basis). While Takata has not been provided access to the Plan Sponsor's detailed business plan, Takata understands based on discussions with the Plan Sponsor and its advisors that the business plan underlying the Plan Sponsor's purchase price and acquisition terms is materially different from Takata's business plan and reflects KSS's assumptions about the go-forward business to be provided to the combined Plan Sponsor/Takata enterprise by the OEMs.

In determining the appropriate allocation of purchase price, Lazard relied on the March 2017 trial balances for each seller entity and acquired subsidiary and the resulting unadjusted NAV. Lazard made certain adjustments to normalize NAV, including consolidating adjustments to eliminate the double counting of capital stock, cash adjustments to eliminate excess cash, and transaction adjustments to remove recall-related liabilities, third-party debt, goodwill, and intercompany balances based on negotiations with the Plan Sponsor.[99] Entities with negative NAV were assigned a value of zero. Subject to certain limited exceptions described below, the purchase price was then ratably allocated among each Takata entity based on the adjusted NAV by entity or an entity's liquidation value to the extent adjusted NAV was less than its estimated liquidation value, based on preliminary estimates as of September 2017 (the "***NAV Allocated Amount***").[100]

At the request of the Plan Sponsor, with respect to assets and/or entities in Europe, Mexico, and China, Takata employed independent appraisers to verify the value to be transferred to the Plan Sponsor and the purchase price allocated to such entities was guided by such appraised amounts (the "***Appraised Allocated Amount***").[101] The NAV Allocated Amount for each of the following entities was adjusted to the Appraised Allocated Amount: TSAC, TSTC, TKEUR, TKAG and TKSAC. No adjustments to the NAV Allocated Amount were necessary for the following entities: TKHM, FALC, EQPO, TDM, IIM, and SMX. The amount allocated to a seller entity (whether it is the Appraised Allocated Amount or the NAV Allocated Amount) is referred to herein as the "***Entity Allocated Amount***." The purchase price allocated to each Takata entity based on its Entity Allocated Amount is set forth on **Exhibit I** attached hereto.[102]

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[99] The sellers under the Acquisition Agreements and the Plan Sponsor have agreed that between execution of the Acquisition Agreements and December 15, 2017 which date was extended by the parties through to December 22, 2017 with a five (5) Business Day grace period through January 2, 2018, the Plan Sponsor and such sellers will agree to the treatment of intercompany balances among the Takata entities.

[100] Adjusted NAV for each entity was measured against estimated liquidation value, based on preliminary estimates as of September 2017, to ensure that the purchase price allocated to any entity was not less than the liquidation value.

[101] The seller entities in these regions are: TAKATA Europe GmbH, TKAG, TAKATA Sachsen GmbH, TKHM, TK Mexico LLC, IIM, SMX, TDM, and TSAC.

[102] As described herein, the purchase price allocated to each Takata entity is subject to change based on the valuation of certain Takata entities by independent appraisers and the treatment of intercompany balances which, as set forth in the U.S. Acquisition Agreement, are to be completed or agreed to, as applicable, by no later than December 15, 2017 which date was extended by the parties through to December 22, 2017 with a five (5) Business Day grace period through January 2, 2018. The Debtors do not expect any material changes to the amounts set forth on Exhibit I; however, the Debtors will file a revised Exhibit I with the Plan Supplement prior to the Voting Deadline to account for any material adjustments if necessary.

In order to determine the purchase price allocated under each of the Acquisition Agreements (with respect to the purchase price for each Acquisition Agreement, the "***Base Purchase Price***"), the Entity Allocated Amounts for the assets or entities in Europe, Mexico, and China were deducted from the aggregate $1.588 billion purchase price and the remaining purchase price was ratably allocated among the remaining equity sale entities and asset sellers based on their adjusted NAV.

In accordance with the analysis above, a Base Purchase Price of $878,907,294 was allocated to the Sellers under the U.S. Acquisition Agreement. The Base Purchase Price may be adjusted to account for the treatment of intercompany balances which, as set forth in the U.S. Acquisition Agreement, is to be agreed to between the Sellers and the Plan Sponsor between execution of the Acquisition Agreements and December 15, 2017, which date was extended by the parties through to December 22, 2017 with a five (5) Business Day grace period through January 2, 2018.

7.2 ***Adjustments to Seller Allocated Purchase Price***

The Base Purchase Price was allocated to each Seller entity[103] (with respect to purchase price allocated to each Seller, the "***Seller Allocated Purchase Price***"). Each Seller Allocated Purchase Price will be subject to certain adjustments at closing as set forth in section 3.1 of the U.S. Acquisition Agreement and as summarized below:[104]

At the closing, the following adjustments will be applied to the Seller Allocated Purchase Price(s), if applicable:[105] (x) either increased (by up to $50 million, in the aggregate, under the Acquisition Agreements) or decreased to account for the difference, if any, between the amount of cash required to be conveyed to the Plan Sponsor at closing and the actual amount so conveyed[106] and (y) reduced by (a) the amount of specified outstanding indebtedness of the Acquired Subsidiaries as of the closing (the repayment of which, at the closing, will be funded by the Plan Sponsor),[107] (b) the amount of outstanding payment obligations of the Acquired

[103] No amounts were allocated to TK Mexico LLC which is valued at $0.

[104] Adjustments set forth in section 3.1 of the U.S. Acquisition Agreement will be allocated and applied to the Seller Allocated Purchase Price for those Sellers to which applicable adjustments specifically relate notwithstanding that section 3.1 of the U.S. Acquisition Agreement provides that adjustments apply to Base Purchase Price.

[105] Any values attributed to the following adjustments are estimates and final values may not be known until the U.S. Closing. The amounts set forth herein are based on information known by the Debtors as of December 13, 2017 and the amount of each adjustment is subject to change through to the U.S. Closing.

[106] U.S. Acquisition Agreement § 3.1(a)(x), (xi). This adjustment is expected to adjust Seller Allocated Purchase Price of TKAM and TKH only. The positive adjustment to Purchase Price of TKH and TKAM is estimated to be approximately $21 million based on the liquidity budget as of December 30, 2017, assuming that the effect of this clause (x) is an aggregate increase of global Base Purchase Price of approximately $30 million. The maximum positive adjustment to Purchase Price of TKH and TKAM is estimated to be approximately $36 million, assuming that the effect of this clause (x) is an aggregate increase of global Base Purchase Price of approximately $50 million.

[107] U.S. Acquisition Agreement § 3.1(a)(ii). As of December 15, 2017, this indebtedness is estimated to be approximately $15 million at Takata Brasil S.A. and is only expected to adjust the Seller Allocated Purchase Price of TKAM.

Subsidiaries pursuant to the Global Settlement Agreement,[108] (c) the amount of accounts receivable paid prior to closing on an accelerated schedule pursuant to the Accommodation Agreement,[109] (d) in the event that any Consenting OEM exercises its equipment option under the Accommodation Agreement, the amount paid by the OEM for such equipment (to the extent it would have otherwise been acquired by the Plan Sponsor),[110] (e) in the event that TSAC's assets are sold to the Plan Sponsor under a separate asset purchase agreement, the purchase price paid to TSAC thereunder,[111] (f) the estimated amount of transfer taxes (which estimate is subject to a reconciliation following the closing), if any, payable by the Plan Sponsor in connection with the transactions contemplated by the U.S. Acquisition Agreement, the U.S. RSA, and the Plan,[112] (g) the estimated non-recoverable value added tax ("***VAT***") payable in connection with the transactions contemplated by the U.S. Acquisition Agreement, the U.S. RSA, and the Plan (whether due at or after closing) (such estimate being subject to a reconciliation following the closing),[113] (h) an estimate (which will be subject to a reconciliation following the closing) of the Sellers' Regional Share of recoverable VAT due, on a global basis, at or after the closings,[114] (i) the amount of expenses incurred by the Plan Sponsor and to be reimbursed by the Sellers at the closing (not to exceed the Sellers' share of $50 million, in the aggregate, under the Acquisition Agreements),[115] and (j) the amount of any receivables set off by any OEM at closing in respect of the DOJ Restitution Claim.[116]

[108] U.S. Acquisition Agreement § 3.1(a)(iii). As of December 30, 2017, this is estimated to be approximately $51 million at Takata Brasil S.A. and $199 million at TSAC and, in each case, is only expected to adjust the Seller Allocated Purchase Price of TKAM; *provided, however*, that to the extent TSAC's contribution under the Global Settlement Agreement is captured under subclause (e) or (j) hereof, all or a portion of the reduction applied under this subclause (b) may be reduced.

[109] U.S. Acquisition Agreement § 3.1(a)(iv). As of December 30, 2017, this amount is budgeted to be $0 assuming a projected closing date of February 28, 2018 for each of the Debtors.

[110] U.S. Acquisition Agreement § 3.1(a)(v).

[111] U.S. Acquisition Agreement § 3.1(a)(vi). As noted, the Appraised Allocated Amount for TSAC is approximately $237 million. This adjustment is only expected to adjust the Seller Allocated Purchase Price of TKAM.

[112] U.S. Acquisition Agreement § 3.1(a)(vii). As of December 30, 2017, together with 7.2(g) set forth herein, this amount is estimated to be approximately $8 million.

[113] U.S. Acquisition Agreement § 3.1(a)(viii). As of December 30, 2017, together with 7.2(f) set forth herein, this amount is estimated to be approximately $8 million. The VAT is expected to adjust the Seller Allocated Purchase Prices for the Mexican Sellers only; *however*, the allocation among such Sellers it not known at this time.

[114] U.S. Acquisition Agreement § 3.1(a)(ix). As of December 30, 2017, this amount is estimated to be approximately $28 million, which is the Sellers' Regional Share of recoverable VAT, and is expected to adjust the Seller Allocated Purchase Prices of TKAM and TKH.

[115] U.S. Acquisition Agreement § 3.1(a)(xii). If the $50 million cap is reached, the Sellers' Regional Share of such Expenses is approximately $28 million, based on the liquidity budget as of December 30, 2017 and pursuant to section 7.21 of the U.S. Acquisition Agreement. This is expected to adjust the Seller Allocated Purchase Price of TKAM and TKH.

[116] U.S. Acquisition Agreement § 3.1(a)(xiii). OEM receivables are only expected to be offset at TSAC and, therefore, this adjustment is only expected to adjust the Seller Allocated Purchase Price of TKAM.

The Purchase Price for each Seller, which is the defined term for the amount that remains after the foregoing deductions are applied to each of the Seller Allocated Purchase Prices, is estimated to be as follows:

Illustrative Waterfall							
Description	Consolid.	TKH	TKAM	TKHM	TDM	IIM	SMX
Base Purchase Price	$878.9	$462.9	$314.5	$41.6	$21.1	$2.6	$36.3
(-) Illustrative Adjustments under 3.1 of the U.S. Acquisition Agreement	(345.0)	(21.8)	(315.3)	(2.1)	(5.8)	--	--
Purchase Price	$533.9	$441.1	($0.9)	$39.5	$15.3	$2.6	$36.3
(+) Balance Sheet Cash Available for Distribution	16.5	15.6	.9	--	--	--	--
(+) Value from Subsidiaries	--	39.5	--	(39.5)	--	--	--
Cash Proceeds	$550.4	$496.2	--	--	$15.3	$2.6	$36.3

Please note that amounts set forth herein are estimates based on information currently available and actual amounts, including the amount of each adjustment set forth above and Base Purchase Price and the Seller Allocated Purchase Price for each entity, may be materially (higher or lower) than the amounts reflected herein.

7.3 ***Allocation of DOJ Restitution Claim***

As noted, satisfaction of the DOJ Restitution Claim in accordance with the Plea Agreement and the DOJ Restitution Order is a condition precedent to consummation of the Global Transaction. Accordingly, it was of critical importance that the Global Transaction facilitate such payment. To that end, the DOJ Restitution Claim was allocated among the Takata entities based on a fair and feasible global approach devised by Takata and its global advisors. As explained herein, however, the Debtors are not contributing directly to the payment of the DOJ Restitution Claim. Rather, the Consenting OEMs have agreed that the Distribution they receive under the Plan on account of the Plan Settlement, which will fully resolve and settle the Consenting OEMs' Adequate Protection Claims, Consenting OEM PSAN Cure Claims, and Consenting OEM PSAN Administrative Expense Claims, will satisfy a portion of the DOJ Restitution Claim. While the Debtors' estimate that the Plan Settlement Payment will equal the amount of the DOJ Restitution Claim allocated to the Sellers pursuant to the allocation described in this section, the Plan Settlement Payment is determined under the Plan by the delta between $850 million and all payments made from any source on account of or deemed to be made on account of the DOJ Restitution Claim.

To allocate the DOJ Restitution Claim globally, first, Takata identified which entities were involved in the manufacture and/or sale of PSAN Inflators. The DOJ Restitution Claim is the result of damages caused by such inflators and, therefore, those entities involved in the manufacture and sale of such inflators are each contributing to the satisfaction of the DOJ Restitution Claim (the "***Restitution Payment Funding Entities***").

Next, Takata determined that, with the exception of TKH, TKJP, TKAG, and TKSAC, each of the Restitution Payment Funding Entities will contribute the entire amount of the purchase price allocated to each such entity less any transaction and similar costs (*e.g.*, taxes and reserves for local creditors) to the $850 million restitution fund under the DOJ Restitution Order. Pursuant to the Global Settlement Agreement, in exchange for such contribution by the Restitution Payment Funding Entities, the Consenting OEMs agreed to release any PSAN

Claims[117] against such entities. In addition, pursuant to the Plan, SMX will contribute its Entity Allocated Amount less any taxes and wind-down costs to the $850 million restitution fund under the DOJ Restitution Order.

Finally, the outstanding DOJ Restitution Claim amount was allocated pro rata among TKH, TKJP, TKAG, and TKSAC based on PSAN Inflators shipped by each entity. The resulting contributions to the DOJ Restitution Claim are outlined as follows:[118]

Entities	**$ (MM)**
TSAC	$199
SMX	31
TSM	11
TKK	24
TKI	10
TASSI	3
TTC	48
TKBR	29
TKRU	11
TKSAF	4
TKAG	86
TKSAC	67
TKJP	113
TKH	214
Total DoJ Payment	**$850**

Once again, pursuant to the Plan, the Debtors' allocable portion of the DOJ Restitution Claim will be satisfied upon payment to the Consenting OEMs in connection with the Plan Settlement.

7.4 ***Allocation of PSAN Legacy Costs***

In addition to allocating the DOJ Restitution Claim, Takata also allocated the PSAN Legacy Costs pursuant to the Acquisition Agreements and the Global Settlement Agreement. The method for allocating such costs across the Takata entities varied depending on the nature of the cost.

First, the portion of the Warehousing Entity Reserve relating to the costs of warehousing, shipping and disposal of PSAN Inflators was estimated by Takata management using a "bottoms up" analysis of the warehousing, shipping and disposal needs by region based on each region's estimate of recalls, capacity, and various related costs.

[117] The reference to PSAN Claims here refers to such term as defined in the Global Settlement Agreement. The Global Settlement Agreement defines PSAN Claims as "current and future claims held by Consenting OEMs relating to Parent's or Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators prior to the Closing, *provided, however*, that PSAN Claims do not include claims for reimbursement of Professional Fees." *See* Global Settlement Agreement, § 1(lll).

[118] As noted above, the allocation set forth in this section 7 remains subject to change through to January 2, 2018. The Debtors do not expect any material changes to the amounts set forth in the DOJ payment chart; however, the Debtors will file a revised DOJ payment chart with the Plan Supplement prior to the Voting Deadline to account for any material adjustments if necessary.

Second, the balance of the Warehousing Entity Reserve (primarily cost relating to the continued operation of the Debtors' Product Safety Group and overhead, which is responsible for, among other things, completing the Debtors' root cause investigation and working with NHTSA) was allocated to TKH, TKAM, TKJP, TKSAC, TKEUR, and TKAG based on the PSAN Inflators shipped by these entities and their subsidiaries.

Likewise, the estimated costs for the PSAN Legacy Costs, including the costs and fees of the Special Master, the DOJ Monitor, and the NHTSA Monitor, was allocated to TKH, TKAM, TKJP, TKSAC, TKEUR and TKAG based on the PSAN Inflators shipped by these entities and their subsidiaries.

After the Base Purchase Price allocated under the Japan Acquisition Agreement is adjusted for the adjustments set forth in section 3.1 therein (which adjustments are substantially similar to those set forth in the U.S. Acquisition Agreement) and TKJP pays expenses relating to its civil rehabilitation case and its allocable share of the DOJ Restitution Claim and the PSAN Legacy Costs, it expects that funds will remain available to pay a percentage of the allowed claims asserted against TKJP.

VIII. TRANSFER RESTRICTIONS AND CONSEQUENCES UNDER FEDERAL SECURITIES LAW

Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not be evidenced by any certificate, security, receipt, or in any other form or manner whatsoever, except as maintained on the books and records of the Reorganized TK Holdings Trust by the Legacy Trustee. Further, any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will be nontransferable and non-assignable except by will, intestate, succession, or operation of law. Any right to receive a Distribution from the Reorganized TK Holdings Trust or any Claims Reserve or Recovery Fund will not constitute "securities" and will not be registered pursuant to the Securities Act. If it is determined that such rights constitute "securities," the exemption provisions of section 1145(a)(1) of the Bankruptcy Code would be satisfied and such securities would be exempt from registration.

IX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain holders of General Unsecured Claims entitled to vote to accept or reject the Plan. This summary does not address the federal income tax consequences to holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of section 1126(g) of the Bankruptcy Code, or holders whose Claims are entitled to payment in full in Cash.

This summary is based on the Internal Revenue Code ("***IRC***"), existing and proposed Treasury Regulations, judicial decisions, and published administrative rules and pronouncements of the U.S. Internal Revenue Service (the "***IRS***") as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the federal income tax consequences described below.

This summary does not address state, local, or foreign income or other tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as non-U.S. persons, broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, individual retirement and other tax-deferred accounts, any other Debtor entity, persons holding securities as part of a hedging, straddle, conversion or constructive sale transaction or other integrated investment, traders in securities that elect to use a mark-to-market method of accounting for their security holding, certain expatriates or former long term residents of the United States, persons whose functional currency is not the U.S. dollar, or pass-through entities or investors in pass-through entities).

THE FOLLOWING SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

9.1 ***General Discussion of the Plan***

As discussed herein, the Plan provides for the sale of the Purchased Assets, which consist of substantially all of the Debtors' assets other than the Excluded Assets, to the Plan Sponsor on the terms set forth in the U.S. Acquisition Agreement. The Cash Proceeds will be applied as set forth in the Plan, including being transferred to the entities described below to be held for the benefit of holders of certain Claims. The PSAN Assets will vest in Reorganized Takata pursuant to the Plan. The shares of TKH held by TKAM will be cancelled, and the equity of Reorganized TK Holdings will be issued to and held by TK Global LLC, a subsidiary of the Reorganized TK Holdings Trust. The operations of Reorganized Takata are not expected to give rise to positive taxable income.

9.2 ***Consequences to the Debtors***

TKAM is one of the Debtors and is the common parent of an affiliated group of U.S. corporations that file on a consolidated basis for U.S. federal income purposes. TKH, TPS, IIF, and TKMI are all domestic corporations and are included on the TKAM consolidated return. TKF and TKC are disregarded entities for U.S. federal income tax purposes, and indirectly hold the stock of Chinese companies not included in the consolidated return, including TSAC. TKMI owns, through TKML, a disregarded entity for U.S. federal income tax purposes, and TKHM, a foreign corporation for U.S. federal income tax purposes, all of the equity of IIM, TDM, and SMX, which are all foreign corporations for U.S. federal income tax purposes. The following discussion will address only the taxation of the U.S. Debtors. It is not anticipated that the non-U.S. Debtors would be subject to U.S. federal income tax.

The sale of substantially all of the Debtors' assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement is expected to be treated as a taxable disposition of those assets

for federal income tax purposes. The Debtors should generally recognize gain or loss on the sales to the Plan Sponsor in an amount equal to the difference between the fair market value of the assets on the date of transfer and the Debtors' adjusted tax basis in such assets. In the event that TSAC makes a distribution to TKC out of its earnings and profits prior to or on the Effective Date, such distribution may give rise to an inclusion of a dividend income to the Debtors included in the TKAM consolidated return.

Even if the Debtors recognize taxable gain on the aforementioned transfer and dividend income on the aforementioned distribution, it is not expected that the Debtors will be subject to a material amount of federal income taxes as a result of the implementation of the Plan. For the tax year ended March 31, 2016, for federal income tax purposes, the TKAM consolidated return reported a consolidated net operating loss ("***NOL***") of approximately $391,024,287. The Debtors should be able to apply their NOL carryforward to offset gain on the sales, and in addition should be entitled to a current deduction for the amounts transferred to the PSAN PI/WD Trust. Under current law, a credit for taxes incurred in China should be available to offset any inclusion from a TSAC distribution. Under amendments to the IRC being considered by the U.S. Congress, separate deductions would be available to offset income attributable to the earnings of TSAC. It is not expected that the Debtors will realize cancellation of debt ("***COD***") income for federal tax purposes, either because the Debtors have no outstanding amounts treated as indebtedness for U.S. tax purposes or because cancellation of any amounts due by them would be excluded from COD by reason of section 108(e)(2) of the IRC.

Under section 382 of the IRC, if a corporation (or consolidated group) undergoes an "ownership change," the amount of its pre-change losses (including NOL carryforwards from periods before the ownership change and certain losses or deductions which are "built-in" (*i.e.*, economically accrued but unrecognized) as of the date of the ownership change) that may be utilized to offset future taxable income generally is subject to an annual limitation. In general, the amount of this annual limitation is equal to the product of (i) the fair market value of the stock of the corporation (or, in the case of a consolidated group, the common parent) immediately before the ownership change (with certain adjustments) multiplied by (ii) the "long-term tax-exempt rate" in effect for the month in which the ownership change occurs (for example, one point ninety-three percent (1.93%) for ownership changes occurring in October 2017). For a corporation (or consolidated group) in bankruptcy that undergoes the ownership change pursuant to a confirmed bankruptcy plan, the stock value generally is determined immediately after (rather than before) the ownership change by taking into account the surrender or cancellation of creditors' claims, also with certain adjustments. The annual limitation can potentially be increased by the amount of certain recognized built-in gains.

Notwithstanding the general rule, if the corporation (or the consolidated group) does not continue its historic business or use a significant portion of its historic assets in a new business for two (2) years after the ownership change, the annual limitation resulting from the ownership change is zero, thereby precluding any utilization of the corporation's pre-change losses in future taxable periods.

The Debtors will undergo an ownership change as a result of the Plan, and will not continue their historic business or use a significant portion of their historic assets in a new business. Accordingly, the Debtors' annual limitation is expected to be zero, and the Debtors'

historic NOLs and other tax attributes, after having been applied to reduce current year operating income and gain on sales of assets pursuant to the Plan, will be lost.

9.3 ***Consequences to Holders of Claims***

The U.S. federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder receives payment in respect of such Claim, whether the holder reports income using the accrual or cash method of tax accounting, whether the holder acquired its Claim at a discount, and whether the holder has taken a bad debt or loss deduction with respect to such Claim.

The U.S. federal income tax treatment of a receipt of payments by a holder of a PSAN PI/WD Claim, an Administrative Expense PI/WD Claim, an Administrative Expense PSAN PI/WD Claims, or a Post-Closing PSAN PI/WD Claim will depend upon the nature of the Claim. Amounts received by a holder of a personal injury claim generally should not be taxable to such holder.

A holder of an Allowed Claim not described above will ultimately recognize gain or loss as a result of the implementation of the Plan. However, in regards to the timing of the recognition of such gain or loss, the law is unclear. To the extent a holder is treated as merely continuing to hold its Claim in modified form, no gain or loss would arise on the Effective Date. Gain or loss would arise only at such time as the Claim was finally paid. The amount of gain or loss recognized would generally equal the difference between the holder's tax basis in the Claim and the amount received in payment therefor.

To the extent a holder is treated as exchanging its Claim for an interest in one or more funds or entities pursuant to the Plan, the holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Claim for such interest in an amount equal to the difference between the value of the interest received and the adjusted tax basis of the Claim exchanged therefor. In that event, any future receipts in an amount in excess of the value of the interest received and taken into account would be taxable, and any shortfall in the amount ultimately received would give rise to an additional loss.

In order to determine the amount of gain or loss realized upon the exchange deemed to occur on the Effective Date, it would be necessary to ascribe a value to the interest received. Given that such value is difficult to determine and contingent upon events that cannot be predicted at the time of the Effective Date, it is possible that the "open transaction" doctrine might apply to defer any loss, or a portion of any gain, realized by a holder of a Claim until all of the distributions so such holder are received under the Plan.

When gain or loss is recognized, such gain or loss will be treated as ordinary income or loss unless the Claim disposed of is a capital asset in the hands of the holder. Each holder of an Allowed Claim should consult its own tax advisor to determine the character of any gain or loss recognized by such holder.

Because the tax treatment of any amounts received by a holder under the Plan will depend on facts peculiar to each holder, all holders of applicable Claims are urged to consult

their own tax advisors as to the proper tax treatment of such receipts in relation to their particular facts and circumstances.

9.4 ***Tax Treatment of Trusts and Holders of Beneficial Interests***

(a) **Treatment of the PSAN PI/WD Trust**. Pursuant to the Plan, the PSAN PI/WD Trust will be established on the Effective Date for the purpose of resolving and satisfying the PSAN PI/WD Claims, and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and the Post-Closing PSAN PI/WD Claims. The PSAN PI/WD Trust is intended to be treated as a "qualified settlement fund" within the meaning of Treasury Regulation § 1.468B-1.

Assuming the PSAN PI/WD Trust is respected as a qualified settlement fund, the Debtors generally will be entitled to a current U.S. federal income tax deduction for the amount of Available Cash and the fair market value of other property (other than notes) transferred to the PSAN PI/WD Trust to the same extent that they would have been entitled to a deduction had such amounts been paid directly to the holder of an applicable Claim. The Debtors should also generally recognize gain or loss on the transfer of property to a qualified settlement fund in an amount equal to the difference between the fair market value of such property on the date of transfer and the transferor's adjusted tax basis in such property.

As a qualified settlement fund, the PSAN PI/WD Trust will be subject to a separate entity-level tax at the maximum rate applicable to trusts and estates (currently thirty-nine point six percent (39.6%)). In determining the taxable income of the PSAN PI/WD Trust, (i) any amounts transferred by the Debtors to the PSAN PI/WD Trust will be excluded from the PSAN PI/WD Trust's income, (ii) any sale, exchange, or distribution of property by the PSAN PI/WD Trust generally will result in the recognition of gain or loss in an amount equal to the difference between the fair market value of the property on the date of disposition and the adjusted tax basis of the PSAN PI/WD Trust in such property, and (iii) administrative costs (including state and local taxes) incurred by the PSAN PI/WD Trust will be deductible.

The PSAN PI/WD Trustee will file the tax returns required to be filed by the PSAN PI/WD Trust and will be responsible for any payment of taxes imposed upon the trust. All parties (including, without limitation, the Debtors, the PSAN PI/WD Trustee, and the holders of applicable Claims) will be required to report for tax purposes consistently with the foregoing.

(b) **Treatment of the Reorganized TK Holdings Trust**. On or before the Effective Date, pursuant to the Plan, the Reorganized TK Holdings Trust will be established for the purposes of, among other things, owning TK Global LLC and administering certain Claims, including Other General Unsecured Claims, for the benefit of holders of the applicable Claims.

The Reorganized TK Holdings Trust is intended to be treated as a trust described in Subpart C of Subchapter J of the IRC and the regulations promulgated thereunder (a "***complex trust***"). All parties (including, without limitation, the Debtors, the Legacy Trustee, and the holders of applicable Claims) will be required to report for tax purposes consistent with the classification of the Reorganized TK Holdings Trust as a complex trust for U.S. federal income tax purposes.

A complex trust is treated as a separate entity for U.S. federal income tax purposes, taxable in accordance with the trust provisions of section 641 et seq. of the IRC. Any net income earned by a complex trust is generally taxable at ordinary income rates applicable to individuals (with the current top marginal rate being thirty-nine point six percent (39.6%)). The trust is generally allowed a deduction for amounts distributed to a holder during the same taxable year, with such being includible in such holder's gross income. The Legacy Trustee will file the tax returns required to be filed by the Reorganized TK Holdings Trust and will be responsible for any payment of taxes imposed upon the Reorganized TK Holdings Trust.

No opinion of counsel or ruling from the IRS has been requested by the Debtors or Legacy Trustee concerning the tax status of the Reorganized TK Holdings Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. In particular, it is possible that the IRS could take the position that the Reorganized TK Holdings Trust should be treated, in whole or in part, as a "liquidating trust" or a "disputed ownership fund," as such terms are described below. If the IRS were to challenge successfully the classification of the Reorganized TK Holdings Trust, the U.S. federal income tax consequences to a holder of Claims and the Debtors could vary from those discussed herein.

If the IRS were successfully to contend that all or a portion of the Reorganized TK Holdings Trust should be treated as a liquidating trust within the meaning of Treas. Reg. Section 301.7701-4(d), each holder of a Claim administered by such trust would be treated for U.S. federal income tax purposes as receiving its respective share of the liquidating trust assets (consistent with its economic rights in the trust) and as having transferred such assets to the trust. A liquidating trust is not treated as a separate taxpayer. Instead, the beneficiaries of the trust are treated as owning the assets of the trust and are taxable as if they owned such assets directly. Thus, if the Reorganized TK Holdings Trust was treated as a liquidating trust, a holder could incur a U.S. federal income tax liability with respect to its deemed receipt of the trust assets and with respect to its allocable share of liquidating trust income even if the liquidating trust does not make a concurrent distribution to the holder. A holder's share of any proceeds received by a liquidating trust upon the sale or other disposition of the assets of the liquidating trust would be treated as amounts realized in respect of such holder's ownership interest in the underlying assets of the liquidating trust.

If the IRS were to determine that the Reorganized TK Holdings Trust was a liquidating trust, the Legacy Trustee may elect to treat any liquidating trust assets allocable to, or retained on account of, Disputed Claims as a "disputed ownership fund" governed by Treas. Reg. Section 1.468B-9. It is also possible that the IRS could determine that the Reorganized TK Holdings Trust is in whole or in part a disputed ownership fund and not a liquidating trust.

A disputed ownership fund, like a complex trust, is a separate taxable entity subject to federal income tax at the maximum rate applicable to corporations (currently thirty-five percent (35%)). A disputed ownership fund that holds only passive investment assets is taxed as a qualified settlement fund. *See* Section 9.4(a) for the U.S. federal income tax treatment of a qualified settlement fund. As in the case of a complex trust, distributions from a disputed ownership fund are deductible by the trust and treated as received by holders in respect of their interests.

(c) **Treatment of TK Global LLC.** On or before the Effective Date, TK Global LLC will be established pursuant to the Plan for the purposes of, among other things, owning equity in Reorganized TK Holdings and the Warehousing Entity. TK Global LLC should be disregarded as separate from the Reorganized TK Holdings Trust for U.S. federal income tax purposes.

(d) **Treatment of the Warehousing Entity.** On or before the Effective Date, pursuant to the Plan, the Warehousing Entity will be established for the purposes of, among other things, (i) owning, maintaining, operating and controlling the Warehoused PSAN Assets and (ii) complying with obligations under the Preservation Order with respect to the Warehoused PSAN Assets.

The Warehousing Entity will be organized as a Delaware corporation and will be taxable as a corporation for U.S. federal income tax purposes. The Warehousing Entity will be taxed on its net income as a separate entity at the rates applicable to corporations (with the current top marginal rate being thirty-five percent (35%)). In addition, a U.S. federal alternative minimum tax ("***AMT***") will be imposed on the corporation's alternative minimum taxable income at a twenty percent (20%) rate, to the extent that such tax exceeds the corporation's regular U.S. federal income tax. For purposes of computing alternative minimum taxable income, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, generally only ninety percent (90%) of a corporation's alternative minimum taxable income may be offset by available NOL carryforwards (as computable for AMT purposes). Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against its regular U.S. federal income tax liability in future taxable years if and when the corporation is no longer subject to the AMT.

The U.S. Congress is currently considering amendments to the IRC that would alter the U.S. federal income tax treatment of corporations. Proposals under consideration include those that would reduce the corporate tax rate, eliminate the AMT, and limit utilization of NOLs to ninety percent (90%) of taxable income for any period.

9.5 ***Information Reporting and Withholding***

Distributions to holders of Allowed Claims under the Plan are subject to any applicable tax withholding. Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently twenty-eight percent (28%)). Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number, (ii) furnishes an incorrect taxpayer identification number, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

A HOLDER OF AN ALLOWED CLAIM THAT IS A NOT A U.S. PERSON MAY BE SUBJECT TO UP TO THIRTY PERCENT (30%) WITHHOLDING, DEPENDING ON, AMONG OTHER THINGS, THE PARTICULAR TYPE OF INCOME AND WHETHER THE TYPE OF INCOME IS SUBJECT TO A LOWER TREATY RATE. THE LEGACY TRUSTEE AND THE PSAN PI/WD TRUSTEE WILL COMPLY WITH ALL APPLICABLE GOVERNMENTAL WITHHOLDING. THUS, IN THE CASE OF ANY BENEFICIARIES THAT ARE NOT U.S. PERSONS, THE LEGACY TRUSTEE OR PSAN PI/WD TRUSTEE MAY BE REQUIRED TO WITHHOLD UP TO THIRTY PERCENT (30%) OF THE INCOME OR PROCEEDS ALLOCABLE TO SUCH PERSONS, DEPENDING ON THE CIRCUMSTANCES (INCLUDING WHETHER THE TYPE OF INCOME IS SUBJECT TO A LOWER TREATY RATE). AS INDICATED ABOVE, THE FOREGOING DISCUSSION OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN DOES NOT GENERALLY ADDRESS THE CONSEQUENCES TO NON-U.S. HOLDERS; ACCORDINGLY, SUCH HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, INCLUDING HOLDING A CLAIM ADMINISTERED BY THE PSAN PI/WD TRUST OR A LEGACY TRUST.

X. CERTAIN RISK FACTORS TO BE CONSIDERED

Prior to voting to accept or reject the Plan, holders of Claims should read and carefully consider the risk factors set forth below, in addition to the information set forth in this Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference hereto. The factors below should not be regarded as the only risks associated with the Plan or its implementation.

10.1 ***Risks Associated with Global Transaction***

(a) **Conditions to Consummation of Sale under U.S. Acquisition Agreement and Risk of Termination of U.S. Acquisition Agreement**. The U.S. Acquisition Agreement contains an extensive list of conditions to closing. The failure to satisfy such conditions may result in the termination of the U.S. Acquisition Agreement. These conditions include, among others, (i) the compliance with covenants set forth therein in all material respects; (ii) that certain consents and regulatory approvals be obtained, including CFIUS clearance and antitrust approvals; (iii) that the Plan Sponsor will have all permits required under applicable law for (x) the continued operation of the non-PSAN business by the Plan Sponsor and (y) the OEMs' continued sale of vehicles incorporating products sold by the Plan Sponsor; and (iv) that the Plan Sponsor secures written agreements with the DOJ and NHTSA with respect to certain specified matters. Many of the conditions precedent to closing are not within the Debtors' control and the Debtors cannot predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to the Outside Date, it is possible that the closing may not occur.

Further, the Plan Sponsor has the right to unilaterally terminate the U.S. Acquisition Agreement under certain circumstances, including, among other things, if (i) certain bankruptcy-related milestones are not met, or (ii) the Sellers and the Plan Sponsor are unable to

agree on a treatment of Intercompany Balances (as defined in the U.S. Acquisition Agreement) in accordance with the U.S. Acquisition Agreement.

Failure to consummate the sale in accordance with the U.S. Acquisition Agreement or the termination of the U.S. Acquisition Agreement would trigger termination rights under other documents that are critical to the Global Transaction, including the Global Settlement Agreement, the Indemnity Agreement, the EMEA Acquisition Agreement, and the Japan Acquisition Agreement. The termination of the U.S. Acquisition Agreement could result in the Debtors' having insufficient capital to maintain their operations, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors or liquidation of the Debtors, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and the Customers, and reduce recoveries available to creditors. In addition, failure to consummate the sale prior to the Outside Date could trigger a termination of the Global Accommodation Agreement and Japan Accommodation Agreement (as defined in the U.S. Acquisition Agreement), which provide the Debtors with the financing necessary to fund their operations and these cases. Thus, a failure to consummate the sale prior to the Outside Date not only threatens the viability of the Global Transaction, but could also precipitate a liquidity crisis for the Debtors and their affiliates.

(b) **Risk of Termination of U.S. RSA and/or Global Accommodation Agreement**. The U.S. RSA and the Global Accommodation Agreement contain certain provisions entitling the Plan Sponsor and/or each Consenting OEM or the Requisite Consenting OEMs (as defined in the Global Accommodation Agreement or the U.S. RSA, in each case, as applicable), as applicable, to terminate the applicable agreement if various conditions are not satisfied or certain termination events occur, including failure to satisfy certain milestones. Termination of the U.S. RSA or the Global Accommodation Agreement could jeopardize the Global Transaction and confirmation of the Plan, and result in the Debtors' having insufficient capital to maintain their operations, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors, or liquidation of the Debtors, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and the Customers, and reduce recoveries available to creditors.

(c) **Failure to Receive Necessary Approval or Recognition in the Foreign Proceedings**. The U.S. RSA provides that the Plan Sponsor or Consenting OEMs may terminate the U.S. RSA if the Japan Proceedings or Chapter 11 Cases are dismissed or denied recognition in any jurisdiction in which recognition proceedings are commenced.[119] As described above, termination of the U.S. RSA could jeopardize the Global Transaction and confirmation of the Plan, and result in protracted Chapter 11 Cases and reduced recoveries for creditors.

(d) **Failure to Secure Necessary Governmental Approvals**. The U.S. RSA provides that the Plan Sponsor and Consenting OEMs may terminate the U.S. RSA if any government authority, including antitrust authorities, enjoins the consummation of the Global Transaction or any material portion thereof, and such ruling, judgment, or order by the governmental authority has not been reversed or vacated within sixty (60) calendar days of its

[119] As described herein, the MDL Plaintiffs have appealed the Chapter 15 Recognition Order that was entered by the Bankruptcy Court.

issuance. Similarly, the U.S. Acquisition Agreement allows the Plan Sponsor to terminate the U.S. Acquisition Agreement if there is a final non-appealable governmental order restraining the transaction, including because of a failure to achieve applicable antitrust approvals. The U.S. Acquisition Agreement further provides that (i) receipt of necessary antitrust approvals and (ii) clearance of the U.S. Acquisition Agreement by CFIUS will be conditions precedent to the obligations of the Plan Sponsor and Sellers to consummate the U.S. Acquisition Agreement. Any delay in consummating the U.S. Acquisition Agreement due to governmental approval processes, or the failure to obtain such approvals, could prolong the Chapter 11 Cases (or result in a liquidation of the Debtors), and reduce recoveries available to creditors. Moreover, in order to obtain the regulatory approvals required by the U.S. Acquisition Agreement and the U.S. RSA, the Debtors may be required to divest certain of their assets, which could result in reduced recoveries for creditors.

(e) **Failure of the Parties to Obtain Sufficient Consents from Non-Consenting OEMs**. The U.S. Acquisition Agreement provides that the Plan Sponsor may terminate the U.S. Acquisition Agreement if the Indemnity Agreement is not executed by a sufficient number of the non-Consenting OEMs, such that no more than one million eight hundred thousand (1.8 million) PSAN Inflators globally are attributable to non-Consenting OEMs that have not executed the Indemnity Agreement. As described herein, termination of the U.S. Acquisition Agreement could result in a piecemeal sale and liquidation of the Debtors' assets, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors, and reduced recoveries for creditors.

(f) **Failure of Plan Sponsor to Obtain Acquisition Financing.** As set forth in the U.S. Acquisition Agreement, although the Plan Sponsor's obligations to close the Global Transaction are not conditioned upon the receipt of financing, the Plan Sponsor is funding the Global Transaction through a combination of debt and equity financing. In addition, KSS Holdings, Inc. (the "***Guarantor***") is a party to the U.S. Acquisition Agreement for purposes of guaranteeing the Plan Sponsor's payment and performance obligations thereunder. Although the Debtors have reviewed the Plan Sponsor's intended acquisition financing, and believe that it is sufficient, no assurances can be made that the Plan Sponsor will actually receive the debt and equity financing or that the Guarantor (to the extent necessary) will satisfy its obligations under the U.S. Acquisition Agreement. If the financing sources fail to satisfy their commitments, and the Plan Sponsor breaches its obligation to fund the purchase price (or the Guarantor fails to satisfy its guarantee obligations), then the Global Transaction and confirmation of the Plan could be delayed or jeopardized, which could result in reduced recoveries for creditors.

(g) **Risks Relating to Integrated Nature of Global Transaction**. The Global Transaction Documents, including the Acquisition Agreements, are, in many respects, cross-conditioned and contain cross-termination rights. For example, the closing under the U.S. Acquisition Agreement is conditioned upon the satisfaction of the conditions to closing under each of the EMEA Acquisition Agreement and the Japan Acquisition Agreement. Such closing conditions include, among other things, under both the EMEA Acquisition Agreement and the Japan Acquisition Agreement, the receipt of relevant regulatory approvals, as well as, under the Japan Acquisition Agreement, approval by the Tokyo District Court of the Section 42 Business Transfer. The failure to satisfy all of the conditions to closing of the Japan Acquisition Agreement or the EMEA Acquisition Agreement, unless waived could result in the inability to

close the transactions contemplated by the U.S. Acquisition Agreement and there is no assurance that the conditions to closing under such agreements will be satisfied. The failure to satisfy the conditions to effectiveness or closing under any of the Global Transaction Documents could jeopardize the Global Transaction and confirmation of the Plan, and result in the Debtors' having insufficient capital to maintain their operations, protracted Chapter 11 Cases, the DOJ reopening its investigation against Takata and pursuing claims against the Debtors, or liquidation of the Debtors, which could significantly and detrimentally impact the Debtors' relationships with vendors, suppliers, employees, and the Customers, and reduce recoveries available to creditors.

In addition, to the extent that any of the Debtors' affiliates are not able to satisfy their allocable portion of the DOJ Restitution Claim by the Closing Date, the amount of the Plan Settlement Payment made by the U.S. Debtors will increase by the amount of such shortfall. For instance, because of certain legal restrictions and currency controls in China, it is possible that payment by TSAC of its allocable portion of the DOJ Restitution Claim may be delayed beyond the Closing Date. As discussed in section 5.18(a) hereof, however, the Debtors believe that such risk may be mitigated by authorizing TKC to assume TSAC's obligations under the Global Settlement Agreement with respect to the DOJ Restitution Claim.

10.2 ***Risks Associated with the Bankruptcy Process***

(a) **Risk of Non-Confirmation of the Plan**. Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes, or that the Confirmation Order, if challenged on appeal, will be affirmed. Moreover, the Debtors can make no assurances that they will receive the requisite votes for acceptance to confirm the Plan. Even if all Voting Classes vote in favor of the Plan or the requirements for "cramdown" are met with respect to any Class that rejects the Plan, the Bankruptcy Court could decline to confirm the Plan if it finds that any of the statutory requirements for confirmation are not met. If the Plan is not confirmed, there can be no assurances that the Chapter 11 Cases will continue rather than be dismissed or converted to a liquidation or that any alternative plan of reorganization would be on terms as favorable to the holders of Claims as the terms of the Plan. If a liquidation or protracted reorganization were to occur, there is a substantial risk that the value of the Debtors' assets would be substantially reduced to the detriment of all stakeholders.

(b) **Risk of Non-Consensual Confirmation**. In the event that any impaired class of claims or equity interests does not accept or is deemed not to accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has voted to accept the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable." Should any Class vote to reject the Plan, then these requirements must be satisfied with respect to such rejecting Classes. The Debtors believe that the Plan satisfies these requirements. *See* section 11.1 hereof for further discussion of non-consensual confirmation.

(c) **Risk of Delayed Confirmation or Effective Date.** Although the Debtors expect that the Plan will be confirmed on or shortly after the Confirmation Hearing scheduled for February 13, 2018, there is a risk that confirmation of the Plan will be delayed. Similarly, there can be no assurances that the Effective Date will occur as scheduled on February 27, 2018 because the Effective Date is contingent upon satisfaction of the conditions precedent to the Effective Date set forth in the Plan. If confirmation of the Plan and/or occurrence of the Effective Date are delayed, then Takata may risk breaching its obligations the Plea Agreement and DOJ Restitution Order, which could lead to the DOJ reopening its investigation of Takata and levying fines in excess of those set forth in the Plea Agreement and DOJ Restitution Order. Moreover, if the Plan is not effective by February 27, 2018, and the DOJ does not extend that deadline or consequently terminates the Plea Agreement, then the Plan Sponsor and the Consenting OEMs would have the right to terminate the Global Transaction. Either of these occurrences could result in protracted Chapter 11 Cases (or liquidation of the Debtors) which could significantly and detrimentally impact the administration of the Estates and reduce recoveries available to creditors.

(d) **Claims Could Be More than Projected**. There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which in turn, could cause the value of distributions to creditors to be reduced substantially. For example, the estimates of the future PSAN PI/WD Claims are based on an analysis prepared by Ankura, which relies on factual information, as well as various assumptions, obtained from a variety of sources. Certain assumptions may not materialize, and unanticipated events and circumstances may affect the ultimate results. In addition, the Debtors are named defendants in numerous actions commenced prior to the Petition Date (as described in further detail in section 4.3 herein). These litigations are at preliminary stages and involve contingencies and uncertainties that may impact the Chapter 11 Cases, such as the allowance of class claims and the apportionment of liability among the Debtors and their third-party co-defendants. Given these uncertainties, the Debtors have utilized broad ranges for the estimated claim amounts of these litigation claims. The resolution and/or estimation of these claims for distribution purposes could have a material effect on the estimated recoveries set forth in section 2.5 herein. For the foregoing reasons, the actual amount of Allowed Claims may vary from the projections and feasibility analysis, and in some instances the variation may be material.

(e) **Amounts Available for Distribution Could Differ From Projections**. The recovery on account of general unsecured claims depends on the amount of funds available for distribution to such creditors. The estimate of available funds relies on numerous estimates and assumptions, including estimates of the total amount of the Debtors' Administrative Expense Claims and assumptions regarding the ongoing performance of the Debtors' businesses and aggregate operating expenses. The Debtors believe that these assumptions and estimates are reasonable. However, unanticipated events or circumstances could result in such estimates or assumptions increasing or decreasing materially. For example, if Administrative Expense Claims are lower (or higher) than anticipated, then the amount available for distribution to creditors would be more (or less) than projected herein and recoveries on account of Allowed Claims would be more (or less) than the estimated recoveries set forth herein.

(f) **Risk of Conversion into Chapter 7 Cases**. If no plan of reorganization can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interest

of holders of Claims and Interests, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. *See* section 12.3 hereof, as well as the Liquidation Analysis attached hereto as **Exhibit J** (the "***Liquidation Analysis***"), for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

10.3 ***Risks Associated with Debtors' Business Operations and Financial Condition***

(a) **NHTSA Recalls Could Be Extended**. Pursuant to the NHTSA Orders, the Debtors have until December 31, 2019 to satisfy NHTSA that the Non-Recalled PSAN Inflators are safe and do not need to be recalled. The Debtors have no reason to believe that the Non-Recalled PSAN Inflators are defective or should otherwise be recalled, but there can be no assurances that NHTSA will not extend its recalls to such inflators, which could have a material impact on Takata's ability to execute the Global Transaction.

(b) **Risks Relating to Environmental Matters**. The Debtors are subject to various environmental laws, including those governing discharges into the air and water, the storage, handling and disposal of solid and hazardous wastes, the remediation of contaminated soil and groundwater, and the health and safety of their employees. The Debtors are also required to obtain permits from governmental authorities for certain operations. Although the Debtors expect to remain in compliance with all applicable environmental laws and regulations, the Debtors may not be in complete compliance with these laws and permits at all times and any related violations could result in governmental fines or other sanctions, some of which could be material. The Debtors' manufacturing operations and the history of industrial uses at some of their facilities expose the Debtors to the risk of environmental liabilities that could have a material adverse effect on their business.[120] The Debtors could be liable for environmental remediation even if they did not know about or cause the contamination and even if the practices that resulted in the contamination were legal when they occurred. Thus, the Debtors cannot assure that costs of complying with current and future environmental and health and safety laws, and their liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect their financial condition.

10.4 ***Risks Associated with the Business Incentive Plan Payment***

(a) **Business Factors and Competitive Conditions**. As described herein and documented in the Global Transaction Documents, the Plan Sponsor has committed to the Business Incentive Plan Payment of up to $400 million across all Takata entities. The Plan Sponsor will distribute up to approximately $221 million of the Business Incentive Plan Payment, subject to certain adjustments in accordance with the U.S. Acquisition Agreement, to the Estates for the benefit of the Consenting OEMs if the Plan Sponsor achieves certain revenue targets during the period 2020 – 2024. Achievement of these revenue targets will depend on,

[120] For example, the Debtors and their affiliates have been working with the Environmental Protection Agency and other regulatory agencies to monitor and remediate certain environmental concerns at their facilities in North Carolina and South Carolina. For additional details on these and other environmental matters, please see Schedule 5.22 of the U.S. Acquisition Agreement.

among other things, the risks and contingencies relating to the automotive industry described below.

(i) *The Cyclical and Unpredictable Nature of the Automotive Industry*. The Plan Sponsor's businesses are directly related to automotive vehicle production and sales. The automotive industry is highly cyclical and, in addition to general economic conditions, depends on several factors, such as consumer confidence and preference. Automotive sales and production can also easily be affected by labor relations issues, regulatory requirements, trade agreements, the availability of consumer financing, and other similar factors. A significant decrease in the sale of automotive vehicles would likely result in substantially all of the Plan Sponsor's customers lowering vehicle production schedules, which would have a direct impact on the Plan Sponsor's earnings, cash flows, and ability to achieve the Business Incentive Plan Payment thresholds.

(ii) *A Change in Product Mix Offered by Customers Can Impact Revenue*. The Plan Sponsor is reliant on the continued growth, viability, and financial stability of their customers. The automotive industry is subject to rapid technological change, vigorous competition, short product life cycles, and cyclical and reduced consumer demand patterns. When the Plan Sponsor's customers are adversely affected by these factors, the Plan Sponsor may be similarly affected to the extent that their customers reduce the volume of orders for the Plan Sponsor's products. As a result of changes impacting their customers, sales mix can shift, which may have an unfavorable impact on the Plan Sponsor and decrease the likelihood of the Plan Sponsor achieving the Business Incentive Plan Payment thresholds.

(iii) *Competitive Automotive Supply Industry*. The automotive industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. While the Debtors and Plan Sponsor expect the Plan Sponsor to continue to be a successful enterprise, there can be no assurance that the Plan Sponsor's products will be able to compete with the products of their competitors. Moreover, consolidation in the automotive industry may lead to decreased product purchases from the Plan Sponsor. As a result, the Plan Sponsor's sales levels and margins could be adversely affected by pricing pressures coming from their customers and pricing actions of competitors, which could militate against the Plan Sponsor achieving the Business Incentive Plan Payment thresholds.

(iv) *Trained, Dedicated Sales Force*. Many of the Plan Sponsor's products are manufactured, sold, and supported through dedicated staff and specially trained personnel. The loss of this sales force or other conditions could affect the Plan Sponsor's ability to manufacture, sell,

and support its products effectively, which could have an adverse effect on the results of its operations.

(v) *Escalating Pricing Pressures from Customers May Adversely Affect Plan Sponsor's Business*. The automotive industry has been characterized by increasingly aggressive pricing pressure from customers for many years. This trend is partly attributable to the major automobile manufacturers' strong purchasing power. As with other automotive component manufacturers, the Plan Sponsor is often expected to quote fixed prices or is forced to accept prices with annual price reduction commitments for long-term sales arrangements or discounted reimbursements for engineering work. Price reductions have impacted Plan Sponsor's sales and are expected to continue to do so in the future. A significant increase in these price reductions could decrease the likelihood of the Plan Sponsor achieving the Business Incentive Plan Payment thresholds.

(vi) *Plan Sponsor's Business Is Exposed to Risks Inherent in International Operations.* The Plan Sponsor currently conducts operations in various countries and jurisdictions, including locating certain of the Plan Sponsor's manufacturing and distribution facilities internationally, which subjects the Plan Sponsor to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. International sales and operations subject the Plan Sponsor to certain risks inherent in doing business abroad, including:

- Exposure to local economic conditions,
- Foreign tax consequences,
- Inability to collect, or delays in collecting, value-added taxes and/or other receivables associated with remittances and other payments by subsidiaries,
- Exposure to local political turmoil, expropriation and nationalization,
- Difficulty enforcing legal agreements or collecting receivables through foreign legal systems,
- Currency controls, including lack of liquidity in foreign currency due to governmental restrictions,
- Investment restrictions or requirements,
- The imposition of product tariffs, and
- The burden of complying with a wide variety of international and U.S. export laws, etc.

The international nature of the Plan Sponsor's operations may have a negative impact on its operations and therefore the ability to achieve the Business Incentive Plan Payment thresholds.

10.5 ***Other Considerations***

(a) **The Debtors Have No Duty to Update**. The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

(b) **No Representations Outside of this Disclosure Statement Are Authorized**. The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes. No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

(c) **Projections and Other Forward-Looking Statements Are Not Assured, and Actual Results May Vary**. Certain of the information contained in this Disclosure Statement is, by nature, forward-looking, and contains estimates and assumptions, which might ultimately prove to be incorrect, and projections, which may be materially different from actual future experiences. There are uncertainties associated with all projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various Classes that might be allowed.

(d) **No Legal or Tax Advice Is Provided to You by This Disclosure Statement.** The contents of this Disclosure Statement should *not* be construed as legal, business or tax advice. Each holder of a Claim or Interest should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Interest. This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

(e) **No Admission Made**. The information and statements contained in the Plan and this Disclosure Statement will neither constitute an admission of any fact or liability by any Entity nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Reorganized Takata, holders of Claims or Interests or any other parties in interest. In addition, no reliance should be placed on the fact that a particular litigation Claim is, or is not, identified in this Disclosure Statement.

XI. CONFIRMATION OF THE PLAN

11.1 ***Requirements of Section 1129(a) of the Bankruptcy Code***

(a) **General Requirements**. At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in section 1129(a) of the Bankruptcy Code have been satisfied including, without limitation, whether:

(i) the Plan complies with the applicable provisions of the Bankruptcy Code;

(ii) the Debtors have complied with the applicable provisions of the Bankruptcy Code;

(iii) the Plan has been proposed in good faith and not by any means forbidden by law;

(iv) any payment made or promised by the Debtors or by a person acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

(v) the Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Reorganized Debtors, an affiliate of the Debtors participating in a Plan with the Debtors, or a successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests holders of Claims and Interests and with public policy, and the Debtors have disclosed the identity of any insider who will be employed or retained by the Reorganized Debtors, and the nature of any compensation for such insider;

(vi) with respect to each Class of Claims or Interests, each holder of an impaired Claim or impaired Interest has either accepted the Plan or will receive or retain under the Plan, on account of such holder's Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date of the Plan under chapter 7 of the Bankruptcy Code;

(vii) except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code with respect to each rejecting Class (as

discussed further below), each Class of Claims either accepted the Plan or is not impaired under the Plan;

(viii) except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that administrative expenses and priority Claims, other than priority tax Claims, will be paid in full on the Effective Date, and that priority tax Claims will receive either payment in full on the Effective Date or deferred cash payments over a period not exceeding five (5) years after the Petition Date, of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claims;

(ix) at least one Class of impaired Claims has accepted the Plan, determined without including any vote for acceptance of the Plan by any insider holding a Claim in such Class;

(x) confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan; and

(xi) all fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

(b) **Best Interests Test**. As noted above, with respect to each impaired class of claims and equity interests, confirmation of a plan requires that each such holder either: (i) accept the plan; or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the value such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is referred to as the "best interests test."

This test requires a bankruptcy court to determine what the holders of allowed claims and allowed equity interests in each impaired class would receive from a liquidation of the debtor's assets and properties in the context of a liquidation under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the debtor's assets and properties (after subtracting the amounts attributable to the aforesaid claims) is then compared with the value offered to such classes of claims and equity interests under the plan.

The Debtors believe that under the Plan holders of impaired Claims will receive property with a value not less than the value such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on: (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of impaired Claims and Interests; and (ii) the Liquidation Analysis attached hereto as **Exhibit J**.

The Debtors note that any liquidation analysis is speculative, as it is necessarily premised on assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. Other parties in interest, including the Tort Claimants' Committee, may disagree with certain of the assumptions in the Liquidation Analysis and may challenge these assumptions and/or that the Plan satisfies the "best interests" test in connection with confirmation of the Plan.

The Liquidation Analysis provided in **Exhibit J** is solely for the purpose of disclosing to holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that a bankruptcy court will accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

(c) **Feasibility**. Also as noted above, section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. The Debtors believe that they will be able to timely perform all obligations described in the Plan, and, therefore, that the Plan satisfies the feasibility requirement. In particular, the Debtors believe that the Plan satisfies the feasibility requirement with respect to both (i) obligations relating to the Global Transaction and (ii) obligations relating to the Reorganized Debtors.

(i) *Obligations Relating to the Global Transaction*. The Debtors believe that proceeds from the Global Transaction, including the Plan Sponsor Backstop Funding (if necessary), and the Debtors' other cash on hand not acquired by the Plan Sponsor will be sufficient to satisfy all of the Debtors' obligations under the Plan that are due on the Effective Date. First, the Debtors are confident that, in accordance with the Plan, the Global Transaction will close immediately prior to or simultaneously with the occurrence of the Effective Date. Indeed, the Plan Sponsor has already secured significant acquisition financing and, as noted, the Guarantor is guaranteeing the Plan Sponsor's payment and performance obligations under the U.S. Acquisition Agreement. The Debtors and the Plan Sponsor do not believe that the Global Transaction will be delayed or enjoined by governmental authorities, including antitrust authorities. Second, as discussed herein, the Plan Sponsor has committed to backstop up to $75 million in the funding of, among other things, certain categories of administrative expenses to the extent that they cannot be satisfied by the sale proceeds of the Global Transaction in accordance with the terms and subject to the conditions of the Plan Sponsor Backstop Funding Agreement.

(ii) *Feasibility of Reorganized Takata and the Warehousing Entity*. The Debtors have prepared financial projections as set forth in **Exhibit K** attached hereto (the "***Projections***"). The Projections indicate that Reorganized Takata and the Warehousing Entity should have sufficient cash flow or reserves to pay and service their debt

obligations (including Claims arising in the ordinary course of Reorganized Takata's business) and to fund their operations. Indeed, the PSAN Inflators produced by Reorganized Takata will be priced to cover the costs of such production. Additionally, the Plan Sponsor Backstop Funding will be available to Reorganized Takata and the Warehousing Entity to cover PSAN Legacy Costs. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. As noted in section 10.4, however, the Debtors caution that no representations can be made as to the accuracy of the Projections. Many of the assumptions upon which the Projections are based are subject to uncertainties outside the control of the Debtors. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtors' financial results.

(iii) *Sufficiency of the Reorganized TK Holdings Trust Reserve*. The Debtors believe that the Reorganized TK Holdings Trust Reserve to be funded pursuant to the Plan, along with Surplus Reserved Cash, Post-Closing Cash, and Dissolution Date Cash allocated to the Reorganized TK Holdings Trust Reserve, will be sufficient for the Reorganized TK Holdings Trust to carry out the purpose for which it was established.

(d) **Additional Requirements for Non-Consensual Confirmation**. In the event that any impaired Class of Claims or Interests does not accept or is deemed to reject the Plan, the Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class of Claims or Interests that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Classes of Claims or Interests, pursuant to section 1129(b) of the Bankruptcy Code. Both of these requirements are in addition to other requirements established by case law interpreting the statutory requirements.

(e) **Unfair Discrimination Test**. The "unfair discrimination" test applies to Classes of Claims or Interests that are of equal priority and are receiving different treatment under the Plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting Class are treated in a manner consistent with the treatment of other Classes whose legal rights are substantially similar to those of the dissenting Class and if no Class of Claims or Interests receives more than it legally is entitled to receive for its Claims or Interests. This test does not require that the treatment be the same or equivalent, but that such treatment is "fair."

The Debtors believe the Plan satisfies the "unfair discrimination" test with respect to any dissenting Class of Claims. Claims of equal priority are receiving comparable treatment and such treatment is fair under the circumstances. Other parties in interest, including the Tort Claimants' Committee, may disagree that the Plan satisfies the "unfair discrimination" test and may challenge this conclusion in connection with confirmation of the Plan.

(f) **Fair and Equitable Test**. The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirements that (a) no class of claims receive more than 100% of the allowed amount of the claims in such class and (b) no junior class of claims or interests receive any recovery under the Plan until senior classes have received a full recovery on their claims. As to dissenting classes, the test sets different standards depending on the type of claims in such class. The Debtors believe that the Plan satisfies the "fair and equitable" test as further explained below.

(i) *Unsecured Creditors*. The Bankruptcy Code provides that either: (i) each holder of an impaired unsecured claim receives or retains under the plan of reorganization, property of a value equal to the amount of its allowed claim; or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive any property under the plan of reorganization. The Plan provides that the holders of Claims and Interests in Class 7 (Intercompany Interests) and Class 8 (Subordinated Claims) will not receive or retain any property under the Plan on account of such Claims or Interests, and the obligations of the Debtors and the Reorganized Debtors on account of Intercompany Interests and Subordinated Claims will be discharged, but no holder of Intercompany Interests or Subordinated Claims will receive a distribution under the Plan. Accordingly, the Plan meets the "fair and equitable" test with respect to Unsecured Claims in Class 3 (Mexico Class Action Claims and Mexico Labor Claims), Class 4 (OEM Unsecured Claims), Class 5 (PSAN PI/WD Claims), and Class 6 (Other General Unsecured Claims).

(ii) *Intercompany Interests and Subordinated Claims*. Pursuant to the Plan, no holders of a Claim or Interests in Class 7 (Intercompany Interests) or Class 8 (Subordinated Claims) will receive a distribution on account of such Interests or Claims. Accordingly, the Plan meets the "fair and equitable" test with respect to those Interests and Claims.

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors have evaluated several alternatives to the Plan. After studying these alternatives, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries to parties in interest, assuming confirmation and consummation of the Plan. If the Plan is not confirmed and consummated, the alternatives to the Plan are: (i) the preparation and presentation of an alternative reorganization; (ii) the sale of some or all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code; or (iii) a liquidation under chapter 7 of the Bankruptcy Code.

12.1 ***Alternative Plan of Reorganization***

If the Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. Such a plan might involve either: (a) a reorganization and continuation of the Debtors' businesses; or (b) an orderly liquidation of their assets. The Debtors, however, submit that the Plan, as described herein, enables their creditors to realize the most value under the circumstances and that any alternative plan would likely result in reduced recoveries to the Debtors' creditors.

12.2 ***Sale Pursuant to Section 363 of the Bankruptcy Code***

If the Plan is not confirmed, the Debtors could seek from the Bankruptcy Court, after notice and hearing, authorization to sell some or all of their assets pursuant to section 363 of the Bankruptcy Code. As described herein, the Debtors and their advisors carefully analyzed all potential mechanisms for selling the Debtors' assets and determined that, due to the strong interdependencies among the global regions and between the business lines, a sale on a region-by-region or business-line-by-business-line basis would be value destructive and would not be in the best interests of the Estates. Moreover, pursuant to the U.S. Acquisition Agreement and the U.S. RSA, the Plan Sponsor and the Consenting OEMs have required that the sale of the Debtors' assets be implemented through a plan of reorganization.

Further, abandoning the Global Transaction and pursuing a sale or sales of the Debtors' assets pursuant to section 363 of the Bankruptcy Code would result in significant delay. In order to salvage anything more than a minimal return for their assets, the Debtors would have to commence a new sale process which would involve marketing the Debtors' assets on a piecemeal region-by-region, business-line-by-business-line, or asset-by-asset basis. Additionally, given the complexity of the Debtors' operations, the multitude of litigations currently pending against the Debtors, and the numerous governmental investigations, prospective purchasers would likely require extended diligence prior to purchasing the Debtors' assets. Accordingly, the Debtors do not believe a sale of its assets under section 363 of the Bankruptcy Code would yield a higher recovery for the holders of Claims under the Plan.

12.3 ***Liquidation Under Chapter 7 of the Bankruptcy Code***

If no plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The effect that a chapter 7 liquidation would have on the recovery of holders of Allowed Claims and Interests is set forth in the Liquidation Analysis attached hereto as **Exhibit J**. As set forth above, other parties in interest, including the Tort Claimants' Committee, may disagree with certain of the assumption in the Liquidation Analysis and may challenge these assumptions and/or that the Plan satisfies the "best interests" test in connection with confirmation of the Plan.

The Debtors believe that liquidation under chapter 7 would result in smaller distributions to creditors than those provided for in the Plan because (i) the piecemeal sale of the

Debtors' assets would yield substantially less value, and (ii) the delay resulting from the conversion of the Chapter 11 Cases and the additional administrative expenses associated with the appointment of a trustee and the trustee's retention of professionals who would be required to become familiar with the many legal and factual issues in the Debtors' Chapter 11 Cases.

XIII. CONCLUSION AND RECOMMENDATION

The Debtors and the other Support Parties believe the Plan is in the best interests of all stakeholders and urge the holders of Claims in Class 3 (Mexico Class Action Claims and Mexico Labor Claims), Class 4 (OEM Unsecured Claims), Class 5 (PSAN PI/WD Claims), and Class 6 (Other General Unsecured Claims) to vote in favor of the Plan.

Dated: January 5, 2018

By: /s/ Ken Bowling
Name: Ken Bowling
Title: Authorized Signatory

TK HOLDINGS INC.
TAKATA AMERICAS
TK FINANCE LLC
TK CHINA, LLC
TAKATA PROTECTION SYSTEMS INC.
INTERIORS IN FLIGHT INC.
TK MEXICO INC.
TK MEXICO LLC
TK HOLDINGS DE MEXICO, S. DE R.L. DE C.V.
INDUSTRIAS IRVIN DE MEXICO, S.A. DE C.V.
TAKATA DE MEXICO, S.A. DE C.V.
STROSSHE-MEX, S. DE R.L. DE C.V.

EXHIBIT A to the Disclosure Statement

The Plan

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	**Chapter 11**
TK HOLDINGS INC., *et al.*,	:	**Case No. 17-11375 (BLS)**
Debtors.[1]	:	**Jointly Administered**

THIRD AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF TK HOLDINGS INC. AND ITS AFFILIATED DEBTORS

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Attorneys for the Debtors and Debtors in Possession

Dated: January 5, 2018
Wilmington, Delaware

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

Table of Contents

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 [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, other than an Administrative Expense PSAN PI/WD 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 or death allegedly caused by 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.

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 or death allegedly caused by a 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 Entities 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 Entity Reserve and the Post-Closing Reserve), based on the assets of such Debtor contributed to or monetized by the Legacy Entities or Reorganized Takata.

Allowed means, with respect to any Claim or Interest (other than a PSAN PI/WD Claim), (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, other than Reorganized TK Holdings, 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 the Plan Administrator (through TK Global LLC, Reorganized Takata, the Warehousing Entity, or otherwise) is 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, which shall remain subject to the jurisdiction of the United States District Court for the Eastern District of Michigan, the DOJ Monitor, and the NHTSA Monitor, and (vi) serve as chief executive officer of TK Global LLC, and (vii) carry out the duties of the Plan Administrator with respect to the Warehousing Entity 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, collectively, (i) the order of the Bankruptcy Court, dated October 4, 2017 [Docket No. 959], establishing deadlines by which proofs of Claim must be filed with respect to certain Claims and (ii) the order of the Bankruptcy Court, dated December 18, 2017 [Docket No. 1395], establishing a supplemental deadline by which proofs of Claim must be filed by parties that became registered owners of vehicles containing the Debtors' PSAN Inflators subsequent to the Petition Date.

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. If not already provided, 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 PSAN 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 PSAN 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.

Committees means, collectively, the Creditors' Committee and the Tort Claimants' Committee.

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.

Creditors' Committee means the statutory committee of unsecured creditors appointed by the U.S. Trustee on July 7, 2017 pursuant to section 1102(a)(1) of the Bankruptcy Code.

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 Amount Notice means the notice of proposed Cure Amount provided to counterparties to executory contracts and unexpired leases pursuant to the Solicitation Procedures Order.

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 Entity, including Cash in the Post-Closing Reserve and the Legacy Entities Reserves (as applicable) and Post-Closing Cash, remaining upon dissolution of any such entity pursuant to 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 Monitor means the independent compliance monitor appointed pursuant to the DOJ Plea Agreement.

DOJ OEM Restitution Fund means the $850 million OEM restitution fund established under paragraphs 1 and 2 of the DOJ Restitution Order.

DOJ PI/WD Restitution Fund means the $125 million personal injury and wrongful death restitution fund established under paragraphs 3 and 4 of the DOJ Restitution Order.

DOJ Plea Agreement means the Rule 11 Plea Agreement, dated January 13, 2017, among the DOJ, the United States Attorney's Office for the Eastern District of Michigan, and TKJP.

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, the Mexico Class Action Claims, or the Mexico Labor 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) the Consenting OEMs, (iii) the Future Claims Representative, and (iv) with respect to each of the foregoing Persons in clauses (i) through (iii), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, 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.

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 (as may be amended by further order of the Bankruptcy Court), for Future Claimants (as defined therein).

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, (v) the Mexico Class Action Claims, and (vi) the Mexico Labor 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 Entities 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 make Distributions on account of 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 make Distributions on account of 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 make Distributions on account of PSAN PI/WD Claims against IIM in accordance with the PSAN PI/WD TDP 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 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 Entities 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 16, 2017. A copy of the Indemnity Agreement will be included with the Plan Supplement.

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 5.8(k) of the Plan.

Independent Member means the member of the Oversight Committee selected by the Debtors, subject to the reasonable consent of 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.

Initial Opt-In Period means, with respect to the initial period for a Consenting OEM to become a Participating OEM, the later of (i) ninety (90) days following the conclusion of the hearing on approval of the Disclosure Statement and (ii) thirty (30) days following the Effective Date.

Initial Participating OEM(s) means the Participating OEM(s) listed attached hereto as **Exhibit 2** that have indicated their election to become a Participating OEM at or before the conclusion of the hearing with respect to the Disclosure Statement, subject to the terms and conditions set forth on **Exhibit 2**.

Insurance Policies means any insurance policy issued to the Debtors or under which the Debtors have sought or may seek coverage, including the PSAN PI/WD Insurance Policies.

Insurers means all entities that are providing or have provided insurance under the Insurance Policies to the Debtors or any parent, subsidiary, affiliate, or predecessor of the Debtors.

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.

Interim PSAN PI/WD Trustee means an individual to be designated in the Plan Supplement, who shall be reasonably acceptable to the Debtors, the Initial Participating OEMs, and the Future Claims Representative, to be appointed pursuant to the Plan to act as the interim trustee of the PSAN PI/WD Trust pursuant to the terms of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP until a successor trustee has been selected, solely in the event the initial PSAN PI/WD Trustee resigns, is terminated, or is otherwise unable to serve for any reason prior to 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 Entities means, collectively, the Reorganized TK Holdings Trust and Warehousing Entity.

Legacy Entities Post-Closing Cash means, collectively, the Reorganized TK Holdings Trust Post-Closing Cash and the Warehousing Entity Post-Closing Cash.

Legacy Entities Reserves means the Reorganized TK Holdings Trust Reserve and the Warehousing Entity Reserve.

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, (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) 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) OEM Unsecured Claims), the PSAN PI/WD Trust, and the OEM Funds; and (v) manage and administer the Claims Reserves.

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 Colecctivas 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.

Mexico Labor Claims means Claims asserted by current or former employees of IIM and TDM arising from or related to their employment with either IIM or TDM.

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 Monitor means the independent monitor appointed in connection with the NHTSA Consent Order.

NHTSA Preservation Order means that certain Preservation Order and Testing Control Plan issued by NHTSA to TKH, dated February 24, 2015, as may be amended, modified, or supplemented.

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 Entities have completed the purposes for which they were established and been wound down in accordance with the Plan.

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 Special Master or, if the Special Master resigns, is terminated, or is otherwise unable to serve as OEM Claims Administrator for any reason, another individual to be identified in the Plan Supplement, 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. 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; *provided*, *however*, that any Claim that satisfies the definition of a Subordinated Claim shall be a Subordinated Claim notwithstanding that such Claim would otherwise be an Other General Unsecured Claim.

Other PI/WD Claim means any Claim, other than a PSAN PI/WD 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 or death allegedly caused by a Takata Product 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.

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 TK Global LLC, which shall have certain governance rights over Reorganized Takata and the Warehousing Entity.

Participating OEM means a Consenting OEM that elects to become a Participating OEM in accordance with section 5.10(s) of the Plan and contributes its respective PSAN PI/WD Top-Up Amount to the PSAN PI/WD Top-Up 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.

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 amended 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, who shall serve as chief executive officer of TK Global LLC.

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 Objection Deadline means the deadline for filing and serving objections or responses to confirmation of the Plan as set forth in the Solicitation Procedures Order.

Plan Settlement means the settlement of the Settled OEM Claims pursuant to section 5.18 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 5.18(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 16, 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 fourteen (14) days prior to the deadline set to file objections to confirmation of the Plan, which shall include (i) an updated post-Closing Date structure for Reorganized Takata, the Warehousing Entity, and TK Global LLC, as applicable, (ii) the TK Global Operating Agreement, (iii) Reorganized TK Holdings Organizational Documents, (iv) any

Amended By-Laws, (v) any Amended Certificate of Incorporation, (vi) the Plan Administrator Agreement and the Plan Administrator's qualifications, (vii) the Transition Services Agreement, (viii) Shared Services Agreement, (ix) the identity of each member of the Oversight Committee, (x) the identity of each Claims Administrator, as applicable, (xi) the Legacy Trustee's proposed compensation, (xii) the Reorganized TK Holdings Trust Agreement, (xiii) the identity of the Interim PSAN PI/WD Trustee, if any, (xiv) the PSAN PI/WD Trust Agreement, (xv) the PSAN PI/WD TDP, (xvi) any Participating OEM Contribution Agreement, (xvii) the identity of the initial members of the PSAN PI/WD Trust Advisory Committee and the PSAN PI/WD OEM Advisory Committee, (xviii) a schedule of the Allowed OEM Claims of the Consenting OEMs, (xviv) 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, (xx) the Indemnity Agreement, and (xxi) a list of material definitive documents relating to the Restructuring Transactions.

Post-Closing Cash means, collectively, the Legacy Entities Post-Closing Cash and the Reorganized Takata Post-Closing Cash.

Post-Closing PSAN PI/WD Claim means any Claim for alleged personal injury, wrongful death, or other similar Claim or Cause of Action against the Reorganized Debtors 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 on or after the Effective Date.

Post-Closing PSAN 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 PSAN 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 PSAN PI/WD Claims in accordance with section 5.8(l) of the Plan. The Post-Closing PSAN 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, including any costs incurred by TK Global LLC related solely to the post-Closing Date production of PSAN Inflators, and the costs and fees of the Special Master (excluding, for the avoidance of doubt, costs and fees of the Special Master incurred in the Special Master's capacity as PSAN PI/WD Trustee, which shall be payable from the PSAN PI/WD Trust Reserve in accordance with section 5.10(n) of the Plan), the DOJ Monitor, and the NHTSA Monitor, 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, (iv) funded periodically from Surplus Reserved Cash and Post-Closing Cash in accordance with section 5.5 of this Plan, and (v) funded from Dissolution Date

Cash in accordance with sections 5.6(l) and 5.9(h) of the 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 3 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, including any products containing desiccated or non-desiccated PSAN Inflators.

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, subject to the terms of section 5.10(s) of this Plan, (iv) the Plan Sponsor Parties, and (v) with respect to each of the foregoing Persons in clauses (i) through (iv), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, equity holders, members, partners, managers, employees, 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.

PSAN means phase-stabilized ammonium nitrate, which is used as a component of 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 each Consenting OEM identified on **Schedule B** to the Plan that may require PSAN Inflator production and sale from Reorganized Takata after the Closing Date and that has, prior to December 31, 2017 (or such later date as may be agreed to by the Requisite PSAN Consenting OEMs as of such deadline and the Debtors), entered into an agreement with the Debtors that is mutually agreeable to the Debtors and such Consenting OEM that sets forth, among other things, (i) 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 Inflator Defect means a defect that occurs in certain Takata inflators because of propellant degradation due to environmental exposure.

PSAN PI/WD Claim means (i) any Claim asserted against the Debtors or the Protected Parties other than the Participating OEMs for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by a PSAN Inflator sold or supplied to an OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition, including on or after the Closing Date, and (ii) a Claim asserted against a Participating OEM for alleged personal injury, wrongful death, or similar Claim or Cause of Action arising out of or relating to a personal injury or death allegedly caused by the PSAN Inflator Defect in a Product sold or supplied to a Participating OEM or any other Person prior to the Petition Date, regardless of whether the injury occurs prepetition or postpetition and such Claim (a) is brought by a citizen of the United States, wherever the injury occurs or (b) arises from an incident occurring in the United States or its territories, whether or not such Claim is brought by a citizen of the United States.

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 Funds, if applicable, but, in the case of each PSAN PI/WD Top-Up Funds, such funds shall apply 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. The PSAN PI/WD Funds and the DOJ PI/WD Restitution Fund (if agreeable to the Special Master) shall be held by the PSAN PI/WD Trust 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 OEM Advisory Committee means the trust advisory committee representing the interests of the Participating OEMs created pursuant to the Plan and the PSAN PI/WD Trust Agreement, as may be reconstituted from time to time in accordance with the terms thereof and section 5.10(o) of this Plan.

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 5.10(p) 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.

PSAN PI/WD Top-Up Funds means, collectively, funds established by the PSAN PI/WD Trustee with respect to each individual Participating OEM to hold the PSAN PI/WD Top-Up Amounts contributed by such Participating OEM.

PSAN PI/WD Trust means the trust established to administer the PSAN PI/WD Funds.

PSAN PI/WD Trust Advisory Committee means the trust advisory committee representing current holders of PSAN PI/WD Claims created pursuant to the Plan and the PSAN PI/WD Trust Agreement, as may be reconstituted from time to time in accordance with the terms thereof and section 5.10(o) 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, individually or collectively, (i) the Special Master, who shall be appointed pursuant to the Plan, to act as the initial trustee of the PSAN PI/WD Trust pursuant to the terms of the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, (ii) the Interim PSAN PI/WD Trustee, and (iii) any successor trustee who shall be acceptable to the Debtors (only if such successor trustee is selected prior to the Effective Date), the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and the Future Claims Representative (for each of the foregoing other than the Debtors, only if the successor trustee is selected after the Effective Date).

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 Claims means any Claims released pursuant to section 10.6(b) of the Plan.

Released Parties means, collectively, (i) the Debtors, (ii) the Future Claims Representative, (iii) the Plan Sponsor Parties, (iv) the Debtors' non-Debtor affiliates (including the Acquired Non-Debtor Affiliates), and (v) with respect to each of the foregoing Persons in clauses (i) through (iv), such Persons' predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, and such Persons' respective heirs, executors, estates, and nominees, in each case in their capacity as such. In addition, (x) any Consenting OEM that elects, in a timely-submitted ballot for voting on the Plan, to provide a release of the Debtors and certain related parties in form and substance to be agreed to by the Debtors and the Consenting OEMs, and (y) with respect to such Consenting OEM, the parties set forth in clause (v) 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 TKH, on and after the Effective Date, which shall be the parent holding company of the Reorganized Debtors, the equity of which shall be issued to TK Global LLC.

Reorganized TK Holdings Organizational Documents means the amended and restated certificate of incorporation and amended and restated by-laws of Reorganized TK Holdings. The Reorganized TK Holdings Organizational Documents 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 Entity, (iii) hold the Other Creditors Fund, (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) 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, (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 TK Global LLC, and (vii) 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 5.16 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 the administration of 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 periodically from Surplus Reserved Cash and Post-Closing Cash in accordance with section 5.5 of this Plan, and (iii) funded from Dissolution Date Cash in accordance with sections 5.8(l) and 5.9(h) of the 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 Entity that is not needed to satisfy Claims against Reorganized Takata or the Warehousing Entity (as applicable) upon dissolution thereof or to fund the Post-Closing Reserve, the Legacy Entities Reserves, or the Claims Reserves 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), 5.8(l), and 5.9(h) 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 Entity 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.

RSA Order means the *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. 1335], which was entered by the Bankruptcy Court on December 8, 2017 (which order was corrected on December 13, 2017 [Docket No. 1359]).

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 Entity.

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.

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.

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 5.18 of the Plan.

Shared Services Agreement means the agreement entered into by TK Global LLC and each of Reorganized Takata and the Warehousing Entity regarding the sharing of services among each of the parties thereto.

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 Entities 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 make Distributions on account of 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 make Distributions on account of 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 make Distributions on account of PSAN PI/WD Claims against SMX in accordance with the PSAN PI/WD TDP 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 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 Entities 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 assumption and assignment of executory contracts and unexpired leases under the Plan and the form of Cure Amount Notice 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 Entities 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, (v) the Mexico Class Action Claims, and (vi) the Mexico Labor 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 Entities Reserves, (iv) TDM's Allocable Share of the Post-Closing Reserve, (v) TDM's Allocable Share of the Post-Closing PSAN 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 make Distributions on account of 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 make Distributions on account of 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 make Distributions on account of PSAN PI/WD Claims against TDM in accordance with the PSAN PI/WD TDP 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 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 Entities Reserves.

TK Global LLC means a limited liability company organized under the laws of Delaware, which shall be formed as of the Effective Date to be the parent holding company of Reorganized Takata and the Warehousing Entity, the equity of which shall be issued to the Reorganized TK Holdings Trust.

TK Global Operating Agreement means TK Global LLC's operating agreement, which shall govern TK Global LLC's operations and provide the Oversight Committee with certain governance rights over Reorganized TK Holdings and the Warehousing Entity. A substantially final form of the TK Global Operating Agreement shall be filed with the Plan Supplement.

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 PSAN 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 Entities 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 make Distributions on account of 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 make Distributions on account of 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 make Distributions on account of PSAN PI/WD Claims against the TKH Debtors in accordance with the PSAN PI/WD TDP 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 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 PSAN 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 Entities Reserves.

TKHDM means TK Holdings de Mexico, S. de R.L. de C.V.

TKJP means Takata Corporation.

Tort Claimants' Committee means the statutory committee of tort claimant creditors appointed by the U.S. Trustee on July 7, 2017 pursuant to section 1102(a)(2) of the Bankruptcy Code.

Transferred Employees has the meaning assigned in the U.S. Acquisition Agreement.

Transition Services Agreement means that certain services agreement, entered into between each of TK Global LLC, Reorganized TK Holdings, the Warehousing Entity, 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), a substantially final form of which shall be filed with the Plan Supplement.

TSAC means Takata (Shanghai) Automotive Component Co., Ltd.

U.S. Acquisition Agreement means that certain Asset Purchase Agreement, dated as of November 16, 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 16, 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 PSAN PI/WD Claims.

Voting Deadline means February 6, 2018 at 4:00 p.m. 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 C** 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 Entity means the Delaware corporation established under the Plan to administer and maintain the Warehoused PSAN Assets in accordance with the NHTSA Preservation Order and otherwise.

Warehousing Entity Assets means the Warehoused PSAN Assets and the Warehousing Entity Reserve.

Warehousing Entity Organizational Documents means the certificate of incorporation and by-laws of the Warehousing Entity.

Warehousing Entity Post-Closing Cash means Cash recovered by the Warehousing Entity. The Plan Administrator shall account for the Warehousing Entity Post-Closing Cash as allocable to a particular Reorganized Debtor based on each Debtor's Allocable Share.

Warehousing Entity Reserve means Cash in an amount necessary to fund and administer any costs incurred by TK Global LLC (other than costs related solely to the post-Closing Date production of PSAN Inflators) and the Warehousing Entity, including the costs of the Product Safety Group of TKH and the 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, (iv) funded periodically from Surplus Reserved Cash and Post-Closing Cash in accordance with section 5.5 of this Plan, and (v) funded from Dissolution Date Cash in accordance with sections 5.6(l) and 5.8(l) of the Plan. The Warehousing Entity Reserve shall be held by the Warehousing Entity 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 Administrative Expense Claims arising under section 1930 of chapter 123 of title 28 of the United States Code, holders of Fee Claims, holders of Cure Claims, holders of

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 5.18 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 5.18 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:

Class	**Type of Claim or Interest**	**Impairment**	**Entitled to Vote**
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	**Type of Claim or Interest**	**Impairment**	**Entitled to Vote**
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 and Mexico Labor Claims against IIM	Impaired	Yes
Class 3(b)	Mexico Class Action Claims and Mexico Labor Claims against TDM	Impaired	Yes
Class 4(a)	OEM Unsecured Claims against the TKH Debtors	Impaired	Yes
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 TDM	Impaired	Yes
Class 5(d)	PSAN PI/WD Claims against SMX	Impaired	Yes
Class 6(a)	Other General Unsecured Claims against TKAM	Impaired	Yes

Class	**Type of Claim or Interest**	**Impairment**	**Entitled to Vote**
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)
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 TDM	Impaired	No (Deemed to reject)

Class	**Type of Claim or Interest**	**Impairment**	**Entitled to Vote**
Class 8(g)	Subordinated Claims against SMX	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 5.16 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 Debtor is dissolved or merged out of existence in accordance with section 5.16 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 5.16 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 Debtor is dissolved or merged out of existence in accordance with section 5.16 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 5.16 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 Debtors shall be Allowed for distribution purposes in an estimated aggregate amount of $38,645,862,823.[2] A schedule of the OEM Claims of the Consenting OEMs will be filed as part of the Plan Supplement.

(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 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,

[2] The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimate provided herein is subject to change. For the avoidance of doubt, only the portion of the OEM Claims constituting OEM Unsecured Claims (and not Adequate Protection Claims or Consenting OEM PSAN Cure Claims) shall be subject to treatment, including for distribution purposes, as Class 4 Claims against the TKH Debtors.

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: 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. Notwithstanding anything to the contrary herein, holders of PSAN PI/WD Claims against the TKH Debtors arising from vehicles manufactured by any Participating OEM may be deemed to be in a separate Class from all other holders of PSAN PI/WD Claims against the TKH Debtors that are not entitled to receive PSAN PI/WD Top-Up Funds solely for voting purposes.

(e) **Class 6(d): Other General Unsecured Claims against the TKH Debtors.**

(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 5.16 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 and Mexico Labor Claims against IIM.**

(i) Treatment: Unless otherwise agreed, holders of Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against IIM shall receive their Pro Rata Share of the amounts separately reserved for such Claims in the IIM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.

(ii) Impairment and Voting: Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against IIM are Impaired. Holders of Mexico Class Action Claims and Mexico Labor 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 the Debtors shall be Allowed for distribution purposes in an estimated aggregate amount of $38,645,862,823.[3] A schedule of the OEM Claims of the Consenting OEMs will be filed as part of the Plan Supplement .

(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 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

[3] The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimate provided herein is subject to change. For the avoidance of doubt, only the portion of the OEM Claims constituting OEM Unsecured Claims (and not Adequate Protection Claims or Consenting OEM PSAN Cure Claims) shall be subject to treatment, including for distribution purposes, as Class 4 Claims against IIM.

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: 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. Notwithstanding anything to the contrary herein, holders of PSAN PI/WD Claims against IIM arising from vehicles manufactured by any Participating OEM may be deemed to be in a separate Class from all other holders of PSAN PI/WD Claims against IIM that are not entitled to receive PSAN PI/WD Top-Up Funds solely for voting purposes.

(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 Debtor is dissolved or merged out of existence in accordance with section 5.16 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 5.16 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 TDM.***

(a) **Class 1(f): 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(f): 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 and Mexico Labor Claims against TDM.**

(i) Treatment: Unless otherwise agreed, holders of Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against TDM shall receive their Pro Rata Share of the amounts separately reserved for such Claims in the TDM Claims Reserve up to the full amount of such Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims.

(ii) Impairment and Voting: Allowed Mexico Class Action Claims and Allowed Mexico Labor Claims against TDM

are Impaired. Holders of Mexico Class Action Claims and Mexico Labor Claims against TDM are entitled to vote to accept or reject the Plan.

(d) **Class 4(c): 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 the Debtors shall be Allowed for distribution purposes in an estimated aggregate amount of $38,645,862,823.[4] A schedule of the OEM Claims of the Consenting OEMs will be filed as part of the Plan Supplement.

(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(c): PSAN PI/WD Claims against TDM.**

(i) Treatment: This Class consists of holders of 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,

[4] The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimate provided herein is subject to change. For the avoidance of doubt, only the portion of the OEM Claims constituting OEM Unsecured Claims (and not Adequate Protection Claims or Consenting OEM PSAN Cure Claims) shall be subject to treatment, including for distribution purposes, as Class 4 Claims against TDM.

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: 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. Notwithstanding anything to the contrary herein, holders of PSAN PI/WD Claims against TDM arising from vehicles manufactured by any Participating OEM may be deemed to be in a separate Class from all other holders of PSAN PI/WD Claims against TDM that are not entitled to receive PSAN PI/WD Top-Up Funds solely for voting purposes.

(f) **Class 6(f): 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(f): Intercompany Interests in TDM.**

(i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in TDM shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.16 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 5.16 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(f): 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.

4.7 ***Claims and Interests against SMX.***

(a) **Class 1(g): 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(g): 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(d): 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 the Debtors shall be Allowed for distribution purposes in an estimated aggregate amount of

$38,645,862,823.[5] A schedule of the OEM Claims of the Consenting OEMs will be filed as part of the Plan Supplement .

(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(d): PSAN PI/WD Claims against SMX.**

(i) Treatment: This Class consists of holders of 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: 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

[5] The Debtors and their advisors are still in the process of reconciling the proofs of claim filed by the Consenting OEMs to determine the full amount of the OEM Claims against each of IIM, SMX, TDM, and the TKH Debtors. Accordingly, the estimate provided herein is subject to change. For the avoidance of doubt, only the portion of the OEM Claims constituting OEM Unsecured Claims (and not Adequate Protection Claims or Consenting OEM PSAN Cure Claims) shall be subject to treatment, including for distribution purposes, as Class 4 Claims against SMX.

Plan. The Future Claims Representative shall represent the interests of future holders of PSAN PI/WD Claims. Notwithstanding anything to the contrary herein, holders of PSAN PI/WD Claims against SMX arising from vehicles manufactured by any Participating OEM may be deemed to be in a separate Class from all other holders of PSAN PI/WD Claims against SMX that are not entitled to receive PSAN PI/WD Top-Up Funds solely for voting purposes.

(e) **Class 6(g): 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(g): Intercompany Interests against SMX.**

(i) Treatment: After consummation of the Restructuring Transactions, any Intercompany Interest in SMX shall be cancelled only when such Debtor is dissolved or merged out of existence in accordance with section 5.16 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 5.16 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(g): 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.

4.8 *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 Entity, 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 Entity 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 Entity to inspect, copy, and take extracts from its and their financial and accounting records and to discuss its and their affairs, finances, and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested.

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 Entity 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 5.18(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 PSAN PI/WD Claims Reserve from the TDM Cash Proceeds and TKH Cash Proceeds pursuant to each of TDM's and the TKH Debtors' Allocable Shares;

(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 Entity Reserve from (a) the IIM Cash Proceeds, the SMX Cash Proceeds, the TDM Cash Proceeds, and the TKH Cash Proceeds pursuant to each of IIM's, SMX's, TDM's, and the TKH Debtors' Allocable Shares in accordance with the Plan Settlement and (b) the Plan Sponsor Backstop Funding (in accordance with the terms and subject to the conditions set forth in the Plan Sponsor Backstop Funding Agreement);

(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 PSAN PI/WD Claims Reserve), the Legacy Entities 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 Entities Reserves and that is made available to the Recovery Funds and Disputed Claims Reserves or otherwise becomes TKAM Available Cash, TKC Available Cash, or TKF Available Cash, as applicable, in accordance with section 5.5(d)(i) of the Plan, and (iii) any Residual Value attributable to or funded by the Debtors. Additionally, $100,000 of the Plan Settlement Turnover Amount 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 PSAN PI/WD Claims Reserve, are in excess of the amount necessary to satisfy the purpose for which such reserve was established. The Claims Administrators' determination of whether the amounts available in the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are in excess of the amounts necessary to satisfy the purposes for which such reserves were established 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 Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity (as applicable) have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Surplus Reserved Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (2) second, be allocated to the Reorganized TK Holdings Trust Reserve to the extent such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (3) third, become Available Cash of the applicable Debtor and deposited into the applicable Recovery Funds and Disputed Claims Reserves pursuant to the Distribution Formula, if applicable; *provided, however*, that no Surplus Reserved Cash from the Claims Reserves 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 Entity 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 Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity (as applicable) have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Surplus Reserved Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, and (2) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Surplus Reserved Cash and (b) otherwise remain in the Reorganized TK Holdings Trust Reserve. The Legacy Trustee shall periodically determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on the Claims Estimation Report. Following the dissolution of the Reorganized TK Holdings Trust, any Surplus Reserved Cash from the Reorganized TK Holdings Trust Reserve 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 Entity Reserve to the extent that the Warehousing Entity has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established and (b) otherwise remain in the Post-Closing Reserve. After the expiration of the Operating Term and wind down of Reorganized Takata, any remaining Surplus Reserved

Cash from the Post-Closing Reserve shall be allocated in accordance with section 5.8(l) of the Plan.

(iv) Surplus Reserved Cash from Warehousing Entity Reserve. Prior to the dissolution of the Warehousing Entity, 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 Entity Reserve are in excess of the amounts necessary to satisfy the purpose for which such reserve was established. If the Plan Administrator determines that a surplus exists in the Warehousing Entity Reserve as of the date of such determination, such Surplus Reserved Cash 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 Entity Reserve. Following dissolution of the Warehousing Entity, any Surplus Reserved Cash from the Warehousing Entity Reserve shall be allocated in accordance with section 5.9(h) 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 Entity Reserve to the extent that Reorganized Takata, the Reorganized TK Holdings Trust, and the Warehousing Entity (as applicable) have not been dissolved and any such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (b) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Reorganized TK Holdings Trust Post-Closing Cash, and (c) third, to the Reorganized TK Holdings Trust Reserve regardless of whether such reserve is sufficiently funded to satisfy the purpose for which such reserve was established; *provided, however*, that Reorganized TK Holdings Trust Post-Closing Cash arising from distributions after the Effective Date on

account of Intercompany Interests held by TKAM, TKC, and TKF 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 PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on the Claims Estimation Report. Following the dissolution of the Reorganized TK Holdings Trust, any remaining Reorganized TK Holdings Trust Post-Closing Cash 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 Entity Reserve to the extent that the Warehousing Entity has not been dissolved and either reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Plan Administrator in consultation with the Legacy Trustee and (ii) second, to the Post-Closing Reserve regardless of whether such reserve is sufficiently funded to satisfy the purpose for which such reserve was established. After the expiration of the Operating Term and wind down of Reorganized Takata, any remaining Reorganized Takata Post-Closing Cash shall be allocated in accordance with section 5.8(l) of the Plan.

(iii) Warehousing Entity Post-Closing Cash. Prior to the dissolution of the Warehousing Entity, Warehousing Entity Reserve Post-Closing Cash shall, on each six-month anniversary of the Effective Date, be allocated (a) first, to the Warehousing Entity Reserve and/or the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Post-Closing Cash to be in the discretion of the Plan Administrator in consultation with the Legacy Trustee and (b) second, to the Warehousing

Entity Reserve regardless of whether such reserve is insufficiently funded to satisfy the purpose for which such reserve was established. Following dissolution of the Warehousing Entity, any remaining Warehousing Entity Reserve Post-Closing Cash shall be allocated in accordance with section 5.9(h) 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) OEM Unsecured Claims), (ii) the PSAN PI/WD Trustee, and (iii) the Special Master in his 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) OEM Unsecured Claims), (ii) maintaining the Claims Reserves, (iii) making Distributions to holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), and (iv) being the sole member of TK Global LLC for the benefit of holders of Claims. The Reorganized TK Holdings Trust 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 have the power and authority to (i) hold, manage, sell, invest, and distribute the Reorganized TK Holdings Trust Assets to the holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims) and the PSAN PI/WD Trustee, (ii) hold the Reorganized TK Holdings Trust Assets for the benefit of holders of Allowed Claims (other than Allowed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (iii) hold, manage, sell, invest, and distribute the Reorganized TK Holdings Trust Assets obtained through the exercise of its power and authority, (iv) maintain and administer the Claims Reserves and the Reorganized TK Holdings Trust Reserve, (v) prosecute and resolve objections to Disputed Claims (other than Disputed (a) PSAN PI/WD Claims, (b) after the Non-PSAN PI/WD Claims Termination Date, Administrative Expense PI/WD Claims and Administrative Expense PSAN PI/WD Claims, and (c) OEM Unsecured Claims), (vi) perform such other functions as are provided in the Plan and the Reorganized TK Holdings Trust Agreement, and (vii) administer the closure of the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules, in all cases, consistent with 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. The Legacy Trustee's proposed compensation shall be included in the Plan Supplement.

(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 the Reorganized TK Holdings Trust.** The Reorganized TK Holdings Trust will be treated as a trust described in Subpart C of Subchapter J of the Internal Revenue Code and the regulations promulgated thereunder (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 Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity have not been dissolved and either such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, with such allocation of Dissolution Date Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator, (ii) second, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to the applicable Debtor's Allocable Share of such Dissolution Date Cash, and (iii) third, to the Post-Closing Reserve and/or the Warehousing Entity Reserve to the extent that Reorganized Takata and/or the Warehousing Entity have not been dissolved, with such allocation of Dissolution Date Cash to be in the discretion of the Legacy Trustee in consultation with the Plan Administrator. The Legacy Trustee shall determine whether the Claims Reserves with respect to Administrative Expense PSAN PI/WD Claims and Post-Closing PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After Reorganized Takata and the Warehousing Entity have been dissolved, each Debtor's Allocable Share of the Residual Value of the Reorganized TK Holdings Trust 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.

(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 ***TK Global LLC***

(a) **Ownership and Purpose of TK Global LLC**. On or before the Effective Date, all necessary steps shall be taken to form TK Global LLC. The Reorganized TK Holdings Trust shall be the sole member of TK Global LLC. TK Global LLC shall be established to own the sole equity interest in Reorganized TK Holdings and all the equity interests in the Warehousing Entity, both for the benefit of holders of Claims. The Plan Administrator and the Oversight Committee shall be appointed to TK Global LLC.

(b) **The Plan Administrator.**

(i) On the Effective Date, the Plan Administrator shall be appointed solely to perform the Authorized Purposes. In furtherance of and consistent with the purpose of the TK Global Operating Agreement, the Plan Administrator shall act as the chief executive officer of TK Global LLC and oversee, along with the Oversight Committee, the management of TK Global LLC. The Plan Administrator will be responsible for developing budgets, forecasts, and cash flow projections and reporting against budgets for TK Global LLC and its subsidiaries, each subject to review and approval by the Oversight Committee.

(ii) The Plan Administrator shall be Michael Rains, the current Vice President of the Product Safety Group for TKH. The Plan Administrator shall be retained pursuant to the Plan Administrator Agreement. In the event the Plan Administrator resigns, is terminated, or is otherwise unable to serve for any reason, a successor shall be designated by the PSAN Consenting OEMs, as reasonably acceptable to the Debtors or Reorganized TK Holdings, as applicable, and the Consenting OEMs. The PSAN Consenting OEMs will have the right (subject to the reasonable consent of the Warehouse Consenting OEMs) to request that the Oversight Committee replace the Plan Administrator if the Independent Consultant 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.

(iii) The fees and expenses of the Plan Administrator shall be paid in accordance with the Plan Administrator Agreement from either (a) the Post-Closing Reserve, subject to the Reorganized Takata Business Model, as such fees and expenses relate to the Plan Administrator's oversight and administration of Reorganized Takata or (b) the Warehousing Entity Reserve, as such fees and expenses relate to all other services provided by the Plan Administrator, including in connection with the oversight and administration of the Warehousing Entity.

(c) **Oversight Committee.** The Oversight Committee comprised of three (3) members shall be appointed to serve as the board of managers of TK Global LLC. 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 over TK Global LLC. The Oversight Committee, among other things, will review and approve budgets, forecasts, and cash flow projections of TK Global LLC and its subsidiaries, including Reorganized Takata and the Warehousing Entity.

(d) **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 TK Global LLC, Reorganized Takata's estates, and the Warehousing Entity, including the services the Plan Administrator provides to Reorganized Takata related to the manufacture and sale of PSAN Inflators to PSAN Consenting OEMs, the liquidation of Reorganized Takata's remaining assets, the services the Plan Administrator provides to the Warehousing Entity related to the warehousing, shipping, and disposal of the Warehoused PSAN Assets, and the liquidation of the Warehousing Entity's remaining assets.

(e) **Shared Services Agreement.** Certain services shall be provided by TK Global LLC to each of Reorganized Takata and the Warehousing Entity in accordance with the scope and the terms of the Shared Services Agreement.

(f) **U.S. Federal Income Tax Treatment of TK Global LLC.** TK Global LLC will be treated as an entity disregarded from its owner, the Reorganized TK Holdings Trust, for purposes of U.S. federal income tax.

(g) **Dissolution.** TK Global LLC, the Plan Administrator, and the Oversight Committee shall be dissolved or discharged, as applicable, upon completion of their duties, but in no event shall TK Global LLC be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

5.8 ***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, TK Global LLC shall become the sole equity interest holder of Reorganized TK Holdings. As of the Effective Date, the terms of the current members of the board of TKH shall expire without further action by any Person. Except as provided herein or in the Plan Administrator Agreement, the management of Reorganized Takata shall be the responsibility of the Plan Administrator.

(b) **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.

(c) **Post-Closing Reserve.** The Post-Closing Reserve shall provide the initial capitalization for Reorganized Takata, and the Reorganized Takata Post-Closing Cash shall provide the working capital for Reorganized Takata. The anticipated costs of winding down Reorganized Takata are to be covered from the Post-Closing Reserve (to the extent available) and the Reorganized Takata Post-Closing Cash. The Post-Closing Reserve 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.

(d) **Post-Closing PSAN PI/WD Claims Reserve.** The Post-Closing PSAN 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 PSAN PI/WD Claims, as set forth in the Updated Claims Estimation Report, shall be transferred from the Post-Closing PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust, and the PSAN PI/WD Trustee shall thereafter be responsible for resolving and paying Post-Closing PSAN PI/WD Claims.

(e) **Employees.** Reorganized Takata shall retain or hire employees as necessary to manufacture and sell PSAN Inflators after the Effective Date, including equipment and machinery operators, safety and regulatory specialists and engineers. Certain personnel of the Plan Sponsor shall resign from Plan Sponsor and shall be hired by Reorganized Takata, if necessary, pursuant to the Transition Services Agreement. In some instances, services of certain employees of TK Global LLC shall be provided to Reorganized Takata pursuant to the terms of the Shared Services Agreement, and such employees shall be paid directly from the Post-Closing Reserve in accordance with the Reorganized Takata Business Model.

(f) **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 with respect to Reorganized Takata as set forth in the Plan have been fully performed.

(g) **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.

(h) **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.

(i) **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.

(j) **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.

(k) **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.

(l) **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 5.8(g) of the Plan and fund the Post-Closing PSAN PI/WD Claims Reserve pursuant to either the Claims Estimation Report or Updated Claims Estimation Report, as applicable, (ii) second, to the Warehousing Entity Reserve to the extent that the Warehousing Entity has not been dissolved, (iii) third, to the Reorganized TK Holdings Trust Reserve to the extent that the Reorganized TK Holdings Trust has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (iv) fourth, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to an applicable Debtor's Allocable Share of such Dissolution Date Cash; *provided*, *however*, that no Dissolution Date Cash in Reorganized Takata contributed by a non-Debtor affiliate 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 PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After the Warehousing Entity has been dissolved, each Debtor's Allocable Share of the Residual Value of Reorganized Takata 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.

(m) **Reorganized Takata Organizational Documents.** The organizational documents of Reorganized Takata, including the Reorganized TK Holdings Organizational Documents, shall require the consent of the Requisite PSAN Consenting OEMs to make certain material amendments to such documents.

(n) **U.S. Federal Income Tax Treatment of Reorganized TK Holdings.** Reorganized TK Holdings will be treated as a corporation for U.S. federal income tax purposes. Reorganized TK Holdings shall file (or cause to be filed) statements, returns, or disclosures relating to Reorganized TK Holdings that are required by any governmental unit. The Plan Administrator shall be responsible for payment, out of Reorganized Takata Post-Closing Cash, of any taxes imposed on Reorganized TK Holdings, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of Reorganized TK Holdings under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, Reorganized TK Holdings for all taxable periods through the dissolution of Reorganized TK Holdings.

(o) **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), solely 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.

5.9 *The Warehousing Entity.*

(a) **Ownership and Governance of the Warehousing Entity.** On or before the Effective Date, and in accordance with and pursuant to the terms of the Plan, TK Global LLC shall be the holder of all the equity interests of the Warehousing Entity. Except as provided herein or in the Plan Administrator Agreement, the management of the Warehousing Entity shall be the responsibility of the Plan Administrator.

(b) **Warehousing Entity Organizational Documents.** On or before the Effective Date, all necessary steps shall be taken to establish the Warehousing Entity, including the adoption of the Warehousing Entity Organizational Documents. In the event of any conflict between the terms of the Plan and the terms of the Warehousing Entity Organizational Documents, the terms of the Warehousing Entity Organizational Documents shall govern.

(c) **Purpose of the Warehousing Entity.** The Warehousing Entity 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 any other obligations related to the Warehoused PSAN Assets; *provided*, *however*, that the Warehousing Entity shall only be responsible for the maintenance, shipping, and disposal of PSAN Inflators returned to and warehoused by Takata prior to the Effective Date (including those PSAN Inflators that the Warehouse Consenting OEMs demonstrate, by documentation or otherwise, are in transit to Takata as of the Effective Date). Notwithstanding the foregoing, upon request by a Warehouse Consenting OEM, the Warehousing Entity and such Warehouse Consenting OEM shall enter into an agreement for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date as long as (i) such agreement is in form and substance acceptable to the Warehousing Entity and such Warehouse Consenting OEM and (ii) all related costs are the sole responsibility of and paid by such Warehouse Consenting OEM. The Warehousing Entity shall be responsible for the payment of the Debtors' share of the costs of maintenance, shipping, and disposal of the Warehoused PSAN Assets returned prior to the Effective Date. The Debtors' share of such costs 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 Entity 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 Entity Reserve is not otherwise fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates. For the avoidance of doubt, except with respect to certain obligations of the Plan Sponsor set forth in the Plan Sponsor Backstop Funding Agreement and the Transition Services Agreement, the Plan Sponsor shall have no obligations related to the maintenance, warehousing, shipping, or disposal of PSAN Inflators. On the Effective Date, the Warehousing Entity 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 Entity under and as set forth in the Plan Sponsor Backstop Funding Agreement.

(d) **The Warehousing Entity Assets.** The Warehousing Entity shall consist of the Warehousing Entity Assets, including the Warehousing Entity Reserve. On the Effective Date, the Debtors shall transfer all the Warehousing Entity Assets to the Warehousing Entity free and clear of all Claims, Interests, Liens, other encumbrances, and liabilities of any kind. On the Effective Date, the Warehoused PSAN Assets held by the Debtors shall vest in and be assumed and assigned to the Warehousing Entity and, subject to any limitations under law or contract, the Warehoused PSAN Assets held by certain non-Debtor affiliates shall be transferred and assigned to the Warehousing Entity.

(e) **Employees.** The Warehousing Entity shall retain or hire employees as necessary to administer and maintain the Warehoused PSAN Assets. In some instances, services of certain employees of TK Global LLC or Reorganized Takata shall be provided to the Warehousing Entity pursuant to the terms of the Shared Services Agreement, and such employees shall be paid directly from the Warehousing Entity Reserve.

(f) **U.S. Federal Income Tax Treatment of Warehousing Entity.** The Warehousing Entity will be treated as a corporation for U.S. federal income tax purposes. The Warehousing Entity shall file (or cause to be filed) statements, returns, or disclosures relating to the Warehousing Entity that are required by any governmental unit. The Plan Administrator shall be responsible for payment, out of the Warehousing Entity Reserves, of any taxes imposed on the Warehousing Entity or the Warehousing Entity Assets, including estimated and annual U.S. federal income taxes. The Plan Administrator may request an expedited determination of taxes of the Warehousing Entity under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Warehousing Entity for all taxable periods through the dissolution of the Warehousing Entity.

(g) **Dissolution.** The Warehousing Entity shall be dissolved upon completion of its purposes and obligations, including under any agreements entered into by the Warehousing Entity and Warehousing Consenting OEMs for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date and when all Warehousing Entity Assets have been liquidated, but in no event shall the Warehousing Entity be dissolved later than the Non-PSAN PI/WD Claims Termination Date or such shorter or longer period authorized by the Bankruptcy Court.

(h) **Dissolution Date Cash and Residual Value.** Any Dissolution Date Cash in the Warehousing Entity remaining upon dissolution of the Warehousing Entity pursuant to section 5.9(g) of the Plan shall be available (i) first, to pay all creditors of the Warehousing Entity, (ii) second, to the Post-Closing Reserve to the extent that Reorganized Takata has not been dissolved, (iii) third, to the Reorganized TK Holdings Trust Reserve to the extent that the Reorganized TK Holdings Trust has not been dissolved and such reserve is insufficiently funded to satisfy the purpose for which such reserve was established, and (iv) fourth, to a Claims Reserve to the extent that it is insufficiently funded to satisfy the purpose for which such reserve was established, but solely as to an applicable Debtor's Allocable Share of

such Dissolution Date Cash; *provided, however*, that no Dissolution Date Cash in the Warehousing Entity contributed by a non-Debtor affiliate 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 PSAN PI/WD Claims are insufficiently funded to satisfy the purposes for which such reserves were established based on either the Claims Estimation Report or Updated Claims Estimation Report, as applicable. After Reorganized Takata has been dissolved, each Debtor's Allocable Share of the Residual Value of the Warehousing Entity 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 Entity 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 Entity Reserve.

5.10 ***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 (i) assume the liability for all PSAN PI/WD Claims against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (ii) administer, process, settle, resolve, and liquidate such PSAN PI/WD Claims and, after the Non-PSAN PI/WD Claims Termination Date, the Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (iii) use the amounts transferred by the IIM Claims Reserve, the SMX Claims Reserve, the TDM Claims Reserve, the TKH Claims Reserve, and the Post-Closing PSAN PI/WD Claims Reserve to the PSAN PI/WD Trust on the Non-PSAN PI/WD Claims Termination Date to satisfy and make payments to holders of Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims, (iv) establish segregated bank accounts to hold funds sufficient to pay in full all estimated Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims on the Non-PSAN PI/WD Claims Termination Date, and (v) use the PSAN PI/WD Funds to satisfy and make payments to holders of PSAN PI/WD Claims that qualify for a recovery under this Plan, all in accordance with the terms of the Plan (including section 5.10(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, account for, and maintain each PSAN PI/WD Top-Up Amount contributed by each Participating OEM in separate PSAN PI/WD Top-Up Funds. The PSAN PI/WD Trust 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 PSAN PI/WD Claims in such a way that the holders of PSAN PI/WD Claims, Administrative Expense PI/WD Claims, Administrative Expense PSAN PI/WD Claims, and Post-Closing PSAN PI/WD Claims are treated equitably and in a substantially similar manner, respectively, subject to the terms of the Plan, the PSAN PI/WD Trust Agreement, and the PSAN PI/WD TDP to the extent applicable. The PSAN PI/WD Claims

against the Protected Parties 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.

(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, with the consent of the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, and the PSAN PI/WD OEM Advisory Committee, in accordance with the terms thereof and the PSAN PI/WD Trust Agreement; *provided, however*, that such modifications are not inconsistent with 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 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 PSAN 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 against the Debtors and the Protected Parties, 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 PSAN PI/WD Claims (in the case (ii) through (iv), after the Non-PSAN PI/WD Claims Termination Date), and (v) all PSAN PI/WD

Trust Expenses. The PSAN PI/WD Trust 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 PSAN PI/WD Claims that the Protected Parties, Debtors or Reorganized Debtors have or would have had under applicable law and solely to the extent consistent with the PSAN PI/WD Trust Agreement and PSAN PI/WD TDP, as applicable.

(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 in accordance with the PSAN PI/WD Trust Agreement and the PSAN PI/WD TDP, from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds in accordance with this Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii); *provided, however* that such PSAN PI/WD Top-Up Amounts 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 PSAN PI/WD Claims.** After the Non-PSAN PI/WD Claims Termination Date, the Post-Closing PSAN PI/WD Claims Reserve shall be

transferred to the PSAN PI/WD Trust and used to pay Post-Closing PSAN PI/WD Claims in the full amount of such Claims.

(k) **Excess Assets in the PSAN PI/WD Trust.** On the PSAN PI/WD Trust Termination Date, after the payment of all PSAN PI/WD Claims that are entitled to a Distribution from the PSAN PI/WD Trust, Allowed Administrative Expense PI/WD Claims, Allowed Administrative Expense PSAN PI/WD Claims, and PSAN PI/WD Trust Expenses that have been provided for and the liquidation of all assets then held by the PSAN PI/WD Trust, any remaining value in the PSAN PI/WD Funds shall be distributed (i) first, to the Special Master for contribution to the DOJ PI/WD Restitution Fund and (ii) second, if the Special Master's appointment has concluded, then to a charity to be selected by the PSAN PI/WD Trustee. For the avoidance of doubt, nothing 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, except as expressly provided in the PSAN PI/WD Trust Agreement and the Participating OEM Contribution Agreements (as applicable); *provided, however*, that neither the PSAN PI/WD Trust Agreement nor the Participating OEM Contribution Agreements shall impose on the Plan Sponsor Parties any obligation to pay PSAN PI/WD Trust Expenses without their express consent.

(m) **PSAN PI/WD Trustee.** There shall be one (1) PSAN PI/WD Trustee. On the Confirmation Date, the Bankruptcy Court shall appoint the 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, which appointment shall require the consent of the Debtors if prior to the Effective Date, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, and the PSAN PI/WD OEM Advisory Committee. For purposes of any PSAN PI/WD Trustee performing his or her duties and fulfilling his or her obligations under the PSAN PI/WD Trust and the Plan, the PSAN PI/WD Trust and the PSAN PI/WD Trustee 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).

(n) **Compensation of the PSAN PI/WD Trustee and Retention of Professionals.** The PSAN PI/WD Trustee shall be entitled to compensation reasonably acceptable to the Debtors, which shall be payable from the PSAN PI/WD Trust Reserve, subject to the terms of the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee may retain and reasonably compensate, without Bankruptcy Court approval, counsel and other professionals as reasonably necessary to assist in his duties as PSAN PI/WD Trustee, subject to the terms of the PSAN PI/WD Trust Agreement. All fees and expenses incurred in connection with the foregoing shall be payable from the PSAN PI/WD Trust Reserve. For the avoidance of doubt, any professionals retained by the Special Master pursuant to the DOJ Restitution Order that are

performing services relating to the DOJ Restitution Order shall be compensated pursuant to the DOJ Restitution Order and not by the PSAN PI/WD Trust or from the PSAN PI/WD Trust Reserve. The only costs and fees of the Special Master and his professionals paid by the PSAN PI/WD Trust shall be those that are necessary solely due to the Special Master's role as PSAN PI/WD Trustee and that would not have otherwise been provided.

(o) **Future Claims Representative and the PSAN PI/WD Trust Committees.**

(i) Future Claims Representative. The PSAN PI/WD Trust Agreement shall provide for the continuation of the Future Claims Representative to represent the interests of holders of PSAN PI/WD Claims against the Debtors that will be asserted in the future based on injuries arising after the Petition Date. The Future Claims Representative shall have the functions and rights set forth in the PSAN PI/WD Trust Agreement. The initial Future Claims Representative shall be Roger Frankel so long as he is the Future Claims Representative in the Chapter 11 Cases as of the Effective Date. The PSAN PI/WD Trustee shall consult with the Future Claims Representative on matters pertaining to the general administration of the PSAN PI/WD Trust and must obtain the consent of the Future Claims Representative on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to compensation of the PSAN PI/WD Trust Advisory Committee, Future Claims Representative, or PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the terms and successorship of the Future Claims Representative, as all set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee shall meet with the Future Claims Representative no less frequently than quarterly. The Future Claims Representative shall receive reasonable compensation for his services and may utilize professionals in the performance of his duties, and the Future Claims Representative and his professionals shall be entitled to reasonable reimbursement by the PSAN PI/WD Trust, subject to compliance with an agreed upon budget that shall be set forth in the PSAN PI/WD Trust Agreement.

(ii) PSAN PI/WD Trust Advisory Committee. The PSAN PI/WD Trust Agreement shall provide for the establishment of the PSAN PI/WD Trust Advisory Committee to

represent the interests of holders of current PSAN PI/WD Claims. The PSAN PI/WD Trust Advisory Committee shall have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The initial PSAN PI/WD Trust Advisory Committee shall consist of three members who shall be disclosed in the Plan Supplement. The PSAN PI/WD Trust Agreement shall provide that the PSAN PI/WD Trustee shall consult with the PSAN PI/WD Trust Advisory Committee on matters pertaining to the general administration of the PSAN PI/WD Trust and must obtain the consent of the PSAN PI/WD Trust Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to compensation of the PSAN PI/WD Trust Advisory Committee, the Future Claims Representative, or the PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the terms and successorship of the PSAN PI/WD Trust Advisory Committee members, all as set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee shall meet with the PSAN PI/WD Trust Advisory Committee no less frequently than quarterly. The PSAN PI/WD Trust Advisory Committee shall receive reasonable compensation for its services and may utilize professionals in the performance of its duties, and the members of the PSAN PI/WD Trust Advisory Committee and their professionals shall be entitled to reasonable reimbursement by the PSAN PI/WD Trust, subject to compliance with an agreed upon budget that shall be set forth in the PSAN PI/WD Trust Agreement; *provided*, *however*, that such compensation and reimbursement shall be funded solely through contributions to the PSAN PI/WD Trust by Participating OEMs in accordance with a funding allocation agreement to be agreed upon by the Participating OEMs.

(iii) PSAN PI/WD OEM Advisory Committee. The PSAN PI/WD Trust Agreement shall provide for the establishment of the PSAN PI/WD OEM Advisory Committee to represent the interests of the Participating OEMs. The PSAN PI/WD OEM Advisory Committee shall have the functions and rights provided for in the PSAN PI/WD Trust Agreement. The initial PSAN PI/WD OEM Advisory Committee shall consist of the Initial Participating OEM(s)

and up to two additional Participating OEM members who shall be disclosed in the Plan Supplement. The PSAN PI/WD Trust Agreement shall provide that the PSAN PI/WD Trustee shall obtain the consent of the PSAN PI/WD OEM Advisory Committee on certain matters, including payment ratios and percentages, medical criteria, proof of claim materials, evidentiary requirements, forms of release, termination of the PSAN PI/WD Trust, settlement of rights assigned to the PSAN PI/WD Trust, changes to the compensation of the PSAN PI/WD Trust Advisory Committee, the Future Claims Representative, and the PSAN PI/WD Trustee, structural changes to the PSAN PI/WD Trust, methods and manner of auditing the PSAN PI/WD Trust, and the term and successorship of the PSAN PI/WD OEM Advisory Committee members, all as set forth in the PSAN PI/WD Trust Agreement. The PSAN PI/WD Trustee shall meet with the PSAN PI/WD OEM Advisory Committee no less frequently than quarterly. For the avoidance of doubt, no fees or expenses of the PSAN PI/WD OEM Advisory Committee shall be payable or reimbursed by the PSAN PI/WD Trust.

(p) **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 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 5.10(p)(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.

(q) **U.S. Federal Income Tax Treatment of the PSAN PI/WD Trust.** The PSAN PI/WD Trust shall be a "qualified settlement fund" within the meaning of Treasury Regulation section 1.468B-1. The PSAN PI/WD Trust shall file (or cause to be filed) statements, returns, or disclosures relating to the PSAN PI/WD Trust that are required by any governmental unit. The PSAN PI/WD Trustee shall be responsible for the payment, out of the PSAN PI/WD Trust Reserve, of any taxes imposed on the PSAN PI/WD Trust or the PSAN PI/WD Trust Assets, including estimated and annual U.S. federal income taxes. The PSAN PI/WD Trustee may request an expedited determination of taxes on the PSAN PI/WD Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the PSAN PI/WD Trust for all taxable periods through the dissolution of the PSAN PI/WD Trust.

(r) **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 5.10(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.

(s) **Participating OEMs.**

(i) Opt-In Election. Individual Consenting OEMs may elect to become Participating OEMs during the Initial Opt-In Period. Individual Consenting OEMs may extend their opt-in period by an additional period of time after the conclusion of the Initial Opt-In Period by executing an opt-in extension agreement and remitting an option payment that is acceptable to the PSAN PI/WD Trustee, the Future Claims Representative, the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and such Consenting OEM. After expiration of the Initial Opt-In Period, pending PSAN PI/WD Claims asserted against a Consenting OEM that elects to become a Participating OEM after such expiration shall not be channeled to the PSAN PI/WD Trust to the extent the applicable holders of such PSAN PI/WD Claims object, although PSAN PI/WD Claims against such Consenting OEM asserted after such election shall be channeled to the PSAN PI/WD Trust and the Participating OEM shall be released from liability subject to the terms of the Plan, the PSAN PI/WD Trust Agreement, and the Participating OEM Contribution Agreement. A Participating OEM may limit its election to become a Participating OEM with respect to only its vehicles that are subject to recall and, in such event, shall agree to a consent order or other appropriate documentation expressly indicating the PSAN PI/WD Claims involving non-recalled vehicles are not released or channeled to the PSAN PI/WD Trust. Consenting OEMs that are not Participating OEMs may make an irrevocable election at any time not to participate in the PSAN PI/WD Trust. If a Consenting OEM elects to become a Participating OEM after the date of the Disclosure Statement hearing, then the Debtors (if before the Effective Date) or the PSAN PI/WD Trust (if after the Effective Date) shall provide notice of such election to all holders of pending PSAN PI/WD Claims relating to vehicles manufactured by such Participating OEM, and all costs of such additional noticing shall be reimbursed to the Debtors or the PSAN PI/WD Trust, as applicable, by such new Participating OEM.

(ii) Acceptance of Channeling Injunction. The ballots distributed to holders of PSAN PI/WD Claims pursuant to the Solicitation Procedures Order shall provide such holders the opportunity to indicate their support for the Channeling Injunction for the benefit of the Participating

OEM (or potential Participating OEM) that manufactured the vehicle containing the PSAN Inflator that is alleged to have resulted in such holders' PSAN PI/WD Claims.

(iii) Participating OEM Funding. On the date the Channeling Injunction becomes effective with respect to an individual Participating OEM (or at such later date as may be otherwise agreed to by the PSAN PI/WD Trustee, with the consent of the PSAN PI/WD Trust Advisory Committee, the PSAN PI/WD OEM Advisory Committee, and the Future Claims Representative, and the applicable Participating OEM), each Participating OEM shall deliver an executed Participating OEM Contribution Agreement to the PSAN PI/WD Trust. The Participating OEM Contribution Agreement shall require the Participating OEMs to make quarterly contributions to the PSAN PI/WD Trust in the amount of the PSAN PI/WD Claims associated with such Participating OEM's vehicles that are liquidated and entitled to payment during the quarterly period after application of the payments specified in section 5.10(g) of the Plan. If an individual Participating OEM defaults under its Participating OEM Contribution Agreement, after a reasonable opportunity to cure, on its obligations to the PSAN PI/WD Trust pursuant to the Participating OEM Contribution Agreement, the Channeling Injunction and related releases provided for pursuant to the Plan shall be null and void with respect to such Participating OEM for all PSAN PI/WD Claims that could otherwise be asserted against such Participating OEM that were not liquidated and paid by the PSAN PI/WD Trust at the time of the default; *provided, however,* that nothing herein shall limit the rights of the PSAN PI/WD Trust to seek any and all remedies against any such defaulting Participating OEM.

(iv) Indemnification. 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. The PSAN PI/WD Trust shall not be obligated to provide the indemnification set forth in this section 5.10(s)(iv) if, after exercising its best efforts, the PSAN PI/WD Trust is unable to obtain insurance for such obligations at a reasonable cost, with any such cost to be funded solely by the Participating OEMs.

(t) **Insurance Neutrality.**

(i) Nothing contained in the Plan, the Plan Documents, or the Confirmation Order, including any provision that purports to be preemptory or supervening, shall in any way operate to, or have the effect of, impairing, altering, supplementing, changing, expanding, decreasing, or modifying (a) the rights of any of the Insurers or (b) any rights or obligations of the Debtors arising out of or under any Insurance Policy. For all issues relating to insurance coverage or otherwise, the provisions, terms, conditions, and limitations of the Insurance Policies shall control.

(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.

5.11 ***TKC Restructuring Transaction.***

Upon entry of the Confirmation Order and prior to or on the Effective Date, TKC shall be authorized to assume, in one or more transactions, some or all of TSAC's obligations under the Global Settlement Agreement to pay or cause to be paid certain settlement amounts owed to the Consenting OEMs and/or certain of their affiliates. TKC's assumed payment obligation(s) shall (i) constitute Administrative Expense Claims against TKC, (ii) be in an amount equal to any dividend(s) made by TSAC to TKC, and (iii) be conditioned on receipt of such dividends. Such dividend(s) shall be used solely to pay the TSAC payment obligation(s) assumed by TKC under the Global Settlement Agreement. For the avoidance of about, nothing in this section 5.11 of the Plan shall be construed as limiting or otherwise altering the Plan

Sponsor's right to receive the Plan Sponsor Backstop Funding Repayment from distributions to TKC after the Effective Date on account of Intercompany Interests held by TKC in TSAC.

5.12 *Mexico Restructuring Transaction.*

Notwithstanding anything to the contrary in the *Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Waiving the Requirements of 11 U.S.C. 345(b)* [Docket No. 736], upon entry of the Confirmation Order, IIM, SMX, TDM, and TKHDM shall be authorized to take any and all steps necessary to prepare for the closing of the sale of the Purchased Assets to the Plan Sponsor pursuant to the U.S. Acquisition Agreement. Such steps may include (i) completing any remaining unperformed steps authorized by the Bankruptcy Court pursuant to the *Order for Authority to Effect Certain Pre-Restructuring Steps and Transactions with Respect to the Debtors' Mexican Affiliates Necessary for the Global Transaction* [Docket No. 1314], including the sale of certain assets and liabilities of SMX, (ii) undertaking any changes to the cash management and cash pooling arrangement in Mexico that the Debtors deem necessary in furtherance of the Restructuring Transactions, (iii) satisfying some or all prepetition and postpetition Intercompany Claims owed by TKHDM to IIM, SMX, TDM, and the Debtors' non-Debtor Mexican affiliates in connection with the cash pooling arrangement in Mexico, and (iv) making, approving, or receiving intercompany transfers, dividends, or capital contributions between and among TKHDM, IIM, SMX, TDM and the Debtors' non-Debtor Mexican affiliates in furtherance of the Restructuring Transactions.

5.13 *Charters; By-laws.*

The charters, by-laws, 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 5.8(m).

5.14 *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.

5.15 *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.

5.16 *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 5.16 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 5.16 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.

5.17 *Closing of the Chapter 11 Cases.*

When all Disputed Claims (other than Disputed PSAN PI/WD Claims) filed against the Debtors have become Allowed Claims or have been Disallowed, all of the Reorganized TK Holdings Trust Assets have been distributed in accordance with the Plan, and all Allowed Claims (other than PSAN PI/WD Claims) have been satisfied in accordance with the Plan, the Legacy Trustee shall seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

5.18 *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 5.18(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 Entity 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 Entity Reserve are not fully funded on the Effective Date taking into account any amounts funded by the Debtors' non-Debtor affiliates, the Cash Proceeds 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 5.18(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, other than the Plan Settlement Turnover Amount, be paid by the Debtors from the Cash Proceeds as follows: (i) first, from the TKC Cash Proceeds; (ii) second, from the TKAM Cash Proceeds; (iii) third, from the TKF Cash Proceeds; (iv) fourth, from the IIM Cash Proceeds; (v) fifth, from the TDM Cash Proceeds; (vi) sixth, from the SMX Cash Proceeds, and (vii) seventh, from the TKH Cash Proceeds. For the avoidance of doubt, the Plan Settlement Payment shall not be paid under clauses (ii) through (vii) hereof unless the applicable Debtor's Cash Proceeds in the immediately preceding clause are exhausted. The Consenting OEMs have directed that the Plan Settlement Turnover Amount be paid by the TKH Debtors from the TKH Cash Proceeds.

(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 5.18(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) 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) 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 Entities 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 revest 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, or such lower amount as determined by the Disbursing Agent, to any holder of an Allowed General Unsecured Claim; *provided*, *however*, that if any Distribution is not made pursuant to 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 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 Entities, 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 at any time on or prior to January 30, 2018 on the counterparties to any executory contract or unexpired lease included on the Schedule of Assumed Contracts or the Schedule of Rejected Contracts in accordance with the Solicitation Procedures Order, (iii) is being assumed, assumed and assigned, or otherwise assigned pursuant to section 8.4 of 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 (iv) 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 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 assumptions and 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.

(d) Except as otherwise expressly set forth on the Cure Amount Notice, any contracts, engagement letters, retention agreements, and similar arrangements, in each case between the Debtors and any attorneys, accountants, financial advisors, investment bankers, or similar professionals, representatives, or advisors have not been included on the Cure Amount Notice and shall not be treated under the Plan as executory contracts subject to

assumption, assumption and assignment, or rejection. Counterparties to any such contracts, engagement letters, retention agreements, and similar arrangements were required to file proofs of claim by the General Bar Date (as defined in the Bar Date Order) and any Allowed Claims relating thereto shall be treated as Other General Unsecured Claims against the applicable Debtor.

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 and serve on all required parties, as directed in the Solicitation Procedures Order, the Cure Amount Notice no later than thirty (30) days prior to the Confirmation Hearing, which Cure Amount Notice shall be in form and substance reasonably acceptable to the Plan Sponsor. If a counterparty to an executory contract or unexpired lease (excluding, for the avoidance of doubt, any OEM Assumed Contract) is not listed on such Cure Amount Notice, the proposed Claim Cure for such executory contract or unexpired lease shall be deemed to be zero dollars ($0); *provided*, *however*, that the foregoing shall not apply to those counterparties not listed on the Cure Amount Notice that otherwise file a proof of Claim with the Bankruptcy Court.

(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 Amount 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 5.18 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. For the avoidance of doubt, any Purchase Orders between any Debtor and any OEM relating solely to PSAN Inflators not assumed or assumed and assigned pursuant to this section 8.4 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 6 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 Entities 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;

(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. 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 ***Injunction against Interference with Plan.***

Upon entry of the Confirmation Order, all holders of Claims and Interests shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan; *provided*, *however*, that the foregoing shall not enjoin any party to the U.S. RSA, the Definitive Documentation (as defined in the U.S. RSA), or the Global Documentation (as defined in the U.S. RSA) from exercising any of its rights or remedies under such agreements, as applicable, in each case in accordance with the terms thereof.

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 any encumbrance of any kind or asserting any Released Claims in any manner, directly or indirectly, against a Plan Sponsor Party or any of its property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned in this subsection (iii) or any property of any such transferee or successor; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of 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 bound by this Plan, including the injunctions set forth in this section 10.5.**

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 or interactions between any Debtor and any Released Party (including the exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), the Restructuring Transactions, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Disclosure Statement, the U.S. Acquisition Agreement, the Global Accommodation Agreement, the U.S. RSA, and the Plan and related agreements, instruments, and other documents, and the negotiation, formulation, preparation or implementation thereof, the solicitation of votes with respect to the Plan, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that constitutes fraud, gross negligence or willful misconduct. For the avoidance of doubt, no OEM shall receive a release from holders of Claims and Interests pursuant to this section 10.6(b).

Notwithstanding anything to the contrary herein, nothing in this Plan shall release, bar, or discharge any liability of any OEM to any governmental unit, including any

Claim by any state attorney general or similar governmental unit enforcing consumer protection laws or any other statutory or common law or principles of equity for any Claim against any OEM, whenever arising, and nothing in this Plan shall stay or enjoin any state attorney general or similar governmental unit from enforcing consumer protection laws or any statutory or common law or principles of equity for any Claim, whenever arising, against an OEM. Further, notwithstanding any provision of this Plan, OEMs are not relieved from any obligations to address or comply with requests or inquiries from any state attorney general or similar governmental unit enforcing consumer protection laws. Nothing herein shall be a waiver or other limitation of any OEM's rights, Claims, and defenses with respect to any such Claims or other Causes of Action by a governmental unit.

(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 or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any way to such holders' PSAN PI/WD Claims. Notwithstanding anything to the contrary in the Plan, nothing in the Plan 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 3016 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 a Participating OEM shall be subject to (x) the consent of the Future Claims Representative and (y) the Bankruptcy Court or the District Court (as applicable) having determined that holders of PSAN PI/WD Claims in each applicable Class voting on the Plan in accordance with ARTICLE IV hereof have indicated their acceptance of the Channeling Injunction in a sufficient number within each such Class to support issuance of the Channeling Injunction for the benefit of the applicable Participating OEM. For the avoidance of doubt, the effectiveness of the Channeling Injunction and Releases by Holders of PSAN PI/WD Claims for the benefit of any Protected Party is not a condition to the Effective Date. In the event the Channeling Injunction and related provisions with respect to any Protected Party have not received requisite court approval as of the Effective Date, the Channeling Injunction and such related provisions set forth in the Plan shall be of no force and effect solely with respect to such

Protected Party unless and until requisite court approval is obtained. The notice of the occurrence of the Effective Date shall indicate whether and to what extent the Channeling Injunction is in effect as of the date thereof.

(g) **No Duplicative Recovery.** In no event will any holder of a PSAN PI/WD Claim against a Participating OEM be entitled to receive any duplicative payment, reimbursement or restitution from a Participating OEM under any theory of liability for the same loss, damage, or other Claim that is reimbursed by the PSAN PI/WD Trust or is otherwise based on the same events, facts, matters, or circumstances that gave rise to the PSAN PI/WD Claim.

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 Entity, including with respect to ongoing trade vendors, suppliers, licensors, manufacturers, strategic or other business partners, customers, employees, or counterparties to all Purchased Contracts to be acquired by the Plan Sponsor, assumed by Reorganized Takata, or assumed and assigned to the Warehousing Entity 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 ***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 or responsible for the knowledge or conduct of any Debtor prior to the Effective Date; 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 against the Debtors and the Protected Parties and, after the Non-PSAN PI/WD Claims Termination Date,

Administrative Expense PSAN PI/WD Claims and Administrative Expense PI/WD Claims and the forum in which such resolution 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 or before the Effective Date by the 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*

Subject to review by the U.S. Trustee, the Committees, and the Future Claims Representative for reasonableness in accordance with the RSA Order and the related procedures set forth in paragraph 9 thereof, 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 5.15 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 insure 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.
2500 Takata Drive
Auburn Hills, Michigan 48326
Attn: Keith Teel, Esq.

– 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.

Dated: January 5, 2018

By: /s/ Ken Bowling
Name: Ken Bowling
Title: Authorized Signatory

TK HOLDINGS INC.
TAKATA AMERICAS
TK FINANCE LLC
TK CHINA, LLC
TAKATA PROTECTION SYSTEMS INC.
INTERIORS IN FLIGHT INC.
TK MEXICO INC.
TK MEXICO LLC
TK HOLDINGS DE MEXICO, S. DE R.L. DE C.V.
INDUSTRIAS IRVIN DE MEXICO, S.A. DE C.V.
TAKATA DE MEXICO, S.A. DE C.V.
STROSSHE-MEX, S. DE R.L. DE C.V.

Exhibits and Schedules to the Plan

Exhibit 1

Customer Allocation Schedule

	Allocation Percentage
Consenting OEMs	
AB Volvo	0.0262715%
Aston Martin Lagonda Limited	0.0035929%
AvtoVAZ	0.7809270%
Beijing Benz Automotive Co., Ltd.	0.2579882%
BMW Brilliance Automotive Limited	0.0121577%
BMW Manufacturing Co., LLC	5.7051499%
Changan Ford Automobile Co., Ltd	0.2456295%
Changan Mazda Automobile Co., Ltd.	0.1608375%
Changan PSA Automobiles Co.,Ltd.	0.0398426%
Changchun Fengyue Company of Sichuan FAW Toyota Motor Co., Ltd.	0.0165428%
Chery Jaguar Land Rover	0.0209801%
China Motor Corporation	0.0116514%
Chongqing Lifan Passenger Vehicle Co., Ltd	0.1004922%
DAF Trucks NV	0.0010931%
Daimler AG	4.4693074%
Dongfeng Honda Automobile Co., Ltd.	1.2000105%
Dongfeng Motor Company Limited	0.6489813%
Dongfeng Passenger Vehicle Company	0.1463592%
FAW Car Co. Ltd.	0.9363337%
FCA US LLC	6.3289228%
Ferrari S.p.A.	0.0302433%
Ford Motor Company	5.3296826%
GAC-FCA Automobile Co., Ltd	0.0255468%
GAC Honda Automobile Co., Ltd.	1.0220562%
GAC Toyota Motor Co., Ltd.	0.1671380%
General Motors Holdings LLC	10.5968637%
Honda North America, Inc.	14.8277907%
Iveco S.p.A.	0.0001493%
Jaguar Land Rover Ltd	0.5060940%
Mazda Motor Corporation	3.1263407%
McLaren Automotive	0.0053663%
Mitsubishi Motors Corporation	1.4131898%
National Electric Vehicle Sweden AB	0.0001635%

Nissan North America, Inc.	5.8731402%
PCMA Rus Ooo	0.0064552%
Perusahaan Otomobil Kedua Sendirian Berhad	0.0830497%
Renault	0.0059243%
PSA Automobiles SA	1.8935601%
SAIC General Motors Corporation Limited	2.3666040%
Sichuan FAW Toyota Motor Co., Ltd.	0.0760393%
Subaru Corporation	1.4745446%
Tesla, Inc.	0.0942962%
Tianjin FAW Toyota Motor Co., Ltd.	0.8517936%
Toyota Motor Corporation	13.5681391%
Volkswagen AG	15.0799749%
Aggregate Consenting OEMs	**99.5372174%**
Non-Consenting OEMs	
Anhui Jianghuai Automobile Co., Ltd	0.0389697%
Atiwe Autoteile Herstellungs- und Vertriebs GmbH	0.0027888%
BAIC Motor Corporation, LTD.	0.0002856%
Dongfeng Yulon Motor Co., Ltd	0.0985566%
Forest River, Inc.	0.0000214%
Fujian Benz Automotive Co., Ltd.	0.0349843%
Gunagzhou Automobile Group Motor (HANGZHOU) Co., Ltd.	0.0048742%
Jiangxi Changhe Suzuki Automobile Co., Ltd.	0.0007794%
Karma Automotive LLC	0.0019225%
Maruti Suzuki India Limited	0.0033717%
SAIC Motor Corporation Limited Passenger Vehicle Co.	0.0064286%
Shanghai LTI Automobile Co., Ltd.	0.0010864%
Shenzhen DENZA New Energy Automotive Co., Ltd.	0.0089928%
South East Fujian Motor Co., Ltd.	0.0055823%
Spartan Motors, Inc.	0.0000269%
Tan Chong Motor Assemblies Sdn Bhd	0.0678964%
Tata Motors Limited	0.0017323%
Zhejiang Geely Automobile Parts & Components Stock Co., Ltd.	0.1311321%
Zhengzhou Nissan Automobile Co., Ltd.	0.0533505%
Aggregate Non-Consenting OEMs	**0.4627825%**
Aggregate All OEMs	**100.0000000%**

Exhibit 2

Initial Participating OEM(s)

The Consenting OEMs[1] listed below have elected to become Participating OEMs and, due to the timing of such election, are deemed to be Initial Participating OEMs under the terms of the Plan. The election by each such Consenting OEM to become a Participating OEM (and an Initial Participating OEM) is subject in all respects to (i) the confirmation and effectiveness of the Plan in form and substance acceptable to the Participating OEM(s), (ii) the entry of the Confirmation Order by the Bankruptcy Court and, if required, the District Court (solely with respect to the Channeling Injunction) in form and substance acceptable to the Participating OEM(s), (iii) negotiation and execution of definitive documents governing the PSAN PI/WD Trust and the payment of such Participating OEM(s)' PSAN PI/WD Top-Up Amount, including the PSAN PI/WD Trust Agreement, the PSAN PI/WD TDP, and the Participating OEM Contribution Agreement, in each case in form and substance acceptable to the Participating OEM(s), and (iv) the appointment of Eric Green as the PSAN PI/WD Trustee or, if Eric Green declines or is unable to fill the appointment, the appointment of an initial PSAN PI/WD Trustee (if applicable) or a PSAN PI/WD Trustee that is acceptable to the Participating OEM(s).

Initial Participating OEMs:

American Honda Motor Co., Inc. and its subsidiaries and affiliates

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

Exhibit 3

Plan Sponsor Backstop Funding Agreement

Joyson KSS Auto Safety S.A.

November 16, 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: <u>Plan Sponsor Backstop Funding</u>

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 **<u>Schedule 1</u>** (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 Strosshe-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 Inflator Recoveries***" means recoveries that are unrelated to claims on account of PSAN Inflators and unrelated to claims related to PSAN Inflator recalls, including any cure payments for non-PSAN Inflator contracts. For the avoidance of doubt, payments on account of OEM Full Recovery Claims are not Non-PSAN Inflator 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 Inflator (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 Inflator 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 responsibilidad 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 responsibilidad 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 Inflator 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 P**l**an 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

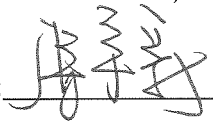
Title: Director

By: _____

Print Name: Yuxin Tang

Title: Director

KSS HOLDINGS, INC.

By: 

Print Name: Yuxin Tang

Title: Executive Director & President

Takata Corporation

By: _____

Print Name: Shigehisa Takada

Title: chairman & CEO

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 Holdings de Mexico, S. de R.L. de C.V.

By: Yoichiro Nomura

Print Name: Yoichiro Nomura

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

Industrias Irvin de Mexico, S.A. de C.V.

By: Yoichiro Nomura

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Title: Director

By: _____

Print Name: Carlos Alberto Valdez Andrade

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

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

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

TK Mexico LLC

By: _____

Print Name: Carlos Alberto Valdez Andrade

Title: President

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 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 Sachsen GmbH

By: _____

Print Name: Takao Yasuhara

Title: Managing Director

By: _____

Print Name: Claus Rudolf

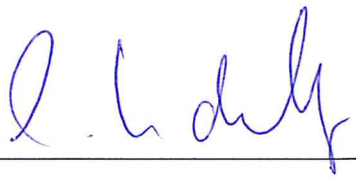
Title: Managing Director

TAKATA Aktiengesellschaft

By: 

Print Name: Takao Yasuhara

Title: Chairman of the Management Board, CEO

By: 

Print Name: Claus Rudolf

Title: Member of the Management Board, COO

By: 

Print Name: Stephen Kimmich

Title: Member of the Management Board, CFO

BMW Manufacturing Co., LLC

By: _____

Print Name: Knudt Flor

Title: Chief Executive Officer

By: _____

Print Name: Murat Aksel

Title: Vice President, Procurement

Daimler AG

By: _____

Print Name: Dr. Klaus Zehender

Title: Executive Vice President

By: i.v. _____ 16.11.17

Print Name: RACHNER

Title: SENIOR MANAGER

FCA US LLC f/k/a Chrysler Group LLC

By: Scott Thiele

Print Name: SCOTT THIELE

Title: CPO

FCA Group Purchasing Srl

By: Scott Thiele

Print Name: SCOTT THIELE

Title: CPO

FCA Fiat Chrysler Automóveis Brasil Ltda.

By:

Print Name: ANTONIO FILOSA

Title: Head of Purchasing FCA Latam

FCA Automobiles Argentina S.A.

By:

Print Name: ANTONIO FILOSA

Title: General Manager FCA Arg.

Emanuele Cappellano
CFO Latam

Ford Motor Company

By: M E Wall

Print Name: Michael Wall

Title: Sr. Purchasing Mgr.

General Motors Holdings LLC

By: _____

Print Name: M. W. Fischer

Title: Director, Supply Risk Mgt

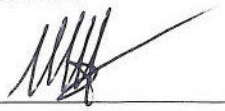
Honda Motor Co., Ltd.

By: _____

Print Name: Naoto Matsui

Title: Operating Officer

Jaguar Land Rover Ltd.

By: 

Print Name: I STHARVEY

Title: PURCHASING DIR

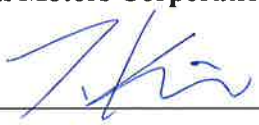
Mazda Motor Corporation

By: T. Nakamura

Print Name: Tetsuto Nakamura

Title: General Manager, Purchasing Div.

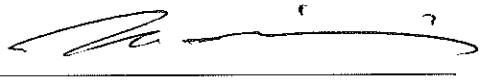
Mitsubishi Motors Corporation

By: 

Print Name: Toshifumi Kimura

Title: General Manager
Interior Parts and Aftersales Purchasing Dept.

Nissan Motor Co., Ltd.

By: 

Print Name: Makoto UCHIDA

Title: Corporate Vice President

PSA Automobiles SA

By: _____

Print Name: Gilles TESTU

Title: VP Stratégie, Processus, Systèmes, Relations et Risques fournisseurs

Opel Automobile GmbH

By: _____

Print Name: Michelle Wen Ralph Greb

Title: Purchasing Vice President Lead Counsel

Opel Automobile GmbH Rüsselsheim am Main Deutschland

Subaru Corporation

By: _____

Print Name: Masakiro Kasai

Title: Corporate Executive Vice President

Toyota Motor Corporation

By: M. Shirayanagi

Print Name: Masayoshi Shirayanagi

Title: Managing Officer

Aktiebolaget Volvo

By: _____

Print Name: ALESSANDRO GALLUZZI

Title: SENIOR VP PURCHASING

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

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
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.

[1] 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.

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	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 Sevice 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

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	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.

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	Honda Motor Europe Logistics N.V Honda Gulf FZE Honda Motor Southern Africa (PTY) Ltd Honda Motor India Private Ltd EXCLUDED ENTITIES CHINA JOINT VENTURES 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

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	Peugeot Citroen Argentina S.A. Peugeot Citroen Automobiles Maroc Opel Automobile GmbH, not only acting in its own name but also in the name and on behalf of any entity directly or indirectly controlled by it and involved in the procurement of PSAN parts or PSAN spare parts, including: Opel Manufacturing Poland Sp.z.o.o Opel España, S.L.U. Vauxhall Motors 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.

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	Toyota Motor Manufacturing, Mississippi, Inc. New United Motor Manufacturing, Inc. Toyota Motor Manufacturing, California, Inc. 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 **Excluded Entities:** Perusahaan Otomobil Kedua Sendirian Berhad (Second Automobile Manufacturer Private Limited), also known as "Perodua" Assembly Services Sdn. Bhd. CHINA JOINT VENTURES 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.
Volkswagen	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 Almencatla, 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,

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	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)
	Volkswagen of South Africa (Pty) Ltd
	103 Algoa Road, Uitenhage 6230, Republic of South Africa (Reg.Nr. 1946/023458/07)
	Volkswagen Group Rus
	Avtomobilnaya 1, 248926 Kaluga, Russian Federation (1025005336564)
	Audi AG
	Auto-Union-Straße 1, 85045 Ingolstadt, Germany
	AUDI HUNGARIA Zrt.
	9027 Gyor, 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
	Dr. Ing. h.c. F. Porsche Aktiengesellschaft
	Porscheplatz 1, 70435 Stuttgart, Germany
	Skoda Auto. a.s.
	Tr. Vaclava Klementa 869, 29360 Mlada Boleslav, Czech Republic (ID No.: 00177041, Prague, B332)
	Seat S.A.
	Autovía A-2, Km. 585, Apdo. de Correos 91, 08760 Martorell, Spain (C.I.F. A28049161)
	BENTLEY MOTORS LIMITED
	Pyms lane, Crewe, Cheshire, Cw1 3PL, United Kingdom (registered number: 00992897)
	Automobili Lamborghini S.p.A.
	Via Modena 12, 40019 Sant'Agata Bolognese, Italy
	MAN Truck & Bus AG
	Dachauer Str. 667 , 80995 München, Germany
	Scania CV AB
	SE-151 87 Södertälje, Sweden (RegNo. 556084-0976)
	SAIC Volkswagen Automotive Co. Ltd.

CONSENTING OEM	SCHEDULE 1 ENTITIES[1]
	201805 7 Yu Tian Road, Anting, Shanghai 201805, P.R. China FAW-Volkswagen Automotive Co., LTD Dongfeng Street, Changchun, Jilin, P.R. China
Volvo	LLC Volvo Component Mack Trucks, Inc. Volvo do Brasil Veiculas 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

[THE U.S. ACQUISITION AGREEMENT MAY BE FOUND AT DOCKET NO. 1110]

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 Orşova S.R.L. (Romania)
- Takata Parts Polska Sp.zo.o. (Poland)
- TAKATA Parts s.r.o. (Czech)[1]
- 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.[2]
- 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)

[1] 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.

[2] Subject to stock sale toggle pursuant to Section 7.20(c) of the U.S. Acquisition Agreement.

Schedule B

PSAN Consenting OEMs

PSAN Consenting OEMs may consist of the following (including their applicable subsidiaries and affiliates):

FCA US LLC

Nissan Motor Co., Ltd.

PSA Automobiles SA and Opel Automobile GmbH

Toyota Motor Corporation

Schedule C

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 and Opel Automobile GmbH

Subaru Corporation

Toyota Motor Corporation

Volkswagen Group of America, Inc.

EXHIBIT B to the Disclosure Statement

Post-Closing Date Structure

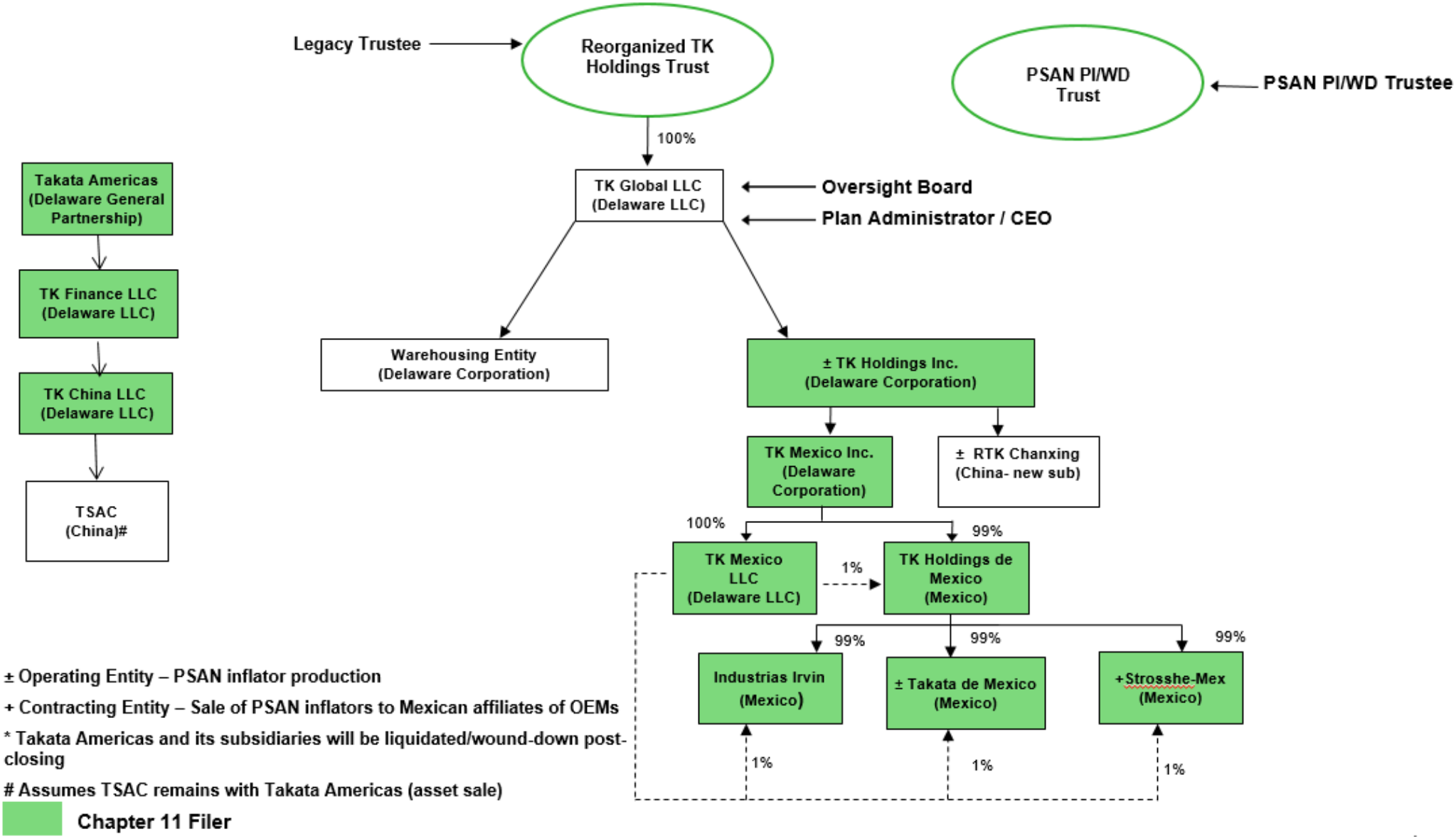


EXHIBIT C to the Disclosure Statement

PSAN PI/WD Claims Flow Chart

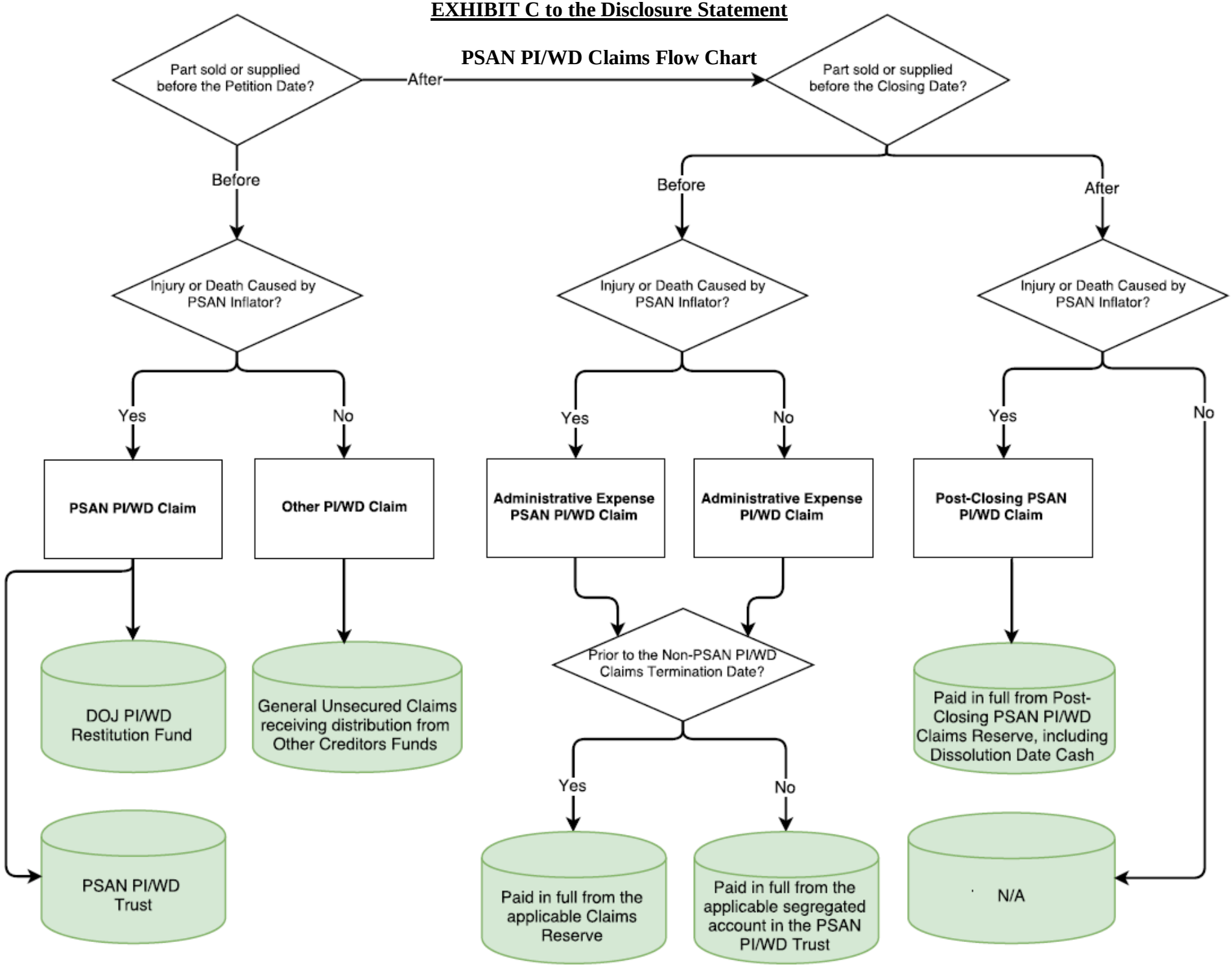


EXHIBIT D to the Disclosure Statement

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)	--	--
Purchase Price	$533.9	$441.1	($0.9)	$39.5	$15.3	$2.6	$36.3
(+) Balance Sheet Cash Available for Distribution	16.5	15.6	.9	--	--	--	--
(+) Value from Subsidiaries	--	39.5	--	(39.5)	--	--	--
Cash Proceeds	$550.4	$496.2	--	--	$15.3	$2.6	$36.3
Less -							
Funding of Reserves and Related Payments under the Plan	**Consolid.**	**TKH**	**TKAM**	**TKHM**	**TDM**	**IIM**	**SMX**
(-) Plan Settlement Turnover Amount	($.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
Effective Date Available Cash	$69.0	$68.7			$.1	$.1	$.1

EXHIBIT E to the Disclosure Statement[1]

EFFECTIVE DATE AVAILABLE CASH (ESTIMATED TO BE APPROXIMATELY $69 MILLION)

Cash Proceeds of each Debtor less:

- Plan Settlement Payment (including the Plan Settlement Turnover Amount);
- Claims Reserve (for each Debtor);
- PSAN PI/WD Trust Reserve;
- Reorganized TK Holdings Trust Reserve;
- Warehousing Entity Reserve; and
- Post-Closing Reserve.

SURPLUS RESERVED CASH (AMOUNT TO BE DETERMINED)

Surplus in funding of the Claims Reserves that is not needed to satisfy a deficiency in the Post-Closing Reserve, Warehousing Entity Reserve, or the Reorganized TK Holdings Trust Reserve, only if:

- the Warehousing Entity and Reorganized Takata have dissolved; or
- consent of Plan Sponsor and Requisite Consenting OEMs

RESIDUAL VALUE (AMOUNT TO BE DETERMINED)

Following the dissolution of each of the Reorganized TK Holdings Trust, Reorganized Takata, the Warehousing Entity, any cash in the Post-Closing Reserve or the Legacy Trust Reserves that is not (i) needed to pay existing creditors of such entities or to fund shortfalls in other reserves or (ii) required to be transferred to either the Post-Closing Reserve or the Warehousing Entity Reserve to the extent that either Reorganized Takata or the Warehousing Entity have not been dissolved, will be deposited into the Recovery Funds based on each Debtor's share of such cash.

Residual Value may consist of:

- Remaining cash in the Post-Closing Reserve that is not needed to pay existing creditors of Reorganized Takata;
  - may include Cash Proceeds used to fund the Post-Closing Reserve on the Effective Date (e.g., estimated amounts for the Special Master, NHTSA Monitor, and DOJ Monitor fees) and Reorganized Takata Post-Closing Cash that comes in after the Effective Date (including the PSAN Assets Advance Payment)
- Remaining cash in the Warehousing Entity Reserve that is not needed to pay existing creditors of the Warehousing Entity; and
  - may include Cash Proceeds used to fund the Warehousing Entity Reserve on the Effective Date (e.g., estimated amounts for warehousing, shipping, and disposal of returned PSAN Inflators) and Warehousing Entity Post-Closing Cash
- Remaining cash in the Reorganized TK Holdings Trust Reserve.
  - may include Cash Proceeds used to fund the Reorganized TK Holdings Trust on the Effective Date

PLAN SETTLEMENT PAYMENT TURNOVER AMOUNT

- $100,000 for TKH
- $100,000 for SMX
- $100,000 for TDM*
- $100,000 for IIM*

* Only available at these entities 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

[1] In the event of an inconsistency between this **Exhibit E** and the Plan, the terms of the Plan shall control.

SOURCES OF FUNDING FOR CERTAIN PSAN PI/WD CLAIMS
(AMOUNT TO BE DETERMINED)

- If the Channeling Injunction is approved as to a Participating OEM, holders of PSAN PI/WD Claims against such Participating OEM will have their Claims satisfied in an amount equal to the full value of the PSAN PI/WD Claims as described in **Exhibit F** attached to the Disclosure Statement.
- Payments to satisfy such PSAN PI/WD Claims shall be funded from (i) the applicable PSAN PI/WD Insurance Proceeds, if any, that provide coverage for such Claims, (ii) any portion of the IIM Available Cash, SMX Available Cash, TDM Available Cash, or TKH Available Cash allocated to the PSAN PI/WD Funds in accordance with the Plan, (iii) the DOJ PI/WD Restitution Fund, if acceptable to the Special Master, and (iv) the PSAN PI/WD Top-Up Amounts (as defined herein) with respect to any amount remaining to be paid on such PSAN PI/WD Claims after application of the funds described in clauses (i) through (iii); *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.
    - **Note**: If any applicable PSAN PI/WD Insurance Proceeds are not available to pay the PSAN PI/WD Claims at the time they are liquidated as part of the PSAN PI/WD Claims protocol, the applicable Participating OEM shall advance to the PSAN PI/WD Trust all amounts required to make full timely payment that the holder(s) of such PSAN PI/WD Claims is entitled to receive from the PSAN PI/WD Trust. The PSAN PI/WD Trust shall reimburse the applicable Participating OEM for any such advances solely from the PSAN PI/WD Insurance Proceeds paid on account of the claim on which the advance was made.

EXHIBIT F to the Disclosure Statement

Channeled Claims and Injury Valuation Schedules Protocol[1]

I. PSAN PI/WD CLAIMS

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

1. Is the claim a PSAN PI/WD Claim and, therefore, channeled through the Trust?

2. Does the claim meet the compensability requirements for payment as a Rupture or Aggressive Deployment Claim?

3. What is the full, fair, and reasonable compensation either within the Valuation Schedule, including stacking, or as part of the Individual Review process?

All PSAN PI/WD Claims will be channeled into the Trust for determination of compensability and valuation. For purposes of this Protocol, a PSAN PI/WD Claim is any claim against the Debtors and/or Participating OEMs (among others) where the claimant alleges a personal injury or wrongful death claim or claims[2] caused by the PSAN Inflator Defect in a product sold or supplied to an OEM or any other person prior to the Petition Date, regardless of whether the injury occurs before or after the Petition Date, and that is either (1) brought by a United States citizen or permanent resident wherever the injury occurs, or (2) arises from an incident occurring in the United States or its territories. The Takata PSAN Inflator Defect occurs in Takata inflators because of propellant degradation due to environmental exposure. The Claimant will have no recourse in the tort system against a Participating OEM to litigate any PSAN PI/WD Claim except as specifically described herein.

Any claim for personal injury or wrongful death alleging an alternative inflator defect separate from the PSAN Inflator Defect (e.g., the airbag sensors, cloth airbag installation, airbag control module, or other electronic defect) is not channeled and nothing herein prevents such a claim being maintained in the tort system as to Participating OEMs or any other party.

The Trustee will evaluate each claim to determine whether it is a PSAN PI/WD Claim, and then notify the Claimant of his determination. The Trustee will provide the Participating OEM with a copy of the claim submission upon receipt and will provide each party with supplemental submissions made by the other party during the claim evaluation process.[3] If the claim is determined to be a PSAN PI/WD Claim, the Trustee next will determine whether it is a

[1] Nothing in this document is admissible in court to prove the existence or absence of a defect in a Takata PSAN inflator.

[2] Bystander and Loss of Consortium claims related to injuries alleged to have been sustained as a result of the PSAN Inflator Defect are also Channeled Claims. The Trust will provide compensation for these injuries if deemed compensable as provided for herein.

[3] Claims submission materials can be used by the Participating OEM only as a set forth herein and to comply with any regulatory or other legal obligations.

Compensable Claim. For a PSAN PI/WD Claim to be a Compensable Claim, the Claimant must establish that it meets the criteria in Section II for either a Rupture Claim or an Aggressive Deployment Claim. The Trustee shall compensate only for injuries caused by a rupture or aggressive deployment.[4] The Trustee shall issue a report with his findings regarding the compensability and valuation of each claim.

Scheduled Claims and Individual Review. A Compensable Claim will be compensated pursuant to the agreed Valuation Schedule and protocol ("Scheduled Claim"), as set forth in Section III, except claims that meet the requirements for Individual Review ("IR") will be compensated pursuant to the agreed IR protocol ("IR Claim") as set forth in Section IV.

Release. The Plan and Confirmation Order will provide for a Release of the Participating OEM of all future and current PSAN PI/WD Claims arising out of the underlying incident, provided however that the release is void and the channeling injunction shall dissolve upon default of the Participating OEM. Upon final determination of the Channeled Claim, the Release shall identify the injury category for which compensation is awarded, and where applicable allocation among related claims, estopping the Claimant from seeking any further relief for that injury regardless of defect theory. If the Claimant is awarded compensation for an aggressive deployment claim, the Release will identify the specific enhanced injury and percentage of the injury deemed enhanced. Nothing in this Protocol or any subsequent order approving this Protocol precludes the Claimant from seeking recovery in the tort system for any portion of an injury not compensated. The Claimant is responsible for promptly securing any court approval required in the applicable jurisdiction for any awards made as necessary to complete the Release.

Injuries Not Caused by the PSAN Inflator Defect. In the event that a Claimant asserts both PSAN PI/WD Claims and claims for personal injury and/or wrongful death not alleged to have been caused by the PSAN Inflator Defect arising out of the same incident, the PSAN PI/WD Claims will be channeled and the claims not alleged to have been caused by the PSAN Inflator Defect will not be channeled and can be asserted in the tort system. Nothing in this Protocol or any subsequent order approving this Protocol prevents a Claimant from asserting personal injury and/or wrongful death not alleged to have been caused by the PSAN Inflator Defect and not adjudicated by the Trust against any party for injuries not compensated by the Trust. The Claimant may file a claim for such injuries not alleged to have been caused by the PSAN Inflator Defect in the tort system against the Participating OEM, but will be enjoined from pursuing them until the PSAN PI/WD Claim reaches a final determination.[5] In no event will any Claimant pursuing recovery for 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 Trust.

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

[5] In the event that a Claimant files a claim for injuries not alleged to have been caused by the PSAN Inflator Defect in the tort system against a third-party defendant other than the Participating OEM for the same injuries for which they seek recovery in the Channeling Injunction, the Claimant agrees to seek a stay of the tort action pending resolution of the PSAN PI/WD Claim.

II. COMPENSABILITY REQUIREMENTS

a. Rupture Claims

For a PSAN PI/WD Claim to be a Compensable Claim as a Rupture Claim, the Claimant must present evidence of the following:

1. Deployment of a Takata PSAN inflator,
2. Physical evidence of rupture of the inflator canister to be demonstrated either by vehicle-based evidence, or by occupant-based evidence.
    - Vehicle-based evidence requires the following:
        a. Ruptured inflator canister or metal fragments; or
        b. Photographs of ruptured inflator canister or metal fragments; or
        c. Cushion with evidence of cuts consistent with inflator rupture; or
        d. Photographs of cushion with evidence of cuts consistent with inflator rupture.
    - Occupant-based[6] evidence requires one of the following:
        a. Photographs of injuries consistent with inflator rupture; or
        b. Medical records documenting removal of metal fragments embedded in occupant; or
        c. Medical records identifying injuries consistent with inflator rupture.
3. Evidence that the rupture was a contributing cause to the claimed injury or injuries.

b. Aggressive Deployment Claims

For a PSAN PI/WD Claim to a Compensable Claim as an Aggressive Deployment Claim, the Claimant must present evidence of the following:

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

1. A delayed deployment of a Takata PSAN dual-stage inflator.[7,8]

2. The inflator and vehicle are available for inspection.

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

4. Over-pressurization of the inflator. In determining whether over-pressurization has occurred, the Trustee may consider:

    a. The age of the inflator;

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

    c. Physical evidence of over-pressurization of the inflator, including but not limited to:

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

        ii. Other proof as subsequently accepted by the Trustee as credible evidence of Aggressive Deployment.

The Trustee shall consider all available information about the Subject Accident. The Trustee may require the inflator and/or vehicle be made available for inspection, and may request a report from either party regarding the alleged Aggressive Deployment.

If the Trustee determines the Aggressive Deployment Claim to be compensable, then the claimant may receive compensation for only the enhanced injury based on the Valuation Schedule. The percentage of an injury that constitutes an enhanced injury, if any, will vary from case to case. Compensation for the enhanced injury is within the discretion of the Trustee, who shall use the Valuation Schedule for the injuries as guidance in determining the appropriate award, if any.

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

[8] The determination that an airbag had a delayed deployment shall be demonstrated by the SRS Electronic Control Unit, or equivalent electronic unit, readout and interpretation, if available. If not available, the Claimant may present other evidence to demonstrate the delayed deployment criteria.

III. SCHEDULED CLAIMS

a. Interpreting the Valuation Schedule

Groups and Injury Types. The Valuation Schedule is organized into Groups of one or more Injury Types as shown here:

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

- Permanent Hearing Loss or Impairment

- Ungrouped Injury Types
  - Non-permanent eye injury
  - Other Broken/Fractured Bones
  - Internal Injuries
  - Injury to Pregnancy
  - Dental Injury

Valuing a Claim. To calculate the scheduled value for a Claimant's Compensable Claim, first, the Trustee shall review the Claimant's submission, shall identify the Injury Types that best describe a Claimant's injuries and then determine which injuries were caused by the PSAN Inflator Defect, subject to the above criteria for rupture and aggressive deployment claims. Each of the Injury Types is assigned a value range (base to high) in the Valuation Schedule. The default value for a Claimant's injury is the base value for the corresponding Injury Type, but may be increased based on the Global Adjustment Criteria listed below in this section and the Specific Injury Adjustment Criteria listed in the Valuation Schedule.

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

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

As noted above, the Trustee shall have discretion to adjust the compensation amount within the Valuation Schedule based on Global Adjustment Criteria and Specific Injury Adjustment Criteria where appropriate. Global Adjustment Criteria include:

- Life expectancy, age, pre-accident health, and gender of claimant
- Existence and age of dependents
- Past and future economic loss (excluding medical and/or funeral expenses) and household services calculated to present value

- Past and future medical expenses calculated to present value – using Core CPI from prior year
- Severity and/or permanency of injury
- Any unique effect of the injury on the claimant's quality of life
- Pain and suffering
- Existence of multiple injuries not separately compensated
- Existence of bystander claims under applicable law (see Section III.c below)
- Existence of loss of consortium claims under applicable law (see Section III.c below)

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

Beginning in 2019, scheduled values, both base and high, shall be adjusted upward annually by the greater of 3% or the increase in the Core Consumer Price Index (CPI) for the prior year. The scheduled value represents the total value that will be paid to the Claimant for his injuries. Nothing in this agreement interferes with a Claimant's obligation, if any, to pay attorney's fees.

b. <u>The Valuation Schedule</u>

Fatality

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

Injury Type	Values	Injury Criteria
Fatality	Base: $2,000,000 High: $5,000,000	Specific Injury Adjustment Criteria for a Fatality include miscarriage.[9] For a Fatality, all Global Adjustment Criteria apply.

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

Group 1: Lacerative Injuries

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

Injury Type	Values	Injury Criteria
Minor Bruising	Base: $10,000 High: $50,000	Minor bruising, contusions, or swelling. A minor bruise or contusion is a temporary bruise under the skin (subcutaneous) that might also involve deep bruising of the muscles (intramuscular). It does not include bruising of the bones (periosteal).
Neck or Back Injuries	Base: $25,000 High: $1,000,000	A neck or back injury or aggravation to existing neck or back injury confirmed by a medical opinion of a board-certified physician. To receive compensation for nerve-related vertebrae damage requires medical documentation by a board-certified neurologist or neurosurgeon of the severity of the injury.
Torso/Limb Lacerative Injuries[10]	Base: $25,000 High: $750,000	Abrasions, cuts, lacerations, contact burns, scarring, or other damage to the soft tissue of the torso or limbs, beyond minor bruising.[11] Includes bruising of the bones (periosteal).
Head/Facial/Neck Lacerative Injuries	Base: $50,000 High: $1,250,000	Lacerations, disfigurement, abrasions, cuts, contact burns, scarring, or other damage to the soft tissue of the head (including scalp, face, and ears) and/or neck, beyond minor bruising. Includes bruising of the bones (periosteal).

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

[11] For all lacerative injury categories, "soft tissue" includes oral and nasal tissue, muscles, ligaments, and tendons.

Injury Type	Values	Injury Criteria
Head/Facial/Neck Fractures	Base: $100,000 High: $1,500,000	Fracture of skull, mandible, facial bones, and/or neck. Specific Injury Adjustment Criteria include need for surgical treatment, hospitalization, and severity of lacerations and scarring.
Permanent eye injury not resulting in any degree of legal blindness	Base: $100,000 High: $1,250,000	Permanent eye injury diagnosed by a board-certified ophthalmologist, including but not limited to permanent diminished vision. Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by board-certified ophthalmologist, inability for the impairment to be corrected, overall vision of Claimant.
Loss of Vision in One Eye	Base: $1,750,000 High: $5,000,000	Diagnosis of uncorrectable legal blindness in one eye at the time of evaluation by a board-certified ophthalmologist. The Claimant's overall vision in both eyes pre- and post-trauma should be considered when determining appropriate compensation.
Loss of Vision in Two Eyes	Base: $3,000,000 High: $5,000,000	Diagnosis of uncorrectable legal blindness in both eyes at the time of evaluation by a board-certified ophthalmologist. The Claimant's overall vision in both eyes pre- and post-trauma should be considered when determining appropriate compensation. For the avoidance of doubt, if a Claimant already was legally blind in one eye, and the event resulted in legal blindness in the other eye, this category governs.

Group 2: Traumatic Brain Injury

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

Traumatic Brain Injury Type	Values	Injury Criteria
Mild Traumatic Brain Injury (Concussion)	Base: $25,000 High: $300,000	Requires: (1) Diagnosis of a traumatic brain injury ("TBI")[12] by a board-certified or treating physician; and (2) supporting medical documentation establishing the degree and severity of the TBI.
Moderate Traumatic Brain Injury	Base: $250,000 High: $750,000	Requires: (1) Diagnosis of a moderate TBI[13] and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.
Severe Traumatic Brain Injury	Base: $1,000,000 High: $3,000,000	Requires: (1) Diagnosis of a severe TBI[14] and supporting medical documentation establishing the degree and severity of the TBI by a board-certified neurologist, neuropsychiatrist, or neuropsychologist; and (2) a Life Care Plan written by a qualified medical professional where applicable for claims being made for current or future attendant care calculated to present value.

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

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

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

Group 3: Other Laceration-Related Injury

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

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

Group 4: Hearing Injury

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

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

Stackable Injury Types Not in a Group

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

Injury Type	Values	Injury Criteria
Non-permanent eye injury	Base: $10,000 High: $175,000	Non-permanent eye injury diagnosed by a physician, including but not limited to non-permanent diminished vision. Claimant may submit evidence of eye injury severity based on 2015 AIS or Ocular Trauma Score (OTS). Specific Injury Adjustment Criteria include injury severity based on recognized trauma scale, need for additional medical care supported by physician, and overall vision of Claimant.
Other Broken/Fractured Bones	Base: $25,000 High: $175,000	Broken or fractured bones other than skull and facial bones. Specific Injury Adjustment Criteria include need for surgical treatment, and consideration that the likelihood of limb fractures from rupture event is extremely rare and likelihood of lower extremity fractures caused by airbag deployment is extremely rare unless occupant is out of position.
Internal Injuries	Base: $50,000 High: $500,000	Damage to the internal organs, such as collapsed lung, spleen, kidney, damage to diaphragm, etc. confirmed by a medical opinion of a board-certified physician.
Injury to Pregnancy	Base: $100,000 High: $2,000,000	Miscarriage, complications to pregnancy, or injury to fetus confirmed by a medical opinion of a board-certified obstetrician. This category is only applicable where the mother is not deceased. If the mother's case is a fatality, then the fatality category governs. Additionally, see footnote 9 above.

Injury Type	Values	Injury Criteria
Dental Injury	Base: $25,000 High: $125,000	Loss of one or more teeth or other dental injury. Specific Injury Adjustment Criteria include number and location of teeth damaged or lost, number and duration of treatments to replace the teeth or get implants, position of teeth, projected future cost of replacing the implants, and impact on everyday life.

c. Loss of Consortium and Bystander Claim Global Adjustment Criteria

The Trustee may increase a Claimant's compensation within the applicable range(s) based the availability of a Loss of Consortium and/or Bystander Claim under the Applicable Law of any jurisdiction in which the claim could be properly filed. The Trustee can take into account whether the claim would be permitted by the relevant state law most favorable to the claimant that could be applied to the claim in the tort system (location of incident, defendants, debtor, manufacturing, design, alleged fraud, etc.).

A Claimant may request consideration for either or both of these Global Adjustment Criteria with submission of a PSAN PI/WD Claim, and submit supporting documentation at that time. If the Trustee finds that either or both of these Global Adjustment Criteria are applicable, he will determine a single value for the Claim and apportion the amount between the person directly injured and the third party or parties. The Claimant and any third party for whom compensation was provided must each provide a release to the Participating OEM.

d. Timeline for Claims Not Considered under Individual Review

For PSAN PI/WD Claims not considered under the IR process described below in Section IV, the Trustee shall decide whether the claim is compensable and make an award in a timely manner following receipt of the claim.

e. Appeal of Compensability and Scheduled Claims Award

Claimants have the right to appeal the decision of the Trustee on the compensability of their claim or the compensation amount awarded to them for a Scheduled Claim. A Claimant may initiate an appeal to a third-party arbiter(s) ("Arbiter") by filing an application for appeal within 30 days of notification of the Trustee's decision. Participating OEMs do not have the right to appeal Scheduled Claims awards.

The Trustee, the TAC and the Participating OEMs shall agree upon a panel of Third-Party Arbiters, from various regions to hear Claimant appeals. For any given appeal, the Arbiter shall be chosen at random from this panel. Neither the Participating OEM nor the Claimant may challenge the choice of the Arbiter who hears any given appeal.

The Participating OEM may present evidence in response to the issues raised by the Claimant on appeal. For example, if the Claimant does not challenge the Trustee's determination of injury causation on appeal, but only challenges the compensation amount, the Participating OEM against whom the appeal is brought may only provide evidence on the amount of compensation and cannot challenge the Trustee's decision on injury causation. If the Claimant appeals the Trustee's decision of injury causation, the Participating OEM may submit evidence regarding injury causation.

The Arbiter will review the report of the Trustee and all materials submitted by the parties in evaluating any appeal of a Scheduled Claim. The Arbiter may also ask the Participating OEM, the Claimant, or both for additional information to assist in evaluating any appeal of a Scheduled Claim.

The Arbiter shall prepare a report stating the reasons for any modification of the Trustee's determinations.[15] [16] If the Arbiter reverses the Trustee's compensability determination, the claim will be returned to the Trustee for valuation.[17] The determination of the Arbiter will be binding unless the Claimant, within 20 days of notification of the Arbiter's decision, notifies the Future Claims Representative ("FCR") that he intends to pursue the PSAN PI/WD Claim in the tort system pursuant to Section V below. If the Claimant so notifies the FCR, the FCR will review the determination of the Arbiter and submissions relied upon by the Arbiter, including the Report of the Trustee. If the claim is not resolved, the FCR will then seek a conference with the Claimant or counsel, and the Participating OEM. If after such steps the FCR determines that the compensation award is inadequate, the FCR shall grant the Claimant leave to file a claim in the tort system pursuant to Section V.

IV. INDIVIDUAL REVIEW CLAIMS

The IR process has been established as a potential means to address wrongful death claims and those personal injury cases in which the Claimant demonstrates that (a) the combination of injuries sustained is not contemplated by the Valuation Schedule, (b) the Claimant's injury and/or damages require a more comprehensive review, or (c) the injuries and damages would not be compensated adequately, or at all, through the application of the Valuation Schedule.

a. IR Eligibility Criteria

A Claimant may apply for consideration under IR as part of the application process. The Trustee may also in his discretion consider any Claim for IR, even if the Claimant is not otherwise eligible for IR. By applying for IR, the Claimant consents to an Independent Medical Exam (IME). The

[15] The parties will continue to negotiate the provisions surrounding the Arbiter's review, including the appropriate standard of review for legal and factual issues appealed.

[16] The Arbiter may not value an appealed Scheduled Claim outside the Valuation Schedule.

[17] Nothing herein prevents the Claimant from appealing the Trustee's valuation determination pursuant to Section III.e.

IME will be performed by a physician chosen by the Trustee at a location convenient to the Claimant.

To be eligible for IR[18], the Claimant must demonstrate one of the following:

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

The Trustee may also consider any submitted Claim under the IR process at his discretion.

When the IR process is initiated the Trustee will make an initial determination as to whether the claim is a Compensable Claim and, if so, whether it meets the threshold criteria for IR consideration. If the Trustee determines that the claim is a Compensable Claim but not appropriate for IR consideration, the Trustee will continue his evaluation of the claim under the Valuation Schedule as a Scheduled Claim.

b. <u>IR Claim Valuation and Timeline</u>

If the Trustee determines that the claim is appropriate for IR consideration, he will notify the Participating OEM. The Trustee or Participating OEM may then request an IME of the Claimant, and/or an inspection of the subject inflator and/or subject vehicle if available.

The Participating OEM will have the right to submit to the Trustee a rebuttal statement, which may challenge the injury causation and valuation of the claim, limited to the relevant Global Adjustment Criteria and Specific Injury Criteria. As part of his review, the Trustee may determine that the

[18] Even if a Claimant meets the criteria for IR, the Trustee may determine that compensation within the Valuation Schedule is appropriate.

claim is not a Compensable Claim or that the claim is a Compensable Claim but can be appropriately valued within the Valuation Schedule as a Scheduled Claim. If the Trustee makes a final determination that the claim is compensable and appropriate for IR consideration, he will award compensation accordingly at that time.[19] Considerations for setting the compensation amount include the Global Adjustment Criteria and the Specific Injury Adjustment Criteria for the injuries suffered. Absent an appeal, the decision of the Trustee is final and binding on the parties.

c. IR Appeals

Either party may appeal claims evaluated under the IR Process through a non-binding ADR process. Either party may appeal the Trustee's decision as to injury causation and valuation of the claim, limited to the relevant Global Adjustment Criteria and Specific Injury Criteria. Any application for appeal must be made within 10 days of notification of the Trustee's decision.

The Trustee, the TAC and the Participating OEMs shall agree upon a panel of Third-Party Arbiters from various regions to hear Claimant appeals. For any given appeal, the Arbiter shall be chosen at random from this panel. Neither the Participating OEM nor the Claimant may challenge the choice of the Arbiter who hears any given appeal.

Both parties may submit a report to the Arbiter to respond to the issues raised on appeal, and may also request to be heard by the Arbiter. The Arbiter will review the report of the Trustee and all materials submitted by the parties in evaluating any IR Claim appeal. The Arbiter may also ask the Participating OEM, the Claimant, or both for additional information in evaluating any appeal of an IR Claim.

The Arbiter shall prepare a report stating the reasons for any modification of the Trustee's determinations.[20] If the Arbiter reverses the Trustee's compensability determination, the claim will be returned to the Trustee for valuation.[21] The determination of the Arbiter will be binding unless the Claimant, within 20 days of notification of the Arbiter's decision, notifies the FCR that he intends to pursue the PSAN PI/WD Claim in the tort system pursuant to Section V below. If the Claimant so notifies the FCR, the FCR will review the determination of the Arbiter and submissions relied upon by the Arbiter, including the Report of the Trustee. If the claim is not resolved, the FCR will then seek a conference with the Claimant or counsel and the Participating OEM.[22]

V. TORT SYSTEM

As described in Section III.d and Section IV.c, a Claimant may have the option to reject an arbitral award and file suit against the Trust, treated as assignee for the Participating OEM, in the tort system in any legally available jurisdiction. Such lawsuit must be commenced within 90

[19] Evaluation and award under the IR Process may result in compensation within the Valuation Schedule range.

[20] The parties will continue to negotiate the provisions surrounding the Arbiter's review, including the appropriate standard of review for legal and factual issues appealed.

[21] Nothing herein prevents the Claimant from appealing the Trustee's valuation determination pursuant to Section IV.c.

[22] The parties will continue to negotiate other requirements, if any, to reach the tort system.

days after the Claimant qualifies for tort system review. Any such lawsuit must be filed by the Claimant in his or her own right and name, and not as a member or representative of a class. No such lawsuit may be consolidated with any other lawsuit, although claims arising out of a single incident may be brought together in a single action. Any trial will be limited to the issues of injury causation and valuation/damages only. The Trust in such litigation shall not assert as a defense plaintiff's conduct, including contributory or comparative negligence in causing the underlying accident, or notice of recall, or the statute of limitations or statute of repose defenses. The Claimant may not assert any cause of action, seek discovery related to, or present any evidence except as to injury causation and damages. Punitive or exemplary damages cannot be sought and will not be payable for a Channeled Claim litigated in the tort system. Payment of any final judgment (after appeals are exhausted) or any pre-judgment resolution of a case brought in the tort system will be made in five equal yearly installments with the first installment due 30 days after entry of the final judgment.

EXHIBIT G-1 to the Disclosure Statement

Global Organizational Chart

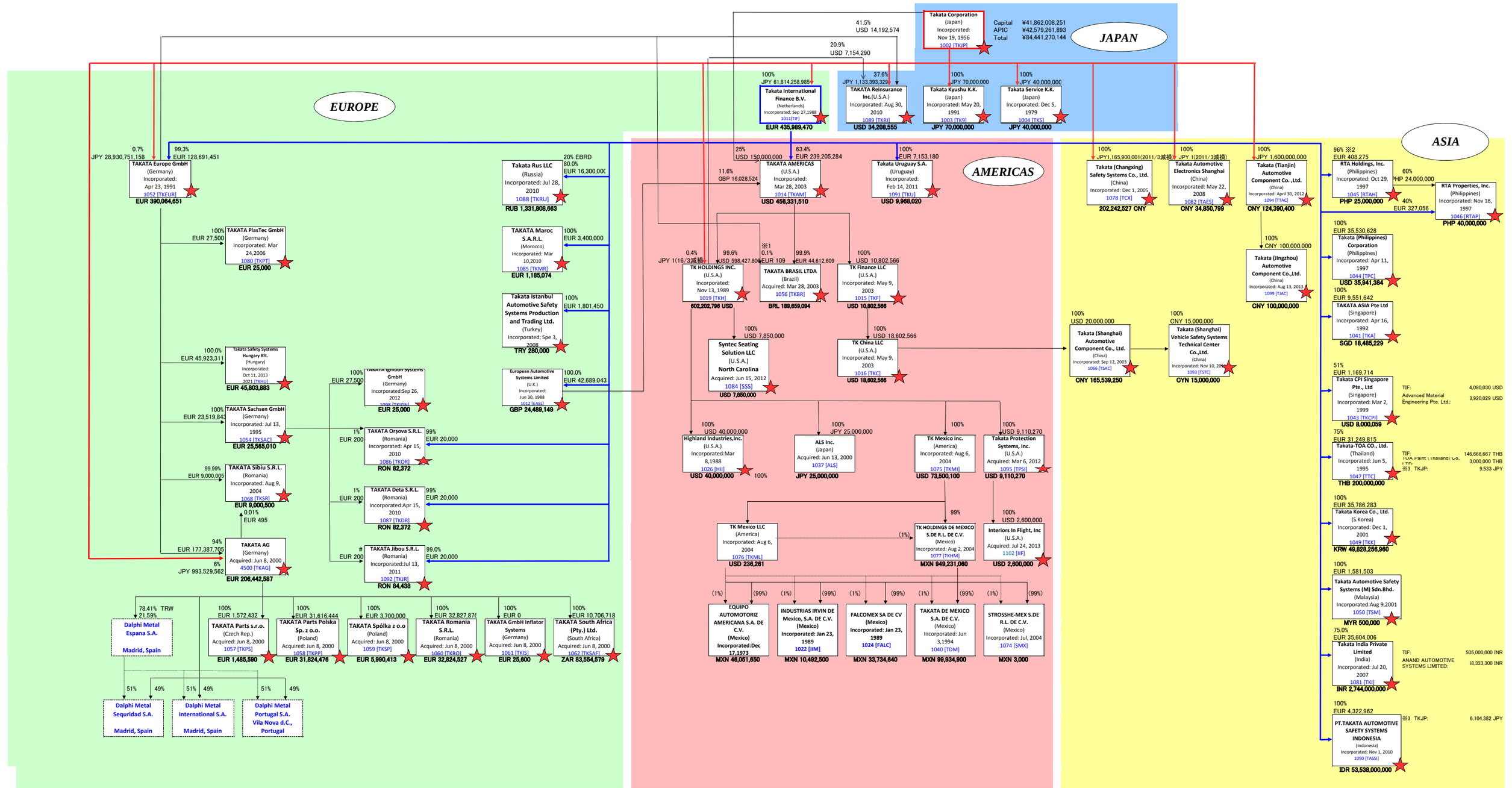

JAPAN
EUROPE
AMERICAS
ASIA
Takata Corporation (Japan) Incorporated: Nov 19, 1956 1002 [TKJP]
Capital ¥41,862,008,251
APIC ¥42,579,261,893
Total ¥84,441,270,144
41.5% USD 14,192,574
20.9% USD 7,154,290
100% JPY 61,814,258,985
Takata International Finance B.V. (Netherlands) Incorporated: Sep 27,1988 1011[TIF] EUR 435,989,470
37.6% JPY 1,133,393,329
TAKATA Reinsurance Inc.(U.S.A.) Incorporated: Aug 30, 2010 1089 [TKRI] USD 34,208,555
100% JPY 70,000,000
Takata Kyushu K.K. (Japan) Incorporated: May 20, 1991 1003 [TK9] JPY 70,000,000
100% JPY 40,000,000
Takata Service K.K. (Japan) Incorporated: Dec 5, 1979 1004 [TKS] JPY 40,000,000
0.7% JPY 28,930,751,158
99.3% EUR 128,691,451
TAKATA Europe GmbH (Germany) Incorporated: Apr 23, 1991 1052 [TKEUR] EUR 390,064,651
100% EUR 27,500
TAKATA PlasTec GmbH (Germany) Incorporated: Mar 24,2006 1080 [TKPT] EUR 25,000
100.0% EUR 45,923,311
Takata Safety Systems Hungary Kft. (Hungary) Incorporated: Oct 11, 2013 2021 [TKHU] EUR 45,803,883
100% EUR 23,519,843
TAKATA Sachsen GmbH (Germany) Incorporated: Jul 13, 1995 1054 [TKSAC] EUR 25,565,010
99.99% EUR 9,000,005
TAKATA Sibiu S.R.L. (Romania) Incorporated: Aug 9, 2004 1068 [TKSR] EUR 9,000,500
0.01% EUR 495
94% EUR 177,387,705
6% JPY 993,529,562
TAKATA AG (Germany) Acquired: Jun 8, 2000 4500 [TKAG] EUR 206,442,587
100% EUR 27,500
TAKATA Ignition Systems GmbH (Germany) Incorporated:Sep 26, 2012 1088 [TKIGN] EUR 25,000
1% EUR 200
TAKATA Orşova S.R.L. (Romania) Incorporated: Apr 15, 2010 1086 [TKOR] RON 82,372
99% EUR 20,000
1% EUR 200
TAKATA Deta S.R.L. (Romania) Incorporated:Apr 15, 2010 1087 [TKDR] RON 82,372
99% EUR 20,000
EUR 200
TAKATA Jibou S.R.L. (Romania) Incorporated:Jul 13, 2011 1092 [TKJR] RON 84,438
99.0% EUR 20,000
78.41% TRW 21.59%
Dalphi Metal Espana S.A. Madrid, Spain
100% EUR 1,572,432
TAKATA Parts s.r.o. (Czech Rep.) Acquired: Jun 8, 2000 1057 [TKPS] EUR 1,485,590
100% EUR 31,616,444
TAKATA Parts Polska Sp. z o.o. (Poland) Acquired: Jun 8, 2000 1058 [TKPP] EUR 31,824,476
100% EUR 3,700,000
TAKATA Spółka z o.o (Poland) Acquired: Jun 8, 2000 1059 [TKSP] EUR 5,990,413
100% EUR 32,827,878
TAKATA Romania S.R.L. (Romania) Acquired: Jun 8, 2000 1060 [TKRO] EUR 32,824,527
100% EUR 0
TAKATA GmbH Inflator Systems (Germany) Acquired: Jun 8, 2000 1061 [TKIS] EUR 25,600
100% EUR 10,706,718
TAKATA South Africa (Pty.) Ltd. (South Africa) Acquired: Jun 8, 2000 1062 [TKSAF] ZAR 83,554,579
51% 49%
Dalphi Metal Sequridad S.A. Madrid, Spain
51% 49%
Dalphi Metal International S.A. Madrid, Spain
51% 49%
Dalphi Metal Portugal S.A. Vila Nova d.C., Portugal
Takata Rus LLC (Russia) Incorporated: Jul 28, 2010 1088 [TKRU] RUB 1,331,808,663
20% EBRD 80.0% EUR 16,300,000
TAKATA Maroc S.A.R.L. (Morocco) Incorporated: Mar 10,2010 1085 [TKMR] EUR 1,185,074
100% EUR 3,400,000
Takata Istanbul Automotive Safety Systems Production and Trading Ltd. (Turkey) Incorporated: Spe 3, 2008 TRY 280,000
100% EUR 1,801,450
European Automotive Systems Limited (U.K.) Incorporated: Jun 30, 1988 1012 [EAS] GBP 24,489,149
100.0% EUR 42,689,043
25% USD 150,000,000
63.4% EUR 239,205,284
11.6% GBP 16,028,524
TAKATA AMERICAS (U.S.A.) Incorporated: Mar 28, 2003 1014 [TKAM] USD 456,331,510
100% EUR 7,153,180
Takata Uruguay S.A. (Uruguay) Incorporated: Feb 14, 2011 1091 [TKU] USD 9,988,020
0.4% JPY 1(16/3減損)
99.6% USD 598,427,806
※1 0.1% EUR 109
99.9% EUR 44,612,609
100% USD 10,802,566
TK HOLDINGS INC. (U.S.A.) Incorporated: Nov 13, 1989 1019 [TKH] 602,202,796 USD
TAKATA BRASIL LTDA (Brazil) Acquired: Mar 28, 2003 1056 [TKBR] BRL 189,659,094
TK Finance LLC (U.S.A.) Incorporated: May 9, 2003 1015 [TKF] USD 10,802,566
100% USD 7,850,000
Syntec Seating Solution LLC (U.S.A.) North Carolina Acquired: Jun 15, 2012 1084 [SSS] USD 7,850,000
100% USD 18,602,566
TK China LLC (U.S.A.) Incorporated: May 9, 2003 1016 [TKC] USD 18,602,566
100% USD 40,000,000
Highland Industries,Inc. (U.S.A.) Incorporated:Mar 8,1988 1026 [HII] USD 40,000,000
100% JPY 25,000,000
ALS Inc. (Japan) Acquired: Jun 13, 2000 1037 [ALS] JPY 25,000,000
100% USD 40,000,000
TK Mexico Inc. (America) Incorporated: Aug 6, 2004 1075 [TKMI] USD 73,500,100
100% USD 9,110,270
Takata Protection Systems, Inc. (U.S.A.) Acquired: Mar 6, 2012 1095 [TPS] USD 9,110,270
TK Mexico LLC (America) Incorporated: Aug 6, 2004 1076 [TKML] USD 236,261
(1%)
TK HOLDINGS DE MEXICO S.DE R.L. DE C.V. (Mexico) Incorporated: Aug 2, 2004 1077 [TKHM] MXN 949,231,060
99%
100% USD 2,600,000
Interiors In Flight, Inc (U.S.A.) Acquired: Jul 24, 2013 1102 [IIF] USD 2,600,000
(1%) (99%)
EQUIPO AUTOMOTORIZ AMERICANA S.A. DE C.V. (Mexico) Incorporated:Dec 17,1973 MXN 46,051,850
(1%) (99%)
INDUSTRIAS IRVIN DE Mexico, S.A. DE C.V. (Mexico) Incorporated: Jan 23, 1989 1022 [IIM] MXN 10,492,500
(1%) (99%)
FALCOMEX SA DE CV (Mexico) Incorporated: Jan 23, 1989 1024 [FALC] MXN 33,734,640
(1%) (99%)
TAKATA DE MEXICO S.A. DE C.V. (Mexico) Incorporated: Jun 3,1994 1040 [TDM] MXN 99,934,900
(1%) (99%)
STROSSHE-MEX S.DE R.L. DE C.V. (Mexico) Incorporated: Jul, 2004 1074 [SMX] MXN 3,000
100% JPY1,165,900,001(2011/3減損)
Takata (Changxing) Safety Systems Co., Ltd. (China) Incorporated: Dec 1, 2005 1078 [TCX] 202,242,527 CNY
100% JPY 1(2011/3減損)
Takata Automotive Electronics Shanghai (China) Incorporated: May 22, 2008 1082 [TAES] CNY 34,850,799
100% JPY 1,600,000,000
Takata (Tianjin) Automotive Component Co. ,Ltd. (China) Incorporated: April 30, 2012 1094 [TTAC] CNY 124,390,400
100% CNY 100,000,000
Takata (Jingzhou) Automotive Component Co.,Ltd. (China) Incorporated: Aug 13, 2013 1099 [TJAC] CNY 100,000,000
100% USD 20,000,000
Takata (Shanghai) Automotive Component Co., Ltd. (China) Incorporated: Sep 12, 2003 1066 [TSAC] CNY 165,539,250
100% CNY 15,000,000
Takata (Shanghai) Vehicle Safety Systems Technical Center Co.,Ltd. (China) Incorporated: Nov 10, 2006 1093 [TSTC] CYN 15,000,000
96% ※2 EUR 408,275
RTA Holdings, Inc. (Philippines) Incorporated: Oct 29, 1997 1045 [RTAH] PHP 25,000,000
60% PHP 24,000,000
40% EUR 327,056
RTA Properties, Inc. (Philippines) Incorporated: Nov 18, 1997 1046 [RTAP] PHP 40,000,000
100% EUR 35,530,628
Takata (Philippines) Corporation (Philippines) Incorporated: Apr 11, 1997 1044 [TPC] USD 35,841,384
100% EUR 9,551,642
TAKATA ASIA Pte Ltd (Singapore) Incorporated: Apr 16, 1992 1041 [TKA] SGD 18,485,229
51% EUR 1,169,714
Takata CPI Singapore Pte., Ltd (Singapore) Incorporated: Mar 2, 1999 1043 [TKCPI] USD 8,000,059
TIF: 4,080,030 USD
Advanced Material Engineering Pte. Ltd.: 3,920,029 USD
75% EUR 31,249,815
Takata-TOA CO., Ltd. (Thailand) Incorporated: Jun 5, 1995 1047 [TTC] THB 200,000,000
TIF: 146,666,667 THB
TOA Paint (Thailand) Co., Ltd.: 9,000,000 THB
※3 TKJP: 9,533 JPY
100% EUR 35,786,283
Takata Korea Co., Ltd. (S.Korea) Incorporated: Dec 1, 2001 1049 [TKK] KRW 49,828,256,960
100% EUR 1,581,503
Takata Automotive Safety Systems (M) Sdn.Bhd. (Malaysia) Incorporated:Aug 9,2001 1050 [TSM] MYR 500,000
75.0% EUR 35,604,006
Takata India Private Limited (India) Incorporated: Jul 20, 2007 1081 [TKI] INR 2,744,000,000
TIF: 505,000,000 INR
ANAND AUTOMOTIVE SYSTEMS LIMITED: 18,333,300 INR
100% EUR 4,322,962
PT.TAKATA AUTOMOTIVE SAFETY SYSTEMS INDONESIA (Indonesia) Incorporated: Nov 1, 2010 1090 [TASSI] IDR 53,538,000,000
※3 TKJP: 6,104,382 JPY

EXHIBIT G-2 to the Disclosure Statement

List of Non-Debtor Affiliates

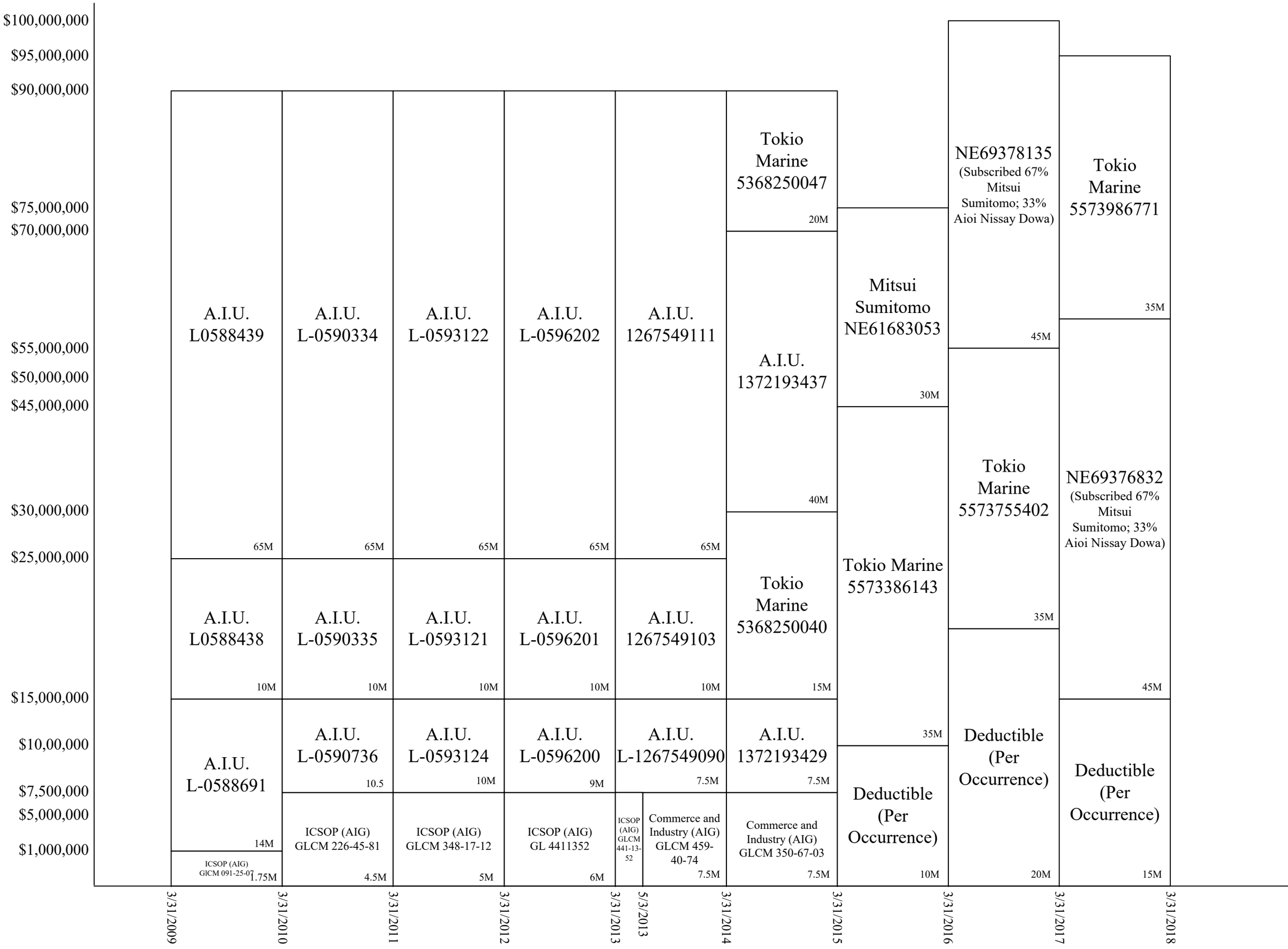
1. Takata Automotive Component Co., Ltd.
2. Takata Spólka zo.o
3. Takata Istanbul Automotive Safety Systems Production and Trading Ltd.
4. European Automotive Systems Limited
5. Takata Parts s.r.o.
6. Takata GmbH Inflator Systems
7. Takata Reinsurance Inc.
8. Takata Europe
9. Takata Sachsen GmbH
10. Takata AG
11. Takata Corporation
12. Takata Kyushu K.K.
13. Takata Service K.K.
14. TAKATA Europe GmbH
15. ALS Inc.
16. Equipo Automotoriz Americana S.A. de C.V.
17. Falcomex S.A. de C.V.
18. Highland Industries, Inc.
19. New Mexico Trading Company
20. Syntec Seating Solutions LLC
21. Takata Brasil S.A.
22. Takata Vehicle Safety Systems Technical Center Co., Ltd.
23. Takata International Finance B.V.
24. Dalphi Metal Espana S.A.
25. Takata Parts Polska Sp.zo.o.
26. Takata Romania S.R.L.
27. Takata South Africa (Pty.) Ltd.
28. Dalphi Metal Seguridad S.A.
29. Dalphi Metal International S.A.
30. Dalphi Metal Portugal S.A.
31. Takata Orşova S.R.L.
32. Takata Deta S.R.L.
33. Takata Jibou S.R.L.
34. Takata Rus LLC
35. Takata Maroc S.A.R.L.
36. Takata PlasTec
37. Takata Safety Systems Hungary Kft.
38. Takata Sibiu S.R.L.
39. Takata Ignition Systems GmbH
40. GSB Sonderabfall-Entsorgung Bayern GmbH
41. PMA NewCos
42. Czech NewCo
43. Takata Automotive Electronics Co., Ltd.
44. Takata Safety Systems Co., Ltd.
45. Takata-TOA Co., Ltd.
46. Takata Uruguay S.A.

47. Takata (Shanghai) Automotive Component Co.
48. Takata (Jingszhou) Automotive Component Co.
49. RTA holdings, Inc.
50. RTA Properties, Inc.
51. Takata (Philippines) Corporation
52. TAKATA ASIA Pte LTd
53. Takata CPI Singapore Pte
54. Takata Korea
55. Takata Automotive Safety Systems
56. Takata India Private Limited
57. Takata Automotive Safety Systems Indonesia

EXHIBIT H to the Disclosure Statement

PL Insurance Coverage Chart

Takata Products Liability Coverage 2009-2018



Takata Products Liability Coverage
2009-2018
Aggregate Retentions

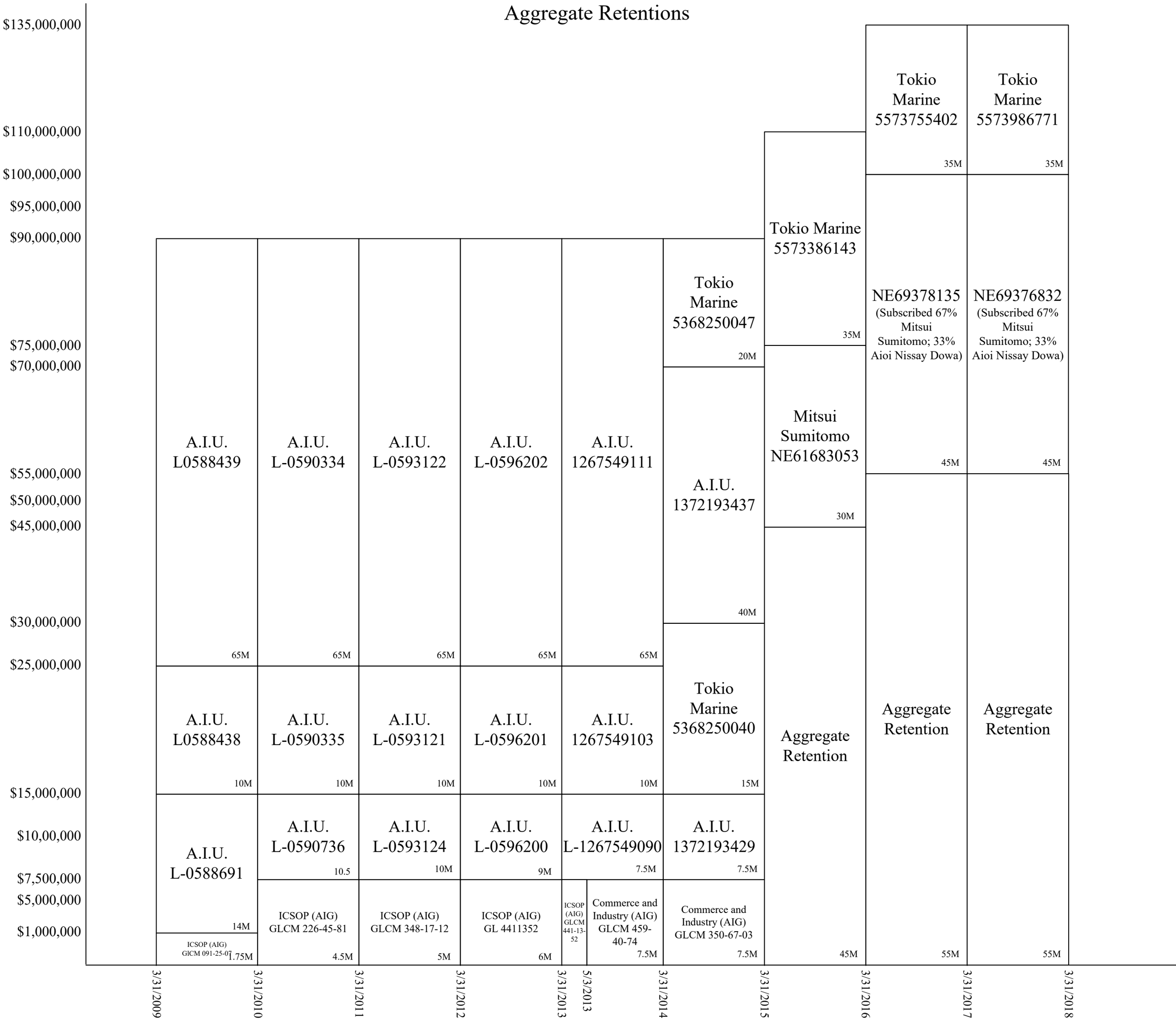


EXHIBIT I to the Disclosure Statement

Entity Allocated Amount

Regional Share Allocation by Entity

	Entity	Entity	Current Purchase Price
TKJP and Subsidiaries	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
TK9	TK9	Takata Kyushu K.K.	$15,410,603
TKS	TKS	Takata Service K.K.	4,435,727
Sub-Total TKJP			**$339,353,257**

	Entity	Entity	Purchase Price
TKAM and Subsidiaries	TKAM	Takata Americas	$1,397,211
	TKBR	Takata Brasil Ltda.	75,688,877
	TSAC(1)	Takata (Shanghai) Automotive Component Co., Ltd.	237,404,469
Sub-Total TKAM			**$314,490,557**

	Entity	Entity	Purchase Price
TKH and Subsidiares	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
TKHM and Subsidiaries	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
TDM	TDM	Takata De Mexico S.A. DE R.L. DE C.V.	21,068,187
IIM	IIM	Industrias Irvin De Mexico, S.A. DE C.V.	2,579,725
SMX	SMX	Strosshe-Mex S.DE R.L. DE C.V.	36,295,568
Sub-Total TKH			**$564,416,736**

	Entity	Entity	Purchase Price
TKEUR and Subsidiaries	TKEUR	Takata Europe GmbH	$191,531,248
TKAG and Subsidiaries	TKAG	Takata AG	79,863,515
TKSAC and Subsidiaries	TKSAC	Takata Sachsen GmbH	98,344,687
Sub-Total EMEA			**$369,739,450**

Total	**1,588,000,000**

(1) Includes value of TSTC.

EXHIBIT J to the Disclosure Statement

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***")[1] 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.[2]

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**

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Takata Americas (9766) ("***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.

[2] 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;[3] (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

[3] 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,[4] 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[5] 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

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

[5] 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)[6] 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

[6] 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[7]) 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.[8] 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.

[7] 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.

[8] 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[9] 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.

[9] 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).[10]

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 Colecctivas 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

[10] 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***")[11] 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).

[11] 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 **Exhibit 1-1**
TK Holdings, Inc. (TKH)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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
Total Current Assets		**543.6**	**55%**	**64%**	**300.3**	**347.8**
Non-Current Assets						
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
Total Non-Current Assets		**516.4**	**42%**	**52%**	**214.6**	**267.6**
Total Proceeds from Assets		**1,060.0**			**515.0**	**615.4**
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)
Net Proceeds Available for Distribution					**283.5**	**380.7**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		247.2	247.2			247.2	247.2
SMX Adequate Protection Claim Shortfall		17.7	14.2			17.7	14.2
Total Secured Claims		**264.9**	**261.4**	**100%**	**100%**	**264.9**	**261.4**
Value Available after Secured Claims						**18.6**	**119.4**
Administrative Claims	(16)						
Post Petition AP		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
Total Administrative Claims		**217.9**	**217.9**	**9%**	**55%**	**18.6**	**119.4**
Value Available after Administrative Claims						**-**	**-**
General Unsecured Claims	(17)						
OEM Unsecured Claims		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			-	-
Total Unsecured Claims		**59,567.1**	**18,153.0**	**0%**	**0%**	**-**	**-**
Value Available after Unsecured Claims						**-**	**-**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		50.0	50.0			-	-
Subordinated Civil Litigation Penalties		9,380.0	-			-	-
Subordinated State AG Claims		3,607.5	-			-	-
Total Subordinated Unsecured Claims		**13,037.5**	**50.0**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**-**	**-**

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 **Exhibit 1-2**
Strosshe-Mex RSLCV (SMX)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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
Total Current Assets		**57.7**	**47%**	**53%**	**27.1**	**30.4**
Non-Current Assets						
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%	-	-
Total Non-Current Assets		**-**	**0%**	**0%**	**-**	**-**
Total Proceeds from Assets		**57.7**			**27.1**	**30.4**
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)				-	-
Net Proceeds Available for Distribution					**20.1**	**23.6**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		37.8	37.8			20.1	23.6
SMX Adequate Protection Claim Shortfall		-	-			-	-
Total Secured Claims		**37.8**	**37.8**	**53%**	**63%**	**20.1**	**23.6**
Value Available after Secured Claims						**-**	**-**
Administrative Claims	(16)						
Post Petition AP		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		-	-			-	-
Total Administrative Claims		**35.0**	**35.0**	**0%**	**0%**	**-**	**-**
Value Available after Administrative Claims						**-**	**-**
General Unsecured Claims	(17)						
OEM Unsecured Claims		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			-	-
Total Unsecured Claims		**53,072.3**	**16,785.4**	**0%**	**0%**	**-**	**-**
Value Available after Unsecured Claims						**-**	**-**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		-	-			-	-
Subordinated Civil Litigation Penalties		7,635.0	-			-	-
Subordinated State AG Claims		-	-			-	-
Total Subordinated Unsecured Claims		**7,635.0**	**-**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**-**	**-**

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 **Exhibit 1-3**
Takata de Mexico SACV (TDM)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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
Total Current Assets		**9.8**	**22%**	**54%**	**2.2**	**5.3**
Non-Current Assets						
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%	-	-
Total Non-Current Assets		**-**	**0%**	**0%**	**-**	**-**
Total Proceeds from Assets		**9.8**			**2.2**	**5.3**
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)				-	-
Net Proceeds Available for Distribution					**0.0**	**0.0**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		-	-			-	-
SMX Adequate Protection Claim Shortfall		-	-			-	-
Total Secured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Value Available after Secured Claims						**-**	**-**
Administrative Claims	(16)						
Post Petition AP		-	-			-	-
Post Petition Intercompany AP		-	-			-	-
Other and Accrued Liabilities		1.5	0.5			-	-
Intercompany 503(b)(9)		-	-			-	-
Accrued Professional Fees		-	-			-	-
Total Administrative Claims		**1.5**	**0.5**	**0%**	**0%**	**-**	**-**
Value Available after Administrative Claims						**-**	**-**
General Unsecured Claims	(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			-	-
Total Unsecured Claims		**53,051.2**	**16,764.0**	**0%**	**0%**	**-**	**-**
Value Available after Unsecured Claims						**-**	**-**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		-	-			-	-
Subordinated Civil Litigation Penalties		7,635.0	-			-	-
Subordinated State AG Claims		-	-			-	-
Total Subordinated Unsecured Claims		**7,635.0**	**-**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**-**	**-**

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 **Exhibit 1-4**
Industrias Irvin de Mexico SACV (IIM)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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
Total Current Assets		**0.8**	**22%**	**44%**	**0.2**	**0.3**
Non-Current Assets						
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%	-	-
Total Non-Current Assets		**-**	**0%**	**0%**	**-**	**-**
Total Proceeds from Assets		**0.8**			**0.2**	**0.3**
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)				-	-
Net Proceeds Available for Distribution					**0.0**	**0.0**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		-	-			-	-
SMX Adequate Protection Claim Shortfall		-	-			-	-
Total Secured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Value Available after Secured Claims						**-**	**-**
Administrative Claims	(16)						
Post Petition AP		-	-			-	-
Post Petition Intercompany AP		-	-			-	-
Other and Accrued Liabilities		1.2	0.2			-	-
Intercompany 503(b)(9)		-	-			-	-
Accrued Professional Fees		-	-			-	-
Total Administrative Claims		**1.2**	**0.2**	**0%**	**0%**	**-**	**-**
Value Available after Administrative Claims						**-**	**-**
General Unsecured Claims	(17)						
OEM Unsecured Claims		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		-	-			-	-
Total Unsecured Claims		**53,049.9**	**16,762.5**	**0%**	**0%**	**-**	**-**
Value Available after Unsecured Claims						**-**	**-**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		-	-			-	-
Subordinated Civil Litigation Penalties		7,635.0	-			-	-
Subordinated State AG Claims		-	-			-	-
Total Subordinated Unsecured Claims		**7,635.0**	**-**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**-**	**-**

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 **Exhibit 1-5**
TK Holdings de Mexico SRLCV (TKHM)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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
Total Current Assets		**45.3**	**52%**	**53%**	**23.7**	**23.8**
Non-Current Assets						
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%	-	-
Total Non-Current Assets		**117.7**	**1%**	**1%**	**0.6**	**1.1**
Total Proceeds from Assets		**163.0**			**24.3**	**24.9**
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)				-	-
Net Proceeds Available for Distribution					**19.7**	**20.8**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		-	-			-	-
SMX Adequate Protection Claim Shortfall		-	-			-	-
Total Secured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Value Available after Secured Claims						**19.7**	**20.8**
Administrative Claims	(16)						
Post Petition AP		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		-	-			-	-
Total Administrative Claims		**15.9**	**15.9**	**100%**	**100%**	**15.9**	**15.9**
Value Available after Administrative Claims						**3.8**	**4.9**
General Unsecured Claims	(17)						
OEM Unsecured Claims		-	-			-	-
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
Total Unsecured Claims		**28.6**	**28.6**	**13%**	**17%**	**3.8**	**4.9**
Value Available after Unsecured Claims						**-**	**-**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		-	-			-	-
Subordinated Civil Litigation Penalties		-	-			-	-
Subordinated State AG Claims		-	-			-	-
Total Subordinated Unsecured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**-**	**-**

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 **Exhibit 1-6**
Takata Americas (TKAM)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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%	-	-
Total Current Assets		**9.3**	**5%**	**15%**	**0.4**	**1.4**
Non-Current Assets						
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%	-	-
Total Non-Current Assets		**653.8**	**0%**	**0%**	**0.3**	**0.3**
Total Proceeds from Assets		**663.1**			**0.8**	**1.7**
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)				-	-
Net Proceeds Available for Distribution					**0.6**	**1.4**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		-	-			-	-
SMX Adequate Protection Claim Shortfall		-	-			-	-
Total Secured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Value Available after Secured Claims						**0.6**	**1.4**
Administrative Claims	(16)						
Post Petition AP		-	-			-	-
Post Petition Intercompany AP		-	-			-	-
Other and Accrued Liabilities		-	-			-	-
Intercompany 503(b)(9)		-	-			-	-
Accrued Professional Fees		-	-			-	-
Total Administrative Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Value Available after Administrative Claims						**0.6**	**1.4**
General Unsecured Claims	(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
Total Unsecured Claims		**2.3**	**2.3**	**28%**	**63%**	**0.6**	**1.4**
Value Available after Unsecured Claims						**-**	**-**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		-	-			-	-
Subordinated Civil Litigation Penalties		-	-			-	-
Subordinated State AG Claims		-	-			-	-
Total Subordinated Unsecured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**-**	**-**

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 **Exhibit 1-7**
Takata Protection Systems, Inc. (TPS)

$ Millions	Notes	Book Value	% Realizable Low	% Realizable High	$ Realizable Low	$ Realizable High
Current Assets						
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
Total Current Assets		**23.2**	**4%**	**7%**	**0.8**	**1.6**
Non-Current Assets						
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%	-	-
Total Non-Current Assets		**0.1**	**62%**	**82%**	**0.1**	**0.1**
Total Proceeds from Assets		**23.3**			**0.9**	**1.7**
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)				-	-
Net Proceeds Available for Distribution					**0.7**	**1.4**

		$ Claim Low	$ Claim High	% Recovery Low	% Recovery High	$ Recovery Low	$ Recovery High
Secured Claims	(15)						
Adequate Protection Claims		-	-			-	-
SMX Adequate Protection Claim Shortfall		-	-			-	-
Total Secured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Value Available after Secured Claims						**0.7**	**1.4**
Administrative Claims	(16)						
Post Petition AP		0.1	0.1			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		-	-			-	-
Total Administrative Claims		**0.1**	**0.1**	**100%**	**100%**	**0.1**	**0.1**
Value Available after Administrative Claims						**0.7**	**1.4**
General Unsecured Claims	(17)						
OEM Unsecured Claims		-	-			-	-
PSAN PI / WD Claims		-	-			-	-
Intercompany Claims		-	-			-	-
Unsecured Litigation Claims		-	-			-	-
Other General Unsecured Claims		0.1	0.1			0.1	0.1
Total Unsecured Claims		**0.1**	**0.1**	**100%**	**100%**	**0.1**	**0.1**
Value Available after Unsecured Claims						**0.6**	**1.3**
Subordinated Unsecured Claims	(18)						
NHTSA Civil Penalty Claims		-	-			-	-
Subordinated Civil Litigation Penalties		-	-			-	-
Subordinated State AG Claims		-	-			-	-
Total Subordinated Unsecured Claims		**-**	**-**	**0%**	**0%**	**-**	**-**
Proceeds Available to Equity Holders						**0.6**	**1.3**

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.

EXHIBIT K to the Disclosure Statement

Reorganized Takata and Warehousing Entity Projections

FINANCIAL PROJECTIONS

On June 25, 2017, TK Holdings Inc. ("***TKH***") and eleven of its affiliates and subsidiaries (collectively, the "***Debtors***") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the Bankruptcy Court for the District of Delaware.

The Debtors' management have prepared financial projections (the "***Projections***") to support the feasibility of the *Third Amended Joint Chapter 11 Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors* (the "***Plan***"). The Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by no later than March 1, 2018 (the "***Effective Date***").

The Projections are based upon a number of significant assumptions and should be viewed in conjunction with a review of these assumptions, including the qualifications and footnotes as set forth herein. The Projections were prepared by the Debtors in good faith based upon assumptions believed to be reasonable and appropriate at the time that they were prepared. These Projections, while presented with numerical specificity, are necessarily based upon a variety of estimates and assumptions subject to significant business, economic, and other uncertainties and contingencies, many of which are beyond the control of the Debtors. Although the Projections represent the Debtors' best estimates and good faith judgment (for which the Debtors believe they have a reasonable basis) of the results of future operations, financial position, and cash flows of Reorganized Takata (as defined herein), they are only estimates and actual results may vary materially from those presented. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, the Debtors expect that the actual and projected results will differ and the actual results may be materially greater or less than those contained in the projections. No representations can be made as to the accuracy of the Projections or Reorganized Takata's ability to achieve the projected results. The inclusion of the Projections herein should not be regarded as an indication that the Debtors considered or consider the Projections to predict future performance reliably.

The Debtors did not prepare the Projections with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accounts. An independent auditor has neither compiled nor examined the accompanying prospective financial information to determine the reasonableness thereof and, accordingly, has not expressed an opinion or any other form of assurance with respect thereto. Furthermore, the Projections have been prepared on a cash basis and do not conform to accounting principles generally accepted in the United States.

The Debtors do not, as a matter of course, publish financial projections of their anticipated financial position, results of operations, or cash flows. Accordingly, neither the Debtors nor Reorganized Takata intend to, and each disclaims any obligation to, (i) furnish updated financial projections to holders of Claims prior to the Effective Date or to any other party after the Effective Date, or (ii) otherwise make such updated information publicly available.

Additional information relating to the principal assumptions used in preparing the Projections is set forth below.

CONSOLIDATED P&L - TOP DOWN ALLOCATION METHOD

Volumes	March FY18	FY2019	Total	*Comments*
OEM Demand (units)	742,054	1,103,612	**1,845,666**	*Demand provided by OEMs, allocated into each plant based on line association*

P&L - Thousands of USD	March FY18	FY2019	Cumulative	*Comments*
Sales	$ 12,035	$ 18,603	$ 30,639	*Based on % allocation from previous plant P&L*
Intercompany	$ -	$ -	$ -	
Intra-company	$ -	$ -	$ -	
Piece Price Adjustment*			***$ 10,899***	*Piece Price adjustment necessary to ensure net profit is zero*
Net Sales	**$ 12,035**	**$ 18,603**	**$ 41,538**	
Raw Materials	$ 8,837	$ 13,411	$ 22,248	
Direct Labor	$ 482	$ 709	$ 1,191	
Depreciation and Amortization	$ 566	$ 5,090	$ 5,656	
Warranty Expense	$ 106	$ 130	$ 236	*Based on % allocation from previous plant P&L*
Indirect Labor	$ 658	$ 2,111	$ 2,768	
Buyer Support Fees	$ 16	$ 197	$ 214	
Other Costs	$ 932	$ 2,842	$ 3,774	
Total Cost of Sales	**$ 11,596**	**$ 24,492**	**$ 36,088**	
Moses Lake Operating Profit	**$ 108**	**$ (842)**	**$ (734)**	*Moses Lake produces the propellant and is an intermediary plant in the RTK production process*
Gross Profit	**$ 548**	**$ (6,731)**	**$ 4,716**	
Corporate Overhead	$ 367	$ 4,038	$ 4,405	*Based on staffing needed to have decision making separated for RTK*
Rent	**$ 24**	**$ 287**	$ 311	*Based on % allocation from previous plant P&L*
Total Overhead	**$ 391**	**$ 4,325**	**$ 4,717**	
Profit	**$ 157**	**$ (11,056)**	**$ (0)**	

Average piece price adjustment (USD)	
Total Piece Price Adjustment	$ 10,899,000
Volume	1,845,666
Piece Price Adjustment	**$ 5.91**

**Piece price adjustment is a plug to make RTK a breakeven entity*

Reorganized Takata Income Statement Footnotes

1. This Projection is an income statement for TKH and certain of its subsidiaries, as emerged from chapter 11 ("***Reorganized Takata***"), which are tasked with producing PSAN Inflators[144] for four PSAN Consenting OEMs that require limited PSAN Inflator production after the Effective Date.

2. Reorganized Takata is forecasted to manufacture PSAN Inflators from the Effective Date through January 1, 2019 at three manufacturing sites (production of PSAN propellant at Moses Lake, production of Inflators at Monclova and Changxing), based on demand volumes received from the PSAN Consenting OEMs as of December 1, 2017.

3. This financial forecast is a top down method of cost estimation. Costs and revenues at the individual manufacturing site are divided into PSAN and non-PSAN costs based on PSAN volumes provided by OEMs, effectively creating a PSAN only P&L for each manufacturing site.

4. The individual P&L's are consolidated along with additional corporate overhead required to run Reorganized Takata, which make up the overall Reorganized Takata P&L forecast.

5. In the event of a net loss scenario, a piece price adjustment equal to the amount of such net loss is added to sales revenue to make Reorganized Takata a zero net profit entity.

6. The piece price adjustment is an estimate of per unit additional revenue needed on top of production costs. This represents an estimate of the additional cost to be added to the final cost of production based on terms to be reached with suppliers for materials and services received after the Effective Date.

7. Any remaining cash at Reorganized Takata at the end of production will be allocated and distributed in accordance with the Plan.

8. The forecast does not represent an FY19 operating budget for Reorganized Takata. The final price of each PSAN Inflator will be determined by a bottoms up budget built for FY19 operations based on production volume forecasts.

9. Working capital needs will be allocated from current working capital funds for pre-Effective Date sales of PSAN Inflators and products.

10. Reorganized Takata is responsible for the production of PSAN Inflators only. The PSAN Inflators will be sold to the PSAN Consenting OEMs, or a designee of a PSAN Consenting OEM, and shipped to the Plan Sponsor for installment into airbag modules or replacement kits. The forecast includes shipping costs for delivering PSAN propellant from Moses Lake to Monclova and Changxing, but all costs assume FOB at Reorganized Takata's loading

[144] Capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to such terms in the Plan.

docks. Accordingly, the forecast does not include shipping costs beyond the Monclova or Changxing manufacturing sites.

11. Sales revenue from Moses Lake for the production and sale of PSAN propellant is recognized in the cost of raw materials at Monclova and Changxing.

12. Depreciation is for the full amount of Capital Expenditures and the Net Book Value of PSAN assets ($4M + $1.6M) over the life of Reorganized Takata. The Projection assumes that no Plan Sponsor Backstop Payments will be required over the life of Reorganized Takata.

13. Corporate overhead includes the costs of TK Global LLC staff allocated to Reorganized Takata based on responsibility split between Reorganized Takata and the Warehousing Entity.

This summary assumes that in all regions, RTK is only responsible for costs of inflators received by 3/1/2018

Inflator Storage Holds Lifted 3/1/2018

								North America			China			Japan and Rest of Asia		
	Totals	Capex	Special Master	NHTSA Monitor	DOJ Monitor	WSD Overhead		Warehousing	Shipping	Disposal	Warehousing	Shipping	Disposal	Warehousing	Shipping	Disposal
Pre-RTK (Takata) Costs	$ 17,282,397	$ -	$ -	$ -	$ -	$ -		$ 3,694,767	$ 151,200	$ 2,952,432	$ 624,000	$ 113,242	$ 469,877	$ 4,176,433	$ 337,284	$ 4,763,162
RTK Costs	$ 200,196,316	$ 4,000,000	$ 27,250,000	$ 42,380,000	$ 34,560,000	$ 23,241,025		$ 28,431,649	$ 1,979,400	$ 24,006,084	$ 234,000	$ 53,900	$ 223,648	$ 5,261,341	$ 597,685	$ 7,977,584
Individual OEM Costs	$ 128,237,563	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ -	$ 7,956,000	$ 1,891,262	$ 5,695,145	$ 31,211,299	$ 51,767,020	$ 29,716,837
Total Cost	$ 345,716,276	$ 4,000,000	$ 27,250,000	$ 42,380,000	$ 34,560,000	$ 23,241,025		$ 32,126,416	$ 2,130,600	$ 26,958,516	$ 8,814,000	$ 2,058,404	$ 6,388,670	$ 40,649,072	$ 52,701,989	$ 42,457,583

	Totals
TK Holdings Funding	$ 108,190,000
WSD Funding	$ 92,006,316

Warehousing Entity Funding

The purpose of the Warehousing Entity is to handle the warehousing, shipping, and disposal of returned recalled PSAN Inflators in compliance with the NHTSA Consent Order. The Warehousing Entity is expected to operate for a minimum of three years. Costs are broken into the following categories:

1. Special Master, NHTSA Monitor, and DOJ Monitor;
2. Warehousing Entity Corporate Overhead;
3. Warehousing, Shipping, and Disposal Process; and
    a. North America
    b. Asia
4. Capital Expenditures.

The inputs and assumptions included in the projections are based on the most accurate and currently available information. These inputs, however, are subject to material change. The below assumptions form the baseline for the Warehousing Entity funding projection.

1. **Special Master, NHTSA Monitor, and DOJ Monitor** – These individuals' services are required under the DOJ Plea Agreement and the NHTSA Consent Order. Estimates were provided by counsel for the Special Master, the NHTSA Monitor, and the DOJ Monitor through September 2019 with an added wind down cost estimate. Under the Plan, funds for such services are included in the Post-Closing Reserve for Reorganized Takata and not the Warehousing Entity Reserve notwithstanding that such estimates are included in the Warehousing Entity funding projection.

2. **Warehousing Entity Corporate Overhead** – Warehousing Entity corporate overhead is comprised of the costs of corporate staffing required to run the Warehousing Entity operations, including the PSG and partial allocation of costs from the management team of TK Global LLC.

3. **North America Warehousing, Shipping, and Disposal** – The Warehousing Entity will be responsible for the costs of inflators returned to Takata and stored in warehouses prior to the Effective Date. That number is expected to be about 21M inflators. Only one disposal facility is currently available with expected disposal capacity of 580,000 inflators per month. It is assumed that this disposal capacity will be fully dedicated to inflators warehoused by the Warehousing Entity. Further, Takata acknowledges that due to capacity constraints and other factors, the Warehousing Entity will provide shipping, warehousing and/or disposal services to the Consenting OEMs relating to PSAN Inflators returned after the Effective Date. In such event, the Warehousing Entity and a Consenting OEM will enter into an agreement, which must be in form and substance acceptable to the Warehousing Entity and such Consenting OEM, for the maintenance, shipping, and disposal of PSAN Inflators returned

after the Effective Date and all related costs will be the sole responsibility of and paid by such Consenting OEM.

4. **Asia Warehousing, Shipping, and Disposal** – The Warehousing Entity will be responsible for the costs of PSAN Inflators returned to Takata and stored in warehouses prior to the Effective Date. That number is expected to be 500,000 in China and 7.8 million in Japan and the rest of Asia, for a total of 8.2 million inflators. Disposal capacity is 150,000 inflators per month in China and 860,000 per month in Japan and the rest of Asia. Disposal capacity will be split between returned PSAN Inflators and warehoused PSAN Inflators. Further, Takata acknowledges that due to capacity constraints and other factors, the Warehousing Entity will provide shipping, warehousing and/or disposal services to the Consenting OEMs relating to PSAN Inflators returned after the Effective Date. In such event, the Warehousing Entity and a Consenting OEM will enter into an agreement, which must be in form and substance acceptable to the Warehousing Entity and such Consenting OEM, for the maintenance, shipping, and disposal of PSAN Inflators returned after the Effective Date and all related costs will be the sole responsibility of and paid by such Consenting OEM.

5. **Capital Expenditures** – Funding necessary to separate the operations of Reorganized Takata and the Warehousing Entity from facilities purchased by the Plan Sponsor. Under the Plan, reserves for capital expenditures are included in the Post-Closing Reserve for Reorganized Takata and not the Warehousing Entity Reserve.