

ATTENTION: Automobile Manufacturers (“OEMs”) that Purchased Airbags with Phase Stabilized Ammonium Nitrate Inflators (“PSAN Inflators”) from Takata Corporation or Any of Its Subsidiaries (“Takata”)

***PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
THIS NOTICE CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.***

This Notice contains information about the Special Master’s proposed formula for allocation (the “Proposed Allocation”) of the \$850 million restitution fund for OEMs that purchased airbags with PSAN Inflators from Takata (the “OEM Restitution Fund”), which was created pursuant to Takata’s plea agreement in the criminal case *United States v. Takata Corporation*, Case No. 2:16-cr-20810 before the United States District Court of the Eastern District of Michigan (the “Court”).

Under the Special Master’s Proposed Allocation, every OEM who purchased PSAN Inflators, wherever located, will be eligible to participate in the OEM Restitution Fund. Each OEM’s allocation will be determined by the percentage of all PSAN Inflators sold by Takata globally that was purchased by that OEM. Each OEM’s allocated amount will be paid from the \$850 million OEM Restitution Fund.

The Proposed Allocation will not be effective until it is approved by the Court. The Special Master is providing the OEMs an opportunity for written objections to the Proposed Allocation before presenting it for final Court approval. Any objections must be in writing and received by the Special Master on or before December 20, 2017 at 5:00 p.m. EST.

For further information, please visit the Special Master’s website, www.takataspecialmaster.com. This website is updated periodically. If you have questions, please send them by email to OEMQuestions@TakataSpecialMaster.com, or call (800) 574-7035.

I. THE OEM RESTITUTION FUND.

On February 27, 2017, Takata pled guilty to one count of wire fraud in the *Rule 11 Plea Agreement* in *United States v. Takata Corporation* [ECF No. 23] (the “Plea Agreement”). On the same date, the Court entered the *Restitution Order* [ECF No. 24] (the “Restitution Order”) requiring Takata to, among other things, pay \$850 million for the “OEM Restitution Fund”, which consists of: (i) \$481,848,850 to the OEMs that were directly impacted by Takata’s fraudulent scheme (*i.e.*, OEMs who were defrauded in connection with their purchase of airbags with PSAN Inflators); and (ii) an additional \$368,151,150 to all OEMs that purchased airbags with PSAN Inflators from Takata regardless of location.

The Restitution Order provides that the \$850 million for the OEM Restitution Fund must be paid by Takata within five (5) days after the closing of the currently anticipated sale of the assets of Takata and its affiliates and subsidiaries, which, pursuant to the Plea Agreement, must occur by no later than February 27, 2018.

Copies of the Plea Agreement and the Restitution Order can be found and accessed on the Special Master’s website, www.takataspecialmaster.com.

II. ROLE OF THE SPECIAL MASTER.

As part of the Plea Agreement, a Special Master was appointed to, among other things, determine the proper administration and allocation of the OEM Restitution Fund. On July 31, 2017, the Court entered an order appointing Eric D. Green as Special Master (the “Appointment Order”). The Special Master’s responsibilities include developing a formula or formulas, subject to Court approval, for distributing funds to eligible claimants, making determinations regarding allowed claims, and making a recommendation to the Court regarding allocation of funds from

the OEM Restitution Fund. A copy of the Appointment Order can be found and accessed on the Special Master's website, www.takataspecialmaster.com.

III. THE PROPOSED ALLOCATION.

A significant majority of Takata's OEM customers (the "Consenting OEMs"), which collectively purchased approximately 90% of the PSAN Inflators sold by Takata as of December 31, 2016, agreed upon the Proposed Allocation and presented it to the Special Master for consideration. Following a formal presentation on the proposal for allocating the OEM Restitution Fund, several discussions with the Consenting OEMs about the proposal, and an independent review by the Special Master of the proposal, the Special Master determined that the Proposed Allocation provides for an equitable distribution of the OEM Restitution Fund. The Proposed Allocation schedule is attached hereto as Exhibit A. The Special Master also reviewed and found reliable the schedule showing the amount of PSAN Inflators purchased by each OEM as of December 31, 2016, which was used to create the Proposed Allocation. This schedule is in the Special Master's possession, and is covered by a non-disclosure and confidentiality agreement. The Special Master has requested consent from the Takata entities and the Consenting OEMs to publish this schedule, but as of the date of the filing requesting approval of this notice, has not received consent from the Takata entities. The Special Master will continue his efforts to obtain such consent, and if obtained, will file this schedule as an exhibit with the Court and publish it on the Special Master's website at a later date.

Pursuant to the Restitution Order, OEMs eligible to participate in the OEM Restitution Fund include: (i) OEMs defrauded in connection with their purchase of Takata airbags utilizing non-compliant PSAN Inflators based on the provision of materially false, fraudulent, and

misleading documents, data, information, or failure to provide material information; and (ii) all OEMs that purchased airbags with PSAN Inflators from Takata, regardless of location.

The Special Master's Proposed Allocation is based on three main principles. First, the two OEM restitution funds are combined into one global fund. Each eligible OEM will recover from this single fund. This obviates the need to determine whether a particular OEM can demonstrate that it was a "victim" of Takata's fraud.

Second, the single fund is allocated based on all PSAN Inflators sold by Takata globally. This effectively treats all PSAN Inflator types, propellant types, and the timing, cost and jurisdiction of sale equally.

Third, each OEM's allocation will be determined by the percentage of all PSAN Inflators sold by Takata globally that was purchased by that OEM, based upon the aggregate global sale of PSAN Inflators by Takata as of December 31, 2016 (approximately 2 weeks prior to the Plea Agreement). The Special Master has reviewed verified third-party data, including OEM-specific Takata PSAN Inflator sales data ("PSAN Sales Data"), and found that the PSAN Sales Data used to determine the percentage of PSAN Inflators sold to each OEM is reliable.

The mechanics of distribution for the Consenting OEMs' share of the OEM Restitution Fund is subject to the negotiation and agreement between the Consenting OEMs, Takata, and Key Safety Systems, Inc. (including its subsidiaries and affiliates), the proposed purchaser of certain Takata assets. However, the Proposed Allocation schedule and the mechanics of distribution to non-consenting OEMs are governed by the Plea Agreement and Restitution and Appointment Orders, which are unaffected by the Consenting OEM negotiations and may only be amended or modified by the Court.

Any remaining funds attributable to checks which are not cashed or to wire transfers that cannot be completed will be redistributed by the Special Master pro rata to all participating OEMs.

To receive an allocation from the OEM Restitution Fund, each eligible OEM will be required to provide a release in favor of the Special Master and his professionals, advisors and agents.

IV. HOW TO OBJECT TO THE PROPOSED ALLOCATION.

To ensure that all OEMs have a chance to be heard, an opportunity is being provided for eligible OEMs to object or comment, in writing, on the Proposed Allocation before adoption by the Special Master and submission to the Court for final approval. If you disagree with the Proposed Allocation, you may object. Any objections must be in writing and received by the Special Master on or before December 20, 2017 at 5:00 p.m. EST. Objections can be emailed to OEMQuestions@TakataSpecialMaster.com. If you do not submit a timely objection, you will be deemed by the Special Master to have accepted and consented to the Proposed Allocation.

Following his review and consideration of any objections, the Special Master anticipates providing his Proposed Allocation for the OEM Restitution Fund to the Court for final approval in January 2018.

If you have any questions about this notice or the Proposed Allocation, please visit www.takataspecialmaster.com, email OEMQuestions@TakataSpecialMaster.com, or call toll-free at (800) 574-7035.