



*Special Master*, dated Apr. 12, 2018 [Doc. 85], and in previous pleadings filed with the Court, the Special Master worked with the Consenting OEMs, Takata, and the purchaser of Takata's assets (the "Purchaser"), at their request, to develop procedures for facilitating the payment by Takata of the \$850 million in restitution and the payment of distributions from the \$850 million in restitution to the OEMs (the "Proposed Payment Procedures") in accordance with the Proposed Allocation.<sup>2</sup> The Proposed Payment Procedures were an integral part of a series of transactions designed to sell Takata's assets to the Purchaser and reorganize Takata's PSAN Inflator operations (the "Global Transaction").

3. On March 31, 2018, the Special Master requested Court approval of the Proposed Payment Procedures.<sup>3</sup> On April 3, 2018, the Court approved the Proposed Allocation and the Proposed Payment Procedures.<sup>4</sup> Thereafter, an issue was raised with respect to distributions being made to certain OEMs in Renminbi, an official Chinese currency. At the request of the Purchaser, and to ensure that

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<sup>2</sup> The Proposed Allocation of the OEM Restitution Fund among the OEMs was presented to the Court for approval on January 31, 2018. See *Special Master's Request for Final Approval of Allocation and Distribution of OEM Restitution Fund*, docketed on Feb. 1, 2018 [Doc. 60].

<sup>3</sup> See *Special Master's (1) Notice of Filing of Amended Exhibits to Request for Final Approval of Allocation and Distribution of OEM Restitution Fund (Doc. 60)*, and *(2) Request for Approval of Alternative Procedures for Distributions in Respect of the OEM Restitution Obligations of Takata Corporation*, dated Mar. 31, 2018 [Doc. 80].

<sup>4</sup> See *Order Granting Special Master's Request for Approval of (1) Allocation and Distribution of OEM Restitution Fund; and (2) Alternative Procedures for Distributions in Respect of the OEM Restitution Obligations of Takata Corporation*, dated Apr. 3, 2018 [Doc. 81].

the closing of the Global Transaction occurred as scheduled, the Special Master requested the Court's approval of revised payment procedures on April 9, 2018, which the Court granted that same day.<sup>5</sup>

4. As of April 11, 2018, the Special Master, in coordination with the Consenting OEMs, Takata, TKH, and the Purchaser, successfully disbursed \$848,737,326.28 of the \$850 million OEM Restitution Fund to the Consenting OEMs and placed the remaining funds at the OEM Restitution Trust Fund at Wilmington Trust, N.A. pending disbursement to the Non-Consenting OEMs.

5. In order to effectuate payment of the remaining \$1,262,673.72 of the OEM Restitution Fund to the seven remaining OEMs, the Special Master developed proposed procedures for the remaining distributions and sought Court approval on April 27, 2018. *See Special Master's Request for Approval of Payment Procedures for Remaining OEMs*, docketed Apr. 30, 2018 [Doc. 89]. On April 30, 2018, the Court approved the proposed procedures, which require the OEMs to execute a distribution and release agreement in order to receive a distribution. *See Order Granting Special Master's Request for Approval of Payment Procedures for Remaining OEMs*, dated Apr. 30, 2018 [Doc. 90].

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<sup>5</sup> *See Special Master's Request for Approval of Revised Payment Procedures for Certain Consenting OEMs in Respect of the OEM Restitution Obligations of Takata Corporation*, dated Apr. 9, 2018 [Doc. 83]; *Order Granting Special Master's Request for Approval of Revised Payment Procedures for Certain Consenting OEMs in Respect of the OEM Restitution Obligations of Takata Corporation*, dated Apr. 9, 2018 [Doc. 84].

6. Upon the approval of the payment procedures, the Special Master prepared the notices and distribution and release agreements for the seven remaining OEMs. The Special Master distributed these packages to these OEMs, by email and overnight mail, on May 8, 2018. To date, the Special Master has not received any executed distribution and release agreements.

**B. PREPARING FOR THE SUBMISSION OF CLAIMS FOR COMPENSATION FROM THE \$125 MILLION INDIVIDUAL RESTITUTION FUND AND THE TATCTF.**

7. In the prior reporting period, on March 21, 2018, the Court approved the Revised Individual Restitution Fund Methodology. *See Order Granting Special Master’s Request for Approval of the Revised Individual Restitution Fund Methodology (Doc. 77) and Overruling Defendant’s Objection (Doc. 56)*, dated Mar. 21, 2018 [Doc. 78].

8. Also in the prior reporting period, a plan of reorganization was confirmed in the U.S. Bankruptcy Proceedings, pursuant to which the Takata Airbag Tort Compensation Trust Fund (“TATCTF”) was created to administer, resolve, and liquidate certain claims, namely claims relating to personal injury or wrongful death caused by the malfunction of a PSAN Inflator sold or supplied

prior to the Petition Date (“PSAN PI/WD Claims”).<sup>6</sup> Further, pursuant to a permanent injunction provision in the plan, all PSAN PI/WD Claims against TK Holdings Inc., its affiliated debtors, and any Consenting OEM that elects to become a “Participating OEM” and contribute funds to the TATCTF are channeled to the TATCTF.<sup>7</sup> The procedures established for allocating funds in the TATCTF for claimants with PSAN PI/WD Claims uses the same kind of point system approved by the Court for allocating the Individual Restitution Fund.

9. The Special Master was asked, agreed, and was appointed by the Bankruptcy Court to serve as the Trustee of the TATCTF and administer the Individual Restitution Fund in coordination with the administration of the TATCTF.<sup>8</sup> In the current Reporting Period, the Special Master worked to develop a streamlined process for the submission of claims to the Individual Restitution Fund and TATCTF, including developing (i) a combined notice program; (ii) a single claim form for wrongful death claims and a single claim form for personal

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<sup>6</sup> See Findings of Fact, Conclusions of Law, and Order Confirming Fifth Amended Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors, *In re TK Holdings Inc.*, Case No. 17-11375 (Bankr. D. Del. Feb. 21, 2018), Doc. 2120 (“Confirmation Order”). The Effective Date of the Plan occurred on April 10, 2018. See Notice of Occurrence of Effective Date of Fifth Amended Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors, *In re TK Holdings Inc.*, Case No. 17-11375 (Bankr. D. Del. Apr. 11, 2018), Doc. 2646.

<sup>7</sup> To date, Honda/Acura is the only Participating OEM.

<sup>8</sup> See Fifth Amended Plan of Reorganization of TK Holdings Inc. and its Affiliated Debtors, *In re TK Holdings Inc.*, Case No. 17-11375 (Bankr. D. Del. Feb. 20, 2018), Doc. 2116 (the “Plan”); Confirmation Order ¶ 56; PSAN PI/WD Trust Agreement, *In re TK Holdings Inc.*, Case No. 17-11375 (Bankr. D. Del. Mar. 26, 2018), Doc. 2505-1, § 4.1.

injury claims; (iii) a Notice of Claim form, which enables claimants to timely file but defer consideration of their claim, and the related HIPAA release; (iv) lists of required supporting documentation; and (v) an online portal where claimants and their representatives can file claims, upload supporting documentation, and monitor claim status.

10. On May 23, 2018, the Special Master sought this Court's approval of: the notice program (including the proposed direct and publication notices); the personal injury claim form; the wrongful death claim form; the lists of required supporting documentation; the notice of claim form; and the HIPAA release. The Special Master also sought approval of a revision to the Individual Restitution Fund methodology to define "Current Claims" as claims filed within ninety days after the launch of the notice program (rather than claims filed within ninety days of the Effective Date).

11. On April 25-26, 2018, the Special Master and the Future Claimants' Representative for the TATCTF hosted a tutorial in Washington, D.C. on all relevant issues for reviewers responsible for handling appeals of claims submitted to the Individual Restitution Fund and/or TATCTF (the "Reviewers"). All Reviewers for the Individual Restitution Fund were in attendance, as were

representatives from Garden City Group, the claims administrator.<sup>9</sup> The Reviewers heard numerous presentations, including on the history of this case and the bankruptcy case, the science behind the defective airbags, the structure of the Individual Restitution Fund, how claims are received and processed, valuation of injuries, and the appeals process. Reviewers were also given a presentation on a sampling of the injuries that victims have suffered thus far.

**C. ENGAGEMENT OF PROFESSIONALS AND OTHER MATTERS.**

12. In the Reporting Period, the Special Master obtained Court approval for the retention of CBIZ, Inc., an accounting firm. *See Order Authorizing the Special Master's Retention of Accounting Firm*, dated Apr. 27, 2018 [Doc. 88].

13. In addition, the Court issued a standing order approving the Special Master's payment of Individual Restitution Trust Fund tax liabilities and tax estimates. *See Standing Order Approving Payment of Individual Restitution Trust Fund Tax Liabilities and Tax Estimates*, dated Apr. 13, 2018 [Doc. 87].

**II. GOING FORWARD EFFORTS.**

14. The Special Master will be launching the notice program and protocols for administering claims for the Individual Restitution Fund on May 30,

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<sup>9</sup> All but one of the Reviewers for the TATCTF attended. All members of the Trust Advisory Committee for the TATCTF (Joseph F. Rice, Curtis B. Miner, and Andrew Parker Felix) and the OEM Advisory Committee for the TATCTF (Honda – Doug Bishop), together with counsel for these committees, were also in attendance.

2018. The Direct Notice and Claim Forms will be made available to known claimants and their attorneys at that time. Ads in numerous media outlets will also begin to run. The Special Master will launch a web portal for online claim form viewing, procuring, and filing. Thereafter, the Special Master, with the assistance of Garden City Group, will begin accepting and processing claims submissions. In addition, the Special Master will be updating the Frequently Asked Questions page of his website, [www.takataspecialmaster.com](http://www.takataspecialmaster.com).

15. The Special Master is also working with faculty at the University of Michigan Law School to assist pro se claimants with the Claim Forms, either through a clinical program at the Law School or a network of clinical law professors.

### **CONCLUSION**

16. The Special Master will continue to perform his responsibilities and duties consistent with the Appointment Order and all other directives of this Court.

Dated: May 23, 2018

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'E. D. Green', written over a horizontal line.

Eric D. Green, Special Master