AMERICAN BANKRUPTCY INSTITUTE

2018 Mid-Atlantic Bankruptcy Workshop

Kicking the Tires: Automotive Supplier Restructurings/Tariffs

CONCURRENT SESSION

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2018

Deloitte.

Key trends and issues in Automotive Sector ABI Mid-Atlantic — Kicking the Tires: Automotive supplier restructurings

Presented by: Wanya du Preez (wanyadupreez@deloitte.com)

August 2018

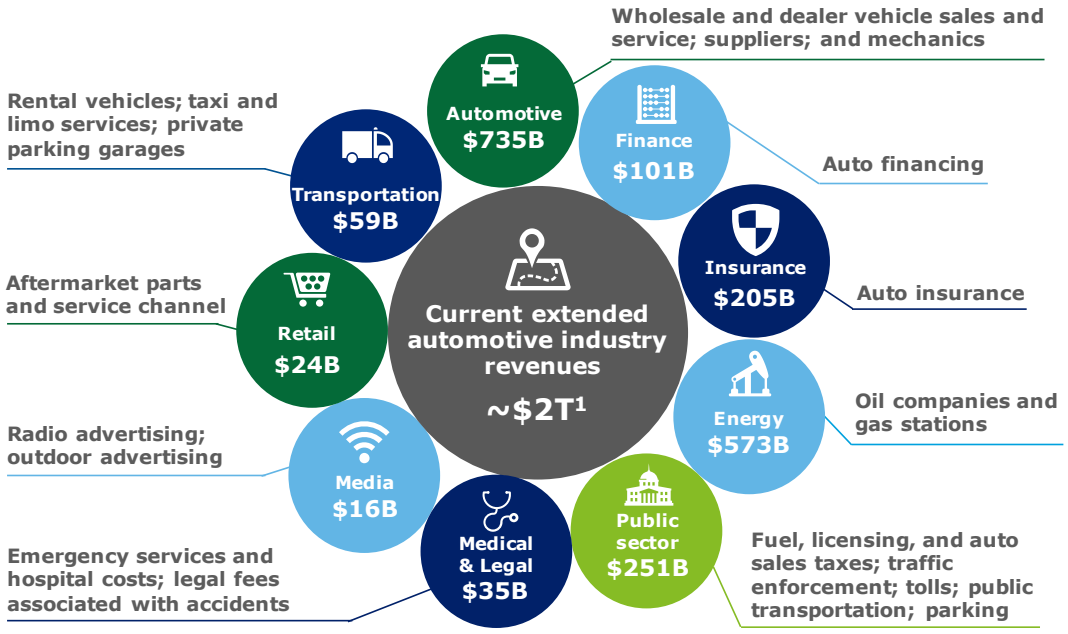
Contents

Deloitte has been exploring automotive consumer trends and the future of mobility for many years…

https://www2.deloitte.com/insights/us/en/industry/automotive.html

Overview of the industry

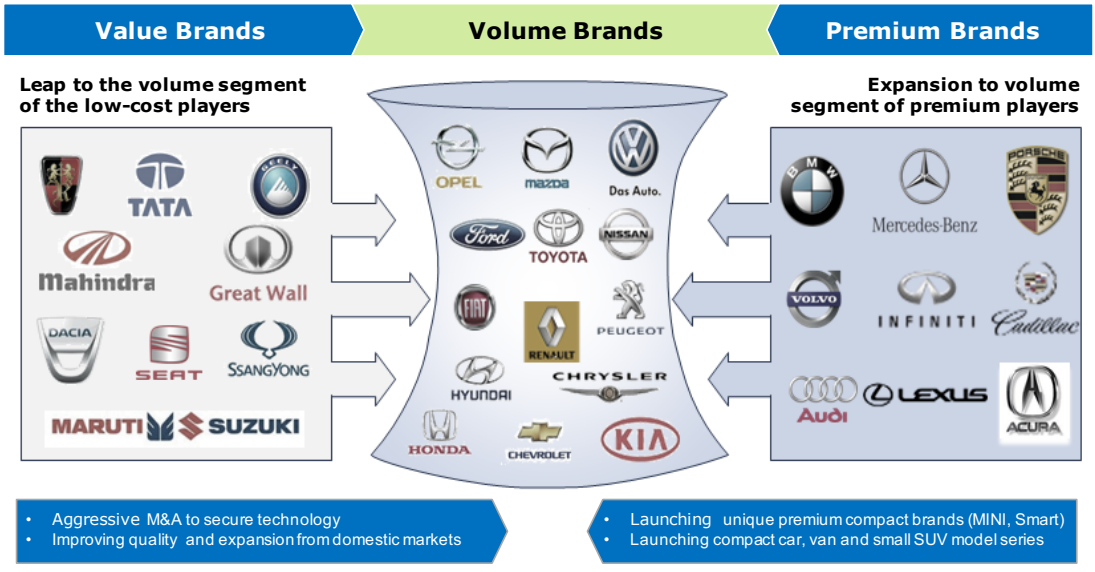
Approximately US$2 trillion in revenues are being generated annually by the extended auto industry



Source: Deloitte analysis based on *IBISWorld* Industry Reports, IHS, DOT, US Census, EIA, Auto News, TechCrunch. Current revenue represents 2014 figures (or earlier if 2014 data not available) in the United States.

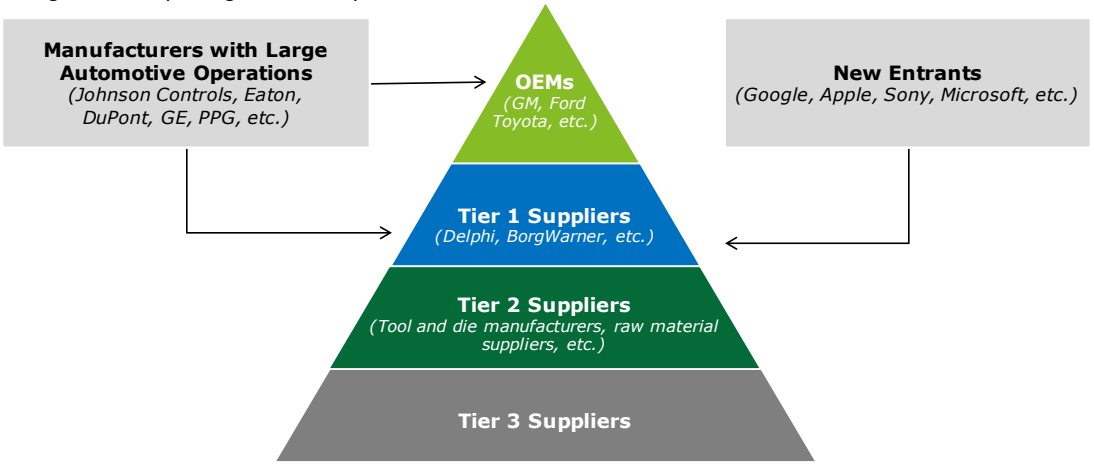
Industry composition and structure
Original Equipment Manufacturers (OEMs)

The landscape of automotive OEMs includes value, volume and premium brands. Volume brands are under increasing pressure and being forced to act as value brands improve their product portfolio and premium brands launch vehicles to attract young consumers.



Industry composition and structure
OEM and supplier tiers

Beyond the OEMs, the automotive landscape also includes thousands of suppliers dedicated to automotive or have significant operations dedicated to automotive. New entrants are also emerging as a result of megatrends impacting the industry.

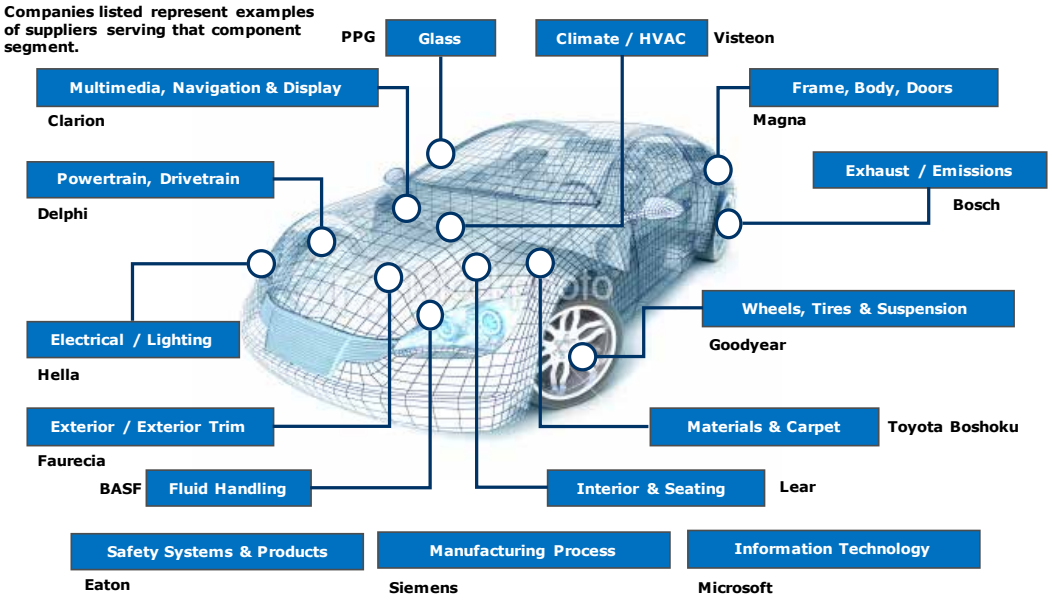


There is a significant revenue difference between OEMs and the supply base				
GM	**Ford**	**Toyota**	**Delphi**	**BorgWarner**
$155,427	$146,917	$234,101	$16,463	$7,436

Annual Sales (Mil) ***Source: Hoovers***

Industry composition and structure
Supplier component segments

Suppliers manufacturer most of components for their OEM customers, which are then assembled at OEM-owned production facilities. Today, suppliers drive much of the R&D and innovation process. As a result, OEM-supplier collaboration is becoming increasing important to competitiveness.

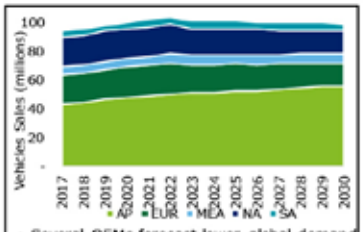


The Automotive Supplier Landscape

Deloitte 3rd Global Automotive Supplier Study

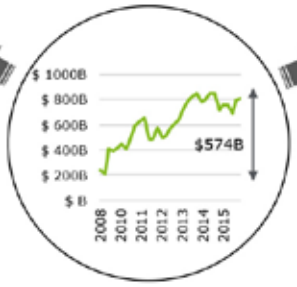
The industry is at an inflection point and 3 key forces could significantly disrupt the industry in the near and longer term

Volume Headwinds

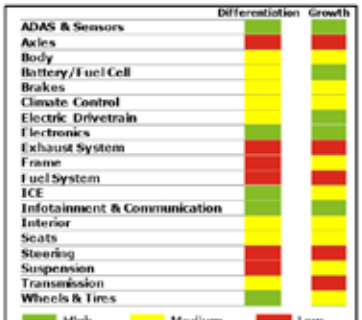


- Several OEMs forecast lower global demand
- Growth in mature markets is expected to plateau; however, mix is expected to be richer
- While APAC demand is expected to grow 3-5% annually, significant excess capacity exists
- Mix complexity expected to increase radically due to customized content and changing technologies

Shareholder Value Creation



Vehicle Content & Technology Disruption



- Certain segments are at risk of commoditization while others are more attractive for differentiation
- Value creation opportunities are expected to shift to data & service-driven offerings

Traditional value chain being disrupted

Alibaba Baidu Microsoft Cisco Apple, Inc. Lyft

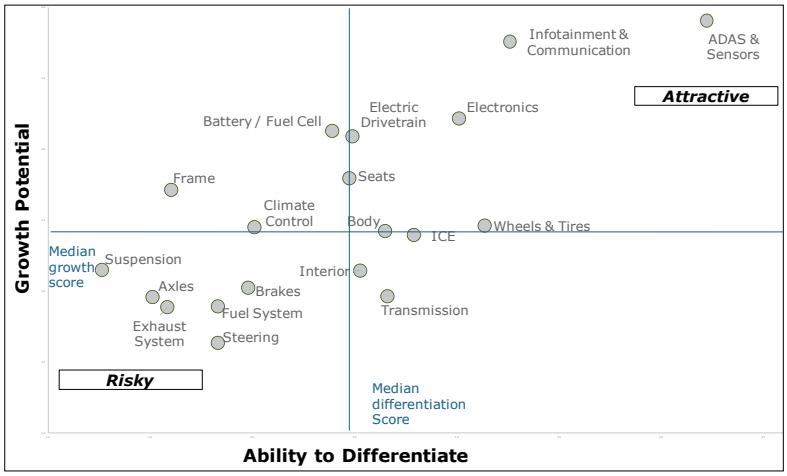
$0.8T Cash

$3.8T Market Cap

Amazon Google Tencent Uber Intel NVIDIA Samsung

Source: Global Automotive Supplier Study (2017)

Overall attractiveness varies across product segments, with several facing significant risk of commoditization/decline



Observations

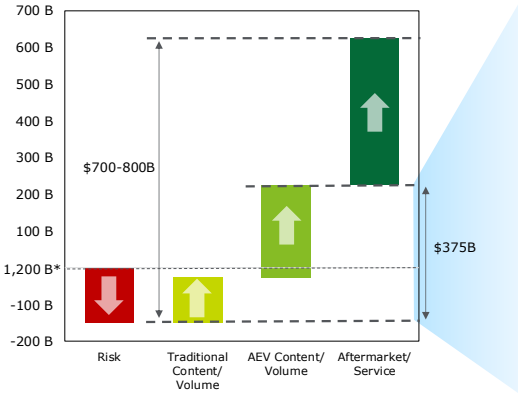
- Suppliers, OEMs as well as non-traditional suppliers and high tech players vying for competitive position in attractive segments
- Attractive segments' traditional value chain is being challenged, as the technology disruption occurs—e.g., tier leapfrogging may challenge the traditional linear model
- Suppliers with product portfolio in middle-ground segments are shifting focus to more profitable segments and enhanced value propositions
- Players in segments with higher risk and asset intensity may begin to consolidate further and/or become potential acquisition targets

Source: Global Automotive Supplier Study (2017)

While 15–20% of current segment revenues are at risk, significant new growth opportunities of $700B+ will be available for industry players

Incremental Risks & Opportunities

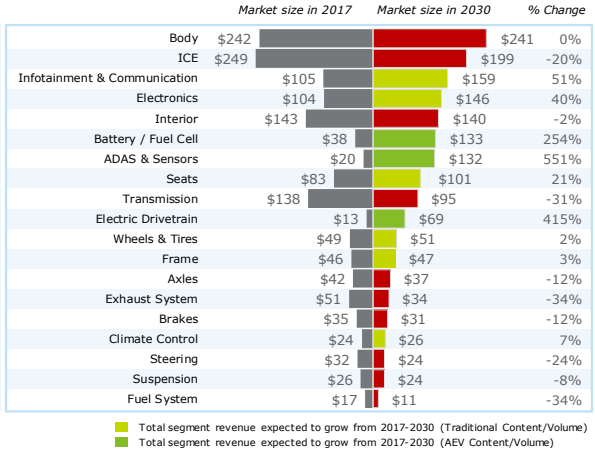
Global Automotive Volume and Content Opportunity ($B USD)



*2017 supplier market size projected to be $1,200 B

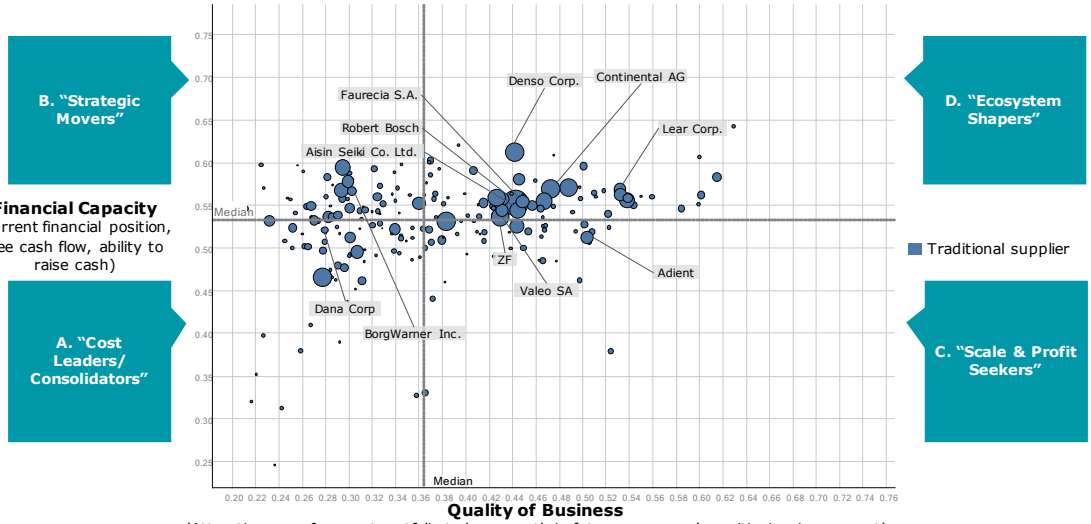
Content Mix by Revenue

Projected Segment Market Size ($B USD)



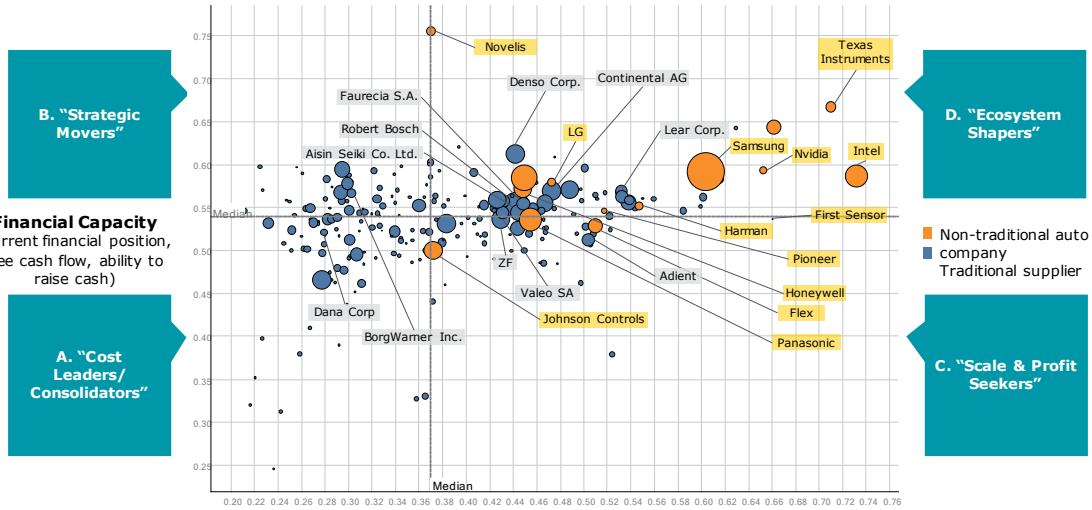
Source: Global Automotive Supplier Study (2017)

At this inflection point, some companies are better positioned to mitigate risks and pursue opportunities in disruption depending on current financial capacity and business quality



Size of the Bubble indicates 2016 revenues. Only traditional suppliers and non-traditional auto companies included
Source: Global Automotive Supplier Study (2017)

At this inflection point, some companies are better positioned to mitigate risks and pursue opportunities, especially non-traditional suppliers (with some exceptions)



Size of the Bubble indicates 2016 revenues. Only traditional suppliers and non-traditional auto companies included
Source: Global Automotive Supplier Study (2017)

US automotive market: Five key trends to keep an eye on

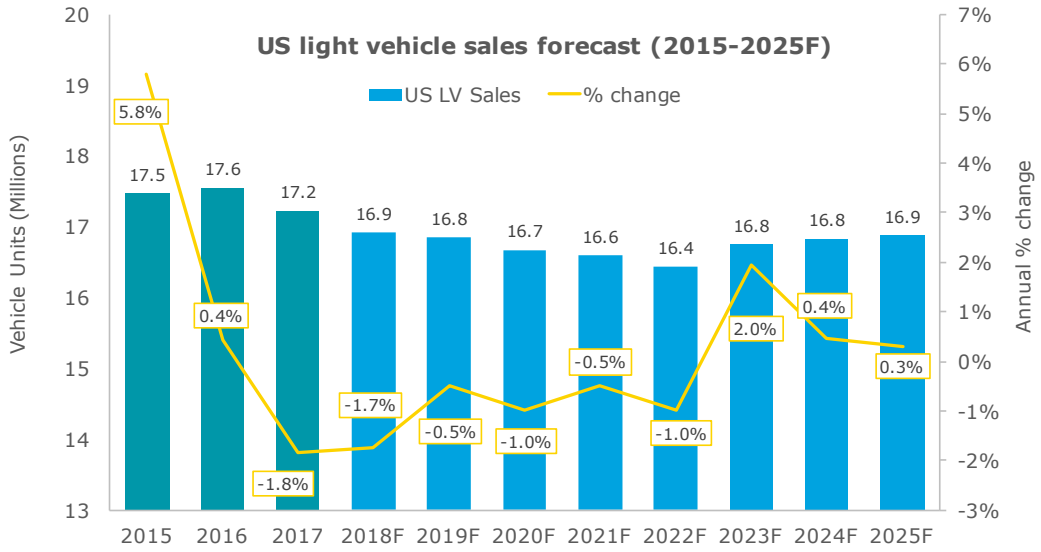
New technologies and changes in consumer behavior are reshaping the way transportation will work over the next decade

1	**SUVs taking over the landscape**	Consumers are increasingly choosing SUVs. Passenger car market share is expected to settle at 40 percent in 2018, down from 58 percent in 2010, representing a critical risk for OEMs that are not shifting their offerings and production fast enough.
2	**Auto sales could be heading into a structural decline**	Sales dropped by 1.8% in 2017 as pent-up demand from the global recession is fully exhausted. Moderating trend will likely continue into the next decade, putting pressure on OEMs looking to maintain strong investment necessary to affect business transformation.
3	**Consumers getting comfortable with mobility services**	Younger consumers are particularly interested in using app-based ride-hailing services and the experience is causing them to wonder whether they need to own a vehicle going forward.
4	**Consumer interest in AV/EVs remains somewhat mixed**	US consumers seem to be warming to the idea of self-driving vehicles, but many are still skeptical. People also continue to balk at electric powertrains preferring to stick with ICE engines.
5	**Unwinding NAFTA could be a big problem**	Uncertainty over the direction current negotiations will take is making auto companies that have invested in a fully integrated North American value chain for the past 30 years very nervous

Most people are assuming a cyclical downturn, but what if it's more than that?

US light vehicle sales to trend down over the next five years

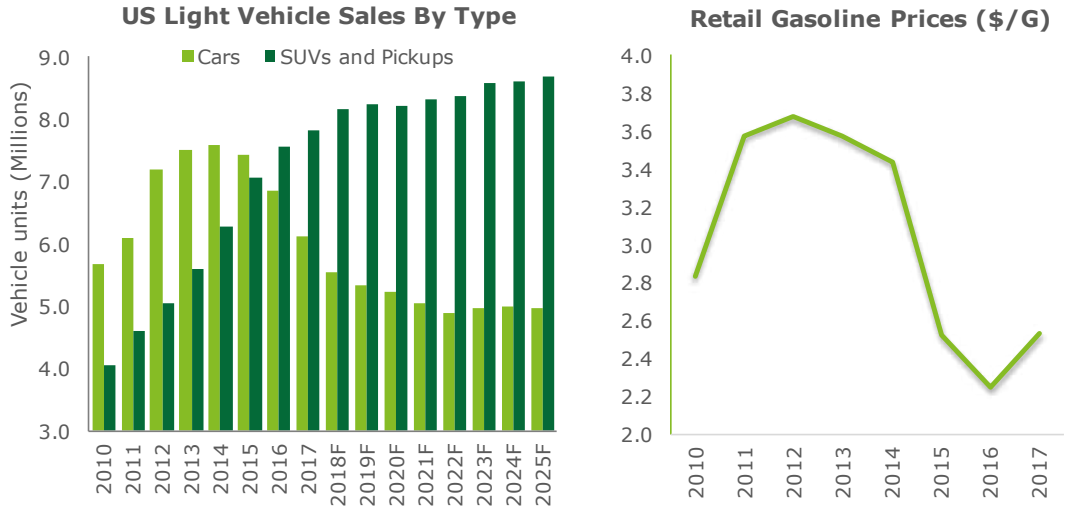
Stakeholders are bracing for a significantly different environment as compared to the robust, multi-year upcycle that is rapidly cooling



Source: IHS Automotive (updated as of May 14, 2018), Deloitte analysis

But, below the surface a big shift is underway…

Comparatively low gasoline prices could be a reason for the shift towards SUVs and pickups

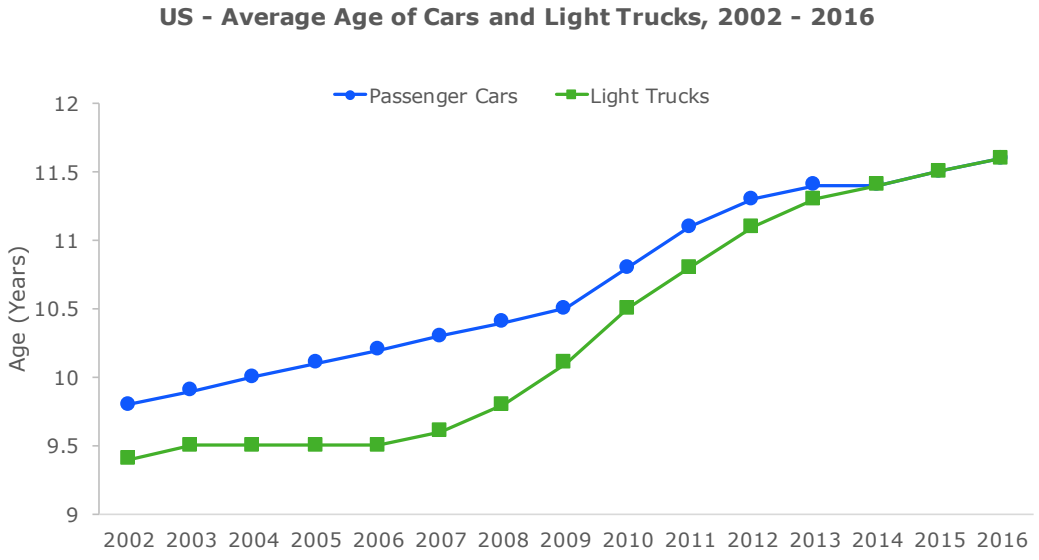


Some OEMs are making significant strategic decisions on what vehicles they will sell/produce based on this structural shift taking place

Source: IHS Automotive (updated as of May 14, 2018), US Energy Information Administration, Deloitte analysis

Consumers are also keeping their vehicles longer

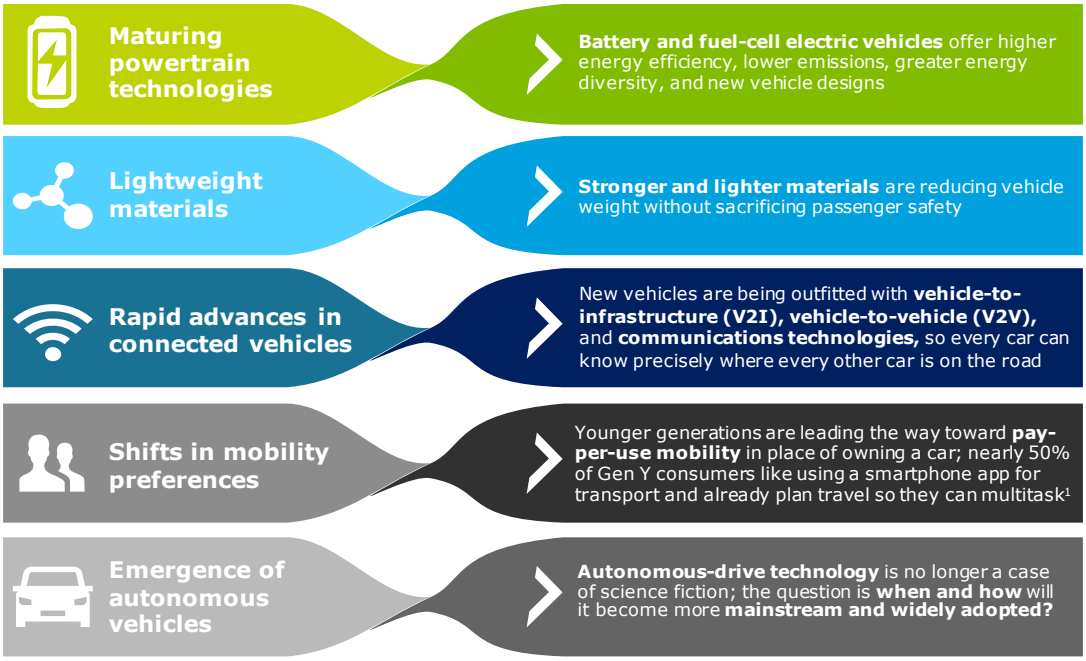
The average age of passenger cars and light trucks reached a new high at 11.6 years in 2016, an increase of almost two years since 2002



Source: IHS Automotive, R. L Polk Annual press release

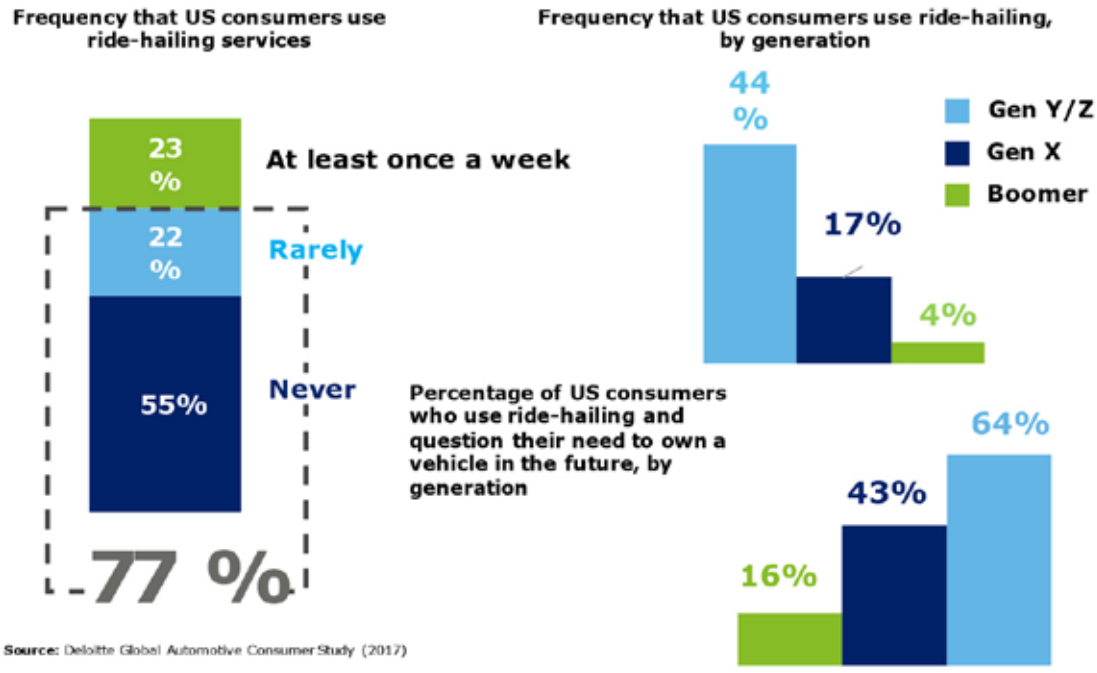
And…what if you didn't need a car at all?

Converging forces are transforming mobility.



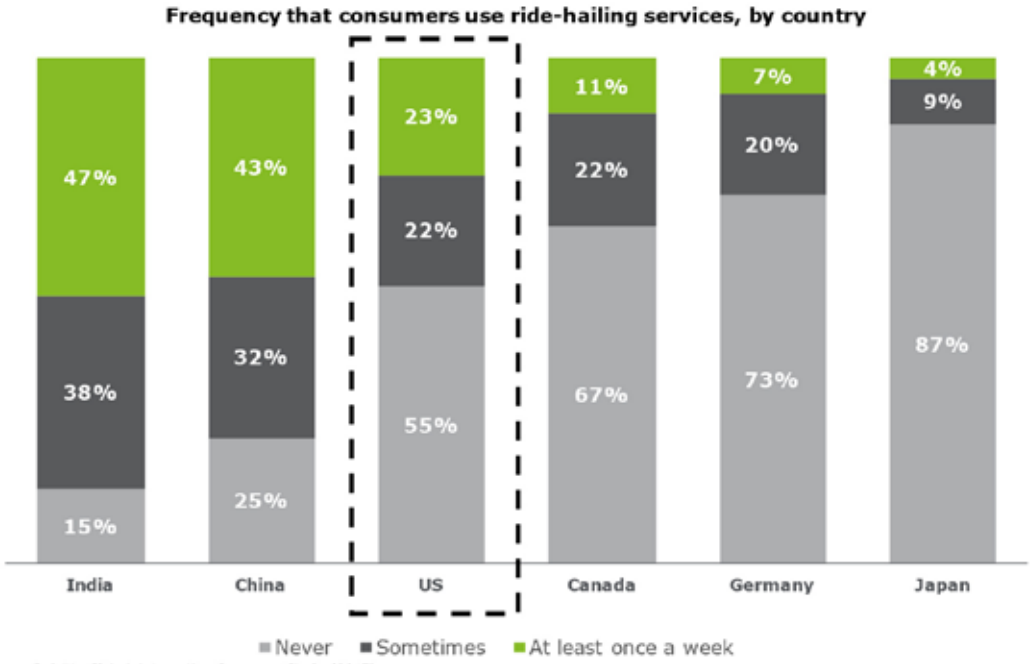
Source: Deloitte analysis [1] Deloitte Global Automotive Consumer Study, 2014

Ride-hailing is not heavily used yet in the US, signaling plenty of room for mobility services to grow and disrupt ownership



Source: Deloitte Global Automotive Consumer Study (2017)

Consumer use of ride-hailing services in the US is rising quickly compared to other global markets…



Source: Deloitte Global Automotive Consumer Study (2017)

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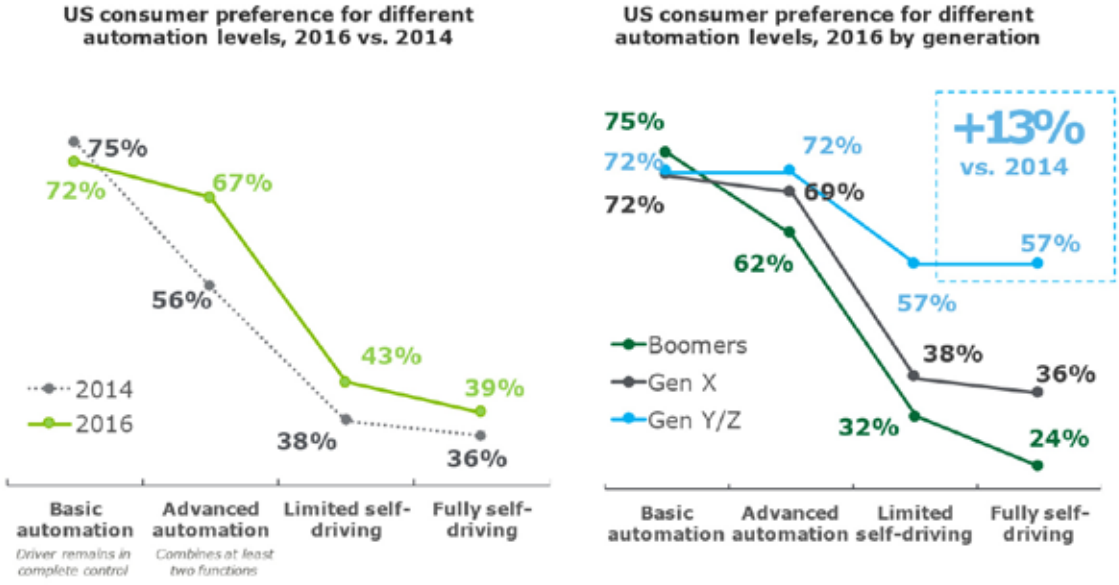
Interest in self-driving technologies has remained flat. Gen Y/Z consumers continue to be most interested in autonomous tech.



Note: Percentage of respondents who strongly agreed or agreed have been added together.

Sample size – [2014: N= 1,913, 2016: N= 1,722]
[2016: Pre/Boomers, N= 712; Gen X, N= 299; Gen Y/Z, N= 710]

Source: Deloitte Global Automotive Consumer Study (2017)

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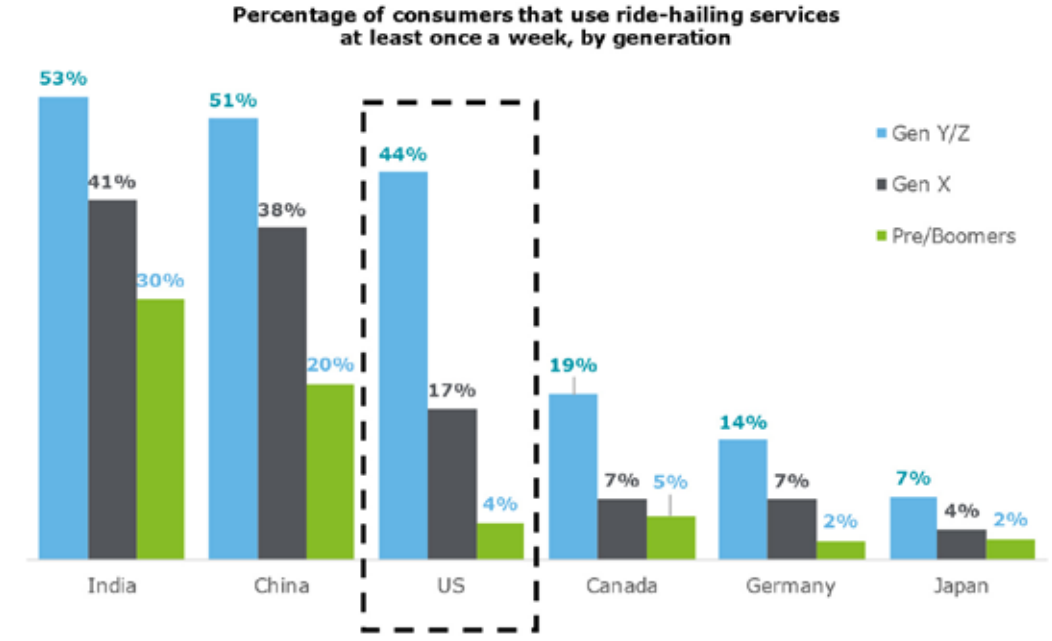
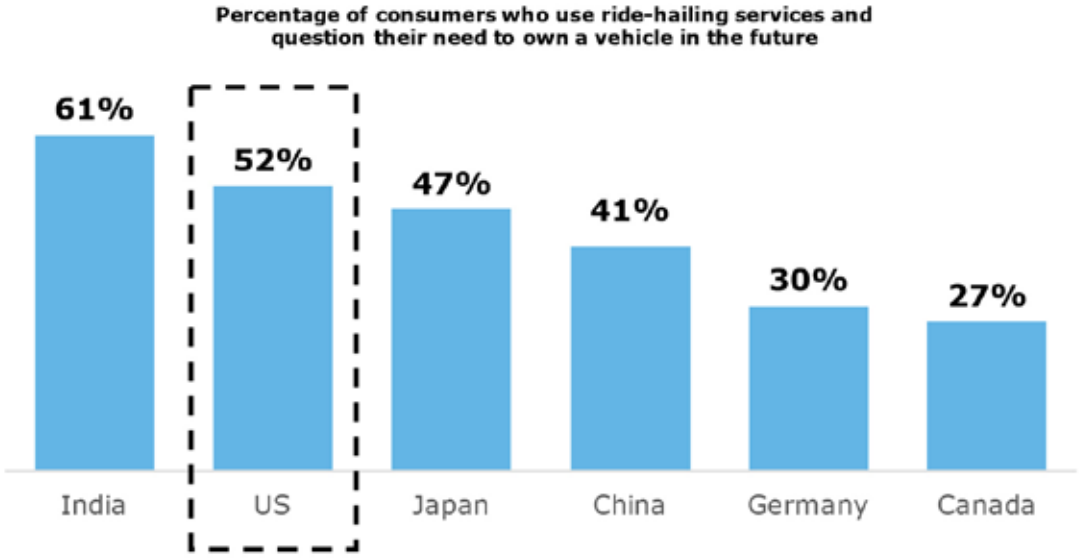
...and it's not surprising that ride-hailing services are resonating more among younger consumers (in most global markets)



Source: Deloitte Global Automotive Consumer Study (2017)

25

But, it really hits home when you ask ride-hailing users whether they need to own a vehicle at all going forward...



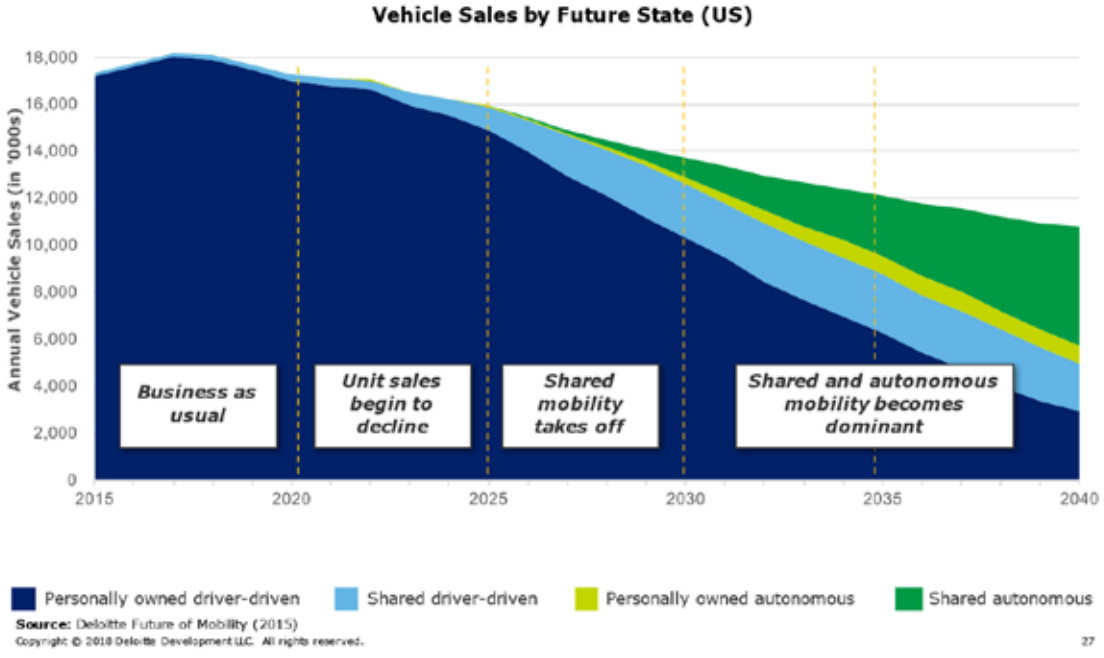
...which translates to a very significant number of (particularly younger) consumers and could have an impact on vehicle demand going forward.

Source: Deloitte Global Automotive Consumer Study (2017)

26

Source: Global Automotive Consumer Study

So, a significant rise in asset utility through shared mobility may lead to a significant, structural decline in vehicle sales, raising all sorts of questions for current stakeholders…



Source: Deloitte Future of Mobility (2015)

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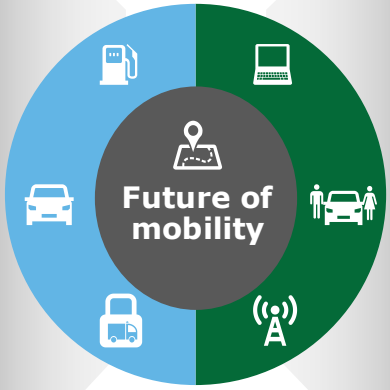
There are two profoundly different visions about how the future could evolve

Insider view

The industry will **evolve naturally** and **incrementally** toward a future mobility system that **retains its roots** in what exists today

The key players, major assets, and overall structure of the **current ecosystem can remain intact** while change progresses in an **orderly, linear fashion**

The incumbent mindset appears **dually focused** on sustaining the current model while **testing change in small ways**



Disrupter view

A **whole new age** is dawning featuring **fully autonomous** cars accessible on demand

Before long, a **tipping point** will occur, after which the **momentum of change will become unstoppable**

New entrants, notably Google, Uber, and Apple, **are catalysts** for transformation

Unlike the stakeholders in today's system, they **do not have vested stakes** to protect

Source: Deloitte analysis, based on publicly available information and company websites

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Will auto companies be able to monetize the massive investments in AV/EVs?

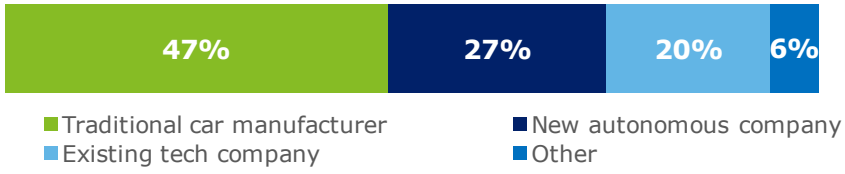
Lack of trust is one of the reasons why enthusiasm for full self-driving technologies amongst many US consumers is stagnant.

74 % **Percentage of US consumers who feel fully autonomous vehicles will *NOT* be safe**

68% **Percentage of US consumers who feel an established track record of fully autonomous cars being safely used would make them more likely to ride in one**

54% **Percentage of US consumers who feel they would be more likely to ride in a fully autonomous vehicle if it were offered by a brand they trust**

Types of companies US consumers trust most to bring fully autonomous vehicles to market

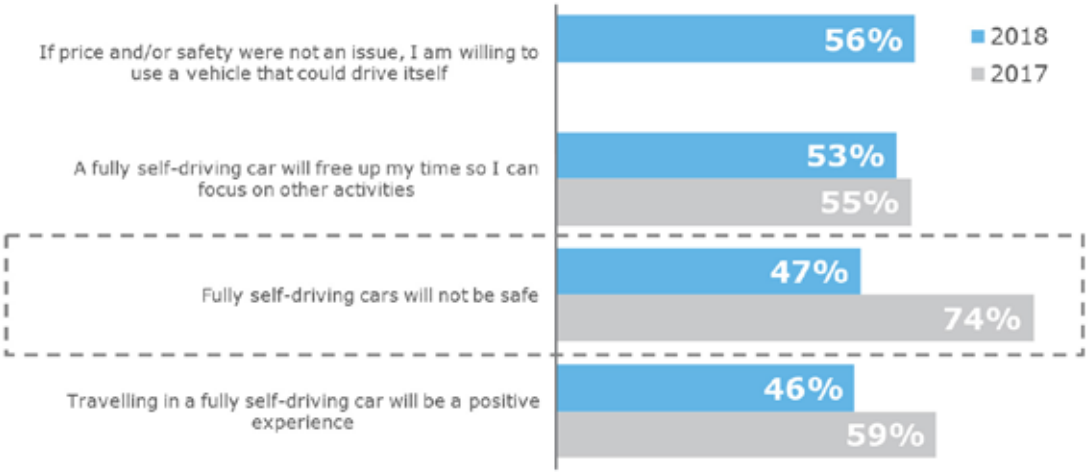


Source: Deloitte Global Automotive Consumer Study (2017)

Consumers are more positive about fully self-driving vehicles

Significantly fewer people are concerned about the safety of AVs on a YoY basis, but fewer people also think it will be a positive experience

Consumer opinion on fully self-driving vehicles



Note: Percentage of respondents who strongly agreed or agreed have been added together

Q1: To what extent do you agree or disagree with the following statements?

Sample size: n= 1,708

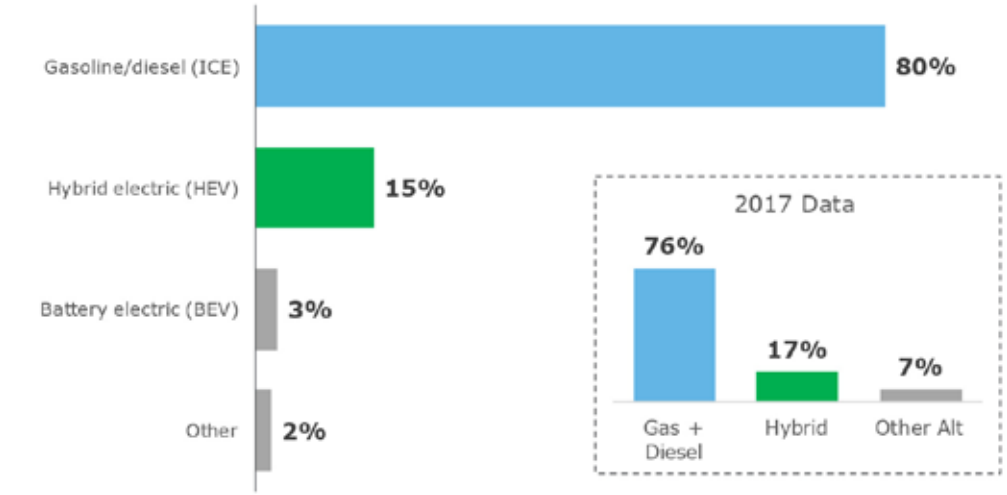
Source: Deloitte Global Automotive Consumer Study (2017)

31

Alternate powertrains resonate far less than conventional ones

Evidence suggests consumers still prefer conventional engines likely due, in part, to comparatively low gasoline price environment

Consumers expectations with respect to engine type in their next vehicle (2018)



Q38. What type of engine would you prefer in your next vehicle?

Note: 'Other' category includes ethanol, compressed natural gas, and hydrogen fuel cell.

Sample size: n=1,513

Source: Deloitte Global Automotive Consumer Study (2017)

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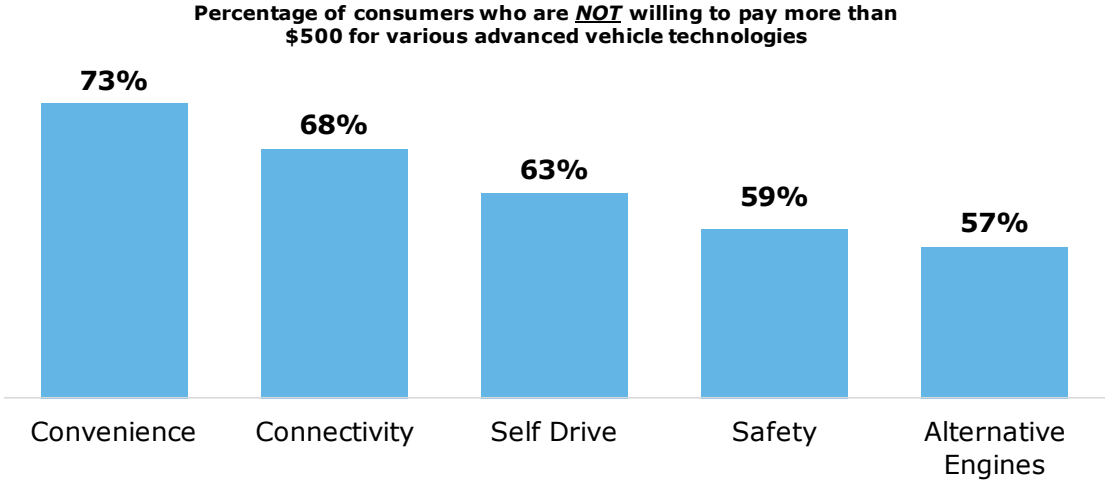
Having said all that, are consumers willing to pay for it?

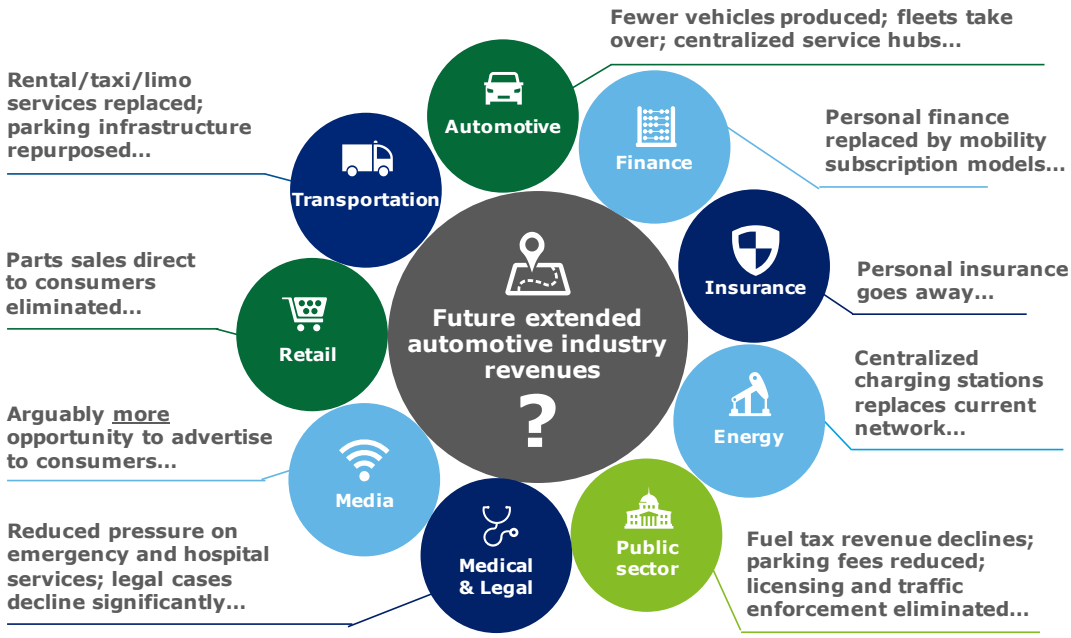
Relatively speaking, consumers are more likely to pay for AV and EV features but the numbers are still not very promising overall



Given this analysis, how much risk are OEMs and suppliers carrying by investing heavily in technologies that may ultimately be a hard sell?

Source: Deloitte Global Automotive Consumer Study (2017)

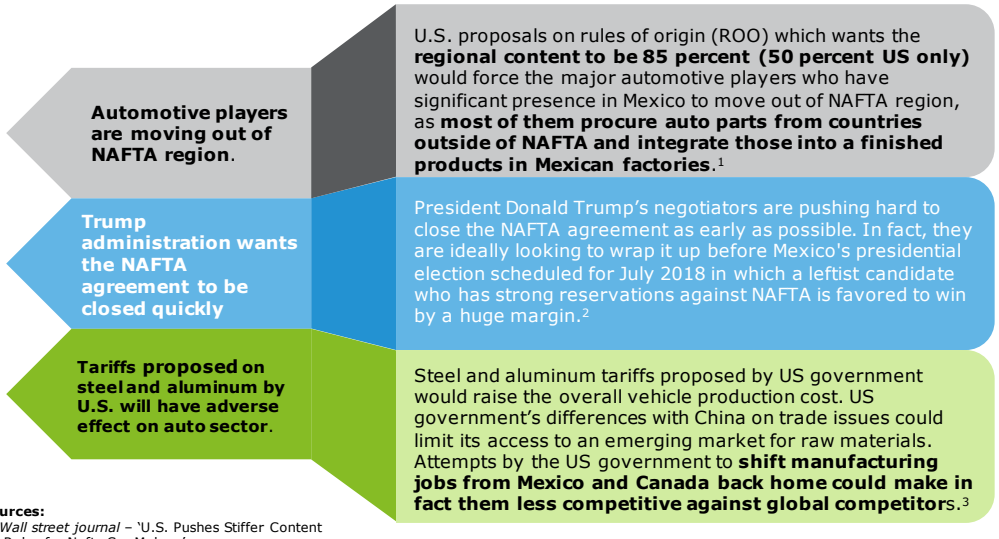
So, what are some of the potential implications of an electrified, shared, autonomous mobility future?



Finally, the x-factor: NAFTA

Local content rules and tariffs to hurt US auto industry

Rules of origin on the content that goes into a vehicle and tariffs on imports likely to have a negative impact



Sources:

1. *Wall street journal* – 'U.S. Pushes Stiffer Content Rules for Nafta Car Makers'
2. *LA Times* – 'Trump is pushing hard to reach NAFTA agreement, both with trading partners and with Congress'
3. *The Hill* – 'US auto proposals pose big challenge for NAFTA talks'

Wage normalization rules concern auto companies

Proposal to bring Mexican wages on par with that of US/Canada is neither good for the industry nor for the region

1 Lower wages in Mexico auto sector
The average salary for Mexican workers in an auto assembly plant was $7.34/hour and $3.41/hour in parts plants, while the Canadian/US workers got more than US$20 per hour in 2017.[1]

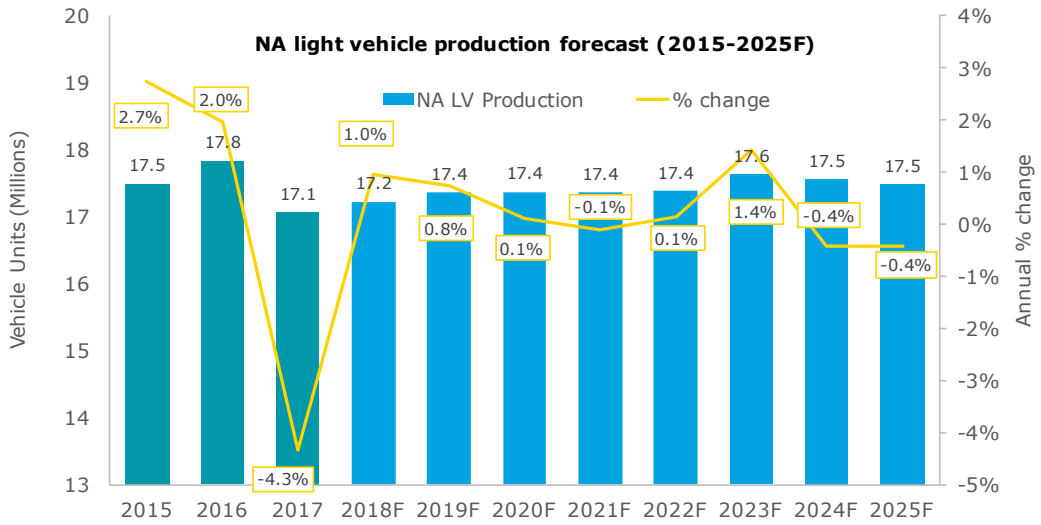
2 Pressure from U.S. to bring the average salary in Mexico at same level as in US/Canada
US government wants Mexican auto manufacturers to raise the workers' wages on par with US/Canada workers at about US$16/hour; else, they would be forced to bring the automotive jobs back to the US.[2]

3 Mexican government unlikely to accept high wage proposal
Mexican government is under huge pressure from automotive companies who invested heavily due to its lower labor cost. If they have to raise workers' wages due to the new proposal, auto companies might shift portions of their Mexican manufacturing to high-wage countries like the U.S./Canada (which hurts profitability of OEMs) or move them to a low-wage country outside North America (which is bad for the entire North American region).[3]

Sources:
1. *NAFTA Briefing* (Center for automotive research)
2. *The Wall Street Journal* – 'In Nafta Talks, U.S. Pushes Mexico to Raise Wages for Its Auto Workers'
3. *The Star* 'NAFTA talks focus on low wages for Mexican autoworkers'

It's not a zero-sum game for North American production

Mexico and Canada could be affected by the outcome of current trade talks, but it's unlikely that the US can pick up the slack anytime soon



Many companies across the auto value chain that have invested in North American integration over the last 30 years are facing a significant amount of risk.

Source: IHS Automotive (updated as of May 14, 2018), Deloitte analysis

Deloitte.

Presented by Sheryl L. Toby
August 2018

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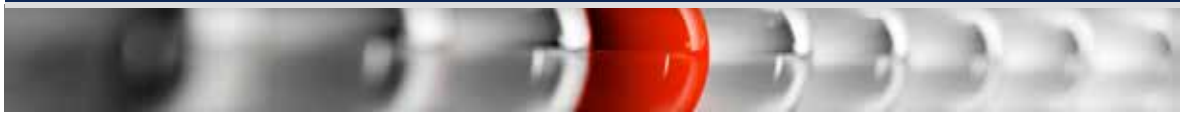
Introduction to Automotive Supply Chain

ABI Mid-Atlantic States Conference / Auto Supplier panel



Contact Information:
SToby@dykema.com
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The Automotive Supply Chain

- WHAT DOES THE "SINGLE SOURCE" SUPPLY CHAIN METHOD OF PROCUREMENT REFER TO?

Automotive industry generally operates on a "Single Source" Supply Chain Method.

- There are tens of thousands of parts that go into a vehicle. There are a few "commodity parts" but **thousands of parts are specially manufactured** for the particular vehicle (the "Component Part").
- There is usually only one company referred to as a "single source" supplying the Component Part.

THE AUTOMOTIVE SUPPLY CHAIN (CONT.)

- WHAT DOES THE TERM “JUST IN TIME” OR “LEAN INVENTORY” SYSTEM REFER TO?

Automotive industry generally operates on a “Just In Time ” or “Lean Manufacturing” Supply System

- The parts are manufactured on an “as needed” basis. Generally little or no inventories. Deliveries can be as often as multiple times a day.
- Each of the Component Parts are unique, and together with tooling undergo extensive testing processes (the rigorous production part approval process, or “PPAP”) that usually takes several months before part production could commence. Changing suppliers or tooling means that once production is moved to an alternative supplier, the parts will have to undergo testing and be validated via the PPAP process before being approved for production.

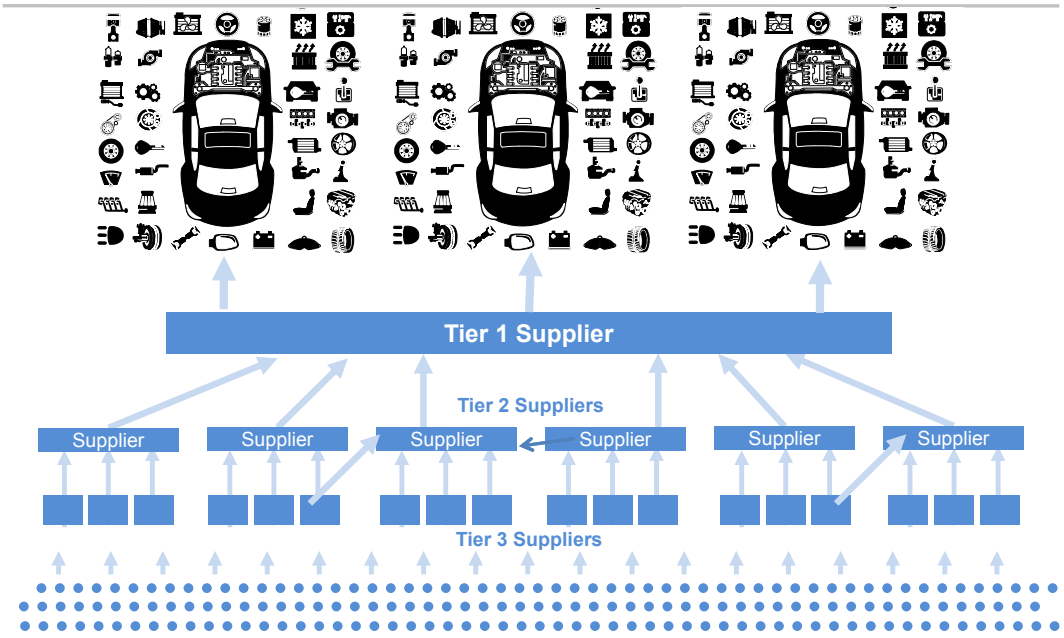
Often asked – why is the system set up that way?

- Numerous answers but includes:
- Safety/quality/accountability/tracing
- Quality includes the manufacturing processes of being able to test and catch parts in the system. Accountability difficult in a warehousing scenario.
- Tooling size and costs. Impracticality. Sometimes multiple tools can fit into the trunk. Other times size of a house, weighs tons and costs millions to make.

Supplier's Failure to Supply Can Substantially Impact Entire Automotive Industry and Beyond

- An interruption by a supplier will not only impact the operations of Original Equipment Manufacturer (example, GM/Ford/Toyota etc ("OEM"), but all the other companies that supply component parts and services with respect to the particular vehicle line.
- The same "tier one" could also be acting as a "tier two" supplying indirectly through other tier one's to multiple OEM's
- Typically, Tooling that the Supplier uses to make the Component Part is owned by the Customer (but is ultimately owned by the OEM). Tooling costs are usually pass through with funds coming from the OEM. The Customer may seek to gain immediate possession of the Tooling and move to another supplier. However, unless the Customer has created an inventory of parts (often referred to as a "parts bank") there is a high risk that production would be interrupted while the move is made.

Simplified Single Source Supply Chain – Example



The Contracting Process.

Generally:

1. Customer issues a Request for Proposal;
2. Supplier provides a quotation;
3. Customer issues an “award letter” or “supplier framework agreement (my term)” which can vary from merely stating that we anticipate awarding the supplier a purchase order (and requires supplier to perform certain functions to get ready to receive the purchase order) to providing a letter of intent and the framework upon which the purchase order will be issued.
4. The documents will refer to customer terms and conditions which set forth the supplier legal obligations. Many will have “at-will” termination provisions which specify the limited damages that a customer will pay if it terminates the contract.
5. Purchase Orders are issued.

Ordering process

- Forecasts are provided identifying the expected purchases. These are informational only and the terms and conditions provide that the supplier is at risk in relying on the forecasts which can change.
- Firm orders are issued through “releases” which identify the specific quantities being ordered and when they are required to be delivered.

Some customers know a Supplier is in Trouble before the Supplier knows.

- Many of the larger customers have sophisticated warning systems that monitor supplier information and “flags” will go off on a green/yellow/red type basis. At the OEM level, the OEM also has insight to its production planning.
- My personal view is Tier one to tier two customer representation is far more difficult. No insight to supply chain except for forecasts and the tier one is “solving” to multiple customers needs.

"Houston, We Have a Problem"

(Apollo 13 movie tag line)

New to some but daily life for others

- Small unsophisticated companies/cases are often harder and far riskier than in cases in which expectations are understood.
- While there are the outlier cases (ex: Takata) which will and have created their own storied past, from a day to day perspective it is a small world with a handful of professionals on legal, financial advisory, OE, supplier and bank sides that have been dealing with each other for decades. Sometimes like old couples that finish each other sentences knowing what the other will say or perhaps like sisters and brothers that often fight and then play and align the next day.
- Expectations are often set from historical ways of addressing past matters.

Accommodation Agreement/Exit Agreement etc..

- The name of the document doesn't matter… its an agreement as to how the supplier situation will be addressed. It typically involves identifying customer contractual concessions and sometimes even financing in order to protect production, supplier responsibilities and effect of non-compliance and lender concessions in exchange for collateral protection.

Accommodations are supplier specific. Examples of customer concessions…

- Limit of offset provisions against A/R's (see Accommodation Agreement § 2.B);
- Expedited payments, financing the supplier through a subordinated participation in lender facility (see Accommodation Agreement § 2.A);
- The purchase and bailment of raw materials with payable reductions;
- Non-resource provisions (see Accommodation Agreement § 2.D);
- Standby agreement to buy raw material, and finished goods at set prices (see Accommodation Agreement § 2.C).
- Animated discussions can occur regarding percentages of obligations and production between customers and what costs such as wind down costs should various parties cover.

Lender Concessions

- Can vary substantially and can include items such as an increase in advance ratio's, forbearance agreement, agreement to access liens.
- Allowing deeply subordinated participation
- Access agreement and adequate protection payment to lender
- Wind down cost coverage

EXAMPLES OF SUPPLIER CONCESSIONS

- Creation of a protective parts bank (see Accommodation Agreement § 3.B);
- Tooling ownership acknowledgement (see Accommodation Agreement § 3.G);
- Option to sell or outright sale and leaseback of capital equipment and tooling necessary to production (see Accommodation Agreement § 3.H);
- Cooperation in resourcing (see Accommodation Agreement § 3.D);
- Access to Customer of information and its financial advisors (see Accommodation Agreement § 3.C); and
- Access Agreement providing right for Customer to access plants and run operations in the event the supplier fails to produce. Often created, almost never used.

The future….the old way will not be the new way for addressing troubled suppliers…now what???

UNIQUE ISSUES ARISING IN THE GLOBAL INSOLVENCY PROCEEDINGS OF TAKATA CORPORATION AND ITS AFFILIATES

ABI Mid-Atlantic States Conference / Auto Supplier Panel

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August 2018

HONIGMAN

UNIQUE ISSUES: TAKATA

- Addressing Potential Exposure to the Buyer
  - Indemnity (see Indemnity & Release Agreement §6)
  - Release (see Indemnity & Release Agreement §8)
  - Contract Modifications (see Indemnity & Release Agreement §4)

UNIQUE ISSUES: TAKATA

- Handling Ongoing Recall Campaigns (see Indemnity & Release Agreement §5)
- Multiple Insolvency Proceedings and Global Transaction
- Coordinating a Large Customer Group

Execution Copy

INDEMNITY AND RELEASE AGREEMENT

Each of the following on behalf of themselves and their respective subsidiaries and/or affiliates as described on **Schedule A** (collectively, the "Schedule A Entities"): BMW Manufacturing Co., LLC ("BMW"), Daimler AG ("Daimler"), FCA US LLC f/k/a Chrysler Group LLC, FCA Group Purchasing Srl in the name and on behalf of its principals (FCA Italy SpA and FCA Melfi Srl), FCA Fiat Chrysler Automóveis Brasil Ltda., and FCA Automobiles Argentina S.A. (collectively, "FCA"), Ford Motor Company ("Ford"), General Motors Holdings LLC ("GM"), Honda Motor Co., Ltd. ("Honda"), Jaguar Land Rover Ltd. ("JLR"), Mazda Motor Corporation ("Mazda"), Mitsubishi Motors Corporation ("Mitsubishi"), Nissan Motor Co., Ltd. ("Nissan"), PSA Automobiles SA and Opel Automobile GmbH (collectively, "PSA"), Subaru Corporation ("Subaru"), Toyota Motor Corporation ("Toyota"), Volkswagen AG ("Volkswagen"), Aktiebolaget Volvo ("Volvo") (including the Schedule A Entities, each, an "Initial Consenting OEM"[1] and, collectively with any OEM (as defined herein) customer of Takata Corporation ("TKJP") or its subsidiaries that after the Signing Date (as defined herein) becomes a party to this Agreement (as defined herein) and any ancillary agreements referred to in Section 1.e hereof and agrees to be bound by the terms hereof and any such ancillary agreements, the "Consenting OEMs"), KSS Holdings, Inc. ("KSS") solely for the purposes of Section 18, and Joyson KSS Auto Safety S.A. ("Parent," and collectively with one or more of its current or newly formed subsidiaries or affiliates that purchase Purchased Assets (as defined herein) as of the Closing (as defined herein) pursuant to the Acquisition Agreements (as defined herein), but excluding any Acquired Takata Entity (as defined herein), the "Plan Sponsor," and collectively with the Consenting OEMs, the "Parties"; the entities constituting Plan Sponsor as of the Closing will be set forth on **Schedule B-1** prior to Closing) enter into this Indemnity and Release Agreement (this "Agreement"), dated as of November [●], 2017 (the "Signing Date").

RECITALS

WHEREAS, each Consenting OEM purchases, including in certain circumstances through Consenting OEM Contract Manufacturers (as defined herein) and Consenting OEM Tier Ones (as defined herein), component parts, Service Parts (as defined herein), assemblies, components, and/or other Products (as defined herein) (individually, a "Component Part" and collectively, "Component Parts") from one or more of TKJP and its direct and indirect subsidiaries (collectively, "Takata"), in accordance with the terms and conditions of certain Purchase Orders (as defined herein).

WHEREAS, certain of the Component Parts include or included PSAN Inflators (as defined herein), certain of which (i) are now (or in the future may be) the subject of vehicle recalls and related remedy programs under regulations promulgated by the National Highway Traffic Safety Administration ("NHTSA") or other similar governmental or regulatory authorities under U.S. federal or state law or the laws of any other country or non-U.S. state or locality with jurisdiction to impose, require or regulate, a vehicle recall, any related remedy program or any other type of sanction or remedy relating to the PSAN Inflators or conducted on

[1] For the avoidance of doubt, the separate entities comprising FCA shall be treated as a single Consenting OEM and the separate entities comprising PSA shall be treated as a single Consenting OEM.

a voluntary basis (collectively, "Recalls") by the relevant automobile original equipment manufacturers (each, an "OEM" and, collectively, the "OEMs") and (ii) are now (or in the future may be) the subject of various third-party personal injury, wrongful death, economic loss, and other litigation and claims, including without limitation, any governmental or regulatory fees, fines, penalties or similar assessments (collectively, "Third-Party Claims").

WHEREAS, as a result of the Recalls and Third-Party Claims, Takata has caused, and will continue to cause, each Consenting OEM to incur various direct and indirect damages, pursuant to the Purchase Orders and/or applicable law, which damages have given rise and will continue to give rise to rights of indemnification, reimbursement, setoff, deduction, and/or recoupment in favor of each such Consenting OEM against Takata.

WHEREAS, Takata has entered into the Acquisition Agreements and commenced the In-Court Proceedings (as defined herein) in order to (i) consummate a sale of the Purchased Assets to Plan Sponsor (the "Sale") and (ii) reorganize Takata's PSAN Inflator operations, the PSAN Assets (as defined herein), and the Warehoused PSAN Assets (as defined herein) (such reorganization, the "Restructuring") so that Reorganized Takata (as defined herein) can continue to manufacture and sell PSAN Inflators to each Consenting OEM that requires post-Closing PSAN Inflator production and sale from Reorganized Takata (each such Consenting OEM in such capacity and only for so long as such Consenting OEM is acquiring PSAN Inflators from Reorganized Takata, a "PSAN Consenting OEM," and all such Consenting OEMs, collectively, the "PSAN Consenting OEMs"), as well as to Consenting OEM PSAN Contract Manufacturers and Consenting OEM PSAN Tier Ones (each as defined herein), in each case as provided herein.

WHEREAS, in connection with, and in order to facilitate, the Sale and the Restructuring, the Consenting OEMs and Plan Sponsor have negotiated certain Uncapped Indemnity Obligations and Capped Indemnity Obligations (each as defined herein) in favor of Parent, the Consenting OEMs have agreed to provide releases as set forth herein, and the Consenting OEMs and Takata have agreed to certain settlements of the PSAN Claims (as defined herein) within a Global Settlement Agreement (as defined herein), dated as of the Signing Date.

WHEREAS, the Parties wish to enter into this Agreement in order to: (i) set forth the treatment of the Purchase Orders as part of the Sale and the Restructuring; (ii) set forth the scope of indemnification to be provided to Parent by the Consenting OEMs; (iii) set forth the scope of the releases to be provided by the Consenting OEMs to the Released Plan Sponsor Persons, Released Post-Closing Persons, and Acquired Takata Entities (each as defined herein); (iv) set forth the scope of the settlement between Takata and the Consenting OEMs, PSAN Consenting OEMs and Consenting OEM Bailors (as defined herein); and (v) address all other matters specifically referenced herein.

NOW, THEREFORE, based on the foregoing recitals, which are incorporated into this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be bound hereby, the Parties agree as follows:

1. Immediately Effective Provisions. The terms, conditions, and other agreements set forth in Sections 1, 2, 3, 4.c, 4.d, 9, 11, 12, and 14-30 shall be effective and enforceable as of the Signing Date, other than with respect to any Consenting OEM that is not an Initial

Takata Entities, as applicable, to continue to operate the Business (as defined in the Acquisition Agreements) immediately after the Closing in substantially the same manner as conducted immediately prior to the Closing, including without limitation those Permits set forth on Schedule 9.1(c) to each of the Acquisition Agreements and any ECE-homologations, China Compulsory Certification permits and other Permits granted by automotive safety regulators or similar Governmental Authorities (as defined in the Acquisition Agreements) required either for (i) the homologation of the Consenting OEMs' vehicles and Component Parts produced by Plan Sponsor and the Acquired Takata Entities after the Closing or (ii) the production, transport or sale of the Component Part by the Consenting OEM or applicable operating entity, in either case the failure of which to be obtained would result in the Plan Sponsor or any Acquired Takata Entity being prohibited by applicable Law (as defined in the Acquisition Agreements) governing automotive safety or similar matters from producing applicable Component Parts required to be produced by the Plan Sponsor or any Acquired Takata Entity after the Closing pursuant to OEM Assumed Contracts or a Consenting OEM being prohibited by applicable Law from selling vehicles incorporating such Component Parts, and all such Permits shall be in full force and effect at Closing; it being acknowledged and agreed that the condition set forth in this Section 2.f may be waived with respect to any automotive safety Permit referenced above only with the prior written consent of each Consenting OEM that reasonably would be expected to be adversely affected by such waiver due to a resulting disruption in the supply of Component Parts to such Consenting OEM or the sale of such Consenting OEM's vehicles.

3. Defined Terms.

(1) "Access Agreement" means the Access and Security Agreement, as in force as of the Signing Date, and attached as **Exhibit 3**, and as may be amended from time to time in a manner not materially adverse to Plan Sponsor or with Plan Sponsor's written consent.

(2) "Accommodation Agreements" means, collectively, the Global Accommodation Agreement and the Japan Accommodation Agreement.

(3) "Acquired Takata Entity" means any direct or indirect subsidiary of TKJP the equity of which is purchased or acquired (directly or indirectly) by Plan Sponsor as part of the Sale.

(4) "Acquisition Agreements" means the U.S. Acquisition Agreement, the EMEA Acquisition Agreement, the Japan Acquisition Agreement, and the TSAC Acquisition Agreement (as defined in the U.S. Acquisition Agreement as in effect on the date hereof), if applicable (each as in effect on the date hereof, or as amended in compliance with Section 1 hereof).

(5) "Affected OEM Objection" has the meaning set forth in Section 1.a of this Agreement.

(6) "Agreement" has the meaning set forth in the preamble.

(7) [redacted]

(8) "Allocation Percentage" means, with respect to any particular Consenting OEM, such Consenting OEM's percentage set forth on **Schedule C-2** hereto (as may be updated prior to the Closing).

(9) [redacted]

(10) "Amendment Approval Procedure" has the meaning set forth in Section 1.a of this Agreement.

(11) "Antitrust Claims" means claims related to, or investigations into, conduct of Takata prior to the Effective Date relating to price fixing, market manipulation, collusion, cartel, or any other similar anti-competitive practice or violations of Antitrust Laws brought or conducted by any private party or any regulatory authority, governmental agency, or other authority of competent jurisdiction against or in respect of Takata, Reorganized Takata, Plan Sponsor, Parent, or any other Referenced Entity whether prior to, at, or after the Closing.

(12) "Applicable Parts" has the meaning set forth in Section 10 of this Agreement.

(13) "Assumed Liabilities" shall mean the Liabilities of Takata Seller Entities to be assumed by Plan Sponsor under the Acquisition Agreements, which, except as otherwise agreed to between Plan Sponsor and the applicable Consenting OEM, shall include (i) all Liabilities, including Service Parts, warranty and recall obligations (including obligations not subject to the release provided hereunder arising out of liquidated, contingent and unliquidated claims), whether accruing prior to, at, or after the Closing, under the OEM Assumed Contracts (which for purposes of clarity shall include, without limitation, (x) all sales of Products (other than PSAN Inflators) to Consenting OEMs (or for the benefit of Consenting OEMs, to Consenting OEM Contract Manufacturers or Consenting OEM Tier Ones) in the ordinary course of business and (y) all current and past non-PSAN Inflator parts programs of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones, regardless of whether such contracts are executory or for parts no longer in current production (i.e., past-model parts), regardless of whether such contracts can be assumed under any applicable insolvency laws, other than obligations related to the manufacture or sale of PSAN Inflators (and without regard to any accommodations provided pursuant to the Accommodation Agreements, and except as otherwise provided herein with respect to PSAN Inflators)) and (ii) solely with respect to the EMEA Acquisition Agreement or the TSAC Acquisition Agreement, all other Liabilities of Takata Seller Entities to the Consenting OEMs, Consenting OEM Contract Manufacturers or Consenting OEM Tier Ones (and, in each case, not to any other third party) arising from the production or sale of Products by

Sellers under such OEM Assumed Contracts to the extent based on contract law, tort law, statutory law or any similar basis. For the avoidance of doubt, Assumed Liabilities excludes Excluded PSAN Liabilities and Consenting OEM Released Claims.

(14) "Assumed PSAN Contracts" means, collectively, Modified Assumed PSAN Contracts and Standalone PSAN Assumed Contracts.

(15) "Backstop Agreement" means the Backstop Agreement attached as **Exhibit 4**.

(16) "Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§101, et seq.).

(17) "Capped Indemnity Obligations" has the meaning set forth in Section 6.b. of this Agreement.

(18) "Case Control Protocol" has the meaning set forth in Section 7 of this Agreement.

(19) "Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan.

(20) "Claims" has meaning set forth in Section 8.a of this Agreement.

(21) [redacted]

(22) "Closing" means the substantially contemporaneous closings of the Sale contemplated by the Acquisition Agreements.

(23) "Component Part" and "Component Parts" have the meanings set forth in the Recitals.

(24) [redacted]

(25) "Consenting OEM" and "Consenting OEMs" have the meanings set forth in the preamble.

(26) "Consenting OEM Bailor" means each Consenting OEM (or its applicable Consenting OEM Tier One or Consenting OEM Contract Manufacturer) that requires Module Production, Kitting Operations, or PSAN Service Parts production and that bails to Plan Sponsor or any Acquired Takata Entity, PSAN Inflators purchased prior to the Closing by such Consenting OEM (or its applicable Consenting OEM Tier One or Consenting OEM Contract Manufacturer) from Takata.

(27) "Consenting OEM Contract Manufacturer" means a third party (that is not itself a Consenting OEM) that (i) manufactures or assembles, or manufactured or assembled, automobiles for a Consenting OEM and (ii) is or was at any point in time previously a party to a Purchase Order with Takata for the manufacture or sale of Products that have been or will be incorporated into a Consenting OEM's automobiles. For clarity, any such third party shall be deemed to be a Consenting OEM Contract Manufacturer only with respect to the applicable Consenting OEM for which it manufactures or assembles, or manufactured or assembled, automobiles containing Products.

(28) [redacted]

(29) "Consenting OEM PSAN Contract Manufacturer" means a third party (that is not itself a Consenting OEM) that (i) manufactures or assembles, or manufactured or assembled, automobiles for a Consenting OEM and (ii) is or was a party to a Purchase Order with Takata for the manufacture or sale of PSAN Inflators that are or were at any point in time previously incorporated into the Consenting OEM's automobiles. For clarity, any such third party shall be deemed to be a Consenting OEM PSAN Contract Manufacturer only with respect to the applicable Consenting OEM for which it manufactures or assembles, or manufactured or assembled, automobiles containing PSAN Inflators.

(30) "Consenting OEM PSAN Tier One" means, for any Consenting OEM, any Consenting OEM Tier One, including a Directed PSAN Tier One, solely to the extent that it sources or uses or at any point in time previously

sourced or used PSAN Inflators from Takata that are or were supplied to, or incorporated into Component Parts of, such Consenting OEM. For clarity, any such supplier shall be deemed to be a Consenting OEM PSAN Tier One only with respect to the applicable Consenting OEM to which it supplies or supplied, or into whose Component Parts it incorporates or incorporated, PSAN Inflators from Takata.

(31) "Consenting OEM Released Claims" has the meaning set forth in Section 8.a of this Agreement.

(32) "Consenting OEM Releasing Party" has the meaning set forth in Section 8.a of this Agreement.

(33) "Consenting OEM Tier One" means, for any Consenting OEM, a supplier, including a Directed Tier One, to such Consenting OEM solely to the extent that such supplier sources or uses or at any point in time previously sourced or used components, parts or assemblies from Takata that are, were or will be supplied to, or incorporated into, Component Parts of such Consenting OEM; provided, however, that no Consenting OEM shall itself be a Consenting OEM Tier One. For clarity, any such supplier shall be deemed to be a Consenting OEM Tier One only with respect to the applicable Consenting OEM to which it supplies or supplied such components, parts or assemblies.

(34) "Dealer Databases" means, with respect to each Consenting OEM, such Consenting OEM's repair history and dealer information databases made available to Takata in the ordinary course of business with respect to any product or part (in each case, based on Takata part number) supplied under any OEM Assumed Contract relating to such Consenting OEM.

(35) [redacted]

(36) "Directed PSAN Tier One" means a Consenting OEM PSAN Tier One that is or was at any point in time previously directed pursuant to a formal agreement with the applicable Consenting OEM to source or use PSAN Inflators from Takata (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship), to be set forth on **Schedules H.1-H.15** prior to Closing. For clarity, any such supplier shall be deemed to be a Directed PSAN Tier One only with respect to the applicable Consenting OEM with which it has or had a formal directed-buy agreement in respect of PSAN Inflators (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship).

(37) "Directed Tier One" means a Consenting OEM Tier One that is or was at any point in time previously directed pursuant to a formal agreement with the applicable Consenting OEM to source or use components, parts, or assemblies from Takata (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship), to be set forth on **Schedules H.1-H.15** prior to Closing. For clarity, any such supplier shall be deemed to be a Directed Tier One only with respect to the applicable Consenting OEM with which it has or had a formal directed-buy agreement (including under any purchase agreement, supply contract, purchase order, or other contract providing for such directed sourcing relationship) to source or use components, parts or assemblies from Takata.

(38) "DOJ" means the Department of Justice, Criminal Division, Fraud Section.

(39) "DOJ Plea Agreement" means the Rule 11 Plea Agreement, dated January 13, 2017, between the DOJ and the United States Attorney's Office for the Eastern District of Michigan, and TKJP.

(40) "Effective Date" has the meaning set forth in Section 2 of this Agreement.

(41) "EMEA Acquisition Agreement" means that certain Asset Purchase Agreement, dated as of the date of this Agreement, by and among TAKATA Europe GmbH; TAKATA Aktiengesellschaft, a stock corporation (*Aktiengesellschaft*) established under the laws of Germany registered with the commercial register at the lower court of Aschaffenburg under registration number HRB 120; and TAKATA Sachsen GmbH, a limited liability company established under the laws of Germany registered with the commercial register at the lower court of Chemnitz under registration number HRB 11841 and Joyson KSS Holdings No. 2 S.à r.l., a limited liability company (*Société à responsabilité limitée*) under the laws of Luxembourg, and solely for purposes of Section 7.22 thereof, KSS.

(42) "Excess Policy" means any insurance policy obtained by Plan Sponsor or any Referenced Entity to supplement the indemnification provided under this Agreement; provided, however, that Plan Sponsor shall maintain a customary directors and officers insurance policy that shall not constitute an Excess Policy.

(43) "Excluded Assets" shall have the meaning ascribed to it in the Acquisition Agreements, and shall include, in any event, the PSAN Assets, the Warehoused PSAN Assets, and all Takata contracts, purchase orders, or other agreements between any Takata Seller Entity and any OEM listed on **Schedule C-1** that does not become a Consenting OEM for the manufacture or sale of any parts.

(44) "Excluded PSAN Liabilities" means any Liabilities related to Takata's design, assembly, manufacture, sale, distribution or handling of PSAN Inflators prior to the Closing and any Liabilities of Takata associated with Warehoused PSAN Assets arising prior to the Closing, including any Liabilities or obligations under Takata contracts wholly for, or portions of such contracts for, the manufacture or sale of PSAN Inflators, recall Liabilities, product liability claims or Liabilities and other claims, demands, or causes of action, in each case that are associated with the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators by Takata prior to the Closing.

(45) [redacted]

(46) "Global Accommodation Agreement" means the Accommodation Agreement, as in force as of the Signing Date, and attached as **Exhibit 5**, and as may be amended from time to time in a manner not materially adverse to Plan Sponsor or with Plan Sponsor's written consent.

(47) "Global Settlement Agreement" means the settlement agreement between the Consenting OEMs and certain Takata entities, which provides for payment of such Consenting OEMs' claims, and attached as **Exhibit 6**.

(48) [redacted]

(49) [redacted]

(50) [redacted]

(51) [redacted]

(52) "In-Court Proceedings" means, collectively, the U.S. Proceedings and the Japan Proceedings, and any ancillary proceedings filed in connection with the Sale or the Restructuring in which the ancillary court gives effect to the discharge or release of claims approved in the applicable plenary proceeding.

(53) [redacted]

(54) "Indemnity Exclusions" means any Losses, (A) with respect to another Consenting OEM's Uncapped Indemnity Obligations (whether or not such Consenting OEM has paid or otherwise satisfied such obligation); (B) to the extent reasonably and specifically identifiable, in whole or in part, to non-Consenting OEMs, including without limitation, (i) any PSAN Inflators installed in vehicles of non-Consenting OEMs, (ii) any claims brought by or on behalf of any non-Consenting OEM or (iii) amounts paid to any non-Consenting OEMs or holders of Antitrust Claims as a recovery of such claims, [redacted]; (C) with respect to Pre-Closing Claims that are (i) subject to the jurisdiction of a court in the country of an In-Court Proceeding and asserted in such country or (ii) discharged, released, subject to a channeling injunction or other comparable legal mechanism, or otherwise enjoined in the jurisdiction in which the Pre-Closing Claim was asserted, in each case by operation of the U.S. Reorganization Plan, Japan Insolvency Plan, order of approval of the Section 42 Business Transfer or any liquidating plan confirmed and consummated in the Japan Proceedings following the Closing, law, comity, or recognition proceeding; (D) to the extent that such Losses arise from or are attributable to Plan Sponsor's or (from and after the Closing) an Acquired Takata Entity's fraud, willful misconduct, negligence or breach of any contractual obligation to the applicable Consenting OEM or under the Transition Services Agreement, Plan Sponsor's or (from and after the Closing) an Acquired Takata Entity's failure to comply with Plan Sponsor's or (from and after the Closing) an Acquired Takata Entity's contractual obligations to provide Plan Sponsor Support or PSAN Tier One Services, Plan Sponsor's or (from and after the Closing) an Acquired Takata Entity's failure to comply with the Standard of Care, or Plan Sponsor's or (from and after the Closing) an Acquired Takata Entity's failure to comply with the DOJ Plea Agreement or the NHTSA Consent Order (each to the extent applicable, and including as may be amended, set forth in a side letter, or as otherwise agreed in writing); (E) to the extent directly attributable to and proximately caused by Plan Sponsor's or (from and after the Closing) an Acquired Takata Entity's failure to comply with the Most Favored Nations provision set forth in Section 11 of this Agreement; (F) with respect to any claim brought by or on behalf of any other OEM against any Referenced Entity (it being understood that a claim brought against a Referenced Entity by a Consenting OEM shall not eliminate any indemnity obligation of such Consenting OEM except, and to the extent that, such Consenting OEM prevails on such claim); (G) that any Referenced Entity is obligated to pay to another Referenced Entity; or (H) to the extent that such Losses arise from or are attributable to Antitrust Claims.

(55) "Japan Accommodation Agreement" means the Accommodation Agreement, as in force as of the Signing Date, and attached as **Exhibit 7**, and as may be amended from time to time in a manner not materially adverse to Plan Sponsor or with Plan Sponsor's written consent.

(56) "Japan Acquired Assets" means the Purchased Assets of the Japan Debtors, including the equity interests of certain first-tier subsidiaries of the Japan Debtors, but in each case other than the Excluded Assets of the Japan Debtors.

(57) "Japan Acquisition Agreement" means that certain Asset Purchase Agreement, dated as of the date of this Agreement, by and among TKJP, Takata Kyushu Corporation, a Japanese corporation (*kabushiki kaisha*), Takata Service Corporation, a Japanese corporation (*kabushiki kaisha*), the Plan Sponsor and, solely for purposes of Section 7.22 thereof, KSS.

(58) "Japan Debtors" means TKJP, Takata Kyushu K.K., and Takata Service Corporation.

(59) "Japan Insolvency Plan" means the liquidating plan confirmed or approved in the Japan Proceedings.

(60) "Japan Proceedings" means the Japan civil rehabilitation proceedings of the Japan Debtors.

(61) "Kitting Operations" means the kitting operations associated with the Recall obligations of Takata related to PSAN Inflators.

(62) "Legacy Cost Report" means a report prepared by Takata prior to the Closing regarding the categories of PSAN Legacy Costs in form and substance acceptable to the Consenting OEMs and disclosed to the Plan Sponsor with an opportunity for input, which shall be reasonably considered by Takata and the Consenting OEMs.

(63) "Liabilities" means any liabilities or obligations of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due) regardless of when arising.

(64) "Liquidating Entity" has the meaning set forth in the Global Settlement Agreement as in effect on the Signing Date.

(65) "Liquidation Reserve" means, with respect to each Liquidating Entity, the budgets set forth on **Exhibit 8** in respect of such Liquidating Entity; provided, however, that if at any time prior to the Closing, Plan Sponsor, the Requisite Consenting OEMs or the applicable Takata entity determines in good faith that the budgeted amounts set forth on **Exhibit 8** are insufficient or excessive to provide for the solvent liquidation of the Liquidating Entities, then such party shall provide prompt written notice (the "Liquidation Reserve Adjustment Notice") to the other parties, which notice shall include the notifying party's good faith determination of the required adjustment to the Liquidation Reserve. Upon receipt of a

Liquidation Reserve Adjustment Notice, the parties shall negotiate in good faith to determine the Liquidation Reserve, including any required adjustments thereto. If the parties do not agree upon the Liquidation Reserve, then any party may, within thirty (30) days following the date on which the Liquidation Reserve Adjustment Notice is provided hereunder, engage PricewaterhouseCoopers (or, if PricewaterhouseCoopers is unable or unwilling to accept such engagement, another internationally recognized accounting firm reasonably acceptable to Plan Sponsor, the Requisite Consenting OEMs, TAKATA Europe GmbH and TKJP) (the "Accounting Firm") to render a written decision with respect to the disputed items in the Liquidation Reserve Adjustment Notice (and only with respect to any unresolved disputed items set forth in the Liquidation Reserve Adjustment Notice). The Accounting Firm shall be instructed to complete its determination, and produce a written report thereof, within thirty (30) days after its appointment from the final submission of information and presentations by the Plan Sponsor, the Consenting OEMs, and the applicable Takata entity. The Accounting Firm shall review such submissions and base its determination solely on such submissions. In resolving any disputed item, the Accounting Firm may not assign a value to any item greater than the maximum value for such item claimed by either party or less than the minimum value for such item claimed by either party. Absent manifest error, the decision of the Accounting Firm shall be deemed final and binding upon the parties and enforceable by any court of competent jurisdiction. The costs of the Accounting Firm shall be borne by Takata.

(66) "Losses" means any and all out-of-pocket amounts that a Referenced Entity is obligated to pay: (A) pursuant to judgments, orders, decrees, awards or determinations by authorities of competent jurisdiction; (B) as indemnification, reimbursement of expenses or similar payment to directors, officers, employees or other representatives of a Referenced Entity by operation of law or pursuant to any contractual obligation (which contractual obligations, for pre-Closing indemnification, reimbursement of expenses, or similar payment, are limited as provided under the applicable Takata contracts in effect prior to or as of December 31, 2016 or, only if Takata represents in each Acquisition Agreement that there have been no changes to such contracts between then and the Signing Date, the Signing Date to the extent such contractual or legal obligation is consistent with comparable provisions under applicable corporate law in the jurisdiction in which the entity is incorporated, provided, however, that no indemnification shall be provided for amounts related to a Referenced Entity's directors, officers, employees or other representative's gross negligence, willful misconduct, bad faith, criminal conduct, fraud, or any conduct for which indemnification is not permissible under the applicable law of the jurisdiction where such indemnity is sought; (C) [redacted]

[redacted]; or (D) as agreed by way of settlement in accordance with the Case Control Protocol. Notwithstanding the foregoing, Losses specifically exclude (1) all special, consequential, or indirect damages of a Referenced Entity including, but not limited to, lost profits and diminution of value, (2) [redacted] and (3) [redacted].

(67) "Make Whole Payment" means an amount in cash equal to the contribution margin of the particular Applicable Parts resourced, calculated in reference to Plan Sponsor's aggregate projected revenue from the resourced Applicable Parts over the life of the applicable program based on IHS Markit Ltd volume estimates.

(68) "Modified Assumed OEM Contract" means any Non-Standalone OEM Contract that has, in each case, been modified at or prior to Closing to apply only to non-PSAN Inflator Products as set forth in Section 4 herein.

(69) "Modified Assumed PSAN Contract" means any Non-Standalone OEM Contract of a PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One that has, in each case, been modified at or prior to the Closing to apply only to PSAN Inflators as set forth in Section 4 herein.

(70) "Module Production" means production of airbag modules incorporating PSAN Inflators.

(71) "NHTSA" has the meaning set forth in the Recitals.

(72) "NHTSA Consent Order" means, collectively, the Consent Orders, dated November 3, 2015 and May 18, 2015, and the Amendment, dated May 4, 2016, to the November 3, 2015 Consent Order, as they may be further

amended, modified, or supplemented, issued by NHTSA in the NHTSA proceeding captioned *In re EA 15-001 Air Bag Inflator Rupture*.

(73) "Non-Standalone OEM Contracts" means Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones that (i) are not standalone Purchase Orders and (ii) cover the manufacture or sale of both PSAN Inflators and other Products, including related airbag modules.

(74) "OEM" and "OEMs" have the meanings set forth in the Recitals.

(75) "OEM Allocable Share" means, with respect to any particular Consenting OEM, such Consenting OEM's percentage set forth on **Schedule C-2** hereto (as updated from time to time as provided herein).

(76) "OEM Assumed Contracts" means, collectively, all Modified Assumed OEM Contracts and Standalone OEM Assumed Contracts.

(77) "Oversight Board" means an oversight board of Reorganized Takata and the Warehousing Trust that shall serve as the board of managers of Reorganized Takata and the Warehousing Trust and have governance rights as approved by the PSAN Consenting OEMs and the Warehouse Consenting OEMs, including, among other things, the right to terminate the Plan Administrator.

(78) "Parties" has the meaning set forth in the preamble.

(79) "Payover" has the meaning set forth in Section 6.e of this Agreement.

(80) "Personal Injury Claims" means third-party claims asserted against a Referenced Entity and arising from or attributable to personal injury or death alleged to have been caused by a PSAN Inflator incorporated into any vehicle manufactured or sold by a Consenting OEM, regardless of the theory pled or proved.

(81) "Plan Administrator" means an individual to be selected by the PSAN Consenting OEMs.

(82) "Plan Sponsor" has the meaning set forth in the preamble.

(83) "Plan Sponsor Support" means the services that Plan Sponsor and/or an Acquired Takata Entity shall provide to Reorganized Takata pursuant to the terms of the Transition Services Agreement, to which agreement the PSAN Consenting OEMs will be intended third-party beneficiaries, solely to the extent that Reorganized Takata cannot perform such services independently as determined by the Oversight Board.

(84) "Plan Sponsor's Ability" has the meaning set forth in Section 10.c of this Agreement.

(85) "PPAP Process" means a PSAN Consenting OEM's, Consenting OEM PSAN Contract Manufacturer's, Consenting OEM PSAN Tier One's, or Consenting OEM Bailor's production part approval process or equivalent process.

(86) "Pre-Closing Claims" means any claims (as defined in the Bankruptcy Code) arising prior to the Closing with respect to, arising from, or in any way related to, PSAN Inflators.

(87) "Preservation Order" means that certain Preservation Order and Testing Control Plan issued by NHTSA to TK Holdings, Inc., dated February 24, 2015.

(88) [redacted]

(89) "Products" means any and all products developed, designed, manufactured, marketed or sold, in research or development, or supported by, Takata under any Purchase Order, whether work in progress or in final form.

(90) "Proposed Amendment" has the meaning set forth in Section 1.a of this Agreement.

(91) "PSAN" means phase-stabilized ammonium nitrate.

(92) "PSAN Assets" means: all "PSAN Assets" as defined in the Acquisition Agreements as in effect on the Signing Date or modified in compliance with Section 1 hereof, provided, however, that PSAN Assets shall include (i) all of the assets (including, without limitation, the machinery, inventory, equipment, work in process, raw materials, supplies and other tangible and intangible assets) used exclusively in connection with the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators; (ii) Purchase Orders wholly for, or portions of such Purchase Orders for, the manufacture or sale of PSAN Inflators, including without limitation Modified Assumed PSAN Contracts; (iii) any intellectual property of Takata related exclusively to the foregoing; (iv) any claims, or the portion thereof, of Takata related exclusively to the foregoing; and (v) any tail insurance policies purchased by Takata (excluding, for the avoidance of doubt, any directors and officers tail policy or other tail policy assigned to or purchased by Plan Sponsor) or proceeds thereof.

(93) "PSAN Claims" means current and future claims of Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM

PSAN Tier Ones relating to Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators prior to the Closing.

(94) "PSAN Consenting OEM" and "PSAN Consenting OEMs" have the meanings set forth in the Recitals.

(95) "PSAN Consenting OEM/Consenting OEM Bailor Released Claims" has the meaning set forth in Section 8.e of this Agreement.

(96) "PSAN Consenting OEM/Consenting OEM Bailor Releasing Party" has the meaning set forth in Section 8.e of this Agreement.

(97) "PSAN Inflators" means, collectively, any airbag inflators that use non-desiccated or desiccated PSAN as a propellant and any components of such inflators (including the propellant, but excluding (i) the airbag modules into which such inflators are incorporated by Plan Sponsor or any Acquired Takata Entity after the Closing and (ii) any igniters for PSAN inflators produced by Takata pre-Closing, and any such igniters that continue to be produced by Plan Sponsor or any Acquired Takata Entity post-Closing) developed, designed, manufactured and/or sold (including any such inflators or components thereof sold directly to tier one suppliers) by Takata or Reorganized Takata (but excluding any ammonium nitrate inflators designed and produced by third parties other than Takata or Reorganized Takata).

(98) "PSAN Legacy Costs" means, collectively, any costs or expenses that have been accrued or that are estimated as of the Effective Date, and on a continuing basis for the duration of the Backstop Agreement, to be incurred in connection with (i) the ongoing oversight by the monitor pursuant to the NHTSA Consent Order (as it may be modified from time to time) or as otherwise required by NHTSA, of (a) Reorganized Takata, (b) the Warehousing Trust, and (c) Plan Sponsor and the Acquired Takata Entities to the extent arising out of the Sale or the Restructuring, (ii) the ongoing oversight by the monitor pursuant to the DOJ Plea Agreement (as it may be modified from time to time) or as otherwise required by the DOJ, of (a) Reorganized Takata, (b) the Warehousing Trust, and (c) Plan Sponsor and the Acquired Takata Entities to the extent arising out of the Sale or the Restructuring, (iii) the activities of the Special Master under the DOJ Plea Agreement, (iv) the continued operation of any PSAN Warehouse, as required by the NHTSA Consent Order, Preservation Order, other applicable law or regulation, or otherwise and consistent with the Legacy Cost Report, (v) the shipping and disposal of PSAN Inflators, including the shipping from any PSAN Warehouse to the place of disposal, as required by the NHTSA Consent Order, Preservation Order, other applicable law or regulation, or otherwise and consistent with the Legacy Cost Report, (vi) the performance of the recall awareness campaign and related activities as required by the NHTSA Consent Order, other

applicable law or regulation, or otherwise, and (vii) the continued operation of the product safety group related to recalled PSAN Inflators consistent with the Legacy Cost Report.

(99) "PSAN Service Parts" means any PSAN Consenting OEM's, Consenting OEM PSAN Contract Manufacturer's, Consenting OEM PSAN Tier One's, or Consenting OEM Bailor's Service Parts requirements for airbag modules containing PSAN Inflators.

(100) "PSAN Tier One Agreements" has the meaning set forth in Section 5.a of this Agreement.

(101) "PSAN Tier One Services" has the meaning set forth in Section 5.e of this Agreement.

(102) "PSAN Warehouse" means any warehouse used to store PSAN Inflators as of the Effective Date, as required by the Preservation Order, other applicable law or regulation, or which have been put in place voluntarily by Takata prior to the Closing, in each case which are contemplated by the Legacy Cost Report.

(103) "Purchased Assets" means all "Purchased Assets" (as defined in the Acquisition Agreements as of the Signing Date or modified in compliance with Section 1 hereof), provided, however, that Purchased Assets shall include all assets (including, without limitation, raw materials, work-in-process and finished component parts) used primarily in connection with Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers and Consenting OEM Tier Ones, and all such Purchase Orders on an "as is" basis (and without regard to any accommodations provided pursuant to the Accommodation Agreements, and except as otherwise provided herein with respect to PSAN Inflators), related to, Takata's global (i) steering business, (ii) seatbelt business, (iii) airbag module production business, (iv) electronics business, (v) non-PSAN Inflator production business, including without limitation, the sale of GuNi inflators designed and produced by third parties, and the sale of ammonium nitrate inflators designed and produced by third parties, (vi) Kitting Operations, (vii) equipment for testing and support with respect to PSAN Inflators, and (viii) businesses, if any, other than those listed above that do not involve the manufacture or sale of PSAN Inflators, and which in all cases shall not include any Excluded Assets.

(104) "Purchase Order" and "Purchase Orders" means, individually and collectively, purchase agreements, supply contracts, purchase orders, general terms and conditions, releases and other contracts (i) issued by an OEM to Takata, (ii) entered into between an OEM and Takata, (iii) entered into between Takata and a Consenting OEM Contract Manufacturer or (iv) entered into between Takata and a Consenting OEM

Tier One, in each case, as may be modified from time to time after the date hereof, which for purposes of clarity shall include all current and past parts programs (including Service Parts) developed, designed, manufactured and/or sold by Takata, regardless of whether (a) executory, (b) non-executory, (c) performance is due by both parties, (d) they can be assumed under applicable insolvency laws, or (e) for Component Parts or Service Parts no longer in current production (i.e., past-model parts).

(105) "Purchase Price" means an aggregate cash purchase price of USD $1,588,000,000, subject to certain adjustments as set forth in the Acquisition Agreements.

(106) "Recalls" has the meaning set forth in the Recitals.

(107) "Referenced Entity" means Parent and each of its direct or indirect subsidiaries from time to time (including all Acquired Takata Entities and, except as expressly provided below, all subsidiaries of Parent that are formed in connection with or after the Closing), but excluding, in any event, (i) any entities or joint ventures in which Parent (or any of Parent's subsidiaries) does not own, directly or indirectly, a majority interest as of the Closing, (ii) any partners, members, or shareholders (excluding Parent and its direct and indirect subsidiaries) in any entities or joint ventures in which Parent (or any of Parent's subsidiaries) owns a partial interest as of the Closing, and (iii) any entities or businesses acquired by Parent (or any of Parent's subsidiaries) after the Closing (other than entities or businesses that were already Referenced Entities prior to such acquisition); provided, however, notwithstanding subsection (i) above, Yanfeng Key (Shanghai) Automotive Safety Systems Co., Ltd shall be a Referenced Entity; and, provided further, in connection with subsection (iii) above, to the extent Parent (or any of Parent's direct or indirect subsidiaries) acquire any assets or businesses, they will be required to form one or more separate entities to effect such acquisition, which entities will be excluded from the definition of Referenced Entities hereunder.

(108) "Released Plan Sponsor Persons" means (i) Parent and each Referenced Entity, excluding all Acquired Takata Entities, (ii) each of the entities or joint ventures in which Parent (or any of Parent's subsidiaries) owns, directly or indirectly, less than a majority interest and which are listed on **Schedule I**, and (iii) all Representatives of the foregoing, solely in their capacity as such.

(109) "Released Post-Closing Persons" means (i) Parent and each Referenced Entity, including all Acquired Takata Entities, (ii) each of the entities or joint ventures in which Parent (or any of Parent's subsidiaries) owns, directly or indirectly, less than a majority interest and which are listed on **Schedule I**, and (iii) all Representatives of the foregoing, solely in their capacity as such.

(110) "Reorganized Takata" means, as the context of this Agreement requires, (i) the Takata entities, or successors thereto, emerging from the in-court and out-of-court restructuring processes or (ii) the ultimate holding company of such entities or successors.

(111) "Reorganized Takata Business Model" means a business model prepared by Takata prior to the Closing regarding the anticipated operations of Reorganized Takata during its estimated operating term and acceptable to the Consenting OEMs.

(112) "Reorganized Takata Customer" and "Reorganized Takata Customers" have the meanings set forth in Section 5 of this Agreement.

(113) "Replacement Kits" has the meaning set forth in the Global Accommodation Agreement as in effect on the Signing Date.

(114) "Representatives" means officers, managers, directors, principals, representatives, employees, attorneys, financial or investment advisors, insurers, consultants, accountants, investment bankers, commercial bankers, advisors or agents, heirs, executors, trustees, personal or legal representatives, estates, administrators, successors, and permitted assigns.

(115) "Requisite Consenting OEMs" has the meaning set forth in the Global Accommodation Agreement as in effect on the Signing Date.

(116) "Resourcing Limitation" has the meaning set forth in the Global Accommodation Agreement as in effect on the Signing Date.

(117) "Restructuring" has the meaning set forth in the Recitals.

(118) "Reviewing Party" has the meaning set forth in Section 20 of this Agreement.

(119) "RFQ" means request for quotation.

(120) [redacted]

(121) [redacted]

(122) "RSA" means, collectively, one or more Restructuring Support Agreements or similar agreements among Plan Sponsor, certain Takata entities, and certain Consenting OEMs.

(123) "Sale" has the meaning set forth in the Recitals.

(124) "Section 42 Business Transfer" means Plan Sponsor's acquisition of substantially all of the Japan Acquired Assets, free and clear of all liens, claims, and encumbrances, pursuant to a Section 42 "Business Transfer"

under the Civil Rehabilitation Act of Japan or such other proceedings, as agreed by Plan Sponsor, Takata, and the Consenting OEMs.

(125) "Service Parts" means any Consenting OEM's, Consenting OEM Contract Manufacturer's, Consenting OEM Tier One's, or Consenting OEM Bailor's service parts requirements (including current model service parts and past model service parts, but excluding PSAN Inflators).

(126) "Signing Date" has the meaning set forth in the preamble.

(127) "Special Master" means the special master appointed pursuant to the Joint Restitution Order entered in the United States District Court for the Eastern District of Michigan on February 27, 2017 in the case captioned *U.S. v. Takata Corporation*, Case No. 16-cr-20810 (E.D. Mich.) or any successor thereto.

(128) "Standard of Care" means a standard of care that is consistent with that of an industry contract assembler. Plan Sponsor (defined, for the purpose of this definition, to include, from and after the Closing, any Acquired Takata Entities) will be deemed to have acted in accordance with this Standard of Care if Plan Sponsor: (i) subject to clause (v) below, follows any applicable written work processes for handling PSAN Inflators that have been provided to Plan Sponsor by Reorganized Takata; (ii) subject to clause (v) below, follows any applicable written work processes for handling PSAN Inflators that have been approved by the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor as consistent with such PSAN Consenting OEM's, Consenting OEM PSAN Contract Manufacturer's, Consenting OEM PSAN Tier One's, or Consenting OEM Bailor's PPAP Process for such PSAN Inflators and have been provided to Plan Sponsor; (iii) subject to clause (v) below, incorporates the PSAN Inflators into airbag modules, Replacement Kits, or Service Parts, as applicable, in accordance with any applicable written specifications that have been provided to Plan Sponsor by Reorganized Takata; (iv) subject to clause (v) below, incorporates PSAN Inflators into airbag modules, Replacement Kits, or Service Parts, as applicable, in accordance with any applicable written specifications that have been approved by the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor as consistent with such PSAN Consenting OEM's, Consenting OEM PSAN Contract Manufacturer's, Consenting OEM PSAN Tier One's, or Consenting OEM Bailor's PPAP Process for incorporation of the applicable PSAN Inflators into airbag modules, Replacement Kits, or Service Parts, as applicable, and have been provided to Plan Sponsor; (v) complies, in all material respects, with applicable laws and regulations; and (vi) to the extent not expressly provided for in the requirements referenced in clauses (i) through (v) above, acts in a

manner consistent with relevant reasonable manufacturing processes and standards in the automotive safety product industry as conducted in the applicable jurisdiction, it being understood that Plan Sponsor shall be permitted to take into account reasonable business considerations when evaluating which processes and standards to employ so long as the processes and standards actually employed by Plan Sponsor are consistent with the principal goal of Plan Sponsor and the Consenting OEMs of enhancing consumer safety and product quality; provided, however, Plan Sponsor will promptly notify the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor to the extent Plan Sponsor believes there is a conflict between clauses (i) through (iv) in a particular case, and Plan Sponsor and the applicable PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, Consenting OEM PSAN Tier One, or Consenting OEM Bailor will consult and use commercially reasonable efforts to resolve the conflict, with such resolution to be documented in a writing approved by the relevant parties, it being understood that until such resolution is documented in writing approved by the relevant parties, Plan Sponsor shall not be deemed to have failed to comply with the Standard of Care to the extent that Plan Sponsor (A) complies with clause (v) above and (B) uses its reasonable discretion in determining which of clauses (i)-(iv) above to comply with pending resolution of any such conflict.

(129) "Standalone OEM Assumed Contracts" means all Purchase Orders of Consenting OEMs, Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones relating solely to non-PSAN Inflator Component Part programs of Consenting OEMs.

(130) "Standalone PSAN Assumed Contracts" means all Purchase Orders of PSAN Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones relating solely to PSAN Inflators.

(131) "Substitute Purchase Orders" has the meaning set forth in Section 4.a.vi of this Agreement.

(132) "Takata" has the meaning set forth in the Recitals.

(133) "Takata Seller Entities" means the "Sellers" under the applicable Acquisition Agreements.

(134) [redacted]

(135) "Third-Party Claims" has the meaning set forth in the Recitals.

(136) "TKJP" has the meaning set forth in the Preamble.

(137) [redacted]

(138) "Transfer" has the meaning set forth in Section 8.f of this Agreement.

(139) "Transition Services Agreement" means that certain services agreement, entered into between Reorganized Takata and the Plan Sponsor as of the Closing, which agreement shall be acceptable to the Consenting OEMs, Takata, and the Plan Sponsor (notwithstanding anything to the contrary in the RSA applicable to the U.S. Proceedings).

(140) [redacted]

(141) [redacted]

(142) [redacted]

(143) [redacted]

(144) "Uncapped Indemnity Obligations" has the meaning set forth in Section 6.a of this Agreement.

(145) "Unforeseen Event" has the meaning set forth in the Global Settlement Agreement.

(146) "U.S. Acquisition Agreement" means that certain Asset Purchase Agreement, dated as of the date of this Agreement, by and among TK Holdings Inc., a Delaware corporation, Takata Americas, a Delaware general partnership, TK Holdings de Mexico S. de R.L. de C.V., a Mexico limited liability company (*sociedad de responsabilidad limitada de capital variable*), TK Mexico LLC, a Delaware limited liability company, Industrias Irvin de Mexico, S.A. de C.V., a Mexico stock corporation (*sociedad anónima de capital variable*), Strosshe Mex S. de R.L. de C.V., a Mexico limited liability company (*sociedad de responsabilidad limitada de capital variable*), Takata de Mexico S.A. de C.V., a Mexico stock corporation (*sociedad anónima de capital variable*), and Plan Sponsor.

(147) "U.S. PI/WD Fund" means a personal injury / wrongful death claim fund that will be used to satisfy proper existing and future personal injury / wrongful death claims and demands asserted in the U.S. or arising under

U.S. law related to the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators or components of PSAN Inflators by Takata prior to the Closing, irrespective of whether such claims or demands become known or manifest before or after the Closing.

(148) "U.S. Proceedings" means the proceedings under chapter 11 of the Bankruptcy Code of Takata Americas, TK Holdings Inc., TK Holdings de Mexico S.A. de C.V., TK Mexico, LLC, Takata de Mexico S.A. de C.V. Industrias Irvin de Mexico, S.A. de C.V., Strosshe-Mex S. de R.L. de C.V., TK Finance LLC, TK China LLC, TK Mexico Inc., Interiors in Flight, Inc., and Takata Protection Systems, Inc.

(149) "U.S. Reorganization Plan" means the confirmed chapter 11 plan in the U.S. Proceedings pursuant to which Plan Sponsor will acquire substantially all of the U.S. and Mexican assets of Takata, including the equity interests of certain first-tier subsidiaries of the Takata entities that are debtors in the U.S. Proceedings, but in each case other than Excluded Assets, free and clear of all claims, liens, charges, demands, other encumbrances and interests pursuant to Bankruptcy Code section 1141.

(150) "Warehouse Consenting OEM" means any Consenting OEM from whose branded vehicles PSAN Inflators were removed pursuant to recall or otherwise, and preserved by Takata as of the Closing Date, as required by the Preservation Order, other applicable law or regulation, or voluntarily.

(151) "Warehoused PSAN Assets" means: (a) the PSAN Inflators (i) preserved by Takata pursuant to the Preservation Order, (ii) otherwise preserved, voluntarily or involuntarily, by Takata, and (iii) otherwise preserved as contemplated by the Legacy Cost Report; (b) the leases for the PSAN Warehouses; and (c) the machinery, equipment, other tangible assets, and a nonexclusive license (pursuant to the Intellectual Property License Agreement (as defined in the U.S. Acquisition Agreement)) to Acquired Intellectual Property (as that term is defined in each of the Acquisition Agreements, respectively) for which ownership is assigned to the Plan Sponsor, in each case that is necessary for compliance with the Preservation Order, the preservation of PSAN Inflators as contemplated by the Legacy Cost Report, or operation of the PSAN Warehouses.

(152) "Warehousing Trust" has the meaning given to it in the U.S. Reorganization Plan.

4. Assumption and Modification of Consenting OEM Contracts.

a. Treatment of Contracts.

i. All Standalone OEM Assumed Contracts shall be assumed by Plan Sponsor as of the Closing, including pursuant to the U.S. Reorganization Plan and the Section 42 Business Transfer, on an

"as is" basis (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, including as to terms or price, other than to (1) substitute Plan Sponsor (or its applicable subsidiary or designated affiliate) for Takata and (2) for the Standalone OEM Assumed Contracts of Consenting OEMs, incorporate the ROLR on the terms set forth in Section 10 of this Agreement to the extent such Standalone OEM Assumed Contracts are not otherwise deemed amended in accordance with Section 4.a.iv of this Agreement. Each Consenting OEM's Standalone OEM Assumed Contracts (and the Standalone OEM Assumed Contracts of Consenting OEM Contract Manufacturers and Consenting OEM Tier Ones related to such Consenting OEM's vehicle production), respectively, include, but are not necessarily limited to, the contracts to be listed on **Schedules D.1-D.15**. Subsequent to the Signing Date and prior to the Closing, Plan Sponsor and each of the Consenting OEMs shall work cooperatively to develop **Schedules D.1-D.15**, each in form and substance satisfactory to Plan Sponsor and the applicable Consenting OEM, which shall list the applicable Plan Sponsor party or Acquired Takata Entity being substituted for Takata in connection with the assignment.

ii. In connection with the Restructuring, all Standalone PSAN Assumed Contracts shall be assumed by Reorganized Takata and/or one of its subsidiaries as of the Closing, including pursuant to the U.S. Reorganization Plan and the Section 42 Business Transfer, on an "as is" basis (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, other than to substitute a Reorganized Takata entity for Takata and to account for pricing adjustments consistent with the Reorganized Takata Business Model, on a cost basis. Each Consenting OEM's Standalone PSAN Assumed Contracts (and the Standalone PSAN Assumed Contracts of Consenting OEM PSAN Contract Manufacturers and Consenting OEM PSAN Tier Ones related to such Consenting OEM's vehicle production), respectively, are to be listed on **Schedules E.1-E.15**. Subsequent to the Signing Date and prior to the Closing, Reorganized Takata and the Consenting OEMs shall work cooperatively to develop **Schedules E.1-E.15**, each in form and substance satisfactory to the applicable Consenting OEM, which shall list the applicable Reorganized Takata party being substituted for Takata in connection with the assumption.

iii. Pursuant to the Accommodation Agreements and this Agreement, all Non-Standalone OEM Contracts shall be modified at or prior to the Closing (including pursuant to separate motions filed in the U.S. Proceedings or Japan Proceedings), and as of the Closing, including pursuant to the U.S. Reorganization Plan and the Section 42 Business Transfer, in each case so as to create a Modified Assumed OEM

Contract and, in the case of a Non-Standalone OEM Contract of a PSAN Consenting OEM, Consenting OEM PSAN Contract Manufacturer, or Consenting OEM PSAN Tier One, severed so as to create a Modified Assumed OEM Contract and a Modified Assumed PSAN Contract, and in each case (A) as it relates to Modified Assumed OEM Contracts, assumed by Plan Sponsor and/or one of its subsidiaries, or assumed or performed by an Acquired Takata Entity, "as is" (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, including as to terms or price, other than (1) as necessary to separate the manufacture and sale of the PSAN Inflators and release Plan Sponsor and the Acquired Takata Entities from all Liabilities and obligations thereunder with respect to PSAN Inflators on the terms set forth in this Agreement, and such released obligations shall be transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities and obligations novated to and assumed by, Reorganized Takata (or its applicable subsidiary) as a Modified Assumed PSAN Contract, (2) to account for pricing adjustments for the PSAN Inflator production not being assumed by the Plan Sponsor, where such adjustments are to be resolved among the parties pursuant to normal commercial dealings, (3) to substitute Plan Sponsor (or its applicable subsidiary or designated affiliate or Acquired Takata Entity) for Takata, and (4) for the Consenting OEM's Non-Standalone OEM Contracts, to incorporate the ROLR on the terms set forth in Section 10 of this Agreement to the extent such Consenting OEM's Non-Standalone OEM Contracts are not otherwise deemed amended in accordance with Section 4.a.iv of this Agreement and (B) as it relates to Modified Assumed PSAN Contracts, in connection with the Restructuring, assumed by Reorganized Takata and/or one of its subsidiaries "as is" (and without giving effect to any accommodations provided pursuant to the Accommodation Agreements) without modification of any kind, other than (1) as necessary to separate the manufacture and sale of the PSAN Inflators and release Reorganized Takata from all Liabilities and obligations thereunder unrelated to PSAN Inflators on the terms set forth herein, and such released obligations shall be transferred to, and the severed portion of the contract related to such manufacture, sale, Liabilities and obligations novated to and assumed by, Plan Sponsor as a Modified Assumed OEM Contract, (2) to account for pricing adjustments consistent with the Reorganized Takata Business Model on a cost basis, and (3) to substitute Reorganized Takata (or its applicable subsidiary) for Takata. Each Consenting OEM's Modified Assumed OEM Contracts (and the Modified Assumed OEM Contracts of Consenting OEM Contract Manufacturers, and Consenting OEM Tier Ones related to such Consenting OEM's vehicle production), respectively, are to be listed on **Schedules F.1-F.15**. Each PSAN Consenting OEM's Modified

Assumed PSAN Contracts (and the Modified Assumed PSAN Contracts of Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones related to such PSAN Consenting OEM's vehicle production), respectively, are to be listed on **Schedules G.1-G.15**. Subsequent to the Signing Date and prior to the Closing, Plan Sponsor and the Consenting OEMs shall work cooperatively to develop **Schedules F.1-F.15**, each in form and substance satisfactory to Plan Sponsor and the applicable Consenting OEM, which shall list the applicable Plan Sponsor or Acquire Takata Entity party being substituted for Takata in connection with the assignment. Subsequent to the Signing Date and prior to the Closing, Reorganized Takata and the PSAN Consenting OEMs shall work cooperatively to develop **Schedules G.1-G.15**, each in form and substance satisfactory to the applicable PSAN Consenting OEM, which shall list the applicable Reorganized Takata party being substituted for Takata in connection with the assumption.

iv. This Agreement shall constitute an amendment to the applicable Standalone OEM Assumed Contracts and Non-Standalone OEM Contracts to incorporate the provisions set forth herein, including, in respect of certain OEM Assumed Contracts, the ROLR on the terms set forth in Section 10 of this Agreement, and no additional amendments to such contracts shall be necessary to effectuate any of the provisions hereof. For the avoidance of doubt, unless otherwise agreed to by the relevant parties, Standalone OEM Assumed Contracts and Non-Standalone OEM Contracts will be amended or deemed amended only (A) as to Non-Standalone OEM Contracts, to accomplish the modifications specifically set forth in this Section 4, (B) as to PSAN Tier One Agreements that are to become OEM Assumed Contracts, to incorporate the PSAN Tier One Services applicable to Module Production, Kitting Operations and Service Parts operations to be consistent with the provisions as set forth in Section 5 herein, (C) to give effect to the indemnification and release provisions set forth in Sections 6 and 8 herein, and (D) to give effect to the provisions amending OEM Assumed Contracts of Consenting OEMs as set forth in Section 10 herein.

v. Notwithstanding the foregoing, in respect of any Non-Standalone OEM Contracts where a Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One is the counterparty, (i) the applicable Consenting OEM and Plan Sponsor will work cooperatively to cause the Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One to modify its Non-Standalone OEM Contracts consistent with this Section 4, and this Agreement shall not constitute a deemed amendment to such Non-Standalone OEM Contracts, and (ii) Plan Sponsor shall have no obligation to assume any Non-Standalone OEM Contract where a

Consenting OEM PSAN Contract Manufacturer or Consenting OEM PSAN Tier One is a counterparty unless (A) such counterparty modifies its Non-Standalone OEM Contract consistent with this Section 4 and (B) either (x) such counterparty grants a release consistent with Sections 8.a, 8.e, and 8.e of this Agreement and agrees to the contractual subordination terms set forth in the penultimate paragraph of Section 5 or (y) the applicable Consenting OEM is required to, or agrees to, indemnify and hold harmless Parent pursuant to Section 6 hereof with respect to any related PSAN Claims asserted by such counterparty in respect of such Non-Standalone OEM Contract (to the extent such claim relates to the Applicable OEM's vehicles), it being understood that any Non-Standalone OEM Contract that Plan Sponsor does not assume as permitted by this Section 4.a.v shall not constitute an OEM Assumed Contract for any purpose hereunder and, notwithstanding anything to the contrary set forth in this Agreement, neither Plan Sponsor nor any Acquired Takata Entity shall have any obligation under this Agreement with respect to any such counterparty with respect to the applicable Non-Standalone OEM Contract.

vi. To the extent a Consenting OEM, Consenting OEM Contract Manufacturer, or Consenting OEM Tier One elects to issue substitute purchase orders, releases, or similar documents ("Substitute Purchase Orders") to Plan Sponsor (or its applicable subsidiaries or Acquired Takata Entities) for administrative or other ordinary course customer-supplier purposes, Plan Sponsor (or its applicable subsidiaries or Acquired Takata Entities) will accept such Substitute Purchase Orders as it would in the ordinary course of business; provided, however, in all circumstances, such Substitute Purchase Orders will include all of the terms and provisions hereof and, to the extent of any conflict, the terms of this Agreement will govern and control.

vii. To the extent of any conflict between the terms of this Agreement and the terms of any Acquisition Agreement regarding the subject matter of this Section 4.a, the terms of this Agreement will govern and control.

b. Assumption of Obligations. Except as otherwise agreed to between Plan Sponsor and the Consenting OEMs, Plan Sponsor will assume all Assumed Liabilities. To the extent of any conflict between the terms of this Agreement and the terms of any Acquisition Agreement regarding the subject matter of this Section 4.b as it relates to the assumption of Assumed Liabilities in connection with the OEM Assumed Contracts, the terms of this Agreement will govern and control.

c. Repair History and Dealer Information Databases. Each Consenting OEM represents and warrants to Plan Sponsor that such Consenting OEM either (i) has provided (or, within a reasonable amount of time after the Signing Date, will provide) Plan Sponsor with reasonable direct access to any relevant Dealer Databases of such Consenting OEM, (ii) has

provided (or, within a reasonable amount of time after the Signing Date, will provide) Plan Sponsor with data from its Dealer Databases in the same format as such data has been provided to Takata (and each Consenting OEM shall not be obligated to provide such data in any other format), or (iii) has instructed (or promptly after the Signing Date, will instruct) Takata to grant Plan Sponsor reasonable access to its Dealer Databases, and take such actions reasonably requested by the Plan Sponsor to facilitate such access.

Each Consenting OEM hereby covenants and agrees that until the earlier of the Closing or the termination of the Acquisition Agreements, (a) with respect to (i) and (iii) above, as applicable, each applicable Consenting OEM shall continue to provide Plan Sponsor, or continue to allow Takata to provide Plan Sponsor, with reasonable access to such relevant Dealer Databases or information and (b) with respect to (ii) above, each applicable Consenting OEM shall provide Plan Sponsor with an update of such information previously provided to the Plan Sponsor on or about the date which is six (6) weeks before February 27, 2018.

d. Plan Sponsor agrees that it will comply with all homologation regulations, laws, and requirements in the relevant jurisdictions and obtain, on or prior to Closing, all permits, approvals, authorizations, concessions, variances, filings, exemptions, licenses, registrations, consents, certificates, or similar documents issued or granted by a governmental entity providing that the homologation of Component Parts and the Consenting OEMs' vehicles remain unaffected as a result of Plan Sponsor's acquisition of the Purchased Assets from Takata. In addition, Plan Sponsor will provide to all Consenting OEMs (i) documents that confirm technical equality and the same production process and location for all Component Parts and (ii) new "CCC" certificates for all relevant Component Parts (China) and "Bauartgenehmigung" for all relevant Component Parts (European Union). Notwithstanding the foregoing, in no event may a Consenting OEM assert any breach of Plan Sponsor's obligation to obtain on or prior to Closing any permit, approval, authorization, concession, variance, filing, exemption, license, registration, consent, certificate, or similar document with respect to which the condition set forth in Section 2.f has been waived by such Consenting OEM at or before the Closing.

Plan Sponsor shall use commercially reasonable efforts to satisfy the condition set forth in Section 9.1(c) of the U.S. Acquisition Agreement, Section 9.1(c) of the EMEA Acquisition Agreement, and Section 9.1(c) of the Japan Acquisition Agreement, and each Consenting OEM will reasonably cooperate with and support all such efforts.

Upon the request of any Consenting OEM, Plan Sponsor shall provide to such Consenting OEMs all homologation related Permits and certificates described in Section 9.1(c) of the U.S. Acquisition Agreement, Section 9.1(c) of the EMEA Acquisition Agreement, or Section 9.1(c) of the Japan Acquisition Agreement, as applicable, that relate to the production of Component Parts for such Consenting OEM.

5. PSAN Tier One Services. Plan Sponsor (defined, for the purposes of this Section 5, to include, from and after the Closing, any Acquired Takata Entities) agrees that it is a tier one supplier with respect to Module Production, Kitting Operations, and PSAN Service Parts production for (i) PSAN Consenting OEMs, Consenting OEM PSAN Contract Manufacturers, and Consenting OEM PSAN Tier Ones that require such Module Production, Kitting Operations, and PSAN Service Parts production (in such capacity, each such PSAN Consenting OEM,

Consenting OEM PSAN Contract Manufacturer, and Consenting OEM PSAN Tier One, individually, a "Reorganized Takata Customer" and, collectively, the "Reorganized Takata Customers") and (ii) Consenting OEM Bailors, and, as such, Plan Sponsor will comply with the requirements of the applicable OEM Assumed Contracts or Substitute Purchase Orders of such Reorganized Takata Customers and the newly formed contracts of Consenting OEM Bailors relating to such Module Production, Kitting Operations, and PSAN Service Parts production (such agreements, the "PSAN Tier One Agreements"). While Plan Sponsor is not a tier one supplier with respect to the PSAN Inflators produced by Takata or Reorganized Takata and/or its subsidiaries, upon request of a Reorganized Takata Customer or Consenting OEM Bailor, Plan Sponsor agrees to perform the following additional services with respect to such PSAN Inflators for the sole purpose of facilitating the supply of PSAN Inflators to the applicable Reorganized Takata Customer(s) and Consenting OEM Bailor(s):

a. production preparation in accordance with any applicable written work processes that have been (i) provided by Reorganized Takata to Plan Sponsor or (ii) approved by the applicable Reorganized Takata Customer or Consenting OEM Bailor as consistent with such Reorganized Takata Customer's or Consenting OEM Bailor's PPAP Process for such PSAN Inflator, and is consistent with relevant reasonable automotive safety product manufacturing processes and standards in the applicable jurisdiction, it being understood that Plan Sponsor shall be permitted to take into account reasonable business considerations when evaluating which processes and standards to employ so long as the processes and standards actually employed by Plan Sponsor are consistent with the principal goal of Plan Sponsor and the applicable Reorganized Takata Customer or Consenting OEM Bailor of enhancing consumer safety and product quality;

b. ordinary course of business component forecasting and ordering in accordance with Reorganized Takata Customer and Consenting OEM Bailor releases that (i) have been timely provided to Plan Sponsor and (ii) are consistent with, and not in excess of, the applicable Reorganized Takata Customer's or Consenting OEM Bailor's ordinary course requirements and inventory bank requirements for such PSAN Inflators (it being understood that any actual inventory bank production shall be subject to capacity constraints of Reorganized Takata and Plan Sponsor);

c. inventory management and quality control and management, in each case, in accordance with written processes and procedures that have been (i) established by Reorganized Takata, or (ii) approved by the applicable Reorganized Takata Customer or Consenting OEM Bailor, and is consistent with relevant reasonable automotive safety product manufacturing processes and standards in the applicable jurisdiction, it being understood that Plan Sponsor shall be permitted to take into account reasonable business considerations when evaluating which processes and standards to employ so long as the processes and standards actually employed by Plan Sponsor are consistent with the principal goal of Plan Sponsor and the applicable Reorganized Takata Customer or Consenting OEM Bailor of enhancing consumer safety and product quality;

d. component non-conformance management as directed by Reorganized Takata in accordance with Reorganized Takata's agreements with the applicable Reorganized Takata Customer or Consenting OEM Bailor; and

e. logistics management to ensure continuity of supply.

(collectively, the "PSAN Tier One Services"). Plan Sponsor will perform the PSAN Tier One Services as part of its performance obligations under the PSAN Tier One Agreements (which for purposes of clarity shall include all Module Production, Kitting Operations, and PSAN Service Parts production for current and past parts programs of Reorganized Takata Customers and Consenting OEM Bailors regardless of whether such contracts are executory or for parts no longer in current production (i.e., past-model parts), regardless of whether such contracts can be assumed under any applicable insolvency laws, other than obligations related to the manufacture or sale of PSAN Inflators) and for no additional charge beyond the compensation provided for under such PSAN Tier One Agreements; provided, however, that for the avoidance of doubt, and notwithstanding anything to the contrary contained in this Agreement, each applicable PSAN Tier One Agreement shall be amended at or prior to the assumption thereof by Plan Sponsor to provide that a Reorganized Takata Customer or Consenting OEM Bailor shall have a claim against Plan Sponsor for a failure to provide PSAN Tier One Services, or any defect in any services so provided, except to the extent that such service failure or defect arises from or is caused by any action, omission, service failure or defect by, of or from any Reorganized Takata Customer, any Consenting OEM Bailor, Takata, or Reorganized Takata and/or one of its subsidiaries (it being understood and agreed that this exception will not relieve Plan Sponsor of obligations, if any, under any PSAN Tier One Agreement to identify and provide notice of any such failure or defect by, of or from Takata or Reorganized Takata and/or one of its subsidiaries), and no additional amendments to such contracts shall be necessary to effectuate any of the provisions hereof.

Plan Sponsor shall, in its capacity as a tier one supplier, secure from Takata and Reorganized Takata all product information (including model and serial numbers), drawings, and test reports regarding the PSAN Inflators provided to Plan Sponsor by Reorganized Takata for Module Production, Kitting Operations, or PSAN Service Parts to the extent such information is necessary to track and identify such PSAN Inflators. This information shall be provided by Plan Sponsor to the applicable Consenting OEM upon request. On or prior to Reorganized Takata's wind-down, Plan Sponsor shall secure from Takata and Reorganized Takata all historical product information (including model and serial numbers), drawings, and test reports regarding PSAN Inflators (including any such information acquired from Takata in connection with the Restructuring) to the extent such information is necessary to track and identify such PSAN Inflators. This information shall be provided by Plan Sponsor to the applicable Consenting OEM upon request.

With respect to any airbag modules, Replacement Kits or PSAN Service Parts into which Plan Sponsor incorporates PSAN Inflators that are bailed to Plan Sponsor by Reorganized Takata Customers or Consenting OEM Bailors for use in Module Production, Kitting Operations or PSAN Service Parts production, Plan Sponsor will construct the applicable airbag modules and supply such modules, Replacement Kits, or PSAN Service Parts to the applicable Reorganized Takata Customer or Consenting OEM Bailor in accordance with the OEM Assumed Contract or any Substitute Purchase Order between Plan Sponsor and such Reorganized Takata Customer or the newly formed contracts between Plan Sponsor and such Consenting OEM Bailor. For the avoidance of any doubt, Plan Sponsor shall not be required to store PSAN Inflators for any

Reorganized Takata Customer or Consenting OEM Bailor unless agreed to in writing with a Consenting OEM.

As and to the extent provided for in the applicable PSAN Tier One Agreements, Plan Sponsor will provide the warranties to the applicable Reorganized Takata Customers and Consenting OEM Bailors with respect to any airbag module, Replacement Kit or PSAN Service Part into which Plan Sponsor incorporates a PSAN Inflator (it being understood that any defect in an airbag module, Replacement Kit or Service Part resulting from Plan Sponsor's failure to adhere to the Standard of Care with respect to the PSAN Inflator installed in such airbag module shall constitute a breach of Plan Sponsor's warranty with respect to such airbag module, Replacement Kit or Service Part). For the avoidance of doubt, no such warranties shall be given by Plan Sponsor with respect to the PSAN Inflator itself, but Plan Sponsor will provide warranties under the applicable PSAN Tier One Agreements with respect to the airbag modules, Replacement Kits produced by Plan Sponsor as part of the Kitting Operations or PSAN Service Parts (excluding warranties for the PSAN Inflator itself). Subject to Section 4.a.v, in the event that a Reorganized Takata Customer or Consenting OEM Bailor orders a Replacement Kit, airbag module, or PSAN Service Part, Plan Sponsor will directly sell and ship such Replacement Kit, airbag module, or PSAN Service Part to the relevant Reorganized Takata Customer or Consenting OEM Bailor.

In no event shall Plan Sponsor acquire any PSAN Assets while such assets are still being used by Reorganized Takata in connection with the design, assembly, manufacture, sale, distribution or handling of PSAN Inflators or assume Excluded PSAN Liabilities. Any Purchased Assets that are required for both the production by Reorganized Takata of PSAN Inflators and the production of non-PSAN Inflator products by Plan Sponsor will be made available by Plan Sponsor to Reorganized Takata through Plan Sponsor Support at no cost. If any assets are acquired by Reorganized Takata and made available to Plan Sponsor, then those assets will be made available by Reorganized Takata to Plan Sponsor at no cost.

Reorganized Takata shall provide engineering services and other cooperation to Reorganized Takata Customers and Consenting OEM Bailors in connection with resourcing activities to any alternative supplier(s) with respect to PSAN Inflators, which shall be supported by Plan Sponsor through Plan Sponsor Support as and to the extent required by Reorganized Takata, as provided above. Any out-of-pocket expenses of Reorganized Takata from providing such services or cooperation (including the cost of any reasonably identifiable Plan Sponsor Support related thereto) shall be paid by the requesting Reorganized Takata Customer or Consenting OEM Bailor. For the avoidance of any doubt, a Consenting OEM Bailor shall not be deemed a PSAN Consenting OEM by virtue of Reorganized Takata providing the services and cooperation referenced in this paragraph.

The claims of PSAN Consenting OEMs against Reorganized Takata shall be contractually subordinated to: (i) Plan Sponsor's rights to use any assets jointly used by Plan Sponsor and Reorganized Takata and owned by Reorganized Takata; (ii) Plan Sponsor's right to repurchase the PSAN Assets; and (iii) any actual, liquidated, ordinary course claims Plan Sponsor may have from time to time against Reorganized Takata. Such subordination of claims shall not restrict the dissolution, windup and liquidation of Reorganized Takata and the distribution of related asset sale proceeds after the term of Reorganized Takata's operation, so long as Reorganized Takata

retains a reserve that complies with applicable law to satisfy any disputed claims of the type described in clauses (i) through (iii) above.

Plan Sponsor may invest up to $150 million for testing and support with respect to PSAN Inflators and meet with appropriate governmental entities regarding such testing; provided, however, any such meetings, testing and support activities will be conducted only as agreed to by the Consenting OEMs.

6. Scope of Indemnification.

a. Uncapped Indemnity. Each of the Consenting OEMs, on an individual and not joint or joint and several basis, shall indemnify and hold harmless Parent from and against:

i. any and all Losses relating to or arising out of any PSAN Inflator installed, or incorporated in any part installed, in any vehicle manufactured or sold by such Consenting OEM, but solely to the extent of the Consenting OEM Liability of such Consenting OEM;

ii. Product-Based Damages relating to or arising out of any PSAN Inflator installed, or incorporated in any part installed, in any vehicle manufactured or sold by such Consenting OEM (irrespective of the Consenting OEM Liability of such Consenting OEM);

iii. [redacted]; and

iv. reasonable defense and litigation costs paid or incurred in accordance with the Case Control Protocol related to Sections 6.a.i, 6.a.ii, and 6.a.iii (if applicable).

(collectively, the "Uncapped Indemnity Obligations").

Notwithstanding the foregoing, the Uncapped Indemnity Obligations shall be subject to, and shall be reduced to the extent of, the applicable Indemnity Exclusion(s). For the avoidance of doubt, no Consenting OEM shall have any Uncapped Indemnity Obligations for any Losses related to (i) a vehicle manufactured by another OEM, (ii) another OEM's liability, or (iii) Antitrust Claims. With respect to any Acquired Takata Entity, no Consenting OEM shall have

any Uncapped Indemnity Obligation for compensation provided by any such Acquired Takata Entity (or taken by setoff against such Acquired Takata Entity) prior to the Petition Date to such Consenting OEM related to Recall Claims incurred by such Consenting OEM prior to the Closing.

b. Capped Indemnity. Each of the Consenting OEMs, on a claim-by-claim basis, severally in accordance with each Consenting OEM's OEM Allocable Share, shall indemnify and hold harmless Parent from and against any and all Losses in connection with, relating to, or arising out of, PSAN Inflators [redacted], other than Uncapped Indemnity Obligations, including but not limited to:

i. Conduct-Based Damages for a Personal Injury Claim or any other claim, regardless of which Consenting OEM manufactured or sold the applicable vehicle;

[redacted];

iii. Plan Sponsor Support; and

iv. reasonable defense and litigation costs related to the foregoing.

(collectively, the "Capped Indemnity Obligations").

Notwithstanding the foregoing, the Capped Indemnity Obligations [redacted] (i) shall not exceed the Indemnity Cap in the aggregate, (ii) shall be subject to and shall be reduced to the extent of the applicable Indemnity Exclusion(s), and (iii) shall not include Antitrust Claims.

For clarity, the Capped Indemnity Obligations shall not include the actual costs and expenses of an OEM's Recall programs asserted by such OEM.

c. [redacted]

d. [redacted]

e. [redacted]

f. Insurance. The obligation of any Consenting OEM under this Agreement is (i) secondary and subordinate to (a) all insurance policies (other than any Plan Sponsor-owned Excess Policy) and proceeds thereof that are available to any Referenced Entity and (b) the proceeds of the U.S. PI/WD Fund (if any) and (ii) net of any amounts actually recovered by any Referenced Entity under any insurance policies (other than any Plan Sponsor-owned Excess Policy and net of costs of recovery) or from the U.S. PI/WD Fund (if any) and any other third-party payments that reimburse for the Loss. Nothing in this paragraph shall prohibit Parent from seeking and receiving indemnification hereunder prior to resolution of any claims of Plan Sponsor under applicable insurance policies; provided, however, Plan Sponsor shall be required to diligently seek (or cause the applicable Referenced Entity to seek) recovery under any available insurance, and shall provide a report on such efforts upon request by any Consenting OEM, and any recoveries obtained from available insurance (other than any Plan Sponsor-owned Excess Policy) shall promptly be paid over to the Consenting OEMs (net of reasonable and unreimbursed costs and expenses for obtaining such recoveries) to the extent that the Consenting OEMs have previously reimbursed Parent for such Losses; provided further that exhausting remedies against any available insurance shall not be a condition to receiving indemnification hereunder, it being understood that any such indemnification paid by any Consenting OEM prior to receipt by any Referenced Entity of any recovery available under any insurance policy (other than any Plan Sponsor-owned Excess Policy) shall be an advance that will be returned by Plan Sponsor or the applicable Referenced Entity only if, and to the extent that, the applicable Referenced Entity receives any recovery from available insurance (other than any Plan Sponsor-owned Excess Policy and net of reasonable and unreimbursed costs and expenses for obtaining such recoveries).

g. Consultation. If Parent believes that a claim subject to the Consenting OEMs' Capped Indemnity Obligations would threaten the financial or operational viability of the applicable entity(ies) against which the claim is asserted (assuming no indemnification for such claim), Parent will consult with the Consenting OEMs to develop mutually beneficial alternatives to the payment of such claim, including, but not limited to, potential restructuring or insolvency proceedings for such entity(ies). If, after consulting with the Consenting OEMs, Parent decides to restructure or pursue insolvency proceedings for a Referenced Entity that sustains an indemnifiable Loss, then for purposes of Section 6.b, the amount of such Loss shall be only up to the least of (i) the amount of such Losses, (ii) the fair market value of the assets of such Referenced Entity (less the fair market value of the ordinary course operating Liabilities of

such Referenced Entity) (in each case as determined below) and (iii) the remaining amount of the Consenting OEMs' Capped Indemnity Obligations. If Parent decides to satisfy a claim against a Referenced Entity that sustains a Loss instead of restructuring or pursuing insolvency proceedings for such Referenced Entity, the OEMs' Capped Indemnity Obligations for such Losses will be capped at the amount actually paid to settle the underlying claim and such amounts will be utilized by Plan Sponsor to satisfy such claim. In determining the fair market value of the assets and ordinary course operating Liabilities of such Referenced Entity, Parent and the Consenting OEMs shall in good faith attempt to mutually agree on the fair market value. If Parent and the Consenting OEMs are not able to mutually agree on such fair market value, Parent and the Consenting OEMs shall mutually appoint an appraiser jointly selected by the Parent and the Consenting OEMs to determine such fair market value. To the extent that Parent and the Consenting OEMs do not agree on an appraiser to determine such fair market value, Parent and the Consenting OEMs shall each choose a nationally recognized appraiser competent to perform a fair market valuation of the applicable Referenced Entity and such two (2) appraisers shall appoint a third nationally recognized appraiser competent to perform a fair market valuation of the applicable Referenced Entity, and such appointed appraiser shall determine the fair market value of the assets and ordinary course Liabilities of the applicable Referenced Entity. Parent and the Consenting OEMs shall cooperate with any appraiser appointed pursuant to this Section 6.g and the fees and expenses of such appraiser shall be allocated one half to Parent and one half to the Consenting OEMs (according to their respective OEM Allocable Shares). The valuation report of any appraiser appointed pursuant to this Section 6.g shall be final and binding on the Parties. For the avoidance of doubt, (i) any determinations made by Parent pursuant to this Section 6.g shall be at the sole discretion of Parent, notwithstanding any obligation to consult with the Consenting OEMs and (ii) this Section 6.g shall only apply to Capped Indemnity Obligations.

h. [redacted]

8. Release.

a. Effective as of the Effective Date (and only if it should occur), each Consenting OEM hereby releases, acquits, and discharges, and shall be enjoined from prosecution of any and all claims, counterclaims, disputes, liabilities, rights, suits, obligations, judgments, duties, demands, defenses, liens, actions, administrative proceedings, costs, expenses, matters, issues, and causes of action of every kind and nature, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding, (including but not limited to any claims arising under federal, state, foreign or common law) (collectively, "Claims"), by or on behalf of such Consenting OEM and each of its respective Schedule A Entities (each a "Consenting OEM Releasing Party"), whether individual, direct, class, representative, legal, equitable, or any other type or in any other capacity against each Released Plan Sponsor Person that such Consenting OEM Releasing Party ever had, now has, may have, or may have had, by reason of, arising out of, relating to, or in connection with: (A) Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators prior to Closing (including if such Claim manifests after the Effective Date), (B) without limiting the generality of (A), all costs and expenses of, and all other Liabilities related to, each Consenting OEM's Recall programs (including Recall programs initiated after the Effective Date), (C) [redacted] (D) overcharges prior to the Effective Date related to Kitting Operations; and (E) any conduct of Takata prior to the Effective Date relating to price fixing, market manipulation, collusion, cartel, or any other similar anti-competitive practice or violations of antitrust and competition laws

(collectively, the "Consenting OEM Released Claims"); provided, however, that the foregoing release shall not release any Consenting OEM Released Claim against any Representative who is a natural person who was previously employed at Takata or who conspired with Takata, which is attributable to an act of fraud, bad faith, criminal conduct, willful misconduct or negligence by such Representative while employed by, or conspiring with, Takata.

With respect to the Consenting OEM Released Claims, the Consenting OEM Releasing Parties hereby expressly waive any and all provisions, rights, and benefits conferred by any law of any country or state or territory of the United States which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In agreeing to the foregoing waiver, each of the Consenting OEM Releasing Parties expressly acknowledges and understands that it may hereafter discover facts in addition to or different from those which it now believes to be true with respect to the subject matter of the matters released herein, but expressly agrees that it has taken these possibilities into account in electing to participate in this release, and that the release given herein shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts, as to which each of the Consenting OEM Releasing Parties expressly assumes the risk, other than as set forth in Section 12.c herein. Notwithstanding any other provisions herein, but subject to the express terms of the other releases provided in this Section 8, and for the avoidance of doubt, the Consenting OEM Releasing Parties reserve all rights against all persons other than the Released Plan Sponsor Persons subject to release and discharge hereunder, and this Agreement is not intended to prejudice, restrict or affect (or be an election of remedy) in respect of any rights, powers and remedies that the Consenting OEM Releasing Parties may have against other such persons.

b. Effective as of the Effective Date (and only if it should occur), each of the Consenting OEMs hereby releases, acquits, and discharges, and shall be enjoined from prosecution of any and all Claims, by or on behalf of each Consenting OEM Releasing Party, whether individual, direct, class, representative, legal, equitable, or any other type or in any other capacity against any Acquired Takata Entity that such Consenting OEM Releasing Party ever had, now has, may have, or may have had, by reason of, arising out of, relating to, or in connection with the Consenting OEM Released Claims; provided, however, that the foregoing release shall not impair, waive, or otherwise affect any claim that a Consenting OEM may have against any Takata Entity that is not an Acquired Takata Entity, or otherwise impair the rights of any Consenting OEM to file, or recover on account of, claims in any insolvency proceeding of any Takata Entity that is not an Acquired Takata Entity or in any other proceeding or otherwise against any Takata Entity that is not an Acquired Takata Entity. Notwithstanding the foregoing, if (1) any Consenting OEM is required by a court of competent jurisdiction (whether by judgment or by settlement) to disgorge, turn over or otherwise pay any amount received (including via setoff) by such Consenting OEM from an Acquired Takata Entity that constituted a Settlement Amount (as defined in the Global Settlement Agreement), to the estate or a creditor

of the applicable Acquired Takata Entity (or any trustee, administrator, supervisor, receiver or similar person for such estate), because the payment of such Settlement Amount is determined to be fraudulent (actually or constructively) or preferential in any respect or for any similar reason, or (2) the acquisition by Plan Sponsor of any Acquired Takata Entity is successfully declared void or is clawed back because the transfer of ownership to Plan Sponsor is determined by a court of competent jurisdiction to be fraudulent (actually or constructively) or preferential in any respect or for any other similar reason, then (x) any discharge and release pursuant to this Section 8 of any PSAN Claims or other Claims of each Consenting OEM against the applicable Acquired Takata Entity, and (y) any discharge and release pursuant to the Global Settlement Agreement by the applicable Acquired Takata Entity in favor of the Consenting OEMs, in each case of (x) and (y) shall be deemed null and void *ab initio* but, solely in the case of (y), only to the extent that any claim subject to such discharge or release by the applicable Acquired Takata Entity in favor of the Consenting OEMs may be asserted as a defense to, and not a counterclaim against, the PSAN Claims of such Consenting OEM against the applicable Acquired Takata Entity.

With respect to the Consenting OEM Released Claims, the Consenting OEM Releasing Parties hereby expressly waive any and all provisions, rights, and benefits conferred by any law of any country or state or territory of the United States which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In agreeing to the foregoing waiver, each of the Consenting OEM Releasing Parties expressly acknowledges and understands that it may hereafter discover facts in addition to or different from those which it now believes to be true with respect to the subject matter of the matters released herein, but expressly agrees that it has taken these possibilities into account in electing to participate in this release, and that the release given herein shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts, as to which each of the Consenting OEM Releasing Parties expressly assumes the risk, other than as set forth in Section 12.c herein. Notwithstanding any other provisions herein, but subject to the express terms of the other releases provided in this Section 8, and for the avoidance of doubt, the Consenting OEM Releasing Parties reserve all rights against all persons other than the Acquired Takata Entities subject to release and discharge hereunder, and this Agreement is not intended to prejudice, restrict or affect (or be an election of remedy) in respect of any rights, powers and remedies that the Consenting OEM Releasing Parties may have against other such persons.

c. The Consenting OEMs agree to forebear from exercising any rights in respect of PSAN Claims against any Takata Seller Entities whose assets are acquired by Plan Sponsor on the terms set forth in the Global Settlement Agreement and until the liquidation of such entity unless an Unforeseen Event occurs or the Global Settlement Agreement is terminated in accordance with its terms.

d. None of the releases set forth herein shall (i) impair, waive or otherwise affect the Consenting OEMs' entitlement to recover from any funds pursuant to the DOJ Plea Agreement that may be recoverable against Takata or (ii) limit any Consenting OEM Releasing Party's ability to object to, defend itself against, oppose or dispute on any ground or basis, any claim asserted against it by any person, provided that such Consenting OEM Releasing Party is not seeking any affirmative recovery from any Released Plan Sponsor Person or Acquired Takata Entity in any way related to any Consenting OEM Released Claim.

e. Effective as of the Effective Date (and only if it should occur), each of the PSAN Consenting OEMs and Consenting OEM Bailors hereby releases, acquits, and discharges, and shall forever be enjoined from prosecution of any and all Claims, by or on behalf of such PSAN Consenting OEM or Consenting OEM Bailor and each of its respective Schedule A Entities (each a "PSAN Consenting OEM/Consenting OEM Bailor Releasing Party"), whether individual, direct, class, representative, legal, equitable, or any other type or in any other capacity against the Released Post-Closing Persons, by reason of, arising out of, relating to, or in connection with: (i) any claims relating to Takata's or Reorganized Takata's design, assembly, manufacture, sale, distribution and/or handling of PSAN Inflators (x) prior to the Closing, but only to the extent such PSAN Inflators are delivered or bailed to, or handled by, Released Post-Closing Persons after the Closing or (y) after the Closing; and (ii) any claims relating to Plan Sponsor's provision of Plan Sponsor Support ("PSAN Consenting OEM/Consenting OEM Bailor Released Claims"), except, in the case of (i) and (ii), to the extent that the losses associated with such claim are attributable to: (A) any Released Post-Closing Person's fraud, bad faith, criminal conduct, willful misconduct or negligence after the Closing; or (B) (1) Plan Sponsor's and/or an Acquired Takata Entity's material breach of the Transition Services Agreement, including a material breach of any aspect of its contractual obligations to provide Plan Sponsor Support, to adhere to the Standard of Care, or to provide PSAN Tier One Services or (2) Plan Sponsor's material breach of any contractual obligation under this Agreement, in each case, after notice and a reasonable opportunity to cure (to the extent curable); provided, however, the foregoing release shall not impair, waive, or otherwise affect any claim that a Consenting OEM may have against Plan Sponsor and/or an Acquired Takata Entity in connection with the Module Production, PSAN Service Part production, or Kitting Operations (other than with respect to the matters described in Section 8.a and 8.b above).

With respect to the PSAN Consenting OEM/Consenting OEM Bailor Released Claims, the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties hereby expressly waive any and all provisions, rights, and benefits conferred by any law of any country or state or territory of the United States which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

In agreeing to the foregoing waiver, the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties expressly acknowledge and understand that they may hereafter discover facts in addition to or different from those which they now believe to be true with respect to the

subject matter of the matters released herein, but expressly agree that they have taken these possibilities into account in electing to participate in this release, and that the release given herein shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts, as to which the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties expressly assume the risk, other than as set forth in Section 12.c herein. Notwithstanding any other provisions herein and for the avoidance of doubt, the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties reserve all rights against all persons other than the Released Post-Closing Persons subject to release and discharge hereunder, and this Agreement is not intended to prejudice, restrict or affect (or be an election of remedy) in respect of any rights, powers and remedies that the PSAN Consenting OEM/Consenting OEM Bailor Releasing Parties may have against other such persons.

f. Each Consenting OEM represents, warrants, covenants and agrees that none of the claims released by or on behalf of such Consenting OEM, nor any part thereof, has been or will be assigned, hypothecated, granted, or transferred (each, a "Transfer") in any way by such Consenting OEM to any person or entity (other than to one of its Schedule A Entities), including without limitation any claims that would be released in full hereunder but for such Transfer. Any purported assignment of claims released by or on behalf of any Consenting OEM hereby shall be null and void without further action.

g. [redacted]

FINAL

ACCOMMODATION AGREEMENT

Visteon Corporation, on behalf of itself and its debtor and non-debtor affiliates and subsidiaries (collectively, "Supplier"), and Nissan North America, Inc. (the "Customer"), enter into this Accommodation Agreement ("Agreement") as of October 22, 2009.

RECITALS

A. Pursuant to that certain Master Purchase Agreement dated October 10, 2001, purchase orders currently issued or issued in the future, and releases thereunder issued by Customer and accepted by the Supplier (collectively, the Master Purchase Agreement, the New Master Purchase Agreement, purchase orders, new purchase orders, and releases thereunder shall be known herein as the "Purchase Orders" or individually, a "Purchase Order"), Supplier currently manufactures and supplies Customer certain component parts and assembled goods (collectively the "Current Component Parts" or individually, a "Current Component Part").

B. On May 28, 2009 (the "Petition Date"), Visteon Corporation and several of its affiliates filed for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") in a case styled In re Visteon Corporation, et al., Case No. 09-11786 (jointly administered) ("Bankruptcy Case").

C. In connection with the Bankruptcy Case, Supplier and Customer wish to enter this Agreement in order to secure the continuity of supply to the Customer and other Supplier accommodations set forth in this Agreement, and to facilitate the acquisition by Customer of certain of Supplier's assets in exchange for cash and the Customer accommodations set forth herein.

D. Visteon Corporation, together with those debtor affiliates of Visteon Corporation named in the APA (as defined below) (collectively, at times "Seller"), Customer and Haru Holdings, LLC, an affiliate of Customer ("Buyer"), have entered into an Asset Purchase Agreement as of the date hereof (the "APA"), under which Seller has agreed to sell to Buyer, and Buyer has agreed to purchase, certain assets related to the operation of the Seller's four plants located in Canton, Mississippi; Smyrna, Tennessee; LaVergne, Tennessee; and Tuscaloosa, Alabama, subject to the terms and conditions set forth in the APA ("Purchased Plants").

E. After completion of the sale transaction under the APA, Customer will takeover production of certain Current Component Parts which Seller currently produces for Customer at the Purchased Plants and direct purchases of pass through VDSO Component Parts ("Assumed Component Parts").

F. It is contemplated that Supplier will (i) continue to sell to Customer certain Current Component Parts under existing Purchase Orders produced at the Purchased Plants prior to the Closing (as defined in the APA), (ii) continue to sell to Customer certain Current Component Parts under existing Purchase Orders produced at the Supplier's plants other than the Purchased Plants except for the Assumed Component Parts (the "Other Component Parts") and (iii) will sell to Customer under a new Master Purchase Agreement (the "New Master Purchase Agreement") and new Purchase Orders substantially in the same form as the existing Master

Purchase Agreement and Purchase Orders component parts which currently are sold to Customer directly or as subcomponents of the Assumed Component Parts (collectively the "New Component Parts" or individually a "New Component Part"). The Current Component Parts and the New Component Parts will collectively be referred to as the "Component Parts" or individually as a "Component Part").

G. Subject to the terms and conditions of this Agreement and in consideration of the assurances, acknowledgments, and agreements made by Supplier under this Agreement, Customer has agreed to provide Supplier certain accommodations as set forth in this Agreement.

THEREFORE, based upon the foregoing recitals, and for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

TERMS AND CONDITIONS

1. Effectiveness/Term.

A. Effectiveness. This Agreement is conditioned upon approval by the Bankruptcy Court in the Bankruptcy Case of this Agreement, the APA and the Access and Security Agreement. This Agreement will become effective (the "Effective Date") only upon the timely satisfaction of the following conditions: (a) execution of this Agreement by all parties to this Agreement; (b) execution of the APA by Seller, Customer and Buyer; and (c) entry by the Bankruptcy Court of an order approving this Agreement, the APA and the Access and Security Agreement substantially in the form attached to the APA as Exhibit J thereto. Supplier will file motions, in form and substance acceptable to Customer seeking approval of this Agreement, the APA and the Access and Security Agreement on or prior to October 23, 2009 and will prosecute such motions in good faith.

B. Term. The term ("Term") of this Agreement shall be the period from the Effective Date through the earlier of (i) six months from the effective date of Supplier's confirmed plan of reorganization; or (ii) if the transactions contemplated in the APA do not close and the APA is terminated, January 31, 2010. If the term of this agreement ends in accordance with clause (ii) above, the Customer and Supplier will negotiate in good faith to reach an agreement on a replacement transaction that results in the same economic impact to both parties as provided for in the APA, including a credit to Customer for the ten million dollar non-refundable deposit paid under Section 1.5(b)(1) of the APA (to the extent actually paid by Customer or Buyer prior to such termination) applied towards the future purchase price under a new APA.

2. Customer's Accommodations.

A. Payment Terms. Beginning on the Effective Date and continuing until expiration of the Term, Customer will pay Supplier for all Component Part shipments made by Supplier to Customer on net fifteen (15) days from the date of receipt or the equivalent (i.e. Customer will pay for invoices on the 10th , 20th and 30th of each month so that each payment will average 15 days of invoices).

B. Limitation of Setoff Against Accounts Payable.

Except for "Allowed Setoffs" and "Material Setoffs," Customer and Buyer agree that they will not: (i) exercise any of their respective rights of setoff, recoupment or deduction against any of their respective accounts payable from the Effective Date through the expiration of the Term; and (ii) exercise any right of setoff with respect to amounts that may be owed by Seller to Customer or Buyer under the APA other than as expressly permitted under the APA, and then only against any such amounts that are owed by Customer or Buyer under the APA, and in no event against any other accounts payable or other liabilities or obligations of Customer, Buyer or any of their Affiliates to Supplier or (iii) exercise any of their respective rights of setoff, recoupment (other than with respect to amounts that are owed by Customer or Buyer to Supplier under the APA) against any amount owed by Seller to Customer or Buyer under the APA. Moreover, Allowed Setoffs may not exceed 5% of the face amount of any valid and bona fide invoices or group of valid and bona fide invoices comprising a payment to the Supplier ("5% Cap"). In the event Customer is unable to take the full amount of its Allowed Setoffs against any payment, the remainder of the Allowed Setoffs may be taken against subsequent payments of accounts payable, provided that at no time during the term of this provision shall the Allowed Setoffs exceed the 5% Cap. Allowed Setoffs shall not include and shall not be applied against or otherwise exercised with respect to, the Option Price payments, payments for Unpaid Tooling, Supplier Owned Tooling, Inventory purchases (including but not limited to Incremental Bank Costs), or any other payments required by this Agreement other than for the invoice price for the Component Parts.

The term "Allowed Setoffs" means (i) valid setoffs, recoupments or deductions for defective or non-conforming parts, quality problems, unordered or unreleased parts returned to the Supplier, short shipments, mis-shipments, premium freight charges, improper invoices, mispricing, duplicate payments, or billing errors (but, for the avoidance of doubt, do not include any warranty or product liability claims that are released by Customer under this Agreement, the APA or the Nissan Release (as defined in the APA)); (ii) setoffs allowed pursuant to the APA; and (iii) reasonable out-of-pocket professional fees incurred by the Customer directly in connection with the Bankruptcy Case, but excluding professional fees incurred by Customer in commercial transactions with Supplier in the ordinary course of business. For the avoidance of doubt, fees and costs incurred in the negotiation, documentation and approval of this Agreement, the APA and any related agreements will be considered an Allowed Setoff. Customer will provide Supplier with information regarding any setoffs in a manner sufficient to identify the type and amount of the Allowed Setoff being taken. Customer will also provide Supplier with a reasonably detailed summary of professional fees for which the setoff is asserted relating to an Allowed Setoff for professional fees at least five (5) business days prior to taking the Allowed Setoff. The professional fee summary (i) will not contain information that would cause a violation of attorney client privilege and/or work product privileges, and (ii) the reasonably detailed summary will include only general descriptions of work performed (e.g., conference call with Supplier) as opposed to the substance of the work performed or issues discussed. Customer agrees to expedite the resolution of all disputed setoffs, recoupments, and deductions. To the extent necessary, the Supplier will obtain a lifting of the automatic stay by the Bankruptcy Court in the Order approving this Agreement and the APA to allow Customer to make these setoffs, recoupments, and adjustments.

The term "Material Setoffs" means (i) materials, components or services purchased by Customer from persons other than Supplier, or supplied by Customer to Supplier (solely as necessary to avoid an interruption in Customer's production), to be used in connection with the production of Component Parts by Supplier for Customer, (ii) bona fide invoices for tooling which Customer must pay to a third party to obtain tooling when Customer has already paid Supplier for the same tooling amount or (iii) direct payment(s) to material and service vendors by Customer for the purchase of materials, components or services used by Supplier in connection with the production of Component Parts by Supplier for Customer (solely as necessary to avoid an interruption in Customer's production) which would have been purchased by Supplier but for the vendors' refusal to sell to Supplier and, in the case of both (i) and (ii) above, for which Customer has provided Supplier at least two (2) business days' prior written notice of the materials and the amount to be paid to vendors or purchased by Supplier from Customer, as applicable; provided, however, if Supplier objects to Customer's purchase or payment pursuant to (i) or (ii) above within such notice period and provides Customer with an alternate strategy that ensures Customer's production will not be interrupted, and which is otherwise reasonably acceptable to Customer, Customer shall refrain from making such purchase or payment in order to allow Supplier the opportunity to employ such alternate strategy.

Except as specifically provided in this Agreement and the APA, including the release provided by Customer to Supplier hereunder, or in the APA or the Nissan Release (as defined in the APA), Customer expressly reserves and does not waive any rights, claims, and interests it may have against the Supplier, including setoffs, recoupment, or adjustments asserted for defensive purposes in respect of any claims of any nature that may be asserted against that Customer by the Supplier or any third party. Additionally, Customer's affiliates will not setoff, recoup, or deduct any amount Customer may owe Supplier from any amount that they may owe Supplier and/or its affiliates.

C. Inventory Purchase Agreement.

(i) Except as otherwise provided in the APA, on the Inventory Purchase Trigger Date (defined below), Supplier will become obligated to sell, and Customer will become obligated to purchase and pay in cash for all of Supplier's "useable" and "merchantable" raw materials (including purchased components) and finished goods inventory related to current production and service Component Parts (collectively, the "Customer Inventory") for which Customer has Unsatisfied Releases (defined below). For the avoidance of doubt, Customer has no obligation to purchase work-in-process, unfinished goods inventory, or raw materials incorporated into unfinished goods, except as provided in subsection (iv) below with respect to the conversion of work-in-process into finished goods inventory.

(ii) The term "merchantable" means merchantable as that term is defined in U.C.C. §2-314 and in material conformance with all applicable Purchase Order specifications for the Component Part. The term "usable" means all Customer Inventory that is not

obsolete, as reasonably determined in accordance with applicable industry standards for the specific Customer Inventory, and that is reasonably useable in production of Component Parts for which Customer has or will have Unsatisfied Releases (defined below) to Supplier on the Inventory Purchase Trigger Date. The determination of whether Customer Inventory is "useable" and "merchantable" will be made as provided in (iv) below. The term "Unsatisfied Releases" means the quantity of Component Parts provided in the releases, fabrication, raw material, or similar authorizations issued by Customer and in effect on the Inventory Purchase Trigger Date, minus the quantities of Component Parts shipped by Supplier after receipt of such releases and authorizations; provided, however, that such amounts shall not be less than sixty (60) days average production run rate. The term "Inventory Purchase Trigger Date" applies on a facility-by-facility basis and means the date for any Visteon facility of the earliest to occur of (a) Customer's resourcing of Component Parts from a Supplier facility, as permitted by this Agreement, except to the extent the resourcing is occurring as part of the sale transaction under the APA, or (b) Customer's exercise of its right of access pursuant to the Access and Security Agreement at a given Visteon facility.

(iii) The price for Customer Inventory to be purchased under this Agreement (the "Purchase Price") will be for cash calculated as follows:

(a) for raw materials purchased after the Petition Date - 100% of the Supplier's actual cost of the raw materials based on Supplier's actual invoice.

(b) for finished Component Parts - 100% of the existing Purchase Order price for the Component Part.

(iv) All prices are F.O.B. Supplier's dock. Customer shall pay the Purchase Price for the Customer Inventory at the time the Customer Inventory is delivered by Supplier FOB Supplier's dock free and clear of all liens, claims and other encumbrances and prior to Customer taking possession of any Customer Inventory. Customer will work in good faith with Supplier to minimize the amount of raw materials or work-in-process inventory at Supplier's facilities on the Inventory Purchase Trigger Date. In addition, to the extent that Supplier is able to convert work-in-process existing as of the Inventory Purchase Trigger Date into finished goods inventory within ten (10) business days after the Inventory Purchase Trigger Date, Customer will purchase such finished goods inventory pursuant to the terms of this Section. Supplier

will complete and provide to Customer a physical inventory listing all Customer Inventory within ten (10) days after the Inventory Purchase Trigger Date ("Purchased Customer Inventory"). Customer shall have at least four (4) business days from the date of receipt of the list of Purchased Customer Inventory to inspect the Purchased Customer Inventory to identify for Supplier any items that Customer deems unusable and un-merchantable, and for which Customer will not pay (the "Non-Purchased Customer Inventory") and provide written notice of the disputed amounts (the "Dispute Notice). Customer will have the right to participate fully in the physical inventory of the Purchased and Non-Purchased Customer Inventory.

If Customer and the Supplier disagree about any items being identified as Non-Purchased Customer Inventory, Supplier and Customer shall seek in good faith to resolve any differences they may have with respect to Non-Purchased Customer Inventory within ten (10) days following the delivery of the Dispute Notice. If the differences cannot be resolved in this ten (10) day period, either the Supplier or Customer may commence an adversary proceeding in the Bankruptcy Court to obtain a decision from the court with regard to the dispute; provided, however, Customer shall not be required to pay for any such disputed Non-Purchased Inventory unless and until such time as the court determines it to be Purchased Inventory.

(v) On the Inventory Trigger Date, Customer shall have the right, but not the obligation, to purchase some or all of Supplier's inventory of service parts which are not purchased as part of the Purchased Customer Inventory. Customer has the right to physically inspect Supplier's inventory of service parts prior to making such election and shall have 5 business days from the completion of Customer's inspection to identify what, if any, service parts inventory Customer will purchase. Service parts inventory will be sold at the existing Purchase Order price.

(vi) In the event of the purchase of Customer Inventory pursuant to this Section, Supplier will use commercially reasonable efforts to cooperate with Customer or its agent in its taking possession of purchased Customer Inventory in a timely manner.

D. Resourcing Limitation.

(i) Customer will not resource the production of any Component Parts with the Supplier until a "Permitted Resourcing Event" ("Permitted Resourcing"), which is the earliest to occur: (a) resourcing of the Assumed Component Parts after the Closing (as defined in the

APA) or the Other Component parts to the extent expressly permitted under Section 9.14(a) of the APA but only with respect to the affected Component Parts; (b) Customer's exercise of its right of access pursuant to the Access and Security Agreement at a given Supplier facility; (c) termination or cancellation of the applicable Component Part Purchase Order by reason of cancellation of the program to which the Purchase Order relates, or major refresh or redesign of the program that renders the Component Part obsolete; (d) an Event of Default; (e) resourcing of specific parts or programs by agreement between a Customer and the Supplier, but only as to those Component Parts or programs; or (f) March 31, 2010. Customer may take actions to prepare for resourcing any or all Component Parts, including conducting discussions and negotiations (but not entering into production agreements) with potential replacement suppliers regarding the production of the Component Parts, and Supplier will cooperate with such preparation to resource as described in the resourcing assistance provisions of this Agreement. The Bankruptcy Court Order approving this Agreement will provide that the automatic stay is modified to permit Permitted Resourcing without the need for any further order of the Bankruptcy Court.

(ii) "Resourcing" does not include or prohibit: (a) resourcing of the Assumed Component Parts after the Closing (as defined in the APA); (b) resourcing of the New Component Parts to the extent expressly permitted under section 9.14(a) of the APA; (c) changes in releases due to normal business fluctuations; (d) cessation of production due to balance-outs or cancellations; (e) changes in factory assist/offload business; or (f) bank builds pursuant to the bank build provisions of this Agreement. Nothing in this Section prohibits a Customer from taking actions during the Term to prepare for resourcing (except entering into production-related agreements with alternate suppliers), including, without limitation, taking those actions described in the resourcing assistance provisions of this Agreement.

(iii) Nothing in this Section or elsewhere in this Agreement: (a) extends the term or duration of any Purchase Order or other agreement concerning the production of any Component Parts except to the extent necessary for Customer to comply with the terms of this Agreement; (b) commits Customer to retain any of that Customer's business with Supplier after the expiration of the resourcing limitations described in this Section; or (c) commits Customer to source to the Supplier any new, transfer or replacement business (i.e., business other than that business currently constituting Current Component Parts under the Purchase Orders or the New Component Parts after completion of the sale under the APA).

3. Supplier's Assurances.

A. Continue to Manufacture.

(i) Supplier will continue to timely manufacture and supply the Component Parts for Customer in accordance with the terms of the Purchase Orders and related releases until (a) the Closing of the sale under the APA with respect to the Assumed Component Parts; and (b) the expiration of the Term.

(ii) Supplier agrees to notify Customer of any threat to continued timely shipment of the Component Parts promptly upon learning of that threat. Except as specifically provided in this Agreement, this Agreement is not intended to modify the terms and conditions of Customer's Purchase Orders. In the event of any inconsistency between the terms of this Agreement and the terms of Customer's Purchase Orders, the terms of this Agreement will control. Supplier's commitment to maintain continuity of supply includes the management of its supply base. Supplier will fairly apportion the relief provided by the Bankruptcy Court for payment of prepetition claims of certain suppliers among the vendors to Customer and, where appropriate, seek court intervention to address hostage situations or stop shipment threats that present continuity risks to Customer. For sake of clarity, the foregoing is not an agreement to assume any vendor's purchase orders and supply agreements.

B. Inventory Banks.

(i) Upon Customer's written request and without waiver in any way of the resourcing limitation provided in Section 2D, Supplier shall build an inventory bank of Component Parts for Customer, except that such obligation for Assumed Production parts will terminate upon the Closing of the APA (the "Inventory Bank"), according to a timetable reasonably agreed to by Customer and Supplier subject to (a) Supplier's reasonably applied internal capacity limitations (e.g., machine capacity and manpower limitations), equitably allocated among Supplier's customers making requests for inventory banks; (b) availability of raw materials and supplies and (c) Customer's payment of the Incremental Bank Costs. Supplier will deliver Inventory Bank Component Parts to a location designated by Customer in writing as produced. Customer will pay for the Inventory Bank without setoff, deduction or recoupment of any kind on credit terms of net 15 days or the equivalent after delivery to the location designated by Customer. The following additional terms shall apply to the building of the Inventory Bank:

(a) In addition to paying the applicable Purchase Order price for the Inventory Bank Component Parts, Customer agrees to pay the Incremental Bank Costs (as defined below). For purposes of this Agreement, the term "Incremental Bank Costs" means verifiable, actual incremental out-of-pocket costs (including without limitation, overtime, expendable packaging, shipping (including expedited shipping, if required by a Customer), material charges, etc.) incurred by Supplier in connection with building the Inventory Bank for Customer. Customer will not use Component Parts from the Inventory Bank to decrease the quantities that it would otherwise purchase from Supplier unless (i) an Event of Default occurs and is continuing; (ii) it is necessary to draw from the Inventory Bank to avoid the Inventory Bank Component Parts from becoming obsolete or otherwise unusable (e.g., because of deterioration or other quality reasons) provided however Customer does so in a manner to minimize any cash flow impact to Supplier; (iii) necessary to avoid an interruption in Customer's production; or (iv) agreed to by Supplier.

(b) Upon Customer's request for an Inventory Bank, Supplier shall promptly provide a schedule to Customer setting forth the time for completion of the Inventory Bank and the Incremental Bank Costs Supplier reasonably anticipates that it will incur in connection with building the Inventory Bank (the "Bank Build Budget"). All Incremental Bank Costs shall be funded in a manner to minimize any cash flow impact to Supplier.

C. Access. Supplier agrees that from the Effective Date through the expiration of the Term, Customer, or its respective agents and representatives (but not a competitor of Supplier unless otherwise agreed to by Supplier in writing or otherwise specifically allowed under this agreement as resource assistance), shall have reasonable access to Supplier's books and records and operations upon reasonable advance notice during regular business hours, for the purposes of: (i) inspecting and, upon a Permitted Resourcing Event, removing Customer Tooling; (ii) meeting with Supplier's representatives and management to the extent related to production of Component Parts; (iii) monitoring Supplier's compliance with the terms of this Agreement and the Purchase Orders; and (iv) monitoring production of Component Parts. In addition, Supplier will during the Term of this Agreement provide Customer financial information consistent in scope, content and form with the information currently provided to Customer, except that after confirmation of a plan of reorganization, Supplier will provide financial information to Customer consistent in scope, content and form with the information Supplier customarily provided to Customer prior to the Bankruptcy Case. Supplier and Customer further acknowledge and agree that they will preserve and protect each other's confidential financial and/or proprietary information, including any Intellectual Property (defined below) from unauthorized use and disclosure beyond Customer and Supplier, except for the

purposes of resourcing production after a Permitted Resourcing Event and then to the extent required under Section 3.D. to alternate suppliers in which case Supplier hereby agrees that access to such financial and/or proprietary information, including any Intellectual Property will be provided to potential successor suppliers for the Component Parts subject to commercially reasonable confidentiality protections in a form reasonable acceptable to Supplier.

D. Resourcing Assistance. Upon a Permitted Resourcing Event and until expiration of the Term, Supplier shall provide resourcing assistance to Customer and/or its designee (including alternate suppliers subject to commercially reasonable confidentiality protections in a form reasonable acceptable to Supplier) pursuant to, and subject to, the terms and conditions set forth in this Agreement, the APA and related agreements to enable Customer to complete resourcing production of all affected Component Parts from Supplier as a result of, and effective from, the occurrence of a Permitted Resourcing Event. For clarity, upon a Permitted Resourcing Event such resourcing assistance shall include, but not be limited to (i) allow reasonable access for Customer, its agents, designees and potential replacement suppliers involved in resourcing activities to Supplier's manufacturing facilities (subject to commercially reasonable confidentiality protections) upon reasonable advance notice, during normal business hours, to inspect and, if permitted by this Agreement, remove Customer Tooling (defined below) and view current production processes; (ii) providing Customer and/or its designee with copies of tool line-ups, tool processing sheets, routings, bills of materials (including vendor contact information), PPAP packages, and tool and engineering drawings, and subject to the terms of the License (defined below), CAD data/drawings, vehicle integration algorithms, lists of returnable containers, all other general validation and test data and any other information and proprietary business knowledge reasonably necessary to support a resourcing to replacement suppliers; (iii) preparing items of Customer Owned Tooling (defined below) and Purchase Option Equipment (defined below) needed by Customer for resourcing for shipment on dates specified by Customer and assisting Customer in loading the items for shipping; (iv) providing Customer with the option to have Supplier use its commercially reasonable efforts to assume and assign any contracts Supplier has with subcomponent or other suppliers for the supply of parts necessary to make Component Parts (which shall include any Intellectual Property rights Supplier has in the subcomponent parts subject to the same limitation set forth in the Intellectual Property section in this Agreement) (provided Customer specifies in writing any such contracts within thirty (30) days of a Permitted Resourcing Event and during the Bankruptcy Case, Customer fully pays all amounts necessary, pursuant to Section 365 of the Bankruptcy Code (as defined in the APA), to cure the pre-petition defaults (including, for the avoidance of doubt, any claims made pursuant to Section 503(b)(9) of the Bankruptcy Code) needed to obtain an assumption or assignment of the contract or to obtain a new contract acceptable to Customer (v) executing a letter to subcomponent and other suppliers in a form reasonably acceptable to Supplier authorizing them to provide Customer and/or its new supplier with all necessary information and to negotiate with Customer and/or its new supplier for the supply of subcomponent parts necessary to make Component Parts; and (vi) assisting Customer with assistance it may reasonably request from Supplier.

E. Intellectual Property License. Upon the occurrence of a Permitted Resourcing Event, Supplier grants to Customer and its Affiliates: (i) a perpetual, non-exclusive, world-wide irrevocable license to all Supplier's owned Intellectual Property, to the extent not transferred pursuant to the terms of the APA, including all Background Patents of Supplier,

necessary for the production of the Component Parts, to make, have made, use, offer to sell, sell, repair, reconstruct, and rebuild, and have repaired, reconstructed or rebuilt, the Component Parts; and (ii) a sublicense to the Intellectual Property licensed to Supplier (to the extent and on the terms that Supplier has the right to grant these sublicenses and with Customer assuming liability for any royalties associated with such sublicense on a pass through basis), to make, have made, use, have used, modify, improve, reproduce, prepare derivative works of, distribute, display, offer to sell, sell, import and do all other things and exercise all other rights in the licensed or sublicensed Intellectual Property necessary for production of the Component Parts for Customer ("License"). The License shall extend to Component Parts supplied or to be supplied under Customer's Purchase Orders (including in the production of new vehicles by Customer and service obligations for past-model and used Customer vehicles). The License shall also apply to any (i) new model year changes with respect to the Component Parts; (ii) mid-cycle enhancements with respect to the Component Parts; or (iii) refreshes with respect to the Component Parts incorporating the Intellectual Property but shall not apply to any successor programs for which start of production is more than two (2) years from the Effective Date; provided, however, notwithstanding the above, if Customer requires a license in connection with a successor program that does not qualify under the aforementioned License, Supplier shall make such a license available to Customer on commercially reasonable terms; and, provided further, Customer shall be entitled to use the License for all purposes set forth herein with respect to such successor program for a period of up to ninety (90) days while the parties negotiate such commercial terms. In the event that the parties cannot reach an agreement upon the commercial terms of the license within such ninety (90) day period, the matter will be submitted to a mutually agreeable arbitrator for determination of commercially reasonable terms; provided, however, such commercially reasonable terms will include a royalty fee not less than [INFORMATION REDACTED] of the Purchase Order price for the applicable Component Parts. Nothing in this License or this Agreement is intended to limit any rights granted to Customer under the Purchase Orders, including rights concerning licensing and other Intellectual Property, but is intended to expand those rights. Moreover, nothing in this License or this Agreement may be construed as an admission by Customer of the validity of Supplier's claimed rights to Intellectual Property, including an admission that a license is required by Customer to make, have made, sell offer for sale and/or import the Component Parts. Customer will handle the Intellectual Property in accordance with the same practices employed by Customer to safeguard its own intellectual property against unauthorized use and disclosure.

The term "Intellectual Property" means (a) all currently existing and registered and applied-for intellectual property owned by Supplier (including without limitation, all, patents, patent applications, trademark registrations, trademark applications, copyright registrations, and copyright applications); (b) all agreements for intellectual property licensed to Supplier; and (c) any other intellectual property used in or to produce Component Parts (whether or not the intellectual property is identified, including, without limitation, unregistered copyrights, inventions, discoveries, trade secrets and designs, and regardless of whether those items are registerable or patentable in the future, and all related documents and software), which Supplier directly or indirectly sells to Customer. The term "Affiliate" means any corporation, company, partnership or other legal entity, which currently, or at any time in the future, directly, or indirectly through one or more intermediaries, controls or owns, or is controlled by or owned by, or is under common control or ownership with Customer. Customer or its Affiliate may assign or otherwise transfer this License and its rights or obligations under this License to any

affiliated or successor company or to any purchaser of a substantial part of Customer's or its Affiliate's business to which this License relates.

F. Assignment of Claim. Upon the Effective Date and provided that the Customer and Supplier mutual releases are effective, Supplier shall and hereby does assign to the Customer all right, title, and interest in any and all claims, causes of action, rights, defenses, or demands at law or in equity against Johnson Electric arising out of or related to Supplier's breach of warranty claim against Johnson Electric ("Excluded Warranty Claim"). Supplier agrees to provide a separate assignment in the form attached hereto as Exhibit A.

G. Tooling Acknowledgment.

(i) Supplier acknowledges and agrees that exclusive of the "Unpaid Tooling" (defined below) and "Supplier Owned Tooling" (defined below), all tooling, dies, test and assembly fixtures, gauges, jigs, patterns, casting patterns, cavities, molds, and documentation, including engineering specification and test reports, used by Supplier in connection with its manufacture of the Component Parts for Customer whether pursuant to direct agreements between Customer and Supplier or agreements between Supplier and third parties, together with such accessions, attachments, parts, accessories, substitutions, replacements, and appurtenances thereto (collectively, "Tooling" and excluding the Unpaid Tooling and Supplier Owned Tooling, the "Customer Owned Tooling"), are owned ("owned" means paid for by Customer or delivered by Customer to Supplier) by Customer (or affiliates of Customer) free and clear of all liens, claims, and encumbrances (other than those arising or caused by Customer's own acts or omissions) and are being held by Supplier and, to the extent that Supplier has transferred the Customer Owned Tooling to third parties, by such third parties, as bailees-at-will. Supplier further acknowledges and agrees that any and all Tooling now being exclusively utilized to manufacture the Component Parts for Customer, whether pursuant to direct agreements between Supplier and Customer or agreements between Supplier and third parties, is subject to the terms of this Agreement and constitutes Customer Owned Tooling, Unpaid Tooling, or Supplier Owned Tooling. For the sake of clarity, Customer Owned Tooling shall not include equipment and/or machinery to which Customer Owned Tooling is attached or affixed. Supplier shall make reasonable efforts to ensure that the Customer Owned Tooling is free and clear of all liens, claims, and encumbrances, including, if necessary, obtaining liens releases from third parties with filed liens against any Customer Owned Tooling.

(ii) For purposes of this Agreement, the term "Unpaid Tooling" means Tooling manufactured for Customer pursuant to a Tooling

Purchase Order for which Customer has not made full payment under the applicable Tooling Purchase Order with Supplier. Upon payment of the applicable purchase order price for any item of Unpaid Tooling, such item shall thereafter be included in the definition of Customer Owned Tooling under this Agreement. Nothing in this Agreement is intended to modify any Customer's obligations to Supplier on account of the Unpaid Tooling. Within sixty (60) days from the date hereof, Supplier shall use its reasonable efforts to prepare, and Customer shall reasonably cooperate with Supplier to prepare a list (the "Tooling List") of Unpaid Tooling and Tooling that Supplier believes is not owned by the Customer and which is not subject to a Purchase Order issued by Customer (the "Supplier Owned Tooling"). Customer (or an affiliate or designee of Customer) reserves the right to purchase any and/or all Supplier Owned Tooling, which it deems necessary or helpful to the manufacture of the Component Parts for Customer. In the event Customer elects to purchase Supplier Owned Tooling, the sale shall be in accordance with the Option in this Agreement and the purchase price for such Tooling shall be calculated in the same manner as the Option Price (defined below). Upon Customer's purchase of an item of Supplier Owned Tooling, such Supplier Owned Tooling shall constitute Customer Owned Tooling under this Section G. Any Tooling utilized to manufacture Component Parts for the Customer not included on the list of Customer Owned Tooling, Supplier Owned Tooling or Unpaid Tooling shall be subject to the provisions of this Section and added to the Tooling List when identified.

(iii) For purposes hereof, if Supplier and Customer disagree as to whether any item of Tooling is Customer Owned Tooling, Supplier Owned Tooling or Unpaid Tooling, Supplier and Customer will meet and attempt, in good faith, to resolve the dispute. The Tooling List will indicate those items of Tooling which are in dispute, if any. If the dispute cannot be resolved by Supplier and Customer within thirty (30) days after the development of the Tooling List, the matter will be jointly submitted to a third party to be selected by Supplier and Customer for expedited resolution. Notwithstanding the foregoing, if there is a dispute between Supplier and Customer over whether any Tooling is Customer Owned Tooling, Supplier Owned Tooling or Unpaid Tooling, (1) if the disputed value is less than $50,000, Customer will pay the undisputed amount, if any, to Supplier and Customer will have the right to immediate possession of the Tooling (and Supplier may not withhold delivery of possession of the Tooling to Customer pending resolution of the dispute), but the Tooling shall remain subject to any valid lien of Supplier and any claim or right to

payment of Supplier for the disputed amount (despite Supplier's relinquishment of possession) and (2) if the disputed value is more than $50,000, Customer will pay the undisputed amount, if any, to Supplier and will pay the disputed portion into escrow with a mutually acceptable third party pending resolution of the dispute and, thereafter, Customer will have the right to immediate possession of the Tooling (and Supplier may not withhold delivery of possession of the Tooling to Customer pending resolution of the dispute), but the Tooling will remain subject to any valid lien of Supplier or any claim or right to payment of Supplier for the disputed amount (despite Supplier's relinquishment of possession).

(iv) Neither Supplier, nor any other person or entity other than Customer (or its affiliates), has any right, title or interest in the Customer Owned Tooling other than Supplier's rights, subject to Customer's discretion, to utilize the Customer Owned Tooling in the manufacture of Component Parts. Upon a Permitted Resourcing Event or upon the agreement of Supplier and Customer, Customer or its designee shall have the right to take immediate possession of any Customer Owned Tooling (but not any Unpaid Tooling and Supplier Owned Tooling) provided that, prior to taking such possession Customer shall have paid (a) to the Supplier all undisputed accounts and the Purchase Price of Customer Inventory related to the Component Parts being resourced; and (b) into an escrow account mutually agreeable to Customer and Supplier of all disputed accounts and any disputed portion of the Purchase Price of Customer Inventory to be released pursuant to a mutually agreeable escrow agreement. Supplier hereby agrees to cooperate with Customer in its taking possession of the Customer Owned Tooling; provided, however, Customer shall not unreasonably interfere with Supplier's ongoing operations when removing Customer Owned Tooling. Supplier also authorizes Customer to affix any plate, stamp or other evidence of Customer's ownership upon each item of Customer Owned Tooling.

(v) This Tooling Acknowledgment described in this paragraph 3G survives the expiration and termination of this Agreement.

H. Option to Purchase Certain Equipment. Supplier grants Customer and its respective assignees and designees an irrevocable, exclusive option ("Option") to purchase the Dedicated Equipment. The term "Dedicated Equipment" means Supplier Owned Tooling, equipment, machinery, racks, returnable containers or dunnage, gauges, fixtures and related ancillary items that are owned by Supplier and in each case used solely to manufacture, assemble or transport Component Parts for Customer and machinery or equipment that is used to manufacture the Component Parts for parties other than Customer to the extent that such other party has consented to the purchase of such machinery and equipment in writing. The purchase

price of each piece of Dedicated Equipment shall be (i) with respect to Dedicated Equipment which was originally purchased or acquired by Supplier more than three years prior to the execution date of this Agreement, the orderly liquidation value of such Dedicated Equipment, as determined by a third-party appraiser appointed by Supplier subject to Customer's reasonable consent; and (ii) with respect to other Dedicated Equipment, the higher of: (a) the Dedicated Equipment orderly liquidation value as determined by a third-party appraiser appointed by Supplier subject to Customer's reasonable consent; or (b) the Dedicated Equipment's net book value on the date Customer exercised the Option (the "Option Price"). The Option Price shall be paid via wire transfer in immediately available funds within five business days of the exercise of the Option and in no event later than removal of the Purchased Option Equipment (as defined below). Supplier acknowledges that the Option Price is commercially reasonable and that any sale under the foregoing terms shall be deemed to be commercially reasonable in all respects, including method, time, place, and terms.

The Option may be exercised at Customer's discretion during the Term, immediately upon the occurrence of any of the following: (i) a Permitted Resourcing Event; or (ii) an Event of Default. The Option shall be exercisable for fifteen (15) days after the occurrence of any of the foregoing events ("the Exercise Period"). The Option described in this Section terminates upon expiration of the Term unless the transactions contemplated by the APA timely close and the Term expires on the date that is six months from the effective date of Supplier's confirmed plan of reorganization, in which case the Option shall continue with respect to both Supplier Owned Tooling and Dedicated Equipment related to open/ongoing Purchase Orders until fifteen (15) days after the earlier of: (i) a default under the relevant Purchase Order; or (ii) such Purchase Order is cancelled or terminated.

Any Dedicated Equipment purchased pursuant to the Option ("Purchased Option Equipment") will be deemed sold free and clear of all liens, claims and encumbrances pursuant to Section 363 of the Bankruptcy Code. Except for the motion filed to approve this Agreement, no further motion is required to be filed with, or order is required to be entered by, the Bankruptcy Court in order to effect the sale of any Purchased Option Equipment free and clear of all liens, claims and encumbrances pursuant to the Option.

Supplier agrees that, upon exercise of the Option and payment of the Option Price, Customer shall have the right to take immediate possession of the Purchased Option Equipment without further payment of any kind and to own, operate, use, enjoy, sell, assign, transfer, and/or convey the same free and clear of all claims and interests, liens, security interests, and encumbrances. Supplier agrees to cooperate with the applicable Customer in its taking possession of the Purchased Option Equipment. In connection with exercising the Option, Customer will also be granted a License, the duration and scope of which will be coextensive with the duration and scope of the License granted to Customer above.

I. Access Upon Supplier Default. Supplier and Customer will enter into an access and security agreement (the "Access and Security Agreement") in the form attached hereto as Exhibit B, contemporaneously with this Agreement. Customer's rights under the Access and Security Agreement may be exercised on a facility-by-facility basis.