

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
	)	Chapter 11
)	
MARELLI AUTOMOTIVE LIGHTING USA LLC,	)	Case No. 25-11034 (CTG)
<i>et al.</i> , ¹)	
)	
Debtors.	)	(Jointly Administered)
)	
	)	Hearing Date: To be Determined
	)	Obj Deadline: January 2, 2026 at 4:00 p.m.
	)	(ET)

**MOTION OF DEBTORS FOR ENTRY OF
AN ORDER (I) AUTHORIZING AND APPROVING
THE DEBTORS' KEY EMPLOYEE INCENTIVE PLAN,
(II) AUTHORIZING AND APPROVING THE DEBTORS' KEY
EMPLOYEE RETENTION PLAN, AND (III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion:²

Preliminary Statement

1. The Debtors are a global “Tier 1” automotive supplier—one of the largest automotive components suppliers in the world—that specializes in the design, engineering, and manufacturing of a broad array of automotive components and systems. The Debtors commenced these chapter 11 cases with several goals: (a) obtaining a much-needed liquidity injection on an expedited basis; (b) breaking the deadlock between key stakeholders; (c) stabilizing operations

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/Marelli>. The location of Marelli Automotive Lighting USA LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 26555 Northwestern Highway, Southfield, Michigan 48033.

² A detailed description of the Debtors and their business, including the circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of David Slump, Chief Executive Officer of Marelli Automotive Lighting USA, LLC, in Support of First Day Motions*, [Docket No. 20] (the “Slump Declaration”) and the *Declaration of Tony Simion, Managing Director of Alvarez & Marsal North America, LLC, in Support of First Day Motions* [Docket No. 19] (the “Simion First Day Declaration”, and together with the Slump Declaration, the “First Day Declarations”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declarations.



worldwide; and (d) implementing a value-maximizing, comprehensive restructuring that allows the Company to remain a key player and top “Tier 1” auto supplier for years to come. To meet the demand for their products, the Debtors maintain a highly complex “just in time” and “just in sequence” manufacturing model, which requires constant coordination between the Debtors and their original equipment manufacturers (“OEM”) to match the Debtors’ manufactured components to an OEM’s exact build schedule for a particular day and shift. Given their complex operating and manufacturing model, the Debtors are heavily reliant on their senior executive team and other key employees to effectively administer these chapter 11 cases while simultaneously continuing to drive the Company’s financial performance and maintaining ordinary course operations.

2. In fact, in the nearly nine months leading up to the Petition Date, those executives and key employees spent significant time preparing the Debtors for these chapter 11 cases and otherwise maximizing the value of the Debtors’ assets. Since filing these chapter 11 cases, the Debtors have made substantial progress toward achieving these goals. While work remains to be done and negotiations continue, the Debtors have taken significant strides towards a value-maximizing exit from chapter 11 through the extensive efforts of their executives and key employees. These efforts have resulted in the Debtors obtaining \$1.1 billion of new-money DIP financing on a consensual basis, approval of important procedural and operational relief to ensure a smooth transition into chapter 11, executing hundreds of trade agreements with vendors to allow for the continued delivery of goods and services, and entering into postpetition arrangements with numerous key customers. Additionally, the Debtors have filed their voluminous schedules and statements and held two 341 meetings.

3. These steps and achievements have allowed the Debtors and their employees to turn their attention to the preparation of a fulsome 2026 operating plan (the “2026 Operating Plan”),

which is the next important step in the path to emergence. Developing and formulating the 2026 Operating Plan and related workstreams requires continued input, analysis, and coordination from the Debtors' management team to work across each of the 26 jurisdictions where the Debtors operate to prepare and develop a bottom-up analysis of each Debtor and associated line of business. Indeed, completing the 2026 Operating Plan serves as a basis for the path to emergence and requires input from key constituents, including the Debtors' lenders and the official committee of unsecured creditors (the "Committee"), that the management team must work to address in real time to ensure an exit from these cases. As a result of the rigorous 2026 Operating Plan process and related review and discussions with key stakeholders, the case timeline has shifted well into the first quarter of 2026. This shift has significantly impacted the Debtors' ability to adequately incentivize and retain key employees.

4. It is therefore critically important to address this issue and incentivize the Debtors' key employees whose specialized skills and institutional knowledge allow them to run the day-to-day operations of the Debtors' business. Accordingly, the Debtors developed a cash-based key employee incentive plan (the "KEIP") to incentivize twelve key executives (the "KEIP Participants"), which consists of the Debtors' participating "insiders" as defined under section 101(31) of the Bankruptcy Code and certain other non-insiders that have been included at the Debtors' discretion. As described in greater detail below, if the applicable metrics are achieved, the anticipated aggregate cost for the KEIP ranges from approximately \$8.1 million to \$32.5 million, to be paid quarterly based on performance.³

³ Monetary amounts stated herein originally denominated in euros or other currencies have been converted to the United States dollar based on current exchange rates at the time of preparation of the KEIP and KERP. Accordingly, final amounts paid out under the KEIP and KERP may vary based on the currency exchange rates at the time of payment.

5. The Debtors also developed three cash-based key employee incentive and retention plans (collectively, the “KERP”) to retain the services of (13,349) non-insider employees who are critical to the Company’s operations (the “KERP Participants”).⁴ The anticipated aggregate cost for the KERP at target is \$87.25 million, to be paid quarterly in installments after each completed calendar quarter. The three components of the KERP are as follows:

- **Quarterly Incentive Plan (QIP).** The Debtors seek to continue their existing, court-approved quarterly incentive plan for non-insiders (the “QIP”), which has been included in this Motion and in the Employee Plans out of an abundance of caution.⁵ The anticipated aggregate annual cost of the QIP at target is \$56.8 million.
- **Supplemental Quarterly Incentive Plan (SQIP).** The Debtors developed a supplemental quarterly incentive plan (“the SQIP”) to incentivize and retain (438) non-insider employees (“the SQIP Participants”). The SQIP Participants are the participants in both the SQIP and the QIP. The anticipated aggregate annual cost of the SQIP at target is \$7.8 million.
- **Time-Based Retention Plan (TBR Plan).** Debtors developed a time-based retention plan (the “TBR Plan,” and together with the QIP, the SQIP, and the KEIP, the “Employee Plans”) to retain the services of 12,911 non-insider salaried and wage-earning employees (“the TBR Plan Participants” and together with the SQIP and KEIP Participants, the “Employee Plan Participants”). The TBR Plan also includes a discretionary pool of employees, who are at or below the level of senior director. The anticipated aggregate annual cost of the TBR Plan is \$22.7 million.

6. The Debtors would not be able to replace the Employee Plan Participants during these chapter 11 cases without incurring substantial costs and disrupting operations to the detriment of all stakeholders. To formulate their 2026 Operating Plan, maintain operations during

⁴ The total number of KERP Participants stated herein represents headcount prior to filing this motion. Accordingly, the total number of KERP Participants may vary based on standard fluctuations in headcount.

⁵ A description of the Debtors’ existing incentive and retention plans is set forth in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue the Compensation and Benefits Programs and (II) Granting Related Relief* [Docket No. 12] (the “Wages Motion”). The Court authorized the Debtors to maintain and continue the QIP in the ordinary course of business in the *Final Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue the Compensation and Benefits Programs and (II) Granting Related Relief* [Docket No. 321] (the “Wages Order”).

the pendency of these chapter 11 cases, and avoid severe business disruption from employee turnover, the Debtors' leadership team and other key employees must be properly incentivized to focus on the crucial roles they play in these chapter 11 cases—roles that are in addition to their day-to-day business responsibilities. Such incentives are critical to maintaining a high level of performance from the Employee Plan Participants, which, in turn, will maximize value for the Debtors' estates and all major stakeholders.

7. The Employee Plan Participants each hold key roles at Marelli that demand significant time and attention in their own right. Ensuring a value-maximizing exit from chapter 11 will require the Employee Plan Participants to devote substantial effort to the Debtors' restructuring cases plus continue to execute their ordinary day-to-day tasks. Stated simply, the Employee Plan Participants have been pillars of the Debtors' prepetition and postpetition restructuring efforts. It is therefore critically important to properly incentivize such employees, without whom a successful exit from chapter 11 is not possible. As such, the Debtors, with the help of their advisors, designed the Employee Plans so that they are properly structured to incentivize achievement of the Debtors' business performance targets and retain critical non-insider employees.

8. To develop the KEIP and SQIP, the Debtors and their advisors, Alvarez & Marsal North America, LLC ("A&M"), conducted a benchmarking analysis. This benchmarking analysis included a review of the compensation structures of a peer group of thirteen similarly situated companies with prepetition assets between approximately 29% to 254% of the Debtors' prepetition assets, and prepetition revenue between approximately 21% to 114% of the Debtors' prepetition revenue that implemented incentive plans (the "KEIP Peer Group") and the compensation structures of a separate peer group of thirteen (13) similarly situated companies with prepetition

assets between approximately 21% to 172% of the Debtors' prepetition assets, and prepetition revenue between approximately 21% to 113% of the Debtors' prepetition revenue that implemented retention plans (the "SQIP Peer Group") during their respective chapter 11 cases (the "SQIP Peer Group" and together with the KEIP Peer Group, the "Peer Groups"). The companies selected for the KEIP Peer Group each had (a) incentive plans implemented by distressed companies since June 1, 2017, (b) assets and revenue approximately one-fifth to five times that of the Company, and (c) less than 100 participants. The companies selected for the SQIP Peer Group each had (a) retention plan implemented by distressed companies since January 1, 2019, and (b) assets and revenue approximately one-fifth to five times that of the Company. The KEIP and SQIP are derived from these analyses and fall within the market range of key employee incentive and retention plans. The award opportunities and compensation structures are therefore reasonable in terms of size and scope.

9. Additionally, the Debtors, with the assistance of their advisors, evaluated the existing QIP and determined that the continuation of that plan was essential to retaining certain critical employees. If approved, the Employee Plans, taken together with existing compensation, will ensure that the Debtors' key employees are incentivized and compensated fairly for their efforts. Accordingly, the Debtors believe that these plans are appropriately tailored and will have a strong incentivizing and retentive effect, which aligns the Employee Plan Participants' interests with the interests of the Debtors and will inure to the benefit of the Debtors' creditors and other key stakeholders.

Relief Requested

10. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Order"): (a) approving the KEIP; (b) approving the KERP; and (c) granting related relief. In support of this motion, the Debtors submit the *Declaration of Brian Cumberland*

in Support of the Motion of Debtors for Entry of an Order (I) Authorizing and Approving the Debtors' Key Employee Incentive Plan, (II) Authorizing and Approving the Debtors' Key Employee Retention Plan, and (III) Granting Related Relief (the "Cumberland Declaration"), attached hereto as **Exhibit B**, and the *Declaration of Tony Simion in Support of the Motion of Debtors for Entry of an Order (I) Authorizing and Approving the Debtors' Key Employee Incentive Plan, (II) Authorizing and Approving the Debtors' Key Employee Retention Plan, and (III) Granting Related Relief* (the "Simion Declaration"), attached hereto as **Exhibit C**.

Jurisdiction and Venue

11. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent, pursuant to rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

12. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

13. The statutory bases for the relief requested herein are sections 105(a), 363(b), and 503(c) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), and rule 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

Background

14. The Debtors, together with their non-Debtor affiliates (collectively, "Marelli" or the "Company"), are one of the largest international automotive parts suppliers in the world and a

pioneer in motorsports and automobile manufacturing and design. With its headquarters in Saitama, Japan and over 46,000 employees located in twenty-four countries around the world, Marelli designs and produces sophisticated technologies for leading automotive manufacturers, including lighting and sensor integrations, electronic systems, software solutions, and interior design products, and collaborates with motor sports teams and other industry leaders to research and develop cutting edge, high performance automotive components.

15. On June 11, 2025 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On June 12, 2025, the Court entered an order [Docket No. 102] authorizing the procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. On June 25, 2025, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors [Docket No. 184] (the “Committee”). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases.

I. The KEIP.

A. Overview of the KEIP.

16. The proposed KEIP contains the following primary design features:

- ***Eligible Participants.*** The KEIP is limited to twelve (12) KEIP Participants, and is made up of certain members of the senior executive team and other key employees who are critical to the Debtors’ day-to-day operations, financial performance, and the success of the Debtors’ restructuring. As noted above, the KEIP includes the Debtors’ participating “insiders” as defined under section 101(31) of the Bankruptcy Code and certain other non-insiders that have been included at the Debtors’ discretion.
- ***KEIP Awards and Performance Metrics.*** Each KEIP award will be a cash amount. Potential payments are based on the Debtors’ achievement of certain performance metrics (the “Performance Metrics”), including EBITDA

Percentage, Net CAPEX Spend, and Days Inventory on Hand (“DIOH”).

- **Performance Periods and Payment Timing.** Payments will be made quarterly based on performance, approximately ninety (90) days after the end of the quarter. The KEIP will be in effect through December 31, 2026. The KEIP Participant must be employed at the time of payment to receive the payment.
- **Payout Ranges.** The KEIP award will vary based on three Performance Levels—cut-in, target, and stretch—and payout between performance levels is calculated via linear interpolation, to the extent applicable. Cut-in performance achievement would result in a payout equal to 50% of the target KEIP award. Target performance achievement would result in a payout equal to 100% of the target KEIP award. Stretch performance achievement would result in a payout equal to 200% of the target KEIP award. If cut-in performance achievement is not achieved, the applicable KEIP Participant will not receive a payout for the applicable quarter. The program will include “catch-up” opportunities measured on an annual basis—meaning that if a participant does not meet a quarterly performance target (e.g., in Q2 in 2026) but their cumulative performance target is met (e.g., during Q3 or Q4 in 2026), participants will receive credit and a payout for the target they did not meet initially.
- **Termination of Employment.** If a KEIP participant is terminated without “cause,” resigns for “good reason,” dies, or becomes disabled, then he or she will be entitled to prorated portion of the payment based on performance with respect to the quarter in which such termination, resignation, death, or disablement occurs; any unpaid portion will be forfeited.

17. If approved, the KEIP will provide aggregate cut-in, target, and stretch opportunities of approximately \$8.1 million, \$16.2 million, and \$32.5 million, respectively. The Performance Metrics and individual award opportunities available to each KEIP Participant are summarized as follows:

KEIP Values				
KEIP Participant	Insider/Non-Insider	Cut-In Award	Target Award	Stretch Award
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		\$8,126,422	\$16,252,844	\$32,505,688

18. Such award opportunities are reasonable, market-based, and justified under the circumstances of these chapter 11 cases. To evaluate the reasonableness of the KEIP, A&M utilized three distinct tests to compare the KEIP to the market, as further discussed in the

Cumberland Declaration. First, A&M developed the KEIP Peer Group to compare the KEIP to other incentive plans approved by bankruptcy courts for companies of similar size with a similar number of participants. The average incentive bonus contemplated under the KEIP at target level is at approximately the 45th percentile of the KEIP Peer Group. Second, A&M assessed the KEIP Participants' proposed target total direct compensation ("TDC") to target TDC for similar positions at comparable companies using public proxy data and, where necessary, compensation survey data. As a result of this analysis, the aggregate target TDC for the KEIP participants would be below the 25th percentile compared to market target TDC. Third, A&M compared the KEIP Participants' proposed target TDC to their pre-bankruptcy target TDC, which showed an aggregate decrease of approximately 11 percent from prepetition compensation levels.

B. The KEIP Participants.

19. The KEIP Participants are responsible for executing on the Debtors' strategic direction, ensuring achievement of the Debtors' overall goals, and performing important business functions that are critical to the Debtors' day-to-day operations. In addition to their substantial day-to-day responsibilities, these executives have generally seen their workloads expand significantly as a result of the commencement of these chapter 11 cases and the support the KEIP Participants have provided to the Debtors' advisors in meeting the additional demands imposed by chapter 11. Specifically, the KEIP Participants have (a) provided proper messaging to, and engaged with, various stakeholders, including but not limited to, lenders, employees, customers, and vendors, (b) assisted the Debtors' advisors in providing stakeholder diligence, prepared material pleadings filed with the Court, and satisfied the Debtors' chapter 11 reporting obligations, (c) facilitated the Debtors' restructuring transaction through a chapter 11 plan, and (d) confronted and addressed any and all legal, operational, and compliance issues that have arisen since the Petition Date and are likely to continue to arise as a result of these chapter 11 cases. While such

responsibilities are inherent to the KEIP Participants' duties as senior leadership of the Debtors, the additional challenges these responsibilities pose should be factored into consideration of the KEIP Participants' ability to achieve performance goals.

20. Due to their scope of authority as senior executives and their governance authority, most of the KEIP Participants are "insiders" as defined under section 101(31) of the Bankruptcy Code. Certain other non-insiders that have been included at the Debtors' discretion.

21. For the avoidance of doubt, any payments authorized to be made pursuant to the KEIP that are not paid or that are otherwise forfeited pursuant to the KEIP shall not be subject to reallocation to other KEIP Participants or otherwise, notwithstanding the Debtors' ability to direct the forfeited payments to a new hire in the same role as the KEIP Participant.

C. The KEIP Performance Metrics.

22. Under the KEIP, awards are payable only upon the Debtors' achievement of the Performance Metrics through the performance periods, all as further described in the Simion Declaration. The three Performance Metrics are:

- i. Adjusted EBITDA Percentage weighting of 50%, which will incentivize increased and optimized performance across the businesses. This is measured on constant currency and excludes restructuring expenses, unusual expenses as per Company policy, and unbudgeted events. By way of example, the 2025 forecast contemplated a 5.7% EBITDA Percentage goal, and the stretch award contemplates a 5.8% EBITDA Percentage goal.
- ii. Net CAPEX Spend weighting of 25%, which will incentivize the Debtors to properly maintain and upgrade physical assets across the businesses. This metric represents the Net Capex of customer reimbursement that are incurred in the acquisition or improvement of property. By way of example, the 2025 forecast contemplated a Net Capex Spend goal of 483, and the stretch award contemplates a Net Capex Spend goal of 495.
- iii. Days Inventory on Hand ("DIOH") weighting of 25%, which will incentivize the Debtors to quickly move inventory over a period and increase and optimize production across the businesses. This is calculated by dividing the gross direct inventory (including imposed part) by the cost of goods sold ("COGS") divided by ninety (90). By way of example, the

2025 forecast contemplated a DIOH goal of 39, and the stretch award contemplates a DIOH goal of 39.

23. The three Performance Metrics will require the following achievement percentages:

Performance Level	Timing	Performance Metric		
		EBITDA Percentage Metric	Net CAPEX Spend Metric in USD	DIOH Metric in Days
Cut-In	Quarter 1	0.2%	125.04	43
	Quarter 2	1.6%	120.68	41
	Quarter 3	1.0%	105.41	43
	Quarter 4	2.0%	88.69	41
	Annual	1.2%	440.55	41
Target	Quarter 1	2.3%	114.14	42
	Quarter 2	4.1%	109.05	40
	Quarter 3	4.1%	95.96	42
	Quarter 4	5.2%	80.69	40
	Annual	4.0%	400.57	40
Stretch	Quarter 1	3.1%	102.5	41
	Quarter 2	5.2%	98.14	38
	Quarter 3	6.0%	86.51	41
	Quarter 4	8.4%	72.70	39
	Annual	5.8%	359.85	39

24. Achieving these quarterly goals will require substantial effort from the KEIP Participants, as detailed in the Simion Declaration. The performance targets were developed carefully to ensure they are an appropriate “reach” to drive performance, on the one hand, but will not present unrealistic or unattainable goals, on the other hand—which would thwart the incentivizing nature of the plan.

II. The KERP.⁶

A. The SQIP.

i. Overview of SQIP.

25. The proposed SQIP contains the following primary design features:

- ***Eligible Participants.*** The SQIP is offered to 438 non-insiders, including senior vice presidents, vice presidents, senior directors, and directors, who are key employees critical to the Debtors' day-to-day operations, financial performance, and success of the Debtors' restructuring. None of the SQIP Participants (a) were appointed or hired directly by the board of directors of Marelli Holdings Co., Ltd. (the "Board"), the ultimate parent of the other Debtors; (b) reports directly to the Board or chief executive officer of Marelli Holdings Co., Ltd.; (c) regularly attends Board meetings; (d) exercises managerial control over, or has responsibility for, the Debtors' operations as a whole; or (e) dictates the Debtors' overall corporate policy, governance, or disposition of organizational assets.
- ***SQIP Awards.*** Each SQIP award will be a cash amount and includes both retentive and incentive elements. SQIP amounts vary across employee groups and are a percentage of the base salary of SQIP Participants, as detailed below:
 - Senior Vice President: 13% to 38% of base salary;
 - Vice President: 10% to 30% of base salary;
 - Senior Director: 6% to 19% of base salary; and
 - Director: 5% to 15% of base salary.
- ***Payment Timing.*** Payments will be made quarterly based on performance, approximately ninety (90) days after the end of the quarter. The SQIP will be in effect through December 31, 2026.
- ***Performance Metrics.*** As with the KEIP awards, each SQIP award will be a cash amount and potential payments are based on the Debtors' achievement of certain performance metrics (the "Performance Metrics"), including EBITDA Percentage, Net CAPEX Spend, and Days Inventory on Hand ("DIOH").
- ***Payout Ranges.*** SQIP awards in excess of the minimum guaranteed payout will vary based on three Performance Levels—cut-in, target, and stretch—and payout between performance levels is calculated via linear interpolation, to the

⁶ As previously addressed herein, the KERP consist of three separate plans—the QIP, the SQIP, and the TBR Plan. The SQIP Participants are the participants in both the SQIP and the QIP.

extent applicable. Cut-in performance achievement would result in a payout equal to 50% of the target SQIP award. Target performance achievement would result in a payout equal to 100% of the target SQIP award. Stretch performance achievement would result in a payout equal to 150% of the target SQIP award for senior vice presidents, vice presidents and directors. If cut-in performance achievement is not achieved, the applicable SQIP Participant will not receive a payout for the applicable quarter. The program will include “catch-up” opportunities measured on an annual basis—meaning that if a participant does not meet a quarterly performance target (*e.g.*, in Q2 in 2026) but their cumulative performance target is met (*e.g.*, during Q3 or Q4 in 2026), participants will receive credit and a payout for the target they did not meet initially.

- ***Termination of Employment.*** If a SQIP participant is terminated without “cause,” resigns for “good reason,” dies, or becomes disabled, then he or she will be entitled to prorated portion of the payment based on performance with respect to the quarter in which such termination, resignation, death, or disablement occurs; any unpaid portion will be forfeited.

26. The three Performance Metrics will require the same achievement percentages as the KEIP.⁷

27. If approved, the SQIP, at target, will provide aggregate awards of \$7.8 million, comprised of \$978,000 for Senior Vice Presidents, \$3.9 million for Vice Presidents, \$1.1 million for Senior Directors, and \$1.8 million for Directors. The SQIP awards available to each SQIP Participant are summarized as follows:

⁷ See Section I. A.

SQIP Values			
SQIP Participant	Percent of Base Salary		
	Minimum	Average	Maximum
Senior Vice President	13%	25%	38%
Vice President	10%	20%	30%
Senior Director	6%	13%	19%
Director	5%	10%	15%

28. Such award opportunities are reasonable, market-based, and justified under the circumstances of these chapter 11 cases. Critically, the SQIP includes both retentive and incentive elements to ensure that the Debtors not only retain critical talent but also incentivize such SQIP Participants to further drive the Debtors' production and performance. To evaluate the reasonableness of the SQIP, A&M developed the SQIP Peer Group to compare the SQIP to other incentive plans approved by bankruptcy courts for companies of similar size with a similar number of participants. The total target cost of the SQIP is at approximately the 44th percentile of the SQIP Peer Group.

ii. **The SQIP Participants.**

29. The Debtors seek authorization to implement the SQIP to retain the 438 SQIP Participants who are critical to the Debtors' ongoing operations during these chapter 11 cases. These SQIP Participants play significant roles in the Debtors' business and are necessary to the continued operation thereof.

30. Despite their titles, which may include words such as "senior vice president," "vice president," "senior director," or "director" and notwithstanding their importance to the Debtors' day-to-day operations, the SQIP Participants do not control or dictate the Debtors' overall business strategy. Further, while certain of the SQIP Participants are non-executive members of local subsidiary boards of directors, these SQIP Participants were appointed to such subsidiary boards

due to historical practices and local-law considerations, and they do not have decision-making authority on behalf of the Debtors. None of the SQIP Participants: (a) were appointed or hired by the Debtors' board of directors; (b) exercise managerial control over, or has responsibility for, the Debtors' operations as a whole; or (c) direct the Debtors' overall corporate policy or governance. As such, the SQIP Participants are not "insiders" as defined by the Bankruptcy Code.

31. For the avoidance of doubt, any payments authorized to be made pursuant to the SQIP that are not paid or that are otherwise forfeited pursuant to the SQIP shall not be subject to reallocation to other SQIP Participants or otherwise, notwithstanding the Debtors' ability to direct the forfeited payments to a new hire in the same role as the SQIP Participant.

iii. The SQIP Performance Metrics.

32. Under the SQIP, awards in excess of the minimum guaranteed payout are payable only upon the Debtors' achievement of the Performance Metrics through the performance periods.⁸ The Simion Declaration provides further detail on the Performance Metrics, explaining each Performance Metric, its comparison to the historical goals of the KEIP Participants, and the need for the Employee Plans at this critical time in the Debtors' chapter 11 cases.

33. Achieving these quarterly goals will require substantial effort from the SQIP Participants. The performance targets were developed carefully to ensure they are an appropriate "reach" to drive performance, on the one hand, but will not present unrealistic or unattainable goals, on the other hand—which would thwart the incentivizing nature of the plan.

B. The TBR Plan.

i. Overview of the TBR Plan.

⁸ The Performance Metrics for the SQIP are the same Performance Metrics for the KEIP. *See* Section I. C.

34. The Debtors, in the ordinary course of business, incur payment obligations to their non-insider, salaried and wage-earning employees in connection with the TBR Plan. As previously mentioned herein, the TBR Plan is both a continuation of one of the Debtors' existing bonus plans, described in the Wages Motion and approved by the Wages Order, and an upsize of the existing plan given the burden of restructuring and duration of these chapter 11 cases. The Debtors' proposed TBR Plan is a contractual bonus that is used to attract and retain specialized talent. This contractual bonus is a cash payout made to employees on a quarterly basis. Payment of awards pursuant to the TBR Plan is contingent upon employees' continued employment with the Debtors through the award payment date or retention period, and thus adequately incentivizes the TBR Plan Participants to continue providing critical services to the Debtors.

35. If approved, the TBR Plan will provide aggregate awards of \$22.7 million, representing 0.2% of the Company's prepetition revenue. Such award opportunities are reasonable, market-based, and justified under the circumstances of these chapter 11 cases.

ii. The TBR Plan Participants.

36. The Debtors seek authorization to implement a TBR Plan to retain the 12,911 TBR Plan Participants who are critical to the Debtors' ongoing operations during these chapter 11 cases and maintain a discretionary pool of employees, who are at or below the level of senior director. These TBR Plan Participants play important roles in the Debtors' businesses and are vital to their continued operation.

37. Despite their titles, which may include words such as "senior director" or "director," and notwithstanding their importance to the Debtors' day-to-day operations, the TBR Plan Participants do not exercise control over the Company or its decision-making process. Similar to the SQIP Participants, none of the TBR Plan Participants (a) were appointed or hired by the Debtors' board of directors; (b) exercise managerial control over, or have responsibility for,

the Debtors' operations as a whole; or (c) direct the Debtors' overall corporate policy or governance. Accordingly, the TBR Plan Participants are not "insiders" as defined by the Bankruptcy Code.

38. For the avoidance of doubt, any payments authorized to be made pursuant to the TBR Plan that are not paid or that are otherwise forfeited pursuant to the TBR Plan shall not be subject to reallocation to other TBR Plan Participants or otherwise, notwithstanding the Debtors' ability to direct the forfeited payments to a new hire in the same role as the TBR Plan Participant.

III. The Need for the Employee Plans.

39. It is critical that the Debtors implement the Employee Plans to ensure that the Employee Plan Participants are incentivized to continue performing to the best of their abilities during this critical phase of these chapter 11 cases. The shift in the case timeline has altered the Debtors' ability to properly structure competitive compensation for their key employees in 2026 and requires the Employee Plans to be put into place to ensure key employees are properly incentivized to help drive the Debtors to reach a value-maximizing outcome in these cases. These chapter 11 cases have required, and will continue to require, a considerable amount of the Employee Plan Participants' time and attention. The Employee Plans are therefore necessary in order to provide the Employee Plan Participants with proper incentive opportunities during these chapter 11 cases, which will appropriately incentivize the Debtors' key employees to push to achieve their operational goals and avoid any further disruption as a result of the filing of these cases. Given the Debtors' highly-specialized industry and the institutional knowledge of their senior management team and key employees, any turnover from the Employee Plan Participants at this juncture would cause severe business disruption. For the reasons described above, the Debtors believe that the Employee Plans will maximize the value of their estates for the benefit of all stakeholders.

IV. The Reasonableness of the Employee Plans.

40. The Debtors and their advisors evaluated whether the Employee Plans' respective design, structure, and cost are reasonable and consistent with market practice—keeping in mind the Debtors' financial and operational restructuring goals. The payment levels under the Employee Plans are reasonable in light of the size of the Debtors' estates and the amounts that comparable companies have provided as incentives and retention payments to their management and key employees in other chapter 11 cases. The KEIP Peer Group had a median annualized cost of approximately \$13.8 million. The SQIP Peer Group had a median annualized cost of approximately \$8.8 million. The total annualized cost of the KEIP is approximately \$16.3 million and the total annualized cost of the KERP is approximately \$7.8, both of which are in line with the Peer Groups.

41. With regard to the KEIP, the payouts to the KEIP Participants are reasonable when compared using the three reasonable compensation tests. Compared to similarly situated incentive programs, the average incentive bonus per participant contemplated under the KEIP at target level is at approximately the 45th percentile of the KEIP Peer Group. Compared to market levels of compensation, the aggregate proposed target TDC for the KEIP participants is below the 25th percentile. Furthermore, the KEIP Participants' proposed target TDC represents an 11 percent decrease, in the aggregate, from their prepetition compensation levels.

42. With regard to the SQIP, the payouts to the SQIP Participants are reasonable when compared to the market. Compared to similarly situated retention programs, the total target cost of the SQIP is at approximately the 44th percentile of the SQIP Peer Group.

43. As a result, the Debtors, in their sound business judgment, believe that the implementation of the Employee Plans is well justified under the circumstances and will benefit the Debtors' estates and their creditor constituencies.

Basis for Relief

I. Implementing the Employee Plans Is a Proper Exercise of The Debtors’ Sound Business Judgment Under Section 363(b) of the Bankruptcy Code.

44. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under section 363(b), courts require only that the debtor “show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (citations omitted). Moreover, where there is a reasonable basis for a debtor’s business decisions, courts generally do not contradict the proposed course of conduct. *Stanziale v. Nachtoml (In re Tower Air, Inc.)*, 416 F.3d 229, 238 (3d Cir. 2005) (“Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.”); *see also In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (“Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.”) “The reasonable use of incentives and performance bonuses are considered the proper exercise of a debtor’s business judgment.” *In re Global Home Prods., LLC*, 369 B.R. 778, 784 (Bankr. D. Del. 2007) (citing *In re U.S. Airways, Inc.*, 329 B.R. 793, 795 (Bankr. E.D. Va. 2005)).

45. Here, the Debtors plainly possess a sound business purpose for implementing the Employee Plans, which is a proper exercise of the Debtors’ business judgment and in the best interests of the Debtors’ estates. The Employee Plan Participants—along with their skills, specialized knowledge, and hard work—are critical to ensuring that the Debtors maximize stakeholder value during these chapter 11 cases. Specifically, the KEIP Participants are intimately familiar with the Debtors’ finances and internal operations, and the KERP Participants are vital to the Debtors’ day-to-day operations, financial performance, and success of the Debtors’

restructuring. Importantly, all Employee Plan Participants possess the skills, knowledge, and experience critical to the Debtors' ability to operate in the ordinary course during the chapter 11 cases and generate value for the Company. Indeed, the Employee Plan Participants have already played a vital role in Debtors' smooth landing into chapter 11 by providing important support to the Debtors' advisors in meeting the additional demands imposed by chapter 11. The Debtors cannot easily replace these participants without adversely affecting the Debtors' operations or restructuring process. Implementing plans that incentivize employees to perform these additional duties is critical at this juncture to ensure that the Employee Plan Participants are incentivized and are rewarded for their substantial efforts in maximizing estate value. If such Employee Plan Participants are not provided with incentivizing and retentive compensation, the Debtors run the risk of these integral employees leaving the Company at a critical stage in the Debtors' restructuring.

46. The Employee Plans result from an independent analysis undertaken by the Debtors, with the assistance of their advisors. As discussed above, the KEIP and KERP establish goals for the applicable participants, that, if achieved, will have a meaningful impact on the Debtors' efforts to emerge from chapter 11 and their ongoing operations. Moreover, the Employee Plans are reasonable in size and earnings potential.

47. For these reasons, the Debtors' decision to implement the Employee Plans is a valid exercise of the Debtors' business judgment and should be approved.

II. The KEIP.

A. The KEIP Is Justified by The Facts and Circumstances of These Chapter 11 Cases and Therefore Satisfies 503(c)(3).

48. Section 503(c)(3) of the Bankruptcy Code prohibits certain transfers made to managers, consultants, and others that are not justified by the facts and circumstances of a

bankruptcy case. *See* 11 U.S.C. § 503(c)(3). Courts that have analyzed section 503(c)(3)'s prohibition on "other transfers" typically have utilized the standard applied under section 363(b) of the Bankruptcy Code. Specifically, transfers are approved if they are a sound exercise of a debtor's business judgment and warranted by the facts and circumstances of the case. *See Glob. Home Prods.*, 369 B.R. at 783–784; *In re Velo Holdings*, 472 B.R. 201, 212 (Bankr. S.D.N.Y. 2012) ("Courts have held that the 'facts and circumstances' language of section 503(c)(3) creates a standard no different than the business judgment standard under section 363(b)."); *In re Borders Grp., Inc.*, 453 B.R. 459, 473 (Bankr. S.D.N.Y. 2011) (noting that section 503(c)(3)'s "facts and circumstances" test "creates a standard no different than the business judgment standard under section 363(b) of the Bankruptcy Code"); *In re Mesa Air Grp.*, No. 10-10018, 2010 WL 3810899, at *4 (Bankr. S.D.N.Y. Sept. 24, 2010); *In re Nobex Corp.*, No. 05-20050, 2006 WL 4063024, at *2 (Bankr. D. Del. Jan. 19, 2006). Other courts have determined that section 503(c)(3) of the Bankruptcy Code requires the court "to make its own determination that the transaction will serve the interests of creditors and the debtor's estate." *In re Pilgrim's Pride Corp.*, 401 B.R. 229, 237 (Bankr. N.D. Tex. 2009). A court should make this determination based on whether the proposed compensation is justified on the facts of a particular case. *Id.*

49. Under either the business judgment standard or the facts and circumstances analysis proposed by *Pilgrim's Pride*, courts have analyzed compensation plans using the six factors identified in *Dana Corporation* to determine whether a compensation proposal is permitted by section 503(c)(3) of the Bankruptcy Code: (a) whether the plan is calculated to achieve the desired performance; (b) whether the cost of the plan is reasonable in the context of a debtor's assets, liabilities, and earning potential; (c) whether the scope of the plan is fair and reasonable or discriminates unfairly among employees; (d) whether the plan is consistent with industry

standards; (e) whether the debtor performed due diligence in investigating the need for the plan; and (f) whether the debtor received independent advice in performing due diligence, creating, and authorizing the plan. *See In re Dana Corp.*, 358 B.R. 567, 576–577 (Bankr. S.D.N.Y. 2006); *see also Glob. Home Prods.*, 369 B.R. at 786.

50. These factors are not exhaustive elements required for approval of an incentive plan; rather, they are to be considered as a court evaluates the totality of the circumstances related to an incentive plan. *See Dana Corp.*, 358 B.R. at 576. Even the total absence of a factor may be permissible, so long as the interests of the Debtors are sufficiently protected. *See In re Borders Grp. Inc.*, 453 B.R. at 477 (Bankr. S.D.N.Y. 2011) (finding that the lack of independent counsel was “not fatal” where the presence of other factors ensured “that the [d]ebtors’ interests were sufficiently protected”).

51. The Debtors respectfully submit that the KEIP satisfies each of the six factors and is a sound exercise of the Debtors’ business judgment that is justified by the facts and circumstances of these chapter 11 cases.

- i. **The KEIP is Calculated to Achieve the Desired Performance Metrics.** The KEIP is tied to Achievement of the Performance Metrics. Accordingly, the KEIP seeks to ensure that the Debtors achieve near-term operating performance goals while successfully consummating the restructuring.
- ii. **The Cost of the KEIP is Reasonable.** The maximum aggregate payout under the KEIP is approximately \$32.5 million over the pendency of the chapter 11 cases for all participants, which represents 0.3% of the Debtors’ prepetition revenue.
- iii. **The Scope of the KEIP is Reasonable.** The scope of the KEIP is fair, reasonable, and does not discriminate unfairly among the KEIP Participants. As discussed in the Simion Declaration, the KEIP Participants are a carefully selected, narrow group of individuals who drive company performance and are critical to ensuring a successful outcome in these chapter 11 cases. The KEIP is reasonably limited to executives and other key employees whose efforts are critical to the Debtors’ restructuring and maximizing the value of the Debtors’ estates.

- iv. **The KEIP is Consistent with Industry Practices.** To evaluate an appropriate compensation structure for the KEIP Participants, the Debtors and their advisors gathered external market compensation data, encompassing a representative database of compensation information for comparable companies. The KEIP Participants' potential *maximum* payouts are within the Peer Group range of compensation for similarly situated companies and rank at the 73rd percentile of the KEIP Peer Group.
- v. **The Debtors Performed Due Diligence and Received Independent Advice in Developing the KEIP.** With the assistance of their advisors at A&M, the Debtors actively reviewed their existing compensation programs and concluded that it was critical to implement the KEIP to ensure the KEIP Participants were sufficiently incentivized to perform to the best of their ability. Moreover, based on a review of the market peer group data, the KEIP is reasonable and consistent with market practice and industry standards.

52. Courts in this district have approved similar incentive plans. *See, e.g., In re KTRV LLC*, No. 25-10601 (MFW) (Bank. D. Del. July 14, 2025) (approving a KEIP designed to incentivize KEIP participants to provide invaluable services necessary to maintain business operations in the ordinary course in the chapter 11 cases and to achieve confirmation of a proposed plan); *In re Benson Hill, Inc.*, No. 25-10539 (TMH) (Bank. D. Del. April 29, 2025) (approving a KEIP with performance milestones including, among others, securing commitment from lenders to provide post-petition financing and obtaining entry of an order approving such financing on a final basis); *In re Ligado Networks LLC*, No. 25-10006 (TMH) (Bank. D. Del. April 29, 2025) (approving a KEIP for executives whose incentives are based solely on efforts to minimize net cash burn and maximize recovery from unresolved insurance claims); *In re Danimer Scientific, Inc.*, No. 25-10518 (MFW) (Bank. D. Del. April 17, 2025) (approving a KEIP with tiered performance metrics across three categories, including monetization of inventory, collection of existing accounts receivables, and gross proceeds from sales); *In re Exactech, Inc.*, No-24-12441 (LSS) (Bank. D. Del. Jan. 27, 2025) (approving a KEIP with quarterly EBITDA performance targets).

53. Based on the foregoing, the Debtors respectfully submit that the KEIP is a proper exercise of their business judgment and a proper use of the Debtors' resources, is justified by the facts and circumstances of these chapter 11 cases, and therefore satisfies the requirements of section 503(c)(3) of the Bankruptcy Code. The Debtors believe that the KEIP will motivate the KEIP Participants to the ultimate benefit of all parties in interest in these chapter 11 cases and should be approved.

B. Sections 503(c)(1) and (2) of the Bankruptcy Code are Inapplicable to the Debtors' KEIP.

54. Section 503(c)(1) of the Bankruptcy Code generally prohibits payments to "insiders" made for the sole or primary purpose of retention or inducing the "insider" to remain with a debtor's business—*i.e.*, those insider plans that are essentially "pay to stay" plans. *See* 11 U.S.C. § 503(c)(1); *see also In re Borders Grp., Inc.*, 453 B.R. at 471. Section 503(c)(2) provides for restrictions applicable only to severance plans. *See* 11 U.S.C. § 503(c)(2). Sections 503(c)(1) and 503(c)(2) of the Bankruptcy Code do not apply to performance-based incentive plans. *See, e.g., Glob. Home Prods.*, 369 B.R. at 787 (finding that an incentive-based plan need only satisfy the business judgment and reasonableness standards); *Velo Holdings, Inc.*, 472 B.R. 201, 209 (Bankr. S.D.N.Y. 2012) (quoting *Dana Corp.*, 358 B.R. at 584) (finding that an incentive-based plan alleviated the need for a section 503(c)(1) analysis); *In re Borders Grp., Inc.*, 453 B.R. at 471 (Bankr. S.D.N.Y. 2011) (finding that "the Debtors [had] met their burden of establishing that the [compensation program was] incentivizing, thereby alleviating the need for a section 503(c)(1) analysis").

55. In determining whether an employee bonus plan is incentivizing, courts consider whether the plan is "designed to motivate insiders to rise to a challenge or merely report to work." *In re Hawker Beechcraft, Inc.*, 479 B.R. 308, 313 (Bankr. S.D.N.Y. 2012). This analysis further

recognizes that all compensation, to some degree, has a retentive element. *Glob. Home Prods.*, 369 B.R. at 786 (“The fact . . . that all compensation has a retention element does not reduce the Court’s conviction that [the] Debtors’ primary goal [is] to create value by motivating performance.”); *In re Dana Corp.*, 358 B.R. at 572 (“However, as noted, this Court also opined that incentivizing plans with *some* components that arguably have a retentive effect do not necessarily violate section 503(c).”). Rather, the focus remains on whether the plan is, as a whole, incentivizing in nature by demanding a “stretch” or a “reach” before an award opportunity is achieved. *Id.* at 581.

56. Here, the KEIP is not barred under sections 503(c)(1) or 503(c)(2) as it is an incentive-based plan. The Debtors recognize that the KEIP Participants are “insiders” as defined under the Bankruptcy Code. However, the KEIP does not contain retention-based components and the participants are not paid merely for maintaining their employment for a certain time period.⁹ Rather, as discussed in the Simion Declaration, all of the payments contemplated by the KEIP will only be made upon the achievement of specific Company-wide performance targets that were narrowly-tailored to require appropriate reach without presenting unrealistic or unattainable goals, and that are consistent with market practice. Simply put, the KEIP Participants will not be eligible to obtain any award unless the Company as a whole meets or exceeds specific performance metrics that are directly tied to the Company’s performance. Accordingly, the Debtors respectfully

⁹ The primary characteristic of the Debtors’ KEIP is to incentivize the performance of a narrowly defined group of the Debtors’ senior management through the implementation of appropriately challenging operational performance goals. Payments under the KEIP are earned and payable if and only if these challenging goals are met. The fact that the KEIP may indirectly encourage KEIP Participants to remain employed with the Debtors is not the purpose of the program and should not bar its implementation. All successful incentive programs have the indirect benefit of encouraging an employee to remain with the company, and the fact that a KEIP has the effect does not implicate § 503(c)(1) of the Bankruptcy Code. *See, e.g., In re Alpha Natural Resources, Inc.*, 546 B.R. at 357 (“[A] KEIP that merely has some retentive effect should not be analyzed under § 503(c)(1).”); *In re Dana Corp.*, 358 B.R. at 572 (noting that “some components that arguably have a retentive effect do not necessarily violate section 503(c)”).

submit that sections 503(c)(1) and 503(c)(2) of the Bankruptcy Code do not apply to the KEIP, and the KEIP constitutes an appropriate, performance-based incentive plan based on a sound exercise of the Debtors' business judgment.

III. The KERP.

A. Sections 503(c)(1) and 503(c)(2) of the Bankruptcy Code are Inapplicable to the Debtors' KERP.

57. The KERP are not subject to the restrictions set forth in sections 503(c)(1) and (2) of the Bankruptcy Code because the KERP are not applicable to any "insiders" as defined by Bankruptcy Code.

58. Section 101(31) of the Bankruptcy Code provides that where a debtor is a corporation, insiders include any "(i) director of the debtor; (ii) officer of the debtor; (iii) person in control of the debtor . . . or (iv) relative of a . . . director, officer or person in control of the debtor." 11 U.S.C. §101(31)(B). Courts have held that an employee may be an "insider" if such employee has "at least a controlling interest in the debtor or . . . exercise[s] sufficient authority over the debtor so as to unqualifiably dictate corporate policy and the disposition of corporate assets. *Velo Holdings*, 472 B.R. at 208 (citations omitted). It is well established that an employee's job title, alone, does not make such employee an "insider" as defined by the Bankruptcy Code. *See In re Borders Grp. Inc.*, 453 B.R. 459, 469 (Bankr. S.D.N.Y. 2011) (noting that "[c]ompanies often give employees the title 'director' or 'director-level,' but do not give them decision-making authority akin to an executive" and concluding that certain "director level" employees in that cases were not insiders).

59. For purposes of eligibility to participate in the KERP, the Debtors only considered non-insider employees. Although certain participants in the KERP hold titles including the term "senior vice president," "vice president," "senior director," or "director," as set forth in the Simion

Declaration, none of the potential KERP Participants are “insiders,” as such term is defined by section 101(31) of the Bankruptcy Code. Specifically, none of the KERP Participants: (a) were appointed or hired directly by the Debtors’ board of directors; (b) exercise managerial control over, or have responsibility for, the Debtors’ operations as a whole; or (c) direct the Debtors’ overall corporate policy or governance. Therefore, the Debtors respectfully submit that none of Non-Insider KEIP Participants constitute “insiders” of the Debtors and the restrictions of section 503(c)(1) and (2) of the Bankruptcy Code are inapplicable to the KERP.

B. The KERP Are Justified by The Facts and Circumstances of These Chapter 11 Cases and Therefore Satisfy 503(c)(3).

60. The applicable standard for evaluating the appropriateness of the KERP is provided by section 503(c)(3) of the Bankruptcy Code as the KERP do not include insiders. As stated above, section 503(c)(3) permits payments to a debtor’s employees outside the ordinary course of business if those payments are justified by “the facts and circumstances of the case.” 11 U.S.C. § 503(c)(3). Furthermore, as discussed above, courts have generally held that this standard is no different from the business judgment standard applied by courts in determining whether to authorize the use, sale or lease of property outside the ordinary course of business under section 363(b) of the Bankruptcy Code. *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (“In determining whether to authorize the use, sale or lease of property of the estate under [section 363(b)], courts require the debtor to show that a sound business purpose justifies such actions.” (citations omitted)) Accordingly, the KERP should be approved as a valid exercise of the Debtors’ business judgment pursuant to section 363(b) of the Bankruptcy Code.

61. Additionally, the KERP satisfy each of the *Dana Corporation* Factors. As to the first and third *Dana Corporation* factors, the KERP were designed to motivate their respective participants for their significant efforts in these chapter 11 cases and to ensure that they continue

to focus their full effort and attention on the Debtors' day-to-day operations and affairs as well as to implement the other goals of the KERP. The KERP fairly compensate their respective participants for the increased demands placed upon them in connection with these chapter 11 cases, thereby maximizing the value of the Debtors' chapter 11 estates for the benefit of all parties in interest. Notably, the SQIP, one of the three proposed plans under the KERP, has a total cost of \$7.8 million and would be at the 44th percentile of the SQIP Peer Group.

62. As to the remaining *Dana Corporation* factors, the KERP were designed by the Debtors with the assistance of their advisors, which (a) priced the KERP based on comparisons with similar retention plans of other comparable companies; (b) structured the KERP to be within industry standards; (c) performed due diligence for purposes of designing and implementing the KERP; and (d) provided independent advice in performing due diligence and formulating the KERP.

63. The KERP are similar to retention plans routinely approved in this district. *See, e.g., In re Benson Hill, Inc.*, No. 25-10539 (TMH) (Bank. D. Del. April 29, 2025) (approving a KERP which pays out installments based on case milestone dates, including the entry of an order confirming a chapter 11 plan); *In re Danimer Scientific, Inc.*, No. 25-10518 (MFW) (Bankr. D. Del. April 17, 2025) (approving a KERP with thirty-seven (37) non-insider participants, provided the participants remain employed with the debtors); *In re Edgio, Inc.*, No. 24-11985 (KBO) (Bankr. D. Del. Oct. 28, 2024) (approving a KERP for twenty-four (24) non-insiders with payouts in two installments); *In re Blink Holdings, Inc.*, No. 24-11686 (JKS) (Bankr. D. Del. Sept. 11, 2024) (approving a KERP totaling over \$3.2 million with forty (40) non-insiders).

64. Accordingly, the Debtors respectfully submit that the KERP are justified by the facts and circumstances of these chapter 11 cases, are a sound exercise of business judgment, and

that implementation of the KERP is in the best interests of the Debtors, their estates, creditors and all other stakeholders. For the reasons discussed above, the Debtors' KERP should be approved.

Reservation of Rights

65. Nothing contained in this motion or any order granting the relief requested in this motion, and no action taken by the Debtors pursuant to the relief requested or granted (including any payment made in accordance with any such order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount, validity, or priority of, or basis for, any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission, or finding that any particular claim is an administrative expense claim, other priority claim, or otherwise of a type specified or defined in this motion or any order granting the relief requested by this motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver or limitation of any claims, causes of action, or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

66. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Notice

67. The Debtors will provide notice of this motion to: (a) the U.S. Trustee; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) Paul Hastings LLP and Morris James LLP, as co-counsel to the Committee; (d) the office of the attorney general for each of the states in which the Debtors operate; (e) United States Attorney's Office for the District of Delaware; (f) the Internal Revenue Service; (g) the United States Securities and Exchange Commission; (h) the United States Department of Justice; (i) Mayer Brown LLP, as counsel to the DIP Agent; (j) Davis Polk & Wardwell LLP, as counsel to Mizuho Bank, Ltd., in all capacities other than as Prepetition Agent; (k) Young Conaway Stargatt & Taylor, LLP, as counsel to Mizuho Bank, Ltd., in its capacity as Prepetition Agent; (l) Akin Gump Strauss Hauer & Feld LLP and Cole Schotz P.C., as counsel to the Ad Hoc Group of Senior Lenders; (m) Paul, Weiss, Rifkind, Wharton & Garrison LLP, as counsel to the Sponsors; and (n) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the "Notice Parties"). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

68. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors request entry of the Order, substantially in the form attached hereto as **Exhibit A**, (a) granting the relief requested herein and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: December 19, 2025
Wilmington, Delaware

/s/ Laura Davis Jones

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*Co-Counsel for the Debtors
and Debtors in Possession*

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and Debtors in Possession*

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

In re:)	
	)	Chapter 11
)	
MARELLI AUTOMOTIVE LIGHTING USA LLC,	)	Case No. 25-11034 (CTG)
<i>et al.</i> , ¹)	
Debtors.	)	(Jointly Administered)
)	
	)	Hearing Date: To be Determined
	)	Obj Deadline: January 2, 2026 at 4:00 p.m. (ET)

**NOTICE OF MOTION
OF DEBTORS FOR ENTRY
OF AN ORDER (I) AUTHORIZING
AND APPROVING THE DEBTORS' KEY
EMPLOYEE INCENTIVE PLAN, (II) AUTHORIZING
AND APPROVING THE DEBTORS' KEY EMPLOYEE
RETENTION PLAN, AND (III) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that, on December 19, 2025 the above-captioned debtors and debtors in possession (collectively, the “Debtors” and together with their non-debtor affiliates, the “Company”) filed the *Motion of Debtors for Entry of an Order (I) Authorizing and Approving the Debtors’ Key Employee Incentive Plan, (II) Authorizing and Approving the Debtors’ Key Employee Retention Plan, and (III) Granting Related Relief* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that any responses to the Motion must be in writing and filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Third Floor, Wilmington, Delaware 19801, and served upon the undersigned, so as to be received on or **before 4:00 p.m. (prevailing Eastern Time) on January 2, 2026.**

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/Marelli>. The location of Marelli Automotive Lighting USA LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 26555 Northwestern Highway, Southfield, Michigan 48033.

PLEASE TAKE FURTHER NOTICE that at the same time, you must also serve a copy of the response or objection upon: (a) the Debtors, Marelli Automotive Lighting USA LLC, 26555 Northwestern Highway, Southfield, Michigan 48033, Attn.: Marisa Iasenza (marisa.iasenza@marelli.com); (b) proposed counsel to the Debtors, Kirkland & Ellis LLP, 333 West Wolf Point Plaza, Chicago, Illinois 60654, Attn.: Spencer A. Winters, P.C. (spencer.winters@kirkland.com), and Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn.: Nicholas M. Adzima (nicholas.adzima@kirkland.com) and Evan Swager (evan.swager@kirkland.com); (c) proposed co-counsel to the Debtors, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899 (Courier 19801), Attn.: Laura Davis Jones (ljones@pszjlaw.com), Timothy P. Cairns (tcairns@pszjlaw.com), and Edward A. Corma (ecorma@pszjlaw.com); (d) the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn.: Jane Leamy (Jane.M.Leamy@usdoj.gov) and Timothy J. Fox, Jr. (timothy.fox@usdoj.gov); (e) counsel to the DIP Agent, Mayer Brown LLP, 1221 Avenue of the Americas, New York, New York 10020-1001, Attn.: Jason Elder (jason.elder@mayerbrown.com); (f) counsel to Mizuho Bank, Ltd., in all capacities other than as Prepetition Agent, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn.: Timothy Graulich (timothy.graulich@davispolk.com) and Richard J. Steinberg (richard.steinberg@davispolk.com); (g) counsel to Mizuho Bank, Ltd., in its capacity as Prepetition Agent, Young Conaway Stargate & Taylor, LLP, 1000 North King Street, Wilmington, Delaware 19801, Attn.: Robert S. Brady (rbrady@ycst.com) and Andrew L. Magaziner (amagaziner@ycst.com); (h) counsel to the Ad Hoc Group of Senior Lenders, (i) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Ira S. Dizengoff (idizengoff@akingump.com) and Anna Kordas (akordas@akingump.com), (ii) Akin

Gump Strauss Hauer & Feld LLP, 2001 K Street NW, Washington, D.C. 20006, Attn.: Scott Alberino (salberino@akingump.com), Kate Doorley (kdoorley@akingump.com), and Alexander F. Antypas (aantypas@akingump.com); and (iii) Cole Schotz P.C., 500 Delaware Avenue, Suite 600, Wilmington, DE 19801, Attn: Justin R. Alberto (jalberto@coleschotz.com) and Stacy L. Newman (snewman@coleschotz.com); (i) counsel to the Sponsors, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019-6064, Attn.: Brian S. Hermann (bhermann@paulweiss.com) and Jacob Adlerstein (jadlerstein@paulweiss.com); and (j) co-counsel to the Committee, (i) Paul Hastings LLP, 200 Park Avenue, New York, New York 10166. Attn.: Kristopher M. Hansen (krishansen@paulhastings.com), Jonathan D. Canfield (joncanfield@paulhastings.com), Gabriel E. Sasson (gabesasson@paulhastings.com), and Marcella Leonard (marcellaleonard@paulhastings.com), and (ii) Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, Delaware 19801. Attn.: Eric J. Monzo (emonzo@morrisjames.com), Jason S. Levin (jlevin@morrisjames.com), and Siena B. Cerra (scerra@morrisjames.com).

PLEASE TAKE FURTHER NOTICE THAT, IF AN OBJECTION IS PROPERLY FILED AND SERVED IN ACCORDANCE WITH THE ABOVE PROCEDURES, A HEARING WILL BE HELD ON A DATE TO BE DETERMINED BEFORE THE HONORABLE CRAIG T. GOLDBLATT, UNITED STATES BANKRUPTCY JUDGE FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, COURTROOM #7, THIRD FLOOR, WILMINGTON, DELAWARE 19801. ONLY OBJECTIONS MADE IN WRITING AND TIMELY FILED WILL BE CONSIDERED BY THE BANKRUPTCY COURT AT SUCH HEARING.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT
MAY GRANT THE RELIEF DEMANDED BY THE MOTION WITHOUT FURTHER NOTICE
OR HEARING.

Dated: December 19, 2025
Wilmington, Delaware

/s/ Laura Davis Jones

PACHULSKI STANG ZIEHL & JONES LLP

Laura Davis Jones (DE Bar No. 2436)
Timothy P. Cairns (DE Bar No. 4228)
Edward A. Corma (DE Bar No. 6718)
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*Co-Counsel for the Debtors
and Debtors in Possession*

*Co-Counsel for the Debtors
and Debtors in Possession*

Exhibit A

Proposed Order

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

In re:

MARELLI AUTOMOTIVE LIGHTING USA LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 25-11034 (CTG)

(Jointly Administered)

Re: Docket No. [●]

**ORDER (I) AUTHORIZING
AND APPROVING THE DEBTORS' KEY
EMPLOYEE INCENTIVE PLAN, (II) AUTHORIZING
AND APPROVING THE DEBTORS' KEY EMPLOYEE
RETENTION PLAN, AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”): (a) authorizing and approving the KEIP; (b) authorizing and approving the KERP; and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declarations, the Cumberland Declaration, and the Simion Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/Marelli>. The location of Marelli Automotive Lighting USA LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 26555 Northwestern Highway, Southfield, Michigan 48033.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Employee Plans are authorized and approved in their entirety.
2. The Debtors are authorized, pursuant to sections 363(b) and 503(c) of the Bankruptcy Code, to take all actions necessary to implement the Employee Plans on the terms and conditions set forth in the Motion, including making any payments that come due pursuant to the terms thereof during these chapter 11 cases and without the need for further Court approval; *provided, however*, that any amounts not paid or that are otherwise forfeited pursuant to the KEIP and/or KERP, as applicable, shall not be subject to reallocation to other KEIP or KERP participants or otherwise, notwithstanding the Debtors' ability to direct the forfeited payments to a new hire in the same role as the Employee Plan Participant.
3. Monetary amounts stated in the Motion that were originally denominated in euros or other currencies have been converted to United States dollar based on exchange rates in effect at the time of preparation of the KEIP and KERP, solely for ease of reference. Amounts paid to Employee Plan Participants pursuant to this Order will be paid in the participants' respective local currencies.

4. The total number of KERP Participants stated in the Motion represents headcount prior to the filing of the Motion, solely for ease of reference. Accordingly, the total number of KERP Participants may vary based on standard fluctuations in headcount.

5. Notwithstanding the relief granted herein or any action taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance the status of, any claim held by any employee or other person or entity.

6. Nothing contained in the Motion or this Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount, validity, or priority of, or basis for, any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission, or finding that any particular claim is an administrative expense claim, other priority claim, or otherwise of a type specified or defined in the Motion or this Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver or limitation of any claims, causes of action, or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law.

7. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

8. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

10. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

EXHIBIT B

Cumberland Declaration

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

In re:)	
	)	Chapter 11
MARELLI AUTOMOTIVE LIGHTING USA LLC,)	
<i>et al.</i> , ¹	)	Case No. 25-11034 (CTG)
)	
Debtors.	)	(Jointly Administered)
)	
)	

**DECLARATION OF
BRIAN CUMBERLAND
IN SUPPORT OF THE MOTION
OF DEBTORS FOR ENTRY OF AN ORDER
(I) AUTHORIZING AND APPROVING THE
DEBTORS' KEY EMPLOYEE INCENTIVE PLAN,
(II) AUTHORIZING AND APPROVING THE DEBTORS'
KEY EMPLOYEE RETENTION PLAN, AND (III) GRANTING RELATED RELIEF**

I, Brian Cumberland, hereby declare under penalty of perjury pursuant to 28 U.S.C. § 1746:

1. I am a Managing Director in the restructuring compensation practice at Alvarez & Marsal North America, LLC ("A&M"), the financial advisor to the above-captioned debtors and debtors in possession (the "Debtors"). I serve as a restructuring compensation advisor to the Debtors, and my team and I have worked closely with the Debtors on their restructuring initiatives. As a result of my work with the Debtors, I am familiar with the pre-and postpetition structure of the Debtors' compensation plans, including the Debtors' proposed key employee incentive plan (the "KEIP") and proposed key employee retention plan (the "KERP", and together with the KEIP, the "Employee Plans") as set forth in the *Motion of Debtors for Entry of an Order (I) Authorizing and Approving the Debtors' Key Employee Incentive Plan, (II) Authorizing and Approving the*

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/Marelli>. The location of Marelli Automotive Lighting USA LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 26555 Northwestern Highway, Southfield, Michigan 48033.

Debtors' Key Employee Retention Plan, and (III) Granting Related Relief (the "Motion").²

2. I submit this declaration (the "Declaration") in support of the Motion. Except as otherwise indicated, all facts set forth in this Declaration are based upon (a) my personal knowledge of the Debtors' operations and finances, (b) information learned from my review of relevant documents, (c) information supplied to me by members of the Debtors' management and their advisors, or (d) my views based on my experience, knowledge, and information concerning the Debtors' operations, financial affairs, and restructuring initiatives. I am not being compensated specifically for this testimony, other than through payments proposed to be received by A&M as professionals retained by the Debtors. I am above 18 years of age; I am competent to testify, and, if called as a witness, I could and would testify competently to the facts set forth in this Declaration on that basis.

Background and Qualifications

3. I received my bachelor's degree in Business Administration from the University of Texas, my Juris Doctor from St. Mary's School of Law, and my Master of Law in taxation from the University of Denver.

4. Before joining A&M, I led KPMG's Compensation and Benefits Group for the Southwestern United States, and was a member of KPMG's National Tax Practice in Washington, D.C.

² A detailed description of the Debtors and their business, including the circumstances giving rise to the Debtors' chapter 11 cases, is set forth in the *Declaration of David Slump, Chief Executive Officer of Marelli Automotive Lighting USA, LLC, in Support of First Day Motions*, [Docket No. 20] (the "Slump Declaration") and the *Declaration of Tony Simion, Managing Director of Alvarez & Marsal North America, LLC, in Support of First Day Motions* [Docket No. 19] (the "Simion Declaration", and together with the Slump Declaration, the "First Day Declarations"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declarations or the Motion, as applicable.

5. I joined A&M in 2006. My responsibilities at A&M have primarily involved consulting with corporate clients on executive and non-executive compensation. I have worked with numerous Fortune 100 companies and am frequently retained by these companies to advise on their compensation strategies, programs, and pay levels. I have participated in the development and design of over 100 incentive plans for companies inside and outside of chapter 11. In the last ten years, I have assisted debtors and creditors in over 50 chapter 11 cases on compensation matters that include key employee incentive and retention plans. I have testified before courts regarding such programs on over 20 occasions either through live testimony or declaration. I am also frequently retained to review proposed key employee incentive or retention programs by various creditors' committees.

6. A&M is being compensated for the time I have spent advising the Debtors both prepetition and postpetition at our standard hourly rates. The compensation A&M receives for my work is not contingent on the outcome of the Motion. During the last ten years, I have testified at hearings and depositions, or by declaration in the following matters: *In re Sunnova Energy Int'l, Inc.*, No. 25-90160 (ARP) (Bankr. S.D. Tex. June 8, 2025); *In re Omnicare, LLC*, No. 25-80486 (SWE) (Bankr. N.D. Tex. Sept. 22, 2025); *In re Delta Dental Antitrust Litigation*, No. 1:19-cv-06734 (N.D. Ill. Oct. 11, 2019); *In re SVB Financial Group*, No. 23-10367 (MG) (Bankr. S.D.N.Y. Mar. 17, 2023); *In re Loyalty Ventures Inc.*, No. 23-90111 (CML) (Bankr. S.D. Tex. Mar. 10, 2023); *In re FTX Trading Ltd.*, No. 22-11068 (JAD) (Bankr. D. Del. Nov. 11, 2022); *In re Scott Crain v. Rave Restaurant Group, Inc.*, No. 4:20-cv-00013 (E.D. Tex. Jan. 6, 2020); *In re Valaris PLC*, No. 20-34114 (MI) (Bankr. S.D. Tex. Aug. 19, 2020); *In re California Resources Corporation*, No. 20-33568 (DRJ) (Bankr. S.D. Tex. July 15, 2020); *In re Neiman Marcus Group LTD LLC*, Case No. 20-32519 (DRJ) (Bankr. S.D. Tex. May 7, 2020); *In re S. Foods Group, LLC*, No. 19-36313 (DRJ)

(Bankr. S.D. Tex. Nov. 12, 2019); *In re EpiPen*, No. 2:17-md-02785-DDC-TJJ (MDL No. 2785) (D. Kan. 2022); *In re Bristow Group Inc.*, No. 19-32713 (DRJ) (Bankr. S.D. Tex. May 11, 2019); *In re Achaogen, Inc.*, No. 19-10844 (BLS) (Bankr. D. Del. Apr. 15, 2019); *In re Fairway Energy, LP*, No. 18-12684 (LSS) (Bankr. D. Del. Nov. 26, 2018); *In re Enduro Resource Partners LLC*, No. 18-11174 (KG) (Bankr. D. Del. May 15, 2018); *In re FirstEnergy Solutions Corp.*, No. 18-50757 (AMK) (Bankr. N.D. Ohio Mar. 31, 2018); *Thompson Petroleum Corporation v. Paul Rudnicki*, No. DC-18-00644 (Tex. Dist. Ct. 2018); *In re Pacific Drilling S.A.*, No. 17-13193 (MEW) (Bankr. S.D.N.Y. Nov. 12, 2017); *In re TOYS “R” US, INC.*, No. 17-34665 (KLP) (Bankr. E.D. Va. Sept. 19, 2017); *Bainbridge Investor, LLC v. RAS Manager, LLC*, No. 50-2016-CA-008818 (MB) (Fla. Palm Beach County Ct. 2017); *In re LINN Energy, LLC*, No. 16-60040 (DRJ) (Bankr. S.D. Tex. May 11, 2016); *In re Ultra Petroleum Corp.*, No. 16-32202 (MI) (Bankr. S.D. Tex. Apr. 29, 2016); *In re Abengoa Bioenergy US Holding, LLC*, No. 16-41161-659 (KAS) (Bankr. E.D. Mo. Feb. 24, 2016); *In re Noranda Aluminum, Inc.*, No. 16-10083-399 (BSS) (Bankr. E.D. Mo. Feb. 8, 2016).

A&M’s Qualifications

7. A&M is a leading restructuring consulting firm with extensive experience providing high quality, specialized management, operational, and restructuring advisory services to debtors and distressed companies, including expert analysis of compensation programs. Specifically, A&M’s core services include turnaround advisory services, interim and crisis management, revenue enhancement, claims management, creditor and risk management advisory services, and employee and executive compensation services. A&M provides a wide range of debtor advisory services targeted at stabilizing and improving a company’s financial position, including (i) developing or validating forecasts, business plans, and related assessments of strategic positions; (ii) monitoring and managing cash, cash flow, and supplier relationships; (iii) assessing and

recommending cost reduction strategies; and (iv) designing and negotiating financial restructuring packages. In addition, A&M provides advice on specific aspects of the turnaround process and helps manage complex constituency relations and communications. A&M is known for its ability to work alongside company management and key constituents during chapter 11 restructurings to develop a feasible and executable plan of reorganization.

8. A&M has acted as a compensation consultant, financial advisor, crisis manager, and corporate officer in middle market to large multinational companies in crisis or those in need of performance improvement in specific financial and operational areas across a wide array of industries. The professionals at A&M have assisted and advised debtors, creditors, creditors' committees, bondholders, investors, and others in numerous bankruptcy cases, including in the following bankruptcy cases: *In re Sunnova Energy Int'l, Inc.*, No. 25-90160 (ARP) (Bankr. S.D. Tex. Jun. 7, 2025); *In re Global Clean Energy Holdings, Inc.*, No. 25-90113 (ARP) (Bankr. S.D. Tex. May 22, 2025); *In re Joann, Inc.*, No. 25-10068 (CTG) (Bank. D. Del. Mar. 4, 2025); *In re Accuride Corp.*, No. 24-12289 (JKS) (Bankr. D. Del. Nov. 1, 2024); *In re Vertex Energy, Inc.*, No. 24-90507 (CML) (Bankr. S.D. Tex. Nov. 19, 2024); *In re Air Methods Corp.*, No. 23-90886 (CMI) (Bankr. S.D. Tex. Dec. 6, 2023); *In re Orbital Infrastructure Grp., Inc.*, No. 23-90763 (CML) (Bankr. S.D. Tex. Oct. 13, 2023); *In re Genesis Care Pty Ltd.*, No. 23-90614 (DRJ) (Bankr. S.D. Tex. Aug. 15, 2023); *In re MLCJR LLC*, No. 23-90324 (CML) (Bankr. S.D. Tex. July 10, 2023); *In re Wesco Aircraft Holdings, Inc.*, No. 23-90611 (CMI) (Bankr. S.D. Tex. July 27, 2023); *In re Celsius Network LLC*, No. 22-10964 (MG) (Bankr. S.D.N.Y. Sept. 16, 2022); *In re Katerra Inc.*, No. 21-31861 (DRJ) (Bankr. S.D. Tex. Aug. 4, 2021); *In re Gulfport Energy Corp.*, No. 20-35562 (DRJ) (Bankr. S.D. Tex. Jan. 15, 2021); *In re S. Foods Group, LLC*, No. 19-36313 (DRJ) (Bankr. S.D. Tex. Dec. 6, 2019); *In re Wheels Pros, LLC*, No. 24-11939 (Bankr. D. Del. Nov. 6, 2024); *In re*

SunPower Corp., No. 24-11649 (Bankr. D. Del. Sept. 11, 2024); *In re WeWork Inc.*, No. 23-19865 (Bankr. D.N.J. Dec. 5, 2023); *In re PGX Holdings, Inc.* No. 23-10718 (Bankr. D. Del. July 19, 2023); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Jun. 5, 2023); *In re SVB Financial Group*, No. 23-10367 (MG) (Bankr. S.D.N.Y. Mar. 17, 2023); *In re Loyalty Ventures Inc.*, No. 23-90111 (CML) (Bankr. S.D. Tex. Mar. 10, 2023); *In re FTX Trading Ltd.*, No. 22-11068 (JAD) (Bankr. D. Del. Nov. 11, 2022); *In re Packable Holdings, LLC f/k/a Entourage Com., LLC*, No. 22-10797 (CTG) (Bankr. D. Del. Oct. 11, 2022); *In re GT Real Estate Holdings, LLC*, No. 22-10505 (KBO) (Bankr. D. Del. Jul. 18, 2022); *In re Valaris PLC* No. 20-34114 (MI) (Bankr. S.D. Tex. Oct. 9, 2020); *In re Quorum Health Corp.*, No. 20-10766 (KBO) (Bankr. D. Del. May 6, 2020).

9. A&M's restructuring compensation practice consists of senior human resources, management consulting, and other professionals who specialize in advising on the design and implementation of comprehensive compensation programs that help businesses—including in distressed scenarios—attract and retain top talent, reward, and motivate management and employees for their performance, and align the interests of employees with key stakeholders. A&M has a wealth of experience in providing compensation services to businesses involved in both in-court and out-of-court restructurings, sales, and wind down scenarios. Accordingly, I believe that A&M enjoys an excellent reputation for the services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States. A&M's professionals have significant restructuring and industry experience assisting distressed companies with financial and

operational challenges, as well as working with management teams and boards of directors of large companies facing financial challenges similar to those the Debtors have faced.

A&M's Retention and Involvement with the Debtors

10. The Debtors engaged A&M in March 2025 to serve as their restructuring advisor. Over the course of its engagement, A&M has evaluated the Debtors' operations and cash requirements to operate their business, including by assisting in the development of the Debtors' near-term cashflow forecasts and liquidity analysis, evaluating strategic alternatives and financing-related workstreams, and advancing contingency planning in the event that a chapter 11 filing became necessary. Related to these efforts, A&M has worked closely with the Debtors' management and other restructuring professionals and has become well acquainted with the Debtors' capital structure, liquidity needs, cash flows, business operations, and general operating details.

11. Since A&M was engaged by the Debtors, I have familiarized myself with the Debtors' operations, business, and restructuring challenges. At the start of our engagement, A&M discussed with the Debtors and their advisors the Debtors' operational history, financial performance, restructuring process, and various issues regarding the Debtors' workforce and employee plans. A&M reviewed the structure of the Debtors' existing base salary and primary incentive plans, paying specific attention to the various incentive plans' performance metrics, participating employees, payout frequency, and target payout level. This review culminated in the creation of the Employee Plans. The Debtors, in consultation with A&M and the Debtors' other advisors, determined that implementing the Employee Plans is necessary and appropriate to properly

incentivize and compensate the Debtors' key executives and employees (the "Employee Plan Participants") and ultimately retain them during these chapter 11 cases.

12. The Debtors performed significant due diligence in developing their Employee Plans, and my team and I collaborated closely with the Debtors' management and advisors during the process. Specifically, my team and I provided input and advice on the reasonableness of the Employee Plans' design, structure, total cost, and award opportunities. My analysis of the reasonableness of the Employee Plans was presented to the applicable subcommittees of the Debtors' boards of directors in connection with their approval of the Employee Plans.

I. KEIP Reasonable Compensation Analysis.

13. To evaluate the reasonableness of the KEIP, my team and I utilized three distinct tests to compare the KEIP to the market. First, we compared the KEIP to other incentive plans approved by bankruptcy courts for companies of similar size and programs with a similar number of participants. Second, we assessed the KEIP Participants' proposed target total direct compensation ("TDC") to target TDC for similar positions at comparable companies. Third, we compared the KEIP Participants' proposed target TDC to their pre-bankruptcy target TDC.

14. First, I worked with my team to develop and analyze the KEIP Peer Group, which consists of thirteen companies with prepetition assets between approximately 29 percent to 254 percent of the Debtors' prepetition assets, and prepetition revenue between approximately 21 percent to 114 percent of the Debtors' prepetition revenue. The companies selected for the KEIP Peer Group each had (a) incentive plans implemented by distressed companies since June 1, 2017, (b) assets and revenue approximately one-fifth to five times that of the Company, and (c) less than 100 participants. The Debtors fall at the 65th percentile for assets and the 85th percentile for revenue within the KEIP

Peer Group. The average incentive bonus per-participant contemplated under the KEIP at target level is at approximately the 45th percentile of the KEIP Peer Group.

15. Second, my team and I compared the KEIP Participants' proposed target TDC to market by analyzing public proxy data for similar positions at comparable companies. Where proxy data was unavailable, we relied on compensation survey data for similar positions at comparable companies. As a result of this analysis, the aggregate target TDC for the KEIP participants would be below the 25th percentile compared to market target TDC.

16. Third, the KEIP Participants' proposed target TDC represents an 11 percent decrease, in the aggregate, from their prepetition compensation levels.

17. I believe that the compensation opportunities will result in KEIP Participants in the aggregate receiving compensation comparable to market compensation, on average, assuming even the maximum payouts under the KEIP. As such, I believe that such award opportunities are a reasonable, market-based approach and are justified under the circumstances of these chapter 11 cases.

II. SQIP Reasonable Compensation Analysis.³

18. To evaluate the reasonableness of the SQIP, my team and I compared the SQIP to other retention plans approved by bankruptcy courts for companies of similar size.

19. I worked with my team to develop and analyze the SQIP Peer Group, which consists of thirteen companies with prepetition assets between approximately 21 percent to 172 percent of the Debtors' prepetition assets, and prepetition revenue between approximately 21 percent to 113 percent of the Debtors' prepetition revenue. The companies selected for the SQIP Peer Group each

³ As previously mentioned in the Motion, the KERP consists of three separate plans—the SQIP, the TBR Plan, and the QIP. The SQIP Participants are the participants in both the SQIP and the QIP.

had (a) retention plan implemented by distressed companies since January 1, 2019, and (b) assets and revenue approximately one-fifth to five times that of the Company. The Debtors fall at the 82nd percentile for assets and the 96th percentile for revenue within the SQIP Peer Group. The total target cost of the SQIP is at approximately the 44th percentile of the SQIP Peer Group.

20. I believe that the compensation opportunities will result in SQIP Participants in the aggregate receiving compensation comparable to market compensation, on average, assuming even the maximum payouts under the SQIP. As such, I believe that such award opportunities are a reasonable, market-based approach and are justified under the circumstances of these chapter 11 cases. Accordingly, I believe that the SQIP is appropriately tailored to retain the SQIP Participants.

The Reasonableness of the Employee Plans

21. The Debtors and their advisors evaluated whether the Employee Plans' respective design, structure, and cost are reasonable and consistent with market practice—keeping in mind the Debtors' financial and operational restructuring goals. The payment levels under the Employee Plans are reasonable in light of the size of the Debtors' estates and the amounts that comparable companies have provided as incentives and retention payments to their management and key employees in other chapter 11 cases. The KEIP Peer Group had a median annualized cost of approximately \$13.8 million. The SQIP Peer Group had a median annualized cost of approximately \$8.8 million. The total annualized cost of the KEIP is approximately \$16.2 million and the total annualized cost of the SQIP at target is approximately \$7.8 million, both of which are in line with the Peer Groups.⁴

⁴ As described in the Motion, the Debtors are only seeking approval for the additional cost of the Employee Plans. A detailed description of the Debtors' existing incentive and retention plans are set forth in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue the Compensation and Benefits Programs and (II) Granting Related Relief* [Docket No. 12] (the "Wages Motion"). The Court authorized the Debtors to maintain

22. With regard to the KEIP, the payouts to the KEIP Participants are reasonable when compared to the three reasonable compensation tests. Compared to similarly situated incentive programs, the average incentive bonus per participant contemplated under the KEIP at target level is at approximately the 45th percentile of the KEIP Peer Group. Compared to market levels of compensation, the aggregate proposed target TDC for the KEIP participants is below the 25th percentile. Furthermore, the KEIP Participants' proposed target TDC represents an 11 percent decrease, in the aggregate, from their prepetition compensation levels.

23. With regard to the SQIP, the payouts to the SQIP Participants are reasonable when compared to the two reasonable compensation tests. Compared to similarly situated retention programs, the total target cost of the SQIP is at approximately the 44th percentile of the SQIP Peer Group.

24. As a result, the Debtors, in their sound business judgment, believe that the implementation of the Employee Plans is well justified under the circumstances and will benefit the Debtors' estates and their creditor constituencies.

Conclusion

25. Based on my experience, and the work I have completed in this case, I believe that the design, structure, cost, and award opportunities available under the Employee Plans are reasonable given the facts and circumstances of these chapter 11 cases. The Debtors and their advisors performed substantial due diligence in developing the Employee Plans, including thoroughly reviewing peer group data, and determining the payments amounts that are reasonable in

and continue the portions of the KERP in the ordinary course of business in the *Final Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue the Compensation and Benefits Programs and (II) Granting Related Relief* [Docket No. 321] (the "Wages Order").

comparison to other similarly situated companies. Lastly, I believe the Employee Plans are essential to the success of the Debtors' continued operations during these chapter 11 cases. For the reasons set forth in this Declaration, I submit that it would be appropriate for the Court to approve the Employee Plans, as contemplated by the Motion.

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

Dated: December 19, 2025

/s/ *Brian Cumberland*

Name: Brian Cumberland

Title: Managing Director

Alvarez & Marsal North America, LLC

EXHIBIT C

Simion Declaration

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

In re:)	
	)	Chapter 11
MARELLI AUTOMOTIVE LIGHTING USA LLC,)	
<i>et al.</i> , ¹	)	Case No. 25-11034 (CTG)
)	
Debtors.	)	(Jointly Administered)
)	
)	

**DECLARATION
OF TONY SIMION
IN SUPPORT OF THE
MOTION OF DEBTORS FOR
ENTRY OF AN ORDER (I) AUTHORIZING
AND APPROVING THE DEBTORS' KEY EMPLOYEE
INCENTIVE PLAN, (II) AUTHORIZING AND APPROVING THE DEBTORS'
KEY EMPLOYEE RETENTION PLAN, AND (IV) GRANTING RELATED RELIEF**

I, Tony Simion, hereby declare under penalty of perjury pursuant to 28 U.S.C. § 1746:

1. I am a Managing Director in the Global Restructuring and Turnaround practice at Alvarez & Marsal North America, LLC ("A&M"), the financial advisor to the above-captioned debtors and debtors in possession (the "Debtors"). I serve as a restructuring advisor, including in matters of compensation, to the Debtors. My team and I have worked closely with the Debtors on their restructuring initiatives. As a result of my work with the Debtors, I am familiar with the pre- and postpetition structure of the Debtors' compensation plans, including the Debtors' proposed key employee incentive plan (the "KEIP") and proposed key employee retention plan (the "KERP", and together with the KEIP, the "Employee Plans") as set forth in the *Motion of Debtors for Entry of an Order (I) Authorizing and Approving the Debtors' Key Employee Incentive Plan,*

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/Marelli>. The location of Marelli Automotive Lighting USA LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 26555 Northwestern Highway, Southfield, Michigan 48033.

(II) *Authorizing and Approving the Debtors' Key Employee Retention Plan*, and (III) *Granting Related Relief* (the "Motion").²

2. I submit this declaration (the "Declaration") in support of the Motion. Except as otherwise indicated, all facts set forth in this Declaration are based upon (a) my personal knowledge of the Debtors' operations and finances, (b) information learned from my review of relevant documents, (c) information supplied to me by members of the Debtors' management and their advisors, or (d) my views based on my experience, knowledge, and information concerning the Debtors' operations, financial affairs, and restructuring initiatives. I am not being compensated specifically for this testimony, other than through payments proposed to be received by A&M as professionals retained by the Debtors. I am above 18 years of age; I am competent to testify, and, if called as a witness, I could and would testify competently to the facts set forth in this Declaration on that basis.

Background and Qualifications

3. I am a Managing Director at A&M and have been engaged as restructuring advisor to the Debtors since March 2025. I have a Master of Business Administration from the Babcock School of Management at Wake Forest University. I am also a Certified Insolvency and Restructuring Advisor and a member of the Association of Insolvency and Restructuring Advisors, the Turnaround Management Association, and the American Bankruptcy Institute. I have more than twenty years of restructuring experience, both as a principal and as an advisor helping clients in

² A detailed description of the Debtors and their business, including the circumstances giving rise to the Debtors' chapter 11 cases, is set forth in the *Declaration of David Slump, Chief Executive Officer of Marelli Automotive Lighting USA, LLC, in Support of First Day Motions*, [Docket No. 20] (the "Slump Declaration") and the *Declaration of Tony Simion, Managing Director of Alvarez & Marsal North America, LLC, in Support of First Day Motions* [Docket No. 19] (the "Simion Declaration", and together with the Slump Declaration, the "First Day Declarations"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declarations or the Motion, as applicable.

restructuring and turnaround situations, preparing business plans and assessments, developing and implementing financing and accounting departments, and managing liquidity and treasury departments. I have also led and implemented a myriad of turnaround and restructuring transactions. Some notable, publicly disclosed restructuring assignments that I have been involved with include *In re Dynata, LLC*, Case No. 24-11057 (TMH) (Bankr. D. Del. 2024); *In re Washington Prime Grp. Inc.*, Case No. 21-31948 (MI) (Bankr. S.D.T.X. 2021); *In re Sable Permian Res., LLC*, Case No. 20-33193 (MI) (Bankr. S.D. Tex. 2020).

A&M's Qualifications

4. A&M is a leading restructuring consulting firm with extensive experience providing high quality, specialized management, operational, and restructuring advisory services to debtors and distressed companies. Specifically, A&M's core services include turnaround advisory services, interim and crisis management, revenue enhancement, claims management, and creditor and risk management advisory services. A&M provides a wide range of debtor advisory services targeted at stabilizing and improving a company's financial position, including (i) developing or validating forecasts, business plans, and related assessments of strategic positions; (ii) monitoring and managing cash, cash flow, and supplier relationships; (iii) assessing and recommending cost reduction strategies; and (iv) designing and negotiating financial restructuring packages. In addition, A&M provides advice on specific aspects of the turnaround process and helps manage complex constituency relations and communications. A&M is known for its ability to work alongside company management and key constituents during chapter 11 restructurings to develop a feasible and executable plan of reorganization.

5. A&M's Global Restructuring and Turnaround practice consists of restructuring professionals who specialize in advising on the design and implementation of comprehensive

compensation programs that help businesses—including in distressed scenarios—attract and retain top talent, reward, and motivate management and employees for their performance, and align the interests of employees with key stakeholders. A&M has a wealth of experience in providing compensation services to businesses involved in both in-court and out-of-court restructurings, sales, and wind down scenarios. Accordingly, I believe that A&M enjoys an excellent reputation for the services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States. A&M's professionals have significant restructuring and industry experience assisting distressed companies with financial and operational challenges, as well as working with management teams and boards of directors of large companies facing financial challenges similar to those the Debtors have faced.

A&M's Retention and Involvement with the Debtors

6. The Debtors engaged A&M in March 2025 to serve as their restructuring advisor. Over the course of its engagement, A&M has evaluated the Debtors' operations and cash requirements to operate their business, including by assisting in the development of the Debtors' near-term cashflow forecasts and liquidity analysis, evaluating strategic alternatives and financing-related workstreams, and advancing contingency planning in the event that a chapter 11 filing became necessary. Related to these efforts, A&M has worked closely with the Debtors' management and other restructuring professionals and has become well acquainted with the Debtors' capital structure, liquidity needs, cash flows, business operations, and general operating details.

7. Since A&M was engaged by the Debtors, I have familiarized myself with the Debtors' operations, business, and restructuring challenges. At the start of our engagement, A&M discussed with the Debtors and their advisors the Debtors' operational history, financial performance, restructuring process, and various issues regarding the Debtors' workforce and

employee plans. A&M reviewed the structure of the Debtors' existing base salary and primary incentive plans, paying specific attention to the various incentive plans' performance metrics, participating employees, payout frequency, and target payout level. This review culminated in the creation of the Employee Plans. The Debtors, in consultation with A&M and the Debtors' other advisors, determined that implementing the Employee Plans is necessary and appropriate to properly incentivize and compensate the Debtors' key executives and employees (the "Employee Plan Participants") and ultimately retain them during these chapter 11 cases.

8. The Debtors performed significant due diligence in developing their Employee Plans, and my team and I collaborated closely with the Debtors' management and advisors during the process. Specifically, my team and I provided input and advice on the reasonableness of the Employee Plans' design, structure, total cost, and award opportunities, including to the applicable subcommittees of the Debtors' board of directors in connection with their review and approval of the Employee Plans.

The Need for the Employee Plans

9. I believe the Employee Plan Participants are critical to the Debtors' business operations and the overall restructuring. The Employee Plan Participants hold positions that are vital to the Debtors' day-to-day operations, financial and operational performance, and overall success of the Debtors' restructuring.

10. In recent months, the Employee Plan Participants have seen a substantial increase in their workloads without any concomitant increase in their compensation. Despite uncertainty about their go-forward salaries, the Employee Plan Participants have put substantial effort into operating the Debtors' business during these chapter 11 cases. In the months leading up to the Petition Date and during these chapter 11 cases, the Employee Plan Participants have and will

continue to face particular challenges. Specifically, the KEIP Participants have assisted and/or will be expected to assist the Debtors with numerous tasks into 2026. Such tasks include, among others: (a) providing proper messaging to, and engaging with, various stakeholders, including but not limited to, lenders, employees, customers, and vendors, (b) assisting the Debtors' advisors in providing stakeholder diligence, preparing material pleadings filed with the Court, and satisfying the Debtors' chapter 11 reporting obligations, (c) preparing, analyzing, and negotiating the terms of the go-forward business plan with key stakeholders; (d) negotiating and facilitating the Debtors' restructuring transactions through a chapter 11 plan, and (e) confronting and addressing any and all legal, operational, and compliance issues that have arisen since the Petition Date and are likely to continue to arise as a result of these chapter 11 cases. Additionally, the SQIP Participants have played a critical role in maintaining the Debtors' day-to-day operations and financial performance, both of which are critical to successfully effectuate these chapter 11 cases. To date, the Employee Plan Participants have met these challenges and have directly engaged with vendors, customers, and employees to maintain stability and performance across the Debtors' business.

11. The Debtors' ongoing success depends on the skill, dedication, knowledge, and loyalty of its management and employees. Without the Employee Plan Participants' services, the Debtors will face significant challenges in maintaining their operations during the pendency of these chapter 11 cases and likely experience severe business disruption from any Employee Plan Participant turnover. Accordingly, I believe it is critical that the Debtors implement the Employee Plans to ensure that the Employee Plan Participants are incentivized to continue navigating the Debtors through chapter 11 while performing their day-to-day obligations to the best of their ability. I believe that a leadership team and key employees that are properly incentivized to focus on the crucial role they play in these chapter 11 cases, along with their daily responsibilities, is critical to

maintaining a high level of business performance and will inure to the benefit of the Debtors' major stakeholders, including their lenders, customers, vendors, and employees.

The KEIP

I. KEIP Participants.

12. The Debtors developed the KEIP to incentivize twelve (12) key executives (the "KEIP Participants"). The KEIP Participants play significant roles in numerous facets of the Debtors' business and are generally responsible for the overall strategy, direction, and operation of the Debtors' enterprise and have played, and will continue to play, a central role in the Debtors' chapter 11 cases and in the overall success of the Debtors' restructuring effort.

13. Specifically, the KEIP Participants, among other things, are leaders of various business units or functional areas for the Debtors and are directly involved in (a) developing growth strategies, (b) creating the budget and developing the business plan, (c) increasing the efficiency of the Debtors' operations, (d) developing protocols for hiring and training employees, (e) managing liquidity, (f) implementing cost reduction programs, (g) designing and instituting safety programs, (h) managing customer and vendor relationships, and (i) driving sustainability initiatives.

II. Overview of the KEIP.

14. The KEIP affords the KEIP Participants the opportunity to earn cash payments only if the Debtors achieve the quarterly EBITDA performance goals and other performance goals during these chapter 11 cases. The anticipated aggregate cost for the KEIP is approximately \$8.1 million to up to \$32.5 million, to be paid quarterly based on performance.

15. Specifically, the proposed KEIP contains the following primary design features:






- ***Eligible Participants.*** The KEIP is limited to twelve (12) KEIP Participants, and is made up of certain members of the senior executive team and other key

employees who are critical to the Debtors' day-to-day operations, financial performance, and the success of the Debtors' restructuring.

- ***KEIP Awards and Performance Metrics.*** KEIP awards are cash-based. Each KEIP award will be based on the Debtors' achievement of Performance Metrics, which include EBITDA Percentage, Net CAPEX Spend, and Days Inventory On Hand ("DIOH").
- ***Performance Periods and Payment Timing.*** Payments will be made quarterly based on performance, approximately ninety (90) days after the end of the quarter. The KEIP will be in effect through December 31, 2026. The KEIP Participant must be employed at the time of payment to receive the payment.
- ***Payout Ranges.*** The KEIP award will vary based on three Performance Levels—cut-in, target, and stretch—and payout between performance levels is calculated via linear interpolation, to the extent applicable. Cut-in performance achievement would result in a payout equal to 50% of the target KEIP award. Target performance achievement would result in a payout equal to 100% of the target KEIP award. Stretch performance achievement would result in a payout equal to 200% of the target KEIP award. If cut-in performance achievement is not achieved, the applicable KEIP Participant will not receive a payout for the applicable quarter. The program will include "catch-up" opportunities measured on an annual basis—meaning that if a participant does not meet a quarterly performance target (*e.g.*, in Q2 in 2026) but their cumulative performance target is met (*e.g.*, during Q3 or Q4 in 2026), participants will receive credit and a payout for the target they did not meet initially.
- ***Termination of Employment.*** If a KEIP participant is terminated without "cause", resigns for "good reason", dies, or becomes disabled, then he or she will be entitled to a prorated portion of the payment based on performance; any unpaid portion will be forfeited.

16. If approved, the KEIP will provide aggregate cut-in, target, and stretch opportunities of approximately \$8.1 million, \$16.2 million, and \$32.5 million, respectively. The Performance Metrics and individual award opportunities available to each KEIP Participant are summarized as follows:

KEIP Values				
KEIP Participant	Insider/Non-Insider	Cut-In Award	Target Award	Stretch Award
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

				
Total		\$8,126,422	\$16,252,844	\$32,505,688

III. The KEIP Performance Metrics.

17. Under the KEIP, awards are payable only upon the Debtors' achievement of certain operational performance targets measured at the end of each performance period. The three Performance Metrics are:

- i. Adjusted EBITDA weighting of 50%, which will incentivize increased and optimized performance across the businesses. This is measured on constant currency and excludes restructuring expenses, unusuals as per Company policy, and unbudgeted events;
- ii. Net CAPEX Spend weighting of 25%, which will incentivize the Debtors to properly maintain and upgrade physical assets across the businesses. This metrics represent the Net Capex of customer reimbursement that are incurred in the acquisition or improvement of property and;
- iii. Days Inventory On Hand ("DIOH") weighting of 25%, which will incentivize the Debtors to quickly move inventory over a period and increase and optimize production across the businesses. This is calculated by dividing the gross direct inventory (including imposed part) by the cost of goods sold ("COGS") divided by ninety (90).

18. The three Performance Metrics will require the following achievement percentages:

Performance Level	Timing	Performance Metric		
		EBITDA Percentage Metric	Net CAPEX Spend Metric in USD	DIOH Metric in Days
Cut-In	Quarter 1	0.2%	125.04	43
	Quarter 2	1.6%	120.68	41
	Quarter 3	1.0%	105.41	43
	Quarter 4	2.0%	88.69	41
	Annual	1.2%	440.55	41

	Quarter 3	4.1%	95.96	42
	Quarter 4	5.2%	80.69	40
	Annual	4.0%	400.57	40
Stretch	Quarter 1	3.1%	102.5	41
	Quarter 2	5.2%	98.14	38
	Quarter 3	6.0%	86.51	41
	Quarter 4	8.4%	72.70	39
	Annual	5.8%	359.85	39

19. Achievement of the performance targets were designed to help the Debtors successfully increase their performance and achieve their operational goals. The performance targets established by the Debtors were developed carefully to ensure that they (a) incentivize participation and (b) are an appropriate “reach” to drive performance, on the one hand, but will not present unrealistic or unattainable goals, on the other hand—which would thwart the incentivizing nature of the KEIP. To accomplish this, the Debtors developed the performance targets based on both historical performance data as well as their current understanding of customer productions requirements to accomplish their go-forward production plan. Specifically, the elevated performance targets are designed to incentivize employees to attain higher Performance Metrics, which will in turn positively impact the Debtors’ go-forward business operations and viability as a going concern.

20. Accordingly, I believe that the KEIP is appropriately tailored to incentivize the KEIP Participants, which will inure to the benefit of the Debtors’ creditors and other key stakeholders and is in line with similarly situated companies.

The KERP³

I. SQIP Participants.

21. The Debtors have identified (438) key employees (the “SQIP Participants”) who are instrumental to the Debtors’ day-to-day operations, financial and operational performance, and overall success of the Debtors’ restructuring. Specifically, the SQIP Participants primarily work at the Debtors’ headquarters or in field leadership roles and perform a variety of important business functions across all aspects of the Debtors’ business, including human resources, sales and marketing, product development, purchasing, and manufacturing.

22. The SQIP Participants do not include any employees who: (a) directly reports to the Debtors’ board of directors; (b) was appointed directly by any member of the Debtors’ board of directors; (c) exercises managerial control over the Debtors’ operations as a whole; (d) controls company policy of the Debtors; or (e) directs the Debtors’ overall corporate governance.

II. Overview of the SQIP.

23. The SQIP affords the SQIP Participants the opportunity to earn cash payments based on a percentage of their base salary. Critically, the SQIP includes both retentive and incentive elements to ensure that the Debtors not only retain critical talent but also incentivize such SQIP Participants to further drive the Debtors’ production and performance. The anticipated aggregate cost for the SQIP at target is approximately \$7.8 million, to be paid in installments after each completed calendar quarter.

24. The proposed SQIP contains the following primary design features:

- ***Eligible Participants.*** The SQIP is offered to (438) SQIP Participants, all of whom are key employees instrumental to the Debtors’ day-to-day operations, financial performance, and success of the Debtors’ restructuring. None of the

³ As previously mentioned in the Motion, the KERP consists of three separate plans—the SQIP, the TBR Plan, and the QIP. The SQIP Participants are the participants in both the SQIP and the QIP.

SQIP Participants (a) were appointed or hired directly by the board of directors of Marelli Holdings Co., Ltd. (the “Board”), the ultimate parent of the other Debtors; (b) reports directly to the Board or chief executive officer of Marelli Holdings Co., Ltd.; (c) regularly attends Board meetings; (d) exercises managerial control over, or has responsibility for, the Debtors’ operations as a whole; or (e) dictates the Debtors’ overall corporate policy, governance, or disposition of organizational assets.

- ***SQIP Awards.*** Each SQIP award will be a cash amount and includes both retentive and incentive elements. SQIP amounts vary across employee groups and are a percentage of the base salary of SQIP Participants, as detailed below:
 - Senior Vice President: 13% to 38% of base salary;
 - Vice President: 10% to 30% of base salary;
 - Senior Director: 6% to 19% of base salary; and
 - Director: 5% to 15% of base salary.
- ***Payment Timing.*** Payments will be made quarterly based on performance, approximately ninety (90) days after the end of the quarter. The SQIP will be in effect through December 31, 2026
- ***Performance Metrics.*** As with the KEIP awards, each SQIP award will be a cash amount and potential payments are based on the Debtors’ achievement of certain performance metrics (the “Performance Metrics”), including EBITDA Percentage, Net CAPEX Spend, and Days Inventory on Hand (“DIOH”).
- ***Payout Ranges.*** SQIP awards in excess of the minimum guaranteed payout will vary based on three Performance Levels—cut-in, target, and stretch—and payout between performance levels is calculated via linear interpolation, to the extent applicable. Cut-in performance achievement would result in a payout equal to 50% of the target SQIP award. Target performance achievement would result in a payout equal to 100% of the target SQIP award. Stretch performance achievement would result in a payout equal to 150% of the target SQIP award for senior vice presidents, vice presidents and directors. If cut-in performance achievement is not achieved, the applicable SQIP Participant will not receive a payout for the applicable quarter. The program will include “catch-up” opportunities measured on an annual basis—meaning that if a participant does not meet a quarterly performance target (*e.g.*, in Q2 in 2026) but their cumulative performance target is met (*e.g.*, during Q3 or Q4 in 2026), participants will receive credit and a payout for the target they did not meet initially.

- **Termination of Employment.** If a SQIP participant is terminated without “cause”, resigns for “good reason”, dies, or becomes disabled, then he or she will be entitled to a prorated portion of the payment based on performance; any unpaid portion will be forfeited.

25. The three Performance Metrics will require the same achievement percentages as the KEIP.⁴

26. If approved, the SQIP will provide aggregate opportunities of approximately \$978,000 for senior vice presidents, \$3.9 million for vice presidents, \$1.1 million for senior directors, and \$1.8 million for directors. The SQIP awards available to each SQIP Participant are summarized as follows:

SQIP Values			
SQIP Participant	Percent of Base Salary		
	Minimum	Average	Maximum
Senior Vice President	13%	25%	38%
Vice President	10%	20%	30%
Senior Director	6%	13%	19%
Director	5%	10%	15%

III. TBR Plan Participants.

27. The Debtors seek authorization to implement a continuation of the TBR Plan to retain the 12,911 TBR Plan Participants who are critical to the Debtors’ ongoing operations during these chapter 11 cases.⁵ These TBR Plan Participants play important roles in the Debtors’ business and are vital to the continued operation thereof.

⁴ See Section IV.

⁵ A detailed description of the Debtors’ existing incentive and retention plans is set forth in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue the Compensation and Benefits Programs and (II) Granting Related Relief* [Docket No. 12] (the “Wages Motion”). The Court authorized the Debtors to maintain and continue their existing plans in the ordinary course of business in the *Final Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue the Compensation and Benefits Programs and (II) Granting Related Relief* [Docket No. 321] (the “Wages Order”).

28. Despite their titles, which may include words such as “senior director” or “director,” and notwithstanding their importance to the Debtors’ day-to-day operations, the TBR Plan Participants do not exercise control over the Company or its decision-making process. Similar to the SQIP Participants, none of the TBR Plan Participants (a) were appointed or hired by the Debtors’ board of directors; (b) exercise managerial control over, or has responsibility for, the Debtors’ operations as a whole; or (c) direct the Debtors’ overall corporate policy or governance. Accordingly, the TBR Plan Participants are not “insiders” as defined by the Bankruptcy Code.

IV. Overview of the TBR Plan.

29. The Debtors, in the ordinary course of business, incur payment obligations to their non-insider, salaried and wage-earning employees in connection with the TBR Plan. The Debtors’ TBR Plan is a contractual bonus that is used to attract and retain specialized talent. This contractual bonus is a cash payout made to employees on a quarterly basis. Payment of awards pursuant to the TBR Plan is contingent upon employees’ continued employment with the Debtors through the award payment date or retention period.

30. The TBR Plan will provide aggregate awards of \$22.7 million. Such award opportunities are reasonable, market-based, and justified under the circumstances of these chapter 11 cases.

Conclusion

Based on my experience, and the work I have completed in this case, I believe that the design, structure, cost, and award opportunities available under the Employee Plans are reasonable given the facts and circumstances of these chapter 11 cases. The Debtors and their advisors performed substantial due diligence in developing the Employee Plans, including thoroughly reviewing peer group data, and determining the payments amounts that are reasonable in comparison to other

similarly situated companies. Lastly, I believe the Employee Plans are essential to the success of the Debtors' continued operations during these chapter 11 cases. For the reasons set forth in this Declaration, I submit that it would be appropriate for the Court to approve the Employee Plans, as contemplated by the Motion.

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

Dated: December 19, 2025

/s/ Tony Simion

Name: Tony Simion

Title: Managing Director

Alvarez & Marsal North America, LLC