

Court File No. CV-17-11857-00CL

**TK HOLDINGS INC., TAKATA CORPORATION,
AND RELATED PARTIES**

**FIRST REPORT OF FTI CONSULTING CANADA INC., IN ITS
CAPACITY AS INFORMATION OFFICER**

September 28, 2017

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF TK HOLDINGS INC., AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "A" HERETO (the "Chapter 11
Debtors")**

**AND IN THE MATTER OF TAKATA CORPORATION, AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "B" HERETO (the "Japanese Debtors",
and collectively with the Chapter 11 Debtors, the "Debtors")**

**APPLICATION OF TK HOLDINGS INC. AND TAKATA CORPORATION
UNDER SECTION 46 OF THE
*COMPANIES' CREDITORS ARRANGEMENT ACT***

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS INFORMATION OFFICER**

INTRODUCTION

1. On June 25, 2017, TK Holdings Inc. ("**TK Holdings**"), Takata Americas, TK Finance, LLC, TK China, LLC, TK Mexico Inc., TK Mexico LLC, Interiors in Flight, Inc., Takata Protection Systems Inc., TK Holdings de Mexico S. de R.L. de C.V., Industrias Irvin de Mexico, S.A. de C.V., Takata de Mexico, S.A. de C.V. and Strosshe-Mex, S. de R.L. de C.V. (collectively, the "**Chapter 11 Debtors**") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") (the "**Chapter 11 Proceedings**").

2. Concurrently, albeit on June 26, 2017, in Japan, Takata Corporation, Takata Kyushu Corporation and Takata Service Corporation (the "**Japanese Debtors**", and collectively with the Chapter 11 Debtors, the "**Debtors**") initiated civil rehabilitation proceedings with the 20th Department of the Civil Division of the Tokyo District Court under the Civil Rehabilitation Act of Japan (the "**Japanese Proceedings**", and collectively with the Chapter 11 Proceedings, the "**Foreign Proceedings**").
3. The Chapter 11 Debtors obtained certain First Day Orders (listed below) from the U.S. Court on June 27, 2017.
4. On June 28, 2017, TK Holdings, as the foreign representative of the Chapter 11 Debtors (the "**Chapter 11 Foreign Representative**"), obtained an order of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), among other things, granting a stay of proceedings against the Chapter 11 Debtors pursuant to Part IV of the *Companies' Creditors Arrangement Act* (the "**CCAA**") (the "**Initial Recognition Order**").
5. Also on June 28, 2017, the Canadian Court issued a supplemental order (the "**Supplemental Recognition Order**", and together with the Initial Recognition Order, the "**Canadian Recognition Orders**") which, among other things, (i) appointed FTI Consulting Canada Inc. as an officer of the Court (the "**Information Officer**"), and (ii) recognized the following "First Day Orders" of the U.S. Court in the Chapter 11 Proceedings:
 1. Order Directing Joint Administration of Chapter 11 Cases;
 2. Order Appointing Prime Clerk LLC as Claims and Noticing Agent;
 3. Interim Order (i) Authorizing Debtors to Enter into Accommodation Agreement with Certain Customers, (ii) Granting Adequate Protection to Certain Consenting OEMs in Connection Therewith, (iii) Modifying the Automatic Stay to Implement and Effectuate the Terms of the Interim Order, and (vi) Scheduling a Final Hearing;

4. Interim Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Extending Time to Comply with Requirements of 11 U.S.C. § 345(b);
5. Interim Order to (I) Pay Prepetition Wages, Salaries, and Other Compensation and Benefits, and (II) Maintain Employee Benefit Programs and Pay Related Administrative Obligations;
6. Interim Order to Pay Prepetition Obligations Owed to Certain Critical Vendors;
7. Interim Order Authorizing the Debtors to (I) Pay Prepetition Obligations Owed to Certain Foreign Vendors and Lien Claimants and (II) Grant Administrative Status for Certain Goods Delivered to Debtors Postpetition;
8. Interim Order to (I) Continue Tooling and Warranty Programs in the Ordinary Course of Business and Pay Prepetition Obligations Related Thereto, and (II) Authorize Banks to Honor and Process Related Checks and Transfers;
9. Interim Order to Continue Insurance Programs and Pay All Obligations With Respect Thereto;
10. Interim Order to (I) Pay Certain Prepetition Taxes and Assessments, and (II) Authorize Banks to Honor and Process Related Checks and Transfers;

11. Interim Order (I) Approving Debtors' Proposed form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service;

12. Order Enforcing the Protections of 11 U.S.C. §§ 362, 365, 525, and 541(c);

13. Order authorizing TK Holdings, Inc. to Act as Foreign Representative on Behalf of the Debtors' Estates; and

14. Order Implementing Certain Notice Procedures and Approving the Form and Manner of Notice of Commencement.

6. No recognition of the Japanese proceedings was sought at that time.
7. On July 12, 2017, the plaintiffs in the Continuing Actions (as defined below) served a Notice of Motion for a motion to, among other things, set aside or to vary the Canadian Recognition Orders (the “**Plaintiff’s Notice of Motion**”).

8. Subsequent to the service of the Plaintiff's Notice of Motion, counsel for the Chapter 11 Foreign Representative, counsel for the plaintiffs in the Canadian Class Actions, the Information Officer and counsel to the Information Officer entered into discussions with respect to the issues raised in the Plaintiff's Notice of Motion. The issues were ultimately resolved on the basis that, among other things: (i) counsel for the plaintiffs in the Continuing Actions wrote to Justice Perell to adjourn the case conference scheduled for August 17, 2017 in the Continuing Actions; (ii) the plaintiffs in the Continuing Actions withdrew their objections to the Canadian Recognition Orders; and (iii) the Chapter 11 Foreign Representative clarified that the scope of the stay of proceedings in the Canadian Recognition Orders did not extend to the plaintiffs' claims as against non-Takata (defined below) defendants, without prejudice to the Chapter 11 Foreign Representative's ability to bring a motion to extend the stay of proceedings to non-Takata defendants or the plaintiffs' ability to oppose such a motion. A copy of the letter with respect to the aforementioned is attached as Schedule "C".
9. On September 1, 2017, the Chapter 11 Foreign Representative and Takata Corporation, as the foreign representative of the Japanese Debtors (the "**Japanese Foreign Representative**", and collectively with the Chapter 11 Foreign Representative, the "**Foreign Representatives**"), obtained an order of the Canadian Court, among other things, amending the Canadian Recognition Orders to extend recognition and various rights to the Japanese Debtors from and after September 1, 2017. Copies of the amended Initial Recognition Order (the "**Amended Initial Recognition Order**") and the amended Supplemental Recognition Order (the "**Amended Supplemental Recognition Order**") are attached as **Schedules "D" and "E"**, respectively.
10. The Amended Supplemental Recognition Order, among other things, recognized the following Orders made in the Japanese Proceedings:
 1. Order Commencing Rehabilitation Proceedings for Takata Corporation, dated June 28, 2017, except Article 2 of that Order;

2. Order Appointing Supervisor of Takata Corporation, Dated June 26, 2017;
 3. Order Commencing Rehabilitation Proceedings for Takata Kyushu Corporation, dated June 28, 2017, except Article 2 of that Order;
 4. Order Appointing Supervisor of Takata Kyushu Corporation, Dated June 26, 2017;
 5. Order Commencing Rehabilitation Proceedings for Takata Service Corporation, dated June 28, 2017, except Article 2 of that Order; and
 6. Order Appointing Supervisor of Takata Service Corporation, Dated June 26, 2017;
11. In its capacity as Information Officer, FTI Consulting Canada Inc. is maintaining a website where documents relating to the recognition proceedings are being made available: <http://cfcanada.fticonsulting.com/TKHoldingsInc/>. Further information on the Chapter 11 Proceedings can be found on the following website: <https://restructuring.primeclerk.com/takata/Home-Index>. Further information on the Japanese Proceedings can be found on the following website: <http://www.takata.com/en/>.
 12. Pursuant to paragraph 14(b) of the Amended Supplemental Recognition Order, the Information Officer is required to, among other things, report to the Canadian Court at least once every three (3) months with respect to the status of the Canadian recognition proceedings.
 13. The purpose of this, the First Report of the Information Officer, is to report to the Canadian Court in compliance with paragraph 14(b) of the Amended Supplemental Recognition Order. This First Report is not intended to be a comprehensive update with respect to the Foreign Proceedings, but is instead intended to highlight certain matters the Information Officer believes are particularly relevant for the Canadian Court.

14. In preparing this report, the Information Officer has relied solely on information and documents provided by the Foreign Representatives and their counsel. The Information Officer has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of this information in a manner that would comply with the Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.

BACKGROUND

15. Takata Corporation, together with its direct and indirect subsidiaries ("**Takata**"), is a manufacturer of automotive safety components, including seatbelts and airbags.
16. While Takata has no assets (other than retainers with professionals, including counsel) or operations in Canada, its products appear in vehicles in Canada since Takata sells its products to original equipment manufacturer customers (the "**OEMs**"), who in turn manufacture and sell automobiles in Canada.
17. Recently, Takata has experienced financial distress due to issues relating to certain of its airbag inflators containing phase-stabilized ammonium nitrate ("**PSAN Inflators**"), which have ruptured during deployment of the airbag. This has led to wide-ranging recalls of vehicles in Canada, the United States and elsewhere.
18. Takata has been named as a defendant in a number of actions in Canada relating to the PSAN Inflators, including fourteen (14) uncertified class actions in Canada (five of which have been consolidated into national class actions proceeding in Ontario (the "**Continuing Actions**"), four of which have been dismissed, and five of which are currently in abeyance (collectively, the "**Canadian Class Actions**") and three personal injury actions (collectively the "**Canadian Personal Injury Actions**", and collectively with the Canadian Class Actions, the "**Canadian Actions**"). Although several of the Canadian Actions allege personal injuries, Takata advises that there have been no known instances of inflator rupture in Canada to date.

19. Takata Corporation and TK Holdings, along with certain OEMs, are also defendants in putative competition class actions in four (4) Canadian provinces (British Columbia, Ontario, Saskatchewan, and Quebec) (the "**Canadian Competition Class Actions**"). The Canadian Competition Class Actions purport to be on behalf of certain consumers in Canada whose claims relate to the sale of occupant safety systems, including airbags, seat belts, and steering wheels. In each of these actions, certain of Takata's competitors are also named as defendants.

20. Takata also faces significant liabilities relating to the PSAN Inflators in the United States and elsewhere, including:
 - i. A USD \$25 million criminal fine and USD \$975 million in restitution payments arising out of a plea agreement with the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of Michigan, USD \$850 million of which remains outstanding and must be satisfied in full by February 27, 2018;
 - ii. An up to USD \$200 million civil penalty owed by TK Holdings to the United States National Highway Traffic Safety Administration ("NHTSA") in the U.S. in connection with recalls, which consists of USD\$70 million in non-contingent penalties (USD \$50 million of which is outstanding and due by October 2020) and USD\$130 million in penalties that are deferred and held in abeyance pending TK Holdings compliance with certain provisions of a consent order with NHTSA;
 - iii. Recall-related indemnification and warranty liabilities, in the billions of dollars, owed to OEM customers who purchased and installed the affected components into vehicles that were then sold globally, which, based on the results of the marketing and sale process undertaken, exceed the enterprise value of Takata; and
 - iv. Significant ongoing and potential future litigation claims in the United States and Mexico (in addition to the Canadian Actions and the Canadian

Competition Class Actions) asserting damages claims for personal injury, wrongful death and economic losses, among other things, relating to the affected airbags.

21. Notwithstanding the foregoing, after an expansive sale and marketing process, Takata is close to finalizing the terms of a global transaction with Key Safety Systems, Inc. for the sale of substantially all of Takata's global operations (the "**Global Transaction**").
22. While the Debtors are close to finalizing the Global Transaction, they determined that their liquidity position was not sustainable without an insolvency filing in light of vendor reaction to news of a then pending bankruptcy filing.

NOTICES

23. Pursuant to the Initial Recognition Order, within seven (7) days from the date of the Initial Recognition Order, or as soon as reasonably practicable after that date, the Chapter 11 Foreign Representative, with the assistance of the Information Officer, was required to (a) cause a notice to be published once a week for two consecutive weeks in the Globe and Mail (National Edition) and the National Post, and (b) send a copy of the notice and the Initial Recognition Order to the proposed representative plaintiffs in each Canadian Class Action and the plaintiff(s) in each Canadian Personal Injury Action.
24. The Information Officer caused the notice to be published in the Globe and Mail (National Edition) on July 5, 2017 and July 12, 2017, and in the National Post on July 5, 2017 and July 12, 2017. A sample of the published notice is attached as **Schedule "F"**.

25. In addition, counsel to the Information Officer sent copies of the notice and the Initial Recognition Order to the proposed representative plaintiffs in each Canadian Class Action and the plaintiff(s) in each Canadian Personal Injury Action on or around June 30, 2017, care of their counsel. Notice was also provided by counsel to the Information Officer to the judges seized of the Canadian Class Actions and to Transport Canada.
26. Pursuant to the Amended Initial Recognition Order, as soon as reasonably practicable after September 1, 2017, and in any event by September 8, 2017, the Japanese Foreign Representative, with the assistance of the Information Officer, was required to cause a notice to be published once a week for two consecutive weeks, in the Globe and Mail (National Edition) and the National Post.
27. The Information Officer caused the further notice to be published in the Globe and Mail (National Edition) on September 12, 2017, and September 19, 2017, and in the National Post on September 12, 2017 and September 19, 2017. In addition to providing notice of the recognition proceedings, this publication also provided the following notification with respect to the Japanese claims process and deadlines:

PLEASE TAKE FURTHER NOTICE that the deadline for potential creditors to file a proof of rehabilitation claim with respect to the Japanese Debtors in the Japanese Proceedings was August 25, 2017. Proofs of claim filed after the deadline may be accepted for a limited period if the delay in filing is caused by reasons that are not attributable to the creditor. The Japanese Debtors have indicated they will make best efforts to ask the Japanese Court to accept proofs of claims from foreign creditors that are received by October 30, 2017.

A sample of the published notice is attached as **Schedule "G"**.

CLAIMS BAR DATES

28. The Japanese Court established the following schedule for the Japanese Proceedings:

August 25, 2017	Deadline for filing proofs of rehabilitation claims
October 12, 2017	Submission deadline for inventory of assets and balance sheets.
October 30, 2017	Submission deadline for the statement of approval or disapproval
November 6 to November 13, 2017	Period to examine proofs of rehabilitation claims, etc.
November 27, 2017	Submission deadline for proposed rehabilitation plan

29. On July 18, 2017, the Information Officer posted on its website that the Japanese Debtors commenced a proceeding under the Civil Rehabilitation Act (“CRA”) in Tokyo, Japan, that the deadline to file claims against the Japanese Debtors was August 25, 2017, and that more information could be obtained at <http://www.takata.com>.
30. On August 15, 2017, the Information Officer posted on its website a claims package for claims against the Japanese Debtors including (i) a Notice of Commencement of Civil Rehabilitation Proceedings, (ii) Instructions for Filing Proof of Rehabilitation Claim, (iii) a Proof of Rehabilitation Claim Form and (iv) English Translations of each.

31. The Information Officer has been advised that proofs of claim filed after the August 25, 2017 deadline may be accepted for a limited period if the delay in filing was caused by reasons that are not attributable to the creditor. The Japanese Debtors have also indicated that they will make best efforts to ask the Japanese Court to accept proofs of claims from foreign creditors (including Canadian creditors) that are received by October 30, 2017. Claims against the Japanese Debtors must be filed in Japanese.
32. As noted above, notice of the deadline for filing proofs of claim in the Japanese Proceedings, including that the Japanese Debtors will make best efforts to ask the Japanese Court to accept proofs of claim from foreign creditors up to October 30, 2017, was published in Canada on September 12, 2017 and September 19, 2017.
33. The Chapter 11 Debtors have served notice of a motion in the Chapter 11 Proceedings to establish a claims and noticing process. That motion has been adjourned on several occasions and is now scheduled for October 2, 2017.
34. The Information Officer understands that the Chapter 11 Foreign Representative intends to seek recognition of the claims and noticing process after it is approved by the U.S. Court in the Chapter 11 Proceedings.
35. In addition, since there is a substantial overlap among the potential creditors of the Chapter 11 Debtors and the Japanese Debtors, the Information Officer understands that following the approval of a noticing and claims process in the Chapter 11 Proceedings, the Japanese Foreign Representative intends to bring a motion concurrently with the Chapter 11 Foreign Representative to seek recognition of the claims and noticing process that has been established in the Japanese Proceedings.

THIRD PARTY STAY

36. On August 9, 2017, the U.S. Court heard an all-day motion brought by the Chapter 11 Debtors for an order, among other things, preliminarily enjoining certain actions from proceeding against third party defendants to actions involving the Chapter 11 Debtors and certain OEMs.
37. The U.S. Court issued an oral ruling, which was read into the record on August 16, 2017, which granted the motion in part, and stayed certain claims against the Takata Corporation and certain OEMs through and including November 15, 2017, subject to further extensions by the U.S. Court, among other things. A copy of the Order issued by the U.S. Court (the "**Injunction Order**") is attached as **Schedule "H"**.
38. As the Canadian Court was advised by counsel to the Foreign Representatives on September 1, 2017, rather than seek to have the Injunction Order recognized in Canada, the Chapter 11 Foreign Representative and counsel for the plaintiffs in the Continuing Actions agreed to an arrangement whereby:
- (i) Until November 15, 2017 the plaintiffs in the Continuing Actions will not take any formal steps to advance the litigation in Canada;
 - (ii) The Chapter 11 Foreign Representative will not seek to recognize the Injunction Order in Canada prior to November 15, 2017;
 - (iii) The arrangement is without prejudice to the Chapter 11 Foreign Representative's ability to seek recognition of any future orders (including any new or extended third party injunction order) or to seek recognition of the Injunction Order if any steps were taken in the Canadian Class Actions in Canada; and

(iv) In the event that the plaintiffs in the Continuing Actions determine it will be necessary to seek any relief in these proceedings in Canada, the plaintiffs will provide 5 days' notice to Takata. If Takata objects within this 5 day period, Takata and the plaintiffs will, in the following 5 days, use best efforts to agree upon a schedule for the Chapter 11 Foreign Representative to seek to recognize the Injunction Order, failing which the parties will appear before Hainey J. with respect to the schedule. The plaintiffs will not take any formal steps to advance the Continuing Actions in Canada during that time.

39. The Information Officer was, and remains, supportive of the arrangement entered into.

Dated this 28th day of September, 2017.

FTI Consulting Canada Inc., solely in its capacity as the Information Officer of the Debtors, and not in its personal or in any other capacity



Jeffrey Rosenberg
Senior Managing Director

Schedule "A" – Chapter 11 Debtors

1. TK Holdings Inc.
2. Takata Americas
3. TK Finance, LLC
4. TK China, LLC
5. TK Mexico Inc.
6. TK Mexico LLC
7. Interiors in Flight, Inc.
8. Takata Protection Systems Inc.
9. TK Holdings de Mexico S. de R.L. de C.V.
10. Industrias Irvin de Mexico, S.A. de C.V.
11. Takata de Mexico, S.A. de C.V.
12. Strosshe-Mex, S. de R.L. de C.V.

Schedule “B” – Japanese Debtors

1. Takata Corporation
2. Takata Kyushu Corporation
3. Takata Service Corporation

Schedule “C” – Counsel Letter



McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Heather L. Meredith
Direct Line: (416) 601-8342
Direct Fax: (416) 868-0673
Email: hmeredith@mccarthy.ca

August 4, 2017

Via Email (wingfield@weirfoulds.com)

Without Prejudice

Mr. David R. Wingfield
Partner
WeirFoulds LLP
4100 - 66 Wellington Street West
P.O. Box 35, Toronto-Dominion Centre
Toronto ON M5K 1B7

Dear Mr. Wingfield:

Re: Takata Canadian Recognition (the "Canadian Recognition Proceedings") (Defined terms used in this letter have the meanings given to them in the affidavit of Scott Caudill sworn on June 27, 2017)

Thank you for the call this morning. Prior to seeking instructions from our clients, to ensure we are all on the same page, we have set out below a proposed resolution and process to address the issues you have indicated you intend to raise. Would you please let us know if you agree with the below and we will seek instructions:

Scheduling for August 14th

1. Your firm (or your co-counsel's) will write to Justice Perell to adjourn the case conference scheduled for August 17, 2017 in the Canadian Class Actions pending a resolution of the dispute in the Canadian Recognition Proceedings regarding the scope of the stay of proceedings;
2. Takata will agree to delay the hearing of your motion objecting to the Recognition Orders (the "Comeback Motion") and the Third Party Stay Motion (defined below) from August 14th to a date in or after the first week of September (with counsel to the Information Officer to coordinate finding a date with the Court as close to the first week of September as possible). This would be on the basis that your clients will not rely on the delay in bringing the motion as a basis upon which to object to the relief sought. Takata will also agree to delay the hearing of a motion to recognize claims process orders on the same basis, although that motion may ultimately need to proceed ahead of the Comeback Motion and Third Party Stay Motion;

Potential Resolution of Objections to Recognition Orders

3. Our firm will clarify the scope of the existing stay of proceedings as set out in the Recognition Orders. If we are able to confirm that it is Takata's position that the existing stay of proceedings in the Recognition Orders does not stay the Canadian Class Actions

to which your clients are parties as against non-debtor/non-Takata defendants, then your clients will withdraw their challenge to the Recognition Orders;


4. The steps in # 3, above, would be without prejudice to Takata's ability to bring a motion in the Canadian Recognition Proceedings to extend the stay of proceedings to non-debtor/non-Takata defendants (a "Third-Party Stay Motion") and without prejudice to your client's ability to oppose such a Third-Party Stay Motion at which time it would be understood that your clients may raise arguments such as the jurisdiction of the CCAA Court to stay claims as against non-debtors and constitutionality of the requested order provided that such arguments may not be directed at attacking the Recognition Orders and/or the stay of proceedings against Takata entities;

Japanese Recognition

5. Recognition of the Japanese Proceedings may be sought in advance of the Comeback Motion and Third Party Stay Motion. Recognition will be sought either *ex parte* or with limited notice, and with a comeback motion date, such that your clients will either be able to object to the orders recognizing the Japanese Proceedings at the comeback motion (which will be coordinated with the existing Comeback Motion) or such disputes will be resolved on the same basis as described above, if such resolution can be reached.

We look forward to hearing from you at your earliest convenience.

Yours truly,



Heather L. Meredith

HLM/sa

- c: Eric S. Block
Paul Davis
Trevor A. Courtis
Mr. Sean H. Zweig
Mr. Jeffrey R. Rosenberg
Ms. Sabrina Lombardi

**Schedule “D” – Amended Initial Recognition
Order (Foreign Main Proceeding)**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) WEDNESDAY, THE 28th
JUSTICE HAINEY)
DAY OF JUNE, 2017

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF TAKATA CORPORATION, AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "B" HERETO (the "Japanese Debtors", and
collectively with the Chapter 11 Debtors, the "Debtors")

APPLICATION OF TK HOLDINGS INC. AND TAKATA CORPORATION
UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT

AMENDED INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by TK Holdings Inc. in its capacity as foreign representative (the "U.S. Foreign Representative") of the Chapter 11 Debtors, and by Takata Corporation ("TKJP") in its capacity as foreign representative of the Japanese Debtors (the "Japanese Foreign Representative", and collectively with the U.S. Foreign Representative, the "Foreign Representatives") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order substantially in the form enclosed in the Application Record at Tab 3, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Scott E. Caudill sworn June 27, 2017 (the "Caudill Affidavit"), ~~and~~ the affidavit of Sharon Kour sworn June 28, 2017 and

the Affidavit of Hiroshi Shimizu sworn August 24, 2017, each filed, and upon being provided with copies of the documents required by s. 46 of the CCAA,

AND UPON BEING ADVISED by Canadian counsel for the U.S.—Foreign Representatives that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) is being sought substantially in the form enclosed in the Application Record at Tab 4,

AND UPON HEARING the submissions of Canadian counsel for the U.S.—Foreign Representatives, Canadian counsel for the Plan Sponsor (as defined in the Caudill Affidavit) and counsel for the proposed information officer, FTI Consulting Canada Inc. (the "Proposed Information Officer"), and upon being advised that no other persons were served with the Notice of Application:

DEFINED TERMS AND SERVICE

1. **THIS COURT ORDERS** that all capitalized terms used but not defined herein have the meaning given to them in the Caudill Affidavit.
2. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

FOREIGN REPRESENTATIVES

3. **THIS COURT ORDERS AND DECLARES** that the U.S. Foreign Representative is the "foreign representative" as defined in section 45 of the CCAA of the Chapter 11 Debtors in respect of the petitions commenced by the Chapter 11 Debtors in the United States Bankruptcy Court, District of Delaware for relief under chapter 11 of title 11 of the United States Code (the "Chapter 11 Proceedings").
4. **THIS COURT ORDERS AND DECLARES** that the Japanese Foreign Representative is the "foreign representative" as defined in section 45 of the CCAA of the Japanese Debtors in respect of the petition commenced by the Japanese Debtors with the 20th Department of the Civil

Division of the Tokyo District Court pursuant to Article 21(1) of the Civil Rehabilitation Act of Japan (the "Japanese Proceedings").

CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDINGS

5. **THIS COURT DECLARES** that the centre of main interests for each of the Chapter 11 Debtors is in the United States of America, and that the Chapter 11 Proceedings are hereby recognized as "foreign main proceedings" as defined in section 45 of the CCAA.

6. **THIS COURT DECLARES** that the centre of main interests for each of the Japanese Debtors is in Japan, and that the Japanese Proceedings are hereby recognized as "foreign main proceedings" as defined in section 45 of the CCAA.

STAY OF PROCEEDINGS

7. **THIS COURT ORDERS** that until otherwise ordered by this Court:

- (a) all proceedings taken or that might be taken against any ~~Chapter 11~~ Debtor under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;
- (b) further proceedings in any action, suit or proceeding against any ~~Chapter 11~~ Debtor are restrained; and
- (c) the commencement of any action, suit or proceeding against any ~~Chapter 11~~ Debtor is prohibited.

NO SALE OF PROPERTY

8. **THIS COURT ORDERS** that, except with leave of this Court, each of the ~~Chapter 11~~ Debtors is prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
- (b) any of its other property in Canada.

GENERAL

9. **THIS COURT ORDERS** that within 7 days from the date of this Order, or as soon as reasonably practicable after the entry of this Order, the U.S. Foreign Representative, with the

assistance of the Proposed Information Officer, shall (a) cause to be published a notice substantially in the form attached to this Order as **Schedule B-C** (the “**Notice of Recognition Proceeding**”), once a week for two consecutive weeks, in the Globe and Mail (National Edition) and the National Post; and (b) send a copy of the Notice of Recognition Proceeding and this Order to the proposed representative plaintiffs in each Canadian Class Action and the plaintiff(s) in each Canadian Personal Injury Action, in each case by sending a copy to counsel of record by email in accordance with the E-Service Protocol of the Commercial List (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>), service of which will be effective on transmission, or by prepaid ordinary mail, courier, personal delivery or facsimile transmission service of which will be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

10. **THIS COURT ORDERS** that, as soon as reasonably practicable after September 1, 2017, and in any event by September 8, 2017, the Japanese Foreign Representative, with the assistance of the Proposed Information Officer, shall cause to be published a notice substantially in the form attached to this Order as **Schedule D** (the “**Supplemental Notice of Recognition Proceeding**”), once a week for two consecutive weeks, in the Globe and Mail (National Edition) and the National Post.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the ~~Chapter 11~~ Debtors and the ~~U.S.~~ Foreign Representatives and their respective counsel and agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective with respect to the Chapter 11 Debtors, the Chapter 11 Proceedings and the U.S. Foreign Representative as of 12:01 a.m. on the date of this Order.

13. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective with respect to the Japanese Debtors, the Japanese Proceedings and the Japanese Foreign Representative as of 12:01 a.m. on September 1, 2017.

14. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to be delivered on or before July 12, 2017 to the ~~Chapter 11 Debtors, the U.S. Foreign Representatives, the Proposed Information Officer, the Plan Sponsor and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.~~

Schedule "A" – Chapter 11 Debtors

1. TK Holdings Inc.
2. Takata Americas
3. TK Finance, LLC
4. TK China, LLC
5. TK Mexico Inc.
6. TK Mexico LLC
7. Interiors in Flight, Inc.
8. Takata Protection Systems Inc.
9. TK Holdings de Mexico S. de R.L. de C.V.
10. Industrias Irvin de Mexico, S.A. de C.V.
11. Takata de Mexico, S.A. de C.V.
12. Strosshe-Mex, S. de R.L. de C.V.

Schedule "B" – Japanese Debtors

1. Takata Corporation
2. Takata Kyushu Corporation
3. Takata Service Corporation

**Schedule “E” – Amended Supplemental Order
(Foreign Main Proceeding)**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) WEDNESDAY, THE 28th
JUSTICE HAINEY)
DAY OF JUNE, 2017

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF TK HOLDINGS INC., AND THOSE OTHER COMPANIES
LISTED ON SCHEDULE "A" HERETO (the "Chapter 11 Debtors")

AND IN THE MATTER OF TAKATA CORPORATION, AND THOSE OTHER
COMPANIES LISTED ON SCHEDULE "B" HERETO (the "Japanese Debtors", and
collectively with the Chapter 11 Debtors, the "Debtors")

APPLICATION OF TK HOLDINGS INC. AND TAKATA CORPORATION
UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT

AMENDED SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by TK Holdings Inc. in its capacity as foreign representative (the "U.S. Foreign Representative") of the Chapter 11 Debtors, and by Takata Corporation in its capacity as foreign representative of the Japanese Debtors (the "Japanese Foreign Representative", and collectively with the U.S. Foreign Representative, the "Foreign Representatives"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order substantially in the form enclosed in the Application Record at Tab 5, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Scott E. Caudill sworn June 27, 2017 (the "**Caudill Affidavit**"), and the affidavit of Sharon Kour sworn June 28, 2017 and the Affidavit of Hiroshi Shimizu sworn August 24, 2017, each filed, and on hearing the submissions of Canadian counsel for the U.S.-Foreign Representatives, Canadian counsel for the Plan Sponsor (as defined in the Caudill Affidavit) and counsel for the proposed information officer, FTI Consulting Canada Inc., which parties were served on a confidential basis, and upon being advised that no other persons were served with the Notice of Application, and on reading the consent of FTI Consulting Canada Inc. to act as the information officer:

DEFINED TERMS AND SERVICE

1. **THIS COURT ORDERS** that all capitalized terms used but not defined herein have the meaning given to them in the Caudill Affidavit.
2. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

INITIAL RECOGNITION ORDER

3. **THIS COURT ORDERS** that the provisions of this Amended Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Amended Initial Recognition Order (Foreign Main Proceeding) dated June 28, 2017 (the "**Initial Recognition Order**"), provided that in the event of a conflict between the provisions of this Amended Supplemental Order and the provisions of the Amended Initial Recognition Order, the provisions of the Amended Initial Recognition Order shall govern.

RECOGNITION OF FOREIGN ORDERS

4. **THIS COURT ORDERS** that the following orders, copies of which are attached as Schedule "B" to "O" of this Order, (collectively, the "**U.S. First Day Orders**") of the United States Bankruptcy Court, District of Delaware made in the Chapter 11 Proceedings are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

- (a) Order Directing Joint Administration of Chapter 11 Cases;
- (b) Order Appointing Prime Clerk LLC as Claims and Noticing Agent;
- (c) Interim Order (i) Authorizing Debtors to Enter into Accommodation Agreement and Access Agreement With Certain Customers, (ii) Granting Adequate Protection to Certain Consenting OEMs in Connection Therewith, (iii) Modifying the Automatic Stay to Implement and Effectuate the Terms of the Interim Order, and (vi) Scheduling a Final Hearing;
- (d) Interim Order (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Certain Postpetition Claims Administrative Expense Priority, (D) Continue Intercompany Funding of Certain Non-Debtors, and (E) Maintain Existing Bank Accounts and Business Forms; and (II) Extending Time to Comply with Requirements of 11 U.S.C. § 345(b);
- (e) Interim Order to (I) Pay Prepetition Wages, Salaries, and Other Compensation and Benefits, and (II) Maintain Employee Benefit Programs and Pay Related Administrative Obligations;
- (f) Interim Order to Pay Prepetition Obligations Owed to Certain Critical Vendors;
- (g) Interim Order Authorizing the Debtors to (I) Pay Prepetition Obligations Owed to Certain Foreign Vendors and Lien Claimants and (II) Grant Administrative Status for Certain Goods Delivered to Debtors Postpetition;
- (h) Interim Order to (I) Continue Tooling and Warranty Programs in the Ordinary Course of Business and Pay Prepetition Obligations Related Thereto, and (II) Authorize Banks to Honor and Process Related Checks and Transfers;
- (i) Interim Order to Continue Insurance and Surety Bond Programs and Pay All Obligations With Respect Thereto;

- (j) Interim Order to (I) Pay Certain Prepetition Taxes and Assessments, and (II) Authorize Banks to Honor and Process Related Checks and Transfers;
- (k) Interim Order (I) Approving Debtors' Proposed form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service;
- (l) Order Enforcing the Protections of 11 U.S.C. §§ 362, 365, 525, and 541(c);
- (m) Order Authorizing TK Holdings, Inc. to Act as Foreign Representative on Behalf of the Debtors' Estates; and
- (n) Order Implementing Certain Notice Procedures and Approving the Form and Manner of Notice of Commencement (the "U.S. First Day Orders").

5. THIS COURT ORDERS that the following orders, copies of which are attached as Schedule "O" to "V" of this Order, (the "Japanese Court Orders", and collectively with the U.S. First Day Orders, the "Initial Foreign Orders") of the 20th Department of the Civil Division of the Tokyo District Court made in the Japanese Proceedings are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

- (a) Order Commencing Rehabilitation Proceedings for Takata Corporation, dated June 28, 2017, except Article 2 of that Order;
- (b) Order Appointing Supervisor of Takata Corporation, dated June 26, 2017;
- (c) Order Commencing Rehabilitation Proceedings for Takata Kyushu Corporation, dated June 28, 2017, except Article 2 of that Order;
- (d) Order Appointing Supervisor of Takata Kyushu Corporation, dated June 26, 2017
- (e) Order Commencing Rehabilitation Proceedings for Takata Service Corporation, dated June 28, 2017, except Article 2 of that Order; and

(f) Order Appointing Supervisor of Takata Service Corporation, dated June 26, 2017.

6. **THIS COURT ORDERS AND DECLARES** that, in the event of any conflict between the terms of the ~~U.S. First Day~~ Initial Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada.

APPOINTMENT OF INFORMATION OFFICER

7. **THIS COURT ORDERS** that FTI Consulting Canada Inc. (the "**Information Officer**") is hereby appointed as an officer of this Court, with the powers and duties set out herein.

NO PROCEEDINGS AGAINST THE ~~CHAPTER 11~~ DEBTORS OR THE PROPERTY

8. **THIS COURT ORDERS** that until such date as this Court may order (the "**Stay Period**") no proceeding or enforcement process in any court or tribunal in Canada, including but not limited to the Canadian Actions (each, a "**Proceeding**") shall be commenced or continued against or in respect of the ~~Chapter 11~~ Debtors or affecting their business (the "**Business**") or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the ~~Chapter 11~~ Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the ~~Chapter 11~~ Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies outside of Canada, (ii) empower any of the ~~Chapter 11~~ Debtors to carry on any business in Canada which that ~~Chapter 11~~ Debtor is not lawfully entitled to carry on, (iii) affect such investigations or Proceedings by a regulatory body as are

permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

10. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the ~~Chapter 11~~-Debtors and affecting the Business in Canada, except with leave of this Court.

ADDITIONAL PROTECTIONS

11. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Chapter 11~~-Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the ~~Chapter 11~~-Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ~~Chapter 11~~-Debtors.

12. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the ~~Chapter 11~~-Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Chapter 11~~-Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

13. **THIS COURT ORDERS** that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment

or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

OTHER PROVISIONS RELATING TO INFORMATION OFFICER

14. **THIS COURT ORDERS** that the Information Officer:

- (a) is hereby authorized to provide such assistance to the ~~U.S.-Foreign Representatives~~ in the performance of ~~its~~ their duties as the ~~U.S.-Foreign Representatives~~ may reasonably request;
- (b) shall report to this Court at least once every three months with respect to the status of these proceedings and the status of the ~~Chapter 11-Foreign~~ Proceedings, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;
- (c) in addition to the periodic reports referred to in paragraph 14(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 14(b) above;
- (d) shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Chapter 11-Debtors~~, to the extent that is necessary to perform its duties arising under this Order; and
- (e) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order.

15. **THIS COURT ORDERS** that the ~~Chapter 11-Debtors~~ and the ~~U.S.-Foreign Representatives~~ shall (i) advise the Information Officer of all material steps taken by the ~~Chapter 11-Debtors~~ or the ~~U.S.-Foreign Representatives~~ in these proceedings or in the ~~Chapter 11-Foreign~~ Proceedings, (ii) co-operate fully with the Information Officer in the exercise of its powers and discharge of its obligations, and (iii) provide the Information Officer with the

assistance that is necessary to enable the Information Officer to adequately carry out its functions.

16. **THIS COURT ORDERS** that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

17. **THIS COURT ORDERS** that the Information Officer (i) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Information Officer deems appropriate.

18. **THIS COURT ORDERS** that the Information Officer may provide any creditor of a ~~Chapter 11~~ Debtor with information provided by the ~~Chapter 11~~ Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the ~~Chapter 11~~ Debtors is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Information Officer, the ~~U.S.~~ Foreign Representatives and the relevant ~~Chapter 11~~ Debtors may agree.

19. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall be paid by the ~~Chapter 11~~ Debtors their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts. The ~~Chapter 11~~ Debtors are hereby authorized and directed to pay the accounts of the Information Officer and counsel for the Information Officer and counsel for the ~~U.S.~~ Foreign Representatives on a weekly basis and, in addition, the ~~Chapter 11~~ Debtors are hereby authorized to pay to the Information Officer and counsel to the ~~U.S.~~ Foreign Representatives, *nunc pro tunc* retainers in the amounts of \$75,000 and \$100,000, respectively, to be held by

them as security for payment of their respective fees and disbursements outstanding from time to time.

20. **THIS COURT ORDERS** that, if requested by ~~the~~ any U.S.-Foreign Representative, this Court or any interested party, the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice, and the accounts of the Information Officer and its counsel shall not be subject to approval in the ~~Chapter 11-Foreign~~ Proceedings.

SERVICE AND NOTICE

21. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (Ontario), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure* (Ontario). Subject to Rule 3.01(d) of the *Rules of Civil Procedure* (Ontario) and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established by the Information Officer in accordance with the Protocol with the following URL: <http://cfcanada.fticonsulting.com/tkholdingsinc/>.

22. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Chapter 11-Debtors~~, the U.S.-Foreign Representatives and the Information Officer are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Chapter 11-Debtors'~~ creditors or other interested parties at their respective addresses as last shown on the records of the applicable ~~Chapter 11-Debtor~~ and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be

received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

23. **THIS COURT ORDERS** that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

24. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States of America, Japan or elsewhere, to give effect to this Order and to assist the ~~Chapter 11~~ Debtors, the U.S. Foreign Representatives, the Information Officer, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Chapter 11~~ Debtors, the U.S. Foreign Representatives, and the Information Officer, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the ~~Chapter 11~~ Debtors, the U.S. Foreign Representatives, and the Information Officer and their respective agents in carrying out the terms of this Order.

25. **THIS COURT ORDERS** that each of the ~~Chapter 11~~ Debtors, the U.S. Foreign Representatives and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that the Guidelines for Court-to-Court Communications in Cross-Border Cases developed by the American Law Institute and attached as **Schedule "P"** hereto is adopted by this Court for the purposes of these recognition proceedings.

27. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to be delivered on or before July 12, 2017 to the ~~Chapter 11~~ Debtors, the U.S. Foreign Representatives, the Proposed Information Officer, the Plan Sponsor and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

28. **THIS COURT ORDERS** that this Order shall be effective with respect to the Chapter 11 Debtors, the Chapter 11 Proceedings and the U.S. Foreign Representative as of 12:01 a.m. on the date of this Order.

29. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective with respect to the Japanese Debtors, the Japanese Proceedings and the Japanese Foreign Representative as of 12:01 a.m. on September 1, 2017.

Schedule "A" – Chapter 11 Debtors

1. TK Holdings Inc.
2. Takata Americas
3. TK Finance, LLC
4. TK China, LLC
5. TK Mexico Inc.
6. TK Mexico LLC
7. Interiors in Flight, Inc.
8. Takata Protection Systems Inc.
9. TK Holdings de Mexico S. de R.L. de C.V.
10. Industrias Irvin de Mexico, S.A. de C.V.
11. Takata de Mexico, S.A. de C.V.
12. Stroshe-Mex, S. de R.L. de C.V.

Schedule "B" – Japanese Debtors

1. **Takata Corporation**
2. **Takata Kyushu Corporation**
3. **Takata Service Corporation**

Schedule “F” – Globe and Mail

Court File No. CV-17-11857-00CL

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C 36, AS AMENDED
AND IN THE MATTER OF TK HOLDINGS INC., AND THOSE OTHER COMPANIES LISTED IN THIS NOTICE BELOW
APPLICATION OF TK HOLDINGS INC.
UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT**

NOTICE OF RECOGNITION ORDERS

PLEASE BE ADVISED that this Notice is pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), granted on June 28, 2017.

PLEASE TAKE NOTICE that, on June 25, 2017, TK Holdings Inc. ("TK Holdings"), Takata Americas, TK Finance, LLC, TK China, LLC, TK Mexico Inc., TK Mexico LLC, Interiors in Flight, Inc., Takata Protection Systems Inc., TK Holdings de Mexico S. de R.L. de C.V., Industrias Irvin de Mexico, S.A. de C.V., Takata de Mexico, S.A. de C.V. and Stroshe-Mex, S. de R.L. de C.V. (collectively, the "Chapter 11 Debtors"), commenced proceedings in the United States Bankruptcy Court, District of Delaware for relief under chapter 11 of title 11 of the United States Code (the "Chapter 11 Proceedings"). In connection with the Chapter 11 Proceedings, TK Holdings Inc. has been appointed as the foreign representative (the "U.S. Foreign Representative").

PLEASE TAKE FURTHER NOTICE that an Initial Recognition Order and Supplemental Order (together, the "Recognition Orders") have been issued by the Canadian Court pursuant to Part IV of the Companies' Creditors Arrangement Act (Canada) (the "Canadian Recognition Proceedings") that, among other things: (i) recognizes the Chapter 11 Proceedings as "foreign main proceedings"; (ii) recognizes TK Holdings Inc. as the foreign representative of the Chapter 11 Debtors; (iii) orders a stay of proceedings in Canada of any action, suit or proceeding against any Chapter 11 Debtor, among other things; (iv) recognizes certain orders made in the Chapter 11 Proceedings; and (v) appoints FTI Consulting Canada Inc. as "Information Officer" in the Canadian Recognition Proceedings.

PLEASE TAKE FURTHER NOTICE that the Information Officer has established a website at <http://cfcanada.fticonsulting.com/tkholdingsinc/> (the "Website") on which it will post all Orders of the Canadian Court made in the Canadian Recognition Proceedings and all reports of the Information Officer filed in the Canadian Recognition Proceedings, among other things. Any person who wishes to receive a copy of the Recognition Orders or obtain any further information in respect thereof or in respect of the matters set forth in this Notice, should have regard to the Website and/or contact the Information Officer at:

FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Tel: 416-649-8073
Fax: 416-649-8101
Attention: Jeffrey Rosenberg
Email: tkholdings@fticonsulting.com

PLEASE TAKE FURTHER NOTICE that legal counsel for the U.S. Foreign Representative is:

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Box 48, 66 Wellington Street West
Toronto ON M5K 1E6

Attention: Heather L. Meredith and Eric S. Block
Tel: 416-362-1812
Fax: 416-968-0673
Email: hmeredith@mccarthy.ca/eblock@mccarthy.ca

PLEASE TAKE FURTHER NOTICE that additional information regarding the Chapter 11 Proceedings may also be accessed by contacting counsel to the Chapter 11 Debtors in the Chapter 11 Proceedings at:

Well Gotshal & Manges LLP
767 Fifth Avenue
New York, NY, 10153
United States

Attention: Marcia L. Goldstein, Ronit Berkovich and Matthew Goren
Tel: 212-310-8214
Fax: 212-310-8007
Email: marcia.goldstein@well.com, Ronit.Berkovich@well.com,
Matthew.Goren@well.com

And via the website established in the Chapter 11 Proceedings at <https://restructuring.primeclerk.com/takata/Home-Index>
Dated at Toronto, Ontario this 5th day of July, 2017.

Schedule “G” – National Post

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C 38, AS AMENDED
AND IN THE MATTER OF TK HOLDINGS INC., AND THOSE OTHER COMPANIES LISTED ON SCHEDULE "A"
AND IN THE MATTER OF TAKATA CORPORATION, AND THOSE OTHER COMPANIES LISTED ON SCHEDULE "B"

APPLICATION OF TK HOLDINGS INC. AND TAKATA CORPORATION
UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT

NOTICE OF RECOGNITION ORDERS

PLEASE BE ADVISED that this Notice is pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), granted on June 28, 2017, as amended on September 1, 2017.

PLEASE TAKE NOTICE that, on June 28, 2017, Takata Corporation ("TKJP"), Takata Kyushi Corporation, and Takata Service Corporation (collectively, the "Japanese Debtors"), commenced proceedings in the with the 20th Department of the Civil Division of the Tokyo District Court (the "Japanese Court") pursuant to Article 21(1) of the Civil Rehabilitation Act of Japan (the "Japanese Proceedings"). In connection with the Japanese Proceedings, Takata Corporation has been appointed as the foreign representative (the "Japanese Foreign Representative").

PLEASE TAKE FURTHER NOTICE that the Canadian Court issued an Initial Recognition Order and Supplemental Recognition Order (together, the "Recognition Orders") pursuant to Part IV of the *Companies' Creditors Arrangement Act* (Canada) (the "Canadian Recognition Proceedings") that, among other things: (i) recognizes the proceeding commenced by TK Holdings Inc. ("TKH"), Takata Americas and certain subsidiaries (the "Chapter 11 Debtors") in the United States Bankruptcy Court, District of Delaware for relief under Chapter 11 of title 11 of the United States Code (the "Chapter 11 Proceedings") as "foreign main proceedings"; (ii) recognizes TKH as the foreign representative of the Chapter 11 Debtors; (iii) orders a stay of proceedings in Canada of any action, suit or proceeding against any Chapter 11 Debtor; (iv) recognizes certain orders made in the Chapter 11 Proceedings; and (v) appoints FTI Consulting Canada Inc. as "Information Officer" in the Canadian Recognition Proceedings.

PLEASE TAKE FURTHER NOTICE that the Canadian Court issued an Amended Initial Recognition Order and Supplemental Order (together, the "Amended Recognition Orders") in the Canadian Recognition Proceedings that, among other things: (i) recognizes the Japanese Proceedings as "foreign main proceedings"; (ii) recognizes TKJP as the foreign representative of the Japanese Debtors; (iii) extends the stays and protections granted in the Recognition Orders to the Japanese Debtors; (iv) recognizes certain orders made in the Japanese Proceedings; and (v) extends the mandate of the Information Officer to the Japanese Debtors and the Japanese Proceedings.

PLEASE TAKE FURTHER NOTICE that the deadline for potential creditors to file a proof of rehabilitation claim with respect to the Japanese Debtors in the Japanese Proceedings was August 25, 2017. Proofs of claim filed after the deadline may be accepted for a limited period if the delay in filing is caused by reasons that are not attributable to the creditor. The Japanese Debtors have indicated they will make best efforts to ask the Japanese Court to accept proofs of claims from foreign creditors that are received by October 30, 2017.

PLEASE TAKE FURTHER NOTICE that the Information Officer has established a website at <http://c/canada.fticonsulting.com/tkholdingsinc/> (the "Website") on which it will post all Orders of the Canadian Court made in the Canadian Recognition Proceedings and all reports of the Information Officer filed in the Canadian Recognition Proceedings, among other things. Any person who wishes to receive a copy of the Amended Recognition Orders or obtain any further information in respect thereof or in respect of the matters set forth in this Notice, should have regard to the Website and/or contact the Information Officer at:

FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8

Attention: Jeffrey Rosenberg
Tel: 416-849-8103
Fax: 416-849-8101
Email: tkholdings@fticonsulting.com

PLEASE TAKE FURTHER NOTICE that legal counsel for the Japanese Foreign Representative is:

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Box 48, 88 Wellington Street West
Toronto ON M5K 1E8

Attention: Heather L. Meredith and Eric S. Block
Tel: 416-362-1812
Fax: 416-868-0673
Email: hmeredith@mccarthy.ca/eblock@mccarthy.ca

PLEASE TAKE FURTHER NOTICE that additional information regarding the Japanese Proceedings, including the deadline to file claims against the Japanese Debtors, may be obtained by visiting <http://www.takata.com>, or by contacting counsel to the Japanese Debtors in the Japanese Proceedings at:

Baker & McKenzie
(Gaikokuho Joint Enterprise)
Ark Hills Sengokuyama Mori Tower 28F
1-9-10 Roppongi, Minato-ku
Tokyo 106-0032, Japan

Attention: Hiroshi Kasuya
and Takeshi Yoshida
Tel: +81 3 6271 9900
Fax: +81 3 5549 7720
Email: Hiroshi.Kasuya@bakermckenzie.com
Takeshi.Yoshida@bakermckenzie.com

Dated at Toronto, Ontario this 12th day of September, 2017.

Schedule “H” – Injunction Order

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re

TK HOLDINGS INC., *et al.*

Debtors.¹

TK HOLDINGS INC., *et al.*

Plaintiffs,

– against –

STATE OF HAWAII, by its Office of Consumer Protection, GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS, STATE OF NEW MEXICO, *ex rel.* HECTOR BALDERAS, Attorney General, *et al.*,

Defendants.

Chapter 11

Case No. 17-11375 (BLS)

Jointly Administered

Adv. Pro. No. 17-50880 (BLS)

Re: Docket No. 2

ORDER PURSUANT TO 11 U.S.C. § 105 GRANTING IN PART AND DENYING IN PART DEBTORS' MOTION FOR A PRELIMINARY INJUNCTION

This matter coming before the Court on the Verified Complaint for Injunctive Relief (the “*Complaint*”) and Motion for a Preliminary Injunction Pursuant to 11 U.S.C. § 105(a) (the “*Motion*”), of TK Holdings Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “*Debtors*” or “*Plaintiffs*”) in the above-captioned chapter 11 cases and adversary proceeding, pursuant to sections 105(a) and 362(a) of title 11 of the United States Code (the “*Bankruptcy Code*”) and Rule 7065 of the Federal Rules of Bankruptcy Procedure

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

(the “*Bankruptcy Rules*”), for entry of an order preliminarily enjoining certain actions from proceeding against the Debtors, Takata Corporation (“*TKJP*”), and the Consenting OEMs,² as more fully described in the Motion and the Complaint (the “*Requested Injunction*”); and the Court having jurisdiction to decide the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(a) and 1334(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; the Court having reviewed the Complaint, the Motion, the briefs and declarations in support of the Motion, and other evidence and argument submitted in support thereof, as well as the briefs and declarations submitted in opposition to the Motion, and the Court having held an evidentiary hearing; the Court finds and concludes as follows:

A. The Plaintiffs in this adversary proceeding are debtors, TK Holdings Inc., *et al.* The Defendants in this adversary proceeding are those parties listed in the “Underlying Plaintiffs” column of Exhibit A to the Complaint. The Defendants are all plaintiffs in lawsuits that seek to hold the Debtors, TKJP, or the Consenting OEMs liable in actions that include claims and/or causes of action arising out of or relating to airbag inflators manufactured by Takata.

B. The State Actions are lawsuits brought by the Governments of Hawaii, New Mexico, and the U.S. Virgin Islands against the Debtors, TKJP, and/or the Consenting OEMs.

C. The Individual Actions are lawsuits brought by individuals or entities in the United States and Canada, alleging claims and/or causes of action against the Debtors, TKJP and/or the Consenting OEMs arising out of or relating to airbag inflators manufactured by Takata.

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

D. The MDL Actions are a subset of the Individual Actions, which are consolidated before Judge Federico A. Moreno in the United States District Court for the Southern District of Florida and captioned *In re Takata Airbag Products Liability Litigation*, Case No. 1:15-md-02599. Thus, the “*non-MDL Individual Actions*” are all Individual Actions other than the MDL Actions.

E. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. There is no dispute that the Court has jurisdiction over the State Actions’ claims against the Debtors. Pursuant to 28 U.S.C. §§ 157 and 1334, the Court has related-to jurisdiction over the claims against non-Debtor defendants, TKJP and the Consenting OEMs, in both the State Actions and the Individual Actions.

F. As to the MDL Actions, the Debtors have failed to meet their burden for preliminarily enjoining the claims against the Consenting OEMs under 11 U.S.C. § 105(a).

G. As to the State Actions and the non-MDL Individual Actions, the Debtors have met their burden for entering a preliminary injunction for a period of 90 days through and including November 15, 2017 under 11 U.S.C § 105(a).

H. Accordingly and for the reasons set forth in the Court’s oral ruling, which was read into the record on August 16, 2017, pursuant to Bankruptcy Rule 7065, this Court finds it appropriate to enter the Requested Injunction as to the State Actions and non-MDL Individual Actions for 90 days.

Based on these findings,

IT IS HEREBY ORDERED THAT:

1. As to the MDL Actions, the Motion is DENIED and the Court will not stay the MDL Actions as to non-debtor litigants and, specifically, as to the Consenting OEMs.
2. The Court GRANTS the Motion and enters the Requested Injunction as to the State Actions for a period of ninety (90) days, effective 11:38 am (Prevailing Eastern Time) on August 16, 2017, through and including November 15, 2017. The injunction will expire at 11:59 pm on November 15, 2017.
3. The Court GRANTS the Motion and enters the Requested Injunction for a period of ninety (90) days, effective 11:38 am (Prevailing Eastern Time) on August 16, 2017, through and including November 15, 2017 as to all of the non-MDL Individual Actions, other than the Turks' action currently pending in Macon County Circuit Court in Alabama, CV-2015-900 173. The injunction will expire at 11:59 pm on November 15, 2017.
4. Nothing in this Order shall affect or abrogate the automatic stay as to the Debtors under Section 362 or the stay as to TKJP pursuant to chapter 15 of the Bankruptcy Code.
5. The parties to the State Actions and the non-MDL Individual Actions are authorized to take all steps necessary or appropriate to carry out this Order.
6. Nothing in this Order shall prevent the Debtors from seeking, and Defendants from opposing, a further extension of the 90-day injunctions set forth in paragraphs 2 and 3 above.

7. The Debtors are encouraged to confer with any litigant who contacts the Debtors regarding individual circumstances that may warrant some form of relief from the preliminary injunction.
8. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: August 22 2017
Wilmington, Delaware



THE HONORABLE BRENDAN L. SHANNON
CHIEF UNITED STATES BANKRUPTCY JUDGE