

LATIN LAWYER

Takata changes hands following bankruptcy

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Skadden, Arps, Slate, Meagher & Flom LLP's offices in Brussels, Chicago, Frankfurt, London, New York, Washington, DC, and Wilmington, [Mijares, Angoitia, Cortés y Fuentes SC](#) in Mexico City, Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados in São Paulo, and Ferrere (Uruguay) have helped US automotive safety equipment company Key Safety Systems acquire its Japanese counterpart Takata in a US\$1.6 billion global deal.

Takata hired Weil, Gotshal & Manges LLP in New York, Nagashima Ohno & Tsunematsu in Tokyo and [Von Wobeser y Sierra SC](#) in Mexico City.

The deal comes five months after Takata, which produces seat belts, airbags and child seats, filed for bankruptcy protection in Japan and the US in June. The move followed a lengthy recall of more than 120 million car safety airbags worldwide after airbags manufactured by the company were found to have “ruptured during deployment.” The recall was one of the largest in the automotive industry’s history and, according to Takata, resulted in approximately 100 personal injury and wrongful death lawsuits filed in the US.

The closing of KSS's acquisition is subject to approval from US and Japanese bankruptcy courts. On 5 December a court in Delaware approved a revised "pre-restructuring" plan allowing Takata to transfer assets to its Mexican subsidiaries.

The separation of Takata's US and Mexican assets will involve the creation of a new Mexican holding company, Equipo Automotriz Americana, to which Takata will transfer two Mexican subsidiaries. This is to avoid depreciation of the Mexican assets and to protect the new Mexican company from incurring liabilities and obligations ahead of Takata's sale to KSS. Takata says without the KSS deal, it would be unable to resolve its liabilities, which may amount to tens of billions of dollars.

The companies now expect the deal to close in the first quarter of 2018.

Takata [said](#) in a press release it will use proceeds from the sale to meet requirements of a "plea agreement with the US Department of Justice, to satisfy administrative costs and expenses of the restructuring, and to fund unsecured creditor recoveries."

The airbag inflators that were subject to the recall are not included in the sale. The company says its restructured entity will continue producing replacements for the faulty inflators until it meets demand, upon which it will cease production for replacements and will eventually dissolve and cease its production.

Counsel to Key Safety Systems

Skadden, Arps, Slate, Meagher & Flom LLP

Partners Ron Meisler, Felicia Gerber Perlman, Seth Jacobson, Albert Hogan III and Amy Van Gelder in Chicago; Steven Daniels in Wilmington; Matthias Horbach in Frankfurt; Clive Wells in London; Stuart Finkelstein in New York, John Lyons in Washington, DC, and Ingrid Vandenborre in Brussels

Mijares, Angoitia, Cortés y Fuentes SC

Partners Patricio Trad and Manuel Tamez, counsel Inti Alva and Juan Carlos Aguirre, and associates Patrick Meshoulam, Juan Pablo Betancourt, Luis Pablo Ramírez, Moises Grinberg, Sahntal Selmaen, Verónica García, Carlos Orcí, Eduardo Kalis, Luis Antonio Monro, Paula Pérez and Rodrigo del Valle in Mexico City

Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados

Partners Daniel Miranda, Flavio Mifano and Vilma Toshie Kutomi, and associates Fernanda Cardoso, Fabiana Pasmanik and Tomas Machado de Oliveira in São Paulo

Ferrere (Uruguay)

Partners Geraldine Ifrán, Martín Cerruti, Verónica Raffo, Alejandro Pintos, and associates Carlos Falco, Sebastián Ramos, Cristina Vignone, Alberto Baroffio, Giselle Cardoso, Carolina Secondo in Montevideo

Counsel to Takata

Weil, Gotshal & Manges LLP

Partners Gavins Westerman and Frederick Green, and associate Jesse Sacks in New York

Nagashima Ohno & Tsunematsu

Partner Hisaya Kimura in Tokyo

Not for antitrust advice

Von Wobeser y Sierra SC

Partners Andrés Nieto, Diego Sierra Laris, Edmond Grieger, Luis Miguel Jiménez, Rodolfo Trampe and Fernando Moreno, and associates Santiago Barraza López, Jimena de Alejandro, Jorge Díaz, Alix Trimmer, Alberto Córdoba, Lourdes Salazar, Belen Barroeta and Alejandro Stamoglou in Mexico City

Practice area: Corporate and M&A, Litigation, Antitrust & competition, Restructuring & insolvency

Country: Mexico, International

Industry: Automotive