

Andrew G. Dietderich  
Brian D. Glueckstein  
Benjamin S. Beller  
Noam R. Weiss  
SULLIVAN & CROMWELL LLP  
125 Broad Street  
New York, NY 10004-2498  
Telephone: (212) 558-4000  
Facsimile: (212) 558-3588

*Proposed Counsel to the Debtors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

_____	x	
In re	:	Chapter 11
	:	
GARRETT MOTION INC., <i>et al.</i> , <sup>1</sup>	:	Case No. ____ ( )
	:	
Debtors.	:	Joint Administration Pending
	:	
	:	
_____	x	

**DECLARATION OF REGINA SAVAGE IN SUPPORT OF DEBTORS’ MOTION FOR ONE OR MORE ORDERS (A) AUTHORIZING AND APPROVING BID PROCEDURES, (B) AUTHORIZING AND APPROVING THE STALKING HORSE BID PROTECTIONS, (C) SCHEDULING A SALE HEARING, (D) AUTHORIZING AND APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, (E) APPROVING NOTICE PROCEDURES AND (F) GRANTING OTHER RELIEF**

I, Regina Savage, hereby declare under penalty of perjury:

1. I am a Managing Director at Morgan Stanley & Co. LLC (“MS&Co”), which has its principal offices located at 1585 Broadway, New York, New York 10036, and other offices located worldwide. I work out of MS&Co’s offices in Chicago, Illinois. I have been one of the

<sup>1</sup> The last four digits of Garrett Motion Inc.’s tax identification number are 3189. Due to the large number of debtor entities in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://www.kccllc.net/garrettmotion>. The Debtors’ corporate headquarters is located at La Pièce 16, Rolle, Switzerland.



principal personnel working on MS&Co's engagement with the above-captioned debtors and debtors in possession (collectively, the "Debtors").

2. I submit this declaration (this "Declaration") in support of the *Debtors' Motion for One or More Orders (A) Authorizing and Approving Bid Procedures, (B) Authorizing and Approving the Stalking Horse Bid Protections, (C) Scheduling a Sale Hearing, (D) Authorizing and Approving Assumption and Assignment Procedures, (E) Approving Notice Procedures and (F) Granting Other Relief*, filed contemporaneously herewith (the "Bid Procedures Motion").<sup>2</sup> Except as otherwise indicated, all facts set forth in this Declaration are based upon: (i) my personal knowledge, information and belief, or my opinion based upon experience, knowledge and information concerning the Debtors; (ii) information learned from my review of relevant documents; and/or (iii) information supplied by members of the Debtors' management, employees of MS&Co or its affiliates working directly with me or under my supervision, direction or control and/or from the Debtors' other professionals and advisors. I am authorized to make this Declaration on behalf of MS&Co. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

### **Qualifications**

3. I am a Managing Director within the Global Industrials Group of MS&Co and I oversee the global automotive and global mobility technologies verticals. I provide industry-specific insights and knowledge to the Debtors, general advisory and M&A related services and, along with my team, have driven the marketing process for the Debtors' assets. MS&Co's professionals assisting the Debtors include professionals with specialties in M&A, Global

---

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Bid Procedures Motion.

Industrials and restructuring. I have been employed by MS&Co since 2009. Prior to joining MS&Co, I worked in investment banking at Goldman Sachs. I hold an MBA and Masters in Public Policy from Georgetown University, and a BA in International Affairs from George Washington University. I have more than 15 years of investment banking and financial advisory experience.

4. MS&Co is registered as a broker-dealer with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. MS&Co is the primary U.S. broker-dealer subsidiary of Morgan Stanley, a global financial services firm that, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley is a publicly-traded company based in the U.S. and listed on the New York Stock Exchange, among other stock exchanges. As of December 31, 2019, Morgan Stanley had 60,431 employees worldwide.

5. MS&Co is one of the world's leading investment banking and financial advisory firms, specializing in providing investment banking, capital markets solutions, mergers and acquisition ("M&A") and restructuring advisory services to companies throughout many industries. In particular, MS&Co is a leading investment bank in the automotive industry with extensive experience in providing financial, capital markets and M&A advisory services to, and in transactions involving, automotive and automotive suppliers such as the Debtors. MS&Co has been involved in over 45 announced automotive M&A transactions globally valued at approximately \$84 billion over the five years prior to August 31, 2020. MS&Co and its professionals have a strong reputation in advising auto companies on a variety of corporate finance matters.

6. MS&Co and its professionals also have extensive experience as advisors in M&A transactions for a variety of companies in many different industry sectors, including providing M&A advisory services in 318 completed transactions globally worth over \$1 trillion between May 1, 2019 and June 30, 2020. Euromoney recently named MS&Co the World's Best Bank for Advisory in 2020. In the restructuring context, MS&Co has served as a financial advisor to financially troubled companies providing financial advisory, investment banking, distressed M&A, capital markets and other services in connection with the following companies both in and out of court: Alestra, S.A. de R.L; Crown Media Holdings Inc.; CSM Bakery Solutions; Federal Home Loan Mortgage Corporation; Federal National Mortgage Association; Gawker Media; General Motors Corp.; GNC Inc.; Indiana Toll Road; Lucid Motors; M&G Corpus Christi; Residential Capital, LLC; Nystar; Seadrill; Spansion Inc; SuperMedia Inc.; Telecom Argentina S.A.; and Transener S.A. as well as numerous other companies in out of court debt for equity exchanges and other recapitalization transactions.

#### **Marketing and Sale Process**

7. MS&Co has been providing services to the Debtors since the first quarter of 2019. MS&Co was formally retained by the Debtors pursuant to a letter agreement, dated March 24, 2020 (which was subsequently amended by letter agreement dated as of August 12, 2020), to conduct a strategic review of the Debtors' businesses and explore the possibility of a sale of all or substantially all of the Debtors' assets or businesses or other transaction, with the goal of maximizing the Debtors' value.

8. At the direction of the board of directors of Garrett Motion Inc. (the "Board"), through management or directly, during the fourth quarter of 2019 and the first quarter of 2020, MS&Co conducted an analysis of potential partners, including, but not limited to, potential merger partners and buyers of the Debtors' assets or businesses (collectively, the "Partners"). Given the

Debtors' capital structure, including the outstanding amount of funded debt of the Debtors (approximately \$1.86 billion), disputed contingent liabilities related to the Indemnification and Reimbursement Agreement, dated as of September 12, 2018, as amended (the "ASASCO Indemnity Agreement"), among Honeywell ASASCO Inc.,<sup>3</sup> Honeywell ASASCO 2 Inc. and Honeywell International Inc., and other legacy liabilities of the Debtors, MS&Co determined that the universe of potential Partners who would be (i) willing to invest in a cyclical business, particularly automotive, (ii) open to the risks associated with the secular challenges in powertrain manufacturing, and (iii) capable of closing a transaction of the magnitude involved here, was (and remains) limited.

9. Based on that analysis, a targeted number of Partners were identified. MS&Co engaged in preliminary market test conversations on a "no-names basis" with approximately 15 potential Partners regarding a potential investment in, or acquisition of, the Debtors.

10. In the first half of 2020, due to heightened liquidity concerns as a result of the COVID-19 pandemic, a downturn in the automotive industry, and customer concerns about the Debtors' capital structure, the Debtors accelerated their strategic review process and launched a formal bidding process, ultimately executing non-disclosure agreements ("NDAs") with seven potential Partners who expressed interest in acquiring the Debtors. At the outset of the process, each of the prospective Partners were instructed to, and expressed the ability to, consider an investment in a variety of forms, including through minority investments such as a private investment in public equity (PIPE) or preferred equity transactions, as well as pursuant to a change of control transaction. MS&Co offered virtual data room access to each of these parties and

---

<sup>3</sup> The ASASCO Indemnity Agreement was initially entered into among other Honeywell companies as of September 12, 2018. Honeywell caused Garrett ASASCO Inc. to assume its obligations under the ASASCO Indemnity Agreement two days later, on September 14, 2018.

actively engaged them in the diligence process. Over the course of several weeks, the interested parties submitted extensive diligence requests, reviewed numerous documents in the data room, and each party conducted a virtual initial management presentation with the Debtors' senior management.

11. By June 15, 2020, the Debtors received five non-binding indications of interest ("IOIs") to acquire their businesses. Each of these five bids was contingent upon de-levering the Debtors and acquiring their businesses free and clear of existing long-term liabilities.

12. Based on the IOIs received by the Debtors, the Debtors invited three of the five potential buyers to participate in a second round of diligence, with the goal of obtaining binding offers for the Debtors from these interested parties. After three weeks of diligence, one of those parties removed itself from the process. Following additional diligence, two parties submitted final non-binding bids to acquire the Debtors on August 3, 2020. MS&Co, along with certain of the Debtors' other advisors, reviewed these proposals with the Debtors' management and the Board, and on August 13, 2020, the Debtors signed an exclusivity agreement with KPS Capital Partners, LP (the "Sponsor").

13. During the exclusivity period with the Sponsor, the Debtors, MS&Co and certain of the Debtors' other advisors, extensively negotiated the terms of the definitive documentation for the sale. After an over 30-day negotiating period, on September 20, 2020 certain of the Debtors entered into a Share and Asset Purchase Agreement (the "Stalking Horse Purchase Agreement") with AMP U.S. Holdings, LLC and AMP Intermediate B.V. (together, the "Stalking Horse Bidder"), formed at the direction of the Sponsor, for the sale of substantially all of the Debtors' assets (the "Acquired Assets") to be effectuated through a chapter 11 plan. The sale of the

Acquired Assets to the Stalking Horse Bidder pursuant to the Stalking Horse Purchase Agreement is subject to higher or otherwise better offers pursuant to a court-supervised public auction process.

14. Over and above the marketing process and negotiations that occurred prior to the Petition Date, the Debtors have proposed certain procedures for the conduct of a postpetition process for the sale of the Acquired Assets which are attached as Exhibit 1 to the proposed Bid Procedures Order (the “Bid Procedures”), that will allow for an auction to be held if any third party ultimately propose a qualified alternative bid. The Debtors’ proposed auction process will further “market test” the value the Debtors will receive from the sale of the Acquired Assets pursuant to the Stalking Horse Purchase Agreement and help to ensure that such value received is fair and reasonable. Together with their advisors, the Debtors are starting preparations to respond to any information requests they may receive from additional interested parties and to evaluate any alternative transactions promptly after the Petition Date.

15. I believe the Bid Procedures are intended to generate the greatest level of interest under the circumstances and the highest or otherwise best offer for the Acquired Assets.

#### **The Stalking Horse Purchase Agreement**

16. The Stalking Horse Purchase Agreement was extensively negotiated between the parties, in my view, at arm’s length and in good faith and confers several substantial benefits on the Debtors’ estates. The Stalking Horse Purchase Agreement represents a binding Qualified Bid for the Acquired Assets for a total consideration of approximately \$2.1 billion, subject to customary adjustments for net cash, working capital and accrued transaction expenses at the time of closing, while at the same time allowing the Debtors to continue pursuing higher or otherwise better offers for the Acquired Assets.

17. I believe that the Stalking Horse Purchase Agreement constitutes the best offer available for the Acquired Assets at this time and that the competitive bidding and auction process

established by the Bid Procedures will enable the Debtors to realize the highest and/or best offer for the Acquired Assets.

**The Need for an Expeditious Sale Process**

18. Maximizing the value of the Debtors' estates requires that the Debtors proceed swiftly to consummate a transaction and time is of the essence. Any delay in the sale of the Acquired Assets could result in further deterioration and ultimate loss of the Debtors' going concern value, causing harm to all of the Debtors' stakeholders. In contrast, approval of the proposed Bid Procedures will enable the Debtors to conduct an efficient process to realize their going concern value, maximize recoveries for the Debtors' stakeholders and preserve jobs.

19. The Stalking Horse Purchase Agreement contains certain milestones related to the Bid Procedures, including:

- a. The Court shall have entered the Bid Procedures Order on a final basis no later than the date which is thirty-five (35) days following the Petition Date;
- b. The final date for submitting a Qualified Bid, as set forth in the approved Bid Procedures Order, shall be no later than the date which is sixty (60) days following the Petition Date;
- c. The Debtors shall hold the Auction no later than the date which is sixty-five (65) days following the Petition Date; and
- d. The Court shall have entered the Sale and Confirmation Order (as defined in the Stalking Horse Purchase Agreement) no later than the date which is one hundred and fifty (150) days following the Petition Date.

20. The Stalking Horse Bidder may terminate the Stalking Horse Purchase Agreement if any of the above milestones have not been met (subject to any extensions thereof as contemplated by the Stalking Horse Purchase Agreement).

21. To satisfy these milestones, the Debtors have requested that the Court establish, among other things, the following key dates and deadlines for the auction process:



Date	Event
12:00 p.m. (prevailing Eastern Time) on October 30, 2020	IOI Deadline
Not later than 12:00 p.m. (prevailing Eastern Time) on November 16, 2020	Bid Deadline
Within one business day after the Bid Deadline	Notification to each bidder whether such bidder is a Qualified Bidder
No later than 5:00 p.m. (prevailing Eastern Time) on the business day prior to the Auction	Provision of copies of the Starting Bid to all Qualified Bidders
At a time no later than November 24, 2020	Auction (if necessary)

22. I believe that the proposed timeline for the auction process provides parties with sufficient time and information to formulate competing bids to purchase the Acquired Assets and provides the Debtors with the longest possible marketing period that complies with the applicable milestones set forth in the Stalking Horse Purchase Agreement, while preserving due process considerations in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules.

**Stalking Horse Bid Protections**

23. The Stalking Horse Purchase Agreement also provides the Stalking Horse Bidder with customary Stalking Horse Bid Protections. In particular, the Stalking Horse Purchase Agreement provides for the payment by the Debtors of a cash break-up fee equal to \$63 million or 3% of the Purchase Price (as defined in the Stalking Horse Purchase Agreement and prior to adjustments) to be paid to the Stalking Horse Bidder as well as an expense reimbursement payment to the Stalking Horse Bidder for reasonable, documented and out-of-pocket expenses, if among other things, the Stalking Horse Purchase Agreement is terminated because the Debtors enter into a definitive agreement to sell the Acquired Assets to another purchaser or the Court approves a sale of the Acquired Assets to another purchaser.

24. The Stalking Horse Bid Protections were heavily negotiated in good faith and were necessary to secure the Stalking Horse Bidder's commitment to purchase the Acquired Assets pursuant to the Stalking Horse Purchase Agreement. In my experience, I believe that the Stalking Horse Bid Protections are reasonable and appropriate in light of the size and nature of the transaction and the efforts that have been and will be expended by the Stalking Horse Bidder. I also believe, based on my experience, that it is likely that a prospective stalking horse bidder would not agree to act as a stalking horse without the Stalking Horse Bid Protections, and that without the Court authorizing the Debtors to offer the Stalking Horse Bid Protections, the Debtors might lose the opportunity to obtain the highest or otherwise best offer for the Acquired Assets and the downside protection provided by the existence of a Stalking Horse Bidder.

25. It is my belief that the Stalking Horse Protections are necessary to successfully pursue the sale of the Acquired Assets and will not chill bidding. The presence of the Stalking Horse Bidder will set a floor for the value of the Acquired Assets ensuring that competing bids are higher or otherwise better than the Stalking Horse Purchase Agreement and attract other potential buyers to bid for the Acquired Assets, thereby maximizing the realizable value of the Acquired Assets for the benefit of the Debtors' estates, creditors and other parties-in-interest.

26. For the reasons stated herein and in the Bid Procedures Motion, I believe that the Stalking Horse Bid Protections are reasonable.

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

Dated: September 20, 2020  
Chicago, Illinois

*/s/ Regina Savage*

---

Regina Savage