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Proposed Counsel to the Debtors

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

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

**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO ENTER INTO,
CONTINUE PERFORMING AND PROVIDE CREDIT SUPPORT UNDER,
HEDGING AND DERIVATIVE CONTRACTS
AND (II) GRANTING RELATED RELIEF**

Garrett Motion Inc. and certain of its affiliated debtors and debtors-in-possession (collectively, the “Debtors”) hereby submit this motion (this “Motion”) for entry of an interim order, substantially in the form attached hereto as Exhibit A (the “Interim Order”), and a final order, substantially in the form attached hereto as Exhibit B (the “Final Order” and together with the Interim Order, the “Orders”), pursuant to sections 105, 363, 364, 365, 1107 and 1108 of

¹ 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.



title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), (a) authorizing, but not directing, the Debtors, in their sole discretion, to (i) enter into, guarantee and perform under Derivative Contracts (as defined below) and (ii) provide Credit Support (as defined below) under Derivative Contracts, each in the ordinary course and pursuant to past practices and (b) granting certain related relief. The facts and circumstances supporting this Motion are set forth in the concurrently filed *Declaration of Sean Deason in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* (the “Deason First Day Declaration”) and the *Declaration of Scott Tandberg in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* (the “Tandberg First Day Declaration” and together with the Deason First Day Declaration, the “First Day Declarations”). In further support of the Motion, the Debtors respectfully state as follows:

Background

1. Garrett Motion Inc. is a Delaware corporation established in 2018, with its headquarters located in Rolle, Switzerland. The Debtors design, manufacture and sell highly engineered turbocharger, electric-boosting and connected vehicle technologies.
2. On the date hereof (the “Petition Date”), each of the Debtors filed with the Court a voluntary petition for relief under the Bankruptcy Code. Each Debtor continues to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrent with the filing of this Motion, the Debtors filed a motion with the Court pursuant to Bankruptcy Rule 1015 seeking joint administration of the Debtors’ cases (the “Chapter 11 Cases”). No creditors’ committee has been appointed in these Chapter 11 Cases.
3. Additional factual background relating to the Debtors’ businesses and the commencement of these Chapter 11 Cases is set forth in detail in the First Day Declarations.

Facts Specific to the Relief Requested

I. Debtors' Need for Derivative Contracts

4. As is the case with all major international manufacturers, the Debtors' businesses are sensitive to fluctuations in interest and exchange rates. Consequently, the Debtors are, and have historically been, parties to numerous derivative contracts to reduce the risks associated with these fluctuations. Such contracts have included cross currency interest rate swaps, swaps and forward contracts concerning interest rates and currency (collectively, and together with all similar hedging and derivative contracts, the "Derivative Contracts").

5. Generally, Derivative Contracts are governed by and documented in the form of (i) master agreements; (ii) confirmations issued under general terms and conditions; (iii) enabling agreements; or (iv) single transaction agreements. Such contracts usually provide that they may be terminated upon, among other events, the commencement of a bankruptcy case. Upon such termination, both parties may cease further performance and aggregate amounts owed by each party may be "netted", thereby providing for a net settlement payment from one party to the other.

6. Derivative Contracts typically include provisions for collateral support and obligations to post margin. Posting of margin requires participants to periodically deposit money with their counterparties based on the mark-to-market values of the Derivative Contracts. A re-evaluation of the credit support requirement occurs periodically throughout the term of each Derivative Contract. Re-evaluation often results in one party having either to provide additional collateral or return some of the existing collateral.

II. The Debtors' Derivative Contracts

7. The following is a description of the primary types of Derivative Contracts to which the Debtors are currently, or have historically been, party:

A. Foreign Exchange Rate Hedges.

8. Because of the international nature of the Debtors' businesses, fluctuations in foreign currency exchange rates may significantly affect their operations. To manage or reduce the risks associated with fluctuations in foreign currency exchange rates, the Debtors historically have entered into forward and swap contracts based on the value of the U.S. dollar or Euro relative to international currencies, such as the Swiss Franc, Romanian Lei, Japanese Yen, Chinese Renminbi, Pound Sterling, Czech Crown and Australian Dollar, and the Euro or U.S. Dollar, as applicable. A currency forward contract locks in an exchange rate for the purchase or sale of a currency on a future date. A currency swap establishes an exchange rate governing the purchase or sale of a currency. The forward and foreign exchange swap contracts do not involve any upfront payment, but rather a spot payment (within two days) and settlement payment (or deliverables) at a future date.

9. The Debtors are currently party to 123 forward or foreign exchange swap contracts with 10 financial institutions. In connection with these hedges, the Debtors maintain a credit line to enter into hedges. The hedges are settled when due. As of the Petition Date, on a mark-to-market basis, the Debtors' currently have approximately \$4,200,000 in exposure under their foreign exchange rate hedges.

B. Interest Rate and Cross-Currency Interest Rate Hedges

10. The Debtors historically have entered into interest rate swaps to minimize the effects of changes in interest rates on their businesses or to optimize the amount of floating rate or fixed rate debt within the Debtors' capital structure. An interest rate swap contract is an agreement

between two parties to exchange interest payments. The Debtors have also entered into floating to floating cross-currency interest rate swaps to hedge their foreign currency debt. A cross-currency interest rate swap involves exchanging principal and interest payments in one currency with principal and interest payments in another currency.

11. The Debtors are currently party to a total of 3 interest rate swaps with 3 separate financial institutions and 6 cross currency interest rate swaps with 6 separate financial institutions. In connection with these swaps, net interests are settled on a quarterly basis. As of the Petition Date, on a mark-to-market basis, the Debtors currently have approximately \$2,700,000 and \$22,000,000 in exposure under their interest rate swap and cross-currency interest rate swap portfolios, respectively.

III. Credit Support in Connection with Derivative Contracts

12. In certain circumstances, in connection with a Derivative Contract, one or both parties may be obligated to secure its obligations by providing Credit Support (as defined below), typically in the form of cash, to the counterparty. Through the duration of a Derivative Contract, the Credit Support requirement is generally reevaluated, often resulting in one party providing additional Credit Support or the other party returning some of it.

13. The Debtors' prepetition Derivative Contracts constitute secured obligations under their Credit Agreement (as defined in the Deason Declaration), and benefit from the collateral under the Credit Agreement as Credit Support. The Debtors expect that they may be required to provide new or additional Credit Support in connection with Derivative Contracts during the course of these proceedings.

IV. Treatment of Derivative Contracts Under the Bankruptcy Code

14. Derivative contracts such as cross currency interest rate swaps, swaps and forward contracts concerning interest rates and currency are afforded special treatment under the Bankruptcy Code. Specifically, as a result of certain so-called safe harbor provisions, certain

qualified non-debtor counterparties to Derivative Contracts are allowed to exercise rights and remedies that are not otherwise available to a debtor's counterparties under other types of contracts.

15. *First*, a qualified non-debtor counterparty to a Derivative Contract may terminate the Derivative Contract and liquidate, and apply collateral held under a Derivative Contract, upon the commencement of a bankruptcy case to the extent permitted under the governing Derivative Contracts, notwithstanding section 365(e)(1) of the Bankruptcy Code or the automatic stay. *See* 11 U.S.C. §§ 362(b)(6) & (17), 556, 560. *Second*, absent any actual intent to defraud, a trustee or debtor in possession cannot avoid any prepetition payments made under a Derivative Contract by a debtor to a qualified non-debtor counterparty. *See id.* §§ 546(e); 546(g). *Lastly*, to the extent the Derivative Contract provides for such action and it is available under applicable law, a qualified non-debtor counterparty is entitled to set off mutual debts and claims against a debtor under a Derivative Contract without needing to seek relief from the automatic stay. *See id.* §§ 362(b)(6) and (17), 560.

16. Typically, upon the commencement of a bankruptcy filing, a Derivative Contract may be properly terminated in three steps: (a) both parties cease all further performance under the agreements, (b) the non-defaulting party determines the amounts payable by each party to the other party at the time of termination and (c) the amounts due to and from each party under each individual transaction are netted into a net settlement amount (the "Termination Payment"). Either the defaulting party or non-defaulting party will be the net-payor responsible for making the Termination Payment.

Jurisdiction

17. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409. This

matter is a core proceeding pursuant to 28 U.S.C. § 157(b). The statutory predicates for the relief requested herein are sections 105, 363 and 364(c) of the Bankruptcy Code.

Relief Requested

18. By this Motion, the Debtors request entry of the Interim and Final Orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively, (a) authorizing, but not directing, the Debtors, in their sole discretion, to (i) enter into, guarantee and perform under Derivative Contracts (as defined below), including rolling over, adjusting, modifying, settling, terminating, guaranteeing and otherwise engaging in transactions thereunder, postpetition, in the ordinary course and pursuant to past practices, so that the Debtors may continue to hedge the risk of interest rates, foreign currency exchange rates and other prices or rates that are critical to the Debtors' business, (ii) provide credit support under Derivative Contracts, including, but not limited to, posting letters of credit, entering into escrow agreements, opening and funding escrow accounts, and posting collateral or margin prepayment (collectively, "Credit Support"), in the ordinary course and pursuant to past practices, and (b) granting certain related relief.

Basis for Relief

I. The Debtors Should Be Authorized to Enter into New Derivative Contracts and Perform Under Existing Derivative Contracts.

19. Section 363(c)(1) of the Bankruptcy Code authorizes a debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). Furthermore, Section 105(a) of the Bankruptcy Code gives the Court broad discretion to issue orders necessary to "carry out the provisions of this title." 11 U.S.C. § 105(a). Although the Debtors believe that entering into or modifying Derivative Contracts postpetition is within the ordinary course of their business, the Debtors submit that an

order confirming the Debtors' authority is essential to provide comfort to counterparties that the Debtors have authority to enter into and perform under the Derivative Contracts.

20. In the ordinary course of business, the Debtors enter into, perform under, rollover, adjust, modify, settle, terminate and engage in similar transactions (including the posting and return of Credit Support) for Derivative Contracts so the Debtors may continue with these transactions without notice and a hearing. *See Med. Malpractice Ins. Ass'n v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997) (holding that "ordinary course of business" embraces the reasonable expectations of interested parties of the nature of transactions that the debtor would likely enter in the course of its normal, daily business); *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (section 363 of the Bankruptcy Code is designed to allow debtor-in-possession flexibility to engage in ordinary transactions without unnecessary oversight).

21. In determining whether a transaction falls within the ordinary course of a Debtors' business, Courts in the Second Circuit apply a two-part test containing both a horizontal and vertical inquiry. *See Lavigne*, 114 F.3d at 385; *Roth Am.*, 975 F.2d at 952-53; *Burlington N. R.R. Co. v. Dant & Russell, Inc. (In re Dant & Russell, Inc.)*, 853 F.2d 700, 704-05 (9th Cir. 1988); *In re Leslie Fay Cos.*, 168 B.R. 294, 304 (Bankr. S.D.N.Y. 1994). First, the "horizontal [dimension] test," considers whether the postpetition transaction is of a sort commonly undertaken by companies in the debtor's industry as ordinary business. *See, e.g., Lavigne*, 114 F.3d at 385; *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (leases executed by debtor postpetition satisfied horizontal dimension test because leases were similar to transactions entered into by other similarly situated businesses). Second, the "vertical dimension test," considers the expectations of creditors based on the debtor's previous business practices. *See*

Lavigne, 114 F.3d at 385. Under this test, a court considers whether the transaction subjects a hypothetical creditor to an economic risk that is different from that which the creditor accepted when it extended credit. *See Leslie Fay Cos.*, 168 B.R. at 304 (“In making this determination, courts look to the debtor’s prepetition business practices and conduct and compare them to its course of conduct postpetition.”); *see also Lavigne*, 114 F.3d at 385; *Roth Am., Inc.*, 975 F.2d at 953; *Dant & Russell, Inc.*, 853 F.2d at 705.

22. Under both the horizontal and vertical tests, the Court should grant the requested relief and authorize the Debtors to perform under and provide Credit Support pursuant to the Derivative Contracts. First, manufacturers with international businesses and operations routinely enter into these transactions. *See, e.g., In re Armstrong World Indus., Inc.*, Case No. 00-04471 (Bankr. D.Del. Dec. 20, 2002), Dkt. No. 3718 (granting authority to enter into and perform under derivative contracts). Second, as described above, in the ordinary course of business, the Debtors enter into, perform under, rollover, adjust, modify, settle, terminate and engage in similar transactions (including the posting and return of Credit Support) for Derivative Contracts. *See Med. Malpractice Ins. Ass’n v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997) (holding that “ordinary course of business” is meant to embrace the reasonable expectations of interested parties of the nature of transactions that the debtor would likely enter in the course of its normal, daily business); *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (section 363 of the Bankruptcy Code is designed to allow debtor-in-possession flexibility to engage in ordinary transactions without unnecessary oversight). The Debtors have historically maintained Derivatives Contracts in order to protect against fluctuations in interest and foreign exchange rates. Accordingly, the Debtors submit that entry into Hedging Arrangements,

including paying all associated amounts, is an ordinary course transaction and should be authorized on a postpetition basis pursuant to section 363(c)(1) of the Bankruptcy Code.

23. Again, the Debtors believe that the provisions of the Bankruptcy Code already permit them to continue entering into and performing under the Derivative Contracts without further order of this Court and are requesting this relief out of an abundance of caution. However, in the event that this Court finds that entering into or performing under the Derivatives Contracts is not in the ordinary course of business, and/or to the extent that counterparties to these contracts require clarification in the form of an order of this Court, the Debtors seek authority, but not direction to enter into Derivative Contracts pursuant to section 363(b) of the Bankruptcy Code.

24. Section 363 of the Bankruptcy Code provides, in relevant part, that “[t]he[debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under section 363(b), courts require only that the debtor articulate a sound business justification for their actions. *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Adelpia Commc’ns Corp.*, No. 02-41729 (REG), 2003 WL 22316543, at *30 (Bankr. S.D.N.Y. Mar. 4, 2003). Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986).

25. The Debtors have satisfied the business judgment standard. It is unequivocally in the best interests of the Debtors’ estates and creditors to have the authority to enter into and perform under, roll over, adjust, modify, settle, terminate, guarantee and otherwise

engage in transactions pursuant to the Derivative Contracts. If authorization is not granted, counterparties may be unwilling to enter into Derivative Contracts with the Debtors, such that the Debtors will not then be able to effectively compete with other auto-parts manufacturers as they will be unable to take advantage of a key industry tool used to manage risks inherent in the industry. In fact, the inability to hedge fluctuating interest and exchange rates will be costly and detrimental to the Debtors' restructuring efforts and, therefore, actually harmful to the Debtors' stakeholders. Accordingly, the Debtors submit that a sound business judgment exists for the Debtors enter into and perform under, roll over, adjust, modify, settle, terminate, guarantee and otherwise engage in transactions pursuant to the Derivative Contracts in the ordinary course of their business.

II. The Debtors Should be Authorized to Provide Credit Support under Derivative Contracts

26. In the ordinary course of business, counterparties to Derivative Contracts may, in certain circumstances, require that the Debtors' obligations under the Derivative Contracts be secured by various forms of credits support. Generally, industry practice requires "out of the money" parties to Derivative Contracts to provide Credit Support in the ordinary course of business based upon net mark-to-market valuations. In addition, industry practice requires one or both parties to a Derivative Contract to provide Credit Support to protect against future mark-to-market movements. Circumstances may arise that require the Debtors to grant their counterparties such protections with regards to Derivative Contracts. The Debtors expect that their counterparties may be willing to extend credit in exchange for certain inducements, such as granting superpriority claims or liens on certain unencumbered collateral pursuant to section 364(c)(1) and (2) of the Bankruptcy Code. Thus, the Debtors request authority, but not direction, to provide all necessary Credit Support with respect to those postpetition Derivatives

Contracts into which they enter and that the Debtors determine in their business judgment are necessary.

27. Courts have articulated a three-part test in order to determine whether a debtor is entitled to financing under Section 364(c) of the Bankruptcy Code. Specifically, courts consider whether (a) the debtor is unable to obtain unsecured financing under Section 364(b), (b) the credit transaction is necessary to preserve assets of the estate and (c) the terms of the transaction are fair, reasonable and adequate, given the circumstances of the debtors and proposed lenders. *See In re Aqua Assocs.*, 123 B.R. 192, 195–96 (Bankr. E.D. Pa. 1991); *In re Ames Dep't Stores*, 115 B.R. 34, 37–40 (Bankr. S.D.N.Y. 1990); *see also In re St. Mary Hosp.*, 86 B.R. 393, 401-02 (Bankr. E.D. Pa. 1988); *In re Crouse Grp., Inc.*, 71 B.R. 544, 549 (Bankr. E.D. Pa. 1987).

28. First, as discussed above, it is general market practice for “out of the money” parties to Derivative Contracts to be required to provide Credit Support in the ordinary course of business based upon net mark-to-market valuations and for one or more parties to provide Credit Support to protect against future price or rate movements. Given the Debtors’ financial condition, Derivative Contract counterparties may not be willing to enter into Derivative Contracts with the Debtors unless those contracts provide for the regular posting of Credit Support, in the form of cash or other collateral, to collateralize the Debtors’ obligations under the Derivative Contract.

29. Second, for the reasons discussed above, Derivative Contracts are generally beneficial for the Debtors’ business operations and in order to continue their business operations successfully, the Debtors must be allowed to hedge risk through the use of Derivative Contracts. Credit Support is an integral part of these agreements and without it, the Debtors may

be unable to benefit from the Derivative Contracts because counterparties may be unwilling to enter into Derivative Contracts without such Credit Support. An inability to effectively enter into Derivative Contracts would impede the Debtors' ability to continue business operations, require special attention from the Debtors' management, thereby distracting them from the ongoing reorganization effort, and increase the Debtors' exposure to various price fluctuations, including interest rates and foreign currency exchange rates.

30. Section 364 of the Bankruptcy Code authorizes a debtor to obtain "credit" on a superpriority or senior secured basis when obtaining such credit on other terms is unavailable. 11 U.S.C. § 364(c), (d). Courts generally afford debtors considerable deference to determine, in their business judgment, the terms under which they obtain postpetition secured credit. *See, e.g., Ames*, 115 B.R. at 39–40. The Debtors believe that preserving the value of their operations and business may require entry into postpetition Derivatives Contracts if necessary in the Debtors' business judgment. To provide the necessary comfort to the counterparties that the Debtors will be able to honor their obligations under any postpetition Derivatives Contracts, the Debtors may seek to incur obligations that rank senior to the obligations arising under the Credit Agreement. The Debtors therefore request authority, but not direction, to provide liens and superpriority claims senior in priority to the Credit Agreement Facility in respect of any postpetition Derivatives Contracts but *pari passu* with the obligations arising under the DIP Facility. Courts in various jurisdictions have approved similar relief. *See, e.g., In re PES Holdings, LLC*, Case No. 18-10122 (KG) (Bankr. D. Del. Feb. 26, 2018); *In re Linn Energy, LLC*, Case No. 16-60040 (DRJ) (Bankr. S.D. Tex. May 17, 2016); *In re Penn Va. Corp., et al.*, Case No. 16-32395 (KLP) (Bankr. E.D. Va. May 13, 2016); *In re Energy Future Holdings*

Corp., Case No. 14-10979 (CSS) (Bankr. D. Del. June 30, 2014); *In re Calpine Corp.*, Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Dec. 21, 2005).

31. Finally, the relief sought is not for the benefit of any particular creditor. *See Ames*, 115 B.R. at 39. Rather, the relief sought herein benefits all of the Debtors' estates as a whole and all stakeholders by maintaining the Debtors' business operations.

32. Granting senior liens and superpriority administrative expense claims is not unduly burdensome on the Debtors, and the Debtors believe these grants are necessary to induce any potential counterparties to enter into any postpetition Derivatives Contracts with the Debtors, which would be essential both to the stability of the Debtors' business and the success of the Debtors' Chapter 11 Cases. In light of the foregoing, the Debtors believe that authorizing the Debtors to provide senior liens and superpriority administrative expense claims in respect of any postpetition Derivative Contracts will preserve the value of the Debtors' estates and is, therefore, appropriate and in the best interests of the Debtors, their estates, and all parties-in-interest in these Chapter 11 Cases and should be permitted.

33. Accordingly, the relief sought herein represents a fair and efficient mechanism for enhancing the value of the Debtors' estates, while providing counterparties with appropriate inducement to enter into, and not terminate, Derivative Contracts. The Debtors thus request that the Court enter an order authorizing, but not directing, the Debtors to provide Credit Support, including in the form of granting superpriority claims or liens on certain otherwise unencumbered collateral, where necessary to secure their obligations under postpetition Derivative Contracts. Courts in this district routinely have granted similar relief. *See e.g., In re LATAM Airlines Group S.A.*, Case No. 20-11254 (JLG) (Bankr. S.D.N.Y. July 1, 2020), D.I. 429 (granting relief on an interim basis); *In re Avianca Holdings S.A.*, Case No. 20-11133 (MG)

(Bankr. S.D.N.Y. May 12, 2020), D.I. 246 (granting relief on an final basis); *In re AMR Corp.*, No. 11-15463 (SHL) (Bankr. S.D.N.Y. Dec. 22, 2011), D.I. 433 (same); *In re Delta Airlines, Inc.*, Case No. 05-17923 (CGM) (Bankr. S.D.N.Y. Dec. 20, 2005), D.I. 1643 (same).

Bankruptcy Rule 6003 Is Satisfied

34. In order for a debtor to obtain relief to make preplan payments within 21 days of the Petition Date, it must establish that making such payments satisfies the requirements mandated by Bankruptcy Rule 6003—namely, the relief requested is necessary to avoid “immediate and irreparable harm.” If a debtor’s prospect of reorganizing is threatened, or swift diminution in value of the debtor’s estate is likely absent the granting of the requested relief, immediate and irreparable harm likely exists. *See In re Genco Shipping & Trading Ltd.*, 509 B.R. 455, 469 (Bankr. S.D.N.Y. 2009) (finding that relief requested by the debtors was necessary to avoid irreparable harm to the debtors and their estates because such relief was essential for the continued operation of the debtors’ businesses).

35. Immediate and irreparable harm would result if the relief requested herein is not granted. As described above, the Debtors’ business operations depend on hedging and derivative transactions to reduce the risks associated with fluctuations in currency exchange rates and interest rates. The Debtors need to maintain these Derivative Contracts to avoid a significant disruption to their hedged positions. For the reasons discussed herein, the relief requested is essential to the preservation of the value of the Debtors’ businesses, properties and assets and their ability to successfully prosecute these Chapter 11 Cases. Accordingly, the Debtors respectfully submit that they have satisfied Bankruptcy Rule 6003 as it relates to the relief requested herein.

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

36. Given the nature of the relief requested herein, the Debtors respectfully request a waiver of (a) the notice requirements under Bankruptcy Rule 6004(a) and (b) the 14-day stay under Bankruptcy Rule 6004(h). Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until expiration of 14 days after entry of the order, unless the court orders otherwise.” For the reasons described above, the relief requested is essential to prevent potentially irreparable damage to the Debtors’ operations, value and ability to reorganize.

Reservation of Rights

37. Nothing in this Motion: (a) is intended or shall be deemed to constitute (i) an assumption of any agreement pursuant to section 365 of the Bankruptcy Code, or (ii) an admission as to the validity of any claim against the Debtors or their estates; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors, their estates or any other party to contest the validity, priority, or amount of any claim against the Debtors or their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors or their estates with respect to any and all claims or causes of action against any third party, creditor or interest holder; (d) shall be construed as a promise or obligation to pay a claim or continue any applicable program postpetition, which decision shall be in the discretion of the Debtors or (e) shall be construed as an admission to the validity of any liens satisfied pursuant to this Motion. Any payment made pursuant to an order of the Court granting the relief requested herein is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors’ or any other party’s rights to subsequently dispute such claim.

Notice

38. No creditors' committee has been appointed in these Chapter 11 Cases. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) counsel to Citibank, N.A., as administrative agent for the DIP credit facility, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Ray C. Schrock, P.C. (ray.schrock@weil.com) and Candace M. Arthur, Esq. (candace.arthur@weil.com); (c) counsel to JPMorgan Chase Bank, N.A., as administrative agent for the Debtors' prepetition credit facility, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038, Attn: Kristopher M. Hansen (khansen@stroock.com), Jonathan D. Canfield (jcanfield@stroock.com), Joanne Lau (jlau@stroock.com) and Alexander A. Fraser (afraser@stroock.com); (d) counsel to the ad hoc group of lenders under the Debtors' prepetition credit facility, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166, Attn: Scott J. Greenberg (sgreenberg@gibsondunn.com), Steven A. Domanowski (sdomanowski@gibsondunn.com) and Matthew G. Bouslog (mbouslog@gibsondunn.com); (e) counsel to KPS Capital Partners, LP, as stalking horse bidder, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Brian M. Resnick (brian.resnick@davispolk.com) and Josh Sturm (joshua.sturm@davispolk.com); (f) counsel to the ad hoc group of bondholders, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Matthew M. Roose (matthew.roose@ropesgray.com) and Mark I. Bane (mark.bane@ropesgray.com); (g) the parties identified on the Debtors' consolidated list of 30-largest unsecured creditors; and (h) to the extent not listed herein, those parties requesting notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be provided.

No Prior Request

39. No prior motion for the relief requested herein has been made to this or any other Court.

Conclusion

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter the Interim Order, substantially in the form attached hereto as Exhibit A, (b) enter the Final Order, substantially in the form attached hereto as Exhibit B and (c) grant such other and further relief as is just and proper.

Dated: September 20, 2020
New York, New York

/s/ Andrew G. Dietderich
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Proposed Counsel to the Debtors

EXHIBIT A

Proposed Interim Order

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

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| In re | : | Chapter 11 | : |
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| GARRETT MOTION INC., <i>et al.</i> , ¹ | : | Case No. ____ () | : |
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| Debtors. | : | Jointly Administered | : |
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**INTERIM ORDER (I) AUTHORIZING, BUT NOT
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PROVIDE CREDIT SUPPORT UNDER, HEDGING AND DERIVATIVE CONTRACTS
AND (II) GRANTING RELATED RELIEF**

Upon the motion (the "Motion")² of Garrett Motion Inc. and certain of its affiliated debtors and debtors-in-possession (collectively, the "Debtors"), for entry of an order (this "Interim Order") (a) authorizing, but not directing, the Debtors, in their sole discretion, to (i) enter into and perform under the hedging and Derivative Contracts, (ii) provide Credit Support under the hedging and Derivative Contracts, each in the ordinary course and pursuant to past practices, and (b) granting certain related relief; and this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided

¹ 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.

² Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

in accordance with the Bankruptcy Rules and the Local Rules of the United State Bankruptcy Court for the Southern District of New York (the “Local Rules”), and that, except as otherwise ordered herein, no other or further notice is necessary; and any objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and a hearing having been held to consider the relief requested in the Motion and upon the record of the hearing and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth herein.
2. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors are authorized, but not directed, to enter into postpetition Derivative Contracts and guarantee and perform under, modify and settle prepetition and postpetition Derivative Contracts, including rolling over, adjusting, modifying, terminating and otherwise engaging in transactions thereunder, in the ordinary course and pursuant to past practices, without further order of the Court.
3. Pursuant to section 364(c) and (d) of the Bankruptcy Code, the Debtors may provide or return Credit Support with respect to prepetition and postpetition Derivative Contracts, in the ordinary course and pursuant to past practices, without further order of the Court.

4. Nothing herein or in the Motion shall constitute an assumption, adoption or rejection by the Debtors of any executory contract or agreement between the Debtors and any third party, or to require the Debtors to make any of the payments authorized herein.

5. Nothing herein or in the Motion shall be construed (a) to limit, or in any way affect, the Debtors' ability to dispute any claim under a Derivative Contract, or (b) as a waiver by any of the Debtors of their rights to contest any invoice or other claim under a Derivative Contract under applicable law.

6. Nothing herein or in the Motion shall grant any greater rights to any counterparty to any Derivative Contract in connection with any terminated Derivative Contract than such counterparty may have under the Bankruptcy Code, including but not limited to sections 362, 553, and 561 of the Bankruptcy Code.

7. Any payment made pursuant to this Interim Order is not, and shall not be, deemed an admission to the validity of the underlying obligation or waiver of any rights the Debtors may have to subsequently dispute such obligation.

8. Notwithstanding entry of this Interim Order, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any party.

9. Within two business days after the entry of this Interim Order, the Debtors shall provide notice in substantially the form attached hereto as Exhibit 2 (the "Notice of Interim Order") to (a) the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"); (b) counsel to Citibank, N.A., as administrative agent for the DIP credit facility, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Justin D. Lee; (c) counsel to JP Morgan Chase Bank, N.A., as administrative agent for the Debtors' prepetition

credit facility, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038, Attn: Kristopher M. Hansen; (d) the parties identified on the Debtors' consolidated list of 30-largest unsecured creditors; (e) counsel to the ad hoc group of lenders under the Debtors' prepetition credit facility, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166, Attn: Scott J. Greenberg; (f) counsel to KPS Capital Partners, LP, as stalking horse bidder, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Brian M. Resnick and Josh Sturm; and (g) all parties who, as of the filing of this Interim Order, have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002.

10. The Debtors are authorized and empowered to execute and deliver such documents, and to take and perform all actions necessary to implement and effectuate the relief granted in this Interim Order.

11. In accordance with this Interim Order (or other order of this Court), each of the financial institutions at which the Debtors maintain their accounts relating to the payment of the obligations described in the Motion are authorized, but not directed, to (a) receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (b) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on or subsequent to the Petition Date, without any duty to inquire otherwise and without any liability for following the Debtors' instructions.

12. Nothing in the Motion or this Interim Order, nor as a result of any payment made pursuant to this Interim Order, shall be deemed or construed as an admission as to

the validity or priority of any claim against the Debtors, an agreement or obligation to pay any claims, a waiver of any claim or causes of action which may exist against any creditor or interest holder, an admission as to the validity of any lien satisfied pursuant to this Motion, an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code or a waiver of the right of the Debtors or any other party, or shall impair or limit the ability of the Debtors or any other party, to contest or seek relief under any section of the Bankruptcy Code in respect of the validity and amount of any payment made pursuant to this Interim Order.

13. The requirements set forth in Local Rule 9013-1(b) are satisfied.

14. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

15. The requirements set forth in Bankruptcy Rule 6004(a) are satisfied.

16. This Interim Order is immediately effective and enforceable notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

17. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Interim Order.

18. The final hearing with respect to the relief requested in the Motion shall be held on _____, 2020 at _____ (prevailing Eastern Time) (the "Final Hearing"). Any objections or responses to entry of the proposed Final Order shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2020 and served on the following parties: (a) the Debtors, Garrett Motion Inc., 47548 Halyard Drive, Plymouth, MI, 48170, Attn: General Counsel; (b) proposed counsel to the Debtors, Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004, Attn: Noam R. Weiss; (c) the Office of the United States Trustee for the Southern District of New York; (d) counsel to Citibank, N.A., as administrative agent for the

DIP credit facility, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Ray C. Schrock, P.C. (ray.schrock@weil.com) and Candace M. Arthur, Esq. (candace.arthur@weil.com); (e) counsel to JPMorgan Chase Bank, N.A., as administrative agent for the Debtors' prepetition credit facility, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038, Attn: Kristopher M. Hansen (khansen@stroock.com), Jonathan D. Canfield (jcanfield@stroock.com), Joanne Lau (jlau@stroock.com) and Alexander A. Fraser (afraser@stroock.com); (f) counsel to the ad hoc group of lenders under the Debtors' prepetition credit facility, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166, Attn: Scott J. Greenberg (sgreenberg@gibsondunn.com), Steven A. Domanowski (sdomanowski@gibsondunn.com) and Matthew G. Bouslog (mbouslog@gibsondunn.com); (g) counsel to KPS Capital Partners, LP, as stalking horse bidder, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Brian M. Resnick (brian.resnick@davispolk.com) and Josh Sturm (joshua.sturm@davispolk.com); (h) counsel to the ad hoc group of bondholders, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Matthew M. Roose (matthew.roose@ropesgray.com) and Mark I. Bane (mark.bane@ropesgray.com); (i) the parties identified on the Debtors' consolidated list of 30-largest unsecured creditors; and (j) to the extent not listed herein, those parties requesting notice pursuant to Bankruptcy Rule 2002.

Dated: _____
New York, New York

United States Bankruptcy Judge

EXHIBIT B

Proposed Final Order

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

| | | |
|---|---|----------------------|
| In re | : | Chapter 11 |
| | : | |
| GARRETT MOTION INC., <i>et al.</i> , ¹ | : | Case No. ____ () |
| | : | |
| Debtors. | : | Jointly Administered |
| | : | |
| | : | |
| | : | |
| | : | |
| | X | |

**FINAL ORDER (I) AUTHORIZING, BUT NOT
DIRECTING, THE DEBTORS TO ENTER INTO, CONTINUE PERFORMING, AND
PROVIDE CREDIT SUPPORT UNDER HEDGING AND DERIVATIVE CONTRACTS
AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of Garrett Motion Inc. and certain of its affiliated debtors and debtors-in-possession (collectively, the “Debtors”), for entry of an order (this “Final Order”) (a) authorizing, but not directing, the Debtors, in their sole discretion, to (i) enter into and perform under the hedging and Derivative Contracts, (ii) provide Credit Support under the hedging and Derivative Contracts, each in the ordinary course and pursuant to past practices, and (b) granting certain related relief; and this Court having entered the *Interim Order (I) Authorizing, But Not Directing, the Debtors to Enter Into, Continue Performance, and Provide Credit Support Under Hedging and Derivative Contracts and (II) Granting Related Relief* [D.I. [•]] and this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and venue of these Chapter 11 Cases and the Motion in this district being

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² Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Rules of the United State Bankruptcy Court for the Southern District of New York (the “Local Rules”), and that, except as otherwise ordered herein, no other or further notice is necessary; and any objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and a hearing having been held to consider the relief requested in the Motion and upon the record of the hearing and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth herein.
2. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors are authorized, but not directed, to enter into postpetition Derivative Contracts, and guarantee and perform under, modify and settle prepetition and postpetition Derivative Contracts, including rolling over, adjusting, modifying, terminating and otherwise engaging in transactions thereunder, in the ordinary course and pursuant to past practices, without further order of the Court.
3. Pursuant to section 364(c) and (d) of the Bankruptcy Code, the Debtors may provide or return Credit Support with respect to prepetition and postpetition Derivative

Contracts, in the ordinary course and pursuant to past practices, without further order of the Court.

4. Nothing herein or in the Motion shall constitute an assumption, adoption or rejection by the Debtors of any executory contract or agreement between the Debtors and any third party, or to require the Debtors to make any of the payments authorized herein.

5. Nothing herein or in the Motion shall be construed (a) to limit, or in any way affect, the Debtors' ability to dispute any claim under a Derivative Contract, or (b) as a waiver by any of the Debtors of their rights to contest any invoice or other claim under a Derivative Contract under applicable law.

6. Nothing herein or in the Motion shall grant any greater rights to any counterparty to any Derivative Contract in connection with any terminated Derivative Contract than such counterparty may have under the Bankruptcy Code, including but not limited to sections 362, 553, and 561 of the Bankruptcy Code.

7. Any payment made pursuant to this Final Order is not, and shall not be, deemed an admission to the validity of the underlying obligation or waiver of any rights the Debtors may have to subsequently dispute such obligation.

8. Notwithstanding entry of this Final Order, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any party.

9. The Debtors are authorized and empowered to execute and deliver such documents, and to take and perform all actions necessary to implement and effectuate the relief granted in this Final Order.

10. In accordance with this Final Order (or other order of this Court), each of the financial institutions at which the Debtors maintain their accounts relating to the payment of

the obligations described in the Motion are authorized, but not directed, to (a) receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (b) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on or subsequent to the Petition Date, without any duty to inquire otherwise and without any liability for following the Debtors' instructions.

11. Nothing in the Motion or this Final Order, nor as a result of any payment made pursuant to this Final Order, shall be deemed or construed as an admission as to the validity or priority of any claim against the Debtors, an agreement or obligation to pay any claims, a waiver of any claim or causes of action which may exist against any creditor or interest holder, an admission as to the validity of any lien satisfied pursuant to this Final Order, an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code or a waiver of the right of the Debtors or any other party, or shall impair or limit the ability of the Debtors or any other party, to contest or seek relief under any section of the Bankruptcy Code in respect of the validity and amount of any payment made pursuant to this Final Order.

12. The requirements set forth in Local Rule 9013-1(b) are satisfied.

13. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

14. The requirements set forth in Bankruptcy Rule 6004(a) are satisfied.

15. This Final Order is immediately effective and enforceable notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

16. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Final Order.

Dated: _____
New York, New York

United States Bankruptcy Judge

