

Hearing Date: October 21, 2020 at 11:00 a.m. (ET)
Objection Deadline extended for the Committee: October 19, 2020 at 4:00 p.m. (ET)

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

In re)	Chapter 11
GARRETT MOTION INC., <i>et al.</i> , ¹)	Case No. 20-12212 (MEW)
Debtors.)	(Jointly Administered)

**STATEMENT AND RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS TO 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**

The Official Committee of Unsecured Creditors (the “Committee”) of Garrett Motion, Inc., *et al.* (collectively, the “Debtors”) respectfully submits this statement and reservation of rights (the “Statement & Reservation”) to *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*

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, which are being jointly administered, 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.



Assignment Procedures, (E) Approving Notice Procedures and (F) Granting Other Relief [Dkt. No. 18] (the “Bidding Procedures Motion” or “Bd. Pro. Mo.”).²

STATEMENT AND RESERVATION OF RIGHTS

1. Despite being only recently formed (including only having legal and financial advisors for eleven and seven days, respectively), the Committee has been hard at work. The Committee had issues and concerns relating to a number of the first and second-day motions and orders, including the DIP motion, that were able to be consensually resolved with the Debtors and other stakeholders.³ The only issue the Committee now raises with this Court relates to the Bidding Procedures Motion, which seeks relief that would not only set the direction of these cases, but also would result in this Court’s approval of a significant stalking horse fee.

2. Specifically, the Debtors seek to lock in a newly-improved stalking horse bid with KPS – and its associated \$63 million Termination Payment – even though a competing offer was made public on Friday that, at first glance, may be better for the Debtors’ stakeholders and these chapter 11 cases. That offer, which was filed by Centerbridge, Oaktree, and Honeywell with the Securities & Exchange Commission via Form 13D, contemplates a fully consensual plan that would either render stakeholders unimpaired (through reinstatement or payment in full in cash) or has the applicable stakeholder’s consent for impairment (in the case of Honeywell). In so doing, that plan would avoid lengthy and expensive litigation with Honeywell and other parties, while providing for an expeditious exit for these Debtors. At the same time, the Committee also understands that this competing offer has the support of a significant number of the Debtors’ equity holders. Based on conversations with the Debtors, the details of which are not yet public, the situation remains in flux and is fluid.

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

³ The Debtors have informed us that the hearing for certain retention applications has been adjourned.

3. In light of the these developments, as well as the significant amount of break-up fee and expense reimbursement at issue,⁴ the Committee believes that now is not the time to blow the whistle and pick a favorite (or otherwise alter the playing field). Instead, the Committee believes that the interests of these estates are best served by a short-term adjournment that permits the fulsome exploration of competing structures. Given the analysis relating to the myriad issues surrounding the two competing offers that must be undertaken by stakeholders, the questions that remain unanswered and the critical nature of the relief being sought to the outcome of this case, the Committee does not believe this motion should move forward in two days' time. To that end, the Committee informed the Debtors of its view that it would not be responsible to move forward with the bid procedures motion at Wednesday's hearing, and asked that the motion be adjourned for two weeks to allow for proper discussion, diligence, and reflection.

4. Notwithstanding the above, the Debtors refused to adjourn the hearing to approve the bidding procedures.

5. To be clear, it may be that locking up the KPS bid and the approval of the Termination Fee is the best path for these Debtors and their estates to pursue and the Committee is certainly open to reaching that conclusion. But, given the compelling alternative proposal that is on the table, the Committee would like an appropriate opportunity to make that assessment rather than being forced to react without needed information and analysis. The Committee is gravely concerned that a mistake now could not only cost the Debtor's estates up to \$84 million, but could alter the path away from a case in which all creditor claims are satisfied in full.

⁴ The Expense Reimbursement Payment was previously uncapped but we have been told by the Debtors that the amount is now capped at \$21 million, which increases the total Bid Protections to up to \$84 million.

6. Lastly, the Committee has engaged with the Debtors with regard to certain terms of the Bidding Procedures and Bid Protections. Based on a revised version of the Bid Procedures and Bid Procedures Order, most of the Committee's issues were addressed. The Committee, however, also provided comments as to the triggers and timing of payment of the Termination Payment,⁵ but the Committee has not seen a revised version of the purchase agreement. Given this, the Committee may have to raise certain issues with Court in a subsequent filing or at the hearing, and reserves all rights in that regard.

* * *

WHEREFORE, the Committee respectfully requests the Court adjourn the hearing on the Bidding Procedures Motion until November 4, 2020 (or at the Court's earliest convenience thereafter).

⁵ For example, the Termination Payment and Expense Reimbursement Payment should only be paid upon consummation or closing of an Alternative Transaction. As currently drafted in the purchase agreement, pursuant to section 8.2(b) of the purchase agreement, the Debtors must, if payable, pay the Termination Payment and Expense Reimbursement Payment within 2 business days following the termination of the purchase agreement

Dated: October 19, 2020
New York, New York

Respectfully submitted,

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