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October 21, 2020

The Honorable Michael E. Wiles
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004-1408

Re: *In re: Garrett Motion, Inc., et al.*, No. 20-12212 (MEW) (Bankr. S.D.N.Y.)

Dear Judge Wiles,

We write on behalf of Centerbridge Partners, L.P. ("Centerbridge") and Oaktree Capital Management, L.P. ("Oaktree"), who collectively hold approximately 15% of the Senior Notes and over 9% of the Debtors' common equity, certain clients of Jones Day who collectively hold approximately 40% of the Debtors' common equity and some Senior Notes, and Honeywell International Inc. ("Honeywell" and, together with Centerbridge, Oaktree, and the Jones Day clients, the "Plan Sponsors") in connection with the scheduled October 21, 2020 hearing on the Debtors' pending Bid Procedures Motion (ECF No. 18).

The board of the above captioned Debtors, in the purported exercise of their fiduciary duties, determined that it was in the best interest of these estates to liquidate the business through a sale. The propriety of that decision — made prepetition and without any discussions with existing stakeholders — raises serious questions about the Debtors' motives, but there will be ample time to investigate that later. What is relevant, is that the Debtors are now clinging to their decision to "announce a sale" as necessitating an auction to ensure the highest and best cash offer for the business (ECF No. 232). If the Debtors were, in fact, compelled to liquidate through a third party sale, then proceeding with an auction to establish the highest and best price for the Debtors' assets might make sense, as that auction would dictate stakeholder recoveries in a liquidating plan.

There is, however, nothing compelling a sale of the Debtors' business — and no one to benefit from an auction process. To the contrary, the Debtors have been presented with an alternative to a liquidation — a proposed plan of reorganization (the "Proposed Plan") — that is supported by existing stakeholders, Honeywell (as the ***sole*** impaired creditor class), and more than 50% of the existing common equity who have expressed an affirmative desire to be reinstated as common equity holders, a position they quite valued before the Debtors took the actions precipitating these chapter 11 cases. The Proposed Plan:

- pays off senior debt in full in cash (in identical form to the "Acceptable Plan" contemplated by the Debtors' Restructuring Support Agreement);

- provides a full payout to the Senior Notes or otherwise renders them unimpaired, without any risk of artificial impairment through a convoluted waterfall structure;

- pays all general unsecured creditors in full or otherwise renders them unimpaired;

- reinstates common equity in the capital structure;

- substantially deleverages the Debtors' balance sheet through a significant infusion of new equity capital and replacing Honeywell's contractual rights with preferred equity; and

- removes the litigation overhang on the business through a final resolution of all litigation between the Debtors and Honeywell.

The Proposed Plan restores the Debtors' position as a public company — mitigating the damage done from the Debtors' pursuit of their third party stalking horse bid — and sets the Debtors on a path to a confirmable plan. The KPS bid, on the other hand, is an invitation for litigation over whether a sale is appropriate at all, and the allowability and allocation of the Honeywell claims. It does not resolve *any* significant issues or put the Debtors on a path to exit; instead it puts the Debtors and their stakeholders on a years' long litigation path. The Debtors' characterization of the Proposed Plan as an alternative or competing bid by some 'distressed investors' who bought in postpetition is patently false on every level: the Proposed Plan reflects a stakeholder democracy speaking for what they believe is in fact in the best interests of stakeholders. The Plan Sponsors are not a bidding consortium here to compete with KPS — we are parties in interest in these cases who found a better way to reorganize and one that we will support with our votes.

Despite the clear benefit of our Proposed Plan to these estates — based on the time, cost, and risk of execution as compared to the sale path — there has been no engagement by the Debtors on our proposal. Instead, the Debtors' board and advisors continue to demonstrate that their interests are completely divorced from the interests of their stakeholders. The Debtors touted their original Stalking Horse Bid as the best alternative available at the time of the filing of these cases, only to be disproven a mere few weeks later when their largest stakeholders submitted the Proposed Plan. Instead of admitting that their original path was flawed and working to rectify the situation as the current stewards of the estates, the Debtors doubled down: they moved to immediately upsize their Stalking Horse Bid claiming that bid, rather than the Proposed Plan, is driving value for stakeholders. Indeed, simultaneously with sending us a letter outlining perceived flaws with our Proposed Plan, the Debtors filed a reply to the Bid Procedures Objections noting their intention to

move forward with their process and approve bid protections for a materially revised stalking horse proposal. And, following a request to adjourn the hearing based on the material changes to the KPS bid on no notice to parties in interest, the Debtors responded with two key messages: (i) they are wed to their third party bidder and not their current stakeholders, and (ii) they are focused on maximizing cash recoveries through a "private" M&A process. The Debtors position flies in the face of basic tenets of bankruptcy law and defies logic. *We — the Plan Sponsors — are the parties that stand to benefit from the increased purchase price and any overbid — and we prefer the Proposed Plan as the value maximizing path*.

Under these facts and circumstances, the Debtors seek to proceed with haste to burden these estates with more than $84 million in bid protections for a process that *cannot* lead to a confirmable plan, and will only result in significant incremental professional costs and potential value deterioration to the business.

There is no basis to approve Bid Procedures at this time, particularly when the Plan Sponsors' commitments to support the Proposed Plan are not contingent on receiving any bid protections whatsoever. By the Debtors' own admissions, they are not a melting ice cube. The Court should adjourn the hearing so that the Debtors can investigate their concerns regarding the Proposed Plan and so that all parties in interest can evaluate the new bid the Debtors seek to have approved. In the absence of rapid agreement, the Plan Sponsors will file a motion to terminate exclusivity that should be heard concurrently with the Debtors' Bid Procedures Motion.

Should it please the court, the undersigned are available to participate in a chambers conference ahead of the hearing on the Bid Procedures Motion scheduled for 11:00 a.m. tomorrow. We have copied counsel to the Official Committee of Unsecured Creditors who have also requested a hearing adjournment (ECF No. 229). A copy of this letter will also be sent to counsel to the Debtors and filed on the docket of these cases.

Sincerely,

/s/ *Nicole L. Greenblatt*
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