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*Counsel to Centerbridge Partners, L.P. and
Oaktree Capital Management, L.P.*

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

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

**NOTICE OF FILING OF JOINT LETTER FROM PLAN
SPONSORS, ADDITIONAL INVESTORS, AND HONEYWELL
TO DEBTORS REGARDING THE BID PROCEDURES MOTION**

Centerbridge Partners, L.P. (“Centerbridge”) and Oaktree Capital Management, L.P. (“Oaktree” and, together with Centerbridge, the “Plan Sponsors”), who collectively hold

¹ The last four digits of Garrett Motion Inc.’s tax identification number are 3189. Due to the large number of Debtors in these chapter 11 cases, which are being jointly administered, a complete list of the Debtors and the last four digits of their respective federal tax identification numbers is not provided herein. Such information may be obtained on the website of the Debtors’ claims and noticing agent at <http://www.kccllc.net/garrettmotion>. The Debtors’ corporate headquarters is located at La Pièce 16, Rolle, Switzerland.



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 (the "Additional Investors"), and Honeywell International Inc. ("Honeywell") submit this notice to the Court in connection with 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* [Dkt. No. 18].

For the Court's reference and benefit, the Plan Sponsors attach hereto as **Exhibit A** a letter and associated exhibit transmitted from counsel to the Plan Sponsors, Additional Investors, and Honeywell to counsel to the Debtors.

New York, New York
Dated: October 23, 2020

/s/ Dennis F. Dunne
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EXHIBIT A

Milbank

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October 22, 2020

BY EMAIL

Andrew Dietderich
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10014

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

Dear Andy:

We write on behalf of Centerbridge Partners, L.P. (“**Centerbridge**”) and Oaktree Capital Management, L.P. (“**Oaktree**” and, together with Centerbridge, the “**Plan Sponsors**”), 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 (the “**Additional Investors**”), and Honeywell International Inc. (“**Honeywell**”).

The Plan Sponsors, Honeywell, and the Additional Investors urge the Debtors and their Board of Directors (the “**Board**”) to adjourn the Debtors’ motion to approve bid procedures. This motion, if granted, would unnecessarily saddle the estates with up to \$84 million in administrative expenses, comprised of a \$63 million break-up fee and up to \$21 million in expense reimbursements payable to KPS Capital Partners, LP (“**KPS**”). Consistent with its fiduciary duties, the Board must be mindful of the substantial majority of stakeholders throughout the Debtors’ capital structure—representing more than 50% of the common equity, approximately 60% of the Senior Notes, and the interests of unsecured creditors as represented by the Official Creditors’ Committee—who strongly oppose the motion. Indeed, it would be irresponsible for the Board to allow the Debtors to go forward with this motion in the face of such uninform and unprecedented opposition.

Because the KPS bid contemplates a sale through a plan that cannot satisfy the standards for confirmation under the Bankruptcy Code, approval of the motion would needlessly burden the Debtors’ estates with the substantial administrative expenses noted above. Said

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differently, the KPS plan cannot win, and therefore an approval of the bid procedures motion is a handout to KPS funded out of stakeholder recoveries (representing up to \$1.11 per share to the extent borne only by the equity holders). It is irrational to believe that using a non-confirmable plan to set the floor for an auction will produce competition that benefits the estates. Although the Plan Sponsors, Honeywell, and the Additional Investors firmly believe that their plan of reorganization proposal (the “**Plan Proposal**”) is vastly superior to the KPS bid, they also believe that granting the bid protections to KPS would be a waste of estate resources. Thus, the Plan Sponsors, Honeywell, and the Additional Investors are willing to improve the Plan Proposal both to avoid the incurrence of these administrative expenses and as a showing of good faith to encourage engagement with the Debtors, if the Board gives due consideration to the Plan Proposal and no break-up fees or other bid protections are approved by the Bankruptcy Court. Specifically, if these conditions are met and subject to documentation, the Plan Sponsors are willing to:

- provide for a distribution of \$84 million in cash on the effective date to all holders of common equity interests on a *pro rata* basis (a much better outcome for equity holders than the payment of bid protections to a third-party bidder for a plan that is unconfirmable and opposed by a substantial majority of stakeholders) in addition to reinstating common equity interests;
- modify the election of cash payment of the dividend under the Convertible Series A Preferred Stock so that it is payable in cash unless the disinterested members of the board of the reorganized Debtors (*i.e.*, members other than those nominated by Oaktree, Centerbridge, or the Additional Investors) elect to pay such dividends in kind; and
- modify the Convertible Series A Preferred Stock so that it is redeemable following the sixth anniversary of the issuance date at par plus all accrued and unpaid dividends.

Please share this letter and the accompanying chart (which compares the key features of the modified Plan Proposal to the KPS bid) with the Board as soon as possible in advance of the meeting of the Board scheduled for Friday morning.

We are eager to begin engaging with the Debtors in good faith on this modified Plan Proposal and will make ourselves available to discuss any questions that you might have.

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Sincerely,

/s/ Dennis F. Dunne
Dennis F. Dunne
Milbank LLP

/s/ Nicole L. Greenblatt
Nicole L. Greenblatt, P.C.
Kirkland & Ellis LLP

/s/ Bruce Bennett
Bruce Bennett
Jones Day

Cc: Bruce Mendelsohn
Regina Savage

Annex

Comparison of KPS Bid to Updated Plan Proposal

CONFIDENTIAL – SUBJECT TO FRE 408 & ITS EQUIVALENTS

Summary of Competing GTX Proposals

	KPS Bid	Updated Plan Proposal	
Implementation	› Sale & Liquidating Plan	› Plan of Reorganization	
Bid Value	› \$2.6bn	› \$3.2bn ¹	
PF Leverage	› ~2.7x 2021E EBITDA / ~2.0x 2022E EBITDA ²	› ~2.7x 2021E EBITDA / ~2.0x 2022E EBITDA ²	
Financing	› Fully committed	› Equity fully committed / highly confident letters received for debt ³ . No financing outs	
Diligence Outs	› None	› None	
Shareholder Co-Invest	› \$100m	› \$100m	
Treatment	HON Claim	› Contested & subject to ongoing litigation <i>Impaired</i>	› Fully resolved HON claim <i>Resolved</i>
	Secured Debt	› Repaid in cash; default interest waived <i>Unimpaired</i>	› Repaid in cash; default interest waived <i>Unimpaired</i>
	Senior Notes	› Repaid in cash; MW not paid <i>Impaired</i>	› Repaid in cash; MW settled <i>Settled</i>
	GUCs	› Repaid in cash, assumed or impaired <i>Mixed</i>	› Repaid in full or assumed <i>Unimpaired</i>
	Equity	› Extinguished; recovery TBD, subject to litigation	› Reinstated, participate in upside and, assuming no break-fee or expense reimbursement are paid to a stalking horse bidder, \$84m cash distribution
Timing	› Equity distributions subject to resolution of litigation with HON	› Emergence from bankruptcy in early Q1 2021	
Path to Exit	› Fully contested. Opposed by every constituency other than secured lenders being paid in full (less default rate interest)	› Fully confirmable; no objecting class	

1) Assumes equity market cap as of 10/21/20; assumes Honeywell Pref. B discounted at 9% discount rate

2) Assumes debt of ~\$1.1bn of debt; Assumes 2021E EBITDA of \$426m per Debtors business plan forecast and 2022E EBITDA of \$562m per analyst consensus

3) The Plan Sponsors have received two highly confident debt financing letters from bank lenders. Preliminary terms of L+300, BB/Ba2 rating