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**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	

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO MAINTAIN THEIR  
CUSTOMER PROGRAMS AND HONOR RELATED PREPETITION  
OBLIGATIONS, (II) AUTHORIZING BANKS AND OTHER FINANCIAL  
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS  
AND TRANSFERS AND (III) 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

<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.



the Interim Order, the “Orders”), pursuant to sections 105(a), 363, 1107 and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (a) authorizing, but not directing, the Debtors, in their sole discretion, to (i) maintain and administer the Customer Programs (as defined below) and honor all prepetition obligations to customers arising under the Customer Programs in the ordinary course of business and in a manner consistent with past practice (collectively, the “Prepetition Customer Obligations”) and (ii) maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs as the Debtors deem appropriate in their business judgment and in the ordinary course of business and consistent with past practice, without further application to the Court, (b) authorizing applicable banks and other financial institutions to honor and process related checks and transfers and (c) granting certain related relief, including scheduling a hearing to consider approval of the Motion on a final basis (the “Final Hearing”). 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. The Customer Programs**

4. The Debtors offer their original equipment manufacturer (“OEM”) and automotive aftermarket customers certain discounts, price reductions, rebates, credits, warranties and other accommodations and programs designed to increase the Debtors’ sales, reduce working capital and attract and retain customers (the “Customer Programs” and the obligations to customers arising under the Customer Programs, the “Customer Obligations”), which are described in greater detail below. The Customer Programs are standard across the Debtors’ industries and, as a result, are critical to the Debtors’ ability to compete effectively in the marketplace and maintain customer goodwill and satisfaction.

##### **A. Volume and Signing Discounts and Rebates**

5. In the ordinary course of business, the Debtors offer certain volume-based and other signing discounts and rebates to customers to incentivize customers to purchase additional goods from the Debtors, engender customer loyalty and compete effectively in an industry where such practices are standard. Although such programs can be structured in a

variety of ways, one common structure for the Debtors is a program pursuant to which their customers receive discounts on the per-piece price for a product after certain production time periods or volume thresholds for such product are met. For certain customers, these discounts may also take the form of a rebate payment. The Debtors also provide certain customers with an up-front discount upon entry into a new contract. Such signing discounts apply to reduce prices on existing contracts with customers and may take the form of reduced per-piece prices on additional production volumes or the form of credits against existing invoices. These and similar programs build brand loyalty and encourage customers to purchase additional goods and services from the Debtors and are an important customer acquisition tool for the Debtors.

B. Customer Credits

6. The Debtors provide customers credits against, among other things, future purchases and outstanding invoices for shortages, overbilling, freight allowances, defective or damaged products, use of products in quality control testing and customer returns. The Debtors may also provide a customer with credits if the Debtors are unable to fill the customer's order in full. In such a situation, the customer will receive credits from the Debtors for the difference between the amount the customer ordered and the amount the Debtors ultimately fulfilled. The Debtors operate similar programs for damaged goods, pursuant to which customers receive credits for any goods that are damaged. For certain customers in certain lines of business, the Debtors allow customers to return goods physically in lieu of payment or for credit, allowing the Debtors to avoid shipping and processing costs. The Debtors may also provide some customers with credits for use of products in quality control testing. All of these crediting arrangements are standard in the industries in which the Debtors compete and are necessary in order to acquire and retain key customers.

C. Joint Promotional Programs

7. The Debtors also participate in joint promotional programs with certain customers to promote sales of the customers' and Debtors' products, and share the cost of advertising for such programs. The Debtors contribute to those programs by providing credits to the applicable customer on existing invoices or through direct payments for their share of the program costs. The joint promotional programs encourage customer loyalty, generate goodwill and help increase revenue and profitability for the Debtors.

D. Pass-Through Price Reductions

8. The Debtors offer certain pass-through price reductions to customers where the marginal costs of production are reduced due to improved production techniques, or fluctuations in raw materials or foreign currency. Where the Debtors are able to modify production to reduce marginal cost, they will often pass through to their customers a percentage of the price reduction in connection with receipt of any necessary approvals for related contractual changes. In addition, in some customer contracts, the Debtors have agreed to pass through savings in the expected costs of raw materials or other intermediate products used in production, as well as any savings due to fluctuations in the exchange rates of currencies in which prices are denominated. The specific terms of such pass-through price reductions and the commodities or currencies to which they apply vary between customers, and may function to increase as well as decrease prices from contractual baselines.

E. Warranty Programs

9. The Debtors maintain a wide variety of prepetition warranty programs in support of their products (collectively, the "Warranty Programs"). For example, the Debtors provide warranties to their OEM customers on account of the components sold to the OEMs for the production of consumer products (including motor vehicles) (collectively, the "OEM

Warranties”). The Debtors also issue warranties in connection with their sale of certain products in the automotive aftermarket (collectively, “Aftermarket Warranties” and, together with the OEM Warranties and all other warranties under the Warranty Programs, the “Warranties”). In satisfaction of such Warranties, the Debtors may, in some cases, provide replacement components to allow their customers to replace a defective component when a person’s vehicle undergoes maintenance. In other cases, the debtors may provide credits or direct payments to customers in circumstances where they have claims brought against them under their own warranties, to the extent such claims are attributable to defective components provided by the Debtors. The Debtors also may negotiate, settle and make payments in respect of claims under the Warranties as the Debtors deem appropriate in their business judgment, including in connection with service or recall actions undertaken by the Debtors’ customers. The Debtors believe that the Warranties solidify existing customer relationships and assist in the development of new customers and the sale of new products. Although the Debtors have rigorous internal quality controls, any doubts regarding the Debtors’ ability to manufacture high quality products — or their willingness to make assurances of quality through a warranty — could result in OEM customers sourcing their supply needs elsewhere and other customers turning to competing products. Any such loss of customer loyalty and support would negatively affect the Debtors’ revenues and long-term prospects, to the detriment of their estates and creditors.

F. Tooling-Related Programs

10. The Debtors purchase tooling equipment on behalf of many of their customers. Such specialized tooling equipment enables the Debtors to produce the specific component parts ordered by their customers. The Debtors have requested authority to pay certain third-party tool makers for the costs of such tooling equipment in the concurrently filed *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing, but not Directing, Debtors to Pay*

*Prepetition Claims of (A) Critical Vendors and (B) Potential Lien Claimants, (II) Confirming Administrative Expense Priority of Outstanding Orders, (III) Authorizing Applicable Banks and Other Financial Institutions to Honor and Process Related Checks and Transfers and (V) Granting Related Relief.* If the tooling is to be owned by the customers, the Debtors seek reimbursement from customers for amounts paid to third-party tool makers. In some cases, the Debtors also contract with customers for the ability to use the tooling equipment to manufacture products for the independent automotive aftermarket. In exchange, the Debtors either seek a reduced amount as reimbursement from the applicable customer for the tooling equipment or pay a royalty to the applicable customer on any independent aftermarket revenue from sales of such products in the form of a credit to the customer against an existing invoice. The Debtors request authority to continue to provide such credits or rebates to customers, as applicable, in connection with the sales of products to the independent automotive aftermarket using tooling equipment, regardless of whether any related payments involve prepetition or postpetition obligations.

G. Other Customer Programs

11. In addition to the programs above, the Debtors routinely provide credits, rebates or payments to their customers for other expenses and obligations which are part of supply chains and distribution networks with customers. The Debtors may provide credits or payments to customers for the costs of component parts which they purchase from customers for use in finished products that they later sell back to those customers. The Debtors may also provide credits to customers for the cost to repurchase used turbochargers, known as “cores”, which the Debtors later remanufacture and sell. In addition, the Debtors may make payments to customers for electronic data interchange fees associated with the distribution of the Debtors’ products, and for purchases of third-party turbocharger products or leases of customer equipment for the Debtors’ own research and development of new products.

12. The Customer Programs are standard across the automotive parts manufacturing industry and, as a result, are critical to the Debtors' ability to compete effectively in the marketplace and maintain customer goodwill and satisfaction. The Debtors believe the revenue generated by the Customer Programs far exceeds the costs of implementing such programs. The Debtors believe that the Customer Programs are, in effect, the cost of doing business in the competitive industries in which they operate and that the suspension or failure to fully honor the Customer Programs would result in substantial harm to the Debtors' businesses and would result in the destruction of value for all stakeholders. Moreover, in the significant majority of cases, administration of the Customer Programs does not require a direct cash disbursement by the Debtors.

13. Many of the Prepetition Customer Obligations are contingent obligations. The Debtors estimate that the value of Prepetition Customer Obligations is approximately \$97 million based on current accruals, expected production volumes, expected warranty claims, and historical payment amounts. The Debtors do not anticipate that the value of Prepetition Customer Obligations exceeds this estimate, and seek authority, but not direction, to honor such Prepetition Customer Obligations as they may come due in the ordinary course. On an interim basis, the Debtors estimate the value of the Prepetition Customer Obligations to be approximately \$17.7 million during the first 30 days of these Chapter 11 Cases, during which time the Debtors anticipate making direct cash disbursements in connection with the Customer Programs of approximately \$1.5 million. On a final basis, the Debtors expect to honor the entirety of the Prepetition Customer Obligations.

14. The Debtors do not believe that authorization of the Bankruptcy Court to maintain, continue, renew, replace, implement, modify, terminate or create new Customer



Programs as the Debtors deem appropriate in their business judgment and in the ordinary course of business and consistent with past practice on a postpetition basis is required. Out of an abundance of caution, however, the Debtors respectfully request that the Bankruptcy Court authorize the Debtors to maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs as the Debtors deem appropriate in their business judgment and in the ordinary course of business and consistent with past practice, including direct cash disbursements, on a postpetition basis as applicable.

15. Similarly, although the Debtors do not believe that authorization of the Bankruptcy Court is required, out of an abundance of caution, the Debtors respectfully request that the Bankruptcy Court authorize, but not direct, the Debtors to launch, or continue to proceed with, law suits and/or criminal or other complaints against third parties that are infringing trademarks and/or competing unfairly by launching products that are not homologated for road use by the authorities, or selling stolen or illegal copies of the Debtors' products, and to pursue any other means of action against competitors that compete in an unlawful fashion against the Debtors and to pay any related expenses or fees.

### **Jurisdiction**

16. 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(a), 363, 1107 and 1108 of the Bankruptcy Code and Bankruptcy Rule 6003.

**Relief Requested**

17. 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 to (i) maintain and administer the Customer Programs and honor Prepetition Customer Obligations in the ordinary course of business and in a manner consistent with past practice; and (ii) maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs as the Debtors deem appropriate in their business judgment and in the ordinary course of business and consistent with past practice, without further application to the Court; (b) authorizing applicable banks and other financial institutions to receive, process, honor, and pay any and all checks drawn on the Debtors' accounts and other transfers to the extent that those checks or transfers relate to any of the foregoing, and whether such checks and transfers were presented prior to or after the Petition Date and (c) granting related relief, including scheduling the Final Hearing.

**Basis for Relief**

**I. Honoring the Prepetition Customer Obligations and Maintaining the Customer Programs Is Appropriate Under Sections 105(a), 363(b), 1107(a) and 1108 of the Bankruptcy Code.**

18. The relief requested is appropriate under sections 105(a), 363(b), 1107(a) and 1108 of the Bankruptcy Code. The Debtors are operating their businesses as debtors-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code, and they are therefore fiduciaries "holding the bankruptcy estate[s] and operating the business for the benefit of . . . [their] creditors and (if the value justifies) equity owners." *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor-in-possession is the duty "to protect and preserve the estate, including an operating business's going-concern value." *Id.* Consistent with a debtor's fiduciary duties to preserve the estate, courts have authorized

payment of prepetition obligations pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. *See, e.g., In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (stating that section 363(b) provides “broad flexibility” for a debtor to satisfy prepetition claims where supported by a proper business justification); *In re Just for Feet, Inc.*, 242 B.R. 821, 824 (D. Del. 1999) (“Section 105(a) of the Code provides a statutory basis for the payment of pre-petition claims.”). Indeed, courts have recognized that there are instances when a debtor’s fiduciary duty can “only be fulfilled by the preplan satisfaction of a prepetition claim.” *In re CoServ, L.L.C.*, 273 B.R. at 497.

19. Section 363(b) of the Bankruptcy Code empowers the Court to allow the debtor, in the exercise of its sound business judgment and after notice and a hearing, to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” *See* 11 U.S.C. § 363(b)(1); *see also Official Comm. of Unsecured Creditors of LTV Aerospace & Defense Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143, 145 (2d Cir. 1992) (holding that a court may approve an application under section 363(b) upon a showing of a good business reason for the disposition). For a court to approve the use, sale, or lease of estate property under section 363(b) of the Bankruptcy Code, the debtor must “articulate some business justification, other than mere appeasement of major creditors . . . .” *In re Ionosphere Clubs, Inc.*, 98 B.R. at 175 (holding that the debtor’s payment of prepetition claims was necessary to protect its business and to ensure successful reorganization). 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) (citation omitted). Under this section, a court

may authorize a debtor to pay certain prepetition claims. *See In re Ionosphere Clubs, Inc.*, 98 B.R. at 175.

20. Additionally, section 105(a) of the Bankruptcy Code authorizes the Court to issue “any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). A bankruptcy court’s use of its equitable powers to “authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” *In re Ionosphere Clubs, Inc.*, 98 B.R. at 175. Under section 105(a), the Court “can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.” *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992); *see also In re Just for Feet, Inc.*, 242 B.R. at 825 (“To invoke the necessity of payment doctrine, a debtor must show that payment of the pre-petition claims is critical to the debtor’s reorganization”).

21. Courts in this district have recognized the “necessity of payment” doctrine. *See, e.g., In re Ionosphere Clubs, Inc.*, 98 B.R. at 176 (recognizing “the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential to the continued operation of the debtor” and stating that the necessity of payment doctrine “permits immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganizational claims shall have been paid”); *In re Fin. News Network, Inc.*, 134 B.R. 732, 736 (Bankr. S.D.N.Y. 1991) (stating that the doctrine of necessity “stands for the principle that a bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor’s reorganization”).

22. The necessity of payment doctrine is designed to foster a debtor's rehabilitation, which courts have recognized is "the paramount policy of Chapter 11." *In re Ionosphere Clubs, Inc.*, 98 B.R. at 176; *In re Chateaugay Corp.*, 80 B.R. 279, 287 (S.D.N.Y. 1987) (authorizing payment of prepetition workers' compensation claims on grounds that the fundamental purpose of reorganization and equity powers of bankruptcy courts "is to create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately"); *In re Just for Feet*, 242 B.R. at 826 (finding that payment of prepetition claims to certain trade vendors was "essential to the survival of the debtor during the chapter 11 reorganization"); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) ("[A] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment."); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of tool makers as "necessary to avert a serious threat to the Chapter 11 process").

23. The relief requested in this Motion represents a sound exercise of the Debtors' business judgment and is necessary for the preservation of the resources and going-concern values of their estates. Continuing the Customer Programs without interruption and honoring the Prepetition Customer Obligations are critical to the Debtors' reorganization efforts. Allowing the Debtors to do so will facilitate a smooth transition into chapter 11 and advance the restructuring of the Debtors' businesses, both in terms of profitability and the engendering of goodwill with essential customers, especially at this critical time early in these Chapter 11 Cases. The Debtors believe that the cost of maintaining the Customer Programs and honoring the

Prepetition Customer Obligations will be more than offset by the revenue generated by virtue of the Customer Programs remaining in place.

24. Courts in this district have routinely granted relief similar to the relief requested herein. *See, e.g., In re LSC Communications, Inc.*, 20-10950 (SHL) (May 12, 2020) D.I. 212 (authorizing debtors “to maintain, continue, renew, replace, implement, modify or terminate the customer Programs as needed in the ordinary course of business and consistent with past practice”); *In re Hollander Sleep Prods., LLC*, 19-11608 (MEW) (July 2, 2019), D.I. 163 (authorizing debtors to maintain and administer prepetition customer programs and pay related prepetition obligations); *In re Windstream Holdings, Inc.*, 19-22312 (RDD) (Apr. 22, 2019), D.I. 379 (same); *In re Trident Holding Co., LLC*, 19-10384 (SHL) (Mar. 8, 2019), D.I. 170 (same); *In re Cenveo, Inc.*, 18-22178 (LSS) (Feb. 6, 2018), D.I. 43 (same); *In re Avaya, Inc.*, 17-10089 (SMB) (Jan. 24, 2017), D.I. 64 (same); *In re DACCO Transmission Parts (NY), Inc.*, 16-13245 (MKV) (Dec. 22, 2016), D.I. 142 (authorizing debtors to perform obligations in respect of customer programs and “to continue, renew, replace, modify and/or terminate” customer programs); *In re Chassix Holdings, Inc.*, 15-10578 (MEW) (Apr. 15, 2015), D.I. 257 (same). Based on the foregoing reasons, the Debtors submit that the relief requested in this Motion should be approved.

## **II. Cause Exists to Authorize Applicable Banks and/or Financial Institutions to Honor Checks and Electronic Fund Transfers.**

25. The Debtors further request that the Court authorize and direct all applicable banks and other financial institutions (the “Banks”) to receive, process, honor and pay any and all checks drawn or electronic funds transfers requested to pay Prepetition Customer Obligations, whether such checks were presented prior to or after the Petition Date; *provided, however*, that such checks or electronic funds transfers are identified by the Debtors as relating

directly to the authorized payment of the Prepetition Customer Obligations. The Debtors also seek authority to issue new postpetition checks, or effect new electronic funds transfers, on account of such claims to replace any prepetition checks or electronic funds transfer requests that may be dishonored or rejected as a result of the commencement of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any Customer Program.

**Bankruptcy Rule 6003 Is Satisfied**

26. 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).

27. Immediate and irreparable harm would result if the relief requested herein is not granted. As described above, if the Debtors are not authorized to pay the Prepetition Customer Obligations in the ordinary course of business, the Debtors’ ability to maintain or grow their customer base and market share would be impaired. These effects would in turn negatively affect future sales growth. The Debtors’ customer relationships are an essential aspect of their businesses, and payment of the Prepetition Customer Obligations, including those that are due within the first 21 days of the Petition Date, 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)**

28. 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**

29. Nothing in this Motion: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or 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 or their estates 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; or (d) shall be construed as a promise to pay a claim or continue any applicable program postpetition, which decision shall be in the discretion of the Debtors. 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’ rights to subsequently dispute such claim.



**Notice**

30. 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 Joshua Y. 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 (f) 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**

31. 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**

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

**INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO  
MAINTAIN THEIR CUSTOMER PROGRAMS AND HONOR RELATED  
PREPETITION OBLIGATIONS, (II) AUTHORIZING BANKS AND OTHER  
FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND  
TRANSFERS AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> 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) maintain and administer their Customer Programs and honor all prepetition obligations (collectively, the “Prepetition Customer Obligations”) to customers arising under the Customer Programs in the ordinary course of business and in a manner consistent with past practice and (ii) maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs, in each case, as the Debtors deem appropriate in their business judgment in the ordinary course of business and consistent with past practice, without further application to the Court; (b) authorizing applicable banks and other financial institutions to honor and process

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<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.

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

related checks and transfers and (c) granting 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 in accordance with the Bankruptcy Rules and the Local Rules of the United States 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. The Debtors are authorized, but not directed, in their sole discretion, to maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs as needed in the ordinary course of business and consistent with past practice, including establishing or modifying customer prices and making direct cash disbursements, without obtaining any further order of the Court.

3. The Debtors are authorized, but not directed, in their sole discretion and business judgment, to satisfy the Prepetition Customer Obligations as they come due in the ordinary course of business, including through the negotiation and settlement of any claims under the Warranties.

4. The Debtors are authorized, but not directed, to launch, or continue to proceed with, law suits and/or criminal or other complaints against third parties that are infringing trademarks and/or competing unfairly by launching products that are not homologated for road use by the authorities, or selling stolen or illegal copies of the Debtors' products, and to pursue any other means of action against competitors that compete in an unlawful fashion against the Debtors and to pay any related expenses or fees.

5. The Debtors are authorized to issue postpetition checks, or to effect postpetition electronic fund transfers, in replacement of any checks or electronic fund transfers in respect of payments authorized by this Interim Order that are dishonored or rejected after the Petition Date.

6. 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.

7. 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.

8. Nothing in the Motion or this Interim Order shall be deemed to authorize the Debtors to accelerate any payments, and the Debtors are only authorized under this Interim Order to pay amounts that are due and owing prior to the final hearing on this Motion.

9. 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 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 of any claims or causes of action which may exist against any customer, or shall impair the ability of the Debtors 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.

10. Notwithstanding anything to the contrary contained in the Motion or this Interim Order, any payment to be made and any relief or authorization granted hereunder shall be limited by, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court authorizing the Debtors to obtain debtor-in-possession financing and authorizing the use of cash collateral (any such order, a "DIP Order"). To the extent of any conflict (but solely to the extent of such conflict) between the terms of this Interim Order and the terms of any DIP Order, the terms of the DIP Order will govern.

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

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

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

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

15. 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.

16. 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) 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); (d) 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); (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 (sgreenberg@gibsondunn.com), Steven A. Domanowski



(sdomanowski@gibsondunn.com) and Matthew G. Bouslog (mbouslog@gibsondunn.com);  
(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  
(brian.resnick@davispolk.com) and Joshua Y. Sturm (joshua.sturm@davispolk.com);  
(g) 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); (h) counsel to any statutory committee  
appointed in these Chapter 11 Cases; (i) the Office of the United States Trustee for the Southern  
District of New York; 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**

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

**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO MAINTAIN  
THEIR CUSTOMER PROGRAMS AND HONOR RELATED PREPETITION  
OBLIGATIONS, (II) AUTHORIZING BANKS AND OTHER FINANCIAL  
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND  
TRANSFERS AND (III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> 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) maintain and administer their Customer Programs and honor all prepetition obligations (collectively, the “Prepetition Customer Obligations”) to customers arising under the Customer Programs in the ordinary course of business and in a manner consistent with past practice and (ii) maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs, in each case, as the Debtors deem appropriate in their business judgment in the ordinary course of business and consistent with past practice, without further application to the Court; (b) authorizing applicable banks and other financial institutions to honor and process

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<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.

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

related checks and transfers and (c) granting related relief; and this Court having entered the *Interim Order (I) Authorizing, But Not Directing, the Debtors to Maintain Their Customer Programs and Honor Related Prepetition Obligations, (II) Authorizing Applicable Banks and Other Financial Institutions to Honor and Process Related Checks and Transfers and (III) 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 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 States 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. The Debtors are authorized, but not directed, in their sole discretion, to maintain, continue, renew, replace, implement, modify, terminate or create new Customer Programs as needed in the ordinary course of business and consistent with past practice,

including establishing or modifying customer prices and making direct cash disbursements, without obtaining any further order of the Court.

3. The Debtors are authorized, but not directed, in their sole discretion and business judgment, to satisfy the Prepetition Customer Obligations as they come due in the ordinary course of business, including through the negotiation and settlement of any claims under the Warranties.

4. The Debtors are authorized, but not directed, to launch, or continue to proceed with, law suits and/or criminal or other complaints against third parties that are infringing trademarks and/or competing unfairly by launching products that are not homologated for road use by the authorities, or selling stolen or illegal copies of the Debtors' products, and to pursue any other means of action against competitors that compete in an unlawful fashion against the Debtors and to pay any related expenses or fees.

5. The Debtors are authorized to issue postpetition checks, or to effect postpetition electronic fund transfers, in replacement of any checks or electronic fund transfers in respect of payments authorized by this Final Order that are dishonored or rejected after the Petition Date.

6. 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.

7. 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.

8. 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 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 of any claims or causes of action which may exist against any customer, or shall impair the ability of the Debtors 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.

9. Notwithstanding anything to the contrary contained in the Motion or this Final Order, any payment to be made and any relief or authorization granted hereunder shall be limited by, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court authorizing the Debtors to obtain debtor-in-possession financing and authorizing the use of cash collateral (any such order, a "DIP Order"). To the extent of any conflict (but solely to the extent of such conflict) between the terms of this Final Order and the terms of any DIP Order, the terms of the DIP Order will govern.

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

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

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

13. 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