

Andrew G. Dietderich  
Brian D. Glueckstein  
Alexa J. Kranzley  
Benjamin S. Beller  
SULLIVAN & CROMWELL LLP  
125 Broad Street  
New York, NY 10004-2498  
Telephone: (212) 558-4000  
Facsimile: (212) 558-3588

*Counsel to the Debtors*

**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. 20-12212 (MEW)
	:	
Debtors.	:	Jointly Administered
	:	
_____	X	

**NOTICE OF SUCCESSFUL BIDDER**

**PLEASE TAKE NOTICE THAT** on October 24, 2020, the United States Bankruptcy Court for the Southern District of New York entered the *Order (A) Authorizing and Approving the Bid Procedures, (B) Authorizing and Approving the Stalking Horse Bid Protections, (C) Scheduling a Sale Hearing, (D) Approving Notice Procedures, and (E) Granting Other Relief* [D.I. 282] (the “Bid Procedures Order”). The Bid Procedures Order, among other

<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, 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’ claims and noticing agent at <http://www.kccllc.net/garrettmotion>. The Debtors’ corporate headquarters is located at La Pièce 16, Rolle, Switzerland.



things, approved the Bid Procedures annexed thereto as Exhibit 1 (the “Bid Procedures”)<sup>2</sup> and authorized the Debtors to schedule and conduct an auction (the “Auction”) for the sale of the Debtors’ assets.

**PLEASE TAKE FURTHER NOTICE THAT** pursuant to the Bid Procedures, the Debtors hereby provide notice that AMP Alberta Holdings, LP, an affiliate of KPS Capital Partners, LP (“KPS”), submitted the Successful Bid at the Auction based on the written bids received in the Auction. The proposal made at Auction and reflecting the Successful Bid is attached on Schedule 1, which includes an initial overbid and subsequent “best and final” bid. In order to comply with certain milestones set forth in the Successful Bid documentation, the Debtors are filing today a plan of reorganization, related disclosure statement and motion to approve the disclosure statement and plan solicitation procedures reflecting the transactions contemplated by the Successful Bid documentation.

**PLEASE TAKE FURTHER NOTICE THAT** the second place bid at Auction was a proposal from a consortium of Owl Creek Asset Management, L.P., Warlander Asset Management, L.P., Jefferies LLC, Bardin Hill Opportunistic Credit Master Fund LP, Marathon Asset Management L.P., and Cetus Capital VI, L.P. or the affiliates thereof, which included an original proposal, various overbids and a subsequent “best and final” bid.

**PLEASE TAKE FURTHER NOTICE THAT** in addition to the written bids received at Auction, the Debtors have simultaneously reviewed, considered and discussed with the Consulting Professionals proposals made in parallel by the parties to that certain Second Amended and Restated Coordination Agreement, dated as of November 2, 2020, by and among

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Bid Procedures.

Honeywell International Inc., Oaktree Capital Management, L.P., Centerbridge Partners, L.P.  
and the additional parties named therein (the “COH Group”).

**PLEASE TAKE FURTHER NOTICE THAT** the Debtors are considering the  
most recent proposal made by the COH Group relative to the Successful Bid at Auction, and  
intend to announce shortly a decision as to which proposal will be pursued.

Dated: January 8, 2021  
New York, New York

/s/ Andrew G. Dietderich  
Andrew G. Dietderich  
Brian D. Glueckstein  
Alexa J. Kranzley  
Benjamin S. Beller  
SULLIVAN & CROMWELL LLP  
125 Broad Street  
New York, New York 10004  
Telephone: (212) 558-4000  
Facsimile: (212) 558-3588  
E-mail: dietdericha@sullcrom.com  
gluecksteinb@sullcrom.com  
kranzleya@sullcrom.com  
bellerb@sullcrom.com

*Counsel to the Debtors*

**SCHEDULE 1**

**KPS Bid**

KPS  
CAPITAL PARTNERS, LP

January 5, 2021

Garrett Motion Inc.  
La Pièce 16  
1180 Rolle, Switzerland  
Attention: Sean Deason, Jerome P. Maironi

cc:

Sullivan & Cromwell LLP  
Attention: Scott Miller, Andrew Dietderich, Evan S. Simpson

Morgan Stanley & Co.  
Attention: Regina Savage, Christopher Lee, Kristin Zimmerman

Perella Weinberg Partners  
Attention: Bruce Mendelsohn

RE: Garrett Motion Inc., et al. (collectively, the “Company” or the “Debtors”)

To Whom It May Concern:

Reference is made to the bidding procedures annexed to the *Order (A) Authorizing and Approving Bid Procedures, (B) Authorizing and Approving The Stalking Horse Bid Protections, (C) Scheduling a Sale Hearing, (D) Approving Notice Procedures, and (E) Granting Other Relief* [Case No. 20-12212, ECF No. 282] (the “**Bidding Procedures Order**”).

By this letter, we are submitting a Subsequent Bid (the “**Round Three Bid**”) for your consideration. This Round Three Bid shall incorporate the terms of our bid submitted at the Auction on December 23, 2020 (the “**Round Two Bid**”), as modified by the changes summarized below. Terms used but not defined herein shall have the meanings ascribed thereto in the Subscription Agreement. For the avoidance of doubt, the Round Two Bid remains in effect, subject to its terms.

Under this Round Three Bid, subject to and conditioned upon (i) the negotiation, execution and delivery of definitive documentation reasonably acceptable to Buyer providing for this Round Three Bid (including the Plan, the “**Definitive Documentation**”),<sup>1</sup> and (ii) Buyer having obtained from the existing Debt Financing Sources (x) approval of the terms of this Round Three Bid and the Definitive

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<sup>1</sup> Except as expressly modified by this Round Three Bid, Definitive Documentation to be consistent with the draft Subscription Agreement being delivered to you concurrently herewith in connection with our Round Two Bid (the “**Subscription Agreement**”), which remains subject to approval by the Debt Financing Sources. For the avoidance of doubt, our Round Two Bid remains subject to the conditions to effectiveness set forth therein, including the section entitled “Conditions Precedent to Effectiveness of this Term Sheet”.

Documentation, and (y) revised debt commitment letters executed by the existing Debt Financing Sources consistent and compatible with this Round Three Bid and the Definitive Documentation, we are proposing the following changes to the Existing Proposal:

1. Clause (i) of the definition of “Adjusted Enterprise Value” is increased by \$135 million to \$2.9 billion.
2. Funded net cash proceeds of the Exit Term Debt shall not exceed \$1.5 billion (“**Maximum Exit Term Debt**”).
3. We are prepared to offer the opportunity (the “**Rights Offering Opportunity**”) for the eligible holders of the Company’s existing stock to subscribe to up to their pro rata share of \$250 million of shares of common stock that would have otherwise been purchased by Buyer as Subscription Shares at the Closing pursuant to the Subscription Agreement (at the same price paid by Buyer for the Subscription Shares at the Closing).<sup>2</sup>
4. Incremental financing fees and backstop fees (if any) will be added to Additional Purchaser Cash Consideration.
5. The Back-Up Termination Date with respect to this Round Three Bid shall mean January 31, 2021 (subject to earlier termination pursuant to the following sentence). This Round Three Bid shall not be eligible to serve as an Alternate Bid if the Debtors select as a Successful Bid (as defined in the Bidding Procedures Order), or file with the Bankruptcy Court any plan or disclosure statement reflecting, an Alternative Transaction that contemplates modifying, or is inconsistent with, section 8 of the Bidding Procedures Order, including, without limitation, a bid seeking the relief described in sections C and F of the Summary of Revised Terms exhibited to the January 4, 2021 bid letter by the “Investor Group”. Buyer’s obligation to serve as an Alternate Bidder in respect of the Round Three Bid is also conditioned on Buyer obtaining term loan commitments from the existing Debt Financing Sources in an amount equal to the Maximum Exit Term Debt. For the avoidance of doubt, the Round Two Bid remains valid and binding upon us, and is eligible to be selected as an Alternate Bidder in accordance with the terms of the Round Two Bid and the Bidding Procedures Order.
6. The Debtors may continue to facilitate the Equity Committee’s solicitation of alternative financing for a standalone chapter 11 plan during the period up to January 25, 2021.

This Round Three Bid represents a premium value for the Debtors. In particular, \$2.9 billion represents 6.65x 2020 Adjusted EBITDA of \$436 million and 5.92x 2021 Projected Adjusted EBITDA of \$490 million. Comparable automotive parts suppliers have consistently traded over the long run between 4.5x to 5.5x, with companies trading at the higher end of the range typically holding less financial leverage than companies trading at the low end of the range. Comparable public automotive suppliers have only 1.0x leverage on average.

Numerous stakeholders and participants in the Debtors’ auction process have suggested that Garrett should trade off a multiple of \$600 million of EBITDA. Based on the Company’s projections, management does not expect Garrett to generate \$600 million of LTM EBITDA until sometime in 2023, an assessment that is consistent with the detailed due diligence conducted by KPS and its third-party advisors.

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<sup>2</sup> Buyer is amenable to discussing a backstop commitment from certain shareholders. Buyer’s minimum pro forma equity ownership at Closing set forth in Section 2.4(d) of the Subscription Agreement would be set at 60%.

We believe that it would be inappropriate to burden the Company with excessive financial leverage given (a) that conservative financial leverage is a key criteria to the Company's original equipment manufacturer customers when awarding new business, (b) our desire to maintain financial flexibility to pursue post-emergence value creation opportunities including both growth capital expenditures and acquisition opportunities, (c) the potential risk of continued cash collateral requirements to support the Company's P-notes program (which can be in excess of \$200 million without revision to pre-petition arrangements) and (d) the cyclical nature of the automotive industry.

In comparing this Round Three Bid to alternative proposals, we would encourage the Debtors to take the above into account when evaluating the potential impact to future value assumptions.

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Sincerely,

KPS CAPITAL PARTNERS, LP

By: KPS Capital Partners, LLC  
its general partner

By:  \_\_\_\_\_

Raquel Palmer  
Managing Partner

By:  \_\_\_\_\_

Ryan Baker  
Partner