

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
United States

Craig S. Primis, P.C.
To Call Writer Directly:
+1 202 389 5921
craig.primis@kirkland.com

+1 202 389 5000

www.kirkland.com

Facsimile:
+1 202 389 5200

January 26, 2021

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

Re: *Garrett Motion Inc., et al. v. Honeywell International Inc., et al.*
Case No. 20-12212 (MEW) - Adv. Proc. No. 20-01223 (MEW)

Dear Judge Wiles:

I write on behalf of Honeywell International Inc. to clarify two aspects of Honeywell's tax treatment of payments from Garrett as set out in my letter to the Court of December 15, 2020. As it relates to Honeywell's tax treatment of Garrett's payments under the Indemnification and Reimbursement Agreement ("IRA") for legal expenses incurred in defending Bendix asbestos cases, Honeywell discovered in the course of preparing for depositions in this case that it had not treated these payments as taxable income in its 2018 and 2019 income tax returns. Honeywell is now taking appropriate steps to report these payments as taxable income and to treat the payments for tax purposes consistent with the approach described in my December 15 letter.

In addition, we also have learned that the \$1.3 billion receivable Honeywell established for Garrett's payments under the IRA included \$476,693 of accrued, but unpaid legal expenses, meaning that the first \$476,693 of payments received from Garrett in respect of the legal expenses will reduce Honeywell's tax basis in this receivable and will not be reported as income, while the remaining \$73 million received from Garrett in 2018 and 2019 will be treated as income. While the parties' settlement of Honeywell's claims moots these issues, we nonetheless wanted the Court to be aware of this additional factual information.

Respectfully submitted,

/s/ Craig S. Primis

Craig S. Primis, P.C.

