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## HONEYWELL RESPONDS TO GARRETT MOTION INC.'S BANKRUPTCY FILING

Garrett's decision to file for bankruptcy rather than meet its obligations is an unnecessary and unfortunate development for all its stakeholders. Garrett initiated these proceedings to avoid the legitimate and reasonable financial commitments Garrett assumed as part of its spin-off from Honeywell in September 2018. Garrett always has been capable of fulfilling those obligations with the assets and operations it received in the spin-off.

Honeywell's position, which is detailed in [our initial court response to Garrett's filing](#), is as follows:

- Garrett's decision to file for bankruptcy is entirely of its own making. It is neither the result of an inappropriate capital structure nor a consequence of the COVID-19 pandemic.
- These efforts are part of a continuing, imprudent strategy to evade Garrett's obligations to Honeywell, undertaken by a management team that is uninformed or ill-advised of its fiduciary duties to creditors and shareholders. The timeline set forth in Garrett's filings is part of its opportunistic scheme to rush a sale process.
- When COVID-19 hit and Garrett saw a short-term downturn in its business, Garrett opportunistically sought, in effect, to defer indefinitely Honeywell's claims outside of bankruptcy. Just three months ago, Honeywell worked cooperatively with Garrett and its creditors to provide Garrett with significant covenant and payment relief over the next two years.
- Garrett decided to file despite that relief and even though the worst of the economic downturn may already be behind the company. In fact, in its second-quarter earnings release issued on July 30, 2020, Garrett explained that it had "safely resumed operations with plants in China producing at pre-crisis levels." Garrett reported to the bankruptcy court that it currently has more than \$411 million in cash on hand, and confirmed in its recent press release that the "fundamentals of [its] business are strong."
- Despite being vested with a fiduciary duty to maximize value for all stakeholders, the circumstances surrounding Garrett's bankruptcy filing suggest that Garrett does not share these objectives and, in fact, has worked to limit distributable value in a way that is incompatible with the goals of the bankruptcy process. Garrett does not appear to have brought all potential bidders to the table, and instead has settled for a bid that satisfies all creditors except Honeywell, and wipes out Garrett's equity holders. This raises serious concerns over whether Garrett is actually focused on maximizing all stakeholder recoveries.

Honeywell is committed to engaging in a dialogue with Garrett and working constructively with all parties to mitigate Garrett's self-inflicted damage and maximize value for all stakeholders. Honeywell expressly reserves the right to raise any and all claims, defenses, and legal arguments in the bankruptcy proceedings.

***Honeywell's initial court response to Garrett's bankruptcy filing:***

<http://www.kccllc.net/garrettmotion/document/201221220092100000000004>