Docket #1955 Date Filed: 07/31/2024

IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

In re **WESCO AIRCRAFT HOLDINGS, INC.**, *et al.*,[1] Debtors.	Case No. 23-90611 (MI) Chapter 11 (Jointly Administered)

DEBTORS' OBJECTION TO THE MOTION AND RESERVATION OF RIGHTS OF THE 2024/2026 NOTEHOLDER GROUP FOR RECONSIDERATION OF THE FINAL DIP ORDER

(RELATED TO DOCKET NOS. 84, 396, AND 1890)

[1] The Debtors operate under the trade name Incora and have previously used the trade names Wesco, Pattonair, Haas, and Adams Aviation. A complete list of the Debtors in these chapter 11 cases, with each one's federal tax identification number and the address of its principal office, is available on the website of the Debtors' noticing agent at https://veritaglobal.net/incora/. The service address for each of the Debtors in these cases is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.

2390611240731000000000004

Through this objection and reservation of rights (the "***Objection***"), the above-captioned debtors and debtors in possession (the "***Debtors***" and, together with their non-Debtor subsidiaries, "***Incora***")[2] object to the pleading of the Ad Hoc Group of 2024/2026 Noteholders (the "***2024/2026 Group***") that the 2024/2026 Group denominates as a *Motion and Reservation of Rights of the 2024/2026 Noteholder Group for Reconsideration of the Final DIP Order* [Dkt. No. 1890] (the "***Reconsideration Pleading***") and respectfully state as follows.

BACKGROUND

1. Incora filed for relief under chapter 11 of the Bankruptcy Code over a year ago. Among other challenges, Incora intended to address working capital shortfalls, off-market customer contracts, and distracting state-court litigation. *See generally* First Day Decl. at ¶¶ 13–17; DIP Decl. ¶¶ 10–16. To support Incora through bankruptcy, a group of senior secured noteholders (the "***First Lien Noteholder Group***") offered $300 million of post-petition rescue financing to fund the Debtors' operations and administrative expenses of these chapter 11 cases. No party doubted that Incora needed the money to run its business and administer these cases, and no party questioned the economic terms of the proposed financing. *See* Tr. of July 10, 2023 Hr'g ("***DIP Hearing Transcript***") 140:10–13 (Court: "[T]here isn't a better deal on the table. . . . Everybody agrees that the Debtor needs the money. Everybody agrees that the terms are reasonable."). On June 2, 2023, the Court approved the proposed financing on an interim basis over the objections of the 2024/2026 Group. See *Interim Order (I) Authorizing Debtors to (A) Obtain Postpet. Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Admin. Expense Claims,*

[2] A detailed description of the Debtors and their businesses is set forth in the *Declaration of Raymond Carney in Support of Chapter 11 Petitions and First Day Motions* (the "***First Day Declaration***") [Dkt. No. 13], filed with the Debtors' voluntary petitions for relief under title 11 of the United States Code (the "***Bankruptcy Code***") on June 1, 2023 (the "***Petition Date***"). Further information about the Debtors' post-petition financing in set forth in the *Declaration of Brian Cejka in Support of Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Them to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Granting Adequate Protection to Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* (the "***DIP Declaration***") [Dkt. No. 90]. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. An official committee of unsecured creditors was appointed on June 16, 2023; no trustee, examiner or other official committee has been appointed.

(III) Granting Adequate Protection to Prepet. Secured Parties, (IV) Modifying Auto. Stay, and (V) Granting Related Relief (the "***Interim DIP Order***") [Dkt. No. 139]. The next month, the Court approved the proposed financing over the limited objections of the 2024/2026 Group, which mainly challenged the Debtors' agreement to pay the First Lien Noteholder Group's fees and expenses. *See Final Order (I) Authorizing Debtors to (A) Obtain Postpet. Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Admin. Expense Claims, (III) Granting Adequate Protection to Prepet. Secured Parties, (IV) Modifying Auto. Stay, and (V) Granting Related Relief* (the "***Final DIP Order***") [Dkt. No. 396]; *cf. Ad Hoc 2024/2026 Noteholder Group's Ltd. Obj. and Res. of Rights to Debtors' Mot. for Final Order Authorizing Debtors to Obtain Postpetition Financing* [Dkt. No. 337].

2. Exactly one year after entering the Final DIP Order, the Court announced certain rulings regarding the Debtors' prepetition capital structure. Consistent with the parties' litigation positions throughout the adversary proceeding, the Court noted that its rulings did not affect the financing approved by the Interim and Final DIP Orders. *See* Tr. of July 10, 2024 Hr'g 4:9–11 [Adv. Pro. No. 23-03091, Dkt. No. 1474] ("[T]his Court approved the DIP loan in the main case, the DIP loan primed some prepetition rights, and it still does.").

3. Since the rulings of July 10, 2024, the Debtors and their advisors have been actively engaged with the parties to the adversary proceeding—and especially the First Lien Noteholder Group and the 2024/2026 Noteholder Group—to try to develop a chapter 11 plan that reflects the Court's rulings and could be presented to the Court on a substantially consensual basis. The Debtors continue to hold frequent discussions with creditor groups to broker a global settlement and hope to be able to file a modified plan of reorganization in the near future. If the Debtors are unable to do so, the Debtors reserve the right to seek assistance from the Court.

OBJECTION AND RESERVATION OF RIGHTS

4. The Court should deny relief because the Reconsideration Pleading is not a bona fide motion. The 2024/2026 Group is candid that the Reconsideration Pleading is not a genuine request for relief and is instead a placeholder that was filed as an attempt to comply with the one-

year deadline that applies to motions under Civil Rule 60(b)(1)–(3).[3] *See* Reconsideration Pleading ¶ 1; *cf.* Fed. R. Civ. P. 60(c)(1) ("A motion under Rule 60(b) must be made within a reasonable time — and for reasons (1), (2), and (3) no more than a year after the entry of the judgment or order . . . .") (made applicable in bankruptcy under Bankruptcy Rule 9024). Therefore, in its current form, the Reconsideration Pleading must be denied because it seeks no specific relief, it does not attack any specific findings or operative provisions that are set forth in either the Interim DIP Order or the Final DIP Order, it does not identify as required which of the six prongs of Civil Rule 60(b) allegedly supports reconsideration, and it does not articulate any circumstances that might support reconsideration. *See* Fed. R. Bankr. P. 9013 (requiring a motion to state the grounds for relief "with particularity").

5. The Debtors believe that reconsideration of the Final DIP Order is not warranted because the material facts that justified the Final DIP Order in the first place are still true today: the Debtors still require funding and the use of cash collateral, the terms of the financing and the adequate protection are still reasonable, no alternative financing is available, and the majority of secured creditors (including the First Lien Noteholder Group, which holds a majority of first-lien notes even after the July 10, 2024 rulings) still supports the DIP financing. Accordingly, the Debtors reserve their rights to oppose any further motion for reconsideration that the 2024/2026 Group may file, either on the merits or on the grounds that the 2024/2026 Group has failed to meet the timing requirements of Civil Rule 60(c)(1).

[Remainder of page intentionally blank]

[3] Throughout this Objection, citations to the "Civil Rules" and the "Bankruptcy Rules" refer to the Federal Rules of Civil Procedure and the Federal Rules of Bankruptcy Procedure, respectively.

Upon the foregoing Objection, the Debtors respectfully request that the Court (a) enter an order denying the Reconsideration Pleading, substantially in the form attached to this Objection and (b) grant such other relief as is just and proper.

Dated: July 31, 2024

Respectfully submitted,

/s/ Charles A. Beckham, Jr.

Charles A. Beckham, Jr. (TX Bar No. 02016600)
Patrick L. Hughes (TX Bar No. 10227300)
Martha Wyrick (TX Bar No. 24101606)
Re'Necia Sherald (TX Bar No. 24121543)
HAYNES AND BOONE, LLP
1221 McKinney Street, Suite 4000
Houston, TX 77010
Telephone: 1 (713) 547-2000
Email: Charles.Beckham@HaynesBoone.com
Patrick.Hughes@HaynesBoone.com
Martha.Wyrick@HaynesBoone.com
ReNecia.Sherald@HaynesBoone.com

- and -

Dennis F. Dunne (admitted *pro hac vice*)
Samuel A. Khalil (admitted *pro hac vice*)
Benjamin M. Schak (admitted *pro hac vice*)
MILBANK LLP
55 Hudson Yards
New York, NY 10001
Telephone: 1 (212) 530-5000
Email: DDunne@Milbank.com
SKhalil@Milbank.com
BSchak@Milbank.com

Counsel to the Debtors and
Debtors in Possession

CERTIFICATE OF SERVICE

I certify that, on July 31, 2024, a true and correct copy of the foregoing document was served through the Electronic Case Filing system of the United States Bankruptcy Court for the Southern District of Texas, and will be served as set forth in the Affidavit of Service to be filed by the Debtors' noticing agent.

/s/ Charles A. Beckham, Jr.

Charles A. Beckham, Jr.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re **WESCO AIRCRAFT HOLDINGS, INC.**, *et al.*,[1] Debtors.	Case No. 23-90611 (MI) Chapter 11 (Jointly Administered)

ORDER DENYING RECONSIDERATION OF THE FINAL DIP ORDER

[1] The Debtors operate under the trade name Incora and have previously used the trade names Wesco, Pattonair, Haas, and Adams Aviation. A complete list of the Debtors in these chapter 11 cases, with each one's federal tax identification number and the address of its principal office, is available on the website of the Debtors' noticing agent at https://veritaglobal.net/incora/. The service address for each of the Debtors in these cases is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.

Upon consideration of the motion (the "***Motion***"),[2] of the Ad Hoc Group of 2024/2026 Noteholders for reconsideration of the Final DIP Order; and upon consideration of objections to the Motion; and the Court having jurisdiction to decide the Motion and to enter this Order pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409; it is hereby **ORDERED** that:

1. The Motion is denied.

2. The Court retains jurisdiction over all matters arising from or related to the implementation, interpretation or enforcement of this Order.

Dated: _____
Houston, Texas

_____

MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

[2] Capitalized terms used but not defined in this Order have the meanings ascribed to them in the Motion.