

UNITED STATES BANKRUPTCY COURT
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)

WESCO AIRCRAFT HOLDINGS, INC., et al.,
Plaintiffs,

v.
SSD INVESTMENTS LTD., et al.,
Defendants.

Adv. Pro. No. 23-03091 (MI)

SSD INVESTMENTS LTD., et al.,
Counterclaim Plaintiffs,

v.
WESCO AIRCRAFT HOLDINGS, INC., et al.,
Counterclaim Defendants.

LANGUR MAIZE, L.L.C.,
Crossclaim Plaintiff,

v.
PLATINUM EQUITY ADVISORS, LLC, et al.,
Crossclaim Defendants.

LANGUR MAIZE, L.L.C.,
Third-Party Plaintiff,

v.
UNNAMED PLATINUM FUNDS c/o
PLATINUM EQUITY ADVISORS, LLC, et al.,
Third-Party Defendants.

LANGUR MAIZE, L.L.C.,
Counterclaim Plaintiff,

v.
WESCO AIRCRAFT HOLDINGS, INC., et al.,
Counterclaim Defendants.

NOTICE OF FILING OF PIMCO AND SILVER POINT NOTEHOLDERS'
DEMONSTRATIVES

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 <http://www.kccllc.net/Incora/>. The service address for each of the Debtors in these cases is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.



2390611240924000000000010

PLEASE TAKE NOTICE that the PIMCO and Silver Point Noteholders submit the attached demonstratives that were referred to during the 1:30 PM CT hearing on September 23, 2024.

Dated: September 24, 2024
New York, New York

/s/ Benjamin F. Heidlage

HOLWELL SHUSTER & GOLDBERG LLP

Neil R. Lieberman (*pro hac vice*)
Benjamin F. Heidlage (*pro hac vice*)
Spence Colburn (*pro hac vice*)
425 Lexington Ave.
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-and-

PORTER HEDGES LLP

John F. Higgins (TX Bar No. 09597500)
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1000 Main Street, 36th Floor
Houston, TX 77002
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***Counsel for the PIMCO and Silver Point
Noteholder Defendants***

CERTIFICATE OF SERVICE

I certify that, on September 24, 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.

/s/ John F. Higgins

John F. Higgins

PIMCO & Silver Point Tortious Interference Closing Argument

Wesco Aircraft Holdings, Inc. et al. v. SSD Investments Ltd. et al.,
No. 23-AP-03091 (Bankr. S.D. Tex.) (MI)

September 23, 2024

- **Economic Interest Defense Bars Claim**
 - **Defense Provides Privilege to Interfere**
 - **No Showing of Malice, Fraud or Illegality**
 - **PIMCO and Silver Point Acted to Protect Interest in Incora**

- **Under the Court's Ruling, the 2026 Holders Did Not Suffer Impairment or Injury**

- **2026 Holders Have Not Shown Intentional Procurement of a Breach of Contract**

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-
- **Under the Court's Ruling, the 2026 Holders Did Not Suffer Impairment or Injury**
-
- **2026 Holders Have Not Shown Intentional Procurement of a Breach of Contract**

Economic Interest Defense Provides Privilege to Interfere

Doctrine protects a party that “acted to protect *its own* legal or financial stake in the breaching party’s business.”

White Plains Coat & Apron Co. v. Cintas Corp., 8 N.Y.3d 422, 426 (2007)

“One who has a financial interest in the business of another possesses a *privilege to interfere* with the contract between the other and someone else if his purpose is to protect *his own* interests and if he does not employ improper means”—meaning “malice” or “fraudulent or illegal means.”

Audax Credit Opportunities Offshore Ltd. v. TMK Hawk Parent, Corp. (Trimark), 72 Misc. 3d 1218(A), at *14–15 (N.Y. Sup. Ct. N.Y. Cty. Aug. 16, 2021)

Called “the *self-interest privilege*” or “*self-interest exception*” to tortious interference

See, e.g., Imtrac Ind., Inc. v. Glassexport Co., Ltd., 1996 WL 39294 (S.D.N.Y. Feb. 1, 1996)

Courts Repeatedly Apply Economic Interest Defense in Liability Management Transactions



Robertshaw US Holding Corp. v. Invesco Senior Secured Management, Inc.,

No. 24-03024 at ECF 351, at 19-21 (Bankr. S.D. Tex.).

- **Uptier transaction**
- **Applied after trial**



Audax Credit Opportunities Offshore Ltd. v. TMK Hawk Parent, Corp. (TriMark),

72 Misc. 3d 1218(A), at *11–12 (N.Y. Sup. Ct. N.Y. Cnty. Aug. 16, 2021)

- **Uptier transaction**
- **Applied at Motion to Dismiss**



ICG Glob. Loan Fund 1 DAC v. Boardriders, Inc., (Boardriders)

2022 WL 10085886, at *9–10 (N.Y. Sup. Ct. 2022)

- **Uptier transaction**
- **Applied at Motion to Dismiss**



Ocean Trails Co. et al. v. MLN Topco Ltd., et al. (Mitel)

Index No. 651327/23, at Tr. 56:9-57:10 (N.Y. Sup. Ct. Dec. 5, 2023)

- **Uptier transaction**
- **Applied at Motion to Dismiss**

Mitel Dismissed Creditor that Allegedly Orchestrated Liquidity Management Transaction to Privilege Its Loans



SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK - CIVIL TERM - PART 54

1

OCEAN TRAILS CLO VII; BOSTON PATRIOT
MILK ST LLC; 400 CAPITAL CREDIT
OPPORTUNITIES MASTER FUND LTD.; etc. Index No.
651327/23

Plaintiffs,

-against-

MLN TOPCO LTD.; MITEL NETWORKS
(INTERNATIONAL) LTD. (F/K/A MLN UK
HOLDCO LTD.); MLN US TOPCO INC.; MLN
US HOLDCO LLC; SEARCHLIGHT CAPITAL
PARTNERS, LP; CREDIT SUISSE AG; etc.

Defendants

PROCEEDINGS 60 Centre Street
New York, New York
December 15, 2023

B E F O R E:

HONORABLE JENNIFER G. SCHECTER,

JUSTICE

A P P E A R A N C E S:

SELENDY GAY ELSBERG, PLLC
ATTORNEYS FOR THE PLAINTIFFS
1290 Avenue of the Americas
New York, NY 10104
BY: ANDREW R. DUNLAP, ESQ.
MICHAEL DUKE, ESQ.
JENNIFER M. SELENDY, ESQ.
STEVEN FEDEROVICH, ESQ.

LD

" . . . what screams out to me is that **Mitel wanted liquidity** after it was in a bad position. . ."

" . . . it went ahead and did this transaction; and, in doing so, it may have breached a contract. . ."

" . . . even if there are ... allegations of side benefits of in terms of why **certain lenders were chosen as opposed to others** and not given the opportunity."

" . . . **case law recognizes a creditor has an interest** in repayment of a loan that it has."

"[T]here are plenty of cases that grant a **motion to dismiss** at the outset based on the economic interest [defense]..."

Hr'g Tr. (Dec. 15, 2023) at 56:7-57:10

PIMCO and Silver Point Entitled as Largest Creditors

Well-settled that creditors are entitled to defense

White Plains Coat & Apron Co. v. Cintas Corp., 8 N.Y.3d 422, 426 (2007) (defense applies “where defendant was breaching party’s creditor”)

Ultramar Energy v. Chase Manhattan Bank, 179 A.D.2d 592, 592-593 (1st Dept. 1992) (economic interest defense applied where defendant secured creditor enforced its security agreement against debtor, “rendering the debtor financially unable to meet its obligations to the plaintiff”)

U.S. Bank N.A. v. Triaxx Asset Mgmt. LLC, 2019 WL 4744220, at *9 (S.D.N.Y. Aug. 26, 2019) (granting motion to dismiss “[b]ecause PIMCO, as a senior noteholder, is alleged to have an economic interest in the CDOs from which the [cross-claimant’s invoices] are to be paid out of, the Court finds that PIMCO is entitled to the economic interest defense”)

Ocean Trails CLO VII v. MLN TopCo Ltd. (Mitel), Index No. 651327/2023 (N.Y. Sup. Ct. 2023) at 57:2-4 (economic interest defense applied in liability management transaction as creditors always “ha[ve] an interest in repayment”)

PIMCO and Silver Point Noteholders held almost \$1 billion in Incora debt and were Company’s largest secured creditors

ECF 729-53 through -55 (Silver Point trading log); ECF 700-58 at 5 (PIMCO IC Memo).

Every Cited Creditor Case Applies Economic Interest Defense

Economic Interest Defense Applies to Existing Contracts

2026 Holders argue that the economic interest defense is “inapplicable” to allegations of “for interference with an existing contract, rather than a prospective economic relationship.”

- Cite to a case that was decided pre-*White Plains* and is at odds with governing New York authorities.

Kronish Lieb Weiner & Hellman LLP v. Tahari, Ltd., 829 N.Y.S.2d 7, 9 (N.Y. App. Div. 1st Dep’t 2006)

In *White Plains Coat & Apron Co. v. Cintas Corp.*, 8 N.Y.3d 422, 426 (2007), the Court of Appeals conclusively determined that on a tortious interference with contract claim, “a defendant may raise the economic interest defense.”

Subsequent caselaw recognizes *Kronish* no longer reflects good law.

Mascucci v. Sonido, Inc., 2007 WL 2815488 (N.Y. Sup. Ct. Aug. 03, 2007) (noting *Kronish* suggested defense could not be raised on tortious interference with contract claim, but that “[t]he Court of Appeals has since resolved the question”).

2026 Holders' Cases Distinguishable

<i>Bausch & Lomb Inc.,</i> 2016 WL 2622013 (W.D.N.Y. May 5, 2016)	<ul style="list-style-type: none"> ▪ Interest in unrelated competitor
<i>Dell's Maraschino Cherries Co.,</i> 887 F. Supp. 2d 459 (E.D.N.Y. 2012)	<ul style="list-style-type: none"> ▪ Interest in separate supplier business ▪ Defendants conceded separate interest
<i>Hudson Bay Master Fund Ltd.,</i> 2019 WL 1649983 (S.D.N.Y. Mar. 28, 2019)	<ul style="list-style-type: none"> ▪ Director pursued personal, interest beyond the scope of his employment
<i>Wells Fargo Bank, N.A.,</i> 50 A.D.3d 280 (2008)	<ul style="list-style-type: none"> ▪ Defendants sold interest in company
<i>RBG Mgmt. Corp. v. Village Super Market,</i> 692 F. Supp. 3d 135 (S.D.N.Y. 2023).	<ul style="list-style-type: none"> ▪ Defendant acted to eliminate plaintiff as competitor to separate subsidiary
<i>N. Shore Window & Door, Inc. v. Andersen Corp.,</i> 2021 WL 4205196 (E.D.N.Y. Aug. 3, 2021)	<ul style="list-style-type: none"> ▪ Interest in having parent self-supply subsidiary
<i>Hoag v. Chancellor, Inc.,</i> 677 N.Y.S.2d 531 (N.Y. App. Div. 1st Dep't 1998)	<ul style="list-style-type: none"> ▪ Breach of fiduciary duties to company

PIMCO and Silver Point Acted to Protect Their Interest in Incora

No question the Company urgently needed liquidity

PIMCO and Silver Point:

- Wished to avoid value-destructive bankruptcy
- Interests were aligned with the Company
- Developed a proposal to protect their investment by supporting the Company
- Viewed the 2022 Transaction as a long-term investment in Incora

2022 Transaction:

- Provided substantial benefit to Incora
- Uptier structure permitted beneficial terms for Company
- Best deal available to Incora at the time

Bondholders Do Not Owe Contractual Duties to Other Bondholders 2026

2026 Holders seek to use a tort claim to invent contractual duties that do not exist

“Because the Silver Point Noteholders, the PIMCO Noteholders, the Senator Noteholder, and the Citadel Noteholder are not parties to the Secured Indentures, they cannot be obligated under the Secured Indentures.”

ECF 508 at 53 (Summary Judgment Opinion)

- *Caspian Alpha Long Credit Fund, L.P. v. GS Mezzanine Partners 2006, L.P.*, 93 A.3d 1203, 1207 (Del. 2014) (no obligations of majority noteholders to minority holders)
- *In re Lehman Brothers Holdings Inc.*, 541 B.R. 551, 569 (S.D.N.Y. 2015) (bank not required to provide additional credit even if it “propelled [the borrower] downhill”)
- *In re Serta Simmons Bedding, LLC*, 2023 WL 3855820, at *13 (Bankr. S.D. Tex. June 6, 2023) (Jones, J.) (“Signing a contract does not ‘oblige [one] to become an altruist towards the other party’”)

Eventual Bankruptcy Is Not Relevant



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

WESCO AIRCRAFT HOLDINGS, INC., ET AL § CASE NO. 23-03091-ADV
 § HOUSTON, TEXAS
v § WEDNESDAY,
 § JULY 10, 2024
SSD INVESTMENTS LTD., ET AL § 3:27 P.M. TO 4:25 P.M.

COURT'S ORAL RULING

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: SEE NEXT PAGE
(RECORDED VIA COURTSPEAK; NO LOG NOTES PROVIDED)
(Please see Electronic Appearances.)

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"In the months leading up to the 2022 transaction, Wesco faced a major liquidity crisis. Wesco might not have been able to make the November 2021 interest payments on its outstanding debt, and it was reaching a point where it would need new money."

"Wesco needed to raise approximately \$250 million in new capital to remain viable."

Robertshaw applied economic interest defense where the debtor "ended up filing bankruptcy" and the parties to the transaction "understood [debtor] could potentially file."

No Requirement for Best Deal

Defense does not “turn [] on whether the challenged transaction was the best deal the breaching party could secure at the time.”

TriMark, 72 Misc. 3d 1218(A), at *12

After months of negotiations, Company and its advisors believed Transaction would be in Company’s best interest.

ECF 630 (Vorderwuelbecke) at 209:17-19; *ECF 738 (O’Connell)* at 35:3-12; *ECF 664 (Carney)* at 65:3-14; *ECF 868 (Bartels)* at 234:6-9, 236:8-13, 238:15-239:5.

“Although there may have been substantially better theoretical offers to finance Wesco’s need for immediate liquidity, none that were available were also actionable. The record does not show the existence of any better alternative to the 2022 transaction.”

7/10 Oral Ruling Tr. 9:11-15.

- **Economic Interest Defense Bars Claim**

- Defense Provides Privilege to Interfere
- **No Showing of Malice, Fraud or Illegality**
- PIMCO and Silver Point Acted to Protect Interest in Incora

- **Under the Court's Ruling, the 2026 Holders Did Not Suffer Impairment or Injury**

- **2026 Holders Have Not Shown Intentional Procurement of a Breach of Contract**

2026 Holders Have Made No Effort to Prove Malice, Fraud or Illegality

2026 Holders Argue:

- **Participation in transaction “qualifies”**

ECF 1394 (2024/2026 Holders’ Post-Trial Brief) at 40 (“[T]he wrongful stripping from [sic] the 2024/2026 Holders’ liens qualifies”); see also ECF 1485 at 10 (“[W]rongfully exercising dominion over the 2026 Holders’ property interest constitutes “illegal means”).

- **PIMCO and Silver Point exerted “economic pressure”**

ECF 1485 at 10-11

- **Removing covenants shows malice**

EACH REJECTED IN LIABILITY MANAGEMENT CASES

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Malice Requires Conduct for Sole Purpose of Harming Another

Need proof of conduct undertaken for the “sole purpose of inflicting intentional harm” on the 2026 Holders

- **“[E]conomic gain . . . alone does not constitute malice.”**
Inn Chu Trading Co. Ltd. v. Sara Lee Corp., 810 F. Supp. 501, 506 (S.D.N.Y. 1992)
- **“Even bad faith, without more, does not satisfy the malice requirement.”**
TriMark, 72 Misc. 3d 1218(A), at *15

2026 Holders ignore the standard applied in the cases, cite instead to Restatement (2nd) of Torts

- **Malice is “intentional interference without justification”**
 - This is the standard for tortious interference with contract
 - Economic interest **is** justification under New York law
Felsen v. Sol Café Mfg. Corp., 24 N.Y.2d 682, 687 (1969)

A Breach of Contract is Not “Illegal” Behavior

“[E]ven if the Zohar Funds and Patriarch counseled IMG Holdings to breach the SRA, *that activity would be a mere breach of contract, not illegal conduct.*”

IMG Fragrance Brands, LLC v. Houbigant, Inc., 679 F.Supp.2d 395, 407 (S.D.N.Y., 2009).

“Nor is a breach of contract an illegal act under state law.”

See People v. Patterson, 135 A.D.2d 883, 883-84, 522 N.Y.S.2d 281, 282 (N.Y. App. Div. 1987) (attributing the higher standard of proof required for larceny to the fact that, as a crime, larceny should not be confused with actions that merely constitute a breach of contract); *People v. Alaboda*, 198 A.D. 41, 189 N.Y.S. 464, 39 N.Y. Cr. 279 (N.Y. App. Div. 1921) (“[c]rime is not involved in a mere breach of contract, unless the Legislature has clearly and unmistakably decreed that this shall be the result.”)

KeyBank Nat'l Ass'n v. Franklin Advisers, Inc., 616 B.R. 14, 26-27 (Bankr. S.D.N.Y. 2020)

Foreseeability of Harm to a Third Party is Irrelevant

Could be made out in every tortious interference case

Defense operates to excuse intentional interference that causes a breach and damages

“[T]he fact that [Defendant] may have known that [its conduct] would negatively affect plaintiffs' ability to do business does not raise an issue of fact as to whether the breach was motivated by malice or accomplished by illegal means.”

E.F. Hutton Int'l Assocs. Ltd. v. Shearson Lehman Bros. Holdings, Inc., 281 A.D.2d 362, 363 (2001).

No Other Independent Wrong Shown

2026 Holders have not identified any cognizable legal wrong resulting out of “wrongfully exercising dominion over . . . property interest[s]”

- Admit they cannot establish conversion

Release of liens was not “means” to induce any breach

Refusal to deal is not tortious interference

See, e.g., G.K.A. Beverage Corp. v. Honickman, 55 F.3d 762, 767-68 (2d Cir. 1995) (dismissing tortious interference claim against defendant who forced company into bankruptcy to reacquire its assets without assuming the company’s contracts)

- **Economic Interest Defense Bars Claim**
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-
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PIMCO and Silver Point Acted to Protect Their Interest in Incora

No question the Company urgently needed liquidity

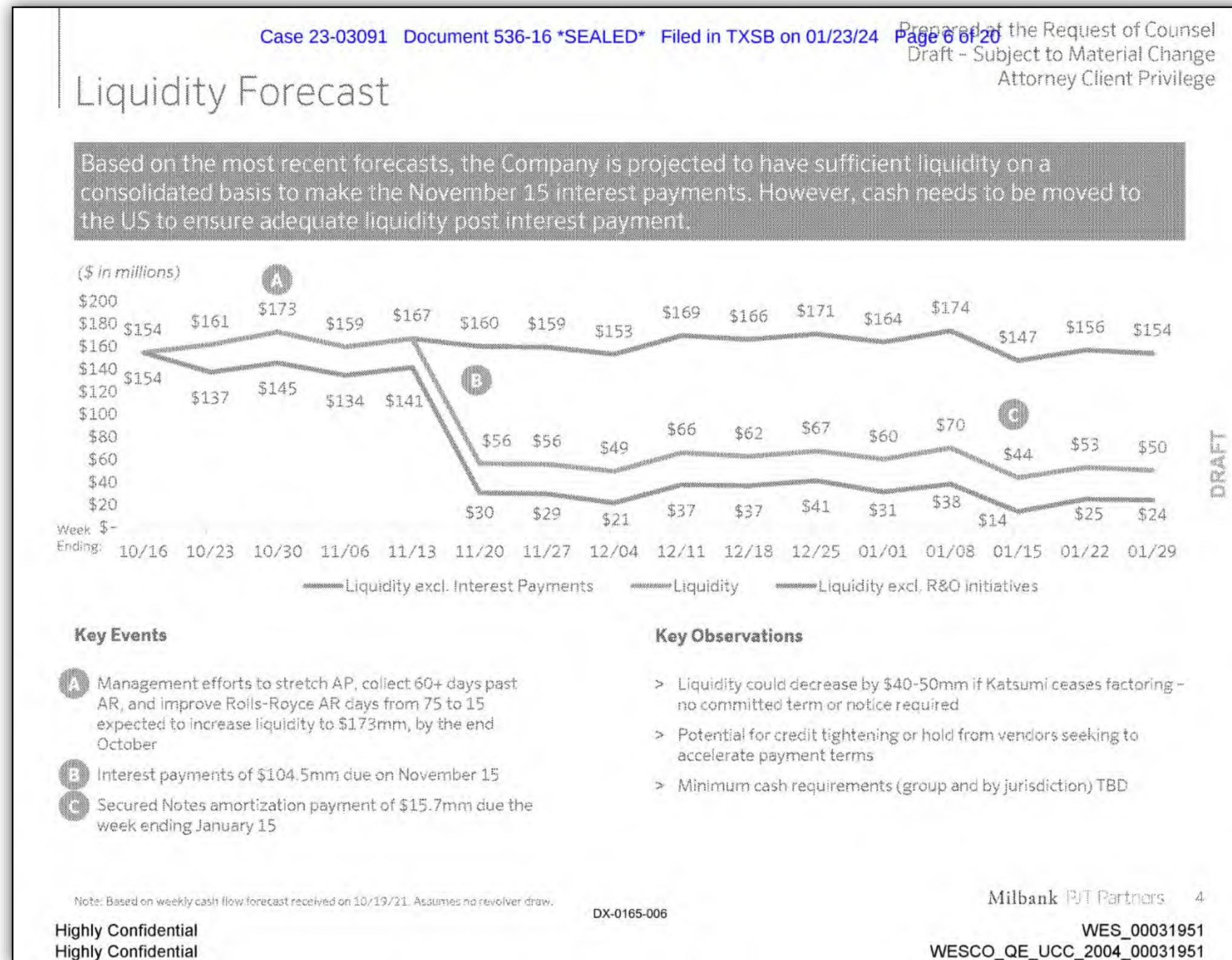
PIMCO and Silver Point:

- Wished to avoid value-destructive bankruptcy
- Interests were aligned with the Company
- Developed a proposal to protect their investment by supporting the Company
- Viewed the 2022 Transaction as a long-term investment in Incora

2022 Transaction:

- Provided substantial benefit to Incora
- Uptier structure permitted beneficial terms for Company
- Best deal available to Incora at the time

No Question the Company Urgently Needed Liquidity



PIMCO Believed Bankruptcy Would Be Bad for Company

P I M C O

Samuel Dostart

ECF 955

Trial Testimony
February 28, 2024

52:13-23

Q. Did you have a belief [in 2021] as to whether bankruptcy filing at this time would be good for PIMCO's investment?

A. No. I -- to the extent I had a view, I would not have viewed it as positive.

Q. Why?

A. Because it's bad for the company.

Q. And why is it bad for the company?

A. Because it is expensive, and because the companies when they're in bankruptcy tend to have less of an ability to seek to grow. It consumes management time. It consumes resources. It makes it more difficult to go bid on new contracts.

Silver Point Believed Bankruptcy Would Be Value Destructive

Case 23-03091 Document 1496 Filed in TXSB on 09/24/24 Page 27 of 58



Jason Prager

ECF 1013

Trial Testimony
February 12, 2024

116:2-8, 20-117:5

Q. Did Silver Point and PIMCO ever -- I'll let you speak for Silver Point. Did Silver Point ever consider just letting the company file for bankruptcy at this juncture and exercising your rights in bankruptcy?

A. Silver Point, as a way of doing business, would consider all outcomes, but **we did not think that was the optimal outcome.**

...

Q. Why not?

A. Bankruptcies are very expensive in a lot of different ways. Their expensive from a professional fee standpoint. They -- bankruptcies have negative impact employees that are losing their jobs or being poached by a competitor. And importantly oftentimes suppliers and customers don't want to be tracked with companies who are in bankruptcy. **And so we generally think about at Silver Point, bankruptcy as being value destructive.** And then we're looking at (indiscernible) company to try to avoid bankruptcy or go into bankruptcy.

PIMCO and Silver Point Were Aligned with Company

P I M C O

Samuel Dostart

ECF 955

Trial Testimony
February 28, 2024

56:1-8

Q. What was your view as to whether PIMCO's and the company's interests were aligned as to the company's liquidity need?

A. My view was that PIMCO and the company's interests were aligned.

Q. And why was that your view?

A. Because there was a mutually-advantageous opportunity for PIMCO and for the company.

PIMCO and Silver Point Developed a Proposal to Protect Their Investment and Support the Company

Case 23-03091 Document 610-2

Davis Polk

Damian S. Schaible
+1 212 450 4580
damian.schaible@davispolk.com

December 23, 2021

Re: Wesco Aircraft Holdings, Inc.

Platinum Equity Advisors, LLC
360 North Crescent Drive, South Building
Beverly Hills, CA 90210
Attn: Louis Samson, PartnerWesco Aircraft Holdings, Inc.
c/o 360 North Crescent Drive, South Building
Beverly Hills, CA 90210

Dear Mr. Samson:

Davis Polk, Kirkland & Ellis, and Evercore (the "Advisors") are working with two noteholders (the "Holders") that collectively hold over two-thirds of the outstanding secured notes due 2024 and over one-half of the outstanding secured notes due 2026 issued by Wesco Aircraft Holdings, Inc. (together with Wolverine Intermediate Holding II Corporation and its request.

The Holders understand that, as a result of COVID-19 and its impact on the aerospace industry, the Company's liquidity position is challenged. Further, the Holders believe there is substantial opportunity for the Company to win new customers and market share by deploying capital. Therefore, the Holders believe it is important for the Company, the Company's equity sponsor, Platinum Equity Advisors, LLC (the "Sponsor") and the Holders to engage in the near-term to discuss the Company's capital structure, future business prospects and options for addressing the Company's liquidity needs. The Holders are engaged, constructive and willing to work with the Sponsor, and have a vested interest in the Company's success. They are also able to act with speed and confidentiality given the size and concentration of their holdings.

Attached hereto is a presentation from the potential transactions described therein and additional diligence and negotiations. The attached presentation and engage in advice that may be beneficial to the Company, the done extensive work to understand the Company and the Advisors would welcome the opportunity to discuss the Company's capital structure, future business prospects and options for addressing the Company's liquidity needs.

Davis Polk, Kirkland & Ellis, Evercore, and with the Sponsor and the Company and their stakeholders.

Very truly yours,


Damian S. Schaible

CONFIDENTIAL

Davis Polk

Damian S. Schaible
+1 212 450 4580
damian.schaible@davispolk.com

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
davispolk.com

CONFIDENTIAL

December 23, 2021

Re: Wesco Aircraft Holdings, Inc.

The Holders understand that, as a result of COVID-19 and its impact on the aerospace industry, the Company's liquidity position is challenged, and new capital may be required to support the business. Further, the Holders believe there is substantial opportunity for the Company to win new customers and market share by deploying capital. Therefore, the Holders believe it is important for the Company, the Company's equity sponsor, Platinum Equity Advisors, LLC (the "Sponsor") and the Holders to engage in the near-term to discuss the Company's capital structure, future business prospects and options for addressing the Company's liquidity needs. The Holders are engaged, constructive and willing to work with the Sponsor, and have a vested interest in the Company's success. They are also able to act with speed and confidentiality given the size and concentration of their holdings.

PIMCO and Silver Point Offered At Least \$200m of Cash-Interest Neutral New Money

Case 23-03091 Document 610-3 Filed in TXSB on 01/29/24 Page 6 of 7

Prepared at Request of Counsel
Subject to FRE 408
Confidential

Transaction Overview

Summary

- Amend certain existing credit documents to permit:
 - ▶ \$[200]mm new money in the form of Super Senior First Lien Debt
 - ▶ Participating Secured Noteholders to exchange their existing notes into Super Senior First Lien Debt
 - ▶ Opportunity for Unsecured / HoldCo Noteholders to exchange into PIK super senior secured second-out debt

Participating Noteholders

Consent Required

New Money

New Money

Treatment of Notes

senior secured second-out debt, if any)

Treatment of Unsecured HoldCo

- Unsecured / HoldCo Noteholders (including notes held by Platinum and affiliates, if any) potentially offered the opportunity

1. Transaction structured to be cash interest neutral

- \$[200]mm Super Senior First Lien Debt provided by Participating Secured Noteholders
 - ▶ Maturity: November 2026, springing to August 2024 if more than \$[]mm of Secured Notes due 2024 remain outstanding
 - ▶ Rate¹: 7.5% cash / 3% PIK
 - ▶ Call Protection: NC-life
 - ▶ Financial Covenants: None
 - ▶ Negative Covenants: to include \$[]mm basket for incurrence of PIK super senior secured second-out debt
- Sizing and terms subject to diligence on the company's situation and liquidity needs

1. Transaction structured to be cash interest neutral

EVERCORE

1

incora

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DX-0211-005

PIMCOSP-EVRAP-00000352

Case 23-03091 Document 1406 Filed in TXSB on 09/24/24 Page 32 of 58

Company Requested \$250 Million Based on Business Needs



James O'Connell

ECF 738

Trial Testimony
February 2, 2024

35:13-16

Q. And did you believe at that time that \$250 million would stave off the need for a bankruptcy?

A. Yes. And we had done substantial financial analysis to that effect.

(\$ in millions)	Business Plan				
	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26
Secured/Unsecured Proposal					
Annual Cash Interest	\$148	\$207	\$209	\$213	\$218
Amortization	16	8	11	11	11
Cash	407	387	428	470	522
Net Debt	2,622	2,730	2,779	2,836	2,890
EBITDA	\$147	\$238	\$279	\$308	\$330
Net Debt / EBITDA	17.8x	11.5x	10.0x	9.2x	8.7x
Liquidity	\$428	\$398	\$483	\$525	\$576

PIMCO and Silver Point Made Meaningful Concessions to the Company

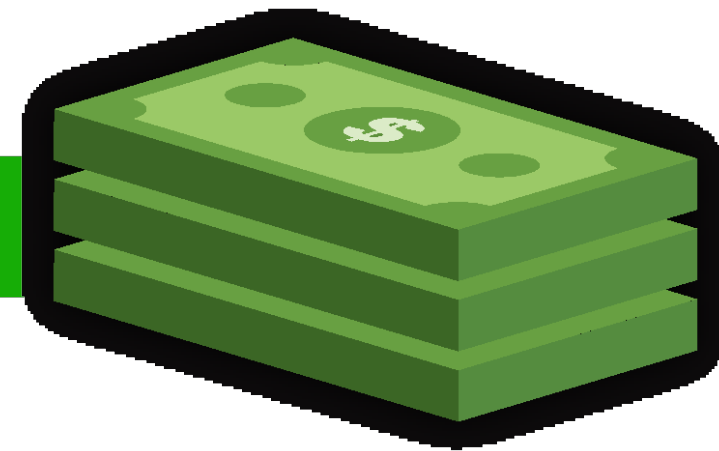
Case 23-03091 Document 1496 Filed in TXSB on 09/24/24 Page 33 of 58

Proposals/Counterproposals	
12/23/2021	ECF 610-3 (Initial Proposal)
2/3/2022	ECF 610-5 (Company Counter)
2/12/2022	ECF 610-6 (Updated Company Counter)
2/13/2022	ECF 610-30 (Updated Company Counter)
2/17/2022	ECF 610-27 (PIMCO/SP Counter)
2/22/2022	ECF 610-31 (Company Counter)
2/23/2022	ECF 610-9 (PIMCO/SP Counter)
2/24/2022	ECF 610-32 (Company Counter)
2/24/2022	ECF 610-10 (PIMCO/SP Counter)
2/25/2022	ECF 610-12 (PIMCO/SP Counter against verbal Company counter)
2/26/2022	ECF 610-11 (Company summary of terms)

Term	Majority Proposal	Final Terms
Liquidity	\$200 million (ECF 610-3 at 6)	\$250 million (ECF 610-11 at 7)
Call protection	No call life (ECF 610-3 at 6)	Sliding call Schedule (No call through Nov-24; Nov-24 to May-25: 107.875%; May-25 to Nov-25: 104.75%; Nov-25- May-26: Par) (ECF 610-11 at 7)
Cap on 1.25L tranche	\$1.25 billion Post-transaction capacity only usable for future exchanged of 2024 Secured Notes at a maximum exchange ratio. (ECF 610-27 at 4)	\$1.05 billion Subject to a \$250 million sub-limit for new money. (ECF 610-11 at 8)
Transaction fees	3% PIK fee (ECF 610-27 at 4)	1.125% PIK fee (ECF 610-11 at 7)

The Note Purchase Provided \$250M New Money

\$250,000,000
New Money



incora™

Exchange Provided Substantial Independent Benefits



Maturity extension

on over \$455 million (71.46%) of outstanding 2024 Notes



Reduced amortization

payments by \$56 million (62% reduction)



Reduced cash interest obligations

by \$72 million (33% reduction)



Increased future flexibility to raise new money

by increasing debt basket capacity by \$777,000,000

PIMCO

SILVER POINT
CAPITAL

incora™

Uptier Offered the Most Liquidity for the Longest Period



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

WESCO AIRCRAFT HOLDINGS, INC., ET AL § CASE NO. 23-03091-ADV
 § HOUSTON, TEXAS
v § WEDNESDAY,
 § JULY 10, 2024
SSD INVESTMENTS LTD., ET AL § 3:27 P.M. TO 4:25 P.M.

COURT'S ORAL RULING

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: SEE NEXT PAGE
(RECORDED VIA COURTSPEAK; NO LOG NOTES PROVIDED)
(Please see Electronic Appearances.)

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"The proposal provided the most liquidity for the longest period of time."

PIMCO Viewed This as a Long-Term Investment in Incora

From: "Dostart, Samuel" <Samuel.Dostart@pimco.com>
Sent: Wed, 16 Mar 2022 14:16:16 -0400 (EDT)
Subject: WAIR: Process Update -- Expected to Fund Fri / Mon
Attachments: Incora - Deal PnL (3.16.2022).pdf;2022.03 Pro Forma Capital Structure.pdf;2022.03.01 Ad Hoc Group Agreed Terms.pdf

Case 23-03091 Document 925-1 *SEALED* Filed 03/16/22 Page 37 of 58

From: "Dostart, Samuel" <Samuel.Dostart@pimco.com>
Sent: Wed, 16 Mar 2022 14:16:16 -0400 (EDT)
To: "Weinstein, Jamie" <Jamie.Weinstein@pimco.com>; "Alfred" <Murata@pimco.com>; "Gannaway, Ru" <Gubner, Adam> <Adam.Gubner@pimco.com>; "Sonali" <Sonali.Pier@pimco.com>; "Mittal, Me" <Andrew.Jessop@pimco.com>; "Agr" <Amit.Agrawal@pimco.com>; "Meeker, Sean" <Michael.Levinson@pimco.com>; "K" <HY TA <HYTradeAssistants-StructuringAnaly" <MTGTA@pimco.com>; "Wheeler" <MTGTA@pimco.com>;
Cc: HY TA <HYTradeAssistants-StructuringAnaly" <MTGTA@pimco.com>; "Wheeler" <MTGTA@pimco.com>;
Subject: WAIR: Process Update -- Expected to Fund Fri / Mon
Attachments: Incora - Deal PnL (3.16.2022).pdf;2022.03 Pro Forma Capital Structure.pdf;2022.03.01 Ad Hoc Group Agreed Terms.pdf

All,

We have reached an agreement with Platinum on key terms for Incora's liquidity enhancing transaction, and hope to tie up all loose points and finalize docs today/tomorrow and **close & fund Friday or Monday**. Total PIMCO new money allocation is ~\$145mm, which is ~27% of our current position size of ~\$527mm. We have also agreed to PIK our accrued interest, which will increase our effective funding by ~\$20mm to ~\$165mm.

By way of reminder, we are funding new money and exchanging our current 1L risk into new super senior 1L. The majority of unsecured noteholders will exchange into new 2L debt, and non-participating 1L holders be unsecured.

We will assume that accounts are participating unless instructed otherwise by COB today. To be clear, our recommendation is that all accounts participate and to maintain exposure going forward.

Happy to answer any questions.

Thanks,

Sam

Current WAIR Holdings:

PM	2024	2026
Agrawal	\$ 1,614,000	\$ 3,614,000
Forgash	\$ 1,485,000	\$ 1,485,000
Gubner	\$ 8,671,000	\$ 7,684,000
Ivascyn	\$ 126,748,000	\$ 78,379,000
Mittal	\$ 5,741,000	\$ 1,188,000
Murata	\$ 178,558,000	\$ 120,882,000
Pier	\$ 495,000	\$ 495,000
Seidner	\$ 24,249,000	\$ 11,383,000
Grand Total	\$ 346,076,000	\$ 224,615,000

Samuel P. Dostart

HIGHLY CONFIDENTIAL - PROFESSIONALS' EYES ONLY

We have reached an agreement with Platinum on key terms for Incora's liquidity enhancing transaction, and hope to tie up all loose points and finalize docs today/tomorrow and **close & fund Friday or Monday**. Total PIMCO new money allocation is ~\$145mm, which is ~27% of our current position size of ~\$527mm. We have also agreed to PIK our accrued interest, which will increase our effective funding by ~\$20mm to ~\$165mm.

By way of reminder, we are funding new money and exchanging our current 1L risk into new super senior 1L. The majority of unsecured noteholders will exchange into new 2L debt, and non-participating 1L holders be unsecured.

We will assume that accounts are participating unless instructed otherwise by COB today. To be clear, our recommendation is that all accounts participate and to maintain exposure going forward.

Happy to answer any questions.

PIMCO Believed Liquidity Injection Provided Company Runway and Opportunity

Case 23-03091 Document 1496 Filed in TXSB on 09/24/24 Page 38 of 58

Case 23-03091 Document 729-13 *SEALED* Filed in TXSB on 02/07/24 Page 3 of 50

PIMCO

Incora Inc. (WAIR US)

Dostart

Post Uptiering, Super Senior Notes Remain Attractive, Benefit From Significant Collateral Value and Bespoke Docs; Liquidity Injection Provides Meaningful Runway, Company Will Turn to Reinvestment

March, 2022

A company of Allianz

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PIMCOAP_00022309

Silver Point Viewed This as a Long-Term Investment in Incora

Case 23-03091 Document 1496 Filed in TXSB on 09/24/24 Page 39 of 58

Case 23-03091 Document 727-29 *SEALED* Filed in TXSB on 02/06/24 Page 2 of 19

From: Jason Prager <jprager@silverpointcapital.com>
Sent: Wed, 9 Mar 2022 13:46:55 -0500 (EST)
To: "Lakhdhir, Daniel" <Daniel.Lakhdhir@Evercore.com>; "Keller, Sean" <Sean.Keller@evercore.com>; Matthew Arons <marons@silverpointcapital.com>
Cc: "Li, Jim" <Jim.Li@Evercore.com>; "Ma, Belle" <Belle.Ma@evercore.com>; "Jon Zinman" <jzinman@silverpointcapital.com>; Eddie Mishan <emishan@silverpointcapital.com>
Subject: RE: [EXTERNAL] RE: Incora - Holdings info

Daniel, as discussed, see below for our Qs/topics of conversation:

- Strategy for mitigating inflation going forward
- o Understanding a bit better why no price initiatives over the past 2 years
- o Can you work cost pass throughs (including freight) into contracts going forward
- o What are other strategies given the new world we're living in
- Understanding PPV initiatives better
- o Changing buying strategy for legacy Wesco
- o Understanding "specific parts tailwinds" better
- o Confidence level for PPV initiatives generally
- Opportunities for growth
- o Pipeline acceleration w/ new capital (beyond the business plan)
- o Expanding into aftermarket
- o Other?
- Discuss go-forward relationship
- o We're excited to be their partner
- o Look forward to ongoing, constructive two-way dialogue
- o We hope to be helpful to them going forward

From: Lakhdhir, Daniel <Daniel.Lakhdhir@Evercore.com>
Sent: Wednesday, March 9, 2022 10:34 AM
To: Jason Prager <jprager@silverpointcapital.com>; Keller, Sean <Sean.Keller@evercore.com>; Matthew Arons <marons@silverpointcapital.com>
Cc: Li, Jim <Jim.Li@Evercore.com>; Ma, Belle <Belle.Ma@evercore.com>
Subject: RE: [EXTERNAL] RE: Incora - Holdings info

CONFIDENTIAL

SPAP_0000

From: Jason Prager <jprager@silverpointcapital.com>
Sent: Wed, 9 Mar 2022 13:46:55 -0500 (EST)

- Discuss go-forward relationship
- o We're excited to be their partner
- o Look forward to ongoing, constructive two-way dialogue
- o We hope to be helpful to them going forward

Case 23-03091 Document 1496 Filed in TXSB on 09/24/24 Page 40 of 58

Silver Point Believed Liquidity Sufficient to Save Company and Pay All Stakeholders



Jason Prager

ECF 1013

Trial Testimony
February 12, 2024

144:23-25, 145:11-14

Q. Do you think the 2022 transaction provided benefits to the company?

A. I do.

...

A. At the time, we believed that we had given the company substantial liquidity so it would last for years through maturity of our notes and at this time it would be able to pay all its stakeholders in full.

Case 23-03091 Document 1496 Filed in TXSB on 09/24/24 Page 41 of 58

Silver Point Invested in Incora Unsecured Bonds After the 2022 Transaction



Jason Prager

ECF 1013

Trial Testimony
February 12, 2024

147:24-148:9

Q. After the 2022 transaction, did Silver Point purchase Incora unsecured bonds?

A. Yes.

Q. Why?

A. **We purchased Incora unsecured bonds because we believed as I mentioned a minute ago, that all of the company's debts would likely to be paid in full.** We were buying those bonds a discount from par. And that the company had liquidity to last for years. And so we thought that those unsecured bonds represented a good adjusted return.

Silver Point Invested in Incora Unsecured Bonds After the 2022 Transaction

Silver Point Trading Report

3390	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Fund, L.P.	3/30/2022	612,000.00	41.25
3391	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Offshore Master Fund, L.P.	3/30/2022	1,613,000.00	41.25
3392	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunity Institutional Partners Master Fund (Offshore), L.P.	3/30/2022	133,000.00	41.25
3393	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunity Institutional Partners, L.P.	3/30/2022	352,000.00	41.25
3394	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunities Offshore Master Fund, L.P.	3/30/2022	85,000.00	41.25
3395	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunities Fund, L.P.	3/30/2022	205,000.00	41.25
3396	TRD-Trade (TRD)	Buy	WAIR 10.5% 11/15/2026 AA1	Silver Point Specialty Credit Silver Star Fund, L.P.	4/27/2022	10,000,000.00	99.75
3397	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Fund, L.P.	5/12/2022	2,112,000.00	38.75
3398	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Offshore Master Fund, L.P.	5/12/2022	5,299,000.00	38.75
3399	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunity Institutional Partners Master Fund (Offshore), L.P.	5/12/2022	389,000.00	38.75
3400	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunity Institutional Partners, L.P.	5/12/2022	1,032,000.00	38.75
3401	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunities Offshore Master Fund, L.P.	5/12/2022	286,000.00	38.75
3402	TRD-Trade (TRD)	Buy	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunities Fund, L.P.	5/12/2022	696,000.00	38.75

7638	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunities Fund, L.P.	2/3/2023	(3,947,000.00)	6
7639	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Offshore Master Fund, L.P.	2/3/2023	(16,680,000.00)	6
7640	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunity Institutional Partners, L.P.	2/3/2023	(5,586,000.00)	6
7641	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunity Institutional Partners Master Fund (Offshore), L.P.	2/3/2023	(2,105,000.00)	6
7642	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Distressed Opportunities Offshore Master Fund, L.P.	2/3/2023	(1,623,000.00)	6
7643	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Fund, L.P.	2/3/2023	(6,648,000.00)	6
7644	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Offshore Master Fund, L.P.	2/3/2023	(1,613,000.00)	6
7645	TRD-Trade (TRD)	Sell	WAIR 13.125% 11/15/27 AA4	Silver Point Capital Fund, L.P.	2/3/2023	(612,000.00)	6

JPM: Transaction Provided “Significant, Much Needed Liquidity”

Case 23-03091 Document 718-19 *SEALED* Filed in TXSB on 02/06/24 Page 2 of 13

Message

From: Clouse, Andrew W [andrew.w.clouse@jpmchase.com]
Sent: 4/8/2022 1:03:59 PM
To: Barnett, Bradley A [bradley.a.barnett@jpmorgan.com]
Subject: RE: Money Stuff: Distressed-Debt Deal Makes People Mad

Yes, impacted. This is my summary we've

Incora (fka Wesco Aircraft) is a distributor well as a supply chain manager for the global Platinum Equity in late 2019, Wesco Aircraft company); the combination was then repositioned in markets with products and services for commercial aftermarket/maintenance/overhaul applications.

The significant downturn in civil aviation build rates have been meaningfully reduced, efficiencies expected at the time of the deal.

On March 28th, the company announced a recapitalization. After amassing sufficient major notes and 13.125% unsecured notes), a multi-faceted transaction that effectively secured the existing 8.5% and 9% notes, of the group then exchanged their existing debt for new debt. The transaction leaves the non-participating 8.5/9.0/13.125% notes unsecured with minimal covenants and subordinated to significant secured debt.

We continue to believe Incora remains a relevant player within the global aerospace industry that benefits from established and growing relationships with leading suppliers and original equipment manufacturers. **recent transaction does provide the company with significant, much needed liquidity.** However, our position within the capital structure has been significantly impaired as a result of the recapitalization. As a member of an ad hoc group of bondholders that did not participate in the transaction, we continue to evaluate potential options, including litigation.

From: Barnett, Bradley A (AM, USA)
Sent: Friday, April 08, 2022 9:00 AM
To: Clouse, Andrew W (AM, USA) <andrew.w.clouse@jpmchase.com>
Cc: Cargin, Garrett (AM, USA) <garrett.cargin@jpmorgan.com>
Subject: FW: Money Stuff: Distressed-Debt Deal Makes People Mad

Morning Clouse,

Do you have a response for this I can use?

Bradley Barnett
 Executive Director
 Investment Specialist - High Yield
 J.P. Morgan Asset Management | 1 E. Ohio Street 6th FL | Indianapolis, IN 46204 | Phone 317-235-5664 | Cell 317-514-3721 | bradley.a.barnett@jpmorgan.com

From: Rose, Matthew T (AM, USA) <matthew.t.rose@jpmorgan.com>
Sent: Friday, April 08, 2022 8:36 AM
To: Barnett, Bradley A (AM, USA) <bradley.a.barnett@jpmorgan.com>; Cargin, Garrett (AM, USA)

Confidential

JPMC-00001799

Message

From: Clouse, Andrew W [andrew.w.clouse@jpmchase.com]
Sent: 4/8/2022 1:03:59 PM
To: Barnett, Bradley A [bradley.a.barnett@jpmorgan.com]
Subject: RE: Money Stuff: Distressed-Debt Deal Makes People Mad

We continue to believe Incora remains a relevant player within the global aerospace industry that benefits from established and growing relationships with leading suppliers and original equipment manufacturers. **Additionally, this recent transaction does provide the company with significant, much needed liquidity.** However, our position within the capital structure has been significantly impaired as a result of the recapitalization. As a member of an ad hoc group of bondholders that did not participate in the transaction, we continue to evaluate potential options, including litigation.

JPM: Transaction Provided “Path” to Recovery

Case 23-03091 Document 718-24 *SEALED* Filed in TXSB on 02/06/24 Page 2 of 5

Message

From: Clouse, Andrew W [andrew.w.clouse@jpmchase.com]
 Sent: 4/13/2022 8:39:42 PM
 To: HY US Team [HY_US_Team@chase.com]
 CC: Research Notes Private Issuers [Research_Notes_Private_Issuers@jpmorgan.com]
 Subject: [wair] Incora - 4Q21 Earnings Summary

They did hold a call....but of course took no Q&A. demand for chemical products/services into the commercial hardware as build rates remained low

The company is forecasting top-line growth of 13% further ~16% in FY23; seems herculean in light of the company pointed to Engine MRO and bizjet p

This story will continue to evolve, much more still for the non-participating secured noteholders (as company can recover to a point of fully refinancing projections the company provided in its cleansing \$348mm in FY27). But under more reasonable/le industry recovery and the macro backdrop over t

All of that said, the non-participating notes are currently drawn on the ABL) and are stripped of a

Message

From: Clouse, Andrew W [andrew.w.clouse@jpmchase.com]
 Sent: 4/13/2022 8:39:42 PM
 To: HY US Team [HY_US_Team@chase.com]
 CC: Research Notes Private Issuers [Research_Notes_Private_Issuers@jpmorgan.com]
 Subject: [wair] Incora - 4Q21 Earnings Summary

Financial Summary

	4Q21	4Q20
Revenue	461.8	466.5
YQY change	-1.0%	
EBITDA	15.4	13.0
Margin	3.3%	2.8%
YQY change	18.4%	
LTM EBITDA	60.0	
Total Debt	2,936.4	
Cash	126.4	
Net Secured Lev	34.0x	
Net Senior Lev	35.7x	
Net Total Lev	46.8x	

Note: Debt is PF for the March 2022 recapitalization

Coupon	Size (mm)	Description	Maturity
10.500%	\$1,273	1L Secured	11/15/2
13.125%	\$473	1.25L Secured	11/15/2
8.5%	\$182	Sr Unsecured	11/15/20
9%	\$358	Sr Unsecured	11/15/20
13.125%	\$104	Sr Unsecured	11/15/20
13.75%	\$128	PfK Holdco	4/15/20

Call Summary

Highly Confidential

JPMC-00001914

This story will continue to evolve, much more still to be written. **Granted, the recapitalization transaction is a disaster for the non-participating secured noteholders (as well as the legacy unsecureds), but there is a *path* whereby the company can recover to a point of fully refinancing this capital structure.** It is difficult to put much faith in the projections the company provided in its cleansing materials (EBITDA of \$238mm in FY23, \$308mm in FY24...to \$348mm in FY27). But under more reasonable/less robust recovery scenarios...there is a path though the trajectory of industry recovery and the macro backdrop over the next several years could create greater headwinds.

Golden Gate: New Money Provided “Good run-way” for Incora

From: Will Wang <wwang@goldengatecap.com> on behalf of Will Wang <wwang@goldengatecap.com>
To: Javier Puig; Felix Lo
CC: Rob Stobo
Sent: 3/29/2022 11:27:32 PM
Subject: RE: Wesco/Incora- Press Release
Attachments: 14.9 Incora - Cleansing Presentation - 2022-03-29.pdf

Transaction details attached; it's the Silver Point / PIMCO transaction with several puts and takes. We're still working through this live but wanted to update you as it's material:

1. **Good run-way** for the company:

- \$250m of new money** in the form of a 1L Priming loan
- majority of 2024s (67-92%) of the 2024s will **extend maturities** to 2024 by rolling up into a new 1L priming facility
- 90% of Unsecured bonds will PIK the majority of their interest (70% in 2022 and 55% beyond...4% cash pay in 2022; 6% cash in 2023+)
- SP / PIMCO group will PIK the accrued interest of their debt for the upcoming coupon May payment; savings about \$33m on \$1b of rolled-up debt
- Priming Loan is **7.5% cash interest** (lower than the 8.5% / 9% coupon)
- EBITDA projections much rosier than our model

Case 23-03091 Document 716-50

From: Will Wang <wwang@goldengatecap.com>
To: Javier Puig; Felix Lo
CC: Rob Stobo
Sent: 3/29/2022 11:27:32 PM
Subject: RE: Wesco/Incora- Press Release
Attachments: 14.9 Incora - Cleansing Presentation - 2022-03-29.pdf

Transaction details attached; it's the Silver Point / PIMCO transaction with several puts and takes. We're still working through this live but wanted to update you as it's material:

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 - \$250m of new money in the form of a 1L Priming loan
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 - 90% of Unsecured bonds will PIK the majority of their interest (70% in 2022 and 55% beyond...4% cash pay in 2022; 6% cash in 2023+)
 - SP / PIMCO group will PIK the accrued interest of their debt for the upcoming coupon May payment; savings about \$33m on \$1b of rolled-up debt
 - Priming Loan is 7.5% cash interest (lower than the 8.5% / 9% coupon)
 - EBITDA projections much rosier than our model
- On the flip side, liens are stripped as expected unsecured will roll up into a 1.25Lien note (i.e. Bonds are ~60 today
 b. This is egregious not only for the unsecured but also for the material side

From: Will Wang <wwang@goldengatecap.com>
Sent: Tuesday, March 29, 2022 9:41 AM
To: Javier Puig <jpuig@goldengatecap.com>; Felix Lo
Subject: Fwd: Wesco/Incora- Press Release

We're working to get more details

Begin forwarded message:

From: "Houpt, Nicholas" <nhoupt@akingump.com>
Date: March 29, 2022 at 10:24:44 AM MDT
To: "Ritacco, Gary" <gntacco@akingump.com>; "Laurent Lantonnio" <llantonnio@blackrock.com>; "Litvack, David" <dlitvack@blackrock.com>; "Yu, William" <william.yu@blackrock.com>; "Graves, Jonathan" <jgraves@blackrock.com>; "Will Wang" <wwang@goldengatecap.com>; "Megan Rodkin" <mrodkin@bayside.com>; "Seketa, Greg" <greg.seketa@blackrock.com>; "Clouse, Andrew" <andrew.clouse@blackrock.com>; "Cesarz, J" <jcesarz@pwpartners.com>; "Tanzer, Sam" <stanzer@pwpartners.com>

Confidential

Uptier Proposal Provided Beneficial Terms

P I M C O

Samuel Dostart

ECF 955

Trial Testimony
February 28, 2024

79:23–80:8

Q. Why did you propose an uptier transaction?

A. Because I viewed it to be in my economic best interest and in economically advantageous for the company.

Q. Why did you believe it would be economically advantageous to the company?

A. Because of the reasons that we just discussed. New money, liquidity coming in on an economically attractive rate, cash interest relief on the rest of the money that was uptiered, maturity extension and because I expected that the unsecured notes would hopefully be able to provide significant incremental cash interest relief.

Uptier Proposal Was Cash Interest Neutral



Jason Prager

ECF 1013

Trial Testimony
February 12, 2024

107:14-108:8

Q. How were you able to offer 200 million of additional debt cash interest neutral?

A. By lowering the cash portion of the coupon that we were charging on both the old money and the new money.

Q. Would you have been able to offer \$200 million of new money cash interest neutral pari passu with the existing notes?

A. No.

Q. Why not?

A. So under the purpose of doing an uptier transaction to lower the interest rate to the company, which is something that we were focused on that would make the best offer for the' company itself. And **if the new money had come in pari passu, it would have required a much higher interest rate** that I think the yield maturity on the note at the time was -- given that the notes were trading below par, would have been well into the teens. And **because of the uptier portion of the theory of the transaction, we were able to charge a lower interest rate overall and in particular on new money.**

Non-Pro Rata Uptiers Can Provide “Better Economics” for Company

J.P.Morgan
Asset Management

Rob Cook

ECF 1247

Trial Testimony
May 1, 2024

146:4-10

Q. And did you have an understanding as to whether or not **the company believed by having a non-pro rata transaction that it would achieve better economics than a pro rata transaction?**

A. **I think that's an assumption I would make.** I don't know that to be fact, but that would be an assumption I would make.

- **Economic Interest Defense Bars Claim**
 - Defense Provides Privilege to Interfere
 - PIMCO and Silver Point Acted to Protect Interest in Incora
 - No Showing of Malice, Fraud or Illegality
-
- **Under the Court's Ruling, the 2026 Holders Did Not Suffer Impairment or Injury**
-
- **2026 Holders Have Not Shown Intentional Procurement of a Breach of Contract**

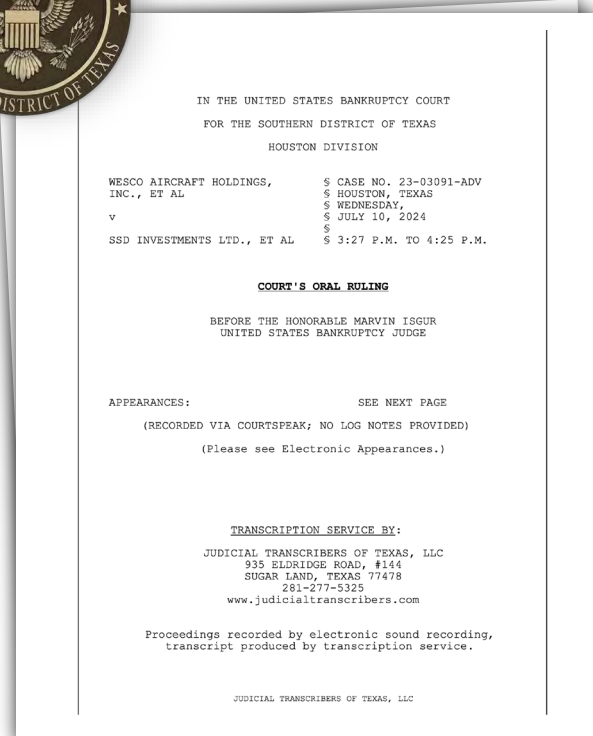
Under Court's Ruling 2024 Holders' Claim Must be Rejected

A breach of contract is a necessary element of tortious interference

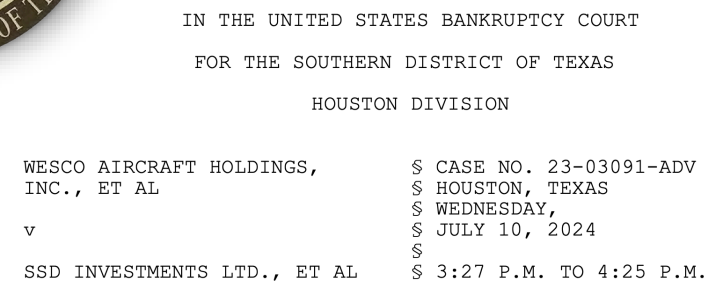
White Plains Coat & Apron Co. v. Cintas Corp., 8 N.Y.3d 422, 426 (2007).

2024 Holders concede that claim fails under Court's Ruling

ECF 1485 at 12 n.8.



"With respect to the 2024 notes, the participating 2024 noteholders voted in favor of the transaction by a two-thirds vote. That is what was required for uptiering. And the Court found on the record, on June 25th, 2024, compliance with Section 3.02 of the 2024 indenture was waived. Therefore, I grant no relief to the 2024 noteholders."



COURT'S ORAL RULING

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: SEE NEXT PAGE

(RECORDED VIA COURTSPEAK; NO LOG NOTES PROVIDED)

(Please see Electronic Appearances.)

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“[T]he rights, liens, and interests that were for the benefit of all of the holders of the 2026 notes, as they existed on March 27th, 2022, remained in full force and effect on March 29th, 2022.”

“[T]he 2022 transaction was **not effective to diminish the liens and rights** of all of the 2026 holders.”

2026 Holders Claim' Must Be Rejected

Cannot establish impairment of contractual rights

See, e.g., Lincoln Life & Annuity Co. of New York v. Wittmeyer, 211 A.D.3d 1564, 1568-69 (N.Y. App. Ct. 2022); *Don King Prods., Inc. v. Douglas*, 742 F. Supp. 741 (S.D.N.Y. 1990).

Cannot establish injury resulting from breach of 2026 Indenture

See, e.g., Toffel v. Odzer, 6 A.D.2d 843, 843 (N.Y. App. Div. 2d Dep't 1958); *In re KG Winddown, LLC*, 632 B.R. 448, 495 (Bankr. S.D.N.Y. 2021).

- **Economic Interest Defense Bars Claim**
 - Defense Provides Privilege to Interfere
 - PIMCO and Silver Point Acted to Protect Interest in Incora
 - No Showing of Malice, Fraud or Illegality

- **Under the Court's Ruling, the 2026 Holders Did Not Suffer Impairment or Injury**

- **2026 Holders Have Not Shown Intentional Procurement of a Breach of Contract**

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2026 Holders Have Not Shown PIMCO and Silver Point Intentionally Procured a Breach of Contract

Intentional procurement of a breach requires:

Defendant's "*objective*" or "*goal*" was to procure a breach of the relevant contract

In re Refco Inc. Sec. Litig., 826 F. Supp. 2d 478, 521 (S.D.N.Y. 2011); *Roche Diagnostics GmbH v. Enzo Biochem, Inc.*, 992 F. Supp. 2d 213, 221 (S.D.N.Y. 2013) (emphasis added).

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Objective Was To Provide Company New Money On Mutually Beneficial Terms

Company needed liquidity on cash interest favorable terms

Parties negotiated terms of the deal at arm's length

Company, led by advisors and directors, determined to participate after concluding Transaction was in Incora's best interests

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No Evidence PIMCO and Silver Point's Objective Was to Cause Incora to Breach 2026 Indenture

“ . . . PIMCO, Silver Point, and Wesco believed that the additional \$250 million in bonds could be authorized with a simple majority vote.”

7/10 Oral Ruling Tr. 9:6-9

Company represented that Transaction complied with the Indenture.

ECF 604-19 at 27-28 (Exchange Agreement); ECF 602-19 (Milbank Opinion of Counsel for 2026 Fourth Supplemental Indenture); ECF 603-21 (Officer's Certificate for 2026 Fourth Supplemental Indenture); ECF 602-4 (Milbank Opinion of Counsel for 2026 Third Supplemental Indenture); ECF 604-38 (Officer's Certificate for 2026 Third Supplemental Indenture); ECF 1150-1 (Officer's Certificate and Opinion of Counsel for issuance of Additional 2026 Notes); ECF 710-56.

Mr. Dostart and Mr. Prager each testified to their commercial understanding of the Indentures:

- 50% needed to amend debt baskets
- 66 2/3% needed to release liens

ECF 1013 (Prager) at 16:10-17; ECF 955 (Dostart) at 15:15-16:8; see also ECF 700-58 at 4 (PIMCO Investment Committee Presentation)

Company's Counsel Represented Compliance

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Milbank

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March 28, 2022

Wilmington Savings Fund Society, FSB
as Indenture Trustee and Notes Collateral Agent
500 Delaware Avenue
Wilmington, Delaware 19801
Attention: Corporate Trust Administration

Re: Wesco Aircraft Holdings, Inc.
9.00% Senior Secured Notes due 2026

We have acted as New York counsel to Wesco Aircraft Holdings, Inc., a corporation organized under the laws of the state of Delaware (as successor by merger to Wolverine LLC, a limited liability company organized under the laws of the state of Delaware, the "Wolverine") in connection with the amendments of the Indenture (as defined below) relating to the 9.00% Senior Secured Notes due 2026 (the "Notes") issued by the Issuer pursuant to an indenture dated as of November 27, 2019 (as supplemented by that certain First Supplemental Indenture dated as of January 9, 2020, that certain Second Supplemental Indenture, dated as of January 9, 2020, that certain Third Supplemental Indenture, dated as of the date hereof, and as amended or supplemented on or prior to the date hereof, the "Indenture") among the Issuer, the guarantors from time to time party thereto, and Wilmington Savings Fund Society, FSB, successor to The Bank of New York Mellon Trust Company, N.A.), as trustee (in such capacity, the "Trustee") and as collateral agent (in such capacity, the "Notes Collateral Agent"). This is furnished to you pursuant Section 13.02 and 13.03 of the Indenture in connection with the execution and delivery of the Fourth Supplemental Indenture to the Indenture, dated as of the date hereof (the "Fourth Supplemental Indenture"). Capitalized terms used herein but not defined herein shall have the meanings assigned to such terms in the Indenture.

In rendering the opinions expressed below, we have examined originals, certified or otherwise identified to our satisfaction, of such corporate records and agreements, other instruments, certificates of public officials, certificates of officers and representatives of the Issuer and other documents as we have deemed necessary as a basis for the opinions hereinafter expressed.

MILBANK LLP

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LONDON | MUNICH | BEIJING | HONG KONG | SEOUL | SINGAPORE | TOKYO

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We have read the covenants and conditions provided for in the Indenture relating to the execution and delivery of the Fourth Supplemental Indenture and the request by the Issuer for the Trustee to execute and deliver the Fourth Supplemental Indenture, as well as the definitions relevant to such covenants and conditions, and we have examined the provisions of such other documents as we have deemed necessary as a basis for the opinions expressed below. We believe we have made such examination as is necessary to enable us to express an informed opinion as to whether or not the covenants and conditions provided for in the Indenture relating to the execution and delivery of the Fourth Supplemental Indenture have been satisfied and, based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary, we are of the opinion that the covenants and conditions contained in the Indenture relating to such actions have been satisfied and the execution and delivery of the Fourth Supplemental Indenture by the Trustee and the Notes Collateral Agent is authorized and permitted by the Indenture. The foregoing opinion shall

Thank You
