Docket #2957 Date Filed: 10/28/2025

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

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

REORGANIZED DEBTOR'S OBJECTION TO (I) PROOFS OF CLAIM AND (II) ADMINISTRATIVE EXPENSE APPLICATION, EACH FILED BY ROLLS-ROYCE PLC, ROLLS-ROYCE DEUTSCHLAND & CO KG, AND ROLLS-ROYCE SINGAPORE (PTE) LTD.

This is an objection to your claims. This objection asks the Court to disallow claims you filed in this bankruptcy case. If you do not file a response within 30 days after the objection was served on you, your claims may be disallowed without a hearing.

[1] The captioned Reorganized Debtor is Incora Intermediate II LLC, the successor by merger to Wesco Aircraft Holdings, Inc. Its employer identification number is 33-2921953. Its principal office address and service address in this case is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.

2390611251028000000000003

The above-captioned reorganized debtor (the "***Reorganized Debtor***" and, together with its affiliated former debtors, their successors, and non-debtor subsidiaries, as applicable, the "***Reorganized Debtors***" or "***Incora***") respectfully states as follows.

PRELIMINARY STATEMENT

1. Through an administrative expense application, Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd. (collectively, "***Rolls-Royce***") asserts that it is entitled to approximately $24,740,470 under a prepetition services agreement between it and Incora. Likewise, Rolls-Royce's three duplicative proofs of claim (one apiece by each aforementioned Rolls-Royce entity) asserts a $4,773,743.04 unsecured claim under the same agreement.[2] In reality, the opposite is true: Rolls-Royce owes Incora over $11 million in order fulfillment fees under that agreement as of September 30, 2025. Rolls-Royce's entitlement to administrative expenses should be denied and its prepetition claims disallowed, or, in the alternative, any amounts the Court deems owed by Incora should be net against amounts owed by Rolls-Royce to Incora.

2. The relevant agreement is the longstanding contract under which Incora provides a range of logistics services to Rolls-Royce, such as monitoring inventory levels, ordering parts, and coordinating deliveries of those parts to Rolls-Royce's factory floors and repair shops. *See Supply of Services Agreement CTR-ICE-00003815* dated October 22, 2015 (together with any amendments, schedules, supplements, and work orders thereunder the "***LSP Agreement***"). The LSP Agreement has been amended frequently, most recently during Incora's chapter 11 cases to modify and assume various aspects of Incora's fee arrangement under the agreement from 2024 onward.

3. In its administrative expense application, Rolls-Royce claims to be owed four overlapping categories of expenses from Incora related to the LSP Agreement: (i) $2,520,000 in

[2] By electing into the chapter 11 plan's "General Unsecured Convenience Class," Rolls-Royce voluntarily reduced the maximum amount of its prepetition unsecured claim to $1,500,000.

penalties for engine passed kit date ("***EPKD***") events[3]; (ii) $8,041,699.58 in order fulfillment fees based on Incora's on-time and late delivery of parts ("***Order Fulfillment Fees***"); (iii) $11,970,113.96 in reimbursement of penalties that Rolls-Royce has allegedly paid to its customers ("***Customer Penalties***"); and (iv) $2,208,657.16 in reimbursement of fees that Rolls-Royce has allegedly paid to third-party consultants ("***Consultant Fees***"). The proofs of claim each assert $2,305,584.82 of Order Fulfillment Fees, $1,210,000 "related to delays . . . for build stops," and $1,254,334.40 "in lost build hours pending delivery of certain parts."[4] Neither of the last two categories is expressly tethered to any provision in the LSP Agreement, although Incora understands "lost build hours" to refer to wages of workers who were idled due to late deliveries, and the $1,210,000 "for build stops" appears to relate to EPKD events. Incora objects to the amounts sought by Rolls-Royce.

4. As a preliminary matter, Rolls-Royce has provided no evidentiary support for its entitlement to the Administrative Expenses. Rolls-Royce's grossly overstated Administrative Expenses are a result of its own miscalculations and misinterpretation of the LSP Agreement. Incora believes the evidence will show that Rolls-Royce is entitled either to nothing or to a fraction of what is claimed, and that Incora is indeed owed greater amounts under the LSP Agreement.

5. Most egregiously, Rolls-Royce asks Incora to pay Order Fulfillment Fees even though the evidence shows that Incora's fulfillment history throughout the relevant period was strong enough to entitle *Incora* to receive such payments from Rolls-Royce. As of September 30, 2025, Incora has earned at least $11,989,457 in such payments—none of which Rolls-Royce has paid. Incora continues to be owed and to accrue these Order Fulfillment Fees as a result of its performance and reserves all rights to collect these amounts owing through means other than this objection (the "***Objection***").

[3] As further described below, an EPKD event occurs when Incora is responsible for a supply failure that, in turn, causes Rolls-Royce to be late in supplying certain engine parts.

[4] The proofs of claim state each of these figures in British pounds. Without prejudice to converting at the exchange rate specified under the Plan, the Reorganized Debtor has converted the Proofs of Claim's figures to U.S. dollars at the rate of £1:$1.21 stated in the Proofs of Claim.

6. As to Customer Penalties and Consultant Fees, neither is recoverable. The LSP Agreement contains various intricate and finely tuned liquidated damages provisions—that is, provisions providing for EPKD penalties and Order Fulfillment Fees—concerning Incora's failure to timely deliver parts, which provisions displace Rolls-Royce's duplicative claims for Customer Penalties and Consultant Fees. Moreover, applicable principles of English contract law render the Customer Penalties and Consultant Fees unavailable as damages because their relationship to any alleged breach by Incora is too remote (as well as raising clear and unanswered questions regarding causation and mitigation). In the alternative, even if the damages are recoverable in principle, they are indirect and/or consequential damages and are thus barred by the LSP Agreement.

7. Below is a summary of Rolls-Royce's claims and the correct calculations, which show that Rolls-Royce owes money to Incora.

Prepetition Category	**Rolls-Royce Claim**	**Actual Amount**	**Notes**
Order Fulfillment Fees	$2,305,585	($2,009,145)	See below ¶¶ 28-29
"build stops" / EPKD	$1,210,000	$0	See below ¶¶ 20-21
"lost build hours"	$1,254,334	$252,073	See below ¶ 29
Total	**$4,773,743**	**($1,757,072)**	

Postpetition Category	**Rolls-Royce Claim**	**Actual Amount**	**Notes**
Order Fulfillment Fees	$8,041,700	($9,980,312)	See below ¶¶ 28, 30
EPKD	$2,520,000	$0	See below ¶¶ 20-21
Customer Penalties	$11,970,114	$0	See below ¶¶ 35-43
Consultant Fees	$2,208,657	$0	See below ¶¶ 44-45
Total	**$24,740,470**	**($9,980,312)**	

RELIEF REQUESTED

8. By this Objection, the Reorganized Debtor respectfully requests the Court (a) deny *Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd.'s Application for Allowance and Payment of Administrative Expense Claim Pursuant to 11 U.S.C. §§ 503(b) and 507(a)(2)* (Docket No. 2697) (the "***Administrative Expense Application***") for

allowance of administrative expenses (the "***Administrative Expenses***") of Rolls-Royce and (b) disallow proofs of claim numbered 1496, 1498 and 1500 (the "***Proofs of Claim***" or the "***Prepetition Claim***").[5] In the alternative, the Reorganized Debtor requests that the Court estimate both the Administrative Expenses and the Prepetition Claim as $0 due to the offsetting of the amounts due to Incora (from both the prepetition and postpetition period) against any amounts owed by Incora. In support of the relief sought in the Objection, the Reorganized Debtor submits the *Declaration of David Fawcett in Support of the Reorganized Debtor's Objection to Administrative Expense Application filed by Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd.* (the "***Fawcett Declaration***"), attached hereto as **Exhibit A**.

BACKGROUND

I. THE LSP AGREEMENT

9. For years prior to these chapter 11 cases (the "***Chapter 11 Cases***"), certain of the Reorganized Debtors were party to the LSP Agreement with Rolls-Royce, which sets forth the terms under which Incora manages Rolls-Royce's inventory and provides logistics services for Rolls-Royce, mainly in the United Kingdom, Germany, and Singapore. Fawcett Declaration ¶ 8. The LSP Agreement has been amended many times.

10. Under the LSP Agreement, when Incora's performance falls below certain standards, it is obligated to pay two forms of liquidated damages to Rolls-Royce, known as EPKD penalties and Order Fulfillment Fees. By the same token, when Incora's performance exceeds those standards, it is entitled to a similar Order Fulfillment Fee from Rolls-Royce.

11. Pursuant to Amendment No. 9 to the LSP Agreement, for example, where Incora's failure to satisfy certain orders set forth in Part 5 the LSP Agreement causes Rolls-Royce's failure to supply engine parts in accordance with relevant kitting dates of the equipment, Incora must pay certain charges known as EPKD penalties. *See* LSP Agreement Amendment No. 9 § 1.5. Incora's

[5] The Proofs of Claim are substantially identical, except that each one is lodged by a different Rolls-Royce entity. To the extent any portion of the Proofs of Claim is allowed, the Prepetition Claim should be allowed with respect to only one Proof of Claim, so as to prevent a duplicative recovery.

maximum penalty for EPKD events is capped at £1,000,000 per contract year. *Id*. (Rolls-Royce has converted this amount into $1,260,000 for purposes of the Administration Expense Application, which Incora accepts for that purpose.)

12. Pursuant to Part 5 of the LSP Agreement, Incora is also obligated to pay certain charges known as Order Fulfillment Fees beginning when its rate of on-time delivery of certain customer orders to Rolls-Royce—defined as its "Order Success Rate"—drops below 97.9% (or a higher threshold, depending on the annual volume supplied). *See* LSP Agreement Amendment No. 13, Table 2. When Incora's Order Success Rate rises above that threshold, however, *Rolls-Royce* must pay an Order Fulfillment Fee to *Incora*. *Id*.

13. As described in the Fawcett Declaration, the Order Success Rate is calculated by dividing Incora's total successful relevant orders in the month by the total relevant orders required to be satisfied in that month. Fawcett Declaration ¶ 12. An order is deemed "successful" where it is delivered to Rolls-Royce by the required shipping date or within two calendar days of a delivery message being created. *See* LSP Agreement § 2.2. By default, relevant orders delivered outside that period constitute unsuccessful orders. Importantly, though, where the reason for a delay is one of several events for which the LSP Agreement allocates responsibility to Rolls-Royce as the buyer (referred to as "Buyer Liable" events), those orders are *not* deemed "unsuccessful" for purposes of calculating the Order Success Rate. *Id*. Moreover, the LSP Agreement provides that Incora is not liable to Rolls-Royce in "all instances where excess usage to forecast is due to an overhaul/repair program not communicated in a timely fashion (lead time of parts)." *Id*. § 1.10.6.

14. These "Buyer Liable" events are defined in Table 2 of Part 5 of the LSP Agreement. They include situations where the actual shipping date is later than the required shipping date but stock was available to ship on time and the relevant service provider provided a valid promise date, or where the part delivery gap was caused by a buyer supplier issue—for example, a Rolls-Royce issue or issue with a manufacturer appointed by Rolls-Royce—and was not mitigated.

15. Pursuant to the LSP Agreement, Incora calculates the monthly Order Success Rate in the first instance and provides Rolls-Royce with line-by-line information for each month by the

tenth day of the following month. LSP Agreement § 1.10.10. Both parties have the right to review all data required to substantiate the Order Success Rate, *id*. § 1.10.11, and Incora provides such data to Rolls-Royce. Rolls-Royce then must review such information and "either agree or raise any queries in sufficient time[] such that the Order Success Rate [will be] agreed by the end of the month in which" Incora first reported its calculation of the Order Success Rate (*i.e.*, within one month after the performance period), *id.* § 1.10.10.

II. THE CHAPTER 11 CASES

16. As part of its reorganization goals in the Chapter 11 Cases, Incora worked to renegotiate long-term contracts with nearly all its customers. Fawcett Declaration ¶ 18. Rolls-Royce was one such customer, and in November 2023 after an intense series of negotiations, the Reorganized Debtors and Rolls-Royce agreed to modify the LSP Agreement through a written amendment. Fawcett Declaration ¶ 18. On December 15, 2023, the U.S. Bankruptcy Court for the Southern District of Texas (the "***Bankruptcy Court***") entered an order authorizing and approving the assumption and amendment of the LSP Agreement, *see* Dkt. No. 1084 (the "***Assumption Order***"), whereby the LSP Agreement was assumed as modified. This Court in the same order retained jurisdiction over all matters "arising from or related to the implementation, interpretation, or enforcement of th[at] Order." *Id.*

17. On October 11, 2023, Rolls-Royce filed the Proofs of Claim seeking an unsecured claim in the amount of $4,773,743.04. Specifically, Rolls-Royce alleges that Incora owes Rolls-Royce (a) $2,305,584.82 in Order Fulfillment Fees based on Incora's late delivery of parts, (b) $1,210,000 "related to delays . . . for build stops," and (c) $1,254,334.40 "in lost build hours pending delivery of certain parts." Although Rolls-Royce does not cite any particular provision of the LSP Agreement to support its claim for "build stops" and "lost build hours," Incora understands "lost build hours" to refer to wages of workers who were idled due to late deliveries, and the "build stops" component appears to align with the maximum amount that can be claimed by Rolls-Royce for EPKD events. Accordingly, the Reorganized Debtors assume that the "build stops" claim pertains to EPKD penalties.

18. On February 28, 2025, Rolls-Royce filed the Administrative Expense Application seeking $24,740,470.69 under the LSP Agreement. Specifically, Rolls-Royce alleges that Incora owes Rolls-Royce (a) $2,520,000—two years' worth of the contractually capped amount of $1,260,000 per year—for EPKD events and penalties under the LSP Agreement; (b) $8,041,699.58 in Order Fulfillment Fees based on Incora's late delivery of parts to Rolls-Royce; (c) $11,970,113.96 in Customer Penalties that Rolls-Royce purportedly paid to its customers based on delayed production of engines due to Incora's purported failure to deliver parts to Rolls-Royce; and (d) $2,208,657.16 in Consultant Fees that Rolls-Royce purportedly paid to obtain advice and guidance in response to Incora's purported failure to deliver parts to Rolls-Royce.

19. As discussed herein and in the Fawcett Declaration, Incora has undertaken its own reconciliation and believes that much of Rolls-Royce's asserted Prepetition Claim and Administrative Expenses are simply incorrect and the remainder are more than offset by Incora's claims against Rolls-Royce for amounts due under the LSP Agreement.

OBJECTION

I. ROLLS-ROYCE CANNOT MEET ITS BURDEN TO PROVE ITS ENTITLEMENT TO AN ADMINISTRATIVE EXPENSE.

20. Section 503(b) provides that an administrative expense shall be allowed for the "actual, necessary costs and expenses of preserving the estate." 11 U.S.C. § 503(b)(1)(A). The Reorganized Debtor does not dispute that any amounts owed by Incora with respect to performance under the LSP Agreement during the Chapter 11 Cases constitute administrative expenses in the abstract. However, the burden rests upon Rolls-Royce, as the administrative expense applicant, to prove by a preponderance of the evidence what amounts (if any) Incora actually owes under the LSP Agreement. *See In re Express One Int'l, Inc.*, 217 B.R. 207, 210 (Bankr. N.D. Tex. 1998); *see also In re Taco Bueno Rests., Inc.*, 606 B.R. 289, 302 (Bankr. N.D. Tex. 2019) ("Creditors . . . ultimately bear the burden of persuasion and production to establish that their claims are in fact an administrative expense."). Administrative expense applications may be disallowed for insufficient evidence. *See In re Buttes Gas & Oil Co.*, 112 B.R. 191, 195–96 (Bankr. S.D. Tex. 1989).

21. Rolls-Royce has so far provided no evidentiary support for the conclusory amounts sought in the Administrative Expense Application. Among other things, notwithstanding Incora's requests, it has not provided evidence of its payment of penalties to customers or of payment to third-party consultants; evidence of any customers' or third-party consultants' purported entitlement to such payments; evidence that Incora's performance (or lack thereof) was responsible for any such customer or third-party payments; or evidence of its purported entitlement to any Order Fulfillment Fees. Fawcett Declaration ¶¶ 21, 23. Indeed, as initially demonstrated by the Fawcett Declaration, Incora expects that a full evidentiary record will refute most of Rolls-Royce's contentions, including based on Incora's historical provision of *all* of the requisite "Buyer Liable" information as concerns the Order Success Rate and Order Fulfillment Fees, as described in the Fawcett Declaration.

22. This lack of any evidentiary foundation alone should lead to the disallowance of the Administrative Expense Application.

23. As to the Proofs of Claim, Incora concedes that the filing of a proof of claim constitutes *prima facie* evidence of the claim's validity. However, once an objecting party produces sufficient evidence to rebut the presumption of validity, the ultimate burden lies with the claimant to prove the validity and amount of its claim. *See, e.g.*, *In re Fidelity Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988). Here, the Fawcett Declaration provides ample evidence to rebut Rolls-Royce's conclusory Prepetition Claim, shifting the burden of proof back to Rolls-Royce.

II. ROLLS-ROYCE OWES INCORA ORDER FULFILLMENT FEES.

24. Rolls-Royce is simply incorrect in its calculation of Order Fulfillment Fees.

25. As described above and in the Fawcett Declaration, the LSP Agreement makes Incora responsible for calculating its own Order Success Rate in the first instance. Fawcett Declaration ¶ 13. Incora submits its calculation to Rolls-Royce by the tenth of each month, as contractually required, along with an allocation of responsibility for late deliveries under clause 2.2 of Part 5 of the LSP Agreement as between Incora, as supplier, and Rolls-Royce, as buyer. Fawcett Declaration ¶ 13. To substantiate Incora's positions on "Buyer Liable" events, Incora

provides Rolls-Royce numerous files evidencing the relevant contractual failure category, as listed in Table 2 of Part 5 of the LSP Agreement. Fawcett Declaration ¶ 16. Rolls-Royce must review such information and raise any queries in time for the two parties to agree on the Order Success Rate by the end of the month in which Incora provided its calculation. Fawcett Declaration ¶ 13. Incora has consistently delivered monthly calculations of the Order Success Rate, and Rolls-Royce has consistently not raised objections to Incora's calculations by month-end as required in the LSP Agreement. Fawcett Declaration ¶ 17.

26. In the past, Incora sometimes provided information to Rolls-Royce beyond what the LSP Agreement requires, including, for months prior to March 2022, narratives for "Buyer Liable" events. Fawcett Declaration ¶¶ 13-15. Experience proved, however, that the supplemental narratives simply slowed down Rolls-Royce's review. Fawcett Declaration ¶ 13. In addition, while the parties agreed on the Order Success Rate by the end of the month as required by the LSP Agreement for all months until and including January 2022, the close-out of Incora's February 2022 submission (which included the narratives) remained outstanding by Rolls-Royce for many months past the end of February. Fawcett Declaration ¶ 14.

27. As such, moving forward, Incora provided only the specific (but still extensive) information that the LSP Agreement requires. Fawcett Declaration ¶¶ 15-16. To be clear, Incora has *never* changed its root cause methodology nor the means of calculating the Order Success Rate; indeed, as the Fawcett Declaration establishes, it has used the same methodology since the beginning of the parties' contracting, including the seven-plus years in which the Order Success Rate was consistently agreed between the parties. Fawcett Declaration ¶ 17. And until October of 2022, Rolls-Royce never raised issues with Incora concerning the scope of information submitted by Incora. Fawcett Declaration ¶ 17.

28. Incora has consistently provided Rolls-Royce with all contractually required information to support its measurement of the Order Success Rate. And as shown in the table below, the reported Order Success Rates since the last fully reconciled month (January 2022)

demonstrate such strong performance on Incora's part that Rolls-Royce owes Incora ***over $11,989,457*** in Order Fulfillment Fees.

Month	Order Success Rate	Order Fulfillment Fee to (from) Incora[6]
February 2022	99.3%	$253,653
March 2022	99.5%	$321,174
April 2022	99.2%	$214,730
May 2022	98.9%	$86,113
June 2022	98.7%	$75,779
July 2022	99.0%	$127,960
August 2022	99.2%	$199,872
September 2022	99.1%	$166,422
October 2022	99.0%	$121,368
November 2022	98.8%	$95,195
December 2022	98.6%	$52,028
January 2023	98.7%	$79,630
February 2023	98.9%	$132,530
March 2023	98.7%	$88,102
April 2023	98.5%	$32,789
May 2023	98.0%	($38,201)
Prepetition Total		**$2,009,145**
June 2023	97.6%	($104,955)
July 2023	97.5%	($109,403)
August 2023	97.7%	($87,029)
September 2023	97.4%	($129,481)
October 2023	97.4%	($146,289)
November 2023	97.2%	($142,181)
December 2023	96.7%	($258,648)
January 2024	97.2%	($299,386)
February 2024	98.2%	($30,579)
March 2024	98.3%	($8,408)
April 2024	98.3%	($7,518)

[6] For purposes of calculating Order Fulfillment Fees for the prepetition period, Incora uses the 1.21 GBP-to-USD conversion rate that Rolls-Royce used in its Proofs of Claim. For the postpetition period, Incora uses the 1.26 conversion rate that Rolls-Royce used in its Administrative Expense Application.

Month	Order Success Rate	Order Fulfillment Fee to (from) Incora[6]
May 2024	98.5%	$77,259
June 2024	98.2%	($33,905)
July 2024	98.4%	$38,414
August 2024	99.0%	$372,050
September 2024	98.8%	$231,379
October 2024	98.8%	$247,248
November 2024	98.7%	$192,898
December 2024	99.1%	$432,748
January 2025	99.4%	$813,133
February 2025	99.5%	$916,844
March 2025	99.5%	$987,239
April 2025	99.5%	$964,686
May 2025	99.6%	$1,032,306
June 2025	99.7%	$1,029,235
July 2025	99.8%	$1,428,928
August 2025	99.8%	$1,375,083
September 2025	99.7%	$1,198,642
Postpetition Total		**$9,980,312**

29. As set forth in the table above and in the Fawcett Declaration, Rolls-Royce owes Incora $2,009,145 in prepetition Order Fulfillment Fees. Moreover, Incora disputes Rolls-Royce's claim calculation attributable to "lost build hours." As described in the Fawcett Declaration, Incora's records indicate that this figure is only $252,073.25, rather than the $1,254,334.40 that Rolls-Royce asserts in its Proofs of Claim. Fawcett Declaration ¶ 19. Thus, Rolls-Royce has an allowable Prepetition Claim of $0.

30. Likewise, as set forth above and as explained in the Fawcett Declaration, Rolls-Royce also owes Incora $9,980,312 in postpetition Order Fulfillment Fees through 2025. Fawcett Declaration ¶ 19. The result leaves Rolls-Rolls without ***any*** amount for this category of asserted Administrative Expenses. Instead, the LSP Agreement entitles *Incora* to recover $11,737,383.75

($2,009,145 for prepetition Order Fulfillment Fees plus $9,980,312 for postpetition Order Fulfillment Fees, less $252,073.25 for "lost build hours") from Rolls-Royce.[7]

31. Incora is entitled to recognize the netting of amounts due between the parties. Here, the obligations are bilateral and between the same parties. A party can assert the defense of recoupment when (1) "some type of overpayment" was made, and (2) "both the creditor's claim and the amount owed to the debtor . . . arise from a single contract or transaction." *In re Kosadnar*, 157 F.3d 1011, 1014 (5th Cir. 1998). Because, at its core, recoupment is "an equitable doctrine designed to determine a just liability on [a] claim," *In re U.S. Abatement Corp.*, 79 F.3d 393, 399–400 (5th Cir. 1996) (alteration in original) (quoting *In re Holdford*, 896 F.2d 176, 179 (5th Cir. 1990)), it may be asserted as a defense to a proof of claim, *see In re Dayton Seaside Assocs. No. 2, L.P.*, 257 B.R. 123, 133–34 (Bankr. S.D.N.Y. 2000).

32. Incora satisfies both elements here. As to the first, Incora has, in effect, overpaid Rolls-Royce through its performance under the LSP Agreement. As described in the Fawcett Declaration, because Incora's Order Success Rate has frequently exceeded the applicable threshold, the outstanding amount of Order Fulfillment Fees owed *to Incora* by Rolls-Royce exceeds the amount of such fees owed *by Incora* to Rolls-Royce. Fawcett Declaration ¶ 19. Accordingly, Incora's over-performance under the LSP Agreement resulted in Incora giving value to Rolls-Royce beyond any amounts Incora might owe under the LSP Agreement, resulting in the "type of overpayment" for which Incora may assert a recoupment defense. *Kosadnar*, 157 F.3d at 1014.

33. Incora also satisfies the second recoupment element—that the debts "arise from a single contract or transaction." *Id.* The amounts Rolls-Royce and Incora owe to each other arise

[7] The Assumption Order preserved Incora's right "to object to or assert any defense in respect of such claims" asserted by Rolls-Royce with respect to the LSP Agreement. Dkt. No. 1084 ¶ 4. Thus, Incora may assert a recoupment defense—including for prepetition amounts owing—in response to the Administrative Expense Application.

from the LSP Agreement. Indeed, it is the very same contractual term—the Order Success Rate—that gives rise to both parties' obligations. Thus, the second recoupment element is also satisfied.

34. Because Incora satisfies both elements to invoke recoupment, it is entitled to net the amounts owed between it and Rolls-Royce under the LSP Agreement. As Rolls-Royce's debt to Incora exceeds any amounts that may be owed as Administrative Expenses, the Administrative Expenses Application should be denied. Alternatively, this Court should offset the amounts owed between the parties and fix Rolls-Royce's Administrative Expenses allowable in this case at $0.

III. ROLLS-ROYCE IS NOT ENTITLED TO REIMBURSEMENT OF CUSTOMER PENALTIES.

35. Rolls-Royce's demand for reimbursement of Customer Penalties also fails. To begin, the Administrative Expenses Application offers nothing more than a bare assertion that Rolls-Royce "had to pay" Customer Penalties for "delayed production of engines due to [Incora's] failure to timely provide parts to [Rolls-Royce]." Administrative Expenses Application ¶ 11(a). Rolls-Royce marshals no factual evidence or contractual language to substantiate its demand. Given its "burden of persuasion and production to establish that [its] claims are in fact an administrative expense," this failure alone is fatal to Rolls-Royce's application. *In re Taco Bueno Rests.*, 606 B.R. at 302.

36. This failure is even more glaring given the multitude of factors leading to and potential causes of the purported Customer Penalties, and Rolls-Royce's failure to provide any evidence to demonstrate that parts supplied by Incora were responsible for each Customer Penalty. Rolls-Royce has not cataloged its Customer Penalties, traced any of those penalties to specific failures by Incora, or carried its burden to demonstrate that Rolls-Royce would not have incurred Customer Penalties absent Incora's underperformance. Without evidence to substantiate its claim, the Administrative Expenses Application offers nothing but Rolls-Royce's bare assertion that the Customer Penalties are the result of Incora's failures. That does not suffice to prove its entitlement to administrative expenses.

37. In any event, by making this conclusory claim here Rolls-Royce's Administrative Expenses Application seeks to upset the LSP Agreement's heavily negotiated liquidated damages provisions concerning Incora's failure to timely deliver parts. *See* LSP Agreement §§ 1.10.15–1.10.23; LSP Agreement Amendment No. 9 § 1.5. Those clauses establish damages remedies available to Rolls-Royce for any such delays under the LSP Agreement. The LSP Agreement is governed by English law as it relates to Rolls-Royce PLC.[8] LSP Agreement § 31.2 ("This Agreement is governed by and will be construed in accordance with, English Law."). And English courts have (absent anything to the contrary in the contract) routinely construed liquidated damages clauses to provide an exhaustive remedy for breaches of the contractual provisions to which they apply, even where doing so limits damages to an amount less than actual damages incurred by the non-breaching party. *See, e.g.*, *Temloc Ltd. v. Errill Props. Ltd.*, [1988] 1 WLUK 627 (upholding liquidated damages clause that set recovery at "£nil" thereby excluding recovery for general damages); *Biffa Waste Servs. Ltd. v. Maschinenfabrik Ernst Hese GmbH*, [2008] EWHC 6 (TCC) (finding that a liquidated damages clause was the exhaustive remedy for delay even if such delay was caused by breach of other obligations); *K Line Pte Ltd. v. Priminds Shipping (HK) Co. Ltd.*, [2021] EWCA Civ 1712 (similar).

38. There is nothing in the LSP Agreement to oust the English-law presumption that the liquidated damages clauses are an exhaustive remedy for delays. Under English law, Rolls-Royce's recovery is therefore limited to that provided by the liquidated damages clauses, namely those amounts it claims as EPKD penalties and Order Fulfillment Fees. Whatever other *remedies* Rolls-Royce may have, it cannot obtain *damages* beyond the LSP Agreement's intricately negotiated liquidated damages provisions. *See Global Octanes Tex., L.P. v. BP Exploration & Oil Inc.*, 154 F.3d 518, 522 (5th Cir. 1998) (enforcing a contractual cap on "damages" even where a contract

[8] With respect to Rolls-Royce Deutschland & Co KG and Rolls-Royce Singapore (PTE) Ltd., those portions of the LSP Agreement are governed by German and Singaporean law, respectively. LSP Agreement §§ 33.2, 41.2. Rolls-Royce has not provided any evidence demonstrating which alleged expenses were incurred by which entities and, therefore, which laws govern the amounts asserted by Rolls-Royce. Incora believes, however, the vast majority of the Administrative Expenses are attributable to Rolls-Royce PLC.

provided that liquidated damages were a nonexclusive remedy). To hold otherwise would undermine the deliberate inclusion of the negotiated liquidated damages clause in the LSP Agreement. *See EMS, USA, Inc. v. Travelers Lloyds Ins. Co.*, No. H–16–1443, 2018 WL 1545700, at *4 (S.D. Tex. Feb. 28, 2018) ("[T]he court reads all parts of the contract as a whole and gives effect to each word, clause, and sentence so that no part of the agreement is rendered inoperative."), *report and recommendation adopted*, 2018 WL 1535353 (S.D. Tex. Mar. 29, 2018). Indeed, Rolls-Royce's Customer Penalties and Consultant Fees claims (discussed below) seek actual damages, which even if recoverable in light of the liquidated damages provisions, would be subject to the liquidated damages cap (*see Eco World v Dobler* [2021] EWHC 2207 (TCC)), and Rolls-Royce cannot receive a windfall through double recoveries. Put frankly, if Rolls-Royce's customers have imposed charges for Rolls-Royce's late deliveries, Rolls-Royce's sole remedy against Incora is through the LSP Agreement's liquidated damages provisions. The Customer Penalty and Consultant Fee aspects of the Administrative Expenses Application defy these terms and, therefore, should be disallowed.[9]

39. In the alternative, if the liquidated damages clauses are not exhaustive remedies, Rolls-Royce's claim for Customer Penalties arguably seeks damages that are barred by section 20.2 of the LSP Agreement. That section provides that Incora "shall not be liable to" Rolls-Royce "for indirect or consequential damage suffered by [Rolls-Royce] that arises under or in connection with this Agreement." LSP Agreement § 20.2. The LSP Agreement does not define "indirect" or "consequential" damages, but under English law the meaning of these terms is widely accepted as losses that are *not* the natural results of an alleged breach in the usual course, but arise from a special circumstance of the case that was known to the parties at the time they made the contract. *See Hadley v Baxendale* (1854) 9 Ex 341; *2 Entertain Video Ltd v Sony DADC Europe Ltd* [2020] EWHC 972 (TCC) at [218] to [241]. Courts in this District regularly enforce such exclusion

[9] In a footnote to its Administrative Expense Application, Rolls-Royce contends that it may seek aircraft on ground ("***AOG***") penalties in addition to Customer Penalties. To the extent Rolls-Royce demands AOG penalties, its claim fails for the same reasons as its demand for other Customer Penalties.

provisions. *See, e.g.*, *ENGlobal U.S. Inc. v. Native Am. Servs. Corp.*, No. H-16-2746, 2017 WL 4409289, at *5 (S.D. Tex. Oct. 4, 2017) (granting summary judgment to defendant where plaintiff's "claims for consequential damages fail as a matter of law because the mutual waiver provision expressly prohibit[ed] them").

40. The Customer Penalties asserted depend entirely on Rolls-Royce's separate contracts with its customers to which Incora was not privy, and do not implicate Incora's performance under the LSP Agreement. So rather than flowing directly and immediately from a breach, Rolls-Royce's duty to pay the Customer Penalties is merely a consequence of its own contracting with third parties. Moreover, the LSP Agreement contains a provision by which Incora will comply with relevant terms, conditions, restrictions and other obligations of Rolls-Royce's customer contracts as notified to Incora by Rolls-Royce and subject to a written amendment of the LSP Agreement. *See* LSP Agreement §§ 29.1 and 30.4. At no time was Incora notified of the prospect of Customer Penalties pursuant to this provision.

41. In the alternative, even without section 20.2's limitation, Rolls-Royce's claim for the Customer Penalties fails owing to issues of causation, mitigation, and remoteness that render it unsustainable as a claim under English law. Under English law, courts generally award only damages that (i) "may fairly and reasonably be considered [as] arising naturally, that is according to the usual course of things, from such breach of contract itself," or (ii) "may reasonably be supposed to have been in the contemplation of both parties, at the time they made the contract, as the probable result of the breach of it." *See Hadley v Baxendale* (1854) 9 Exch 341. The Customer Penalties do not fall into either limb of the *Hadley v Baxendale* test.

42. The knowledge that is taken into account under English law when assessing what is in the contemplation of the parties is knowledge "in the ordinary course of things," which is imputed to the parties and can include actual knowledge of special circumstances *outside* the ordinary course of things but that was communicated to the defendant or otherwise known by the parties. *See Victoria Laundry (Windsor) Ltd v Newman Indus. Ltd* [1949] 2 KB 528. There is no evidence to suggest that the Customer Penalties are "in the ordinary course," and Incora did not

have actual knowledge of the "special circumstances" of the Customer Penalties. Rolls-Royce never warned Incora that it expected to incur or to be reimbursed for Customer Penalties (and never notified Incora of such penalties pursuant to section 29.1 of the LSP Agreement). To the contrary, in the entire course of performance under the LSP Agreement, Rolls-Royce ***never*** attempted to pass Customer Penalties through to Incora. *See* Fawcett Declaration ¶ 20. Thus, far from being jointly understood by the parties, the Customer Penalties were a special circumstance that was wholly unknown to Incora, rendering them irrecoverable as a matter of English law.

43. Rolls-Royce's claim for Customer Penalties accordingly fails. It vitiates the liquidated damages provisions in the LSP Agreement, seeks damages that are generally unavailable in these circumstances under English law, and contradicts the LSP Agreement's waiver of indirect or consequential damages. For these reasons, this Court should disallow the Administrative Expenses for the Customer Penalties.

IV. ROLLS-ROYCE IS NOT ENTITLED TO REIMBURSEMENT OF CONSULTANT FEES

44. Rolls-Royce's claim for the Consultant Fees fails for the same reasons as its claim for the Customer Penalties *mutatis mutandis*. Putting aside Rolls-Royce's failure to carry its burden to substantiate its claim with *any* evidence, the liquidated damages clauses of the LSP Agreement constitute Rolls-Royce's exhaustive remedy for delay. In the alternative, such fees are too remote to be recoverable and there is no basis to award them here. While it might have been reasonably contemplated by the parties that Rolls-Royce would, for example, enter into contracts with replacement supplier(s), the same cannot be said in relation to contracts with third-party consultants. The entry by Rolls-Royce into third party consultant contracts (i) cannot be said to be a consequence arising "in the ordinary course," and (ii) was not a special circumstance that Incora had actual knowledge of at the time of contracting. In addition, Rolls-Royce's unsubstantiated claims are insufficient to demonstrate causation, and do not provide any evidence of reasonable mitigation steps that should have been taken by Rolls-Royce to avoid loss, which are both prerequisites to a breach of contract claim under English law. Even if the Consultant Fees were *prima facie* recoverable under general principles of English law, the Consultant Fees would

constitute indirect or consequential damages that section 20.2 of the LSP Agreement expressly disclaims.

45. Rolls-Royce cannot establish that Incora is liable for its unilateral decision to retain third parties to consult on its performance under contracts with its customers—contracts to which Incora was not a party and over which Incora had no control. For these reasons, the Administrative Expenses Application should be disallowed as to the amounts claimed for the Consultant Fees.

RESERVATION OF RIGHTS

46. The Reorganized Debtor expressly reserves, and does not waive, any right to amend, modify, or supplement this Objection, to present a full evidentiary record, and to further object to the Administrative Expense Application on any grounds.

CONCLUSION

For the foregoing reasons, the Reorganized Debtor respectfully requests that the Court (a) sustain this Objection, and (b) enter an order disallowing the Prepetition Claim and the Administrative Expense Application in their entirety, or, in the alternative, fixing the Administrative Expenses at $0.

[Remainder of page intentionally blank]

Dated: October 28, 2025

Respectfully submitted,

/s/ Charles A. Beckham, Jr.

Charles A. Beckham, Jr. (TX Bar No. 02016600)
Patrick L. Hughes (TX Bar No. 10227300)
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
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

- and -

Andrew M. Leblanc (admitted *pro hac vice*)
MILBANK LLP
1101 New York Avenue NW
Washington, D.C. 20005
Telephone: 1 (202) 835-7574
Email: ALeblanc@Milbank.com

Counsel to the Reorganized Debtor

CERTIFICATE OF SERVICE

I certify that, on October 28, 2025, 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 Reorganized 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.**[1] Reorganized Debtor.	Case No. 23-90611 (MI) Chapter 11 (Jointly Administered)

ORDER SUSTAINING THE REORGANIZED DEBTOR'S OBJECTION TO (I) PROOFS OF CLAIM AND (II) ADMINISTRATIVE EXPENSE APPLICATION, EACH FILED BY ROLLS-ROYCE PLC, ROLLS-ROYCE DEUTSCHLAND & CO KG, AND ROLLS-ROYCE SINGAPORE (PTE) LTD.

[1] The captioned Reorganized Debtor is Incora Intermediate II LLC, the successor by merger to Wesco Aircraft Holdings, Inc. Its employer identification number is 33-2921953. Its principal office address and service address in this case is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.

Upon the *Reorganized Debtor's Objection to (I) Proofs of Claim and (II) Administrative Expense Application, Each Filed by Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd.* (the "***Objection***");[2] and the Court having jurisdiction to decide the Objection and to enter this Order pursuant to 28 U.S.C. § 1334; and consideration of the Objection 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; and due and proper notice of the Objection having been provided, such notice being adequate and appropriate under the circumstances; and after notice and a hearing, as defined in section 102 of the Bankruptcy Code; and the Court having determined that the legal and factual bases set forth in the Motion and in the record establish just cause for entry of this Order; and it appearing that entry of this Order is in the best interests of the Reorganized Debtors' estates; it is hereby **ORDERED** that:

1. *Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd.'s Application for Allowance and Payment of Administrative Expense Claim Pursuant to 11 U.S.C. §§ 503(b) and 507(a)(2)* (Docket No. 2697) is denied in its entirety for all purposes in these chapter 11 cases.

2. Proofs of claim numbers 1496, 1498 and 1500, are disallowed in their entirety for all purposes in these chapter 11 cases.

3. Notwithstanding any provision of the Bankruptcy Rules or Local Rules, the terms of this Order shall be immediately effective and enforceable upon its entry.

4. The Reorganized Debtors and their agents are authorized to take all steps necessary or appropriate to carry out this Order, which shall include an update of the claims register to reflect the relief granted by this Order.

5. Except as provided in this Order, nothing in this Order shall be deemed (a) a finding as to the validity of any claim against any of the Reorganized Debtors, (b) a waiver of the right of the Reorganized Debtors to dispute any claim against any of the Reorganized Debtors on any

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

grounds whatsoever at a later date, (c) a requirement for any of the Reorganized Debtors to pay any claim, or (d) a waiver of any rights of the Reorganized Debtors under the Bankruptcy Code or other applicable law.

6. The Court retains exclusive jurisdiction over all matters arising from or related to the implementation, interpretation or enforcement of this Order. For the avoidance of doubt, this Order is without prejudice to the rights of the Reorganized Debtors to pursue claims against Rolls-Royce arising from or related to the LSP Agreement in any court of competent jurisdiction.

Dated: _____
Houston, Texas

_____

MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

FAWCETT DECLARATION

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

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

DECLARATION OF DAVID FAWCETT IN SUPPORT OF THE REORGANIZED DEBTOR'S OBJECTION TO (I) PROOFS OF CLAIM AND (II) ADMINISTRATIVE EXPENSE APPLICATION, EACH FILED BY ROLLS-ROYCE PLC, ROLLS-ROYCE DEUTSCHLAND & CO KG, AND ROLLS-ROYCE SINGAPORE (PTE) LTD.

[1] The captioned Reorganized Debtor is Incora Intermediate II LLC, the successor by merger to Wesco Aircraft Holdings, Inc. Its employer identification number is 33-2921953. Its principal office address and service address in this case is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.

I, David Fawcett, declare under penalty of perjury as follows:

1. I am the Chief Commercial Officer at Incora.

2. I submit this declaration (this "***Declaration***") in support of the Reorganized Debtor's *Objection to (I) Proofs of Claim and (II) Administrative Expense Application, each filed by Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd.* (the "***Objection***").[2]

3. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge of the Reorganized Debtors' contracts and contract renegotiations, (b) my review of relevant business record documents, (c) information and business records provided to me by the Reorganized Debtors' employees working with me or under my supervision, and/or (d) my opinion based upon my extensive experience as a supply chain and logistics management professional. If called upon to testify, I could and would testify to the statements set forth herein. I am over the age of 18 years and authorized to submit this Declaration.

BACKGROUND & QUALIFICATIONS

4. I have worked in sales, supply chain, and logistics management for 38 years. My focus is and has been on bids and negotiating commercial terms of customer renewals and expansion, particularly in the aircraft industry.

5. I have been the Chief Commercial Officer at Incora since 2012. In this role, I lead Incora's sales and business development teams. I lead all bids, as well as commercial negotiations with customers. Through this position, I have developed relationships with Incora's largest customers and suppliers, including Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd. (collectively, "***Rolls-Royce***").

[2] Capitalized terms used but not defined herein have the meanings ascribed to them in the Objection.

6. Before joining Incora, I spent 25 years at Wincanton PLC, where I served in multiple roles including Group Development Director.

7. I received a bachelor's degree in Politics and Public Administration from Leeds University, graduating in 1986.

THE LSP AGREEMENT

8. Based on my own experience and through a review of Incora's business records, Rolls-Royce has historically had a significant customer relationship with Incora. Under a services agreement in place since October 22, 2015 (the "***LSP Agreement***"), Incora manages Rolls-Royce's inventory and provides logistics services for Rolls-Royce, mainly in the United Kingdom, Germany, and Singapore. The LSP Agreement has been amended many times, including during Incora's chapter 11 cases to modify and assume various aspects of Incora's fee arrangement from 2024 onward.

9. Among other things, the LSP Agreement provides that when Incora's performance falls below certain standards, it is obligated to pay Rolls-Royce certain damages, including engine passed kit date ("***EPKD***") penalties and Order Fulfillment Fees.

10. EPKD penalties accrue when Incora fails to satisfy certain orders—set forth in Part 5 the LSP Agreement—causing Rolls-Royce to fail to supply engine parts in accordance with relevant kitting dates of the equipment. Incora's maximum penalty for EPKD events is capped at £1,000,000 per contract year.

11. Order Fulfillment Fees accrue when Incora's rate of on-time deliveries of certain customer orders to Rolls-Royce—defined as the "Order Success Rate"—drops below a certain threshold as set forth in the LSP Agreement. When Incora's Order Success Rate rises above that threshold, Rolls-Royce in turn owes Incora similar Order Fulfillment Fees.

12. In accordance with the LSP Agreement, the Order Success Rate is calculated by dividing Incora's total successful relevant orders in the month by the total relevant orders required to be satisfied in that month. In Incora's undertaking of this calculation and upon the review of the relevant Incora business records relating to the LSP Agreement, an order is deemed "successful" where it is delivered to Rolls-Royce by the required shipping date or within two calendar days of a delivery message being created. Relevant orders delivered outside that period constitute unsuccessful orders. Where the reason for a delay is one of several events for which Rolls-Royce as the buyer is responsible (referred to in the LSP Agreement as "Buyer Liable" events), those orders are not deemed "unsuccessful" for purposes of calculating the Order Success Rate. This methodology for calculating these matters is consistent with industry practice in my experience, and also in conformance with the language the parties agreed to under the LSP Agreement.

13. Incora calculates the Order Success Rate in the first instance and provides Rolls-Royce with that Order Success Rate and accompanying line-by-line information for each month, including an allocation of responsibility for late deliveries as between Incora and Rolls-Royce, by the tenth day of the following month. Rolls-Royce then reviews Incora's provided information and is obligated to either agree or raise queries in sufficient time such that the Order Success Rate will be agreed by the end of the month in which Incora first reported its calculation of the Order Success Rate. In the past, the information provided by Incora sometimes included information above and beyond that required under the LSP Agreement, including narratives for Buyer Liable Events ("***Narratives***"). However, experience proved that inclusion of the Narratives slowed Rolls-Royce's review process.

14. From inception through January 2022, the parties agreed to Order Success Rate calculations on a monthly basis as contemplated in the LSP Agreement. In February of 2022,

Incora submitted its Order Success Rate and accompanying information to Rolls-Royce just as it had historically. Rolls-Royce, however, failed to agree or raise queries with that information by month-end as required under the LSP Agreement, and the February Order Success Rate remained unagreed for many months.

15. During those ensuing months in which Incora awaited Rolls-Royce's engagement in determining an agreed Order Success Rate, Incora halted submission of subsequent months' Order Success Rates and accompanying information. Incora began submitting such information again in October of 2022 after Rolls-Royce engaged again with Incora. Those submissions did not include the Narratives Incora had sometimes previously included—which Narratives were not required under the LSP Agreement—as Incora determined that inclusion of such Narratives appeared to only impede Rolls-Royce's timely review of the submitted Order Success Rates and the accompanying information required under the LSP Agreement.

16. Incora has since provided Rolls-Royce with the information required under the LSP Agreement. To substantiate Incora's positions on "Buyer Liable" events, Incora provides Rolls-Royce numerous files evidencing the relevant contractual failure category, as listed in Table 2 of Part 5 of the LSP Agreement.

17. Incora has never changed its root cause methodology nor the means of calculating the Order Success Rate; indeed, it has used the same methodology since the beginning of the parties' contracting, including the seven-plus years in which the Order Success Rate was consistently agreed between the parties. And until October of 2022, Rolls-Royce never raised issues with Incora concerning the scope of information submitted by Incora. Moreover, Rolls-Royce has consistently failed to raise queries in response to Incora's calculations by month-end as

required in the LSP Agreement (in the alternative to Rolls-Royce providing its agreement to Incora's calculations).

18. Through these Chapter 11 Cases, Incora worked to renegotiate long-term contracts with nearly all its customers. In November 2023, the Reorganized Debtors and Rolls-Royce agreed to modify the LSP Agreement through a written amendment. My team and I were heavily involved in negotiations concerning the terms of the amended LSP Agreement. Incora has substantially performed under the LSP Agreement before and since the Effective Date.

ORDER FULFILLMENT FEES

19. Incora with my participation and oversight has undertaken to review and reconcile the amounts owed by the parties for Order Fulfillment Fees under the LSP Agreement. Based on our review of the calculations and information already provided to Rolls-Royce on a monthly basis pursuant the LSP Agreement, Incora believes that Rolls-Royce's claim that it is owed $8,041,699.58 in Order Fulfillment Fees based on Incora's on-time and late delivery of parts to Rolls-Royce is incorrect. In fact, as shown in the chart below, both before and after the Petition Date, Incora's performance frequently exceeded the Order Success Rate such that it is entitled to Order Fulfillment Fees from Rolls-Royce:

Month	Order Success Rate	Order Fulfillment Fee to (from) Incora[3]
February 2022	99.3%	$253,653
March 2022	99.5%	$321,174
April 2022	99.2%	$214,730
May 2022	98.9%	$86,113
June 2022	98.7%	$75,779
July 2022	99.0%	$127,960
August 2022	99.2%	$199,872
September 2022	99.1%	$166,422

[3] For purposes of calculating Order Fulfillment Fees for the prepetition period, Incora uses the 1.21 GBP-to-USD conversion rate that Rolls-Royce used in its Proofs of Claim. For the postpetition period, Incora uses the 1.26 conversion rate that Rolls-Royce used in its Administrative Expense Application.

Month	Order Success Rate	Order Fulfillment Fee to (from) Incora[3]
October 2022	99.0%	$121,368
November 2022	98.8%	$95,195
December 2022	98.6%	$52,028
January 2023	98.7%	$79,630
February 2023	98.9%	$132,530
March 2023	98.7%	$88,102
April 2023	98.5%	$32,789
May 2023	98.0%	($38,201)
Prepetition Total		**$2,009,145**
June 2023	97.6%	($104,955)
July 2023	97.5%	($109,403)
August 2023	97.7%	($87,029)
September 2023	97.4%	($129,481)
October 2023	97.4%	($146,289)
November 2023	97.2%	($142,181)
December 2023	96.7%	($258,648)
January 2024	97.2%	($299,386)
February 2024	98.2%	($30,579)
March 2024	98.3%	($8,408)
April 2024	98.3%	($7,518)
May 2024	98.5%	$77,259
June 2024	98.2%	($33,905)
July 2024	98.4%	$38,414
August 2024	99.0%	$372,050
September 2024	98.8%	$231,379
October 2024	98.8%	$247,248
November 2024	98.7%	$192,898
December 2024	99.1%	$432,748
January 2025	99.4%	$813,133
February 2025	99.5%	$916,844
March 2025	99.5%	$987,239
April 2025	99.5%	$964,686
May 2025	99.6%	$1,032,306
June 2025	99.7%	$1,029,235

Month	Order Success Rate	Order Fulfillment Fee to (from) Incora[3]
July 2025	99.8%	$1,428,928
August 2025	99.8%	$1,375,083
September 2025	99.8%	$1,198,642
Postpetition Total		**$9,980,312**

As set forth in the table above, Rolls-Royce owes Incora a total of $2,009,145 in prepetition Order Fulfillment Fees, and a total of $9,980,312 in postpetition Order Fulfillment Fees, totaling $11,989,457 in outstanding Order Fulfillment Fees owed by Rolls-Royce to Incora through September 2025. Moreover, based on our review of the calculations and information already provided to Rolls-Royce on a monthly basis pursuant the LSP Agreement, Incora also believes that Rolls-Royce's claim for "lost build hours" is only $252,073.25, rather than the $1,254,334.40. Accordingly, Rolls-Royce owes Incora a net total of $11,737,383.75 ($2,009,145 for prepetition Order Fulfillment Fees plus $9,980,312 for postpetition Order Fulfillment Fees, less $252,073.25 for "lost build hours"). As of the date of this Declaration and despite demands made, Rolls-Royce has not paid Incora the Order Fulfillment Fees that Incora is owed notwithstanding the information submitted by my team, as well as my and my team's efforts to discuss the amounts with Rolls-Royce.

THE CUSTOMER PENALTIES

20. I understand that Rolls-Royce asserts it is owed certain amounts as reimbursement of penalties that Rolls-Royce has allegedly paid to its customers on account of Incora's alleged underperformance under the LSP Agreement. Historically, Rolls-Royce has never asserted that Incora was liable for such "Customer Penalties" or attempted to pass on those penalties to Incora. Moreover, Rolls-Royce has never informed or warned Incora that it expected to incur or to be reimbursed for such "Customer Penalties" in the event of later deliveries as a general matter or

under particular customer contracts, and Incora is not privy to the commercial terms of Rolls-Royce's contracts with its customers.

21. Despite requests from Incora, Rolls-Royce has provided no evidentiary support in connection with this assertion, such as a list of customers to whom penalties were paid and in what amounts. Moreover, Rolls-Royce has not shared any evidentiary support to substantiate its claim that it was Incora's failure to timely deliver parts under the LSP Agreement, as opposed to myriad other delays that potentially caused Rolls-Royce to incur penalties under its separate customer contracts. Nor has Rolls-Royce provided any evidence indicating that it would not have incurred the Customer Penalties absent Incora's alleged underperformance.

THE CONSULTANT FEES

22. I understand that Rolls-Royce also asserts it is owed certain amounts as reimbursement of fees that Rolls-Royce has allegedly paid to third-party consultants on account of Incora's alleged underperformance under the LSP Agreement. Historically, Incora has never reimbursed Rolls-Royce for fees paid to consultants retained for any purpose. Indeed, Incora is unaware of Rolls-Royce's practices concerning the retention and use of consultants. The prospect of Consultant Fees did not exist at the time Incora and Rolls-Royce entered into the LSP Agreement.

23. Despite requests from Incora, Rolls-Royce has provided no evidentiary support in connection with this assertion, such as a list of consultants retained, a schedule of fees paid to such consultants, and a description of the consulting work performed. Additionally, Rolls-Royce has not provided evidence demonstrating whether, in fact, the Consultant Fees relate to delays traceable to Incora's performance under the LSP Agreement.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: October 28, 2025

/s/ David Fawcett

David Fawcett
Chief Commercial Officer
Incora