

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

In re:

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

Debtors.<sup>1</sup>

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**ROLLS-ROYCE PLC, ROLLS-ROYCE DEUTSCHLAND & CO KG,  
AND ROLLS-ROYCE SINGAPORE (PTE) LTD'S RESPONSE IN  
OPPOSITION TO 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.  
(DOCKET NO. 2957)**

Rolls-Royce plc, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (Pte) Ltd (collectively, "Rolls-Royce"), through undersigned counsel, respectfully submit their response (the "Response") in opposition to the *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.* (Docket No. 2957) (the "Objection"), filed on October 28, 2025, and, in support of the Response, respectfully state as follows:

**I. Preliminary Statement**

1. The Objection asserts four primary arguments in an attempt to disallow the pre-petition and post-petition claims of Rolls-Royce. Each of these arguments must be rejected based on the applicable facts and case law.

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<sup>1</sup> A complete list of the Debtors in these chapter 11 cases, with each Debtor's federal tax identification number and the address of its principal office, is available on the website of the Debtors' noticing agent at <http://veritaglobal.net/incora/>.



2. First, the Objection argues that Rolls-Royce's claims must be denied based on a lack of evidence. Conveniently, the Objection fails to acknowledge the background of Rolls-Royce's claims and the parties' continuing efforts to exchange information. Shortly after filing the Objection, Incora (as defined herein) executed a nondisclosure agreement—a nondisclosure agreement that had been negotiated for months and that had been circulated for execution several weeks prior—and within a week thereafter, Rolls-Royce provided over 1,900 pages of documents in support of Rolls-Royce's claims. Incora knew, or should have known, that once the nondisclosure agreement was executed, Incora would be receiving evidence to support Rolls-Royce's claims. Rather than execute the nondisclosure agreement and receive Rolls-Royce's evidence, Incora opted to file the Objection over one month prior to any filing deadline, argue that Rolls-Royce failed to provide evidence to support its claims, and did not note that Rolls-Royce would shortly produce documents (once Incora had executed the nondisclosure agreement).

3. In addition to the documents provided to Incora, Rolls-Royce also submits the *Declaration of Steve Anderson in Support of Rolls-Royce's Response in Opposition to 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 "Anderson Declaration"), attached hereto, to support and further substantiate Rolls-Royce's claims.

4. Moreover, with respect to Order Fulfillment Fees (as defined herein), the evidence to support such claims is maintained exclusively by Incora. For years, Rolls-Royce has been requesting further information from Incora to support Incora's calculation of Order Fulfillment Fees. To date, Incora has not shared such information with Rolls-Royce despite Incora's contractual obligation to do so. For Incora to argue that Rolls-Royce has failed to support its claim

for Order Fulfillment Fees while, at the same time, Incora is withholding the required information to support such claim is disingenuous. Incora should not be able to benefit from its own breach of contract.

5. Second, with respect to Order Fulfillment Fees, Incora argues that Rolls-Royce actually owes Incora, and not the reverse. Again, Incora has exclusive control over the information to support Order Fulfillment Fees. Based on the information available to Rolls-Royce, Incora is liable to Rolls-Royce for such fees. To confirm the amounts owed to Rolls-Royce, Rolls-Royce has made numerous informal requests for information to support the Order Fulfillment Fees from Incora. Because these requests have gone without response, Rolls-Royce is contemporaneously with this Response serving a formal request for production on Incora to obtain this information.

6. Third, the Objection alleges that certain categories of damages, including customer penalties and consultancy fees, are not “direct” losses that Rolls-Royce is entitled to recover under English law. This allegation must be denied. Such losses are natural, foreseeable losses that English courts have repeatedly held to be “direct” losses. Based on applicable law, Rolls-Royce is entitled to recover these damages.

7. Fourth, the Objection alleges that the liquidated damages provision of the LSP Agreement (as defined herein) limits Rolls-Royce’s recoveries for additional damages, including customer penalties and consultancy fees. But this allegation disregards the express language of Clause 1.10.24 of the LSP Agreement, which provides that the liquidated damages provision of the contract does not prejudice Rolls-Royce’s right to recover actual losses caused by a breach of contract by Incora. If the Court were to adopt Incora’s argument, the Court would effectively render Clause 1.10.24 to be mere surplusage and void. Accordingly, this argument must be denied.

8. Further, as previewed in Rolls-Royce’s Application (as defined herein), Rolls-Royce has additional damages claims as a result of Incora’s defaults under the LSP Agreement. These damages include amounts that Rolls-Royce had to pay its customers as a result of the delayed delivery of parts by Incora under the LSP Agreement and that Rolls-Royce had to pay staff that worked on site at Incora’s facilities to minimize further delays and mitigate losses. As with Rolls-Royce’s other claims, these damages are direct losses that Rolls-Royce is entitled to recover under the LSP Agreement.

9. For these reasons, as further detailed herein, the Objection should be denied, and Rolls-Royce’s pre-petition and post-petition claims should be allowed.

## **II. LSP Agreement**

10. Rolls-Royce and (i) Pattonair (Derby) Limited; (ii) Pattonair Asia Pte; and (iii) Pattonair Berlin GmbH (collectively with Pattonair (Derby) Limited and Pattonair Asia Pte, “Incora”) entered into that certain Supply of Service Agreement (as amended and modified, the “LSP Agreement”), with an effective date of October 22, 2015. [*Anderson Dec.* ¶ 9.] Pursuant to the LSP Agreement, Incora agreed to manage Rolls-Royce’s inventory and provide logistic services to Rolls-Royce, purchasing parts for Rolls-Royce from its suppliers and making those parts available on Rolls-Royce’s engine build lines (both for the production of new engines and for use in Rolls-Royce’s aftermarket engine repair, maintenance, and overhaul business). [*Id.* ¶ 10.]

11. Under the LSP Agreement, Incora is required, *inter alia*, (i) to maintain “the availability of all Parts as may be required by [Rolls-Royce] from time to time...”; (ii) to manage “the forecasting of Parts on behalf of [Rolls-Royce]; and (iii) to provide “inventory management services” in support of Rolls-Royce’s business. [*LSP Agreement* Part 2, § 1 (emphasis added);

*Anderson Dec.* ¶ 11.] These are Incora’s principal obligations under the LSP Agreement. [Anderson Dec. ¶ 11.] In essence, Incora’s obligation is to provide a fully integrated logistics service to Rolls-Royce.

12. Under the LSP Agreement, where Incora breaches these obligations (which Incora has done persistently), Rolls-Royce is entitled to recover from Incora (i) express liquidated damages for “EPKDs” and “Build Stops”; and (ii) common law damages for breach of contract. Separately, the LSP Agreement provides for the payment of “Order Fulfillment Fees” depending on Incora’s delivery performance. [Anderson Dec. ¶ 12.]

### **III. Jurisdiction**

13. Part 9, § 31.2 of the LSP Agreement provides that for contracts made between Rolls-Royce plc (acting as the Buyer) and the relevant supplier: “The English courts have jurisdiction to settle any dispute arising out of or in connection with the [LSP] Agreement and the legal relationships created by this Agreement and each Party submits to the exclusive jurisdiction of the English courts with respect to such disputes.”<sup>2</sup> [Anderson Dec. ¶ 22.]

14. Rolls-Royce and Incora are agreed that this Court has jurisdiction to determine Rolls-Royce’s claims up to January 31, 2025 (the “Effective Date”) against Pattonair (Derby) Limited, notwithstanding the exclusive jurisdiction clauses in the LSP Agreement (set out immediately above).

15. However, Rolls-Royce disputes this Court’s jurisdiction to determine claims related to the LSP Agreement arising after the Effective Date.

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<sup>2</sup> Similarly, Part 9, § 33.2 of the LSP Agreement provides that for contracts made between Rolls-Royce Deutschland Ltd & Co KG (acting as the Buyer) and the relevant supplier, the parties “expressly agree ... to the jurisdiction of the courts of Berlin, Germany ...”, and Part 9 § 41.2 of the LSP Agreement provides that for contracts made between Rolls-Royce Singapore PTE Ltd (acting as the Buyer) and the relevant supplier: “the Singapore courts have jurisdiction to settle any dispute ... and each Party submits to the exclusive jurisdiction of the Singapore courts ....”

#### **IV. Governing Law**

16. Pursuant to Part 9, § 31.2 of the LSP Agreement, for contracts between Rolls-Royce plc and Incora, the LSP Agreement is governed by and will be construed in accordance with English law. [*Anderson Dec.* ¶ 23.]

17. Pursuant to Part 9, § 33.2 of the LSP Agreement, for contracts between Rolls-Royce Deutschland Ltd & Co KG and Incora, the LSP Agreement is subject to and interpreted in accordance with the law of Germany. [*Anderson Dec.* ¶ 24.]

18. Pursuant to Part 9, § 41.2 of the LSP Agreement, for contracts between Rolls-Royce Singapore PTE Ltd and Incora, the LSP Agreement is governed by and will be construed in accordance with the law of Singapore. [*Anderson Dec.* ¶ 25.]

#### **V. The Chapter 11 Cases**

19. On June 1, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

20. On October 11, 2023, Rolls-Royce filed proof of claims in these cases (collectively, the “Pre-Petition Claims”):

- A. Rolls-Royce plc, Claim No. 1498, against Pattonair (Derby) Limited, for \$4,773,743.04;
- B. Rolls-Royce Deutschland and Co KG, Claim No. 1500, against Pattonair (Derby) Limited, for \$4,773,743.04; and
- C. Rolls-Royce Singapore Pte Ltd., Claim No. 1496, against Pattonair (Derby) Limited, for \$4,773,743.04.

[*Anderson Dec.* ¶ 40.]

21. As stated in each of the Pre-Petition Claims, Rolls-Royce is seeking a single recovery of \$4,773,743.04, and filed such claims out of an abundance of caution.

22. Prior to filing the Pre-Petition Claims, Rolls-Royce sent a demand letter (the “Demand Letter”) to Incora on December 15, 2022. A true and correct copy of the Demand Letter is attached hereto as **Exhibit 1** and is incorporated herein by reference as if fully set forth at length. [Anderson Dec. ¶ 41.]

23. The Demand Letter summarized the amounts owed to Rolls-Royce by Incora prior to the Petition Date—the same amounts that are set forth in the Pre-Petition Claims. [Anderson Dec. ¶ 42.]

24. Information technology systems which are in place between Incora and Rolls-Royce link Rolls-Royce’s SAP customer orders data onto Incora’s ERP system, and, accordingly, Incora is in possession, via its ERP system, of all of the information which is necessary to validate the EPKD Fees that Incora is liable for. [Anderson Dec. ¶ 43.]

25. As stated in the Pre-Petition Claims, Rolls-Royce seeks £1,905,442.00 in Order Fulfillment Fees from Pattonair (Derby) Limited. This number is an estimate based on the limited information that Incora has provided to Rolls-Royce. A true and correct summary of information provided by Incora to Rolls-Royce for the Order Fulfillment Fees accumulating prior to the Petition Date is attached hereto as **Exhibit 2** and is incorporated herein by reference as if fully set forth at length.<sup>3</sup> [Anderson Dec. ¶ 44.]

26. As stated in the Pre-Petition Claims, Rolls-Royce sought £1,036,640.00 in damages related to lost build hours, which relate to an inability of Rolls-Royce to manufacture engines or other goods due to missing parts from Incora. A true and correct summary of the lost build hours incurred by Rolls-Royce as a result of Incora’s failed performance under the LSP Agreement is

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<sup>3</sup> Pursuant to the Pre-Petition Claims, Rolls-Royce reserved the right to amend its claims based on further information provided by Pattonair (Derby) Limited. Rolls-Royce has requested, and hereby does further request, “full access to all data” from Incora to support the Order Success Rate so that the outstanding Order Fulfillment Fees can be confirmed.

attached hereto as **Exhibit 3** and is incorporated herein by reference as if fully set forth at length.  
[*Anderson Dec.* ¶ 46.]

27. On December 15, 2023, the Court entered that certain *Order Authorizing and Approving the Assumption and Amendment of Certain Executory Contracts with Rolls-Royce* (Docket No. 1084), whereby the LSP Agreement was assumed by the Debtors.

28. On January 31, 2025 (the “Effective Date”), the Debtors’ confirmed plan of reorganization became effective.

29. On February 28, 2025, Rolls-Royce filed the *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 “Application”),<sup>4</sup> seeking the allowance of an administrative expense priority claim against the Debtors based on the Debtors’ breach and default of the LSP Agreement after the Petition Date.

30. Pursuant to the Application, Rolls-Royce sought allowance of claims for a number of categories of damages. Since the Application was filed, Rolls-Royce has refined the calculation of its damages. Those damages were detailed in a letter to Incora dated November 6, 2025. In summary, they are:

- A. Order Fulfillment Fees totaling \$8,041,699.58 (“Order Fulfillment Fees”);
- B. EPKD fees totaling \$2,520,000.00 (“EPKD Fees”);
- C. Customer penalties resulting from failed shipment of products that stem from the failed delivery of parts by Incora totaling \$11,827,596.57 (“Customer Penalties”); and
- D. Third-party consultant fees incurred by Rolls-Royce in connection with defaults by Incora under the LSP Agreement totaling \$2,496,007.58 (“Consultant Fees”).

[*Anderson Dec.* ¶ 55.]

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<sup>4</sup> All capitalized, undefined terms herein shall have the meanings ascribed to such terms in the Application.



31. Regarding the Order Fulfillment Fees referenced in the Application, a true and correct summary of the Order Fulfillment Fees accruing after the Petition Date that Incora is liable for is attached hereto as **Exhibit 4** and is incorporated herein by reference as if fully set forth at length. [*Anderson Dec.* ¶ 49.]

32. Regarding the EPKD Fees referenced in the Application, a true and correct summary of the EPKD Fees accruing after the Petition Date that Incora is liable for is attached hereto as **Exhibit 5** and is incorporated herein by reference as if fully set forth at length. [*Anderson Dec.* ¶ 50.]

33. Regarding the Customer Penalties referenced in the Application, a true and correct summary of the customer penalties incurred by Rolls-Royce after the Petition Date that Incora is liable for is attached hereto as **Exhibit 6** and is incorporated herein by reference as if fully set forth at length. [*Anderson Dec.* ¶ 51.]

34. Regarding the Consultant Fees referenced in the Application, a true and correct summary of the consultancy fees incurred by Rolls-Royce after the Petition Date that Incora is liable for is attached hereto as **Exhibit 7** and is incorporated herein by reference as if fully set forth at length. [*Anderson Dec.* ¶ 52.]

35. Pursuant to the Application, Rolls-Royce stated that additional amounts were due from Incora, but that such amounts could not be calculated as of February 28, 2025. [*Application* at 3, n.5.]. Whilst Rolls-Royce has since done considerable work in order to calculate the amounts due to it from Incora in respect of both AOG Penalties and Fulfillment Wages (each of which are defined and particularized below), Rolls-Royce has not yet been able to calculate the additional amount due to it from Incora in respect of “engine output loss.” [*Anderson Dec.* ¶ 84.] Rolls-Royce’s claim for engine output loss arises out of the fact that Rolls-Royce has been unable to

produce a number of engines for supply to its customers because of the cumulative build delay caused by Incora's late delivery of parts. [*Id.* ¶ 85.] This is a complex calculation, which will likely require forensic accounting analysis. [*Id.* ¶ 86.] Rolls-Royce expressly reserves the right to claim engine output losses from Incora once the value of such loss has been quantified.

## **VI. Response to Incora's Objections**

### **A. Rolls-Royce Can Meet Its Burden of Proof**

36. Incora's assertion that Rolls-Royce has provided no evidentiary support for the amounts sought in the Application is incorrect.

37. After the filing of the Application, Incora requested certain information from Rolls-Royce to evidence the amounts set forth in the Application. [*Anderson Dec.* ¶ 56.] Because much of the information is confidential and subject to nondisclosure agreements with customers of Rolls-Royce, Rolls-Royce needed to obtain the express consent of such customers to release information to Incora. [*Id.*]

38. In connection with the consents of Rolls-Royce's customers, the provision of any documents to Incora had to be subject to a non-disclosure agreement. [*Anderson Dec.* ¶ 57.] Accordingly, on July 9, 2025, Rolls-Royce provided a proposed non-disclosure agreement to Incora that complied with the conditions of Rolls-Royce's customers. [*Id.*]

39. Because Incora had edits and revisions to the non-disclosure agreement, Rolls-Royce had to go back to its customers to obtain approval of the same. [*Anderson Dec.* ¶ 58.] After multiple rounds of communications, the form of non-disclosure agreement (the "NDA") was approved between Incora and Rolls-Royce on September 12, 2025. [*Id.*]

40. By September 17, 2025 (i.e., before the date of the Objection), Rolls-Royce had executed the NDA and provided the same to Incora for execution. [*Anderson Dec.* ¶ 59.]

41. On October 13, 2025, Incora signed the NDA, but did not execute it in the manner required by Rolls-Royce (i.e., by using DocuSign in accordance with Rolls-Royce and Incora's historical custom and practice). [*Anderson Dec.* ¶ 60.]

42. On October 15, 2025, Rolls-Royce sent the NDA to Incora by DocuSign again so that it could be executed in the manner required by Rolls-Royce. [*Anderson Dec.* ¶ 61.]

43. On October 28, 2025, the Objection was filed.

44. Two days later, on October 30, 2025, Incora executed the NDA by DocuSign. [*Anderson Dec.* ¶ 63.] Incora knew, or should have known, when the Objection was filed that it would shortly sign the NDA, and that Rolls-Royce would then be able to provide evidence to support its claims. Notably, there is no mention of the NDA in the Objection.

45. On November 6, 2025, within a week of Incora executing the NDA, Rolls-Royce produced over 1,900 pages of documents to Incora to support the claims raised in the Application. [*Anderson Dec.* ¶ 64.]

46. Since December 15, 2022, Rolls-Royce has been requesting information from Incora to support its calculations of the Order Fulfillment Fees (which, as further particularized below, Incora is contractually required to provide under the LSP Agreement). [*Anderson Dec.* ¶ 66.] Since the filing of the Application, Rolls-Royce has made such requests in writing to Incora's counsel no less than three times. [*Id.* ¶ 67.] To date, Incora has provided no further evidence to support its calculation of Order Fulfillment Fees. [*Id.*]

47. Given that Incora has, to date, been resistant to the informal discovery efforts of Rolls-Royce, on November 26, 2025, Rolls-Royce served formal requests for production (the "Requests for Production") on Incora in accordance with Federal Rules of Bankruptcy Procedure 7034 and 9014.

48. Until Incora provides this information and evidence as required by the LSP Agreement, neither party (nor the Court) will be able to finally quantify the Order Fulfillment Fees which are to be paid. [*Anderson Dec.* ¶ 68.]

**B. Rolls-Royce Does Not Owe Incora Order Fulfillment Fees**

49. The “Order Fulfillment Fee” payable to Rolls-Royce (or to Incora) under the terms of the LSP Agreement is determined by the “Order Success Rate”.

50. Pursuant to § 2.2 of Part 5 of the LSP Agreement, if Incora does not deliver a part to Rolls-Royce on time (i.e., by the required shipping date (“Pick Date”) or within 2 (two) calendar days of the delivery message being created by Rolls-Royce), Incora will not be allowed to count the relevant order as successfully delivered on time, unless the reason for the delay is an event which is categorized as “Buyer Liable” under Table 2, Part 5. [*Anderson Dec.* ¶ 14.]

51. There are only three limited “Buyer Liable” circumstances identified in Part 5, Table 2, and they are as follows:

- A. “If ship date is later than Pick Date, but stock is available to ship on time and the Service Provider has provided a valid promise date”;
- B. “If ship date is later than Pick Date, but Part is NPI and less than 3 months from inception date into Services”; or
- C. “If ship date is later than Pick Date, but Part delivery gap caused by a Buyer supplier issue and delivery gap was not mitigated.”

[*Anderson Dec.* ¶ 15.]

52. Pursuant to Part 2, § 1.10.10 of the LSP Agreement, Incora agreed to “provide management information by the 10<sup>th</sup> of the following month to enable [Rolls-Royce] to verify and agree [to] the Order Success Rate for the previous month.” [*Anderson Dec.* ¶ 17.]

53. In addition, pursuant to Part 2, § 1.10.11 of the LSP Agreement, Incora agreed to provide Rolls-Royce with “full access to all data required to substantiate the Order Success Rate.” [Anderson Dec. ¶ 18.]

54. Prior to 2022, Incora provided detailed information to Rolls-Royce to substantiate Incora’s position on the Order Success Rate. [Anderson Dec. ¶ 26.] This information included: (i) a detailed explanation of why each late delivery was late, the category (by reference to Table 2, Part 5) that each late order fell into for the purposes of calculating the Order Success Rate, and an explanation of the mitigating actions Incora had taken to try and prevent late delivery; and (ii) supporting evidence to allow Rolls-Royce to verify Incora’s position. [Id.]

55. In 2022, Incora, without explanation, began providing much more limited information to Rolls-Royce to substantiate Incora’s position on the Order Success Rates. [Anderson Dec. ¶ 27.] Incora stopped providing information to Rolls-Royce monthly, and when it did provide information, it provided only a spreadsheet, showing Incora’s categorization of late Deliveries (which number tens of thousands across the relevant period) as “Buyer Liable” for one reason or another, without providing an explanation or evidence to substantiate why a late delivery is “Buyer Liable” (in accordance with Table 2, Part 5) for the purposes of calculating the Order Success Rate (and so Order Fulfillment Fees). [Id. ¶ 28.] Incora has persistently failed to demonstrate that orders delivered late are in fact “Buyer Liable,” but nonetheless counted the vast majority of orders as “successful.” [Id. ¶ 29.]

56. The purported Order Success Rates claimed by Incora (which, for most months, are within a range of 98% and 100%) are inconceivable in circumstances where (i) the limited information provided by Incora shows that, in respect of deliveries of spare parts (i.e., the deliveries on which Order Success Rates and Order Fulfillment Fees are calculated), Incora

delivered more than 38,900 parts late to Rolls-Royce for the period from June 1, 2023, through January 31, 2025 (representing more than 10% of Rolls-Royce's orders for spare parts); and (ii) Incora's delivery performance was so poor that Rolls-Royce was required (as set forth below) to provide, at substantial cost, a full time "intervention team" and external third party consultants to work at Incora's premises and directly with Incora as a result of Incora's poor delivery performance. [*Anderson Dec.* ¶ 31.]

57. When Incora began to provide incomplete information to substantiate its position, Rolls-Royce informed Incora that such less detailed information was insufficient to verify the Order Success Rate under the LSP Agreement.<sup>5</sup> [*Anderson Dec.* ¶ 32.]

58. Despite the request for more information (i.e., the same information that Incora previously provided to Rolls-Royce), and the contractual obligation of Incora to provide "full access to all data required to substantiate the Order Success Rate" to Rolls-Royce (pursuant to Part 2, § 1.10.11 of the LSP Agreement), Incora continued providing insufficient information to Rolls-Royce. [*Anderson Dec.* ¶ 33.]

59. On December 15, 2022, Rolls-Royce wrote to Incora, noting Incora's failure to provide evidence to substantiate its position with respect to the Order Success Rate. [*Anderson Dec.* ¶ 34.]

60. In the period since December 15, 2022, Rolls-Royce has repeated its concerns over the insufficient information provided by Incora in various discussions with Incora. [*Anderson Dec.* ¶ 35.]

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<sup>5</sup> The information Rolls-Royce requires Incora to provide is set out in the Requests for Production.

61. Unfortunately, and in breach of the LSP Agreement, Incora has refused to provide further information to evidence the Order Success Rate from February 2022 onward, despite the repeated requests from Rolls-Royce. [*Anderson Dec.* ¶ 36.]

62. Whilst the breach of contract persists, only Incora, and not Rolls-Royce, has the detailed information required to substantiate the Order Success Rate and, in turn, the calculation of the Order Fulfillment Fees. [*Anderson Dec.* ¶ 37.] For the purposes of its claim for Order Fulfillment Fees, Rolls-Royce has calculated the Order Success Rate and fees payable as best it can on the very limited information provided by Incora. [*Id.* ¶ 38.]

63. In the Objection, Incora has provided a declaration with summary calculations of the Order Success Rates and Order Fulfillment Fees concluding that Rolls-Royce owes Incora Order Fulfillment Fees and that any amount set forth in the Pre-Petition Claims or the Application that is owed by Incora to Rolls-Royce would be entirely set off by such Order Fulfillment Fees. Such an argument must be rejected. As set forth above, Incora has exclusive control over certain information to support the Order Success Rate. Incora has, to date, been unwavering in refusing to provide that information for over three and a half years. Incora cannot reasonably argue that Rolls-Royce has failed to substantiate its claim to Order Fulfillment Fees when the sole reason Rolls-Royce cannot fully substantiate such claim is that Incora has not disclosed such information. As a matter of English law, Incora is not entitled to avoid the liability that would otherwise be due, by reason of its own breach in preventing the substantiation of the claim.<sup>6</sup>

64. Incora has not applied the mechanism in the LSP Agreement for calculation of the Order Success Rate properly (based on the information Incora has disclosed to Rolls-Royce). For example, Incora has, contrary to the terms of the LSP Agreement, repeatedly claimed an Order

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<sup>6</sup> This is based on the well-established presumption that a party cannot seek to take advantage of its own breach to avoid obligations that it owes to a counterparty.

Success Rate which counts late deliveries as successful (under the mechanism in the LSP Agreement for calculation of the rate) for reasons that are not “buyer liable” according to Table 2, Part 5. [*Anderson Dec.* ¶ 30.]

65. In order to move this matter forward, Incora must provide Rolls-Royce with “full access to all data required to substantiate the Order Success Rate.” At a minimum, Incora must provide information to substantiate the Order Success Rate on and after February 2022 as set forth above. Once this happens, the parties and the Court can truly consider who is entitled to the Order Fulfillment Fees.

66. With regard to Incora’s counterclaim for allegedly unpaid Order Fulfillment Fees, a substantial proportion of the Order Fulfillment Fees claimed by Incora relate to the period after the Effective Date, which, for the reasons set out above, falls outside the jurisdiction of this Court.

67. The Order Fulfillment Fees set out in the table below, with an alleged value of **\$9,743,069**, relate to the period from February 2025 on, which is after the Effective Date.<sup>7</sup>

<b>Month</b>	<b>Alleged Order Success Rate</b>	<b>Order Fulfillment Fee claimed by Incora</b>
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

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<sup>7</sup> The values and percentages set forth in this paragraph are the Debtors’ values and percentages. Rolls-Royce disputes such values and percentages and reserves all rights to continue disputing the same.



September 2025	99.7%	\$1,198,642
<b>TOTAL</b>		<b>\$8,932,963</b>

[*Obj.* ¶ 28.]

68. If Incora’s claim for Order Fulfillment Fees for the period from February 2025 onwards were to be allowed, then Rolls-Royce would have its own claim for \$861,885.74 in unpaid Order Fulfillment Fees in respect of the period from February to September 2025. This is the best estimate of the value of Rolls-Royce’s claim in circumstances where Incora has not complied with its contractual obligations to provide information and evidence to Rolls-Royce (as set forth above).

[*Anderson Dec.* ¶ 87.]

69. In light of the above, it is Rolls-Royce’s position that (i) Rolls-Royce does not owe any Order Fulfillment Fees to Incora; and (ii) Incora owes Rolls-Royce substantial Order Fulfillment Fees. Accordingly, Incora’s proposition that this Court should “offset the amounts owed between the parties and fix Rolls-Royce’s Administrative Expenses allowable in this case at \$0” should be rejected.

**C. Rolls-Royce Is Entitled to Reimbursement of Customer Penalties Based on Applicable Law**

70. As a result of Incora’s breaches of the LSP Agreement, parts were unavailable to Rolls-Royce which delayed engine builds. [*Anderson Dec.* ¶ 69.] This caused Rolls-Royce to deliver engines late to its customers, in breach of its customer contracts. [*Id.* ¶ 70.] Because of those breaches of contract, Rolls-Royce was required to pay its customers contractual liquidated damages (and in some instances, actual losses over and above contractual liquidated damages). [*Anderson Dec.* ¶ 71.] Rolls-Royce seeks to recover the Customer Penalties caused by Incora’s breaches of contract.

71. The substantial majority of Rolls-Royce's claims for Customer Penalties are governed by English law because the parts delivered late were ordered by Rolls-Royce plc. [*Anderson Dec.* ¶ 72.] Rolls-Royce addresses Incora's objections to its claim for Customer Penalties below.

**i. Rolls-Royce Has and Can Substantiate Its Claims for Customer Penalties**

72. As stated above, on November 6, 2025, Rolls-Royce provided more than 1,900 pages of evidence to Incora to support its claims. The substantial majority of this evidence was presented to support Rolls-Royce's claim for Customer Penalties. [*Anderson Dec.* ¶ 65.] In summary, Rolls-Royce has provided evidence to demonstrate that, for each engine delivered late in respect of which Customer Penalties are claimed: (i) Incora's failure to deliver a part on time delayed engine build and delivery; (ii) Rolls-Royce was required to pay penalties under the terms of its contracts with customers (which have been provided to Incora in confidence of nondisclosure); and (iii) Rolls-Royce, did, as a matter of fact, pay those penalties to the affected customers. [*Id.*]

**ii. The Liquidated Damages Provisions in the LSP Agreement Are Not Rolls-Royce' Sole Remedy for Delay**

73. Incora states that the general position under English Law is that "English Courts have (**absent anything to the contrary in the contract**) routinely construed liquidated damages clauses to provide an exhaustive remedy" (emphasis ours) for the particular breach to which they relate. [*Obj.* ¶ 37.] As Incora itself acknowledges by the emphasized text, whether general damages can be recovered in addition to, or in the alternative to, liquidated damages is a matter of the interpretation of the contract as a whole. *E.g., Temloc Ltd. v. Errill Properties Ltd.*, [1988] 1 WLUK 627 (EWCA); *Chattan Developments Ltd v Reigill Civil Engineering Contractors Ltd* [2007] EWHC 305 (TCC).

74. In the Objection, Incora takes the position that “[t]here is nothing in the LSP Agreement to oust the English-law presumption that the liquidated damages clauses are an exhaustive remedy for delay,” and expressly refers the Court to §§1.10.15–1.10.23 as constituting those liquidated damages clauses. [*Obj.* ¶ 37.] Crucially, Incora omits (conspicuously) referring to the most important (and very next) provision of the LSP Agreement on this point. Clause 1.10.24 of the LSP Agreement explicitly states:

The Parties acknowledge that the amount of any charges made under clause 1.10.15 to 1.10.23 as a result of a late delivery causing a Build Stop or EPKD:

- (a) is not intended and is unlikely to compensate [Rolls-Royce] and its Affiliates (as the case may be), and is a good faith estimate, not a penalty, of the internal costs suffered by [Rolls-Royce], due to a late delivery resulting in a Build Stop or EPKD; and
- (b) is without prejudice to any other rights and remedies of [Rolls-Royce] and its Affiliates (as the case may be) arising from a Build Stop(s) or EPKD(s) (each of which shall be a repudiatory breach), including the right to claim damages for actual losses it suffers due to the Build Stops or EPKDs (subject to, when calculating such losses, giving credit for any sums already paid under this clause in respect of such delay, and subject to clause 20 and clause 22.2 of Part 9).

[*Anderson Dec.* ¶ 19.]

75. Clause 1.10.24 clearly provides that the liquidated damages set out in clauses 1.10.15–1.10.23 of Part 2 of the LSP Agreement are not an exclusive or exhaustive remedy for delay as Incora maintains, but that Rolls-Royce is expressly permitted to claim common law damages for the actual losses it suffered due to Incora’s failures to deliver parts on time.

76. Accordingly, Incora’s assertion that “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” must be rejected. [*Obj.* ¶ 37.] It is clear from the express terms of the LSP Agreement that the parties intended that clauses 1.10.15–1.10.23

would not be Rolls-Royce' sole remedy and that Rolls-Royce is permitted to claim damages for the actual losses that it suffers due to Incora's failure to deliver parts on time, in addition to claiming EPKD Fees.

77. Because of all of the above, Rolls-Royce is permitted to claim other losses from Incora including, but not limited to, Order Fulfillment Fees, Customer Penalties, AOG Penalties (defined below), Consultant Fees, and Fulfillment Wages (defined below), in addition to EPKD Fees.

78. Incora expressly cites "LSP Agreement §§ 1.10.15–1.10.23; LSP Agreement Amendment No. 9 § 1.5" (being the clauses in the agreement which relate to EPKD Fees) as "heavily negotiated liquidated damages provisions concerning [Incora's] failure to timely deliver parts." [*Obj.* ¶ 37.] Incora also then refers to the "liquidated damages clauses" in the context of the amounts claimed by Rolls-Royce as EPKD Fees and Order Fulfillment Fees. [*Id.* ¶ 38.] To the extent that Incora seeks to argue that Order Fulfillment Fees are a form of liquidated damages, that argument must also be rejected.

79. It is well-established under English law that liquidated damages clauses are contractual provisions which require a party in breach to pay a pre-determined amount to the other party as compensation for the breaching party's failure to perform a specific task or to comply with a particular duty or obligation. However, the Order Fulfillment Fee mechanism agreed in the LSP Agreement is "a performance related" fee (see clause 3 of Part 4 of the LSP Agreement, as amended by Amendment 13), rather than a liquidated damages provision. Whilst it is payable by Incora to Rolls-Royce in the event that the Order Success Rate falls below a certain threshold, it is, equally, payable by Rolls-Royce in the event that the Order Success Rate exceeds a certain

threshold (i.e., in the event that there are no breaches and Incora exceeds its key performance indicators). Therefore, the Order Fulfillment Fee is not a form of liquidated damages.

80. In any event, even if the Order Fulfillment Fee is construed to be a form of liquidated damages (which is denied, for the reasons set out above), self-evidently it cannot be the sole and exclusive remedy for Incora's failure to timely deliver parts in circumstances where Incora itself accepts that EPKD Fees also apply (and clause 1.10.24 of the LSP Agreement gives Rolls-Royce the express right to claim its actual losses from Incora).

**iii. Customer Penalties Are Not "Indirect and Consequential Damages"**

81. Under English law, as derived from the decision of *Hadley v Baxendale* [1854] 2 WLUK 132, damages for breach of contract are either (i) direct or (ii) "indirect" or "consequential". Direct damage refers to the natural results of the breach in the usual course of things and is the normally recoverable damage for a breach of contract. Indirect or consequential damage refers to losses that are not the natural results of the breach in the usual course of things, but arise from a special circumstance of the case.

82. Incora is wrong to categorize any of Rolls-Royce's losses in the Pre-Petition Claims or the Application as "indirect" or "consequential" damages. As a matter of English law, it is clear that the Customer Penalties Rolls-Royce is claiming are direct losses. They are losses which are natural results of the breach(es) of the LSP Agreement that have occurred (otherwise known in English law as losses recoverable under the first limb of *Hadley v Baxendale* [1854] 2 WLUK 132).

83. Incora's contractual obligation is to make engine parts available to Rolls-Royce. This is so that Rolls-Royce can build engines and supply them to its customers. It is a natural result of Incora's failure to deliver parts on time that (i) such failure would affect Rolls-Royce's

ability to timely deliver goods to its onward customers; and, in turn (ii) Rolls-Royce would be liable to compensate its own customers for the losses that they suffered as a result of Incora's failure to timely deliver goods to Rolls-Royce. Therefore, Customer Penalties are a direct result of Incora's breaches of the LSP Agreement, arising in the usual course of things and, in turn, they are properly categorized as a direct loss.

84. In further support of its position, Rolls-Royce refers to *GB Gas Holdings Ltd v Accenture (UK) Ltd* [2010] EWCA Civ 912 [67], which is clear authority that compensation payments to customers arising from a breach of contract are direct losses arising in the usual course under the first limb of *Hadley v Baxendale*.

85. Incora further refers to clause 29.1 of Part 9 of the LSP Agreement, seeming to argue that Rolls-Royce is not entitled to Customer Penalties because Rolls-Royce did not notify Incora of its obligations to its customers. [*Obj.* ¶ 40.] This argument makes little sense given the language of clause 29.1:

[Rolls-Royce has] customers including governmental or other public bodies which may require, pursuant to their agreements and arrangements with [Rolls-Royce] (or any Affiliate of [Rolls-Royce]), that [Rolls-Royce] complies with terms, conditions, restrictions and other obligations. [Incora] will, subject to clause 30.4, always comply with such terms as contemplated under this clause 29.1 as may be notified to it by [Rolls-Royce] from time to time.

[*Anderson Dec.* ¶ 21.] This clause is of no relevance here. The breach alleged by Rolls-Royce is not that Incora failed to comply with terms or obligations in Rolls-Royce's contracts with its customers. Rather, the breach is that Incora failed to comply with its own obligations pursuant to the LSP Agreement, which caused Rolls-Royce to incur penalties to Rolls-Royce's customers. The purpose of clause 29.1 is to require Incora to comply with regulatory obligations that governmental and public bodies may place on Rolls-Royce when Incora is notified by Rolls-

Royce. This clause does not, as Incora implies, restrict Rolls-Royce from claiming losses it incurs pursuant to customer contracts only when Rolls-Royce has notified Incora of the terms of its customer contract.

86. Whether Rolls-Royce previously sought to pass Customer Penalties to Incora during the currency of the LSP Agreement is completely irrelevant to the question of whether or not Customer Penalties are direct or indirect losses recoverable as a result of Incora's breaches of contract. *Hadley v. Baxendale* (1854) 9 Ex. 341, 354; *Victoria Laundry (Windsor) Ltd v. Newman Industries Ltd* [1949] 2 K.B. 528, 539; *Jackson v Bank of Scotland* [2005] UKHL 3, [2005] 1 W.L.R. 377 at [35–36].

**D. Rolls-Royce Is Entitled to Reimbursement of Consultant Fees**

87. Since the date that the Objection was filed, Rolls-Royce has provided evidence to Incora which substantiates its claim for Consultant Fees. The evidence demonstrates that the third-party consultants, which worked directly with Incora and were paid for by Rolls-Royce, were engaged specifically to address Incora's deficient performance. [*Anderson Dec.* ¶ 73.] As such, it is clear that “but for” Incora's innumerable failures to timely deliver parts in breach of the terms of the LSP Agreement, Rolls-Royce would obviously not have retained a third-party consultant (at its own cost) and, in turn, Rolls-Royce would not have suffered losses in the form of the Consultant Fees. Therefore, Rolls-Royce's losses were clearly caused by Incora's breaches of the LSP Agreement.

88. As with Customer Penalties, Rolls-Royce does not accept Incora's proposition that the Consultant Fees are “indirect” or “consequential” damages. To the contrary, it is Rolls-Royce's firm position that Consultant Fees are direct losses (i.e., losses that are natural results of the breach in the usual course of things)—otherwise known in English law as losses recoverable

under the first limb of *Hadley v Baxendale* [1854] 2 WLUK 132. Accordingly, such losses are direct.

89. The Objection asserts that taking steps to mitigate damages is a “prerequisit[e] to a breach of contract claim under English law.” [*Obj.* ¶ 44.] This is wrong. Under English law, a party is subject to a general duty to mitigate its losses. However, taking steps in mitigation is not a “prerequisit[e] to a breach of contract claim under English law.” A failure to take steps in mitigation affects the damages that a claimant can recover, not the basis of the defendant’s liability. In any event, it is Rolls-Royce’s firm position that it did take steps to mitigate its losses in this regard—in fact, the appointment of Porsche Consulting (which led to the claim for the Consultant Fees) was taken to mitigate Rolls-Royce’s losses (as claimed by way of the Application) incurred as a result of Incora’s breaches of the LSP Agreement in circumstances where Incora’s breach of its obligation to maintain availability of all parts under the LSP Agreement was ongoing. Therefore, the Consultant Fees are recoverable as a loss incurred as a result of Rolls-Royce taking reasonable steps to mitigate its losses more generally to the extent they are not recoverable as a direct loss in themselves. The case of *Sharp Corp Ltd v. Viterro BV* [2024] UKSC 14 [85] sets out succinctly the principle that losses incurred in taking reasonable mitigating steps are recoverable under English law.

90. In view of all of the above, Rolls-Royce maintains that its claims for Consultant Fees are recoverable from Incora under English law (either as a direct loss caused by Incora’s breaches of contract, or as a cost of taking reasonable steps to mitigate loss) and therefore should be allowed.



**E. Additional Categories of Damages that Rolls-Royce Is Entitled to Recover**

91. As stated in the Application, Rolls-Royce has additional grounds for recovery under the LSP Agreement, and Rolls-Royce has been working to confirm such amounts. [*Anderson Dec.* ¶ 74.]

92. One such ground relates to customer penalties paid by Rolls-Royce for aircraft on ground (“AOGs”) (i.e., aircraft which Rolls-Royce’s customers could not utilize because Rolls-Royce was delayed in the overhaul and return of their engines because of parts being waited on from Incora).<sup>8</sup> [*Anderson Dec.* ¶ 75.]

93. Since the filing of the Application, Rolls-Royce has identified fifteen (15) engines for which Rolls-Royce paid penalties in the aggregate of at least \$10,715,855.20 (the “AOG Penalties”)<sup>9</sup> to customers because the customers’ engines were delayed at overhaul by the non-availability of parts that Incora should have provided in accordance with Incora’s contractual obligations under the LSP Agreement. [*Anderson Dec.* ¶ 76.]

94. On November 6, 2025, Rolls-Royce provided Incora with information and details to support the calculation of the AOG Penalties. [*Anderson Dec.* ¶ 78.]

95. The AOG Penalties are recoverable as a matter of English law on the same basis as the Customer Penalties referred to above. All of the AOG Penalties were caused by late delivery of parts by Incora, and paragraphs 81 to 86 are accordingly repeated.

96. In addition to the AOG Penalties, because of Incora’s breaches of the LSP Agreement, it was necessary for Rolls-Royce to divert employees from their usual activities to

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<sup>8</sup> In the Application, Rolls-Royce specifically referenced AOG Penalties and Rolls-Royce’s continuing efforts to calculate such amounts. [*App.* ¶ 11 n.5.]

<sup>9</sup> Rolls-Royce is continuing to assess and evaluate the AOG Penalties that apply to the period from the Petition Date through the Effective Date. Accordingly, Rolls-Royce reserves the right to further amend and revise the amount of AOG Penalties to a higher amount.

work full-time with Incora as part of an “intervention team,” which was involved with investigating, managing, and mitigating the effects of Incora’s breaches of contract. [*Anderson Dec.* ¶ 79.]

97. Incora is well aware of the important work undertaken by Rolls-Royce’s intervention team at Incora’s facilities during 2024. As set forth above, this work was carried out because of Incora’s poor delivery performance (in breach of contract), and Incora derived substantial benefit from it. [*See Anderson Dec.* ¶ 80.]

98. Rolls-Royce has incurred at least £1,389,000.00 (c. USD \$1,856,954.10) (the “Fulfillment Wages”) in wages of Rolls-Royce employees that worked at Incora’s facilities to mitigate Incora’s breaches of contract and to help Incora fulfill its contractual obligations under the LSP Agreement. [*Anderson Dec.* ¶ 81.]

99. Twenty-nine (29) members of Rolls-Royce’s staff worked full-time at Incora’s facilities, each for a period of at least six (6) months, as set out in the following table:

Role	No. of employees	Average annual salary (per employee)	Total cost of employees over 6 months
Manager level A	2	£160,000.00	£160,000.00
Manager level B	5	£145,000.00	£362,500.00
Manager level C	11	£101,000.00	£555,500.00
Manufacturing Engineer	6	£62,000.00	£186,000.00
Staff	5	£50,000.00	£125,000.00
			<b>£1,389,000</b>

[*Anderson Dec.* ¶ 82.]

100. The Fulfillment Wages are recoverable as a matter of English law as a direct consequence of Incora’s breaches.

101. In addition to all other amounts set forth in the Application, Rolls-Royce also seeks to recover the AOG Penalties and the Fulfillment Wages.

**VII. Reservation of Rights**

102. Rolls-Royce hereby expressly reserves all rights, claims, counterclaims, defenses, and remedies, including, but not limited to, the rights of setoff and/or recoupment, under the Bankruptcy Code and applicable non-bankruptcy law. Rolls-Royce also reserves the right to assert additional claims against Incora of any nature and for any amounts, and to amend, modify, or supplement this Application to account for further damages incurred by Rolls-Royce.

**VIII. Conclusion**

WHEREFORE, based on the foregoing reasons, Rolls-Royce respectfully requests that the Court enter an order overruling and denying the Objection, allowing the Pre-Petition Claims, allowing the Administrative Claim, and granting such other relief as the Court deems appropriate under the circumstances.

*[SIGNATURE PAGE FOLLOWS]*

Dated: November 26, 2025

Respectfully Submitted,

BARNES & THORNBURG LLP

/s/ Thomas Haskins

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*Attorneys for Rolls-Royce plc, Rolls-Royce  
Deutschland & Co KG, and Rolls-Royce Singapore  
(Pte) Ltd*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on November 26, 2025, a true and correct copy of the foregoing document was served by electronic transmission via the Court's CM/ECF system upon all parties registered to receive electronic notice in this bankruptcy case.

/s/ Thomas Haskins

Thomas Haskins

# **EXHIBIT 1**



██████████  
President  
Incora  
Ascot Business Park, 50 Longbridge Lane,  
Derby DE24 8UJ

15 December 2022

PRIVATE AND CONFIDENTIAL

Dear ██████████,

**Delivery Deterioration and Operational Disruption under Supply of Services Agreement between Rolls-Royce plc, Rolls-Royce Deutschland Ltd & Co KG, Rolls-Royce Singapore (Pte) Ltd (together "Rolls-Royce"), Pattonair Derby Ltd, Pattonair Asia (Pte) & Pattonair (Berlin) GmbH (together "Incora") (reference CTR-ICE-00003815) dated 22 October 2015 (the "LSP Agreement")**

As discussed at the recent 13<sup>th</sup> December meeting, Rolls-Royce is incurring significant and continuing operational disruption and is incurring substantial costs and losses because of Incora's deterioration in on time delivery (OTD) performance.

This letter sets out the basis of Rolls-Royce's claims in respect of such deterioration in Incora's delivery performance.

**LSP Agreement**

Under the LSP Agreement, Incora is required (amongst other things) to maintain the availability of all Parts as may be required by Rolls-Royce from time to time, and to make available such parts to Rolls-Royce in accordance with the terms of the LSP Agreement. On multiple occasions during 2022 and in breach of the LSP Agreement, the Incora parties have failed to make available parts in accordance with those contractual obligations.

The LSP Agreement sets out some express payments to be paid by Incora in relation to certain delivery failures, along with associated caps on Incora's liability under those express remedies. The LSP Agreement also reserves Rolls-Royce's right to claim damages in relation to delivery delays to the extent such damages exceed the amounts payable by Incora under the express remedies.

The LSP Agreement sets out a required service level of 95% delivery on time in full (OTIF) for all plants, excluding the 1203 spares plant where the required service level is 98% OTIF. The LSP Agreement also specifies that any build stop or EPKD event resulting from a delay in delivery for which Incora is liable is a repudiatory breach. Incora's delivery performance has breached the required service levels and as a result Rolls-Royce has incurred additional costs and losses in excess of the express remedies set out in the LSP Agreement.



### **Operational Disruption**

Rolls-Royce has suffered sustained operational disruption during 2022 as a consequence of Incora's failure to make available parts in accordance with its obligations under the LSP Agreement. In relation to engine build alone, Rolls-Royce has incurred over 45 engine build stops during November, and in excess of 100 engine build stops in 2022 due to Incora's delivery failures; disrupting both the Derby and Dahlewitz engine build lines. As a result, Rolls-Royce is incurring significant cost and customer penalties associated with Incora's late delivery performance, as well as reputational damage with our customers.

Set out below is some additional detail in respect of the disruption that has been caused by those delivery failures and the costs and losses arising.

### **Build Stop / EPKD Express Remedy**

For the period from 1<sup>st</sup> January 2022 up to 30<sup>th</sup> November 2022, Rolls-Royce has experienced 1,778 engine passed kit date (EPKD) events within its Services organisation, caused by 293 different Incora supplied part numbers; and additionally 102 engine build stops events across its Derby and Dahlewitz engine build lines caused by shortages of Incora supplied part numbers.

In accordance with the express remedy set out in Clause 1.10.5 of the LSP Agreement, where an Incora supplied part is delivered to Rolls-Royce late and such late delivery results in an EPKD or build stop, Incora is obligated to pay to Rolls-Royce £2,000 per day for each day of delay where Incora is liable for such late delivery. Furthermore, under Part 5 Table 2 of the LSP Agreement, Incora is responsible for providing the data source to evidence the delay liability. This express remedy is intended to compensate Rolls-Royce for the internal administration cost associated with the disruption caused by the delivery delays.

Rolls-Royce has received part number level EPKD data from Incora for 2022 but such data makes no determination of liability for the delay. Incora has not supplied part number level build stop data for the full 2022 period, and the build stop data that has been provided makes no clear determination of liability for the delay. As no evidence relating to liability for the delays has been provided by Incora, per the LSP Agreement, Rolls-Royce has allocated those delays as Incora liable.

Looking at solely the EPKD data that has been submitted (and assuming (i) Incora is liable for all associated part number delays, and (ii) no cap applies to Incora's liability under the EPKD/build stop express remedy), Incora would be liable for £37,044,000 of express EPKD remedies in respect of 2022 year to date. However, the LSP Agreement states that Incora's annual maximum liability under the EPKD and build stop express remedy is £1,000,000. In accordance with the LSP Agreement, Incora is therefore required to pay such **£1,000,000** to Rolls-Royce. Rolls-Royce will issue an invoice onto Incora for such amount.

### **Order Fulfilment Fee**

Where Incora's on time delivery to Rolls-Royce's 1203 spares plant drops below 98.3%, the order fulfilment fee set out in the LSP Agreement becomes a negative percentage, and Incora is obligated to pay to Rolls-Royce a fee in respect of spares deliveries. Incora's 1203 spares OTD dropped to 98% in February 2022 and has remained below the 98.3% threshold in every month since. This reflects raw OTD data and, where Incora has not provided liability evidence in respect of a delivery failure (in





accordance with Part 5 Table 2 of the LSP Agreement), the delay is assumed as Incora liability. Appendix 1 details the order fulfilment fee calculation and shows a **£1,905,442** payment is due to Rolls-Royce by Incora in respect of 2022. Rolls-Royce will issue an invoice onto Incora for such amount.

### **Further Losses**

As a consequence of the breaches of the LSP Agreement specified and referred to in this letter, Rolls-Royce has incurred and will continue to incur costs and losses which are in excess of the amounts required to be paid by Incora to Rolls-Royce under the express EPKD/build stop remedy.

Without limitation, Rolls-Royce is therefore claiming the following additional costs from Incora in part compensation for its incurred losses:

#### **Lost Build Hours**

Rolls-Royce has incurred the following losses while engines were on build stop pending delivery of Incora supplied parts:

Derby engine build (3,400 hours build stopped from Wk 36-48 due to Incora late parts @ £126/hour 2022 actual factory cost rate): **£428,400**

Dahlewitz engine build (6,204 hours build stopped from Wk 36-48 due to Incora late parts @ EUR 114/hour 2022 actual factory cost rate): **£608,240**

Each build stop incident means that the Rolls-Royce fitter cannot do the assembly work intended at that time – and therefore cannot add value to the engine for that duration. Rolls-Royce is therefore incurring build costs, whilst not being able to progress or add value to the engine – increasing its build cost per engine, due to the delay. The above hours are calculated on a per engine basis and reflect only the longest logged Incora build stop part per engine serial number.

The losses set out above are not exhaustive and Rolls-Royce reserves the right to place a further claim including, without limitation, in relation to any and all losses or costs arising from associated delays in Incora performing its contractual obligations, including clock stop fees charged to Rolls-Royce by its overhaul base suppliers where an EPKD results in a build stop at a Rolls-Royce aftermarket overhaul base.

### **Summary**

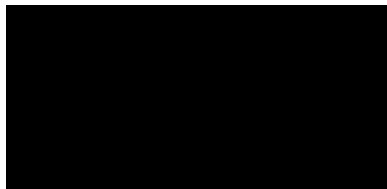
As demonstrated in this letter, during 2022 Rolls-Royce has incurred and continues to incur significant costs and losses caused by Incora's sustained breaches of its delivery obligations and the resultant build stops and EPKDs. To compensate Rolls-Royce in part for such costs and losses, Rolls-Royce requires Incora to pay the sum of **£3,942,082** to Rolls-Royce by the end of January 2023, as further detailed in Appendix 2 to this letter.

Rolls-Royce reserves all of its rights in relation to the subject matter of this letter.

Yours sincerely

**Rolls-Royce plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 1003142

**Rolls-Royce.com**



VP Strategic Procurement  
Civil Aerospace Operations  
for Rolls-Royce plc

**Rolls-Royce plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 1003142

**[Rolls-Royce.com](https://www.rolls-royce.com)**



Appendix 1: 2022 Order Fulfilment Fee

	Volume of Material	Annualised Volume	Delivery Performance	Fee	Charge	
Jan	£ 3,833,764	£ 46,005,167	99.2%	3.83%	£ 146,833	
Feb	£ 3,743,370	£ 44,920,438	97.9%	-0.15%	-£ 5,615	
Mar	£ 4,003,521	£ 48,042,247	96.1%	-4.08%	-£ 163,344	
Apr	£ 3,728,217	£ 44,738,600	96.3%	-4.08%	-£ 152,111	
May	£ 3,826,227	£ 45,914,727	94.9%	-4.80%	-£ 183,659	
Jun	£ 4,147,506	£ 49,770,072	93.3%	-4.80%	-£ 199,080	
Jul	£ 4,597,930	£ 55,175,160	94.5%	-4.80%	-£ 220,701	
Aug	£ 4,653,047	£ 55,836,564	94.1%	-4.80%	-£ 223,346	
Sep	£ 4,759,135	£ 57,109,621	91.6%	-4.80%	-£ 228,438	
Oct	£ 4,361,032	£ 52,332,379	93.8%	-4.80%	-£ 209,330	
Nov	£ 5,011,067	£ 60,132,807	92.4%	-4.80%	-£ 240,531	
Dec					-£ 226,100	<i>estimate</i>
					-£ 1,905,422	

**Rolls-Royce plc**  
Registered Office: Kings Place, 90 York Way, London N1 9FX  
Company number: 1003142

**Rolls-Royce.com**



## Appendix 2: Claim Summary

<u>Claim Category</u>	<u>Claim Value</u>
Build Stop EPKD Express Remedy	(capped at £1,000,000)
Order Fulfilment Fee	£1,905,442
Derby lost build hours cost - Incora parts	£428,400
Dahlewitz lost build hours cost - Incora parts	£608,240
	<hr/> <hr/> £3,942,082

**Rolls-Royce plc**  
 Registered Office: Kings Place, 90 York Way, London N1 9FX  
 Company number: 1003142

**Rolls-Royce.com**

# **EXHIBIT 2**

Summary of Pre-Petition Order Fulfillment Fees

<b>100% Spares Summary</b>	<b>Wk 1</b>	<b>Wk 2</b>	<b>Wk 3</b>	<b>Wk 4</b>	<b>Wk 5</b>	<b>Wk 6</b>	<b>Wk 7</b>	<b>Wk 8</b>	<b>Wk 9</b>	<b>Wk 10</b>	<b>Wk 11</b>	<b>Wk 12</b>	<b>Wk 13</b>	<b>Wk 14</b>	<b>Wk 15</b>	<b>Wk 16</b>	<b>Wk 17</b>
	<b>AP1 (Jan)</b>				<b>AP2 (Feb)</b>				<b>AP3 (Mar)</b>				<b>AP4 (Apr)</b>				
<b>Delivery Performance %</b>																	
Total order items	3,171	3,071	2,818	3,035	2,695	3,783	2,938	3,403	3,129	3,775	2,950	3,107	3,106	3,157	2,759	2,847	3,320
PD order items on time	2,773	2,732	2,511	2,570	2,321	3,086	2,861	3,302	3,031	3,630	2,840	2,988	2,990	3,059	2,656	2,733	3,186
PD order items on time 2	365	321	293	430	343	652	0	0	0	0	0	0	0	0	0	0	0
RR liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PD liability	33	18	14	35	31	45	77	101	98	145	110	119	116	98	103	114	134
Agreed by RR Service Business (weekly)	99.0%	99.4%	99.5%	98.8%	98.8%	98.8%	97.4%	97.0%	96.9%	96.2%	96.3%	96.2%	96.3%	96.9%	96.3%	96.0%	96.0%
Delivery performance % (monthly)	99.2%				98.0%				96.3%				96.3%				
Volume material £m (monthly)	3,833,763.89				3,743,369.86				4,003,520.62				3,728,216.64				
Equivalent AVM £m (annual)	46,005,166.68				44,920,438.32				48,042,247.44				44,738,599.68				
Mgt fee % (monthly)	3.83%				-0.15%				-4.08%				-4.08%				
Management fee £ (monthly)	146,833.16				-5,615.05				-163,343.64				-152,111.24				

Summary of Pre-Petition Order Fulfillment Fees

100% Spares Summary	Wk 18	Wk 19	Wk 20	Wk 21	Wk 22	Wk 23	Wk 24	Wk 25	Wk 26	Wk 27	Wk 28	Wk 29	Wk 30	Wk 31	Wk 32	Wk 33	Wk 34
	AP5 (May)				AP6 (June)				AP7 (July)				AP8 (August)				
Delivery Performance %																	
Total order items	2,999	2,863	3,284	3,581	2,821	3,332	2,858	3,243	3,466	3,349	2,990	3,395	4,873	3,303	3,283	3,228	3,452
PD order items on time	2,875	2,748	3,094	3,361	2,636	3,104	2,645	3,021	3,265	3,168	2,765	3,194	4,675	3,183	3,124	3,002	3,175
PD order items on time 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RR liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PD liability	124	115	190	220	185	228	213	222	201	181	225	201	198	120	159	226	277
Agreed by RR Service Business (weekly)	95.9%	96.0%	94.2%	93.9%	93.4%	93.2%	92.5%	93.2%	94.2%	94.6%	92.5%	94.1%	95.9%	96.4%	95.2%	93.0%	92.0%
Delivery performance % (monthly)	94.9%				93.3%				94.5%				94.1%				
Volume material £m (monthly)	3,826,227.29				4,147,506.00				4,597,929.99				4,653,047.02				
Equivalent AVM £m (annual)	45,914,727.48				49,770,072.00				55,175,159.88				55,836,564.24				
Mgt fee % (monthly)	-4.80%				-4.80%				-4.80%				-4.80%				
Management fee £ (monthly)	-183,658.91				-199,080.29				-220,700.64				-223,346.26				

100% Spares Summary	Wk 35	Wk 36	Wk 37	Wk 38	Wk 39	Wk 40	Wk 41	Wk 42	Wk 43	Wk 44	Wk 45	Wk 46	Wk 47	Wk 48	Wk 49	Wk 50	Wk 51	Wk 52
	AP9 (September)					AP10 (October)				AP11 (November)				AP12 (December)				
Delivery Performance %																		
Total order items	3,751	4,146	3,345	3,128	3,637	3,601	3,160	3,941	3,505	3,622	3,894	4,264	3,554	3,716	3,740	4,403	4,104	2,909
PD order items on time	3,453	3,754	3,042	2,910	3,341	3,385	2,929	3,747	3,259	3,393	3,614	3,934	3,228	3,448	3,470	4,058	3,694	2,478
PD order items on time 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RR liability	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PD liability	298	392	303	218	296	216	231	194	246	229	280	330	326	268	270	345	410	431
Agreed by RR Service Business (weekly)	92.1%	90.5%	90.9%	93.0%	91.9%	94.0%	92.7%	95.1%	93.0%	93.7%	92.8%	92.3%	90.8%	92.8%	92.8%	92.2%	90.0%	85.2%
Delivery performance % (monthly)	91.6%					93.8%				92.4%				90.9%				
Volume material £m (monthly)	4,759,135.08					4,361,031.56				5,011,067.24				4,942,339.90				
Equivalent AVM £m (annual)	57,109,620.96					52,332,378.72				60,132,806.88				59,308,078.80				
Mgt fee % (monthly)	-4.80%					-4.80%				-4.80%				-4.80%				
Management fee £ (monthly)	-228,438.48					-209,329.51				-240,531.23				-237,232.32				



# **EXHIBIT 3**

## Summary of Lost Build Hours

TOTAL PRODUCTION HOURS DISRUPTION BY PART		
Part	LSP/CSP	Hours
KH28877	CSP	528
AS62203	CSP	470
U755482	CSP	336
FW58061	CSP	290
KH93465	CSP	280
FW77679	CSP	235
FW62465	CSP	216
AS62213	CSP	144
KH56086	CSP	126
AS62409	CSP	96
FW33923	CSP	93
SL5305	CSP	90
AS62208	CSP	88
FW43748	CSP	78
U755485	CSP	56
AS62207	CSP	50
AS62206	CSP	50
AS27822	CSP	24
KH72838	CSP	24
KH34707	CSP	24
AS62218	CSP	24
FW81160	CSP	24
AS62416	CSP	12
KN507400	CSP	8
FW63364	LSP	835
FW64805	LSP	537
BRR17473	LSP	510
FW63703	LSP	470
BRR18426	LSP	333
4-21-9300	LSP	216
FK24760	LSP	216
KH41820	LSP	210
KH68844	LSP	180
BRR40674	LSP	178
FW63702	LSP	160
AS56329	LSP	144
KH65558	LSP	120
FW85971	LSP	120
KH37369	LSP	120
KH19474	LSP	120
FW41020	LSP	96
FW63246	LSP	95
BRR40830	LSP	72
KH58129	LSP	64
FW38872	LSP	60
NA10979	LSP	54
KH37691	LSP	50
KH16870	LSP	48
1-11514-00-00	LSP	48
BRR40764	LSP	48
4-21-9094	LSP	48
FW85972	LSP	48
4-21-9095	LSP	48
1-09540-00-00	LSP	48
FK26132	LSP	48
BRR22367	LSP	48
FK26133	LSP	48
BRR24589	LSP	45
FW63701	LSP	45
KH66972	LSP	36
KH31127	LSP	36
FW54109	LSP	35
FW69711	LSP	35
KH77292	LSP	24
KH63749	LSP	24
FW51956	LSP	24
KH24487	LSP	24
KH18158	LSP	24
KH16543	LSP	24
KH59820	LSP	24
1-11519-00-00	LSP	24
KH17721	LSP	24
KH77202	LSP	24
KH88219	LSP	24
1-11512-00-00	LSP	24
1-11267-00-00	LSP	24
KH49498	LSP	24
KH25406	LSP	20
KH88218	LSP	16
KH49054	LSP	12
1047865	LSP	12
4-21-9142	LSP	12
4-21-015248	LSP	12
KH48312	LSP	8
KH50593	LSP	8
AS63477	LSP	6
4-21-9362	LSP	6
7183315KIT0259	#N/A	90
FK58268	#N/A	24
FW71121	#N/A	4

9,604

	Hours	Cost per hour	
Derby	3,400	£126.00	£428,400.00
Dahlewitz	6,204	£98.04	£608,240.00
	<b>9,604</b>		<b>£1,036,640.00</b>

# **EXHIBIT 4**

**Summary of Post-Petition Order Fulfillment Fees**

Year	Month	Volume of Material	Annualised Volume	Delivery Performance	Fee	Order Fulfillment Fee charge	USD
2023	Jun	£ 6,507,620.38	£ 78,091,444.56	94.1%	-4.80% -£	312,365.78 \$	-393,580.88
2023	Jul	£ 5,988,101.76	£ 71,857,221.12	94.9%	-4.80% -£	287,428.88 \$	-362,160.39
2023	Aug	£ 6,279,142.54	£ 75,349,710.48	95.6%	-4.80% -£	301,398.84 \$	-379,762.54
2023	Sep	£ 6,304,441.37	£ 75,653,296.44	95.1%	-4.80% -£	302,613.19 \$	-381,292.61
2023	Oct	£ 7,122,868.70	£ 85,474,424.40	95.5%	-4.80% -£	341,897.70 \$	-430,791.10
2023	Nov	£ 6,824,673.76	£ 81,896,085.12	94.8%	-4.80% -£	327,584.34 \$	-412,756.27
2023	Dec	£ 6,558,339.81	£ 78,700,077.72	94.5%	-4.80% -£	314,800.31 \$	-396,648.39
2024	Jan	£ 6,990,165.82	£ 83,881,989.84	94.8%	-7.00% -£	489,311.61 \$	-616,532.63
2024	Feb	£ 6,069,482.63	£ 72,833,791.56	95.6%	-7.00% -£	424,863.78 \$	-535,328.37
2024	Mar	£ 6,578,136.31	£ 78,937,635.72	96.3%	-6.10% -£	401,266.31 \$	-505,595.56
2024	Apr	£ 5,969,065.30	£ 71,628,783.60	96.3%	-6.70% -£	364,112.98 \$	-458,782.36
2024	May	£ 6,813,923.70	£ 81,767,084.40	96.1%	-6.70% -£	456,532.89 \$	-575,231.44
2024	Jun	£ 6,728,846.89	£ 80,746,162.68	96.1%	-6.10% -£	450,832.74 \$	-568,049.25
2024	Jul	£ 7,621,831.50	£ 91,461,978.00	96.3%	-2.80% -£	464,931.72 \$	-585,813.97
2024	Aug	£ 7,030,414.30	£ 84,364,971.60	97.4%	-3.70% -£	196,851.60 \$	-248,033.02
2024	Sep	£ 6,802,181.90	£ 81,626,182.80	97.1%	-1.30% -£	251,680.73 \$	-317,117.72
2024	Oct	£ 7,268,548.71	£ 87,222,584.52	97.9%	-1.30% -£	94,491.13 \$	-119,058.83
2024	Nov	£ 7,293,616.12	£ 87,523,393.44	97.9%	-0.40% -£	94,817.01 \$	-119,469.43
2024	Dec	£ 6,734,923.31	£ 80,819,079.72	98.4%	-0.40% £	26,939.69 \$	33,944.01
2025	Jan	£ 7,592,277.00	£ 91,107,324.00	95.4%	-7.00% -£	531,459.39 \$	-669,638.83
						-£ 6,382,301.25 -£	8,041,699.58

# **EXHIBIT 5**

Summary of Post-Petition EPKD Fees

Sales Order Number	Date of Sales Order	Part no. delivered late	Delivery date and original engine kitting date	Actual delivery date	Number of days late	Engine Serial Number impacted	Actual engine kitting date	EPKD charge (GBP) (Late delivery days plus 2 days, multiplied by £2,000)
47816729	5/31/2023	FW38254	6/11/2023	6/20/2023		9 Engine 1	6/23/2023	£ 22,000.00
47823554	6/6/2023	LK82375	6/11/2023	8/23/2023	73	Engine 2	8/24/2023	£ 150,000.00
47829781	6/9/2023	AS49320	6/14/2023	6/20/2023	6	Engine 3	6/21/2023	£ 16,000.00
47832514	6/12/2023	U755570	6/18/2023	7/17/2023	29	Engine 4	7/18/2023	£ 62,000.00
47835085	6/13/2023	LK82375	6/18/2023	8/23/2023	66	Engine 5	9/27/2023	£ 136,000.00
47838563	6/15/2023	AS27908	6/20/2023	6/29/2023	9	Engine 6	8/23/2023	£ 22,000.00
47858092	7/3/2023	KH36780	7/8/2023	8/11/2023	34	Engine 7	8/11/2023	£ 72,000.00
47873884	7/13/2023	AS53904	7/18/2023	8/18/2023	31	Engine 8	8/31/2023	£ 66,000.00
47885750	7/23/2023	U756590	7/28/2023	8/24/2023	27	Engine 9	8/25/2023	£ 58,000.00
47890153	7/26/2023	KH22527	8/1/2023	8/4/2023	3	Engine 10	8/10/2023	£ 10,000.00
47913702	8/8/2023	AS50416	8/13/2023	8/23/2023	10	Engine 11	8/24/2023	£ 24,000.00
47923391	8/15/2023	U755570	8/21/2023	8/24/2023	3	Engine 12	8/25/2023	£ 10,000.00
47930035	8/20/2023	FK14752	8/25/2023	9/6/2023	12	Engine 13	9/7/2023	£ 28,000.00
47925685	8/16/2023	LK82375	8/27/2023	10/5/2023	39	Engine 14	3/6/2024	£ 82,000.00
47925687	8/16/2023	UL37809	8/28/2023	9/11/2023	14	Engine 15	9/27/2023	£ 32,000.00
47942231	8/29/2023	U128443	9/3/2023	10/18/2023	45	Engine 16	10/19/2023	£ 94,000.00
47953460	9/6/2023	ZZLRC1218-14S6	9/7/2023	9/28/2023	21	Engine 17	10/11/2023	£ 46,000.00
47969294	9/18/2023	KH50465	9/24/2023	10/18/2023	24	Engine 18	10/19/2023	£ 52,000.00
47971110	9/19/2023	AS44750	10/3/2023	11/1/2023	29	Engine 19	11/2/2023	£ 62,000.00
48005356	10/12/2023	LK82375	10/19/2023	10/28/2023	9	Engine 20	10/30/2023	£ 22,000.00
48022822	10/25/2023	BLT501	11/1/2023	11/9/2023	8	Engine 21	11/10/2023	£ 20,000.00
48028775	10/27/2023	AS63521	11/1/2023	11/11/2023	10	Engine 22	11/13/2023	£ 24,000.00
48035538	11/1/2023	LK82375	11/8/2023	11/22/2023	14	Engine 23	3/7/2024	£ 32,000.00
48041417	11/7/2023	UP11771	11/12/2023	1/4/2024	53	Engine 24	1/5/2024	£ 110,000.00
48020178	10/24/2023	KH34707	11/14/2023	12/12/2023	28	Engine 25	12/25/2023	£ 60,000.00
48049055	11/10/2023	FW77450	11/17/2023	11/28/2023	11	Engine 26	12/14/2023	£ 26,000.00
48050761	11/13/2023	UL12508	11/18/2023	1/19/2024	62	Engine 27	1/31/2024	£ 128,000.00
48055420	11/15/2023	KH66243	11/21/2023	12/8/2023	17	Engine 28	12/11/2023	£ 38,000.00
48096270	11/22/2023	KH34707	11/28/2023	12/12/2023	14	Engine 29	12/14/2023	£ 32,000.00
48099185	11/24/2023	AS53904	11/29/2023	12/8/2023	9	Engine 30	12/8/2023	£ 22,000.00
48098329	11/23/2023	FW43748	11/30/2023	12/27/2023	27	Engine 31	12/28/2023	£ 58,000.00
48109213	12/1/2023	UP11771	12/6/2023	2/1/2024	57	Engine 32	2/5/2024	£ 118,000.00
48096144	11/22/2023	FW79280	12/17/2023	2/3/2024	48	Engine 33	2/15/2024	£ 100,000.00
48125842	12/13/2023	UP11771	12/18/2023	2/9/2024	53	Engine 34	2/12/2024	£ 110,000.00
48129299	12/15/2023	AS62221	12/22/2023	1/26/2024	35	Engine 35	1/26/2024	£ 74,000.00
48132273	12/18/2023	AS56610	12/22/2023	2/7/2024	47	Engine 36	2/9/2024	£ 98,000.00
48140738	12/25/2023	768421	12/31/2023	7/25/2024	207	Engine 37	12/10/2024	£ 418,000.00
48199581	2/1/2024	FW49755	2/8/2024	4/15/2024	67	Engine 38	5/30/2024	£ 138,000.00
48208537	2/8/2024	U440155	2/13/2024	3/14/2024	30	Engine 39	10/17/2024	£ 64,000.00
48199781	2/1/2024	LK82375	2/14/2024	4/16/2024	62	Engine 40	4/17/2024	£ 128,000.00
48214154	2/13/2024	AS50421	2/20/2024	3/14/2024	23	Engine 41	3/15/2024	£ 50,000.00
48225324	2/21/2024	AS62910	2/26/2024	3/22/2024	25	Engine 42	3/25/2024	£ 54,000.00

Summary of Post-Petition EPKD Fees

Sales Order Number	Date of Sales Order	Part no. delivered late	Delivery date and original engine kitting date	Actual delivery date	Number of days late	Engine Serial Number impacted	Actual engine kitting date	EPKD charge (GBP) (Late delivery days plus 2 days, multiplied by £2,000)
48225375	2/21/2024	AS62910	2/26/2024	2/29/2024		3 Engine 43	3/14/2024	£ 10,000.00
48208700	2/8/2024	KH34707	2/27/2024	4/16/2024	49	Engine 44	4/17/2024	£ 102,000.00
48226695	2/22/2024	C10GT2-40	2/27/2024	3/25/2024	27	Engine 45	3/26/2024	£ 58,000.00
48235787	2/29/2024	KH31157	3/5/2024	3/12/2024	7	Engine 46	3/12/2024	£ 18,000.00
48236123	2/29/2024	AS62215	3/5/2024	3/13/2024	8	Engine 47	3/14/2024	£ 20,000.00
48237544	3/1/2024	C10GT3-06	3/6/2024	3/22/2024	16	Engine 48	3/25/2024	£ 36,000.00
48248733	3/8/2024	FW77450	3/13/2024	3/28/2024	15	Engine 49	4/17/2024	£ 34,000.00
48281797	3/12/2024	LK87696	3/19/2024	4/30/2024	42	Engine 50	9/18/2024	£ 88,000.00
48238053	3/1/2024	KH34707	3/21/2024	6/6/2024	77	Engine 51	6/7/2024	£ 158,000.00
48324287	4/15/2024	AS48548	4/19/2024	5/29/2024	40	Engine 52	8/19/2024	£ 84,000.00
48325243	4/16/2024	KH31157	4/21/2024	7/31/2024	101	Engine 53	9/9/2024	£ 206,000.00
48325921	4/16/2024	HL97DU6	4/23/2024	7/11/2024	79	Engine 54	7/11/2024	£ 162,000.00
48332125	4/19/2024	KH31157	4/25/2024	6/1/2024	37	Engine 55	6/6/2024	£ 78,000.00
48333544	4/22/2024	KH41491	4/26/2024	6/7/2024	42	Engine 56	6/10/2024	£ 88,000.00
48346349	5/1/2024	U755522	5/6/2024	6/26/2024	51	Engine 57	6/28/2024	£ 106,000.00
48346350	5/1/2024	U755522	5/6/2024	5/20/2024	14	Engine 58	5/21/2024	£ 32,000.00
48357176	5/9/2024	KH63854	5/14/2024	6/14/2024	31	Engine 59	6/14/2024	£ 66,000.00
48356748	5/9/2024	HL97DU6	5/14/2024	8/29/2024	107	Engine 60	8/30/2024	£ 218,000.00
48366387	5/17/2024	KH41491	5/23/2024	6/7/2024	15	Engine 61	6/10/2024	£ 34,000.00
48368631	5/20/2024	KH31157	5/25/2024	7/25/2024	61	Engine 62	7/26/2024	£ 126,000.00
48368481	5/20/2024	U755522	5/26/2024	7/24/2024	59	Engine 63	9/5/2024	£ 122,000.00
48376469	5/24/2024	KH41491	5/30/2024	6/7/2024	8	Engine 64	6/10/2024	£ 20,000.00
48390402	5/30/2024	KH31157	6/4/2024	7/31/2024	57	Engine 65	8/1/2024	£ 118,000.00
48398083	6/5/2024	U440176	6/11/2024	7/3/2024	22	Engine 66	7/4/2024	£ 48,000.00
48401522	6/7/2024	U440159	6/14/2024	7/25/2024	41	Engine 67	9/5/2024	£ 86,000.00
48419267	6/18/2024	KH34707	6/23/2024	6/27/2024	4	Engine 68	6/28/2024	£ 12,000.00
48425440	6/24/2024	KH41491	6/30/2024	7/6/2024	6	Engine 69	7/25/2024	£ 16,000.00
48436819	7/2/2024	NAS509L7C	7/7/2024	8/7/2024	31	Engine 70	8/8/2024	£ 66,000.00
48438769	7/3/2024	FW38254	7/8/2024	8/2/2024	25	Engine 71	8/5/2024	£ 54,000.00
48437031	7/2/2024	400WSS5	7/9/2024	9/11/2024	64	Engine 72	9/18/2024	£ 132,000.00
48442678	7/5/2024	FW22336	7/12/2024	8/9/2024	28	Engine 73	8/29/2024	£ 60,000.00
48445030	7/8/2024	PT2A	7/15/2024	7/25/2024	10	Engine 74	7/26/2024	£ 24,000.00
48445455	7/9/2024	U755244	7/18/2024	9/27/2024	71	Engine 75	1/10/2025	£ 146,000.00
48451222	7/12/2024	BLT3647	7/18/2024	8/1/2024	14	Engine 76	1/15/2025	£ 32,000.00
48457005	7/16/2024	KH66243	7/23/2024	10/25/2024	94	Engine 77	10/30/2024	£ 192,000.00
48458417	7/17/2024	KH66494	7/23/2024	8/17/2024	25	Engine 78	9/6/2024	£ 54,000.00
48472768	7/29/2024	AS48428	8/5/2024	10/3/2024	59	Engine 79	10/4/2024	£ 122,000.00
48475937	7/31/2024	AS48428	8/7/2024	10/3/2024	57	Engine 80	11/7/2024	£ 118,000.00
48486643	8/9/2024	KH31157	8/14/2024	11/29/2024	107	Engine 81	12/2/2024	£ 218,000.00
48490127	8/13/2024	KH31157	8/18/2024	9/5/2024	18	Engine 82	9/6/2024	£ 40,000.00
48490810	8/13/2024	BLT4966	8/18/2024	9/22/2024	35	Engine 83	10/7/2024	£ 74,000.00
48493696	8/15/2024	KH50465	8/21/2024	9/22/2024	32	Engine 84	10/4/2024	£ 68,000.00

Summary of Post-Petition EPKD Fees

Sales Order Number	Date of Sales Order	Part no. delivered late	Delivery date and original engine kitting date	Actual delivery date	Number of days late	Engine Serial Number impacted	Actual engine kitting date	EPKD charge (GBP) (Late delivery days plus 2 days, multiplied by £2,000)
48494567	8/15/2024	FK11408	8/22/2024	12/5/2024	105	Engine 85	2/4/2025	£ 214,000.00
48514015	8/29/2024	U755244	9/1/2024	9/27/2024	26	Engine 86	2/4/2025	£ 56,000.00
48510017	8/27/2024	AS48428	9/3/2024	10/3/2024	30	Engine 87	10/4/2024	£ 64,000.00
48514018	8/29/2024	U755244	9/7/2024	9/30/2024	23	Engine 88	12/5/2024	£ 50,000.00
48516382	9/2/2024	HL754JTG-7	9/7/2024	12/12/2024	96	Engine 89	1/2/2025	£ 196,000.00
48549512	9/25/2024	HL754JTG-7	9/30/2024	12/12/2024	73	Engine 90	1/13/2025	£ 150,000.00
48537965	9/17/2024	AS60216	10/1/2024	12/30/2024	90	Engine 91	1/20/2025	£ 184,000.00
48551656	9/26/2024	FW71641	10/1/2024	12/6/2024	66	Engine 92	12/22/2024	£ 136,000.00
48554228	9/30/2024	KH31157	10/5/2024	10/10/2024	5	Engine 93	10/15/2024	£ 14,000.00
48527220	9/10/2024	FW71641	10/12/2024	12/6/2024	55	Engine 94	1/24/2025	£ 114,000.00
48564557	10/8/2024	AS53904	10/13/2024	12/6/2024	54	Engine 95	12/9/2024	£ 112,000.00
48565406	10/8/2024	KH66243	10/15/2024	10/28/2024	13	Engine 96	10/28/2024	£ 30,000.00
48585439	10/23/2024	AS53904	10/28/2024	12/6/2024	39	Engine 97	1/6/2025	£ 82,000.00
48586255	10/23/2024	179325	10/30/2024	12/20/2024	51	Engine 98	1/6/2025	£ 106,000.00
48588259	10/24/2024	AS53914	10/31/2024	11/12/2024	12	Engine 99	11/28/2024	£ 28,000.00
48600187	11/4/2024	AS48812	11/9/2024	12/6/2024	27	Engine 100	12/9/2024	£ 58,000.00
48607666	11/7/2024	FK11408	11/10/2024	11/14/2024	4	Engine 101	11/26/2024	£ 12,000.00
48607347	11/7/2024	AS44714	11/12/2024	12/19/2024	37	Engine 102	12/20/2024	£ 78,000.00
48609031	11/8/2024	FW43800	11/14/2024	12/19/2024	35	Engine 103	12/23/2024	£ 74,000.00
48627886	11/20/2024	AS53993	11/27/2024	12/23/2024	26	Engine 104	2/20/2025	£ 56,000.00
48630905	11/22/2024	AS48670	11/27/2024	12/4/2024	7	Engine 105	12/6/2024	£ 18,000.00
48680942	12/5/2024	AS48724	12/12/2024	12/18/2024	6	Engine 106	1/13/2025	£ 16,000.00
48684084	12/9/2024	AS48617	12/14/2024	12/19/2024	5	Engine 107	1/27/2025	£ 14,000.00
48680946	12/5/2024	FW82729	12/15/2024	12/18/2024	3	Engine 108	1/13/2025	£ 10,000.00
48689945	12/11/2024	AS60216	12/15/2024	12/31/2024	16	Engine 109	2/4/2025	£ 36,000.00
								£ 8,422,000.00
								USD \$ 11,255,160.80



# **EXHIBIT 6**

**Summary of Customer Penalties**

Customer	Year	ESN	Customer LDs - Incora USD	
Customer 1	2024	75291	\$	35,000.00
Customer 1	2024	75322	\$	35,000.00
Customer 1	2024	75340	\$	35,000.00
Customer 1	2024	75344	\$	29,166.67
Customer 1	2023	75348	\$	23,333.33
Customer 1	2023	75355	\$	35,000.00
Customer 1	2023	75359	\$	17,500.00
Customer 1	2023	75363	\$	31,612.90
Customer 1	2023	75364	\$	14,000.00
Customer 1	2023	75368	\$	29,000.00
Customer 1	2023	75369	\$	35,000.00
Customer 1	2024	75371	\$	20,000.00
Customer 1	2024	75372	\$	35,000.00
Customer 1	2024	75374	\$	35,000.00
Customer 1	2023	75376	\$	35,000.00
Customer 1	2024	75379	\$	35,000.00
Customer 1	2024	75381	\$	24,500.00
Customer 1	2024	75383	\$	1,458.33
Customer 1	2024	75384	\$	8,909.09
Customer 1	2024	75386	\$	22,340.43
Customer 1	2024	75387	\$	35,000.00
Customer 1	2024	75389	\$	2,500.00
Customer 1	2024	75390	\$	11,666.67
Customer 1	2024	75394	\$	35,000.00
Customer 1	2024	75396	\$	1,944.44
Customer 1	2024	75397	\$	35,000.00
Customer 1	2024	75398	\$	31,276.60
Customer 1	2024	75399	\$	13,125.00
Customer 1	2024	75401	\$	35,000.00
Customer 1	2024	75402	\$	35,000.00
Customer 1	2024	75404	\$	35,000.00
Customer 1	2024	75405	\$	35,000.00
Customer 1	2024	75407	\$	15,000.00
Customer 1	2024	75411	\$	35,000.00
Customer 1	2024	75422	\$	30,000.00
Customer 1	2024	75406	\$	35,000.00
Customer 1	2024	75403	\$	25,789.47
Customer 1	2024	75392	\$	27,045.45
Customer 1	2024	22232	\$	50,000.00
Customer 1	2024	22233	\$	50,000.00
Customer 1	2024	22236	\$	13,636.36

Customer	Year	ESN	Customer LDs - Incora USD
Customer 1	2024	22238	\$ 28,947.37
Customer 1	2024	22240	\$ 50,000.00
Customer 1	2024	22241	\$ 10,000.00
Customer 1	2024	22244	\$ 50,000.00
Customer 1	2024	22248	\$ 29,069.77
Customer 1	2024	22250	\$ 19,354.84
Customer 1	2024	22252	\$ 50,000.00
Customer 1	2024	22253	\$ 50,000.00
Customer 1	2024	22254	\$ 50,000.00
Customer 1	2024	22255	\$ 50,000.00
Customer 1	2024	22256	\$ 50,000.00
Customer 1	2024	22257	\$ 50,000.00
Customer 1	2024	22258	\$ 50,000.00
Customer 1	2024	22259	\$ 50,000.00
Customer 1	2024	22260	\$ 50,000.00
Customer 1	2024	22261	\$ 50,000.00
Customer 1	2024	22262	\$ 50,000.00
Customer 1	2024	22263	\$ 15,000.00
Customer 1	2024	22266	\$ 10,000.00
Customer 1	2024	22269	\$ 50,000.00
Customer 1	2024	22270	\$ 50,000.00
Customer 1	2024	22272	\$ 50,000.00
Customer 1	2024	22278	\$ 50,000.00
Customer 1	2024	22279	\$ 50,000.00
Customer 1	2024	22281	\$ 50,000.00
Customer 1	2024	22284	\$ 50,000.00
Customer 1	2024	22286	\$ 27,777.78
Customer 1	2024	22291	\$ 50,000.00
Customer 1	2024	22293	\$ 30,000.00
Customer 1	2024	22300	\$ 50,000.00
Customer 1	2024	22307	\$ 16,666.67
Customer 1	2024	26258	\$ 50,000.00
Customer 1	2024	26260	\$ 10,000.00
Customer 1	2024	26264	\$ 50,000.00
Customer 1	2024	26267	\$ 50,000.00
Customer 1	2024	26269	\$ 50,000.00
Customer 1	2024	26272	\$ 20,000.00
Customer 1	2024	22267	\$ 16,666.67
Customer 1	2024	22265	\$ 19,230.77
Customer 1	2024	22264	\$ 20,833.33
Customer 1	2024	22242	\$ 10,000.00
Customer 1	2024	26262	\$ 35,046.73
Customer 1	2024	22294	\$ 40,243.90

Customer	Year	ESN	Customer LDs - Incora USD
Customer 2	2023	11512	\$ 168,505.00
Customer 2	2023	11522	\$ 5,545.00
Customer 2	2024	11535	\$ 482,038.00
Customer 2	2024	11536	\$ 685,230.00
Customer 2	2024	11537	\$ 703,702.00
Customer 2	2024	11540	\$ 611,342.00
Customer 2	2024	11541	\$ 371,206.00
Customer 2	2024	11543	\$ 421,668.00
Customer 2	2024	11545	\$ 447,060.10
Customer 2	2024	11546	\$ 435,450.40
Customer 2	2024	11547	\$ 195,377.34
Customer 2	2024	11548	\$ 482,755.26
Customer 2	2024	11561	\$ 38,703.55
Customer 2	2024	11567	\$ 223,430.00
Customer 2	2024	11568	\$ 247,765.00
Customer 2	2024	11558	\$ 346,380.44
Customer 3	2023	67223	\$ 131,523.43
Customer 3	2023	67229	\$ 123,624.15
Customer 3	2023	67230	\$ 123,624.15
Customer 3	2023	67233	\$ 131,523.43
Customer 3	2023	67234	\$ 131,523.43
Customer 3	2023	67235	\$ 123,624.15
Customer 3	2023	67236	\$ 85,585.95
Customer 3	2023	67241	\$ 9,674.93
Customer 3	2023	67242	\$ 6,181.21
Customer 3	2024	67252	\$ 10,888.89
Customer 3	2024	67268	\$ 10,000.00
Customer 4	2024	65804	\$ 24,575.56
Customer 4	2024	65806	\$ 98,302.23
Customer 4	2024	65809	\$ 245,755.58
Customer 4	2024	65815	\$ 245,755.58
Customer 4	2024	65819	\$ 232,821.08
Customer 4	2024	65820	\$ 221,180.02
Customer 4	2024	65821	\$ 245,755.58
Customer 4	2024	65823	\$ 12,287.78
Customer 4	2024	65826	\$ 104,807.53
Customer 4	2024	65827	\$ 55,493.20
Customer 4	2024	65824	\$ 181,645.43
Customer 4	2024	65825	\$ 190,112.81
Customer 4	2024	65811	\$ 206,434.69
Customer 4	2024	65810	\$ 226,095.14
			<b>\$ 11,827,596.57</b>

# **EXHIBIT 7**

**Summary of Consultancy Fees**

Company	Year	Date	Amount	Currency
Consultancy 1	2024	12/4/2024	440,848.00	EUR
Consultancy 1	2024	10/11/2024	398,840.00	EUR
Consultancy 1	2024	9/4/2024	380,432.00	EUR
Consultancy 1	2024	8/13/2024	328,984.00	EUR
Consultancy 1	2024	9/4/2024	300,665.00	EUR
Consultancy 1	2024	8/13/2024	109,976.00	EUR
	2024	12/20/2024	69,152.00	EUR
	2024	12/19/2024	121,536.00	EUR
			<b>2,150,433.00</b>	

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

In re:

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

Debtors.<sup>1</sup>

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**DECLARATION OF STEVE ANDERSON IN SUPPORT OF ROLLS-ROYCE PLC,  
ROLLS-ROYCE DEUTSCHLAND & CO KG, AND ROLLS-ROYCE SINGAPORE  
(PTE) LTD'S RESPONSE IN OPPOSITION TO 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.**

I, Steve Anderson, declare under penalty of perjury as follows:

1. I am the Vice President for Strategic Procurement and Finished Components at Rolls-Royce plc.

2. I submit this declaration (this "Declaration") in support of the *Response in Opposition to 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 "Response"),<sup>2</sup> filed by Rolls-Royce plc, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (Pte) Ltd (collectively, "Rolls-Royce") contemporaneously with this Declaration.

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<sup>1</sup> A complete list of the Debtors in these chapter 11 cases, with each Debtor's federal tax identification number and the address of its principal office, is available on the website of the Debtors' noticing agent at <http://veritaglobal.net/incora/>.

<sup>2</sup> All capitalized, undefined terms herein shall have the same meanings ascribed to such terms in the Objection.

3. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge of the Rolls-Royce's contracts and contract renegotiations, (b) my review of relevant business record documents, (c) information and business records provided to me by the Rolls-Royce's 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.

4. If called upon to testify, I could and would testify to the statements set forth herein.

5. I am over the age of 18 years and authorized to submit this Declaration.

6. I received a bachelor's degree in Economics from York University, graduating in 1987.

7. I have worked in sales, commercial, M&A, and procurement roles for Rolls-Royce for 38 years since joining as a Graduate Commercial Officer in 1987. My particular focus over that period has been in the negotiation, creation, and administration of contracts with customers, partners, and suppliers for Rolls-Royce gas turbine products across all market sectors.

8. I am currently Vice President for Strategic Procurement and have held this role or similar roles for 13 years. My responsibility is currently in the Finished Components Category team where I manage a team of 49 employees and have responsibility for, amongst other things, the administration of a large number of supplier contracts, including the LSP Agreement (as defined herein).

9. Rolls-Royce, Pattonair Derby Ltd., Pattonair Asia (Pte), and Pattonair Berlin (collectively with Pattonair Derby Ltd. and Pattonair Asia (Pte), "Incora") entered into that certain Supply of Service Agreement (as amended and modified, the "LSP Agreement"), with an effective date of October 22, 2015.



10. Pursuant to the LSP Agreement, Incora agreed to manage Rolls-Royce's inventory and provide logistic services for Rolls-Royce, purchasing parts for Rolls-Royce from its suppliers and making those parts available on Rolls-Royce's engine build lines (both for the production of new engines and for use in Rolls-Royce's aftermarket engine repair, maintenance, and overhaul business).

11. Under Part 2, § 1.1 of the LSP Agreement, Incora is required, *inter alia*, "to maintain the availability of all parts as may be required by [Rolls-Royce] from time to time...", and to make available such parts to Rolls-Royce. This is Incora's principal obligation under the LSP Agreement.

12. Under the LSP Agreement, where Incora breaches its obligations to Rolls-Royce (which Incora has done persistently), Rolls-Royce is entitled to recover from Incora (i) express liquidated damages for "EPKDs" and "Build Stops"; and (ii) common law damages for breach of contract. Separately, the LSP Agreement provides for the payment of "Order Fulfillment Fees" depending on Incora's delivery performance.

13. Pursuant to Part 5 of the LSP Agreement, Incora is obligated to pay certain charges known as "Order Fulfillment Fees" to Rolls-Royce beginning when Incora's rate of on-time delivery of certain customer orders to Rolls-Royce—defined as its "Order Success Rate"—drops below a certain threshold.

14. Pursuant to § 2.2 of Part 5 of the LSP Agreement, if Incora does not deliver a part to Rolls-Royce on time (i.e., by the required shipping date ("Pick Date") or within 2 (two) calendar days of the delivery message being created by Rolls-Royce), Incora will not be allowed to count the relevant order as successfully delivered on time, unless the reason for the delay is an event which is categorized as "Buyer Liable" under Table 2, Part 5.

15. Incora can escape liability for the delayed delivery of a part only if it can demonstrate that the sole reason for the delay of such order is one of the three circumstances identified in Part 5, Table 2:

- a. “If ship date is later than Pick Date, but stock is available to ship on time and the Service Provider has provided a valid promise date”;
- b. “If ship date is later than Pick Date, but Part is NPI and less than 3 months from inception date into Services”; or
- c. “If ship date is later than Pick Date, but Part delivery gap caused by a Buyer supplier issue and delivery gap was not mitigated.”

16. Table 2, Part 5 of the LSP Agreement also sets out the circumstances in which a late delivery by Incora does not count as successful. This includes “if ship date is later than Pick Date, and the supplier is late to provide stock but NOT due to a [buyer] supplier issue as defined above”.

17. Pursuant to Part 2, § 1.10.10 of the LSP Agreement, Incora agreed to “provide management information by the 10<sup>th</sup> of the following month to enable [Rolls-Royce] to verify and agree [to] the Order Success Rate for the previous month.”

18. Pursuant to Part 2, § 1.10.11 of the LSP Agreement, Incora agreed to provide Rolls-Royce with “full access to all data required to substantiate the Order Success Rate.”

19. Part 2, § 1.10.24 of the LSP Agreement states:

The Parties acknowledge that the amount of any charges made under clause 1.10.15 to 1.10.23 as a result of a late delivery causing a Build Stop or EPKD:

- (a) is not intended and is unlikely to compensate [Rolls-Royce] and its Affiliates (as the case may be), and is a good faith estimate, not a penalty, of the internal costs suffered by [Rolls-Royce], due to a late delivery resulting in a Build Stop or EPKD; and
- (b) is without prejudice to any other rights and remedies of [Rolls-Royce] and its Affiliates (as the case may be) arising from a Build Stop(s) or

EPKD(s) (each of which shall be a repudiatory breach), including the right to claim damages for actual losses it suffers due to the Build Stops or EPKDs (subject to, when calculating such losses, giving credit for any sums already paid under this clause in respect of such delay, and subject to clause 20 and clause 22.2 of Part 9).

20. Pursuant to Part 9, § 20.6 of the LSP Agreement, certain “indirect or consequential loss or damage” is not recoverable by Rolls-Royce or Incora.

21. Part 9, § 29.1 of the LSP Agreement states:

[Rolls-Royce has] customers including governmental or other public bodies which may require, pursuant to their agreements and arrangements with [Rolls-Royce] (or any Affiliate of [Rolls-Royce]), that [Rolls-Royce] complies with terms, conditions, restrictions and other obligations. [Incora] will, subject to clause 30.4, always comply with such terms as contemplated under this clause 29.1 as may be notified to it by [Rolls-Royce] from time to time.

22. Part 9, § 31.2 of the LSP Agreement provides that for contracts made between Rolls-Royce plc (acting as the Buyer) and the relevant supplier: “The English courts have jurisdiction to settle any dispute arising out of or in connection with the [LSP] Agreement and the legal relationships created by this Agreement and each Party submits to the exclusive jurisdiction of the English courts with respect to such disputes.”

23. Pursuant to Part 9, § 31.2 of the LSP Agreement, for contracts between Rolls-Royce plc and Pattonair Derby Ltd, the LSP Agreement is governed by and will be construed in accordance with English law.

24. Pursuant to Part 9, § 33.2 of the LSP Agreement, for contracts between Rolls-Royce Deutschland Ltd & Co KG and Incora, the LSP Agreement is subject to and interpreted in accordance with the law of Germany.

25. Pursuant to Part 9, § 41.2 of the LSP Agreement, for contracts between Rolls-Royce Singapore PTE Ltd and Incora, the LSP Agreement is governed by and will be construed in accordance with the law of Singapore.

26. Prior to 2022, Incora provided detailed information to Rolls-Royce to substantiate Incora's position on the Order Success Rate. This information included: (i) a detailed explanation of why each late delivery was late, the category (by reference to Table 2, Part 5) that each late order fell into for the purposes of calculating the Order Success Rate, and an explanation of the mitigating actions Incora had taken to try and prevent late delivery; and (ii) supporting evidence to allow Rolls-Royce to verify Incora's position.

27. In 2022, Incora suddenly, without explanation, began providing much more limited information to Rolls-Royce to substantiate Incora's position on the Order Success Rate.

28. Incora stopped providing information to Rolls-Royce monthly, and when it did provide information, it provided only a spreadsheet, showing Incora's categorization of late Deliveries (which number tens of thousands across the relevant period) as "Buyer Liable" for one reason or another, without providing an explanation or evidence to substantiate why a late delivery is "Buyer Liable" (in accordance with Table 2, Part 5) for the purposes of calculating the Order Success Rate (and so Order Fulfillment Fees).

29. Incora has persistently failed to demonstrate that orders delivered late are in fact "Buyer Liable," but nonetheless counted the vast majority of orders as "successful."

30. Since 2022, Incora has, contrary to the terms of the LSP Agreement, repeatedly claimed an Order Success Rate which counts late deliveries as successful (under the mechanism in the LSP Agreement for calculation of the rate) for reasons that are not "buyer liable" according to Table 2, Part 5.

31. The purported Order Success Rates claimed by Incora (which, for most months, are within a range of 98% and 100%) are inconceivable in circumstances where (i) the limited information provided by Incora shows that, in respect of deliveries of spare parts (i.e., the deliveries on which Order Success Rates and Order Fulfillment Fees are calculated), Incora delivered more than 38,900 parts late to Rolls-Royce for the period from June 1, 2023, through January 31, 2025 (representing more than 10% of Rolls-Royce's orders for spare parts); and (ii) Incora's delivery performance was so poor that Rolls-Royce was required (as set forth below) to provide, at substantial cost, a full time "intervention team" and external third party consultants to work at Incora's premises and directly with Incora as a result of Incora's poor delivery performance.

32. When this happened, Rolls-Royce informed Incora that such less detailed information was insufficient under the LSP Agreement.

33. Despite the request for more information (i.e., the same information that Incora previously provided to Rolls-Royce), and the contractual obligation of Incora to provide "full access to all data" to Rolls-Royce, Incora continued providing insufficient information to Rolls-Royce.

34. To substantiate Rolls-Royce's dissatisfaction with the information that Incora was providing, on December 15, 2022, Rolls-Royce wrote to Incora, noting Incora's failure to provide evidence to substantiate their position with respect to the Order Success Rate.

35. Since December 15, 2022, Rolls-Royce have repeated its concerns over the insufficient information provided by Incora in various discussions with Incora.

36. Unfortunately, Incora has refused to provide further information to evidence the Order Success Rate from February 2022 onward, despite the requests from Rolls-Royce.

37. Only Incora, and not Rolls-Royce, has the detailed information to substantiate the Order Success Rate and the calculation of the Order Fulfillment Fees.

38. For the purposes of its claim for Order Fulfillment Fees, Rolls-Royce has calculated the Order Success Rate and fees payable as best it can on the very limited information provided by Incora.

39. Since February 2022, Incora has failed to provide Rolls-Royce “full access to all data” to support the Order Success Rate.

40. On October 11, 2023, Rolls-Royce filed proofs of claim in the bankruptcy cases referenced above (collectively, the “Pre-Petition Claims”).

41. Prior to filing the Pre-Petition Claims, Rolls-Royce sent a demand letter (the “Demand Letter”) to Incora on December 15, 2022. A true and correct copy of the Demand Letter is attached to the Response as **Exhibit 1**.

42. The Demand Letter summarized the amounts owed to Rolls-Royce by Incora prior to the Petition Date—the same amounts that are set forth in the Pre-Petition Claims.

43. Information technology systems which are in place between Incora and Rolls-Royce link Rolls-Royce’s SAP customer orders data onto Incora’s ERP system, and, accordingly, Incora is in possession, via its ERP system, of all of the information which is necessary to validate the EPKD Fees that Incora is liable for

44. As stated in each of the Pre-Petition Claims, Rolls-Royce sought £1,905,442.00 in Order Fulfillment Fees from Pattonair (Derby) Limited. This number is an estimate based on the limited information that Incora provided to Rolls-Royce. A true and correct summary of information provided by Incora to Rolls-Royce for the Order Fulfillment Fees accumulating prior

to the Petition Date is attached to the Response as **Exhibit 2**, and such summary is a true and correct summary of information available to Rolls-Royce.

45. Rolls-Royce has requested, and hereby does further request, “full access to all data” from Incora to support the Order Success Rate so that the outstanding Order Fulfillment Fees can be confirmed.

46. As stated in each of the Pre-Petition Claims, Rolls-Royce sought £1,036,640.00 in damages related to lost build hours, which relate to an inability of Rolls-Royce to manufacture engines or other goods due to missing parts from Incora. A true and correct summary of the lost build hours incurred by Rolls-Royce as a result of Incora’s failed performance under the LSP Agreement is attached to the Response as **Exhibit 3**, and such summary is a true and correct summary of information available to Rolls-Royce.

47. On February 28, 2025, Rolls-Royce filed the *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 “Application”), seeking the allowance of an administrative expense priority claim against Incora based on Incora’s breach and default of the LSP Agreement.

48. Pursuant to the Application, Rolls-Royce sought allowance of claims for:

- a. Order Fulfillment Fees totaling \$8,041,699.58;
- b. EPKD Fees totaling \$2,520,000.00;
- c. Customer penalties resulting from failed shipment of products that stem from the failed delivery of parts by Incora totaling \$11,970,113.96; and
- d. Third-party consultant fees incurred by Rolls-Royce in connection with defaults by Incora under the LSP Agreement totaling \$2,208,657.16.

49. Regarding the Order Fulfillment Fees referenced in the Application, a true and correct summary of the Order Fulfillment Fees accruing after the Petition Date that Incora is liable

for is attached to the Response as **Exhibit 4**, and such summary is a true and correct summary of information available to Rolls-Royce.

50. Regarding the EPKD Fees referenced in the Application, a true and correct summary of the EPKD Fees accruing after the Petition Date that Incora is liable for is attached to the Response as **Exhibit 5**, and such summary is a true and correct summary of information available to Rolls-Royce.

51. Regarding the customer penalties referenced in the Application, a true and correct summary of the customer penalties incurred by Rolls-Royce after the Petition Date that Incora is liable for is attached to the Response as **Exhibit 6**, and such summary is a true and correct summary of information available to Rolls-Royce.

52. Regarding the consultancy fees referenced in the Application, a true and correct summary of the consultancy fees incurred by Rolls-Royce after the Petition Date that Incora is liable for is attached to the Response as **Exhibit 7**, and such summary is a true and correct summary of information available to Rolls-Royce.

53. Incora's failures resulted in a need to expedite the delivery of parts to mitigate against customer losses, and it is normal and customary in the industry, both for Rolls-Royce and other similarly-situated entities, to engage third-parties to address such needs.

54. Pursuant to the Application, Rolls-Royce stated that additional amounts were due from Incora, but that such amounts could not be calculated as of February 28, 2025.

55. Since the Application was filed, Rolls-Royce has refined the calculation of its damages. Those damages were detailed in a letter to Incora dated November 6, 2025. In summary, they are:

- a. Order Fulfillment Fees totaling \$8,041,699.58 ("Order Fulfillment Fees");



- b. EPKD Fees totaling \$2,520,000.00 (“EPKD Fees”);
- c. Customer penalties resulting from failed shipment of products that stem from the failed delivery of parts by Incora totaling \$11,827,596.57 (“Customer Penalties”); and
- d. Third-party consultant fees incurred by Rolls-Royce in connection with defaults by Incora under the LSP Agreement totaling \$2,496,007.58 (“Consultant Fees”).

56. After the filing of the Application, Incora requested certain information from Rolls-Royce to evidence the amounts set forth in the Application. Because much of the information is confidential and subject to nondisclosure agreements with customers of Rolls-Royce, Rolls-Royce needed to obtain the consent of such customers to release information to Incora.

57. In connection with the consents of Rolls-Royce’s customers, the provision of any documents to Incora had to be subject to a non-disclosure agreement. Accordingly, on July 9, 2025, Rolls-Royce provided a proposed non-disclosure agreement to Incora that complied with the conditions of Rolls-Royce’s customers.

58. Because Incora had edits and revisions to the non-disclosure agreement, Rolls-Royce had to go back to its customers to obtain approval of the same. After multiple rounds of communications between customers and Incora, the form non-disclosure agreement (the “NDA”) was approved between Incora and Rolls-Royce on September 12, 2025.

59. By September 17, 2025, Rolls-Royce had executed the NDA and provided the same to Incora for execution.

60. On October 13, 2025, Incora signed the NDA, but did not execute it in the manner required by Rolls-Royce (i.e., by using DocuSign in accordance with Rolls-Royce and Incora’s historical custom and practice).

61. On October 15, 2025, Rolls-Royce sent the NDA to Incora by DocuSign again so that it could be executed in the manner required by Rolls-Royce.

62. On October 28, 2025, Incora filed the Objection.

63. Two days later, on October 30, 2025, Incora executed the NDA by DocuSign.

64. On November 6, 2025, within a week of Incora executing the NDA, Rolls-Royce produced over 1,900 pages of documents to Incora to support the claims raised in the Application (the “Production”).

65. The substantial majority of the Production was presented to support Rolls-Royce’s claim for Customer Penalties. Specifically, such the Production demonstrated that, for each engine delivered late in respect of which Customer Penalties are claimed: (i) Incora’s failure to deliver a part on time delayed engine build and delivery; (ii) Rolls-Royce was required to pay penalties under the terms of its contracts with customers (which have been provided to Incora in confidence of nondisclosure); and (iii) Rolls-Royce, did, as a matter of fact, pay those penalties to the affected customers.

66. Since December 15, 2022, Rolls-Royce has been requesting information from Incora to support its calculations of the Order Fulfillment Fees (which, as further particularized below, Incora is contractually required to provide under the LSP Agreement).

67. Rolls-Royce has continued to request information from Incora to support its calculations of the Order Fulfillment Fees. Since the filing of the Application, Rolls-Royce has made such requests in writing to Incora’s counsel no less than three times. To date, Incora has provided no further evidence.

68. Until Incora provides further information and evidence related to Order Fulfillment Fees as required by the LSP Agreement, Rolls-Royce will be unable to finally quantify the Order Fulfillment Fees which are to be paid.

69. As a result of Incora's breaches of the LSP Agreement, parts were unavailable to Rolls-Royce which delayed engine builds.

70. This caused Rolls-Royce to deliver engines late to its customers, in breach of its customer contracts.

71. Because of Incora's breaches of contract, Rolls-Royce was required to pay its customers contractual liquidated damages (and in some instances, actual losses over and above contractual liquidated damages).

72. The substantial majority of Rolls-Royce's claims for Customer Penalties relate to parts ordered by Rolls-Royce plc that were delivered late by Incora.

73. Rolls-Royce engaged third-party consultants to work directly with Incora to address and mitigate the impact of Incora's deficient performance under the LSP Agreement, and the payments made to such third-party consultants constitute the Consultant Fees. One such third-party consultant was Porsche Consulting.

74. As stated in the Application, Rolls-Royce has additional grounds for recovery under the LSP Agreement, and Rolls-Royce has been working to confirm such amounts.

75. One such ground relates to customer penalties paid by Rolls-Royce for aircraft on ground ("AOGs") (i.e., aircraft which Rolls-Royce's customers could not utilize because Rolls-Royce was delayed in the overhaul and return of their engines because of parts being waited on from Incora).

76. Since the filing of the Application, Rolls-Royce has identified fifteen (15) engines for which Rolls-Royce paid penalties in the aggregate of \$10,715,855.20 (the "AOG Penalties") to customers because the customers' engines were delayed at overhaul by the non-availability of parts that Incora should have provided.

77. Rolls-Royce confirmed that (i) it ordered the delayed part from Incora on time and (ii) the delayed part was delivered late by Incora.

78. On November 6, 2025, Rolls-Royce provided Incora with information and details to support the calculation of the AOG Penalties.

79. In addition to the AOG Penalties, because of Incora's breaches of the LSP Agreement, it was necessary for Rolls-Royce to divert employees from their usual activities to work full-time with Incora as part of an "intervention team," which was involved with investigating, managing, and mitigating the effects of Incora's breaches of contract.

80. Given that Rolls-Royce diverted its own staff members to supplement Incora's internal functions, Incora is well aware of the important work undertaken by Rolls-Royce's intervention team at Incora's facilities during 2024.

81. Rolls-Royce has incurred at least £1,389,000.00 (c. USD \$1,856,954.10) (the "Fulfillment Wages") in wages of Rolls-Royce employees that worked at Incora's facilities to fulfill Incora's obligations under the LSP Agreement.

82. Twenty-nine (29) members of Rolls-Royce's staff worked full-time at Incora's facilities, each for a period of at least six (6) months, as set out in the following table:

<b>Role</b>	<b>No. of employees</b>	<b>Average annual salary (per employee)</b>	<b>Total cost of employees over 6 months</b>
Manager level A	2	£160,000.00	£160,000.00
Manager level B	5	£145,000.00	£362,500.00
Manager level C	11	£101,000.00	£555,500.00
Manufacturing Engineer	6	£62,000.00	£186,000.00
Staff	5	£50,000.00	£125,000.00
			<b>£1,389,000</b>

83. In addition to all other amounts set forth in the Application, Rolls-Royce also seeks to recover the AOG Penalties and the Fulfillment Wages.

84. Whilst Rolls-Royce has since done considerable work in order to calculate the amounts due to it from Incora in respect of both AOG Penalties and Fulfillment Wages, Rolls-Royce has not yet been able to calculate the additional amount due to it from Incora in respect of “engine output loss.”

85. Rolls-Royce’s claim for engine output loss arises out of the fact that Rolls-Royce has been unable to produce a number of engines for supply to its customers because of the cumulative build delay caused by Incora’s late delivery of parts.

86. Determining losses related to “engine output loss” is a complex calculation, which will likely require forensic accounting analysis.

87. For the period from February 2025 through September 2025, Rolls-Royce’s calculates that it is owed \$861,885.74 in unpaid Order Fulfillment Fees from Incora. This is a best estimate of the value of Rolls-Royce’s claim based on information available to Rolls-Royce.

88. To date, Incora has failed to provide Rolls-Royce with “full access to all data required to substantiate the Order Success Rate.”

89. Rolls-Royce needs further information from Incora to calculate the Order Success Rate and, consequently, to calculate the Order Fulfillment Fees.

90. Incora has exclusive control over certain information to support the Order Success Rate (the “Order Fulfillment Information”).

91. Rolls-Royce has requested the Order Fulfillment Information from Incora.


92. To date, Incora has refused to provide the order Fulfillment Information to Rolls-Royce.

*[SIGNATURE PAGE FOLLOWS]*



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: November 26, 2025

  
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Steve Anderson  
Vice President, Strategic Procurement and Finished Components  
Rolls-Royce plc

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

In re:

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

Debtors.<sup>1</sup>

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**ORDER (A) DENYING 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. AND (B) ALLOWING SUCH CLAIMS**

This matter is before the Court on the *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.* (Docket No. 2957) (the “Objection”)<sup>2</sup> filed by the Debtors. This Court: (i) having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and consideration of the Objection and the relief requested therein being a core proceeding pursuant to 28 U.S.C § 157(b); (ii) venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) having reviewed the Objection and all responses thereto; and (iv) after notice and a hearing; and after due deliberation and sufficient cause appearing therefore:

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Objection is DENIED as set forth herein.

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<sup>1</sup> A complete list of the Debtors in these chapter 11 cases, with each Debtor’s federal tax identification number and the address of its principal office, is available on the website of the Debtors’ noticing agent at <http://veritaglobal.net/incora/>.

<sup>2</sup> All capitalized, undefined terms herein shall have the meanings ascribed to such terms in the Objection.



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

3. *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), as supplemented by *Rolls-Royce PLC, Rolls-Royce Deutschland & Co KG, and Rolls-Royce Singapore (PTE) Ltd. 's Response in Opposition to the Reorganized Debtors' 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.*, filed on November 26, 2025, is granted in its entirety for all purposes in these chapter 11 cases.

4. Rolls-Royce is hereby allowed an administrative expense claim pursuant to 11 U.S.C. §§ 503(b)(1) and 507(a)(2) in the amount of \$37,458,113.03 for damages incurred by Rolls-Royce related to the LSP Agreement, which was assumed pursuant to that certain *Order Authorizing and Approving the Assumption and Amendment of Certain Executory Contracts with Rolls-Royce* (Docket No. 1084).

5. The Debtors are hereby authorized and directed to promptly pay to Rolls-Royce the total amount of \$37,458,113.03 in accordance with the terms set forth in the *Further Modified Second Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.* (Docket No. 2517).

6. Rolls-Royce has reserved any and all rights to seek the allowance of further administrative expense claims associated with damages resulting from the Debtors' defaults accruing on or before January 31, 2025, and are permitted, in their discretion and without prejudice, to file further applications for allowance of such administrative claims after the date hereof as information related to such damages becomes available.

7. This Order shall not limit, prejudice, or otherwise affect Rolls-Royce's rights and claims against the Debtors related to any breach or default of the LSP Agreement occurring after January 31, 2025, and all of such rights and claims are hereby reserved.

8. Notwithstanding anything to the contrary, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

9. This Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Signed: \_\_\_\_\_, 2025

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Marvin Isgur  
United States Bankruptcy Judge