

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

*In re*

**WESCO AIRCRAFT HOLDINGS, INC.,  
*et al.*,<sup>1</sup>**

Debtors.

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**DEBTORS' MOTION FOR  
ENTRY OF AN ORDER APPROVING  
2024 KEY EMPLOYEE PERFORMANCE PROGRAM**

**If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at <http://ecf.txsb.uscourts.gov/> within 21 days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within 21 days from the date this motion is filed. Otherwise, the Court may treat this pleading as unopposed and grant the relief requested.**

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



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The above-captioned debtors and debtors in possession (the “**Debtors**”<sup>2</sup> and, together with their non-Debtor subsidiaries, “**Incora**”) respectfully state as follows.

### RELIEF REQUESTED

1. By this motion (the “**Motion**”), the Debtors seek entry of an order, authorizing them to enter into and implement a key employee performance program for fiscal year 2024 (the “**2024 Performance Program**”). A proposed form of order is attached to this Motion (the “**Proposed Order**”).

2. The principal statutory bases for this Motion are sections 105(a), 363(b), and 503(c)(3) of title 11 of the U.S. Code (the “**Bankruptcy Code**”).

### JURISDICTION AND VENUE

3. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This Motion is a core proceeding under 28 U.S.C. § 157(b). Venue in the Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### PRELIMINARY STATEMENT

4. Incora seeks to maintain and implement the 2024 Performance Program, which consists of two separate performance structures: (i) an incentive-based program (the “**2024 Executive KEIP**”) for seven members of Incora’s executive team (the “**2024 Executive KEIP Participants**”) and (ii) an incentive-based program (the “**2024 Non-Executive KEIP**”) for certain key non-Insider employees (currently consisting of 41 non-executive employees) of Incora (as described in more detail below, the “**2024 Non-Executive KEIP Participants**”). The 2024 Executive KEIP and the 2024 Non-Executive KEIP are collectively referred to herein as the “**2024**

<sup>2</sup> A detailed description of the Debtors and their businesses is set forth in the Declaration of Raymond Carney in Support of Chapter 11 Petitions and First Day Motions (the “First Day Declaration”) [Docket No. 13], filed with the Debtors’ voluntary petitions for relief filed under title 11 of the United States Code (the “Bankruptcy Code”), on June 1, 2023 (the “Petition Date”). The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. An official committee of unsecured creditors was appointed on June 16, 2023; no trustee, examiner or other official committee has been appointed.

*Performance Program*,” and the 2024 Executive KEIP Participants and 2024 Non-Executive KEIP Participants together, the “**2024 Program Participants**.” The aggregate cost of the 2024 Executive KEIP (at target) is \$3,075,492, and the aggregate cost of the 2024 Non-Executive KEIP (at target) is \$2,608,310. In addition, a discretionary enhancement pool totaling \$337,440 (the “**Discretionary Enhancement Pool**”) may be allocated as additional compensation among the 2024 Program Participants (i.e., 2024 Executive KEIP Participants and/or 2024 Non-Executive KEIP Participants at Incora’s discretion).

5. The 2024 Executive KEIP provides an incentive-based bonus opportunity for the 2024 Executive KEIP Participants to drive such individuals to maximize the value of the Debtors’ estate as it approaches its emergence from these chapter 11 proceedings. The proposed incentives are critical to reward these employees and maintain exemplary business performance, which in turn minimizes potential disruption to customers, vendors, and employees and maximizes the value of the Debtors’ estates.

6. The 2024 Non-Executive KEIP provides appropriate performance-based incentives for members of senior and intermediate level management, who are below the level of the executive team (such executive team members, the “**Executive Team**”) and are not considered “insiders” of Incora. Many of these employees have deep experience working in Incora’s business and with Incora’s customers and vendors. Their efforts have been critical to maintaining Incora’s business and building support among Incora’s customers and vendors during these chapter 11 cases. Their continued service and attention will be essential to the successful conclusion of the Debtors’ chapter 11 cases.

7. Since January 2023, Incora has been working with their advisors, including Alvarez & Marsal North America, LLC (“**A&M**”), to evaluate the design of Incora’s compensation and incentive programs for the periods leading up to and following the chapter 11 filing. As part of their ongoing review process, Incora, A&M, and Incora’s board of directors (the “**Board**”) have periodically reviewed market data and analyses concerning compensation levels, program structures, and incentive and retention costs of similarly situated enterprises. In light of Incora’s

circumstances and their restructuring process, Incora and the Board, in consultation with A&M and Incora’s other advisors, previously developed, and the Court has previously approved, similar performance programs covering the portion of fiscal year 2023 following the Debtors’ chapter 11 filing in order to (a) incentivize the continued performance of the Debtors’ executive team through a program that was based 100% on the level of achievement of specified performance goals (the “**2023 KEIP**”) and (b) both retain and incentivize certain key non-Insider employees of Incora through a program that was partially based on the level of achievement of specified performance goals and partially based on time-based service requirements (the “**2023 KERP**” and, together with the 2023 KEIP, the “**2023 Performance Program**”). In addition, prior to the Petition Date, certain members of Incora’s executive team (including six 2024 Executive KEIP Participants) received retention payments (subject to clawback if the recipient voluntarily terminated their employment without good cause or were terminated for cause within the retention period) totaling \$4,359,969 in fiscal year 2023 (the “**2023 Prepetition Retention Awards**”) and incentive-based payments of \$194,000 in fiscal year 2023 (the “**2023 Prepetition Incentive Awards**” and, together with the 2023 Prepetition Retention Awards, the “**2023 Prepetition Awards**”).

8. Except as otherwise described in this Motion with respect to specific performance benchmarks and timing, the structure of the 2024 Executive KEIP is generally similar to the previously approved 2023 KEIP and the structure of the 2024 Non-Executive KEIP is generally similar to the previously approved 2023 KERP, other than with respect to the consolidation of certain performance metrics, potentially larger performance-based payments and—importantly—elimination of the retention-based component of the 2023 KERP in the 2024 Non-Executive KEIP. As a result, the 2024 Performance Program will be based entirely on ten performance-based metrics with no retention components. It is important to note that these performance-based metrics and the applicable target levels were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown. Although this Motion is being filed in May of 2024, the 2024 Program Participants have been working toward achievement of these metrics since the beginning

of the 2024 calendar year. However, in order to ensure that the 2024 Performance Program is truly incentivizing, Incora has structured the 2024 Performance Program such that awards payable in respect of the first and second quarters of 2024 take into account performance of the applicable performance metrics measured on a cumulative basis over the full first half of 2024, as further described below.

9. The 2023 Prepetition Awards (which were not part of the 2023 Performance Program approved by the Court) represented a substantial portion of total 2023 awards to executives. Elimination of retention payments (both in the form of the 2023 KERP and the 2023 Prepetition Retention Awards), together with other features of the 2024 Performance Program, is expected to reduce the aggregate cost of the 2024 Performance Program (at target) by \$6,316,719 compared to the sum of the 2023 Prepetition Awards plus the actual payments under the 2023 Performance Program.

10. The success of Incora's business—both before and after the chapter 11 cases—depends upon properly incentivizing the 2024 Program Participants. The seven 2024 Executive KEIP Participants are intimately and uniquely involved in the formulation of Incora's restructuring strategy and are responsible for leading Incora's strategic plans. The 2024 Non-Executive KEIP Participants form the backbone of Incora's day-to-day business functions and, although they do not determine Incora's broader corporate policy, they are critical to Incora's ongoing operations. As a function of the massive scale of Incora's global operations, and by extension the number of employees covered by Incora's other compensation programs, the 2024 Non-Executive KEIP Participants represent an intermediate tier of management between the Executive Team and Incora's individual contributors.

11. Under the 2024 Executive KEIP, the 2024 Executive KEIP Participants are eligible to earn awards (measured and paid based on cumulative year-to-date performance at the end of the first half, third quarter and fourth quarter of 2024) if Incora achieves certain performance metrics. Awards are based on employee-specific weightings of the following metrics: (a) for each executive, EBITDA (at a weighting of either 100% or 50%), (b) with respect to the President of Global

Hardware only, gross profits of the Global Hardware business line (at a weighting of 50%), (c) with respect to the President of Global Chemicals only, gross profits of the Global Chemicals business line (at a weighting of 50%) and (d) with respect to the Chief Operating Officer of Functional Excellence only, inventory turnover (at a weighting of 50%). The metrics appropriately align the incentives of the 2024 Executive KEIP Participants with Incora's overall performance because each is indicative of Incora's overall financial health and growth. Moreover, the metrics are challenging enough to incentivize exemplary performance. As stated above, these performance-based metrics and the applicable target levels were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown, and the 2024 Executive KEIP Participants have been working toward achievement of these metrics since the beginning of the 2024 calendar year. However, in order to ensure that the 2024 Performance Program is truly incentivizing, Incora has structured the 2024 Executive KEIP so that awards payable in respect of the first and second quarters of 2024 ultimately reflect, in the aggregate, the cumulative level of performance achievement measured over the full first half of 2024. The applicable performance metrics, as measured over the first quarter, were achieved slightly above "target" level, and the 2024 Executive KEIP Participants will receive, within 45 days following the end of the first quarter, a payment equal to such 2024 Executive KEIP Participant's target award for the first quarter. In the event that cumulative performance for the full first half of 2024 falls below the "target" level established for such period, then the award payable following the second quarter will be reduced accordingly in order to reflect that less than the target award for such period has been earned, and in the event that cumulative performance for the first full half of 2024 would result in higher than "target" level being achieved, the award payable following the second quarter will be increased accordingly, such that, in each case, the Executive KEIP Participant's aggregate award for the first and second quarters reflect the level of performance achieved as measured on a cumulative basis for the full first half of 2024. Awards for the third and fourth quarters will be earned based on cumulative year-to-date performance measured following the applicable quarter.

12. The 2024 Non-Executive KEIP is generally structured the same as the 2024 Executive KEIP.

13. As described in the Declaration of Allison Hoeinghaus in Support of the 2024 Performance Program (the “*Hoeinghaus Declaration*”), attached hereto as Exhibit A, the 2024 Performance Program is reasonably sized and consistent with comparable precedent. Further, as described in the Declaration of Brian Cejka in Support of the 2024 Performance Program (the “*Cejka Declaration*”), attached hereto as Exhibit B, the 2024 Performance Program was based on a detailed review of Incora’s financial projections and key drivers. Incora therefore believes that the 2024 Performance Program complies with sections 363 and 503 of the Bankruptcy Code.

14. Incora and their advisors have engaged with the First Lien Noteholder Group with respect to the 2024 Performance Program, including through diligence, discussion, and ongoing dialogue. Incora has provided information and shared materials with the First Lien Noteholder Group, and the 2024 Performance Program addresses comments received from the First Lien Noteholder Group, including regarding program design, cost, and the financial metrics and targets necessary to earn any performance-based awards. Incora has also engaged the official committee of unsecured creditors (the “*Creditors’ Committee*”) on a similar basis. Incora intends to continue dialogue with the First Lien Noteholder Group, the Creditors’ Committee and other key stakeholder groups in order to build consensus around this vital program.

15. Implementation of the 2024 Performance Program is reasonable, within Incora’s sound business judgment, and satisfies the requirements for approval under the Bankruptcy Code. The 2024 Program Participants hold irreplaceable industry experience and knowledge of Incora’s businesses, assets, liabilities, vendors, customers, and operations. They—along with Incora’s individual contributors, whose incentive programs were approved pursuant to the Wages Motion—are the keystone to a value-maximizing restructuring. Accordingly, and for the reasons set forth below, Incora respectfully requests that the Court approve the 2024 Performance Program.

16. The 2024 Performance Program builds on and appropriately modifies the employee performance structures that Incora implemented over the course of 2023. A substantial portion of

2023 compensation for executives was paid prior to the Petition Date in the form of 2023 Prepaid Retention Awards and 2023 Prepetition Incentive Awards. On September 6, 2023, the Court authorized the implementation of the 2023 KEIP and the 2023 KERP in the forms described above. On October 30, 2023, the Court authorized the modification of the 2023 Performance Program to permit Daniel Gubichuk to participate in the 2023 KEIP rather than the 2023 KERP, effective upon the date of his promotion from a non-executive position to the position of “President of Global Chemicals” on October 2, 2023.

### **PERFORMANCE PROGRAM STRUCTURE**

17. Due to the importance of the 2024 Program Participants to the success of Incora’s business and restructuring, Incora, together with A&M, worked to develop a program for fiscal year 2024 to continue the performance-based awards historically provided to such employees (including in connection with the 2023 Performance Program previously approved by the Court). As stated above, the performance-based metrics and the applicable target levels included in the 2024 Performance Program were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown. Although this Motion is being filed in May of 2024, the 2024 Program Participants have been working toward achievement of these metrics since the beginning of the 2024 calendar year.

#### **A. 2024 Executive KEIP Participants**

18. The 2024 Executive KEIP Participants include the following seven members of Incora’s Executive Team:

| <b>Name</b>       | <b>Title</b>                                     |
|-------------------|--|
| David Coleal      | Chief Executive Officer                          |
| Kevin Matthies    | President of Global Hardware                     |
| Daniel Gubichuk   | President of Global Chemicals                    |
| Wayne Hollinshead | Chief Operating Officer of Functional Excellence |
| Raymond Carney    | Chief Financial Officer                          |



|              |                              |
|--------------|------------------------------|
| Dave Fawcett | Chief Commercial Officer     |
| Dawn Landry  | Chief Administrative Officer |

19. As members of the Executive Team, the 2024 Executive KEIP Participants are responsible for executing Incora's strategic direction and ensuring achievement of Incora's business goals. In addition to their substantial day-to-day responsibilities, these executives have generally seen their workloads expand significantly as a result of the continuation of these chapter 11 cases and in preparation for the Debtors' anticipated emergence from chapter 11. While such responsibilities are inherent to the 2024 Executive KEIP Participants' duties as leaders of a company navigating chapter 11, the additional challenges these responsibilities pose must be factored into consideration of the 2024 Executive KEIP Participants' capacity to achieve performance goals.

20. The 2024 Executive KEIP Participants have played and will continue to play a central role in Incora's business and are critical to Incora's business performance and overall success. Specifically, the 2024 Executive KEIP Participants are expected to contribute meaningfully to Incora's restructuring and creditor recoveries by taking the following actions, among others:

- operating Incora's businesses;
- reducing operating and capital expenses while maintaining and improving operating excellence;
- leading and supporting negotiations with vendors, customers, and other key constituents;
- maintaining Incora's business and operations and identifying key contracts and relationships required to continue successful operations post-emergence;
- complying with certain postpetition financing covenants that require Incora to comply with approved budgets and exceed certain levels of minimum liquidity;
- negotiating certain aspects of Incora's post-emergence capital structure and financing covenants; and
- successfully and efficiently managing Incora's restructuring process, including by minimizing restructuring-related expenses and optimizing the time spent in chapter 11.

Each of these actions will preserve and maximize value for the Debtors, their estates, and their stakeholders.

21. Due to their authority as senior executives, as well as their appointment by and/or reporting to the Board, the 2024 Executive KEIP Participants are “insiders” as such term is defined under section 101(31) of the Bankruptcy Code.

22. If any of the above-named members of Incora’s Executive Team ceases to be a 2024 Executive KEIP Participant, any awards that would otherwise have been payable under the 2024 Executive KEIP to the departing 2024 Executive KEIP Participant will be allocated to the Discretionary Enhancement Pool and may be applied to a new 2024 Executive KEIP Participant or a new or incumbent 2024 Non-Executive KEIP Participant. For the avoidance of doubt, the First Lien Noteholder Group will (a) have consent rights over any application of the Discretionary Enhancement Pool to a new 2024 Executive KEIP Participant, (b) have consent rights over any application of the Discretionary Enhancement Pool to a new or incumbent 2024 Non-Executive KEIP Participant, if such amount to be applied is in excess of \$50,000, and (c) be notified of any other applications of the Discretionary Enhancement Pool.

**B. 2024 Non-Executive KEIP Participants**

23. The 2024 Non-Executive KEIP Participants are 41 of Incora’s employees who fall below the Executive Team level. The 2024 Non-Executive KEIP Participants perform a broad array of important business functions but are not ultimately responsible for the performance of the business as a whole. For instance, certain 2024 Non-Executive KEIP Participants are responsible for the day-to-day operations of the Incora warehouses, serve as critical points of contact for customers, or are responsible for procuring critical goods from Incora’s suppliers. In addition to their substantial day-to-day responsibilities, as a result of the continuation of these chapter 11 cases and preparation for the Debtors’ anticipated emergence from chapter 11, these individuals have generally seen their workloads expand well beyond the scope of their prepetition duties.

24. Some of the 2024 Non-Executive KEIP Participants’ titles include labels such as “senior vice president,” “vice president,” or “general manager.” Despite such titles, and notwithstanding their importance to Incora’s operations, the 2024 Non-Executive KEIP Participants are not responsible for formulating Incora’s corporate strategy. None of the 2024 Non-

Executive KEIP Participants (a) were appointed or hired by the Board, (b) exercise managerial control over Incora's overall operations, or (c) direct Incora's corporate policy or governance. Accordingly, none of the 2024 Non-Executive KEIP Participants are "insiders" as that term is defined by the Bankruptcy Code.

25. If any of the proposed 2024 Non-Executive KEIP Participants ceases to be a 2024 Non-Executive KEIP Participant, any awards that would otherwise have been payable under the 2024 Non-Executive KEIP to the departing 2024 Non-Executive KEIP Participant will be allocated to the Discretionary Enhancement Pool and may be applied to a new 2024 Executive KEIP Participant or a new or incumbent 2024 Non-Executive KEIP Participant. For the avoidance of doubt, the First Lien Noteholder Group will (a) have consent rights over any application of the Discretionary Enhancement Pool to a new 2024 Executive KEIP Participant, (b) have consent rights over any application of the Discretionary Enhancement Pool to a new or incumbent 2024 Non-Executive KEIP Participant, if such amount to be applied is in excess of \$50,000, and (c) be notified of any other applications of the Discretionary Enhancement Pool.

### C. **2024 Executive KEIP Design and Structure**

26. The 2024 Executive KEIP is designed to maximize the value of the estates for all stakeholders by (a) rewarding essential employees if critical goals are satisfied in the periods around a critical transition (i.e., emergence from chapter 11) and (b) motivating employees during a period of uncertainty and increased workload. The 2024 Executive KEIP contains the following primary design features:

- ***Incentives.*** All of the 2024 Executive KEIP Participants may be eligible to receive certain cash awards. The 2024 Executive KEIP would provide an incentive program for the Executive Team with payout ranges for "threshold" (payout starting at 25% of target award at 90% of target performance to 50% of target award at 99.9% of target performance), "target" (payout of 100% of target award at 100% of target performance) and "maximum" (payout of 200% of target award at 120% of target performance) versus certain performance metrics (the "***Periodic Executive KEIP Payments***").

|                         | Threshold | Target | Max  |
|-------------------------|-----------|--------|------|
| % of Target Performance | 90%       | 100%   | 120% |
| % of Target Award       | 25%       | 100%   | 200% |

- **Timing.**
  - **Performance Periods.** The 2024 Executive KEIP awards will be paid for individual periods covering fiscal year 2024. Company performance under the 2024 Executive KEIP was initially measured following the end of the first quarter and will be measured on a cumulative basis at the end of the first fiscal half, the end of the third fiscal quarter and the end of the fourth fiscal quarter.
  - **Payment Dates.** The Periodic Executive KEIP Payments will be paid in installments following the end of each quarter, with any payment to be made in respect of the second quarter being adjusted to reflect cumulative performance measured over the full first half of 2024, as described in more detail above. Payments for performance periods will be made as soon as practicable after the end of each performance period, subject to continued employment and—to the extent any such payments occur prior to emergence from chapter 11—Court approval pursuant to this Motion.
- **Performance Metrics.** With respect to the Periodic Executive KEIP Payments, no incentive amounts will be earned during a performance period if the periodic pre-requisite adjusted EBITDA metric (the “***Gating Metric***”) is not satisfied on a cumulative basis through that performance period. If the Gating Metric is satisfied for a given performance period, specific performance metrics (and weighting thereof) vary by individual, but include (a) for each executive, EBITDA (at a weighting of either 100% or 50%), (b) with respect to the President of Global Hardware only, gross profits of the Global Hardware business line (at a weighting of 50%), (c) with respect to the President of Global Chemicals only, gross profits of the Global Chemicals business line (at a weighting of 50%) and (d) with respect to the Chief Operating Officer of Functional Excellence only, inventory turnover (at a weighting of 50%). The performance metrics and weightings for the 2024 Executive KEIP Participants are illustrated below:

| Executive      | Title                        | Gating Metric                  | EBITDA | Individual Goals                 |           |
|----------------|------------------------------|--------------------------------|--------|----------------------------------|-----------|
|                |                              |                                |        | Metric                           | Weighting |
| David Coleal   | Chief Executive Officer      | EBITDA = \$108.5M <sup>3</sup> | 100%   | N/A                              | 0%        |
| Kevin Matthies | President of Global Hardware |                                | 50%    | Gross Profits of Global Hardware | 50%       |

<sup>3</sup> Reflects the threshold of 90% of the annual EBITDA target

|                   |  |  |      |                                   |     |
|-------------------|--|--|------|-----------------------------------|-----|
| Daniel Gubichuk   | President of Global Chemicals                    |  | 50%  | Gross Profits of Global Chemicals | 50% |
| Wayne Hollinshead | Chief Operating Officer of Functional Excellence |  | 50%  | Inventory Turns                   | 50% |
| Raymond Carney    | Chief Financial Officer                          |  | 100% | N/A                               | 0%  |
| Dave Fawcett      | Chief Commercial Officer                         |  | 100% | N/A                               | 0%  |
| Dawn Landry       | Chief Administrative Officer                     |  | 100% | N/A                               | 0%  |

- Payout Ranges.** The Periodic Executive KEIP Payments will provide for potential payments between threshold, target and maximum. Threshold performance represents between 25 percent (representing between 12.5 percent and 25 percent of base salaries) to 50 percent (representing between 25 percent and 50 percent of base salaries) of target payment, paid on a linear basis for performance between 90.0 percent and 99.9% of target. Achievement of target performance results in a 100 percent payout for a given metric (representing between 50 percent and 100 percent of base salaries). Achievement of maximum performance results in a 200 percent payment for a given metric (representing between 100 percent and 200 percent of base salaries). Linear interpolation of such payments will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance (e.g., performance of 110% of target performance will result in a payment of 150% of target award).

| Performance Level   | Below Threshold | Threshold Award (at % of target performance)   | Target Award | Maximum Award |
|---|-----------------|--|--------------|---------------|
| Payout of Periodic Executive KEIP Payments at Performance Level | 0%              | 25% (at 90.0%) to 50% (at 99.9%)               | 100%         | 200%          |
| Aggregate Cash Value of Periodic Executive KEIP Payments        | \$0             | \$768,873 (at 90.0%) to \$1,537,746 (at 99.9%) | \$3,075,492  | \$6,150,985   |

- Termination of Employment.** A 2024 Executive KEIP Participant is only entitled to a Periodic Executive KEIP Payment if they are employed by Incora on the payment date.

27. A summary of minimum, median, and maximum 2024 Executive KEIP awards (assuming target performance), for the 2024 Executive KEIP Participants is provided below:

| Employee Group                   | Average Base Salary | Min 2024 Executive KEIP Award (Target) | Median 2024 Executive KEIP Award (Target) | Max 2024 Executive KEIP Award (Target) |
|----------------------------------|---------------------|--|---|--|
| 2024 Executive KEIP Participants | \$520,332           | \$237,510                              | \$372,783                                 | \$1,000,000                            |

28. A summary of minimum, median, and maximum 2024 Executive KEIP awards (assuming maximum performance), for the 2024 Executive KEIP Participants is provided below:

| Employee Group                   | Average Base Salary | Min 2024 Executive KEIP Award (Maximum) | Median 2024 Executive KEIP Award (Maximum) | Max 2024 Executive KEIP Award (Maximum) |
|----------------------------------|---------------------|---|--|---|
| 2024 Executive KEIP Participants | \$520,332           | \$475,020                               | \$745,566                                  | \$2,000,000                             |

**D. 2024 Non-Executive KEIP Design and Structure**

29. The 2024 Non-Executive KEIP was designed to incentivize the 2024 Non-Executive KEIP Participants. The 2024 Non-Executive KEIP contains the following primary design features:

- **Incentives.** The 2024 Non-Executive KEIP would provide incentive payments to a total of 41 employees with payout ranges for “threshold” (payout of between 25% of target award at 90% of target performance to 50% of target award at 99.9% of target performance), “target” (payout of 100% of target award at 100% of target performance) and “maximum” (payout of 200% of target award at 120% of target performance) versus performance metrics (the “***Periodic Non-Executive KEIP Payments***” and, together with the Periodic Executive KEIP Payments, the “***Periodic KEIP Payments***”). The total cost of the Periodic Non-Executive KEIP Payments (at target) would be \$2,608,310. The total cost of the Periodic Non-Executive KEIP Payments (at maximum) would be \$5,216,620. Linear interpolation will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance.

|                                | <b>Threshold Award (at % of Target Performance)</b> | <b>Target Award</b> | <b>Maximum Award</b> |
|--------------------------------|---|---------------------|----------------------|
| <b>% of Target Performance</b> | 90%   | 100%                | 120%                 |
| <b>% of Target Award</b>       | 25% (at 90.0%) to 50% (at 99.9%)                    | 100%                | 200%                 |

- **Timing.**
  - ***Performance Periods.*** Company performance under the 2024 Non-Executive KEIP was initially measured following the end of the first quarter and will be measured on a cumulative year-to-date basis at the end of the first fiscal half, the end of the third fiscal quarter and the end of the fourth fiscal quarter.
  - ***Payment Dates.*** The Periodic Non-Executive KEIP Payments will be paid in installments following the end of each quarter, with any payment to be made in respect of the second quarter being adjusted to reflect cumulative performance measured over the full first half of 2024, as described in more detail above. Payments for performance periods will be made as soon as practicable after the end of each performance period, subject to continued employment and—to the extent any such payments occur prior to emergence from chapter 11—Court approval pursuant to this Motion.
- **Termination of Employment.** A 2024 Non-Executive KEIP Participant is only entitled to Periodic Non-Executive KEIP Payments if they are employed by Incora on the applicable payment date.

**E. Discretionary Enhancement Pool.**

30. A Discretionary Enhancement Pool totaling \$337,440 may be allocated as additional compensation among the 2024 Program Participants (2024 Executive KEIP Participants and/or 2024 Non-Executive KEIP Participants).

**BASIS FOR RELIEF**

**I. THE 2024 PERFORMANCE PROGRAM SHOULD BE APPROVED PURSUANT TO SECTIONS 363(B) AND 503(C) OF THE BANKRUPTCY CODE.**

31. The Court should grant the relief requested because (a) the implementation of the proposed 2024 Performance Program reflects a reasonable exercise of the Debtors' business judgment and, therefore, is appropriate under section 363(b) of the Bankruptcy Code; and (ii) the 2024 Performance Program satisfies section 503(c) of the Bankruptcy Code because (i) the 2024

Performance Program (including the portion that applies to “insiders”—i.e., the 2024 Executive KEIP program) is not a retention bonus due to its incentive-based structures, (b) the 2024 Non-Executive KEIP does not provide for payments to “insiders” as that term is defined in section 101(31) of the Bankruptcy Code, and (c) the 2024 Performance Program is justified by the facts and circumstances of these chapter 11 cases.

**A. The 2024 Performance Program Reflects a Sound Exercise of the Debtors’ Business Judgment.**

32. Implementation of the 2024 Performance Program constitutes a sound exercise of the Debtors’ business judgment and should be approved under section 363(b)(1) of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code provides that a debtor “after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1); *In re Viking Offshore (USA), Inc.*, 08-31219-H3-11, 2008 WL 1930056, at \*2 (Bankr. S.D. Tex. Apr. 30, 2008) (applying the business judgment rule to determine whether Incora’s proposed bonuses were justified outside the ordinary course of business).

33. The Debtors’ decision to implement the 2024 Performance Program is a sound exercise of the Debtors’ business judgment because the program encourages both the 2024 Executive KEIP Participants and the 2024 Non-Executive KEIP Participants to achieve and exceed financial and operational metrics necessary to generate value for the Debtors’ estates, to the benefit of all parties in interests. The 2024 Executive KEIP addresses Incora’s need to appropriately incentivize the 2024 Executive KEIP Participants in order to maximize Incora’s business performance during these chapter 11 cases. Incora’s business performance is, of course, critical to maximizing value of the estates, and Incora believes that creating proper incentives to achieve that goal is a necessary means to that end. The 2024 Program Participants include Incora’s business leaders, as well as those managers most attuned to the day-to-day operations of the company. Thus, they possess skills, knowledge, and experience that is vital to Incora’s performance. The 2024 Performance Program is structured to drive performance by the 2024 Program Participants. As discussed in the Hoeinghaus and Cejka Declarations, the 2024 Performance Program was formed after substantial market research and it sets appropriate and reasonable compensation award



opportunities. Incora submits that the performance targets are suitable to encourage performance at levels that will inure to the benefit of Incora's stakeholders. Thus, implementation of the 2024 Performance Program is a sound exercise of the Debtors' business judgment.

**B. The 2024 Performance Program Satisfies Section 503(c) of the Bankruptcy Code.**

34. The 2024 Performance Program satisfies section 503(c) of the Bankruptcy Code because both the 2024 Executive KEIP and the 2024 Non-Executive KEIP rely exclusively on incentive-based structures and do not provide retention bonuses, and the 2024 Non-Executive KEIP does not provide for payments to "insiders" as that term is defined in section 101(31) of the Bankruptcy Code. Moreover, the 2024 Performance Program is justified by the facts and circumstances of these chapter 11 cases.

***I. The 2024 Executive KEIP Is an Incentive-Based Program to Which Section 503(c)(1) Does Not Apply<sup>4</sup>***

35. Section 503(c)(1) of the Bankruptcy Code imposes substantial limitations on retention-based insider compensation programs but does not apply to performance-based incentive plans. See, e.g., *In re Velo Holdings, Inc.*, 472 B.R. 201, 209–10 (Bankr. S.D.N.Y. 2012) (finding that an incentive-based plan alleviated the need for a section 503(c)(1) analysis); *In re Borders Grp. Inc.*, 453 B.R. 459, 471 (Bankr. S.D.N.Y. 2011) (finding that the debtors met the burden to establish that the incentive plan was incentivizing, "thereby alleviating the need for a section 503(c)(1) analysis"). In determining whether an employee bonus plan is incentivizing, courts consider whether the plan is "designed to motivate insiders to rise to a challenge or merely report to work." *In re Hawker Beechcraft, Inc.*, 479 B.R. 308, 313 (Bankr. S.D.N.Y. 2012). This analysis further recognizes that all compensation, to some degree, has a retentive element. See *In re Glob. Home Prods., LLC*, 369 B.R. 778, 786 (Bankr. D. Del. 2007) ("The fact . . . that all compensation has a retention element does not reduce the Court's conviction that [the] Debtors' primary goal [is]

<sup>4</sup> Because Section 503(c)(1) of the Bankruptcy Code only addresses "insider" compensation, this subsection focuses on that portion of the 2024 Performance Program that permits "insider" participation (i.e., the 2024 Executive KEIP), notwithstanding the fact that the discussion generally applies equally to the incentive-based, non-retention-based, compensation provided by the 2024 Non-Executive KEIP.

to create value by motivating performance.”). Rather, the focus is on whether the plan is, on the whole, truly incentivizing in nature by demanding a “stretch” before an award opportunity is achieved. *In re Dana Corp.*, 358 B.R. 567, 581 (Bankr. S.D.N.Y. 2006); accord *Glob. Home Prods.*, 369 B.R. at 785 (“The entire analysis changes if a bonus plan is not primarily motivated to retain personnel or is not in the nature of severance.”).

36. The 2024 Executive KEIP does not provide bonuses for retention, but rather, allocates payments to the seven members of the Executive Team who are most critical to maximizing the value of Incora’s business. The 2024 Executive KEIP has been carefully crafted to ensure it directly incentivizes the Executive Team to meet the outlined objectives.

37. To the extent the 2024 Executive KEIP may incidentally encourage the 2024 Executive KEIP Participants to remain employed with Incora through the conclusion of the chapter 11 cases, that should not bar implementation of the 2024 Executive KEIP. Indeed, all successful incentive plans have the indirect benefit of incentivizing an employee to remain with the company. See *Alpha Nat. Res., Inc.*, 546 B.R. 348, 356 (Bankr. E.D. Va. 2016) (“[A] KEIP that merely has some retentive effect should not be analyzed under § 503(c)(1).”). As discussed herein, payouts under the 2024 Executive KEIP require more than merely remaining employed; they require completion of certain operational and financial performance targets that are challenging to achieve. There is no guarantee that the 2024 Executive KEIP Participants will receive payouts. Accordingly, the Bankruptcy Code does not bar the implementation of the 2024 Executive KEIP.

## **2. Section 503(c)(1) Does Not Apply to the 2024 Non-Executive KEIP**

38. Section 503(c)(1) is not applicable in evaluating the 2024 Non-Executive KEIP either, because none of the 2024 Non-Executive KEIP Participants are “insiders” as such term is defined in section 101(31) of the Bankruptcy Code. The Bankruptcy Code defines an “insider” to include, among other things, an “officer of the debtor” and a “person in control of the debtor.” 11 U.S.C. § 101(31). Courts have also concluded that an employee may be an “insider” if such employee has “at least a controlling interest in the debtor or . . . exercise[s] sufficient authority over the debtor so as to unqualifiably dictate corporate policy and the disposition of corporate

assets.” *Velo Holdings*, 472 B.R. at 208. It is well-established that an employee’s job title does not alone make such employee an “insider” as defined by the Bankruptcy Code. *Borders Grp.*, 453 B.R. at 469 (noting that “[c]ompanies often give employees the title ‘director’ or ‘director level,’ but do not give them decision-making authority akin to an executive” and concluding that certain “director level” employees in that case were not insiders).

39. The 2024 Non-Executive KEIP Participants do not have discretionary control over any substantial budgetary amounts or the ability to dictate company policy. Although certain of the 2024 Non-Executive KEIP Participants hold titles such as “director”, “senior vice president”, or “vice president,” such employees must obtain approval from senior management before taking any action with respect to the disposition of significant assets. Moreover, no 2024 Non-Executive KEIP Participant is a member of the Board and none participates in Incora’s corporate governance. Additionally, none of the 2024 Non-Executive KEIP Participants had any say or influence on any aspect of the 2024 Performance Program or its ultimate formulation. Accordingly, section 503(c)(1) is inapplicable in evaluating the 2024 Non-Executive KEIP.

**C. The 2024 Performance Program is Justified by the Facts and Circumstances of These Cases.**

40. Section 503(c)(3) of the Bankruptcy Code permits payments to a debtor’s employees outside the ordinary course of business if such payments are justified by “the facts and circumstances of the case.” 11 U.S.C. § 503(c)(3). In determining whether a particular program is justified under the facts and circumstances of a particular case, courts consider whether “the KEIP’s implementation will serve the interests of creditors and the debtor’s estate.” *In re Country Fresh Holding Co.*, No. 21-30574, 2021 WL 2932680, at \*10 (Bankr. S.D. Tex. July 12, 2021). Courts consider several factors in determining whether a particular program is justified under the facts and circumstances of a particular case, including: (a) whether the plan is calculated to achieve the desired performance; (b) whether the cost of the plan is reasonable in the context of a debtor’s assets, liabilities, and earning potential; (c) whether the scope of the plan is fair and reasonable or discriminates unfairly among employees; (d) whether the plan is consistent with industry standards; (e) whether the debtor performed due diligence in investigating the need for the plan;

and (f) whether the debtor received independent advice in performing due diligence with respect to creating and authorizing the plan. See *Glob. Home Prods.*, 369 B.R. at 786; *Dana Corp.*, 358 B.R. at 576–577. No single factor is dispositive, and the Court has discretion to weigh each of these factors based on the specific facts and circumstances before it. See *Dana Corp.*, 358 B.R. at 576 (“[S]ection 503(c)(3) gives the court discretion as to bonus and incentive plans, which are not primarily motivated by retention or in the nature of severance.”). As set forth below, the 2024 Performance Program satisfies all of these factors:

- ***The 2024 Performance Program Is Calculated to Achieve Desired Performance:*** The 2024 Performance Program encourages Incora’s key employees to achieve optimal business performance goals that will drive a successful restructuring. In particular, achievement of the performance metrics under both the 2024 Executive KEIP and the 2024 Non-Executive KEIP will require substantial efforts from the 2024 Executive KEIP Participants and 2024 Non-Executive KEIP Participants, respectively, at a critical transition period for Incora in the midst of a challenging financial situation and operating environment. Moreover, the performance metrics are tailored to individual 2024 Program Participants in a manner that properly ties such member’s potential awards to the metrics they influence. The 2024 Program Participants cannot “go through the motions” and attain the performance metrics and, therefore, no award will be earned without substantial outperformance by the 2024 Program Participants.
- ***The Cost of the 2024 Performance Program Is Reasonable:*** As discussed in detail below, the cost of the 2024 Performance Program is reasonable. The size of the aggregate 2024 Executive KEIP and all individual awards were based on market benchmarking, analyses of 29 distressed incentive and retention programs implemented by similarly situated companies, and discussions with the Compensation Committee, the Board, and Incora’s advisors. The cost of the 2024 Executive KEIP falls within the range of costs of similar programs implemented in comparable chapter 11 restructurings. The annual cost of the 2024 Executive KEIP is \$3,075,492 at target performance and \$6,150,985 at maximum performance. The annual cost of the 2024 Executive KEIP at target and maximum performance is at the 18th and 60th percentiles, respectively, of annualized combined KEIP and pre-petition retention plans among comparable restructurings. When compared against the average payout per participant at target and maximum performance, the 2024 Executive KEIP fell at the 3rd and 33rd percentiles, respectively, of market. When compared against the average payout as a percentage of base salary, the 2024 Executive KEIP would have been the lowest-cost program in the sample at target performance and fell at the 31st percentile of market at maximum performance. The annual cost of the 2024 Non-Executive KEIP (with 41 2024 Non-Executive KEIP Participants) is \$2,608,310 at target performance and \$5,216,620 at maximum performance. Furthermore, at target performance (and assuming no Discretionary Enhancement Pool awards), the seven 2024 Executive KEIP Participants’ combined total direct compensation for 2024 (i.e., base salaries plus 2024

Executive KEIP awards) will be 29% less than their combined total direct compensation for 2023 (i.e., base salaries plus 2023 Prepetition Awards plus actual payments under the 2023 KEIP). In addition, a Discretionary Enhancement Pool totaling \$337,440 may be allocated as additional compensation among the 2024 Program Participants.

- ***The Scope of the 2024 Performance Program Is Fair and Reasonable:*** The 2024 Program Participants include only Incora's Executive Team and a limited set of Incora's senior management team. These individuals drive Incora's performance and are critical to ensuring the success of Incora's business and reorganization and the Debtors' emergence from chapter 11.
- ***The 2024 Performance Program Comports with Industry Standards:*** To evaluate an appropriate compensation structure for the 2024 Executive KEIP Participants, A&M gathered external market compensation data from several data sources, encompassing a representative database of compensation information for comparable industries and labor markets. Absent the 2024 Executive KEIP, A&M determined that 2024 Executive KEIP Participants would be compensated below industry standards for their positions. With the potential 2024 Executive KEIP awards, the 2024 Executive KEIP Participants' total compensation will be within an appropriate range of total compensation for Incora's industry, particularly considering the additional duties and challenges faced by the 2024 Executive KEIP Participants and the sizable goals that must be achieved in order to receive full awards. Furthermore, the total compensation for the 2024 Executive Participants is reasonable compared to relevant benchmarks in Incora's industry. After taking the 2024 Executive KEIP into account, the 2024 Executive KEIP Participants' 2024 target total direct compensation would still be well below the 25th percentile of market on average, and no 2024 Executive KEIP Participant exceeds the 25th percentile of market individually. Target total direct compensation for the 2024 Executive KEIP Participants at target performance for 2024 would represent a 29% decrease from 2023 compensation levels.
- ***Incora Was Duly Diligent in Formulating the 2024 Performance Program:*** Incora, with the assistance of A&M and their other restructuring advisors, performed substantial diligence on their employees' prepetition compensation. This included comparing their employees' compensation, both with and without award-based compensation, to market comparables. As a result of that diligence, Incora sized the 2024 Performance Program in a manner consistent with the existing market. As stated above, these performance-based metrics and the applicable target levels were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown, and the 2024 Executive KEIP Participants have been working toward achievement of these metrics since the beginning of the 2024 calendar year.
- ***Incora Developed the 2024 Performance Program with Independent Advice and Oversight:*** Incora actively sought input from A&M and their other legal, financial, and compensation advisors during the development process. This process leaned heavily on

A&M's specific compensation-related expertise and analysis, oversight, and approval by the Board after multiple meetings discussing the 2024 Performance Program.

41. Accordingly, the 2024 Performance Program satisfies section 503(c)(3) of the Bankruptcy Code and is justified under the facts and circumstances of these chapter 11 cases.

## **II. REASONABLENESS OF THE 2024 PERFORMANCE PROGRAM**

42. Incora believes that appropriate incentive-based compensation opportunities are an important tool to drive performance from both their insider and non-insider employees. Thus, Incora has evaluated their executive and non-executive compensation programs with the benefit of oversight and guidance from A&M and their other financial and legal advisors. The proposed award opportunities were informed by A&M's benchmarking analysis against Incora's industry peers, as well as a review of compensation programs approved in other chapter 11 cases. The proposed award opportunities and performance targets under the 2024 Performance Program were vetted by the Board and advisors.

43. If approved, the 2024 Performance Program would provide an aggregate target opportunity of approximately \$6 million (at target), and an aggregate maximum opportunity of approximately \$11.7 million (at maximum), including the Discretionary Enhancement Pool (\$337,440) to be earned for performance through December 2024. Incora respectfully submits that these award opportunities represent a reasonable, market-based approach to incentivize the Program Participants in accordance with their performance and are justified under the circumstances of these chapter 11 cases.

### **A. The 2024 Executive KEIP is Reasonable with Respect to 2024 Executive KEIP Participants.**

44. As set forth further in the Hoeninghaus Declaration, the 2024 Executive KEIP is reasonable in light of competitive market practice for companies in Incora's business segment. Assuming the 2024 Executive KEIP is approved, aggregate target total direct compensation opportunities for 2024 Executive KEIP Participants, reflecting the sum of current base salaries and target 2024 Executive KEIP performance award opportunities, would be at approximately the 18th percentile of the competitive market on average (with average awards per executive at the 3rd

percentile), assuming target payouts under the program. Assuming the 2024 Executive KEIP is approved, aggregate maximum total direct compensation opportunities for 2024 Executive KEIP Participants, reflecting the sum of current base salaries and maximum 2024 Executive KEIP performance award opportunities, would be at approximately the 60th percentile of the competitive market on average (with average awards per executive at the 33rd percentile), assuming maximum payouts under the program.

45. The absence of an incentive opportunity for the 2024 Executive KEIP Participants would significantly reduce the competitiveness of Incora's ability to motivate management to achieve desired business objectives, as well as Incora's ability to attract other skilled senior executives. The aggregate cost of the 2024 Executive KEIP is also reasonable as compared to other companies that received court approval of executive incentive plans.

**B. 2024 Executive KEIP Performance Metrics.**

46. Under the 2024 Executive KEIP, Periodic Executive KEIP Payments are payable only upon Incora's achievement of certain operational performance targets during the applicable fiscal period. As set forth in the Cejka Declaration, the metrics connected with the 2024 Executive KEIP were chosen to align the incentives of the 2024 Executive KEIP Participants with Incora's overall performance, and achieving the performance targets is attainable but challenging, and will require substantial effort from the 2024 Executive KEIP Participants. These performance targets were carefully reviewed by Incora and their advisors to ensure that they are not "layups," on the one hand, but will not present unrealistic or unattainable goals, on the other. Incora developed the performance targets, and the threshold and maximum payout levels, in consultation with A&M and their other advisors. As stated above, these performance-based metrics and the applicable target levels were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown, and the 2024 Executive KEIP Participants have been working toward achievement of these metrics since the beginning of the 2024 calendar year.



47. Incora continues to face severe business pressures as a function of these chapter 11 cases and such pressures are felt throughout Incora's various levels of management. These challenges are compounded by the nature of Incora's business itself—Incora supplies services to airline manufacturers and aircraft maintenance, repair, and overhaul companies around the globe, as well as to the defense industry. Incora's work and the 2024 Executive KEIP Participants are especially critical in ensuring that these services continue throughout Incora's chapter 11 cases.

48. The 2024 Executive KEIP Participants will not be eligible for Periodic Executive KEIP Payments under the 2024 Executive KEIP unless specific performance metrics, including the Gating Metric, are achieved. These metrics were specifically designed to be challenging to reach, and the award opportunities created through the proposed 2024 Executive KEIP represent an important tool to incentivize the 2024 Executive KEIP Participants to achieve these results.

#### **NOTICE**

49. Notice of this Motion will be provided to all parties in interest listed on the master service list maintained by Incora pursuant to paragraph 11 of the Procedures for Complex Cases in the Southern District of Texas. Incora respectfully submits that no further notice is required under the circumstances.

*[Remainder of page intentionally blank]*



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

Dated: May 1, 2024

Respectfully submitted,

/s/ Charles A. Beckham, Jr.

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### **CERTIFICATE OF SERVICE**

I certify that, on May 1, 2024, a true and correct copy of the foregoing document was served through the Electronic Case Filing system of the United States Bankruptcy Court for the Southern District of Texas, and will be served as set forth in the Affidavit of Service to be filed by the Debtors' proposed noticing agent.

/s/ Charles A. Beckham, Jr.

Charles A. Beckham, Jr.

**EXHIBIT A TO  
2024 KEY EMPLOYEE PERFORMANCE PROGRAM  
MOTION**

**HOEINGHAUS DECLARATION**

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

*In re*

**WESCO AIRCRAFT HOLDINGS, INC.,  
*et al.*,<sup>1</sup>**

Debtors.

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**DECLARATION OF ALLISON HOEINGHAUS IN  
SUPPORT OF DEBTORS' MOTION  
FOR ENTRY OF AN ORDER APPROVING  
2024 KEY EMPLOYEE PERFORMANCE PROGRAM**

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

I, Allison Hoeinghaus, declare under penalty of perjury as follows:

1. I am a Managing Director in the Compensation and Benefits Practice at Alvarez & Marsal (“**A&M**”), a global professional services firm with principal offices located at 600 Madison Avenue, 8th Floor, New York, New York 10022. The debtors and debtors in possession in the above-captioned chapter 11 cases (the “**Debtors**” and, together with their non-Debtor subsidiaries, “**Incora**”) filed, within the first thirty days of these chapter 11 cases, an application to retain A&M as their financial advisor (Docket No. 346), and the Court entered an order approving the retention of A&M (Docket No. 481).

2. I submit this declaration (this “**Declaration**”) in support of the Debtors’ *Motion for Entry of an Order Approving 2024 Key Employee Performance Program* (the “**Motion**”),<sup>2</sup> which, as noted in the Motion, seeks approval of the Debtors’ 2024 Performance Program. These statements are true and correct.

3. Although A&M is being compensated for its work as the restructuring advisor retained by the Debtors, I am not being compensated separately for this testimony. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge of the Debtors’ operations and finances, (b) my review of relevant documents, (c) information provided to me by A&M employees working with me or under my supervision, (d) information provided to me by, or discussions with, the members of the Debtors’ management team or their other advisors, and/or (e) my opinion based upon my experience as a compensation professional. If called upon to testify, I could and would testify to the statements set forth herein. I am over the age of 18 years and authorized to submit this Declaration.

## **BACKGROUND & QUALIFICATIONS**

4. A&M is a leading restructuring services firm with extensive experience and an excellent reputation for providing high quality, specialized management and restructuring advisory

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion, or the First-Day Declaration (as defined below), as applicable.

services to debtors and distressed companies. Specifically, A&M's core services include turnaround and restructuring advisory services, interim management, corporate performance improvement, valuation, and risk management. A&M provides a wide range of debtor advisory services targeted at stabilizing and improving a company's financial position, including, developing forecasts, business plans, and strategic plans; monitoring and enhancing liquidity; managing supplier relationships; assessing and implementing cost reduction strategies; and designing and negotiating financial restructuring packages. Additionally, A&M provides advice on specific aspects of the turnaround process and helps manage complex constituency relations and communications.

5. I received a Bachelor of Accounting and a master's degree in professional accounting from the McCombs School of Business at The University of Texas at Austin. I am a Certified Public Accountant licensed in the state of Texas and a Certified Executive Compensation Professional through the WorlDatWork organization. I have more than 15 years of executive compensation experience. Since joining A&M's Tax Compensation and Benefits Practice, I have provided compensation-related restructuring advice to companies, creditors, shareholders, and other interested parties on restructuring transactions both in chapter 11 and on an out-of-court basis.

6. In addition to acting as the financial advisor to the Debtors in these cases, some of my other most notable publicly disclosed formal and informal restructuring assignments include: *In re Surgalign Holdings, Inc.*, Case No. 23-90731 (CML) (Bankr. S.D. Tex. 2023), *In re MLCJR LLC*, Case No. 23-90324 (CML) (Bankr. S.D. Tex. 2023), *In re Packable Holdings, LLC*, Case No. 22-10797 (CTG) (Bankr. D. Del. 2022); *In re Celsius Network LLC*, Case No. 22-10964 (MG) (Bankr. S.D.N.Y. 2022); *In re LVI Intermediate Holdings, Inc.*, Case No. 20-11413 (KBO) (Bankr. D. Del. 2020); *In re Hygea Holdings Corp.*, Case No. 20-10361 (KBO) (Bankr. D. Del. 2020); *In re Libbey Glass Inc.*, Case No. 20-11439 (LSS) (Bankr. D. Del. 2020); *In re Am. Com. Lines Inc.*, Case No. 20-30982 (MI) (Bankr. S.D. Tex. 2020); *In re Forever 21, Inc.*, Case No. 19-12122 (MFW) (Bankr. D. Del. 2019); *In re Hospital Acquisition LLC*, Case No. 19-10998 (BLS) (Bankr.

D. Del. 2019); *In re iHeart Media, Inc.*, Case No. 18-31274 (MI) (Bankr. S.D. Tex. 2018); *In re Nine West Holdings, Inc.*, Case No. 18-10947 (SCC) (Bankr. S.D.N.Y. 2018); *In re Payless Holdings LLC*, Case No. 17-42267 (KAS) (Bankr. E.D. Mo. 2017); *In re Toys “R” Us, Inc.*, Case No. 17-34665 (KLP) (Bankr. E.D. Va. 2017); *In re Seventy Seven Energy Inc.*, Case No. 16-11409 (LSS) (Bankr. D. Del. 2016); and *In re Old BPSUSH Inc.*, Case No. 16-12373 (BLS) (Bankr. D. Del. 2016).

### **A&M’S RETENTION**

7. A&M has been engaged as restructuring advisor to the Debtors, and members of my team and I have been working closely with the Debtors initially from October 2021 to April 2022 and then more recently commencing in January 2023. Since the Debtors resumed their financial restructuring efforts in 2023, A&M has rendered financial advisory services to the Debtors in connection with the Debtors’ evaluation of in-court and out-of-court strategic alternatives to refinance and/or restructure their funded debt obligations and improve their liquidity and overall financial condition. A&M has worked closely with Incora’s management and other advisors on these strategic alternatives, including working with Incora’s management to develop and manage their 13-week cash flow forecast and develop and review their longer-term financial projections. In 2023, A&M assisted Incora with the formulation of a performance program for fiscal year 2023 (the “**2023 Performance Program**”). At the end of the 2023 calendar year, A&M began assisting Incora with the formulation of the 2024 Performance Program. Through all of these efforts, A&M has become familiar with Incora’s bonus programs, business operations, and business performance.

### **THE 2024 PERFORMANCE PROGRAM**

8. Incora continues to face severe business pressures as a function of these chapter 11 cases and such pressures are felt throughout Incora’s various levels of management. These challenges are compounded by the nature of Incora’s business itself—Incora supplies services to airline manufacturers and aircraft maintenance, repair, and overhaul companies around the globe,

as well as to the defense industry. Incora's work and the 2024 Program Participants are especially critical in ensuring that these services continue throughout the Debtors' chapter 11 cases.

9. The Debtors seek to maintain and implement the 2024 Performance Program, which consists of two separate performance structures: (a) an incentive-based program (the "**2024 Executive KEIP**") for seven members of Incora's executive team (the "**2024 Executive KEIP Participants**") and (b) an incentive-based program (the "**2024 Non-Executive KEIP**") for certain key non-insider employees (currently consisting of 41 non-executive employees) (the "**2024 Non-Executive KEIP Participants**"). The 2024 Executive KEIP and the 2024 Non-Executive KEIP are collectively referred to herein as the "**2024 Performance Program**", and the 2024 Executive KEIP Participants and 2024 Non-Executive KEIP Participants together, the "**2024 Program Participants**". The aggregate cost of the 2024 Executive KEIP (at target) is \$3,075,492, and the aggregate cost of the 2024 Non-Executive KEIP (at target) is \$2,608,310. In addition, a discretionary enhancement pool totaling \$337,440 (the "**Discretionary Enhancement Pool**") may be allocated as additional compensation among the 2024 Program Participants.

10. The 2024 Executive KEIP provides an incentive-based bonus opportunity for the 2024 Executive KEIP Participants in order to drive such individuals to maximize the value of the Debtors' estate as it approaches its emergence from these chapter 11 proceedings. The proposed incentives are critical to reward these employees and maintain exemplary business performance, which in turn minimizes potential disruption to customers, vendors, and employees and maximizes the value of the Debtors' estates.

11. The 2024 Non-Executive KEIP provides appropriate performance-based incentives for members of senior and intermediate level management, who are below the level of the executive team (the "**Executive Team**") and are not considered "insiders" of Incora. Many of these employees have deep experience working in Incora's business and with Incora's customers and vendors. Their efforts have been critical to maintaining Incora's business and building support among Incora's customers and vendors during these chapter 11 cases. Their continued service and attention will be essential to the successful conclusion of the Debtors' chapter 11 cases.



12. Since January 2023, Incora has been working with their advisors, including myself and the rest of my A&M team, to evaluate the design of Incora's compensation and incentive programs for the periods leading up to and following the chapter 11 filing. As part of the ongoing review process, I have periodically reviewed market data and analyses concerning compensation levels, program structures, and incentive and retention costs of similarly situated enterprises. In light of Incora's circumstances and their restructuring process, Incora and the Board, in consultation with A&M and the Debtors' other advisors, had previously developed, and the Court has previously approved, similar performance programs covering the portion of fiscal year 2023 following the Debtors' chapter 11 filing in order to (i) incentivize the continued performance of members of the Debtors' executive team (the "**2023 KEIP**") and (ii) both retain and incentivize certain key non-Insider employees of Incora (the "**2023 KERP**" and, together with the 2023 KEIP, the "**2023 Performance Program**"). In addition, prior to the Petition Date, certain members of Incora's executive team (including six 2024 Executive KEIP Participants) received retention payments (subject to clawback if the recipient voluntarily terminated their employment without good cause or were terminated for cause within the retention period) totaling \$4,359,969 in fiscal year 2023 (the "**2023 Prepetition Retention Awards**") and incentive-based payments of \$194,000 in fiscal year 2023 (the "**2023 Prepetition Incentive Awards**" and, together with the 2023 Prepetition Retention Awards, the "**2023 Prepetition Awards**").

13. Except as otherwise described in the Motion with respect to specific performance benchmarks and timing, the structure of the 2024 Executive KEIP is generally similar to the previously approved 2023 KEIP and the structure of the 2024 Non-Executive KEIP is generally similar to the previously approved 2023 KERP, other than with respect to the consolidation of certain performance metrics, potentially larger performance-based payments and—importantly—elimination of the retention-based component of the 2023 KERP in the 2024 Non-Executive KEIP. As a result, the 2024 Performance Program will be based entirely on ten performance-based metrics with no retention components. In addition, the 2023 Prepetition Awards (which were not part of the 2023 Performance Program approved by the Court) represented a substantial portion of

total 2023 awards to executives. Elimination of retention payments (both in the form of the 2023 KERP and the 2023 Prepetition Retention Awards), together with other features of the 2024 Performance Program, is expected to reduce the aggregate cost of the 2024 Performance Program (at target) by \$6,316,719 compared to the sum of the 2023 Prepetition Awards plus the actual payments under the 2023 Performance Program.

14. The success of Incora's business—both before and after the chapter 11 cases—depends upon properly incentivizing the 2024 Program Participants. The seven 2024 Executive KEIP Participants are intimately and uniquely involved in the formulation of Incora's restructuring strategy and are responsible for leading Incora's strategic plans. The 2024 Non-Executive KEIP Participants form the backbone of Incora's day-to-day business functions and, although they do not determine Incora's broader corporate policy, they are critical to Incora's ongoing operations. As a function of the massive scale of Incora's global operations, and by extension the number of employees covered by Incora's other compensation programs, the 2024 Non-Executive KEIP Participants represent an intermediate tier of management between the Executive Team and Incora's individual contributors.

15. The 2024 Executive KEIP is designed to maximize the value of the estates for all stakeholders by (a) rewarding essential employees if critical goals are satisfied in the periods around a critical transition (i.e., emergence from chapter 11) and (b) motivating employees during a period of uncertainty and increased workload. The 2024 Executive KEIP contains the following primary design features:

- **Incentives**. All of the 2024 Executive Program Participants may be eligible to receive certain cash awards. The 2024 Executive KEIP would provide an incentive program for the Executive Team with payout ranges for “threshold” (payout of between 25% of target award at 90% of target performance to 50% of target award at 99.9% of target performance), “target” (payout of 100% of target award at 100% of target performance) and “maximum” (payout of 200% of target award at 120% of target performance) versus certain performance metrics (the “***Periodic Executive KEIP Payments***”). Linear interpolation will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance (e.g., performance of 110% of target performance will result in a payment of 150% of target award).

|                         | Threshold Award (at % of Target Performance) | Target Award | Maximum Award |
|-------------------------|--|--------------|---------------|
| % of Target Performance | 90%  | 100%         | 120%          |
| % of Target Award       | 25% (at 90.0%) to 50% (at 99.9%)             | 100%         | 200%          |

- **Timing.**
  - **Performance Periods.** The 2024 Executive KEIP awards will be paid for individual periods covering fiscal year 2024. Company performance under the 2024 Executive KEIP was initially measured following the end of the first quarter and will be measured on a cumulative year-to-date basis at the end of the first fiscal half, the end of each of the third fiscal quarter and the end of the fourth fiscal quarter.
  - **Payment Dates.** The Periodic Executive KEIP Payments will be paid in installments following the end of each quarter, with any payment to be made in respect of the second quarter being adjusted (up or down) to reflect cumulative performance measured over the full first half of 2024.
- **Performance Metrics.** With respect to the Periodic Executive KEIP Payments, no incentive amounts will be earned during a performance period if the periodic pre-requisite adjusted EBITDA metric (the “**Gating Metric**”) is not satisfied on a cumulative basis through that performance period. If the Gating Metric is satisfied for a given performance period, specific performance metrics (and weighting thereof) vary by individual, but include (a) for each executive, EBITDA, (at a weighting of either 100% or 50%), (b) with respect to the President of Global Hardware only, gross profits of the Global Hardware business line (at a weighting of 50%), (c) with respect to the President of Global Chemicals only, gross profits of the Global Chemicals business line (at a weighting of 50%) and (d) with respect to the Chief Operating Officer of Functional Excellence only, inventory turnover (at a weighting of 50%). The performance metrics and weightings for the 2024 Executive KEIP Participants are illustrated below:

| Executive       | Title                         | Gating Metric | EBITDA | Individual Goals                 |           |
|-----------------|-------------------------------|---------------|--------|----------------------------------|-----------|
|                 |                               |               |        | Metric                           | Weighting |
| David Coleal    | Chief Executive Officer       |               | 100%   | N/A                              | 0%        |
| Kevin Matthies  | President of Global Hardware  |               | 50%    | Gross Profits of Global Hardware | 50%       |
| Daniel Gubichuk | President of Global Chemicals |               | 50%    | Gross Profits of                 | 50%       |

|                   |  |                                   |      |                  |     |
|-------------------|--|-----------------------------------|------|------------------|-----|
|                   |  | EBITDA =<br>\$108.5M <sup>3</sup> |      | Global Chemicals |     |
| Wayne Hollinshead | Chief Operating Officer of Functional Excellence |                                   | 50%  | Inventory Turns  | 50% |
| Raymond Carney    | Chief Financial Officer                          |                                   | 100% | N/A              | 0%  |
| Dave Fawcett      | Chief Commercial Officer                         |                                   | 100% | N/A              | 0%  |
| Dawn Landry       | Chief Administrative Officer                     |                                   | 100% | N/A              | 0%  |

**Payout Ranges.** The Periodic Executive KEIP Payments will provide for potential payments between threshold, target and maximum. Threshold performance represents between 25 percent (representing between 12.5 percent and 25 percent of base salaries) to 50 percent (representing between 25 percent and 50 percent of base salaries) of target payment, paid on a linear basis for performance between 90.0 percent and 99.9% of target. Achievement of target performance results in a 100 percent payout for a given metric (representing between 50 percent and 100 percent of base salaries). Achievement of maximum performance results in a 200 percent payment for a given metric (representing between 100 percent and 200 percent of base salaries). Linear interpolation of such payments will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance (e.g., performance of 110% of target performance will result in a payment of 150% of target award).

| Performance Level   | Below Threshold | Threshold Award (at % of target performance)   | Target Award | Maximum Award |
|---|-----------------|--|--------------|---------------|
| Payout of Periodic Executive KEIP Payments at Performance Level | 0%              | 25% (at 90.0%) to 50% (at 99.9%)               | 100%         | 200%          |
| Aggregate Cash Value of Periodic Executive KEIP Payments        | \$0             | \$768,873 (at 90.0%) to \$1,537,746 (at 99.9%) | \$3,075,492  | \$6,150,985   |

<sup>3</sup> Reflects the threshold of 90% of the annual EBITDA target.

- **Termination of Employment.** A 2024 Executive KEIP Participant is only entitled to a Periodic Executive KEIP Payment if they are employed by Incora on the payment date.
- **Discretionary Enhancement Pool.** A Discretionary Enhancement Pool totaling \$337,440 may be allocated as additional compensation among the 2024 Program Participants (2024 Executive KEIP Participants and/or 2024 Non-Executive KEIP Participants).

16. A summary of minimum, median, and maximum 2024 Executive KEIP awards (assuming target performance), for the 2024 Executive KEIP Participants is provided below:

| Employee Group                   | Average Base Salary | Min 2024 Executive KEIP Award (Target) | Median 2024 Executive KEIP Award (Target) | Max 2024 Executive KEIP Award (Target) |
|----------------------------------|---------------------|--|---|--|
| 2024 Executive KEIP Participants | \$520,332           | \$237,510                              | \$372,783                                 | \$1,000,000                            |

17. A summary of minimum, median, and maximum 2024 Executive KEIP awards (assuming maximum performance), for the 2024 Executive KEIP Participants is provided below:

| Employee Group                   | Average Base Salary | Min 2024 Executive KEIP Award (Maximum) | Median 2024 Executive KEIP Award (Maximum) | Max 2024 Executive KEIP Award (Maximum) |
|----------------------------------|---------------------|---|--|---|
| 2024 Executive KEIP Participants | \$520,332           | \$475,020                               | \$745,566                                  | \$2,000,000                             |

18. The 2024 Non-Executive KEIP was designed to incentivize the 2024 Non-Executive KEIP Participants. The 2024 Non-Executive KEIP contains the following primary design features:

- **Incentives.** The 2024 Non-Executive KEIP would provide incentive payments to a total of 41 employees with payout ranges for “threshold” (payout of between 25% of target award at 90% of target performance to 50% of target award at 99.9% of target performance), “target” (payout of 100% of target award at 100% of target

performance) and “maximum” (payout of 200% of target award at 120% of target performance) versus performance metrics (the “***Periodic Non-Executive KEIP Payments***” and, together with the Periodic Executive KEIP Payments, the “***Periodic KEIP Payments***”). The total cost of the Periodic Non-Executive KEIP Payments (at target) would be \$2,608,310. The total cost of the Periodic Non-Executive KEIP Payments (at maximum) would be \$5,216,620. Linear interpolation will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance

|                                | <b>Threshold Award (at % of Target Performance)</b> | <b>Target Award</b> | <b>Maximum Award</b> |
|--------------------------------|---|---------------------|----------------------|
| <b>% of Target Performance</b> | 90%   | 100%                | 120%                 |
| <b>% of Target Award</b>       | 25% (at 90.0%) to 50% (at 99.9%)                    | 100%                | 200%                 |

- **Timing.**
  - ***Performance Periods.*** Company performance under the 2024 Non-Executive KEIP was initially measured following the end of the first quarter and will be measured on a cumulative year-to-date basis at the end of the first fiscal half, the end of the third fiscal quarter and the end of the fourth fiscal quarter.
  - ***Payment Dates.*** The Periodic Non-Executive KEIP Payments will be paid in installments following the end of each quarter, with any payment to be made in respect of the second quarter being adjusted to reflect cumulative performance measured over the full first half of 2024, as described in more detail above.
- **Termination of Employment.** A 2024 Non-Executive KEIP Participant is only entitled to Periodic Non-Executive KEIP Payments if they are employed by Incora on the applicable payment date.
- **Discretionary Enhancement Pool.** A Discretionary Enhancement Pool totaling \$337,440 may be allocated as additional compensation among the 2024 Program Participants (2024 Executive KEIP Participants and/or 2024 Non-Executive KEIP Participants).

19. I believe the Debtors’ decision to implement the 2024 Performance Program is a sound exercise of the Debtors’ business judgment because the program encourages both the 2024 Executive KEIP Participants and the 2024 Non-Executive KEIP Participants to achieve and exceed

financial and operational metrics necessary to generate value for the Debtors' estates, to the benefit of all parties in interests. The 2024 Executive KEIP addresses Incora's need to appropriately incentivize the 2024 Executive KEIP Participants in order to maximize Incora's business performance during these chapter 11 cases. Incora's business performance is, of course, critical to maximizing value of the estates, and Incora believes that creating proper incentives to achieve that goal is a necessary means to that end. The 2024 Performance Program is structured to drive performance by the 2024 Program Participants and it was formed after substantial market research and it sets appropriate and reasonable compensation award opportunities. Thus, implementation of the 2024 Performance Program is a sound exercise of the Debtors' business judgment.

20. Importantly, I believe the 2024 Performance Program is appropriate for the following reasons:

- ***The Cost of the 2024 Performance Program Is Reasonable:*** As discussed in detail below, the cost of the 2024 Performance Program is reasonable. The size of the aggregate 2024 Executive KEIP and all individual awards were based on market benchmarking, analyses of 29 distressed incentive and retention programs implemented by similarly situated companies, and discussions with the Compensation Committee, Board, and Incora's advisors. The cost of the 2024 Executive KEIP falls within the range of costs of similar programs implemented in comparable chapter 11 restructurings. The annual cost of the 2024 Executive KEIP is \$3,075,492 at target performance and \$6,150,985 at maximum performance. The annual cost of the 2024 Executive KEIP at target and maximum performance is at the 18th and 60th percentiles, respectively, of annualized combined KEIP and pre-petition retention plans among comparable restructurings. When compared against the average payout per participant at target and maximum performance, the 2024 Executive KEIP fell at the 3rd and 33rd percentiles, respectively, of market. When compared against the average payout as a percentage of base salary, the 2024 Executive KEIP would have been the lowest-cost program in the sample at target performance and fell at the 31<sup>st</sup> percentile of at maximum performance. The annual cost of the 2024 Non-Executive KEIP (with 41 2024 Non-Executive KEIP Participants) is \$2,608,310 at target performance and \$5,216,620 at maximum performance. Furthermore, at target performance (and assuming no Discretionary Enhancement Pool awards), the seven 2024 Executive KEIP Participants' combined total direct compensation for 2024 (i.e., base salaries plus 2024 Executive KEIP awards) will be 29% less than their combined total direct compensation for 2023 (i.e., base salaries plus 2023 Prepetition Awards plus actual payments under the 2023 KEIP). In addition, a Discretionary Enhancement Pool totaling \$337,440 may be allocated as additional compensation among the 2024 Program Participants.



- ***The Scope of the 2024 Performance Program Is Fair and Reasonable:*** The 2024 Program Participants include only Incora's Executive Team and a limited set of Incora's senior management team. These individuals drive Incora's performance and are critical to ensuring the success of Incora's business and reorganization and the Debtors' emergence from chapter 11.
- ***The 2024 Performance Program Comports with Industry Standards:*** To evaluate an appropriate compensation structure for the 2024 Executive KEIP Participants, A&M gathered external market compensation data from several data sources, encompassing a representative database of compensation information for comparable industries and labor markets. Absent the 2024 Executive KEIP, A&M determined that 2024 Executive KEIP Participants would be compensated below industry standards for their positions. With the potential 2024 Executive KEIP awards, the 2024 Executive KEIP Participants' total compensation will be within an appropriate range of total compensation for Incora's industry, particularly considering the additional duties and challenges faced by the 2024 Executive KEIP Participants and the sizable goals that must be achieved in order to receive full awards. Furthermore, the total compensation for the 2024 Executive KEIP Participants is reasonable compared to relevant benchmarks in Incora's industry. After taking the 2024 Executive KEIP into account, the 2024 Executive KEIP Participants' 2024 target total direct compensation would still be well below the 25th percentile of market on average, and no 2024 Executive KEIP Participant exceeds the 25th percentile of market individually.
- ***Incora Was Duly Diligent in Formulating the 2024 Performance Program:*** Incora, with the assistance of A&M and their other restructuring advisors, performed substantial diligence on their employees' prepetition compensation. This included comparing their employees' compensation, both with and without award-based compensation, to market comparables. As a result of that diligence, Incora sized the 2024 Performance Program in a manner consistent with the existing market.
- ***Incora Developed the 2024 Performance Program with Independent Advice and Oversight:*** Incora actively sought input from A&M and their other legal, financial, and compensation advisors during the development process. This process leaned heavily on A&M's specific compensation-related expertise and analysis, oversight, and approval by the Board after multiple meetings discussing the 2024 Performance Program.

21. I believe that appropriate incentive-based compensation opportunities are an important tool to drive performance from both the Debtors' insider and non-insider employees. Thus, A&M evaluated Incora's executive and non-executive compensation programs. The proposed award opportunities were informed by A&M's benchmarking analysis against Incora's industry peers, as well as a review of compensation programs approved in other chapter 11 cases.



The proposed award opportunities under the 2024 Performance Program were vetted by myself, the Board, and other advisors.

22. If approved, the 2024 Performance Program would provide an aggregate target opportunity of approximately \$6 million (at target), and an aggregate maximum opportunity of approximately \$11.7 million (at maximum), including the Discretionary Enhancement Pool (\$337,440), to be earned for performance through December 2024. These award opportunities represent a reasonable, market-based approach to incentivize the 2024 Program Participants in accordance with their performance and are justified under the circumstances of these chapter 11 cases.

23. It is my view that the absence of an incentive opportunity for the 2024 Executive KEIP Participants would significantly reduce the competitiveness of Incora's ability to motivate management to achieve desired business objectives, as well as Incora's ability to attract other skilled senior executives. The aggregate cost of the 2024 Executive KEIP is also reasonable as compared to other companies that received court approval of executive incentive plans.

24. I believe that implementation of the 2024 Performance Program is reasonable in amount and design relative to market comparables. Incentivizing target performance from the 2024 Program Participants will ultimately inure to the benefit of all stakeholders in these chapter 11 cases. Accordingly, I believe that approval of the 2024 Performance Program is appropriate.

25. I believe that implementation of the 2024 Performance Program is reasonable, within the Debtors' sound business judgment, and satisfies the requirements for approval under the Bankruptcy Code. Accordingly, I believe that approval of the 2024 Performance Program is appropriate.

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: May 1, 2024

/s/ Allison Hoeinghaus

Allison Hoeinghaus  
Managing Director  
Alvarez & Marsal

**EXHIBIT B TO  
2024 KEY EMPLOYEE PERFORMANCE PROGRAM  
MOTION**

**CEJKA DECLARATION**

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

*In re*

**WESCO AIRCRAFT HOLDINGS, INC.,**  
*et al.*,<sup>1</sup>

Debtors.

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**DECLARATION OF BRIAN CEJKA IN  
SUPPORT OF DEBTORS' MOTION FOR ENTRY  
OF AN ORDER APPROVING 2024 KEY EMPLOYEE  
PERFORMANCE PROGRAM**

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

I, Brian Cejka, declare under penalty of perjury as follows:

1. I am a Managing Director in the North American Commercial Restructuring Practice at Alvarez & Marsal North America, LLC (“**A&M**”), a global professional services firm with principal offices located at 600 Madison Avenue, 8th Floor, New York, New York 10022. The debtors and debtors in possession in the above-captioned chapter 11 cases (the “**Debtors**” and, together with their non-Debtor subsidiaries, “**Incora**”) filed, within the first thirty days of these chapter 11 cases, an application to retain A&M as their financial advisor (Docket No. 346), and the Court entered an order approving the retention of A&M (Docket No. 481). These statements are true and correct.

2. I submit this declaration (this “**Declaration**”) in support of the Debtors’ *Motion for Entry of an Order Approving 2024 Key Employee Performance Program* (the “**Motion**”),<sup>2</sup> which, as noted in the Motion, seeks approval of Incora’s 2024 Performance Program.

3. Although A&M is being compensated for its work as the restructuring advisor retained by the Debtors, I am not being compensated separately for this testimony. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge of Incora’s operations and finances, (b) my review of relevant documents, (c) information provided to me by A&M employees working with me or under my supervision, (d) information provided to me by, or discussions with, the members of Incora’s management team or their other advisors, and/or (e) my opinion based upon my experience as a restructuring professional. If called upon to testify, I could and would testify to the statements set forth herein. I am over the age of 18 years and authorized to submit this Declaration.

## **BACKGROUND & QUALIFICATIONS**

4. A&M is a leading restructuring services firm with extensive experience and an excellent reputation for providing high quality, specialized management and restructuring advisory

<sup>2</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion, or the First-Day Declaration (as defined below), as applicable.

services to debtors and distressed companies. Specifically, A&M's core services include turnaround and restructuring advisory services, interim management, corporate performance improvement, valuation, and risk management. A&M provides a wide range of debtor advisory services targeted at stabilizing and improving a company's financial position, including, developing forecasts, business plans, and strategic plans; monitoring and enhancing liquidity; managing supplier relationships; assessing and implementing cost reduction strategies; and designing and negotiating financial restructuring packages. Additionally, A&M provides advice on specific aspects of the turnaround process and helps manage complex constituency relations and communications.

5. I received a Bachelor of Accounting from Southern Methodist University. I am a non-practicing Certified Public Accountant and a Certified Insolvency and Restructuring Advisor. I have more than 25 years of restructuring experience. Since joining A&M's North American Commercial Restructuring Practice, I have provided restructuring advice to companies, creditors, shareholders, and other interested parties on restructuring transactions both in chapter 11 and on an out-of-court basis.

6. In addition to acting as the financial advisor to the Debtors in these cases, some of my other most notable publicly disclosed formal and informal restructuring assignments include Anna Holdings / Acosta, Golfsmith International, Palm Harbor Homes, Kimball Hill Homes, National Energy & Gas Transmission Inc, Champion Enterprises as well as numerous non-public matters.

### **A&M'S RETENTION**

7. A&M has been engaged as restructuring advisor to the Debtors, and members of my team and I have been working closely with the Debtors initially from October 2021 to April 2022 and then more recently commencing in January 2023. Since the Debtors resumed their financial restructuring efforts in 2023, A&M has rendered financial advisory services to the Debtors in connection with the Debtors' evaluation of in-court and out-of-court strategic alternatives to refinance and/or restructure their funded debt obligations and improve their liquidity

and overall financial condition. A&M has worked closely with Incora's management and other advisors on these strategic alternatives, including working with Incora's management to develop and manage their 13-week cash flow forecast and develop and review their longer-term financial projections. In 2023, A&M assisted Incora with the formulation of a performance program for fiscal year 2023 (the "**2023 Performance Program**"). At the end of the 2023 calendar year, A&M began assisting Incora with the formulation of the 2024 Performance Program. Through all of these efforts, A&M has become familiar with Incora's bonus programs, business operations, and business performance.

### **THE 2024 PERFORMANCE PROGRAM**

8. Incora continues to face severe business pressures as a function of these chapter 11 cases and such pressures are felt throughout Incora's various levels of management. These challenges are compounded by the nature of Incora's business itself—Incora supplies services to airline manufacturers and aircraft maintenance, repair, and overhaul companies around the globe, as well as to the defense industry. Incora's work and the 2024 Program Participants are especially critical in ensuring that these services continue throughout the Debtors' chapter 11 cases.

9. The success of Incora's business—both before and after the chapter 11 cases—depends upon properly incentivizing the 2024 Program Participants. The seven 2024 Executive KEIP Participants are intimately and uniquely involved in the formulation of Incora's restructuring strategy and are responsible for leading Incora's strategic plans. The 2024 Non-Executive KEIP Participants form the backbone of Incora's day-to-day business functions and, although they do not determine Incora's broader corporate policy, they are critical to Incora's ongoing operations. As a function of the massive scale of Incora's global operations, and by extension the number of employees covered by Incora's other compensation programs, the 2024 Non-Executive KEIP Participants represent an intermediate tier of management between the executive team (the "**Executive Team**") and Incora's individual contributors.

10. The 2024 Executive KEIP is designed to maximize the value of the estates for all stakeholders by (a) rewarding essential employees if critical goals are satisfied in the periods around a critical transition (i.e., emergence from chapter 11) and (b) motivating employees during a period of uncertainty and increased workload.

11. The performance-based metrics and the applicable target levels were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown.

12. The 2024 Executive KEIP contains the following primary design features:

- **Incentives.** All of the 2024 Executive Program Participants may be eligible to receive certain cash awards. The 2024 Executive KEIP would provide an incentive program for the Executive Team with payout ranges for “threshold” (payout of between 25% of target award at 90% of target performance to 50% of target award at 99.9% of target performance), “target” (payout of 100% of target award at 100% of target performance) and “maximum” (payout of 200% of target award at 120% of target performance) versus certain performance metrics (the “***Periodic Executive KEIP Payments***”). Linear interpolation will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance (e.g., performance of 110% of target performance will result in a payment of 150% of target award).

|                         | Threshold (at % of Target Performance) | Target Award | Maximum Award |
|-------------------------|--|--------------|---------------|
| % of Target Performance | 90%                                    | 100%         | 120%          |
| % of Target Award       | 25% (at 90.0%) to 50% (at 99.9%)       | 100%         | 200%          |

- **Timing.**
  - **Performance Periods.** The 2024 Executive KEIP awards will be paid for individual periods covering fiscal year 2024. Company performance under the 2024 Executive KEIP was initially measured following the end of the first quarter and will be measured on a cumulative year-to-date basis at the end of the first fiscal half, the end of the third fiscal quarter and the end of the fourth fiscal quarter.



- **Payment Dates.** The Periodic Executive KEIP Payments will be paid in installments following the end of each quarter, with any payment to be made in respect of the second quarter being adjusted (up or down) to reflect cumulative performance measured over the full first half of 2024.
- **Performance Metrics.** With respect to the Periodic Executive KEIP Payments, no incentive amounts will be earned during a performance period if the periodic prerequisite adjusted EBITDA metric (the “***Gating Metric***”) is not satisfied on a cumulative basis through that performance period. If the Gating Metric is satisfied for a given performance period, specific performance metrics (and weighting thereof) vary by individual, but include (a) for each executive, EBITDA, (at a weighting of either 100% or 50%), (b) with respect to the President of Global Hardware only, gross profits of the Global Hardware business line (at a weighting of 50%), (c) with respect to the President of Global Chemicals only, gross profits of the Global Chemicals business line (at a weighting of 50%) and (d) with respect to the Chief Operating Officer of Functional Excellence only, inventory turnover (at a weighting of 50%). The performance metrics and weightings for the 2024 Executive KEIP Participants are illustrated below:

| Executive         | Title  | Gating Metric                  | EBITDA | Individual Goals                  |           |
|-------------------|--|--------------------------------|--------|-----------------------------------|-----------|
|                   |  |                                |        | Metric                            | Weighting |
| David Coleal      | Chief Executive Officer                          | EBITDA = \$108.5M <sup>3</sup> | 100%   | N/A                               | 0%        |
| Kevin Matthies    | President of Global Hardware                     |                                | 50%    | Gross Profits of Global Hardware  | 50%       |
| Daniel Gubichuk   | President of Global Chemicals                    |                                | 50%    | Gross Profits of Global Chemicals | 50%       |
| Wayne Hollinshead | Chief Operating Officer of Functional Excellence |                                | 50%    | Inventory Turns                   | 50%       |
| Raymond Carney    | Chief Financial Officer                          |                                | 100%   | N/A                               | 0%        |
| Dave Fawcett      | Chief Commercial Officer                         |                                | 100%   | N/A                               | 0%        |
| Dawn Landry       | Chief Administrative Officer                     |                                | 100%   | N/A                               | 0%        |

- **Payout Ranges.** The Periodic Executive KEIP Payments will provide for potential payments between threshold, target and maximum. Threshold performance represents between 25 percent (representing between 12.5 percent and 25 percent

<sup>3</sup> Reflects the threshold of 90% of the annual EBITDA target.

of base salaries) to 50 percent (representing between 25 percent and 50 percent of base salaries) of target payment, paid on a linear basis for performance between 90.0 percent and 99.9% of target. Achievement of target performance results in a 100 percent payout for a given metric (representing between 50 percent and 100 percent of base salaries). Achievement of maximum performance results in a 200 percent payment for a given metric (representing between 100 percent and 200 percent of base salaries). Linear interpolation of such payments will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance (e.g., performance of 110% of target performance will result in a payment of 150% of target award).

| Performance Level   | Below Threshold | Threshold Award (at % of target performance)   | Target Award | Maximum Award |
|---|-----------------|--|--------------|---------------|
| Payout of Periodic Executive KEIP Payments at Performance Level | 0%              | 25% (at 90.0%) to 50% (at 99.9%)               | 100%         | 200%          |
| Aggregate Cash Value of Periodic Executive KEIP Payments        | \$0             | \$768,873 (at 90.0%) to \$1,537,746 (at 99.9%) | \$3,075,492  | \$6,150,985   |

- **Termination of Employment.** A 2024 Executive KEIP Participant is only entitled to a Periodic Executive KEIP Payment if they are employed by Incora on the payment date.
- **Discretionary Enhancement Pool.** A Discretionary Enhancement Pool totaling \$337,440 may be allocated as additional compensation among the 2024 Program Participants (2024 Executive KEIP Participants and/or 2024 Non-Executive KEIP Participants).

13. A summary of minimum, median, and maximum 2024 Executive KEIP awards (assuming target performance), for the 2024 Executive KEIP Participants is provided below:

| Employee Group                   | Average Base Salary | Min 2024 Executive KEIP Award (Target) | Median 2024 Executive KEIP Award (Target) | Max 2024 Executive KEIP Award (Target) |
|----------------------------------|---------------------|--|---|--|
| 2024 Executive KEIP Participants | \$520,332           | \$237,510                              | \$372,783                                 | \$1,000,000                            |

14. A summary of minimum, median, and maximum 2024 Executive KEIP awards (assuming maximum performance), for the 2024 Executive KEIP Participants is provided below:

| Employee Group                   | Average Base Salary | Min 2024 Executive KEIP Award (Maximum) | Median 2024 Executive KEIP Award (Maximum) | Max 2024 Executive KEIP Award (Maximum) |
|----------------------------------|---------------------|---|--|---|
| 2024 Executive KEIP Participants | \$520,332           | \$475,020                               | \$745,566                                  | \$2,000,000                             |

15. The 2024 Non-Executive KEIP was designed to incentivize the 2024 Non-Executive KEIP Participants. The 2024 Non-Executive KEIP contains the following primary design features:

- ***Incentives.*** The 2024 Non-Executive KEIP would provide incentive payments to a total of 41 employees with payout ranges for “threshold” (payout of between 25% of target award at 90% of target performance to 50% of target award at 99.9% of target performance), “target” (payout of 100% of target award at 100% of target performance) and “maximum” (payout of 200% of target award at 120% of target performance) versus performance metrics (the “***Periodic Non-Executive KEIP Payments***” and, together with the Periodic Executive Payments, the “***Periodic KEIP Payments***”). The total cost of the Periodic Non-Executive KEIP Payments (at target) would be \$2,608,310. The total cost of the Periodic Non-Executive KEIP Payments (at maximum) would be \$5,216,620. Linear interpolation will be applied for achievement of performance metrics between the lowest levels of “Target” and “Maximum” performance

|                         | Threshold Award (at % of Target Performance) | Target Award | Maximum Award |
|-------------------------|--|--------------|---------------|
| % of Target Performance | 90%  | 100%         | 120%          |
| % of Target Award       | 25% (at 90.0%) to 50% (at 99.9%)             | 100%         | 200%          |

- **Timing.**
  - ***Performance Periods.*** Company performance under the 2024 Non-Executive KEIP was initially measured following the end of the first quarter and will be measured on a cumulative year-to-date basis at the end of the first fiscal half, the end of each of the third fiscal and the end of the fourth fiscal quarter.
  - ***Payment Dates.*** The Periodic Non-Executive KEIP Payments will be paid in installments following the end of each quarter, with any payment to be made in respect of the second quarter being adjusted (up or down) to reflect cumulative performance measured over the full first half of 2024.
- **Termination of Employment.** A 2024 Non-Executive KEIP Participant is only entitled to Periodic Non-Executive KEIP Payments if they are employed by Incura on the applicable payment date.
- **Discretionary Enhancement Pool.** A Discretionary Enhancement Pool totaling \$337,440 which may be allocated as additional compensation among the 2024 Program Participants (2024 Executive KEIP Participants and/or 2024 Non-Executive KEIP Participants).

16. I believe the Debtors' decision to implement the 2024 Performance Program is a sound exercise of the Debtors' business judgment because the program encourages both the 2024 Executive KEIP Participants and the 2024 Non-Executive KEIP Participants to achieve and exceed financial and operational metrics necessary to generate value for the Debtors' estates, to the benefit of all parties in interests. The 2024 Executive KEIP addresses Incura's need to appropriately incentivize the 2024 Executive KEIP Participants in order to maximize Incura's business performance during these chapter 11 cases. Incura's business performance is, of course, critical to maximizing value of the estates, and Incura believes that creating proper incentives to achieve that goal is a necessary means to that end. The 2024 Performance Program is structured to drive performance by the 2024 Program Participants and it was formed after substantial market research and it sets appropriate and reasonable compensation award opportunities. Thus, implementation of the 2024 Performance Program is a sound exercise of the Debtors' business judgment.

17. Importantly, I believe the 2024 Performance Program is appropriate for the following reasons:

- ***The 2024 Performance Program Is Calculated to Achieve Desired Performance:*** The 2024 Performance Program encourages Incura's key employees to achieve optimal

business performance goals that will drive a successful conclusion to the restructuring. In particular, achievement of the performance metrics under the 2024 Executive KEIP will require substantial efforts from the 2024 Executive KEIP Participants in the midst of a challenging financial situation and operating environment. Moreover, the performance metrics are tailored to individual Executive Team members in a manner that properly ties such member's potential awards to the metrics they influence. The 2024 Executive KEIP Participants cannot "go through the motions" and attain the performance metrics and, therefore, no award will be earned without substantial outperformance by the 2024 Executive KEIP Participants.

- ***The Scope of the 2024 Performance Program Is Fair and Reasonable:*** The 2024 Program Participants include only Incora's Executive Team and a limited set of Incora's senior management team. These individuals drive Incora's performance and are critical to ensuring the success of Incora's business and reorganization and the Debtors' emergence from chapter 11.
- ***Incora Developed the 2024 Performance Program with Independent Advice and Oversight:*** Incora actively sought input from A&M and their other legal, financial, and compensation advisors during the development process. This process leaned heavily on A&M's specific compensation-related expertise and analysis, oversight, and approval by the Board after multiple meetings discussing the 2024 Performance Program.

18. Under the 2024 Executive KEIP, Periodic Executive KEIP Payments are payable only upon Incora's achievement of performance targets during the applicable fiscal period. The metrics connected with the 2024 Executive KEIP were chosen to align the incentives of the 2024 Executive KEIP Participants with the Incora's overall performance, and achieving the performance targets is attainable but challenging, and will require substantial effort from the 2024 Executive KEIP Participants. These performance targets were carefully reviewed by Incora and their advisors to ensure that they are not "layups", on the one hand, but will not present unrealistic or unattainable goals, on the other. As stated above, these performance-based metrics and the applicable target levels were established by Incora in December 2023, at a time when the achievement of the metrics was substantially uncertain and the level at which performance would be achieved was entirely unknown, and the 2024 Executive KEIP Participants have been working toward achievement of these metrics since the beginning of the 2024 calendar year.

19. Under the 2024 Non-Executive KEIP, the 2024 Non-Executive KEIP Participants are similarly eligible to earn incentive payments based on achievement of certain performance metrics (measured and paid based on performance in the first, second, third and fourth quarter of

2024), with performance for the first and second quarters ultimately being measured on a cumulative basis following the end of the second quarter. Payment in respect of the first quarter's performance will be paid within 45 days following the end of the first quarter, with any payment to be made following the end of the second quarter to be adjusted, up or down, to reflect the aggregate award earned in respect of cumulative performance for the full first half. I believe such payments to be necessary to incentivize key employees, especially given the uncertainties and added workload associated with the Debtors' continued chapter 11 cases.

20. I believe that implementation of the 2024 Performance Program – particularly with respect to the performance metrics – is reasonable, within the Debtors' sound business judgment, and satisfies the requirements for approval under the Bankruptcy Code. Accordingly, I believe that approval of the 2024 Performance Program is appropriate.

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: May 1, 2024

/s/ Brian Cejka  
Brian Cejka  
Managing Director  
Alvarez & Marsal North America, LLC

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

*In re*

**WESCO AIRCRAFT HOLDINGS, INC.,**  
*et al.*,<sup>1</sup>

Debtors.

Case No. 23-90611 (MI)

Chapter 11

(Jointly Administered)

**ORDER APPROVING  
2024 KEY EMPLOYEE PERFORMANCE PROGRAM**

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

Upon the motion (the “*Motion*”),<sup>2</sup> of the above-captioned debtors (collectively, the “*Debtors*”), for entry of an order (this “*Order*”) authorizing the Debtors to enter into and implement the 2024 Performance Program; and the Court having jurisdiction to decide the Motion and to enter this Order pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided, such notice being adequate and appropriate under the circumstances; and after notice and a hearing, as defined in section 102 of the Bankruptcy Code; and the Court having determined that the legal and factual bases set forth in the Motion and in the record establish just cause for entry of this Order; and it appearing that entry of this Order is in the best interests of the Debtors’ estates; it is hereby **ORDERED** that:

1. The Debtors are authorized pursuant to sections 363 and 503(c)(3) of the Bankruptcy Code to implement the 2024 Performance Program on the terms described in the Motion and approved by the First Lien Noteholder Group.

2. Notwithstanding any provision of the Motion, the Gating Metric shall be an Annual EBITDA of \$108.5 million measured on a cumulative basis at the end of each performance period in accordance with the “Target” financial projections provided by the Debtors.

3. The Debtors shall provide the First Lien Noteholder Group, the Official Committee of Unsecured Creditors and their respective advisors with calculations of each applicable performance period in which any payment is made in accordance with the 2024 Performance Program and reasonable detail in support of such calculations.

4. The Debtors are authorized, but not directed, to take any and all action necessary or appropriate to implement the 2024 Performance Program and to perform any and all obligations contemplated thereby, including making the payments contemplated thereunder.

<sup>2</sup> Capitalized terms used but not defined in this Order have the meanings ascribed to them in the Motion.



5. Notwithstanding the relief granted in this Order, all authorizations herein and all payments and actions pursuant thereto shall be subject to each interim and final order entered by the Court in respect of the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors To (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Granting Adequate Protection to Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* [Docket No. 84] (collectively, such interim and final orders, the “**DIP Order**”), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Order or the DIP Documents (as defined in the DIP Order). To the extent there is any inconsistency between the terms of the DIP Order and the terms of this Order, the terms of the DIP Order shall control.

6. Notwithstanding Bankruptcy Rule 6004(h) or any other provision of the Bankruptcy Rules or Local Rules, the terms of this Order shall be immediately effective and enforceable upon its entry.

7. The Debtors and their agents are authorized to take all steps necessary or appropriate to carry out this Order.

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

Dated: \_\_\_\_\_  
Houston, Texas

\_\_\_\_\_  
MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE