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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
	:	
WAYPOINT LEASING	:	Case No. 18-13648 (SMB)
HOLDINGS LTD., <i>et al.</i> ,	:	
	:	(Jointly Administered)
Debtors. ¹	:	
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**DECLARATION OF ROBERT A. DEL GENIO
IN SUPPORT OF CONFIRMATION OF THE THIRD
AMENDED CHAPTER 11 PLAN OF LIQUIDATION OF
WAYPOINT LEASING HOLDINGS LTD. AND ITS AFFILIATED DEBTORS**

I, Robert A. Del Genio, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. My name is Robert A. Del Genio. I am over the age of 18 and competent to testify.

2. I am a Senior Managing Director for Corporate Finance and Restructuring at FTI Consulting, Inc. ("FTI"), a global business advisory firm and the financial advisor to the

¹ A list of the Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, is attached hereto as **Exhibit A**.



debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases (collectively, the “**Chapter 11 Cases**”). I submit this declaration (the “**Declaration**”) in support of the *Third Amended Chapter 11 Plan of Liquidation of Waypoint Leasing Holdings Ltd. and Its Affiliated Debtors* [ECF No. 871] (the “**Plan**”). This Declaration is submitted pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York. In particular, I submit this Declaration as evidence that the Plan satisfies the requirements of section 1129(a)(7) of title 11 of the United States Code (the “**Bankruptcy Code**”). As set forth below, I believe that the Debtors will have sufficient funds to administer and consummate the Plan, to wind down the Debtors’ Estates², and to close the Chapter 11 Cases.

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors’ operations and finances, my experience, my review of the relevant documents (including the Plan), any information provided to me by FTI employees working under my supervision, any information provided to me by members of the Debtors’ management or their other advisors, or my opinion based upon my experience and knowledge concerning the Debtors’ operations, the oil and gas industry, and the commercial helicopter leasing business. I am generally familiar with the terms and provisions of the Plan and the requirements for confirmation of the Plan under section 1129 of the Bankruptcy Code. I have also consulted with the Debtors’ counsel, Weil, Gotshal & Manges LLP (“**Weil**”), regarding the requirements for confirmation of the Plan under section 1129 of the Bankruptcy Code. If called upon to testify, I could and would testify to the facts set forth herein on that basis.

² Capitalized terms used but not otherwise herein defined shall have the meaning ascribed to such terms in the Plan or the *Disclosure Statement for Second Amended Modified Chapter 11 Plan of Liquidation of Waypoint Leasing Holdings Ltd. and Its Affiliated Debtors* [ECF No. 819] (the “**Disclosure Statement**”), as applicable.

Background and Qualifications

4. I have more than thirty years of experience in restructuring and mergers and acquisitions, and I have advised companies, lenders, creditors, corporate boards, and equity sponsors across a diverse range of industries both domestically and internationally. I have assisted clients both in and out of chapter 11, designed and evaluated financing packages and presentations to various types of lenders and equity investors, and acted as the financial advisor to boards of directors and/or principal shareholders in the purchase or sale of numerous businesses. I have advised companies, lenders, and investors in a variety of industries and acted as the financial advisor to the following companies: Reichhold Holdings US, Inc., Milacron, Inc., Catalina Marketing Corp., Caraustar Industries, Inc., MicroAge, Inc., CST Industries, Dan River, Inc., Wheeling-Pittsburgh Steel Corp., US Internetworking, Factory Card Outlet, Malden Mills, and Metal Forming Technologies during their chapter 11 cases. I have served as the Strategic Planning Officer of RHI Entertainment, Inc. I have held the title of the Chief Restructuring Officer of The Weinstein Company Holdings LLC, CHC Group Ltd., and PHI, Inc. during their chapter 11 cases. I currently serve on the board of directors of Panavision, Inc., after having previously served as its interim Chief Executive Officer. Finally, I have previously served on the boards of directors of Washington Group International, Inc., CHC Group Ltd., Lazare Kaplan International, Inc., and Buffets, Inc.

5. Prior to joining FTI, I was a Corporate Finance Partner and a National Director at Ernst & Young. I later co-founded CDG Group where I was a Managing Member. I have a B.B.A. with high honors from the University of Notre Dame and a Masters of Management from the Kellogg Graduate School of Management at Northwestern University.

The Retention of FTI

6. On June 13, 2018, FTI was retained by Weil, on behalf of the Debtors and their non-debtors affiliates (together with the Debtors, the “**Company**”), to assist Weil in advising the Company in its negotiations with its creditors and to provide the Company and its other professionals with financial advisory services in connection with the Company’s evaluation and development of strategic alternatives to address its capital structure and restructure its operations. The order approving FTI’s retention was entered by the Court on January 8, 2019 [ECF No. 222].

7. I have led the FTI team in, among other things, forecasting the Company’s liquidity position, identifying and implementing cost-saving strategies, negotiating with key constituents, developing strategic restructuring alternatives and strategies, and providing other financial analysis and planning. Accordingly, I have knowledge of the Debtors’ cash flow needs and projections for funding the winddown of the Debtors’ Estates worldwide (the “**Winddown**”). I was personally involved in the development and negotiations regarding the Plan and its related documents. I, along with the members of the FTI team who I oversee, prepared the liquidation analysis annexed hereto as **Exhibit B** and originally set forth in the Disclosure Statement (the “**Liquidation Analysis**”). I am authorized to submit this Declaration on behalf of the Debtors.

The Plan is in the Best Interests of the Creditors

8. In conjunction with the Debtors, Weil, and the Debtors’ other advisors, FTI prepared the Liquidation Analysis to determine whether the Plan is in the best interests of the holders of Claims and Interests for each Debtor pursuant to section 1129(a)(7) of the Bankruptcy Code, which is commonly referred to as the “best interests test.” I understand that section 1129(a)(7) of the Bankruptcy Code requires that, with respect to impaired classes of claims and interests, holders of impaired claims and interests in such classes must either accept the applicable

chapter 11 plan or have the best interests test satisfied with respect to their impaired claims and interests. The best interests test requires that the holders of Claims and Interests that are impaired under the Plan must receive or retain value under the Plan that is at least equal to the amount that such holders would receive if the Debtors were instead liquidated under Chapter 7 of the Bankruptcy Code (“**Chapter 7**”). As laid out in the Liquidation Analysis and described in greater detail herein, the recoveries that may be realized by the holders of Claims and Interests under the Plan are not less than what such holders would otherwise receive if their Claims and Interests were instead liquidated pursuant to a hypothetical Chapter 7 case.

A. Assumptions Underlying the Liquidation Analysis

9. I am familiar with the Liquidation Analysis, the underlying financial data, and the assumptions upon which the Liquidation Analysis is based. The basis of the amounts used in the Liquidation Analysis was the estimated value of unencumbered assets, estimated Claims as of March 2019, and a budget for the Winddown agreed to by the WAC Lenders. The Liquidation Analysis was prepared assuming a hypothetical conversion to Chapter 7 in July 2019 and relied on projected amounts as of that date. The Liquidation Analysis also assumes that the Winddown of the Debtors would commence under the direction of a Chapter 7 trustee appointed by the Court, and would require approximately two years (the “**Winddown Period**”) to wind down the Debtors’ Estates and dissolve a total of one-hundred and twenty-two entities, comprised of sixty-six special purpose corporations and fifty-six business trusts. All of the Debtors’ cash proceeds, net of any liquidation-related costs and other administrative expenses and Priority Claims, would be distributed in order to satisfy the Allowed Claims and Interests in accordance with the priority scheme set out under Chapter 7.

10. The Liquidation Analysis further assumes that the proceeds from a Chapter 7 liquidation would be further reduced by certain additional administrative costs, fees for the Chapter 7 trustee's professionals (including attorneys, financial advisors, liquidators, appraisers, and accountants), and fees for the Chapter 7 trustee himself. The Liquidation Analysis expressly notes that actual administrative costs may exceed the estimate included in the Liquidation Analysis, particularly if the Winddown Period ends up exceeding two years.

11. An additional key assumption underlying the Liquidation Analysis relates to the way in which the proceeds would be allocated. The amount of cash available for distribution would be the sum of the proceeds from the Chapter 7 liquidation and the cash held by the Debtors at the commencement of their Chapter 7 cases. As I have been advised, under Chapter 7's "absolute priority rule," no junior creditor may receive any distribution in a Chapter 7 case until all senior creditors are paid in full, and no equity holder may receive any distribution until all creditors are paid in full. The Secured Claims of the WAC Lenders have first priority liens on all of the Debtors' assets at each respective WAC Group. As such, prior to delivering any proceeds to the holders of Allowed General Unsecured Claims, available cash would first be applied to satisfy any Secured Claims (to the extent the proceeds available for distribution are encumbered by liens securing such Secured Claims), and then to Allowed Administrative Expense Claims (including any incremental Allowed Administrative Expense Claims that may result from the liquidation of the Debtors' assets), and any other Allowed Priority Claims under section 507 of the Bankruptcy Code, as required under section 726 of the Bankruptcy Code. Any remaining cash after the satisfaction of all Allowed Secured Claims, Allowed Administrative Expense Claims, and Allowed Priority Claims would then be available for distribution to the holders of Allowed General

Unsecured Claims in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code.

12. As indicated above, the assets encumbered in favor of the WAC Lenders would normally be used to satisfy Claims of the WAC Lenders and would not be available to fund the payment of Allowed Administrative Expense Claims or Allowed Priority Claims until the WAC Lenders had been paid in full. However, notwithstanding the foregoing, the Liquidation Analysis assumes that the Chapter 7 trustee would seek the consensual or Court-authorized use of the Holdback Amounts to fund such Administrative Expense Claims. Accordingly, given that assumption, the Liquidation Analysis allows first for the proceeds from the Debtors' Chapter 7 liquidation to be applied to satisfy Administrative Expense Claims and Allowed Priority Claims, and then for the remaining proceeds to be applied to pay Secured Claims of the WAC Lenders.

13. Based on my experience, it is my belief that the methodology used to prepare the Liquidation Analysis is appropriate, and that the assumptions and conclusions set forth in the Liquidation Analysis, including the estimate of the potential proceeds that would be realized from a Chapter 7 liquidation of the Debtors (which would thereby be available to satisfy Claims under the assumptions set forth therein), represent a reasonable exercise of the Debtors' business judgment with respect to such matters. The Liquidation Analysis was prepared in connection with the Disclosure Statement, and I believe that it provides a fair and reasonable assessment of the effects that a conversion of the Debtors' Chapter 11 Cases to cases under Chapter 7 would have on the proceeds available for distribution to holders of Claims and Interests.

B. The Best Interests Test

14. As described in more detail in the Disclosure Statement, the Plan is a liquidating plan. Substantially all of the Debtors' assets have previously been liquidated pursuant

to the completed sale transactions, and I expect that any remaining assets will either be liquidated as part of the Winddown or returned to the WAC Lenders. The Liquidation Analysis shows recoveries under the Plan with respect to all impaired Classes of Claims and Interests to be at least as much as the expected available recoveries in a hypothetical Chapter 7 liquidation.

15. Under the Plan, the holders of Claims and Interests in Classes 1A through 20A (Priority Non-Tax Claims against the Debtors), Classes 1B through 20B (Other Secured Claims against the Debtors), and Classes 1F through 18F and 20F (Other Interests in the Debtors) are unimpaired (collectively, the “**Unimpaired Classes**”). As I have been advised by Weil, the best interests test does not apply to the Unimpaired Classes. Similarly, holders of Claims in Classes 1E through 20E (Intercompany Claims against the Debtors) are impaired under the Plan, but are conclusively presumed to accept the Plan pursuant to their role as Plan proponents, so that the best interests test does not apply to them either. The holders of the above-referenced Classes of Claims and Interests have therefore either accepted the Plan or are receiving or retaining under the Plan the maximum recovery to which they are entitled, and so could not receive a greater recovery in a Chapter 7 liquidation.

16. Further, I have been advised by Weil that the best interests test does not apply to any Classes for which there were no Claims to solicit (collectively, the “**Vacant Classes**”). Pursuant to section V.D.5. of the Disclosure Statement and section 3.5 of the Plan, the Vacant Classes shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code. As stated in the *Certification of Leticia Sanchez with Respect to the Tabulation of Votes on the Second Amended Modified Chapter 11 Plan of Liquidation of Waypoint Leasing Holdings Ltd. and Its Affiliated Debtors* [ECF No. 861] (the “**Voting Certification**”), the

Vacant Classes include Class 10(ii)D (General Unsecured Claims against MSN 2826 Trust), Class 10(iii)D (General Unsecured Claims against MSN 2879 Trust), Class 10(iv)D (General Unsecured Claims against MSN 2916 Trust), Class 11(i)D (General Unsecured Claims against WAC11), Class 11(ii)D (General Unsecured Claims against WAG), Class 11(iii)D (General Unsecured Claims against MSN 2905 Trust), Class 14(i)D (General Unsecured Claims against WAC14), Class 14(ii)D (General Unsecured Claims against WAC5B), Class 15D (General Unsecured Claims against WAC15), and Class 18D (General Unsecured Claims against LuxCo Euro). However, upon further review by Weil and FTI of the Claims filed in the Chapter 11 Cases by the General Bar Date and of all of the Claims scheduled in the Debtors' Schedules of Assets and Liabilities, I have determined that there were also no Claims to solicit in Class 5(ii)E (Intercompany Claims against MSN 2047 Trust), Class 5(iii)E (Intercompany Claims against MSN 2057 Trust), Class 5(iv)E (Intercompany Claims against MSN 14786 Trust), Class 5(v)E (Intercompany Claims against WLUK5A), Class 10(ii)E (Intercompany Claims against MSN 2826 Trust), Class 10(iii)E (Intercompany Claims against MSN 2879 Trust), Class 10(iv)E (Intercompany Claims against MSN 2916 Trust), Class 11(ii)E (Intercompany Claims against WAG), and Class 11(iii)E (Intercompany Claims against MSN 2905 Trust), and so these Classes are also Vacant Classes. Accordingly, the best interests test does not apply to the Vacant Classes, including those that were not originally listed as Vacant Classes on the Voting Certification.

17. As set forth in the Liquidation Analysis, the best interests test is satisfied as to every single holder of a Claim or Interest in an impaired Class to which the test applies. Although the Plan proposes to distribute the Debtors' remaining assets and implement the Winddown—and a Chapter 7 liquidation would have a similar practical effect—I believe that the Plan provides the best source of recovery for the holders of Claims. The Plan allows for the

disposition of the Debtors' remaining assets in an efficient and orderly manner that will reduce costs. Although the Liquidation Analysis is not an exact science, the amounts that would be available for satisfaction of the Claims under the Plan would be reduced significantly by the incremental costs and expenses of a Chapter 7 trustee and his retained professionals, and the additional Administrative Claims that would result thereto from the Chapter 7 liquidation. If a Chapter 7 trustee is appointed, I believe that the Chapter 7 trustee would be required to invest time and resources to investigate the facts underlying the Claims filed against the Debtors' Estates and to familiarize itself with the books, records, and corporate structure of the Debtors and their non-Debtor affiliates. On the other hand, the proposed Plan Administrator already has substantial familiarity with the Debtors' corporate structure and the Debtors' remaining assets and contracts, such as the Transition Services Agreement, which will create efficiencies and cost savings that would not otherwise exist upon the appointment of a Chapter 7 trustee and his retained professionals.

18. Further, I believe that a Chapter 7 liquidation could delay the orderly Winddown contemplated by the Plan, and that holders of Claims would be harmed by the delay and expense that would result therefrom. Although the costs to fund the Winddown of the Debtors' Estates have been funded into the Winddown Account, I expect that any amounts incurred by the Chapter 7 trustee would be in excess of such budgeted amounts and are not currently accounted for in the Winddown Account. Further, while the Debtors are working with local counsel to see if certain economies of scale may be achieved during the Winddown Period, I expect that such savings may not be available to a Chapter 7 trustee.

19. Specifically, the Liquidation Analysis demonstrates that all Classes of Claims and Interests will recover value equal to or in excess of what such Classes would receive

in a hypothetical Chapter 7 liquidation. I expect that the amounts needed to wind down the Debtors' Estates and their non-Debtor affiliates pursuant to applicable local law would also be incurred in a Chapter 7 liquidation. In total, the Liquidation Analysis assumes that there will be an estimated \$4.3 million in Chapter 7 trustee fees (calculated as 3% of the gross proceeds resulting from the Chapter 7 liquidation). The Liquidation Analysis further assumes a total of \$9.6 million (*i.e.*, \$400,000 per month for twenty-four months) for the projected fees and expenses payable to the advisors of the Chapter 7 trustee. Because the Debtors do not anticipate there being significant chapter 11 professional fees following the Effective Date of the Plan, and both the Plan Administrator and the Chapter 7 trustee would need to incur costs to liquidate the Debtors and their non-Debtor affiliates in various foreign jurisdictions, I expect that nearly all of the fees and expenses of an appointed Chapter 7 trustee would be incremental to the amounts expected to be expended by the Debtors under the Plan. Thus, the Liquidation Analysis provides that these incremental costs will result in \$7.9 million of the Holdback Amounts being used to fund the Chapter 7 liquidation, with the remainder of the Holdback Amounts being returned to the WAC Lenders. If the Chapter 7 trustee cannot use the Holdback Amounts to cover any shortfall for the satisfaction of his fees, then he may seek to have the Chapter 7 cases dismissed. Under either scenario, the Liquidation Analysis projects that the holders of General Unsecured Claims will receive no recovery in a Chapter 7 liquidation.

20. I believe that the Debtors' Liquidation Analysis is sound and reasonable and incorporates justified assumptions and estimates, such as (i) the additional costs and expenses that would be incurred by the Debtors as a result of the Chapter 7 trustee's fees and his retention of new professionals; (ii) the delay and erosion of value that would be caused due to the need of the newly appointed Chapter 7 trustee and his professionals to familiarize themselves with the assets

and liabilities of the Debtors; and (iii) the reduced recoveries for the WAC Lenders that would result from the Holdback Amounts having to be partially utilized by the Chapter 7 trustee for his fees as a result of the expected shortfall in the Winddown Account if a Chapter 7 liquidation were to occur. Based upon the foregoing, I believe that the Plan satisfies the best interests test contained in section 1129(a)(7) of the Bankruptcy Code.

21. For the foregoing reasons, I believe that the Plan is in the best interests of the Debtors' Estates and their creditors. Accordingly, I believe that the Plan should be confirmed.

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: July 22, 2019
New York, New York

/s/ Robert A. Del Genio
Robert A. Del Genio

Exhibit A

Debtors

Debtor	Last 4 Digits of Tax ID Number	Debtor	Last 4 Digits of Tax ID Number
Waypoint Leasing Holdings Ltd.	2899	MSN 760682 Trust	N/A
Waypoint Leasing (Luxembourg) S.à r.l.	7041	Waypoint 2916 Business Trust	N/A
Waypoint Leasing (Ireland) Limited	6600	MSN 920062 Trust	N/A
Waypoint Asset Co 10 Limited	2503	MSN 920125 Trust	N/A
MSN 2826 Trust	N/A	MSN 9229 AS	7652
MSN 2879 Trust	N/A	Waypoint Asset Co 3A Limited	6687
Waypoint Asset Co 11 Limited	3073	MSN 41371 Trust	N/A
MSN 2905 Trust	N/A	Waypoint Asset Euro 1A Limited	9804
Waypoint Asset Co 14 Limited	1585	Waypoint Asset Co 1K Limited	2087
Waypoint Asset Co 15 Limited	1776	MSN 4469 Trust	N/A
Waypoint Asset Co 3 Limited	3471	MSN 6655 Trust	N/A
AE Helicopter (5) Limited	N/A	Waypoint Leasing (Luxembourg) Euro S.à r.l.	8928
AE Helicopter (6) Limited	N/A	Waypoint Asset Co 1A Limited	1208
MSN 31141 Trust	N/A	Waypoint Leasing Labuan 1A Limited	2299
MSN 31492 Trust	N/A	Waypoint Asset Co 1C Limited	0827
MSN 36458 Trust	N/A	Waypoint Asset Co 1D Limited	7018
MSN 760543 Trust	N/A	Waypoint Asset Co 1F Limited	6345
MSN 760551 Trust	N/A	Waypoint Asset Co 1G Limited	6494
MSN 760581 Trust	N/A	Waypoint Asset Co 1H Limited	7349
MSN 760628 Trust	N/A	Waypoint Asset Co 1J Limited	7729
MSN 760631 Trust	N/A	MSN 20159 Trust	N/A

Debtor	Last 4 Digits of Tax ID Number	Debtor	Last 4 Digits of Tax ID Number
MSN 6658 Trust	N/A	Waypoint Asset Funding 6 LLC	4964
Waypoint 760626 Business Trust	N/A	Waypoint Asset Co 7 Limited	9689
MSN 7152 Trust	N/A	Waypoint Asset Euro 7A Limited	2406
MSN 7172 Trust	N/A	Waypoint Asset Co 8 Limited	2532
Waypoint Asset Funding 3 LLC	4960	MSN 31041 Trust	N/A
Waypoint Asset Malta Ltd	5348	MSN 31203 Trust	N/A
Waypoint Leasing Labuan 3A Limited	8120	MSN 31578 Trust	N/A
Waypoint Leasing UK 3A Limited	0702	MSN 760617 Trust	N/A
Waypoint Asset Co 4 Limited	0301	MSN 760624 Trust	N/A
Waypoint Asset Co 5 Limited	7128	MSN 760626 Trust	N/A
Waypoint Leasing Services LLC	8965	MSN 760765 Trust	N/A
MSN 14786 Trust	N/A	MSN 920063 Trust	N/A
MSN 2047 Trust	N/A	MSN 920112 Trust	N/A
MSN 2057 Trust	N/A	Waypoint 206 Trust	N/A
Waypoint Asset Co 5B Limited	2242	Waypoint 407 Trust	N/A
Waypoint Leasing UK 5A Limited	1970	Waypoint Asset Euro 1B Limited	3512
Waypoint Asset Co 6 Limited	8790	Waypoint Asset Euro 1C Limited	1060
MSN 31042 Trust	N/A	MSN 20012 Trust	N/A
MSN 31295 Trust	N/A	MSN 20022 Trust	N/A
MSN 31308 Trust	N/A	MSN 20025 Trust	N/A
MSN 920119 Trust	N/A	MSN 920113 Trust	N/A

Debtor	Last 4 Digits of Tax ID Number	Debtor	Last 4 Digits of Tax ID Number
Waypoint Asset Funding 8 LLC	4776	Waypoint Asset Co Germany Limited	5557
Waypoint Leasing UK 8A Limited	2906	MSN 31046 Trust	N/A
Waypoint Leasing US 8A LLC	8080	MSN 41511 Trust	N/A
Waypoint Asset Company Number 1 (Ireland) Limited	6861	MSN 760608 Trust	N/A
Waypoint Asset Euro 1D Limited	1360	MSN 89007 Trust	N/A
Waypoint Asset Co 1L Limited	2360	MSN 920141 Trust	N/A
Waypoint Asset Co 1M Limited	5855	MSN 920152 Trust	N/A
Waypoint Asset Co 1N Limited	3701	MSN 920153 Trust	N/A
Waypoint Asset Euro 1G Limited	4786	MSN 920273 Trust	N/A
Waypoint Asset Funding 1 LLC	7392	MSN 920281 Trust	N/A
Waypoint Leasing UK 1B Limited	0592	MSN 9205 Trust	N/A
Waypoint Leasing UK 1C Limited	0840	MSN 9229 Trust	N/A
Waypoint Asset Company Number 2 (Ireland) Limited	7847	Waypoint Asset Funding 2 LLC	7783

Exhibit B

Liquidation Analysis

LIQUIDATION ANALYSIS

A. INTRODUCTION¹

Pursuant to section 1129(a)(7) of the Bankruptcy Code (often called the “**Best Interests Test**”), holders of Impaired Claims and Interests must either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Plan’s assumed Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code (“**Chapter 7**”) on the assumed Effective Date.

In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount of distributable value that would be generated by a hypothetical liquidation of the Debtors’ assets under Chapter 7. The Debtors, with the assistance of their advisors, have prepared this hypothetical liquidation analysis (the “**Liquidation Analysis**”) in connection with the Disclosure Statement.

THERE ARE NUMEROUS ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS REGARDING THE LIQUIDATION PROCEEDS THAT, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY THE DEBTORS, ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, REGULATORY, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS. ACCORDINGLY, ACTUAL RESULTS COULD MATERIALLY DIFFER FROM THE PROJECTED RESULTS SET FORTH HEREIN.

B. SIGNIFICANT ASSUMPTIONS

Hypothetical recoveries for holders of Claims and Interests in a Chapter 7 liquidation were determined through multiple steps, as set forth below.

The basis of the amounts used in the Liquidation Analysis is the estimated value of unencumbered assets, estimated claims as of March 2019, and a winddown budget agreed to by the WAC Lenders. The Liquidation Analysis assumes a hypothetical conversion to Chapter 7 in July 2019. The Liquidation Analysis also assumes that the liquidation of the Debtors would commence under the direction of a Chapter 7 trustee appointed by the Bankruptcy Court and would require approximately two (2) years (the “**Winddown Period**”) to wind down the Debtors’ remaining unencumbered assets and dissolve a total of one-hundred and twenty-two (122) entities, comprised of sixty-six (66) special purpose corporations and fifty-six (56) business trusts. All of the Debtors’ cash proceeds, net of any liquidation-related costs and other administrative expenses and priority claims, would be distributed in order to satisfy the Allowed Claims and Interests in accordance with the priority scheme set out under Chapter 7.

¹ All capitalized terms not otherwise defined in this Liquidation Analysis shall have the meanings ascribed to such terms in the Disclosure Statement or the Plan, as applicable.

C. ESTIMATE OF NET PROCEEDS

The Liquidation Analysis takes into consideration the costs and effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Allowed Claims and Interests, including the costs and expenses arising from fees payable to a Chapter 7 trustee and its advisors (see below).

The Liquidation Analysis does not reflect any potential recoveries that might be realized by the Chapter 7 trustee's potential pursuit of any Avoidance Actions. While the Debtors are still investigating whether there are any valid Avoidance Actions to pursue and the various defenses that would likely be asserted, the Debtors believe that any potential proceeds from such Avoidance Actions would be recoverable under both the Plan (to the extent not released) and in a Chapter 7 liquidation. The Liquidation Analysis does not reflect any recoveries that might be realized from any future litigation initiated by the Debtors or a Chapter 7 trustee.

D. ESTIMATE OF COSTS

The distributions and estimated recoveries projected in the Plan and the Disclosure Statement are net of administrative expenses, priority claims, and costs associated with reconciling claims, implementing the Plan, and paying for the winddown and ultimate liquidation and dissolution of the remaining one-hundred and twenty-two (122) entities. Proceeds from a Chapter 7 liquidation would be further reduced by certain additional administrative costs, fees for the Chapter 7 trustee's professionals (including attorneys, financial advisors, liquidators, appraisers, and accountants) and fees for the Chapter 7 trustee itself. Actual administrative costs may exceed the estimate included in this Liquidation Analysis, particularly if the Winddown Period exceeds two (2) years.

E. DISTRIBUTION OF NET PROCEEDS UNDER THE ABSOLUTE PRIORITY RULE

The amount of cash available for distribution would be the sum of the proceeds from the Chapter 7 liquidation of the Debtors' assets and the cash held by the Debtors at the commencement of their Chapter 7 cases. Under Chapter 7's "absolute priority rule," no junior creditor may receive any distribution until all senior creditors are paid in full, and no equity holder may receive any distribution until all creditors are paid in full. As such, prior to delivering any proceeds to holders of Allowed General Unsecured Claims, available cash would first be applied to satisfy any Secured Claims (to the extent the proceeds available for distribution are encumbered by liens securing Secured Claims), Allowed Administrative Expense Claims (including any incremental Allowed Administrative Expense Claims that may result from the liquidation of the Debtors' assets), and other Allowed Priority Claims under section 507 of the Bankruptcy Code, as required under section 726 of the Bankruptcy Code. Any remaining cash after the satisfaction of all Allowed Secured Claims, Allowed Administrative Expense Claims, and Allowed Priority Claims would be available for distribution to holders of Allowed General Unsecured Claims in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code.

The Secured Claims of the WAC Lenders have first priority liens on all of the Debtors' assets at each respective WAC Group. There have been partial distributions to the WAC

Lenders of certain of the proceeds received from the Macquarie Sale Transaction, and the WAC Lenders' Secured Claims have been reduced by the amount of such partial distributions. As indicated above, the assets encumbered in favor of the WAC Lenders would normally go first to the WAC Lenders and would not be available to fund payments of Allowed Administrative Expense Claims or Allowed Priority Claims. However, the Liquidation Analysis assumes that the Chapter 7 trustee will seek consensual or court-authorized use of the Holdback Amounts to fund such Claims. Accordingly, given that assumption, the proceeds from the Debtors' Chapter 7 liquidation would be applied to satisfy Administrative Expense Claims and Allowed Priority Claims before being applied to pay Secured WAC Claims.

F. HYPOTHETICAL LIQUIDATION ANALYSIS

As described in more detail in the Disclosure Statement, the Plan is a liquidating plan. The vast majority of the Debtors' assets have previously been liquidated pursuant to the Macquarie Sale Transaction, the WAC2 Sale Transaction, the WAC9 Sale Transaction, and the WAC12 Sale Transaction, and the Debtors expect that any remaining assets will either be liquidated as part of the broader winddown of their Estates or returned to the WAC Lenders who have liens on such collateral. Accordingly, the Debtors do not expect to incur significant additional chapter 11 professional fees following the Effective Date. The Debtors expect that many of the assumptions and transactions underlying the Plan would remain the same in a Chapter 7 liquidation. However, if a Chapter 7 trustee is appointed, the Debtors expect that the Chapter 7 trustee would be required to invest time and resources to investigate the facts underlying the Claims filed against the Debtors' Estates and to familiarize itself with the books, records, and corporate structure of the Debtors and their non-Debtor affiliates. The Debtors also expect that there will be additional administrative costs in a Chapter 7 liquidation on account of the (i) expected fees of the Chapter 7 trustee and (ii) Chapter 7 trustee's professionals' fees that will impact creditors' recoveries. In total, the Liquidation Analysis assumes that there will be an estimated \$4.3 million in Chapter 7 trustee fees (calculated as 3% of the gross proceeds resulting from the Chapter 7 liquidation). The Liquidation Analysis further assumes a total of \$9.6 million (*i.e.*, \$400,000 per month for twenty-four (24) months) for the projected fees and expenses payable to the advisors of the Chapter 7 trustee. Because the Debtors do not expect there to be significant chapter 11 professional fees following the Effective Date, and both the Plan Administrator and the Chapter 7 trustee would need to incur costs to liquidate the Debtors and their non-Debtor affiliates in various foreign jurisdictions, the Debtors expect that nearly all fees and expenses of a Chapter 7 trustee would be incremental to the amounts expected to be expended by the Debtors under the Plan.

The Winddown Account, which was funded pursuant to the terms of the Sale Orders, includes amounts sufficient to pay the costs of winding down the Debtors' Estates, including chapter 11 administrative expenses and the costs of liquidating the Debtors and their non-Debtor affiliates under applicable law. Barring delay, the Debtors expect that the amounts needed to wind down the Debtors' Estates and their non-Debtor affiliates pursuant to applicable local law would also be incurred in a Chapter 7 liquidation. Specifically, similar to the role of the Plan Administrator, the Debtors expect that a Chapter 7 trustee would need to expend funds to hire a professional to oversee the liquidation of the non-Debtor affiliates and coordinate directly with local counsel and tax and accounting professionals familiar with the local law requirements for the jurisdictions of each of the entities that need to be wound down. Additionally, while the Debtors

have achieved savings by selecting a Plan Administrator who has agreed to take on certain additional duties (such as serving as a director on the boards of directors of many of the Debtors at no additional charge) and are working with local counsel to see if certain economies of scale may be achieved during the Winddown Period, the Debtors expect that such savings may not be available to a Chapter 7 trustee. Moreover, the Plan Administrator already has familiarity with the Debtors' corporate structure and certain of the Debtors' key remaining assets and contracts, such as the TSA. Accordingly, although the costs to fund the winddown of the Debtors' Estates have been funded into the Winddown Account, the Debtors expect that any amounts incurred by the Chapter 7 trustee would be in excess of such amounts and are not currently accounted for in the Winddown Account. As of March 31, 2019, the Debtors had \$6.0 million² in unencumbered cash. Accordingly, because there is insufficient unencumbered cash to cover all of the estimated Chapter 7 liquidation costs, Priority Claims, and Administrative Claims, the Liquidation Analysis assumes that a Chapter 7 trustee would seek consensual or court-authorized use of the Holdback Amounts to cover the shortfall. After accounting for cash proceeds from aircraft sales and other unencumbered assets, the Debtors expect that this will result in \$7.9 million of the Holdback Amounts being used to fund the Chapter 7 liquidation, with the remainder of the Holdback Amounts being returned to the WAC Lenders. If the Chapter 7 trustee cannot use the Holdback Amounts to cover any shortfall for the satisfaction of its fees, then it may seek to have the Chapter 7 cases dismissed. Under either scenario, the Liquidation Analysis projects that holders of General Unsecured Claims will receive no recovery in a Chapter 7 liquidation.

After considering the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Allowed Claims and Interests, the Debtors have determined, as summarized in the "Best Interests Test" section of the Disclosure Statement, that the Debtors' proposed Plan will provide holders of Allowed Claims and Interests with a recovery that is not less than such holders would receive pursuant to a Chapter 7 liquidation of the Debtors' remaining assets.

² This represents the actual unencumbered cash balance at the Debtor service company, holding companies, WLIL, and WAC11 as of March 31, 2019. This excludes all cash held by non-Debtors, the other Debtors, and the segregated cash accounts.