

**THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF WESCO AIRCRAFT HOLDINGS, INC.**

TO: All Holders of Class 7a (General Unsecured Claims) and Class 7b (General Unsecured Convenience Claims) against Wesco Aircraft Holdings, Inc. and its debtor affiliates (the “**Debtors**” or the “**Company**”)

FROM: The Official Committee of Unsecured Creditors of Wesco Aircraft Holdings, Inc. (the “**Committee**”)¹

RECOMMENDATION

You are receiving this letter together with the court-approved Disclosure Statement for the Debtors’ Modified First Amended Joint Chapter 11 Plan (the “**Disclosure Statement**” and “**Plan**,” Dkt. Nos. 1224 & 1223) because you are an unsecured creditor entitled to vote on the Plan.²

The Committee was appointed on June 16, 2023 by the Office of the United States Trustee (an arm of the United States Department of Justice) to represent the interests of all unsecured creditors, including you as a Holder of a Class 7 Claim, in the Debtors’ chapter 11 cases. The Committee supports the Plan and recommends that you vote to *ACCEPT* the Plan by marking your Ballot as follows:

ACCEPT (vote FOR) the Plan

Please note that you have the right to opt out of the Third-Party Release in Item 2 of the Ballot. The Third-Party Release is located at Article VIII.E of the Plan and is also contained in the Ballot. Your decision to opt-out of the Third-Party Release does not impact your recoveries under the Plan. You may wish to review the Third-Party Release in the Plan and consult with your own legal counsel. Additionally, you may wish to opt into the General Unsecured Convenience Claim Class in Item 4 if you qualify to do so.

You must submit your Ballot to the Solicitation Agent as provided in the Ballot.

To be counted, your Ballot must be received by 5:00 PM (Prevailing Central Time) on February 15, 2024.

Please read the Disclosure Statement and Ballot carefully. The Ballot includes detailed information on how to complete and submit your Ballot. The Disclosure Statement describes the Plan. This letter is only a summary of material provisions.

¹ The Committee currently includes: BOKE, NA, as successor indenture trustee; Insight2Profit; and Parker Hannifin Corporation.

This letter is written on behalf of the Committee and does not necessarily express the view of any individual Committee Member.

² Capitalized terms have the meanings set forth in the Plan and Disclosure Statement.

MATERIAL ECONOMIC TERMS

If you hold Claims in Class 7a (“General Unsecured Claims”):

The Plan sorts Claims into classes. Class 7a contains all voting unsecured Claims other than General Unsecured Convenience Claims classified in Class 7b and detailed below. Class 7a General Unsecured Claims include every 2024 Unsecured Notes Claim, 2026 Unsecured Notes Claim and 2027 Unsecured Notes Claim.

The Plan distributes on account of each Class 7a Claim its pro rata share of 3.5% of the New Common Equity (the “**Settlement Equity Pool**”). The Debtors estimate the Settlement Equity Pool will be shared by holders of approximately \$650,000,000 to \$690,000,000 of Class 7a Claims. The Plan estimates the aggregate value of the New Common Equity is between approximately \$400,000,000 and \$900,000,000. Thus, the Disclosure Statement estimates a recovery of approximately 2 to 5 cents-on-the-dollar for Class 7a Claims.

The New Common Equity is subject to dilution by any New Common Equity issued in respect of the Reorganized Debtors’ management incentive compensation program to be established and implemented by the Reorganized Inco Board after the Effective Date.

If you hold Claims in Class 7b (“General Unsecured Convenience Claims”):

Class 7b contains all unsecured Claims that are Allowed in an amount of \$1,500,000 or less. The Allowed amount of all Claims held by a holder and its Affiliates shall be aggregated for purposes of the foregoing calculation. Holders of Claims that are Allowed in an amount in excess of \$1,500,000 that otherwise meet the foregoing criteria may opt into treatment as a General Unsecured Convenience Claim by making a ballot election to waive any Allowed amounts that are in excess of the \$1,500,000 threshold.

The Plan provides for each Class 7b Claim to receive its pro rata share of \$7,500,000 of cash, up to a capped recovery not to exceed 10.00% on the Allowed amount of a Class 7b Claim. The Debtors estimate that Class 7b Claims will total approximately \$70,000,000 to \$75,000,000.

Actual ranges and recoveries may differ materially from the assumptions in the Disclosure Statement. Distributions on Allowed Claims may only be made over time as Claims are finally Allowed or Disallowed, which may take substantial time.

THE COMMITTEE’S ACTIVITIES AND PLAN NEGOTIATION

The following is a summary of the Committee’s efforts to provide value to holders of Class 7 Claims. The statements herein are solely the views of the Committee and are not offered as legal advice or intended to substitute for the Disclosure Statement.

The Committee’s Investigation

Following its appointment in June, the Committee investigated potential estate claims against insiders, affiliates, and other third parties, as well as the validity, priority, and extent of liens and the existence

of other unencumbered assets that could provide the basis for an unsecured creditor recovery. The Committee scrutinized the Sponsor's leveraged combination of Wesco and Pattonair, the 2022 Financing Transactions and the outstanding litigation related thereto for claims relevant to unsecured creditors.

This investigation culminated in the Committee's filing on November 27, 2023 of its *Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors' Estates and (II) Claim Objection* [Docket No. 994; corrected at Docket Nos. 1020 and 1025] (as amended or supplemented from time to time, the "**Standing Motion**"). Through the Standing Motion, the Committee sought exclusive standing and authority to commence, prosecute, and settle certain, which primarily relate debt transactions completed by the Debtors in January 2020 and March 2022. The Committee's proposed causes of action generally fall into the following five categories: (a) causes of action, including constructive fraudulent transfer, breach of fiduciary duties, and equitable subordination, seeking to challenge certain transactions and decisions relating to the merger of Wesco and Pattonair into one combined company—Incora—pursuant to a leveraged buyout closed in January 2020; (b) a constructive fraudulent transfer claim seeking to challenge payments of advisory fees to Sponsor in exchange for advisory services; (c) causes of action, including actual and constructive fraudulent transfer, insider preferential transfer, breach of fiduciary duties, aiding and abetting and knowingly participating in breach of fiduciary duties, and equitable subordination, seeking to challenge the 2022 Financing Transactions; (d) causes of action, including breach of fiduciary duties and constructive fraudulent transfer, seeking to challenge a 2022 amendment to the Debtors' ABL Facility; and (e) a claim seeking to avoid allegedly unperfected security interests on the Debtors' bank accounts, director and officer insurance policies, and commercial tort claims. The Standing Motion also seeks the disallowance of claims for applicable premium or make-whole amounts as unmatured interest and argues that any claims asserted by Carlyle or Sponsor should be disallowed unless and until they have returned certain transaction fees.

The Committee's Determination to Support the Plan

On November 17, 2023, the Debtors filed their *Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.* [Docket No. 962], and subsequently filed their *First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.* [Docket No. 1133]. On January 10, 2024, the Debtors filed the Plan.

In tandem with its investigation and eventual filing of the Standing Motion, the Committee reviewed tens of thousands of pages of board materials, historical and projected financial information about the Debtors, and emails and other communications. The Committee and its professionals also engaged diligently with the Debtors and other stakeholders regarding the possibility of a consensual resolution of the chapter 11 cases. Specifically, during the course of its investigation and dialogue with diverse case parties, the Committee and the Debtors exchanged, discussed, and negotiated multiple proposals for terms of a consensual plan with the Debtors and the First Lien Noteholder Group, among others.

After carefully reviewing the information at its disposal, and obtaining a number of material concessions for unsecured creditors, the Committee determined that it could support a revised version of the Plan. Namely, the Committee has agreed to support a Plan that contains – in addition to the

equity and cash recoveries detailed above – the following terms, to be implemented in form and substance reasonably acceptable to the Committee:

- The holders of 1L Notes Claims shall not receive any distributions from the Settlement Distributions on account of any deficiency claim in respect of such 1L Notes Claims.
- The holders of 1.25L Notes Claims shall not, without consent of the Committee, receive any distributions on account of such 1.25L Notes Claims, and each 1.25L Notes Claim shall be released and cancelled on the Effective Date.
- The reasonable and documented fees and expenses incurred by BOKF, NA in connection with the Chapter 11 Cases (including the Financing Litigation and the Restructuring), whether incurred prepetition or postpetition, shall be payable in Cash on the Effective Date.
- The Plan (including the exculpation and release provisions therein) shall explicitly provide that, to the extent permitted by law, the Committee and its members, and their Retained Professionals and other professional advisors, are “Exculpated Parties”, “Releasing Parties” and “Released Parties” and will not be designated by the Debtors as “Excluded Parties.”
- The Debtors shall waive all “preference claims” arising under section 547 of the Bankruptcy Code, section 548 of the Bankruptcy Code to the extent arising under the same facts as section 547, or any state law equivalent thereof, in each case, whether asserted offensively or defensively (including in response to any Claim filed against the Debtors’ Estates) against any party that does business with the Debtors or has been identified as an eligible critical vendor, in each case, as of the date of the Committee Plan Support Stipulation.
- The Debtors shall make commercially reasonable efforts, prior to Confirmation, to offer full payment of critical vendor claims under the *Final Order (I) Authorizing the Payment of Prepetition Claims of Critical Vendors and Foreign Claimants, (II) Authorizing the Payment of Outstanding Orders, and (III) Granting Related Relief* [Docket No. 128] (the “**Critical Vendor Order**”) to any person previously identified as an eligible critical vendor that has not yet executed a vendor payment agreement pursuant to the Critical Vendor Order, up to the “Payment Cap” set forth in the Critical Vendor Order as originally entered.
- The Committee may appoint, as of the Effective Date, a General Unsecured Claims Observer to monitor the Reorganized Debtors with respect to the Allowance of General Unsecured Claims and General Unsecured Convenience Claims. The General Unsecured Claims Observer shall have standing to appear before the Bankruptcy Court with respect to matters arising out of or related to reconciliation, Allowance, and settlement of any General Unsecured Claims or General Unsecured Convenience Claims, as well to assert an objection thereto on any grounds (including that any Claim should not be Allowed or should be Allowed in a reduced amount). The General Unsecured Claims Observer may employ professionals to assist in carrying out its duties, with a budget of \$125,000.

The terms of the Committee’s agreement to support the Modified First Amended Plan are memorialized in that *Stipulation Regarding (A) Corrected Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors’ Estates*

and (II) Claim Objection and (B) First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al. [Dkt. No. 1191] (the “**Committee Plan Support Stipulation**”). The Committee Plan Support Stipulation includes a “fiduciary out” for the Committee – that is, the Committee’s agreement to support the Plan cannot force the Committee to take any action, or to refrain from taking any action, that the Committee determines would constitute a breach of its fiduciary obligations to maximize value for, and take action in the best interests of unsecured creditors. The Committee made the determination to support the Global Settlement and the Plan based on the information known at the time. Nothing included in or omitted from this recommendation shall be deemed an admission by the Committee with respect to the subject matter of the Global Settlement, Disclosure Statement, and Plan, or shall waive, impair, prejudice, or otherwise affect any rights, claims, defenses, arguments, or remedies of the Committee with respect to such matters, including, without limitation, in any proceedings before the Court.

The Committee has also agreed, in connection with its support for the Plan, to continue the deadlines that would otherwise apply to the Standing Motion. The Standing Motion would be withdrawn upon successful confirmation of the Plan; *provided that*, prior to the occurrence of the Effective Date of the Plan, the Committee may take actions reasonably necessary to preserve its ability to pursue the Standing Motion (and the Causes of Action identified therein) in the event the Effective Date of the Plan does not occur.

Although the Committee remains confident in the results of its investigation and the merits of the Causes of Action in the Standing Motion, absent the Plan and the Global Settlement incorporated therein, the Committee recognizes that there was a very real risk that general unsecured creditors could receive little (if any) recovery under a non-consensual Plan. The Debtors’ valuation and position in the Financing Litigation, if ultimately successful, could have left unsecured creditors with no recovery. Like any high-stakes litigation, the Committee’s chances of success litigating the Causes of Action in the Standing Motion – assuming standing was granted – are inherently uncertain and could take years to resolve. The Financing Litigation has proven extraordinarily costly to date, spawning multiple pre- and post-petition litigations, and such expense and the time to potential recovery was taken into consideration relative to the possibility of settlement. The revised Plan puts the Debtors one-step closer to emergence, which will allow the business to return to more normal operations and provide vendors and other small businesses with a recapitalized partner in the form of a restructured company.

The Committee believes the revised Plan reflects the cost, delay, and other legal risks associated with continued prosecution. Moreover, in the absence of the Global Settlement, distributions to general unsecured creditors could be significantly diluted by hundreds of millions of dollars of unsecured deficiency claims of Class 4 1L Notes Claims or Class 5 1.25L Notes Claims. A key term of the Global Settlement is that Class 5 1.25L Notes Claims holders, the targets of various Causes of Action in the Standing Motion, are forfeiting any recovery under the Plan, which consideration is being received instead by Class 7 Claims.

For each of the foregoing reasons, the Committee believes that the Global Settlement, as embodied in the Plan, is in the best interests of the general unsecured creditors under the current circumstances.

IMPORTANT DEADLINES

The Disclosure Statement contains a number of important *record dates* and *deadlines*, including (but

not limited to) the following:

January 9, 2024 is the *record date for voting*. You can only vote Claims you held as of **January 9, 2024**.

February 15, 2024 at 5:00 pm (Prevailing Central Time) is the *deadline* for the Debtors' Solicitation Agent to receive ballots from all creditors.

February 22, 2024 at 4:00 pm (Prevailing Central Time) is the preliminary status conference in relation to further consideration of confirmation of the Plan.

February 27, 2024 at 9:00 am (Prevailing Central Time) is the proposed date for the *hearing on the confirmation* of the Plan.

Please review the Disclosure Statement for other dates and deadlines that may be important to you.

CONCLUSION

The Committee recommends each holder of a Claim receiving this letter votes to **ACCEPT** the Plan and return its Ballot accepting the Plan in accordance with the instructions described in the Disclosure Statement and Ballot. Your vote is important, and all unsecured creditors are encouraged to vote in favor of the Plan.

You should carefully read the Disclosure Statement and the Plan in their entirety and may wish to consult your own legal or financial advisors. This letter is not offered as legal advice as to any specific Claim or treatment under the Plan. It is for informational purposes only.

By this letter, the Committee is expressing its support for the Plan. This letter does not purport to reflect the views of the Bankruptcy Court and does not constitute findings of facts or conclusions of law endorsed by the Bankruptcy Court, nor does it necessarily reflect the views of any individual Committee member, which each reserve any and all of their rights. The Committee takes no position on the accuracy of any information or representation made in the Disclosure Statement. All information and representations in the Disclosure Statement are the sole responsibility of the Debtors.

Very truly yours,

The Official Committee of Unsecured Creditors of
Wesco Aircraft Holdings, Inc., et. al.

THE COMMITTEE'S RECOMMENDATION THAT UNSECURED CREDITORS VOTE TO ACCEPT THE PLAN SHOULD NOT SERVE AS A SUBSTITUTE FOR EACH UNSECURED CREDITOR'S OWN CAREFUL READING AND CONSIDERATION OF THE DISCLOSURE STATEMENT, PLAN, AND RELATED DOCUMENTS DISSEMINATED THEREWITH, AND CONSULTATION WITH COUNSEL OR OTHER PROFESSIONAL ADVISORS.

THIS LETTER MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE COMMITTEE'S VIEWS ON HOW TO VOTE ON THE PLAN, AND THE INFORMATION CANNOT BE RELIED UPON FOR ANY OTHER PURPOSE. THE COMMITTEE DOES

NOT GUARANTEE ANY PARTICULAR RESULT IN THE DEBTORS' BANKRUPTCY CASES.

THE BANKRUPTCY COURT'S APPROVAL OF THIS SOLICITATION LETTER TO BE INCLUDED AS PART OF THE SOLICITATION PACKAGE DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS COMMUNICATION DOES NOT CONSTITUTE, AND SHALL NOT BE CONSTRUED AS, A SOLICITATION BY THE COMMITTEE OR BY ANY INDIVIDUAL MEMBER OF THE CREDITORS' COMMITTEE.