Docket #1662 Date Filed: 04/15/2024
United States Bankruptcy Court
Southern District of Texas
ENTERED
April 15, 2024
Nathan Ochsner, Clerk

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

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

ORDER (I) APPROVING DEBTORS' FORM OF NOTICE OF DISCLOSURE STATEMENT SUPPLEMENT FOR DISTRIBUTION TO VOTING CLASSES AND (II) GRANTING RELATED RELIEF

[1] 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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Upon the motion (the "***Motion***"),[1] of the above-captioned debtors (collectively, the "***Debtors***"), for entry of an order (this "***Order***") approving the form of notice of the Disclosure Statement Supplement, attached hereto as **Exhibit 1**, for distribution to all holders of Claims in the voting classes, as more fully set forth in the Motion; 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 the opportunity for 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 on an emergency basis is in the best interests of the Debtors' estates; it is hereby **ORDERED** that:

1. The form of notice of filing of Disclosure Statement Supplement, attached hereto as **Exhibit 1**, is hereby approved and must be distributed to all voting classes, in substantially the same manner as previous distributions of supplements to the proposed plan; provided, electronic forms of notice may be substituted as an allowed form of distribution. To the extent necessary, all parties shall be deemed to have received adequate notice of the Disclosure Statement Supplement.

2. Nothing contained in the Motion or this Order amends, limits, or restricts anything in the Disclosure Statement Order or any related findings of fact made by the Bankruptcy Court.

3. Nothing contained in the Motion or this Order is intended or should be construed as (a) an implication, admission or concession as to the validity, amount or priority of or basis for, any claim against any Debtor, (b) a waiver of any Debtor's or any other party in interest's right to dispute any claim on any ground, (c) a promise or requirement to pay any claim, (d) a waiver of any claim or cause of action that any Debtor or other party in interest may have against any entity; (e) a ratification, adoption, rejection or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (f) a waiver or limitation of any Debtor's or other party in

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

interest's rights under any agreement, the Bankruptcy Code or other applicable law; (g) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested in the Motion; or (h) an implication, admission, concession or finding (i) that any particular claim is of a type specified or defined in the Motion or any lien, security interest, or other encumbrance on property of any Debtor or (ii) that any lien, security interest, other encumbrance on property of any Debtor or right of setoff is valid, enforceable or perfected (and the Debtors and all other parties in interest expressly reserve and preserve their rights to contest or to seek avoidance of the same).

4. The terms and conditions of this Order are immediately effective and enforceable upon its entry.

5. The Debtors and their agents (including the Solicitation Agent) are authorized to take all steps necessary or appropriate to carry out this Order.

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

7. Notwithstanding any previous order to the contrary (including without limitation ECF No. 1426) the deadline for the submission of ballots reflecting acceptance or rejection of the proposed plan and the deadline for the filing of objections to the proposed plan is extended through 4:00 p.m. on May 3, 2024.

Signed: April 15, 2024



Marvin Isgur
United States Bankruptcy Judge

EXHIBIT 1 TO PROPOSED ORDER

NOTICE OF FILING OF DISCLOSURE STATEMENT SUPPLEMENT

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

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

NOTICE OF FILING OF DISCLOSURE STATEMENT SUPPLEMENT

PLEASE TAKE NOTICE THAT on January 12, 2024, the United States Bankruptcy Court for the Southern District of Texas (the "***Court***") entered an order [Docket No. 1228] (the "***Disclosure Statement Order***") that, among other things: (a) approved the *Disclosure Statement for the Modified First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.* [Docket No. 1224] (the "***Disclosure Statement***") as containing "adequate information" pursuant to section 1125(a) of title 11 of the United States Bankruptcy Code (the "***Bankruptcy Code***"); and (b) authorized the above-captioned debtors and debtors in possession (the "***Debtors***") to solicit acceptances for the *Modified First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.* [Docket No. 1223] (as may be amended, supplemented, or otherwise modified from time to time, the "***Plan***").[2]

[1] 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.

[2] Capitalized terms not otherwise defined herein have the meanings set forth in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

PLEASE TAKE FURTHER NOTICE THAT the Debtors have filed the following documents (or forms of documents), schedules, and exhibits (the "***Disclosure Statement Supplement***") with the Court on April 3, 2024.

Exhibit	Document
Exhibit A	Updated Tax Disclosures
Exhibit A-1	Redline against Federal Income Tax Disclosures filed as Section VII to the Disclosure Statement
Exhibit B	Updated Financial Projections
Exhibit B-1	Redline against Financial Projections filed as Exhibit B to Disclosure Statement
Exhibit C	Updated Liquidation Analysis
Exhibit C-1	Redline against Liquidation Analysis filed as Exhibit C to Disclosure Statement
Exhibit D	Updated Valuation Analysis
Exhibit D-1	Redline against Valuation Analysis filed as Exhibit D to Disclosure Statement

PLEASE TAKE FURTHER NOTICE THAT the Debtors (with the consent of the Required Consenting 1L Noteholders) reserve the right to amend, supplement, or modify the exhibits to the Disclosure Statement through the Effective Date in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, and the Restructuring Support Agreement.

PLEASE TAKE FURTHER NOTICE THAT a hearing to consider confirmation of the Plan (the "***Confirmation Hearing***") will commence on **May 16, 2024, at 9:30 a.m. (CDT)**, before the Honorable Marvin Isgur in the United States Bankruptcy Court for the Southern District of Texas, Courtroom 404, 515 Rusk Street, Houston, TX 77002. The Confirmation Hearing may be continued from time to time without further notice other than by an announcement in open court or a notice filed on the Court's docket and served on all parties entitled to the notice.

PLEASE TAKE FURTHER NOTICE THAT the Voting Deadline and the deadline for filing objections to the Plan is **April 12, 2024, at 5:00 p.m. (CDT)** (the "***Confirmation Objection Deadline***"). Any objection to the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules, the Local Rules, and any orders of the Court; (c) set forth the name and address of the objecting party and the nature and amount of Claims or Interests held or asserted by the objecting party; (d) state, with particularity, the legal and factual basis for the objection and, if practicable, a proposed modification to the Plan (or related materials) that would resolve such objection; and (e) be filed with the Court (contemporaneously with a proof of service) and served upon the required notice

parties so as to be actually received on or before the Confirmation Objection Deadline. See the Disclosure Statement Order for further procedures with respect to any such objections.

PLEASE TAKE FURTHER NOTICE THAT additional copies of the Disclosure Statement, including the Plan, or any other solicitation materials (except for Ballots) are available free of charge on the Debtors' case information website (https://www.kccllc.net/incora) or from KCC LLC (the "***Solicitation Agent***") at (888) 251-2937 (U.S./Canada) or +1 (310) 751-2613 (international) or by writing the Solicitation Agent at Incora Ballot Processing Center, c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245. Please be advised that the Solicitation Agent is authorized to answer questions about, and provide additional copies of, solicitation materials, but may not advise you as to whether you should vote to accept or reject the Plan.

This Notice is being sent to you for informational purposes only. If you have questions with respect to your rights under the Plan or about anything stated herein or you would like to obtain additional information, contact the Solicitation Agent.

[*Remainder of page intentionally blank*]

Dated: April 3, 2024

Sincerely,

/s/

Charles A. Beckham, Jr. (TX Bar No. 02016600)
Patrick L. Hughes (TX Bar No. 10227300)
Martha Wyrick (TX Bar No. 24101606)
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Counsel to the Debtors and
Debtors in Possession

If you have any questions related to this notice, please call (888) 251-2937 (U.S./Canada) or +1 (310) 751-2613 (International), or visit www.kccllc.net/incora.

EXHIBIT A

UPDATED SECTION VII. OF THE DISCLOSURE STATEMENT

FEDERAL INCOME TAX CONSIDERATIONS

Exhibit A

SECTION VII.
FEDERAL INCOME TAX CONSIDERATIONS

A. IMPORTANCE OF OBTAINING INDEPENDENT PROFESSIONAL TAX ADVICE

The tax consequences of the Plan are complex. The following summary does not discuss all aspects of U.S. federal income taxation or other taxation that may be relevant to the Debtors or to any particular holder of Claims in light of its particular circumstances and income tax situation. This summary is not a substitute for careful tax planning and advice based on individual circumstances that pertain to a particular holder of a Claim. Each holder of a Claim should consult with its tax advisors as to the consequences of the transactions contemplated by the Plan, including the application and effect of federal, state, local, or non-U.S. laws regarding income, estate and other taxation, and of any changes in those laws.

B. TAX CONSEQUENCES OF THE RESTRUCTURING

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and the Reorganized Debtors, and holders of Allowed 1L Notes Claims, Allowed General Unsecured Claims and Allowed General Unsecured Convenience Claims (collectively, the "*Addressed Claims*"). This summary is based on the Internal Revenue Code of 1986, as amended (the "*Tax Code*"), the U.S. Treasury Regulations promulgated under the Tax Code (the "*Treasury Regulations*"), judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the "*IRS*"), all as in effect on the date of this Disclosure Statement (collectively, "*Applicable Tax Law*"). This discussion is based on the Debtors' current understanding of the expected terms of the Definitive Documents, specifically with respect to the Takeback Debt, some of which have not yet been proposed nor approved by the Bankruptcy Court, and the U.S. federal income tax consequences to a holder of an Addressed Claim may differ materially from those discussed herein if the Definitive Documents ultimately approved were to differ from the Debtors' expectation. Changes in Applicable Tax Law may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. The Debtors have not requested, and do not intend to request, any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed in this Disclosure Statement, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed in this Disclosure Statement.

This summary does not address foreign, state, local, gift, or estate tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a holder in light of its individual circumstances or to a holder that may be subject to special tax

rules (such as persons who are related to the Debtors within the meaning of the Tax Code, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, real estate investment trusts, regulated investment companies, passive foreign investment companies, controlled foreign corporations, tax-exempt organizations, pass-through entities, beneficial owners of pass-through entities, trusts, governmental authorities or agencies, dealers and traders in securities, subchapter S corporations, persons who hold Claims as part of a straddle, hedge, conversion transaction or other integrated investment, persons using a mark-to-market method of tax accounting, holders of Claims who are themselves in bankruptcy, persons subject to the alternative minimum tax or the "Medicare" tax on net investment income, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, U.S. expatriates and accrual method taxpayers that report income on an "applicable financial statement"). Furthermore, this summary assumes that a holder of a Claim holds only Claims in a single Class and holds such Claims as "capital assets" (within the meaning of section 1221 of the Tax Code). This summary also assumes that, unless as specifically noted below, the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form. This summary does not discuss differences in tax consequences to holders of Claims that act or receive consideration in a capacity other than any other holder of a Claim of the same Class or Classes, and the tax consequences for such holders may differ materially from those described below. This summary does not address the U.S. federal income tax consequences to holders: (i) whose Claims are Unimpaired or otherwise entitled to payment in full in Cash under the Plan or (ii) that are deemed to reject the Plan. Furthermore, this summary does not address the U.S. federal income tax consequences associated with the DIP Notes or DIP Financing Claims or the receipt of the New Exit Notes in satisfaction of the DIP Notes.

For purposes of this discussion, a "*U.S. Holder*" is a beneficial owner of an Allowed Addressed Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

For purposes of this discussion, a "*Non-U.S. Holder*" is a beneficial owner of an Allowed Addressed Claim that is not a U.S. Holder or a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a holder of an Allowed Addressed Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are holders of Allowed Addressed Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

C. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

For U.S. federal income tax purposes, Wolverine Top Holding Corporation ("*Parent*"), a non-debtor, is the common parent of an affiliated group of corporations that files a single consolidated U.S. federal income tax return (the "*Tax Group*"), of which the Debtors are members or are either foreign corporations or flow-through entities, directly or indirectly, wholly-owned by a member of the Tax Group. The Debtors estimate that, as of the taxable year ending December 31, 2022, the Tax Group had federal net operating loss ("*NOL*") carryforwards of almost $22 million. In addition, the Debtors estimate that, as of the taxable year ending December 31, 2022, the Tax Group also had interest expense carryforwards of approximately $515 million. As discussed below, the Tax Group's NOLs and other tax attributes may be, in connection with the implementation of the Plan, significantly reduced, subject to limitation or entirely unavailable to the Reorganized Debtors, depending on the manner in which the Restructuring Transactions are consummated.

The tax consequences of the implementation of the Plan to the Debtors will differ depending on whether the Restructuring Transactions are structured as an actual or deemed taxable sale of the assets and/or stock of any Debtor or subsidiary of any Debtor (a "*Taxable Transaction*") or as a recapitalization or reorganization of the Debtors (a "*Reorganization Transaction*"). It has not yet been determined how the Restructuring Transactions will be structured. Such decision will depend on, among other things, whether assets being sold (or deemed to be sold) pursuant to any Taxable Transaction have an aggregate fair market value in excess of their aggregate tax basis (i.e., a "built-in gain") or an aggregate fair market value less than their aggregate tax basis (i.e., a "built-in loss"), the amount of any required reduction in the aggregate tax basis of such assets by excluded cancellation of indebtedness income ("*COD Income*"), whether sufficient tax attributes are available to offset any such built-in gain, future tax benefits associated with a step-up (if any) in the tax basis of the assets sold pursuant to a Taxable Transaction, and the amount and character of any losses with respect to the stock of any applicable Debtor or subsidiary thereof, in each case for U.S. federal, state and local income tax purposes.

If the transactions undertaken pursuant to the Plan are structured in whole or in part as a Taxable Transaction involving the transfer (or deemed transfer) of the Debtors' assets (or stock of subsidiaries, as discussed further below), the Debtors generally would realize gain or loss in an amount equal to the difference between the value of the consideration received by the Debtors plus certain liabilities treated as assumed (which aggregate amount generally should equal the fair market value of the assets transferred (or deemed to be transferred) by the Debtors, unless the amount of liabilities assumed exceeds the fair market value of the assets transferred or deemed to be transferred) and the Debtors' tax basis in such assets. Realized gains, if any, may be offset by current-year losses and deductions, which may include interest deductions that may be (or become) available under section 163(j) of the Tax Code, NOL carryforwards from prior years, if any, and any worthless stock deduction claimed with respect to the equity of a Debtor that is available to offset all or a portion of such gains; provided that any such gain that is ordinary in nature may not be offset by capital losses. Any taxable gain remaining after such offsets would result in a cash tax obligation that would need to be satisfied by the Reorganized Debtors. If the Reorganized Debtors purchase (or are deemed to purchase) assets or stock of any Debtor pursuant to a Taxable Transaction, the Reorganized Debtors will take a fair market value basis in the transferred assets or stock. However, if a Taxable Transaction involves a purchase of stock, the Debtor whose stock

is transferred (i) will retain its basis in its assets, unless the Debtors and/or Reorganized Debtors are eligible to make, and timely make, certain elections provided for under the Tax Code to treat such stock purchase as the purchase of such Debtor's assets, and (ii) may succeed to certain tax attributes of the Tax Group, subject to reduction for COD Income as discussed below. If the Restructuring Transactions are consummated as a Taxable Transaction treated as an asset transfer, the Debtors' NOLs and other tax attributes will not carry over to the Reorganized Debtors. The tax consequences to the Debtors of the Restructuring Transactions, including the potential amount of cash tax liability (if any) resulting from a Taxable Transaction, remain subject to ongoing analysis.

1. Cancellation of Debt and Reduction of Tax Attributes

In general, absent an exception, a debtor will realize and recognize COD Income upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of: (i) the amount of Cash paid; (ii) the issue price of any new indebtedness of the taxpayer issued; and (iii) the fair market value of any other consideration (including stock of the debtor) given in satisfaction of such satisfied indebtedness at the time of the exchange.

Under section 108 of the Tax Code, a debtor is not, however, required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes (such as current year losses, NOL carryforwards, capital loss carryforwards, tax credits and tax basis in assets) by the amount of COD Income that it excluded from gross income pursuant to section 108 of the Tax Code. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD Income over the amount of available tax attributes will generally not give rise to U.S. federal income tax and will generally have no other U.S. federal income tax impact. Where the debtor joins in the filing of a consolidated U.S. federal income tax return, applicable Treasury Regulations require, in certain circumstances, that certain tax attributes of other members of the group also be reduced.

In connection with the implementation of the Plan, the Debtors are expected to realize significant COD Income. The exact amount of any COD Income that will be realized by the Debtors will depend, in part, on the value of the New Common Equity and the New Takeback Notes and, therefore, will not be determinable until the consummation of the Plan. The Debtors expect that the amount of COD Income will be sufficient to eliminate all of the Debtors' NOL carryforwards allocable to periods prior to the Effective Date. In addition, depending on the structure of the transactions undertaken pursuant to the Plan, some of the Debtors' tax basis in their assets may be reduced by COD Income. As noted above, whether or not the Reorganized Debtors succeed to the tax attributes of the Debtors will depend on whether the Restructuring Transactions are structured as a Taxable Transaction (and if a Taxable Transaction, whether it is treated as an asset sale or stock sale) or as a Reorganization Transaction.

2. Limitation of NOL Carryforwards and Other Tax Attributes

Under sections 382 and 383 of the Tax Code, if a corporation undergoes an "ownership change," the amount of any NOLs, interest expense carryforwards, tax credit carryforwards, net unrealized built-in losses, and possibly certain other attributes of the corporation allocable to periods prior to the ownership change (collectively, "*Pre-Change Losses*") that may be utilized to offset future taxable income generally are subject to an annual limitation. If the Reorganized Debtors succeed to any Pre-Change Losses, the implementation of the Plan is expected to result in an "ownership change" of the Reorganized Debtors and, as a result, the Reorganized Debtors' use of those Pre-Change Losses will be subject to limitation unless an exception to the general rules of section 382 of the Tax Code applies. For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. On September 9, 2019, the IRS issued proposed regulations that would significantly modify the calculation and treatment of net unrealized built-in gains and losses; however, the IRS amended the proposed effective date provision of those regulations to exempt from the new regulations ownership changes pursuant to chapter 11 cases filed prior to the regulations becoming effective. Thus, if the proposed regulations are finalized in their current form, the proposed regulations are not expected to apply to the Reorganized Debtors and the remainder of this discussion assumes they will not apply.

a. *General Section 382 Annual Limitation*

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" (3.44% for ownership changes occurring in March 2024). The section 382 limitation may be increased to the extent that the company recognizes certain built-in gains in its assets during the five-year period following the ownership change or is treated as recognizing built-in gains pursuant to the safe harbors provided in IRS Notice 2003-65 (in either case, up to the amount of the company's original net unrealized built-in gain). Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. As discussed below, however, special rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

b. *Special Bankruptcy Exception*

An exception to the forgoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in a chapter 11 case receive, in respect of their Claims, at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation, if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "*382(l)(5)*

Exception"). Under the 382(*l*)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but instead, NOL carryforwards and/or interest expense carryforwards will be reduced by the amount of any interest deductions claimed during the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(*l*)(5) Exception applies and the Reorganized Debtors undergo another "ownership change" within two years after the Effective Date, then the Reorganized Debtors' Pre-Change Losses thereafter would be effectively eliminated in their entirety.

Where the 382(*l*)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for it or the debtor otherwise elects not to utilize the 382(*l*)(5) Exception), a second special rule will generally apply (the "*382(l)(6) Exception*"). Under the 382(*l*)(6) Exception, the annual limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the change. The 382(*l*)(6) Exception also differs from the 382(*l*)(5) Exception in that under it the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo a subsequent change of ownership within two years without automatically triggering the elimination of its Pre-Change Losses. The resulting limitation from the subsequent change of ownership would be determined under the regular rules for ownership changes.

If the Restructuring Transactions are structured as a Taxable Transaction that is treated as an asset transfer, the Reorganized Debtors are not expected to succeed to the Debtors' NOLs and other tax attributes, with the result that section 382 should not be relevant to the Reorganized Debtors. If the Restructuring Transactions are structured as a Reorganization Transaction or a stock transfer where the Reorganized Debtors succeed to any of the Debtors' Pre-Change Losses, the application of section 382, including whether the 382(*l*)(5) Exception may apply, will need to be considered after taking into account any reduction of NOLs or other tax attributes for COD Income and the impact of any prior section 382 ownership changes to a portion of the Debtors' existing NOLs and other tax attributes.

D. Certain U.S. Federal Income Tax Consequences to U.S. Holders

1. Treatment of New Takeback Notes as Equity

Based on the terms of the New Takeback Notes, Reorganized Incora intends to treat the New Takeback Notes as equity of Reorganized Incora for U.S. federal income tax purposes that is not "preferred stock" for purposes of section 305 of the Tax Code, and the remainder of this discussion assumes that the New Takeback Notes will be treated as equity of Reorganized Incora that is not "preferred stock" for purposes of section 305 of the Tax Code. In general, the characterization of an instrument for U.S. federal income tax purposes as debt or equity by its issuer as of the time of issuance is binding on a holder. This characterization, however, is not binding on the IRS or the courts. In particular, there can be no assurance that the IRS would not contend, and that a court would not ultimately hold, that the New Takeback Notes constitute debt

of Reorganized Incora or as "preferred stock" for purposes of Section 305 of the Tax Code. If the New Takeback Notes were treated as debt of Reorganized Incora or as "preferred stock" for purposes of Section 305 of the Tax Code, the U.S. federal income tax consequences to holders of the New Takeback Notes would be materially different from that described below. Each holder of New Takeback Notes is urged to consult its own tax advisor regarding the U.S. federal income tax treatment of the New Takeback Notes.

2. Treatment of Claims as Securities

As discussed further below, the U.S. federal income tax consequences to holders of Allowed Addressed Claims may depend on whether the Allowed Addressed Claims constitute "securities" for U.S. federal income tax purposes. Neither the Tax Code nor the Treasury Regulations defines the term "security". Whether a debt instrument constitutes a "security" is determined based on all relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the available collateral, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The 2024 Unsecured Notes, the 2026 Unsecured Notes and the 2027 Unsecured Notes, that constitute General Unsecured Claims were each issued in 2019 with an initial term of five, seven and eight years, respectively. The 1L Notes and 1.25L Notes were issued in 2022 as part of a debt exchange transaction. While the 1L Notes and 1.25L Notes each had an initial term of just four and five years, respectively, they were each received in exchange for prior debt having an initial term of five and eight years, respectively. Based on certain IRS guidance, in certain circumstances, a loan issued in exchange for a debt instrument that would have been treated as a security may be considered a security notwithstanding that the new loan has a term of less than five years. Each holder of an Allowed Addressed Claim is urged to consult its own tax advisor regarding whether such Allowed Addressed Claim should be treated as a "security" for U.S. federal income tax purposes.

3. Consequences of Exchange for U.S. Holders of Allowed Addressed Claims

a. *Gain or Loss on Allowed 1L Notes Claims*

On the Plan Effective Date, the holders of Allowed 1L Notes Claims will exchange their 1L Notes Claims for (x) New Common Equity and (y) New Takeback Notes. Pursuant to the Plan, the Debtors may also pay certain Restructuring Expenses attributable to the 1L Indenture Trustee and the First Lien Noteholder Group. It is possible that all or a portion of these payments may be treated as payment of cash to certain holders of Allowed 1L Notes Claims. The remaining discussion does not address the tax treatment to a U.S. Holder of Allowed 1L Notes Claims if any such

amounts paid by the Debtors is treated as cash consideration with respect to the U.S. Holder's Allowed 1L Notes Claims. U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of any such payment.

As described above, the U.S. federal income tax consequences to a U.S. Holder of an Allowed 1L Notes Claim will depend, in part, on whether the transactions undertaken pursuant to the Plan constitute, for U.S. federal income tax purposes, (a) a Taxable Transaction, or (b) a Reorganization Transaction and, if a Reorganization Transaction, the steps for implementing the Plan. The U.S. federal income tax consequences to U.S. Holders of Allowed 1L Notes Claims may further depend on whether the Allowed 1L Notes Claims surrendered constitute "securities" for U.S. federal income tax purposes.

Reorganization Transaction. If either (i) the Allowed 1L Notes Claims constitute "securities" for U.S. federal income tax purposes, the issuer of the New Common Equity and the New Takeback Notes (which are intended to be treated as equity for tax purposes, as described above) is the issuer of the Allowed 1L Notes Claims and the transaction is treated as a "reorganization" (within the meaning of section 368(a)(1) of the Tax Code) with respect to a U.S. Holder of Allowed 1L Notes Claims or (ii) the transaction is described in Section 351 of the Tax Code (which may apply even if the Allowed 1L Notes Claims are not treated as securities) with respect to a U.S. Holder of Allowed 1L Notes Claims, subject to the discussion under "*—Accrued Interest and OID*" below, a U.S. Holder of Allowed 1L Notes Claims will not recognize any gain or loss. A U.S. Holder's tax basis in the New Common Equity and New Takeback Notes received by such holder (apart from amounts allocable to accrued but unpaid interest or accrued original issue discount ("*OID*")) will equal the holder's tax basis in its Allowed 1L Notes Claims exchanged therefor, with such basis allocable to the New Common Equity and New Takeback Notes based on their relative fair market values. Subject to the rules regarding accrued but unpaid interest and accrued OID, a U.S. Holder's holding period in the New Common Equity and New Takeback Notes received should include the holding period for the Allowed 1L Notes Claims exchanged therefor.

Taxable Transaction. If the Restructuring Transactions are not described in the preceding paragraph, a U.S. Holder of an Allowed 1L Notes Claim is expected to recognize gain or loss with respect to such Claim equal to the difference between (i) the sum of the fair market value of its pro rata share of the New Common Equity and New Takeback Notes (other than amounts, if any, allocable to accrued but unpaid interest (including OID), discussed below under "*—Accrued Interest and OID*") and (ii) such U.S. Holder's tax basis in their Allowed 1L Notes Claims. The character of such gain or loss as capital or ordinary will be determined by a number of factors, including the tax status of the U.S. Holder, whether the Allowed 1L Notes Claim constitutes a capital asset in such U.S. Holder's hands, whether the Allowed 1L Notes Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously claimed a bad debt deduction with respect to its Allowed 1L Notes Claim. If the recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder has held its Allowed 1L Notes Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations (as discussed below). To the extent that a portion of the consideration received in exchange for its Allowed 1L Notes Claim is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "*—Accrued Interest and OID*" and "*—Market Discount*", below. In the case of a transaction described in this paragraph, a U.S. Holder's tax basis

in the New Common Equity and New Takeback Notes received in respect of its Allowed 1L Notes Claim should be equal to the fair market value of the New Common Equity and New Takeback Notes, respectively, and the U.S. Holder's holding period for New Common Equity and New Takeback Notes received on the Effective Date should begin on the day following the Effective Date.

b. *Gain or Loss on Allowed General Unsecured Claims*

Pursuant to the Plan, in full and final satisfaction of Allowed General Unsecured Claims, each holder thereof will receive New Common Equity.

The U.S. federal income tax consequences to a U.S. Holder of Allowed General Unsecured Claims will depend, in part, on whether the transactions undertaken pursuant to the Plan constitute, for U.S. federal income tax purposes, (a) a Taxable Transaction, or (b) a Reorganization Transaction and, if a Reorganization Transaction, the steps for implementing the Plan. The U.S. federal income tax consequences to U.S. Holders of Allowed General Unsecured Claims may further depend on whether the applicable Allowed General Unsecured Claims surrendered constitute "securities" for U.S. federal income tax purposes.

Reorganization Transaction. If either (i) the applicable Allowed General Unsecured Claims constitute "securities" for U.S. federal income tax purposes, the issuer of the New Common Equity is the issuer of the applicable Allowed General Unsecured Claims and the transaction is treated as a "reorganization" (within the meaning of section 368(a)(1) of the Tax Code) with respect to a U.S. Holder of applicable Allowed General Unsecured Claims or (ii) the transaction is described in Section 351 of the Tax Code (which may apply even if the applicable Allowed General Unsecured Claims are not treated as securities) with respect to a U.S. Holder of applicable Allowed General Unsecured Claims, subject to the discussion under "*—Accrued Interest and OID*" below, a U.S. Holder of applicable Allowed General Unsecured Claims will not recognize any gain or loss. A U.S. Holder's tax basis in the New Common Equity received by such holder (apart from amounts allocable to accrued but unpaid interest or accrued OID) will equal the holder's tax basis in its applicable Allowed General Unsecured Claims exchanged therefor. Subject to the rules regarding accrued but unpaid interest and accrued OID, a U.S. Holder's holding period in the New Common Equity received should include the holding period for the applicable Allowed General Unsecured Claims exchanged therefor.

Taxable Transaction. If the Restructuring Transactions are not described in the preceding paragraph with respect to a U.S. Holder of Allowed General Unsecured Claims, such U.S. Holder of Allowed General Unsecured Claims is expected to recognize gain or loss equal to the difference between (i) the fair market value of its share of the New Common Equity (other than amounts, if any, allocable to accrued by unpaid interest (including OID)) and (ii) such U.S. Holder's adjusted tax basis in their Allowed General Unsecured Claims. The character of such gain or loss as capital or ordinary will be determined by a number of factors, including the tax status of the U.S. Holder, whether the Allowed General Unsecured Claims constitute a capital asset in such U.S. Holder's hands, whether the Allowed General Unsecured Claims were purchased at a discount, and whether and to what extent the U.S. Holder previously claimed a bad debt deduction with respect to its Allowed General Unsecured Claims. If the recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder has held its Allowed General Unsecured Claims for more

than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations (as discussed below). To the extent that a portion of the consideration received in exchange for its Allowed General Unsecured Claims is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "*—Accrued Interest and OID*" and "*—Market Discount*", below. In the case of a Taxable Transaction described in this paragraph, a U.S. Holder's tax basis in the New Common Equity received in respect of its Allowed General Unsecured Claims should be equal to the fair market value of the New Common Equity and the U.S. Holder's holding period for New Common Equity received on the Effective Date should begin on the day following the Effective Date.

c. *Gain or Loss on Allowed Other Claims*

Pursuant to the Plan, a U.S. Holder will receive Cash in full and final satisfaction of the U.S. Holder's Allowed Claims in Class 7b. A U.S. Holder of such Claims should recognize gain or loss on such Claim in an amount equal to the difference between the amount of Cash received and the U.S. Holder's tax basis in such Claims. To the extent that a portion of the consideration received in exchange for such Claims is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "*—Accrued Interest and OID*" and "*—Market Discount*", below. If the recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder has held its Allowed Claims in the above-listed Classes for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations (as discussed below).

d. *Accrued Interest and OID*

In general, regardless of the manner in which the Restructuring Transactions are consummated, to the extent that any amount received by a U.S. Holder of an Allowed Claim is attributable to accrued but unpaid interest or OID on the debt instruments constituting the Allowed Claim, as applicable, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (if not previously included in such Holder's gross income). Conversely, a U.S. Holder of an Allowed Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest or OID previously was included in the U.S. Holder's gross income but was not paid in full. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair value of the consideration is not sufficient to fully satisfy all principal of and interest on an Allowed Claim, the extent to which such consideration will be attributable to accrued interest or OID is unclear. Under the Plan, the aggregate consideration received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments made under a debt instrument as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Allowed Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

e. *Market Discount*

Under the "*market discount*" provisions of the Tax Code, some or all of any gain realized by a U.S. Holder of an Allowed Claim who receives consideration pursuant to the Plan in satisfaction of its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the Allowed Claim, as applicable. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than at original issue and if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with OID, its adjusted issue price, in each case, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of an Allowed Claim acquired with market discount should generally be treated as ordinary income to the extent of the market discount that accrued thereon while the Allowed Claim, as applicable, was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that Allowed Claims that were acquired with market discount are exchanged in a Reorganization that qualifies for partially tax-free or fully tax-free treatment for the exchanging U.S. Holder, any market discount that accrued on the Allowed Claims up to the time of the exchange, but was not recognized by the U.S. Holder is carried over to the New Common Equity or New Takeback Notes received therefor and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of the New Common Equity or New Takeback Notes is treated as ordinary income to the extent of the accrued, but not recognized, market discount with respect to the Allowed Claims.

U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of the exchange of Allowed Claims that were acquired with market discount pursuant to the Plan.

4. Consequences to U.S. Holders of Claims of Owning and Disposing of New Common Equity and New Takeback Notes

Distributions on New Common Equity and New Takeback Notes. Any distributions (or deemed distributions) made on account of equity in Reorganized Incora (which includes the New Common Equity and New Takeback Notes) will generally constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Incora, as determined under U.S. federal income tax principles. As discussed above, under *"Treatment of New Takeback Notes as Equity,"* Reorganized Incora intends to treat the New Takeback Notes as equity of Reorganized Incora for U.S. federal income tax purposes that is not "preferred stock" for purposes of section 305 of the Tax Code. Nevertheless, there is a risk that, pursuant to section 305 of the Tax Code, if Reorganized Incora makes an actual distribution on account of the New Common Equity, the accretion on the New Takeback Notes would be treated as a deemed distribution on the New Takeback Notes. Dividends (or deemed dividends) received by a non-corporate U.S. Holder may be eligible for the lower rate applicable to long-term capital gain if certain holding period requirements are satisfied. To the extent that a U.S. Holder receives (or is deemed to receive) distributions that would otherwise constitute dividends for U.S. federal

income tax purposes but that exceed such current and accumulated earnings and profits, such distributions (or deemed distributions) will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions (or deemed distributions) in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain, which will be treated as long-term capital gain if such U.S. Holder's holding period in its equity interests exceeds one year as of the date of the distribution (or deemed distribution). In the case of taxable distributions (or deemed distributions) of property, including equity interests, the U.S. Holder will generally be expected to take fair market value basis in the property received (or deemed received).

Amounts treated as dividends (or deemed dividends) paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends-received deduction may be disallowed.

Sale, Redemption or Repurchase of New Common Equity and New Takeback Notes. Subject to the discussion below regarding redemption of equity in Reorganized Incora (which includes the New Common Equity and New Takeback Notes), unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale or other taxable disposition of the New Common Equity or New Takeback Notes. Such capital gain will be long-term capital gain if, at the time of the sale or other taxable disposition, the U.S. Holder's holding period in the New Common Equity or New Takeback Notes is more than one year. Long-term capital gains of a non-corporate taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations as described below. In certain circumstances, a U.S. Holder may be required to treat gain recognized on the taxable disposition of the New Common Equity or New Takeback Notes as ordinary income if such U.S. Holder took a bad debt deduction with respect to its Allowed Claims or recognized an ordinary loss on the exchange of its Allowed Claims pursuant to the Plan.

A full or partial redemption of equity in Reorganized Incora (which includes the New Common Equity and New Takeback Notes) will be treated as a distribution taxable as a dividend to holders of such equity interests to the extent of Reorganized Incora's current or accumulated earnings and profits, unless it can be satisfactorily established that, for U.S. federal income tax purposes, (i) the redemption is "not essentially equivalent to a dividend," (ii) the redemption results in a "complete termination" of the holder's interest in the equity interests of Reorganized Incora (which includes the New Common Equity and New Takeback Notes) or (iii) the redemption is "substantially disproportionate" with respect to the holder, all within the meaning of section 302(b) of the Tax Code. In any such case where one of these requirements is met, the redemption will be subject to U.S. federal income tax in the manner described above with respect to sales and other taxable dispositions generally. A redemption of the New Common Equity or New Takeback Notes that is treated as a distribution taxable as a dividend will be subject to U.S. federal income tax in the manner described above under "*—Distributions on New Common Equity and New Takeback Notes*".

As discussed above under "*—Market Discount*", in the case of any debt instrument underlying an Allowed Claim that was acquired at a "market discount" and is subject to partially tax-free or fully tax-free treatment with respect to the exchange pursuant to the Plan as more fully discussed above, the Tax Code indicates that any accrued market discount in respect of such portion of the Allowed Claim, as applicable, that is not currently includible in income should carry over to any nonrecognition property received in exchange therefor (i.e., the New Common Equity and New Takeback Notes). Accordingly, in that situation, any gain recognized by a holder upon a subsequent disposition of New Common Equity or New Takeback Notes may be treated as ordinary income to the extent of the allocable portion of any accrued market discount not previously included in income. To date, specific Treasury regulations implementing this rule have not been issued.

5. Limitation on Use of Capital Losses

U.S. Holders who recognize capital losses will be subject to limits on their use of capital losses. For U.S. Holders other than corporations, capital losses may be used to offset any capital gains (without regard to holding periods) plus ordinary income to the extent of the lesser of (i) $3,000 (or $1,500 for married individuals filing separate returns), or (ii) the excess of the capital losses over the capital gains. Non-corporate U.S. Holders may carry over unused capital losses and apply them to capital gains and a portion of their ordinary income. For corporate U.S. Holders, capital losses may only be used to offset capital gains. U.S. Holders who have more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in succeeding tax years. For corporate U.S. Holders, unused capital losses may be carried forward for the five years following the capital loss year or carried back to the three years preceding the capital loss year. Non-corporate U.S. Holders may carry over unused capital losses for an unlimited number of years.

E. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

1. Gain Recognition

Whether the satisfaction of an Allowed Claim is a taxable event or not will be determined as noted above under the discussion relevant to U.S. Holders. To the extent that the Restructuring Transactions are treated as a taxable exchange for a Non-U.S. Holder, or otherwise result in recognition of gain for U.S. federal income tax purposes for such Non-U.S. Holder, any gain recognized by such Non-U.S. Holder on the exchange of its Allowed Claims generally will not be subject to U.S. federal income taxation unless (a) such Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Effective Date occurs and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain recognized on the exchange in the same manner as a U.S. Holder. In addition, if such Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest and OID

Subject to the discussions below under "*—FATCA*" and "*—Information Reporting and Backup Withholding*", payments to a Non-U.S. Holder that are attributable to accrued but unpaid interest (including accrued OID) on the debt instruments constituting the surrendered Allowed Claims generally will not be subject to U.S. federal income tax or withholding, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, an IRS Form W-8BEN or W-8BEN-E (or applicable successor form)) establishing that the Non-U.S. Holder is not a U.S. person, unless:

- the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Wesco Holdings Inc. stock entitled to vote;
- the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Wesco Holdings Inc. (each, within the meaning of the Tax Code);
- the Non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the Tax Code; or
- such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

In the case of a Non-U.S. Holder that does not qualify for the exemption from withholding tax with respect to accrued but unpaid interest (including accrued OID) on the Allowed Claims described above, any payments attributable to accrued but unpaid interest (including OID) that is not effectively connected income (as described in the fourth bullet above) generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from

tax under an applicable income tax treaty). For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business. As described above in more detail, the Plan provides that the aggregate consideration to be distributed to holders of Allowed Addressed Claims in each Class will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest that accrued on these Allowed Claims, if any. The IRS could take the position that the consideration received by a Non-U.S. Holder should be allocated in some way other than as provided in the Plan. Non-U.S. Holders of Allowed Addressed Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

3. Consequences to Non-U.S. Holders of Claims of Owning and Disposing of New Common Equity and New Takeback Notes

Distributions on New Common Equity and New Takeback Notes. Any distributions (or deemed distributions, including as a result of the application of section 305 of the Tax Code to the New Takeback Notes, s*ee – "Consequences to U.S. Holders of Claims of Owning and Disposing of New Common Equity and New Takeback Notes – Distributions on New Common Equity and New Takeback Notes"*) made on account of the New Common Equity or New Takeback Notes will generally constitute dividends (or deemed dividends) for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Incora, as determined under U.S. federal income tax principles. To the extent that a Non-U.S. Holder receives (or is deemed to receive) distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions (or deemed distributions) will be treated first as a non-taxable return of capital reducing the Non-U.S. Holder's basis in its shares. Any such distributions (or deemed distributions) in excess of the Non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange as described below; see "*—Sale, Redemption or Repurchase of New Common Equity and New Takeback Notes*" below).

Subject to the discussions below under "*—FATCA*" and "*—Information Reporting and Backup Withholding*" and except as described below, dividends (or deemed dividends) paid with respect to the New Common Equity or New Takeback Notes held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a Non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments.

Dividends (or deemed dividends) paid with respect to New Common Equity or New Takeback Notes held by a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

Sale, Redemption or Repurchase of New Common Equity and New Takeback Notes. Subject to the discussion below regarding redemptions of the New Common Equity and New Takeback Notes and under "*—Information Reporting and Backup Withholding*", a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain recognized on the sale or other taxable disposition of New Common Equity and New Takeback Notes unless:

- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met or who is subject to special rules applicable to former citizens and residents of the United States;

- such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an applicable income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

- Reorganized Incora is or has been during a specified testing period a "U.S. real property holding corporation" (a "*USRPHC*") for U.S. federal income tax purposes.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of the New Common Equity or New Takeback Notes. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of its New Common Equity and New Takeback Notes under the Foreign Investment in Real Property Tax Act ("*FIRPTA*"). Taxable gain from the disposition of an interest in a USRPHC (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income. Further, the buyer of the New Common Equity or New Takeback Notes will generally be required to withhold a tax equal to 15% of the amount realized

on the sale. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS.

In general, a corporation is a USRPHC as to a Non-U.S. Holder if the fair market value of the corporation's U.S. real property interests (as defined in the Tax Code and applicable Treasury Regulations) equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (applying certain look-through rules to evaluate the assets of subsidiaries) at any time within the shorter of the 5-year period ending on the effective time of the applicable disposition or the period of time the Non-U.S. Holder held such interest. While a determination of whether Reorganized Incora will be a USRPHC at a particular time will depend on the relative values of Reorganized Incora's assets at that time, based on Incora's current assets and Reorganized Incora's business plan, it does not believe that it is currently treated or expect to be treated as a USRPHC.

As discussed above under "—*Consequences to U.S. Holders of Addressed Claims*," a full or partial redemption of the equity in Reorganized Incora (which includes the New Common Equity and New Takeback Notes) will generally be treated as a distribution taxable as a dividend to the extent of Reorganized Incora's current or accumulated earnings and profits unless it can be satisfactorily established that, for U.S. federal income tax purposes, (i) the redemption is "not essentially equivalent to a dividend," (ii) the redemption results in a "complete termination" of the holder's interest in the equity interests of Reorganized Incora (which includes the New Common Equity and New Takeback Notes) or (iii) the redemption is "substantially disproportionate" with respect to the holder, all within the meaning of section 302(b) of the Tax Code. In such event, any amount constituting a dividend for U.S. federal income tax purposes generally would be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified by an applicable income tax treaty, unless such dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States). A withholding agent (which may include Reorganized Incora) might not make a determination as to whether the cash received upon redemption is subject to such withholding, including because the application of Section 302 of the Tax Code will depend on a Non-U.S. Holder's particular circumstances. Accordingly, withholding agents may withhold tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the entire amount of the redemption amount made to such Non-U.S. Holder, unless (1) the withholding agent has established special procedures allowing Non-U.S. Holders to certify that they are exempt from such withholding tax and (2) such Non-U.S. Holders are able to certify that they meet the requirements of such exemption (e.g., because such Non-U.S. Holders are not treated as receiving a dividend under the Section 302 tests described above). However, there can be no assurance that a withholding agent will establish such special certification procedures. If a withholding agent withholds excess amounts from the cash consideration so payable to a Non-U.S. Holder, such Non-U.S. Holder may obtain a refund of any such excess amounts by timely filing an appropriate claim with the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the foregoing rules in light of their particular facts and circumstances, the procedures for claiming treaty benefits or otherwise establishing an exemption from U.S. withholding tax with respect to payments received in redemption of their equity in Reorganized Incora (which includes the New Common Equity and New Takeback Notes).

4. FATCA

Under the Foreign Account Tax Compliance Act ("*FATCA*"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30% on the receipt of "withholdable payments". For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income, including any dividends (including any deemed dividends) on the New Common Equity and New Takeback Notes. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

FATCA withholding rules that were previously scheduled to take effect on January 1, 2019 would have applied to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S. source interest or dividends. However, such withholding has effectively been suspended under proposed Treasury Regulations that may be relied on until final regulations become effective. Nonetheless, there can be no assurance that a similar rule will not go into effect in the future.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of the FATCA withholding rules on such Non-U.S. Holder's ownership of the New Common Equity and New Takeback Notes.

F. Information Reporting and Back-Up Withholding

The Debtors and Reorganized Debtors will withhold all amounts required by law to be withheld and will comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a holder of a Claim under the Plan or with respect to their New Common Equity or New Takeback Notes. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 24%). Backup withholding generally applies unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 (or otherwise establishes such U.S. Holder's eligibility for an exemption) or, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (along with appropriate attachments) (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption from withholding). Backup withholding is not an additional tax but is, instead, an advance payment that may entitle the holder to a refund from the IRS to the extent it results in an overpayment of tax, provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions

contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

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EXHIBIT A-1

REDLINE OF EXHIBIT A

FEDERAL INCOME TAX CONSIDERATIONS

SECTION VII.
FEDERAL INCOME TAX CONSIDERATIONS

A. IMPORTANCE OF OBTAINING INDEPENDENT PROFESSIONAL TAX ADVICE

The tax consequences of the Plan are complex. The following summary does not discuss all aspects of U.S. federal income taxation or other taxation that may be relevant to the Debtors or to any particular holder of Claims in light of its particular circumstances and income tax situation. This summary is not a substitute for careful tax planning and advice based on individual circumstances that pertain to a particular holder of a Claim. Each holder of a Claim should consult with its tax advisors as to the consequences of the transactions contemplated by the Plan, including the application and effect of federal, state, local, or non-U.S. laws regarding income, estate and other taxation, and of any changes in those laws.

B. TAX CONSEQUENCES OF THE RESTRUCTURING

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and the Reorganized Debtors, and holders of Allowed 1L Notes Claims, Allowed General Unsecured Claims and Allowed General Unsecured Convenience Claims (collectively, the "*Addressed Claims*"). This summary is based on the Internal Revenue Code of 1986, as amended (the "*Tax Code*"), the U.S. Treasury Regulations promulgated under the Tax Code (the "*Treasury Regulations*"), judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the "*IRS*"), all as in effect on the date of this Disclosure Statement (collectively, "*Applicable Tax Law*"). **This discussion is based on the Debtors' current understanding of the expected terms of the Definitive Documents, specifically with respect to the Takeback Debt, some of which have not yet been proposed nor approved by the Bankruptcy Court, and the** U.S. federal income tax **consequences to a holder of an Addressed Claim may differ materially from those discussed herein if the Definitive Documents ultimately approved were to differ from the Debtors' expectation.** Changes in Applicable Tax Law may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. The Debtors have not requested, and do not intend to request, any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed in this Disclosure Statement, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed in this Disclosure Statement.

This summary does not address foreign, state, local, gift, or estate tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be

relevant to a holder in light of its individual circumstances or to a holder that may be subject to special tax rules (such as persons who are related to the Debtors within the meaning of the Tax Code, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, real estate investment trusts, regulated investment companies, passive foreign investment companies, controlled foreign corporations, tax-exempt organizations, pass-through entities, beneficial owners of pass-through entities, trusts, governmental authorities or agencies, dealers and traders in securities, subchapter S corporations, persons who hold Claims as part of a straddle, hedge, conversion transaction or other integrated investment, persons using a mark-to-market method of tax accounting, holders of Claims who are themselves in bankruptcy, persons subject to the alternative minimum tax or the "Medicare" tax on net investment income, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, U.S. expatriates and accrual method taxpayers that report income on an "applicable financial statement"). Furthermore, this summary assumes that a holder of a Claim holds only Claims in a single Class and holds such Claims as "capital assets" (within the meaning of section 1221 of the Tax Code). This summary also assumes that**, unless as specifically noted below,** the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form. This summary does not discuss differences in tax consequences to holders of Claims that act or receive consideration in a capacity other than any other holder of a Claim of the same Class or Classes, and the tax consequences for such holders may differ materially from those described below. This summary does not address the U.S. federal income tax consequences to holders: (i) whose Claims are Unimpaired or otherwise entitled to payment in full in Cash under the Plan or (ii) that are deemed to reject the Plan. Furthermore, this summary does not address the U.S. federal income tax consequences associated with the DIP Notes or DIP Financing Claims or the receipt of the New Exit Notes in satisfaction of the DIP Notes.

For purposes of this discussion, a "*U.S. Holder*" is a beneficial owner of an Allowed Addressed Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

For purposes of this discussion, a "*Non-U.S. Holder*" is a beneficial owner of an Allowed Addressed Claim that is not a U.S. Holder or a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a holder of an Allowed Addressed Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partners (or other beneficial owners) of partnerships (or other

pass-through entities) that are holders of Allowed Addressed Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

C. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

For U.S. federal income tax purposes, Wolverine Top Holding Corporation ("*Parent*"), a non-debtor, is the common parent of an affiliated group of corporations that files a single consolidated U.S. federal income tax return (the "*Tax Group*"), of which the Debtors are members or are either foreign corporations or flow-through entities, directly or indirectly, wholly-owned by a member of the Tax Group. The Debtors estimate that, as of the taxable year ending December 31, 2022, the Tax Group had federal net operating loss ("*NOL*") carryforwards of almost $22 million. In addition, the Debtors estimate that, as of the taxable year ending December 31, 2022, the Tax Group also had interest expense carryforwards of approximately $515 million. As discussed below, the Tax Group's NOLs and other tax attributes may be, in connection with the implementation of the Plan, significantly reduced, subject to limitation or entirely unavailable to the Reorganized Debtors, depending on the manner in which the Restructuring Transactions are consummated.

The tax consequences of the implementation of the Plan to the Debtors will differ depending on whether the Restructuring Transactions are structured as an actual or deemed taxable sale of the assets and/or stock of any Debtor or subsidiary of any Debtor (a "*Taxable Transaction*") or as a recapitalization or reorganization of the Debtors (a "*Reorganization Transaction*"). It has not yet been determined how the Restructuring Transactions will be structured. Such decision will depend on, among other things, whether assets being sold (or deemed to be sold) pursuant to any Taxable Transaction have an aggregate fair market value in excess of their aggregate tax basis (i.e., a "built-in gain") or an aggregate fair market value less than their aggregate tax basis (i.e., a "built-in loss"), the amount of any required reduction in the aggregate tax basis of such assets by excluded cancellation of indebtedness income ("*COD Income*"), whether sufficient tax attributes are available to offset any such built-in gain, future tax benefits associated with a step-up (if any) in the tax basis of the assets sold pursuant to a Taxable Transaction, and the amount and character of any losses with respect to the stock of any applicable Debtor or subsidiary thereof, in each case for U.S. federal, state and local income tax purposes.

If the transactions undertaken pursuant to the Plan are structured in whole or in part as a Taxable Transaction involving the transfer (or deemed transfer) of the Debtors' assets **(or stock of subsidiaries, as discussed further below)**, the Debtors generally would realize gain or loss in an amount equal to the difference between the value of the consideration received by the Debtors plus certain liabilities treated as assumed (which aggregate amount generally should equal the fair market value of the assets transferred (or deemed to be transferred) by the Debtors, unless the amount of liabilities assumed exceeds the fair market value of the assets transferred or deemed to be transferred) and the Debtors' tax basis in such assets. Realized gains, if any, may be offset by current-year losses and deductions, which may include interest deductions that may be (or become) available under section 163(j) of the Tax Code, NOL carryforwards from prior years, if any, and any worthless stock deduction claimed with respect to the equity of a Debtor that is available to offset all or a portion of such gains; provided that any such gain that is ordinary in nature may not be offset by capital losses. Any taxable gain remaining after such

offsets would result in a cash tax obligation that would need to be satisfied by the Reorganized Debtors. If the Reorganized Debtors purchase (or are deemed to purchase) assets or stock of any Debtor pursuant to a Taxable Transaction, the Reorganized Debtors will take a fair market value basis in the transferred assets or stock. However, if a Taxable Transaction involves a purchase of stock, the Debtor whose stock is transferred (i) will retain its basis in its assets, unless the Debtors and/or Reorganized Debtors are eligible to make, and timely make, certain elections provided for under the Tax Code to treat such stock purchase as the purchase of such Debtor's assets, and (ii) may succeed to certain tax attributes of the Tax Group, subject to reduction for COD Income as discussed below. If the Restructuring Transactions are consummated as a Taxable Transaction treated as an asset transfer, the Debtors' NOLs and other tax attributes will not carry over to the Reorganized Debtors. The tax consequences to the Debtors of the Restructuring Transactions, including the potential amount of cash tax liability (if any) resulting from a Taxable Transaction, remain subject to ongoing analysis.

1. Cancellation of Debt and Reduction of Tax Attributes

In general, absent an exception, a debtor will realize and recognize COD Income upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of: (i) the amount of Cash paid; (ii) the issue price of any new indebtedness of the taxpayer issued; and (iii) the fair market value of any other consideration (including stock of the debtor) given in satisfaction of such satisfied indebtedness at the time of the exchange.

Under section 108 of the Tax Code, a debtor is not, however, required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes (such as current year losses, NOL carryforwards, capital loss carryforwards, tax credits and tax basis in assets) by the amount of COD Income that it excluded from gross income pursuant to section 108 of the Tax Code. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD Income over the amount of available tax attributes will generally not give rise to U.S. federal income tax and will generally have no other U.S. federal income tax impact. Where the debtor joins in the filing of a consolidated U.S. federal income tax return, applicable Treasury Regulations require, in certain circumstances, that certain tax attributes of other members of the group also be reduced.

In connection with the implementation of the Plan, the Debtors are expected to realize significant COD Income. The exact amount of any COD Income that will be realized by the Debtors will depend, in part, on the value of the New Common Equity and the ~~"issue price" of the~~ New Takeback Notes ~~(as described below)~~ and, therefore, will not be determinable until the consummation of the Plan. The Debtors expect that the amount of COD Income will be sufficient to eliminate all of the Debtors' NOL carryforwards allocable to periods prior to the Effective Date. In addition, depending on the structure of the transactions undertaken pursuant to the Plan, some of the Debtors' tax basis in their assets may be reduced by COD Income. As noted above, whether or not the Reorganized Debtors succeed to the tax attributes of the Debtors will depend on whether the Restructuring Transactions are structured as a Taxable Transaction

(and if a Taxable Transaction, whether it is treated as an asset sale or stock sale) or as a Reorganization Transaction.

2. Limitation of NOL Carryforwards and Other Tax Attributes

Under sections 382 and 383 of the Tax Code, if a corporation undergoes an "ownership change," the amount of any NOLs, interest expense carryforwards, tax credit carryforwards, net unrealized built-in losses, and possibly certain other attributes of the corporation allocable to periods prior to the ownership change (collectively, "*Pre-Change Losses*") that may be utilized to offset future taxable income generally are subject to an annual limitation. If the Reorganized Debtors succeed to any Pre-Change Losses, the implementation of the Plan is expected to result in an "ownership change" of the Reorganized Debtors and, as a result, the Reorganized Debtors' use of those Pre-Change Losses will be subject to limitation unless an exception to the general rules of section 382 of the Tax Code applies. For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. On September 9, 2019, the IRS issued proposed regulations that would significantly modify the calculation and treatment of net unrealized built-in gains and losses; however, the IRS amended the proposed effective date provision of those regulations to exempt from the new regulations ownership changes pursuant to chapter 11 cases filed prior to the regulations becoming effective. Thus, if the proposed regulations are finalized in their current form, the proposed regulations are not expected to apply to the Reorganized Debtors and the remainder of this discussion assumes they will not apply.

a. *General Section 382 Annual Limitation*

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" (~~3.81~~**3.44**% for ownership changes occurring in ~~December 2023~~**March 2024**). The section 382 limitation may be increased to the extent that the company recognizes certain built-in gains in its assets during the five-year period following the ownership change or is treated as recognizing built-in gains pursuant to the safe harbors provided in IRS Notice 2003-65 (in either case, up to the amount of the company's original net unrealized built-in gain). Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. As discussed below, however, special rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

b. *Special Bankruptcy Exception*

An exception to the forgoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in a chapter 11 case receive, in respect of their Claims, at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation, if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "*382(l)(5) Exception*"). Under the 382(*l*)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but instead, NOL carryforwards and/or interest expense carryforwards will be reduced by the amount of any interest deductions claimed during the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(*l*)(5) Exception applies and the Reorganized Debtors undergo another "ownership change" within two years after the Effective Date, then the Reorganized Debtors' Pre-Change Losses thereafter would be effectively eliminated in their entirety.

Where the 382(*l*)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for it or the debtor otherwise elects not to utilize the 382(*l*)(5) Exception), a second special rule will generally apply (the "*382(l)(6) Exception*"). Under the 382(*l*)(6) Exception, the annual limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the change. The 382(*l*)(6) Exception also differs from the 382(*l*)(5) Exception in that under it the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo a subsequent change of ownership within two years without automatically triggering the elimination of its Pre-Change Losses. The resulting limitation from the subsequent change of ownership would be determined under the regular rules for ownership changes.

If the Restructuring Transactions are structured as a Taxable Transaction that is treated as an asset transfer, the Reorganized Debtors are not expected to succeed to the Debtors' NOLs and other tax attributes, with the result that ~~Section~~**section** 382 should not be relevant to the Reorganized Debtors. If the Restructuring Transactions are structured as a Reorganization Transaction or a stock transfer where the Reorganized Debtors succeed to any of the Debtors' Pre-Change Losses, the application of section 382, including whether the 382(*l*)(5) Exception may apply, will need to be considered after taking into account any reduction of NOLs or other tax attributes for COD Income and the impact of any prior section 382 ownership changes to a portion of the Debtors' existing NOLs and other tax attributes.

D. Certain U.S. Federal Income Tax Consequences to U.S. Holders

1. Treatment of New Takeback Notes as Equity

Based on the terms of the New Takeback Notes**, Reorganized Incora intends to treat the New Takeback Notes as equity of Reorganized Incora** for U.S. federal income tax purposes **that is not "preferred stock" for purposes of section 305 of the Tax Code, and the remainder of this discussion assumes that the New Takeback Notes will be treated as equity of Reorganized Incora that is not "preferred stock" for purposes of section 305 of the Tax Code. In general, the characterization of an instrument for U.S. federal income tax purposes as debt or equity by its issuer as of the time of issuance is binding on a holder. This characterization, however, is not binding on the IRS or the courts. In particular, there can be no assurance that the IRS would not contend, and that a court would not ultimately hold, that the New Takeback Notes constitute debt of Reorganized Incora or as "preferred stock" for purposes of Section 305 of the Tax Code. If the New Takeback Notes were treated as debt of Reorganized Incora or as "preferred stock" for purposes of Section 305 of the Tax Code, the U.S. federal income tax consequences to holders** of the New Takeback Notes **would be materially different from that described below. Each holder of New Takeback Notes is urged to consult its own tax advisor regarding the U.S. federal income tax treatment** of the New Takeback Notes.

2. ~~1.~~ Treatment of Claims as Securities

As discussed further below, the U.S. federal income tax consequences to holders of Allowed Addressed Claims may depend on whether the Allowed Addressed Claims constitute "securities" for U.S. federal income tax purposes. Neither the Tax Code nor the Treasury Regulations ~~promulgated under the Tax Code~~ defines the term "security". Whether a debt instrument constitutes a "security" is determined based on all relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the available collateral, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The 2024 Unsecured Notes, the 2026 Unsecured Notes and the 2027 Unsecured Notes, that constitute General Unsecured Claims were each issued in 2019 with an initial term of five~~-years~~, seven and eight years, respectively. The 1L Notes and 1.25L Notes were issued in 2022 as part of a debt exchange transaction. While the 1L Notes and 1.25L Notes each had an initial term of just four and five years, respectively, they were each received in exchange for prior debt having an initial term of five and eight years, respectively. Based on certain IRS guidance, in certain circumstances, a loan issued in exchange for a debt instrument that would have been

treated as a security may be considered a security notwithstanding that the new loan has a term of less than five years. Each holder of an Allowed Addressed Claim is urged to consult its own tax advisor regarding whether such Allowed Addressed Claim should be treated as a "security" for U.S. federal income tax purposes.

3. ~~2.~~ Consequences of Exchange for U.S. Holders of Allowed Addressed Claims

a. *Gain or Loss on Allowed 1L Notes Claims*

On the Plan Effective Date, the holders of Allowed 1L Notes Claims will exchange their 1L Notes Claims for (x) New Common Equity and (y) New Takeback Notes. Pursuant to the Plan, the Debtors may also pay certain Restructuring Expenses attributable to the 1L Indenture Trustee and the First Lien Noteholder Group. It is possible that all or a portion of these payments may be treated as payment of cash to certain holders of Allowed 1L Notes Claims. The remaining discussion does not address the tax treatment to a U.S. Holder of Allowed 1L Notes Claims if any such amounts paid by the Debtors is treated as cash consideration with respect to the U.S. Holder's Allowed 1L Notes Claims. U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of any such payment.

As described above, the U.S. federal income tax consequences to a U.S. Holder of an Allowed 1L Notes Claim will depend, in part, on whether the transactions undertaken pursuant to the Plan constitute, for U.S. federal income tax purposes, (a) a Taxable Transaction, or (b) a Reorganization Transaction and, if a Reorganization Transaction, the steps for implementing the Plan. The U.S. federal income tax consequences to U.S. Holders of Allowed 1L Notes Claims may further depend on whether the Allowed 1L Notes Claims surrendered constitute "securities" for U.S. federal income tax purposes.

Reorganization Transaction. If **either (i)** the Allowed 1L Notes Claims ~~are treated as securities for U.S. federal income tax purposes and the Restructuring Transactions are structured as a Reorganization Transaction that otherwise qualifies for "reorganization" treatment (within the meaning of section 368(a)(1) of the Tax Code) or a transaction described in Section 351 of the Tax Code, a U.S. Holder's exchange of Allowed 1L Notes Claims for New Common Equity and New Takeback Notes should be treated as a fully tax-free (or partially tax-free) transaction for a U.S. Holder of an Allowed 1L Notes Claim. In addition to a requirement for "reorganization" treatment that U.S. Holder's Allowed 1L Notes constitutes a security for U.S. federal income tax purposes, the determination of whether the transaction is a reorganization, and whether the exchange is partially or fully tax-free, will depend on the identities of the issuer~~

~~of the New Common Equity and the New Takeback Notes and whether the New Takeback Notes themselves~~ constitute "securities" for U.S. federal income tax purposes~~.~~

, the issuer of the New Common Equity and the New Takeback Notes **(which are intended to be treated as equity for tax purposes, as described above)** is the issuer of the ~~If the~~ Allowed 1L Notes Claims ~~constitute "securities" for U.S. federal income tax purposes~~ and the transaction is treated as a "reorganization" ~~or a transaction described in Section 351~~**(within the meaning of section 368(a)(1)** of the Tax Code**)** with respect to a U.S. Holder of Allowed 1L Notes Claims **or (ii) the transaction is described in Section 351 of the Tax Code (which may apply even if** the Allowed 1L Notes Claims **are not treated as securities) with respect to a U.S. Holder of Allowed 1L Notes Claims**, subject to the discussion under "*—Accrued Interest and OID*" below, a U.S. Holder of Allowed 1L Notes Claims ~~should (i)~~**will** not recognize any gain or loss ~~as a result of the receipt of New Common Equity and New Takeback Notes if the New Takeback Notes are "securities," and either the issuer of the New Common Equity and the New Takeback Notes is the issuer of the Allowed 1L Notes Claims or, if the issuer of the New Common Equity is not the issuer of the Allowed 1L Notes Claims, the New Common Equity is received in a transaction described in Section 351 of the Tax Code, or (ii) if the exchange is not described in (i), will not recognize any loss but should recognize gain, if any, but not in excess of an amount equal to (x) if the issuer of the New Common Equity is an entity other than the issuer of the Allowed 1L Notes Claims (and the New Common Equity is not received in a transaction described in Section 351 of the Tax Code) and the New Takeback Notes are "securities" and are issued by the issuer of the Allowed 1L Notes Claims, the fair market value of the New Common Equity received by the U.S. Holder, or (y) if the issuer of the New Common Equity is the issuer of the Allowed 1L Notes Claims (or the New Common Equity is received in a transaction described in Section 351 of the Tax Code) and either the issuer of the New Takeback Notes is not the issuer of the Allowed 1L Notes Claims or the New Takeback Notes are not "securities", the fair market value of New Takeback Notes received by the U.S. Holder~~. A U.S. Holder's tax basis in ~~any~~**the** New Common Equity and New Takeback Notes received ~~in a transaction described in (i) above~~**by such holder** (apart from amounts allocable to accrued but unpaid interest or accrued original issue discount ("*OID*")) ~~should generally equal the U.S. Holder's adjusted tax basis in its Allowed 1L Notes Claim exchanged therefor and should be allocated between New Common Equity and New Takeback Notes received in accordance with their fair market values. In a transaction described in (ii)(x) above, a U.S. Holder's tax basis in New Takeback Notes received by such holder~~ will equal the holder's tax basis in its Allowed 1L Notes Claims exchanged therefor, ~~increased by the amount of any gain recognized pursuant to such exchange and reduced by the fair market value of~~**with such basis allocable to** the New Common Equity ~~received, and the U.S. Holder's tax basis in the New Common Equity received will equal the fair market value of such equity. In a transaction described in (ii)(y) above, a U.S. Holder's tax basis in the New Common Equity will equal the holder's tax basis in its Allowed 1L Notes Claims exchanged therefor, increased by the amount of any gain recognized pursuant to such exchange and reduced by the fair market value of~~**and** New Takeback Notes ~~received, and the U.S. Holder's tax basis in New Takeback Notes received by such holder will equal the~~**based on their relative** fair market ~~value thereof~~**values**. Subject to the rules regarding accrued but unpaid interest and accrued OID, a U.S. Holder's holding period in ~~(A)~~ the New Common Equity **and New Takeback Notes** received ~~in a transaction described in (i) or (ii)(y) above~~

should include the holding period for the Allowed 1L Notes Claims exchanged therefor~~, (B) New Takeback Notes received in a transaction described in (i) or (ii)(x) above should include the holding period for the Allowed 1L Notes Claims exchanged therefor, and (C) New Common Equity received in a transaction described in (ii)(x) above or New Takeback Notes received in a transaction described in (ii)(y) above should begin the day after the Effective Date.~~.

Taxable Transaction. If the Restructuring Transactions are not described in the preceding ~~paragraphs~~**paragraph**, a U.S. Holder of an Allowed 1L Notes Claim is expected to recognize gain or loss with respect to such Claim equal to the difference between (i) the sum of ~~(a)~~ the fair market value of its pro rata share of the New Common Equity and ~~(b) the "issue price" of its~~ New Takeback Notes (other than amounts, if any, allocable to accrued but unpaid interest (including OID), discussed below under "*—Accrued Interest and OID*") and (ii) such U.S. Holder's tax basis in their Allowed 1L Notes Claims. The character of such gain or loss as capital or ordinary will be determined by a number of factors, including the tax status of the U.S. Holder, whether the Allowed 1L Notes Claim constitutes a capital asset in such U.S. Holder's hands, whether the Allowed 1L Notes Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously claimed a bad debt deduction with respect to its Allowed 1L Notes Claim. If the recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder has held its Allowed 1L Notes Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations (as discussed below). To the extent that a portion of the consideration received in exchange for its Allowed 1L Notes Claim is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "*—Accrued Interest and OID*" and "*—Market Discount*", below. In the case of a transaction described in this paragraph, a U.S. Holder's tax basis in the New Common Equity and New Takeback Notes received in respect of its Allowed 1L Notes Claim should be equal to the fair market value of the New Common Equity and ~~the issue price of the~~ New Takeback Notes**, respectively,** and the U.S. Holder's holding period for New Common Equity and New Takeback Notes received on the Effective Date should begin on the day following the Effective Date.

b. *Gain or Loss on Allowed General Unsecured Claims*

Pursuant to the Plan, in full and final satisfaction of Allowed General Unsecured Claims, each holder thereof will receive New Common Equity.

The U.S. federal income tax consequences to a U.S. Holder of Allowed General Unsecured Claims will depend, in part, on whether the transactions undertaken pursuant to the Plan constitute, for U.S. federal income tax purposes, (a) a Taxable Transaction, or (b) a Reorganization Transaction and, if a Reorganization Transaction, the steps for implementing the Plan. The U.S. federal income tax consequences to U.S. Holders of Allowed General Unsecured Claims may further depend on whether the applicable Allowed General Unsecured Claims surrendered constitute "securities" for U.S. federal income tax purposes.

~~Reorganization Transaction. If the applicable Allowed General Unsecured Claims are treated as securities for U.S. federal income tax purposes and the Restructuring Transactions are~~

~~structured as a Reorganization Transaction that otherwise qualifies for "reorganization" treatment (within the meaning of section 368(a)(1) of the Tax Code) or a transaction described in Section 351 of the Tax Code (which may apply even if the applicable Allowed General Unsecured Claims are not treated as securities), a U.S. Holder's exchange of applicable Allowed General Unsecured Claims for New Common Equity should be treated as a fully tax-free transaction for a U.S. Holder of an applicable Allowed General Unsecured Claim. In addition to a requirement for "reorganization" treatment that the U.S. Holder's applicable Allowed General Unsecured Claim constitutes a security for U.S. federal income tax purposes, the determination of whether the transaction is a reorganization, and whether the exchange is tax-free, will depend on the identity of the issuer of the New Common Equity.~~

Reorganization Transaction. If either (i) the applicable Allowed General Unsecured Claims constitute "securities" for U.S. federal income tax purposes, the issuer of the New Common Equity is the issuer of the **applicable Allowed General Unsecured Claims** and the transaction is treated as a "reorganization" (within the meaning of section 368(a)(1) of the Tax Code) with respect to a U.S. Holder of applicable Allowed General Unsecured Claims or (ii) the transaction is described in Section 351 of the Tax Code (which may apply even if the applicable Allowed General Unsecured Claims are not treated as securities) with respect to a U.S. Holder of applicable Allowed General Unsecured Claims, subject to the discussion under "*—Accrued Interest and OID*" below, a U.S. Holder of applicable Allowed General Unsecured Claims will not recognize any gain or loss. A U.S. Holder's tax basis in the New Common Equity received by such holder (apart from amounts allocable to accrued but unpaid interest or accrued OID) will equal the holder's tax basis in its applicable Allowed General Unsecured Claims exchanged therefor. Subject to the rules regarding accrued but unpaid interest and accrued OID, a U.S. Holder's holding period in the New Common Equity received should include the holding period for the applicable Allowed General Unsecured Claims exchanged therefor.

Taxable Transaction. If the Restructuring Transactions are not described in the preceding ~~paragraphs~~**paragraph** with respect to a U.S. Holder of Allowed General Unsecured Claims, such U.S. Holder of Allowed General Unsecured Claims is expected to recognize gain or loss equal to the difference between (i) the fair market value of its share of the New Common Equity (other than amounts, if any, allocable to accrued by unpaid interest (including OID)) and (ii) such U.S. Holder's adjusted tax basis in their Allowed General Unsecured Claims. The character of such gain or loss as capital or ordinary will be determined by a number of factors, including the tax status of the U.S. Holder, whether the Allowed General Unsecured Claims constitute a capital asset in such U.S. Holder's hands, whether the Allowed General Unsecured Claims were purchased at a discount, and whether and to what extent the U.S. Holder previously claimed a bad debt deduction with respect to its Allowed General Unsecured Claims. If the recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder has held its Allowed General Unsecured Claims for more than one year at the time of the

exchange. The deductibility of capital losses is subject to certain limitations (as discussed below). To the extent that a portion of the consideration received in exchange for its Allowed General Unsecured Claims is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "*—Accrued Interest and OID*" and "*—Market Discount*", below. In the case of a Taxable Transaction described in this paragraph, a U.S. Holder's tax basis in the New Common Equity received in respect of its Allowed General Unsecured Claims should be equal to the fair market value of the New Common Equity and the U.S. Holder's holding period for New Common Equity received on the Effective Date should begin on the day following the Effective Date.

c. *Gain or Loss on Allowed Other Claims*

Pursuant to the Plan, a U.S. Holder will receive Cash in full and final satisfaction of the U.S. Holder's Allowed Claims in Class 7b. A U.S. Holder of such Claims should recognize gain or loss on such Claim in an amount equal to the difference between the amount of Cash received and the U.S. Holder's tax basis in such Claims. To the extent that a portion of the consideration received in exchange for such Claims is allocable to accrued but unpaid interest or OID, the U.S. Holder may recognize ordinary income. *See* "*—Accrued Interest and OID*" and "*—Market Discount*", below. If the recognized gain is capital gain, it generally would be long-term capital gain if the U.S. Holder has held its Allowed Claims in the above-listed Classes for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations (as discussed below).

d. *Accrued Interest and OID*

In general, regardless of the manner in which the Restructuring Transactions are consummated, to the extent that any amount received by a U.S. Holder of an Allowed Claim is attributable to accrued but unpaid interest or OID on the debt instruments constituting the Allowed Claim, as applicable, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (if not previously included in such Holder's gross income). Conversely, a U.S. Holder of an Allowed Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest or OID previously was included in the U.S. Holder's gross income but was not paid in full. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair value of the consideration is not sufficient to fully satisfy all principal of and interest on an Allowed Claim, the extent to which such consideration will be attributable to accrued interest or OID is unclear. Under the Plan, the aggregate consideration received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments made under a debt instrument as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan. U.S.

Holders of Allowed Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

e. *Market Discount*

Under the "*market discount*" provisions of the Tax Code, some or all of any gain realized by a U.S. Holder of an Allowed Claim who receives consideration pursuant to the Plan in satisfaction of its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the Allowed Claim, as applicable. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than at original issue and if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with OID, its adjusted issue price, in each case, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of an Allowed Claim acquired with market discount should generally be treated as ordinary income to the extent of the market discount that accrued thereon while the Allowed Claim, as applicable, was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that Allowed Claims that were acquired with market discount are exchanged in a Reorganization that qualifies for partially tax-free or fully tax-free treatment for the exchanging U.S. Holder, any market discount that accrued on the Allowed Claims up to the time of the exchange, but was not recognized by the U.S. Holder is carried over to the New Common Equity or New Takeback Notes received therefor and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of the New Common Equity or New Takeback Notes is treated as ordinary income to the extent of the accrued, but not recognized, market discount with respect to the Allowed Claims.

U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of the exchange of Allowed Claims that were acquired with market discount pursuant to the Plan.

4. ~~3.~~ Consequences to U.S. Holders of Claims of Owning and Disposing of ~~Consideration Received Under the Plan~~

~~a. *Ownership and Disposition of*~~ New Common Equity and New Takeback Notes

Distributions on New Common Equity **and New Takeback Notes**. Any distributions **(or deemed distributions)** made on account of **equity in Reorganized Incora (which includes** the New Common Equity **and New Takeback Notes)** will generally constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Incora, as determined under U.S. federal income tax principles. ~~Dividends~~ **As discussed above, under *"Treatment of New Takeback Notes as Equity,"* Reorganized Incora intends to treat the New Takeback Notes as equity of Reorganized Incora** for U.S. federal

income tax purposes **that is not "preferred stock" for purposes of section 305 of the Tax Code. Nevertheless, there is a risk that, pursuant to section 305 of the Tax Code, if Reorganized Incora makes an actual distribution on account of the New Common Equity, the accretion** on the New Takeback Notes **would be treated as a deemed distribution** on the New Takeback Notes. **Dividends (or deemed dividends)** received by a non-corporate U.S. Holder may be eligible for the lower rate applicable to long-term capital gain if certain holding period requirements are satisfied. To the extent that a U.S. Holder receives **(or is deemed to receive)** distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions **(or deemed distributions)** will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions **(or deemed distributions)** in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain, which will be treated as long-term capital gain if such U.S. Holder's holding period in its ~~New Common Equity~~**equity interests** exceeds one year as of the date of the distribution~~.~~ **(or deemed distribution). In the case of taxable distributions (or deemed distributions) of property, including equity interests, the U.S. Holder will generally be expected to take fair market value basis in the property received (or deemed received).**

Amounts treated as dividends **(or deemed dividends)** paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends-received deduction may be disallowed.

Sale, Redemption or Repurchase of New Common Equity **and New Takeback Notes**. Subject to the discussion below regarding redemption of **equity in Reorganized Incora (which includes** the New Common Equity **and New Takeback Notes)**, unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale or other taxable disposition of the New Common Equity **or New Takeback Notes**. Such capital gain will be long-term capital gain if, at the time of the sale or other taxable disposition, the U.S. Holder's holding period in the New Common Equity **or New Takeback Notes** is more than one year. Long-term capital gains of a non-corporate taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations as described below. In certain circumstances, a U.S. Holder may be required to treat gain recognized on the taxable disposition of the New Common Equity **or New Takeback Notes** as ordinary income if such U.S. Holder took a bad debt deduction with respect to its Allowed Claims or recognized an ordinary loss on the exchange of its Allowed Claims pursuant to the Plan.

A full or partial redemption of **equity in Reorganized Incora (which includes** the New Common Equity **and New Takeback Notes)** will be treated as a distribution taxable as a dividend to holders of ~~the New Common Equity~~**such equity interests** to the extent of Reorganized Incora's current or accumulated earnings and profits, unless it can be satisfactorily established that, for U.S. federal income tax purposes, (i) the redemption is "not essentially

equivalent to a dividend," (ii) the redemption results in a "complete termination" of the holder's interest in ~~stock~~**the equity interests** of Reorganized Incora **(which includes** the New Common Equity and **New Takeback Notes)** or (iii) the redemption is "substantially disproportionate" with respect to the holder, all within the meaning of section 302(b) of the Tax Code. In any such case where one of these requirements is met, the redemption will be subject to U.S. federal income tax in the manner described above with respect to sales and other taxable dispositions generally. A redemption of the New Common Equity **or New Takeback Notes** that is treated as a distribution taxable as a dividend will be subject to U.S. federal income tax in the manner described above under "*—Distributions on New Common Equity **and New Takeback Notes***".

As discussed above under "*—Market Discount*", in the case of any debt instrument underlying an Allowed Claim that was acquired at a "market discount" and is subject to partially tax-free or fully tax-free treatment with respect to the exchange pursuant to the Plan as more fully discussed above, the Tax Code indicates that any accrued market discount in respect of such portion of the Allowed Claim, as applicable, that is not currently includible in income should carry over to any nonrecognition property received in exchange therefor (i.e., the New Common Equity **and New Takeback Notes**). Accordingly, in that situation, any gain recognized by a holder upon a subsequent disposition of New Common Equity **or New Takeback Notes** may be treated as ordinary income to the extent of the allocable portion of any accrued market discount not previously included in income. To date, specific Treasury regulations implementing this rule have not been issued.

~~**b. *Ownership and Disposition of New Takeback Notes***~~

~~Interest (including OID) on New Takeback Notes. Qualified stated interest (described below) paid to a U.S. Holder will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest is received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes.~~

~~If the "stated redemption price at maturity" of the New Takeback Notes exceeds the "issue price" of the New Takeback Notes by an amount equal to or greater than a statutorily defined *de minimis* amount, the New Takeback Notes will be treated as issued with OID for U.S. federal income tax purposes. The stated redemption price at maturity of the New Takeback Notes is the total of all payments due on the New Takeback Notes, other than payments of qualified stated interest. In general, qualified stated interest is stated interest that is payable unconditionally in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate (or at certain qualified floating rates). The terms of the New Takeback Notes have not yet been established. As a result, it is unclear whether any portion of the stated interest on the New Takeback Notes will be treated as qualified stated interest.~~

~~Reorganized Incora will determine the issue price of the New Takeback Notes after the Effective Date. If Reorganized Incora determines that the issue price of the New Takeback Notes is an amount different from the face amount of those loans, Reorganized Incora will make that determination available to any U.S. Holders receiving a portion of the New Takeback Notes. U.S. Holders should consult their tax advisors concerning the treatment of owning New Takeback Notes.~~

~~If the New Takeback Notes are issued with OID, a U.S. Holder generally (i) will be required to include the OID in gross income as ordinary interest income as it accrues on a constant yield basis and regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, but (ii) will not be required to recognize additional income upon the receipt of any cash payment on the New Takeback Notes that is attributable to previously accrued OID that has been included in its income. If the amount of OID on the First Lien Facility is *de minimis*, rather than being characterized as interest, any payment attributable to the *de minimis* OID will be treated~~

~~as gain from the sale of the New Takeback Notes, and a pro rata amount of such *de minimis* OID must be included in income as principal payments are received on the New Takeback Notes.~~

~~If the U.S. Holder's Allowed Claims are exchanged for New Takeback Notes in a Reorganization that is a fully or partially tax-free transaction, and as a result the U.S. Holder's tax basis in the New Takeback Notes exceeds the issue price thereof, the amount of qualified stated interest and/or OID required to be recognized by the U.S. Holder may be reduced under the rules applicable to "acquisition premium" or "amortizable bond premium." U.S. Holders should consult their tax advisors about the application of these rules to their ownership of New Takeback Notes.~~

~~Sale, Redemption or Repurchase of New Takeback Notes. Upon the sale, exchange or other taxable disposition of New Takeback Notes, a U.S. Holder will generally recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which shall be taxable as interest) and the U.S. Holder's adjusted tax basis in their interest in the New Takeback Notes. A U.S. Holder's initial tax basis in the New Takeback Notes will be increased by any previously accrued OID and decreased by any payments on the New Takeback Notes (other than payments of qualified stated interest, if any) and any bond premium previously amortized. Any such gain or loss generally will be long-term capital gain or loss if at the time of the sale, redemption or other taxable disposition, the U.S. Holder has held (or is treated as having held) the New Takeback Notes for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential tax rates on long-term capital gains. The deductibility of capital losses is subject to significant limitations (as discussed below).~~

~~As discussed above under "—*Market Discount*", in the case of any debt instrument underlying an Allowed Addressed Claim that was acquired at a "market discount" and is subject to partially tax-free or fully tax-free treatment with respect to the exchange pursuant to the Plan, the Tax Code indicates that any accrued market discount in respect of such portion of the Allowed Addressed Claim that is not currently includible in income should carry over to any nonrecognition property received in exchange therefor (i.e., the New Common Equity and/or New Takeback Notes). Accordingly, any gain recognized by a holder upon a subsequent disposition of such property would be treated as ordinary income to the extent of the allocable portion of any accrued market discount not previously included in income. To date, specific Treasury regulations implementing this rule have not been issued.~~

5. ~~4.~~ Limitation on Use of Capital Losses

U.S. Holders who recognize capital losses will be subject to limits on their use of capital losses. For U.S. Holders other than corporations, capital losses may be used to offset any capital gains (without regard to holding periods) plus ordinary income to the extent of the lesser of (i) $3,000 (or $1,500 for married individuals filing separate returns), or (ii) the excess of the capital losses over the capital gains. Non-corporate U.S. Holders may carry over unused capital losses and apply them to capital gains and a portion of their ordinary income. For corporate U.S. Holders, capital losses may only be used to offset capital gains. U.S. Holders who have more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in succeeding tax years. For corporate U.S. Holders, unused capital losses may be

carried forward for the five years following the capital loss year or carried back to the three years preceding the capital loss year. Non-corporate U.S. Holders may carry over unused capital losses for an unlimited number of years.

E. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

1. Gain Recognition

Whether the satisfaction of an Allowed Claim is a taxable event or not will be determined as noted above under the discussion relevant to U.S. Holders. To the extent that the Restructuring Transactions are treated as a taxable exchange for a Non-U.S. Holder, or otherwise result in recognition of gain for U.S. federal income tax purposes for such Non-U.S. Holder, any gain recognized by such Non-U.S. Holder on the exchange of its Allowed Claims generally will not be subject to U.S. federal income taxation unless (a) such Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Effective Date occurs and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain recognized on the exchange in the same manner as a U.S. Holder. In addition, if such Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest and OID

Subject to the ~~discussion~~**discussions** below under "*—FATCA*" and "*—Information Reporting and Backup Withholding*", payments to a Non-U.S. Holder that are attributable to accrued but unpaid interest (including accrued OID) on the debt instruments constituting the surrendered Allowed Claims generally will not be subject to U.S. federal income tax or withholding, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, an IRS Form W-8BEN or W-8BEN-E (or applicable successor form)) establishing that the Non-U.S. Holder is not a U.S. person, unless:

- the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Wesco Holdings Inc. stock entitled to vote;

- the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Wesco Holdings Inc. (each, within the meaning of the Tax Code);

- the Non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the Tax Code; or

- such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

In the case of a Non-U.S. Holder that does not qualify for the exemption from withholding tax with respect to accrued but unpaid interest (including accrued OID) on the Allowed Claims described above, any payments attributable to accrued but unpaid interest (including OID) that is not effectively connected income (as described in the fourth bullet above) generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty). For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business. As described above in more detail, the Plan provides that the aggregate consideration to be distributed to holders of Allowed Addressed Claims in each Class will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest that accrued on these Allowed Claims, if any. The IRS could take the position that the consideration received by a Non-U.S. Holder should be allocated in some way other than as provided in the Plan. Non-U.S. Holders of Allowed Addressed Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

3. Consequences to Non-U.S. Holders of Claims of Owning and Disposing ~~Consideration Received Under the Plan~~

~~a. *Ownership and Disposition*~~ of New Common Equity and New Takeback Notes

Distributions on New Common Equity **and New Takeback Notes**. Any distributions **(or deemed distributions, including as a result of the application of section 305 of the Tax Code to the New Takeback Notes, *see – "Consequences to U.S. Holders of Claims of Owning and Disposing of* New Common Equity and New Takeback Notes *– Distributions on* New Common Equity and New Takeback Notes*")*** made on account of the New Common Equity **or New Takeback Notes** will generally constitute dividends **(or deemed dividends)** for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Incora, as determined under U.S. federal income tax principles. To the extent that a Non-U.S. Holder receives **(or is deemed to receive)** distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions **(or deemed distributions)** will be treated first as a non-taxable return of capital reducing the Non-U.S. Holder's basis in its shares. Any such distributions **(or deemed distributions)** in excess of the Non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange as described below; see "—*Sale, Redemption or Repurchase of New Common Equity **and New Takeback Notes***" below).

Subject to the ~~discussion~~**discussions** below under "—*FATCA*" and "—*Information Reporting and Backup Withholding*" and except as described below, dividends **(or deemed dividends)** paid with respect to the New Common Equity **or New Takeback Notes** held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a Non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments.

Dividends **(or deemed dividends)** paid with respect to New Common Equity **or New Takeback Notes** held by a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings

and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

Sale, Redemption or Repurchase of New Common Equity **and New Takeback Notes**. Subject to the discussion below regarding redemptions of the New Common Equity and **New Takeback Notes and** under "*—Information Reporting and Backup Withholding*", a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain recognized on the sale or other taxable disposition of New Common Equity **and New Takeback Notes** unless:

- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met or who is subject to special rules applicable to former citizens and residents of the United States;

- such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an applicable income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

- Reorganized Incora is or has been during a specified testing period a "U.S. real property holding corporation" (a "*USRPHC*") for U.S. federal income tax purposes.

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of the New Common Equity **or New Takeback Notes**. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of its New Common Equity **and New Takeback Notes** under the Foreign Investment in Real Property Tax Act ("*FIRPTA*"). Taxable gain from the disposition of an interest in a USRPHC (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income. Further, the buyer of the New Common Equity **or New Takeback Notes** will generally be required to withhold a tax equal to 15% of the amount realized on the sale. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the

Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS.

In general, a corporation is a USRPHC as to a Non-U.S. Holder if the fair market value of the corporation's U.S. real property interests (as defined in the Tax Code and applicable Treasury Regulations) equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (applying certain look-through rules to evaluate the assets of subsidiaries) at any time within the shorter of the 5-year period ending on the effective time of the applicable disposition or the period of time the Non-U.S. Holder held such interest. While a determination of whether Reorganized Incora will be a USRPHC at a particular time will depend on the relative values of Reorganized Incora's assets at that time, based on Incora's current assets and Reorganized Incora's business plan, it does not believe that it is currently treated or expect to be treated as a USRPHC.

As discussed above under "—*Consequences to U.S. Holders of Addressed Claims*," a full or partial redemption of the **equity in Reorganized Incora (which includes the** New Common Equity **and New Takeback Notes)** will generally be treated as a distribution taxable as a dividend to the extent of Reorganized Incora's current or accumulated earnings and profits unless it can be satisfactorily established that, for U.S. federal income tax purposes, (i) the redemption is "not essentially equivalent to a dividend," (ii) the redemption results in a "complete termination" of the holder's interest in the ~~stock (both preferred and common)~~**equity interests** of Reorganized Incora **(which includes the New Common Equity and New Takeback Notes)** or (iii) the redemption is "substantially disproportionate" with respect to the holder, all within the meaning of section 302(b) of the Tax Code. In such event, any amount constituting a dividend for U.S. federal income tax purposes generally would be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified by an applicable income tax treaty, unless such dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States). A withholding agent (which may include Reorganized Incora) might not make a determination as to whether the cash received upon redemption is subject to such withholding, including because the application of Section 302 of the Tax Code will depend on a Non-U.S. Holder's particular circumstances. Accordingly, withholding agents may withhold tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the entire amount of the redemption amount made to such Non-U.S. Holder, unless (1) the withholding agent has established special procedures allowing Non-U.S. Holders to certify that they are exempt from such withholding tax and (2) such Non-U.S. Holders are able to certify that they meet the requirements of such exemption (e.g., because such Non-U.S. Holders are not treated as receiving a dividend under the Section 302 tests described above). However, there can be no assurance that a withholding agent will establish such special certification procedures. If a withholding agent withholds excess amounts from the cash consideration so payable to a Non-U.S. Holder, such Non-U.S. Holder may obtain a refund of any such excess amounts by timely filing an appropriate claim with the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the foregoing rules in light of their particular facts and circumstances, the procedures for claiming treaty benefits or otherwise establishing an exemption from U.S. withholding tax with respect to payments received in redemption of their

equity in Reorganized Incora (which includes the New Common Equity **and New Takeback Notes)**.

~~**b. *Ownership and Disposition of New Takeback Notes***~~

~~Interest (including OID). Subject to the discussion below under "*FATCA*" and "*Information Reporting and Backup Withholding*", interest and OID on the New Takeback Notes paid to a Non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, a properly executed IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless:~~

- ~~the Non-U.S. Holder actually or constructively owns 10% or more of the voting stock of the person that is treated as issuing the New Takeback Notes for U.S. federal income tax purposes;~~
- ~~the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" (each, within the meaning of the Tax Code) with respect to the person that is treated as issuing the New Takeback Notes for U.S. federal income tax purposes;~~
- ~~the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Tax Code; or~~
- ~~such interest is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable~~

~~to the accrued interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).~~

~~Sale, Exchange and Retirement of New Takeback Notes. A Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of its New Takeback Notes (other than any amount representing accrued but untaxed interest on the New Takeback Notes) unless:~~

- ~~the gain is effectively connected with the conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment that such Non-U.S. Holder maintains in the United States); or~~
- ~~in the case of a Non-U.S. Holder who is a nonresident alien individual, such Holder is present in the United States for 183 or more days in the taxable year of disposition and certain other requirements are met.~~

~~If a Non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, the Non-U.S. Holder will generally be taxed on the net gain derived from the disposition of its interest in the New Takeback Notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above in "*Interest (including OID)*". If an individual Non-U.S. Holder falls under the second of these exceptions, the holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which the gain derived from the disposition exceeds such Non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of disposition.~~

4. FATCA

Under the Foreign Account Tax Compliance Act ("*FATCA*"), foreign financial institutions and certain other foreign entities must report certain information with respect to their

U.S. account holders and investors or be subject to withholding at a rate of 30% on the receipt of "withholdable payments". For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income, including any dividends (including any deemed dividends) on the New Common Equity and New Takeback Notes. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

FATCA withholding rules that were previously scheduled to take effect on January 1, 2019 would have applied to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S. source interest or dividends. However, such withholding has effectively been suspended under proposed Treasury Regulations that may be relied on until final regulations become effective. Nonetheless, there can be no assurance that a similar rule will not go into effect in the future.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of the FATCA withholding rules on such Non-U.S. Holder's ownership of the New Common Equity and ~~First Lien Facility~~**New Takeback Notes**.

F. Information Reporting and Back-Up Withholding

The Debtors and Reorganized Debtors will withhold all amounts required by law to be withheld and will comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a holder of a Claim under the Plan or with respect to their New Common Equity or New Takeback Notes. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 24%). Backup withholding generally applies unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 (or otherwise establishes such U.S. Holder's eligibility for an exemption) or, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (along with appropriate attachments) (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption from withholding). Backup withholding is not an additional tax but is, instead, an advance payment that may entitle the holder to a refund from the IRS to the extent it results in an overpayment of tax, provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

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Exhibit A-1

EXHIBIT B

UPDATED EXHIBIT B TO DISCLOSURE STATEMENT

FINANCIAL PROJECTIONS

Exhibit B

Financial Projections[1]

A. Introduction

The financial projections for the Debtors are based on the Debtors' FY 2024 – FY 2027 business plan (the "*Financial Projections*") as informed by current and projected conditions in each of the Debtors' markets and businesses.

The Financial Projections were prepared by management with the assistance of the Debtors' financial advisors and are based upon the Debtors' books and records and other available sources. The Financial Projections are also based upon a number of assumptions made by management with respect to the future performance of the Debtors' operations and the economic environments in which the Debtors operate. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, there can be no assurance that such assumptions will be realized. Any estimates or forecasts reflected in the Financial Projections inherently involve significant elements of subjective judgment and analysis that may or may not be correct. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Debtors' financial results and must be considered. Accordingly, the Financial Projections should be reviewed in conjunction with a review of the risk factors set forth in Section IX of the Disclosure Statement and the assumptions described herein, including all relevant qualifications and footnotes. In deciding whether to vote to accept or reject the Plan, creditors must make their own determinations as to the reasonableness of such assumptions and the reliability of the Financial Projections. The Financial Projections should not be regarded as a representation or warranty by the Debtors, the Reorganized Debtors, or any other person as to the accuracy of the Financial Projections or that the Financial Projections will be realized.

The Debtors believe that the Plan meets the feasibility requirements set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successors under the Plan. In connection with the development of the Plan and for the purposes of determining whether the Plan would satisfy this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

The Financial Projections were not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. An independent auditor has not examined, compiled, or performed any procedures with respect to the prospective financial information contained in this exhibit and, accordingly, no independent auditor expresses an opinion or any other form of assurance on such information or its achievability. The Debtors' independent auditor assumes no responsibility for, and denies any association with, the prospective financial information.

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Disclosure Statement.

B. Accounting Policies

Under Accounting Standards Codification "ASC" 852, "Reorganizations," the Debtors note that the Financial Projections reflect the operational emergence from chapter 11 but not the impact of fresh start accounting that will likely be required upon the occurrence of the Effective Date. Fresh start accounting requires all assets, liabilities, and equity instruments to be valued at "fair value." The Financial Projections account for the reorganization and related transactions pursuant to the Plan. While the Debtors expect that they will be required to implement fresh start accounting upon emergence, they have not yet completed the work required to quantify the effect upon the Financial Projections. Select adjustments are included in the Financial Projections for forecasting purposes only and are purely illustrative. Such forecast adjustments include write-offs of (i) goodwill & intangible assets, (ii) net property, plant, and equipment, (iii) prepetition accounts payable, and (iv) the 1L Notes (net of the New Takeback Notes), 1.25L Notes, 2024 Unsecured Notes, 2026 Unsecured Notes, and 2027 Unsecured Notes. For the avoidance of doubt, the Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections presented herein.

C. Safe Harbor Under the Private Securities Litigation Reform Act of 1995

The Financial Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act and the Securities Exchange Act. Forward-looking statements in the Financial Projections include the current expectations of the Debtors and management with respect to the timing and completion of the proposed Plan and the assumptions upon which such statements are based.

While the Debtors believe that the expectations are based upon reasonable assumptions within the bounds of their knowledge of their business and operations, parties-in-interest are cautioned that any such forward-looking statements are not guarantees of future performance, involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

D. Select Risk Factors Related to the Financial Projections

The Financial Projections are subject to inherent risks and uncertainties, most of which are difficult to predict and many of which are beyond the Debtors' management team's control. Many factors could cause actual results, performance, or achievements to differ materially from any future results, performance, or achievements expressed or implied by these forward-looking statements. A description of the risk factors associated with the Plan, the Disclosure Statement, and the Financial Projections is included in Section IX of the Disclosure Statement.

E. General Assumptions and Methodology

The Financial Projections, which are presented on a consolidated basis inclusive of Debtor and non-Debtor affiliate activity, include the operations of the Debtors' Hardware and Chemicals business units (collectively the "*Business Units*"). The Business Units have many operational similarities, but are managed separately and have segregated financial statements. As such, the Business Units are forecasted separately in the Financial Projections. The Financial Projections for FY 2024 were developed using a "bottoms-up" approach based on customer-level detail and internal and external demand planning capabilities. The Financial Projections for FY 2025 – FY 2027 are based on commercial and defense aerospace industry production demand curves and relevant macroeconomic forecasts for revenue and longer-term trend assumptions for profitability by business unit. Specific expected revenue and profitability drivers, including new business initiatives, customer contract repricing efforts, inflation mitigation clauses, and ongoing cost reduction initiatives, have been included.

The Financial Projections assume that the Plan will be consummated in accordance with its terms, including all transactions contemplated by the Plan, by May 31, 2024 (the "*Assumed Effective Date*").

The Financial Projections consist of the following unaudited pro forma financial statements for each year: (i) projected consolidated income statement, (ii) projected consolidated cash flow statement, and (iii) projected consolidated balance sheet.

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F. Financial Projections[2]

Income Statement - Incora Consolidated							
$USD in Millions		Financial Projections					
		FY 2024			FY 2025	FY 2026	FY 2027
	Notes	Jan - May	Jun - Dec	Full Year	Full Year	Full Year	Full Year
Revenue:							
Hardware	[A]	$ 471	$ 678	$ 1,150	$ 1,284	$ 1,385	$ 1,473
Chemicals	[B]	391	531	922	961	1,007	1,059
Total Revenue	**[C]**	**862**	**1,210**	**2,072**	**2,246**	**2,392**	**2,532**
Gross Profit:							
Hardware		105	157	262	300	327	350
Chemicals		65	94	159	167	176	186
Total Gross Profit	**[D]**	**170**	**251**	**421**	**467**	**503**	**536**
SG&A	[E]	(128)	(172)	(300)	(304)	(308)	(313)
Adjusted EBITDA	**[F]**	**$ 42**	**$ 78**	**$ 121**	**$ 164**	**$ 194**	**$ 223**
Depreciation & Amortization		(28)	(0)	(28)	(2)	(4)	(6)
Interest Expense	[G]	(32)	(57)	(88)	(94)	(93)	(90)
One-Time (Costs) / Benefits	[H]	1,590	(151)	1,439	-	-	-
Profit Before Tax		**1,572**	**(129)**	**1,443**	**67**	**97**	**127**
Income Tax Provision	[I]	-	-	-	(3)	(4)	(13)
Net Income		**$ 1,572**	**$ (129)**	**$ 1,443**	**$ 64**	**$ 94**	**$ 114**

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will

[2] The Financial Projections are presented on a consolidated basis, inclusive of both Debtor and Non-Debtor affiliate operations.

Exhibit B

Cash Flow Statement - Incora Consolidated							
$USD in Millions		Financial Projections					
		FY 2024			FY 2025	FY 2026	FY 2027
	Notes	Jan - May	Jun - Dec	Full Year	Full Year	Full Year	Full Year
Net Income		$ 1,572	$ (129)	$ 1,443	$ 64	$ 94	$ 114
(+/-) Non-Cash Expenses	[J]	(1,654)	155	(1,499)	9	11	13
(+) Non-Cash Interest	[G]	-	42	42	74	49	31
Δ Total Net Working Capital	[K]	76	14	90	(21)	(52)	(44)
(+/-) Other	[L]	(50)	(7)	(57)	(18)	(14)	(16)
Cash Flow from Operating Activities		**(55)**	**74**	**19**	**108**	**88**	**98**
(-) Capital Expenditures	[M]	(6)	(19)	(25)	(35)	(25)	(15)
Cash Flow from Investing Activities		**(6)**	**(19)**	**(25)**	**(35)**	**(25)**	**(15)**
(+/-) Proceeds / (Repayment) on Debt	[G]	(51)	(55)	(107)	(73)	(63)	(83)
(+) PIK Premiums (DIP Notes)		9	-	9	-	-	-
Total Cash Flow from Financing Activities		**(42)**	**(55)**	**(98)**	**(73)**	**(63)**	**(83)**
Total Cash Flow		**$ (104)**	**$ -**	**$ (104)**	**$ -**	**$ -**	**$ -**
Beginning Cash		$ 179	$ 75	$ 179	$ 75	$ 75	$ 75
Cash Flow		(104)	-	(104)	-	-	-
Ending Cash	**[N]**	**$ 75**	**$ 75**	**$ 75**	**$ 75**	**$ 75**	**$ 75**
Liquidity	[N]	221	277	277	350	413	496

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will

Exhibit B

Balance Sheet - Incora Consolidated						
$USD in Millions		Financial Projections				
		FY 2024		FY 2025	FY 2026	FY 2027
	Notes	May-24	Dec-24	Dec-25	Dec-26	Dec-27
Assets						
Current Assets:						
Cash and Cash Equivalents	[N]	$ 75	$ 75	$ 75	$ 75	$ 75
Accounts Receivable	[O]	465	464	494	520	544
Net Inventory	[P]	1,078	921	956	991	1,018
Prepaid Expenses and Other Current Assets		87	87	87	87	87
Total Current Assets		**1,706**	**1,547**	**1,613**	**1,674**	**1,724**
Non-Current Assets:						
Property, Plant and Equipment, Net		0	18	51	72	81
Total Other Non-Current Assets		114	114	114	114	114
Total Non-Current Assets		**114**	**132**	**165**	**185**	**194**
Total Assets		**$ 1,819**	**$ 1,679**	**$ 1,777**	**$ 1,859**	**$ 1,919**
Liabilities & Equity						
Current Liabilities:						
AP & Accrued Expenses	[Q]	$ 233	$ 242	$ 293	$ 309	$ 323
Accrued Interest		-	10	9	9	9
Other Current Liabilities		23	23	23	23	26
Total Current Liabilities		**255**	**274**	**325**	**342**	**358**
Long-Term Liabilities:						
OpCo Debt, Less Current Portion	[G]	704	672	646	607	525
HoldCo Debt, Less Current Portion	[G]	420	433	460	488	519
Other Long-Term Liabilities		157	157	157	157	157
Total Long-Term Liabilities		**1,281**	**1,262**	**1,262**	**1,252**	**1,200**
Total Liabilities		**1,537**	**1,536**	**1,588**	**1,594**	**1,558**
Equity		**283**	**143**	**189**	**265**	**361**
Total Liabilities & Equity		**$ 1,819**	**$ 1,679**	**$ 1,777**	**$ 1,859**	**$ 1,919**

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will

G. Notes to Financial Projections

Note A – Hardware Revenue

Hardware revenue is primarily generated from fixed price customer contracts which generally include inflation mitigation clauses ("Hardware Contract" revenue), plus non-contract revenue which is sold at variable market pricing ("ONdemand" revenue). Hardware contracts are typically multi-year, fixed price agreements. The inflation mitigation clauses that are included within Hardware contracts were largely implemented as part of the customer contract repricing initiatives which have been a key component of the Debtors' restructuring efforts within chapter 11. The ONdemand revenue typically features shorter lead times but higher margins as compared to Hardware Contract revenue.

FY 2024 revenue was projected utilizing a customer-level bottoms-up approach, including incremental new business and the impacts of contract repricing initiatives. FY 2025 – FY 2027 revenue was projected based on (i) commercial and defense aerospace industry production demand curves net of lost business (churn), (ii) future new business projections, and (iii) the impact of contractual inflation pass-through.

Revenue is projected to grow from $1.1 billion in FY 2024 to $1.3 billion in FY 2025 (11.7% growth), primarily driven by future new business, contractual inflation pass-through, and organic volume increases. Revenue is then projected to grow to $1.5 billion in FY 2027 (7.1% CAGR from FY 2025), primarily driven by the factors described above.

Note B – Chemicals Revenue

Chemicals revenue is primarily generated from contracts with market-based pricing mechanisms, management fees, and other ancillary services fees. As compared to Hardware, contracts are typically shorter in duration. Non-contract revenue also exists within Chemicals but is generally less prevalent when compared to Hardware.

FY 2024 revenue was projected utilizing a customer-level bottoms-up approach, including the impacts of contract repricing initiatives. FY 2025 – FY 2027 revenue was projected based on (i) relevant macroeconomic forecasts net of lost business (churn) and (ii) future new business projections.

Revenue is projected to grow from $922 million in FY 2024 to $961 million in FY 2025 (4.3% growth), primarily driven by organic volume increases and future new business. Revenue is then projected to grow to $1.1 billion in FY 2027 (4.9% CAGR from FY 2025), primarily driven by the factors described above.

Note C – Total Revenue

Total revenue is projected to grow from $2.1 billion in FY 2024 to $2.2 billion in FY 2025 (8.4% growth). Revenue is then projected to grow to $2.5 billion in FY 2027 (6.2% CAGR from FY 2025).

Hardware is projected to grow faster than Chemicals, causing the mix of revenue attributable to Hardware to increase from 55.5% in FY 2024 to 58.2% in FY 2027. The mix shift from Chemicals to Hardware is driven by contract repricing and inflation mitigation initiatives having an outsized impact on Hardware, production demand curves and macroeconomic forecasts indicating faster growth within Hardware, and higher churn within Chemicals.

Note D – Total Gross Profit

Hardware margins are projected to expand from 22.8% in FY 2024 to 23.4% in FY 2025 due to customer contract repricing and contractual inflation pass-through. Projected margin growth to 23.7% in FY 2027 is driven by contractual inflation pass-through plus the positive impacts of ONdemand mix shift increases (ONdemand has higher margins).

Chemicals margins are projected to expand from 17.3% in FY 2024 to 17.6% in FY 2027 from a shift in revenue mix to higher margin international revenue.

On a consolidated basis, margins are projected to grow from 20.3% in FY 2024 to 21.2% in FY 2027 driven by the factors noted above plus the positive impacts of Hardware mix shift increases (Hardware has higher business unit margins).

Note E – SG&A

SG&A consists of expenses related to operating the Business Units and other unallocated corporate overhead. These costs are primarily comprised of personnel, building & equipment, and communications & IT spending. Management continues to implement opportunities to reduce the SG&A baseline to $300 million. Following achieving the $300 million baseline, SG&A is projected to grow due to merit, inflation, and revenue volume growth, primarily offset by ongoing cost reduction initiatives through FY 2027.

Note F – Adjusted EBITDA

"Adjusted EBITDA" or "AEBITDA" is defined as earnings before interest, taxes, depreciation and amortization, adjusted to exclude restructuring charges and certain other one-time costs and income. AEBITDA is not a measure of financial performance under Generally Accepted Accounting Principles ("GAAP") and should not be considered as a substitute for measures of financial performance prepared in accordance with GAAP.

Consolidated AEBITDA is projected to grow from $121 million in FY 2024 to $164 million in FY 2025 (35.9% growth) largely driven by customer contract repricing, organic volume increases, new business, and incremental operating leverage. AEBITDA is then projected to grow to $223 million in FY 2027 (16.7% CAGR from FY 2025) largely driven by the factors described above.

Note G – Capital Structure

The capital structure reflects the terms as described in the Plan and includes the following:

- Concurrent with the Assumed Effective Date, the Company will finalize a replacement for the ABL Facility, the New Revolver Facility. The New Revolver

Facility is assumed to be drawn at approximately $370 million on the Assumed Effective Date based on an outstanding balance on the ABL Facility of approximately $420 million and offset by the paydown with excess cash above $75 million. The Debtors are in the process of seeking aggregate commitments of up to $600 million for the New Revolver Facility. The facility is assumed to accrue cash interest at the Secured Overnight Financing Rate ("*SOFR*") + 2.50% and have select tranches paid monthly and quarterly (current terms of the ABL Facility). SOFR reflects the 3-month forward curve as of March 8, 2024. Excess cash above $75 million is used to pay down the New Revolver Facility during the projection period. The final terms of the New Revolver Facility remain subject to change, and as such, may have a material impact on the Financial Projections.

- The New Exit Notes consist of a $324 million note issued on the Assumed Effective Date. The notes include a 3.00% paid in kind issuance premium and accrue cash interest at SOFR + 8.00%, paid quarterly. At the Debtors' election, interest may be paid in kind at SOFR + 8.50% through May 31, 2026 (two years from the Assumed Effective Date) and reflected herein. Interest is paid in cash thereafter.
- The New Takeback Notes consist of $420 million in unsecured mandatorily convertible notes issued on the Assumed Effective Date. The notes accrete at 6.00% based on quarterly compounding, through maturity. The New Takeback Notes will be issued by Reorganized Incora and will therefore be structurally junior to debt of operating legal entities, including the New Revolver Facility, the New Exit Notes, and trade debt. As such, the New Takeback Notes are presented distinctly from the New Revolver Facility and New Exit Notes on the balance sheet to allow parties-in-interest to discern between operating leverage and total leverage.

Note H – One-Time (Costs) / Benefits

One-time (costs) / benefits associated with FY 2024 include the following items:

- Write-off of select liabilities subject to compromise including (i) principal and accrued interest associated with the 1L Notes (net of the New Takeback Notes), 1.25L Notes, 2024 Unsecured Notes, 2026 Unsecured Notes, and 2027 Unsecured Notes and (ii) prepetition accounts payable ($2.2 billion in aggregate);
- Write-off of select assets upon emergence including (i) goodwill & intangible assets and (ii) net property, plant, and equipment ($522 million in aggregate);
- Disposal of select inventory post-emergence ($151 million on a net basis, $237 million on a gross basis);
- Chapter 11 professional fees ($93 million);
- Income associated with the Gulfstream Transition Agreement further described and defined in the *Order (I) Authorizing Rejection of the Gulfstream Contract, (II) Approving a Transition Agreement Between the Debtors and Gulfstream, and*

(III) Granting Related Relief [Dkt. No. 1398] ($87 million in aggregate). Separately, the Financial Projections include the associated cash consideration from the (i) Net Invoiced Amount ($14.9 million) and (ii) Purchase Price ($175.9 million) associated with the same *Order (I) Authorizing Rejection of the Gulfstream Contract, (II) Approving a Transition Agreement Between the Debtors and Gulfstream, and (III) Granting Related Relief* [Dkt. No. 1398];

- Costs associated with emerging from chapter 11 ($78 million);
- 3.00% issuance premium due to the New Exit Notes ($10 million);
- 3.00% exit premium due to the DIP Notes ($9 million); and
- Severance and retention ($2 million)

As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections.

Note I – Income Tax Provision

The Financial Projections consider a 26% federal tax rate and taxable income of US EBIT less (i) 30% of US EBIT (reflecting the maximum annual interest deduction) and (ii) the gross value of the US inventory in the inventory disposal ($190 million of $237 million total disposal). Additionally, NOL utilization is limited to 80% of taxable income. Federal income taxes are projected to resume in FY 2025.

As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections.

Note J – Non-Cash Expenses

Projected Non-Cash Expenses consist of depreciation, amortization, excess and obsolete inventory provisions, and bad debt expense as well as one-time non-cash items as further described in Note H.

Post-emergence depreciation ranges from $1 million to $6 million annually as depreciable property, plant, and equipment grows with capital expenditures ("Capex"). Goodwill & intangible assets are written off at emergence, and as such, amortization only impacts January 2024 to May 2024. Excess and obsolete inventory provisions are projected to be approximately $6 million per year throughout the Financial Projections. The excess and obsolete inventory provisions were estimated before the one-time disposal was finalized (see Note H), and as such, actual results may differ materially from the Financial Projections. Bad debt expense is approximately $1 million per year based on current accounting policies.

As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections.

Note K – Net Working Capital

The projected underlying business growth requires additional working capital to support operations, offset by working capital efficiencies described in further detail below. FY 2024 is impacted by the Gulfstream Transition Agreement further described and defined in the *Order (I) Authorizing Rejection of the Gulfstream Contract, (II) Approving a Transition Agreement Between the Debtors and Gulfstream, and (III) Granting Related Relief* [Dkt. No. 1398].

Note L – Other Cash Flow from Operating Activities

Projected Other Cash Flow from Operating Activities consist of VAT and other taxes, changes in income tax payable, changes in accrued interest, and changes in accrued restructuring expenses.

Note M – Capital Expenditures

Capex includes both maintenance and investment Capex. Maintenance Capex primarily relates to upkeep of existing systems and technology. Investment Capex includes systems improvements contemplated after the Assumed Effective Date. The Financial Projections include $40 million of aggregate investment Capex, which is primarily focused on IT systems enhancements and anticipated to facilitate some of the ongoing cost reduction initiatives as described in the SG&A footnote.

Note N – Liquidity

Cash is projected to be $75 million on the Assumed Effective Date due to the assumption that excess cash above $75 million will be used to pay down the New Revolver Facility. However, based on the initial projected borrowing base under the New Revolver Facility of $517 million, total liquidity (defined as cash on hand and incremental borrowing available under the New Revolver Facility excluding any liquidity blocks) is projected to be $221 million. Thereafter, the Company is projected to generate $274 million of cash following the Assumed Effective Date through FY 2027 which is used to pay down the New Revolver Facility.

For the purposes of the Financial Projections, the borrowing base of the New Revolver Facility is projected to remain at $517 million following the Assumed Effective Date through FY 2027, consistent with the Company's borrowing base as of March 8, 2024. While the Company expects the borrowing base of the New Revolver Facility to grow with the business and available liquidity to be higher, $517 million is used as a conservative proxy for the borrowing base throughout the projection period.

Note O – Accounts Receivable

Days sales outstanding is projected to improve from 84 days on the Assumed Effective Date to 83 days by year-end FY 2024. Days sales outstanding is projected to improve approximately 1 day per year thereafter, resulting in 80 days in FY 2027. Efficiencies gained in customer collection timing are offset by revenue growth resulting in projected AR growth from $464 million in FY 2024 to $544 million in FY 2027.

Note P – Net Inventory

Net inventory turns are projected to be 1.85x in FY 2024, benefitting from the inventory disposal described in Note H. Net inventory turns are then projected to be 1.75x in FY 2025 and grow to 1.85x in FY 2027 as efficiencies are gained across both Business Units. The improved inventory management efficiencies are offset by growth in the business resulting in projected net inventory growth from $921 million in FY 2024 to $1,018 million in FY 2027.

Note Q – AP & Accrued Expenses

Days payable outstanding is projected to improve from 42 days on the Assumed Effective Date to 47 days by year-end FY 2024 as vendors revert to normalized trade terms following emerging from chapter 11. From FY 2025 to FY 2027, the Company is projected to operate at fully normalized trade terms of 50 days. Efficiencies gained are offset by growth in the business resulting in projected AP & Accrued Expenses growth from $242 million in FY 2024 to $323 million in FY 2027.

EXHIBIT B-1

REDLINE OF UPDATED EXHIBIT B TO DISCLOSURE STATEMENT

FINANCIAL PROJECTIONS

~~Exhibit B~~

Financial Projections[1]

A. Introduction

The financial projections for the Debtors are based on the Debtors' FY ~~2023~~2024 – FY 2027 business plan (the "*Financial Projections*") as informed by current and projected conditions in each of the Debtors' markets and businesses.

The Financial Projections were prepared by management with the assistance of the Debtors' financial advisors and are based upon the Debtors' books and records and other available sources. The Financial Projections are also based upon a number of assumptions made by management with respect to the future performance of the Debtors' operations and the economic environments in which the Debtors operate. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, there can be no assurance that such assumptions will be realized. Any estimates or forecasts reflected in the Financial Projections inherently involve significant elements of subjective judgment and analysis that may or may not be correct. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Debtors' financial results and must be considered. ~~In particular, the terms applicable to the New Revolver Facility, the New Exit Notes, and the New Takeback Notes remain subject to negotiation, and the terms assumed to prepare the Financial Projections are for illustrative purposes only.~~ Accordingly, the Financial Projections should be reviewed in conjunction with a review of the risk factors set forth in Section IX of the Disclosure Statement and the assumptions described herein, including all relevant qualifications and footnotes. In deciding whether to vote to accept or reject the Plan, creditors must make their own determinations as to the reasonableness of such assumptions and the reliability of the Financial Projections. The Financial Projections should not be regarded as a representation or warranty by the Debtors, the Reorganized Debtors, or any other person as to the accuracy of the Financial Projections or that the Financial Projections will be realized.

The Debtors believe that the Plan meets the feasibility requirements set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successors under the Plan. In connection with the development of the Plan and for the purposes of determining whether the Plan would satisfy this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

The Financial Projections were not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. An independent auditor has not examined, compiled, or

[1] ~~Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Disclosure Statement.~~

performed any procedures with respect to the prospective financial information contained in this exhibit and, accordingly, no independent auditor expresses an opinion or any other form of assurance on such information or its achievability. The Debtors' independent auditor assumes no responsibility for, and denies any association with, the prospective financial information.

[1] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Disclosure Statement.

B. Accounting Policies

Under Accounting Standards Codification "ASC" 852, "Reorganizations," the Debtors note that the Financial Projections reflect the operational emergence from chapter 11 but not the impact of fresh start accounting that will likely be required upon the occurrence of the Effective Date. Fresh start accounting requires all assets, liabilities, and equity instruments to be valued at "fair value." The Financial Projections account for the reorganization and related transactions pursuant to the Plan. While the Debtors expect that they will be required to implement fresh start accounting upon emergence, they have not yet completed the work required to quantify the effect upon the Financial Projections. Select adjustments are included in the Financial Projections for forecasting purposes only and are purely illustrative. Such forecast adjustments include write-offs of (i) ~~inventory value, (ii)~~**goodwill & intangible assets, (ii) net property, plant, and equipment, (iii)** prepetition accounts payable, and (~~iii~~**iv**) the 1L Notes (net of the New Takeback Notes), 1.25L Notes, 2024 Unsecured Notes, 2026 Unsecured Notes, and 2027 Unsecured Notes. For the avoidance of doubt, the Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections presented herein.

C. Safe Harbor Under the Private Securities Litigation Reform Act of 1995

The Financial Projections contain statements which constitute "forward-looking statements" within the meaning of the Securities Act and the Securities Exchange Act. Forward-looking statements in the Financial Projections include the ~~intent, belief, or~~ current expectations of the Debtors and management with respect to the timing ~~of,~~**and** completion of~~, and scope of the current restructuring, Plan, Debtors' business plan, and market conditions, and the Debtors' future liquidity, as well as~~ **the proposed Plan and** the assumptions upon which such statements are based.

While the Debtors believe that the expectations are based upon reasonable assumptions within the bounds of their knowledge of their business and operations, parties-in-interest are cautioned that any such forward-looking statements are not guarantees of future performance, involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

D. Select Risk Factors Related to the Financial Projections

The Financial Projections are subject to inherent risks and uncertainties, most of which are difficult to predict and many of which are beyond the Debtors' management team's control. Many factors could cause actual results, performance, or achievements to differ materially from any future results, performance, or achievements expressed or implied by these forward-looking statements. A description of the risk factors associated with the Plan, the Disclosure Statement, and the Financial Projections is included in Section IX of the Disclosure Statement.

E. General Assumptions and Methodology

The Financial Projections, which are presented on a consolidated basis inclusive of Debtor and non-Debtor affiliate activity, include the operations of the Debtors' Hardware and Chemicals business units (collectively the "*Business Units*"). ~~Although the Hardware and Chemicals business units~~**The Business Units** have many operational similarities, ~~certain internal and external factors suggest these Business Units should be forecast on a standalone basis, which is what~~**but are managed separately and have segregated financial statements. As such, the Business Units are forecasted separately in** the Financial Projections ~~reflect. Many of the core assumptions are similar between the two Business Units, but revenue, expense, and working capital assumptions are different enough that careful consideration has been taken to adequately forecast each Business Unit.~~. The Financial Projections for FY 2024 were developed using a "bottoms-up" approach based on customer-level detail and internal and external demand planning capabilities. The Financial Projections for FY 2025 – FY 2027 are based on commercial and defense aerospace industry production demand curves and relevant macroeconomic forecasts for revenue and longer-term trend assumptions for profitability by business unit. Specific expected revenue and profitability drivers, including new business initiatives, customer contract repricing efforts, inflation mitigation clauses, and ongoing cost reduction initiatives, have been included.

The Financial Projections assume that the Plan will be consummated in accordance with its terms, including all transactions contemplated by the Plan, by ~~February 29~~**May 31**, 2024 (the "*Assumed Effective Date*").

The Financial Projections consist of the following unaudited pro forma financial statements for each year: (i) projected consolidated income statement, (ii) projected consolidated cash flow statement, and (iii) projected consolidated balance sheet.

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Exhibit B

~~F. Financial Projections~~

~~Income Statement - Incora Consolidated~~

~~$USD in Millions~~	~~Notes~~	~~FY 2024 Mar - Dec~~	~~FY 2025 Full Year~~	~~FY 2026 Full Year~~	~~FY 2027 Full Year~~
		~~Financial Projections~~			
~~Hardware~~	~~[A]~~	~~$ 1,066~~	~~$ 1,403~~	~~$ 1,49~~	~~$ 1,58~~
~~Chemicals~~	~~[B]~~	~~767~~	~~962~~	~~1,007~~	~~1,059~~
~~Total Revenue~~	~~[C]~~	~~1,832~~	~~2,365~~	~~2,505~~	~~2,640~~
~~Gross Profit:~~					
~~Hardware~~		~~241~~	~~324~~	~~350~~	~~371~~
~~Chemicals~~		~~133~~	~~167~~	~~176~~	~~186~~
~~Total Gross Profit~~	~~[D]~~	~~374~~	~~491~~	~~526~~	~~558~~
~~SG&A~~	~~[E]~~	~~(253)~~	~~(310)~~	~~(315)~~	~~(320)~~
~~EBITDA~~	~~[F]~~	~~$ 121~~	~~$ 181~~	~~$ 21~~	~~$ 23~~
~~Depreciation & Amortization~~		~~(55)~~	~~(67)~~	~~(67)~~	~~(66)~~
~~Interest Expense~~	~~[G]~~	~~(91)~~	~~(103)~~	~~(105)~~	~~(109)~~
~~Profit Before Tax~~		~~(26)~~	~~12~~	~~39~~	~~62~~
~~Income Tax Provision~~	~~[H]~~	~~(18)~~	~~(27)~~	~~(31)~~	~~(35)~~
~~Net Income~~		~~$ (43~~	~~$ (14~~	~~$ 8~~	~~$ 27~~

F. Financial Projections[2]

Adjusted EBITDA [F]

Net Income

(Add)

$USD in Millions	Notes	FY 2024 Jan - May	FY 2024 Jun - Dec	FY 2024 Full Year	FY 2025 Full Year	FY 2026 Full Year	FY 2027 Full Year
		Financial Projections					
Revenue:							
Hardware	[A]	$ 471	$ 678	$ 1,150	$ 1,284	$ 1,385	$ 1,473
Chemicals	[B]	391	531	922	961	1,007	1,059
Total Revenue	[C]	862	1,210	2,072	2,246	2,392	2,532
Gross Profit:							
Hardware		105	157	262	300	327	350
Chemicals		65	94	159	167	176	186
Total Gross Profit	[D]	170	251	421	467	503	536
SG&A	[E]	(128)	(172)	(300)	(304)	(308)	(313)
Depreciation & Amortization		$ 42	$ 78	$ 121	$ 164	$ 194	$ 223
Interest Expense	[G]	(28)	(0)	(28)	(2)	(4)	(6)
One-Time (Costs) / Benefits	[H]	(32)	(57)	(88)	(94)	(93)	(90)
Profit Before Tax		1,590	(151)	1,439	-	-	-
Income Tax Provision	[I]	1,572	(129)	1,443	67	97	127
		-	-	-	(3)	(4)	(13)
		$ 1,572	$ (129	$ 1,443	$ 64	$ 94	$ 114

Exhibit B

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments ~~will have material impacts on the Financial Projections.~~

[2] The Financial Projections are presented on a consolidated basis, inclusive of both Debtor and Non-Debtor **affiliate** ~~affiliate~~ operations.

Exhibit B

(Add)

$USD in Millions

	Notes	Financial Projections					
		FY 2024			FY 2025	FY 2026	FY 2027
		Jan - May	Jun - Dec	Full Year	Full Year	Full Year	Full Year
Net Income		$ 1,572	$ (12	$	$ 6	$ 94	$ 11
(+/-) Non-Cash Expenses	[J]	(1,654)	155	(1,499)	9	11	13
(+) Non-Cash Interest	[G]	-	42	42	74	49	31
Δ Total Net Working Capital	[K]	76	14	90	(21)	(52)	(44)
(+/-) Other	[L]	(50)	(7)	(57)	(18)	(14)	(16)
Cash Flow from Operating Activities		(55)	74	19	108	88	98
(-) Capital Expenditures	[M]	(6)	(19)	(25)	(35)	(25)	(15)
Cash Flow from Investing Activities		(6)	(19)	(25)	(35)	(25)	(15)
(+/-) Proceeds / (Repayment) on Debt	[G]	(51)	(55)	(107)	(73)	(63)	(83)
(+)IK PIK Fees Premiums (DIP Notes) (DIP Notes)		9	-	9	-	-	-
Total Cash Flow from Financing Activities		(42)	(55)	(98)	(73)	(63)	(83)
Beginning Cash		$ (104	$ -	$ (104	$	$ -	$
Cash Flow		$ 179	$ 75	$ 179	$ 7	$ 75	$ 7
Liquidity	[N]	(104)	-	(104)	-	-	-
		$ 75	$ 75	$ 75	$ 7	$ 75	$ 7
		221	277	277	350	413	496

Total Cash Flow

Ending Cash ~~Flow Statement - Incora Consolidated~~ [N]

Exhibit B

$USD in Millions		Financial Projections			
	Notes	FY 2024 Mar - Dec	FY 2025 Full Year	FY 2026 Full Year	FY 2027 Full Year
Net Income		$ (43	$ (14	$ (	$ 2
(+/-) Non-Cash Expenses	[I]	60	73	73	73
(+) Non-Cash Interest	[G]	70	58	58	64

~~Δ Total Net Working Capital~~	~~[J]~~	~~7~~	~~(39)~~	~~(50)~~	~~(47)~~
~~(+/-) Other~~	~~[K]~~	~~(5)~~	~~(15)~~	~~(17)~~	~~(17)~~
~~Cash Flow from Operating Activities~~		**~~89~~**	**~~62~~**	**~~72~~**	**~~101~~**
~~(-) Capital Expenditures~~	~~[L]~~	~~(23)~~	~~(35)~~	~~(25)~~	~~(15)~~
~~Cash Flow from Investing Activities~~		**~~(23)~~**	**~~(35)~~**	**~~(25)~~**	**~~(15)~~**

(+/) Proceeds / (Repayment) on Debt	[G]	(27)	(27)	(47)	(86)
Total Cash Flow from Financing Activities		**(27)**	**(27)**	**(47)**	**(86)**
Total Cash Flow		**$ 39**	**$ 0**	**$ (4**	**$**
Beginning Cash		$ 61	$ 100	$ 10(	$ 10(

~~Cash Flow~~	~~39~~	~~0~~	~~(0)~~	~~0~~
~~Ending Cash~~	**~~$ 100~~**	**~~$ 100~~**	**~~$ 10(~~**	**~~$ 10(~~**

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments ~~will have material impacts on the Financial Projections.~~

~~Balance Sheet - Incora Consolidated~~

Exhibit B

Balance Sheet - Incora Consolidated

$USD in Millions	Notes	Financial Projections FY 2024 ~~Notes~~ May-24	FY 2024 Dec-24	FY 2025 Dec-25	FY 2026 Dec-26	FY 2027 Dec-27
Assets						
Current Assets:						
Cash and Cash Equivalents	[N]	~~[M]~~$ 75	$ ~~100~~75	$ ~~100~~75	$ ~~100~~75	$ ~~100~~75
Accounts Receivable	[O]	~~[N]~~465	~~468~~464	~~491~~494	~~519~~520	~~548~~544
Net Inventory	[P]	~~[O]~~1,078	~~1,056~~921	~~1,083~~956	~~1,116~~991	~~1,142~~1,018
Prepaid Expenses and Other Current Assets		87	~~74~~87	~~74~~87	~~74~~87	~~74~~87
Total Current Assets		1,706	~~1,698~~1,547	~~1,749~~1,613	~~1,809~~1,674	~~1,864~~1,724
Non-Current Assets:						
Property, Plant and Equipment, Net		0	~~74~~18	~~95~~51	~~106~~72	~~107~~81
~~Goodwill & Intangible Assets~~		~~440~~	~~388~~	~~335~~		~~283~~
Total Other Non-Current Assets		114	~~111~~114	~~111~~114	~~111~~114	~~111~~114
Total Non-Current Assets		114	~~625~~132	~~594~~165	~~552~~185	~~501~~194
Total Assets		$ 1,819	$ ~~2,323~~ 1,679	$ ~~2,342~~ 1,777	$ ~~2,361~~ 1,859	$ ~~2,364~~ 1,919
Liabilities & Equity						
Current Liabilities:						
AP & Accrued Expenses	[Q]	~~[P]~~$ 233	$ ~~303~~242	$ ~~322~~293	$ ~~339~~309	$ ~~353~~323
Accrued Interest		-	~~11~~10	~~10~~9	~~10~~9	~~11~~9
Other Current Liabilities		23	~~22~~23	23	~~24~~23	~~25~~26
Total Current Liabilities		255	~~336~~274	~~355~~325	~~373~~342	~~389~~358
Long-Term Liabilities:						
~~Long-Term~~OpCo Debt, Less Current Portion	[G]	~~[G]~~704	~~1,202~~672	~~1,235~~646	~~1,245~~607	~~1,223~~525
HoldCo Debt, Less Current Portion	[G]	420	433	460	488	519
Other Long-Term Liabilities		157	~~153~~157	~~153~~157	~~153~~157	~~153~~157
Total Long-Term Liabilities		1,281	~~1,355~~1,262	~~1,388~~1,262	~~1,398~~1,252	~~1,376~~1,200
Total Liabilities		1,537	~~1,691~~1,536	~~1,743~~1,588	~~1,771~~1,594	~~1,765~~1,558
Equity		283	~~632~~143	~~599~~189	~~590~~265	~~599~~361
Total Liabilities & Equity		$ 1,819	$ ~~2,323~~ 1,679	$ ~~2,342~~ 1,777	$ ~~2,361~~ 1,859	$ ~~2,364~~ 1,919

Note: As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will ~~have material impacts on the Financial Projections.~~

G. Notes to Financial Projections

Note A – Hardware Revenue

Hardware revenue is primarily generated from fixed price customer contracts which generally include inflation mitigation clauses ("Hardware Contract" revenue), plus non-contract revenue which is sold at variable market pricing ("ONdemand" revenue). Hardware contracts are typically multi-year, fixed price agreements. The inflation mitigation clauses that are included within Hardware contracts were largely implemented as part of the customer contract repricing initiatives which have been a key component of the Debtors' restructuring efforts within chapter 11. The ONdemand revenue typically features shorter lead times but higher margins as compared to Hardware Contract revenue.

FY 2024 revenue was projected utilizing a customer-level bottoms-up approach, including incremental new business and the impacts of contract repricing initiatives. FY 2025 – FY 2027 revenue ~~were~~was projected based on (i) commercial and defense aerospace industry production demand curves net of lost business (churn), (ii) future new business projections, and (iii) the impact of contractual inflation pass-through.

Revenue is projected to grow from $1.1 billion in ~~the period of March to December~~ FY 2024 to $~~1.4~~1.3 billion in FY 2025 (~~9.7~~11.7% growth ~~when annualizing March to December FY 2024~~), primarily driven by future new business, contractual inflation pass-through, and organic volume increases. Revenue is then projected to grow to $~~1.6~~1.5 billion in FY 2027 (~~6.1~~7.1% CAGR from FY 2025), primarily driven by the factors described above.

Note B – Chemicals Revenue

Chemicals revenue is primarily generated from contracts with market-based pricing mechanisms, management fees, and other ancillary services fees. As compared to Hardware, contracts are typically shorter in duration. Non-contract revenue also exists within Chemicals but is generally less prevalent when compared to Hardware.

FY 2024 revenue was projected utilizing a customer-level bottoms-up approach, including the impacts of contract repricing initiatives. FY 2025 – FY 2027 revenue ~~were~~was projected based on (i) relevant macroeconomic forecasts net of lost business (churn) and (ii) future new business projections.

Revenue is projected to grow from $~~767~~922 million in ~~the period of March to December~~ FY 2024 to $~~962~~961 million in FY 2025 (~~4.6~~4.3% growth ~~when annualizing March to December FY 2024~~), primarily driven by organic volume increases and future new business. Revenue is then projected to grow to $1.1 billion in FY 2027 (4.9% CAGR from FY 2025), primarily driven by the factors described above.

Note C – Total Revenue

Total revenue is projected to grow from $~~1.8~~2.1 billion in ~~the period of March to December~~ FY 2024 to $~~2.4~~2.2 billion in FY 2025 (~~7.6~~8.4% growth ~~when annualizing March to December FY 2024~~). Revenue is then projected to grow to $~~2.6~~2.5 billion in FY 2027 (~~5.7~~6.2% CAGR from FY 2025).

Hardware is projected to grow faster than Chemicals, causing the mix of revenue attributable to Hardware to increase from ~~58.2~~55.5% in ~~the period of March to December~~ FY 2024 to ~~59.9~~58.2% in FY 2027. The mix shift from Chemicals to Hardware is driven by contract repricing and inflation mitigation initiatives having an outsized impact on Hardware, production demand curves and macroeconomic forecasts indicating faster growth within Hardware, and higher churn within Chemicals.

Note D – Total Gross Profit

Hardware margins are projected to expand from ~~the period of March to December~~22.8% in FY 2024 ~~(22.6%)~~ to 23.4% in FY 2025 ~~(23.1%)~~ due to customer contract repricing and contractual inflation pass-through. Projected margin growth ~~from FY 2025~~ to 23.7% in FY 2027 ~~(23.5%)~~ is driven by contractual inflation pass-through plus the positive impacts of ONdemand mix shift increases (ONdemand has higher margins).

Chemicals margins are projected to ~~be largely flat from the period of March to December~~expand from 17.3% in FY 2024 ~~(17.4%)~~ to 17.6% in FY 2027 ~~(17.6%) with~~from a shift in revenue mix to higher margin international revenue ~~driving de minimis expansion~~.

On a consolidated basis, margins are projected to grow from ~~20.4~~20.3% in ~~the period of March to December~~ FY 2024 to ~~21.1~~21.2% in FY 2027 driven by the factors noted above plus the positive impacts of Hardware mix shift increases (Hardware has higher business unit margins).

Note E – SG&A

SG&A consists of expenses related to operating the Business Units and other unallocated corporate overhead. These costs are primarily comprised of personnel, building & equipment, and communications & IT spending. Management ~~has identified and is currently implementing~~ continues to implement opportunities to reduce the SG&A baseline to $300 million. Following achieving the $300 million baseline, SG&A is projected to grow due to merit, inflation, and revenue volume growth, primarily offset by ongoing cost reduction initiatives through FY 2027.

Note F – Adjusted EBITDA

"Adjusted EBITDA" or "AEBITDA" is defined as earnings before interest, taxes, depreciation and amortization, adjusted to exclude restructuring charges and certain other onetime costs and income. AEBITDA is not a measure of financial performance under Generally Accepted Accounting Principles ("GAAP") and should not be considered as a substitute for measures of financial performance prepared in accordance with GAAP.

Consolidated ~~EBITDA~~AEBITDA is projected to grow from $121 million in ~~the period of March to December~~ FY 2024 to $~~181~~164 million in FY 2025 (~~25.1~~35.9% growth ~~when annualizing the period of March to December FY 2024~~) largely driven by customer contract repricing, organic volume increases, new business, and incremental operating leverage. ~~EBITDA~~AEBITDA is then projected to grow to $~~238~~223 million in FY 2027 (~~14.5~~16.7% CAGR from FY 2025) largely driven by the factors described above.

Note G – Capital Structure

The capital structure reflects the terms as described in the Plan and includes the following:

~~The illustrative terms of the post-emergence capital structure noted below were utilized in preparing the Financial Projections. The actual post-emergence capital structure and terms have not yet been negotiated and are therefore subject to material change and may vary materially from the illustrative terms assumed.~~

~~The Financials Projections assume the following debt facilities with the illustrative terms set forth below will be in place post-emergence:~~

- **Concurrent with the Assumed Effective Date, the Company will finalize a replacement for the ABL Facility, the New Revolver Facility.** The New Revolver

Facility ~~is assumed to be a $475 million asset-based revolver which~~ is assumed to be drawn at approximately $~~420~~370 million on the Assumed Effective Date~~, but the~~ **based on an outstanding balance on the ABL Facility of approximately $420 million and offset by the paydown with excess cash above $75 million. The** Debtors are **in the process of** seeking ~~to obtain~~ aggregate commitments of up to $600 million **for the New Revolver Facility**. The facility is assumed to accrue cash interest at the Secured Overnight Financing Rate ("*SOFR*") + ~~1.75~~**2.50**% and have select tranches paid monthly and quarterly (current terms of the ABL Facility). SOFR reflects the 3-month forward curve as of ~~December 22~~**March 8**, ~~2023~~**2024**. Excess cash above $~~100~~**75** million is used to pay down the New Revolver Facility~~.~~ **during the projection period. The final terms of the New Revolver Facility remain subject to change, and as such, may have a material impact on the Financial Projections.**

- The New Exit Notes consist of a $324 million note issued on the Assumed Effective Date. The notes ~~are assumed to~~**include a 3.00% paid in kind issuance premium and** accrue **cash** interest at SOFR + ~~5.00~~**8.00**%, paid quarterly. ~~Interest is assumed to~~**At the Debtors' election, interest may** be paid in kind **at SOFR + 8.50%** through ~~February 28, 2025 (one year~~**May 31, 2026 (two years** from the Assumed Effective Date) and ~~to be~~**reflected herein. Interest is** paid in cash thereafter.
- The New Takeback Notes consist of ~~a~~ $420 million ~~note~~**in unsecured mandatorily convertible notes** issued on the Assumed Effective Date. The notes ~~are assumed to accrue interest at SOFR + 7.50%, paid~~**accrete at 6.00% based on** quarterly~~, which is assumed to be paid in kind~~ **compounding,** through maturity. **The New Takeback Notes will be issued by Reorganized Incora and will therefore be structurally junior to debt of operating legal entities, including** the New Revolver Facility, the New Exit Notes, and **trade debt. As such, the New Takeback Notes are presented distinctly from the New Revolver Facility and New Exit Notes on the balance sheet to allow parties-in-interest to discern between operating leverage and total leverage.**

Note H – One-Time (Costs) / Benefits

One-time (costs) / benefits associated with FY 2024 include the following items:

- **Write-off of select liabilities subject to compromise including (i) principal and accrued interest associated with the 1L Notes (net of the New Takeback Notes), 1.25L Notes, 2024 Unsecured Notes, 2026 Unsecured Notes, and 2027 Unsecured Notes and (ii) prepetition accounts payable ($2.2 billion in aggregate);**
- **Write-off of select assets upon emergence including (i) goodwill & intangible assets and (ii) net property, plant, and equipment ($522 million in aggregate);**
- **Disposal of select inventory post-emergence ($151 million on a net basis, $237 million on a gross basis);**
- **Chapter 11 professional fees ($93 million);**
- **Income associated with the Gulfstream Transition Agreement further described and defined in the *Order (I) Authorizing Rejection of the Gulfstream Contract,***

(III) Granting Related Relief [Dkt. No. 1398] ($87 million in aggregate). Separately, the Financial Projections include the associated cash consideration from the (i) Net Invoiced Amount ($14.9 million) and (ii) Purchase Price ($175.9 million) associated with the same *Order (I) Authorizing Rejection of the Gulfstream Contract, (II) Approving a Transition Agreement Between the Debtors and Gulfstream, and (III) Granting Related Relief* [Dkt. No. 1398];

- Costs associated with emerging from chapter 11 ($78 million);
- 3.00% issuance premium due to the New Exit Notes ($10 million);
- 3.00% exit premium due to the DIP Notes ($9 million); and
- Severance and retention ($2 million)

As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections.

Note ~~H~~I – Income Tax Provision

The Financial Projections consider a 26% federal tax rate and taxable income of ~~EBITDA~~US EBIT less (i) 30% of ~~EBITDA~~US EBIT (reflecting the maximum annual interest deduction) and ~~a 21% federal tax rate. Federal income tax cash payments resume on the Assumed Effective Date. Since the Financial Projections do not include the impact of fresh start accounting as~~ (ii) the gross value of the US inventory in the inventory disposal ($190 million of $237 million total disposal). Additionally, NOL utilization is limited to 80% of taxable income. Federal income taxes are projected to resume in FY 2025.

As described in Paragraph B (Accounting Policies), ~~depreciation and amortization are not considered when calculating taxable income.~~the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections.

Note ~~I~~J – Non-Cash Expenses

Projected Non-Cash Expenses consist of depreciation, amortization, excess and obsolete inventory provisions, and bad debt expense as well as one-time non-cash items as further described in Note H.

~~Depreciation and amortization is approximately~~Post-emergence depreciation ranges from $~~70~~1 million ~~per year based on the current (i)~~to $6 million annually as depreciable property, plant, and equipment ~~and (ii) goodwill~~grows with capital expenditures ("Capex"). Goodwill & intangible ~~asset base~~assets are written off at emergence, and as such, amortization only impacts January 2024 to May 2024. Excess and obsolete inventory provisions are projected to be approximately $6 million per year throughout the Financial Projections. The excess and obsolete inventory provisions were estimated before the one-time ~~write-off~~disposal was finalized (see ~~Paragraph B~~Note H), and as such, actual results may differ materially from the Financial Projections. Bad debt expense is approximately $1 million per year based on current accounting policies.

As described in Paragraph B (Accounting Policies), the impact of fresh start accounting has not been incorporated in the Financial Projections. The Debtors believe the final fresh start accounting adjustments will have material impacts on the Financial Projections.

Exhibit B

Note ~~J~~K – Net Working Capital

The projected underlying business growth requires additional working capital to support operations, offset by working capital efficiencies described in further detail below. **FY 2024 is impacted by the Gulfstream Transition Agreement further described and defined in the *Order (I) Authorizing Rejection of the Gulfstream Contract, (II) Approving a Transition Agreement Between the Debtors and Gulfstream, and (III) Granting Related Relief* [Dkt. No. 1398].**

Note ~~K~~L – Other Cash Flow from Operating Activities

Projected Other Cash Flow from Operating Activities consist of VAT and other taxes, changes in income tax payable, ~~and~~ changes in accrued interest**, and changes in accrued restructuring expenses**.

Note ~~L~~M – Capital Expenditures

~~Capital Expenditures ("capex") include~~**Capex includes** both maintenance and investment ~~capex~~**Capex**. Maintenance ~~capex~~**Capex** primarily relates to upkeep of existing systems and technology. Investment ~~capex~~**Capex** includes systems improvements contemplated after the Assumed Effective Date. The Financial Projections include $40 million of aggregate investment ~~capex~~**Capex**, which is primarily focused on IT systems enhancements and anticipated to facilitate some of the ongoing cost reduction initiatives as described in the SG&A footnote.

Note ~~M~~N – ~~Cash and Cash Equivalents~~Liquidity

Cash is projected to be $~~61~~75 million on the Assumed Effective Date~~. Cash is then projected to grow to $100 million by year-end FY 2024 primarily driven by EBITDA growth and working capital improvements. Excess cash above $100 million~~ **due to the assumption that excess cash above $75 million will be used to pay down the New Revolver Facility. However, based on the initial projected borrowing base under the New Revolver Facility of $517 million, total liquidity (defined as cash on hand and incremental borrowing available under the New Revolver Facility excluding any liquidity blocks) is projected to be $221 million. Thereafter, the Company is projected to generate $274 million of cash following the Assumed Effective Date through FY 2027 which** is used to pay down the New Revolver Facility.

For the purposes of the Financial Projections, the borrowing base of the New Revolver Facility is projected to remain at $517 million following the Assumed Effective Date through FY 2027, consistent with the Company's borrowing base as of March 8, 2024. While the Company expects the borrowing base of the New Revolver Facility to grow with the business and available liquidity to be higher, $517 million is used as a conservative proxy for the borrowing base throughout the projection period.

Note ~~N~~O – Accounts Receivable

Days sales outstanding is projected to improve from ~~80~~84 days on the Assumed Effective Date to ~~79~~83 days by year-end FY 2024~~ and 77 days~~**. Days sales outstanding is projected to improve approximately 1 day per year** thereafter**, resulting in 80 days in FY 2027**. Efficiencies gained **in customer collection timing** are offset by revenue growth resulting in projected AR growth from $~~468~~464 million in FY 2024 to $~~548~~544 million in FY 2027.

Exhibit B

Note ~~O~~P – Net Inventory

Net inventory turns are projected to ~~improve from 1.67x in FY 2024 to 1.72x in FY 2027, and~~**be 1.85x in FY 2024, benefitting from the inventory disposal described in Note H. Net inventory turns are then projected to be 1.75x in FY 2025 and grow to 1.85x in FY 2027 as** efficiencies are gained across both Business Units. The improved inventory management efficiencies are offset by growth in the business resulting in projected net inventory growth from $~~1,056~~**921** million in FY 2024 to $~~1,142~~**1,018** million in FY 2027.

Note ~~P~~Q – AP & Accrued Expenses

Days payable outstanding is projected to improve from 42 days on the Assumed Effective Date to ~~51~~**47** days by year-end FY 2024 ~~and thereafter as the business returns to more~~**as vendors revert to** normalized trade terms ~~upon~~**following** emerging from chapter 11**. From FY 2025 to FY 2027, the Company is projected to operate at fully normalized trade terms of 50 days**. Efficiencies gained are offset by growth in the business resulting in projected AP & Accrued Expenses growth from $~~303~~**242** million in FY 2024 to $~~353~~**323** million in FY 2027.

EXHIBIT C

UPDATED EXHIBIT C TO DISCLOSURE STATEMENT

LIQUIDATION ANALYSIS

Exhibit C

Liquidation Analysis

A. Introduction

The Debtors, together with their advisors, have prepared this hypothetical Liquidation Analysis in connection with the Plan and Disclosure Statement for purposes of evaluating whether the Plan meets the often-called "best interests test" under section 1129(a)(7) of the Bankruptcy Code. That section requires that a debtor's plan of reorganization provide each holder of a claim or interest who does not vote in favor of the plan with property of a value, as of the effective date of the plan, that is at least as much as the value the holder would receive in a hypothetical chapter 7 bankruptcy case ("*Chapter 7*").

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Disclosure Statement for the Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.*, to which this Liquidation Analysis is attached.

B. Basis of Presentation

The Liquidation Analysis represents an estimated recovery for all creditors of the Debtors based upon a hypothetical liquidation of the Debtors, as if a Chapter 7 trustee ("*Trustee*") was appointed by the bankruptcy court presiding over the Debtors' chapter 11 cases to convert assets into cash for distribution to creditors. The analysis assumes an orderly liquidation of substantially all the Debtors' operations (including non-Debtor affiliates) over a 12-month period beginning May 31, 2024 (the "*Conversion Date*").[1] This timeline assumes that the Debtors' inventory, which is the primary source of value to creditors in Chapter 7, is sold by January 31, 2025, within 8 months following the Conversion Date. All other assets are assumed to be sold and remaining operations of the business wound down by May 31, 2025, over a 12-month period following the Conversion Date.

The determination of the hypothetical proceeds from the liquidation of assets is a highly uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors' management team and their advisors, are inherently subject to significant business, economic, and competitive uncertainties, and contingencies beyond the control of the Debtors and their management team. The Liquidation Analysis should be read in conjunction with the Disclosure Statement and the Plan in their entirety, as well as the notes and assumptions set forth below.

The Liquidation Analysis assumes the Debtors enter Chapter 7 on or about the Conversion Date. The Liquidation Analysis further assumes that certain non-Debtor subsidiaries would be forced to sell or liquidate their assets. The resulting net proceeds generated would first satisfy any

[1] Liquidation analysis assumes foreign Debtors would remain subject to the U.S. proceedings and therefore liquidate under Chapter 7 along with the U.S. Debtors.

liabilities at the respective non-Debtor subsidiaries, with any residual net proceeds ultimately being transferred to the respective Debtor equity owners.

The cessation of business in a liquidation is likely to trigger certain claims that otherwise would not exist under a Plan absent a liquidation. Certain claims have been estimated and are included in the analysis related to employees, taxes, contracts, and administrative claims, however, additional claims that are not estimated in this analysis may arise under a liquidation scenario. Examples of these kinds of claims include various potential employee severance claims, unpaid chapter 11 Administrative Expenses not projected, and unknown contract related claims. Some of these claims could be significant and may be entitled to priority in payment over General Unsecured Claims. The Liquidation Analysis does not include estimates for certain tax consequences that may be triggered upon the liquidation and sale events of assets in the manner described. Such tax consequences may be material.

The Liquidation Analysis assumes that the Debtors would be liquidated in a jointly administered, but not substantively consolidated, proceeding. The Liquidation Analysis considers the administrative status of intercompany claims arising postpetition, unsecured prepetition intercompany claims, and the equity interests of each parent and subsidiary relationship. In an iterative and sequential fashion, the Liquidation Analysis assumes that liquidation value is cycled among the Debtors and non-Debtor affiliates to satisfy these intercompany claims and interests, which in turn may alter the liquidation value available to satisfy third-party claims at each entity. The results of the individual entity-by-entity analysis have been consolidated for a combined total liquidation value as presented herein. The amounts received and distributed are reflected on a gross basis.

C. Liquidation Analysis

The Debtors assume a liquidation would be conducted pursuant to Chapter 7 of the Bankruptcy Code, with a Trustee appointed to manage the bankruptcy estate. The Trustee would be responsible for liquidating the Debtors' assets in a manner intended to maximize the recovery to creditors. Asset sale proceeds resulting from the liquidation process would be reduced by the expenses of the liquidation process prior to distributing such proceeds to any holders of allowed claims. The three major components of the process are as follows:

- generation of cash proceeds from sale of assets;
- costs and post-conversion operational cash flow related to the liquidation process, such as personnel retention costs, claims reconciliation costs, estate wind-down costs, severance costs, and Trustee and professional fees; and
- distribution of net proceeds generated from asset sales to claimants in accordance with the priority scheme under Chapter 7 of the Bankruptcy Code.

When considering the generation of cash proceeds and the distribution thereof, the Debtors believe that the present value of distributions, to the extent available, may be further reduced because such distributions in a Chapter 7 case may not occur until after the 12-month period assumed in the analysis. Moreover, if litigation becomes necessary to resolve claims asserted in a

Chapter 7 case, distributions to creditors may be further delayed, which both decreases the present value of those distributions and increases administrative expenses that could diminish the liquidation proceeds available to creditors. The effects of this potential delay on the value of distributions under the Liquidation Analysis have not been considered in this analysis.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, the Debtors have determined, as summarized in the following charts and the "Best Interests of Creditors/Liquidation Analysis" section of the Disclosure Statement, that the Plan will provide creditors with a recovery that is no less than creditors would receive in a liquidation of the Debtors' assets under Chapter 7.

D. Disclaimer

The Debtors make no representations or warranties regarding the accuracy of the estimates and assumptions contained herein, or a chapter 7 trustee's ability to achieve forecasted results. In the event that these Chapter 11 Cases are converted to a Chapter 7 liquidation, actual results could vary materially from the estimates and projections set forth in this Liquidation Analysis.

Nothing contained in the Liquidation Analysis is intended to be, or constitutes, a concession, admission, or allowance by the Debtors of any Claim. The actual amount or priority of allowed Claims in the Chapter 11 Cases could materially differ from the estimated amounts set forth and used in this Liquidation Analysis. The Debtors reserve all rights to supplement, modify, or amend the analysis set forth herein.

Exhibit C

E. Liquidation Analysis

Net Proceeds Available for Distribution

Net Liquidation Proceeds Summary - Incora Consolidated

$USD in Thousands

	Notes	Net Book Value 12/31/2023	Adjustment	Pro forma Value 5/31/2024	Recovery Estimate (%) Low	Midpoint	High	Recovery Estimate $ Low	Midpoint	High
Current Assets										
Cash and Cash Equivalents - Unrestricted	[A]	$ 177,105	$ 68,031	$ 245,136	100.0%	100.0%	100.0%	$ 245,136	$ 245,136	$ 245,136
Cash and Cash Equivalents - Restricted	[B]	2,000	-	2,000	0.0%	0.0%	0.0%	-	-	-
Accounts Receivable	[C]	488,414	(23,344)	465,070	56.7%	62.3%	68.0%	263,776	289,568	316,120
Net Inventory	[D]	1,151,108	(72,699)	1,078,410	41.9%	46.9%	51.9%	452,019	505,978	559,937
Prepaid Expenses and Other Current Assets	[E]	87,424	(13)	87,411	0.3%	0.3%	0.3%	253	253	253
Total Current Assets		1,906,051	(28,024)	1,878,027	51.2%	55.4%	59.7%	961,184	1,040,935	1,121,446
Long Term Assets										
PP&E	[F]	58,752	391	59,143	6.3%	8.1%	9.9%	3,751	4,795	5,840
Goodwill	[G]	214,097	-	214,097	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	[H]	270,868	(21,875)	248,993	0.0%	1.0%	2.0%	-	2,500	5,000
Total Other Non Current Assets	[I]	113,541	-	113,541	0.0%	0.0%	0.0%	-	-	-
Total Long Term Assets		657,258	(21,484)	635,774	0.6%	1.1%	1.7%	3,751	7,295	10,840
Total Assets		**$ 2,563,309**	**$ (49,509)**	**$ 2,513,801**	**38.4%**	**41.7%**	**45.0%**	**$ 964,935**	**$ 1,048,231**	**$ 1,132,286**
Less Liquidation Costs										
Chapter 7 Trustee Fee	[J]				3.0%	3.0%	3.0%	(28,948)	(31,447)	(33,969)
Chapter 7 Professional Fees	[K]				2.0%	2.0%	2.0%	(19,299)	(20,965)	(22,646)
Orderly Wind Down Cost	[L]				11.6%	10.7%	9.9%	(112,104)	(112,104)	(112,104)
Total Liquidation Adjustment								**$ (160,351)**	**$ (164,515)**	**$ (168,718)**
Net Liquidation Proceeds Available for Distribution to all Creditors								**$ 804,585**	**$ 883,715**	**$ 963,568**
(-) Less liquidation proceeds satisfying non-debtor claims	[M]							(11,773)	(12,440)	(13,110)
Net Liquidation Proceeds Available for Distribution to Chapter 11 Creditors								**$ 792,812**	**$ 871,275**	**$ 950,458**

Basis of Projections

Except as otherwise noted herein, the Liquidation Analysis is based on the unaudited balance sheets of the Debtors as of December 31, 2023. Several asset values were adjusted on a pro forma basis to the Conversion Date based on the Debtors' projected balance sheet as of May 31, 2024. Certain assets were also assumed to be sold on a going concern basis at assumed discounted valuations. For certain other assets, historical balance sheet amounts, unless otherwise noted herein, are intended to be a proxy for actual balances on the Conversion Date.

Note A – Cash and Cash Equivalents - Unrestricted

Cash and Cash Equivalents – Unrestricted represents cash sitting in bank accounts and is assumed to be fully recoverable. As of the Conversion Date, the Debtors estimate to hold approximately $245.1 million of unrestricted cash.

Note B – Cash and Cash Equivalents - Restricted

Cash and Cash Equivalents – Restricted relates to $2.0 million of cash in a restricted bank account as collateral against a Polish Value-Added-Tax ("*VAT*") account on behalf of the government who has access to draw funds, of which claims are projected to be $2.0 million as of the Conversion Date. Restricted cash is assumed to receive no recovery.

Note C – Accounts Receivable

Accounts receivables are estimated based on the Debtors' projected balance sheet. It is assumed that the Trustee would retain certain existing staff of the Debtors to administer the collection of outstanding receivables. Accounts receivables include outstanding invoices for

completed sales and customer services according to terms per the customers' agreements. Recovery on pro forma accounts receivable balances is assumed to be impacted by the termination of customer contracts on conversion of the Debtors' chapter 11 cases to a Chapter 7 liquidation, however these are assumed to be partially offset by customers waving claims in exchange for the ability to purchase discounted inventory. Estimated recovery rates for hardware trade receivables are projected at 65% as there is significant inventory available which is anticipated to cover a longer duration of future customer demand. Chemical trade receivables are anticipated to receive a lower recovery of 58%, as the inventory stock covers a much shorter duration of customer demand and therefore the Debtors anticipate a larger offset of contract claims compared to hardware receivables. Estimated recovery on accounts receivable balances is assumed to be 56.7% to 68.0% of net book value.

Note D – Net Inventory

Inventory consists of procured parts, chemicals, and sub-assemblies. Examples include fasteners, seals, inserts, adhesives, sealants, lubricants and more. For purposes of the Liquidation Analysis, inventory recoveries are identified based on both historical and business unit projected demand and associated runoff on a part level basis. In-demand parts with high turnover (0-2 years future demand) are assumed to warrant the highest recoveries. It is assumed that the Trustee would retain certain existing staff of the Debtors to administer the inventory liquidation. Estimated recovery on inventory is assumed to be 41.9% – 51.9% of projected net inventory balance as of the Conversion Date.

Note E – Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include balances for prepaid inventory, sales tax, VAT tax, property tax, prepaid insurance, dues and subscriptions, insurance, investment accounts and others. The Liquidation Analysis assumes a 100% recovery rate across all scenarios related to an Argentina investment account used to minimize impact of inflation on the local currency. Most of the remaining assets are assumed to be consumed during the wind-down process. On an aggregate basis, total recovery on prepaid expenses and other current assets is estimated to be 0.3%.

Note F – Property Plant & Equipment

Property plant & equipment includes buildings, leasehold improvements, construction in progress, furniture and fixtures, computers, other information technology related equipment, machinery and equipment, tools, and transport equipment. The largest property plant and equipment recovery relates to the owned Spondon facility in the UK with an assumed sale value of $3.0 - $3.7 million. Remaining recovery reflects sale of other various assets including furniture, fixtures, tools, and various equipment of the Debtors. Estimated recovery on property plant and equipment balances is assumed to be 6.3% - 9.9% of net book value.

Note G – Goodwill

As of the Conversion Date, the Debtors estimate to hold a net book value of approximately $214.1 million in goodwill. The Liquidation Analysis assumes no recovery from Goodwill.

Note H – Intangible Assets, Net

Other Intangible assets include Trademarks, certain Technologies, Non-Compete Agreements, and other various intangible assets. Asset recovery relates to estimated sale value of the in-house chemical inventory management system ("*TCMIS*"). The Liquidation Analysis assumes a recovery of Intangible Assets between 0 – 2.0%.

Note I – Total Other Non-Current Assets

Other non-current assets include deferred income tax, operating lease ROU assets, deposits, and deferred debt issuance costs. The Liquidation Analysis assumes no recovery from total other non-current assets.

Chapter 7 Liquidation Adjustments

Note J – Chapter 7 Trustee Fee

Section 326(a) of the Bankruptcy Code provides for Trustee fees of up to 3% for liquidation proceeds in excess of $1 million. Chapter 7 Trustee fees are calculated pursuant to Section 326(a) of the Bankruptcy Code based on gross liquidation proceeds. Trustee fees related to the wind-down range from $28.9 million to $34.0 million.

Note K – Chapter 7 Professional Fees

Analysis assumes a range of $1.6 million to $1.9 million per month for expenses during the wind-down period related to legal, financial advisory, tax and other professionals. Professional fees related to the wind-down range from $19.3 million to $22.6 million.

Note L – Orderly Wind-Down Cost

Analysis reflects estimates based on assumed support functions that would be required to monetize the assets and wind-down the Chapter 7 Estate. Following the asset monetization period, certain corporate functions are assumed to continue for an additional period to complete the administrative wind-down. During the wind-down period, the Debtors will continue to provide critical functions to implement the orderly sales but with a substantially reduced level of company personnel. Estate wind-down costs total $112.1 million, consisting of:

- Inventory sale period: Net cash outflow related to operational costs for the 8-month inventory sale period. Costs generally relate to warehouse management, sales oversight, and corporate overhead.
- Estate wind-down costs: Net cash outflow in connection with the full administrative wind-down of the company for the 4-month period following completion of inventory sales.
- Retention costs: Additional payments for necessary personnel to ensure retention during wind-down.
- Notice pay: Payments made to departing operations and overhead employees during the wind-down period based on contracts, policies and local statutory

requirements, to the extent entitled to priority under section 507 of the Bankruptcy Code and consistent with section 503(c).

Note M – Liquidation Proceeds Satisfying Non-Debtor Claims

To reflect proceeds distributable to the Debtor's creditors, the Analysis adjusts for recovery of claims at the non-debtor subsidiaries that are not related to recovery of Debtor intercompany claims.

Summary of Estimated Claims Recovery

Note N – Carve-Out Reserve Claims

Carve-out reserve claims as defined in the *Final Order (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* [ECF No. 396] ("*Final DIP Order*") as the "Carve-Out", include any outstanding Professional Fees, fees required to be paid to the Claims Register and the U.S. Trustee, and fees and expenses up to $100,000 incurred by a trustee under section 726(b) of the Bankruptcy Code that have not been paid prior to the Conversion Date, as well as an aggregate amount not to exceed $6 million for the Post-Trigger Fee Cap. A range of fees is estimated in the Liquidation Analysis and the carve-out reserves are assumed to be funded in accordance with the Cash Collateral Order that outlines the allocation of costs. Carve-out reserve claims are estimated to be fully satisfied on a consolidated basis.

Note O – DIP Claims

Claims arising under the Debtor's Debtor-in-Possession ("*DIP*") facility. Claim value includes estimated accrued and unpaid interest as of the conversion date. DIP Claims are estimated to be $324.6 million as of the Conversion Date. Total recovery is estimated to range from 94.5% to 100% on a consolidated basis.

Recovery to Administrative and Priority Creditors

Note P – Administrative Expenses

Administrative Expenses include claims for costs and expenses of administration of the Chapter 11 cases, including: i) actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors' businesses, and ii) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code. Administrative Expenses are estimated to be approximately $205.0 million as of the Conversion Date. Recovery of individual Administrative Expenses range from 0 - 18% depending on the Debtor the claim is asserted against and range from 0.0% - 1.6% on a consolidated basis.

Note Q – Priority Tax Claims

Priority Tax Claims includes tax claims such as uncertain tax positions, deferred tax liabilities, various withholding taxes, accrued value-added taxes, and accrued personnel related

taxes. Priority Tax Claims are estimated to be $18.4 million as of the Conversion Date. Total recovery is estimated from 0.0% - 2.1% on a consolidated basis.

Note R – Class 1: Priority Non-Tax Claims

Class 1 consists of any claim other than an Administrative Expense, DIP Facility Claims, or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code. The Liquidation Analysis assumes there will be no Priority Non-Tax Claims outstanding as of the Conversion Date.

Recovery to Secured Creditors

Note S – Class 2: Other Secured Claims

Class 2 consists of secured claims other than Priority Tax Claims, DIP Financing Claims, ABL Facility Claims, 1L Notes Claims, and 1.25L Notes Claims. The Liquidation Analysis assumes Other Secured Claims will be $4.2 million, and total recovery is estimated to be 100%. The Liquidation Analysis assumes that all equipment related to financial and operating leases is returned to the respective lessors to satisfy the obligations and therefore no asset recovery or secured claims associated with these leases are incorporated in the analysis.

Note T – Class 3: ABL Facility Claims

Class 3 consists of claims arising on account of the ABL Facility or pursuant to the ABL Credit Agreement or other documents related thereto. Claim value includes estimated accrued and unpaid interest as of the conversion date. The Liquidation Analysis assumes ABL Facility Claims will be $435.5 million, and total recovery is estimated to be 100%.

Note U – Class 4: 1L Notes Claims

Class 4 consists of claims arising on account of any of the 1L Notes or pursuant to the 1L Indenture or other documents related thereto. The Liquidation Analysis assumes 1L Notes Claims will be $1.4 billion, and total recovery is estimated from 0.0% - 9.8% on a consolidated basis.

Note V – Class 5: 1.25L Notes Claims

Class 5 consists of claims arising on account of any of the 1.25L Notes or pursuant to the 1.25L Indenture or other documents related thereto. The Liquidation Analysis assumes 1.25L Notes Claims will be $535.9 million, and total recovery is estimated to be 0%.

Recovery to Unsecured Creditors

Note W – Class 7a: General Unsecured Claims

Class 7a consists of claims other than Administrative Expenses, an Other Secured Claim, a Priority Tax Claim, a Priority Non-Tax Claim, an ABL Facility Claim, a 1L Notes Claim, a 1.25L Notes Claim, a PIK Notes Claim, a General Unsecured Convenience Claim, or an Intercompany Claim, General Unsecured Claims are assumed to be asserted at Debtor entities where liabilities

are recorded on the Debtors' books and records, or where they would be recorded in the case of liabilities that only exist in a hypothetical liquidation scenario. General Unsecured Claims include:

- Chapter 7 general unsecured claims which represent estimated claims arising from a Chapter 7 liquidation, including estimates for rejection damage claims subject to section 502(b)(6) of the Bankruptcy Code and certain customer claims.
- Chapter 11 general unsecured claims which include other filed claims, excluding claims classified as General Unsecured Convenience Claims, estimated to be outstanding as of the Conversion date.
- DIP Deficiency Claims where applicable for the purposes of the liquidation analysis.
- 1L Notes Deficiency Claims.
- 2024 Unsecured Notes Claims related to claims arising on account of the 2024 Unsecured Notes or pursuant to the 2024 Unsecured Indenture or other documents related thereto. Claims are estimated to be $185.0 million.
- 2026 Unsecured Notes Claims related to claims arising on account of the 2026 Unsecured Notes or pursuant to the 2026 Unsecured Indenture or other documents related thereto. Claims are estimated to be $353.6 million.
- 2027 Unsecured Notes Claims related to claims arising on account of the 2027 Unsecured Notes or pursuant to the 2027 Unsecured Indenture or other documents related thereto. Claims are estimated to be $111.6 million.

In each case, total recovery for General Unsecured Claims against each Debtor is estimated to be 0.0%.

Note X – Class 7b: General Unsecured Convenience Claims

Class 7b consists of allowed claims in an amount of $1.5 million or less, other than an Administrative Expense, an Other Secured Claim, a Priority Tax Claim, a Priority Non-Tax Claim, an ABL Facility Claim, a 1L Notes Claim, a 1.25L Notes Claim, a 2024 Unsecured Notes Claim or 2026 Unsecured Notes Claim, a 2027 Unsecured Notes Claim, a PIK Notes Claim, or an Intercompany Claim. The Liquidation Analysis assumes General Unsecured Convenience Claims will be $65 - $70 million and will be treated equivalently to General Unsecured Claims in a liquidation. Accordingly, total recovery for General Unsecured Convenience Claims against each Debtor is estimated to be 0.0%.

Note Y – Class 8: PIK Notes Claims

Class 8 consists of claims against Wolverine Intermediate Holding Corporation arising on account of the PIK Notes or the PIK Notes Indenture or other documents related thereto. The Liquidation Analysis assumes PIK Notes Claims will be $157.2 million, and total recovery on a consolidated basis is estimated to be 0.0%.

Note Z – Class 9: Intercompany Claims

Class 9 consists of all prepetition Intercompany Claims against the Debtors, including any Claim against a Debtor held by another Debtor (including the non-debtor subsidiaries). Total recovery is estimated to range from 0 - 100% depending on the Debtor, but eliminates on a consolidated basis.

Recovery to Interest Holders

Note AA – Class 10: Existing Equity Interests

Class 10 consists of all equity interests in Incora. There is no estimated recovery for Interests in Incora estimated in this analysis.

Note AB – Class 11: Intercompany Interests

Class 11 consists of all Intercompany Interests in the Debtors, including any common stock, preferred stock, limited liability company interests, and any other equity, ownership, or profits interests of any Debtor, including, without limitation, options, warrants, rights, or other securities or agreements to acquire the common stock, preferred stock, limited liability company interests, or other equity, ownership, or profits interests of any Debtor (whether or not arising under or in connection with any employment agreement) in a Debtor held by another Debtor. Total recovery on Intercompany Interests is estimated to range from 0 - 100% depending on the Debtor or non-debtor subsidiary, but eliminates on a consolidated basis.

Exhibit C

Consolidated Liquidation Analysis

Net Liquidation Proceeds Summary - Incora Consolidated

$USD in Thousands

	Notes	Net Book Value 12/31/2023	Adjustment	Pro forma Value 5/31/2024	Recovery Estimate (%) Low	Recovery Estimate (%) Midpoint	Recovery Estimate (%) High	Recovery Estimate $ Low	Recovery Estimate $ Midpoint	Recovery Estimate $ High
Current Assets										
Cash and Cash Equivalents - Unrestricted	[A]	$ 177,105	$ 68,031	$ 245,136	100.0%	100.0%	100.0%	$ 245,136	$ 245,136	$ 245,136
Cash and Cash Equivalents - Restricted	[B]	2,000	-	2,000	0.0%	0.0%	0.0%	-	-	-
Accounts Receivable	[C]	488,414	(23,344)	465,070	56.7%	62.3%	68.0%	263,776	289,568	316,120
Net Inventory	[D]	1,151,108	(72,699)	1,078,410	41.9%	46.9%	51.9%	452,019	505,978	559,937
Prepaid Expenses and Other Current Assets	[E]	87,424	(13)	87,411	0.3%	0.3%	0.3%	253	253	253
Total Current Assets		1,906,051	(28,024)	1,878,027	51.2%	55.4%	59.7%	961,184	1,040,935	1,121,446
Long Term Assets										
PP&E	[F]	58,752	391	59,143	6.3%	8.1%	9.9%	3,751	4,795	5,840
Goodwill	[G]	214,097	-	214,097	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	[H]	270,868	(21,875)	248,993	0.0%	1.0%	2.0%	-	2,500	5,000
Total Other Non Current Assets	[I]	113,541	-	113,541	0.0%	0.0%	0.0%	-	-	-
Total Long Term Assets		657,258	(21,484)	635,774	0.6%	1.1%	1.7%	3,751	7,295	10,840
Total Assets		**$ 2,563,309**	**$ (49,509)**	**$ 2,513,801**	**38.4%**	**41.7%**	**45.0%**	**$ 964,935**	**$ 1,048,231**	**$ 1,132,286**
Less Liquidation Costs										
Chapter 7 Trustee Fee	[J]				3.0%	3.0%	3.0%	(28,948)	(31,447)	(33,969)
Chapter 7 Professional Fees	[K]				2.0%	2.0%	2.0%	(19,299)	(20,965)	(22,646)
Orderly Wind Down Cost	[L]				11.6%	10.7%	9.9%	(112,104)	(112,104)	(112,104)
Total Liquidation Adjustment								**$ (160,351)**	**$ (164,515)**	**$ (168,718)**
Net Liquidation Proceeds Available for Distribution to all Creditors								**$ 804,585**	**$ 883,715**	**$ 963,568**
(-) Less liquidation proceeds satisfying non-debtor claims	[M]							(11,773)	(12,440)	(13,110)
Net Liquidation Proceeds Available for Distribution to Chapter 11 Creditors								**$ 792,812**	**$ 871,275**	**$ 950,458**

	Notes	Ch 11 Estimated Claims $ Low	Ch 11 Estimated Claims $ Midpoint	Ch 11 Estimated Claims $ High	Ch 11 Recovery Estimate % Low	Ch 11 Recovery Estimate % Midpoint	Ch 11 Recovery Estimate % High	Ch 11 Recovery Estimate $ Low	Ch 11 Recovery Estimate $ Midpoint	Ch 11 Recovery Estimate $ High
Carveout Reserves	[N]	$ 46,505	$ 46,505	$ 46,505	100.0%	100.0%	100.0%	$ 46,505	$ 46,505	$ 46,505
DIP Claims	[O]	324,584	324,584	324,584	94.5%	100.0%	100.0%	306,694	324,584	324,584
Administrative Claims	[P]	204,951	204,951	204,951	0.0%	0.7%	1.6%	-	1,360	3,275
Priority Tax Claims	[Q]	18,358	18,358	18,358	0.0%	0.9%	2.1%	-	164	393
Class 1 Priority Non-Tax Claims	[R]	-	-	-	0.0%	0.0%	0.0%	-	-	-
Class 2 Other Secured Claims	[S]	4,155	4,155	4,155	100.0%	100.0%	100.0%	4,155	4,155	4,155
Class 3 ABL Facility Claims	[T]	435,458	435,458	435,458	100.0%	100.0%	100.0%	435,458	435,458	435,458
Class 4 1L Notes Claims	[U]	1,394,468	1,394,468	1,394,468	0.0%	4.2%	9.8%	-	59,050	136,088
Class 5 1.25L Notes Claims	[V]	535,859	535,859	535,859	0.0%	0.0%	0.0%	-	-	-
Class 6-a Reserved		-	-	-	0.0%	0.0%	0.0%	-	-	-
Class 6-b Reserved		-	-	-	0.0%	0.0%	0.0%	-	-	-
Class 7-a General Unsecured Claims	[W]	2,082,568	2,008,129	1,933,590	0.0%	0.0%	0.0%	-	-	-
Class 7-b General Unsecured Convenience Claims	[X]	65,000	67,500	70,000	0.0%	0.0%	0.0%	-	-	-
Class 8 PIK Notes Claims	[Y]	157,155	157,155	157,155	0.0%	0.0%	0.0%	-	-	-
Class 9 Intercompany Claims	[Z]	-	-	-	0.0%	0.0%	0.0%	-	-	-
Class 10 Existing Equity Interests	[AA]	-	-	-	0.0%	0.0%	0.0%	-	-	-
Class 11 Intercompany Interests	[AB]	-	-	-	0.0%	0.0%	0.0%	-	-	-

Notes

Estimated claims and recoveries exclude non-debtor amounts
Analysis assumes no preference recoveries
Claims are subject to ongoing assessment of potential claims to be filed

EXHIBIT C-1

REDLINE OF EXHIBIT C TO DISCLOSURE STATEMENT

LIQUIDATION ANALYSIS

Exhibit C

~~Exhibit C~~

Liquidation Analysis

A. Introduction

The Debtors, together with their advisors, have prepared this hypothetical Liquidation Analysis in connection with the Plan and Disclosure Statement for purposes of evaluating whether the Plan meets the often-called "best interests test" under section 1129(a)(7) of the Bankruptcy Code. That section requires that a debtor's plan of reorganization provide each holder of a claim or interest who does not vote in favor of the plan with property of a value, as of the effective date of the plan, that is at least as much as the value the holder would receive in a hypothetical chapter 7 bankruptcy case ("*Chapter 7*").

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Disclosure Statement for the Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.*, to which this Liquidation Analysis is attached.

B. Basis of Presentation

The Liquidation Analysis represents an estimated recovery for all creditors of the Debtors based upon a hypothetical liquidation of the Debtors, as if a Chapter 7 trustee ("*Trustee*") was appointed by the bankruptcy court presiding over the Debtors' chapter 11 cases to convert assets into cash for distribution to creditors. The analysis assumes an orderly liquidation of substantially all the Debtors' operations (including non-Debtor affiliates) over a 12-month period beginning ~~February 29~~**May 31**, 2024 (the "*Conversion Date*"). [1] This timeline assumes that the Debtors' inventory, which is the primary source of value to creditors in Chapter 7, is sold by ~~October~~**January** 31, ~~2024~~**2025**, within 8 months following the Conversion Date. All other assets are assumed to be sold and remaining operations of the business wound down by ~~February 28~~**May 31**, 2025, over a 12-month period following the ~~sale of assets~~**Conversion Date**.

The determination of the hypothetical proceeds from the liquidation of assets is a highly uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors' management team and their advisors, are inherently subject to significant business, economic, and competitive uncertainties, and contingencies beyond the control of the Debtors and their management team. The Liquidation Analysis should be read in conjunction with the Disclosure Statement and the Plan in their entirety, as well as the notes and assumptions set forth below.

The Liquidation Analysis assumes the Debtors enter Chapter 7 on or about the Conversion Date. The Liquidation Analysis further assumes that certain non-Debtor subsidiaries would be forced to sell or liquidate their assets. The resulting net proceeds generated would first satisfy any

[1] Liquidation analysis assumes foreign Debtors would remain subject to the U.S. proceedings and therefore liquidate under Chapter 7 along with the U.S. Debtors.

liabilities at the respective non-Debtor subsidiaries, with any residual net proceeds ultimately being transferred to the respective Debtor equity owners.

The cessation of business in a liquidation is likely to trigger certain claims that otherwise would not exist under a Plan absent a liquidation. Certain claims have been estimated and are included in the analysis related to employees, taxes, contracts, and administrative claims, however, additional claims that are not estimated in this analysis may arise under a liquidation scenario. Examples of these kinds of claims include various potential employee severance claims, unpaid chapter 11 Administrative Expenses not projected, and unknown contract related claims. Some of these claims could be significant and may be entitled to priority in payment over General Unsecured Claims. The Liquidation Analysis does not include estimates for certain tax consequences that may be triggered upon the liquidation and sale events of assets in the manner described. Such tax consequences may be material.

The Liquidation Analysis assumes that the Debtors would be liquidated in a jointly administered, but not substantively consolidated, proceeding. The Liquidation Analysis considers the administrative status of intercompany claims arising postpetition, unsecured prepetition intercompany claims, and the equity interests of each parent and subsidiary relationship. In an iterative and sequential fashion, the Liquidation Analysis assumes that liquidation value is cycled among the Debtors and non-Debtor affiliates to satisfy these intercompany claims and interests, which in turn may alter the liquidation value available to satisfy third-party claims at each entity. The results of the individual entity-by-entity analysis have been consolidated for a combined total liquidation value as presented herein. The amounts received and distributed are reflected on a gross basis.

C. Liquidation Analysis

The Debtors assume a liquidation would be conducted pursuant to Chapter 7 of the Bankruptcy Code, with a Trustee appointed to manage the bankruptcy estate. The Trustee would be responsible for liquidating the Debtors' assets in a manner intended to maximize the recovery to creditors. Asset sale proceeds resulting from the liquidation process would be reduced by the expenses of the liquidation process prior to distributing such proceeds to any holders of allowed claims. The three major components of the process are as follows:

- generation of cash proceeds from sale of assets;
- costs and post-conversion operational cash flow related to the liquidation process, such as personnel retention costs, claims reconciliation costs, estate ~~wind down~~**wind-down** costs, severance costs, and Trustee and professional fees; and
- distribution of net proceeds generated from asset sales to claimants in accordance with the priority scheme under Chapter 7 of the Bankruptcy Code.

When considering the generation of cash proceeds and the distribution thereof, the Debtors believe that the present value of distributions, to the extent available, may be further reduced because such distributions in a Chapter 7 case may not occur until after the 12-month period assumed in the analysis. Moreover, if litigation becomes necessary to resolve claims asserted in a

Chapter 7 case, distributions to creditors may be further delayed, which both decreases the present value of those distributions and increases administrative expenses that could diminish the liquidation proceeds available to creditors. The effects of this potential delay on the value of distributions under the Liquidation Analysis have not been considered in this analysis.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, the Debtors have determined, as summarized in the following charts and the "Best Interests of Creditors/Liquidation Analysis" section of the Disclosure Statement, that the Plan will provide creditors with a recovery that is no less than creditors would receive in a liquidation of the Debtors' assets under Chapter 7.

D. Disclaimer

The Debtors make no representations or warranties regarding the accuracy of the estimates and assumptions contained herein, or a chapter 7 trustee's ability to achieve forecasted results. In the event that these Chapter 11 Cases are converted to a Chapter 7 liquidation, actual results could vary materially from the estimates and projections set forth in this Liquidation Analysis.

Nothing contained in the Liquidation Analysis is intended to be, or constitutes, a concession, admission, or allowance by the Debtors of any Claim. The actual amount or priority of allowed Claims in the Chapter 11 Cases could materially differ from the estimated amounts set forth and used in this Liquidation Analysis. The Debtors reserve all rights to supplement, modify, or amend the analysis set forth herein.

E. Liquidation Analysis

Net Liquidation Proceeds Summary – Incora Consolidated

Net Proceeds Available for Distribution

Net Liquidation Proceeds Summary Incora Consolidated

$USD in Thousands

			Notes	Net Book Value 12/31/2023	Adjustment	Pro forma Value 2/29/2024	Recovery Estimate (%) Low	Midpoint	High	Recovery Estimate $ Low	Midpoint	High
Current Assets												
Cash and Cash Equivalents - Unrestricted	[A]	$ 253,274	[A]	$ 177,10	$ (82,562)68	$170,712245	100.0%	100.0%	100.0 %	$ 170,712245	$ 170,71224	$ 170,71224
Cash and Cash Equivalents - Restricted	[B]	2,000	[B]	2,000	-	2,000	0.0%	0.0%	0.0%	-	-	-
Accounts Receivable	[C]	472,077	[C]	488,414	(29,06023, 344)	443,01846 5,070	56.456.7%	62.062.3%	67.868 .0%	249,962263 ,776	274,78928 9,568	300,41531 6,120
Net Inventory	[D]	1,122,416	[D]	1,151,108	9,292(72,6 99)	1,131,708 1,078,410	41.841.9%	46.846.9%	51.851 .9%	472,525452 ,019	529,15050 5,978	585,77455 9,937
Prepaid Expenses and Other Current Assets	[E]	73,432	[E]	87,424	790(13)	74,22387, 411	0.50.3%	0.50.3%	0.50.3 %	386253	386253	386253
Total Current Assets		1,923,200		1,906,051	(101,54028 ,024)	1,821,660 1,878,027	49.151.2%	53.555.4%	58.059 .7%	893,585961 ,184	975,0371,0 40,935	1,057,2871 ,121,446
Long Term Assets												
PP&E	[F]	59,702	[F]	58,752	3,656391	63,35859, 143	6.06.3%	7.78.1%	9.49.9 %	3,7923,751	4,8774,795	5,9635,840
Goodwill	[G]	213,924	[G]	214,097	-	213,92421 4,097	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	[H]	289,872	[H]	270,868	(15,48121, 875)	274,39124 8,993	0.0%	0.91.0%	1.82.0 %	-	2,500	5,000
Total Other Non Current Assets	[I]	110,761	[I]	113,541	-	110,76111 3,541	0.0%	0.0%	0.0%	-	-	-
Total Long Term Assets		674,260		657,258	(11,82521, 484)	662,43563 5,774	0.6%	1.1%	1.7%	3,7923,751	7,3777,295	10,96310,8 40
Total Assets		$ 2,597,460		$ 2,563,309	$(113,36549,	$ 2,484,0952 ,513,801	36.138.4%	39.541.7%	43.045 .0%	$ 897,377964	$ 982,4141,0 48,231	$ 1,068,2501 ,132,286
Less Liquidation Costs												
Chapter 7 Trustee Fee	[J]		[J]				3.0%	3.0%	3.0%	(26,92128, 948)	(29,47231, 447)	(32,04833, 969)
Chapter 7 Professional Fees	[K]		[K]				2.0%	2.0%	2.0%	(17,94819, 299)	(19,64820, 965)	(21,36522, 646)
Orderly Wind Down Cost	[L]		[L]				12.511.6%	11.410.7%	10.59. 9%	(112,104)	(112,104)	(112,104)
Total Liquidation Adjustment										$(156,973160	$(161,22516	$(165,51616
Net Liquidation Proceeds Available for Distribution to all Creditors										$ 740,404804	$ 821,19088	$ 902,73496
(-) Less liquidation proceeds satisfying non-debtor claims	[M]		[M]							(8,06711,7 73)	(8,58212,4 40)	(9,09013,1 10)
Net Liquidation Proceeds Available for Distribution to Chapter 11 Creditors										$ 732,337792	$ 812,60887	$ 893,64495

Basis of Projections

Except as otherwise noted herein, the Liquidation Analysis is based on the unaudited balance sheets of the Debtors as of ~~September 30~~**December 31**, 2023. Several asset values were adjusted on a pro forma basis to the Conversion Date based on the Debtors' projected balance sheet as of ~~February 29~~**May 31**, 2024. Certain assets were also assumed to be sold on a going concern basis at assumed discounted valuations. For certain other assets, historical balance sheet amounts, unless otherwise noted herein, are intended to be a proxy for actual balances on the Conversion Date.

Note A – Cash and Cash Equivalents - Unrestricted

Cash and Cash Equivalents – Unrestricted represents cash sitting in bank accounts and is assumed to be fully recoverable. As of the Conversion Date, the Debtors estimate to hold approximately $~~170.7~~**245.1** million of unrestricted cash.

Note B – Cash and Cash Equivalents - Restricted

Cash and Cash Equivalents – Restricted relates to $2.0 million of cash in a restricted bank account as collateral against a Polish Value-Added-Tax ("*VAT*") account on behalf of the government who has access to draw funds, of which claims are projected to be $2.0 million as of the Conversion Date. Restricted cash is assumed to receive no recovery.

Note C – Accounts Receivable

Accounts receivables are estimated based on the Debtors' projected balance sheet. It is assumed that the Trustee would retain certain existing staff of the Debtors to administer the collection of outstanding receivables. Accounts receivables include outstanding invoices for

completed sales and customer services according to terms per the customers' agreements. Recovery on pro forma accounts receivable balances is assumed to be impacted by the termination of customer contracts on conversion of the Debtors' chapter 11 cases to a Chapter 7 liquidation, however these are assumed to be partially offset by customers waving claims in exchange for the ability to purchase discounted inventory. Estimated recovery rates for hardware trade receivables are projected at 65% as there is significant inventory available which is anticipated to cover a longer duration of future customer demand. Chemical trade receivables are anticipated to receive a lower recovery of 58%, as the inventory stock covers a much shorter duration of customer demand and therefore the Debtors anticipate a larger offset of contract claims compared to hardware receivables. Estimated recovery on accounts receivable balances is assumed to be ~~56.4~~**56.7**% – ~~67.8~~**to 68.0**% of net book value.

Note D – Net Inventory

Inventory consists of procured parts, chemicals, and sub-assemblies. Examples include fasteners, seals, inserts, adhesives, sealants, lubricants and more. For purposes of the Liquidation Analysis, inventory recoveries are identified based on both historical and business unit projected demand and associated runoff on a part level basis. In-demand parts with high turnover (0-2 years future demand) are assumed to warrant the highest recoveries. It is assumed that the Trustee would retain certain existing staff of the Debtors to administer the inventory liquidation. Estimated

recovery on inventory is assumed to be ~~41.8~~41.9% – ~~51.8~~51.9% of projected net inventory balance as of the Conversion Date.

Note E – Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include balances for prepaid inventory, sales tax, VAT tax, property tax, prepaid insurance, dues and subscriptions, insurance, investment accounts and others. The Liquidation Analysis assumes a 100% recovery rate across all scenarios related to an Argentina investment account used to minimize impact of inflation on the local currency. Most of the remaining assets are assumed to be consumed during the wind-down process. On an aggregate basis, total recovery on prepaid expenses and other current assets is estimated to be ~~0.5~~0.3%.

Note F – Property Plant & Equipment

Property plant & equipment includes buildings, leasehold improvements, construction in progress, furniture and fixtures, computers, other information technology related equipment, machinery and equipment, tools, and transport equipment. The largest property plant and equipment recovery relates to the owned Spondon facility in the UK with an assumed sale value of $3.0 - $3.7 million. Remaining recovery reflects sale of other various assets including furniture, fixtures, tools, and various equipment of the Debtors. Estimated recovery on property plant and equipment balances is assumed to be ~~6.0~~6.3% - ~~9.4~~9.9% of net book value.

Note G – Goodwill

As of the Conversion Date, the Debtors estimate to hold a net book value of approximately $~~213.9~~214.1 million in goodwill. The Liquidation Analysis assumes no recovery from Goodwill.

Note H – Intangible Assets, Net

Other Intangible assets include Trademarks, certain Technologies, ~~Non-Complete~~Non-Compete Agreements, and other various intangible assets. Asset recovery relates to estimated sale value of the in-house chemical inventory management system ("*TCMIS*"). The Liquidation Analysis assumes a recovery of Intangible Assets between 0 – ~~1.8~~2.0%.

Note I – Total Other Non-Current Assets

Other non-current assets include deferred income tax, operating lease ROU assets, deposits, and deferred debt issuance costs. The Liquidation Analysis assumes no recovery from total other non-current assets.

Chapter 7 Liquidation Adjustments

Note J – Chapter 7 Trustee ~~Fees~~Fee

Section 326(a) of the Bankruptcy Code provides for Trustee fees of up to 3% for liquidation proceeds in excess of $1 million. Chapter 7 Trustee fees are calculated pursuant to Section 326(a)

of the Bankruptcy Code based on gross liquidation proceeds. Trustee fees related to the wind-down range from $~~26.9~~28.9 million to $~~32.0~~34.0 million.

Note K – Chapter 7 Professional Fees

Analysis assumes a range of $~~1.5~~1.6 million to $~~1.8~~1.9 million per month for expenses during the wind-down period related to legal, financial advisory, tax and other professionals. Professional fees related to the wind-down range from $~~17.9~~19.3 million to $~~21.4~~22.6 million.

Note L – Orderly ~~Wind Down~~Wind-Down Cost

Analysis reflects estimates based on assumed support functions that would be required to monetize the assets and wind-down the Chapter 7 Estate. Following the asset monetization period, certain corporate functions are assumed to continue for an additional period to complete the administrative wind-down. During the ~~wind down~~wind-down period, the Debtors will continue to provide critical functions to implement the orderly sales but with a substantially reduced level of company personnel. Estate wind-down costs total $112.1 million, consisting of:

- Inventory ~~Sale Period~~sale period: Net cash outflow related to operational costs for the 8-month inventory sale period. Costs generally relate to warehouse management, sales oversight, and corporate overhead.
- Estate ~~wind down~~wind-down costs: Net cash outflow in connection with the full administrative ~~wind down~~wind-down of the company for the 4-month period following completion of inventory sales.
- Retention costs: ~~additional~~Additional payments for necessary personnel to ensure retention during ~~wind down~~wind-down.
- Notice pay: Payments made to departing operations and overhead employees during the wind-down period based on contracts, policies and local statutory

requirements, to the extent entitled to priority under section 507 of the Bankruptcy Code and consistent with section 503(c).

Note M – Liquidation Proceeds Satisfying Non-Debtor Claims

To reflect proceeds distributable to the Debtor's creditors, the Analysis adjusts for recovery of claims at the non-debtor subsidiaries that are not related to recovery of Debtor intercompany claims.

Summary of Estimated Claims Recovery

Note N – Carve-Out Reserve Claims

Carve-out reserve claims as defined in the *Final Order (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* [ECF No. 396] ("*Final DIP Order*") as the "Carve-Out", include any outstanding Professional Fees, fees required to be paid to the Claims Register and the U.S. Trustee, and fees

and expenses up to $100,000 incurred by a trustee under section 726(~~B~~b) of the Bankruptcy Code that have not been paid prior to the Conversion Date, as well as an aggregate amount not to exceed $6 million for the Post-Trigger Fee Cap. A range of fees is estimated in the Liquidation Analysis and the carve-out reserves are assumed to be funded in accordance with the Cash Collateral Order that outlines the allocation of costs. Carve-out reserve claims are estimated to be fully satisfied on a consolidated basis.

Note O – DIP Claims

Claims arising under the Debtor's Debtor-in-Possession ("*DIP*") facility. Claim value includes estimated accrued and unpaid interest as of the conversion date. DIP Claims are estimated to be $~~334.6~~324.6 million as of the Conversion Date. Total recovery is estimated to range from ~~77.9~~94.5% ~~-~~to 100% on a consolidated basis.

Recovery to Administrative and Priority Creditors

Note P – Administrative Expenses

Administrative Expenses include claims for costs and expenses of administration of the Chapter 11 cases, including: ~~(~~i) actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors' businesses, and ~~(~~ii) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code. Administrative Expenses are estimated to be approximately $~~173.7~~205.0 million as of the Conversion Date. Recovery of individual Administrative Expenses range from 0 - ~~10~~18% depending on the Debtor the claim is asserted against~~,~~ and range from 0.0% - ~~1.1~~1.6% on a consolidated basis.

Note Q – Priority Tax Claims

Priority Tax Claims includes tax claims such as uncertain tax positions, deferred tax liabilities, various withholding taxes, accrued value-added taxes, and accrued personnel related

taxes. Priority Tax Claims are estimated to be $~~27.1~~18.4 million as of the Conversion Date. Total recovery is estimated from 0.0% - ~~0.9~~2.1% on a consolidated basis.

Note R – Class 1: Priority Non-Tax Claims

Class 1 consists of any claim other than an Administrative Expense, DIP Facility Claims, or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code. The Liquidation Analysis assumes there will be no Priority Non-Tax Claims outstanding as of the Conversion Date.

Recovery to Secured Creditors

Note S – Class 2: Other Secured Claims

Class 2 consists of secured claims other than Priority Tax Claims, DIP Financing Claims, ABL Facility Claims, 1L Notes Claims, and 1.25L Notes Claims. The Liquidation Analysis assumes Other Secured Claims will be $4.2 million, and total recovery is estimated to be 100%. The Liquidation Analysis assumes that all equipment related to financial and operating leases is

returned to the respective lessors to satisfy the obligations and therefore no asset recovery or secured claims associated with these leases are incorporated in the analysis.

Note T – Class 3: ABL Facility Claims

Class 3 consists of claims arising on account of the ABL Facility or pursuant to the ABL Credit Agreement or other documents related thereto. Claim value includes estimated accrued and unpaid interest as of the conversion date. The Liquidation Analysis assumes ABL Facility Claims will be $~~424.9~~**435.5** million, and total recovery is estimated to be 100%.

Note U – Class 4: 1L Notes Claims

Class 4 consists of claims arising on account of any of the 1L Notes or pursuant to the 1L Indenture or other documents related thereto. The Liquidation Analysis assumes 1L Notes Claims will be $1.4 billion, and total recovery is estimated from 0.0% - ~~6.1~~**9.8**% on a consolidated basis.

Note V – Class 5: 1.25L Notes Claims

Class 5 consists of claims arising on account of any of the 1.25L Notes or pursuant to the 1.25L Indenture or other documents related thereto. The Liquidation Analysis assumes 1.25L Notes Claims will be $~~536.0~~**535.9** million, and total recovery is estimated to be 0%.

Recovery to Unsecured Creditors

Note W – Class 7a: General Unsecured Claims

Class 7a consists of claims other than Administrative Expenses, an Other Secured Claim, a Priority Tax Claim, a Priority Non-Tax Claim, an ABL Facility Claim, a 1L Notes Claim, a 1.25L Notes Claim, a PIK Notes Claim, a General Unsecured Convenience Claim, or an Intercompany Claim, General Unsecured Claims are assumed to be asserted at Debtor entities where liabilities

are recorded on the Debtors' books and records, or where they would be recorded in the case of liabilities that only exist in a hypothetical liquidation scenario. General Unsecured Claims include:

- Chapter 7 general unsecured claims which represent estimated claims arising from a Chapter 7 liquidation, including estimates for rejection damage claims subject to section 502(b)(6) of the Bankruptcy Code and certain customer claims.
- Chapter 11 general unsecured claims which include other filed claims, excluding claims classified as General Unsecured Convenience Claims, estimated to be outstanding as of the Conversion date.
- DIP Deficiency Claims where applicable for the purposes of the liquidation analysis.
- 1L Notes Deficiency Claims.
- 2024 Unsecured Notes Claims related to claims arising on account of the 2024 Unsecured Notes or pursuant to the 2024 Unsecured Indenture or other documents related thereto. Claims are estimated to be $185.0 million.
- 2026 Unsecured Notes Claims related to claims arising on account of the 2026 Unsecured Notes or pursuant to the 2026 Unsecured Indenture or other documents related thereto. Claims are estimated to be $353.6 million.

- 2027 Unsecured Notes Claims related to claims arising on account of the 2027 Unsecured Notes or pursuant to the 2027 Unsecured Indenture or other documents related thereto. Claims are estimated to be $111.6 million.

In each case, total recovery for General Unsecured Claims against each Debtor is estimated to be 0.0%.

Note X – Class 7b: General Unsecured Convenience Claims

Class 7b consists of allowed claims in an amount of $1.5 million or less, other than an Administrative Expense, an Other Secured Claim, a Priority Tax Claim, a Priority Non-Tax Claim, an ABL Facility Claim, a 1L Notes Claim, a 1.25L Notes Claim, a 2024 Unsecured Notes Claim or 2026 Unsecured Notes Claim, a 2027 Unsecured Notes Claim, a PIK Notes Claim, or an Intercompany Claim. The Liquidation Analysis assumes General Unsecured Convenience Claims will be $**65 - $**70 ~~75~~ million and will be treated equivalently to General Unsecured Claims in a liquidation. Accordingly, total recovery for General Unsecured Convenience Claims against each Debtor is estimated to be 0.0%.

Note Y – Class 8: PIK Notes Claims

Class 8 consists of claims against Wolverine Intermediate Holding Corporation arising on account of the PIK Notes or the PIK Notes Indenture or other documents related thereto. The Liquidation Analysis assumes PIK Notes Claims will be $157.2 million, and total recovery on a consolidated basis is estimated to be 0.0%.

Note Z – Class 9: Intercompany Claims

Class 9 consists of all prepetition Intercompany Claims against the Debtors, including any Claim against a Debtor held by another Debtor (including the non-debtor subsidiaries). Total recovery is estimated to range from 0 - 100% depending on the Debtor, but eliminates on a consolidated basis.

Recovery to Interest Holders

Note AA – Class 10: Existing Equity Interests

Class 10 consists of all equity interests in Incora. There is no estimated recovery for Interests in Incora estimated in this analysis.

Note AB – Class 11: Intercompany Interests

Class 11 consists of all Intercompany Interests in the Debtors, including any common stock, preferred stock, limited liability company interests, and any other equity, ownership, or profits interests of any Debtor, including, without limitation, options, warrants, rights, or other securities or agreements to acquire the common stock, preferred stock, limited liability company interests, or other equity, ownership, or profits interests of any Debtor (whether or not arising under or in connection with any employment agreement) in a Debtor held by another Debtor. Total recovery on Intercompany Interests is estimated to range from 0 - 100% depending on the Debtor or non-debtor subsidiary, but eliminates on a consolidated basis.

Exhibit C-1

Exhibit C

Consolidated Liquidation Analysis

$USD in Thousands

Net Liquidation Proceeds Summary - Incora Consolidated

	Notes	Net Book Value 9/30/20231	Adjustment	Pro forma Value 2/29/20245/3	Recovery Estimate (%) Low	Midpoint	High	Recovery Estimate $ Low	Midpoint	High
Current Assets										
Cash and Cash Equivalents - Unrestricted	[A]	$253,274 17'	$(82,562)68,	$170,712245,	100.0%	100.0%	100.0 %	$170,712245,	$170,71224!	$170,71224
Cash and Cash Equivalents - Restricted	[B]	2,000	-	2,000	0.0%	0.0%	0.0%	-	-	-
Accounts Receivable	[C]	472,077 48 8,414	(29,060 23, 344)	443,018 46 5,070	56.4 56.7%	62.0 62.3%	67.8 6 8.0%	249,962 263 ,776	274,789 28 9,568	300,415 31 6,120
Net Inventory	[D]	1,122,416 1,151,108	9,202(72,6 99)	1,131,708 1,078,410	41.8 41.9%	46.8 46.9%	51.8 5 1.9%	472,526 452 ,019	529,150 50 5,978	585,774 55 9,937
Prepaid Expenses and Other Current Assets	[E]	73,432 87, 424	790(13)	74,223 87, 411	0.5 0.3%	0.5 0.3%	0.5 0.3 %	386253	386253	386253
Total Current Assets		1,923,200 1,906,051	(101,540 2 8,024)	1,821,660 1,878,027	49.1 51.2%	53.5 55.4%	58.0 5 9.7%	893,585 961 ,184	975,037 1, 040,935	1,057,287 1 ,121,446
Long Term Assets										
PP&E	[F]	59,702 58, 752	3,656391	63,358 59, 143	6.0 6.3%	7.7 8.1%	9.4 9.9 %	3,792 3,751	4,877 4,79 5	5,963 5,840
Goodwill	[G]	213,924 21 4,097	-	213,924 21 4,097	0.0%	0.0%	0.0%	-	-	-
Intangible Assets, Net	[H]	289,872 27 0,868	(15,481 21, 875)	274,391 24 8,993	0.0%	0.9 1.0%	1.8 2.0 %	-	2,500	5,000
Total Other Non Current Assets	[I]	110,761 11 3,541	-	110,761 11 3,541	0.0%	0.0%	0.0%	-	-	-
Total Long Term Assets		674,260 65 7,258	(11,825 21, 484)	662,435 63 5,774	0.6%	1.1%	1.7%	3,792 3,751	7,377 7,29 5	10,963 10,8 40
Total Assets		$ 2,597,460 2,563,309	$(113,365 49	$ 2,484,095 2,513,801	36.1 38.4%	39.5 41.7%	43.0 4 5.0%	$ 897,377 964	$ 982,414 1,048,231	$ 1,068,250 1 ,132,286
Less Liquidation Costs										
Chapter 7 Trustee Fee	[J]				3.0%	3.0%	3.0%	(26,921 28,9 48)	(29,472 31 ,447)	(32,048 33, 969)
Chapter 7 Professional Fees	[K]				2.0%	2.0%	2.0%	(17,948 19,2 99)	(19,648 20 ,965)	(21,365 22, 646)
Orderly Wind Down Cost	[L]				12.5 11.6%	11.4 10.7%	10.5 9. 9%	(112,104)	(112,104)	(112,104)
Total Liquidation Adjustment								$(156,973 160	$ (161,225 1 64,515)	$(165,516 1
Net Liquidation Proceeds Available for Distribution to all Creditors								$ 740,404 804	$821,190 88;	$902,734 96
(-) Less liquidation proceeds satisfying non-debtor claims	[M]							(8,067 11,77 3)	(8,582 12, 440)	(9,099 13,1 10)
Net Liquidation Proceeds Available for Distribution to Chapter 11 Creditors								$ 732,337 792	$812,608 87'	$893,644 95

	Notes	Ch 11 Estimated Claims $ Low	Midpoint	High	Ch 11 Recovery Estimate % Low	Midpoin	High	Ch 11 Recovery Estimate $ Low	Midpoint	High
Carveout Reserves	[N]	$42,486 46,	$42,486 46,	$42,486 46,50	100.0%	100.0%	100.0%	$42,486 46,50	$42,486 46,!	$42,486 46,5
DIP Claims	[O]	334,616 3 24,584	334,616 3 24,584	334,616 32 4,584	77.9 94.5%	100.0%	100.0%	260,746 30 6,694	334,616 3 24,584	334,616 32 4,584
Administrative Claims	[P]	173,738 2 04,951	173,738 2 04,951	173,738 20 4,951	0.0%	0.1 0.7%	1.1 1.6%	-	135 1,360	1,069 3,27 5
Priority Tax Claims	[Q]	27,125 18, 358	27,125 18, 358	27,125 18,3 58	0.0%	0.1 0.9%	0.9 2.1%	-	17 164	237 393
Class 1 Priority Non-Tax Claims	[R]	-	-		-0.0%	0.0%	0.0%	-	-	-
Class 2 Other Secured Claims	[S]	4,155	4,155	4,155	100.0%	100.0%	100.0%	4,155	4,155	4,155
Class 3 ABL Facility Claims	[T]	424,949 4 35,458	424,949 4 35,458	424,949 43 5,458	100.0%	100.0%	100.0%	424,949 43 5,458	424,949 4 35,458	424,949 43 5,458
Class 4 1L Notes Claims	[U]	1,394,468	1,394,468	1,394,468	0.0%	0.4 4.2%	6.1 9.8%	-	6,250 59,0 50	85,232 136 ,088
Class 5 1.25L Notes Claims	[V]	535,859	535,859	535,859	0.0%	0.0%	0.0%	-	-	-
Class 6-a Reserved		-	-		-0.0%	0.0%	0.0%	-	-	-
Class 6-b Reserved		-	-		-0.0%	0.0%	0.0%	-	-	-
Class 7-a General Unsecured Claims	[W]	2,143,762 2,082,568	2,083,643 2,008,129	2,024,661 1 ,933,590	0.0%	0.0%	0.0%	-	-	-
Class 7-b General Unsecured Convenience Claims	[X]	70,000 65, 000	72,500 67, 500	75,000 70,0 00	0.0%	0.0%	0.0%	-	-	-
Class 8 PIK Notes Claims	[Y]	157,155	157,155	157,155	0.0%	0.0%	0.0%	-	-	-
Class 9 Intercompany Claims	[Z]	-	-		-0.0%	0.0%	0.0%	-	-	-
Class 10 Existing Equity Interests	[AA]	-	-		-0.0%	0.0%	0.0%	-	-	-
Class 11 Intercompany Interests	[AB]	-	-		-0.0%	0.0%	0.0%	-	-	-

Notes

Estimated claims and recoveries exclude non-debtor amounts
Analysis assumes no preference recoveries
Claims are subject to ongoing assessment of potential claims to be filed

EXHIBIT D

UPDATED EXHIBIT D TO DISCLOSURE STATEMENT

VALUATION ANALYSIS

Exhibit D

VALUATION ANALYSIS

Disclaimers

The information contained in the summary Valuation Analysis, as prepared by PJT Partners, LP ("*PJT*"), is not a prediction or guarantee of the actual market value that may be realized from any funded indebtedness or securities to be issued pursuant to the Plan. The Valuation Analysis is presented solely for the purpose of providing adequate information under section 1125 of the Bankruptcy Code in respect of the solicitation of Claims entitled to vote to accept or reject the Plan, so that holders of such Claims can make an informed judgment about the Plan. The Valuation Analysis should not be used or relied on for any other purpose, including the purchase or sale of claims against the Debtors or any of their affiliates.[1]

The Valuation Analysis described herein does not purport to be a complete description of the analysis performed by PJT. The preparation of a valuation analysis involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an analysis is not readily suitable to summary description. The Valuation Analysis performed by PJT is not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those described herein.

PJT is acting as investment banker to the Debtors. PJT has not been and will not be responsible for, and has not and will not provide, any tax, accounting, actuarial, legal or other specialist advice to the Debtors or any other party in connection with the Debtors' Chapter 11 Cases, the Plan or otherwise.

The value of an operating business is subject to numerous uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of the business. As a result, the Valuation Analysis is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Debtors, PJT or any other person assumes responsibility for their accuracy. In addition, the potential value of newly issued or incurred funded debt and securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such funded debt and securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial funded debt and securities holdings of prepetition creditors (some of which may prefer to liquidate their investment immediately rather than hold their investment on a long-term basis), the potentially dilutive effect of certain events (including the issuance of equity securities pursuant to any management incentive plan), and other factors that generally influence the prices of funded debt and securities.

[1] All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Disclosure Statement for the Joint Plan of Reorganization of Wesco Aircraft Holdings, Inc. et al.* (the "*Disclosure Statement*") to which this analysis is attached as **Exhibit D**.

Exhibit D

Description of Valuation Analysis

Solely for the purposes of the Plan and the Disclosure Statement, PJT, as investment banker to the Debtors, has estimated a potential range of total enterprise value ("*Enterprise Value*") and implied equity value ("*Equity Value*") for the Reorganized Debtors *pro forma* for the restructuring transactions contemplated by the Plan (the "*Valuation Analysis*"). The Valuation Analysis is based on financial and other information provided to PJT by the Debtors' management and third-party advisors, the Financial Projections attached to the Disclosure Statement as Exhibit B, and information provided by other sources. The Valuation Analysis is as of March 15, 2024, with an assumed Effective Date of the Plan of May 31, 2024. The Valuation Analysis utilizes market data as of March 15, 2024. The valuation estimates set forth herein represent valuation analyses generally based on the application of customary valuation techniques to the extent deemed appropriate by PJT.

The estimated values set forth in this Valuation Analysis: (a) assume the Plan and the transactions contemplated thereby are consummated; (b) do not constitute an opinion on the terms and provisions or fairness from a financial point of view to any person of the consideration to be received by such person under the Plan; (c) do not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan; and (d) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors and/or their assets.

In preparing its valuation, PJT considered a variety of factors and evaluated a variety of financial analyses, including (a) comparable companies analysis; (b) precedent transactions analysis; and (c) discounted cash flow analysis. The preparation of a valuation analysis is a complex analytical process involving subjective determinations about which methodologies of financial analysis are most appropriate and relevant to the subject company and the application of those methodologies to particular facts and circumstances in a manner that is not readily susceptible to summary description.

Based on the aforementioned analyses, and other information described herein and solely for purposes of the Plan, the estimated range of Enterprise Value of the Reorganized Debtors, collectively, as of the assumed Effective Date of the Plan, is **approximately $1,400 million to approximately $1,900 million** (with the mid-point of that range being **approximately $1,650 million**).

In addition, based on the estimated range of Enterprise Value of the Reorganized Debtors and other information described herein and solely for purposes of the Plan, PJT estimated a potential range of total Equity Value of the Reorganized Debtors, which consists of the Enterprise Value less net funded indebtedness on the assumed Effective Date of the Plan. The Reorganized Debtors are projected to have funded indebtedness on the assumed Effective Date consisting of approximately (i) $370 million drawn under an ABL facility, and (ii) $754 million of notes. PJT has thus assumed that, as of the assumed Effective Date, the Reorganized Debtors will have approximately $1,124 million of total funded indebtedness, and net debt of approximately $1,050 million (net of approximate cash forecasted as of the assumed Effective Date). The amount of funded indebtedness as of the assumed Effective Date is subject to change based on the Effective

Date of the Plan and the Reorganized Debtors' final capital structure, including any fees on the ABL facility and notes described above.

Based upon the estimated range of Enterprise Value of the Reorganized Debtors of between approximately $1,400 million and approximately $1,900 million described above, and assuming forecasted net debt of approximately $1,050 million, PJT estimated that the potential range of Equity Value for the Reorganized Debtors, as of the assumed Effective Date, is between **approximately $350 million and approximately $850 million** (with the mid-point of such range being **approximately $600 million**).

	Low	Mid	High
Enterprise Value	$1,400	$1,650	$1,900
(-) Net Debt	(1,050)	(1,050)	(1,050)
Equity Value	$350	$600	$850

Key Assumptions

The Valuation Analysis reflects work performed by PJT on the basis of information in respect of the business and assets of the Debtors available to PJT as of March 15, 2024. It should be understood that, although subsequent developments may have affected or may affect PJT's conclusions in respect of the Valuation Analysis, PJT does not have any obligation to update, revise or reaffirm its estimates or the Valuation Analysis and does not intend to do so.

PJT did not independently verify the Financial Projections or other information that PJT used in the Valuation Analysis, and no independent valuations or appraisals of the Debtors or their assets or liabilities were sought or obtained in connection therewith. The Valuation Analysis was developed solely for purposes of the Plan and the analysis of potential relative recoveries to creditors thereunder. The Valuation Analysis reflects the application of various valuation techniques, does not purport to be an opinion and does not purport to reflect or constitute an appraisal, liquidation value, or estimate of the actual market value that may be realized through the sale of any securities or funded debt to be issued pursuant to, or assets subject to, the Plan, which may be significantly different than the amounts set forth in the Valuation Analysis.

For purposes of the Valuation Analysis, PJT assumed that no material changes that would affect estimated value occur between the date of this Disclosure Statement and the assumed Effective Date of the Plan. In addition, PJT assumed that there will be no material change in economic, monetary, market, industry, and other conditions that would impact any of the material information made available to PJT, as of the assumed Effective Date. PJT makes no representation as to the achievability or reasonableness of such assumptions. The Debtors undertake no obligation to update or revise statements to reflect events or circumstance that arise after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. PJT's Valuation

Analysis does not constitute an opinion as to the fairness from a financial point of view of the consideration to be received or paid under the Plan, of the terms and provisions of the Plan, or with respect to any other matters.

The Financial Projections include assumptions regarding the projected tax attributes (e.g., tax basis). The impact of any changes to these assumptions, including assumptions regarding the availability of tax attributes or the impact of cancellation of indebtedness income on the Financial Projections, could materially impact the Valuation Analysis. Such matters are subject to many uncertainties and contingencies that are difficult to predict.

The Debtors' management advised PJT that the Financial Projections were reasonably prepared in good faith and on a basis reflecting the Debtors' best estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. The Valuation Analysis assumed that the actual performance of the Reorganized Debtors will correspond to the Financial Projections in all material respects. If the business performs at levels below or above those set forth in the Financial Projections, such performance may have a materially negative or positive impact, respectively, on the Valuation Analysis, estimated potential ranges of valuation of the Reorganized Debtors, and the Enterprise Value thereof.

In preparing the Valuation Analysis, PJT: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain financial and operating data of the Debtors, including the Financial Projections; (c) discussed the Debtors' operations and future prospects with the Debtors' senior management team and third-party advisors; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that PJT deemed generally relevant in analyzing the value of the Reorganized Debtors; (e) reviewed certain publicly available data for, and considered the market value of, precedent transactions that PJT deemed generally relevant in analyzing the value of the Reorganized Debtors; and (f) considered certain economic and industry information that PJT deemed generally relevant to the Reorganized Debtors. PJT assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors' management and other parties as well as publicly available information.

The Valuation Analysis does not constitute a recommendation to any Holder of Allowed Claims, or any other person as to how such person should vote or otherwise act with respect to the proposed Restructuring. PJT has not been requested to, and does not express any view as to, the potential value of the Reorganized Debtors' funded debt and securities on issuance or at any other time.

EXHIBIT D-1

REDLINE OF EXHIBIT D TO DISCLOSURE STATEMENT

VALUATION ANALYSIS

VALUATION ANALYSIS

Disclaimers

The information contained in the summary Valuation Analysis, as prepared by PJT Partners, LP ("*PJT*"), is not a prediction or guarantee of the actual market value that may be realized from any funded indebtedness or securities to be issued pursuant to the Plan. The Valuation Analysis is presented solely for the purpose of providing adequate information under section 1125 of the Bankruptcy Code in respect of the solicitation of Claims entitled to vote to accept or reject the Plan, so that holders of such Claims can make an informed judgment about the Plan. The Valuation Analysis should not be used or relied on for any other purpose, including the purchase or sale of claims against the Debtors or any of their affiliates.[1]

The Valuation Analysis described herein does not purport to be a complete description of the analysis performed by PJT. The preparation of a valuation analysis involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an analysis is not readily suitable to summary description. The Valuation Analysis performed by PJT is not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those described herein.

PJT is acting as investment banker to the Debtors. PJT has not been and will not be responsible for, and has not and will not provide, any tax, accounting, actuarial, legal or other specialist advice to the Debtors or any other party in connection with the Debtors' Chapter 11 Cases, the Plan or otherwise.

The value of an operating business is subject to numerous uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of the business. As a result, the Valuation Analysis is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Debtors, PJT or any other person assumes responsibility for their accuracy. In addition, the potential value of newly issued or incurred funded debt and securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such funded debt and securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial

[1] ~~All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Disclosure Statement for the Joint Plan of Reorganization of Wesco Aircraft Holdings, Inc. et al.* (the "*Disclosure Statement*") to which this analysis is attached as **Exhibit D**.~~

funded debt and securities holdings of prepetition creditors (some of which may prefer to liquidate their investment immediately rather than hold their investment on a long-term basis), the potentially dilutive effect of certain events (including the issuance of equity securities pursuant to any management incentive plan), and other factors that generally influence the prices of funded debt and securities.

[1] All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Disclosure Statement for the Joint Plan of Reorganization of Wesco Aircraft Holdings, Inc. et al.* (the "*Disclosure Statement*") to which this analysis is attached as **Exhibit D**.

Description of Valuation Analysis

Solely for the purposes of the Plan and the Disclosure Statement, PIT, as investment banker to the Debtors, has estimated a potential range of total enterprise value ("*Enterprise Value*") and implied equity value ("*Equity Value*") for the Reorganized Debtors *pro forma* for the restructuring transactions contemplated by the Plan (the "*Valuation Analysis*"). The Valuation Analysis is based on financial and other information provided to PIT by the Debtors' management and third-party advisors, the Financial Projections attached to the Disclosure Statement as Exhibit B, and information provided by other sources. The Valuation Analysis is as of ~~December 13~~**March 15**, ~~2023~~**2024**, with an assumed Effective Date of the Plan of ~~February 29~~**May 31**, 2024. The Valuation Analysis utilizes market data as of ~~December 13~~**March 15**, ~~2023~~**2024**. The valuation estimates set forth herein represent valuation analyses generally based on the application of customary valuation techniques to the extent deemed appropriate by PIT.

The estimated values set forth in this Valuation Analysis: (a) assume the Plan and the transactions contemplated thereby are consummated; (b) do not constitute an opinion on the terms and provisions or fairness from a financial point of view to any person of the consideration to be received by such person under the Plan; (c) do not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan; and (d) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors and/or their assets.

In preparing its valuation, PIT considered a variety of factors and evaluated a variety of financial analyses, including (a) comparable companies analysis; (b) precedent transactions analysis; and (c) discounted cash flow analysis. The preparation of a valuation analysis is a complex analytical process involving subjective determinations about which methodologies of financial analysis are most appropriate and relevant to the subject company and the application of those methodologies to particular facts and circumstances in a manner that is not readily susceptible to summary description.

Based on the aforementioned analyses, and other information described herein and solely for purposes of the Plan, the estimated range of Enterprise Value of the Reorganized Debtors, collectively, as of the assumed Effective Date of the Plan, is **approximately $~~1,500~~1,400 million to approximately $~~2,000~~1,900 million** (with the mid-point of that range being **approximately $~~1,750~~1,650 million**).

In addition, based on the estimated range of Enterprise Value of the Reorganized Debtors and other information described herein and solely for purposes of the Plan, PIT estimated a potential range of total Equity Value of the Reorganized Debtors, which consists of the Enterprise Value less net funded indebtedness on the assumed Effective Date of the Plan. The

Reorganized Debtors are projected to have funded indebtedness on the assumed Effective Date consisting of approximately (i) $~~420~~**370** million drawn under an ABL facility, and (ii) $~~744~~**754** million of notes. ~~PJT~~**PIT** has thus assumed that, as of the assumed Effective Date, the Reorganized Debtors will have approximately $~~1,164~~**1,124** million of total funded indebtedness, and net debt of approximately $~~1,100~~**1,050** million (net of approximate cash forecasted as of the assumed Effective Date). The amount of funded indebtedness as of the assumed Effective Date is subject to change based on the Effective

Date of the Plan and the Reorganized Debtors' final capital structure, including any fees on the ABL facility and notes described above.

Based upon the estimated range of Enterprise Value of the Reorganized Debtors of between approximately $~~1,500~~1,400 million and approximately $~~2,000~~1,900 million described above, and assuming forecasted net debt of approximately $~~1,100~~1,050 million, PJT estimated that the potential range of Equity Value for the Reorganized Debtors, as of the assumed Effective Date, is between **approximately $~~400~~350 million and approximately $~~900~~850 million** (with the mid-point of such range being **approximately $~~650~~600 million**).

	Low	Mid	High
Enterprise Value	$~~1,500~~1,400	$~~1,750~~1,650	$~~2,000~~1,900
(-) Net Debt	(~~1,100~~1,050)	(~~1,100~~1,050)	(~~1,100~~1,050)
Equity Value	$~~400~~350	$~~650~~600	$~~900~~850

Key Assumptions

The Valuation Analysis reflects work performed by PJT on the basis of information in respect of the business and assets of the Debtors available to PJT as of ~~December 13~~March 15, ~~2023~~2024. It should be understood that, although subsequent developments may have affected or may affect PJT's conclusions in respect of the Valuation Analysis, PJT does not have any obligation to update, revise or reaffirm its estimates or the Valuation Analysis and does not intend to do so.

PJT did not independently verify the Financial Projections or other information that PJT used in the Valuation Analysis, and no independent valuations or appraisals of the Debtors or their assets or liabilities were sought or obtained in connection therewith. The Valuation Analysis was developed solely for purposes of the Plan and the analysis of potential relative recoveries to creditors thereunder. The Valuation Analysis reflects the application of various valuation techniques, does not purport to be an opinion and does not purport to reflect or constitute an appraisal, liquidation value, or estimate of the actual market value that may be realized through the sale of any securities or funded debt to be issued pursuant to, or assets subject to, the Plan, which may be significantly different than the amounts set forth in the Valuation Analysis.

For purposes of the Valuation Analysis, PJT assumed that no material changes that would affect estimated value occur between the date of this Disclosure Statement and the assumed Effective Date of the Plan. In addition, PJT assumed that there will be no material change in

economic, monetary, market, industry, and other conditions that would impact any of the material information made available to PJT, as of the assumed Effective Date. PJT makes no representation as to the achievability or reasonableness of such assumptions. The Debtors undertake no obligation to update or revise statements to reflect events or circumstance that arise after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. PJT's Valuation

Analysis does not constitute an opinion as to the fairness from a financial point of view of the consideration to be received or paid under the Plan, of the terms and provisions of the Plan, or with respect to any other matters.

The Financial Projections include assumptions regarding the projected tax attributes (e.g., tax basis). The impact of any changes to these assumptions, including assumptions regarding the availability of tax attributes or the impact of cancellation of indebtedness income on the Financial Projections, could materially impact the Valuation Analysis. Such matters are subject to many uncertainties and contingencies that are difficult to predict.

The Debtors' management advised ~~PJT~~PIT that the Financial Projections were reasonably prepared in good faith and on a basis reflecting the Debtors' best estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. The Valuation Analysis assumed that the actual performance of the Reorganized Debtors will correspond to the Financial Projections in all material respects. If the business performs at levels below or above those set forth in the Financial Projections, such performance may have a materially negative or positive impact, respectively, on the Valuation Analysis, estimated potential ranges of valuation of the Reorganized Debtors, and the Enterprise Value thereof.

In preparing the Valuation Analysis, ~~PJT~~PIT: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain financial and operating data of the Debtors, including the Financial Projections; (c) discussed the Debtors' operations and future prospects with the Debtors' senior management team and third-party advisors; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that ~~PJT~~PIT deemed generally relevant in analyzing the value of the Reorganized Debtors; (e) reviewed certain publicly available data for, and considered the market value of, precedent transactions that ~~PJT~~PIT deemed generally relevant in analyzing the value of the Reorganized Debtors; and (f) considered certain economic and industry information that ~~PJT~~PIT deemed generally relevant to the Reorganized Debtors. ~~PJT~~PIT assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors' management and other parties as well as publicly available information.

The Valuation Analysis does not constitute a recommendation to any Holder of Allowed Claims, or any other person as to how such person should vote or otherwise act with respect to the proposed Restructuring. ~~PJT~~PIT has not been requested to, and does not express any view as to, the potential value of the Reorganized Debtors' funded debt and securities on issuance or at any other time.