Docket #2480 Date Filed: 12/16/2024

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

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

STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN SUPPORT OF THE COMMITTEE SETTLEMENT INCORPORATED INTO THE FURTHER MODIFIED SECOND AMENDED JOINT CHAPTER 11 PLAN OF WESCO AIRCRAFT HOLDINGS, INC., *ET AL.*

(Related to Docket Nos. 1025, 1191, 1727, 1728, and 2408)

MCDERMOTT WILL & EMERY LLP

Charles R. Gibbs
Texas State Bar No. 7846300
Jack G. Haake
Texas State Bar No. 24127704
2501 North Harwood Street, Suite 1900
Dallas, TX 75201-1664

– and –

Kristin K. Going (admitted *pro hac vice*)
Darren Azman (admitted *pro hac vice*)
Deanna Boll (admitted *pro hac vice*)
One Vanderbilt Avenue
New York, NY 10017-5404

MORRISON & FOERSTER LLP

Lorenzo Marinuzzi (admitted *pro hac vice*)
Theresa A. Foudy (admitted *pro hac vice*)
Michael Birnbaum (admitted *pro hac vice*)
Benjamin Butterfield (admitted *pro hac vice*)
Raff Ferraioli (admitted *pro hac vice*)
250 West 55th Street
New York, NY 10019-9601

Counsel to the Official Committee of Unsecured Creditors of Wesco Aircraft Holdings, Inc., et al.

[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 each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at http://www.kccllc.net/incora/. The service address for each of the Debtors in these cases is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137.

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The Official Committee of Unsecured Creditors (the "Committee") of Wesco Aircraft Holdings, Inc. and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors"), respectfully submits this statement (this "Statement") regarding the *Further Modified Second Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc., et al.* [Docket No. 2408] (as amended, the "Plan").[2] In support of this Statement, the Committee relies upon the *Declaration of Joseph Denham in Support of the Statement of the Official Committee of Unsecured Creditors in Support of the Committee Settlement Incorporated into the Further Modified Second Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc., et al.* (the "**Denham Declaration**") (attached hereto as **Exhibit A**) and respectfully represents as follows:

PRELIMINARY STATEMENT

1. Shortly after its appointment on June 16, 2023, the Committee commenced an in-depth, comprehensive, and independent investigation into the Debtors' prepetition activities. The Committee focused its investigation on the leveraged buyout that closed in January 2020 (the "LBO") and the non-contractual claims arising from the 2022 Financing Transactions. The Committee identified numerous colorable claims and filed the Committee Standing Motion.[3] Ultimately, in January 2024, the Committee Standing Motion was resolved, and the terms of the settlement (the "Committee Settlement") were set forth in the Committee Settlement Stipulation.[4]

[2] Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan or the Committee Standing Motion unless otherwise stated.

[3] The "Committee Standing Motion" means the *Corrected Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors' Estates and (II) Claim Objection* [Docket No. 1025].

[4] The "Committee Settlement Stipulation" means the *Stipulation Regarding (A) Corrected Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors' Estates and (II) Claim Objection and (B) First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. et al.* [Docket No. 1191].

Pursuant to the terms of the Committee Settlement Stipulation, general unsecured creditors are entitled to, *inter alia*, a *pro rata* distribution of a pool of New Common Equity, the establishment of a convenience class, and the waiver and release of any potential preference claims.

2. The Committee Settlement satisfies each of the factors under Bankruptcy Rule 9019 and should be approved. As described below, the Committee Settlement is reasonable, represents a good-faith and arm's-length resolution of the various colorable claims asserted in the Committee Standing Motion, and is in the best interests of creditors. Accordingly, the Committee Settlement, as appropriately incorporated into the Plan, should be approved pursuant to Bankruptcy Rule 9019.

BACKGROUND

A. General Background

3. On June 1, 2023, the Debtors commenced voluntary cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the "Bankruptcy Code"). The Debtors are authorized to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. On June 16, 2023, pursuant to section 1102 of the Bankruptcy Code, the Office of the United States Trustee for Region 7 (Southern and Western Districts of Texas) (the "U.S. Trustee") appointed the following entities as members of the Committee: (a) BOKF, N.A.; (b) Parker Hannifin Corporation; and (c) Insight2Profit [Docket No. 261].

5. On July 24, 2023, the Committee filed the *Application of the Official Committee of Unsecured Creditors of Wesco Aircraft Holdings, Inc., et al., for Entry of an Order Authorizing the Employment and Retention of Morrison & Foerster LLP as Counsel, Effective as of June 23, 2023* [Docket No. 458] (the "Retention Application"). On September 6, 2023, the Court entered an order approving the Retention Application [Docket No. 722]. The Committee also selected McDermott Will & Emery LLP to serve as co-counsel to the Committee in these cases.

6. On July 24, 2023, the Committee filed the *Application of the Official Committee of Unsecured Creditors for Entry of an Order Authorizing the Employment and Retention of Piper Sandler & Co. LLP as Investment Banker to the Official Committee of Unsecured Creditors, Effective June 27, 2023* [Docket No. 459] (the "IB Retention Application"). On September 6, 2023, the Court entered an order approving the IB Retention Application [Docket No. 721].

7. On July 24, 2023, the Committee filed the *Application of the Official Committee of Unsecured Creditors for Entry of an Order Authorizing the Employment and Retention of Province, LLC as Financial Advisor to the Official Committee of Unsecured Creditors, Effective June 27, 2023* [Docket No. 460] (the "FA Retention Application"). On September 6, 2023, the Court entered an order approving the FA Retention Application [Docket No. 715].

8. Additional information regarding the Debtors' business, their capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Raymond Carney in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 13].

B. The Committee's Investigation and Standing Motion

9. Shortly after its appointment, the Committee commenced an in-depth, comprehensive, and independent investigation into the Debtors' prepetition activities, including the 2022 Uptier Transaction and the LBO. *See Denham Declaration* ¶10. The Committee's advisors reviewed tens of thousands of pages of materials produced in discovery, including board materials, historical and projected financial information about the Debtors, and emails and other communications during the course of the investigation. *See Denham Declaration* ¶10.

10. Notably, and unlike the parties to the 2022 Financing Adversary Proceeding, the Committee's investigation was not centered on whether the 2022 Uptier Transaction was permitted under the governing contracts. *See Denham Declaration* ¶10. Instead, the Committee was focused

on identifying colorable claims worthy of pursuit that the 2022 Uptier Transaction or the LBO gave rise to avoidable transfers, whether the Debtors' board of directors breached their fiduciary duties in approving the 2022 Uptier Transaction or the LBO, and whether the parties involved in those transactions engaged in conduct that could justify equitable subordination of their claims or secondary liability in connection with any fraudulent transfer or breach of fiduciary duty claims. *See id*.

11. This investigation culminated in the identification of numerous colorable claims. On December 5, 2023, the Committee filed the Committee Standing Motion by which the Committee sought derivative standing to assert and settle, among other things, certain claims and causes of action against various proposed defendants arising from, among other things, the 2022 Uptier Transaction and the LBO, on behalf of the Debtors' estates as set forth in the proposed complaint attached to the Committee Standing Motion as Exhibit B. The Committee's proposed causes of action generally fall into the following five categories: (1) causes of action, including constructive fraudulent transfer, breach of fiduciary duties, and equitable subordination, seeking to avoid certain transfers and to challenge certain decisions relating to the merger of Wesco and Pattonair into one combined company—Incora—pursuant to the LBO; (2) a constructive fraudulent transfer claim seeking to challenge payments of advisory fees to Platinum purportedly made in exchange for advisory services; (3) causes of action, including actual and constructive fraudulent transfer, insider preferential transfer, breach of fiduciary duties, aiding and abetting and knowingly participating in breach of fiduciary duties, and equitable subordination, in connection with the 2022 Uptier Transaction; (4) causes of action, including breach of fiduciary duties and constructive fraudulent transfer, in connection with a 2022 amendment to the Debtors' ABL Facility; and (5) a claim seeking to avoid unperfected security interests in certain of the Debtors'

bank accounts, director and officer insurance policies, and commercial tort claims. The Committee Standing Motion also sought the disallowance of claims for applicable premium or make-whole amounts as unmatured interest and argued that any claims asserted by Carlyle or Platinum should be disallowed unless and until they have returned certain payments received from the Debtors.

C. The Committee Settlement

12. Notwithstanding the Committee's efforts to identify and seek standing to pursue colorable claims, the Committee and its advisors remained committed to a consensual resolution of the Chapter 11 Cases. To that end, the Committee and its advisors continued to diligently engage with the Debtors and major case stakeholders. During the weeks leading up to the filing of the Committee Standing Motion, the Committee engaged in discussions with the Debtors, the First Lien Noteholder Group, the 2024/2026 Noteholder Group, and Langur Maize concerning a possible resolution of the claims and causes of action identified by the Committee. *See Denham Declaration* ¶13. Prior to filing the Committee Standing Motion, in late October 2023, Debtors' counsel sent Committee counsel a short email that contained the "key economic terms" of a restructuring proposal from the First Lien Noteholder Group. *See id.* That proposal failed to appropriately ascribe value to any claims and causes of action identified by the Committee and was viewed by the Committee as a non-starter. *See id.* Following extensive negotiations over the course of the following weeks, principally among the advisors to the Committee and the First Lien Noteholder Group, the Committee provided a responsive settlement proposal in mid-November 2023. *See id.* This marked the first of multiple rounds of settlement negotiations among the parties, and discussions continued during the period leading up to and after the Committee filed the Committee Standing Motion. *See id.* These discussions culminated in a settlement by which

the Committee agreed to support a chapter 11 plan that is acceptable to the Committee that would resolve the Committee Standing Motion.

13. The terms of this settlement are set forth in the Committee Settlement Stipulation and are incorporated in the Plan. The resolution includes the following terms:

- The pro rata distribution of 3.5% of the New Common Equity (the "Settlement Equity Pool") to holders of general unsecured claims subject to dilution by any New Common Equity issued in respect of the Management Incentive Plan.[5]

- The establishment of a "convenience class" consisting of unsecured claims of up to $1.5 million that will receive 10% recovery from a $7.5 million cash pool (the "Settlement Cash Pool," and together with the Settlement Equity Pool, the "Settlement Distributions"), instead of sharing pro rata in the Settlement Equity Pool. General unsecured creditors had the opportunity to opt into the convenience class by making a ballot election to waive any amount of their claims above the $1.5 million threshold.

- The holders of 1L Notes Claims shall not receive any distributions from the Settlement Distributions on account of any deficiency claim in respect of such 1L Notes Claims.

- The holders of 1.25L Notes Claims shall not, without consent of the Committee, receive any distributions on account of such 1.25L Notes Claims, and each 1.25L Notes Claim shall be released and cancelled on the Effective Date.

- The Debtors shall waive all "preference claims" arising under section 547 of the Bankruptcy Code, section 548 of the Bankruptcy Code to the extent arising under the same facts as section 547 of the Bankruptcy Code, or any state law equivalent thereof, in each case, whether asserted offensively or defensively (including in response to any Claim filed against the Debtors' Estates) against any party that does business with the Debtors or has been identified as an eligible critical vendor, in each case, as of the date of the Committee Settlement Stipulation.

- The appointment of a general unsecured claims observer to monitor the post-effective date claims reconciliation process.

- The Committee Settlement Stipulation includes a "fiduciary out" for the Committee. In other words, the Committee's agreement to support the Plan cannot force the Committee to take any action, or to refrain from taking any action, that

[5] The Settlement Equity Pool has been reduced in the Plan to reflect the import of the Bankruptcy Court's oral rulings made on the record on July 10, 2024, and clarified on August 13, 2024, in the 2022 Financing Adversary Proceeding, which rendered the previously unsecured 2026 Notes secured, thus reducing the general unsecured claims pool.

the Committee determines would constitute a breach of its fiduciary obligations to maximize value for, and take action in the best interests of, unsecured creditors.

14. The Committee agreed to hold the Committee Standing Motion in abeyance in connection with the Committee's agreement to support a "Committee Acceptable Plan."[6]

THE COMMITTEE SETTLEMENT SHOULD BE APPROVED

15. Bankruptcy Rule 9019(a) provides, in relevant part, that a bankruptcy court may, after appropriate notice and a hearing, approve a compromise or settlement so long as the proposed settlement is fair, reasonable, and in the best interest of the estate. *See* Fed. R. Bankr. P. 9019(a). Compromises and settlements are considered a "a normal part of the process of reorganization" and a "desirable and wise method[] of bringing to a close proceedings otherwise lengthy, complicated, and costly." *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980) (citing *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)).

16. Ultimately, approval of a compromise is within the sound discretion of the bankruptcy court. *See United States v. AWECO, Inc.* (*In re AWECO, Inc.*), 725 F.2d 293, 297 (5th Cir. 1984). Section 105(a) of the Bankruptcy Code, in pertinent part, empowers the Court to issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. 11 U.S.C. §105(a).

17. The Fifth Circuit sets forth a three-factor balancing test under which bankruptcy courts are to analyze proposed settlements. *See In re Jackson Brewing Co.*, 624 F.2d at 602. The factors the court considers are: (1) the probability of success in litigating the claim subject to

[6] On January 17, 2024, the Court entered the *Order Regarding Abatement of Corrected Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors' Estates and (II) Claim Objection* [Docket No. 1266].

settlement, with due consideration for the uncertainty in fact and law, (2) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) all other factors bearing on the wisdom of the compromise. *See id*.

18. These "other" factors—the so-called *Foster Mortgage* factors under the third factor referenced above—include: (i) "the best interests of the creditors, 'with proper deference to their reasonable views;'" and (ii) "'the extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.'" *In re Cajun Elec. Power Coop., Inc.*, 119 F.3d 349, 356 (5th Cir. 1997) (quoting *In re Foster Mortg. Corp.*, 68 F.3d 914, 917–18 (5th Cir. 1995))).

19. It is well-established that to be approved by a court, a proponent of a settlement only needs to demonstrate that the settlement falls "within the reasonable range of litigation possibilities somewhere above the lowest point in the range of reasonableness." *In re Nutritional Sourcing Corp.*, 398 B.R. 816, 833 (Bankr. D. Del. 2008). The role of the bmankruptcy court is generally not to decide the issues in dispute when evaluating a settlement, but should instead focus on "whether the settlement is fair and equitable as a whole." *Watts v. Williams*, 154 B.R. 56, 59 (Bankr. S.D. Tex. 1993).

20. Here, a weighing of the factors demonstrates that the Committee Settlement is in the best interest of creditors and other stakeholders, and should be approved.

21. *First*, although the Committee is confident in the strength of the claims it sought standing to bring, litigation is inherently uncertain, and the Committee would need to overcome a number of hurdles before ultimately prevailing on any given claim. *See Denham Declaration* ¶16. For instance, on its LBO-related clams, the Committee needed to establish that the Debtors were insolvent upon formation in January 2020 and overcome the defendant's safe harbor defense under section 546(e) of the Bankruptcy Code. As one other example, in respect of its claims for breach

of fiduciary duty, the Committee would have to establish not just that a breach occurred, but that the breach was the proximate cause of damages to the Debtors.

22. Most crucial to the Committee, however, was that the claims only provided a speculative chance of increasing recoveries for unsecured creditors. Based upon the Debtors' valuation of the Debtors' Estates, even were the Committee to prevail on its claims, general unsecured claims would remain "out of the money" under a majority of litigation outcomes. *See Denham Declaration* ¶16. Thus, the Committee viewed as beneficial a settlement that guaranteed recoveries to General Unsecured Creditors in the form of the Class 7a Settlement Equity Pool and the Settlement Cash Pool, as applicable, as well as benefited general unsecured creditors by releasing any preference exposure.[7] *See id.*

23. *Second*, the Committee Settlement will (and has) saved the Debtors' estates significant expenses (*i.e.*, the expense of funding litigation of the claims asserted in the Committee Standing Motion, and the expense of remaining in bankruptcy until that litigation concludes). Although the facts surrounding the Uptier Transaction were extensively litigated in the 2022 Financial Adversary Proceeding, the LBO-related claims were not, and would involve significant additional litigation and expense. Moreover, the Debtors' capital structure would have been subject to even further potential adjustments in the event the Committee prevailed on its LBO-related claims. The Committee Settlement alleviates the uncertainty surrounding the impact of such claims, and permitted the Debtors to focus on resolving the 2022 Financing Litigation and formulating a chapter 11 plan. *See Denham Declaration* ¶17.

[7] Based upon the Debtors' *Schedules of Assets and Liabilities* and the *Statements of Financial Affairs*, not including transfers to Katsumi Servicing, LLC, the Debtors made over $400 million in payments to vendors in the 90 days prior to the Petition Date. [Docket Nos. 512 – 556]. The release of potential preference exposure and costs of defense against preference lawsuits was thus a source of considerable value for a class of creditors who was otherwise recovering a fraction of what they were owed.

24. *Third*, the Committee Settlement is in the best interests of creditors. It is the product of extensive good-faith, arm's-length negotiations spanning over the course of months among the Committee, the Debtors, and the First Lien Noteholder Group, each of which was represented by sophisticated counsel and financial advisors. *See Denham Declaration* ¶17. Moreover, the Committee Settlement has the support of the vast majority of unsecured creditors. Holders of General Unsecured Convenience Claims in Class 7b voted to accept the Modified First Amended Plan, which incorporated the Committee Settlement.[8] Although Class 7a General Unsecured Claims voted as a class to reject the Modified First Amended Plan, the largest holders of 2027 Unsecured Notes Claims (which are classified in Class 7a) support the Committee Settlement, as evidenced by the Restructuring Support Agreement (the Consenting 2027 Unsecured Noteholders, as defined therein).[9] Further, Class 7a at the time of initial solicitation included "2026 Unsecured Notes Claims," which were subsequently removed from the class after the Court's determination that they were in fact secured obligations.

25. The Committee submits that the Committee Settlement satisfies each of the factors under Bankruptcy Rule 9019 and should be approved. The Committee Settlement is reasonable, represents a good-faith and arm's-length resolution of the various colorable claims asserted in the Committee Standing Motion, and is in the best interests of creditors. Accordingly, the Committee Settlement, as appropriately incorporated into the Plan, should be approved pursuant to Bankruptcy Rule 9019.

RESERVATION OF RIGHTS

[8] *See Disclosure Statement for the Modified Second Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc.* et al., § IV.B.2 [Docket No. 2083].

[9] *See* Exhibit F to *Disclosure Statement for the Modified First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc.* et al., § IV.B.2 [Docket No. 1208].

26. This Statement is submitted without prejudice to, and with a full reservation of, the Committee's rights, including to raise additional arguments and supplement this Statement as necessary to appropriately address any further issues presented by parties in interest. The Committee raised its concerns with certain specific provisions of the Plan in that *Limited Objection of the Official Committee of Unsecured Creditors to the Modified Second Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc., et al.* [Docket No. 2446], and the Committee continues to reserve all rights to object to confirmation of any chapter 11 plan that is not a Committee Acceptable Plan or in furtherance of the Committee's fiduciary duties.

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Dated: December 16, 2024

Respectfully submitted,

MCDERMOTT WILL & EMERY LLP

/s/ Charles R. Gibbs

Charles R. Gibbs
Texas State Bar No. 7846300
Jack G. Haake
Texas State Bar No. 24127704
2501 North Harwood Street, Suite 1900
Dallas, TX 75201-1664
Telephone: (214) 295-8000
Facsimile: (972) 232-3098
Email: crgibbs@mwe.com
jhaake@mwe.com

– *and* –

Kristin K. Going (admitted *pro hac vice*)
Darren Azman (admitted *pro hac vice*)
Deanna Boll (admitted *pro hac vice*)
One Vanderbilt Avenue
New York, NY 10017-5404
Telephone: (212) 547-5400
Facsimile: (212) 547-5444
Email: kgoing@mwe.com
dazman@mwe.com
dboll@mwe.com

MORRISON & FOERSTER LLP

/s/ Lorenzo Marinuzzi

Lorenzo Marinuzzi (admitted *pro hac vice*)
Theresa A. Foudy (admitted *pro hac vice*)
Michael Birnbaum (admitted *pro hac vice*)
Benjamin Butterfield (admitted *pro hac vice*)
Raff Ferraioli (admitted *pro hac vice*)
250 West 55th Street
New York, NY 10019-9601
Telephone: (212) 468-8000
Facsimile: (212) 468-7900
Email: lmarinuzzi@mofo.com
tfoudy@mofo.com
mbirnbaum@mofo.com
bbutterfield@mofo.com
rferraioli@mofo.com

Counsel to the Official Committee of Unsecured Creditors of Wesco Aircraft Holdings, Inc., et al.

CERTIFICATE OF SERVICE

I certify that on December 16, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Charles R. Gibbs
Charles R. Gibbs

EXHIBIT A

Declaration of Joseph Denham

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

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

DECLARATION OF JOSEPH DENHAM IN SUPPORT OF THE STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN SUPPORT OF THE COMMITTEE SETTLEMENT INCORPORATED INTO THE FURTHER MODIFIED SECOND AMENDED JOINT CHAPTER 11 PLAN OF WESCO AIRCRAFT HOLDINGS, INC., *ET AL.*

I, Joseph Denham, hereby declare, pursuant to 28 U.S.C. § 1746, as follows:

1. I am a Managing Director of Piper Sandler & Co. ("Piper Sandler"), an investment banking firm. I lead the team from Piper Sandler serving as investment banker to the Committee and am duly authorized to make and submit this declaration (the "Declaration") in connection with the *Statement of the Official Committee of Unsecured Creditors in Support of the Committee Settlement Incorporated into the Modified Second Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc.* et al. (the "Statement"), filed contemporaneously herewith.[2]

2. Except as otherwise indicated, all statements set forth in this Declaration are based upon (a) my personal knowledge of the facts set forth herein; (b) my review of relevant documents;

[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 defined herein shall have the meanings given to them in the Statement unless noted otherwise.

(c) information provided to me by Piper Sandler employees working under my supervision; and (d) my views based upon my experience and knowledge as a restructuring professional.

3. I am authorized to submit this Declaration on behalf of the Committee. I am over the age of 18 years, and if called upon to testify, I would testify competently to the facts and opinions set forth in this Declaration.

Background and Qualifications

4. Piper Sandler is an investment bank and institutional securities firm serving the needs of corporations, private equity groups, public entities, non-profit entities and institutional investors in the United States and internationally. Piper Sandler has more than 60 offices worldwide and more than 1,500 employees. On January 1, 2021, Piper Sandler acquired the independent investment bank TRS Advisors, which then became the restructuring group of Piper Sandler's investment banking division. The professionals at Piper Sandler specialize in providing high quality investment banking and financial restructuring services to debtors, creditors, and other stakeholders in bankruptcy reorganizations and other restructurings. Piper Sandler's professionals have been integral to some of the most complex restructuring transactions in public, private, and government settings. Piper Sandler has an excellent reputation for services it has rendered, and its professionals have significant restructuring and industry experience.

5. Piper Sandler and its professionals have extensive experience working with financially troubled companies from a variety of industries in complex financial restructurings, both out-of-court and in chapter 11 cases. Piper Sandler and its professionals have been retained as investment bankers and financial advisors in numerous cases, including, among others: *In re NanoString Technologies, Inc.,* Case No. 24-10160 (CTG) (Bankr. D. Del. Feb. 4, 2024); *In re Lifesize Inc.*, Case No. 23-50038 (DRJ) (Bankr. S.D. Tex. May 16, 2023); *In re Tuesday Morning*

Corp., Case No. 23-90001 (ELM) (Bankr. N.D. Tex. Feb. 14, 2023); *In re Heritage Power, LLC,* et al., Case No. 23-90032 (CML) (Bankr. S.D. Tex. Jan. 24, 2023); *In re HONX, Inc.*, Case No. 22-90035 (MI) (Bankr. S.D. Tex. May 17, 2022); *In re Cypress Environmental Partners, L.P.*, Case No. 22-90039 (MI) (Bankr. S.D. Tex. May 8, 2022); *In re GWG Holdings, Inc.*, Case No. 22-90032 (MI) (Bankr. S.D. Tex. Apr. 20, 2022); and *In re GTT Communications, Inc.*, Case No. 21-11880 (MEW) (Bankr. S.D.N.Y. Oct. 31, 2021).

6. I have more than twelve years of restructuring experience. I was a managing director and a member of the founding team of TRS Advisors, which, as noted above, was acquired by Piper Sandler in 2021. Before joining TRS Advisors, I was a member of the restructuring advisory business at Rothschild & Co. Earlier in my career, I worked in the M&A advisory business at Rothschild & Co. and at Ernst & Young. I received a First Class Master's Degree in Economics from Edinburgh University, and am a chartered accountant with the Institute of Chartered Accountants of Scotland.

7. Over the course of my education and career, I have developed expertise in advising companies and creditors across all aspects of financial restructuring, including the valuation of businesses and financial instruments. I have personally been involved in restructuring assignments where Piper Sandler and its professionals have been retained as investment bankers and financial advisors in numerous cases, including, among others: *In re Nanostring Technologies, Inc.*, Case No. 24-10160 (CTG) (Bankr. D. Del. Feb. 4, 2024); *In re Lifesize, Inc.*, Case No. 23-50038 (DRJ) (Bankr. S.D. Tex. May 16, 2023); *In re Envision Healthcare Corporation*, Case No. 23-90342 (CML) (Bankr. S.D. Tex. May 15, 2023); *In re HONX, Inc.*, Case No. 22-90035 (MI) (Bankr. S.D. Tex. Apr. 28, 2022); *In re Frontier Communications Corporation*, Case No. 20-22476 (RDD) (Bankr. S.D.N.Y. Apr. 14, 2020); *In re Windstream Holdings, Inc.*, Case No. 19-22312 (RDD)

(Bankr. S.D.N.Y. Feb. 25, 2019); *In re Ditech Holding Corporation*, Case No. 19-10412 (JLG) (Bankr. S.D.N.Y. Feb. 11, 2019); and *In re GT Advanced Technologies, Inc.*, Case No. 14-11916 (CJP) (Bankr. D.N.H. Oct. 6, 2014).

8. I submit this Declaration in support of the Committee Settlement incorporated into the Plan.

9. In my role as investment banker to the Committee, I am familiar with the Committee's investigation of potential claims and causes of action. Throughout these cases, supported by other members of the Piper Sandler team working under my supervision, I have, among other things, reviewed materials posted to the Debtors' data room, reviewed documents produced in discovery by multiple parties, and participated in discussions with the Committee's other advisors, the Debtors' investment banker, and the First Lien Noteholder Group's investment banker. I have also performed various analyses related to the claims and causes of action resolved pursuant to the Committee Settlement.

The Committee's Investigation and Standing Motion

10. The Committee conducted an independent investigation into the Debtors' prepetition affairs. The Committee's advisors reviewed tens of thousands of pages of materials produced in discovery, including board materials, historical and projected financial information about the Debtors, and emails and other communications during the course of the investigation. The scope of the Committee's investigation included the series of note exchanges and other transactions that occurred on or about March 28, 2022 (collectively, the "2022 Uptier Transaction"), as well as the leveraged buyout that closed in January 2020 (the "LBO"). Unlike the parties to the 2022 Financing Adversary Proceeding, the Committee's investigation was not centered on whether the 2022 Uptier Transaction was permitted under the governing contracts.

Instead, the Committee's investigation focused on whether there existed colorable claims worthy of pursuit that, among other things, (a) the 2022 Uptier Transaction or the LBO gave rise to avoidable transfers, (b) the Debtors' board of directors breached their fiduciary duties in approving the 2022 Uptier Transaction or the LBO, and (c) the parties involved in those transactions engaged in conduct that could justify equitable subordination of their claims or secondary liability in connection with any fraudulent transfer or breach of fiduciary duty claim.

11. The Committee's investigation resulted in the identification of numerous colorable claims and causes of action. In pursuit of these claims, the Committee filed the *Corrected Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors' Estates and (II) Claim Objection* [Docket No. 1025] (the "Committee Standing Motion").

12. Through the Committee Standing Motion, the Committee sought exclusive standing and authority to commence, prosecute, and settle certain claims on behalf of the Debtors' estates, which claims primarily relate to the 2022 Uptier Transaction and the LBO. The Committee's proposed causes of action generally fall into the following five categories: (1) causes of action, including constructive fraudulent transfer, breach of fiduciary duties, and equitable subordination, seeking to avoid certain transfers and to challenge certain decisions relating to the merger of Wesco and Pattonair into one combined company—Incora—pursuant to the LBO; (2) a constructive fraudulent transfer claim seeking to challenge payments of advisory fees to Platinum purportedly made in exchange for advisory services; (3) causes of action, including actual and constructive fraudulent transfer, insider preferential transfer, breach of fiduciary duties, aiding and abetting and knowingly participating in breach of fiduciary duties, and equitable subordination, in

connection with the 2022 Uptier Transaction; (4) causes of action, including breach of fiduciary duties and constructive fraudulent transfer, in connection with a 2022 amendment to the Debtors' ABL Facility; and (5) a claim seeking to avoid unperfected security interests in certain of the Debtors' bank accounts, director and officer insurance policies, and commercial tort claims. The Committee Standing Motion also sought the disallowance of claims for applicable premium or make-whole amounts as unmatured interest, and argued that any claims asserted by Carlyle or Platinum should be disallowed unless and until they return certain payments received from the Debtors.

The Committee Settlement

13. During the weeks leading up to the filing of the Committee Standing Motion, the Committee engaged in discussions with the Debtors, the First Lien Noteholder Group, the 2024/2026 Noteholder Group, and Langur Maize concerning a possible resolution of the claims and causes of action identified by the Committee. Prior to filing the Committee Standing Motion, in late October 2023, Debtors' counsel sent Committee counsel a short email that contained the "key economic terms" of a restructuring proposal from the First Lien Noteholder Group. That proposal failed to appropriately ascribe value to any claims and causes of action identified by the Committee and was viewed by the Committee as a non-starter. Following extensive negotiations over the course of the following weeks, principally among the advisors to the Committee and the First Lien Noteholder Group, the Committee provided a responsive settlement proposal in mid-November 2023. This marked the first of multiple rounds of settlement negotiations among the parties, and discussions continued during the period leading up to and after the Committee filed the Committee Standing Motion.

14. On January 8, 2024, the Committee, the Debtors, and the First Lien Noteholder Group entered into the *Stipulation Regarding (A) Corrected Omnibus (I) Motion of the Official Committee of Unsecured Creditors for Exclusive Leave, Standing, and Authority to Prosecute and Settle Certain Claims, Causes of Action, and Claim Objections on Behalf of the Debtors' Estates and (II) Claim Objection and (B) First Amended Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc.* et al. [Docket No. 1191], memorializing the Committee Settlement to be incorporated in the Plan. The Committee Settlement effected a resolution of the Committee Standing Motion in exchange for meaningful consideration for unsecured creditors. The terms of the Committee Settlement are summarized as follows:

- The pro rata distribution of 3.5% of the New Common Equity (the "Settlement Equity Pool") to holders of general unsecured claims, subject to dilution by any New Common Equity issued in respect of the Management Incentive Plan.

- The establishment of a "convenience class" consisting of any unsecured claims that are allowed for amounts less than $1.5 million that will receive up to 10% recovery from a $7.5 million cash pool (the "Settlement Cash Pool," and together with the Settlement Equity Pool, the "Settlement Distributions"), instead of sharing pro rata in the Settlement Equity Pool. General unsecured creditors were given the opportunity to opt into the convenience class by making a ballot election to waive any amount of their claims above the $1.5 million threshold.

- The holders of 1L Notes Claims shall not receive any distributions from the Settlement Distributions on account of any deficiency claim in respect of such 1L Notes Claims.

- The holders of 1.25L Notes Claims shall not, without consent of the Committee, receive any distributions on account of such 1.25L Notes Claims, and each 1.25L Notes Claim shall be released and cancelled on the Effective Date.

- The Debtors shall waive all "preference claims" arising under section 547 of the Bankruptcy Code, section 548 of the Bankruptcy Code to the extent arising under the same facts as section 547 of the Bankruptcy Code, or any state law equivalent thereof, in each case, whether asserted offensively or defensively (including in response to any Claim filed against the Debtors' Estates) against any party that does business with the Debtors or has been identified as an eligible critical vendor, in each case, as of the date of the Committee Settlement Stipulation.

- The appointment of a general unsecured claims observer to monitor the post-effective date claims reconciliation process.

- The Committee Settlement Stipulation includes a "fiduciary out" for the Committee. In other words, the Committee's agreement to support the Plan cannot force the Committee to take any action, or to refrain from taking any action, that the Committee determines would constitute a breach of its fiduciary obligations to maximize value for, and take action in the best interests of, unsecured creditors.

15. The terms of the Committee Settlement were heavily negotiated over the course of over approximately two months. It is my understanding that each party had the opportunity to conduct extensive and independent evaluations of the Committee Standing Motion and associated litigation risk. It is also my understanding that each party was assisted by experienced legal and financial advisors in this process.

16. During the course of these negotiations, the Piper Sandler team and I evaluated various proposals and settlement options holistically. In particular, I analyzed the claims and causes of action in the Committee Standing Motion and considered, given a range of probabilities of success, their potential impact on the Debtors' pro forma capital structure, the claims pool, and unsecured creditor recoveries under an illustrative range of estimated enterprise values of the Debtors. I conclude that under the majority of the litigation outcomes considered, unsecured claims would fail to recover or have *de minimis* recoveries when considered in the context of the Debtors' valuation range. Thus, the Committee, in consultation with its professionals, concluded that it was in the best interests of unsecured creditors to enter into a settlement that guarantees recoveries for unsecured creditors in the form of the Settlement Equity Pool and creation of the Convenience Class that prevents potential exposure of unsecured creditors to preference litigation by the Debtors' Estates, and eliminates the costs, risk, and delay of further litigation over the merits of the Committee's claims.

The Committee Settlement Should Be Approved

17. The Committee Settlement is the product of good-faith, arm's-length negotiations, and the terms of the Committee Settlement are fair and reasonable and in the best interests of unsecured creditors. Although the Committee is confident in the merits of the claims and causes of action identified in the Committee Standing Motion, it understands that litigating the Committee Standing Motion would involve significant time, expense, and risk inherent in any litigation. The Committee Settlement maximizes value of the Debtors' estates for all parties by providing for unsecured creditor recoveries while avoiding the expense, delay, and uncertainty of litigation and bringing final resolution to the Committee Standing Motion.

18. I participated in numerous meetings with the Committee and other professional advisors to, among other things, assess and discuss whether it was in the best interests of unsecured creditors to enter into the Committee Settlement. Based on my review of the Committee Settlement and my participation in the discussions culminating in the Committee Settlement, and for the reasons described herein, it is my opinion that the Committee Settlement is in the best interests of all unsecured creditors.

[*Remainder of this page intentionally left blank*]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 16, 2024
New York, New York

/s/ Joseph Denham
Joseph Denham