



August 16, 2019

To: Unsecured Creditors of AE Bicycle Liquidation, Inc.
(f/k/a Advanced Sports Enterprises, Inc.), et al.

Re: In re AE Bicycle Liquidation, Inc., et al. (Case No. 18-80856) (Jointly Administered)

Statement of the Official Committee of Unsecured Creditors in Support of the Joint Plan of Liquidation of the Debtors (the "Plan")¹

Dear Creditor:

The undersigned firms represent the Official Committee of Unsecured Creditors (the "Committee") of AE Bicycle Liquidation, Inc. (f/k/a Advanced Sports Enterprises, Inc.), et al. (collectively, the "Debtors") in their Chapter 11 Cases pending before the Honorable Benjamin A. Kahn in the United States Bankruptcy Court for the Middle District of North Carolina, Durham Division. The nine-member Committee was appointed on November 27, 2018 to represent unsecured creditors in all five of the Debtors' Chapter 11 Cases. The Committee is comprised of unsecured creditors of all five of the Debtors' estates.

Copies of the Plan and related disclosure statement (the "Disclosure Statement"), along with a ballot with which to cast your vote, are available online at the Bankruptcy Court's website: <http://www.ncmb.uscourts.gov>. The Committee supports the Plan and urges you to vote in favor of the Plan by so indicating on the enclosed ballot.

Since its appointment, the Committee has taken an active role in the Debtors' bankruptcy cases. As set forth in the Disclosure Statement, on April 5, 2019, the Committee commenced two Adversary Proceedings seeking to avoid and invalidate certain liens and secured claims asserted against the Debtors by Advanced Holdings, York Street, and Ideal (collectively, the "Secured Lenders"). Shortly after the Adversary Proceedings were commenced, the Debtors, the Committee, and the Secured Lenders engaged in multiple rounds of good faith negotiations concerning a consensual resolution of the claims asserted in the Adversary Proceedings and an exit strategy for the bankruptcy cases. To avoid the expense, delay and uncertainty of litigation, the parties agreed to resolve any and all potential disputes among them, including those related to the Adversary Proceedings, as set forth more fully in the Disclosure Statement.

The Committee believes that acceptance of the Plan is in the best interests of unsecured creditors of each of the five Debtors, and has concluded that the treatment thereunder represents an improvement over the treatment that unsecured creditors might expect in a liquidation under chapter 7 of the Bankruptcy Code or in chapter 11 absent the Plan. In light of the foregoing, the Committee recommends that you vote in favor of the Plan by so indicating on the ballot.

¹ Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Plan. In the event of any conflict between this letter and the Plan, the terms of the Plan shall control.



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In order to count, ballots must be returned by first class mail, overnight courier or hand delivery to: **John A. Northen, Northen Blue, LLP, 1414 Raleigh Rd., Suite 435, Chapel Hill, NC 27517** and be **received no later than 5:00 p.m. (prevailing Eastern Time) on October 7, 2019**. Ballots transmitted by facsimile, telecopy, or other means of electronic transmission will **not** be counted.

The description in this letter of the terms of the Plan is qualified by and subject to the discussion and provisions contained in the Plan and Disclosure Statement. The Disclosure Statement contains extensive information with respect to the Plan that you should review. **The Committee urges you to read the Plan and the Disclosure Statement carefully before you cast a vote(s) to accept or reject the Plan and to consult with counsel to the extent you deem that necessary.** The Bankruptcy Court hearing on confirmation of the Plan is set for **October 22, 2019, at 9:30 a.m.** (prevailing Eastern time).

Please contact the undersigned with any questions regarding this matter.

Very truly yours,

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