

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re : Chapter 11  
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AEROCENTURY CORP., *et al.*, : Case No. 21-10636 (JTD)  
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Debtors.<sup>1</sup> : (Jointly Administered)  
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**NOTICE OF (I) NOTIFICATION PROCEDURES APPLICABLE TO SUBSTANTIAL SHAREHOLDERS AND 50-PERCENT SHAREHOLDERS OF AEROCENTURY CORP. COMMON STOCK, (II) NOTIFICATION AND HEARING PROCEDURES FOR TRANSFERRING AEROCENTURY CORP. COMMON STOCK, (III) NOTIFICATION AND HEARING PROCEDURES FOR TAKING A WORTHLESSNESS DEDUCTION WITH RESPECT TO AEROCENTURY CORP. COMMON STOCK, AND (IV) ALLOWING A HEARING ON THE PROSPECTIVE APPLICATION THEREOF**

**TO: CERTAIN PERSONS OR ENTITIES WITH COMMON STOCK IN AEROCENTURY CORP.**

**PLEASE TAKE NOTICE** that on March 29, 2021 (the “Petition Date”), AeroCentury Corp. (“AeroCentury”) and its above-captioned affiliates (collectively, the “Debtors”), commenced chapter 11 cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended (the “Bankruptcy Code”). Subject to certain exceptions, Bankruptcy Code Section 362 operates as a stay of any act to obtain possession of property of the Debtors’ estates or to exercise control over property of the Debtors’ estates.

**PLEASE TAKE FURTHER NOTICE** that on March 29, 2021, the Debtors filed a motion (the “Motion”) seeking entry of an order pursuant to Bankruptcy Code Sections 105(a), 362(a)(3), and 541 establishing certain notice and hearing procedures that must be satisfied before certain shareholders may make transfers of, or worthlessness deductions with respect to, common stock in AeroCentury (the “Common Stock”).

**PLEASE TAKE FURTHER NOTICE** that on March 31, 2021, the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) entered an interim order approving the procedures set forth in the Motion to preserve the Debtors’ ability to fully utilize their Tax Attributes (as defined in the Motion) pursuant to Bankruptcy Code Sections 105(a), 362(a)(3), and 541 (the “Interim Order”). Capitalized terms used but not defined herein

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their federal employer identification number, are: AeroCentury Corp. (3974); JetFleet Holding Corp. (5342); and JetFleet Management Corp. (0929). The Debtors’ mailing address is 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010.



shall have the same meanings ascribed to them in the Interim Order, unless otherwise stated. Any purchase, sale, or other transfer of, or the taking of any worthlessness deduction with respect to, Common Stock in violation of the procedures set forth below shall be null and void *ab initio* as an act in violation of the automatic stay under Bankruptcy Code Section 362.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Interim Order, the following procedures shall apply to owning and transferring Common Stock (the “Equity Transfer Procedures”):<sup>2</sup>

- (a) Any person or entity (as defined in Treasury Regulations section 1.382-3(a)) who currently is or hereafter becomes a Substantial Shareholder (as such term is defined in paragraph (e) below) must file with the Bankruptcy Court, and serve upon (i) the Debtors, 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010, Attn: Christopher B. Tigno, Esq.; (ii) proposed co-counsel to the Debtors, (a) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Joseph M. Barry, Esq., and Ryan M. Bartley, Esq., and (b) Morrison & Foerster LLP, 250 West 55th Street, New York, NY 10019-9601, Attn: Lorenzo Marinuzzi, Esq., and Erica J. Richards, Esq.; (iii) the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Linda Casey, Esq.; and (iv) counsel to the prepetition lender, Vedder Price 222 North LaSalle Street, Chicago, Illinois 60601, Attn: Neil Poland and David L. Kane; (v) counsel to any committee appointed under section 1102 of the Bankruptcy Code in the Chapter 11 Cases; and (vi) to the extent not listed herein, those parties requesting notice pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”), a notice of such status (each a “Notice of Status as Substantial Shareholder”) on or before the later of (i) twenty (20) calendar days after entry of the Interim Order or (ii) ten (10) days after becoming a Substantial Shareholder.
- (b) At least twenty (20) calendar days prior to effectuating any transfer of Common Stock (including options to acquire Common Stock, as defined in paragraph (e) below) that would result in an increase in the amount of Common Stock beneficially owned by a Substantial Shareholder, or would result in a person or entity becoming a Substantial Shareholder, such Substantial Shareholder, person or entity must file with the Bankruptcy Court, and serve upon the Notice Parties, an advance written notice of the intended transfer of Common Stock (each a “Notice of Intent to Purchase, Acquire, or Otherwise Accumulate”).

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<sup>2</sup> This summary is qualified in its entirety by reference to the provisions of the Interim Order. To the extent any inconsistency exists between this Notice and the Interim Order, the terms of the Interim Order shall govern and control.

- (c) At least twenty (20) calendar days prior to effectuating any transfer of Common Stock (including options to acquire Common Stock) that would result in a decrease in the amount of Common Stock beneficially owned by a Substantial Shareholder, or would result in a person or entity ceasing to be a Substantial Shareholder, such Substantial Shareholder, person or entity must file with the Bankruptcy Court, and serve upon the Notice Parties, an advance written notice of the intended transfer of Common Stock (each a “Notice of Intent to Sell, Trade, or Otherwise Transfer” and, collectively with each Notice of Intent to Purchase, Acquire, or Otherwise Accumulate, a “Notice of Proposed Transfer”).
- (d) The Debtors (and other parties in interest) shall have twenty (20) calendar days after receipt of a Notice of Proposed Transfer to file with the Bankruptcy Court and serve upon such Substantial Shareholder, person or entity an objection to any proposed transfer of Common Stock described in the Notice of Proposed Transfer on the grounds that such transfer might adversely affect the Debtors’ ability to utilize their Tax Attributes. If the Debtors (or any other parties in interest) file an objection, such transfer would not be effective unless approved by a final and non-appealable order of the Bankruptcy Court. If no objection is filed within such 20-day period, such transfer shall be permitted to proceed solely as set forth in the Notice of Proposed Transfer. Further transfers within the scope of this paragraph (d) shall be the subject of additional notices as set forth herein, with additional 20-day waiting periods.
- (e) For purposes of these procedures: (i) a “Substantial Shareholder” is any person or entity that beneficially owns in excess of: (A) 73,429 shares of Common Stock (representing approximately 4.75% of all issued and outstanding shares of Common Stock); (ii) “beneficial ownership” of equity interests means beneficial ownership for U.S. federal income tax purposes as determined in accordance with applicable rules under Section 382 of the Internal Revenue Code of 1986, as amended (the “Tax Code”), Treasury Regulations promulgated thereunder and rulings issued by the Internal Revenue Service, and thus, to the extent provided therein, from time to time shall include, without limitation, (A) direct and indirect, actual and constructive, beneficial ownership (for example, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), (B) ownership by such holder’s family members and other related persons and persons acting in concert with such holder to make a coordinated acquisition of stock, and (C) ownership of shares which such holder has an option to acquire; and (iii) an “option” to acquire stock includes any option, contingent purchase, warrant, put, stock subject to risk of

forfeiture, contract to acquire stock, or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

- (f) Effective as of the Petition Date and until further order of the Court to the contrary, any purchase, sale, or other transfer of beneficial ownership of Common Stock, including options to acquire Common Stock, in violation of these procedures shall be null and void *ab initio* as an act in violation of the automatic stay under Bankruptcy Code Section 362.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Interim Order, the following procedures shall apply to taking worthlessness deductions, for income tax purposes, with respect to AeroCentury common stock (the “Worthless Stock Deduction Procedures”):<sup>3</sup>

- (a) Any person or entity that currently is or becomes a 50-percent Shareholder (as such term is defined in paragraph (d) below) must file with the Bankruptcy Court, and serve upon the Notice Parties, a notice of such status (each a “Notice of Status as a 50-percent Shareholder”) on or before the later of (i) twenty (20) calendar days after entry of the Interim Order or (ii) ten (10) days after becoming a 50-percent Shareholder.
- (b) At least twenty-eight (28) calendar days prior to filing any income tax return, or any amendment to such a return, taking any worthlessness deduction with respect to Common Stock for a tax year ending before the Debtors’ emergence from chapter 11 protection, such 50-percent Shareholder must file with the Bankruptcy Court, and serve upon the Notice Parties, an advance written notice of the intended worthlessness deduction (each a “Notice of Intent to Take a Worthless Stock Deduction”).
- (c) The Debtors (and any other parties in interest) shall have twenty (20) calendar days after receipt of a Notice of Intent to Take a Worthless Stock Deduction to file with the Bankruptcy Court and serve upon such 50-percent Shareholder an objection to any proposed worthlessness deduction described in the Notice of Intent to Take a Worthless Stock Deduction on the grounds that such deduction might adversely affect the Debtors’ ability to utilize their Tax Attributes. If the Debtors (or any other parties in interest) file an objection, the filing of the income tax return with such deduction would not be permitted or effective unless approved by a final and non-appealable order of the Bankruptcy Court. If no objection is filed within such 20-day period, the filing of the income tax return

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<sup>3</sup> This summary is qualified in its entirety by reference to the provisions of the Interim Order. To the extent any inconsistency exists between this Notice and the Interim Order, the terms of the Interim Order shall govern and control.

with such deduction shall be permitted as set forth in the Notice of Intent to Take a Worthless Stock Deduction. Additional income tax returns within the scope of this paragraph (c) shall be the subject of additional notices as set forth herein, with additional 20-day waiting periods.

- (d) For purposes of these procedures: (i) a “50-percent Shareholder” is any person or entity that at any time during the three-year period ending on the Petition Date has had beneficial ownership of 50% or more of Common Stock or is otherwise considered a 50-percent shareholder of AeroCentury within the meaning of Section 382(g)(4)(D) of the Tax Code; (ii) “beneficial ownership” of equity interests means beneficial ownership for U.S. federal income tax purposes as determined in accordance with applicable rules under Section 382 of the Tax Code, Treasury Regulations promulgated thereunder and rulings issued by the Internal Revenue Service, and thus, to the extent provided therein, from time to time shall include, without limitation, (A) direct and indirect, actual and constructive, beneficial ownership (for example, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), (B) ownership by such holder’s family members and other related persons and persons acting in concert with such holder to make a coordinated acquisition of stock, and (C) ownership of shares which such holder has an option to acquire; and (iii) an “option” to acquire stock includes any option, contingent purchase, warrant, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.
- (e) In the event that a 50-percent Shareholder takes a worthlessness deduction with respect to Common Stock in violation of these procedures, such worthlessness deduction shall be null and void *ab initio* as an act in violation of the automatic stay under Bankruptcy Code Section 362, and such 50-percent Shareholder shall be required to file an amended income tax return, as applicable, revoking such worthlessness deduction.

**PLEASE TAKE FURTHER NOTICE** that, upon written request, the Debtors’ notice and claims agent, Kurtzman Carson Consultants LLC (“KCC”), will provide a form of each of the required notices described above.

**PLEASE TAKE FURTHER NOTICE** that KCC can be contacted online at <http://www.kccllc.net/aerocentury>, or by calling (866) 967-1783 (U.S./Canada) or (310) 751-2683 (International).

**FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE OF ORDER AND THE INTERIM ORDER SHALL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY PROVISIONS OF BANKRUPTCY CODE SECTION 362.**

**ANY PROHIBITED PURCHASE, SALE, TRADE, OR OTHER TRANSFER OF, OR THE TAKING OF ANY WORTHLESSNESS DEDUCTION WITH RESPECT TO, COMMON STOCK IN VIOLATION OF THE INTERIM ORDER BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE BANKRUPTCY COURT.**

**PLEASE TAKE FURTHER NOTICE** that the requirements set forth in this Notice of Order are in addition to the requirements of Bankruptcy Rules 3001 and 3002 and all applicable securities, corporate and other laws, and do not waive compliance or excuse non-compliance therewith.

**PLEASE TAKE FURTHER NOTICE** that if no written objections to the Motion are timely filed, served and received in accordance with the requirements set forth below, a final order will be submitted which will provide that the Motion shall be granted in its entirety on a final basis. If timely written objections are filed, served and received, a hearing (the "Hearing") to consider approval of the Motion on a final basis will be held at 2:00 p.m. prevailing Eastern Time on April 26, 2021, before the Honorable John T. Dorsey.

**PLEASE TAKE FURTHER NOTICE** that objections, if any, to final approval of the Motion must (a) be in writing, (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court for the District of Delaware, (c) be filed on or before 4:00 p.m. prevailing Eastern Time on April 16, 2021 (the "Objection Deadline") with the Clerk for the United States Bankruptcy Court for the District of Delaware, and (d) be served on the Notice Parties so as to be **ACTUALLY RECEIVED** on or before the Objection Deadline.

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**PLEASE TAKE FURTHER NOTICE** that only those objections made in writing and timely filed and received by the Objection Deadline will be considered by the Bankruptcy Court at the Hearing, and that if no objections to the Motion are timely filed and served in accordance with the procedures set forth herein, then the Bankruptcy Court may enter a final order granting the Motion **without further notice**.

Dated: March 31, 2021  
Wilmington, Delaware

*/s/ Joseph M. Mulvihill*

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