

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : Chapter 11
AEROCENTURY CORP., *et al.*, :
Debtors.¹ : Case No. 21-10636 (JTD)
: (Jointly Administered)
: Re: Docket No. 12
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ORDER (I) APPROVING BIDDING PROCEDURES IN CONNECTION WITH THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (II) AUTHORIZING THE DEBTORS TO ENTER INTO THE STALKING HORSE PURCHASE AGREEMENT, (III) SCHEDULING AN AUCTION FOR AND HEARING TO APPROVE THE SALE; (IV) APPROVING NOTICE OF RESPECTIVE DATE, TIME AND PLACE FOR AUCTION AND FOR HEARING ON APPROVAL OF SALE; (V) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (VI) APPROVING FORM AND MANNER OF NOTICE THEREOF; AND (VII) GRANTING RELATED RELIEF

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (the "Debtors") for, among other relief, entry of an order authorizing or approving (a) the bidding procedures (in the form attached hereto as Exhibit 1, the "Bidding Procedures") in connection with the sale or disposition (the "Sale") of the Debtors' assets (the "Assets"), (b) entry into the asset purchase agreement (the "Stalking Horse Purchase Agreement") and the bid represented therein, the "Stalking Horse Bid") with Drake Asset Management Jersey Limited (the "Stalking Horse Bidder"); (c) the notice of the Auction and Sale and hearing thereon (in the form attached hereto as Exhibit 2, the "Notice of Auction and Sale Hearing"), (d) the procedures (the "Assignment Procedures"), as set forth below, for the assumption and assignment of certain of the

¹ 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 94014.

² Capitalized terms used but not otherwise defined herein are to be given the meanings ascribed to them in the Motion.



Debtors' executory contracts or unexpired leases, as applicable (the "Designated Contracts"), and (e) the notice of the potential assumption and assignment of the Designated Contracts (in the form attached hereto as Exhibit 3, the "Notice of Assumption and Assignment"); and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having found that venue of the Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given except as set forth herein with respect to the Auction, the Sale Hearing and the potential assumption and assignment of the Designated Contracts; and a reasonable opportunity to object to or be heard regarding the relief provided herein has been afforded to parties-in-interest pursuant to Bankruptcy Rule 6004(a); and this Court having considered the First Day Declaration and the Rosen Declaration; and this Court having found that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and this Court having found that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AS FOLLOWS:³

³ The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

A. The Bidding Procedures attached hereto as **Exhibit 1** are fair, reasonable and appropriate, and are designed to maximize the value to be achieved from the Sale.

B. The Bidding Procedures comply with the requirements of Local Rule 6004-1(c).

C. The Assignment Procedures provided for herein are fair, reasonable and appropriate, and are consistent with the provisions of section 365 of the Bankruptcy Code.

D. The Debtors have articulated good and sufficient business reasons for this Court to approve (i) the Bidding Procedures, including the scheduling of bid deadlines, an auction and a sale hearing with respect to the proposed Sale; and (ii) the establishment of procedures to assume and assign the Designated Contracts and fix the Cure Costs (as defined below) to be paid pursuant to section 365 of the Bankruptcy Code.

E. The Stalking Horse Bid was negotiated by the parties at arm's length and in good faith by the Debtors and the Stalking Horse Bidder. Furthermore, the Stalking Horse Bid will serve as a minimum or floor bid on which the Debtors, their creditors, suppliers, vendors, and other bidders may rely. The Stalking Horse Bidder is providing a material benefit to the Debtors and their creditors by increasing the likelihood that, given the circumstances, the best possible price for the Assets will be received. Accordingly, the Stalking Horse Bid is reasonable and appropriate, and represents the best method for maximizing value for the benefit of the Debtors' estates.

F. The Notice of Auction and Sale Hearing, and the Debtors' proposed publication thereof, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Auction, the Sale, the Bidding Procedures, and the Assignment Procedures to be employed in connection therewith, including, without limitation: (i) the date, time and place of the Auction (if one is held); (ii) the Bidding Procedures and the dates and deadlines related thereto; (iii) the objection deadline for the Sale and the date, time and place of the Sale Hearing;

(iv) reasonably specific identification of the Assets; and (v) representations describing the Sale as being free and clear of liens, claims, interests and other encumbrances, with all such liens, claims, interests and other encumbrances attaching with the same validity and priority to the proceeds of the Sale; and no other or further notice of the Sale shall be required.

G. The Notice of Assumption and Assignment is appropriate and reasonably calculated to provide each non-debtor party to any Designated Contracts (such parties, collectively, the “Non-Debtor Counterparties”) with proper notice of the Assignment Procedures. The inclusion of any Designated Contract on a Notice of Assumption and Assignment does not constitute an admission that a particular Designated Contract is an executory contract or unexpired lease of property or require, or guarantee, that such Designated Contracts will be assumed and assigned, and all rights of the Debtors with respect thereto are reserved.

H. No further notice beyond that described in the foregoing paragraphs is required in connection with the Sale.

I. The entry of this order (this “Bidding Procedures Order”) is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. All objections to the Motion or the relief provided herein, as they pertain to the entry of this Order, that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby overruled and denied on the merits.
3. The Debtors are authorized to enter into the Stalking Horse Purchase Agreement with the Stalking Horse Bidder. The Stalking Horse Purchase Agreement is a Qualified Bid, and

the Stalking Horse Bidder is a Qualified Bidder, for all purposes and requirements (including the Bid Requirements) pursuant to the Bidding Procedures.

4. Pursuant to section 363(k) of the Bankruptcy Code, the Stalking Horse Bidder is authorized to credit bid any and all amounts due and owing to it under the Secured Obligations (as defined in the Stalking Horse Purchase Agreement).

The Bidding Procedures

5. The Bidding Procedures attached hereto as **Exhibit 1** are incorporated herein and approved, and shall apply with respect to the Sale. The Debtors are authorized to take all reasonable actions necessary or appropriate to implement the Bidding Procedures.

6. The Debtors are authorized to conduct the bidding process in accordance with the Bidding Procedures and the terms hereof, without the necessity of complying with any state or local bulk transfer laws or requirements applicable to the Debtors.

7. Potential Bidders or Qualified Bidders (other than the Stalking Horse Bidder), shall not be allowed any break-up, termination or similar fee with respect to the Assets. Moreover, all Potential Bidders, Qualified Bidders, and the Stalking Horse Bidder waive any right to seek a claim for substantial contribution pursuant to section 503 of the Bankruptcy Code, or the payment of any broker fees or costs, unless specifically agreed to by the Debtors upon consultation with the Consultation Parties and ultimately approved by this Court.

Assignment Procedures

8. The following Assignment Procedures shall govern the assumption and assignment of the Designated Contracts in connection with the Sale, and any objections related thereto:

- a. On or before the date that is ten days prior to the Bid Deadline, the Debtors shall file with the Court and serve on each Non-Debtor counterparty to any existing contract with the Debtor (each a “**Non-Debtor Counterparty**”), the Notice of Assumption and Assignment, regardless of whether the contract

has been listed as a Designated Contracts. In the event that the Debtors identify any Non-Debtor Counterparties which were not served with the Notice of Assumption and Assignment, the Debtors may subsequently serve (by overnight mail) such Non-Debtor Counterparty with a Notice of Assumption and Assignment, and the following procedures will nevertheless apply to such Non-Debtor Counterparty; provided, however, that the Cure Cost/Assignment Objection Deadline (defined below) with respect to such Non-Debtor Counterparty shall fourteen (14) days following service of the Notice of Assumption and Assignment.

- b. The Notice of Assumption and Assignment served on each Non-Debtor Counterparty shall: (i) identify each Contract; (ii) list the proposed calculation of the cure amounts that the Debtors believe must be paid to cure all defaults outstanding under the Designated Contract as of such date (the “Cure Costs”); (iii) include a statement that assumption and assignment of such Designated Contract is not required or guaranteed; and (iv) inform such Non-Debtor Counterparty of the requirement to file any Cure Cost/Assignment Objections (defined below) by the Cure Cost/Assignment Objection Deadline (defined below). Service of a Notice of Assumption and Assignment does not constitute an admission that a particular Designated Contract is an executory contract or unexpired lease of property, or confirm that the Debtors are required to or will assume and/or assign such Designated Contract as a part of any transaction.
- c. Objections (a “Cure Cost/Assignment Objection”), if any, to (i) the scheduled Cure Costs, and/or (ii) the potential assumption, assignment and/or transfer of such Designated Contract (including the transfer of any related rights or benefits thereunder) to the Stalking Horse Bidder, other than objections that relate specifically to the identity of the Successful Bidder (in the event that the Stalking Horse Bidder is not the Successful Bidder), must (x) be in writing; (y) state with specificity the nature of such objection, including the amount of Cure Costs in dispute and (z) be filed with the Court and properly served on the Notice Parties (as defined herein) so as to be received no later than fourteen (14) days after Service of Notice of Assumption and Assignment (the “Cure Cost/Assignment Objection Deadline”).
- d. Objections (a “Post-Auction Objection”) of any Non-Debtor Counterparty related solely to the identity of and adequate assurance of future performance provided by a Successful Bidder other than the Stalking Horse Bidder must be raised at the Sale Hearing (the “Post-Auction Objection Deadline”); *provided, however*, that any objection of a Non-Debtor Counterparty related to the Stalking Horse Bid (including with respect to the identity of and adequate assurance of future performance provided by the Stalking Horse Bidder) must be filed by the Cure Cost/Assignment Objection Deadline.

- e. Any Non-Debtor Counterparty to a Designated Contract who fails to timely file and properly serve a Cure Cost/Assignment Objection or Post-Auction Objection as provided herein will (i) be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts with respect to such Designated Contract in the event it is assumed and/or assigned by the Debtors and the Debtors and any Success of such Designated Contract shall be entitled to rely solely upon the Cure Costs, and (ii) be deemed to have consented to the assumption, assignment and/or transfer of such Designated Contract (including the transfer of any related rights and benefits thereunder) to the Successful Bidder and shall be forever barred and estopped from asserting or claiming against the Debtors or such Successful Bidder that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such Designated Contract, or that any related right or benefit under such Designated Contract cannot or will not be available to the relevant Successful Bidder, *provided, however*, that Non-Debtor Counterparties reserve all rights to assert additional cure amounts that arise after the service of the Notice of Assumption and Assignment but prior to the closing of any sale.
- f. Consideration of unresolved Cure Cost/Assignment Objections and Post-Auction Objections relating to all Designated Contracts, if any, will be held at the Sale Hearing, *provided, however*, that (i) any Designated Contract that is the subject of a Cure Cost/Assignment Objection solely with respect to the amount of the Cure Cost may be assumed and assigned prior to resolution of such objection and (ii) the Debtors, in consultation with the Consultation Parties, may adjourn a Cure Cost/Assignment objection in their discretion, in consultation with the Consultation Parties, *provided, further*, that any adjournment pursuant to this paragraph 8(f) shall clarify whether the Debtors or the assignee shall bear the costs associated with such contract between the closing of such assignment and the Court's resolution of the Cure Cost/Assignment Objection.
- g. A timely filed and properly served Cure Cost/Assignment Objection or Post-Auction Objection will reserve the Non-Debtor Counterparty's rights relating to the Designated Contract, but will not be deemed to constitute an objection to the relief generally requested in the Motion with respect to the approval of the Sale.
- h. The Debtors' decision to assume and assign the Designated Contracts to the relevant Successful Bidder is subject to the Court's approval and the closing of the Sale. Accordingly, absent the Court's approval and the closing of the Sale, the Designated Contracts shall not be deemed assumed or assigned and assigned, and shall in all respects be subject to further administration by the Debtors and their estates under the Bankruptcy Code in connection with the Chapter 11 Cases.

Notice Procedures

9. Service and publication of the Notice of Auction and Sale Hearing are sufficient to provide effective notice to all interested parties of, *inter alia*, the Bidding Procedures, the Auction, the Sale Hearing, the Sale, and the Assignment Procedures in accordance with Bankruptcy Rules 2002 and 6004, as applicable, and are approved.

10. On or before five (5) business days after entry of this Bidding Procedures Order, the Debtors will cause the Notice of Auction and Sale Hearing to be sent by first-class mail postage prepaid, to (a) the United States Trustee for the District of Delaware (the “U.S. Trustee”); (b) counsel to any official committee(s) appointed in these chapter 11 cases; (c) counsel for Drake; (d) any party known to assert a lien on assets; (e) any party to any litigation with the Debtors; (f) the Securities and Exchange Commission, (g) the Internal Revenue Service; (h) counsel to UMB Bank, N.A., (the “Agent”); and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the Debtors, together with the parties identified in clauses (a) through (h) are collectively, the “Notice Parties” and (g) all of the Debtors’ known creditors and known equity holders).

11. In addition to the foregoing, on or before five (5) business days after entry of the Bidding Procedures Order, the Debtors shall, subject to applicable submission deadlines, publish the Notice of Auction and Sale Hearing once in the national edition of the New York Times or another nationally circulated newspaper, with any modifications necessary for ease of publication, and post the Notice of Auction and Sale Hearing and the Bidding Procedures Order on the website of the Debtors’ claims and noticing agent.

12. As soon as reasonably practicable following conclusion of the Auction, the Debtors shall file a notice on this Court's docket identifying the Successful Bidder(s) for the Assets and any applicable Next-Highest Bidder(s).

13. The Notice of Assumption and Assignment, and the other Assignment Procedures set forth herein, are sufficient to provide effective notice pursuant to Bankruptcy Rules 2002(a)(2), 6004(a) and 6006(c) to the Non-Debtor Counterparties to the Designated Contracts of the Debtors' intent to potentially assume and assign some or all of the Designated Contracts and are approved.

Auction and Sale Hearing

14. **Bid Deadline**. The deadline for submitting bids for the Assets (the "**Bid Deadline**") shall be 5:00 p.m. (ET) on May 17, 2021. No bid shall be deemed to be a Qualified Bid unless such bid meets the requirements set forth in the Bidding Procedures or is otherwise accepted by the Debtors, after consultation with the Consultation Parties.

15. **Auction**. The Debtors may sell the Assets by conducting an Auction in accordance with the Bidding Procedures. If at least two Qualified Bids (or one Qualified Bid in addition to the Stalking Horse Bid) are received by the Bid Deadline with regard to the Assets, the Debtors will conduct an Auction in accordance with the Bidding Procedures, which Auction shall take place three (3) Business Days after the Bid Deadline telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, or such later time or such other place as the Debtors shall designate upon consultation with the Consultation Parties. For the avoidance of doubt, the Debtors may, in their sole discretion, upon consultation with the Consultation Parties, conduct the Auction telephonically or by video conference.

16. If no Qualified Bids other than the Stalking Horse Bid are received with regard to the Assets: (a) the Debtors shall not hold an Auction; (b) the Stalking Horse Bid will be deemed the Successful Bid; and (c) the Stalking Horse Bidder will be named the Successful Bidder.

17. Each Qualified Bidder participating in the Auction will be required to confirm, in writing, that (a) it has not engaged in any collusion with respect to the bidding process or on the record at the Auction, (b) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as the Successful Bidder, and (c) such Qualified Bidder irrevocably agrees to serve as a Next-Highest Bidder if the Qualified Bidder's Qualified Bid is the next highest and best bid after the Successful Bid with respect to the Assets.

18. The Debtors may, after consultation with the Consultation Parties, announce at the Auction additional procedural rules (e.g. the amount of time to make Subsequent Bids, the amount of the Incremental Overbid, or the requirement that parties submit "best and final" bids) for conducting the Auction or otherwise modify these Bidding Procedures; provided that such rules (1) are not materially inconsistent with these Bidding Procedures, the Bankruptcy Code or any order of the Bankruptcy Court, and (2) are disclosed to each Qualified Bidder during the Auction. The bidding at the Auction shall be transcribed, audio recorded, and/or videotaped, and the Debtors shall maintain a transcript of all bids made and announced at the Auction.

19. **Sale Hearing.** The Sale Hearing shall be held before this Court on May 25, 2021 at 2:00 p.m. (ET). The Debtors shall file a form of Sale Order no later than 14 days before the Sale Hearing. At the Sale Hearing, the Debtors will seek the entry of the Sale Order approving and authorizing the Sale to the Successful Bidder and, if applicable, the Next-Highest Bidder as determined in accordance with the Bidding Procedures. The Sale Hearing (or any portion thereof) may be adjourned by this Court or the Debtors from time to time without further notice other than

by announcement in open court, on this Court's calendar or through the filing of a notice or other document on this Court's docket.

20. **Objection Deadlines.** The deadline to object to the relief requested in the Motion, including entry of the proposed Sale Order (a "Sale Objection") is May 18, 2021 at 4:00 p.m. (ET) (the "Sale Objection Deadline"). A Sale Objection must be filed with this Court and served in the manner set forth below such that it is *actually received* no later than the Sale Objection Deadline.

21. Objections to the identity of a Successful Bidder other than the Stalking Horse Bidder, or otherwise to object to the conduct of the Auction (a "Post-Auction Objection"), shall be raised at the Sale Hearing (the "Post-Auction Objection Deadline").

Objection Procedures

22. Any party that seeks to object to the relief requested in the Motion pertaining to approval of the Sale shall file a formal written objection that complies with the objection procedures set forth herein.

23. Unless required to be raised at the Sale Hearing, objections, if any, must: (i) be in writing; (ii) be signed by counsel or attested to by the objecting party; (iii) be in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with this Court; and (vi) be served on the Notice Parties.

24. Failure to file a Sale Objection or raise a Post-Auction Objection on or before the applicable objection deadlines: (a) shall forever bar the assertion, whether at any Sale Hearing or thereafter, of any objection to the Motion, to entry of the Sale Order, and/or to the consummation and performance of the Sale with a Successful Bidder, and (b) for purposes of section 363(f)(2) of

the Bankruptcy Code, shall be deemed to be “consent” to entry of the Sale Order and consummation of the Sale and all transactions related thereto.

Other Relief Granted

25. From and after the Petition Date, the Stalking Horse Bidder is authorized to communicate directly with each Non-Debtor Counterparty to the extent it deems necessary to facilitate the transactions contemplated by the Stalking Horse Agreement, *provided, however*, that any such communication shall be coordinated through the Debtors’ professionals or advisors

26. Nothing herein shall be deemed to or constitute the assumption, assignment or rejection of any executory contract or unexpired lease.

27. Notwithstanding any provision in the Bankruptcy Rules to the contrary, the stays provided for in Bankruptcy Rules 6004(h) and 6006(d) are waived, and this Order shall be effective immediately and enforceable upon its entry.

28. In the event of any conflict between this Order and the Bidding Procedures, this Order shall govern in all respects.

29. The requirements set forth in Local Rules 6004-1, 9006-1, and 9013-1 are hereby satisfied or waived.

30. This Court shall retain exclusive jurisdiction over any matters related to or arising from the implementation of this Order.

Dated: April 22nd, 2021
Wilmington, Delaware

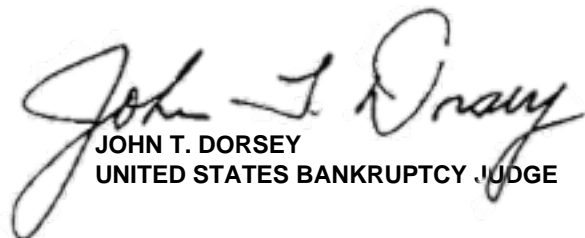

JOHN T. DORSEY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Bidding Procedures

BIDDING PROCEDURES

Set forth below are the bidding procedures (the “Bidding Procedures”) to be used with respect to the sale or disposition (the “Sale”) of the assets (the “Assets”) of AeroCentury Corp. and its affiliated chapter 11 debtors and debtors in possession (collectively, the “Debtors”). The Debtors have entered into an Asset Purchase Agreement, dated as of March 26, 2021 (the “Stalking Horse Agreement”) and the bid represented therein the “Stalking Horse Bid”), with Drake Asset Management Jersey Limited (the “Stalking Horse Bidder”) to acquire the Debtors aircraft-related Assets, included leases, as further described in the Stalking Horse Agreement. The Stalking Horse Bid is a Qualified Bid, and the Stalking Horse Bidder is a Qualified Bidder, for all purposes and requirements (including the Bid Requirements) pursuant to the Bidding Procedures.

I. Introduction

On March 29, 2021 (the “Petition Date”), the Debtors filed voluntary petitions for relief under title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). On [●], 2021, the Bankruptcy Court entered an order (the “Bidding Procedures Order”) authorizing the Debtors to market the Assets through, among other means, these Bidding Procedures. As part of the Bidding Procedures, the Bankruptcy Court has scheduled a hearing to consider approval of the sale of the Assets to the Successful Bidder (as defined below), to be conducted on May 25, 2021 at 2:00 p.m. (ET) (the “Sale Hearing”).

II. Timeline

Date	Event
May 17, 2021 at 5:00 p.m. (ET)	Bid Deadline
May 18, 2021 at 4:00 p.m. (ET)	Sale Objection Deadline
May 18, 2021 at 4:00 p.m. (ET)	Cure Cost/Assignment Objection Deadline
May 19, 2021	Bid Qualification Deadline
May 20, 2021 at 10:00 a.m.	Auction
May 25, 2021 at 2:00 p.m. (ET)	Post-Auction Objection Deadline and Sale Hearing

III. Confidentiality Agreement

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the bidding process, each person or entity must enter into (unless previously entered into) with the Debtor, on or before the Bid Deadline (as defined below), an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors (the “Confidentiality Agreement”).

Each person or entity that enters into the Confidentiality Agreement with the Debtors on or before the Bid Deadline is hereinafter referred to as a “Potential Bidder.”

After a Potential Bidder enters into the Confidentiality Agreement with the Debtors, the Debtors shall deliver or make available (unless previously delivered or made available) to each Potential Bidder certain designated information (including, if applicable, financial data) with respect to the Assets.

IV. Determination by the Debtors; Joint Bidding

As appropriate throughout the bidding process, the Debtors will consult with any official committee(s) appointed in the Debtors’ chapter 11 cases (a “Committee”) and, solely if the Stalking Horse Bidder affirmatively and irrevocably withdraws as a bidder, the Debtors’ prepetition secured lender (collectively with the Committee, the “Consultation Parties” and each, a “Consultation Party”) and shall: (a) coordinate the efforts of Potential Bidders in conducting their respective due diligence; (b) evaluate bids from Potential Bidders on the Assets; (c) negotiate any bid made to acquire the Assets; and (d) make such other determinations as are provided in these Bidding Procedures. Neither the Debtors nor their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Assets to any party that is not a Potential Bidder or a Consultation Party.

At any time prior to the conclusion of the Auction, the Debtors may negotiate with any two or more Potential Bidders or Qualified Bidders to join them into a joint bid for purposes of submitting a joint or combined bid, including joining Qualified Bids at the Auction.

V. Due Diligence

Up to and including the Bid Deadline (as defined below), the Debtors shall afford any Potential Bidder such available due diligence access or additional information as may be reasonably requested by the Potential Bidder or Consultation Party, as applicable, that the Debtors, in their business judgment, determine to be reasonable and appropriate under the circumstances. The Debtors will provide, in an electronic data room to be established for these purposes, the Stalking Horse Purchase Agreement, and will grant each Potential Bidder, access to such data room. Notwithstanding the foregoing, the Debtors reserve the right, in their reasonable discretion and following consultation with the Consultation Parties, to withhold or limit access to any information that the Debtors determine not appropriate to disclose to any Potential Bidder.

VI. Bid Deadline

A Potential Bidder that desires to make a Bid shall deliver no later than May 17, 2021 at 5:00 p.m. (ET) (the “Bid Deadline”) copies of its Bid, by email to:

(a) the Debtors’ Investment Banker, B. Riley (Attn: Adam Rosen (arosen@brileyfin.com)); and

(b) the Debtors’ counsel, (i) Morrison & Forrester (Attn: Lorenzo Marinuzzi (lmarinuzzi@mofo.com)), and (ii) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000

North King Street, Wilmington, Delaware 19801 (Attn: Joseph M. Barry, Esq. (jbarry@ycst.com) and Ryan M. Bartley, Esq. (rbartley@ycst.com) and Joseph M. Mulvihill (jmulvihill@ycst.com)).

The Debtors shall provide copies of all Qualified Bids to the Stalking Horse Bidder.

VII. Bid Requirements

All bids (each hereinafter, a “Bid”), must (collectively, the “Bid Requirements”):

- (a) be accompanied by a letter or email:
 - (i) disclosing the identity of the person or entity submitting the Bid, as well as any party participating in or otherwise supporting the Bid, and the terms of any such participation or support (including any equity holder or other financial backer if the Potential Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by the Bid);
 - (ii) stating with specificity the Assets such Potential Bidder wishes to bid on and the liabilities and obligations (including applicable cure costs) to be assumed by the Potential Bidder in the Sale, the amount of the cash consideration included in the bid and the value the Potential Bidder ascribed to any non-cash consideration included in the Bid;
 - (iii) acknowledging and representing that the Potential Bidder; (a) has had an opportunity to conduct any and all due diligence regarding the Assets prior to submitting the Bid; (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid; and (c) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise regarding the Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bid;
 - (iv) agreeing that the Potential Bidder’s offer is binding and irrevocable until the later of (i) the Closing Date (as defined herein), or (ii) twenty (20) days after the Sale Hearing (unless selected as the Next-Highest Bidder (as defined below) in which case such offer will remain open until the Closing Date);
 - (vii) providing for a Closing Date that occurs on or before June 15, 2021;
 - (vii) The initial overbid amount shall be an amount equal to the then-outstanding Secured Obligations (as defined in the Stalking Horse Purchase Agreement) as of the Closing Date, *plus* either: (i) \$1,000,000, if the Bid is for a sale of substantially all of the Debtors’ Assets subject to the Stalking Horse Purchase Agreement; (ii) 2.5% of the value listed in the Stalking Horse Purchase Agreement, if the Bid is for individual Assets subject to the

Stalking Horse Purchase Agreement; or (iii) to the extent the Asset is not subject to the Stalking Horse Purchase Agreement, the bidders' highest and/or best Bid at the time of making such Bid.

- (ix) providing that such Bid is not subject to or conditioned on (x) obtaining any financing, (y) shareholder, board of directors, or other internal approval, or (z) the outcome or completion of a due diligence review by the Potential Bidder. Notwithstanding the foregoing, a Bid may be subject to (a) the accuracy at the closing of the Sale of specified representations and warranties, or (b) the satisfaction at the closing of the Sale of specified conditions, which, in each instance, shall not be more burdensome, as determined in the Debtors' business judgment in timely consultation with the Consultation Parties, than those set forth in the Stalking Horse Purchase Agreement;
- (x) disclaiming any right to receive a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation. For the avoidance of doubt, no Potential Bidder will be permitted to request, nor be granted by the Debtors, at any time, whether as part of the Auction or otherwise, a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation, and by submitting its Bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis, including under section 503(b) of the Bankruptcy Code;
- (xi) providing that the Potential Bidder agrees to serve as a backup bidder (the "Next-Highest Bidder") if the Potential Bidder's Qualified Bid (as defined below) is the next highest and best bid after the Successful Bid (as defined below) (the "Next-Highest Bid"); and
- (xii) providing that the Potential Bidder submits to the jurisdiction of the Court and waives any right to a jury trial in connection with any disputes relating to Debtors' qualification of Bids, the Auction, the construction and enforcement of these Bidding Procedures, the Sale documents, and the closing of the Sale, as applicable.

(b) be on terms that are not more burdensome than the terms of the Stalking Horse Purchase Agreement, as determined in the Debtors' reasonable business judgment, in timely consultation with the Consultation Parties. Each Bid must include duly executed, non-contingent transaction documents necessary to effectuate the Sale and shall include a schedule of assumed executory contracts and/or unexpired leases, and a copy of the Stalking Horse Purchase Agreement clearly marked to show all changes requested by the Potential Bidder, including those related to the respective Purchase Price and assets to be acquired by such Qualified Bidder, as well as all other material documents integral to such bid;

(c) be accompanied by adequate assurance of future performance information (the "Adequate Assurance Information"), including (i) information about the Potential Bidder's financial condition, such as federal tax returns, a current financial statement, bank account

statements and equity and financing commitment letters; (ii) information demonstrating (in the Debtors' reasonable business judgment) that the Potential Bidder has the financial capacity to consummate the proposed Sale; and (iii) such additional information regarding the Potential Bidder as the Potential Bidder may elect to include, or that the Debtors, in their sole discretion, requires. By May 11, 2021, the Stalking Horse Bidder shall provide Adequate Assurance Information to requesting parties.

By submitting a Bid, Potential Bidders agree that the Debtors may disseminate their Adequate Assurance Information to affected contract counterparties and the Consultation Parties that request such in formats, in the event that the Debtors determine such bid to be a Qualified Bid (as defined below); provided, however, that each counterparty receiving Adequate Assurance Information shall keep such Adequate Assurance information confidential, and shall be restricted from using or disclosing such information to any third party other than in connection with a Cure Cost/Assignment Objection, and in the event such counterparty files any such Cure Cost/Assignment Objection, it shall be permitted to file any portion of such pleading containing any Adequate Assurance Information under seal without any further order of the Court; and

(d) be accompanied by a deposit in the form of a certified check or wire transfer, payable to the order of the Debtors, in an amount equal to ten percent (10%) of the total cash and non-cash consideration of the Bid, which funds will be deposited into an escrow account to be identified and established by the Debtors (a "Good Faith Deposit"). The Successful Bidder (as defined below) and Next-Highest Bidder shall be required to supplement their Good Faith Deposits, if necessary, within one (1) business day of the close of the Auction so that such Good Faith Deposits shall be equal to an amount that is ten percent (10%) of the Successful Bid or Next-Highest Bid, as applicable. The Debtors reserve the right to increase or decrease the Good Faith Deposit for one or more Qualified Bidders (as defined below) in their sole discretion after consulting with the Consultation Parties.

(e) be accompanied by written evidence, documented to the Debtors' satisfaction, that demonstrates the Potential Bidder has available cash, a commitment for financing if selected as the Successful Bidder (as defined below) (provided, however, that the closing shall not be contingent in any way on the Successful Bidder's financing) and such other evidence of ability to consummate the transaction satisfactory to the Debtors may request, including proof that such funding commitments or other financing are not subject to any internal approvals, syndication requirements, diligence or credit committee approvals (*provided* that such commitments may have covenants and conditions acceptable to the Debtors, as determined after consultation with the Consultation Parties) ("Evidence of Financial Wherewithal"). Potential Bidders are encouraged to provide the Debtors with their Evidence of Financial Wherewithal in advance of the Bid Deadline to ensure that the Evidence of Financial Wherewithal is sufficient; and

(f) be accompanied by evidence that the Potential Bidder has obtained all required organizational authorization and approval with respect to the submission of its Bid.

The Debtors, in consultation with the Consultation Parties, will review each Bid received from a Potential Bidder to determine, in their discretion, whether it meets the requirements set forth above. A Bid received from a Potential Bidder that meets the above requirements, and is otherwise satisfactory to the Debtors, will be considered a "Qualified Bid" and each Potential

Bidder that submits a Qualified Bid will be considered a “Qualified Bidder.” No later than 48 hours after the Bid Deadline, the Debtors shall (a) inform Qualified Bidders that their bids have been designated as Qualified Bids and (b) share copies of all such Qualified Bids with the Stalking Horse Bidder. For the avoidance of doubt, the Stalking Horse Purchase Agreement is a Qualified Bid, and the Stalking Horse Bidder is a Qualified Bidder, for all purposes and requirements (including the Bid Requirements) pursuant to the Bidding Procedures.

A Qualified Bid will be valued by the Debtors based upon any and all factors that the Debtors, in consultation with the Consultation Parties, reasonably deem pertinent in their business judgment, including, among others: (a) the amount of the Qualified Bid; (b) the risks and timing associated with consummating the transaction with the Qualified Bidder; (c) any excluded assets or executory contracts and leases; and (d) any other factors that the Debtors (in consultation with the Consultation Parties) may reasonably deem relevant.

The Debtors, in their business judgment, and in consultation with the Consultation Parties, reserve the right to reject any Bid (other than the Stalking Horse Bid) if such Bid, among other things:

- (a) is on terms that are more burdensome or conditional than the terms of the Stalking Horse Agreement;
- (b) requires any indemnification of the Potential Bidder in its Purchase Agreement;
- (c) is not received by the Bid Deadline;
- (d) is subject to any contingencies (including representations, warranties, covenants and timing requirements) of any kind or any other conditions precedent to such party’s obligation to acquire the Assets;
- (e) seeks any bid protections; or
- (f) does not, in the Debtors’ determination (after consultation with the Consultation Parties), include a fair and adequate price or the acceptance of which would not be in the best interests of the Debtors’ estates.

Any Bid rejected pursuant to this paragraph shall not be deemed to be a Qualified Bid; *provided, however*, if a Bid submitted timely by the Bid Deadline is determined not to be a Qualified Bid, such Potential Bidder shall have the opportunity to cure the alleged defects in the Bid within 48 hours immediately following the Bid Deadline. In the event that any Bid is so rejected and not cured to become a Qualified Bid, the Debtors shall cause the Good Faith Deposit of such Potential Bidder to be refunded to it within five (5) business days after the Bid Deadline.

VIII. Auction

Unless otherwise ordered by the Bankruptcy Court for cause shown, only the Qualified Bidders (including the Stalking Horse Bidder) are eligible to participate at the Auction (as defined below). The Consultation Parties shall be permitted to attend the Auction. If the only Qualified

Bid the Debtors receive is the Stalking Horse Bid, (a) the Debtors shall not hold an Auction; (b) the Stalking Horse Bid will be deemed the Successful Bid; and (c) the Stalking Horse Bidder will be named the Successful Bidder.

If the Debtors obtain more than one Qualified Bid by the Bid Deadline, the Debtors will conduct an auction (the “Auction”) and shall determine in their reasonable business judgment, after consultation with the Consultation Parties, which Qualified Bid is the highest or otherwise best Qualified Bid (the “Starting Bid”), which determination will be communicated to Qualified Bidders prior to the commencement of the Auction. The Debtors shall hold an open Auction three (3) Business Days after the Bid Deadline telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, or such later time or such other place as the Debtors shall designate upon consultation with the Consultation Parties in a filing with the Court and provide notice to all Qualified Bidders who have submitted Qualified Bids and to any creditors who indicated interest in attending the Auction. For the avoidance of doubt, and upon consultation with the Consultation Parties, the Debtors reserve the right to conduct the Auction telephonically or by video conference. Professionals and principals for the Debtors, the Stalking Horse Bidder, each Qualified Bidder and the Consultation Parties shall be able to attend and observe the Auction, along with any other creditor, and any other party the Debtors deem appropriate (provided, however, that any party other than the Qualified Bidders and the Consultation Parties shall be required to provide notice to the Debtors at least five (5) days prior to the Auction by sending an email to Michelle Smith, paralegal for proposed counsel to the Debtors, at msmith@ycst.com).

Each Qualified Bidder participating in the Auction will be required to confirm, in writing, and on the record at the Auction, that (a) it has not engaged in any collusion with respect to the bidding process, and (b) its Qualified Bid is a good faith *bona fide* offer that it intends to consummate if selected as the Successful Bidder (as defined below).

Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one Subsequent Bid (defined below) is submitted by a Qualified Bidder that (i) improves on such Qualified Bidder’s immediately prior Qualified Bid (a “Subsequent Bid”) and (ii) the Debtors reasonably determine, in consultation with the Consultation Parties, that such Subsequent Bid is (a) for the first round, a higher or otherwise better offer than the Starting Bid, and (b) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below). Each Subsequent Bid at the Auction shall provide net value to the estates in an amount to be announced at or prior to the Auction (“Incremental Overbid”) over the Starting Bid or the Leading Bid (as defined below), as the case may be, as determined by the Debtors in the exercise of their reasonable business judgment and in consultation with the Consultation Parties. After the first round of bidding and between each subsequent round of bidding, the Debtors shall announce the bid that they determine to be the highest or otherwise best offer (the “Leading Bid”). A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid, subject to the Debtors’ authority to revise the Auction procedures as set forth below.

The Debtors may, in consultation with the Consultation Parties, announce at the Auction additional procedural rules (e.g., the amount of time to make Subsequent Bids, the amount of the Incremental Overbid, or the requirement that parties submit “best and final” bids) for conducting

the Auction or otherwise modify these Bidding Procedures; provided that such rules (1) are not materially inconsistent with these Bidding Procedures, the Bankruptcy Code, or any order of the Bankruptcy Court, and (2) are disclosed to each Qualified Bidder during the Auction. The bidding at the Auction shall be transcribed or videotaped, and the Debtors shall maintain a transcript of all bids made and announced at the Auction.

Immediately prior to the conclusion of the Auction, the Debtors, in consultation with the Consultation Parties, will: (a) determine, consistent with the Bidding Procedures, which bid constitutes the highest or otherwise best bid (the “Successful Bid”); and (b) notify all Qualified Bidders at the Auction, prior to its conclusion, of the name of the maker of the Successful Bid (the “Successful Bidder”), and the amount and other material terms of the Successful Bid. The Debtors may, in consultation with the Consultation Parties, designate the Next-Highest Bid (and the corresponding Next-Highest Bidder) to close, in the event that the Successful Bidder does not close the Sale. Unless the Bankruptcy Court orders otherwise upon application by the Debtors, the Debtors shall not consider any bids or Subsequent Bids submitted after the conclusion of the Auction, and any and all such bids and Subsequent Bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

Within twenty-four (24) hours following conclusion of the Auction, the Debtors shall file (i) a notice on the Bankruptcy Court’s docket identifying (with specificity) the Successful Bidder for the Assets and any applicable Next-Highest Bidder and (ii) provide notice on their claims and noticing agent, Kurtzman Carson Consultant LLC’s (“KCC”), website (<http://www.kccllc.net/aerocentury>). Notwithstanding the selections of the Successful Bidder and the Next-Highest Bidder (the binding and irrevocability of which is governed by Section VII(a)(iv) hereof) all Bids are **binding and irrevocable** at least until entry of the Sale Order.

IX. Jurisdictional Consent

All bidders at the Auction will be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to jury trial in connection with any disputes relating to the Auction, the Sale, and the construction and enforcement of their bids and all documents submitted under the Bidding Procedures, and all other agreements entered into in connection with any proposed Sale transaction. Such consent and waiver shall apply to the extent that it is later determined that the Bankruptcy Court, absent consent, cannot enter final orders or judgments with regard to the foregoing matters consistent with Article III of the United States Constitution.

X. Acceptance of Qualified Bids

The Debtors may reject at any time, before entry of an order of the Bankruptcy Court approving the Sale, any Bid that, in the Debtors’ judgment, upon considering any comments of the Consultation Parties, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or the Bidding Procedures, or (iii) contrary to the best interests of the Debtors and their estates.

The Debtors’ presentation to the Bankruptcy Court for approval of a selected Qualified Bid as a Successful Bid does not constitute the Debtors’ acceptance of such Bid. The Debtors will have accepted a Successful Bid only when such Successful Bid has been approved by the

Bankruptcy Court at the Sale Hearing. The Debtors intend to close the Sale (the “Closing Date”) on or before June 15, 2021, unless another time or date, or both, are agreed to in writing by the Debtors and the Successful Bidder or (if applicable) the Next-Highest Bidder.

XI. Sale Hearing

Each Successful Bid and any Next-Highest Bid will be subject to approval by the Bankruptcy Court. The hearing to approve a Successful Bid and any Next-Highest Bid will take place on May 25, 2021, at 2:00 p.m. (ET) (the “Sale Hearing”). The Sale Hearing may be adjourned by the Debtors from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda stating the adjournment, on the docket of the Debtors’ chapter 11 cases.

At the Sale Hearing, the Debtors will seek entry of an order that, among other things: (i) authorizes and approves the Sale to the Successful Bidder and/or the Next-Highest Bidder, free and clear of all liens, claims and encumbrances; and (ii) includes a finding that the Successful Bidder and/or the Next-Highest Bidder is a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code.

XII. Return of Good Faith Deposit and Reservation of Rights

The Good Faith Deposits of all Potential Bidders shall be held in escrow by the Debtors, but shall not become property of the Debtors’ estates absent further order of the Bankruptcy Court. The Good Faith Deposits of all Potential Bidders shall be retained by the Debtors, notwithstanding Bankruptcy Court approval of the Sale, until three (3) business days after the earlier of (a) the Closing Date, or (b) ten (10) days following the Sale Hearing; provided, however, that the Good Faith Deposit of the Next-Highest Bidder shall be retained until three (3) business days after the Closing Date, or if applicable, applied in accordance with the Next-Highest Bid. The Debtors shall retain any Good Faith Deposit submitted by the Successful Bidder. At the closing of a Sale contemplated by a Successful Bid, the applicable Successful Bidder will be entitled to a credit for the amount of its Good Faith Deposit to the extent such a deposit was provided.

If a Successful Bidder (or, if the Sale is to be closed with a Next-Highest Bidder, then the Next-Highest Bidder) fails to consummate the Sale because of a breach or failure to perform on the part of such bidder, then the Debtors and their estates shall be entitled to retain the Good Faith Deposit of such Successful Bidder (or, if the Sale is to be closed with the Next-Highest Bidder, then such Next-Highest Bidder) as part of the damages resulting to the Debtors and their estates for such breach or failure to perform, in addition to any and all other rights, remedies, or causes of action that may be available to the Debtors.

XIII. Reservation of Rights and Modifications

Notwithstanding any of the foregoing, the Debtors and their estates, in consultation with the Consultation Parties, and with the consent of Drake, which consent shall not be unreasonably withheld and which consent shall not be required if Drake remains a Bidder or Potential Bidder, reserve the right to modify these Bidding Procedures at or prior to the Auction, including, without limitation, to extend the deadlines set forth herein, modify bidding increments, waive terms and conditions set forth herein with respect to any or all Potential Bidders (including, without limitation,

the Bid Requirements), impose additional terms and conditions with respect to any or all potential bidders, adjourn or cancel the Auction at or prior to the Auction, and adjourn the Sale Hearing.

XIV. Next-Highest Bidder

Notwithstanding any of the foregoing, in the event that a Successful Bidder fails to close a Sale prior to such date as specified in the applicable Purchase Agreement (or such date as may be extended by the Debtors), the Debtors, upon written notice to the Next-Highest Bidder, may designate the applicable Next-Highest Bid as the Successful Bid, the Next-Highest Bidder will be deemed to be the Successful Bidder, and the Debtors will be authorized, but not directed, to close the Sale to the Next-Highest Bidder subject to the terms of the Next-Highest Bid without the need for further order of the Bankruptcy Court and without the need for further notice to any interested parties.

EXHIBIT 2

Notice of Auction and Sale Hearing

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	-----X	
	:	
In re	:	
	:	Chapter 11
AEROCENTURY CORP., <i>et al.</i> ,	:	
	:	Case No. 21-10636 (JTD)
Debtors. ¹	:	
	:	(Jointly Administered)
	-----X	

NOTICE OF SALE, BIDDING PROCEDURES, AUCTION AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On March 29, 2021, the debtors and debtors in possession in the above-captioned cases (the “Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) their motion (the “Motion”) for the entry of: (A) an order (the “Bidding Procedures Order”),² (i) approving bidding procedures in connection with the sale of the Debtors’ assets (the “Bidding Procedures”); (ii) authorizing the Debtors to enter into the Stalking Horse Purchase Agreement; (iii) scheduling an auction for (the “Auction”) and hearing (the “Sale Hearing”) on the approval of the proposed sale or disposition (the “Sale”) of the Debtors’ assets (the “Assets”); (iv) approving notice of respective date, time and place for the Auction and for the Sale Hearing; (v) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases; (vi) approving form and manner of notice; and (vii) granting related relief; and (B) an order authorizing and approving (i) the Sale free and clear of liens, claims, rights, encumbrances, and other interests; and (ii) the assumption and assignment of certain executory contracts and unexpired leases (collectively, the “Contracts”) and (iii) related relief. The Assets constitute nine (9) aircraft owned by the Debtors and related leases with third-party lessees.

2. For ease of reference following chart has been included to indicate the dates relevant to this Notice:

¹ 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 94014.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order (including the Bidding Procedures). Any summary of the Bidding Procedures and the Bidding Procedures Order contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

Date	Event
May 17, 2021 at 5:00 p.m. (ET)	Bid Deadline
May 18, 2021 at 4:00 p.m. (ET)	Sale Objection Deadline
May 18, 2021 at 4:00 p.m. (ET)	Cure Cost/Assignment Objection Deadline
May 19, 2021	Bid Qualification Deadline
May 20, 2021 at 10:00 a.m.	Auction
May 25, 2021 at 2:00 p.m. (ET)	Post-Auction Objection Deadline and Sale Hearing

3. On [●], 2021, the Bankruptcy Court entered the Bidding Procedures Order [Docket No. ●]. Pursuant to the Bidding Procedures, bids for the Acquired Assets, or any subset thereof, must be received on or before **May 17, 2021 at 5:00 p.m. (ET)** (the “**Bid Deadline**”) and otherwise comply with the Bidding Procedures. **FAILURE TO ABIDE BY THE BIDDING PROCEDURES MAY RESULT IN A BID BEING REJECTED. ANY PARTY INTERESTED IN BIDDING ON THE ACQUIRED ASSETS SHOULD CONTACT ADAM M. ROSEN, OF B. RILEY FINANCIAL, INC., THE DEBTORS’ INVESTMENT BANKER AT 646.367.2412 AND ARosen@BRILEYFIN.COM.**

4. Pursuant to the Bidding Procedures, in the event that the Debtors receive more than one Qualified Bid by the Bid Deadline, the Debtors will conduct the Auction, which shall take place on **May 20, 2021 at 10:00 a.m. (ET)** telephonically, by videoconference, or at the offices of proposed counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, or such later time or such other place as the Debtors shall designate and provide notice of to all Qualified Bidders who have submitted Qualified Bids and to any creditors who indicated interest in attending the Auction, and by filing a notice on the docket of the Debtors’ chapter 11 cases. Only Qualified Bidders (including any Stalking Horse Bidder), shall be entitled to participate at the Auction. For the avoidance of doubt, the Debtors may, upon consultation with the Consultation Parties, conduct the Auction telephonically or by video conference. Notice of each Successful Bidder and Next-Highest Bidder will be published on the Debtors’ claims and noticing agent Kurtzman Carson Consultants LLC (“**KCC**”) website (<http://www.kccllc.net/aerocentury>) no later than twenty-four (24) hours following the Auction.

5. Each Successful Bid and any Next-Highest Bid (or if no Qualified Bid other than that of a Stalking Horse Bidder is received, then the Stalking Horse Bid) will be subject to approval by the Bankruptcy Court. The Sale Hearing shall take place **May 25, 2021 at 2:00 p.m. (ET)**. The Sale Hearing may be adjourned by the Debtors from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda, stating the adjournment, on the docket of the Debtors’ chapter 11 cases.

6. Any objections to the Sale or the relief requested in connection with the Sale, including objections to entry of the proposed Sale Order or for a sale to the Stalking Horse Bidder (a “Sale Objection”), other than a Post-Auction Objection (as defined below) or a Cure Cost/Assignment Objection (which shall be governed by the Assignment Procedures) must: (i) be in writing; (ii) be signed by counsel or attested to by the objecting party; (iii) be in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with the Clerk of the Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, together with proof of service, **May 18, 2021 at 4:00 p.m. (ET)**. (the “Sale Objection Deadline”); and (vi) be served, so as to be actually received on or before the Sale Objection Deadline, upon: (a) the United States Trustee for the District of Delaware (the “U.S. Trustee”); (b) counsel to any official committee(s) appointed in the chapter 11 cases; (c) counsel for Drake; and (d) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).

7. Objections to the identity of a Successful Bidder other than the Stalking Horse Bidder, or otherwise to object to the conduct of the Auction (a “Post-Auction Objection”), shall be raised at the Sale Hearing (the “Post-Auction Objection Deadline”).

8. If a Sale Objection or a Post-Auction Objection is not filed and served on or before the applicable objection deadline in accordance with the foregoing requirements, the Court may enter the Sale Order without further notice to such party.

9. Copies of the Motion, the Bidding Procedures, and the Bidding Procedures Order may be obtained by parties in interest free of charge on the dedicated webpage related to the Debtors’ chapter 11 case maintained by the claims and noticing agent in this case, KCC, (<http://www.kccllc.net/aerocentury>). Copies of such documents are also available for inspection during regular business hours at the Clerk of the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, and may be viewed for a fee on the internet at the Court’s website (<http://www.deb.uscourts.gov/>) by following the directions for accessing the ECF system on such website.

Dated: [●], 2021
Wilmington, Delaware

/s/

Joseph M. Barry (No. 4221)

Ryan M. Bartley (No. 4985)

Joseph M. Mulvihill (No. 6061)

S. Alexander Faris (No. 6278)

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-and-

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erichards@mofo.com

Proposed Counsel to the Debtors and Debtors in Possession

EXHIBIT 3

Notice of Assumption and Assignment

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	-X	
	:	
In re	:	
	:	Chapter 11
AEROCENTURY CORP., <i>et al.</i> ,	:	
	:	Case No. 21-10636 (JTD)
Debtors. ¹	:	
	:	(Jointly Administered)

**NOTICE OF POSSIBLE ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES
IN CONNECTION WITH SALE**

**YOU ARE RECEIVING THIS NOTICE BECAUSE YOU OR ONE OF YOUR
AFFILIATES IS A COUNTERPARTY TO AN EXECUTORY CONTRACT OR
UNEXPIRED LEASE WITH ONE OR MORE OF THE DEBTORS AS SET FORTH
ON EXHIBIT 1 ATTACHED HERETO**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On March 29, 2021, the debtors and debtors in possession in the above-captioned cases (the “Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) their motion (the “Motion”) for the entry of: (A) an order (the “Bidding Procedures Order”), (i) approving bidding procedures in connection with the sale of the Debtors’ assets (the “Bidding Procedures”); (ii) authorizing the Debtors to enter into the Stalking Horse Purchase Agreement; (iii) scheduling an auction for (the “Auction”) and hearing (the “Sale Hearing”) on the approval of the proposed sale or disposition (the “Sale”) of the Debtors’ assets (the “Assets”); (iv) approving notice of respective date, time and place for the Auction and for the Sale Hearing; (v) approving procedures for the assumption and assignment of certain executory contracts and unexpired leases; (vi) approving form and manner of notice; and (vii) granting related relief; and (B) an order authorizing and approving (i) the Sale free and clear of liens, claims, rights, encumbrances, and other interests; and (ii) the assumption and assignment of certain executory contracts and unexpired leases (collectively, the “Contracts”) and (iii) related relief. The Assets constitute ten (10) aircraft owned by the Debtors and related leases with third-party lessees.

2. On [●], 2021, the Bankruptcy Court entered the Bid Procedures Order [Docket No. ●].

¹ 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 94014.

3. The Sale Hearing shall take place on **May 25, 2021, at 2:00 p.m. (ET)**. The Sale Hearing may be adjourned by the Debtors from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or by filing a notice, which may be a hearing agenda, stating the adjournment, on the docket of the Debtors' chapter 11 cases.

4. To facilitate the Sale, the Debtors are potentially seeking to assume and assign the Designated Contracts to any Successful Bidder, in accordance with the Assignment Procedures provided for in the Bid Procedures Order. Each of the Designated Contracts subject to potential assignment through the Sale process is identified on **Exhibit 1** attached hereto. **THE INCLUSION OF ANY CONTRACT ON EXHIBIT 1 DOES NOT CONSTITUTE AN ADMISSION THAT A PARTICULAR CONTRACT IS AN EXECUTORY CONTRACT OR UNEXPIRED LEASE OF PROPERTY OR REQUIRE OR GUARANTEE THAT SUCH CONTRACT WILL BE ASSUMED AND ASSIGNED, AND ALL RIGHTS OF THE DEBTORS WITH RESPECT THERETO ARE RESERVED.** The cure amount (each, a "Cure Cost"), if any, that the Debtors believe is required to be paid to the applicable counterparty (each, a "Non-Debtor Counterparty," and collectively, the "Non-Debtor Counterparties") to each of the Designated Contracts under section 365(b)(1)(A) and (B) of the Bankruptcy Code is identified on **Exhibit 1** attached hereto.

5. If a Non-Debtor Counterparty objects to the Cure Cost for its Designated Contract and/or to the proposed assumption, assignment and/or transfer of such Designated Contract to the Stalking Horse Bidder (including the transfer of any related rights or benefits thereunder), or to the adequate assurance of future performance provided by the Stalking Horse Bidder, the Non-Debtor Counterparty must file with the Bankruptcy Court and serve on the Notice Parties (as defined below) a written objection (a "Cure Cost/Assignment Objection"). Any Cure Cost/Assignment Objection must: (i) be in writing; (ii) signed by counsel or attested to by the objecting party; (iii) in conformity with the applicable provisions of the Bankruptcy Rules and the Local Rules; (iv) state with particularity the legal and factual basis for the objection and the specific grounds therefor; (v) be filed with the Clerk of the Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, together with proof of service, **no later than May 18, 2021, at 4:00 p.m. (ET)** (the "Sale Objection Deadline"); and (vi) be served, so as to be actually received on or before the Sale Objection Deadline, upon (a) the United States Trustee for the District of Delaware (the "U.S. Trustee"); (b) counsel to any official committee(s) appointed in these chapter 11 cases; (c) counsel for Drake; and (d) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").

6. If a Non-Debtor Counterparty objects to the proposed assumption, assignment and/or transfer of such Designated Contract to a Successful Bidder other than the Stalking Horse Bidder (including the transfer of any related rights or benefits thereunder), or to the adequate assurance of future performance provided by such Successful Bidder, the Non-Debtor Counterparty must raise such objection at the Sale Hearing.

7. The Debtors intend to conduct the Auction (if necessary), at which time they will consider proposals submitted to the Debtors and their professionals. No later than twenty-four

(24) hours following the Auction, the Debtors will provide notice of the Successful Bid and the Next-Highest Bid on the Debtors' claims and noticing agent in this case, Kurtzman Carson Consultants LLC's ("KCC"), website (<http://www.kccllc.net/aerocentury>). Objections (a "Post-Auction Objection") of any Non-Debtor Counterparty related solely to the identity of, and adequate assurance of future performance provided by, the Successful Bidder must be raised at the Sale Hearing (the "Post-Auction Objection Deadline"); *provided, however*, that any objection of a Non-Debtor Counterparty related to the Stalking Horse Bid (including with respect to the identity of and adequate assurance of future performance provided by the Stalking Horse Bidder) must be filed as a Cure Cost/Assignment Objection by the Cure Cost/Assignment Objection Deadline.

8. Any Non-Debtor Counterparty to a Contract may notify the Debtors, via an electronic mail request to the Debtors' counsel, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Joseph M. Barry, Esq. (jbarry@ycst.com) and Heather P. Smillie (hsmillie@ycst.com), of its desire for information about (a) adequate assurance information from the Stalking Horse Bidder (if its Contract is implicated by the Stalking Horse Bid), as applicable; (b) the identity of the Successful Bidder and any backup bidder; and (c) adequate assurance information from the Successful Bidder and any backup bidder (if its Contract is implicated by the Successful Bid or backup bid). Any such request shall include an email address whereby the requestor can receive such information, and Debtors shall provide, or shall cause their counsel and/or the claims and noticing agent to provide, such information to any requestor (a) with respect to a Stalking Horse Bidder, within the later of (i) the date that is seven (7) days before the Sale Objection Deadline, and (ii) one Business Day after receipt by proposed counsel to the Debtors of such a request; and (b) with respect to a Successful Bidder or Next-Highest Bidder (other than the Stalking Horse), within the later of (i) twenty-four (24) hours after the conclusion of the Auction and (ii) twenty-four (24) hours after receipt by counsel to the Debtors of such a request.

9. At the Sale Hearing, the Debtors may seek Bankruptcy Court approval of the assumption and assignment to any Successful Bidder of those Designated Contracts that have been selected by the Successful Bidder to be assumed and assigned. The Debtors and their estates reserve any and all rights with respect to any Designated Contracts that are not ultimately assigned to the Successful Bidder.

10. Any Non-Debtor Counterparty to a Contract who fails to timely file and properly serve a Cure Cost/Assignment Objection or raise a Post-Auction Objection as provided herein will (i) be forever barred from objecting to the Cure Cost and from asserting any additional cure or other amounts with respect to such Contract in the event it is assumed and/or assigned by the Debtors and the Debtors shall be entitled to rely solely upon the Cure Cost, and (ii) be deemed to have consented to the assumption, assignment and/or transfer of such Contract (including the transfer of any related rights and benefits thereunder) to the relevant Successful Bidder and shall be forever barred and estopped from asserting or claiming against the Debtors or the Successful Bidder that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such Contract, or that any related right or benefit under such Contract cannot or will not be available to the relevant Successful Bidder.

11. Consideration of unresolved Cure Cost/Assignment Objections and Post-Auction Objections relating to all Designated Contracts, if any, will be held at the Sale Hearing; *provided, however*, that (i) any Contract that is the subject of a Cure Cost/Assignment Objection with respect solely to the amount of the Cure Cost may be assumed and assigned prior to resolution of such objection and (ii) the Debtors, in consultation with the Consultation Parties and the parties to any Contract that is subject to a Cure Cost/Assignment objection, may adjourn a Cure Cost/Assignment objection.

12. A timely filed and properly served Cure Cost/Assignment Objection or Post-Auction Objection will reserve the filing Non-Debtor Counterparty's rights relating to the Contract, but will not be deemed to constitute an objection to the relief generally requested in the Motion with respect to the approval of the Sale.

13. The Debtors' assumption and/or assignment of a Contract is subject to approval by the Bankruptcy Court and consummation of the Sale. Absent consummation of the Sale and entry of an order approving the assumption and/or assignment of the Designated Contracts, the Designated Contracts shall be deemed neither assumed nor assigned, and shall in all respects be subject to subsequent assumption or rejection by the Debtors.

14. Copies of the Motion, the Bidding Procedures, and the Bid Procedures Order may be obtained by parties in interest free of charge on the dedicated webpage related to this chapter 11 case maintained by the claims and noticing agent in this case, KCC. Copies of such documents are also available for inspection during regular business hours at the Clerk of the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801, and may be viewed for a fee at the Bankruptcy Court's website (<http://www.deb.uscourts.gov/>) by following the directions for accessing the ECF system on such website.

[Signature Page Follows]

Dated: [●], 2021
Wilmington, Delaware

/s/

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