

**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)
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**DECLARATION OF CHRISTOPHER TIGNO IN SUPPORT OF
CONFIRMATION OF THE COMBINED DISCLOSURE STATEMENT AND JOINT
CHAPTER 11 PLAN OF AEROCENTURY CORP., AND ITS AFFILIATED DEBTORS**

I, Christopher Tigno, hereby declare pursuant to 28 U.S.C. § 1746, under penalty of perjury, to the best of my knowledge and belief, that:

1. I am the General Counsel of AeroCentury Corp., one of the above-captioned debtors and debtors in possession (collectively, the “Debtors”). I have served in the role of General Counsel since 1997. As a result of this, I am familiar with the Debtors’ business and financial affairs. As General Counsel, one of my duties is to oversee the administration of the Debtors’ estates, including participating in the plan process in connection with the chapter 11 cases. I submit this declaration in support of confirmation of the *Combined Disclosure Statement and Joint Chapter 11 Plan of AeroCentury Corp., and its Affiliated Debtors* [D.I. 225] (as may be amended, supplemented, or modified from time to time, the “Combined Disclosure Statement and Plan” or the “Plan”).²

2. Except as otherwise noted, all matters set forth herein are based on (a) my personal knowledge and belief, (b) my review of the relevant documents, including 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. (0292). The Debtors’ mailing address is 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010.

² Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Combined Disclosure Statement and Plan.



Combined Disclosure Statement and Plan, (c) information supplied to me by other representatives of the Debtors, including the Debtors' professional advisors, (d) my view, based on my personal and professional experience and knowledge of the Debtors' business affairs and financial condition, or (e) for matters involving the requirements for confirmation of the Combined Disclosure Statement and Plan under the Bankruptcy Code, my reliance on the advice of the Debtors' bankruptcy counsel. If called to testify, I could and would testify to the facts set forth herein.

THE COMBINED DISCLOSURE STATEMENT AND PLAN

3. I have reviewed and am generally familiar with the terms and provisions of the Combined Disclosure Statement and Plan. With the Debtors' bankruptcy counsel, I was personally involved in the development of and discussions regarding the terms of the Combined Disclosure Statement and Plan. The Combined Disclosure Statement and Plan is the result of extensive, arm's-length and good faith negotiations among the Debtors and other interested parties. Among other things, the Plan effectuates the Plan Sponsor Agreement and provides for the payment in full of all Claims, including General Unsecured Claims. Further, Interests will be reinstated, subject to dilution, on the terms set forth in the Plan Sponsor Agreement.

4. On July 12, 2021, the Court entered an order [D.I. 222] (the "Interim Approval and Procedures Order") approving the disclosures in the Combined Plan Disclosure Statement on an interim basis. To the best of my knowledge, information, and belief, the Debtors, with the assistance of the Claims Agent, complied with the solicitation and noticing procedures approved through the Interim Approval and Procedures Order, as well as the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and applicable non-bankruptcy law, as evidenced by the affidavits of service filed by the Claims Agent on July 23, 2021, and August 2, 2021.

5. On August 16, 2021, the Debtors filed the Plan Supplement, which contained the Plan Sponsor Agreement, the revised corporate documents of AeroCentury Corp. and JetFleet Holdings Corp., and a list of contracts to be assumed, or assumed and assigned, on the Effective Date. Contemporaneously herewith, the Debtors are filing a second Plan Supplement, which contains certain financial projections regarding the Reorganized Debtors and identifies the directors of Reorganized Debtor JetFleet Holding Corp.

SATISFACTION OF PLAN CONFIRMATION REQUIREMENTS

6. I have been advised by the Debtors' legal advisors and believe, based on my review of the Combined Disclosure Statement and Plan and my discussions with those advisors, that the Combined Disclosure Statement and Plan satisfies all applicable provisions of the Bankruptcy Code and should be confirmed.

Sections 1129(a)(1) and (2) and Sections 1122 and 1123

7. I have been advised by counsel and believe that the Debtors, as proponents of the Combined Disclosure Statement and Plan, have complied with the applicable provisions of the Bankruptcy Code, as required by section 1129(a)(1) and 1129(a)(2) of the Bankruptcy Code, respectively.

8. ***Classes of Claims.*** I believe that each Class under the Combined Disclosure Statement and Plan only contains Claims or Interests that are substantially similar to other Claims or Interests within the Class, and that the Classes under the Combined Disclosure Statement and Plan were not prepared for purposes of affecting the votes on the Combined Disclosure Statement and Plan or for any other inappropriate purposes. Further, the Combined Disclosure Statement and Plan provides for the same treatment of each Claim or Interests within a Class.

9. ***Means of Implementation.*** I believe that the Combined Disclosure Statement and Plan provides for adequate means for implementation of the Combined Disclosure Statement and Plan. Among other things, the Combined Disclosure Statement and Plan addresses: (a) the execution and delivery of any appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, formation, organization, dissolution, or other terms that are consistent with the terms of the Combined Disclosure Statement and Plan, and that satisfy the requirements of applicable law and any other terms to which the applicable Entities may agree, including, but not limited to the documents comprising the Plan Supplement; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, trust, or dissolution pursuant to applicable law. Further, the Combined Disclosure Statement and Plan provides for the mechanics of making distributions to holders of Allowed Claims and Interests.

10. The Debtors and their advisors have analyzed their ability post-confirmation to meet their obligations and continue as a going concern without the need for further financial restructuring. Importantly, the Reorganized Debtors will have no secured debt obligations upon emergence. I believe that the Debtors' management team has designed and made significant progress in implementing a business plan that will best position the Debtors to succeed given current industry trends. I believe that such business plan is feasible and that confirmation is not likely to be followed by liquidation or a further need for financial reorganization.

11. *Release and Exculpation Provisions.* The Combined Disclosure Statement and Plan includes certain release, exculpation, and limitation of liability provisions. I believe that the Debtor Released Parties and the Third-Party Released Parties (along with the other parties released under the Combined Disclosure Statement and Plan) have provided (a) many valuable contributions to the progress of the Chapter 11 Cases, including assisting in stewarding the Debtors through the bankruptcy process, negotiating and implementing settlements with various parties, pursuing and closing the Asset Sales, pursuing Confirmation of the Combined Disclosure Statement and Plan, and otherwise preserving the Debtors' Assets for the benefit of all stakeholders, and/or (b) valuable concessions that paved the way for confirmation of the Plan.

12. Each party exculpated under the Combined Disclosure Statement and Plan is a fiduciary of the Debtors' estates, and I believe that the protection from liability that the exculpation clause provides to these parties is appropriate given their efforts in the Chapter 11 Cases, including with respect to the Combined Disclosure Statement and Plan process, and their fiduciary relationship with the Debtors and their Estates.

13. In light of these different contributions, I believe the releases and exculpations included as part of the overall compromise and settlement embodied by the Combined Disclosure Statement Plan are fair, equitable, and reasonable. Article XIV of the Plan provides for certain releases of Claims and Causes of Action held by the Debtors and by third parties. I believe that the release provisions in the Plan are necessary and integral components of the Plan, as evidenced by the overwhelming support of shareholders voting in favor of the Plan, the releases in the Plan are in exchange for, and are supported by, fair, sufficient and adequate consideration provided by the parties receiving such releases, and are a good faith settlement and

compromise of the Claims and Causes of Action released pursuant to the Plan. Under the consensual release provided for in Section 14.1(c) of the Plan (i.e., the Third-Party Releases discussed more fully below), the Releasing Parties do not waive or release Claims or Causes of Action arising from any acts or omissions that are determined by a Final Order to have constituted gross negligence, actual fraud or willful misconduct.

14. ***Debtor Releases.*** Section 14.1(b) of the Plan (the “Debtor Releases”) provides for certain releases of Claims and Causes of Action held by the Debtors against the Debtor Released Parties. It is my belief that the Debtor Releases were instrumental in formulating and obtaining support for the Plan, which is the result of, among other things, extensive arm’s-length and good faith negotiations among the Debtors and their major creditor constituencies. Based on my participation in the negotiations regarding the Plan, I am not aware of any valid Causes of Action that might be asserted against any of the Debtor Released Parties by the Debtors.

15. Many of the Debtor Released Parties, including a number of officers, directors and estate professionals, have served the Debtors during the Chapter 11 Cases, and I believe that they have worked tirelessly to maximize value for the benefit of all stakeholders. Based on my participation in the negotiations regarding the Plan, and based on my consideration of the information provided to me by the Debtors’ legal and other advisors, I believe that the Debtor Releases are essential components of the Plan, and constitute a sound exercise of the Debtors’ business judgment. During the course of negotiations regarding the Plan, it was clear that the Debtor Releases would be necessary conditions to implementing the Plan. I believe that without the Debtor Releases, the Debtors would neither have been able to secure the significant benefits provided by the Plan, nor build consensus around the Plan. I believe that the Debtor

Releases were a material inducement to the concessions and contributions from the Debtor Released Parties under the Plan.

16. ***Third-Party Releases.*** Section 14.1(c) of the Plan provides for releases by the Releasing Parties (the “Third-Party Releases”) of any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims or claims asserted or assertable on behalf of the Debtors and the Estates, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, fixed or contingent, matured or unmatured, existing or hereafter arising, in law, equity or otherwise against the Third-Party Released Parties. Notably, the Releasing Parties providing the Third-Party Releases include only (i) holders of Unimpaired Claims (Classes 1 through 6) that did not object to the Plan, and (ii) Holders of Interests in Class 7 that did not opt out of the Third-Party Releases or otherwise object to the Plan.

17. I believe that the Solicitation Package and other noticing materials filed and served in connection with the Combined Plan and Disclosure Statement provided recipients with timely, sufficient, appropriate and adequate notice of the Third-Party Releases, including that all holders of Claims that voted to accept or reject the Plan would grant the Third-Party Release unless they elected on their Ballot to opt out of the Third-Party Release or did not file a timely objection to the Third-Party Release. Accordingly, I also believe that each Releasing Party expressly consented to the Third-Party Releases and, therefore, the Third-Party Releases should be approved as consensual third-party releases.

18. Based on my participation in the negotiations regarding the Plan and discussions with the Debtors’ legal advisors, I believe that the Third-Party Releases are an essential component of the Plan. I further believe that without the Third-Party Releases, the

Debtors and their stakeholders would neither have been able to secure the substantial benefits provided by the Plan, nor build consensus around the Plan. It is my understanding that the Third-Party Releases were a critical component of the Plan and were material inducement to the Plan. Accordingly, the Third-Party Releases are fair and necessary to the implementation of the Plan and should be approved.

19. ***Exculpation, Discharge, and Plan Injunction.*** Section 14.1(a) of the Plan provides for exculpation of the Exculpated Parties, which parties have fiduciary obligations to the Estates, except in cases involving bad faith, willful misconduct or gross negligence by such parties as determined by a Final Order of the Bankruptcy Court. Sections 14.1(a) and 14.1(e) of the Plan, together, provide that all Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Interest, from commencing or continuing in any manner any actions or other proceeding of any kind in respect of any Claim, Interest, or Cause of Action released, discharged, or exculpated under Article XIV of the Plan.

20. Based upon my review of the Plan, my personal knowledge of the circumstances leading up to its development, and my discussions with the Debtors' legal advisors, I believe that the exculpation, discharge, and injunction provisions of Article XIV of the Plan are proper because, among other things, they are the product of extensive arm's-length negotiations, have been critical to obtaining the support of the various constituencies for the Plan, and are an inherent part of the Plan. The Debtors are unaware of any claims against any Exculpated Party that are being released or otherwise barred through Section 14.1(a) of the Plan. Nonetheless, the exculpation and injunction provisions of the Plan are important in that they remove the threat of litigation from the Estates and the Exculpated Parties. I also believe the Exculpated Parties played critical roles in, and made significant contributions to, the Chapter 11

Cases and that such contributions represent good and valuable consideration to the Debtors, their Estates, and creditors.

21. Additionally, I believe that the injunction and discharge provisions of Section 14.1(e) are critical to the releases provided for in Article XIV of the Plan. It is also my understanding and belief that exculpation, discharge, and injunction provisions provided for in Article XIV of the Plan are fair and equitable, confer material benefits on, and are in the best interests of, the Debtors, their Estates, and creditors, and are necessary to implementation of the Plan.

Section 1129(a)(3)

22. ***The Combined Disclosure Statement and Plan Has Been Proposed in Good Faith and Not by Any Means Forbidden by Law.*** The Combined Disclosure Statement and Plan has been proposed by the Debtors in good faith, with the legitimate and honest purpose of reorganizing the Debtors' businesses and maximizing the value of the Debtors and the recoveries of all creditors and shareholders under the circumstances of the Chapter 11 Cases. The Combined Disclosure Statement and Plan is the product of extensive, arm's-length negotiations among the Debtors' key stakeholders.

23. The Debtors filed the Combined Disclosure Statement and Plan with the expectation that it will allow for a timely and efficient reorganization of the Debtors' businesses in accordance with the Combined Disclosure Statement and Plan and the Plan Sponsor Agreement. Further, I believe that the Combined Disclosure Statement and Plan maximizes the value of the estates for their creditors and shareholders.

Section 1129(a)(4)

24. ***The Combined Disclosure Statement and Plan Provides that Payments Made by the Debtors for Services or Costs and Expenses are Subject to Approval.*** Any payments made or to be made for services or for costs and expenses incurred in connection with the Chapter 11 Cases are subject to the Court's approval. I also believe that all of the payments to be made under the Combined Disclosure Statement and Plan are reasonable and appropriate in the Chapter 11 Cases.

Section 1129(a)(5)

25. ***Resignation of Debtors' Members, Managers and Officers.*** In accordance with section 1123(a)(5) of the Bankruptcy Code, Article IX of the Plan provides adequate means for the Plan's implementation, including the deemed resignation or termination of the Debtors' current directors and officers, and the appointment of the board of directors of the Reorganized Debtors. The second Plan Supplement includes the identity of the directors of JetFleet Holding Corp., and the Debtors anticipate filing a third Plan Supplement identifying the directors of AeroCentury Corp. in advance of the Effective Date.

Section 1129(a)(6)

26. ***The Combined Disclosure Statement and Plan Does Not Contain Any Rate Changes Subject to the Jurisdiction of Any Governmental Regulatory Commission.*** The Debtors' business does not involve the establishment of rates subject to approval of any governmental regulatory commission, and, as a result, the Combined Disclosure Statement and Plan does not propose the change of any such rates.

Section 1129(a)(7)

27. ***The Combined Disclosure Statement and Plan is in the Best Interests of Creditors.*** As described in Section 4.8 of the Combined Disclosure Statement and Plan, entitled “Best Interests Test and Liquidation Analysis,” I understand from discussions with the Debtors’ advisors that the costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as the costs of counsel and other professionals retained by the trustee. Similarly, under the Stand Alone Plan, I understand that the Estates would incur similar costs related to the disposition and liquidation of the Debtors’ remaining assets. Conversion to a chapter 7 or implementation of the Stand Alone also would likely delay the distribution process while the Debtors’ remaining assets were liquidated.

28. Further, the Plan Sponsor Agreement provides for an investment of \$11,000,000 into the Reorganized Debtors, including a \$1,000,000 cash dividend to shareholders of Debtor AeroCentury, Corp. as of the Distribution Record Date. Such investments provide significant value to Holders of Claims and Interests and would not be available under a conversion to chapter 7 or the Stand Alone Plan.

29. Accordingly, it is my belief that Holders of Allowed Claims and Interests would receive less than anticipated under the Sponsored Plan if the Chapter 11 Cases were converted to chapter 7 cases, and therefore, the classification and treatment of Claims and Interests in the Plan complies with Bankruptcy Code section 1129(a)(7). Based on the foregoing, I believe that the Combined Disclosure Statement and Plan satisfies the “best interests test” because no creditor or equity Holder in Class 7 (the Impaired Class under the Combined Disclosure Statement and Plan) would receive or retain property on account of its Interest under

a liquidation scenario of a value that is more than such party will receive under the Sponsored Plan.

Sections 1129(a)(8)

30. ***The Combined Disclosure Statement and Plan Has Been Accepted by an Impaired Voting Class.*** I understand that Holders of Claims in Class 3 and Class 7 at AeroCentury Corp. either voted or were deemed to accept the Plan. Classes 1, 2, 4, 5, and 6 are deemed to accept in accordance with the Combined Disclosure Statement and Plan. In addition, Class 7 at JetFleet Management Corp. and JetFleet Holding Corp. are Unimpaired under the Sponsored Plan. Furthermore, as evidenced by the estimated recoveries set forth in the Combined Disclosure Statement and Plan, no Class of Claims or Interests are receiving more than full payment on account of their Claims. Additionally, the Combined Disclosure Statement and Plan provides for similarly situated creditors to receive the same treatment and as a result, I do not believe the Combined Disclosure Statement and Plan unfairly discriminates between any creditors.

Section 1129(a)(9)

31. ***The Combined Disclosure Statement and Plan Provides for Payment in Full of All Allowed Priority Claims.*** I have been advised and believe that the Combined Disclosure Statement and Plan's treatment of Administrative Expense Claims, Other Secured Claims, Professional Fee Claims, Priority Tax Claims, and Priority Non-Tax Claims satisfies section 1129(a)(9) of the Bankruptcy Code.

Section 1129(a)(10)

32. ***At Least One Impaired, Non-Insider Class Has Accepted the Plan.*** Holders of Class 7 Claims at AeroCentury voted to accept the Combined

Disclosure Statement and Plan without counting any acceptance of an insider. Additionally, Class 3 is Impaired, and agreed to accept the Plan pursuant to the terms of the Falko Sale Order.

Section 1129(a)(11)

33. ***The Combined Disclosure Statement and Plan is Feasible.*** The Debtors and their advisors have analyzed their ability post-confirmation to meet their obligations under the Plan and continue as a going concern without the need for further financial restructuring. I believe that the Debtors' management team has designed and has made significant progress in implementing a business plan that will better position the Debtors to succeed given current industry trends. I believe that the Plan is feasible and that confirmation is not likely to be followed by liquidation.

34. The Debtors prepared and filed projections of the Debtors' financial performance through 2023 (the "Financial Projections"). The Financial Projections reflect a series of realistic assumptions regarding the Debtors and their industry. The detailed projections demonstrate the Debtors' operate on a go-forward basis and meet their obligations under the Plan. On the basis of these projections, prepared by the Debtors and their advisors working closely together, I, and the Debtors, believe their financial future, taking into account the provisions of the Plan, is sound.

Section 1129(a)(12)

35. ***All Statutory Fees Have or Will be Paid.*** The Combined Disclosure Statement and Plan provides that all fees required under 28 U.S.C. § 1930 will be paid on the Effective Date or when such fees come due in the ordinary course, and I believe the Debtors or the post-Effective Date Debtors, as applicable, have adequate means to make such payments.

Section 1129(a)(13)

36. ***The Combined Disclosure Statement and Plan Appropriately Treats Retiree Benefits.*** The Debtors do not have any retiree benefit programs within the meaning of section 1114 of the Bankruptcy Code.

Section 1129(c)

37. The Combined Disclosure Statement and Plan is the only chapter 11 plan that has been proposed in the Chapter 11 Cases.

Section 1129(d)

38. The Combined Disclosure Statement and Plan does not have as one of its principal purposes the avoidance of taxes or avoidance of the requirements of Section 5 of the Securities Act of 1933, and I am unaware of any filing by any governmental agency asserting such avoidance.

Section 1123(b)(2)

39. Article XII of the Plan provides for the assumption or assumption and assignment, and in some cases rejection, of executory contracts and unexpired leases that have not been previously assumed, assumed and assigned, or rejected under section 365 of the Bankruptcy Code. The Debtors have reviewed their executory contracts and unexpired leases and determined which executory contracts and unexpired leases to assume, assume and assign, or reject in connection with the Plan, and I believe that they have exercised sound business judgment in identifying the executory contracts and unexpired leases to be assumed or rejected.

CONCLUSION

40. I believe, in my business judgment, that the Combined Disclosure Statement and Plan will enable the Holders of Allowed Claims to realize the highest possible recoveries under the circumstances of the Chapter 11 Cases. I therefore conclude, in my

business judgment, that the Combined Disclosure Statement and Plan is in the best interests of all creditors, and respectfully request that the Court enter an order confirming the Combined Disclosure Statement and Plan.

I certify under penalty of perjury that, based upon my knowledge, information, and belief as set forth in this Declaration, the foregoing is true and correct.

Dated: August 30, 2021

/s/ Christopher Tigno
Christopher Tigno