IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	**Chapter 11**
ONE AVIATION CORPORATION, *et al.*,[1]	:	**Case No. 18-12309 (____)**
Debtors.	:	**Joint Administration Requested**

DISCLOSURE STATEMENT FOR THE JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION FOR ONE AVIATION CORPORATION AND ITS DEBTOR AFFILIATES

THIS IS A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION FOR ONE AVIATION CORPORATION AND ITS DEBTOR AFFILIATES. THE DEBTORS HAVE NOT FILED FOR RELIEF UNDER CHAPTER 11 OF THE BANKRUPTCY CODE, AND THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR APPROVED BY THE BANKRUPTCY COURT OR THE SECURITIES AND EXCHANGE COMMISSION. IN THE EVENT THAT THE DEBTORS FILE PETITIONS FOR RELIEF UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AND SEEK CONFIRMATION OF THE PLAN DESCRIBED HEREIN, THIS DISCLOSURE STATEMENT WILL BE SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL.

PAUL HASTINGS LLP
Chris L. Dickerson (*pro hac vice* admission pending)
Brendan M. Gage (*pro hac vice* admission pending)
Nathan S. Gimpel (*pro hac vice* admission pending)
71 S. Wacker Drive, Suite 4500
Chicago, Illinois 60606
Telephone: (312) 499-6000
Facsimile: (312) 499-6100

-and-

Todd M. Schwartz (*pro hac vice* admission pending)
1117 S. California Avenue
Palo Alto, California 94304
Telephone: (650) 320-1800
Facsimile: (650) 320-1900

YOUNG CONAWAY STARGATT & TAYLOR, LLP
Robert S. Brady (No. 2847)
M. Blake Cleary (No. 3614)
Sean M. Beach (No. 4070)
Jaime L. Chapman (No. 4936)
Jordan E. Sazant (No. 6515)
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

Proposed Counsel to the Debtors and Debtors in Possession

[1] The debtors in these chapter 11 cases, along with the last four digits of each debtor's tax identification number, as applicable, are: ONE Aviation Corporation (9649); ACC Manufacturing, Inc. (1364); Aircraft Design Company (1364); Brigadoon Aircraft Maintenance, LLC (9000); DR Management, LLC (8703); Eclipse Aerospace, Inc. (9000); Innovatus Holding Company (9129); Kestrel Aircraft Company, Inc. (2053); Kestrel Brunswick Corporation (6741); Kestrel Manufacturing, LLC (1810); Kestrel Tooling Company (9439); and OAC Management, Inc. (9986). The Debtors' corporate headquarters is located at 3250 Spirit Drive SE, Albuquerque, NM 87106.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

DISCLOSURE STATEMENT, DATED OCTOBER 9, 2018

ONE Aviation Corporation ("ONE Aviation"), along with certain of its subsidiaries (collectively, the "Debtors"), is providing you this document and the accompanying materials (this "Disclosure Statement") because you may be a creditor entitled to vote to accept or reject the *Joint Prepackaged Chapter 11 Plan of Reorganization for ONE Aviation Corporation and Its Debtor Affiliates* (including all exhibits and schedules attached thereto, and as may be amended, altered, modified, or supplemented from time to time, the "Plan"),[2] which is attached hereto as **Exhibit A**. The Debtors are commencing the solicitation of votes to approve the Plan (the "Solicitation") before the Debtors commence voluntary cases under chapter 11 of the Bankruptcy Code.

Because the Debtors have not yet commenced chapter 11 cases, this Disclosure Statement has not been approved by the Bankruptcy Court as containing "adequate information" within the meaning of section 1125(a) of the Bankruptcy Code. The Debtors will, upon the commencement of their chapter 11 cases, promptly seek entry of an order of the Bankruptcy Court (a) approving this Disclosure Statement as having contained "adequate information," (b) approving the Solicitation as having been in compliance with section 1126(b) of the Bankruptcy Code, (c) confirming the Plan, and (d) granting related relief.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

The Bankruptcy Court has not reviewed this Disclosure Statement or the Plan, and the securities to be issued upon the Effective Date will not have been the subject of a registration statement filed with the United States Securities and Exchange Commission (the "SEC") under the United States Securities Act of 1933 (as amended, the "Securities Act") or any securities regulatory authority of any state under any state securities law ("Blue Sky Laws"). The Plan has not been approved or disapproved by the SEC or any state regulatory authority, and neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of the information contained in this Disclosure Statement or the Plan. Any representation to the contrary is a criminal offense. The Debtors are relying on section 4(a)(2) of the Securities Act and any applicable Blue Sky Laws provisions to exempt from registration under the Securities Act and Blue Sky Laws the offer of New Common Stock, New Preferred Stock, and/or New Warrants to Prepetition First Lien Lender and holders of Senior Subordinated Secured Note Claims, if Class 4 votes to accept the Plan, prior to the Petition Date, including, without limitation, in connection with the Solicitation.

After the Petition Date, the Debtors will rely on section 1145(a) of the Bankruptcy Code to exempt from registration under the Securities Act and applicable Blue Sky Laws the offer of New Company Stock and New Preferred Stock under the Plan. Neither the solicitation of votes in connection with the Plan nor this Disclosure Statement constitutes an

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

offer to sell or the solicitation of an offer to buy securities in any state or jurisdiction in which such offer or solicitation is not authorized.

DISCLAIMER

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, and certain anticipated events in the Chapter 11 Cases. Although the Debtors believe that these summaries are fair and accurate, these summaries are qualified in their entirety to the extent that they do not set forth the entire text of such documents or statutory provisions or every detail of such anticipated events. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan or such other documents will govern for all purposes. Factual information contained in this Disclosure Statement has been provided by the Debtors' management except where otherwise specifically noted.

The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there can be no assurance that the statements contained herein will be correct at any time after this date. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, except as otherwise provided in the Plan or in accordance with applicable law. The information contained in this Disclosure Statement, including the information regarding the history, businesses, and operations of the Debtors and their non-Debtor affiliates, the financial information regarding the Debtors and the liquidation analyses relating to the Debtors, is included for purposes of soliciting acceptances of the Plan, but, as to contested matters and adversary proceedings, is not to be construed as an admission or stipulation, but rather as a statement made in settlement negotiations as part of the Debtors' attempt to settle and resolve claims and controversies pursuant to the Plan. This Disclosure Statement will not be admissible in any non-bankruptcy proceeding, nor will it be construed to be conclusive advice on the tax, securities, or other legal effects of the Plan as to Holders of Claims against, or Interests in, either the Debtors or the Reorganized Debtors. The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission. Except where specifically noted, the financial information contained in this Disclosure Statement and the exhibits hereto has not been audited by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles in the United States.

The Debtors have not authorized any Person or Entity in connection with this Disclosure Statement, the Plan, or the Solicitation to give any information or make any representation or statement regarding this Disclosure Statement, the Plan or the Solicitation, in each case, other than that which is contained in this Disclosure Statement and the exhibits hereto or as otherwise incorporated by reference or referred to herein. If any such information, representation, or statement is given or made, it may not be relied upon as having been authorized by the Debtors.

Certain of the information contained in this Disclosure Statement is by its nature forward looking and contains estimates, assumptions and projections that may be materially different from actual future results. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions identify these forward-looking

statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in ARTICLE VII, "Risk Factors." In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Disclosure Statement may not occur, and actual results could differ materially from those anticipated in the forward-looking statements. Except as required by law, the Debtors disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

TABLE OF CONTENTS

Page

TABLE OF EXHIBITS

INTRODUCTION

This Disclosure Statement provides information, pursuant to section 1125 of the Bankruptcy Code, regarding the *Joint Prepackaged Chapter 11 Plan of Reorganization for ONE Aviation Corporation and Its Debtor Affiliates* (including all exhibits and schedules attached thereto, and as may be amended, altered, modified or supplemented from time to time, the "Plan"),[3] dated October 9, 2018. A copy of the Plan is attached hereto as **Exhibit A**. The rules of interpretation set forth in Article I of the Plan shall govern the interpretation of this Disclosure Statement.

The Debtors' board of directors has approved the Plan and believes the Plan is in the best interests of the Estates. The primary feature of the Plan is Prepetition First Lien Lender (or their designee(s)) receiving 100 percent of the new common stock and new preferred stock of Reorganized ONE Aviation (subject to potential dilution by the Class 4 Distribution, as defined in the Plan and described further below) in full satisfaction of all First Lien Credit Agreement Claims.

As described below, only holders of Class 3 Claims (First Lien Credit Agreement Claims) and Class 4 Claims (Senior Subordinated Secured Note Claims) are entitled to vote to accept or reject the Plan. A copy of the Restructuring Support Agreement is attached hereto as **Exhibit B**.

The Debtors are seeking the Bankruptcy Court's approval of the Plan. Section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of that chapter 11 plan. The Debtors submit this Disclosure Statement in accordance with such requirements. This Disclosure Statement includes the following information:

- an overview of the Plan (Article I hereof);
- an explanation of the available assets and their value (Article I hereof);
- the operation of the Debtors' business (Article III hereof);
- the indebtedness of the Debtors and information regarding pending claims and administrative expenses (Article I hereof);
- a disclaimer indicating that no statements or information concerning the Debtors or their assets or securities are authorized other than those set forth in the Disclosure Statement (Disclaimer hereof);
- key events leading to the commencement of the Debtors' bankruptcy cases (Article IV hereof);

[3] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan.

- significant events that occurred are expected to occur during the Chapter 11 Cases (Article V hereof);
- risk factors affecting the Debtors (Article VII hereof);
- requirements for confirmation of the Plan (Article VI.B hereof); and
- tax consequences of the Plan (Article IX hereof).

ARTICLE I.
THE PLAN

A. New Capital Structure

On the Effective Date, the Debtors will effectuate the transactions contemplated by the Plan. As a result:

- the Prepetition First Lien Lender (or their designee(s)) will receive 100 percent of the new Class A Common Stock (subject to potential dilution by the Employee Incentive Plan, as defined in the Plan and described further below) and new preferred stock of Reorganized ONE Aviation in full satisfaction of all First Lien Credit Agreement Claims;
- if the class of Senior Secured Noteholder Claims (as defined in the Plan) votes to accept the Plan, holders of such Claims will receive a pro rata share of (a) shares of New Class B Common Stock representing, in the aggregate, 3 percent of the total equity interests in Reorganized ONE Aviation as of the Effective Date, and (b) warrants to purchase, upon certain events and in the manner as described in the Plan, New Class B Common Stock representing, in the aggregate, an additional 3 percent of the total equity interests in Reorganized ONE Aviation;[4]
- Reorganized ONE Aviation and the reorganized Other ONE Aviation Debtors will enter into a new senior secured asset-based revolving and term-loan facility;
- all exisiting Interests in ONE Aviation Corporation ("ONE Aviation") and Kestrel Aircraft Company, Inc. ("Kestrel") will be extinguished; and
- all existing Interests in the Other ONE Aviation Debtors and the Other Kestrel Debtors will be reinstated for administrative convenience.

[4] If the class of Senior Secured Noteholder Claims does not vote to accept the Plan, the holders of such Claims will not receive any distribution under the Plan on account of such claims.

In the event that the Debtors determine that delivery of the collateral securing Allowed Kestrel Secured Claim to holders of such Claims or distribution otherwise rendering such Claims Unimpaired is not feasible or otherwise not in the best interests of the Debtors' bankruptcy estates, and the Debtors have not been able to reach agreement with the holders of Allowed Kestrel Secured Claims on other treatment pursuant to Section **Error! Reference source not found.** of the Plan, the Debtors may elect to wind down, dissolve, and liquidate the Kestrel Debtors pursuant to the Liquidation Procedures. If such a determination is made by the Debtors, the Kestrel Secured Creditors will receive no recovery on account of their Claims. If such a determination is ***not*** made by the Debtors, the Kestrel Secured Creditors will receive, in the sole discretion of the Reorganized Debtors, (i) delivery of the collateral securing their Kestrel Secured Claims, including any common stock of Kestrel's subsidiaries, to the extent applicable, (ii) distribution as agreed to by the Reorganized Debtors and the holder of such Allowed Kestrel Secured Claim, or (iii) such other treatment rendering their Kestrel Secured Claims unimpaired.

B. Overview – Treatment of Claims and Interests

The Plan provides for the treatment of Claims and Interests as follows, and as more fully described herein:

- holders of Allowed Other Priority Claims, if any, will be paid in full in Cash, Reinstated, or otherwise rendered Unimpaired;
- holders of Allowed Other Secured Claims, if any, will be paid in full in Cash, Reinstated, receive delivery of the collateral securing their claims, or otherwise rendered Unimpaired;
- holders of Allowed First Lien Credit Agreement Claims will receive New Class A Common Stock (subject to potential dilution by the Employee Incentive Plan) and New Preferred Stock;
- holders of Senior Subordinated Secured Note Claims will receive, if the Class of such Claims votes to accept the Plan, New Class B Common Stock and New Warrants but will receive, if the Class of such Claims does not vote to accept the Plan, no distribution under the Plan on account of such Claims;
- holders of Kestrel Secured Claims will receive such treatment as described in Section I.A above;
- holders of General Unsecured Claims will not receive any distribution under the Plan on account of such Claims;
- holders of Interests in ONE Aviation or in Kestrel will have their Interests canceled, annulled, and extinguished and will not receive or retain any property nor receive any distributions;

- holders of Interests in Other ONE Aviation Debtors and Interests in Other Kestrel Debtors will have their Interests Reinstated for administrative convenience;

- all Intercompany Claims will either be (a) Reinstated or (b) released without any distribution on account of such Claims;

- holders of Priority Tax Claims, Professional Fee Claims, and Allowed DIP Claims will be paid in full; and

- holders of Allowed Administrative Expense Claims other than Priority Tax Claims or Professional Fee Claims will be paid in full in Cash on the later of (a) the Effective Date, (b) the date on which such Claim is Allowed, and (c) the date on which such Claim would otherwise become due and payable.

C. Unclassified Claims

1. *Unclassified Claims Summary*

Claim	Plan Treatment	Projected Plan Recovery
Administrative Expense Claims	Paid in full	100%
Professional Fee Claims	Paid in full	100%
Priority Tax Claims	Paid in full	100%
DIP Claims	Paid in full	100%

2. *Unclassified Claims Details*

a. General Administrative Expense Claims

Subject to the terms of Confirmation Order and Section 2.1 of the Plan, holders of Allowed Administrative Expense Claims other than Professional Fee Claims or Priority Tax Claims shall be paid in full in Cash on the later of the initial distribution date under the Plan or the date such Administrative Expense Claim is allowed, and the date such Allowed Administrative Expense Claim becomes due and payable, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims that arise in the ordinary course of the Debtors' business, including Administrative Expense Claims arising from or with respect to the sale of goods or services on or after the Petition Date, the Debtors' executory contracts and unexpired leases, and all Administrative Expense Claims that are Intercompany Claims (as defined below), but only to the extent that an Intercompany Claim is Reinstated by the Reorganized Debtors under the terms of the Plan, shall be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions, without further action by the holders of such administrative claims or further approval by the Bankruptcy Court.

b. Professional Fee Claims

All Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b), and/or section 1103 of the Bankruptcy Code for

services rendered before the Effective Date (including, without limitation, any compensation requested by any Professional or any other entity for making a substantial contribution in the Chapter 11 Cases) shall file and serve final requests for payment of Professional Fee Claims no later than the first Business Day that is 60 days after the Effective Date. Objections to any Professional Fee Claim must be filed and served on the Reorganized Debtors and the applicable Professional within 30 days after the filing of the final fee application with respect to the Professional Fee Claim. Any such objections that are not consensually resolved may be set for hearing on 21 days' notice by the Professional asserting such Professional Fee Claim.

c. Professional Fee Escrow Account

On the Effective Date, the Reorganized Debtors shall establish the Professional Fees Escrow Account in an amount equal to all asserted Claims for Professional Fees outstanding as of the Effective Date (including, for the avoidance of doubt, any reasonable estimates for unbilled amounts payable by the Reorganized Debtors); provided, however, that the amounts deposited into the Professional Fees Escrow Account shall not exceed such amounts as authorized for such Professionals in the Approved Budget (as such term is defined in the DIP Credit Agreement and the DIP Orders) existing as of the Effective Date; provided, further, however, that the amounts deposited in the Professional Fees Escrow Account do not represent a cap of any amounts to be paid to any Professional. Amounts held in the Professional Fees Escrow Account shall not constitute property of the Reorganized Debtors. The Professional Fees Escrow Account may be an interest-bearing account. In the event there is a remaining balance in the Professional Fees Escrow Account following payment to all holders of Professional Fee Claims under the Plan, any such amounts shall be returned to the Reorganized Debtors.

d. DIP Claims

On the Effective Date, each holder of an Allowed DIP Claim shall, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed DIP Claim, have such Allowed DIP Claim replaced with obligations in an amount equal to such Allowed DIP Claim under the New ABL / Term Loan Facility. Pursuant to the Restructuring Support Agreement, each holder of an Allowed DIP Claim shall be deemed to have consented to receive such treatment for such Allowed DIP Claim. The specific terms and conditions of the New ABL / Term Loan Facility will be subject to and may require materials modifications depending on the terms and conditions of the New ABL / Term Loan Facility.

e. Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim and the Debtors agree to a less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtors either (a) Cash in an amount equal to such Allowed Priority Tax Claim on the later of the initial distribution date and the date such claim becomes an Allowed Claim (or as soon thereafter as practical), (b) through equal annual installment payments in Cash, of a total value, as of the Effective Date, equal to the allowed amount of such Claim, over a period ending not later than five years after the Petition Date, or (c) treatment in a manner not less favorable than the most favored non-priority unsecured Claim provided for by the Plan.

f. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to the implementation and consummation of the Plan incurred by the Reorganized Debtors following the Effective Date that are agreed to be paid by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and each Reorganized Debtors may employ and pay any professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

D. Classified Claims and Interests

1. *Classified Claims and Interests Summary*

The Plan establishes a comprehensive classification of Claims and Interests. The table below summarizes the classification, treatment, and voting rights of the Claims and Interests, by Class, under the Plan.

Class	Claim or Interest	Voting Rights	Treatment
1	Other Priority Claims	Not Entitled to Vote / Presumed to Accept	Paid in full in Cash/Reinstated/ Unimpaired
2	Other Secured Claims	Not Entitled to Vote / Presumed to Accept	Paid in full in Cash/Reinstated/ Collateral Returned/ Unimpaired
3	First Lien Credit Agreement Claims	Entitled to Vote	New Class A Common Stock and New Preferred Stock
4	Senior Subordinated Secured Note Claims	Entitled to Vote	New Class B Common Stock and New Warrants if Class 4 votes to accept the Plan; extinguished with no recovery if Class 4 does not vote to accept the Plan
5	Kestrel Secured Claims	Not Entitled to Vote / Presumed to Accept	If Liquidation Event— Extinguished with No Recovery If no Liquidation Event— Paid in full in Cash/Reinstated/ Unimpaired
6	General Unsecured Claims	Not Entitled to Vote/ Deemed to Reject	Extinguished with No Recovery

7	Intercompany Claims	Not Entitled to Vote / Presumed to Accept / Deemed to Reject	Reinstated for Administrative Convenience or Extinguished with No Recovery
8-A	Interests in ONE Aviation	Not Entitled to Vote / Deemed to Reject	Extinguished with No Recovery
8-B	Interests in Other ONE Aviation Debtors	Not Entitled to Vote / Presumed to Accept	Paid in full in Cash/Reinstated/ Unimpaired
8-C	Interests in Kestrel	Not Entitled to Vote / Deemed to Reject	Extinguished with No Recovery
8-D	Interests in Other Kestrel Debtors	Not Entitled to Vote / Presumed to Accept	Reinstated for Administrative Convenience
9	Section 510(b) Claims	Not Entitled to Vote / Deemed to Reject	Extinguished with No Recovery

2. *Recovery Analysis*

In developing the Plan, the Debtors gave due consideration to various restructuring alternatives. The Debtors conducted a review of their current operations, prospects as an ongoing business, financial projections, and estimated recoveries in a chapter 7 liquidation scenario. The Debtors believe that any alternative to Confirmation, such as a chapter 7 liquidation, would result in significantly less value available for distribution to its creditors, as demonstrated by the Liquidation Analysis, attached as **Exhibit C** to this Disclosure Statement.

3. *Classified Claims and Interests Details*

Each Holder shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Claim or Allowed Interest, except to the extent different treatment is agreed to by the Reorganized Debtors and such Holder. Unless otherwise indicated, each such Holder shall receive such treatment on the Effective Date or as soon as reasonably practicable thereafter.

a. **Class 1 – Other Priority Claims**

(i) Classification: Class 1 consists of all Other Priority Claims against the Debtors.

(ii) Treatment: Except to the extent that a holder of an Other Priority Claim agrees to a less favorable classification or treatment, each holder of an Allowed Other Priority Claim will receive, in the sole discretion of the Reorganized Debtors: (a) payment in full in Cash as promptly as reasonably practicable on the later of (A) the Effective Date and (B) the date on which such Other Priority Claim

becomes an Allowed Claim payable under applicable law or any agreement relating thereto; or (b) treatment of such Other Priority Claim in any other manner that renders the claim Unimpaired, including Reinstatement.

All Allowed Other Priority Claims not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof.

(iii) Voting: Allowed Claims in Class 1 are Unimpaired. Each holder of an Allowed Claim in Class 1 shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

b. **Class 2 – Other Secured Claims**

(i) Classification: Class 2 consists of all Other Secured Claims.

(ii) Treatment: Except to the extent that a holder of an Other Secured Claim agrees to a less favorable classification or treatment, each holder of an Other Secured Claim shall, in the sole discretion of the Reorganized Debtors, receive on the Effective Date (or as promptly thereafter as reasonably practicable) or in the ordinary course of the Reorganized Debtors' business: (a) payment in full in Cash, including the payment of any interest Allowed and payable under section 506(b) of the Bankruptcy Code; (b) delivery of the collateral securing such Allowed Other Secured Claim; or (c) treatment of such Allowed Other Secured Claim in any other manner that renders the Claim Unimpaired, including Reinstatement.

(iii) Voting: Allowed Claims in Class 2 are Unimpaired. Each holder of an Allowed Claim in Class 2 shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

c. **Class 3 – First Lien Credit Agreement Claims**

(i) Classification: Class 3 consists of all First Lien Credit Agreement Claims.

(ii) Treatment: On the Effective Date, each holder of an Allowed First Lien Credit Agreement Claim shall receive, in full and final satisfaction of its Allowed First Lien Credit

Agreement Claim (not otherwise being satisfied through the New ABL / Term Loan Facility), its pro rata share of (a) 100 percent of the New Class A Common Stock, subject to potential dilution by the Employee Incentive Plan, and (b) 100 percent of the New Preferred Stock.

(iii) Voting: Claims in Class 3 are Impaired. Therefore, each holder of an Allowed Claim in Class 3 shall be entitled to vote to accept or reject the Plan.

d. **Class 4 – Senior Subordinated Secured Note Claims**

(i) Classification: Class 4 consists of all Senior Subordinated Secured Note Claims.

(ii) Treatment: Except to the extent that a holder of a Senior Subordinated Secured Note Claim agrees to a less favorable classification or treatment, each holder of an Allowed Senior Subordinated Secured Note Claim shall receive on the Effective Date (or as promptly thereafter as reasonably practicable) in full and final satisfaction of its Allowed Senior Subordinated Secured Note Claim:

1. **if Class 4 votes to accept the Plan**, its pro rata of the Senior Subordinated Secured Note Claims Distribution; or

2. **if Class 4 does not vote to accept the Plan**, no distribution under the Plan on account of such Claim.

(iii) Voting: Allowed Claims in Class 4 are Impaired. Therefore, each holder of an Allowed Claim in Class 4 shall be entitled to vote to accept or reject this Plan.

e. **Class 5 – Kestrel Secured Claims**

(i) Classification: Class 5 consists of all Kestrel Secured Claims.

(ii) Treatment: Except to the extent that a holder of a Kestrel Secured Claim agrees to a less favorable classification or treatment, each holder of an Allowed Kestrel Secured Claim shall, in the sole discretion of the Reorganized Debtors, receive on the Effective Date (or as promptly thereafter as reasonably practicable) in full and final satisfaction of its Allowed Kestrel Secured Claim: (a) **if the Liquidation Event occurs**, no distribution under the Plan

on account of such Claim; or (b) **if the Liquidation Event does not occur**, in the sole discretion of the Reorganized Debtors: (1) delivery of the collateral securing such Allowed Kestrel Secured Claim; (2) distribution as agreed to by the Reorganized Debtors and the holder of such Allowed Kestrel Secured Claim; or (3) treatment of such Allowed Kestrel Secured Claim in any other manner as agreed to by the Reorganized Debtors and the holders of the Allowed Kestrel Secured Claim that renders the Claim Unimpaired, including Reinstatement.

(iii) Voting: Allowed Claims in Class 5 are either Unimpaired, in which case the holders of Allowed Class 5 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and not receiving any distribution under the Plan, in which case the holders of Allowed Class 5 Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each holder of an Allowed Class 5 Claim will not be entitled to vote to accept the Plan.

f. **Class 6 – General Unsecured Claims**

(i) Classification: Class 6 consists of all General Unsecured Claims.

(ii) Treatment: On the Effective Date, all General Unsecured Claims shall be discharged and extinguished and the holders thereof shall not receive or retain any property under the Plan on account of such Claims.

(iii) Voting: Allowed Claims in Class 6 are Impaired. Each holder of an Allowed Claim in Class 6 shall be conclusively deemed to have rejected the Plan pursuant to section 1127(g) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

g. **Class 7 – Intercompany Claims**

(i) Classification: Class 7 consists of all Intercompany Claims.

(ii) Treatment: On the Effective Date, in the sole discretion of the Reorganized Debtors, all Intercompany Claims shall either be (i) Reinstated or (ii) released without any distribution on account of such Claims.

(iii) Voting: Allowed Claims in Class 7 are either Unimpaired, in which case the holders of Allowed Class 7 Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and not receiving any distribution under the Plan, in which case the holders of Allowed Class 7 Claims are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each holder of an Allowed Class 7 Claim will not be entitled to vote to accept the Plan.

h. **Class 8-A – Interests in ONE Aviation**

(i) Classification: Class 8-A consists of all Interests in ONE Aviation.

(ii) Treatment: On the Effective Date, all Interests in ONE Aviation will be extinguished and the holders of such Interests shall not receive or retain any distribution, property, or other value on account of such Interests.

(iii) Voting: Interests in Class 8-A are Impaired. Each holder of an Allowed Claim in Class 8-A shall be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

i. **Class 8-B – Interests in Other ONE Aviation Debtors**

(i) Classification: Class 8-B consists of all Interests in Other ONE Aviation Debtors.

(ii) Treatment: On the Effective Date, all Interests in Other ONE Aviation Debtors will be Reinstated for administrative convenience.

(iii) Voting: Allowed Claims in Class 8-B are Unimpaired. Each holder of an Allowed Claim in Class 8-B shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

j. **Class 8-C – Interests in Kestrel**

(i) Classification: Class 8-C consists of all Interests in Kestrel.

(ii) Treatment: On the Effective Date, all Interests in Kestrel will be extinguished and the holders of such Interests shall

not receive or retain any distribution, property, or other value on account of such Interests.

(iii) Voting: Interests in Class 8-C are Impaired. Each holder of an Allowed Claim in Class 8-C shall be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

k. **Class 8-D – Interests in Other Kestrel Debtors**

(i) Classification: Class 8-D consists of all Interests in Other Kestrel Debtors.

(ii) Treatment: On the Effective Date, all Interests in Other Kestrel Debtors will be Reinstated for administrative convenience.

(iii) Voting: Allowed Claims in Class 8-D are Unimpaired. Each holder of an Allowed Claim in Class 8-D shall be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

l. **Class 9 – Section 510(b) Claims**

(i) Classification: Class 9 consists of all Section 510(b) Claims.

(ii) Treatment: On the Effective Date, all Section 510(b) Claims shall be discharged and extinguished and the holders thereof shall not receive or retain any property under the Plan on account of such Section 510(b) Claims.

(iii) Voting: Claims in Class 9 are Impaired. Each holder of an Allowed Claim in Class 9 shall be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code, and, therefore, shall not be entitled to vote to accept or reject the Plan.

E. Transfer of New Common Stock, New Preferred Stock, and New Warrants

On the Effective Date, holders of First Lien Credit Agreement Claims or their designee(s) shall receive, and the Debtors shall issue, transfer, and deliver to such Holders or their designee(s), newly issued shares of New Class A Common Stock, par value $0.01 per share, which shall constitute all of the issues and outstanding common stock and rights to purchase or otherwise acquire common stock on the Debtors (except with respect to any New Class B Common Stock and any New Warrants, and subject to potential dilution by the Employee

Incentive Plan), free and clear of any lien, charge, pledge, security interest, claim, or other encumbrance. For the avoidance of doubt, the acceptance of New Common Stock by any Holder pursuant to the treatment of such Holder's Claims under the Plan shall be deemed as such Holder's agreement to the New Organizational Documents, each as may be amended or modified from time to time following the Effective Date in accordance with its terms.

On the Effective Date, if Class 4 votes to accept the Plan, holders of Senior Subordinated Secured Note Claims or their designee(s) shall receive, and the Debtors shall issue, transfer, and deliver to such Holders or their designee(s), newly issued shares of New Class B Common Stock, par value $0.01 per share, free and clear of any lien, charge, pledge, security interest, claim, or other encumbrance. For the avoidance of doubt, the acceptance of New Class B Common Stock by any Holder pursuant to the treatment of such Holder's Claims under the Plan shall be deemed as such Holder's agreement to the New Organizational Documents, each as may be amended or modified from time to time following the Effective Date in accordance with its terms.

On the Effective Date, holders of the First Lien Credit Agreement Claims or their designee(s) shall receive, and the Debtors shall issue, transfer, and deliver to such Holders or their designee(s), newly issued shares of New Preferred Stock, par value $0.01 per share, which shall constitute all of the issued and outstanding preferred stock and rights to purchase or otherwise acquire preferred stock of the Debtors, free and clear of any lien, charge, pledge, security interest, claim, or other encumbrance. For the avoidance of doubt, the acceptance of New Preferred Stock by any Holder pursuant to the treatment of such Holder's Claims under the Plan shall be deemed as such Holder's agreement to the New Organizational Documents, each as may be amended or modified from time to time following the Effective Date in accordance with its terms.

On the Effective Date, if Class 4 votes to accept the Plan, holders of Senior Subordinated Secured Note Claims or their designee(s) shall receive, and the Debtors shall issue, transfer, and deliver to such Holders or their designee(s), the New Warrants, free and clear of any lien, charge, pledge, security interest, claim, or other encumbrance. For the avoidance of doubt, the acceptance of New Warrants by any Holder pursuant to the treatment of such Holder's Claims under the Plan shall be deemed as such Holder's agreement to the New Organizational Documents and the Warrant Agreement, each as may be amended or modified from time to time following the Effective Date in accordance with its terms.

ARTICLE II.
VOTING PROCEDURES AND REQUIREMENTS

A. Class Entitled to Vote on the Plan

The following Classes are the only Classes entitled to vote to accept or reject the Plan (collectively, the "Voting Classes"):

Class	Claim or Interest	Status
3	First Lien Credit Agreement Claims	Impaired

4	Senior Subordinated Secured Note Claims	Impaired

If your Claim or Interest is not included in the Voting Classes, you are not entitled to vote and you will not receive a Solicitation Package, including a Ballot setting forth detailed voting instructions. If your Claim is included in one of the Voting Classes, you should read your Ballot and carefully follow the instructions included in the Ballot. Please use only the Ballot that accompanies this Disclosure Statement or the Ballot that the Debtors, or the Solicitation Agent (as defined below) on behalf of the Debtors, otherwise provided to you.

B. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the amount and, if a class of claims, the number, of claims and interests voting to accept, as a percentage of the allowed claims or interests, as applicable, that have voted. Acceptance by a class of claims requires an affirmative vote of more than one-half in number of total allowed claims that have voted and an affirmative vote of at least two-thirds in dollar amount of the total allowed claims that have voted.

C. Certain Factors to Be Considered Prior to Voting

There are a variety of factors that all Holders of Claims entitled to vote on the Plan should consider prior to voting to accept or reject the Plan. These factors, which may impact recoveries under the Plan, include the following:

- although the Debtors believe that the Plan complies with all applicable provisions of the Bankruptcy Code, the Debtors can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan; and

- any delays of either Confirmation or the occurrence of Effective Date could result in, among other things, increased Administrative Expense Claims and Professional Fee Claims.

While these factors could affect distributions available to holders of Allowed Claims under the Plan, the occurrence or impact of such factors will not necessarily affect the validity of the vote of the Voting Classes or necessarily require a re-solicitation of the votes of Holders of Claims in the Voting Classes.

For a further discussion of risk factors, please refer to ARTICLE VII, entitled "Risk Factors" of this Disclosure Statement.

D. Classes Not Entitled to Vote on the Plan

Under the Bankruptcy Code, Holders of claims and interests are not entitled to vote if their contractual rights are unimpaired by the proposed plan or if they will receive no property under the plan. Accordingly, the following Classes of Claims and Interests are not entitled to vote to accept or reject the Plan:

Class	Claim or Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Presumed to Accept
2	Other Secured Claims	Unimpaired	Presumed to Accept
5	Kestrel Secured Claims	Impaired / Unimpaired	Presumed to Accept / Deemed to Reject
6	General Unsecured Claims	Impaired	Deemed to Reject
7	Intercompany Claims	Impaired / Unimpaired	Presumed to Accept / Deemed to Reject
8-A	Interests in ONE Aviation	Impaired	Deemed to Reject
8-B	Interests in Other ONE Aviation Debtors	Unimpaired	Presumed to Accept
8-C	Interests in Kestrel	Impaired	Deemed to Reject
8-D	Interests in Other Kestrel Debtors	Unimpaired	Presumed to Accept
9	Section 510(b) Claims	Impaired	Deemed to Reject

E. Solicitation Procedures

1. *Solicitation*

The Debtors have retained Epiq Corporate Restructuring, LLC to act, among other things, as the solicitation agent (the "Solicitation Agent") in connection with the solicitation of votes to accept or reject the Plan.

2. *Solicitation Package*

The following materials constitute the solicitation package (the "Solicitation Package") distributed to holders of Claims in the Voting Classes:

- the Ballot and applicable voting instructions; and
- this Disclosure Statement and all exhibits hereto, including the Plan and all exhibits thereto.

3. *Distribution of the Solicitation Package*

The Debtors caused the Solicitation Agent to distribute the Solicitation Packages to holders of Claims in the Voting Classes via electronic mail before 11:59 p.m. prevailing Eastern Time on October 9, 2018.

F. Voting Procedures

October 9, 2018 (the "Voting Record Date") is the date that was used for determining which Holders are entitled to vote to accept or reject the Plan and receive the Solicitation Package in accordance with the solicitation procedures. Except as otherwise set forth herein, the

Voting Record Date and all of the Debtors' solicitation and voting procedures shall apply to all of the Debtors' Creditors and other parties in interest.

In order for the Holder of a Claim in one of the Voting Classes to have such Holder's Ballot counted as a vote to accept or reject the Plan, such Holder's Ballot must be properly completed, executed, and delivered by electronic mail to tabulation@epiqsystems.com (reference "ONE Aviation" in the subject line) so that such Holder's Ballot is actually received by the Solicitation Agent on or before the Voting Deadline, *i.e.* October 31, 2018, at 8:59 p.m. prevailing Eastern Time.

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED UNLESS THE DEBTORS DETERMINE OTHERWISE.

ANY BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER, OR THE AGENT, DESIGNEE, OR NOMINEE THEREOF, OF A CLAIM IN THE VOTING CLASS BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN, OR ANY BALLOT THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL NOT BE COUNTED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN.

EACH HOLDER, OR THE AGENT, DESIGNEE, OR NOMINEE THEREOF, OF A CLAIM IN THE VOTING CLASS MUST VOTE ALL OF ITS CLAIMS WITHIN SUCH CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT SUCH VOTES. BY SIGNING AND RETURNING A BALLOT, EACH HOLDER, OR THE AGENT, DESIGNEE, OR NOMINEE THEREOF, OF A CLAIM IN THE VOTING CLASS WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST OR, IF ANY OTHER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLASS OF CLAIMS, SUCH OTHER BALLOTS INDICATED THE SAME VOTE TO ACCEPT OR REJECT THE PLAN. IF A HOLDER, OR THE AGENT, DESIGNEE, OR NOMINEE THEREOF, CASTS MULTIPLE BALLOTS WITH RESPECT TO THE VOTING CLASS AND THOSE BALLOTS ARE IN CONFLICT WITH EACH OTHER, SUCH BALLOTS WILL NOT BE COUNTED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN.

IT IS IMPORTANT THAT THE HOLDER, OR THE AGENT, DESIGNEE, OR NOMINEE THEREOF, OF A CLAIM IN THE VOTING CLASS FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON THE APPLICABLE BALLOT AND THE ACCOMPANYING INSTRUCTIONS.

ARTICLE III.
BUSINESS OVERVIEW AND CORPORATE HISTORY

A. Business Overview

Headquartered in Albuquerque, New Mexico, the Debtors are an Original Equipment Manufacturer of twin-engine light jet aircraft. Primarily serving the owner/operator, corporate, and aircraft charter markets as well as international markets, the Debtors are on the forefront of private-aviation technology. The Debtors boast a strong market share in the very light jet

segment with 286 aircraft in service globally and have dedicated significant investment in tooling and intellectual property with the potential to license intellectual property and establish foreign manufacturing capabilities with international partners.

The Debtors provide maintenance and upgrade services for their existing fleet of aircraft through two Company-owned Platinum Service Centers in Albuquerque, New Mexico and Aurora, Illinois, five licensed, global Gold Service Centers in locations including San Diego, California, Boca Raton, Florida, Friedrichshafen, Germany, Eelde, Netherlands, and Istanbul, Turkey, as well as a research and development center located in Superior, Wisconsin.

Presently, the Debtors employ approximately 64 employees. During the 2017 calendar year, the Debtors had revenues of approximately $35 million on a consolidated basis. As of June 30, 2018, the Debtors' unaudited quarterly consolidated financial statements reflected assets with a book value totaling approximately $222 million and liabilities totaling approximately $256 million.

The Debtors' business focuses on aircraft service and upgrades, aircraft remanufacturing, and new aircraft manufacturing and sales. Through their aircraft service and upgrades operations, the Debtors have multiple maintenance programs, providing visibility into future revenue streams due to the recurring nature of the Federal Aviation Administration ("FAA") mandated maintenance and inspections. Furthermore, the Debtors provide a variety of upgrades for aircraft, including enhanced avionics, and, because of the Debtors' ownership of type certificates, the Debtors have exclusive rights to replace most parts, provide service, and support Eclipse aircraft.

The Debtors' remanufacturing business allows the Debtors to convert pre-owned aircraft to upgraded specifications to resell into the secondary market with full factory warranties. Realizing the potential of this sector, the Debtors have invested significant near-term cash flow in supporting the Debtors' further upgrade potential that is in development.

Finally, the Debtors have a history of excellence in new aircraft manufacturing and sales, including the Eclipse 500, Eclipse 550, and Eclipse SE models. The Debtors believe this history will continue with the forthcoming next-generation Eclipse 700. As of September 2018, the Debtors hold $1.5 million in escrow for 15 aircraft orders the Debtors received, and the Debtors are considering program plans that could result in 50 aircraft being delivered annually by 2024. With state-of-the-art and fully integrated facilities of approximately 190,000 square feet, the Debtors' believe their production tooling is capable of producing over 50 aircraft annually.

B. Prepetition Capital Structure

As described in greater detail below, the Debtors owe approximately $198,801,602 in outstanding debt obligations (collectively, the "Prepetition Debt Obligations"), consisting of approximately: (i) $58,666,703 outstanding under the First Lien Credit Facility (defined below); (ii) $43,352,329 in Subordinated Secured Notes (defined below) outstanding; (iii) $20,580,426 in Subordinated Unsecured Notes (defined below); (iv) $2,905,586 in additional unsecured notes outstanding; (v) approximately $53,274,753 representing amounts owed to various state and local governments in the form of development loans; (vi) approximately $10,821,805 in

miscellaneous debt obligations; and (vii) approximately $9,200,000 in trade payables. The Prepetition Debt Obligations are described in greater detail below.

Debt	Approximate Amount Outstanding
First Lien Credit Facility	**$58,666,703**
Term Loan Facility	$48,428,625
Revolving Loan Facility	$10,238,078
Subordinated Secured Notes	**$43,352,329**
Series A-1 Senior Subordinated Secured Notes	$17,421,552
Series A-2 Senior Subordinated Secured Notes	$24,930,777
Holland Family Trust Note	$1,000,000
Subordinated Unsecured Notes	**$20,580,426**
Series A-5 Subordinated Unsecured Notes	$12,522,179
Mann Subordinated Unsecured Note	$6,482,779
PZL Subordinated Unsecured Note	$1,575,468
Additional Unsecured Notes	**$2,905,586**
City of Superior Note	$1,721,935
Douglas County Note	$479,421
Eaton Note	$704,230
Government Development Loans	**$53,274,753**
Kestrel State Community Development Loans	$49,398,245
MRRA Notes	$474,133
WEDC Notes	$3,402,375
Miscellaneous Debt Obligations	**$10,821,805**
Albuquerque Project Participation Agreement	$254,137
K-350 Notes	$6,270,000
Non-EAI Shareholder Notes	$4,297,668
Trade Payables	**$9,200,000**
Total Debt	**$198,801,602**

ARTICLE IV.
EVENTS LEADING TO THE CHAPTER 11 FILING

A. Lack of Global Economic Confidence, and the Impact on the Debtors in the Global Aviation Industry

Prior to 2015, ONE Aviation's various ownership groups pursued a business strategy targeting a new "air taxi" industry in the hopes this would increase demand for VLJ aircraft. This industry, however, did not come to fruition. Following this period, the company pursued a strategy to undertake development of new airplane models (Eclipse 700 and K-350). That strategy ultimately proved unsuccessful in the near term because, in addition to the negative macro-factors, including the condition of the U.S. and global economies, ONE Aviation was unable to raise the capital needed to complete the new airplane programs. The VLJ market, a market dependent on luxury spending, simply had not recovered from its downturn in 2008.

To be sure, however, there is undoubtedly still a market for this niche producer. The VLJ market has seen some expansion recently. And, new markets are opening up, particularly the potentially robust and valuable Chinese market. To participate fully in this growing market, a large portion of the capital needed must be spent up front before a return can be realized.

To stay competitive and develop cutting-edge technology, EAC and EAI combined have invested $1.4 billion over the past 19 years in products and technologies, including some investment in the development of the next-generation Eclipse 700 model. The need to invest in newer engines with higher thrust and higher-capacity generators, higher-capacity batteries, strengthened landing gear, improved aerodynamics, increased fuel capacity, and new electronics systems governing the air data system, autopilot system, Avionics Control Systems, and data signaling unit systems entail massive up-front expenditures that require financial investment over and above the capabilities of the Debtors. The long lead times inherently found in aircraft development and manufacturing thus drive performance trends in the business and general aviation industry, which have historically lagged behind trends in general economic conditions and corporate profits.

As a result, the Debtors' financial performance—including liquidity—declined significantly as they sought to stay operational and they were not able to raise the necessary additional capital to pursue market expansion and development of the EA700. Although the Debtors were successful in arranging for a commitment of capital in 2015, the contributions were not made according to the expected time-frame, around which the Company's business plan was, in part, premised. Accordingly, without sufficient capital coming at the expected time, the Company was forced to divert resources away from research and development to fund operations. This delayed the Company's ability to certify its next generation of aircraft. Considering the deterioration in the Debtors' performance, the Debtors realized that they would need to implement certain initiatives to stabilize their operations and return to long-term profitability.

B. The Debtors' Prepetition Restructuring Efforts

Beginning with the onset of a shortage of capital, the Debtors began to evaluate all aspects of their business with an eye toward adjusting their operations and cost-structure to reflect declining demand in the global aviation industry. This evaluation resulted in the implementation of a number of significant financial, operational, and personnel changes.

First, the Debtors hired Paul Hastings LLP to serve as legal counsel in connection with the Debtors' assessment of their restructuring alternatives. The Debtors also engaged their Prepetition First Lien Lender to address an impending maturity date and attempt to alleviate immediate liquidity concerns. As a result, since 2016 the Debtors and Prepetition First Lien Lenders entered into a series of amendments to the First Lien Credit Facility that extended the maturity dates on an iterative basis and provided access to additional liquidity by establishing a revolving loan facility. These amendments also required the Debtors to explore additional restructuring alternatives, including seeking financing, engaging in significant cost-reduction measures, and conducting a marketing and sale process to find buyers interested in purchasing the Debtors' assets through either an in-court or out-of-court process.

Second, to assist the Debtors with their potential marketing and sale process, the Debtors, with the consent of the Prepetition First Lien Lender, engaged Guggenheim Securities ("Guggenheim") to act as investment banker on February 17, 2017. Guggenheim launched a marketing and sale process in the second quarter of 2017. Upon information and belief, Guggenheim contacted 95 financial investors and 14 strategic investors. Guggenheim sent out 72 teasers and 19 non-disclosure agreements were executed. Two interested parties submitted indications. The Board reviewed each proposal and made a determination that both proposals lacked certainty to close, either because the indication was subject to the raising of significant additional capital or did not result in a value-maximizing solution based on its terms and conditionality. The Debtors and Guggenheim did not receive any viable bids from this process, and the Debtors and Prepetition First Lien Lender returned to the negotiating table to explore additional restructuring alternatives.

In connection with Guggenheim's engagement, on March 29, 2017, the Debtors also retained Guotai Junan Securities USA, Inc. as its exclusive financial advisor in mainland China and to assist the Debtor with its recapitalization efforts. Upon information and belief, no credible or viable investor or potential buyer came forward.

After spending several months operating at a net negative cash flow basis but without any solution to the Debtors' liquidity issues, the Debtors, after carefully evaluating the situation with their professionals, and the Prepetition First Lien Lender, decided that the Prepetition First Lien Lender would serve as the stalking horse bidder for the Debtors' assets. Given this revised restructuring scenario, the Debtors, with the consent of the Prepetition First Lien Lender, decided to hire Duff & Phelps as investment banker to reengage the marketing and sale process in a final out-of-court attempt to find a third party buyer for the Debtors' assets. Duff & Phelps commenced its new marketing and sale process at the beginning of 2018.

The sale process contemplated a broad outreach to a large list of potential buyers, including strategic buyers, financial buyers with investments in aerospace, and buyers of

distressed assets. The sale process included buyers worldwide, including North and South America, Europe, the Middle East, and Asia. The sale process also provided buyers with three potential alternatives for operation of the Debtors' business post-transaction: (a) a continuation of the Debtors' business servicing existing aircraft only, (b) refurbishment and resale of existing aircraft with improved avionics, and (c) investment in, and development of, next-generation aircraft.

On January 22, 2018, the Debtors launched their sale process. Communications between Duff & Phelps and potential acquirers began immediately after the launch and increased during the following weeks. Duff & Phelps contacted a total of 161 strategic and 315 potential financial investors, distributing a teaser regarding the sale to a total of 476 potential buyers, but this time with a view towards effectuating any potential transaction through a chapter 11 process. More than 100 potential buyers engaged with Duff & Phelps following the initial launch, and 41 executed non-disclosure agreements to receive more information and were provided a confidential information memorandum with detail on the Debtors' business. Throughout this process, Duff & Phelps and the Debtors worked closely to respond to bidder inquiries, strategize ways to encourage participation and bids, and advance bidders through the process, all with an eye toward maximizing competition and value.

The deadline for submission of bids was February 16, 2018. Despite the extensive outreach process, and subsequent efforts to re-engage with interested potential buyers, the sale process resulted in no viable bids for the Debtors' business or assets. One potential buyer did come forward and the Debtors extended their process to allow further discussions and diligence to take place. Ultimately, this potential buyer did not move forward, and in fact, never moved beyond receiving the NDA. The Board and Duff & Phelps continue to speak with prospective investors, but have not received any form of indication of interest from them to date.

While the marketing process unfolded, Debtors also attempted to restructure and manage their cash flow by stretching trade terms with various vendors, suppliers, and partners. Certain of these parties, unhappy with their outstanding balances, sought to enforce their rights, first by letter writing, and next, through formal collection actions. For example, Henry Orlosky, Edward M. Lundeen, former Senior Vice President at EAI, Ken Ross, former chief executive officer of EAI, and Living Benefits Asset Management, LLC ("LBAM") have, respectively, either commenced litigation against one or more of the Debtors or have taken acts to obtain possession of the Debtors' aircraft and other property as a result of enforcing their default judgments.

With the Debtors in current default under the First Lien Credit Facility and facing a string of collection actions, and with their production operations having come to a halt due to lack of liquidity, the Debtors determined that it was in the best interests of the company and their stakeholders to effectuate a consensual restructuring through a prepackaged plan of reorganization pursuant to which prepetition first lien debt, now held entirely by Citiking, would be converted to equity in the reorganized Debtors.

Third, during pendency of the Debtors' exploration of viable restructuring alternatives, the Debtors determined that it was desirable and in the best interest of North American Jet Charter Group, LLC ("NAJ") to approve a sale of the Debtors' membership interest in NAJ to

Orion Aviation Holdings, LLC ("Orion") in exchange for Orion assuming certain liabilities of NAJ and the Debtors assuming certain liabilities of NAJ.

Fourth, the Debtors continued to pare down their operations to more manageable units. In October 2017, ONE Aviation engaged in a reduction in force ("RIF") that streamlined the 200 employees to approximately 74 and reduced the Albuquerque facility lease costs. The RIF was an important aspect of the Debtors' restructuring efforts and significantly reduced payroll expenses contemplated thereby on a go-forward basis. In turn, the Debtors hope that more efficient operations will contribute to a decrease in overall costs.

Fifth, the Debtors made internal leadership changes. Initially, pursuant to the Stockholder Consent Agreements, One Aviation reconstituted its board of directors and appointed Kevin Gould, Alan Klapmeier, Jonathan Dwight, and Michael Wyse to the Board. In addition, Michael Wyse was appointed to the position of Chairman of the Board.

C. Negotiations With the Prepetition Lender

After going through two separate sale and marketing processes for the Debtors' business, and given the Debtors' inability to completely rationalize their operational performance and financial position, the Debtors and the Prepetition First Lien Lender entered into negotiations to effectuate a transaction through the chapter 11 process that would result in the Prepetition First Lien Lender converting their debt to equity. The Debtors engaged in parallel negotiations with the Prepetition First Lien Lender and third parties to secure DIP financing on the best terms possible. The Debtors negotiated at arm's-length and in good faith, ultimately securing a DIP from the Prepetition First Lien Lender in the amount of $[17] million.

The Debtors commenced these Chapter 11 Cases to effectuate the best relief available to the Debtor. By securing in advance the substantial support for DIP financing, the Debtors now have a clear path for a successful chapter 11 restructuring that will enhance liquidity, reduce leverage and annual interest expense, and improve long-term growth prospects and operating performance.

After many months of extensive negotiations, on October 9, 2018, the Debtors and the Prepetition First Lien Lender, among others, agreed to a comprehensive restructuring of the Debtors in accordance with the terms of the the Restructuring Support Agreement and the Plan.

ARTICLE V.
OTHER KEY ASPECTS OF THE PLAN

A. Distributions

One of the key concepts under the Bankruptcy Code is that only claims and interests that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an Allowed Claim or Interest means that the Debtors agree, or if there is a dispute, the Bankruptcy Court determines, that the Claim or Interest, and the amount thereof, is in fact a valid obligation of the Debtors. Except as otherwise provided in the Plan, a Final Order, or as otherwise agreed to by the relevant parties, on the Effective Date, the Debtors shall make initial distributions under the Plan on account of Allowed

Claims, including those that become Allowed as of the Effective Date, subject to the Reorganized Debtors' right to object to Claims. A more detailed discussion of the treatment and anticipated means of satisfaction for each Class of Allowed Claims or Interests is set forth in ARTICLE I.E and ARTICLE I.F above.

During the period from the Confirmation Date through and until the Effective Date, the Debtors may continue to operate their business as Debtors in possession in the ordinary course in a manner consistent with its obligations under the Restructuring Support Agreement and the transactions contemplated by the Plan and the Restructuring Support Agreement, subject to all applicable orders of the Bankruptcy Court and the provisions of the Bankruptcy Code.

B. Restructuring Transactions

1. *Debt Exchange*

On the Effective Date, the Prepetition First Lien Lender (or their designee(s)) will receive 100 percent of the new Class A Common Stock (subject to potential dilution by the Employee Incentive Plan) and 100 percent of the new Preferred Stock of Reorganized ONE Aviation in full satisfaction of all First Lien Credit Agreement Claims (not otherwise being satisfied through the New ABL / Term Loan Facility).

2. *Corporate Governance, Directors and Officers*

a. Certificate of Incorporation; By-Laws

On the Effective Date, the By-Laws and certificates of incorporation of the Reorganized Debtors will go into effect. After the Effective Date, the Reorganized Debtors may amend and restate its certificates or articles of incorporation, by-laws, or similar governing documents, as applicable, as permitted by applicable law.

b. The New Board

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, the number and identify of the members of the New Board shall be selected and approved by the Prepetition First Lien Lender, with the constitution of the New Board to be identified in the Plan Supplement prior to the Confirmation Hearing. After the Effective Date, the New Organization Documents, as each may be amended thereafter from time to time, shall govern the designation and election of directors.

3. *Corporate Action*

On the Effective Date, (a) the selection of directors and officers for Reorganized Debtors, (b) the issuance and distribution of the New Common Stock and New Preferred Stock, and (c) all other actions and transactions contemplated by the Plan and the Restructuring Support Agreement shall be deemed authorized and approved in all respects (subject to the provisions of the Plan and the Restructuring Support Agreement). All matters provided for in the Plan and the Restructuring Support Agreement involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized

Debtors in connection with the Plan and the Restructuring Support Agreement, shall be deemed to have timely occurred in accordance with applicable law and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors or the Reorganized Debtors. On and after the Effective Date, the appropriate officers of the Reorganized Debtors and members of the boards of directors or managers of the Reorganized Debtors shall be authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan and the Restructuring Support Agreement in the name of and on behalf of the Reorganized Debtors.

C. Regulatory Approvals

The Debtors and the business conducted by certain of its affiliates are subject to regulatory oversight by a number of Governmental Entities. Among other conditions precedent to the Effective Date, the effectiveness of the Plan is subject to obtaining certain Governmental Approvals, except to the extent such Governmental Approvals would not, in the aggregate, reasonably be expected to result in losses, costs, liabilities or expenses to the parties to the Restructuring Support Agreement and their respective subsidiaries in excess of $5,000,000. The Debtors anticipate seeking each of the necessary Governmental Approvals from the relevant Governmental Units as soon as practicable after the Petition Date.

D. Treatment of Executory Contracts and Insurance Policies

1. *Assumption or Rejection of Executory Contracts*

On the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (i) was previously assumed or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, (iii) is subject to a motion to reject such Executory Contract or Unexpired Lease filed prior to the Effective Date, or (iv) appears on the "List of Executory Contracts and Unexpired Leases to be Rejected at the Confirmation Hearing" that will be filed with the Plan Supplement. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and the rejection of any Executory Contract or Unexpired Lease for which a motion to reject has been filed, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each Executory Contract and Unexpired Lease assumed pursuant to this Article VI shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption. Any motions to assume or reject Executory Contracts of Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease , including any "change of control" provision, then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

2. *No Cure Obligations*

Except as set forth in the Plan Supplement, there are no anticipated cure obligations with respect to any Executory Contract or Unexpired Lease to which the Debtors are a party. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to any Executory Contract or Unexpired Lease assumed pursuant to the Plan. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute a finding by the Bankruptcy Court that (i) each such assumption is in the best interest of the Debtors and their Estates, and (ii) the requirements of section 365(b)(l) of the Bankruptcy Code are deemed satisfied.

3. *Insurance Policies and Agreements*

Insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Petition Date (including, without limitation, any policies covering directors' or officers' conduct) shall continue in effect after the Effective Date. To the extent that such insurance policies or agreements are considered to be Executory Contracts or Unexpired Leases, the Plan shall constitute a motion to assume or ratify such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors and their Estates. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy.

4. *Post-Petition Contracts and Leases*

All contracts, agreements and leases that were entered into by the Debtors or assumed by the Debtors after the Petition Date in compliance with the terms of the Restructuring Support Agreement shall be deemed assigned by the Debtors to the Reorganized Debtors on the Effective Date.

5. *Modifications, Amendments, Supplements, Restatements or Other Agreements*

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such Executory Contracts or Unexpired Leases including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan. Modifications, amendments, supplements and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority or amount of any Claims that may arise in connection therewith.

E. Discharges, Releases, Exculpations, and Injunctions; Survival of Indemnification and Exculpation Obligations

1. *Discharges*

a. Discharge of Claims and Termination of Interests

Except as otherwise provided herein or in the Confirmation Order including with respect to any Claims that are Reinstated under the Plan, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims and Interests of any nature whatsoever, whether known or unknown, against the Debtors or their Estates, assets, properties or interest in property, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests. On the Effective Date, except for Reinstated Claims, the Debtors shall be deemed discharged and released under section 1141(d)(l)(A) of the Bankruptcy Code from any and all Claims and Interests, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, General Unsecured Claims, and Interests in the Debtors.

b. Discharge Injunction

As of the Effective Date, except as otherwise expressly provided in the Plan or the Confirmation Order, all Entities (other than holders of Reinstated Claims solely in their capacities as such) shall be precluded from asserting against the Debtors or the Reorganized Debtors and their respective assets and property or the Estates, any other or further Claims (other than those Reinstated under the Plan), or any other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities of any nature whatsoever, relating to the Debtors or Reorganized Debtors or any of their respective assets and property or the Estates, based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as expressly provided in the Plan or the Confirmation Order, the Confirmation Order shall constitute a judicial determination, as of the Effective Date, of the discharge of all non-Reinstated Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void and extinguish any judgment obtained against the Debtors, the Reorganized Debtors, or their respective assets, property and Estates at any time, to the extent such judgment is related to a discharged Claim, debt or liability. Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons or Entities who have held, hold or may hold Claims or Interests that arose prior to the Effective Date and all other parties-in-interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including a Section 510(b) Claim) against or Interest in the Reorganized Debtors or property of the Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Reorganized Debtors or property of the Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan,

(iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Reorganized Debtors or against the property or interests in property of the Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan or (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Reorganized Debtors or against the property or interests in property of the Reorganized Debtors, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Reorganized Debtors and their respective properties and interest in properties. For the avoidance of doubt, the provisions of this Section 9.2.2 shall not apply with respect to Claims that are Reinstated under the Plan, including, without limitation, the First Lien Credit Agreement Claims.

2. *Releases*

a. **Releases by the Debtors**

As of the Effective Date, each Released Party will be deemed released and discharged by each and all of the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any cause of action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or their Estates or affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any claim against, or interest in, the Debtors or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Restructuring, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Disclosure Statement, the DIP Credit Agreement, the Plan, or any other restructuring transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Credit Agreement, or the Plan, the filing of the Chapter 11 Cases, the pursuit of confirmation of the Plan, the pursuit of consummation of the Plan, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to a Released Party's willful misconduct or intentional fraud as determined by a final order of the Bankruptcy Court; provided that any right to enforce the Plan and Confirmation Order is not so released by this section.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (a) in exchange for the good and valuable consideration provided by the Released Parties; (b) a good-faith settlement and compromise of the Claims released by the Debtor Release; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any of the Debtors, the Reorganized Debtors, or the Debtors' Estates asserting any claim or Cause of Action released pursuant to the Debtor Release.

b. **Releases by Certain Holders of Claims**

As of the Effective Date, to the fullest extent permissible under applicable law, each of the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Debtors, Reorganized Debtor, and Released Party from any and all any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between any Debtors and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Disclosure Statement, the DIP Credit Agreement, the Plan, or any restructuring transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP Credit Agreement, or the Plan, the filing of the Chapter 11 Cases, the pursuit of confirmation, the pursuit of consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to a Released Party's willful misconduct or intentional fraud as determined by a final order of the Bankruptcy Court; provided that any right to enforce the Plan and Confirmation Order is not so released by this section.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Third-Party Release, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (a) consensual; (b) essential to the confirmation of the Plan; (c) given in exchange for the good and valuable consideration provided by the Released Parties; (d) a good-faith settlement and

compromise of the Claims released by the Third-Party Release; (e) in the best interests of the Debtors and their Estates; (f) fair, equitable, and reasonable; (g) given and made after due notice and opportunity for hearing; and (h) a bar to any of the Releasing Parties asserting any claim or Cause of Action released pursuant to the Third-Party Release.

3. *Exculpations and Injunctions*

a. Exculpation

From and after the Effective Date, the Exculpated Parties shall neither have nor incur any liability to, or be subject to any right of action by, any holder of a Claim or an Interest, or any other party in interest, or any of their respective employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, formulating, negotiating or implementing the Plan, the Plan Supplement, the Disclosure Statement, the Restructuring Support Agreement, the solicitation of acceptances of the Plan, Confirmation and the pursuit thereof, the consummation of the Plan, the administration of the Plan, the property to be distributed under the Plan, or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or implementation of the Plan; provided, however, that this Section 9.5 shall not apply to release (x) obligations under the Plan, the Restructuring Support Agreement, and the contracts, instruments, releases, agreements, and documents delivered, Reinstated or assumed under the Plan, and (y) any Claims or Causes of Action arising out of fraud, willful misconduct or gross negligence as determined by a Final Order. Any of the Released Parties shall be entitled to rely, in all respects, upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Notwithstanding the foregoing, solely to the extent provided by section 1125(e) of the Bankruptcy Code, the Debtors and the Reorganized Debtors shall neither have, nor incur any liability to any Entity for any exculpated Claim; provided, however, that the foregoing "Exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted fraud, willful misconduct or gross negligence.

Any of the Exculpated Parties shall be entitled to rely, in all respects, upon the advice of counsel with respect to their duties and responsibilities under the Plan.

b. Injunctions

(i) Injunction Related to Exculpation

Except as expressly provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons and Entities that hold, have held, or may hold a Claim or any other obligation, suit, judgment, damages, debt, right, remedy, Cause of Action or liability of any nature whatsoever, of the types described in Section 9.5 of the Plan and relating to the Debtors, the Reorganized Debtors or any of their respective assets and property and/or the Estates, are, and shall be, permanently, forever and completely stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Exculpated Party or its property on account of such released liabilities, whether directly or indirectly, derivatively or otherwise, on account

of or based on the subject matter of such discharged Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without limitation, any judicial, arbitral, administrative or other proceeding) in any forum; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (iii) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien; (iv) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Section 9.1 of the Plan; and/or (v) commencing or continuing in any manner any judicial, arbitration or administrative proceeding in any forum, that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

(ii) Injunction Related to Releases

Except as expressly provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons and Entities that hold, have held, or may hold a Claim or any other obligation, suit, judgment, damages, debt, right, remedy, Cause of Action or liability of any nature whatsoever, of the types described in Section 9.4 of the Plan and relating to the Debtors, the Reorganized Debtors or any of their respective assets and property and/or the Estates, the Chapter 11 Cases, the Plan, the Plan Supplement and/or the Disclosure Statement are, and shall be, permanently, forever and completely stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Released Party or its property on account of such released liabilities, whether directly or indirectly, derivatively or otherwise, on account of or based on the subject matter of such discharged Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without limitation, any judicial, arbitral, administrative or other proceeding) in any forum; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (iii) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien; (iv) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Section 9.1 of the Plan; and/or (v) commencing or continuing in any manner any judicial, arbitration or administrative proceeding in any forum, that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

4. *Survival of Indemnification and Exculpation Obligations*

The obligations of the Debtors to indemnify and exculpate any past and present directors, officers, agents, employees and representatives who provided services to the Debtors prior to or after the Petition Date, pursuant to certificates or articles of incorporation, by-laws, contracts and/or applicable statutes, in respect of all actions, suits and proceedings against any of such officers, directors, agents, employees and representatives, based upon any act or omission related to service with, for or on behalf of the Debtors, shall not be discharged or Impaired by Confirmation or consummation of the Plan and shall be assumed by the Reorganized Debtors.

For the avoidance of doubt, Section 9.7 of the Plan affects only the obligations of the Debtors and Reorganized Debtors with respect to any indemnity or exculpation owed to or for the benefit of past and present directors, officers, agents, employees and representatives of the Debtors, and shall have no effect on nor in any way discharge or reduce, in whole or in part, any obligation of any other Person, including any provider of director and officer insurance, owed to or for the benefit of such past and present directors, officers, agents, employees and representatives of the Debtors.

ARTICLE VI.
CONFIRMATION PROCEDURES

A. Combined Hearing on Confirmation and Approval of Disclosure Statement and Solicitation

Under section 1128(a) of the Bankruptcy Code, the Bankruptcy Court, after notice, may hold a hearing to confirm a plan of reorganization. On the Petition Date, the Debtors will file a motion requesting that the Bankruptcy Court set a date and time approximately forty (40) days after the Petition Date for the Confirmation Hearing. In this case, the Debtors will also request that the Bankruptcy Court approve this Disclosure Statement at the Confirmation Hearing. The Confirmation Hearing, once set, may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on those parties who have requested notice under Bankruptcy Rule 2002 and the entities who have filed an objection to the Plan, if any, without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. Subject to section 1127 of the Bankruptcy Code and the Restructuring Support Agreement, the Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

Additionally, section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation. The Debtors, in the same motion requesting a date for the Confirmation Hearing, will request that the Bankruptcy Court set a date and time for parties in interest to file Plan objections. All objections to the Plan must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the applicable order of the Bankruptcy Court so that they are received on or before the deadline to file such objections as set forth therein.

B. Requirements for Confirmation of the Plan

Among the requirements for Confirmation are that the Plan is accepted by all Impaired Classes of Claims and Interests or, if rejected by an Impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, is feasible, and is in the "best interests" of Holders of Claims and Interests that are Impaired under the Plan. The following requirements must be satisfied pursuant to section 1129(a) of the Bankruptcy Code before the Bankruptcy Court may confirm a plan of reorganization. The Plan fully complies with the statutory requirements for Confirmation listed below.

- The proponents of the Plan have complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or to be made by the Debtors (or any other proponent of the Plan) or by a Person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, in connection with the Plan and incident to the Chapter 11 Cases is subject to the approval of the Bankruptcy Court as reasonable.

- The Debtors has disclosed the identity and affiliations of any individual proposed to serve, after Confirmation, as a director or officer of the Reorganized Debtors, any Affiliate of the Debtors reorganized under the Plan, or any successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and Holders of Interests and with public policies.

- The Debtors have disclosed the identity of any Insider that will be employed or retained the Reorganized Debtors and the nature of any compensation for such Insider.

- With respect to each Holder within an Impaired Class of Claims or Interests, each such Holder has (a) accepted the Plan or (b) will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such Holder would so receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

- With respect to each Class of Claims or Interests, such Class (a) has accepted the Plan or (b) is Unimpaired under the Plan (subject to the "cram-down" provisions discussed below).

- The Plan provides for treatment of Claims, as applicable, in accordance with the provisions of section 507(a) of the Bankruptcy Code.

- If a Class of Claims or Interests is Impaired under the Plan, at least one Class of Claims or Interests that is Impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any Insider.

- Confirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Reorganized Debtors, or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

- All fees payable under 28 U.S.C. § 1930 have been paid or the Plan provides for the payment of all such fees on the Effective Date.

C. Best Interests of Creditors / Liquidation Analysis

Section 1129(a)(7) of the Bankruptcy Code requires that each Holder of an Impaired Claim or Interest either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. The Holders of First Lien Credt Agreement Claims must accept the Plan in order for the Plan to be confirmed, thereby satisfying clause (a) above. The Holders of Subordinated Secured Note Claims, Section 510(b) Claims, General Unsecured Claims, Interests of ONE Aviation, and Interests of Kestrel would receive no distribution if the Debtors were liquidated under chapter 7 of the Bankruptcy Code for the reasons explained below.

The Debtors believe that under the Plan all holders of Impaired Claims and Interests will receive property with a value not less than the value such holders would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of impaired Claims and Interests and (ii) the Liquidation Analysis attached hereto as **Exhibit C**.

The Debtors believe that any liquidation analysis is speculative, as it is necessarily premised on assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. The Liquidation Analysis provided in **Exhibit C** is solely for the purpose of disclosing to holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that a bankruptcy court will accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

D. Feasibility

The Bankruptcy Code requires that a Debtor demonstrate that confirmation of a plan of reorganization is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed its ability, and that of its operating subsidiaries, to meet obligations under the Plan.

Upon the Effective Date, New ABL / Term Loan Lender shall make available, or cause to be made available, to the Reorganized Debtors such amounts as may be necessary to enable the Reorganized Debtors to fund or pay all of their obligations required to be funded or paid under the Plan (to the extent the Debtors do not have sufficient funds to pay such obligations when due).

Accordingly, the Debtors believe that Confirmation is not likely to be followed by liquidation or the need for further reorganization.

E. Acceptance by Impaired Class

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in ARTICLE VI.F below, each class of claims or interests that is impaired under a plan of reorganization, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims or interests as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of allowed claims or interests in that class, counting only those claims or interests that actually voted to accept or to reject the plan. Thus, the Voting Classes described herein will have voted to accept the Plan only if two-thirds in amount and a majority in number of Holders that actually vote on the Plan vote to accept.

F. Confirmation without Acceptance by Impaired Class

The Bankruptcy Court may confirm a plan of reorganization over the rejection or deemed rejection of the plan of reorganization by a class of claims or interests if the plan of reorganization "does not discriminate unfairly" and is "fair and equitable" with respect to such class.

1. *No Unfair Discrimination*

This test applies to Classes that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." The Debtors do not believe the Plan discriminates unfairly against any Impaired Class. The Debtors believe the Plan and the treatment of all Classes under the Plan satisfy the foregoing requirements for nonconsensual confirmation.

2. *Fair and Equitable*

This test applies to Classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no Class of Claims or Interests receive more than 100 percent of the amount of the allowed Claims or Interests in such Class. As to a dissenting Class, the test sets different standards depending on the type of Claims or Interests of the Debtors in such Class. In order to demonstrate that a plan is fair and equitable, the plan proponent must demonstrate:

- Class of Other Secured Claims: That each holder of a secured claim: (a) retains its liens on property to the extent of the allowed amount of its secured claim, and receives deferred cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such claim; (b) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof); or (c) receives the "indubitable equivalent" of its allowed secured claim.

- Class of Unsecured Claims: That either (a) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (b) the holders of claims and interests that are junior to the claims of the non-accepting class will not receive or retain any property under the plan.

- Class of Equity Interests: That either (a) each holder of an impaired interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled, or the value of the interest, or (b) the holders of interests that are junior to the non-accepting class will not receive or retain any property under the plan.

The Debtors believe that the Plan satisfies the "fair and equitable" requirement notwithstanding that Classes 5, 7, 8-A, 8-C, and 9 are deemed to reject the Plan, because, as to each such Class, there is no Class of equal priority receiving more favorable treatment and no Class that is junior to such Class will receive or retain any property on account of the Claims or Interests in such Class.

G. Alternatives to Confirmation and Consummation of the Plan

The Debtors have evaluated several alternatives to the transactions set forth in the Plan. After studying these alternatives, the Debtors believe that the Plan is the preferred approach to effectuating the company's restructuring and maximizing the prospects of a successful turnaround and value for all stakeholders and, therefore, is in the best interests of all constituencies. If the Plan is not confirmed, the Debtors' ability to continue operating as a going concern could be severely jeopardized. The realistic alternatives likely will be either (i) the preparation and presentation of an alternative plan of reorganization, (ii) a sale of some or all of the assets of the company pursuant to section 363 of the Bankruptcy Code, or (iii) a liquidation under chapter 7 of the Bankruptcy Code. See **Exhibit C** for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

ARTICLE VII.
RISK FACTORS

The following provides a summary of various important considerations and other risk factors associated with the Plan; however, it is not exhaustive. There are risks, uncertainties, and other important factors that could cause the Debtors' actual performance or achievements to be materially different from those they may project, and the Debtors undertake no obligation to update any such statement.

A. Bankruptcy-Specific Considerations

1. *General*

While the Debtors believe that the Chapter 11 Cases will be of short duration and will not be materially disruptive to the Company's businesses, the Debtors cannot be certain that this will be the case. Although the Plan is designed to minimize the length of the Chapter 11 Cases, it is

impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy or to assure parties in interest that the Plan will be confirmed. Even if confirmed on a timely basis, bankruptcy proceedings to confirm the Plan could have a material adverse effect on the Debtors and the Company's businesses. A delay in the bankruptcy proceedings will also involve additional expense and may divert some of the attention of the Debtors' management away from business operations.

2. *Objections to the Plan's Classification or Amounts of Claims and Interests*

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that parties in interest will not object to the classification or amounts of Claims and Interests under the Plan, or that the Bankruptcy Court will approve such classification or amounts.

3. *The Conditions Precedent to the Effective Date of the Plan May Not Occur*

As more fully set forth in Article VIII of the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not satisfied or waived, the Effective Date will not occur.

4. *Failure to Satisfy Voting Requirements*

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

5. *Termination of Restructuring Support Agreement*

The Restructuring Support Agreement contains certain provisions that give certain parties the ability to terminate the Restructuring Support Agreement upon the occurrence of certain events or if various conditions are not satisfied. The Restructuring Support Agreement is subject to automatic termination upon the occurrence of certain events, termination by mutual consent, and, depending on the termination event, the Debtors or the Supporting Party (as defined in the Restructuring Support Agreement) may terminate the Restructuring Support Agreement. Termination of the Restructuring Support Agreement could result in a protracted Chapter 11 Cases, which could significantly and detrimentally impact the Company's businesses.

6. *Amendment of Plan Prior to Confirmation by the Debtors*

The Debtors, subject to the terms and conditions of the Plan and the Restructuring Support Agreement, reserve the right to modify the terms and conditions of the Plan or waive any conditions thereto if and to the extent necessary or desirable for Confirmation. The potential impact of any such amendment or waiver on holders of Claims and Interests cannot presently be foreseen but may include a change in the economic impact of the Plan on some or all of the proposed Classes or a change in the relative rights of such Classes. In addition, if the Debtors seek to modify or amend the Plan after receiving sufficient acceptances, but prior to Confirmation, re- solicitation may be required.

7. *Non-Confirmation or Delay of Confirmation of the Plan*

In the event that votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, findings by a bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

The Bankruptcy Court may determine that this Disclosure Statement and/or the solicitation procedures did not satisfy the requirements of the Bankruptcy Code or the Bankruptcy Rules or may decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes, or the Plan contains other terms disapproved of by the Bankruptcy Court. If the Debtors fail to achieve Confirmation, the Chapter 11 Cases would likely continue for a protracted period without indication of how or when the Chapter 11 Cases may be completed. Some of the risks that the Company faces in a bankruptcy proceeding would become more acute in such a scenario, including certain risks that are beyond its control, such as further deterioration or other changes in economic conditions, changes in the industries in which the Company operates, potential revaluing of its assets due to chapter 11 proceedings, changes in patient demand for, and acceptance of, its services, regulatory difficulties and increasing expenses.

Even if the requisite acceptances of a proposed plan are received, the Bankruptcy Court is not obligated to confirm the Plan as proposed. A dissenting Holder could challenge the solicitation procedures as not being in compliance with the Bankruptcy Code, which could mean that the results of the solicitation may be invalid. If the Bankruptcy Court determined that the solicitation procedures were appropriate and the results were valid, the Bankruptcy Court could still decline to confirm the Plan if the Bankruptcy Court found that any of the statutory requirements for confirmation had not been met.

If the Plan is not confirmed by the Bankruptcy Court, (a) the Debtors may not be able to successfully reorganize; (b) the distributions that Holders of Claims or Interests ultimately would

receive, if any, with respect to their Claims or Interests is uncertain, and (c) there is no assurance that the Debtors will be able to successfully develop, prosecute, confirm, and consummate an alternative plan that will be acceptable to the Bankruptcy Court and the Holders of Claims or Interests.

8. ***Non-Consensual Confirmation***

The Debtors intend to seek Confirmation notwithstanding the deemed rejection of the Plan by certain Classes of Claims or Interests. The Bankruptcy Court may confirm the Plan pursuant to the "cram-down" provisions of the Bankruptcy Code if the Plan satisfies section 1129(b) of the Bankruptcy Code. To confirm a plan over the objection of a dissenting class, the Bankruptcy Court also must find that at least one Impaired Class (which cannot be an "insider" class) has accepted the Plan.

9. ***Other Parties in Interest May Be Permitted to Propose Alternative Plans that Are Less Favorable to Certain Stakeholders***

Other parties in interest could seek authority from the Bankruptcy Court to propose an alternative plan of reorganization. Under the Bankruptcy Code, a Debtor in possession initially has the exclusive right to propose and solicit acceptances of a plan of reorganization for a period of 120 days from filing. Such exclusivity period can be reduced or terminated, however, upon order of the Bankruptcy Court. If such an order were to be entered, other parties in interest would then have the opportunity to propose one or more alternative plans of reorganization.

10. ***Conversion to Chapter 7***

If no plan of reorganization can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interest of Holders of Claims and Interests, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to sell the Debtors' stock of the single direct subsidiary through which it owns interests in operating and non-operating subsidiaries within the Company and distribute the sale proceeds in accordance with the priorities established by the Bankruptcy Code. See **Exhibit C** for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

11. ***Inability to Obtain Entry of DIP Order***

Upon commencing the Chapter 11 Cases, the Debtors will file a motion with the Bankruptcy Court to authorize the Debtors to obtain DIP financing to fund the Chapter 11 Cases and to provide customary adequate protection to the prepetition secured parties. Such access to DIP financing will provide liquidity during the pendency of the Chapter 11 Cases. There can be no assurance that the Bankruptcy Court will approve such use of DIP financing on the terms requested. Moreover, if the Chapter 11 Cases takes longer than expected to conclude, the Debtors may exhaust its available DIP financing. There is no assurance that the Debtors will be able to obtain an extension of the right to obtain DIP financing, in which case, the liquidity necessary for the prosecution of this Chapter 11 Cases may be materially impaired.

12. ***Failure to Obtain Approval of Releases, Injunctions, and Exculpation***

Article IX of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, the Reorganized Debtors, and the other Released Parties, among others. The releases, injunctions, and exculpations (including, for the avoidance of doubt, the definitions of Released Parties and Exculpated Parties) provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain parties may not be considered Released Parties or Exculpated Parties, and certain Released Parties may withdraw their support for the Plan.

13. ***Plan Based on Assumptions***

The Plan affects both the Debtors' capital structure and the ownership, structure, and operation of its businesses and reflects assumptions and analyses based on the Debtors' experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that the Debtors consider appropriate under the circumstances. Whether actual future results and developments will be consistent with the Debtors' expectations and assumptions depends on a number of factors, including but not limited to the Debtors' (a) ability to obtain adequate liquidity and financing sources; (b) ability to maintain the public's confidence in the Debtors' and Company's viability as a continuing entity and enterprise and to attract and retain sufficient business; and (c) ability to retain key employees, as well as the overall strength and stability of general economic conditions of industries in which the Company operates. The failure of any of these factors could materially adversely affect the successful reorganization of the Debtors' businesses.

14. ***Recoveries for Holders of New Common Stock and New Preferred Stock in Future Cases of Bankruptcy, Liquidation, Insolvency, or Reorganization***

Holders of the New Common Stock and New Preferred Stock will be subordinated to all liabilities of the Reorganized Debtors and their subsidiaries, including the indebtedness under the Credit Agreement, which, on the Effective Date, shall be Reinstated, with any corresponding liens against the assets of the Debtors securing the First Lien Credit Agreement Claims surviving the Effective Date. Therefore, the assets of the Reorganized Debtors will not be available for distribution to any holder of the New Common Stock or New Preferred Stock in any bankruptcy, liquidation, insolvency or reorganization of the Debtors unless and until all indebtedness, if any, of the Reorganized Debtors, including the Credit Agreement, to the extent any loans thereunder are outstanding, has been paid. The remaining assets of the Debtors and each of their subsidiaries may not be sufficient to satisfy the outstanding claims of its equity holders, including the holders of the New Common Stock and New Preferred Stock.

15. ***Vendors***

The FAA prescribes standards and qualification requirements for aerostructures, including virtually all general aviation products, with which the Debtors' suppliers must comply. The Debtors cannot be certain that their suppliers will be able to comply, and failure to do so may cause shortages or delays. The Debtors cannot be certain that substitute raw materials or component parts will be available to them or will meet the strict specifications and quality

standards that the Debtors, their customers, and the U.S. government impose. Often, their certification from the FAA relates to a specific part from a specific supplier. If the Debtors were required to certify replacement parts from a new vendor, the certification process could materially delay or threaten production and adversely affect their business, financial condition, results of operations, and liquidity.

The Debtors are highly dependent on the availability of essential materials and purchased components from their suppliers, some of which are available only from a sole source or limited sources, especially major components such as wings, engines, and avionics. Moreover, the Debtors are dependent upon the ability of their suppliers to provide materials and components that meet specifications, quality standards, and delivery schedules. The Debtors' suppliers' failure to provide expected raw materials or component parts that meet their technical specifications could materially disrupt production schedules and contract profitability.

In addition, contracts with certain of the Debtors' suppliers for raw materials and other goods are short-term contracts. The Debtors cannot be certain that these suppliers will continue to provide products to them at attractive prices or at all, or that the Debtors will be able to obtain such products in the future from these or other providers on the scale and within the time periods the Debtors require. If the Debtors are not able to obtain key products on a timely basis and at affordable costs, or the Debtors experience significant delays or interruptions of supply, the Debtors may need to suspend production and their business, financial condition and results of operations could be materially adversely affected.

In addition to the risks described above, the Debtors' continued supply of materials is subject to a number of other risks including:

- disputes with the Debtors' suppliers, including disputes over timeliness of payments and associated risks of termination;
- requests by the Debtors' suppliers for assurances that the Debtors will be able to perform under the Debtors' arrangements with such suppliers and their refusal to be satisfied by such assurances;
- a work stoppage or strike by the Debtors' suppliers' employees;
- the failure of essential equipment at the Debtors' suppliers' plants;
- the failure, shortage, or delays in the delivery of supply of raw materials to the Debtors' suppliers;
- inability of second-tier suppliers to perform as required; and
- the destruction of the Debtors' suppliers' facilities or their distribution infrastructure.

16. *Competition*

The aviation industry is highly competitive and the Debtors encounter competition in both domestic and foreign markets. The highly competitive nature of their industry means the Debtors are continually subject to the risk of loss of their market share, loss of significant customers, reduction in margins, the inability for them to gain market share or acquire new customers, and difficulty in raising their prices. Many of their competitors in the aviation market are part of larger, more diversified companies. As a result of this, these competitors may have access to more resources than the Debtors do. These circumstances may provide their competitors with a lower cost of capital, the ability to sustain a prolonged downturn in the industry or general economy, more funds for investment in development of new products, and more resources in general. These competitors may have less debt than the Debtors have and may be better able to withstand changes in market conditions within the industry. For these reasons, the Debtors may not be able to compete successfully against such competitors or future entrants into the aviation markets in which the Debtors compete, which could have a material adverse effect on their business, financial condition, and results of operations.

17. ***Aircraft Programs***

The principal markets in which the Debtors' business operates regularly experience changes due to the introduction of new technologies. To meet their customers' needs in these businesses, the Debtors must continuously, update existing products and services and invest in and develop new technologies. Making such investments requires available capital that may not be available to them. In addition, new programs with new technologies typically carry risks associated with design responsibility, FAA-mandated certification requirements, development of new production tools, hiring and training of qualified personnel, increased capital and funding commitments, delivery schedules and unique contractual requirements, supplier performance, and their ability to accurately estimate costs associated with such programs. The Debtors' competitors may also develop products that are superior to the Debtors' products or may adapt more quickly than the Debtors to new technologies or evolving customer requirements.

18. ***Accidents***

Any accident involving one of the Debtors' manufactured or serviced aircraft could create a public perception that such aircraft are not safe or reliable, which could harm their reputation and have a negative impact on their business, financial condition, and results of operations. In addition, if one of their manufactured aircraft were to crash or be involved in an accident, they could be exposed to significant liability. The Debtors' insurance coverage may not be adequate to cover all possible losses that may arise in the event of an accident involving one of their manufactured products. In the event that their insurance is not adequate, the Debtors may be forced to bear substantial losses.

Accidents and incidents involving one of the Debtors' manufactured aircraft may prompt the FAA to issue airworthiness directives or other notices regarding the aircraft. Publication of an FAA airworthiness directive or notice could create a public perception that a particular ONE Aviation aircraft is not safe, reliable, or suitable for an operator's needs. This perception could result in a claim being filed against the Debtors or lost future sales, or both. In addition, the FAA could require design modifications causing the Debtors to incur significant expenditures altering an aircraft design, altering aircraft in production, and altering fielded aircraft. FAA

airworthiness directives are typically followed by similar regulatory requirements in other countries where affected aircraft are certified. The publication of an airworthiness directive or notice by the FAA could lead to a decline in revenues and have a negative impact on their business, financial condition, and results of operations.

The General Aviation Revitalization Act of 1994 ("GARA") provides a "statute of repose" which, in the context of aviation litigation, operates to limit the time a lawsuit can be filed against an aircraft manufacturer. GARA bars lawsuits against a manufacturer of aircraft or aircraft components once the product has been in service for eighteen years. Such limitations on liability, however, are dependent upon the facts and circumstances surrounding the incident giving rise to liability. GARA does not, for instance, apply if the aircraft was engaged in a scheduled passenger flight and may not apply in certain air medical services operations.

19. ***Government, Regulatory, and Industry Approvals***

The FAA prescribes standards and qualification requirements for aerostructures, including virtually all general aviation products. The FAA further regulates virtually all aviation services, such as maintenance, training, and the operation of aircraft. Other comparable agencies occasionally propose new regulations or changes to existing regulations. These regulations, if adopted, could cause the Debtors to incur significant additional costs to achieve compliance. If the Debtors fail to qualify for or obtain a required license for one of their products or services or lose a qualification or license previously granted, the sale of the subject product or service would be prohibited by law until such license is obtained or renewed and their business, financial condition, results of operations, and liquidity could be materially adversely affected. In addition, designing new products to meet existing regulatory requirements and retrofitting existing products to comply with new regulatory requirements can be expensive and time consuming.

Further, the Debtors' business could be materially adversely affected if the U.S. government enacts new regulation in the form of user fees or other tax regulation on their products or their use. The Debtors' products are generally considered discretionary goods and are not currently subject to user fees or other excess taxation. If the U.S. government were to institute new taxes on the operation or use of their products, the attractiveness of general aviation as an alternative to commercial airfare could be affected and demand for their products or products they service may decrease, which could have a material adverse effect on their business, financial condition, results of operations, and liquidity.

The Department of Homeland Security and the Transportation Security Administration, along with other governmental regulatory agencies regularly review the level of security associated with general aviation flight operations to minimize the vulnerability of general aviation aircraft being used as a weapon or to deliver illicit materials or to transport dangerous individuals. Any changes to the current regulations which decrease the efficiencies associated with the use of general aviation aircraft may make the utilization of general aviation as an alternative to commercial air travel less attractive and could therefore lower demand for the Debtors' products which could have a material adverse effect on their business, financial condition, results of operation, and liquidity.

ARTICLE VIII.
IMPORTANT SECURITIES LAW DISCLOSURE

A. Plan Securities

The Plan provides for the Reorganized Debtors to distribute New Class A Common Stock and New Preferred Stock to the holders of First Lien Credit Agreement Claims (or their designees) and, if Class 4 votes to accept the Plan, New Class B Common Stock and New Warrants (together with the New Common Stock and New Preferred Stock, the "Plan Securities") to the holders of Senior Subordinated Secured Note Claims. The Debtors believe that the Plan Securities constitute "securities," as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and all applicable state securities laws ("Blue Sky Laws").

B. Issuance and Resale of Plan Securities under the Plan

1. *Exemptions from Registration Requirements of the Securities Act and Blue Sky Laws*

The Debtors are relying on exemptions from the registration requirements of the Securities Act, including, without limitation, section 4(a)(2) thereof, to exempt the offer of the Plan Securities that may be deemed to be made pursuant to the solicitation of votes on the Plan. Section 4(a)(2) of the Securities Act exempts transactions not involving a public offering, and section 506 of Regulation D of the Securities Act ("Reg D") provides a safe harbor under section 4(a)(2) for transactions that meet certain requirements, including that the investors participating therein qualify as "accredited investors" as defined in section 501 of Reg. D (17 C.F.R. § 230.501). The Debtors believe that the holders of First Lien Credit Agreement Claims and Senior Subordinated Secured Note Claims receiving Plan Securities are "accredited investors." In reliance upon these exemptions, the offer of the Plan Securities that may be deemed to be made pursuant to the solicitation of votes on the Plan will not be registered under the Securities Act or any applicable state Blue Sky Laws.

Section 1145 of the Bankruptcy Code provides that the registration requirements of section 5 of the Securities Act (and any applicable state Blue Sky Laws) shall not apply to the offer or sale of stock, options, warrants, or other securities by a Debtor if: (x) the offer or sale occurs under a plan of reorganization; (y) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the Debtor; and (z) the securities are issued in exchange for a claim against or interest in a Debtor or are issued principally in such exchange and partly for cash and property. In reliance upon these exemptions, the offer, issuance and distribution of the Plan Securities will not be registered under the Securities Act or any applicable state Blue Sky Laws.

2. *Resales of Plan Securities; Definition of Underwriter*

The issuance of Plan Securities is covered by section 1145 of the Bankruptcy Code. Accordingly, the Plan Securities may be resold without registration under the Securities Act or other federal securities laws, unless the holder is an "underwriter" (as discussed below) with respect to such securities, as that term is defined in 1145 of the Bankruptcy Code. Section 1145(b)(1) of the Bankruptcy Code includes in its definition of an "underwriter"

"affiliates" of the issuer of the securities, meaning all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. Recipients of Plan Securities that are affiliates of the Reorganized Debtors will be "underwriters" under section 1145 of the Bankruptcy Code with respect to the Plan Securities and hence subject to restrictions on the transfer of its Plan Securities. The Debtors believe that all recipients of Plan Securities are wholly owned direct and indirect subsidiaries of the Holders of the First Lien Credit Agreement Claims and, therefore, affiliates.

Under certain circumstances, holders of Plan Securities who are deemed to be "underwriters" may be entitled to resell their Plan Securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such person certain conditions are met, including, if such seller is an affiliate of the issuer, public information, volume limitations and manner of sale requirements are met. Given the nature of the Rule 144 requirements, it may not be possible for affiliates of the Reorganized Debtors to sell Plan Securities under Rule 144 of the Securities Act unless and until a trading market in the Plan Securities develops. The Debtors recommend that potential recipients of Plan Securities consult their own counsel concerning their ability to trade such securities without registration under the federal securities laws.

In addition, the Plan Securities may be able to be resold without registration under applicable state Blue Sky Laws pursuant to various exemptions provided by the respective Blue Sky Laws of those states; however, the availability of such exemptions cannot be known unless individual state Blue Sky Laws are examined. Therefore, recipients of the Plan Securities are advised to consult with their own legal advisors as to their ability to trade such securities without registration under state Blue Sky Laws.

ARTICLE IX.
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan, is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences of the Plan.

No ruling has been requested or obtained from the Internal Revenue Service (the "IRS") with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained

with respect thereto. No representations or assurances are being made to the Holders of Claims or Interests with respect to the U.S. federal income tax consequences described herein.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

A. Certain Federal Income Tax Consequences to the Debtors

The implementation of the Plan is not expected to materially reduce or otherwise significantly affect the amount of tax attributes, except as noted below under "382(l)(5) Bankruptcy Exception."

The amount of any consolidated net operating losses ("NOLs"), tax-credit carryforwards, and amortizable tax basis remains subject to adjustment by the IRS. As a general rule, NOLs generated by Debtors in taxable years beginning on or before December 31, 2017 can be carried back and deducted from its taxable income generated within the two preceding taxable years and the remainder can be carried forward and deducted from the Debtors' taxable income over the 20 succeeding taxable years. NOLs generated in 2018 and later taxable years cannot be carried back and may only be used to offset up to 80% of a Debtors' taxable income generated during the taxable year to which it is carried. Any remainder can be carried forwarded indefinitely and used to offset taxable income in a future taxable year (subject to the 80% limitation described above). Amortizable tax basis in intangible assets can generally be deducted ratably from the Debtors' taxable income over the 15-year period commencing with the year the intangible asset is acquired.

Section 382 of the IRC contains certain rules limiting the ability of corporations to utilize NOLs when there has been an "ownership change" (the "Annual Section 382 Limitation"). An "ownership change" generally is defined as a more than 50 percentage point change in ownership of the value of the stock of a "loss corporation" (a corporation with NOLs) that takes place during the three-year period ending on the date on which such change in ownership is tested.

As a general rule, the Annual Section 382 Limitation equals the product of the value of the stock of the loss corporation (with certain adjustments) immediately before the ownership change and the applicable "long-term tax-exempt rate," a rate published monthly by the Treasury Department (2.18% for ownership changes that occur during March 2018). Any unused portion of the Annual Section 382 Limitation generally is available for use in subsequent years. The Annual Section 382 Limitation is increased in the case of a corporation that has net unrealized built-in gains ("NUBIG"), i.e., gains economically accrued but unrecognized at the time of the ownership change, in excess of a threshold amount. Such a corporation can use NOLs in excess of its Annual Section 382 Limitation to the extent that it realizes those NUBIGs for U.S. federal income tax purposes in the five years following the ownership change. For purposes of determining the Annual Section 382 Limitation for a consolidated tax group, the determination

as to whether the group has a NUBIG generally is made on a consolidated basis (*i.e.*, by netting the built-in losses and built-in gains of all members of the group).

In addition to limiting a corporation's ability to use NOLs, the Annual Section 382 Limitation may also apply to certain losses or deductions which are "built-in" as of the date of the ownership change and that are subsequently recognized. If a loss corporation has a net-unrealized built-in loss ("NUBIL") at the time of the ownership change, then any built-in losses or deductions (which for this purpose includes a portion of the depreciation or amortization of depreciable or amortizable assets that have a built-in loss) that are recognized during the following five years (up to the amount of the original built-in loss) generally will be subject to the Annual Section 382 Limitation. Special rules apply for purposes of determining the amount of built-in losses of a consolidated tax group that are subject to an Annual Section 382 Limitation. Absent an applicable exception (discussed below), a Company NUBIL would also be subject to the Annual Section 382 Limitation.

Section 382(l)(5) of the IRC provides an exception to the application of the Annual Section 382 Limitation when a corporation is under the jurisdiction of a court in a Title 11 case (the "382(l)(5) Bankruptcy Exception"). The 382(l)(5) Bankruptcy Exception provides that where an ownership change occurs pursuant to a bankruptcy reorganization or similar proceeding, the Annual Section 382 Limitation will not apply if the pre-change shareholders and/or "qualified creditors" (as defined by applicable Treasury Regulations) own at least 50 percent of the stock of the reorganized corporation immediately after the ownership change. However, under the 382(l)(5) Bankruptcy Exception, a corporation's pre-change losses and excess credits that may be carried over to a post-change year must be reduced to the extent attributable to any interest paid or accrued on certain debt converted to stock in the reorganization. In addition, if the 382(l)(5) Bankruptcy Exception applies, a second ownership change of the corporation within a two-year period will cause the corporation to forfeit all of its unused NOLs that were incurred prior to the date of the second ownership change. If a corporation qualifies for the 382(l)(5) Bankruptcy Exception, the use of its NOLs will be governed by that exception unless the corporation affirmatively elects for the provisions not to apply.

If a corporation in bankruptcy is not eligible for the 382(l)(5) Bankruptcy Exception or elects out of that provision, a special rule under Section 382(l)(6) of the IRC will apply in calculating the Annual Section 382 Limitation. Under this special rule, the Annual Section 382 Limitation will be calculated by reference to the lesser of the value of the corporation's stock (with certain adjustments) immediately after the ownership change (as opposed to immediately before the ownership change, as discussed above) or the value of the Debtors' assets (determined without regard to liabilities) immediately before the ownership change.

Although it is expected that the Company will undergo an ownership change as a result of the implementation of the Plan, the Company intends to take the position that it qualifies for the 382(l)(5) Bankruptcy Exception described above. Accordingly, the Company does not expect to be subject to the Annual Section 382 Limitation as a result of the implementation of the Plan.

B. Certain Federal Income Tax Consequences to Holders of First Lien Credit Agreement Claims and Senior Subordinated Secured Note Claims

A Holder who receives New Warrants, New Common Stock, or New Preferred Stock of the Reorganized Debtors in exchange for a Credit Agreement Claim or Senior Subordinated Secured Note Claim may realize income equal to the value of the New Warrant, New Common Stock, and/or New Preferred Stock received. Such Holder's initial basis in the New Warrant, New Common Stock, or New Preferred Stock received should likewise equal the value of such New Warrant, New Common Stock, or New Preferred Stock at the time of receipt. Such basis may be increased in respect of a subsequent termination of the Guaranty. A Holder should consult its tax advisor concerning the tax consequences of this and other related aspects of the Plan.

C. Reservation of Rights

The foregoing discussion is subject to change (possibly substantially) based on, among other things, subsequent changes to the Plan and events that may subsequently occur that may impact the timeline for the transactions contemplated by the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement this ARTICLE IX and the other tax related sections of the Plan and Disclosure Statement in accordance with the terms of the Plan and the Bankruptcy Code.

ARTICLE X.
CONCLUSION AND RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result from any other scenario. Any alternative to confirmation of the Plan, moreover, could result in extensive delays and increased administrative expenses. Accordingly, the Debtors urge holders of Claims in the Voting Classes to evidence their acceptance of the Plan by returning their Ballots so that they are received by the Solicitation Agent no later than 8:59 p.m., prevailing Eastern Time, on October 31, 2018.

[*Remainder of page intentionally left blank*]

Dated: October 9, 2018
Wilmington, Delaware

Robert S. Brady (No. 2847)
M. Blake Cleary (No. 3614)
Sean M. Beach (No. 4070)
Jaime L. Chapman (No. 4936)
Jordan E. Sazant (No. 6515)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

- and -

Chris L. Dickerson (*pro hac vice* admission pending)
Brendan M. Gage (*pro hac vice* admission pending)
Nathan S. Gimpel (*pro hac vice* admission pending)
PAUL HASTINGS LLP
71 South Wacker Drive, Suite 4500
Chicago, Illinois 60606
Telephone: (312) 499-6000
Facsimile: (312) 499-6100

- and -

Todd M. Schwartz (*pro hac vice* admission pending)
PAUL HASTINGS LLP
1117 S. California Avenue
Palo Alto, California 94304
Telephone: (650) 320-1800
Facsimile: (650) 320-1900

Proposed Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Plan of Reorganization

(INTENTIONALLY OMITTED)

EXHIBIT B

Restructuring Support Agreement

THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT AN OFFER OR ACCEPTANCE WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAW AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING SUPPORT AGREEMENT SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (this "**Agreement**") is made and entered into as of October 9, 2018, by and among (a) ONE Aviation Corporation, a Delaware corporation ("**ONE Aviation**") and each of its direct and indirect wholly owned subsidiaries (collectively, the "**Debtors**"), including Innovatus Holding Company and each of its direct and indirect subsidiaries (collectively, the "**Kestrel Debtors**"), and (b) Citiking International US LLC, a Delaware limited liability company, as lender under the Prepetition First Lien Credit Agreement (as defined in the Plan) and as Lender under the DIP Facility (as defined below) ("**Citiking**" or the "**Supporting Party**," in each case in its capacity as such, and together with the Debtors, the **Parties**").

RECITALS

WHEREAS, the Parties have engaged in arm's-length, good-faith discussions regarding a restructuring of the Debtors on the terms set forth in this Agreement and as specified in the Debtors' joint prepackaged chapter 11 plan of reorganization (the "**Plan**"), attached as **Exhibit A** hereto, whereby the Prepetition Lenders will acquire, subject to potential dilution, 100 percent of the equity in Reorganized ONE Aviation (such transactions as described in this Agreement and the Plan, collectively, the "**Restructuring**");[1]

WHEREAS, to effectuate the Restructuring, the Debtors intend to file petitions commencing (the date of commencement being the "**Petition Date**") voluntary cases (the "**Chapter 11 Cases**") under chapter 11 of the Title 11 of the United States Code (the "**Bankruptcy Code**").[2]

WHEREAS, Citiking has committed to provide a super-priority senior secured revolving loan debtor in possession credit facility (the "**DIP Facility**"), as set forth in the DIP Credit Agreement attached hereto as **Exhibit B** (as amended, supplemented, or otherwise modified

[1] Capitalized terms used but not defined in this Agreement have the meanings given to them in the Plan.

[2] The Debtors filing the Chapter 11 Cases are: ONE Aviation Corporation; ACC Manufacturing, Inc.; Aircraft Design Company; Brigadoon Aircraft Maintenance, LLC; DR Management, LLC; Eclipse Aerospace, Inc.; Innovatus Holding Company; Kestrel Aircraft Company, Inc.; Kestrel Brunswick Corporation; Kestrel Manufacturing, LLC; Kestrel Tooling Company; and OAC Management, Inc.

from time to time in accordance therewith and in accordance with the terms of this Agreement, including all exhibits thereto, the "**DIP Credit Agreement**");

WHEREAS, Citiking has agreed to support the Restructuring and the Plan upon the terms and conditions set forth herein and to complete the negotiation of the terms of the documents and completion of the actions specified to effect the Restructuring in accordance with the Plan:

AGREEMENT

1. Representations and Warranties

a. Representations and Warranties of the Debtors. The Debtors represent and warrant to Citiking that, as of the date hereof:

i. they have all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform their obligations under, this Agreement;

ii. the execution and delivery of this Agreement and the performance of their obligations hereunder have been duly authorized by all necessary action on their part; and

iii. subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, and except as set forth herein, this Agreement is the legally valid and binding obligation of the Debtors, enforceable against them in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

b. Representations and Warranties of the Supporting Party. The Supporting Party represents and warrants to the Debtors that, as of the date hereof:

i. The Supporting Party (A) is the sole beneficial owner of the holdings as set forth on its signature page hereto and (B) has full power and authority to bind or act on behalf of, to vote and consent to matters concerning such holdings, and to dispose of, exchange, assign, and transfer such holdings;

ii. The Supporting Party has made no prior assignment, sale, participation, grant, conveyance, or other transfer of, and has not entered into any other agreement to assign, sell, participate, grant, convey, or otherwise transfer, in whole or in part, any portion of its right, title, or interests in any of its holdings that are subject to this Agreement that conflict with the representations and warranties of the Supporting herein or would render the Supporting Party otherwise unable to comply with this Agreement and perform its obligations hereunder; and

iii. this Agreement is the legally valid and binding obligation of the Supporting Party, enforceable against it in accordance with its terms.

2. Covenants of the Debtors

Subject to the terms and conditions hereof and for so long as this Agreement has not been terminated in accordance with its terms, and unless compliance is waived in writing by the Supporting Party, each Debtor, severally (and not jointly), agrees to, and to cause its direct and indirect subsidiaries and affiliates to:

a. support and take all reasonable actions necessary or reasonably requested by the Supporting Party to consummate the Restructuring in accordance with this Agreement;

b. to the extent any legal or structural impediment to consummation of the Plan arises, and such legal or structural impediment does not otherwise provide the Debtors with a right to terminate this Agreement, negotiate in good faith and take all steps reasonably necessary to address any such impediment;

c. make commercially reasonable efforts to actively oppose and object to the efforts of any person seeking to object to, delay, impede, or take any other action to interfere with the acceptance, implementation, or consummation of the Restructuring to the extent such opposition or objection is reasonably necessary or desirable to facilitate implementation of the Restructuring;

d. negotiate in good faith all Definitive Documents and comply with each of their covenants and commitments. "**Definitive Documents**" means (i) the DIP Credit Agreement and related documentation, including the motion seeking approval of the DIP Credit Agreement and authority to use cash collateral and grant adequate protection (the "**DIP Motion**") and the interim and final orders to be entered by the Bankruptcy Court approving such motion and all security documents and other loan documents in connection therewith; (ii) the Plan and Plan Supplement (including all exhibits and supplements thereto); (iii) the disclosure statement with respect to such Plan (the "**Disclosure Statement**") and the other solicitation materials in respect of the Plan (such materials, collectively, the "**Solicitation Materials**"); (iv) the order to be entered by the Bankruptcy Court confirming the Plan and approving the Disclosure Statement and Solicitation Materials as containing, among other things, "adequate information" as required by section 1125 of the Bankruptcy Code (the "**Confirmation Order**") and pleadings in support of entry of the Confirmation Order; (v) all exit facility documentation, any other exit financing contemplated by the Plan, and all security documents and other related loan documents; (vi) those motions and proposed court orders that the Debtors file on or after the Petition Date and seeks to have heard on an expedited basis at the "first day hearing"; (vii) the documents or agreements for the governance of the reorganized Debtors, including any shareholders' agreements and certificates of incorporation; (viii) all management or consulting agreements of the reorganized Debtors; (ix) all agreements relating to warrants or other interests exercisable in to shares of the reorganized Debtors, if applicable; and (x) such other documents, pleadings, agreements or supplements as may be reasonably necessary or advisable to implement the Restructuring, and in the case

of all such documents described in clauses (i) through (x) consistent in all material respects with the Plan, and except as otherwise set forth in the Plan, acceptable in form and substance to the Prepetition First Lien Lender and the Debtors;

e. make commercially reasonable efforts to obtain any and all required regulatory and/or third-party approvals for the Restructuring;

f. inform counsel to the Supporting Party as soon as reasonably practicable after becoming aware of: (i) any event or circumstance that has occurred, or that is reasonably likely to occur (and if it did so occur), that would permit any Party to terminate, or would result in the termination of, this Agreement; (ii) any matter or circumstance that they know, or suspect is likely, to be a material impediment to the implementation or consummation of the Restructuring; (iii) a breach of this Agreement (including a breach by any Debtor); and (iv) any representation or statement made or deemed to be made by them under this Agreement that is or proves to have been materially incorrect or misleading in any respect when made or deemed to be made;

g. not,

i. (A) object to or otherwise commence any proceeding opposing any of the terms of this Agreement (including the Plan and the DIP Credit Agreement attached as exhibits hereto) or (B) commence any proceeding or prosecute, join in, or otherwise support any action to oppose, object to, or delay entry of the Confirmation Order;

ii. file any motion, pleading, or Definitive Documentation with the Bankruptcy Court or take any actions where such taking would be (A) inconsistent with this Agreement or (B) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay, or impede, the implementation or consummation of the Restructuring;

iii. modify the Plan, in whole or in part, in a manner that is not consistent with this Agreement in all material respects; or

iv. encourage any entity to undertake any action prohibited by this Section 2.

3. Covenants of the Supporting Party

Subject to the terms and conditions hereof and for so long as this Agreement has not been terminated in accordance with its terms, and unless compliance is waived in writing by the Debtors and the Supporting Party, the Supporting Party agrees to, and to cause its direct and indirect subsidiaries and affiliates to:

a. support and take all reasonable actions necessary or reasonably requested by the Debtors to facilitate the solicitation, confirmation, and consummation of the Plan and the transactions contemplated by the Plan, including, without limitation, if

entitled to vote under the Plan, to (i) timely vote, or cause to be voted, all of its Claims to accept the Plan following the commencement of solicitation of votes for the Plan, by delivering their duly executed and completed ballots accepting the Plan and (ii) refrain from changing, revoking, or withdrawing (or causing such change, revocation, or withdrawal of) such vote or consent;

b. to the extent that a legal or structural impediment to consummation of the Plan arises, and such legal or structural impediment does not otherwise provide the Supporting Party with a right to terminate this Agreement, negotiate in good faith to address any such impediment;

c. negotiate in good faith all Definitive Documents and comply with each of their covenants and commitments;

d. inform counsel to the Debtors as soon as reasonably practicable after becoming aware of: (i) any event or circumstance that has occurred, or that is reasonably likely to occur (and if it did so occur), that would permit any Party to terminate, or would result in the termination of, this Agreement; (ii) any matter or circumstance that it knows, or suspect is likely, to be a material impediment to the implementation or consummation of the Restructuring; (iii) a breach of this Agreement (including a breach by the Supporting Party); and (iv) any representation or statement made or deemed to be made by them under this Agreement that is or proves to have been materially incorrect or misleading in any respect when made or deemed to be made;

e. reasonably agree to extensions of the Milestones (as defined in the DIP Credit Agreement) solely to the extent required to accommodate the Bankruptcy Court's calendar, and

f. not:

i. object to, delay, postpone, challenge, reject, oppose, or take any other action that would prevent, interfere with, delay, or impede, directly or indirectly, in any material respect, the approval, acceptance, or implementation of the Restructuring on the terms set forth in the Plan and DIP Credit Agreement;

ii. solicit, negotiate, propose, enter into, consummate, file with the Bankruptcy Court, vote for, or otherwise knowingly support, participate in or approve any plan of reorganization, sale, proposal, or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring, or recapitalization or refinancing of the Debtors or their indebtedness other than the Plan;

iii. object to or oppose, or support any other person's efforts to object to or oppose, any motions filed by the Debtors that are not inconsistent with this Agreement, including any request by the Debtors to extend its exclusive periods;

iv. object to, or vote to reject, the Plan;

v. direct any individual, partnership, joint venture, limited liability company, corporation, trust, unincorporated organization, group, governmental or regulatory authority, or any legal entity or other person to exercise any right or remedy for the enforcement, collection, or recovery of any claim against, or equity interests in, the Debtors;

vi. initiate any legal proceeding or enforce rights as holders of claims, that is inconsistent with, or that would reasonably be expected to prevent or materially delay consummation of, the Restructuring;

vii. take any actions where such taking would be (A) inconsistent with this Agreement or (B) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay, or impede, the implementation or consummation of, the Restructuring; or

viii. encourage any entity to undertake any action prohibited by this Section 3.

4. Transfer of Claims

The Supporting Party agrees that so long as this Agreement has not been terminated in accordance with its terms it shall not directly or indirectly sell, pledge, hypothecate, or otherwise transfer or dispose of or grant, issue, or sell any option, right to acquire, voting, participation, or other interest in any First Lien Credit Agreement Claims (each a "**Transfer**"), unless the transferee thereof, prior to such Transfer, agrees in writing for the benefit of the Parties to become subject to the terms and conditions of this Agreement as a "Supporting Party" and to be bound by this Agreement by executing the joinder attached hereto as **Exhibit C** (the "**Joinder Agreement**") and delivering an executed copy thereof, within two business days of such execution, to counsel for the Debtors, in which event (i) the transferee shall be deemed to be a Supporting Party hereunder and (ii) the transferor shall be deemed to relinquish its rights and be released from its obligations under this Agreement to the extent of such transferred rights and obligations. The Supporting Party agrees that any Transfer that does not comply with the foregoing shall be deemed void *ab initio*, and the Debtors shall have the right to avoid such Transfer. This Agreement shall in no way be construed to preclude any First Lien Credit Agreement Claim Holder from acquiring additional Claims; *provided* that any such additional Claims shall, upon acquisition, automatically be deemed to be subject to all the terms of this Agreement.

5. Additional Supporting Parties

A First Lien Credit Agreement Claim Holder that is not a Supporting Party as of the date of this Agreement will become a Party to this Agreement as a Supporting Party on the date that it agrees in writing, for the benefit of the Parties, to become subject to the terms and conditions of this Agreement as a "Supporting Party" and to be bound by this Agreement by executing the Joinder Agreement and delivering an executed copy thereof, within two business days of such execution, to the Debtors. Upon such delivery, such Supporting Party shall immediately thereafter send a copy of such Joinder Agreement to any other Supporting Parties, as applicable.

6. Termination

This Agreement and all obligations of the Parties hereunder shall immediately terminate upon the earlier occurrence of any of the following events:

a. January 31, 2019 (unless extended by consent of Citiking);

b. upon the Effective Date of the Plan;

c. the Bankruptcy Court enters an order denying confirmation of the Plan;

d. the DIP Agreement is terminated according to its terms;

e. a termination of the Debtors' right to consensually use cash collateral; or

f. the entry of an order by the Bankruptcy Court, or the filing of a motion or application by any of the Debtors seeking an order (without the prior written consent of the Supporting Parties), (i) converting one or more of the Chapter 11 Cases, other than any of the Chapter 11 Cases of the Kestrel Debtors, to a case under chapter 7 of the Bankruptcy Code, (ii) dismissing one or more of the Chapter 11 Cases, other than any Chapter 11 Case of a Kestrel Debtor, or (iii) rejecting this Agreement; *provided*, *however*, the Debtors must consult in good faith with Citiking regarding any conversion or dismissal of a Kestrel Debtor's Chapter 11 Case pursuant to clause (i) or (ii) before modifying the Plan or Plan Supplement, in whole or in part, to provide for such conversion or dismissal.

Upon termination of this Agreement in accordance with its terms, this Agreement shall forthwith become void and of no further force or effect, each Party shall be released from its commitments, undertakings, and agreements under or related to this Agreement, and there shall be no liability or obligation on the part of any Party.

7. No Monetary Liability

Notwithstanding anything to the contrary contained in this Agreement or provided for under any applicable law, no Party shall be liable to any other person, either in contract or in tort, for any money damages relating to any breach of this Agreement.

8. Specific Performance

It is understood and agreed by the Parties that money damages would not be a sufficient or appropriate remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy of any such breach. Each Party agrees to waive any requirement for the securing or posting of a bond in connection with such remedy.

9. Entire Agreement; Prior Negotiations

This Agreement, including all exhibits attached hereto, including without limitation the Plan and DIP Credit Agreement and all exhibits thereto, are expressly incorporated by reference and made part of this Agreement as if fully set forth herein, constitutes the entire agreement of the Parties and supersedes all prior negotiations and documents reflecting such prior negotiations between and among the Parties (and their respective advisors) with respect to the subject matter of this Agreement. The Plan (including each of the exhibits thereto) sets forth the material terms and conditions of the Restructuring. Except as otherwise provided herein, neither this Agreement, the Plan, nor any provision hereof or thereof may be modified, amended, waived, or supplemented except in accordance with Section 9 hereof.

10. Amendments

Except as otherwise provided herein, this Agreement may not be modified, amended, or supplemented without prior written agreement signed by the Debtors and each Supporting Party.

11. Governing Law

This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in either a state or federal court of competent jurisdiction in the State of Delaware. By execution and delivery of this Agreement, each of the Parties hereby irrevocably accepts and submits itself to the nonexclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit, or proceeding. Notwithstanding the foregoing, upon the commencement of the Chapter 11 Cases, each of the Parties hereby agrees that, if the petition has been filed and at least one of the Chapter 11 Cases is pending, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

12. Effective Date; Conditions to Effectiveness

This Agreement shall become effective and binding upon each of the Parties upon the execution and delivery of this Agreement by each Party hereto.

13. No Solicitation

Notwithstanding anything to the contrary, this Agreement is not and shall not be deemed to be (a) a solicitation of consents to the Plan or (b) an offer for the issuance, purchase, sale, exchange, hypothecation, or other transfer of securities or a solicitation of an offer to purchase or otherwise acquire securities for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended.

14. Third-Party Beneficiary

This Agreement is intended for the benefit of the Parties and no other person shall have any rights hereunder.

15. Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this agreement may be delivered by electronic mail (in ".pdf" or ".tif" format), facsimile, or otherwise, which shall be deemed to be an original for the purposes of this Agreement.

16. Settlement Discussions

This Agreement and the Plan are part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

17. No Waiver of Participation and Preservation of Rights

Except as provided in this Agreement, nothing herein is intended to, does or shall be deemed in any manner to waive, limit, impair or restrict the ability of any Party to protect and preserve its rights, remedies and interests, including, but not limited to, claims against the Debtors, liens or security interests it may have in any assets of the Debtors, or its rights to participate fully in the Bankruptcy Case. Without limiting the foregoing sentence in any way, if this Agreement is terminated in accordance with its terms for any reason, the Parties each fully reserve any and all of their respective rights, remedies and interests.

18. Notices

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

If to the Debtors, to counsel at the following address:

Paul Hastings LLP
71 S. Wacker Drive, Suite 4500
Chicago, Illinois 60606
Attention: Chris L. Dickerson
Nathan S. Gimpel
Email: chrisdickerson@paulhastings.com
nathangimpel@paulhastings.com

-and-

Paul Hastings LLP
1117 S. California Avenue
Palo Alto, California 94304
Attention: Todd M. Schwartz
Email: toddschwartz@paulhastings.com

If to Citiking, to counsel at the following address:

Emmet, Marvin & Martin, LLP
120 Broadway 32nd Floor
New York, NY 10271
Attn: Thomas A. Pitta
Email: tpitta@emmetmarvin.com

19. Representation by Counsel

Each Party acknowledges that it has been represented by counsel (or had the opportunity to be so represented and waived its right to do so) in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived. This Agreement is the product of arm's-length negotiations among the Parties and its provisions shall be interpreted in a neutral manner and one intended to effect the intent of the Parties. None of the Parties shall have any term or provision construed against such Party solely by reason of such Party having drafted the same.

20. Parties, Succession and Assignment

This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors, assigns, heirs, executors, estates, administrators, and representatives. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity except as otherwise expressly provided herein. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties (and those permitted assigns under Section 4), any benefit or any legal or equitable right, remedy or claim under this Agreement.

21. Fiduciary Duty

Nothing in this Agreement shall require the Debtors or any directors, officers, or members of the Debtors, each in their capacity as such, to take any action, or to refrain from taking any action, to the extent that doing so would be inconsistent with its fiduciary obligations under applicable law (as determined by it after consultation with outside legal counsel).

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized officers or other agents, solely in their respective capacity as officers or other agents of the undersigned and not in any other capacity, as of the date first set forth above.

ONE AVIATION CORPORATION, and each of its Debtor subsidiaries

By: _____

Name: Michael Wyse
Title: Chairman

CITIKING INTERNATIONAL US LLC,
as Lender under the Prepetition First Lien Credit Agreement and as Lender under the DIP Facility

By: _____

Name: Huan Wang
Its: Secretary

Exhibit A

Plan

(INTENTIONALLY OMITTED)

Exhibit B

DIP Credit Agreement

(INTENTIONALLY OMITTED)

Exhibit C

Joinder Agreement

This joinder agreement to that certain Restructuring Support Agreement,[1] dated as of October 9, 2018, by and among (a) the Debtors and (b) Citiking (this "Joinder Agreement"), is executed and delivered by _____ (the "Joining Supporting Party") as of _____ ___, 2018.

(i) Agreement to Be Bound. The Joining Supporting Party hereby agrees to be bound by all of the terms of the Restructuring Support Agreement (as the same may be hereafter amended, restated or otherwise modified from time to time). The Joining Supporting Party shall hereafter be deemed to be a "Supporting Party" and a Party for all purposes under the Restructuring Support Agreement.

(ii) Representations and Warranties. With respect to the aggregate principal amount of Prepetition First Lien Credit Agreement Claims beneficially owned or managed on account of the Joining Supporting Party upon consummation of the Transfer of such ownership or management, the Joining Supporting Party hereby makes the representations and warranties of the Supporting Party set forth in Section 1 of the Restructuring Support Agreement to each of the other Parties.

(iii) Governing Law. This Joinder Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

* * * * *

[*Signature Page Follows*]

[1] Capitalized terms used but not defined in this Joinder Agreement have the meanings given to them in the Restructuring Support Agreement, attached hereto as **Annex 1**.

IN WITNESS WHEREOF, the Joining Supporting Party has caused this Joinder Agreement to be executed as of the date first written above.

SUPPORTING PARTY

By: _____
Name:
Title:

Notice Address and E-mail:

_____

_____

_____

_____@_____

Aggregate Prepetition First Lien Credit Agreement Claims Subject to Transfer:

$_____

Annex 1 to Joinder Agreement

Restructuring Support Agreement

Exhibit C

Liquidation Analysis

Liquidation Analysis

I. Introduction

Section 1129(a)(7) of the Bankruptcy Code, often called the "best interests" test, requires that the Bankruptcy Court find, as a condition to confirmation, that each Holder of a Claim or Interest in each Impaired Class: (i) has accepted the Plan; or (ii) will receive or retain under the Plan, property of a value, as of the Effective Date, that is not less than the amount that such Person would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.
To make these findings, the Court must: (i) estimate the cash proceeds (the "**Liquidation Proceeds**") that a chapter 7 Trustee would generate if the Chapter 11 Cases were converted to chapter 7 cases on the Effective Date and the Debtors' assets were liquidated; (ii) determine the distribution (the "**Liquidation Distribution**") that each non-accepting holder of a Claim or Interest would receive from the Liquidation Proceeds under the priority scheme dictated in chapter 7; and (iii) compare each holder's Liquidation Distribution to the distribution under the plan (the "**Plan Distribution**") that such holder would receive if the Plan were confirmed and consummated. To assist the Bankruptcy Court in making the findings required under section 1129(a)(7), the Debtors, in consultation with their legal and financial advisors, have prepared this hypothetical liquidation analysis (the "**Liquidation Analysis**") as an estimate of the values that may be realized by all Classes of creditors and Interest holders in the event the Chapter 11 Cases were converted to Chapter 7.

Unless otherwise stated, the asset values in the Liquidation Analysis (as reflected within Exhibit A ("Exhibit A")) are based on unaudited book values as of June 30, 2018 and the liability values are as at September 30, 2018. These values are assumed to be representative of the Debtors' assets and liabilities as of the liquidation date. The Liquidation Analysis is also based on ONE Aviation and its' wholly owned subsidiaries including Eclipse Aerospace, Inc. ("Eclipse"), ACC Manufacturing, Inc. ("ACC"), Aircraft Design Company, Brigadoon Aircraft Maintenance, LLC, DR Management, LLC, Innovatus Holding Company, OAC Management, Inc. ("OAC"), Kestrel Aircraft Company ("KAC"), Kestrel Manufacturing, LLC ("KM"), Kestrel Tooling Company, Kestrel Brunswick Corporation ("KB"), and KAC Finance Company Inc. ("KACF"). Certain of the Company's obligations have liens over specific assets. Where identified, the liquidation value of those assets have been attributed to the appropriate secured liabilities. The Liquidation Analysis does not include recoveries resulting from any potential preference claims, fraudulent conveyance litigation, or other avoidance actions, if any.

II. Basis of Presentation

The Liquidation Analysis is premised upon a number of estimates and assumptions that, although developed and considered reasonable by the Debtors, are inherently subject to significant business, economic and competitive uncertainties beyond the control of the Debtors, and, as discussed below, may be subject to change. Thus, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo liquidation. In addition, any liquidation ultimately undertaken would take place under future circumstances that cannot be predicted with certainty. Accordingly, the actual proceeds from such

a liquidation could vary significantly from the amounts set forth in the Liquidation Analysis if the Debtors' estates were in fact liquidated as described herein. The actual liquidation proceeds could be materially higher or materially lower than the projections set forth herein, and no representation or warranty can be or is being made with respect to the actual proceeds that would be available if the Debtors liquidated under chapter 7 of the Bankruptcy Code and does not represent values that may be appropriate for any other purpose, including the values applicable in the context of the Plan.

The Liquidation Analysis presents both a high and low range of estimated Liquidation Proceeds representing a range of the management's assumptions and estimates relating to the proceeds to be received from the liquidation of assets, less the cost incurred during the liquidation process. In preparing the Liquidation Analysis, the Debtors estimated the Allowed Claims and Allowed Interests based upon a review of the Claims or Interests in the Debtors' books and records and Proofs of Claim filed in these Chapter 11 Cases. The Liquidation Analysis also includes Claims that could be asserted and Allowed in a chapter 7 liquidation, including certain administrative Claims, wind-down costs, and U.S. Trustee fees that otherwise would not exist in a chapter 11 plan scenario. The Debtors' estimates with respect to Allowed Claims and Allowed Interests should not be relied on for any other purpose, including determining the value of any Distribution to be made on account of Allowed Claims and/or the amount of the recovery on account of Allowed Interests under the Plan. Nothing contained in the Liquidation Analysis is intended to be or shall constitute a concession or admission by the Debtors. The actual amount of Allowed Claims or Allowed Interests in the Chapter 11 Cases could materially differ from the estimated amounts in the Liquidation Analysis.

THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE LIQUIDATION ANALYSIS, NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED, HAS BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. THERE CAN BE NO ASSURANCES THAT ACTUAL RESULTS WILL NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.

III. Notes to Liquidation Analysis

The Liquidation Analysis, as presented in Exhibit A, should be read in conjunction with the following notes and assumptions:

A. Cash and Cash Equivalents

- Cash and cash equivalents consist of highly liquid investments, including bank deposits in checking accounts and readily available daily investments of cash surpluses. Due to the liquidity constraints in the Prepetition period, cash balances are estimated to be zero as of the petition date.

B. Accounts Receivable
   - Accounts receivable is comprised of amounts owed to the Company for part sales and service performed to customers who have been extended credit
   - Given that the majority of the receivables outstanding are over 90 days old (with a large portion aged significantly more) and many also carry offsetting credits and/or payables owed to the same party, the recovery value of the trade receivables is estimated to be minimal.

C. Note Receivable
   - The note receivable balance is related to a loan that was entered into by Kestrel related to a tax credit program that the U.S. government initiated encouraging banks to loan money to businesses located in depressed areas, known as the New Market Tax Credit Deal. Banks would receive tax credits for making loans and if the borrower stayed in compliance with the requirements of the program (no default) through the end of maturity (7 years). It is believed that Kestrel was in compliance up until 2017. Thereafter, loan repayments were late or did not occur going forward, causing Kestrel to be in default on the requirements. Given that it appears Kestrel did not maintain compliance, no recovery has been assumed in a liquidation scenario.

D. Prepaid Expenses / Deposits
   - Balances relate to prepaid expenses / deposits made by the Company. This includes a 2-month security deposit and last month rent on their current operating facility (lease does not expire until May 2019), customer warranty deposit in escrow, and insurance deposits.
   - Given that a liquidation would be expected to take 4-6 months, the refund associated with the remaining unused balance of the rent and insurance would be minimal.
   - The Debtors assert that the customer deposits in escrow do not comprise assets of the estate and therefore no liquidation value has been assigned to those funds.

E. Inventory
   - The Company's inventory is predominantly held at Eclipse and is comprised of parts and work-in-process ("WIP"), as well as 2 aircraft owned by ONE Aviation.
     - As it relates to the parts and WIP, these are raw materials and other components that are used on a recurring basis within the Company's maintenance, repair, and overhaul business. However, this inventory is specifically tied to the Eclipse FAA type certification and therefore is specific to aircraft manufactured by Eclipse. Given that production has been halted on all Eclipse products and should the Company ultimately cease operations moving forward, the inventory held by Eclipse would likely only have scrap value and thus have estimated recoveries between 7.5% and 10% of net book value, which is comparable with appraisals performed in mid-2017.

- The Company also has two Eclipse aircraft that were completed several years ago, but ultimately have had parts removed to service other customer planes. As such, additional parts would need to be added and labor would be incurred to have the planes ready to receive flying certification with the FAA. Based on current secondary market pricing (and after adjusting for parts / labor costs needed for each aircraft respectively), both planes have been estimated to yield a total recovery value of approximately $0.9 to $1.35 million.
- In addition to the completed aircraft in possession of the Company, there are also an additional 5 aircraft that are solely used for testing purposes. These aircraft are used to test new designs, avionics, wings, etc. These test aircraft do not have any book value on the balance sheet and are not certified to be sold or flown on a commercial basis. Given this, these planes could not be sold in their current form (to be flown by a third party) and would likely only yield scrap related values in a liquidation scenario.
    - In March 2014, Eclipse entered into a Participation Agreement with the City of Albuquerque related to Local Development Act Project 13-1 ("LEDA"). As part of this agreement, Eclipse executed an Aircraft Security Agreement with the City of Albuquerque involving an Eclipse 500 jet (Registration Number N503EA) and 2 Pratt & Whitney Canada Engines (XPW610F-A). This specific aircraft (and engines) is one of the 5 test aircraft currently in the Company's possession described above. Given the asset lien contained within this agreement, the City of Albuquerque's pro-rata share of the assumed liquidation proceeds associated with those aircraft have been assumed to have been received.

F. Fixed Assets

- Tooling in Process consists predominantly of tooling related to the Eclipse 550 aircraft, including wings tooling. In 2012, the Company acquired tooling work instructions from FUJI Heavy Industries ("FUJI"). The work instructions are for wings that were previously manufactured by FUJI, and the Company used these instructions during the manufacturing of the wings. The tooling instructions are being amortized over a 10-year period. In addition, the Company also has various tooling book values associated with assembly, horizontal stabilizer, and Elevator Assembly. Due to the highly specific nature of this tooling the recovery value of is estimated between 5% and 10% of net book value.
- Machinery & Equipment consists of 2 Custom Fabricated 7 - Axis Friction Stir Welding Gantries, 2 Moorehead Aircraft Paint Booths, and other miscellaneous equipment. The recovery value of these combined assets is estimated between 20% and 30% of net book value.
- The Company owns 2 Opinicus Flight Simulators that are custom configured for the Eclipse 500 Jet. While the Eclipse jet may no longer be in production, there are still several flight training companies that currently use the Eclipse aircraft to train pilots.

Given this, and the potential to repurpose parts on different aircraft, it is assumed that both assets would yield a recovery of 15% - 25% of their combined book value.

- Tooling and Product Specific Equipment relates to various supplier tooling unique solely to Eclipse jets. If the Company ultimately ceased operations moving forward, this tooling would not have any use outside of the Eclipse platform. Given the specificity and lack of repurposing options, the recovery of these assets have been assumed to be nil.
- Office Equipment consists of miscellaneous furniture including cubicles, desks, chairs, supply cabinets, file cabinets, lobby furniture, and conference room furniture. Given the age of the office equipment, the recovery value is estimated between 5% - 10% of net book value.
- Other Fixed Assets are comprised of computer hardware and other technology related equipment that have fully depreciated and are considered to have exceeded their useful lives. Therefore, no value was assumed to be recoverable for these assets under a liquidation of the Company.

G. Intangible Assets

- Goodwill - Under a liquidation scenario, ONE Aviation would no longer be a going concern. Goodwill reflects the future earning potential of a business, and as such, the expected value of goodwill in liquidation is zero.

- Intellectual property

  - As it relates to Eclipse, the Company recorded an accumulated know-how value based on a valuation of acquired assets done as part of a prior asset acquisition, which include patents, the FAA type certificate for the Eclipse 500, and trademarks. The Company is amortizing this intangible over a 12 year period with a current net book value of approximately $3.9 million. A formal valuation on these assets has not been completed, but based on their significant industry expertise, Management believes a market exists for this FAA type certificate and would have a recovery value ranging from approximately $2.0 million to $8.0 million.
  - As it relates to Kestrel, the Company has booked an intellectual property value related to the following:
    - The K350 program (including the design and one proof of concept / prototype single engine turboprop, all-composite, six-seat aircraft) with no amortization recorded to date. Based on their extensive knowledge of the assets and the industry, Management has estimated the recovery value of these combined assets between $0 and $1.5 million.
    - The acquired value of the management team and accumulated know how brought in as part of the 2015 merger between Eclipse and Innovatus amortized over 15 years. In a liquidation scenario, there would likely be little to no recovery value associated with these recorded assets.

- Software Development / Licenses consist of the following:
  - Flight Management software developed by a third party in 2011 for the Eclipse 550, upgraded software system to the fleet of Eclipse 500s, and software to assist with following FAA regulations on tracking / invoice maintenance performed on all aircraft.
  - Operating certificate from the European Aviation Safety Agency ("EASA") allowing the Eclipse 500 aircraft the ability to fly in member countries of EASA.
  - In a liquidation scenario, there would likely be little to no recovery value associated with these software platforms / licenses due to the specific nature of this software.

H. Other Intercompany

- There are several outstanding receivables outstanding collectively amongst ONE Aviation and the majority of its subsidiaries. The exact amount of the intercompany balances are still being reconciled but should eliminate. In any event, in a liquidation, these intercompany loans would have no recovery value to the estate.

I. Chapter 7 trustee fees represent the fees associated with the appointment of a Chapter 7 Trustee in accordance with section 326 of the Bankruptcy Code. Trustee fees are estimated based on the requirements of the Bankruptcy Code and historical experience in other similar cases and are calculated at 3% of the Debtors' estimated liquidation value, excluding cash.

J. Professional Fees include legal, investment banking, appraisal, brokerage, and accounting services required to assist the Debtors and the Chapter 7 Trustee with the liquidation process.

K. Liquidation costs associated with the disposition of the assets include occupancy costs and operating expenses such as rent, utilities, property taxes, building insurance, security and maintenance during the wind-down period. The wind-down is expected to take between four to six months in the high and low scenarios, respectively.

L. During the wind-down period it is expected that approximate ten staff will need to be retained for four to six months to assist with the liquidation.

M. The unsecured claims represent the amounts included on the Debtors financial statements as at August 8, 2018. The actual amount of allowed claims in a Chapter 7 liquidation could vary materially from the amount presented herein since additional claims related to the rejection of contracts and other unforeseen liabilities would likely arise. Since the hypothetical liquidation values are insufficient to provide a recovery to the unsecured creditors, these additional amounts have not been analyzed.

Exhibit A
One Aviation Corporation, et al
Hypothetical Liquidation Analysis
Unaudited
($'s in 000's)

Statement Of Assets	Notes	Entity	Book Value as of 6.30.18	Liquidation % to NBV		Estimated Liquidation Value	
				Low	High	Low	High
Cash and cash equivalents	*A*	ONE Aviation	$ -	0.0%	0.0%	$ -	$ -
Accounts receivables	*B*	ONE Aviation	965	0.0%	5.0%	-	13
Note Receivable	*C*	Kestrel	33,510	0.0%	0.0%	-	-
Current Deferred Tax Asset		ONE Aviation	937	0.0%	0.0%	-	-
Prepaids / Deposits	*D*	ONE Aviation	968	0.0%	0.0%	-	-
Inventory							
Parts Inventory	*E*	ONE Aviation	21,867	7.5%	10.0%	1,640	2,187
Work-in-Process	*E*	ONE Aviation	4,840	7.5%	10.0%	363	484
Inventory Planes (2 Aircraft)	*E*	ONE Aviation	4,547	20.0%	30.0%	909	1,364
Test Planes (5 Aircraft)	*E*	ONE Aviation	-	NM	NM	10	25
Fixed Assets, net:							
Tooling in Process	*F*	ONE Aviation	2,506	5.0%	10.0%	125	251
Machinery & Equipment	*F*	ONE Aviation	672	20.0%	30.0%	101	151
Simulators	*F*	ONE Aviation	1,497	15.0%	25.0%	225	374
Tooling & Product Specific Equipment	*F*	ONE Aviation	743	0.0%	0.0%	-	-
Office equipment	*F*	ONE Aviation	66	5.0%	10.0%	3	7
Other	*F*	ONE Aviation / Kestrel	NA	0.0%	0.0%	-	-
Intangible Assets, net							
Goodwill	*G*	ONE Aviation	9,183	0.0%	0.0%	-	-
Intellectual Property (Eclipse)	*G*	ONE Aviation	3,929	50.9%	203.6%	2,000	8,000
Intellectual Property (Kestrel)	*G*	Kestrel	63,900	0.0%	2.5%	-	1,500
Management Team / Accumulated Know How / Other Intellectual Property (Kestre	*G*	Kestrel	49,618	0.0%	0.0%	-	-
Software Development / Licenses	*G*	ONE Aviation	809	0.0%	5.0%	-	40
Long-term Other Assets		ONE Aviation	1,044	0.0%	0.0%	-	-
Other Intercompany	*H*	ONE Aviation / Kestrel	TBD	0.0%	0.0%	-	-
Total estimated proceeds available / recoveries			**$ 201,601**			**$ 5,376**	**$ 14,395**

Administrative Claims				Liquidation Recoveries	
				Low	High
Trustee fees	*I*	ONE Aviation / Kestrel	3.0%	$ 161	$ 431
Professional fees	*J*	ONE Aviation / Kestrel		500	330
Liquidation costs	*K*	ONE Aviation / Kestrel		900	660
Payroll costs during wind-down	*L*	ONE Aviation / Kestrel		750	550
Taxes due		ONE Aviation / Kestrel		585	585
Total estimated administrative claims / admin. recoveries				**2,896**	**2,556**
Net estimated proceeds available after distribution				**$ 2,480**	**$ 11,839**

Secured Claims		Claim As Of 9.30.18			Liquidation Recoveries	
					Low	High
First Lien Credit Facility (Term Loan and Revolving Loan Facility) - Citiking	ONE Aviation	$ 58,667	4.2%	17.9%	$ 2,478	$ 10,519
City of Albuquerque (Project Participation Agreement) - Test EAI Aircraft / Engines	ONE Aviation	254	0.8%	2.0%	2	5
Senior Subordinated Secured Notes - Citiking / BNY Mellon	ONE Aviation	42,352	0.0%	0.0%	-	-
Holland Family Trust Note	ONE Aviation	1,000	0.0%	0.0%	-	-
Kestrel State Community Development Loans (KM / Kestrel)	Kestrel	49,398	0.0%	2.5%	-	1,219
Midcoast Regional Redevelopment Authority (Kestrel - Specific Property)	Kestrel	474	0.0%	2.5%	-	12
Wisconsin Economic Development Corporation Notes (Kestrel / KAC)	Kestrel	3,402	0.0%	2.5%	-	84
Total secured claims / secured recoveries		**$ 155,548**			**2,480**	**11,839**
Net estimated proceeds available after distribution					**$ -**	**$ -**

Unsecured Claims	*M*	Claim As Of 9.30.18			Liquidation Recoveries	
					Low	High
Subordinated Unsecured Notes (Series A-5)	ONE Aviation	$ 12,522	0.0%	0.0%	$ -	$ -
Subordinated Unsecured Notes (Mann)	ONE Aviation	6,483	0.0%	0.0%	-	-
Subordinated Unsecured Notes (PZL)	ONE Aviation	1,575	0.0%	0.0%	-	-
City of Superior Note	ONE Aviation	1,722	0.0%	0.0%	-	-
Douglas County Note	ONE Aviation	479	0.0%	0.0%	-	-
Eaton Note	ONE Aviation	704	0.0%	0.0%	-	-
K-350 Notes (Kestrel)	Kestrel	6,270	0.0%	0.0%	-	-
Non-EAI Shareholder Notes	Kestrel	4,298	0.0%	0.0%	-	-
Intercompany	ONE Aviation / Kestrel	TBD	0.0%	0.0%	-	-
Trade Vendors	ONE Aviation / Kestrel	9,200	0.0%	0.0%	-	-
Total unsecured claims / unsecured recoveries		**$ 43,254**			**-**	**-**
Net estimated proceeds available after distribution					**$ -**	**$ -**